

SHAKE OUT

Forces unleashed by 9/11 continue to unsettle and reshape the charity sector, and Warren Buffett's billions are just part of the story.
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Ric Burns, the historian and documentarian, when asked by *CONTRIBUTE* recently to comment on the impact of 9/11 five years later, said: "People will say it's incredible, how this seismic event on the threshold of the 21st century marked the difference between one epoch and another...I can't think of another moment in history that

has that quality of literally ripping open the surface of things."

Indeed, in the nonprofit world, forces unleashed by 9/11 continue to profoundly unsettle and reshape the landscape of giving, in Manhattan and beyond. Definitions of aid were rendered immediately obsolete.

To reflect on the disasters and their impact on the charity sector, *CONTRIBUTE'S* Editor-in-Chief Marcia Stepanek convened seven charity experts, including leaders who formed new groups in the days and months after 9/11.

Participating in the *CONTRIBUTE* roundtable July 20 at the magazine's Greenwich Village design studio were: Philanthropist Lewis Cullman; Edie Lutnick, executive director of the Cantor Fitzgerald Relief Fund; Helen Hatab Samhan, executive director of the Arab American Institute Foundation; Kevin J. Curnin, director of the Public Service Project at Stroock & Stroock & Lavan LLP in Manhattan and co-founder of Second Wind, an advocacy group to help small businesses impacted by disaster or terrorism; online volunteer expert Cristine Cronin, president of NYCharities.org; Jessica Chao, an emergency response and community expert at Rockefeller Philanthropy Advisers, and Karen Caruso, an independent fundraising consultant for a variety of traditional New York City nonprofits.

What follows is an edited transcript of that conversation. >

CONTRIBUTE: Looking back, what did 9/11 reveal about the state of the nonprofit sector in this country, in this city—and how did it change things? Edie Lutnick, let's start with you. You were touched very personally by what happened.

LUTNICK: My office was on the 101st floor of Tower One, and I had late meetings that day so I was coming in late. My brother, Howard Lutnick, the Chairman and CEO of Cantor Fitzgerald, was taking his son to school and my brother Gary was in the building and he was killed. And as most of you know, we lost 658 employees, and we immediately started—instantly, really—to work out of my brother's home with our friends, trying to figure out who was alive and who wasn't. So we were the definition of grass roots. We started with nothing and had to move fast.

Because of Howard's television appearance—he went on TV right after it happened to say that Cantor Fitzgerald would take care of the victims' families—people started sending in checks immediately. We established a 501(c)(3) nonprofit on the 14th of September.

Your nonprofit came out of sudden, intense need, which couldn't be met with existing organizations.

LUTNICK: We came up with a model for fast response. It was unusual. It forced the creation of a new type of response that was then expanded with Katrina, when it became clear that a large-scale disaster was no longer out of reach for our world. And it worked very, very well: by September 11 this year, we will have given away \$200 million to approximately 800 9/11 families and 950 children. Our families are doing better than most would expect, so we are broadening the model. Cantor Fitzgerald donated \$1 million towards the tsunami and pledged \$3 million to Katrina. And we've expanded our mission to include tragedies, as well as terrorist attacks like September 11th, which we really hope we don't see again.

Kevin Curnin, your Second Wind advocacy group was born out of 9/11 to fill a void, and it was expanded after Katrina. It started out helping small business own-

ers in lower Manhattan regroup after 9/11 but now it also helps in New Orleans.

CURNIN: The small businesses in New York were, essentially, disenfranchised from the disaster recovery process, both by City Hall and in Albany, and not through ill will—but just because they didn't quite figure out how to help the tailor, and the deli owner, and the shop owner. And not that we understood that perfectly, either, but we were a lot closer to it. We were neighbors, and we said we're a full service Wall Street firm, and if the tailor needs tax advice, employment advice, labor advice, contract advice, we can do it. So that's where we matched up.

Helen Samhan, 9/11 was a catalyst for your organization, as well.

