

January 21, 2019

*VIA EMAIL*

The Board of Trustees  
The University of Southern California  
University Park  
Los Angeles, CA 90089

**SUBJECT: A Call to Stewardship**

Dear Trustees,

The USC Marshall Board of Leaders is comprised of 116 proven, highly accomplished and widely respected business executives, founders and leaders drawn from across the spectrum of American commerce, with expertise in every discipline required for enterprise success. As you may know, its members and the businesses they lead span the nation and the globe and many BoL members simultaneously serve the University in both informal and formal roles, contributing a deep and experienced perspective to the Business School and the University, overall. Over the years, several members have served as University Trustees. The Board of Leaders has existed for almost two decades to provide practical, external, timely and wide-ranging input, feedback and, if necessary – criticism – to the Office of the Dean concerning any programs, practices, curriculum, initiatives, or other matters of importance to USC Marshall. It also serves as an important, informal communications vehicle for Marshall, so that current facts and information about the School are fairly disseminated throughout the business world.

As proven leaders of complex enterprises, we are well versed in the subjects of governance, decision-making and ethical organizational behaviors. We are a group of women and men of varying ethnicities and races who care deeply about the University and have actively given of our time and resources to support and engage the University we love. We are a group that prizes inclusion, diversity and fairness and we execute it every day across our commercial enterprises and our personal lives... We get it.

And we are knowledgeable about USC and, collectively, can quickly discern when the university's administrative leadership, governance, values and trajectories are being degraded, compromised or dismissed. We know leadership authenticity... and we immediately know when it has lost its way, and its legitimacy.

It is our understanding the Board of Trustees has been misled about Dean Ellis by Board Chair Rick Caruso and Interim President Wanda Austin. It is also our understanding at least one Trustee, one of the few board members who had actually read the Cooley report, was given only one minute to speak on behalf of Dean Ellis' retention at the December Board meeting and then forced to leave the meeting. We also understand that evidence directly probative on the question of retaining Dean Ellis was deliberately withheld from the Board. The Cooley report, the so-called basis for the dean's dismissal, was not disseminated to board members before the meeting, and was not provided to them during the meeting. Chairman Caruso also refused the offer of the Marshall School's Faculty Council to provide the Board with a presentation of their faculty survey results, which would have shown to you the overwhelming support for Dean Ellis and that there are no issues of diversity, inclusion or culture at the Marshall School. These actions allowed Rick Caruso and Wanda Austin to cover up the truth and create a false dialogue. It also caused the Trustees to not only support their leaders falsely, but fail to act to reverse the injustice being perpetrated on USC, the Marshall School and Dean Ellis.

You, as a Trustee, have been put in an untenable position where your decision-making has been affected by the false, incomplete information you received. After learning of the falsehoods you were told, it no longer surprises us that the following efforts we undertook fell on deaf ears:

- On December 4<sup>th</sup>, the USC Marshall Board of Leaders stood unanimously in opposition to the early termination of Jim Ellis. We explained the reasons why the Interim President's actions were misguided, misinformed and lacked basic integrity, transparency and best practices of shared governance. We asked the Board of Trustees to intercede in the best interests of the university and the Marshall School, but you failed to act.

- On December 10<sup>th</sup>, the USC Marshall Board of Leaders provided you with the true facts concerning Marshall's metrics and trajectories in the landscape of diversity, inclusion and equity... they are far different than the misinformed scenario claimed by USC's current Administration. We provided you with the essential facts surrounding the misguided decision-making at the Office of the Interim President and Provost. Most importantly, we proposed a pragmatic, effective, USC values-based solution to the problem (*see the "Values-Based Solution" PDF, attached for your convenience*). We asked you to intercede. Again, you failed to act.

Since our last communication over one month ago, we now have learned that things were even more broken than we knew. Over the past month, new and alarming facts about the behaviors and actions of the University's top leadership have been publicly brought to light. Worse yet, we have a Trustee Chairman and University Interim President who are governing on the principles of self-interest, false innuendo, omission and intimidation. As a Trustee, certainly you have also become aware of the plethora of recent disclosures, the uncovering of facts concerning this unwarranted, reckless termination decision and the now-exposed fact gaps in the discredited "Cooley Report" and other information that drove an opaque and predetermined outcome. Certainly, as a Trustee, you are now carefully reevaluating the merits of this crisis and objectively looking at the true and complete facts. If so, you must be as alarmed as we are.

