



Giving Credit Where It's Due

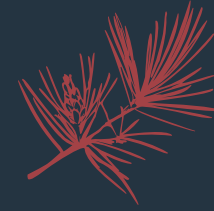
INCORPORATING ETHICS AND DUE
DILIGENCE INTO YOUR PROSPECT
RESEARCH

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Michele began her career in development in 2012 as a Development Analyst with the University of California, Berkeley Corporate and Foundation Relations team. Before joining the Helen Brown Group, she served as a Prospect Analyst at University of California, Davis and a Senior Prospect Analyst at the George Washington University. Michele joined the Helen Brown Group in July 2018 as a Research Associate and was promoted to Senior Research Associate in June 2020. She is a member of NEDRA, Apra Florida, and Apra International and previously served as the Social Media Chair for Apra Metro DC. She received her B.A. in creative writing from Florida State University and studied higher education leadership at California State University, Sacramento. Michele currently lives in Tampa, FL with her husband, two children, and two very small but very loud dogs.



Although she began nonprofit work in 2006 at ALUKA, a JSTOR subsidiary, Jayme officially began her career in development in 2008 as a Prospect Management Associate at the Rutgers University Foundation before being promoted to Research Associate. Before joining the Helen Brown Group, she served as a Senior Research Analyst at Monmouth University. She joined the Helen Brown Group as a Research Associate in 2019 and was promoted to Senior Consultant in 2021. Jayme is a member of APRA-Greater NY and APRA International, where she is a member of the Online Content Committee. She earned her B.A. in English from Drew University and her M.S. in Communication and Information Sciences from Rutgers University. She lives in Neptune, NJ with her husband and their cat and dog, both of whom like to appear in Zoom meetings at inopportune times.

Introductions

Learning Outcomes

- Feel empowered to draft a due diligence policy for your specific organization and identify the best resources to complete this type of research.
- Recognize the differences between prospect research and due diligence research.
- Understand the ethics and possible risks associated with completing due diligence research.
- Gain greater knowledge about what resources are available to complete this work (both free and paid).

A (Very) Brief History



- The Securities Act of 1933
- The legal term “due diligence” may have originated there, but it’s practiced today in almost every industry in some form, including fundraising.



What *is* due diligence?

- The investigation or exercise of care that a reasonable business or person is normally expected to take before entering into an agreement or contract with another party.



Prospect Research vs. Due Diligence

- The goal of prospect research is to assess a prospect's potential for giving.
- The goal of due diligence is to protect the organization from potential harm.

“Prospect research asks if they can give, and due diligence asks what their giving says about them.” –Helen Brown

What does “ethics” mean, exactly?

- Morals versus ethics (personal versus professional)
- Sometimes these two pillars clash
- Codes of ethics, such as what we sign at work or in our civic organizations, keep us in a process of analysis and decision-making.
 - These codes give us rules to follow should we come upon a difficult situation.



Ethics and Data Privacy

- [Apra Ethics and Compliance Toolkit](#)
- [Apra Due Diligence Toolkit](#)
- Updated “Ask the Ethicist” [article](#) regarding FEC rules violation
- General Data Protection Regulation ([GDPR](#))
 - Institute of Fundraising (IoF) [Connecting People to Causes: A Practical Guide to Fundraising Research](#)
 - Council for Advancement and Support of Education (CASE) [Guidelines on Wealth Screening, Prospect Research, and Collecting Contact Details](#)
- Ethical standards (or sometimes, lack thereof)

Other Types of Risk

Strategic

Financial

Legal

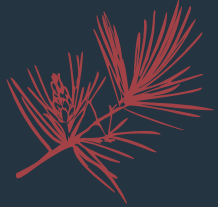
Reputational



Recent Controversies

- François-Henri Pinault's \$100M+ donation to restore Notre Dame Cathedral
- Sackler Family giving to museums worldwide
- Jeffrey Epstein's gifts to the MIT Media Lab (and other universities)
- Varsity Blues College Admissions Scandal





The Why...

- Determine risk.
- Protect organizational priorities:
 - Mission
 - Values
 - Reputation
- Prevent legal and ethical violations.
- Industry best practice.

...And When



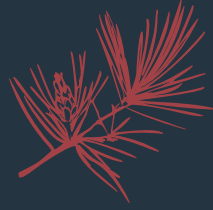
- Prior to involving a new donor,

OR

- Prior to each major gift ask.

OR

- In instances of controversy regarding older gifts (more on this later)



The Role of Prospect Research



- Initiate the process or field the research request.
- Complete the vetting process using the established gift acceptance policy, ethical standards, historical research (if needed) and due diligence checklist.
- If any red flags are found, present your findings and make a recommendation. If none are found, advise to move forward.



Due Diligence Fundamentals



Gift acceptance policy



Samples:

[https://learning.candid.org/resources/
knowledge-base/examples-of-gift-
acceptance-policies/](https://learning.candid.org/resources/knowledge-base/examples-of-gift-acceptance-policies/)



Due diligence policy/practices



Create your own resources/ check lists
for each time you do due diligence

Where to Begin

- Determine who will do the research (In house, consultant, etc.).
- Review the resources your organization already has.
- Check in with prospect research colleagues in your network.
- Prioritize the work.
- Establish a list of “absolutely not” donors and industries if there isn’t already one.
This may already be a part of your gift acceptance policy.
- Settle on a format for delivery and review of the information obtained.
- Decide who makes the final call.

What Would Trigger the Vetting Process?

- A prospect that lives abroad
- Gift or involvement level
- The first gift to your organization
- Finding a connection to controversial people or families
- Well known controversies or crimes that have been in the news for the individual or company
- Unclear funding source or questionable source of wealth
- New board member



Questions to Ask During The Process

- Prospect specific
 - Criminal/legal/ethical issues?
 - Undesirable family/business connections?
 - Pledges that haven't been completed?
 - Does the prospect share organization mission/values/vision?
 - Has their historical standing changed over time?



