

## **Bad Philanthropy: The Rinsing of Toxic Money**

*Nkasi Wodu, PeaceBuilding Manager, PIND*

*Ese Emerhi, Project Director, Kiisi Trust Fund/TrustAfrica*

If philanthropy can be defined as the desire to promote the welfare of others, expressed by the generous donation of money to good causes, then for centuries, philanthropic activities have done a lot of good. History is replete with philanthropic organizations changing the course of people's lives for good. Whether it is building schools, endowing a Chair in a University, providing loans to small businesses at low interest rates, establishing soup kitchens for the marginalized, or setting up shelters for the vulnerable, philanthropy has done a lot of good and will continue to do a lot of good.

For the 10 percent of the world's population – [734 million people who live on less than \\$1.90 a day](#) - philanthropy is the only bridge between them and hope for the realization of a better life and future for their kids. But what happens when the purpose of philanthropy isn't just to do 'good'? What happens when the source of funds used for philanthropy is tainted and toxic? Does this cancel out the good deed that is done with those funds? Why and how are illicit funds used for philanthropic purposes by criminal networks? It can be argued that even if there are good intentions, the money used to do that good also has to come from a good source. And in 2020, sources of good money are few and far between. For the most notorious amongst us, no matter how many times that toxic money is rinsed, it will still drip sludge on the innocent, still taint that "good thing", and leave behind a legacy that is hard to swallow.

The reason toxic money can be recycled and has been used so popularly from criminals to governments is because it is used to give a false sense of agency and hope to the very people and communities that were once the victims of horrific crimes. Even when the giving and or philanthropic effort is cloaked anonymously, once revealed, the damage it causes in tearing down good reputations is devastating; the pieces become too many to count and account for. We needn't look any further than the recent case of Jeffrey Epstein, the convicted sex offender (who later committed suicide in his cell while awaiting trial on sex trafficking charges in Manhattan), and his \$7.5 million in donations to the MIT Media Lab. The revelation of his donations to the institution, once considered one of the most innovative programs creating "disruptive technologies" in the United States, has resulted not only in the resignation of the MIT Media Lab founder and professor Joi Ito, but ruined the reputations of several other professors connected to the scandal.

The tactics of persons linked with organized crime groups, utilizing philanthropy or charity to provide material benefits to people that have been victims of their actions is not novel, neither is it restricted to one region. In the 1980s in Colombia, Pablo Escobar, a murderous drug lord ran the Medellín cartel, one of the deadliest criminal syndicates in South America, and known to have been responsible for over [4,000](#) deaths. Pablo Escobar was at one time estimated to have a net worth of [\\$30 billion](#) and was responsible for over [80% of the world's supply of cocaine](#). He is also known for investing large sums of his fortune in charitable public works, including the construction of schools, sports fields and housing developments for the urban poor. The poorest people in Medellín lived in a literal garbage dump due to a lack of government support. Using his vast wealth, Escobar helped pay for an entire neighborhood to be built, complete with a sanitation system and multiple soccer fields, so that the less fortunate of his city would have a non-garbage place to live. The whole neighborhood was renamed as the Barrio Pablo Escobar, which loosely translated into English means, the neighborhood of Pablo Escobar.

[Christopher 'Dudus' Coke](#) was one of Jamaica's most notorious criminals and drug trafficking kingpin. During his reign of terror, he and his gang operated out of Tivoli Gardens, a neighborhood in Kingston, Jamaica known for its squalor and for being the center of drug trafficking activities and social unrest. Tivoli Gardens was also one of the most impoverished neighborhoods in Kingston, often lacking access to basic services. Coke was the leader of the 'shower posse' named after their penchant to shower bullets on people, and he ran the multi-billion dollar crime syndicate with ruthless efficiency. His penchant for murder and drug trafficking notwithstanding, Coke was a well-known philanthropist. During his trial, [defense attorneys cited members of Coke's family and other supporters, who portrayed him as a benevolent, philanthropic, and well-mannered individual.](#)