SAMHAN: Oh, it was, definitely. Because



Kevin J. Curnin
Attorney Director
Public Service Project
Stroock & Stroock & Lavan LLP

Curnin manages and directs Stroock's Public Service Project, advising and assisting associates and partners with their pro bono litigation and transactional work. Curnin is also founder of Second Wind, a public-private nonprofit aimed at supporting small businesses in Manhattan and New Orleans.

"There were many new groups that came out of 9/11 due to what existing groups were not doing or could not do."

—Kevin J. Curnin

we're a national advocacy organization and are really very small, we just went on high alert: as soon as we found out who was responsible for the attacks, we knew we were in for a huge change. We knew immediately the backlash was coming, and it did. Right away.

How did it inform your strategy?

SAMHAN: We were already set up as a civic empowerment and integration organization. We already had a network in place but suddenly, we had to wear a lot of different hats. We had to become advocates with federal agencies that were dealing with both the hate crimes and the backlash, as well as with the politicians dealing with the anti-terror policies that were also having implications for our community. The Friday prayer, the Friday after 9/11, was the one day that everybody was waiting for the backlash to occur, and we were constantly being asked to speak to our community about how the police are there to protect them. Most of the problem was that people just wanted to go inside and not come out, and there were, you know, countless stories around the country of school children not wanting to go to school, worshippers being afraid, and there were a lot of attacks on stores and other obvious targets.

There were lessons in that experience.

SAMHAN: Yes, because we had been, until then, off the radar screen.

So what I'm hearing is that 9/11 created a climate—underscored by Katrina four years later—in which many charities, in a sense, had to regroup and reassess what they were doing and find new ways to compete. Nobody was spared.

LUTNICK: I think that 9/11, no pun intended, was very leveling in this way, for the whole sector. In some ways, everybody had to start from scratch.

CURNIN: There were many new groups that came out of 9/11 due to what existing groups were not doing, or could not do. There's still a gap.

What's missing?

CURNIN: Speed. We need nimble, creative,

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—Edie Lutnick



Edie Lutnick
Executive Director
Cantor Fitzgerald Relief Fund

Lutnick is a labor lawyer in Manhattan and partner in Lutnick & Swomley, an employment law practice. In the days after 9/11, Lutnick turned her caseload over to her partner and helped to establish the Cantor Fitzgerald Relief Fund. She oversees the Fund, which has raised more than \$175 million so far. Lutnick's brother, Howard, is chairman and CEO of Cantor Fitzgerald, which lost 658 employees in the attacks.

active foundations that are willing to get away from the comfy offices that they have been in for 25 or 50 years, where they have accumulated tons of money but they're stuck when a disaster occurs and they can't move the money they have out the door.

CHAO: Speed and scale. I think what 9/11 and Katrina taught us is that you need both, you need the ocean liner that can handle the massive numbers of both the people as well as the supplies, but then on the other side you also need the speed boats that can get to the drowning immediately, while the ocean liner is turning.

CURNIN: Yes, and you need to figure out how to get the ocean liner talking to the speed boats, and vice versa.

CHAO: Well, that's what's lacking. The major organizations were not talking to the community based organizations which knew the communities that were affected.

LUTNICK: And none of them have a direct link into government, which ultimately has the responsibility in the long term.

CURNIN: Absolutely, that's the other chasm. With our governmental response being so inadequate, it's time to look at this. There's reassessment now of whether we should even have FEMA, and you have a Senate and Congress passing bills to reorganize the Small Business Administration. You have to really stop and reassess here. Do we have anything in place now that you can really count on if there is a massive earthquake tomorrow? If Florida falls off the coast, who's going to respond? I mean who is going to be the one to even want to call FEMA right now? [laughter]

Many of these gaps led to the creation of new organizations, like some of those represented here today. Indeed, there appears to be a broad realignment still very much under way. Since 2001, the number of new charities in the United States has more than doubled, to 1.7 million, at the same time that hundreds of traditional nonprofits have started to consolidate, cut back, or close down completely. Jessica, are we seeing a reinvention of the sector?

