

## MEMORANDUM

To: U.S. Programs Board  
From: Ann Beeson & Erlin Ibreck  
Date: February 23, 2009  
Re: OSI's Response to the Demise of the JEHT Foundation

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The JEHT Foundation (Justice, Equality, Human dignity and Tolerance), a close funding partner of OSI's since 2000, was forced to close its doors unexpectedly late last year. The funds of the donors to the Foundation - Jeanne Levy-Church and Kenneth Levy-Church - were managed by Bernard L. Madoff, and like many other investors became victims of his scam that defrauded investors out of billions of dollars. With the heavy loss of its investments JEHT announced in mid-December 2008 that it would close its doors at the end of January 2009.

The JEHT Foundation supported programs that promoted reform of the criminal and juvenile justice systems; ensured that the United States adhered to the international rule of law; and worked to improve the voting process by enhancing fair representation, competitive elections and government transparency –focus areas that overlap with US Program's Criminal Justice Fund; Campaign for National Security and Human Rights, and Transparency and Integrity Fund; and with international human rights grants handled through the President's Office.

Coming against the background of the world financial crisis, the closure of JEHT has dealt a devastating blow to the many grantees that have benefitted from JEHT's support, many of which were shared grantees with OSI. OSI generously supported a quick response to this crisis in the philanthropic community by the following actions:

- setting up a special **JEHT Emergency Fund** of up to \$10 million;
- committing to **match funds raised by Moveon.org** for 4 of their partner organizations which are OSI grantees (the Advancement Project, the Brennan Center, the Center for Constitutional Rights and Human Rights Watch); and
- **partnering with The Atlantic Philanthropies and the Ford Foundation** to develop a collaborative response to address the funding shortfall with mutually shared grantees. The 2008-2009 funding gap among current, shared OSI/Atlantic/JEHT grantees is estimated at \$20 million dollars.

The foundation partnership is designed to bridge the funding gap created by the sudden closure of JEHT for 2009 only. The foundations have hired a consultant who will analyze JEHT's grant-making portfolio, coordinate with other funders who want to participate, and develop a plan that will help guide our efforts through the end of 2009. This effort will be focused on those aspects of the JEHT portfolio that overlap with our own priorities. We understand that JEHT's closure has left many of our grantees in a precarious financial position and we are committed to assessing the situation and moving

funds where we can as quickly as possible. OSI's approach to prioritizing emergency needs will be as follows:

- Prioritize groups that are current, shared grantees. The initial group of emergency grants will be made to current grantees that were promised funds from JEHT through the first quarter of 2009. We will also evaluate JEHT's unpaid commitments for the balance of the year.
- Next on the list for consideration are groups that are not current grantees, but whose work is critical to priority policy areas.

While we hope to help ease the immediate crisis caused by JEHT's collapse, we cannot commit to fulfilling every grant request, and we do not expect this special funding to continue after 2009. Clearly there are also long term implications for the fields that JEHT supported. One outcome of the crisis is that funders of criminal justice and human rights work have begun preliminary discussions to strategize ways to address the shortfall and support the most vital work in these fields. OSI staff will continue to be active participants in those conversations. .