

A Confederacy of Greed & Incompetence: Time For Hershey To Turn The Page

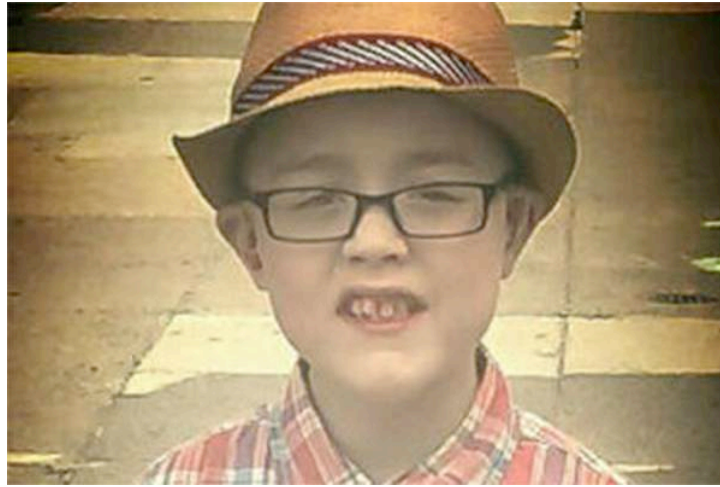


"If the wrong people or organization get control, they can spend or give away more money in a short time than I have made in my life, to build monuments unto themselves, for their own financial gains, ego and recognition — whose heads would swell and hearts would shrink, who would give to those who had plenty and take away from those who had little or none."

Milton S. Hershey, Settlor of the MHS Trust

*Prepared by Protect The Hersheys' Children, Inc.
December 22, 2016
[Including 12/27/16 errata.]*

This essay is dedicated to the memory of Ethan Okula & Abbie Bartels — and to every child in need of a home.



*Foster Child Ethan Okula
December 27, 2005 – February 16, 2016*



*MHS Student Abbie Bartels
April 13, 1999 – June 29, 2013*

We will not forget.

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A Confederacy of Greed & Incompetence: Time For Hershey To Turn The Page

The Milton Hershey School (MHS) is the sole legal beneficiary of the MHS Trust, established by candy magnate Milton S. Hershey. MHS is now poised to announce four new board members, one of whom – MHS president Peter Gurt – recently penned an op-ed outlining his views on MHS policy.¹

Mr. Gurt's elevation to the board and editorial comments open a revealing window on what is wrong at MHS and why it is time to turn the page on the discredited past that he represents. The failure to do so will perpetuate a status quo that harms children and wastes money.

Nor is piecemeal change any longer an option: the flawed MHS system must be atomized and reconstituted along child welfare lines. If, instead, the board is allowed to name Mr. Gurt – and the three other individuals slated to join with him – it will be a death knell for the charity's child-saving mission and its full replacement by a status quo devoted to local economic development. In short, MHS's moment of truth has arrived.

1. A Dysfunctional Mess

MHS today boasts \$12.5 billion in resources, yet serves only 2,000 children, has not built a single satellite campus, refuses to fund any programs outside the Derry Township area, and loses more children each year than it graduates. The latter is despite \$119,000 in per-child annual spending, making MHS the world's most expensive school of its kind – but with an attrition rate that rivals the worst-performing inner-city “dropout factories.”² College dropout rates for MHS graduates are also no better than schools with a fraction of its resources.

MHS has also added over \$12 billion in assets since 1970 while increasing enrollment by only 400 children. This is the worst asset deployment failure in charitable trust history; i.e., 10 children added to enrollment for each \$300 million in additional resources.

MHS also spent nearly a billion dollars on infrastructure in the same time frame. This spending minted many a local millionaire but created worse residential settings for children; i.e., MHS children were removed from a spacious and natural environment and relocated to crowded centralized compounds, freeing land long coveted by local developers.

MHS has also been the subject of multiple state and federal investigations while being sued dozens of times by or on behalf of children harmed by its policies.³

The MHS board's ugly internal squabbles have also spilled into the open, sully the Hershey name. One board member – who was investigated for using the charity to get his son a well-paid internship at an MHS vendor – threatened to deploy a “suicide parachute” against others. This individual then accused his fellow board members of insider trading, apparently in retaliation. The board spent \$4.2 million of MHS child welfare money on “self-investigation” of charge and counter-charge. Four board members resigned as the spectacle unfolded, one within a month of joining.⁴

The last three MHS in-house attorneys were all fired after lodging whistleblower claims.⁵

¹ “*At Milton Hershey School, an evolving, but enduring, mission continues*,” by Pete Gurt, *Harrisburg Patriot-News*, November 15, 2016: <http://s.pennlive.com/YeGOrQT>

² The per-child cost figure is derived from dividing MHS's annual operating costs by the number of children served; i.e., \$237,612,688 ÷ 2,000 = \$118,806.

