

Wounded Warrior Project accused of wasting donation

A CBS News investigation into a charity for wounded veterans, the Wounded Warrior Project, looks into how the charity spends its donation money.

What caught our attention is how the Wounded Warrior Project spends donations compared to other long-respected charities.

For example, Disabled American Veterans Charitable Service Trust spends 96 percent of its budget on vets. Fisher House devotes 91 percent. But according to public records reported by "Charity Navigator," the Wounded Warrior Project spends 60 percent on vets.

Where is the money is going?

In its commercials, Wounded Warrior Project appeals to the American public's generosity, and it works. In 2014 alone the group received more than \$300 million in donations.

Army Staff Sergeant Erick Millette
CBS NEWS

"Their mission is to honor and empower wounded warriors, but what the public doesn't see is how they spend their money," said Army Staff Sergeant Erick Millette.

Millette came home from Iraq in 2006 with a bronze star and a purple heart -- along with a traumatic brain injury and PTSD.

Initially, he admired the charity's work, and participated in its programs. He took a job as a public speaker with Wounded Warrior Project in 2013. But after two years, he quit.

"You're using our injuries, our darkest days, our hardships, to make money. So you can have these big parties," he told CBS News.

Millette said he witnessed lavish spending on staff.

"Let's get a Mexican mariachi band in there, let's get maracas made with [the] WWP logo, put them on every staff member's desk. Let's get it catered and have a big old party," he described.

"Going to a nice fancy restaurant is not team building. Staying at a lavish hotel at the beach here in Jacksonville, and requiring staff that lives in the area to stay at the hotel is not team building," Millette continued.

CBS News spoke to more than 40 former employees who described a charity where spending was out of control.



Two of those former employees were so fearful of retaliation they asked that their faces not to be shown on camera.

"It was extremely extravagant. Dinners and alcohol, and just total accessm" one employee explained. He continued, saying that for a charitable organization that's serving veterans, the spending on resorts and alcohol is "what the military calls fraud waste and abuse."

Wounded Warrior Project CEO Steven Nardizzi

According to the charity's tax forms, spending on conferences and meetings went from \$1.7 million in 2010, to \$26 million in 2014. That's about the same amount the group spends on combat stress recovery -- its top program.

Former employees say spending has skyrocketed since Steven Nardizzi took over as CEO in 2009. Many point to the 2014 annual meeting at a luxury resort in Colorado Springs as typical of his style. "He rappelled down the side of a building at one of the all hands events. He's come in on a Segway, he's come in on a horse."

About 500 staff members attended the four-day conference in Colorado. The price tag? About \$3 million.

"Donors don't want you to have a \$2,500 bar tab. Donors don't want you to fly every staff member once a year to some five-star resort and whoop it up and call it team building," said Millette.

A Colorado Springs resort where a 2014 WWP conference was held

Wounded Warrior Project declined CBS News' repeated interview requests for Nardizzi, but offered their Director of Alumni and a recipient of their services, Captain Ryan Kules.

Kules denied there was excessive spending on conferences.

"It's the best use of donor dollars to ensure we are providing programs and services to our warriors and families at the highest quality."

When asked why conferences were held at five-star resorts instead of cheaper options, Kules provided the same answer.

Capt. Ryan Kules, WWP Director of Alumni

CBS NEWS

"Like I said, it's to make sure we are aligned and can build as a team. Be able to be able to provide the best quality services."

"WWP and those donor dollars trained me to speak and be a voice, and that's exactly what I'm doing," said Millette.

"I'm sorry, but I'll be damned if you're gonna take hard-working Americans' money and drink it and waste it."

Kules also told CBS News the charity did not spend \$3 million on the Colorado conference, but he was not there and was unable to say what it did cost. He also denied that the charity spends money on alcohol or engages in any other kind of excessive spending.

Part two of this investigation will air on "CBS This Morning," Wednesday at 7 a.m. ET.

