

## **Wal-Mart's Charity Is Self-Serving, A Philanthropy Watchdog Says\***

**JOSH GERSTEIN, *The New York Sun***  
**October 5, 2005**

A charity watchdog group charged yesterday that charitable and political giving by America's largest retailer, Wal-Mart, is part of a self-serving campaign to enrich the company's owners, the Walton family.

"Behind the Wal-Mart facade, the goals of the company and the family have nothing to do with promoting the community's or the public's or even their customers' interest. Instead, there is one goal, and that is to make one of the wealthiest families in the country even richer," a new report from the National Committee for Responsive Philanthropy says.

The 29-page review of the operations of the Wal-Mart Foundation, the Walton Family Foundation, and political funds connected to the company asserts that the firm is using its gifts to divert attention from a host of thorny problems, including discrimination lawsuits and opposition to the company's efforts to build new stores. "Although there is nothing wrong with a company or family trying to make money, using the nonprofit sector to do so is another matter," the watchdog group said.

The Wal-Mart Foundation gave away \$170 million last year, more than any other foundation in America. The report complains that much of the money is under the control of store managers, who often dole out small contributions to community groups. "By giving directly to local communities, Wal-Mart creates the perception that it is part of the community, rather than a large impersonal corporation that could be doing more harm than good," the report said. Little money appears to flow overseas, where most of the goods Wal-Mart sells are produced, the study found.

The review faults the Walton family for a "rather low level of philanthropic giving" when compared with others of great wealth, such as the founder of Microsoft, Bill Gates. In 2003, the Walton Family Foundation gave away almost \$107 million, while Mr. Gates's foundation gave away about \$1.18 billion. The wife and children of Wal-Mart's founder, Sam Walton, control the largest family fortune in the world, worth about \$90 billion, the report said.

The report also criticizes the Walton family for directing millions of dollars in gifts to organizations involved with charter school and school voucher efforts.

A spokeswoman for Wal-Mart, Melissa O'Brien, dismissed the critique. "It has everything to do with politics and nothing to do with philanthropy," she said.

Wal-Mart, which has faced repeated blows to its corporate image, recently received a wave of

good publicity from its efforts to aid victims from Hurricane Katrina.

An author of the new report, Jeff Krehely, said the document was not intended to be an attack on the Waltons' politics. "The point of this report wasn't really to dig out their political beliefs," he said. "Primarily, it's the self-interested angle, for us."

Mr. Krehely argued that nonprofit tax exemptions mean that taxpayers

subsidize the foundations. "We are all footing a tax bill for charities and foundations to some extent," he said.

Asked if philanthropic dollars are better spent on grants to large charities rather than small gifts to local groups, Mr. Krehely said, "We're not saying that one is better or worse. ... Even to the tiniest nonprofit, a \$100 grant - I'm not sure what that would do for you."

Ms. O'Brien said the National Committee for Responsive Philanthropy received at least \$84,000 in recent years from a Wal-Mart competitor, Target Stores. "That gives us serious insight into this group's credibility," she said.

The committee, which touts its "commitment to social justice," has also received funding in recent years from the Ford and Carnegie foundations, as well as funds connected with AT&T, Wells Fargo, and American Express.

***The New York Sun's* correction, published October 13, 2005:**

The Dayton-Hudson Foundation gave approximately \$96,000 to a foundation watchdog group, the National Committee for **Responsive Philanthropy**, during the 1990s. An article on page 8 of the October 5 New York Sun reported that a spokeswoman for Wal-Mart indicated that the funds came from one of its competitors, Target Stores. Only a portion of the funds came from those stores. In 2000, the Dayton-Hudson Foundation was reorganized, changed its name to the Target Foundation, and stopped giving to the watchdog group.

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**NCRP's Addendum:**

*Contrary to the claims of Wal-Mart spokesperson Melissa O'Brien in a New York Sun article dated 10/5/2005, NCRP never received money from Target Stores or the Target Foundation. In the 1990s, NCRP received several grants from the Dayton-Hudson Foundation, whose parent company owned several retail chains. The Target Corporation emerged from the dissolution of*

*the Dayton-Hudson Corporation. During the transition, NCRP was notified that it would not receive money from the newly formed Target Foundation, largely because of NCRP's progressive mission and role as a philanthropic reform organization.*

*We are more than willing to engage the Wal-Mart Corporation in an honest debate about its philanthropy, but we will not tolerate blatant lies being spread about NCRP in an effort to discredit our research programs or publications.*