The Honorable Michael Delaney
Attorney General of the State of New Hampshire
NH Department of Justice
33 Capitol Street Concord, NH, 03301

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To the New Hampshire Attorney General:

We are a group of former and current faculty, staff, and employees of Dartmouth College. For over a decade we have been witnessing the quiet takeover of this great College by a cabal of external, wealthy alumni/ae of the college. They have mortgaged the College's future through borrowing heavily in the tax exempt marketplace under NH HEFA (Health and Education Facilities Authority). They have simultaneously directed the College's three billion dollar endowment to themselves, their firms, and their friends. They have furthered their own self-interest at the expense of the College and the Upper Valley. They have abused the non-profit status of Dartmouth College. They have enriched themselves through managing and directing Dartmouth's three billion dollar endowment. In all cases they have taken gargantuan fund management fees through "Private Equity", "Venture Capital", and "Hedge Funds" investments which they, themselves, manage and are the owners of. Attached is an accurate itemization of the names, the amounts managed, and the fees paid to these trustees. Officials at the College have not been forthright with the State or the CTU about the amount, degree, or extent of conflicts of interest. We believe the State should know and, as is obvious, we are prepared to furnish more detail.

We believe these conflicts are a violation of the non-profit status of Dartmouth College in the State of New Hampshire. We are aware that Governor Lynch is an ex-officio Trustee of Dartmouth and we do not believe he is aware of the financial mismanagement of The College. The mismanagement extends beyond the investments and endowment. 1) Over a period of seven years The College engaged Lehman Brothers in six "interest rate swaps" totaling $550 million dollars. The current value of these "swaps" is now in excess of two hundred million dollars. That is what Dartmouth owes on these bets. These losses are not reported in the College's financial statements. 2) The College's "cash" was invested in six hedge funds. Up to 40% of it was lost. Again, this was not reported. This comprises grant money for research, advances to faculty, and other working capital which should have been invested in the safest of money market instruments. 3) over 50% of the endowment is invested with Trustees, Investment Committee members, or their friends. We call on the Governor and the Attorney General launch an investigation and to request that these Trustees resign because of their mismanagement and conflicts of interests and that Dartmouth divest itself of its investments in Trustee managed funds.

While we would prefer direct contact with your office, the history of whistleblowers at Dartmouth College is very bad. We are residents of the Upper Valley and cannot risk our employment or that of our family members. We therefore will contact you by other means. We urge you to read the attached materials and we will contact you at a later date.

The Friends of Eleazar Wheelock
(Founder of Dartmouth College)

Who really runs Dartmouth College and for whose benefit?

A report released by Tellus in 2010 detailed the conflicts at Dartmouth College; that the Board of Trustees and particularly those who oversee the three billion dollar endowment are answerable for serious conflicts-of-interest. For years Dartmouth has been run by and has paid sky-high fees to a group of investment manager trustees, all Dartmouth graduates, who have then recycled some portion of the fees (for which they were taxed at favorable 15%) back to the College as generous "donations", often with the perk of having an edifice named (or renamed) after them. Consider the following:

1. Bruce Rauner, class of '78. Rauner is one of the founders of "GTCR", a private equity firm. Dartmouth first invested eight million dollars in Rauner's firm in 1998. GTCR charges a hefty two percent "management fee" per year and 20% of all profits. Over the years, Dartmouth has invested over forty-five million dollars in seven of Rauner's fund promotions. The estimated total fees that Rauner's firm received from Dartmouth is seven million dollars. Rauner's firm did NOT make top investments for Dartmouth. According to a report released by a top consultant to college endowments, three of the seven funds that Rauner promoted had poor returns ("third and fourth quartile"). Rauner himself subsequently paid for the "Rauner Library" in Webster Hall on the College Green but was the gift greater or less than the fees paid to his firm?

2. Russ Carson, class of '65. Carson is a founder of "Welsh, Carson, Anderson, and Stowe", another private equity firm. Carson had a major influence on The College during the presidency of Jim Wright. He led The College's Finance Committee. It was Carson, according to College Officials, who raised the spending by the College to unsustainable levels to support Wright's construction projects. He decided it was feasible to withdraw over 7% per year from The College's endowment to pay for the building boom. President Kim used this same unsustainable spending to justify lay-offs and forced retirements of long-tenured College employees in 2009. Carson had another role at the College: investment manager of the College's endowment. Since 1990, The College has invested over ninety-five million dollars with Carson's firm in nine separate promotions. The total estimated fees paid to Carson's firm: fourteen million dollars. And a grateful College named a new building after Carson behind Baker Library.