CHAO: One of the things we noticed because of our work with the American Red Cross Recovery Grants Program, as well as with our Gulf Coast Fund and our Tsunami Support Fund, is a very unusual sort of dichotomy of things happening in the nonprofit field, especially with regard to those people who weren't being served at all before 9/11 by most nonprofits. We are now going back to basics at the same time we are getting much more sophisticated.

What do you mean?

CHAO: Organizations that dealt with immigrant groups and family groups are, most of them, having to go back to the early days of the last century, when people formed mutual aid societies because their needs were not being represented in the mainstream. I'm talking about family associations and immigrant self-help groups that developed or got larger after 9/11.

You're saying that 9/11 and Katrina exposed vast segments of people who were



Jessica Chao
Vice President & Senior
Philanthropic Advisor
Rockefeller Philanthropy Advisors

Chao leads the American Red Cross Recovery Grants program and The New York State Music Fund, two grantmaking initiatives of \$90 million and \$30 million, respectively. Prior to joining Rockefeller Philanthropy Advisors, she launched the Coalition for New Philanthropy, an initiative to strengthen philanthropy in emerging donor communities, including African American, Asian and Latino.

"The major weakness in the charity sector is not how (Buffett and Gates) are going about it, but that we in the philanthropic field have failed them."

—Jessica Chao

simply not being served by any charity or nonprofit—and that in the crises, people found each other and new communities are now being formed to create what did not exist before?

CHAO: Yes, I'm talking about communities that formed or got stronger out of the volunteering that was done, and out of how people banded together to help each other, as in the case with Cantor Fitzgerald. And once stabilized, they began to expand their circles of caring. Or like Helen says, you're no longer just an Arab-American group, for example. After 9/11, now you're a Muslim group, more generally.

SAMHAN: Yes, I think this is now happen-

ing with many other minorities, as well.

CHAO: Yes, and one of the things that these disasters have brought to light is how multicultural our country and our world is, and how one size does not fit all. Many of the immigrant groups were not able to access services even though they were available. Between language issues and cultural competency, particularly with mental health offerings, it's one thing if you're an upper middle class educated person. You understand about health insurance, you understand about shrinks, and you understand, you know, how much you don't want to talk to shrinks. [laughter]

The American Red Cross found itself particularly stymied trying to help the Vietnamese communities on the Gulf Coast. Nobody spoke Vietnamese, for one—and none of the Vietnamese would eat the food that was being offered by volunteers.

CHAO: There was a major disconnect. And it wasn't only the Vietnamese. There is a big group of Polish responders who worked on the clean up of the World Trade Center, and they, too, had a disconnect. People had to reach out to immigrant groups and organizations, even advocacy groups, which were not in the position to give direct service. And it was suddenly thrust upon them that they had to give direct service, too.

CRONIN: Many of the volunteers also didn't have a clue. Many with the Red Cross came in from around the country, and had very little understanding of New York and what kind of city it is—highly multilingual, immigrant and with undocumented labor. Many of the people who were affected did not live anywhere near the World Trade Center. Volunteers coming in from other parts of the country, with all of the best intentions, didn't necessarily know how to respond. There were no models of volunteerism that fit the circumstances.

Are there now?

CRONIN: I would say the charitable sector is still trying to figure all of that out. There were many, many lessons that came out of 9/11. Many good things happened, but many things were not done well.

CULLMAN: What really changed rapidly after 9/11 is that suddenly, nonprofits were hit by something they couldn't handle very well. Foreign visitors to New York disappeared, scared to come to New York. That hurt the museum nonprofits and all of the places that usually have their fates hitched to visitors. They had to rethink a few things and figure out new ways to bring people back. I think the Metropolitan still hasn't gotten back to pre-9/11 yet. There was one major foundation, the Mellon Foundation, which said it would give more money out to make up for the lag in funding after 9/11. But the Starr Foundation didn't do it. They had this idea that they cannot have emergency funds.

Helen, did 9/11 help your group make a case for expansion?