³ See, e.g., “*Hershey school board, despite orders to be frugal, runs up big expense bill*,” *Philadelphia Inquirer*, June 20, 2016: goo.gl/zJ18QI

⁴ “*Back-Stabbing and Threats of a 'Suicide Parachute' at Hershey*,” *New York Times*, July 30, 2016: <http://nyti.ms/2aSqONW>

⁵ “*Embaudled trust removes top lawyer*,” *Philadelphia Inquirer*, June 30, 2016: goo.gl/t5y2VQ

One recent scandal involved a school employee who was found with guns on campus and secretly filmed naked students while they showered.⁶

An MHS administrator tasked with training houseparents is in prison for child pornography.⁷

Another former top administrator is awaiting sentencing for wire fraud.⁸

A young graduate died last year in a transitional student home – she had been dead for three days before anyone knew. Her houseparents – cronies of Mr. Gurt who helped bail him out when his job was at risk – reportedly failed to check on her for five days, even though she told them she was feeling sick and going to bed.

Another child took her own life in 2013 after being callously expelled as she struggled with depression – her family is also suing MHS.⁹

Two more students expelled by MHS recently filed discrimination cases with Pennsylvania’s Human Relations Commission, bringing but another oversight agency into the mix.¹⁰

In sum, MHS is a dysfunctional mess, notwithstanding a lavishly-funded public relations campaign that seeks to deflect from this. By any objective criteria – other than enriching local construction companies – MHS is beset with problems that have been worsening over time, even as enrollment grows.

It is not that MHS is failing to serve any children – many are undoubtedly helped by MHS each year. This is regardless of flawed programs, because children are resilient and adapt.

But there is equally no doubt that MHS is also hurting many children, including among those who make it through the gauntlet of poor policies. In any case, MHS is not even scratching the surface of its vast potential.

2. “Back to the Future!”

The recent op-ed by MHS president Gurt illustrates the core problem. This is because Mr. Gurt is the MHS “policy” standard-bearer, has shaped school programs for nearly two decades, and has set the tone for leadership and staff behavior for at least the last 13 years. If anyone is responsible for what we are witnessing at MHS, it is school president Peter Gurt. Mr. Gurt is also constantly paraded before the public and praised for the “outstanding job” that he is supposedly doing – this MHS board “praise” is the board’s own self-endorsement, too, as it seeks to gloss over its failures. MHS even bought a full-page ad recently in the *Washington Post* with a treatise extolling the “MHS model” and that ran under Mr. Gurt’s name.

Mr. Gurt will also soon be named to the MHS board, thereby solidifying his policy-shaping powers and locking MHS into its current trajectory. Mr. Gurt’s appointment is in lieu of naming genuine child welfare professionals to the board – individuals who would certainly overhaul the school’s programs from top to bottom, no doubt beginning with relieving Mr. Gurt of his duties.

All of the above should be borne in mind when reading Mr. Gurt’s op-ed and his declaration that MHS will stubbornly stick to its archaic approach – following what Mr. Gurt incorrectly suggests is the 107-year old guidance of the charity’s founder.

Mr. Gurt’s own history explains what this confused (and ultimately self-serving) fealty to the past means: slavish devotion to policies that would be abandoned if empirically tested – just as the charity’s founder would want.

⁶ “Hershey school board, despite orders to be frugal, runs up big expense bill,” *Philadelphia Inquirer*, June 20, 2116: goo.gl/zJ18QI

⁷ “How child-porn case led to Hershey School,” *Philadelphia Inquirer*, November 2, 2011 <http://po.st/95Xemy>

⁸ See, e.g., “John H. Estey, a former aide to ex-Gov. Ed Rendell, pleads guilty to corruption,” *The Morning Call*, May 10, 2016: <http://fw.to/02Om3I>

⁹ “Did the Hershey School reject students for depression? Two suits say yes,” *Philadelphia Magazine*, July 1, 2016: goo.gl/W2INZN

¹⁰ *Two Pa. mothers say \$12B Hershey School booted students after suicide attempts*, *Philadelphia Inquirer*, December 6, 2016: goo.gl/At2FvP.

