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Caught
IN THE FRM WEB

Nursing students' 2005 charges about FRM went through AG's office

■ **FRM UPDATE**
BY BOB SANDERS

In April 2005, two months before Financial Resources Mortgage Inc's massive acceleration of its Ponzi scheme, seven nursing students wrote to the Attorney General's Office that a "pastor's son" who was a financial partner in Skill Med, a nursing school that had gone bankrupt, stole \$100,000 from the school and was mixed up in drug dealings and organized crime. That business partner was none other than Scott Farah, the president of FRM, who was sentenced in January to 15 years in federal prison after pleading guilty to defrauding hundreds of investors out of tens of millions of dollars.

THE FRM WEB, PAGE 11

Co-op model could transform nonprofit sector

■ **NONPROFITS**

Online 'resource platform' will help charitable organizations work together

BY CINDY KIBBE

Pooling resources through a cooperative to promote and support businesses has become a standard in many industries, from growing cranberries and oranges to selling flooring.

Now the New Hampshire Center for Nonprofits is creating what it calls a "resource platform" for other nonprofit organizations to use and share information and resources collaboratively.

Those behind the innovative effort say a single resource for nonprofits does not exist anywhere else in the country and could transform the way such organizations work in New Hampshire and beyond.

NONPROFITS CO-OP, PAGE 9

Band of brothers unites to revive a banned fraternity

■ **RESTORATION**

Former members use their business skills to bring back Sigma Beta

BY MICHAEL MCCORD

After the University of New Hampshire kicked the Sigma Beta fraternity off the Durham campus in the fall of 2008, it appeared to be the end of the line.

"Truthfully, there was poor oversight from alumni. We weren't paying attention," said Tom Moulton, a Sigma Beta



UNH alumni and Sigma Beta brothers Tom Moulton and Doug Clark on the steps of the renovated fraternity house in Durham. (Photo by Michael McCord)

brother from the 1970s and chairman of Hampton-based Sleepnet Corp. "The place was totally rotted, structurally and morally."

The 1921 Georgian-style house had fallen into almost total disrepair, finances were in disarray and its reputation was seemingly beyond repair. Sigma Beta had been sanctioned for a stabbing incident in 2006, cited for hazing and alcohol infractions in the spring of 2008, and in September 2008, three members were arrested after a drug raid.

"We were on the brink of being extinct," Moulton said.

But what could have been the end for Sigma Beta became the first step in a unlikely renaissance. After

SIGMA BETA, PAGE 10

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Nonprofits co-op

FROM PAGE 1

Ellen Koenig, a longtime Nonprofits Center executive and the project's director, called the resource platform the "brainchild" of Howard Brodsky, owner of Manchester-based CCA Global Partners, a \$10 billion international retailing cooperative and one of the largest privately owned companies in the country.

Brodsky spent years connecting the thousands of co-op partners in his conglomerate - enterprises that range from carpet stores to lighting to performance bicycles - by leveraging the economies of scale: the more you have of something, the more costs can be spread and lowered per individual unit and the more resources can be shared.

Through this co-op concept, CCA Global delivers to its network members resources for training, human resources and marketing, among others.

The liaison with the nonprofit sector began in 2007 when The Aspen Institute and The Annie E. Casey Foundation approached Brodsky and CCA Global's mission-supporting arm, CCA for Social Good, with the idea that such a co-op might work with charitable organizations.

"Until then, we never really thought about it," said Brodsky.

The project developed a platform similar to that being used for CCA Global businesses, but this time it was for some 2,000 volunteer tax professionals who prepared income taxes for those looking to obtain Earned Income Tax Credits.

That project was so successful - improving efficiency by 68 percent, said Brodsky - that a Colorado foundation approached CCA Global about applying the concept to nonprofit child-care organizations.

"Child care is highly complex and is in such a high need. It has a lot of regulation and high turnover," said Brodsky. "The platform we developed included training, regulations, marketing, even newsletters."

Launched in 2010, the child-care platform today is being used by more than 600 centers across the country, with that number expected to grow into the thousands by 2012, said Brodsky.

On the 'cutting edge'

Shortly afterwards, the Center for Nonprofits and the New Hampshire Charitable Foundation approached CCA for Social Good, suggesting that such a platform could be used by any nonprofit, regardless of mission.

Brodsky likened nonprofits to cottage businesses - the organizations and leadership are so focused on mission that simple mergers between disparate organizations could never be maintained.

"With back-to-back recessions, community needs are greater than ever, but resources are less than ever," said Brodsky. "With the platform, we wanted to find a way how we could maintain that local focus while realizing the

benefits of economies of scale."

That need to pool resources and improve efficiencies among nonprofits was a clear directive to building the platform, said Katie Merrow, vice president for programming at the Charitable Foundation, a key supporter and funder of the project.

"We need new models to share resources and to share efficiencies," said Merrow. "New Hampshire is really on the cutting edge with this tool."

Taking the lead, the Charitable Foundation provided \$100,000 in seed money to begin the project.

"We were an early partner and worked closely with CCA Global on how we could launch this idea here in New Hampshire and not elsewhere to capitalize on all that would bring the state," said Merrow.

Brodsky said both his company's and his own roots are in New Hampshire, so the Granite State was a natural fit for the launch of a broader platform.

"We are local here; we have connections here. We wanted to start the program here," said Brodsky.

Platform resources

Technology developers at CCA for Social Good are the actual architects of the platform, basing its construction on existing Web application used by CCA's myriad of member companies.