Today, this self-inflicted leadership crisis at USC is not going away, despite what Chairman Caruso predicted during your December 12<sup>th</sup> board meeting. In fact, the objections and disillusionment throughout the Trojan Family have continued to grow as new facts about Caruso's and the Interim President and Provost office's behaviors and actions have been brought to light. USC's stakeholders aren't fooled by misrepresentation and hollow leadership... the crisis is expanding and at this point it is clear that it will not subside until the Board of Trustees finally fully engages and takes responsibility for the administrative errors, reaffirms USC's values and corrects course.

Today, you must act. Today, the facts are compelling, and more will be exposed... and you must intercede.

This is now beyond saving a respected Dean's extraordinary reputation and restoring the hard-earned trajectory of the Marshall School... it now goes to the heart of USC's values and the legitimacy of the university's leadership itself.

Today, the USC Marshall Board of Leaders calls on the University's Trustees to finally restore required transparency, fairness, due process, shared governance and the disciplines of best practices to the Office of the President, Provost and Chairperson of the Board of Trustees. Specifically...

- Restore decision-making based on USC's core values: Stay the decision to preemptively terminate Jim Ellis' term as Dean of the Marshall School of Business.
- Restore transparency to the process: Share the facts, and the so-called 'findings' of the widely discredited "Cooley Report" with the Dean and the Marshall community at large. Share the truth.
- Find the truth: Commission a comprehensive, independent examination of Marshall's current culture and trajectory of diversity, inclusion, equity and fairness, and examine Dean Ellis' role and performance in promoting and leading that effort. If you should fail to do so, the Board of Leaders is prepared to immediately act in your vacancy, as establishing the complete truth – independently and verifiably – on this subject is critical to the future merit and trajectory of the Marshall School of Business.
- Protect USC Marshall's hard-earned stature: If/when it is ultimately determined that a new dean should be secured for the Marshall School of Business, require that the selection be conducted through a legitimate, global search performed by an oversight committee comprised of respected Marshall stakeholders, including faculty, staff, students and Board of Leaders members. No other process, no circumvention of this, can be tolerated.
- Restore legitimacy to USC's leadership: Rick Caruso, Chairman of USC's Board of Trustees, Wanda Austin, Interim President, Michael Quick, Provost and Carol Mauch Amir, Senior Vice President, Legal Affairs and Professionalism, through their own actions, have lost their leadership legitimacy at the University. The Puliafito, Varma, Tyndall and Flynn scandals were sufficient grounds to mandate the resignation of President Max Nikias but not Provost Quick, even though it is the Provost's job to oversee the internal operations of USC as the university's Chief Operating

Officer? And now he has *created* the Ellis scandal where one didn't exist? It is unfathomable that Michael Quick is still Provost, a power-position where he can and will continue to harm USC. That trust is not recoverable, so they must be immediately replaced for the good of the university. Accordingly, commission a similar independent examination of these officials, their actions and behaviors in this matter and other recent crises that have sequentially impacted the university. Immediately remove Chairman Caruso and place the three senior administrators on leave pending the outcome of that examination. During the pendency of this important investigation, they should no longer be in positions of authority at this university. Rick Caruso should be immediately replaced by one or more of your members—he has proven himself to be grossly unfit to serve the best interests of USC--while both an Office of the President and an Office of the Provost can be established on a temporary basis until the investigation is concluded and successors are identified and secured. That office would temporarily consist of their second and third in commands.

As we trust you have noted by now, USC is on life support, requiring emergency surgery. Only when this surgery is completed can the patient commence its recovery. We respectfully request each Trustee to immediately engage to right this wrong and correct the recent spate of executive mismanagement and opaque processes. Failure to do so will cause irreparable harm to the prospects and trajectory of both the Marshall School of Business and USC itself.

On behalf of the USC Marshall Board of Leaders,

A handwritten signature in blue ink, appearing to read "G R Hillgren", with a long horizontal stroke extending to the right.

Gregory R. Hillgren  
Chairperson  
USC Marshall Board of Leaders