Yet, these policies remain in place. This is due to a Hershey confederacy of greed and incompetence that perpetuates them. How this confederacy is constituted and retains its chokehold on power — despite the harms it causes and the limitations it imposes — is the subject here. Mr. Gurt is at the center of it.

For instance, in 2003, Mr. Gurt boasted to a roomful of MHS alumni, *“We call this ‘Back to the Future!’”*

Mr. Gurt invoked this slogan to promote thoroughly discredited child-crowding proposals. These included *“Springboard Academy,”* an intake facility that housed students in 20-child bedrooms, in contravention of 100 years of child welfare evolution.

Alumni lapped it up — particularly when Mr. Gurt flashed on screen a picture of an MHS group home from the early 1960’s, to underscore MHS’s deliberate decision to go back in time.

Several of us shuddered at what was being described — while some alumni turned to look at us and gloat at what they viewed as a “triumphal moment” for Mr. Gurt’s “policies.”

As every knowledgeable person predicted, *“Springboard Academy”* was a total flop that had to be abandoned almost immediately. Children ran away to escape abuses. \$41 million was squandered on it. The facility had virtually no salvage value to the school.¹¹

But alumni administrators like Mr. Gurt were never held accountable — nor was the MHS board.



Entrance to “Springboard Academy,” where MHS children were housed in 20-child bedrooms.

3. “Multiage Housing”

Mr. Gurt’s support for other discredited practices reveals a similar pattern. This includes “multiage housing” — a reckless policy that placed young children at high risk of physical and sexual abuse, by housing them together with older, more aggressive children. This is just like the MHS past that Mr. Gurt wants to use as a guide.

In 2002, multiage housing fell under intense scrutiny after numerous assaults on young children came to light. A “Blue Ribbon Task Force” of bona fide outside experts was convened to investigate and make safety recommendations, which included a moratorium on any new enrollments until the dangers were alleviated.

Amidst these alarm bells, MHS duly promised to implement the outside-expert recommendations. MHS even put its promises in writing, along with agreeing to other matter-of-course governance reforms.

But MHS reneged on its promises. This was done to cut student housing costs and ram through enrollment growth plans; i.e., the school made “growth-above-all” its primary measure of “success.”

¹¹ *A costly experiment ends, Philadelphia Inquirer*, April 18, 2010: goo.gl/ChmpKd

Mr. Gurt even called an officer in the school's alumni association to ask for help in "*hammering the MHS board*" about growth; i.e., Mr. Gurt sought to have vocal alumni serve as his cat's paw in pressuring the board to put expansion first, as he manipulated both alumni and the board to promote his own agenda.

The individual in question told Mr. Gurt bluntly that the first priority should be to get programs right, not engage in haphazard expansion.

Deplorably, then Attorney General Mike Fisher turned a blind eye and even signed off on rescission of the safety promises (together with rescission of the other basic reforms). This was even though General Fisher's own deputy – Mark Pacella – had openly declared in December 2001, "*We know that the hours between 10 PM and 6 AM pass very slowly for some of these kids*," a reference to acknowledged abuses.

General Fisher's crony – former state Attorney General LeRoy Zimmerman – led the MHS board at the time. Mr. Zimmerman used reform rescission to triple his own board pay and eventually amass over \$500,000 in annual compensation from his board work – while rescinding the "costly" safety promises.

So multiage housing continued for another 10 years – until 2012 – when a horrific set of sexual assaults on vulnerable children forced MHS to slightly modify the practice. The youngest victim was a 5-year old boy – the smallest child in the school – who had in fact been abused during "*the hours from 10 PM to 6 AM*."

Mr. Gurt was the second-highest ranking administrator, none of whom faced any consequences.

4. Primitive Views About Children With Disabilities

Other examples include Mr. Gurt formulating student health policies that led to a strong rebuke from the Department of Justice. This was in 2012, when MHS openly discriminated against an HIV+ boy whose viral load was undetectable with medication.

Mr. Gurt and his fellow alumni administrators offered their primitive prejudices and fears as "justification" for discrimination and as grounds for ignoring medical science; i.e., they argued that because MHS historically discriminated against disabled children – with its "selection of the fittest" criteria – it should be permitted to discriminate against HIV+ students, too. To this day, there are no wheelchair-bound children at MHS.

The Department of Justice sharply disagreed and MHS paid over \$700,000 to settle the case.