3. Pam Joyner, class of '79. Joyner is the founder of Avid Partners. Ms Joyner is the sole owner. Joyner is a go-between, a finder for both Carson's firm as well as for another Dartmouth Alum, Leon Black, class of '73. Mr. Black is a founder of Apollo Management. Joyner found large investors, such as Dartmouth, for both Black and Carson. Joyner's husband, Fred Giufreda, is a founder of Horsley Bridge which offers pooled private equity investments, also to institutions such as Dartmouth. The State of North Carolina invested in Horsley Bridge, and the relationship with Joyner and Giufreda cost the Chief Investment Officer of North Carolina her job. http://www.wral.com/news/local/wral_investigates/story/6195942 According to employees of The College, Joyner used her influence to secure the coveted role of Chairman of the Dartmouth Investment Committee, with the power to direct Dartmouth's three billion dollar endowment. It is small wonder that of the sixty-five million dollars invested in Leon Black's Apollo funds, Forty million was invested during Joyner's tenure which began in 2004. Joyner forced out Dartmouth's long-standing Chief Investment Director, Jon King, the same year because, reportedly, he "wouldn't play ball". Joyner's tenure ended in 2009 and she now reportedly resides in London.

4. Leon Black, class of 1973, founder of Apollo Management, counts not only Dartmouth but major state pension funds among his investors. The largest has been the California Public Employees Retirement System which has had its own difficulties with Apollo and paying go-betweens such as Joyner: http://www.efinancialnews.com/story/2010-05-07/calpers-lawsuit-california-ag

According to College officials, Black is the "anonymous" fifty million dollar donor behind the the Visual Arts Center. But what of the sixty-five million dollars that Dartmouth invested in five of Black's "private equity funds" between 1994 and 2008? Using the management and profit calculation for Black's funds, the estimated fees total in excess of eleven million dollars over the ten year investment period for each of the funds for the two percent management fee alone. Black's firm is paid "performance fees" on the funds managed as well. Black refused to have his pledge invested in the endowment (what is known as "pooling"). Instead the pledge will be paid over a seven year period as the building is constructed.

5. Peter Fahey, class of 1968 is a trustee, a former Chairman of the Investment Committee, and a Goldman Sachs partner. He not only influenced Dartmouth to engage his firm to structure and sell Dartmouth's tax exempt bonds, but also to invest twenty-five million dollars in a former Goldman Sachs associate's firm, "GSC Partners" of which Fahey is a partial owner. The GSC group has lost practically ALL of Dartmouth's investment and is in the process of liquidation. Fahey was Chairman of the Investment Committee before Joyner. Estimated fees paid to GSC: four million dollars. To Goldman Sachs: unknown.

6. Bradford Evans, class of 1964, trustee, is Vice Chairman of Morgan Stanley. Morgan Stanley was listed as the "lead underwriter" when Dartmouth borrowed two hundred and fifty million dollars in 2009 as well as one hundred and fifty million through the New Hampshire Higher Education Authority. Dartmouth also invested sixty million dollars in three Morgan Stanley Real Estate funds, one of which, (fund number six) has lost almost ninety per cent of its value (ref: Wall Street Journal). Estimated fees paid to Morgan Stanley: six million dollars.

7. Rick Kimball, class of 1978, is a venture capitalist working for Technology Crossover Ventures in San Francisco. He is on Dartmouth's Investment Committee and is a trustee. Dartmouth has invested thirty five million dollars in at least two of Kimball's investment funds. Total estimated fees paid: between two and three million dollars.

8. P. Andrews McLane, class of 1969, is a partner of TA Associates, a "private equity buyout" firm. Dartmouth has committed, over fifteen years, to six of Mr. McLane's funds for a total of sixty-nine million dollars. Estimated fees paid: in excess of twelve million dollars.

9. Bill Helman, class of 1980, is a trustee, and a partner in the firm of Greylock Ventures, a "venture capital" firm. Helman has served as Chief Investment Officer of Dartmouth's endowment and now is Chairman of the Investment Committee as well as a trustee. Dartmouth has invested over forty-eight million dollars in six of Helman's firm's funds since 1994. In fact, even while Dartmouth was terminating long time employees in 2009, it nevertheless committed another ten million dollars to Greylock's sixth fund. Total estimated fees paid to Helman's firm: seven million dollars.

10. Steve Mandel, class of 1978, is Dartmouth's Chairman of the Board of Trustees. He is also the founder of Lone Pine Capital, a "hedge fund". He is ranked in the top three hundred on the Forbes' Rich List. He is the major donor of the class of 1978 Life Sciences Building. Dartmouth was one of the first, if not the first investor when Mandel opened his Lone Pine Capital Fund in 1998. Mandel's firm now manages over one hundred and thirty million dollars of Dartmouth's endowment. As recently as early 2008, it was one hundred and forty-four million however his investments suffered losses due to the poor investing climate. That has not stopped Dartmouth from paying Mandel and his firm an estimated twenty-four million dollars in fees.

