

February 4, 2002

## Harvard could face inquiry into Enron links

By DONALD MACLEOD, Guardian Unlimited (UK)

A group of Harvard students and alumni have called for an investigation into possible links between an Enron director on the university's governing corporation and the timely selling of stock which netted an estimated \$50m as the company's shares declined.

HarvardWatch, which campaigns for more open governance of the university, admits it has no evidence of insider trading but is urging the suspension of Herbert "Pug" Winokur from the seven-member corporation pending the outcome of a "credible investigation into alleged financial improprieties regarding the management of the university's endowment".

The university said Mr Winokur, who chairs Enron's finance committee, was a "valued member" of the Harvard Corporation. A Harvard alumnus, he has, since 1995, been on the board of the Harvard Management Company which oversees the university's \$18bn endowment.

Joe Wrinn, a university spokesman, said HMC did not participate in investment decisions by Highfields Capital Management, a hedge fund which manages about \$2bn of the endowment, and which bought "put options" on Enron shares, enabling it to profit when the shares fell.

Highfields declined to comment on the assertions. But W Neil Eggleston, a lawyer who is representing Enron's outside directors, told the New York Times: "Mr Winokur has a long history of personal and financial commitment to Harvard, and he has no plans to walk away from the institution. Winokur had no involvement with Highfields Capital and any suggestion that he tipped the fund to short sell Enron stock is just plain wrong."

HarvardWatch admits it has no evidence of wrongdoing, but calls for greater openness and accountability about the role of Enron and other corporations in Harvard.

More generally, the group argues that Enron shaped Harvard's research agenda, contributing millions of dollars to research centres that advocated the deregulation of the energy industry. In *Trading Truth*: a report on Harvard's Enron entanglements, students say Harvard Business School produced "glowing studies" of Enron just before the company imploded.

Backing the students' call, consumer champion Ralph Nader said their report revealed the "latest chapter in the long-running story of the hijacking of Harvard University's name and reputation by corporate interests".

He said: "Companies like Enron have learned that small investments in endowing chairs, sponsoring research programmes or hiring moonlighting professors can return big payoffs in generating books, reports, articles, testimony and other materials to push for and rationalise public policy positions that damage the public interest but benefit corporate bottom lines."

Mr Nader urged the university's new president, Lawrence Summers, to go beyond "modest tinkering" with conflict of interest rules and undertake a top-to-bottom review of its multiple interconnections

with large corporations, including through research sponsorships and consulting arrangements with professors. "It is time to establish boundaries that establish precise limits on the university's corporate entanglements. There is need for a clear and comprehensive policy on the limits of commercialism on Harvard University and for pro-active efforts at the university to spur research guided by public-spirited, rather than mercantile, values," he said.