Again, no senior administrators or board members were held in any way accountable as the Office of Attorney General (OAG) persisted in its asleep-at-the-switch nonchalance.

Mr. Gurt's health-related policies also led to another Department of Justice investigation that is still ongoing. That investigation concerns discrimination against children facing depression. One of these child victims, Abbie Bartels, took her own life after being expelled under heartbreaking circumstances.¹² Another victim was young Adam Dobson. Adam also struggled with depression and was likewise expelled, in his case after being forced to watch gay conversion videos.¹³

Here too, competent child welfare professionals would never endorse how MHS mistreats vulnerable kids suffering from depression or who happen to be gay. Yet, all this is tolerated under an MHS board that knows no better and does not bother to educate itself, since public officials won't compel such.

Two more cases alleging similar discrimination were also recently filed against the school, this time before the Pennsylvania Human Relations Commission.¹⁴

MHS's response has been to blame all of this on alumni reform activists; i.e., our group.

¹² "*Girl barred from graduation kills self*," CNN/Anderson Cooper: <http://goo.gl/6ZCHKY>

¹³ "*Did the Hershey School reject students for depression? Two suits say yes*, *Philadelphia Inquirer*, July 1, 2016: goo.gl/W2INZN

¹⁴ "*Two Pa. mothers say \$12B Hershey School booted students after suicide attempts*, *Philadelphia Inquirer*, December 6, 2016: goo.gl/At2FvP.

But the pattern is clear: under President Gurt, MHS “solves” problems by removing children who might “tarnish” the Hershey image. This is in stark contrast with the charity’s founder who – when faced with a boy requiring an iron lung – refused to abandon the child and had the medical device installed at the school,

Most troubling of all, the children who tend to be removed are generally the ones who need the school the most. But with 43 mental health professionals and a 24/7 “Health Center,” MHS is fully capable of following best practices and surrounding the children it is removing with love, acceptance, and appropriate therapy – as Milton S. Hershey certainly wanted. That it refuses to do so is inexplicable.



Photo of Adam Dobson on MHS school van; i.e., Adam was literally an MHS poster child and had spent virtually his entire life at the school, before being expelled at the start of his junior year after struggling with depression.

This history should be kept in mind when Mr. Gurt defends the status quo and tries to persuade the public that all is well. The public should not be fooled: MHS children are being harmed at this very moment by horribly archaic practices that Mr. Gurt and his fellow alumni administrators promote and that depart from the intent of the charity’s founder – all camouflaged by massive media spending.

Nor will these archaic practices end without credible child welfare leadership at the MHS board and administrative levels – something that only the compromised OAG can compel.

5. “Ivy League Treatment In Kindergarten”

For example, MHS is still placing children as young as 4- and 5-years old into its group homes. Mr. Gurt’s op-ed even boasts about this, as does his *Washington Post* full-page ad.

Even worse, most of these children do not require residential care at all. But their loving mothers (or fathers, or – in some cases today – both parents) have been persuaded to enroll them anyway.

How does MHS convince these parents to tragically part with their children?

Says another alumnus administrator – then school president Johnny O’Brien – about a 4-year old girl featured in a glowing news story: *“The ‘Ivy League treatment in kindergarten’ can better form self-confidence – ‘So that the Milton Hershey way, which is all about character strength, is imbued in a deep and enduring way.”*¹⁵

¹⁵ *Grace’s new life at the Milton Hershey School, Harrisburg Patriot-News*, December 2, 2007: goo.gl/MyPOb7. Mr. O’Brien was discovered to have been falsely claiming to hold a graduate degree in psychology when he was “vetted” for the

These words, of course, are hucksterism: 4-year old children wrenched from loving homes do not “*form self-confidence*” in “*Ivy League kindergartens*” – they suffer abandonment and loss.

Underscoring the atrocious nature of all this, another alumnus administrator – Mr. Myron McCurdy – told the 4-year old girl’s mother “*not to come back for four to six weeks and to only call once a week.*”

In other words, Mr. McCurdy’s assignment was to help *deliberately rupture* the mother-child bond, willfully subjecting a 4-year old girl to gratuitous trauma. This contravenes what any credible child welfare professional would advise.

The “wisdom” that Mr. McCurdy offered the child’s distraught mother – to help her resist the “urge” to call her young daughter – was “*Focus on your dreams and goals. Don’t give in to the temporary pain and sadness.*”

When this poor girl cried for her mother – after speaking with her mother by phone – what was the housemother’s response? “*They have to grow up fast sometimes.*”

It is simply extraordinary that MHS treats this thinking as normal and in the best interests of children.



