

Failing to Serve America's Heroes on the Home Front

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Brian Ross and Rhonda Schwartz Report:

In the last two years, generous Americans answering appeals to help wounded and paralyzed veterans have given more than \$464 million to charities that have been given an F in a new report card from a leading charity watchdog group.

Those failing charities include the National Veterans Services Fund, of Darien, Conn., which took in more than \$6 million in contributions last year supposedly to help veterans' families.

It got a report grade of F from the American Institute of Philanthropy, which says the charity gave out only two percent of its money for charity.

"Veterans deserve better from America's charities," said Daniel Borochoff, the institute's president and ABC News consultant, who compiled his group's report card based on his analysis of the charity's financial data. While the charities' activities are not illegal, Borochoff says, "spending under 35 percent of your budget on actual bona fide charitable programs will get you an F grade."

Of the 27 military and veterans' charities reviewed by Borochoff's group, 13 were rated F, including the Amvets National Service Foundation, the Army Emergency Relief Fund, Freedom Alliance, the National Veterans Services Fund, the Military Order of the Purple Heart Services Foundation and the Paralyzed Veterans of America.

Iowa Sen. Charles Grassley, who has been investigating charities, called that an outrage.

"We owe the veterans a great deal, and this shows a lack of respect for what the veterans have fought for, our freedom," he told ABC News.

But it has meant six-figure salaries and prosperous lifestyles for some of the people running the F-rated charities.

As the founder of a charity called Help Hospitalized Veterans, which distributes craft kits to veterans' hospitals, Roger Chapin of San Diego pays himself and his wife more than half a million dollars a year in salary.

Charity is his business. Over the last three decades, Chapin has created more than a dozen different charities for cancer, kids and veterans.

"He's a charity entrepreneur," Borochoff says. "He's very good at setting up charities that don't do so much charitable but bring in lots, lots of money."

Chapin's veterans' charity has produced slick promotional videos about the good they do, with a number of celebrity endorsements, including one from actor Dennis Franz, who starred in the ABC primetime drama "NYPD Blue."

But according to their analysis, the American Institute of Philanthropy says of the \$70 million Help Hospitalized Veterans took in last year, only 31 percent went to the actual charitable cause. The rest was mainly overhead and fundraising costs, meaning a grade of F.

A spokesperson for Dennis Franz said he had no idea the charity gave so little to actual charity.

Chapin had agreed to be interviewed for our report but refused to sit down in front of the camera when he learned who would be doing the interview, ABC News' Brian Ross.

Chapin and some of the other heads of charities that got failing grades questioned Borochoff's analysis of their financial records. They also insist they provide an invaluable service, and it is the high cost of fundraising that eats up the money available for actual charity.

Iraq War veteran Paul Rieckhoff, executive director of Iraq and Afghanistan Veterans of America, told ABC News veterans deserve more.

"Veterans are not a place to make a buck. Veterans have served our country and have put their butts on the line, and they need these organizations to care for them when they come home," he said. "So if you're not serious about being in the business of helping veterans, go find something else to do."

And Rieckhoff encouraged all donors "to give but to think long and hard about it, and do a little research and find out who you're giving to so that you know your money's being used appropriately."

[See the grades for all military and veterans charities rated by the American Institute of Philanthropy. \(Copyrighted material is posted with the permission of the American Institute of Philanthropy.\)](#)

For more ratings on charities, go to the **[American Institute of Philanthropy's Web site](#)**.

This post has been updated.

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