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Who Sues Non Profit Organizations and their Directors and Officers?

Donors - Claims resulting from those who make donations to the organization

- The Board of Directors of a church was sued by a number of their donors, alleging misrepresentation of the financial status of the organization. Three members brought separate suits for repayment of the money lent to the church. The first case settled for $240,000 of which $117,000 accounted for expense. The second case settled for $75,000 and incurred $86,000 in defense costs. The last case paid nothing to the claimant, but incurred $13,000 in defense costs. The total loss including defense costs exceeded $530,000.

Third Parties - Third Party Lawsuits can be filed for various reasons

- An organization filed a suit against a foundation and it's Board of Directors for improperly infringing upon the claimants intellectual property rights. The claimant filed suit seeking injunctive and monetary relief for the Foundation's alleged improper use of trademarked property while promoting their fundraiser. The claim settled and the total loss including defense was over $400,000.

Employees – The most common claims made by employees involve discrimination, harassment, wrongful termination, retaliation and hostile work environment

Discrimination

- After ten years of employment, an employee was fired for poor work performance. This employee brought a discrimination suit against their employer under the Americans with Disabilities Act (ADA). The individual alleged lack of work place accommodation and constructive discharge. The claim was closed for a total loss of over $80,000, including more than $20,000 in defense costs.

Sexual Harassment

- After ten years of employment, an employee was fired for poor work performance. This employee brought a discrimination suit against their employer under the Americans with Disabilities Act (ADA). The individual alleged lack of work place accommodation and constructive discharge. The claim was closed for a total loss of over $80,000, including more than $20,000 in defense costs.

Retaliation

- A former employee discovered illegal transactions involving retirement funds. Shortly after reporting the violations, she was terminated by her employer. She filed suit alleging retaliation and wrongful termination. The total loss exceeded $100,000 with the settlement figure over $80,000.

Governmental Agencies - Claims due to violations of the law

- The United States Department of Justice brought suit, alleging misappropriation of funds and failure to revert unused money back to the government. The insured received federal grant money and allegedly used leftover grant money to renovate office space instead of return it to the government. The case closed for a total loss of over $60,000, including $21,000 for defense costs.

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Volunteers - Volunteers are able to bring suits similar to those made by employees

- A volunteer claimed the denial of a full time position was due to her sex, race and pregnant condition. She filed a lawsuit claiming discrimination. The claim is pending further litigation and defense costs paid to date total over $10,000 with an outstanding loss reserve of $65,000.marked property while promoting their fundraiser. The claim settled and the total loss including defense was over $400,000.

Members - A claim against the Directors to protect the members' interest

- A law enforcement fraternity began proceedings to have a member removed from the organization. This member then sued the organization in order to have the proceedings halted. While there was no monetary settlement, the defense costs were $15,000.

Beneficiaries - A claim by the recipient of the organization's services

- A discrimination suit was filed against the Board of Directors when the claimant requested a transfer within the housing complex and was denied. The claimant alleged discrimination based on national origin, religion and sex. The claimant was a resident at a drug and alcohol rehabilitation center. The court dismissed the case due to a lack of evidence. More then $10,000 was paid in defense costs.

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