When MHS was founded in 1909, it was not uncommon for desperately poor mothers to enroll 4- or 5-year old children, hoping to provide them with a better life. The rest of the country moved beyond this – but MHS just made its institutional settings more attractive. The consequences for young children are devastating. This photo was tweeted by MHS with the caption, “*Looking for an inspiring career? Become a houseparent!*” The vast majority of children enrolled at these ages are removed before graduating. The charity’s founder – Milton S. Hershey – combined extraordinary benevolence with progressive thinking, placing MHS at the forefront of child welfare learning. But after his death, program evolution became stunted, archaic policies ossified, and dangerous practices lingered.

These shocking statements come directly from an uncritical puff piece published in the same newspaper that ran Mr. Gurt’s op-ed; i.e., MHS *brags* about these “policies” rather than recognizing how odious they are.

president position. This red flag did not prevent the MHS board from hiring him anyway and allowing him to implement the questionable policies described here.

This sloganeering of course is pure rubbish along the lines of Mr. Gurt's "*Back to the Future*" child-crowding cheerleading: separating children from loving parents – and placing them in group home settings at these tender ages – will scar them for life. Yet, MHS obstinately persists in the practice.

In allowing this to continue year after year – despite numerous warnings of the harms and countless pleas for action or at least requiring that child welfare expertise be added to the MHS board – the OAG is flatly granting MHS a license to traumatize children. This trauma is inflicted with awful programs that no public official even needs to “investigate” – they are openly reported in *The Harrisburg Patriot-News*, including in Mr. Gurt's op-ed.

Yet, public officials refuse to lift a finger to protect the young children who are damaged as a result. This oversight failure surpasses the failures of the MHS board itself.

Someone needs to intervene *immediately* and put a stop to these atavistic practices – and not tomorrow, but today, before this junk child welfare damages even more children.

6. “*In The Land Of The Blind, The One-Eyed Man Is King*”

Why do these manifestly wrong-headed policies continue? Why does no one at MHS simply put a stop to what are obviously irrational practices? Why will no one at MHS simply admit that the emperor is wearing no clothes?

The answer is that no one on the MHS board has a scintilla of child welfare learning nor the courage to speak out.

Instead, the “nonprofit” board is dominated by people drawn by the \$110,000 in minimum annual compensation that MHS shamelessly pays. This money will also be forfeited if a board member breaks ranks, since dissenters will be “voted off the island” by their board peers; i.e., board member acquiescence, cowardice, and greed are built right into the self-perpetuating mis-governance model.

These board members – who are too incompetent to recognize junk child welfare when they see it – then defer to alumni like Mr. Gurt, the latter of whom hold themselves out as “knowledgeable” despite years of policy debacle and a trail of child victims. But by invoking their own MHS childhoods, these alumni create a plausible veneer for promoting backwards policies.

In essence, it is an MHS variation of the adage, “*In the land of the blind, the one-eyed man is king:*” to a board bereft of child welfare knowledge, the sloganeering and glad-handing Mr. Gurt looks like a policy king.

Those who know the smooth-talking Mr. Gurt can attest to his persuasiveness – of the sell-sand-to-Saudi-Arabia variety.

In this manner, under MHS's trial-and-error governance, hundreds of millions are wasted and many children are harmed by policies that competent and caring leadership would never impose on children in the first place.

That more than one child is removed from MHS on average each school day is by itself a startling statistic. These children are subjected to jarring dislocation and trauma both entering and leaving the school. This alone should lead to sober and comprehensive review of all policy, rather than claims of program “success.”

In other words, in the rotten-to-the-core MHS system, greedy and unqualified board members are completely reliant on such alumni charlatans as Mr. Gurt in setting “policy,” no matter how loud the alarm bells.

Serial catastrophe is inevitable – it is only a matter of time before the next deplorable MHS blunder wastes more child welfare millions, hurts more children, dominates the headlines for a few days afterwards, and then is quickly forgotten by a public with a short attention span.

We have watched this horror movie too many times to expect a different ending – and it continues because public officials refuse to act. As multiage housing shockingly demonstrated, the OAG will not lift a finger even when it bluntly admits awareness that children are being sexually abused.

There is simply no way to sugarcoat this disgraceful fact: the OAG stood by and *did nothing for a full decade* even though it had *actual knowledge* that children were being regularly sexually assaulted.

It does not get any clearer than this – but still no action was taken – and children were damaged for life.

