

DIRE Learning

THE DEPOSED TRUSTEES

LEFT TO RIGHT, BOTTOM James Burn, John Silber, Peter Goulandris, Ernesta Procope, Peter Diamandopoulos (president), Joseph Carlino, Karen Burke, Nicholas Samios, and Hilton Kramer. LEFT TO RIGHT, TOP Donald Kagan (not removed from the board), Robert Friedman, Elias Kulukundis, Angelo Silveri, Abraham Krasnoff, George Lois, Raymond Damadian, Thomas Calabrese; not pictured but removed: Dimitri Contominas and Leonard Riggio.

Trying to make a Swarthmore out of a modest commuter school on Long Island, the president and trustees of Adelphi University ended up with their very own school of hard knocks



By John Sedgwick



Year after year, Adelphi's board chose to gather at Manhattan's Union League Club, a more prestigious location than the school's own Alumni House (right)

ADELPHI UNIVERSITY may not have had much, but it did have a boardroom. It was located in a squat, modern building called the Alumni House, which also housed the faculty club—back when there was a faculty club—on the south side of the school's campus in Garden City, Long Island.

Adelphi's president, Peter Diamandopoulos, rarely met with his board of trustees there, though. Year after year, they preferred to gather instead in Manhattan's grand Union League Club. And they continued to meet there until February, when, in what may be the most severe government crackdown on a private board of trustees in the history of higher education, 18 of the board's 19 members were summarily dismissed by the New York State Board of Regents. Diamandopoulos was next, thrown out by a new

Regent-appointed board as its first act of business.

In the Regents' view, the board's biggest sin was to pay Diamandopoulos too much. According to their exhaustive February 5, 1997, report, by 1996 Diamandopoulos was costing Adelphi a whopping \$837,113 per year in salary and benefits. *The Chronicle of Higher Education* had ranked Diamandopoulos's total compensation second only to that of Boston University president John Silber, who happened to be on Adelphi's board and served as an advisor on compensation issues.

There were other embarrassments, too. The Regents pointed to conflicts of interest on the part of the chairman of the board, Ernesta Procope, whose insurance company arranged the university's coverage, and of trustee George

Lois, whose firm handled Adelphi's advertising. But the Regents' fundamental complaint was that this board did not show the degree of "care and skill that ordinarily prudent persons would have exercised" in their position. That is, it was the kind of board that would meet at the Union League Club rather than at Adelphi—and think nothing of it. Indeed, when the Regent-appointed board came in, it made a point of gathering at the Alumni House. "You're a university board," declared incoming board chairman Steven Isenberg, the former publisher of *New York Newsday*. "Where else are you going to meet?"

From the old board's perspective, however, it wasn't very convenient to meet at Adelphi. Most of the members, especially the illustrious ones like *New Criterion* editor Hilton Kramer, Barnes & Noble chairman Leonard Riggio, and Greek billionaire Peter John Goulandris, worked in Manhattan. And, according to the Regents report, Diamandopoulos himself had persuaded the board to furnish him with a \$1.4 million pied-à-terre on the Upper East Side. Besides, the Union League Club was nicer than the Alumni House. And Diamandopoulos always liked nice things. He once spent \$552 of Adelphi's money just on an evening's cognac for himself and Hilton Kramer. Faculty members still recall the delectable baby lamb chops served off silver trays at Diamandopoulos's annual university reception.

Diamandopoulos's conception of Adelphi, fully shared by the board, didn't have much to do with the actual Adelphi anyway. The real Adelphi was, in the words of one faculty member, "a third-rate commuter school." Yet Diamandopoulos had himself written the memorably brazen ad calling Harvard "the Adelphi of Massachusetts." Calling Adelphi a Harvard (or vice versa) may have been a stretch even in his own mind, but Diamandopoulos was truly convinced that he could at least transform Adelphi into a Swarthmore.

The more entranced the board became with his shining vision of the place, the more frustrated it seemed to become with the grubby reality of it. Since at least 1995, the board had ceased communicating directly with the Adelphi faculty, which it had determined was concerned only with such

petty matters as preserving its traditional influence over hiring, tenure, and curriculum. The board routed all questions from faculty to the administration and returned any mail from the faculty unopened, according to Cathy Cleaver, director of the faculty union. As for Diamandopoulos, the boldest gesture he managed toward the faculty was a series of crank calls he and his wife made to Cleaver. "They ranged from the silly to the obscene," she says.

