

# Dirty Money: Some Ethical Questions About Donating to Charity

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## *Abstract*

*This article is a thought piece designed to generate questions about the reciprocal relationship between a gift giver and receiver. Examples about charitable giving to Notre Dame Cathedral, the Metropolitan Museum of Art, and the Missionaries of Charity illustrate how the ethics of giving are tied to the ethics of the individual or organizational donors, and the reasons why they give. It concludes by drawing from these examples a few questions for businesses to consider about charitable donations.*

## **Introduction**

In the late 12<sup>th</sup> century, the Bishop of Paris was busy raising money to build Notre Dame Cathedral. The guilds had been generous. Many of them donated money for stained glass windows, which, as part of the deal, would feature scenes about their trades. One day, a group of prostitutes visited the Bishop and, in the spirit of a guild, told him they wanted to donate money for a window (albeit, not one depicting their trade).<sup>1</sup> At that moment, the Bishop grappled with the same sort of awkward ethical problem that charities and non-profits<sup>2</sup> still face today. Should they accept dirty money earned by "sinful" individuals engaged in a "sinful business"? However, the flip side of this question is also worth our consideration: Are church windows the best place for the prostitutes to make charitable donations? These two questions are central to the relationship between donors and beneficiaries because the ethics of the giver and receiver are intertwined. This essay is a thought piece that uses individual cases to tease out some ethical questions for businesses to think about when they donate to a charity.

### Dirty Money

The reputational fallout of non-profits that accept dirty money is often prominent in the news. In the US, businesses and individuals have long used charitable donations to polish their image and sell products.<sup>3</sup> Whom to take money from is tricky, especially in cases where the money starts clean but later turns out to be dirty because a donor or business does or has done something unethical or illegal. For example, the Metropolitan Museum of Art accepted millions from the Sackler Family and named a wing of its museum after them. Yet, when it learned about the complicity of the Sacklers and their company, Purdue Pharma, in the opioid crisis, the Met turned down all future donations from them. A spokesman said, "We feel it's necessary to step away from gifts that are not in the public interest."<sup>4</sup> The Met's statement is an odd one since a gift to the Met benefits the public. It also indirectly benefits the Sacklers, in terms of public esteem and other intangible psychological and social benefits. What the Met spokesman may have also meant was that it is not in the Met's interest to take the money because it would tarnish its image to the public and perhaps impair future fundraising efforts. Furthermore, if the Met accepted future Sackler donations, the museum would tie itself to the Sacklers' wrongdoing. However, notice how this works in both directions. If the Sacklers offered money to the Met today, there is a sense in which they would link the Met to their dirty money, which may seem okay for them but not the Met.

### Reciprocity and the Meaning of a Gift

Except in cases of anonymity, there is no such thing as a free gift. When an individual or a business gives money to a charity, they engage in an explicit or implicit exchange. In our example, the guilds donated a window, but they also got good PR from it. The prostitutes probably hoped their gift would curry favor with God and or the Church. When corporations or other groups donate to non-profits, they usually do so because they want to contribute to society and create a positive image of their organization for employees and other stakeholders. While most give with good intentions, the standard of pure altruism may be too high. Businesses and individuals usually get something from giving. At a minimum, it makes them feel good. Implicit or explicit reciprocity does not necessarily make a gift unethical. However, the ethics of giving and receiving depends on what that reciprocity means and entails for both parties.

In his classic work *The Gift*, anthropologist Marcel Mauss examines the positive and negative cultural meanings of gifts. He begins with an old Scandinavian poem that says: "A present always expects one in return," and "The miser always fears presents."<sup>5</sup> In other words, gifts create obligations,

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which is why we hate getting a present from someone we do not like. On the positive side, Mauss argues that gifts help create social bonds, so a free gift that expects nothing in return does not foster social solidarity. When recipients turn down a donation, they reject affiliation with a donor and whatever tangible and intangible benefits the donor might get from the gift. The nature of reciprocation is not always explicit, like putting the donor's name on the building. It is often social as when donors enhance their reputation by being connected with a good cause or use the gift to advertise their wealth and power. When the Met turned down Sackler money, they also rejected the Sacklers and their unethical behavior.

### **The Whos and Whats of Giving**

The meaning of a gift, especially a large one, is open to public interpretation and comment. To illustrate, let us return to what is now an iconic part of France's cultural heritage, Notre Dame Cathedral. On April 5, 2019, a fire tore through the structure, destroying its spire, roof, and some of the walls. Two hours after the blaze, Bernard Arnault, head of LVMH, a luxury brand company, pledged 200 million euros for repairs. Soon after that, the cosmetic company L'Oréal and the energy company Total pitched in another 100 million euros each. In three days, a handful of France's wealthiest companies had pledged 600 million euros to restore the cathedral.<sup>6</sup>

Surprisingly, some elements of the public and social media responded to their generosity with scorn. One commentator wrote, "at the time of the fire, you could hardly move because of cashmere-clad concern."<sup>7</sup> Another said, "Just imagine if billionaires cared as much about human people."<sup>8</sup> (In fairness, these donors also contribute to charities that help people.) Unlike the Sackler case, the adverse reaction did not concern the ethics of Arnault or the other companies. It was about the growing concentration of wealth in society and the resentment of billionaire benefactors.<sup>9</sup> Whether this backlash is fair or not, it shows how large donations draw attention to donors' wealth and their control over how to allocate it. In some social and historical contexts, large gifts require public justification.