We submit that the OAG is morally bankrupt when it comes to MHS and should be permanently disqualified from any further oversight role in Hershey, so abject, total, and reprehensible is its failure.



Commenting on MHS “multiage housing,” OAG Chief Deputy Attorney General Mark Pacella told alumni, “*We know that the hours between 10 PM and 6 AM pass very slowly for some of these kids.*” Nonetheless, Attorney General Mike Fisher permitted MHS to rescind promises to end the practice along with rescinding other governance reforms. Attorney General Tom Corbett then went to court to join MHS in defending rescission. Mr. Pacella is highly respected in the National Association of Attorneys General and persuaded the Attorneys General of South Dakota, New Hampshire, Maine, and Massachusetts to file *amicus curie* briefs endorsing reform rescission. These other states’ officials thus contributed to the abuse of MHS children, albeit unwittingly – it is doubtful that they even bothered to examine the underlying issues before rushing to support their Pennsylvania colleagues. Chief Deputy Pacella and Attorneys General Fisher and Corbett thereby secured their pyrrhic victory – but MHS children paid the price; e.g., the OAG’s “success” led to another decade of sexually abused children before a horrific scandal forced some superficial policy changes. The OAG simultaneously helped MHS fight off credible governance reforms – the very opposite of what the office is supposed to do.

7. “The Best Ride!”

Mr. Gurt’s highly objectionable personal conduct – notorious among alumni for its foul-mouthed nature – is also conveniently overlooked by the hapless MHS board. The most disturbing example is when Mr. Gurt made a disgraceful “joke” about video-recording of three-on-one sex with a vulnerable MHS girl, referring to one of the boys involved as having had “*the best ride!*” Mr. Gurt made this “joke” before the poor girl’s entire class.¹⁶

At any other school or child welfare charity, such behavior would have led to immediate termination. The deleterious consequences of allowing such utterances by administrators should require no elaboration.

¹⁶ “*How child-porn case led to Hershey School,*” *Philadelphia Inquirer*, November 2, 2011 <http://po.st/95Xemy> (“On a matter of sex among students...a [federal lawsuit described] an incident in which four students were caught engaging in sex during a school-sponsored vacation to an amusement park in Ohio. [The] vice president for residential life, Peter Gurt, is said to have joked about the situation during a school social event. Gurt, now the school’s chief operating officer, referred to a boy as having had ‘the best ride in Ohio.’” “A 2005 graduate who witnessed Gurt’s comment said... ‘We laughed hysterically about it because some of the kids involved were in our class.’”)

Suffice it to say that it sends a shocking message to boys about what is “funny” and tells them that it is acceptable to humiliate a vulnerable girl.

It also exacerbates self-esteem problems that girls who suffer abuse face, reinforcing their shameful treatment as objects. Those who work in child welfare encounter far too many instances of children trading their bodies for what these children mistake to be affection – and such adults thus know better than to ever make light of it.

Indeed, in numerous cases across the country, similar events led to tragedy after the boys involved mocked the female victims and the victims committed suicide, out of shame.¹⁷ MHS is the only case known to us where *a school official* did the mocking, children reported the adult misbehavior, but it was overlooked.

The victim in the MHS case was also reportedly on suicide watch at the time that Mr. Gurt made his reprehensible “joke” – which, if true, renders his conduct even more shameful and reckless: MHS might well have been defending but another wrongful death lawsuit in this instance as well.

The impact on staff is also terrible at a facility with nearly one major sexual abuse scandal each year. In fact, there have been *seven* publicly-reported instances of MHS adult staff engaging in inappropriate conduct towards MHS students since Mr. Gurt’s “joke,” several leading to prison terms.

Because institutional tone is set at the top, Mr. Gurt should have been fired immediately.

Yet, rather than firing Mr. Gurt, the board gave him several hefty raises, promoted him to president, allowed his influence to grow, and is poised to announce that he will be ascending to the board itself.

In other words, the board rewarded this conduct and thereby told employees that such behavior is tolerated.

But what options does the board really have when not one board member could operate today’s MHS without placing an inmate in charge of the asylum? The board is completely reliant on Mr. Gurt to keep a broken MHS machine running – while board members happily cash their fat paychecks. This is why Mr. Gurt’s conduct is indulged.

Moreover, the board recognizes that because it was an impoverished and powerless MHS child who was humiliated in this manner, no one in authority would act even if the board failed to take appropriate measures. Skeptics need merely witness what happened: the OAG knew about this, is fully aware of Mr. Gurt’s otherwise checkered past, and yet *still did nothing* when the board failed to respond in the only acceptable manner. The OAG couldn’t have cared less about this girl – just as it doesn’t care about any MHS children.