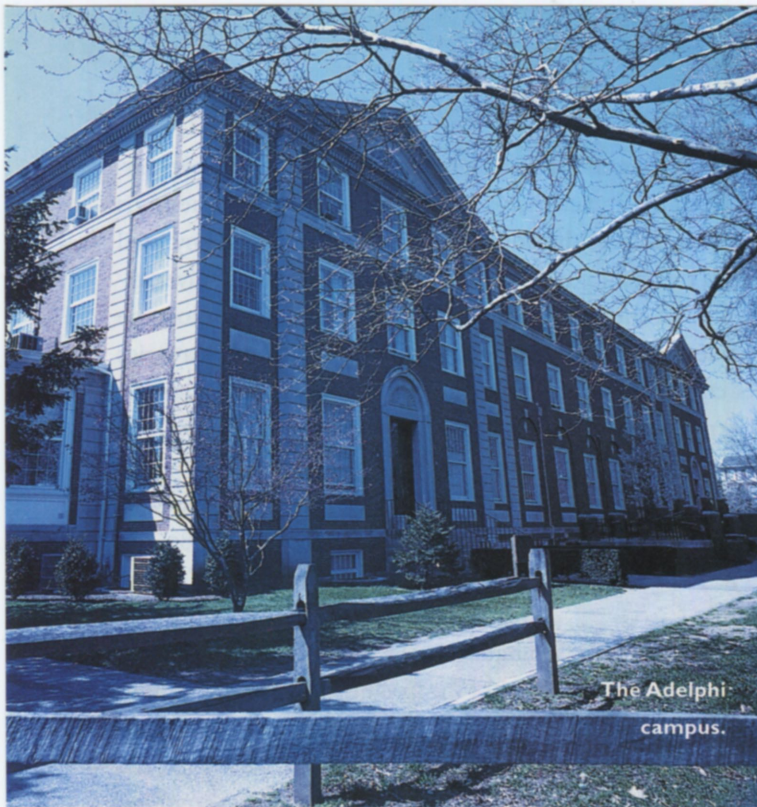


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How do accidents happen? A

twenty-car pileup on Interstate 80, the crack-up of the Adelphi board. It's often the same thing, really: an unhappy combination of recklessness and bad luck. One of the trustees' biggest misfortunes was in joining the board of a university that was incorporated in New York, the only state in the union that has anything like a Board of Regents, with its czar-like authority over every aspect of state education, public and private, from kindergarten on up. Worse luck for the trustees, the Regents had just come under pressure from a new governor, George Pataki, to justify their existence. And still worse luck, *The New York Times* became fascinated by the story of the charismatic, Greek-born president of an obscure Long Island college who appeared to be "plundering" the place, according to one thundering *Times* editorial about Diamandopoulos's excessive compensation. Starting on September 30, 1995, the *Times* ran more than 50 stories about the widening scandal.

But recklessness? The trustees had a lot of that too. Their first mistake was believing that Peter Diamandopoulos was the one who would solve all Adelphi's problems. "Peter Diamandopoulos is the most neurotic person not on Prozac that you ever met," opines a former faculty member brought to Adelphi by the man widely known as "Dr. D." "He is paranoid, grandiloquent and grandiose all at the same time. Talking with him, you feel you're in a broadcast studio." Dr. D had been the dean of faculty under Abram Sacher, the now-fabled president who brought Brandeis University into the majors; and he was a protégé of John Silber, the nationally celebrated (and loathed) administrator who did the same thing for Boston University, although



less gracefully. But Diamandopoulos's only previous university presidency should have sounded alarms: It was at tiny California State University of Sonoma, and it ended with his being compelled to resign after a long-running dispute with the faculty. Since the Adelphi faculty had clashed with the previous five presidents, this was not exactly the most reassuring résumé.

At bottom, the board's recklessness stemmed from its own monumental will to believe. The Regents made much in their report of the board's apparent inattention to details, particularly those concerning Diamandopoulos's salary. It started him at \$95,000 and then increased his pay in roughly \$25,000 increments each year afterward, without ever checking for comparable figures among similar institutions, or determining any criteria by which such raises might be justified. And it may well have been simple oversight that trustees Procope and Lois failed to mention that their firms were profiting from their business with the university.