SAMHAN: We were so totally overwhelmed by 9/11 that we couldn't respond to all of the need by ourselves. And it was some progressive foundations that decided that they needed to open up some space in their existing portfolios to deal with an unexpected backlash in a community that had fallen between the cracks in a number of ways: we were not a minority community, but we were an immigrant and religious minority community for the most part, and we were not a foreign affairs community, either. So we didn't quite fit. Ethnic advocacy and the Americanization process—we were not yet in the loop.

CURNIN: Helen, you said earlier that you were off the radar screen. Was that a good fit for your group before 9/11?

SAMHAN: At the time, yes. We were 17 years old at the time of 9/11, so we were already established but not plugged in to long-term giving. When we took on this new role as a grantmaker, we realized that we needed help, and some of the progressive foundations were there to give it immediately. But now a lot of Arab American organizations realize that what we really need is capacity-building, because we have been over-stretched, and we won't be able to really build a stronger presence without expanding.

Edie, when was it clear that you would need to be on your own and take control?

LUTNICK: There was a meeting right after 9/11, I believe it was on the 17th of September at the Carnegie Foundation, of all of the major nonprofit leaders. The message there was that we needed to go slow in handing out aid to victims because the definition of poverty in this country for tax deductible contributions was \$16,000 a year, and the majority of people who died in the World Trade Center did not fall into that category. We were all advised, therefore, to take a step back and reassess our policies and positions.

And this is about what Kevin just said about speed. At that meeting, I just kind of sat back and said, well, we don't have the luxury of doing that, and we need to address this immediately, now, and it in its totality. And so we went to the Red Cross, which was already set up to handle emergency response, and we said, look, the best thing that you can do is to try to take away some of the stress from these families. And the best thing you can do there is to care for the children. And to do that, the best thing to do is give money to their mothers. Because when the breadwinner in a family is gone, the best way to stabilize a family is to give direct aid.

These families needed money and they needed money right away. We told the Red Cross: We will do the bureaucratic work for you. We'll tell you what these families' needs are. We will give you all of their information. We will put together all of the forms. Just tell us what you need, but cut the check.

CULLMAN: What I'm hearing here, which I think is true, is that the nonprofit world is not organized in such a way to make a rapid response to any type of unforeseen development. I was a meteorologist in World War II, so I know something about this, and to have New Orleans just do nothing was a comedy of errors. Nobody knew what was going on.

So 9/11 showed us what wasn't in place, and Katrina reminded us that the shortcomings still hadn't been fixed.

CHAO: Well, wait. It showed what was not in place, but it also created what I call the power of peers, the immigrant groups and the family groups that really organized

themselves and did powerful things during these disasters. I mean, it's not only just about what wasn't there. I think the resilience that we found afterwards is also significant, and based a lot on how people helped each other, and then did new fundraising, and brought donors to the table. Wouldn't you say, Edie, that 9/11 revealed the gaps but also it was an incentive for some groups to fill those gaps?

LUTNICK: Absolutely. In our case, nobody was moving fast enough, so we had to make it happen. We found out where the holes were and we filled them.

CULLMAN: But you were not a typical charity. You were new and involved and you had a very strong personal interest.

"We were off the radar screen before...but now a lot of Arab-American groups realize that what we need is capacity-building."

—Helen Hatab Samhan



Helen Hatab Samhan
Executive Director
Arab American Institute Foundation

Samhan, a Brooklyn native, is Executive Director of the Washington D.C.-based Arab American Institute Foundation, a nonprofit to promote and study the Arab-American experience. AAIF is an affiliate of the Arab American Institute that represents Arab American issues in politics, elections, leadership training, and public policy. Samhan has been with the Institute since 1985.



Cristine Cronin
President, NYCharities.org

Cronin is co-founder of NYCharities.org, a Web site that offers information on more than 60,000 New York State charities. The site provides a means by which donors can make gifts of time, money, or talent to causes of their choice. On the afternoon of 9/11, Cronin launched an emergency relief site that enabled donations to *The New York Times* 9/11 Fund and United Way International.

