



March 21, 2016

Senator Chuck Grassley  
135 Hart Senate Office Building  
Washington, D.C. 20510

VIA FEDERAL EXPRESS

Dear Senator Grassley,

I am the founder and volunteer CEO of the Charity Defense Council. I write on behalf of our organization and not on behalf of Wounded Warrior Project. However, we saw in the New York Times your letter to Wounded Warrior Project, dated March 18th, asking for more information about how our mission relates to that of Wounded Warrior Project and wanted to be in touch to familiarize you with us, our work, and our commitment and to request your partnership in our efforts.

To understand why Wounded Warrior Project would make a grant to the Charity Defense Council, or how such a grant could possibly be consistent with its strategy of serving veterans, you have to understand Wounded Warrior Project's dream. They wanted to grow big and grow fast, believing that the more resources they had, the more veterans they could serve. To grow revenues, an organization has to invest heavily in fundraising. But the public has been taught that high fundraising spending is wasteful, and that it takes money away from charitable programs, instead of adding dramatically more money. To pursue its dream of maximizing the number of veterans it can serve – without fear of public reprisal – Wounded Warrior Project knew that public misconceptions about the value of fundraising must be corrected. That's exactly what the Charity Defense Council is chartered to do. Our work is designed to clear the way for the likes of Wounded Warrior Project's dream of serving more veterans.

Is this task to which we have committed ourselves an easy one? Quite the opposite. This will be a long journey. But if our charities are ever to reach meaningful scale up against the massive sea of need they are asked to address, this effort must be engaged. If we could change public perception about seat belts, smoking, and gay marriage, we can change their understanding of what a charity needs to fulfill its dreams. And we need more support from the charitable world itself in order to do that. Our work is not merely tangential, but rather central to the mission of every health and human services charity in America, because this public misconception is the common denominator issue that keeps them all from being able to scale. It is not the public's fault that it thinks this way. But it is the responsibility of all of us who care about veterans and all others in need, to change this public mindset.

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The Charity Defense Council is  
a tax-exempt, 501(c)(3)  
national leadership  
organization for the  
humanitarian sector, based in  
Massachusetts.

Otherwise, the task to solve all of these problems at scale falls to big government.

To understand the validity of Wounded Warrior Project's approach, one need look no further than to one of its peers - Semper Fi Fund - which the New York Times used as an example to criticize Wounded Warrior Project's fundraising costs. Semper Fi only spends 2.4% of revenues on fundraising annually, and only nets \$23 million for its veterans programs. Wounded Warrior Project spends 14.5%, but nets \$242 million for veterans programs. It's a good comparison because both organizations began about fifteen years ago. Wounded Warrior Project's strategy gives them ten times the amount of money for veterans programs. Wounded Warrior Project's big dream, as we understand it, is to get to a billion dollars a year for veterans. At a 14.5% fundraising cost, that would cost over \$140 million a year - a figure the public will have little appetite for unless they are disenthralled of their love for low or non-existent fundraising costs.

Moreover, there does not appear to be another way to get to this level of scale other than with heavy investment in fundraising. Two of Wounded Warrior Project's other peers, Disabled American Veterans Charitable Service Trusts and Fisher House, have 1.2% and 5.6% annual fundraising costs respectively. Their annual net revenues for veterans? \$6.5 million and \$39 million. It takes massive resources to move massive numbers of Americans to spend their discretionary dollars on veterans instead of on, for example, violent video games or candy. And God knows, the makers of violent video games and candy have no compunction about spending heavily on fundraising (advertising) for their causes.

But we need not despair at the need for heavy spending on fundraising. Because fundraising, by another name, is really an investment in engaging civil society in the great social challenges of our time. A television ad for Wounded Warrior Project wakes the general public up from a Madison Avenue-induced hypnotic obsession with perishable consumer treats. The Supreme Court said as much in the famous Riley case. It tells them that there is a country out there that needs your philanthropy and your engagement. We should not bemoan the fact that it costs money to do that, but rather, be glad that there is something that can do that. Wounded Warrior Project has proven, on a large scale, the ability to excite American generosity with an operation every bit as sophisticated as the operations that beer and perfume makers use to excite the American appetite for alcohol and fragrances. And of that, we should be glad. How sad it would be if Wounded Warrior Project had spent all that money and had nothing come of it.

Americans are a generous people. But in a world of advertising noise, they need to be reminded of that.

Would we have Wounded Warrior Project put its dreams in the closet? Without changing the national mindset on these issues, that's exactly where its dreams would have to go. Too many other nonprofits regularly surrender their most fantastic dreams of scale out of fear of media exposé, and then public outcry.

This simply cannot continue. The Charity Defense Council, though we may be accused of being overly idealistic, is here to see that it does not. Our goal is to create the conditions under which charities can be as successful as their unbridled abilities will permit, and to remove the conditions that prevent them from exploring those abilities. We have no motive to do this other than to diminish human suffering on as great a scale as possible.

We strongly urge you to look at the Preliminary Media Advisory we have prepared (without the assistance or encouragement of Wounded Warrior Project) revealing fundamental errors in the New York Times and CBS reporting. You can view that 11-page document here: [bit.ly/1pqP2V2](http://bit.ly/1pqP2V2)

You can see the Charity Defense Council Advisory Board here: <http://charitydefensecouncil.org/leadership/advisory-board/> It is a collection of some of the best leadership the nonprofit sector has to offer. Mr. Nardizzi remains on the Advisory Board, not the governing board as your letter seemed to indicate, and though we have not spoken to him since his termination, he has not asked us to remove him, nor have we found any reason to do so.

I will be in Washington D.C. on Wednesday, March 30th, and would very much like to meet with you and any of your staff to discuss our work. As I said, our task is not an easy one, and we would deeply value and appreciate your ongoing partnership in furthering our mission. Maybe this could be the beginning of a powerful alliance toward that end.

Kind regards,

*Dan Pallotta*

Dan Pallotta  
President and Founder