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Ex-employee: Wounded Warrior Project conduct "makes me sick"

Wounded Warrior Project is the nation's most recognizable veteran's charity. The organization has invested heavily in fundraising and says this philosophy best positions it to carry out its stated mission: to honor and empower wounded warriors.

Former Wounded Warrior employees accuse charity of wasting millions

Many service members have said WWP's programs have positively impacted their lives, but now, former employees of the charity are speaking out about their concern that it is straying from its mission. In Part 2 of a [CBS News investigation](#), former employees spoke about programs they said fall short.

Their commercials are easy to recognize and hard to miss. The charity's heavy investment in fundraising has paid off: bringing in more than \$300 million in donations in 2014.

Wounded Warrior Project accused of wasting donation money

Retired Army Staff Sgt. Erick Millette came home from Iraq in 2006 with a Bronze star and a Purple Heart -- along with a traumatic brain injury and PTSD.

Wounded Warrior Project enrolled him in its program Warriors Speak, which "provides important life skills that help warriors succeed." In 2013, the charity hired him as a public speaker.

But Millette quit last year. He told CBS News correspondent Chip Reid that Warriors Speak is less like a program to help veterans and more like a fundraising vehicle.

"They will tell you it's not. But it is," Millette said. "I began to see how an organization that rakes in hundreds of millions of dollars a year is not helping my brothers and my sisters. Or at least not all of them."

CBS News has interviewed more than three dozen former employees of the Wounded Warrior Project and nearly all of them told us they're concerned that the organization has become more focused on raising money than on serving wounded veterans.

Many of those former staffers believe that after raising more than a billion dollars since 2003, the charity should be providing more comprehensive services to wounded veterans.

"I think they want to show warriors a good time. I think they get these warriors to events, but where's the follow up?" one former employee said.

Two former employees who spoke to CBS News didn't want to show their faces, fearing retaliation.

"A lot of the warriors I saw needed mental health treatment. They don't get that from Wounded Warrior Project," one of the employees said.

"What happens when you make a suggestion that there's a better way to serve veterans?" Reid asked.

"If you use your brain and come up with an idea, within a matter of time, you're 'off the bus,'" the other employee said.

"They don't need you. It's their way or the highway," he added.

"I would raise issues. Why aren't we doing follow up? Why don't we have any case management?"

Millette said.

"How would they respond?" Reid asked.

"We don't call warriors. Warriors call us," Millette recalled. "Again, as a disabled veteran, it just makes me sick."

The organization declined our repeated requests to interview Wounded Warrior Project CEO Steven Nardizzi, but the charity offered us Capt. Ryan Kules, a recipient of its programs and services and its director of alumni.

"Wounded Warrior Project contacts alumni and family support members multiple times over the course of the year, we call each and every one of our alumni and family support members on their birth month to be able to ensure and check in, see how they're doing, and see if they need other programs and services," Kules said. "And then also have multiple opportunities for them, and us to follow up and see how they are doing."

Marc Owens is a former director of tax-exempt organizations at the IRS.

"What was your biggest concern in reading these forms?" Reid asked him, showing him the WWP tax forms.

"That I couldn't tell the number of people that were assisted," Owens said. "I thought that was truly unusual."

"They do put some of those numbers on the website," Reid pointed out.

"Yes, they do," Owens responded.

But what's the difference?

"Form 990 is signed under the penalties of perjury," Owens said.

"You have to be careful on there," Reid said.

"That's right, you have to be certain," Owens said.

Millette said he expects retaliation from Wounded Warrior Project, but said that won't stop him.

"As a disabled veteran, I feel that other veterans need a voice. I am in a position where I can be their voice," he said. "And I feel if I don't stand up and do what I feel is right, and voice their concerns, what I've heard, and how I feel, then I'm leaving them behind."

Capt. Kules, Wounded Warrior Project's representative, told CBS News that mental health services are important to the charity, and that it is committing \$100 million over three years to a warrior care network in a partnership with four hospitals nationwide that will provide outpatient mental health services to post-9/11 veterans.

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Chip Reid