

Lessons for Nonprofits from the Freeh Report

The law firm of Freeh Sporkin & Sullivan LLP, in its capacity as Special Investigative Counsel for the Board of Trustees of The Pennsylvania State University, recently issued its report (the “Freeh Report”) on Penn State’s handling of allegations of child sexual abuse by former football coach, Gerald Sandusky. The report documents how even the Board of Trustees of a well-funded, public university can fail in its corporate governance responsibilities. Although prepared in response to a horrific situation, the Freeh Report contains important lessons for anyone who undertakes the responsibility of serving as a director of a nonprofit corporation – regardless of size or resources.

What can nonprofit directors learn from the Freeh Report? The most important part of the Freeh Report for nonprofit directors generally is its conclusion about how the Sandusky scandal came about. The Freeh Report concluded that the Penn State Board was over-confident in its President’s abilities and failed to conduct oversight and responsible inquiry of him and other senior University officials. Over-reliance on the senior executive is a common occurrence on nonprofit boards, and it arises for a number of very practical reasons that board members, exercising the fiduciary duty required of them in their board capacity, must resist.

Please see full alert [here](#) for more information.

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