Questions to Ask During The Process Continued...

- Gift Specific
 - Have the same type of gifts to other organizations been controversial?
 - Have similar gifts ever been returned by a non-profit?
 - Have similar gifts ever been revoked by a donor?
 - Does the gift's purpose fit within the organization's mission?



Questions to Ask During The Process Continued...

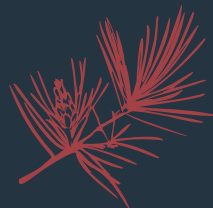
- Location specific
 - Do the laws of the US allow business to be conducted with the country the donor is based in?
 - Does your organization want to be associated with the country's policies or political figures?
 - Are there any potential risks associated with human rights issues?



AASP Best Practices

- In 2019, the Association of Advancement Services Professionals (AASP) created the [Best Practice in Vetting Prospects](#).
- The document includes samples of an international vetting policy, trigger list, clearance to solicit policy, disclaimer and boilerplate language for vetting memos, and stage-based international research guidelines.
- Comprehensive and excellent resource when drafting a policy for your organization.

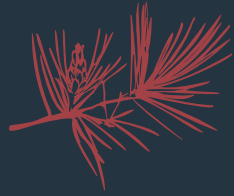




Past versus Present

It is becoming increasingly common to revisit named spaces or funds for one's organization to:

- Confirm gift intentions.
- Confirm any relation to your organization.
- Find surviving family or guardians if the space must be altered in any way.
- Investigate the donor's political or social positions and how they relate to present culture.
- Example: Margaret Sanger, San Francisco Schools, University building changes, etc., NASA



Getting Creative

- Tree Flowchart
- Swimlanes
- Visual vs. Prose-based



How do we do this?

- Making connections between named funds and spaces and your organization can sometimes be difficult.
- Does your organization have a committee or policy on renaming?
 - Many organizations' policies can be found online.
 - Relationship to the organization should be confirmed.
 - Existing family or descendants should be traced to ensure the original donor's wishes are honored or confirm their approval for changes, if possible.

How do we do this?

- Paid resources:

Ancestry.com

Geni.com (though some content is viewable for free)

Newspapers.com and GenealogyBank

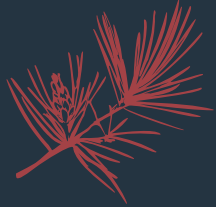
- Free resources:

FamilySearch.org

Your local historical archives or library (public or academic)

Genealogy groups (Facebook or web)

Ancestry, Geni and FamilySearch all have a family tree function. This can be helpful to see if someone has already researched the person in question. *Always verify the information found on other trees.



Resources

- [Ancestry.com](https://www.ancestry.com)
- [Better Business Bureau](https://www.betterbusinessbureau.org)
- Business press (Crain's, American City Business Journals, etc.)
- [Datocapital](https://www.datocapital.com) – a database of 12.5 million directors of privately-held companies in 8 European countries
- [FamilySearch](https://www.familysearch.org)
- [Geni.com](https://www.geni.com)
- [Helen Brown Group Blog post about genealogical research](#)
- [ICIJ offshore database](https://www.icij.org)
- [Lexis Nexis](https://www.lexisnexis.com) – there's a specific area in LNDP just for this.
- [Newspapers.com](https://www.newspapers.com)
- [Opensecrets.org](https://www.opensecrets.org) – Donor database, nonprofit database
- [ProPublica](https://www.propublica.com)
- [OpenCorporates](#) or Secretary of State's business lookup database in the state a company is registered.
- Social media – Twitter, Facebook, LinkedIn, Instagram, etc. (HBG uses Mention.com to monitor these)
- [The Helen Brown Group Research Links](#)

The background of the slide is a stylized Union Jack flag, featuring the characteristic red, white, and blue diagonal stripes. A thin white vertical line is positioned to the left of the text area.

Who is Doing it Well?

- Major and even modest level donors in the United Kingdom are researched thoroughly.
- Researchers proactively vet and complete a risk assessment on donors vs. backing into the process.

UK Guides

- The London School of Economics *Procedures for the Ethical Review of Grants and Donations*
- The University of Leicester *Gift Acceptance: Due Diligence*
- The UK Charity Commission's *Guidance on carrying out due diligence checks on donors, beneficiaries and local partners*
- The National Audit Office's *Due diligence processes for potential donations*

A Few Reference Links

- *Due Diligence in Prospect Research*, HBG Blog (August 2020) <https://bit.ly/3olGpe8>
- *Due diligence and prospect research – are they different?*, HBG Blog (February 2020) <https://bit.ly/35oIMEc>
- *Creating Your Due Diligence Policy*, HBG Blog (January 2020) <https://bit.ly/37ywmw9>
- *Doing Your Due Diligence*, HBG Blog (April 2017) <https://bit.ly/3jm2l5a>
- *Who do you stand with?*, HBG Blog (August 2017) <https://bit.ly/3omQ18f>
- *Companies House: a treasure trove of info on UK companies*, HBG Blog (June 2020) <https://bit.ly/3m7HS5Q>
- *Chapters in the Story: Going Beyond Ancestry for Genealogical Research*, HBG Blog (December 2019) shorturl.at/oBCQ5
- *Walking the Line with Prospect Vetting: Just How Much Diligence Is Due?*, Apra Connections (August 2019) <https://bit.ly/2HrtEOu>
- *AASP Best Practice in Vetting Prospects* (April 2019) <https://bit.ly/31zVfny>

Thank you!



Where you can find us:

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