With the imminent announcement of Mr. Gurt’s board appointment, the board is cavalierly declaring that it has no qualms about consigning the school to more failed policy, leadership misconduct, sloganeering, and tightening of the MHS dysfunction spiral – while pandering to Mr. Gurt’s alumni supporters.

To be sure, the latter will again lash out at us for raising the issue of Mr. Gurt’s misconduct, as though our loyalty to fellow alumni somehow trumps our duties to protect needy kids.

Nor is it any secret that Mr. Gurt’s local alumni supporters include a gang of toughs who in the past have disrupted alumni association meetings at his behest, harassed and smeared his critics, and otherwise helped foster a climate of intimidation such that many alumni are afraid even to discuss these matters at all. The MHS board actually relies on this repugnant behavior – and Mr. Gurt’s ability to “keep alumni in line” is among his chief “attributes” to a board that sees in alumni the only real threat to its grip on wealth and power.

In sum, the MHS board tolerates Mr. Gurt’s behavior, promoted him to president, and now will elevate him to the board itself because it has only one primary goal: preserve a lucrative status quo that pays each “nonprofit” board member \$110,000 annually – never mind the havoc that Mr. Gurt wreaks.

The board and Mr. Gurt have essentially entered into a mutual suicide pact: they are completely reliant on each other to retain lucrative positions that in a rational world neither would have.

¹⁷ See, e.g., *SI suicide teen was bullied over viral sex video: sources*, *New York Post*, October 26, 2012: <http://nyp.st/1cDi363>

This is the mainspring of the confederacy of greed and incompetence described here, fueling MHS dysfunction: a wrongly-constituted MHS board has no option but to select senior administrators who will prop up its lucrative status quo — instead of naming administrators who will best serve needy kids.

Worst of all, the OAG refuses to put a stop to it.

8. The OAG Has Never Met An MHS Crisis That It Couldn't Use To Help Cronies

Pennsylvania public officials have shown that they will do nothing about this latest MHS board transgression and its underlying causes. Indeed, despite a plethora of opportunities to right the MHS ship, the OAG has repeatedly refused to fulfill its duties to needy kids.

On the contrary, the OAG has made matters worse for needy kids *every* time it acted.

Whether it was the 2002 proposed sale of the Hershey company and board reconstitution that followed, the 2011 Robert Reese whistleblower lawsuit, the \$21 million golf course fiasco, the \$42 million squandered on “*Springboard Academy*,” the most recent \$4.2 million “self-investigation” waste, or even the upcoming elevation of Mr. Gurt to the board, the OAG has proven that it will *never act to protect needy kids*.

Instead, the OAG uses each new crisis to help political cronies or the local (voting) community.

The only difference among the various Attorneys General is party affiliation: Republican Attorneys General Mike Fisher and Tom Corbett brazenly helped enrich their Republican cronies — while Democratic Attorney General Kathleen Kane shamelessly aided her Democratic friends.¹⁸

But no Pennsylvania public official did anything for needy kids.¹⁹

Further, MHS’s imminent announcement of four more board members who are reportedly all lacking in proper qualifications will again confirm this: the OAG knows this announcement is coming, has made clear that the proposed list would be unacceptable, and yet will do nothing to prevent the board from again naming whomever it wants, despite the harms to needy kids.

So much for the latest batch of MHS board hollow promises to appoint competent child welfare professionals — and the OAG’s equally hollow representations that it would assure such appointments.

¹⁸ For GOP plundering of the Hershey charity, see, “*Hershey’s Charity for Children Became GOP Slush Fund*,” *Nation Magazine*, October 17, 2012: <http://tinyurl.com/od8xxet>. No news outlets have reported yet on the equally deplorable Democratic conduct, which is tied to the state party’s highest echelons.

¹⁹ The sole exception to the Pennsylvania public official wall of Hershey indifference was an appellate court that issued a landmark 2005 ruling setting the stage for sweeping Hershey reforms. That court unflinchingly concluded that MHS’s egregious circumstances mandated designating a third party — Hershey alumni reform activists — to speak for needy kids on the question of systemic change. This “third party standing” is invoked only when an OAG fails to fulfill its *parens patriae* duty to protect a class such as powerless kids. MHS epitomizes such circumstances, as the court concluded in a ruling authored by the highly-respected jurist Dan Pellegrini.