“Many, many lessons came out of 9/11. Many good things happened, but many things were not done well at all.”

—Cristine Cronin

LUTNICK: Absolutely.

CULLMAN: You didn't care what the rules were, you'd get it done.

CURNIN: And because you were new, you were in a better position to listen, and therefore respond faster. If a community that heretofore had been out of the mainstream needed help, now they could get it.

Are there too many new charities now, given the figures we're seeing, or simply not enough of the right ones?

CARUSO: You know, I wondered about this even before 9/11. Every week, it seemed, there would be a new breast cancer charity. You know, first it was Susan G. Komen, then you've got Avon, then you've got Revlon, you know, whatever. It just goes on and on. I think there are some nonprofits that will serve their purpose and then maybe go out of business, you know, or run out of funds and just peter

off. I do think, very definitely, that some will have to consolidate to survive. You know, I wonder sometimes just how much can be maintained.

Jessica, are there too many charities?

CHAQ: There are so many different kinds of needs, and I think those who work in the nonprofit sector, as well as those who contribute to the nonprofit sector, are really struggling to figure out the most strategic ways to address them.

I will say that somehow, the way the marketplace works, there is a natural pairing, and many of the organizations that started out of 9/11 (and probably also out of Katrina and the tsunami) will go on to have a vital role long-term because they broadened out from 9/11. They kept their mission but expanded it to include others similarly affected around the world.

LUTNICK: I think if there is performance-based competition among the charities as a result of this, that would be very positive. I think if people start looking at the charities and start saying, okay, if I give a dollar here, how much of it is actually going where I want it to go? That is the criteria on which charities will be weeded out. It's already happening.

CARUSO: Yes, and it's forcing charities to get better about their messaging and their communication and their transparency. I think the ones that do those things well will succeed, and the ones that don't do it well will have a harder time of it.

CURNIN: Some of them are already fading to dark. We've done a lot more transactional pro bono in the last five years, and a lot of that with nonprofits. And I can say that in those five years we are handling, pro bono, more dissolutions and more mergers of nonprofits in New York City.

I mean, on one hand, we are seeing an increased number of dissolutions and mergers, and on the other hand, some of those nonprofits might not have come into existence before 9/11. But there are good things that happen from mergers.

Out of a dissolution, people learn some lessons and come back with another idea that's maybe a bit more tailored to what they're able to do and what the market needs.

Let's consider Warren Buffett for a moment. He has looked around and decided that the traditional nonprofit sector isn't the place he wants to invest, and instead has pledged \$31 billion to the Bill & Melinda Gates Foundation, another private player and newcomer on the block.

CULLMAN: I am fearful that the combination of Gates' money and Buffett's money, a total of something like \$60 billion, may make people feel, oh, well, my gift doesn't matter or isn't needed. I mean, the reality is that the needs are getting bigger and bigger and bigger. At the very least, Buffett's contribution is certainly putting philanthropy—that which isn't fraudulent—on the front page for the first time in a while. [laughter]

“Nonprofits have to realize that it's a changed world. ...I do, very definitely, think that some will have to consolidate to survive.”

—Karen Caruso



Karen Caruso
President, Caruso Consulting Corporation

Caruso is founder and president of Caruso Consulting Corporation, and has more than 25 years of experience in fundraising. For the past five years, Caruso has been an independent consultant to such charities as Sesame Workshop, the Trust for Public Land, and the Wildlife Conservation Society. Prior to joining the nonprofit sector, she spent six years in advertising and marketing.

“How do you make big donors aware that government is pulling back?”

—Lewis B. Cullman



Lewis B. Cullman
Philanthropist

Cullman in 1964 completed the first leveraged buyout, a financial model that redefined the world of business. He and his wife, Dorothy, have donated some \$223 million to the arts and education. Cullman wrote *Can't Take it With You: The Art of Making and Giving Money* and is chairman of Chess-in-the-Schools, a nonprofit that teaches chess to economically disadvantaged students in New York City's public schools.