In reality, Dartmouth's endowment is part of a consortium of endowment monies controlled by the same group of individuals who control, and collude to control vast sums of monies. For instance, Helman also sits on the board of Harvard's endowment which is also an investor in Lone Pine, Greylock, and others. Helman is himself personally invested in Mandel's Lone Pine, as are Fahey and McLane. All four (Helman, Fahey, McLane, and Mandel) are personally invested in "Baupost", a Boston-based firm founded by Seth Klarman, a Harvard classmate of Mandel's. And, of course, Dartmouth's endowment is heavily invested in Mr. Klarmin's Baupost. They are personally invested in "Highfields" and "Abrams". Dartmouth is invested in both. In fact, it is Dartmouth's investment in just Baupost, Highfields, and Abrams amounts to over three hundred million dollars. Dartmouth's endowment is full of these "friends of friends" for whom the rewards are implicit, not explicit. Another member of the so-called Investment Committee is Mr. Steven Berger, Tuck class of 1987, an early backer of Mr. Mandel in 1998 through his fund-of-hedge funds, Adamas Capital which is invested in Lone Pine.

The pattern that the Dartmouth trustees and members of the Endowment/Investment committee have engaged in for decades is clear. That pattern is that a donor/investment manager's pledge to support Dartmouth is reciprocated with an investment of ever increasing proportions in the donor's firm, lending the credibility of an Ivy League institution to the firm. The investment returns are of little import; most of these alum/donor/investment manager returns are average to poor. And there are many more smaller investments of similar ilk buried in Dartmouth's portfolio of funds: "Square Mile", a bankrupt real estate firm founded by Jeff Citron, class of 1980, "White Elm" a hedge fund run by Matt Iorio, Tuck class of 1998, and a former employee of Mr. Mandel. Naturally Mr. Mandel is an investor through his Lone Pine funds in White Elm as well.

How did a two hundred and forty year old Ivy League institution allow itself to be in the grip of a club of investment manager alums who have invested almost six hundred million dollars in their very own funds and directed over one billion dollars to their friends? And who have taken almost one hundred million dollars in fees to manage the endowment, often with poor results culminating in the twenty-three per cent loss in 2008 and the worst performance of all the Ivies in 2011? These results led to layoffs and firings of many lifetime employees of the College? These same alums names adorn many of the College's edifices. Yet the Tellus report did not answer this question: "Who runs Dartmouth"? The question has not been asked by The College's sixty thousand alums because they do not know that their relatively puny donations are paying the investment fees of the very people entrusted to oversee the College and the Endowment. Dartmouth will be tied to this cabal of alums for years to come. Some of the commitments were made as late as 2008; management fees will be paid to the alum/investment trustees as long as the funds are open, a legal minimum of seven but stretching, at the manager's discretion, as long as twenty years. That's how long the club of Mandel/Helman/McLane/Kimball/Rauner/Carson and friends and heirs will continue to be paid by the small donations of Dartmouth Alumni/ae.

Who monitors these investments? Dartmouth's previous "Chief Investment Officer" or CIO, from 2004 until 2009, David Russ, is now listed as "global chief investment strategist" for Credit Suisse Bank. Russ's previous roles had included Vice President for the University of California System, the University of Texas, and Stanford University. However, at Dartmouth, Russ's questioning of trustee-related investments and the high spending rate led to his departure after four years. Russ's replacement is reportedly more pliable. Pamela Peedin, the former Chief Investment Officer of Boston University's one billion dollar endowment was sourced and appointed in 2010. Prior to Ms. Peedin's three years at BU, her resume states "consultant" for six years. Peedin, according to former colleagues was "well qualified", having endorsed Mr. Helman's Greylock and Mr. Mandel's Lone Pine to her consulting clients. At BU as CIO, she directed the endowment to invest with Messr's Helman and Mandel. Ms. Peedin was promoted to BU from her consulting job, according to Boston investment professionals, by Mr. Helman. She is not likely to follow Mr. Russ in questioning investments with Trustees. To reduce any further scrutiny of endowment investments, Dartmouth has recently moved the endowment operations to Boston and fired several long time staff.

Dartmouth's trustees who oversee the endowment (the "Investment Committee") should resign for having permitted this investment methodology, in what amounts to a criminal enterprise. These same trustees have sanctioned a decade long unsustainable building boom. When James Wright took over in 1999, Dartmouth's borrowings were less than two hundred million dollars according to College Financial statements. Because of the Wright building boom, with the collusion of the above investment managers, it now stands at nine hundred and fifty million dollars and will continue to increase because Dartmouth cannot pay for the "shovels in the ground". For instance, the Visual Arts Center is already looking at cost overruns up to eighty million dollars, thirty million over Mr. Black's rumored pledge. Dartmouth cannot pay the interest on the money it has borrowed, it can't pay for existing construction but it continues to invest the endowment with and pay fees to its investment manager alums.

Dartmouth's response will be another Capital Campaign. But who, of the thousands of small donors, would give to a college endowment if they knew the overseers feather their own nests and direct investments to their buddies before thinking of the College? Newly installed President Jim Kim is unlikely to question this collusion; Mr. Mandel approved his selection to replace President Wright as a member of the Presidential Search Committee.

The Trustees on the Investment Committee and the Chair of the Board of Trustees should resign due to the unconscionable conflicts of interest they have engaged in and move the running of the College's investments to individuals who put the interests of the College before their own.