



## **Who Brings Directors' & Officers' Liability Claims Against Non-Profit Organizations?**

- Donors who feel that their contributions have not been used to further the expressed aim of the organization
- Board members who disagree with a majority decision on the use of funds
- Beneficiaries who feel they are entitled to more than they receive
- Government institutions that start legal proceedings against a board for issues such as mismanagement of funds
- Members of the organization who believe they have been wrongfully expelled from the organization
- Employees of local chapters and national fraternity alleging wrongful termination, discrimination or harassment
- Challengers to the fraternity's single sex membership

## **Claim Scenarios**

- The Fraternity Board sells the chapter house and invests in a newer, better building. They were sued for wasting the assets of the trust.
- The cook sues the Alumni Board claiming they were negligent for failing to supervise the undergraduate brother, who she claimed had sexually harassed her.
- A member sues the local chapter and National Fraternity alleging he was wrongfully expelled from the fraternity and sustained damages to his reputation as a result.
- Male attendees at a chapter social function allege discrimination based upon sex due to the requirement they pay a cover charge while female guests are allowed to attend for free.
- The alumni directed the undergraduates to terminate a contract with a caterer for meal service at the chapter house prior to the beginning of the semester due to the caterer failing to secure appropriate liability and work comp insurance for his catering business. The caterer sues the local chapter, alumni volunteers and national fraternity alleging breach of contract.