

‘University of Scandal’: Admission Scam Is Latest to Tar Hot USC

By Christopher Palmeri
and Janet Lorin

(Bloomberg) -- The University of Southern California glistens with wealth. With its palm tree-lined boulevards and Italianate architecture, the Los Angeles campus of 20,000 undergraduates charms parents and children visiting from around the world.

The Heritage Hall sports center features lockers with built-in iPads, golf simulators programmed for 500 courses and a broadcast TV studio with a direct feed to the Pac-12 Networks, where the school’s games air.

USC fundraisers scarfed up \$6 billion over the last decade, putting it in the upper ranks of all U.S. colleges. Luminaries pack its board, including United Continental Holdings CEO Oscar Munoz and director Steven Spielberg.

At the same time, USC’s popularity and success have exacted a steep price. Parents are joking its initials stand for



Students walk past a statue of the school mascot, Tommy Trojan, on campus at the University of Southern California in Los Angeles.

Photographer: Allen J. Schaben/Los Angeles Times

“University of Scandal.” Its president resigned last year after the head of its medical school was reported to be a drug addict and a campus gynecologist was accused of molesting hundreds of students over decades.

And just this week, USC found itself at the center of the largest U.S. investigation of admissions fraud ever, one involving dozens of students and

millions of dollars in bribes. Of the 33 parents named in the federal indictment as having weaseled their kids into highly-selective colleges, more than half were applying to USC. Four of the school’s current or former athletic department officials were charged in the case, more than any of the other universities, which included Yale and Georgetown.

Olivia Giannulli, the daughter of actress Lori Loughlin and fashion designer Mossimo Giannulli, was on the yacht of USC board chairman Rick Caruso when her parents were indicted in the scam.



“There’s been nothing but scandal for the last two years,” said Lloyd Greif, a Los Angeles investment banker for whom USC’s school for entrepreneurship is named. “Trojan nation is pretty fired up,” he added, referring to the school’s symbol of a stoic Trojan warrior. “Fatigue is setting in.”

A spokesman for the school declined to comment. In a March 12 statement, USC Interim President Wanda Austin, a former aerospace executive, said USC was reviewing admissions decisions, identifying funds tied to the scam, and implementing changes in its processes and training.

“As our work on culture and values continues, we must take the appropriate action when we become aware of behavior that is contrary to our values,” she said.

Losing Way?

It’s quite a turn of events for a school on the rise. Some alumni, students and faculty say the USC leadership lost its way, focusing more on outward appearances and less on core values and management.

“When you look at institutions that have these problems, churches, schools, etc., you get institutional arrogance, the culture of the organization becomes paramount, human beings don’t matter,” said John Manly, a USC alum and attorney representing women suing the school in the gynecology scandal. “People don’t engage in this behavior by accident. That’s a culture that is fostered from the top.”

The tale of USC’s rise begins in 1991 with the appointment of Steven Sample, an administrator from the State University of New York at Buffalo, as president. Before his arrival, USC had been known as a safety school for Los Angeles’s wealthy, though not necessarily its brightest, kids. The University of Spoiled Children was its nickname.

Football Stars

Its football program was legendary, but even Sample acknowledged in his 2002 book, “The Contrarian’s Guide to Leadership,” that USC had a reputation as a “party school in

a dangerous and decaying neighborhood.”

Sample, who died in 2016, looked to boost USC’s academic standing. During his tenure, the school gave scholarships to hundreds of the smartest high school seniors, recruited from across the country, according to Bruce Poch, dean of admissions for 24 years at Pomona College, east of Los Angeles.

Sample tapped the school’s alumni network for funds to build new facilities. He added on-campus housing and recruited star scientists and physicians to reel in more research grants. The school “developed a cult-like following in keeping people attached and connected,” Poch said.

The result: USC jumped to 22nd in the closely watched rankings of national universities in U.S. News and World Report this year, compared with 51 in the early 1990s.

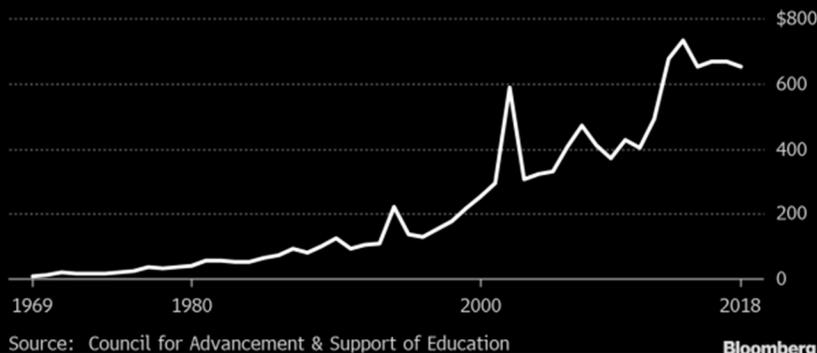
It helped that the school’s storied football program delivered seven Heisman trophy winners, including O.J. Simpson and Reggie Bush, who later returned his award after the National Collegiate Athletic Association found he had received lavish gifts for playing.

“With these improvements, their location, and their assertive marketing efforts, pride in

Big Dough on Campus

USC has collected almost \$6 billion in donations over the past decade

Annual fundraising, in millions



the university has only increased in the past few decades,” said Peter Cohl, a New York-based consultant who advises colleges on recruitment and fundraising. “Alumni love to invest in success.”

Fundraising, a focus of all schools nowadays, is relentless at USC. In the government’s complaint, Todd Blake, an entrepreneur from Northern California, wrote a \$50,000 check to the USC women’s athletic program to ensure his daughter’s admission, prosecutors said. He later got calls from the schools fundraising staff looking for him to give more. A school representative, who didn’t appear connected to the scam, invited Blake to a basketball game, according to the government.

“USC has approached me because they see the dollar amount and they’ve approached me from a fundrais-

ing perspective twice already,” Blake said on a recorded line in October. “One from the Annenberg School of Communications which is (my daughter’s) school, and then another from the athletics fund.”

Blake’s daughter was admitted last year as a volleyball recruit, though she doesn’t play the sport. Blake couldn’t be reached for comment.

Rebecca Joseph, a college admissions consultant in Los Angeles, recalled that one of her clients, an immigrant from a poor family, insisted USC was the school for her. “That’s where the power is,” the student told her.

“There was a sense at USC that they were all in it to make it to the big time,” said Jon Reider, a former Stanford admissions officer and retired high school guidance counselor.

International students, particularly from China, flocked to USC. Last year, the university accepted just 13 percent of its 64,000 applicants, a record number.

Sample’s successor, C.L. Nikias, was a prodigious fundraiser, who attended the World Economic Forum in Davos and courted national media in New York. But, as he traveled, the school’s reputation suffered. Nikias declined to comment.

Even before the admissions scandal, faculty and students had been agitating for change. Law professor Ariela Gross wrote an editorial for the Los Angeles Times last year saying the school needed new leadership to fix the school’s “culture of impunity.”

USC students were enjoying spring break when the scandal hit. Jerica Manuel, a senior majoring in interactive media, said she expects drama when they return. “It’s pretty bad,” she said. “There are going to be protests and lots of events where students talk about this.”