How to Destroy a Charity's Reputation*

In 1995, William Aramony, former president of United Way of America, the largest charitable organization in the United States, was convicted of misappropriating the funds of the organization and was sentenced to seven years in prison. Aramony was found guilty of 25 counts of fraud, conspiracy, and money laundering of over $1 million of the agency's funds, which he is reported to have spent on lavish entertainment for himself and several girlfriends. At one point the United Way was paying for a New York penthouse and limousine service for Aramony's personal use. Other close associates of Aramony at United Way were found guilty of similar charges and sentenced to jail terms.

After the unethical and illegal behaviors of United Way top managers were discovered in 1992, the managers were fired and Elaine L. Chao, former head of the Peace Corps and an experienced investment banker, was appointed to head the United Way and restore its reputation, badly damaged as a result of the scandal. Chao's primary goal is to increase donations, which fell markedly after the scandal when people saw their money had not been used appropriately.