

THE WEALTH REPORT

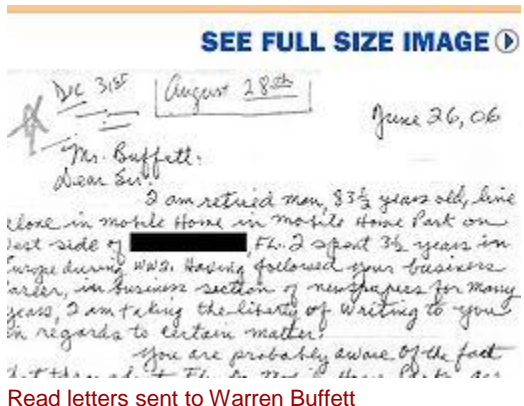
The Other Buffett

Warren Buffett doesn't give handouts. But you might try his sister Doris. Sally Beatty on the charity and frugality that run in the family.

By SALLY BEATTY

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One day last July, UPS delivered a large cardboard box to the doorstep of a condominium in Rockport, Maine. Inside were more than 1,400 letters.



A New York state man wrote that he couldn't afford a new glass eye. A woman from New Jersey talked about the strain of caring for a sister suffering from multiple sclerosis. A Florida woman described her efforts to regain custody of her three small children. The letters, which came from all over the world, had two things in common: All of them were pleas for money. And all were addressed to billionaire investor Warren Buffett.

Mr. Buffett, who lives in Omaha, Neb., had forwarded them to someone he knew he could trust to give them a fair hearing -- his 79-year-old sister, Doris.

Last summer, after Mr. Buffett pledged shares now worth over \$35 billion to the charity of his good friend Bill Gates, the pleas began pouring in. Since the Bill & Melinda Gates Foundation, which focuses on global health and education, doesn't give money to individuals, Mr. Buffett began putting the letters aside for Doris, who runs a small foundation of her own. And to the great surprise of the people who'd written, Ms. Buffett began calling them.

Marie Delahoussaye, a widow in Texas, asked for money to replace an obsolete hearing aid that "whistles." In neat, black cursive script on green-lined memo paper she wrote, "Please consider helping me. I live very frugally. I don't waste anything."

Ms. Buffett paid for two hearing aids that cost about \$1,800 total. Ms. Delahoussaye - who says she never expected to receive a response -- says the devices have helped her reconnect with friends and her community. Before getting the hearing aids, "I couldn't hear the phone ring," she says. "I would go to church and couldn't hear the sermon." She says the experience has reaffirmed her faith in strangers. "This has made me realize there are still good people in the world," she says.

Warren Buffett, chairman and chief executive of [Berkshire Hathaway Inc.](#), says his sister "is far more philanthropic than I am. She identifies with the underdog. I do it in a wholesale way, but not on a one-on-one basis. She really wants to know their stories."

Ms. Buffett has at least one thing in common with her famously thrifty brother, who prefers hamburgers to five-star fare and lives in the same house he bought decades ago: Ms. Buffett was raised during the Depression, and even when being generous she's extremely frugal. Her gifts to the letter writers have averaged about \$4,800 each.



Erik Jacobs

Doris Buffett

Some supplicants get stern advice along with their check. She suggested that one grandmother who was having trouble making ends meet make extra money by baby sitting. She told an older couple whose children had moved out to consider taking in a border. She sends many letter writers to local credit-counseling groups.

Ms. Buffett's crew of part-time helpers negotiates directly with the letter writers' lenders to settle debts for less money. They buy used cars rather than new ones for people who have no other means of getting to work. And they insist that letter writers shop around for the lowest possible car insurance rates, including getting a quote from Geico, which is owned by her brother's company, Berkshire Hathaway.

The applicants who get money never receive enough to solve all their financial needs. Mitty Ewing, a onetime banker, has helped Ms. Buffett run her philanthropy, called the Sunshine Lady Foundation, since 1998. She says Ms. Buffett's goal is "to figure out what is the greatest need and how can we satisfy it with the fewest dollars."

"We're not being niggardly for the sake of counting pennies," Ms. Buffett says. "I don't want to become their mommy. I don't think that's healthy. We're supposed to empower, but not enable. It's a fine line and I think it makes them more responsible in the end." Moreover, she says, being careful with money "means we can help more people."