CHAO: Overall, I think Buffett's gesture is a positive message because it is increasing the pie as opposed to all of these nonprofits fighting over a dwindling smaller pie. And in the larger scheme of things, I think that's a very positive message.

What about oversight? The Gates Foundation just doubled in size but still does not have a board, save for friends and family. Pablo Eisenberg, in an essay in the *Chronicle of Philanthropy* says, “To put more than \$60 billion in tax-exempt assets under the control of members of just two families is not an arrangement that benefits democracy.” Does giving that goes from one private pot to another create more challenges for society?

CURNIN: I think the constant challenge is how to get the money to the smallest people in the greatest need. People give a lot to victims of disaster but do they give as much to the people at the doorstep who are homeless or illiterate, or the victims of domestic violence, or juveniles who are trapped in detention centers? You know, these are day-to-day emergencies, and I think that is the difficulty and our challenge.

I mean, you look at Warren Buffett and you say, “Gee, Warren. Why did you have to give all of your money to Bill Gates? How come you couldn't, you know, go into the subways of New York and give out \$5,000 at a time to people who need it?” He couldn't have done that, of course. But there are existing nonprofits that could have done that for him. So the question is, how do we in the charity sector get the Warren Buffetts and the Bill Gateses to give to the existing nonprofits who serve the day-to-day needy, and who don't always get a lot of attention?

CHAO: Yes, I think that is one of the weaknesses uncovered by the news of Buffett's gift to the Gates Foundation. Okay, now we have this mega-monopoly over the key issues in the philanthropy field.

But I think what it points out is that the major weakness in the charity sector is not how these two gentlemen are going about it, but that we in the philanthropic field have failed them; that they could not think of any other way to distribute their

funds charitably other than insist that it go to their own private foundation and into their own ideas about how to change the world. For them, it was all about them or nothing. That shouldn't be.

CURNIN: No, it shouldn't be. And also I think it's interesting that universities and colleges were left out of the picture, as well.

CULLMAN: I think the present government is pulling back on all kinds of support for those in need and the private sector should pick that up. There's enough money there but how do you make big donors really aware of the fact that their government is pulling back in every area? How do you get that message out? It's a tough one.

What's next for this sector? It's rebuilding, but what is the work that most needs to be done?

CRONIN: One of the most important lessons I think that came out of 9/11, and perhaps Katrina, as well, is that nonprofits tend to do a very poor job collectively of ex-

plaining what they do philanthropically. We are all ambiguous about what our message is, quite often, in terms of what we're doing with the money. And so we ignore public relations at our own peril.

CURNIN: I think there are two lessons here. One is that we need more centralization. Two, we need less. [laughter]

Said by an attorney. [laughter]

CURNIN: What I mean is that for disaster-based relief we need more centralization, and it needs to be state-based relief that is a partnership between government entities and large foundations. They need to figure out a new model and go forward. For non-emergency charitable giving, we should let the good ones rise up and let the rest fall by the wayside.

CARUSO: I think nonprofits have to realize that it's a changed world. Now they have to have an emergency response plan, just like businesses do. Some are starting to create these kinds of plans, but it's more than just ramping up a new Web site. It's about needing to think more strategically and planning for the unknown, even though it's really hard.

SAMHAN: Flexibility and diversification of portfolios is important for funders. And collaborative efforts, where several hundred people get together to collectively address immigrant rights, for example, or other types of human services needs, can be very useful. Organized this way, they can reach nonprofits that are maybe not typically part of the traditional nonprofit community.

Eddie, last word?

LUTNICK: We in nonprofits have to listen better to those in need. It's not okay to say anymore that what happened in the past still works. We all need to look differently at the problems in society, versus saying, I'm going to throw everything I have at this little piece of the problem and hope it goes away. Our problems in society are too large now, too globally interconnected. We need to help more people faster—on their terms, not ours.

comments?

Tell us what you think by emailing us at editors@contributemedia.com