

[REDACTED]

From: Carmen David [REDACTED]
Sent: Thursday, August 04, 2005 5:46 PM
To: [REDACTED]

Subject: RE: Response to Washington Post Article

Tom

The substance of the report is the least of the matter now. The leaker (s) has a fully formed agenda and that alone has poisoned the fairness of the process. The Post has put the blood in the water. You can be sure that the leaker will continue to leak negative messages and there will be willing takers in many places and new leakers that will uncover new injustices (real or not) at the University. New players will take interest (government, etc) and the game will be on. The University will be hobbled with Ben as a tarnished (fairly or not) President and we will be staunching the damage in many areas. I have seen this approach ruin political careers, institutions, businesses. Ben Ladner is not the victim here - AU is.

Our approach is more than 15 years behind the times. You are right in citing a Nixon era example. People do not tolerate leaks any more. No one is so naive anymore to think that unidentified "whistleblowers" are public servants. You are right in saying there always must be a process for people to report wrongdoing but this is not the way.

Catching the leaker isn't a matter of electronically monitoring their calls - it's a matter of hauling all participants with the information in and explaining it won't be tolerated and that the University has major recourse including malpractice, errors and omissions claims, and other ability to collect damages. You explain their obligations and the consequences and if it recurs you enlist their services as a group to out the offender just like you get your 7 year old to admit you know who did it. I have spotted every source for a leak in every situation where there has been one in a project that I have been involved in within days of trying to find them. It is NOT rocket science.

These people have an agenda and it is not the University's. They are being paid for a professional job and they have turned their backs on that obligation. Further, anyone capable of doing this is not capable of participating in a dispassionate review of serious allegations. They have ruined an important and serious inquiry. The presentation at the board meeting by the attorney and protiviti was seriously unprofessional at best; this latest turn of events tells me that these unprofessional people are behind the wheel of the bus we are all now riding.

David

David

-----Original Message-----

From: [REDACTED]
Sent: Thursday, August 04, 2005 8:28 AM
To: Carmen David
Cc: [REDACTED]
Subject: RE: WP Article

No disagreement about your experience in the Washington environment. You are more expert

than I am. But, do we have any idea other than suspicion or assumption as to who may have leaked the audit process information to the Post or even where it might have come from? At GM we can trace phone calls to particular phone numbers and see if someone is leaking from an office facility to the press and we can swoop in and get computer files and phone records from anyone's desk, but here we are dealing with the offices of several trustees, a law firm, an accounting firm, and a pr firm at a minimum. It seems to me like a needle in the haystack with probably inconclusive or nil results. I think it is better to devote our attention and resources to concluding the audit review, resolving the issues with Ben, and getting the project buttoned up as neatly as we can without the distraction of an internal investigation into the source of the leak and the internal tensions and negativity that exercise might engender. Just my view.

"Carmen David"

To: [REDACTED]
cc: [REDACTED]
Subject: RE: WP Article

08/04/2005 12:00
AM

Tom

I hate to disagree but I have a lot of experience in the washington enviornment on this stuff. The person in the process who leaked this did alot of damage to the university. There should be a response to that and it should be strong so as to deter additional efforts of this sort. It is not a futile effort to react strongly to this behavior. To the contrary, it is critical if we want to keep the circus out of town. If anyone would like help with it, I am glad to provide detailed recommendations that are used in identical situations in government and industry. David

-----Original Message-----

From: [REDACTED]
Sent: Wed Aug 03 17:51:28 2005
To: Carmen David
Cc: [REDACTED]
Subject: WP Article

I would just supplement Leslie's response by noting my additional view that while it is likely that the informant to the paper with respect to the information gleaned in the audit is not a whistleblower, but someone connected to the process -- perhaps from the BOT or from one of the firms engaged -- it would be pointless and futile to try to track the person down especially since they apparently want to preserve their anonymity. It is the world we live in, unfortunately, especially in Washington, as you know. Was Deep Throat a hero or a traitor -- pretty clear in the public's eyes and the Post's view!

-----Original Message-----

From: [REDACTED]
Sent: Thursday, August 04, 2005 9:09 AM
To: [REDACTED]

Subject: Response to Washington Post Article

Leslie:

I am concerned that we not appear nonchalant in "not trying to find the source of the leak", given the finger pointing by the WPost ["The source said he could not be identified because it could compromise his role in the probe."] To so appear would raise additional questions about the process underway. Was the leak benign? It occurred just at

the time Ladner first received the bill of particulars. The Audit Committee won't even ~~receive Ladner's response for a couple of weeks. I am sure we are all concerned about fairness.~~

By the way, we should keep in mind the distinction between a "whistle blower" as commonly perceived and an "anonymous informant". The former is identified, probed directly, known by the accused, motives are accessed, etc. Anonymous letters are not to be ignored, but they are not the same. If the party wants to remain anonymous the Whistle Blower avenue probably wouldn't work. Yes, we should have a "whistle blower" avenue to the Audit Committee - I have set up a couple and it makes good sense to do.
John

-----Original Message-----

From: [REDACTED]
Sent: Wednesday, August 03, 2005 5:40 PM
To: [REDACTED]

Subject: RE: Washington Post Article

Dear David and other fellow Board Members,

In response to your e-mail, David, we do not intend to try to find the source of the leak. There now appear to be at least 3 "whistleblowers." It is unfortunate, but probably reflects the University did not have a specific "whistleblower" policy that could allow effective communication to reach the Board level. This is being corrected.