Africa is also not exempted from activities of illicit money being used for philanthropic purposes. High Chief Ateke Tom is the Amanayabo of Okochiri in Okirika Local Government Area of Rivers State, Nigeria. He is widely regarded as a Peace Ambassador, the recipient of a [humanitarian award](#) by the Actors Guild of Nigeria for his "advocacy and empowerment drive for youths in all spheres", and the [Peace Achievers Award](#). He is known for his philanthropic work in the [entertainment sector](#), towards [widows](#) and other marginalized people in society. He has been described as a "[powerful force](#) who has contributed in no small measure to the rapid development" of the Niger Delta region of Nigeria. This hasn't always been the case for the enigmatic character fondly called 'the godfather' by most of his followers. He will be the first to tell you of his humble beginning as was described in his [Vanguard interview](#) in June 2009; "*The man spoke about his original means of livelihood before engaging in militancy, saying he was a farmer, sand digger/seller, as well as a poultry farmer*". From this humble background, he rose to become a warlord, a prominent militant general in the Niger Delta, leading the Niger Delta Vigilantes (NDV) and a leading figure in the Movement for the Emancipation of the Niger Delta (MEND), known for [kidnapping oil workers](#) and [blowing up oil and gas assets](#) of oil multinationals, including the oil theft popularly known as bunkering. He was also admitted on record being involved as an [enforcer](#), used by politicians in Rivers State to rig elections in the 1999 and 2003 elections, and according to Jennifer M. Hazen<sup>1</sup>, he was a patron of one of the dreaded cult groups in Rivers State -- the [Icelanders](#).

Two of Africa's deadliest terrorist groups are Boko Haram and Al Shabaab. Both groups, although existing independently within East and West Africa respectively, have been responsible for devastating attacks on people and properties for over a decade. [The 2018 Global Terrorism Index](#) listed both Al Shabaab and Boko Haram as among the top four deadliest groups in the world. In 2016 and 2017 for instance, both terrorist groups contributed to more than 5,000 terrorism related deaths in Africa. Besides beheadings and carrying out deadly attacks on soft targets, both terrorist groups have been known to provide social services within their strongholds in Somalia and Nigeria as a means of recruiting soldiers and maintaining a long list of informants. In Borno State, the founder of Boko Haram, Mohammed Yusuf was [said](#) to have used funds received from Osama Bin Laden to 'fund a micro credit scheme for his followers and give welfare, food and shelter to refugees and unemployed youths'. Similarly, in southern Somalia, Al Shabaab was providing goods and services including policing, judicial decision making and welfare to residents. According to a [case study](#) by the Center for Strategic and International Studies (CSIS), 'this brought a level of stability to southern Somalia and fostered a great deal of goodwill among the local populace and helped build close relationships with village and clan leaders, creating an audience supportive of Al Shabaab recruitment.'

---

<sup>1</sup> (2013), *Armed Groups and Contemporary Conflicts: Challenging the Weberian State*

In the United States, renowned philanthropists like John Rockefeller, Cecil John Rhodes and Alfred Nobel, all have shady pasts and dealings connected to their wealth. Rockefeller ran a monopoly that the U.S. government later dismantled, Rhodes was a British white supremacist, and Nobel was a munitions manufacturer.

In 1889, Andrew Carnegie wrote in his first essay in what was later known as "[The Gospel of Wealth](#)", that "The problem of our age is the proper administration of wealth, so that the ties of brother-hood may still bind together the rich and poor in harmonious relationship." The problem becomes, however, in who is doing the giving and for what purpose. And if that giving results in more injustice, more division, more wars, and if it ties organizations to donors whose values clashes with their own, the problems continue to become entrenched. Mr. Carnegies' thoughts on how wealth should be managed later became the foundation of philanthropy for the last century.

Philanthropy has been defined as an "[altruistic](#) concern for human welfare and advancement, usually manifested by donations of money, property, or work to needy persons, by endowment of institutions of learning and hospitals, and by generosity to other socially useful purposes." And as stated above, millions of people all over the world have been significantly impacted by activities of philanthropic organizations and individuals. For criminal networks, altruism, however, has not always been the major motive for engaging in philanthropic work. Philanthropy confers legitimacy and is a veritable mechanism for building credibility and trust. Philanthropy can be used to develop networks of ties and connections that bond people together and can help increase social capital.

For decades, organized criminal groups have employed philanthropy to good effect in one way or the other. The pertinent question though is why? The reason cannot be merely for a tax rebate (and in a place like Nigeria, where tax incentives are absent, this is certainly not the case). Often, the activities of these criminal groups are illegal and as a result are not projected to form part of the revenue generating activities of governments. Why then would groups well known for perpetrating violence and terror as instruments of coercion, still resort to the provision of education, healthcare, sanitation, etc. to people that are largely their victims?