Brodsky

The resource platform, currently in its earliest stages of development, will be an online information bank of sorts, consisting of four basic components - cost savings, human resources, financials and marketing.

For example, said Koenig, a single organization might not have much bargaining power, but many together could cut credit card processing fees in half, all by joining together through the platform.

In fact, one local nonprofit did save \$15,000 in credit card processing fees, said Brodsky, as an early specific illustration of the power of collective bargaining.

Time savings also will be a hallmark of the resource platform. "The platform will have checklists, samples or templates, not simply

'how-to' articles," said Koenig.

The site will have, for instance, an annual report template that nonprofit executive directors can customize with a logo and add their organization's own financial information.

"The larger goal of the nonprofit resource platform is to allow nonprofits to do what they do best - focus on their mission - so they don't have to reinvent the wheel all the time," said Koenig. "Rather than the executive directors spending hours on administrative minutiae, they can focus on mission-building."

The platform will be rolled out in stages over five years, with the first phase to be launched in late spring. Koenig said that there will be current data in all of the categories, but the two or >

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Sigma Beta

FROM PAGE 1

the fraternity was booted off campus, Moulton and a group of fellow successful fraternity brothers from the 1960s to 1990s came together to begin a total makeover of the fraternity's physical infrastructure and, more importantly, its reputation. It was a quest, Moulton explained, to rehabilitate Sigma Beta's public reputation and recapture the spirit of philanthropy, academics and service that was part of the fraternity's founding charter 90 years ago.

"I pledged as a sophomore in 1975, and it was very influential, very defining moment in my life," Moulton said. "It had a life-lasting impact

Every single one of my long-term friendships came from my time at Sigma Beta."

In addition to a difficult \$1.7 million major renovation project, another successful fraternity brother said it was time to jettison the popular "Animal House" image of toga parties and debauchery.

"The popular model of a fraternity has become outdated. We know that the movie 'Animal House' provides the idea that fraternities are about nothing but drinking and parties," said Doug Clark, a 1979 UNH alum and chief executive of Newmarket-based New England Footwear. "Things had gotten so out of control, and we needed to remind ourselves and the community why fraternities can be such a good thing, about why kids walk up these steps (to

the house) in the first place. We needed to spend more time and effort redefining the fraternity of the future."

'Walking the walk'

The rebirth of Sigma Beta began in the fall of 2008, when a 19-member task force was created with the support of more than 80 former brothers. A fund-raising drive was initiated to raise \$1.7 million – an amount that Moulton said was no small feat as the economic downturn made getting a bank loan a difficult prospect.

But Moulton, who also heads a construction business, and the band of fraternity brothers – which also includes Bob Taft, chief executive at Boston Restaurant Associates, and Bob Webster, managing partner at Hodges Ward Elliott, the Atlanta-based hotel investment firm – made it a personal entrepreneurial mission.

Clark, who is the alumni board chairman, said that the brothers voluntarily put in hundreds of hours with plans to put in many more and raised more than \$500,000. Moulton leveraged his banking relationships, his own construction business and the human capital to complete the project to gut and remodel the building.

When the school year ended in May 2009, demolition and rebuilding began and was completed in June. The alumni had an official grand opening during Homecoming Weekend in October.

During a recent tour of the new Sigma Beta House, Clark and Moulton recited a lengthy checklist of modern alterations and additions that include entirely remade rooms, new bath-

rooms, electrical wiring and high-tech sound and video security systems. Moulton said the entire project is on schedule to be paid off in five years and the potential fraternity revival will be in strong financial shape.

The house on Madbury Road in Durham is occupied now by another fraternity on a two-year lease. The more difficult task for Sigma Beta, Clark acknowledged, will be to rebuild the trust of the community and UNH officials to get removed from permanent suspension status. One advantage, Moulton said: it's a locally chartered fraternity, which will allow them to have greater oversight.

Clark said they are taking the small and necessary steps to show that "we are walking the walk" of rehabilitation. One of the biggest issues Sigma Beta now faces is redefining the culture of a 20th century fraternity, Clark said, to meet the needs of current students while abiding by stricter rules in today's college life and blending the foundations of the fraternity's specific standards and ideals.

He said they have plans for mentoring programs and scholarship programs well beyond the building project.

The Sigma Beta task force has raised money to sponsor a class at the Whittemore School of Business and Economics. Clark said there is a wide range of potential volunteer projects the fraternity could take part in, including providing morning crossing guards for local schools.

He said if current trends continue, Sigma Beta could be restored as early as the fall of 2012.

Alumni will be heavily involved in the recruiting process for new pledges that will fit into the new fraternity paradigm – and will remain involved for years to come, he said.

"We are pretty adamant about this," Clark said. **NBR**

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FROM PAGE 9

three most utilized by nonprofits will be more fully featured at the start.

The other categories will be built out in subsequent weeks.

"The point is to have no 'under construction' signs," said Koenig.

What is not yet clear at this point is exactly how membership to the platform will be designed.

Koenig said tiered memberships of some kind will probably be offered, with free access to some information and some requiring a "gold-level" membership.

"The point is to make the platform self-sustaining," she said.

Thus far, the nonprofit resource platform has received \$350,000 in initial funding from project partners as well as an additional \$400,000 in tax credits from the New Hampshire Community Development Finance Authority.

"That allows us to go out a little further and really extend the quality and depth," said Koenig. "We can put up videos and maybe offer purchaser group subscriptions to foundation research databases."

Added the Charitable Foundation's Merrow: "We see this as a tool benefiting the whole community. If nonprofits are running more efficiently and have better access to quality tools, it will benefit the community." **NBR**

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