But the board's nearly evangelical fervor for the Diamandopoulos agenda—chiefly his determination to take over the university from a faculty he thought was a vulgar and petty featherbedding union—may have made

such facts seem inconsequential. As Diamandopoulos told one prospective administration recruit, "This is war! If you come here, you have to get down in the trenches!"

This Kulturkampf mentality blinded the board to certain important realities, quite aside from the ones that the Regents nailed the trustees for. The university was losing altitude fast. At an institution that depended on tuition to cover its operating expenses, the student population dropped by half over the course of Diamandopoulos's tenure, from almost 7,400 to the 3,600 projected for next year. (Of the university's six dormitories, one has now been turned into a building for classrooms and offices, and another is completely empty.) In the end, the school's own straitened circumstances made the president's lavish spending look all the more outrageous.

Diamandopoulos, however, was not without a certain magnetism. A onetime professor of Greek philosophy and a scion of a patrician Crete family, he may have seemed to some of the more impressionable board members to be something of a Greek god. At least once he convened the board in Athens; and if that allowed him a free trip home, well, so much the better (the Regents found that these trips produced virtually no benefits for the university). He spoke in great bursts of enthusiasm, and, whenever his confidence ebbed, he had Silber at his side to bolster him. Indeed, by some accounts, Silber had a Svengali-like effect on his tutee, encouraging him to go harder on the faculty than Silber himself ever dared at B.U. "Silber's line was, 'C'mon, Peter, stand up to these guys, stand tall,'" says a faculty member who

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knew both men. "And Peter would say, 'Yes, John, you're right, I'm not going to be pushed around.'" Asked by the *Times* if Diamandopoulos was not a little grandiose, Silber snapped, "His ideas are not grandiose, they are grand!"

It is a little unclear now exactly what inspired Diamandopoulos to think that Adelphi could be transformed into anything like a Swarthmore, let alone that it should be.

Originally the Adelphi Academy for Boys on Adelphi Street in Brooklyn, Adelphi had gone through several incarnations since it became a college in 1896, none of them particularly impressive. It had a noted institute of clinical psychology, but that was about it. It had been teetering on the brink of bankruptcy for much of its history, and, when Diamandopoulos took over in 1985, it seemed headed that way again. It had no endowment to speak of (a mere \$1.4 million), and its liabilities outran assets \$12.5 million to \$10 million. Past-due student tuition alone totaled \$4.6 million. Most galling to Dr. D., more than 80 percent of the faculty had already been granted tenure. Whether he liked Adelphi's professors or not, he was stuck with them.

Diamandopoulos conducted no marketing surveys to support his plans for Adelphi, and did precious little to solicit the support of students, faculty, or alumni, a failure described at length in the Regents report. "It's essential that a proposal like his be widely canvassed, understood, and accepted," says Linda Salaman, an expert on institutional change who is now a professor of English at George Washington University. "And I see no sign that it happened at Adelphi." Nor did he ever specify how Adelphi was going to maintain the tuition base necessary to keep the university afloat financially as it switched from its current students to hoped-for new ones. "Diamandopoulos had a vision," says Adelphi history professor Armstrong Starkey. "But he never articulated how he was going to make it happen."

Still, insiders at Adelphi say that Diamandopoulos was making progress. He instituted a core curriculum that consisted of a multidisciplinary look at the "modern condition," and started an honors college that indeed attracted a higher caliber Adelphi student, although not very many of them. What he needed was a massive infusion of capital to cover the university during the lean years—and to take the edge off his own free-spending ways. Chiefly through budget cuts and a rising stock market, Diamandopoulos did lift the endowment and unrestricted reserves to \$48 million. But just \$8 million of this

came from fundraising, and it was still far short of the \$150 million the board had declared its goal in 1986.

What's puzzling is that he had assembled a board that was capable of making big-time contributions and soliciting others. Some board members, like Goulandris, were drawn from the community of prosperous Greeks and Greek-Americans. Others, like Kramer and Yale classics professor Donald Kagan, were enthralled by Diamandopoulos's traditional interpretation of the liberal arts tradition. (Because he had come on the board late, Kagan was the one trustee to escape the Regents' censure.) Besides the well-connected Riggio and Silber, the board also included the former New York Assembly Speaker Joseph Carlino; the inventor of magnetic resonance imaging, Raymond V. Damadian; and, for a brief period before the uproar, the director of the John M. Olin Foundation, James E. Piereson. Olin's president, the former U.S. Treasury secretary and multimillionaire William E. Simon, served as an honorary trustee. These were serious men.