Firstly, philanthropy is used to gain social capital and legitimacy. When Jamaican authorities wanted to raid Tivoli Gardens to arrest the drug kingpin Christopher Coke, they appealed to the "law-abiding residents of Tivoli Gardens" to immediately evacuate the area. Despite the warnings, according to [reports](#), most residents remained loyal to Coke. He was regarded as their rightful leader or 'Don'. A few days later, thousands of women took to the streets of downtown Kingston with placards reading, "Taking Di Boss is Like Taking Jesus", "After God, Dudus Comes Next" and "Jesus Die for Us. We Will Die for Dudus". In [Mexico](#), hundreds of protesters gathered in defence of arrested Mexican drug lord, Joaquin 'El Chapo' Guzman. Some of the protesters were chanting "long live, El Chapo". It is this type of legitimacy and social capital that organized crime lords crave for and live for. It is important to bear in mind that by the nature of the activities of these groups, they need to often rely on their 'beneficiaries' to not tip off security operatives or cooperate with authorities in investigations against them.

Secondly, philanthropic work is used as a recruitment strategy by these criminals. Not a lot of people would openly follow a cutthroat and ruthless criminal. However, throw in some charity work, build a few roads and invest some of that ill-gotten wealth into changing a few lives, and you have the right moral authority to champion a cult following and a ready supply of foot soldiers such as informants, enforcers, and middlemen. In their [paper](#) on *Bandit Organizations and Their (IL) Legitimacy*; the authors

Cederstroem, C. & Fleming, P., argue about moral authority that “rests not on judgments about whether a given activity benefits the evaluator, but rather on judgments about whether the activity is ‘the right thing to do.’ These judgments, in turn, usually reflect beliefs about whether the activity effectively promotes societal welfare, as defined by the audience’s socially constructed value system”. Essentially, when organized criminal networks engage in philanthropy, they are hacking into the people’s value systems.

Thirdly, philanthropy helps organized criminal networks to fill up power vacuums and institute informal governance processes. When organized groups engage in philanthropy, they replace often non-existent or non-functional state authorities in the areas of their operations. Perhaps it is not a coincidence that organized criminal networks often thrive in areas where there is abject poverty, squalor, and high levels of illiteracy or unemployment. These spaces are ungoverned, where government distrust and suspicion is rife, sometimes leading to clashes between residents and agents of government. Consequently, organized criminal networks fill this existing vacuum, capitalizing on the distrust of government and compensating for absent public justice through philanthropic work. However, the motive here isn’t altruistic, it is mainly about distracting from their numerous reprehensible acts and to trigger what [Tereza Kuldova](#) referred to as a ‘but still’- structure in the minds of the general public. Or better, a structure that can be summed up as ‘I know well, but all the same...’, effectively succeeding in birthing cognitive dissonance in the minds of the people. As one Jamaican [resident](#) aptly captured it “Dudus may have done some bad things but he kept order.”

Finally, engaging in philanthropic acts allows for the widening of moral licensing -- that mental glitch that strengthens positive self-image that makes worrying about the consequences of immoral or bad behavior disappear. In essence, doing something good to justify doing bad; it reassures them of their virtue, and as such, with moral credits in hand, they feel entitled to (continue to) be bad.

For philanthropic institutions doing good, there are some guidelines to ensure they keep to the true meaning of their mission and to avoid scandals where they may have used or accepted funds from questionable sources.

- A strong charitable mission needs to be established. This needs to be written in founding documents and shared with staff so they clearly understand its intentions, as well as its limitations.
- Take care in choosing trustees and staff who share in the foundation’s principles. Family members, friends, and close business associates such as lawyers, bankers and accountants may not be good choices, unless they share the same worldview.
- Donor intent tends to suffer when philanthropic interests and the need to maintain control of the institution are mixed. These two should be separate.
- For philanthropists who found institutions, keep in mind a sunset provision for when the foundation would close its doors, perhaps a generation or two after the founder’s death. This is more in line with the earlier advice from Carnegie in the *Gospel of Wealth*, where he argues that donors should give away as much of their wealth while they are alive.
- Should foundations be established to exist into perpetuity, create strong procedures for electing future trustees who share in the original founder’s principles, and make respect for donor intent part of their fiduciary duty.

- A thorough due diligence on sources of funding must be done by philanthropic foundations. The freedom and ability to reject funding, even if to the detriment of the foundation, cannot be shaken and must be insisted upon. However, this can only happen when a strong mission and vision for that institution is clearly articulated and understood by all.

Until justice (the removal of systemic issues and processes that keep the poor poor) and philanthropy are linked, opportunities for criminals to use philanthropy to whitewash their sins will always exist. Big philanthropy, in the way these criminal networks operates, is simply an exercise in power; it is not trying to solve in any meaningful way societies' problems.