### **Donations from Scoundrels**

So far, we have looked at examples of giving to churches and museums, not organizations that help the poor and disadvantaged. Here there might be less criticism of large donations from wealthy individuals and businesses, unless they have done something unethical or illegal. Remember the story of Robin Hood, who stole from the rich to give to the poor? The way he got the money was illegal, but he used it for good causes. One could argue that if charities are too picky about the origin of their money, they will fail in their

obligations to the needy. Nonetheless, the short-term benefit of a Robin Hood donation may well affect a charity's ability to raise money and aid the poor in the future.

The Albanian nun and Catholic saint, Mother Teresa, was head of one of the few charities that could get away with accepting dirty money. Her large charitable organization, Missionaries of Charity, took care of "the poorest of the poor" around the world. Investigative journalist Christopher Hitchens discovered that Mother Teresa had collected money from a long list of scoundrels. They included the publisher Robert Maxwell, who squandered his company's pension funds and defrauded banks;<sup>10</sup> the wife of the Haitian tyrant and kleptocrat, Michele Bennett Duvalier;<sup>11</sup> and Charles Keating of the Keating Five fame. Keating used his bank, Lincoln Savings and Loan, to dupe investors and bribe politicians. His nefarious dealings resulted in the savings and loan crisis, which at the time necessitated the most massive bank bailout in US history.<sup>12</sup>

As a conservative fundamentalist, Keating may have been looking for salvation when he donated some of the \$252 million of stolen money to Mother Teresa's organization, and he almost got it. In 1992, before Keating was sentenced to 10 years in prison, Mother Teresa asked judge Lance Ito to pardon him. In her letter, she argued that Keating was not an evil person because he gave money to the poor. She then implored the judge "to do what Jesus would do."<sup>13</sup> In response to her letter, the prosecutor, Paul Turley, wrote back, "Jesus would promptly and unhesitatingly return the stolen property to its rightful owners."<sup>14</sup> He went on to say that Keating was unrepentant because he refused to take responsibility for his actions and blamed others for the bank crisis. Mother Teresa never returned the money because, as in the Met case, she didn't know the money was dirty when she took it, so she thought she was justified in keeping it. Unlike the Sackler case, Mother Teresa did not sever her relationship with Keating. If anything, she seemed to draw closer to him by pleading his case, even when he was unrepentant.

This last point takes us back to the Bishop of Paris who, before declining the prostitutes' donation, consulted with a Canon Law expert named Thomas of Chobham. Chobham opined, "it is possible to repent of practicing prostitution for the purpose of giving alms."<sup>15</sup> In other words, it is okay for the Church to receive ill-gotten gains as long as the donor admits guilt, is genuinely sorry, and stops engaging in sinful activities. This principle is still relevant today. Sometimes the money gained from punitive settlements is donated to worthy causes. For example, Oracle's Larry Ellison agreed to settle his insider trading suit by paying \$100 million to charity.<sup>16</sup> Note here the difference between paying an indulgence (which might have been what the prostitute and Keating were doing) and Ellison's penance (even if we do not

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know if he was sorry). Indulgences were a kind of bribe for forgiveness or a lighter penalty that will lead to the salvation of a soul or, in today's terms, a reputation. In contrast, penance is part of justice, in that it is restitution or compensation for doing something wrong.

### **Ethical Questions for Business from Notre Dame, Billionaires, and Scoundrels**

This essay has examined the reciprocal relationship between the giver and the receiver. The examples show how the ethics of the donor affects the recipient and, in some cases, perceptions of the recipient's ethics. Philosopher Immanuel Kant said that all ethical acts must be done from a "good will." By that, he meant that the moral principle behind the intent of an action is what makes it ethical.<sup>17</sup> A good will is especially important in gift-giving. The overarching lesson from these examples is that donors should be honest with themselves about what they implicitly or explicitly hope to gain from their contributions. Most businesses that engage in some form of charitable giving see it as a win-win proposition. While the examples in this paper are about individuals, they raise some ethical questions that businesses might consider when they donate to a charity or non-profit.

1. The Prostitutes of Notre Dame: Is there a logical fit between the nature of the business and its values with the recipient's goals and values? Is there any way that what the business does contradicts the values of the charity or makes it look hypocritical?
2. The Billionaires of Notre Dame: How will the public receive the donation? Does the social, political, and economic context of the gift (such as a time of growing economic inequality) require an explanation or justification of the contribution?
3. Mother Teresa and Charles Keating: Is a business donating to a charity to improve its reputation or gain favor because it operates in ethically questionable ways such as dishonest business practices, dangerous products, etc.?
4. Larry Ellison's fine: Is the business donating to a charity or non-profit to compensate for past harms? If so, has it gone through a public process of admitting guilt, correcting its behavior, and taking responsibility for them?

Some may find this discussion of giving cynical. After all, giving to charity is admirable, and it usually brings out the best in people and organizations. However, this does not mean we can ignore the reciprocal relationship that comes with giving. The donor and the receiver are connected, which makes

the ethics of giving inseparable from the ethics of receiving. Individuals and businesses have to think carefully about why they donate to a charity and make sure that what makes giving good for them is not potentially bad for the recipient.

### Author

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### Endnotes

1. Le Goff, J. (1982). *Time, work, and culture in the Middle Ages* (A. Goldhammer, Trans.). Chicago: University of Chicago Press.
2. There is a legal difference between a charity and a non-profit in the US and some other countries. For this paper, I will use both terms to describe organizations that take donations to support things like religious organizations, social welfare, or some public good such as cultural institutions.
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