[REDACTED]

From: [REDACTED]
Sent: Thursday, August 04, 2005 12:04 AM
To: Leslie Bains
Subject: RE: Washington Post Article

I strongly disagree with fostering an environment that encourages leaking damaging information to the press about the university. You will regret not responding firmly to this. There is a great deal of best practice in this area especially in the context of an ongoing investigation. I believe that you should reconsider your position on this one element of the strategy in this matter and am happy to counsel in depth if you feel it would be helpful. David

-----Original Message-----

From: Leslie Bains [REDACTED]
Sent: Wed Aug 03 17:40:39 2005
To: [REDACTED]

Subject: RE: Washington Post Article

Dear David and other fellow Board Members,

In response to your e-mail, David, we do not intend to try to find the source of the leak. There now appear to be at least 3 "whistleblowers." It is unfortunate, but probably reflects the University did not have a specific "whistleblower" policy that could allow effective communication to reach the Board level. This is being corrected.

We do intend to continue to reiterate that we have a process the Board has put in place in responding to the original anonymous letter received about this issue. As I have previously stated to the Board, our in-place process has been to use outside counsel, outside auditors, and outside public relations professionals to determine what has actually occurred and how it should be reported, if necessary; have the Audit Committee report the findings of the outside auditors, their recommendations and those of the Committee, itself, to the Executive Committee; and finally have the Executive Committee make recommendations to the full Board.

A special thank-you to everyone for continuing "no comment" to press inquiries.

Best regards,
Leslie

-----Original Message-----

From: Carmen David [REDACTED]
Sent: Wednesday, August 03, 2005 9:37 AM
To: [REDACTED]

Subject: RE: Washington Post Article

Leslie
Who is the leak. The post, which doesn't fabricate source descriptions in my experience, nails this as someone on the au payroll in the investigation. What is being done about this? David

-----Original Message-----

From: Leslie Bains [REDACTED]
Sent: Wed Aug 10 09:34:04 2005
To: [REDACTED]

Subject: Washington Post Article

Dear Board Members,

The attached was in the 1st section, page 9 of the Washington Post today. We are continuing the review process that I outlined in the previous memo.

Best regards,

Leslie

AU President's Expenses Examined

By Valerie Strauss

American University's governing body is investigating allegations that school President Benjamin Ladner inappropriately charged the university for personal and travel expenses, a source with firsthand knowledge of the probe said yesterday.

University officials said last week that the Board of Trustees was investigating the school's finances. But on Monday, the board released a statement in an internal newsletter saying that the probe focused on "certain expenses in one department of the university" and that it was launched after several board members received an anonymous letter.

That letter was identified by the source yesterday as similar to one received last week by The Washington Post alleging broad expense account violations by Ladner and his wife, Nancy Bullard Ladner. The source said he could not be identified because it could compromise his role in the probe.

According to the letter received by The Post, the Ladners charged the university over the past five years for their son's engagement party, presents for their children, a personal French chef, vacations in Europe, maintenance of their personal residence in Maryland "including garbage bags," and wine up to \$100 a bottle for lunch and dinner.

Ladner would not comment, said David E. Taylor, the president's chief of staff. The more than half of the board reached by phone declined to comment. Leslie E. Bains, the new

board chairman, did not return phone calls.

It was unclear when trustees received the letter, but the board recently retained the law firm Arnold & Porter LLP to review the expenses, according to Taylor and Monday's statement in the newsletter. The lawyers then hired Protiviti, a risk management consulting group, to audit the records in consultation with the board's audit committee.

"The review and any wrongdoing discovered will not affect the university's strong financial position," the newsletter said.

Ladner came to the 10,000-student university in Northwest Washington in 1994 after a period of turmoil at American, which had five leaders in less than five years. He has been credited with improving academic standards and increasing fundraising at the 85-acre campus but came under early criticism for hiring a personal chef and other spending issues.

According to Internal Revenue Service records, Ladner's base salary was \$633,000 for 2003-04. Ladner's compensation does not include campus housing; he has lived on campus in a house purchased for him by the trustees. He also spent more than \$200,000 for drainage work and landscaping.

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