While her brother is the country's second-richest person, Ms. Buffett hasn't always had wealth herself. "I did have times in my life when I had to count the pennies," including when her three children were very young, she says. "I'd never experienced real wealth until after my mother died" in 1996, she says. That's when she inherited money from a family trust. And although she has battled cancer twice, she doesn't go soft when helping others with their health issues.



David Sanders/Polaris

'...I am someone who is hoping you might want to help me...My problem is that I am deeply in debt and not just from the diabetes. There were many years I didn't have medical insurance and couldn't get it...It just keeps adding up and adding up.' A letter from Sue La Vergne, who lost sight in one eye and part of a leg to diabetes and now has leukemia. Doris Buffett paid \$23,000 of her credit-card debt.

Karen Yarbrough, a 33-year-old single mother of three, works as a cook and can't afford health insurance. Her 12-year-old daughter Lauren was infected by a rare fungal disease, leaving her blind in one eye, and she underwent more than 30 operations. Medicare covered close to \$10 million in hospital bills, but Ms. Yarbrough, who lives in Millington, Tenn., near Memphis, still owed over \$300,000. Ms. Yarbrough's twin sister, Sharon Pacheco, wrote to Mr. Buffett on her behalf: "My sister Karen is trying to work when she can to keep from losing her house and car. I am not able to help her financially because I can barely make ends meet. So, this is where I want to ask for your help."

After exchanging phone calls and letters, and verifying the women's story by reviewing tax filings and medical bills, Ms. Buffett's foundation wrote checks to Ms. Yarbrough's lenders for more than \$8,000. That gave her breathing room. "If she hadn't helped me, I would have lost my house and everything," Ms. Yarbrough says.

Mr. Buffett, 76, traces his older sister's charitable impulse to their father. "That was part of his ethos," he says of Howard Buffett, a stockbroker who became a congressman. The money that Ms. Buffett gives away comes mainly from a trust established by their father -- which Warren Buffett says he increased from under \$100,000 to "maybe \$300 million" by investing in the phenomenally profitable stock of Berkshire Hathaway. The funds

eventually went to Ms. Buffett and her sister, Bertie. Ms. Buffett, who has been married four times and currently is single, has three children in their 50s. She declines to disclose her net worth or how much of the trust money she received.

Ms. Buffett estimates that her foundation has received more than 3,000 letters from her brother's office, and they keep coming. So far, she has given away more than \$1.4 million to more than 300 letter writers. Another 100 or so writers have been asked to provide documentation. To cover the cost of aiding the letter writers, last September Mr. Buffett transferred \$5 million in Berkshire Hathaway stock to his sister's foundation. Otherwise, Mr. Buffett isn't involved in his sister's philanthropy.

Ms. Buffett has deployed several groups of people to help handle the onslaught. First, she sent batches of about 200 letters to volunteer reading groups in North Carolina, Virginia, Nebraska and Maine. The volunteers were assembled by tapping Doris's informal network of friends, including her seamstress in Rockport. The letter readers helped Ms. Buffett to identify the most urgent cases, which they marked with a "U," and to set aside frivolous ones.

To verify the letter writers' claims, Ms. Buffett's foundation hired part-time help, four women who are paid \$18 an hour to follow up with the urgent cases. The women request tax returns, medical records and other third-party verification, including notes from attorneys, pastors or employers. Ms. Buffett says she tries to recruit women 50 years old "and up" to review the letters "because they've had a lot of life experience" they can put to use helping people solve their problems.

Not all the letter writers have been on the up and up. One writer who described herself as a Texas grandmother turned out to be the purported writer's granddaughter. "When we called and asked to speak to the woman, she said 'I never wrote a letter like that,'" says Ms. Buffett. Some letter writers sought millions of dollars to help them live a life of luxury. Others asked if Mr. Buffett would pay off their mortgages.

By the time a check is sent, a thick pile of documentation has been collected and confirmed. To make sure the money goes to its intended use, most checks aren't made out to individuals but to credit-card and life-insurance companies, auto-repair and car dealerships, home-repair companies, medical centers and others owed money by the letter writers.

Under the unwritten rules of charity engagement, direct contact between philanthropists and people who need help is rare, and personal pleas for aid are discouraged. Most foundations channel their giving through charities registered with the Internal Revenue Service, which in turn fund activities such as distributing food or providing shelter. It's a system shaped by complex regulations established by the government to discourage fraud. The upshot: Most private foundations remain at arm's length from the people they support.