Olin contributed \$750,000 over five years to hire several visiting professors, like historian Edith Kurzweil and political scientist Carnes Lord, to give the university a little gloss. But Simon himself contributed only \$159,500 for the William E. Simon Lecture Series in American Civilization and Values, featuring such prominent conservatives as William F. Buckley Jr. and Irving Kristol. Simon was interested in Adelphi largely as an opportunity to get tough on faculty tenure, which he views as one of the greatest perils to higher education. He said so himself at Adelphi's centennial celebration last year when he served as one of the speakers he was paying to attract. Needless to say, this message did not go over well with the faculty in attendance, who hissed and booed him. "Some of the tenured professors weren't interested in my message of free markets and free enterprise," Simon says. "I thought they were rude and inconsiderate, but I kept right on going."

Simon was speaking to me by cell phone from his car in California. Aside from his Olin Foundation associate James Piereson, he was the only one of the dozen board members I approached who would agree to answer questions for this story. Hilton Kramer said this was because of some



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unspecified ongoing litigation, although the board routinely avoided the press even before the blowup with the Regents. Stanley Arkin, the board's lawyer, did not respond to three calls seeking information on its legal situation. When I told Kramer, he airily replied, "Well, I'd say he's doing his job then," and brought our conversation to a close.

Simon was more forthcoming, although less amiable. Dr. D.'s only mistake, he insisted, was "not attempting to attack the tenure plan." What went wrong? "He was defeated by liberals on the faculty—and that's it, purely and simply."

It's possible that the liberal faculty, through a largely sympathetic *New York Times*, did bring down Diamandopoulos, but it is more likely that he was undone by his own folly. His delusions were only encouraged by a

mostly handpicked board that was either dazzled by its president's charisma or pursuing its own agenda. Either way, the board failed to live up to its fundamental obliga-

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tions to be attentive and clearheaded in carrying out its responsibilities, as the Regents concluded. There is a word for Diamandopoulos's tragic flaw—*hubris*. There is more prosaic one for the board's—*negligence*.

While the trustees' tenure may have ended, their woes continue to mount. In March, the New York attorney general filed suit against the ousted board members to make them personally liable for the \$6 million he said in a press conference was "misappropriated" to finance ex-president Diamandopoulos's "lavish lifestyle," among other things.

In the end, the board's behavior suggests that it saw the faculty as a negligible adversary, little more than a discredited trade union, say, or a band of surly peasants. They may also have fancied that as trustees of a private, nonprofit educational institution they could freely ignore any contrary opinions of the media, the parents and students, or the local community. In fairness, they did occasionally issue grand and lengthy white papers that would attempt to rebut the charges leveled against them, but they were usually so belabored and appeared so long after the original charges were made that the media—and consequently the public—paid no notice. It would have been far wiser for the president and the chairman of the board to make themselves available to answer questions about the various controversies before they blossomed into a national scandal. At the very least, that might have encouraged the board to consider how some of their decisions regarding Diamandopoulos might look. Such public responsiveness can be messy and time-consuming, but it does force a necessary consideration of larger social interests. No matter what the free enterprisers on the board might have wished, a university is not a corporation. It is more nearly a little republic, and its governors need to recognize their responsibilities to the many constituencies they serve. ■

Back to the Boardroom

The stunning news of the Adelphi trustees' long fall has electrified philanthropic circles. The question is: Has it dampened the enthusiasm of public-spirited citizens to serve on nonprofit boards? Most observers say no. Richard T. Ingram, president of the Association of Governing Boards of Universities and Colleges, finds it significant that the new Adelphi board is no less distinguished than the old one. "The spirit of volunteerism and public service is alive and well," he concludes.

Brooke W. Mahoney, executive director of the New York-based Volunteer Consulting Group, adds that boards are becoming increasingly professionalized. If anything, the Adelphi case has served to underscore the need for trustees to give these unpaid jobs the same careful attention they give their paid ones. "People won't look at the troubles of the Adelphi board and say, 'That could have been me,'" Mahoney observes. "They'll think, 'Maybe I should have been doing that [instead].'" In fact, Mahoney has made a point of sending the Board of Regents' entire 49-page report on the case to 2,000 trustees on her mailing list. "It's a beautiful document for self-reflection," she says.