Ms. Buffett doesn't subscribe to that philosophy. Her foundation has given more than \$40 million to victims of domestic violence to pay for college or other courses, as well as to small nonprofits such as shelters and early-reading programs. Her foundation has five full-time employees and eight part-timers. While she is wealthy, she usually keeps no more than \$5 million in assets in the foundation at any time, preferring to add money as needed.

"I'm just not interested in building bureaucracy," says Ms. Buffett, who worked as a teacher for a short time after college.

The Sunshine Lady Foundation has its own set of funding criteria, which it is applying to the letter writers. First and foremost, "there always has to be an element of bad luck as opposed to bad choices," says Ms. Ewing. Would-be recipients must also verify that they receive all the government assistance for which they are eligible.

Sue La Vergne, who lost part of one leg and sight in one eye from complications of diabetes, recently found out she has leukemia. She wrote in her letter to Mr. Buffett: "A lot has happened to me in my life, but I'm not complaining; as my mother always told me, it is my cross in life to bear. If she had only lived to see how heavy that cross got sometimes; she died in a car wreck when I was 14."

The 56-year-old woman, who lives in Sierra Vista, Ariz., said she, too, never expected to get a response. "I sat down and cried after they called me," says Ms. La Vergne, who is married but unemployed. "I couldn't believe that someone would take the time to read it, much less do something." After listening to Ms. La Vergne's story and reviewing her documentation, Ms. Buffett's foundation agreed to pay off \$23,000 in credit-card debt, allowing Ms. La Vergne to begin and pay for chemotherapy. (While she qualifies for Medicaid, her medical bills exceeded the coverage limits.) "If it wasn't for Doris and her foundation, I don't know what I would be doing," she says. "I guess I would have had to file for bankruptcy."



One of the 3,000 letters that Doris Buffett has been sent by her billionaire brother.

While it's not unheard of for people in need to write to wealthy people seeking help, philanthropy experts say it's highly unusual for a wealthy person to give so much money directly to so many individuals. John D. Rockefeller, who used to give away dimes to people on the street, also received letters from strangers pleading for money, and at first he responded to many of them, says Melissa Berman, chief executive of Rockefeller Philanthropy Advisors, which helps wealthy people organize their giving. But he subsequently realized he needed an objective system for giving away money, she says.

Ms. Buffett's direct approach, her personal involvement and her reliance on friends and other non-professionals sets her apart from other foundations, especially large, historic institutions such as the Ford Foundation, which boast staffs of trained professionals and a network of offices. "On that score, it's unique in size and scale," says Ms. Berman.



Steve Jones

'I know that you don't know who I am, but I'm asking for your help...Lauren had a red spot under her left eye. My sister just watched the spot for couple of days because they did not have insurance for a doctor.' A letter from the sister of Karen Yarbrough, right, whose daughter Lauren went blind in one eye. Ms. Yarbrough got \$8,000 from Doris Buffett.

Even in helping fulfill a dying man's request, Ms. Buffett keeps a close eye on the bottom line. An Illinois man wrote to say he was dying of lung cancer and hepatitis C. After Ms. Buffett reached him by phone, she learned that he didn't have a car and that his biggest wish was to see his parents on the East Coast. His wife asked for a used recreational vehicle. After verifying his story through records and other documents, Ms. Buffett instructed her staff to cut a check for \$6,000, plus \$500 for travel expenses, enabling the man and his wife to drive east. (The man has since died.)

Another letter writer, Horace Copeland of Evansville, Ind., rang up legal bills he couldn't pay while gaining primary custody of two of his children, which he shares with a former girlfriend. "I'm not asking for millions or even hundred thousands," wrote Mr. Copeland. "All I desire is to pay my lawyer off and my kids' lawyer.... If you can help I thank you from the bottom of my heart. If you can't help, thank you anyway

for even reading my letter and may God bless you."

About four months passed. "And then one morning, Ms. Buffett called," he says. "I thought she was a bill collector. Then she said, 'Maybe we can help. I'm Warren Buffett's sister.'"

In the end, after a series of calls and exchanges of tax and court records, Ms. Buffett's foundation made out checks for just over \$6,000, enabling Mr. Copeland to settle his bills and spend time with his children. "Until I got the bills paid off I wouldn't be able to see them," he says. "I'd be forever working."

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