Reform advocates were thrilled that the ship of MHS reform had finally come in, against all odds, and despite Pennsylvania’s old-boy network doing all in its power to derail an effort aimed at its lucrative cronyism.

But a year later, the state supreme court erased the appellate decision. At the hearing to decide the matter, MHS board chair (and former Attorney General) LeRoy Zimmerman sat next to then Attorney General Tom Corbett — while Mr. Zimmerman’s former First Deputy Attorney General — Justice Thomas G. Saylor — sat on the bench hearing the case. The outcome preserved the MHS status quo, enriched Mr. Zimmerman, and insulated the charity from any non-OAG challenge.

The author of the high court ruling — Justice J. Michael Eakin — was later forced from office for his role in Pennsylvania’s “*pornagate*” scandal — a sordid matter involving public officials who swapped racist, misogynistic, and anti-Semitic emails. By virtue of this ruling, MHS was insulated from any governance challenge, save that of the OAG; i.e., the worst abettor of MHS board misconduct was made the only party that could seek change, in a classic case of the fox guarding the henhouse.

This is precisely what our group warned would happen this summer, when the OAG’s latest sham “reform agreement” was announced. We insisted then that basic board qualifications – among other things – must be mandated, instead of continuing to rely on MHS board voluntary compliance under an “honor system.”²⁰



MHS board members pose at 5-star Hotel Hershey, where they regularly stay at MHS expense. This includes board members who reside locally but stay at the hotel to enjoy such amenities as spa treatments, fine dining, and luxury golf – even their bed sheets are brand new each stay, as laundered sheets are deemed unworthy of the pampered MHS board. The hotel is rechristened “Zimm’s Palace” here, after \$60 million was spent renovating it. The renovation was reportedly at the insistence of former Attorney General LeRoy Zimmerman (pictured in yellow tie) – one of the locally-residing board members who insisted on a room at “Zimm’s Palace” for board meetings. The MHS board was forced to add Mr. Zimmerman by his political crony, then AG Mike Fisher. Ms. Velma Redmond, also pictured, was similarly forced onto the board, after which board pay tripled. Total Hershey Trust compensation is noted in parentheses based on IRS Forms 990, including pay from all subsidiary boards. L to R: **James Mead** (\$1+ Million), **Joseph Senser** (\$1+ Million), **Robert Cavanaugh** (\$2.7+ Million), **LeRoy Zimmerman** (\$2.85+ Million), **Velma Redmond** (\$1+ Million), **James Nevels** (\$2.3+ Million). Mr. Zimmerman left the board in 2012. Ms. Redmond remains and is currently board chair despite numerous problems on her watch.

9. Imagining MHS Under Competent & Volunteer Child Welfare Professionals

But how might MHS look if – instead of Mr. Gurt and the current unqualified board members – the school were suddenly operated by our nation’s finest child welfare leaders?

What kind of thinking would prevail at MHS if the board had input from individuals who understood early childhood development, residential care, and the impact of poverty and family upheaval on children from the prenatal stage to eighteen years of age and beyond?

What would a fully-volunteer MHS board – anchored by seasoned child welfare advocates – do with MHS assets if somehow they could start reshaping MHS policy?

In other words, what would we see at MHS if the OAG *did its job* and instituted governance reforms that aligned the board with the charity’s *actual child-saving mission*, compelling MHS to fulfill its child welfare purpose?

²⁰ *Critics assail Kane's latest attempt to reform the Hershey School board, Philadelphia Inquirer*, July 30, 2016: goo.gl/5PEi3Q For an analysis of the agreement’s provisions, *see, “AG Kane Squanders Another Reform Golden Opportunity,”* July 29, 2016: <http://conta.cc/2axNBBk>.

The broad contours of what this kind of MHS board would do include the following:

A) Stop “Recruiting” Children Who Do Not Need Residential Care

MHS would stop “recruiting” children who do not require residential care at all and who thus have to be “enticed” at “enrollment fairs” with promises of college scholarships, horseback riding, nice clothes, abundant food, and other material inducements. That MHS engages in “recruiting” at all illustrates how far from the Hersheys’ child-saving intent MHS has lurched.

In fact, MHS recently issued a statement insisting, *“It’s important to remember that, first and foremost, we are a school for high-potential children from poverty.”*

This notion is ludicrous for a facility whose mission is to *rescue kids from crisis* – not cherry-pick those with “high-potential.” This is also happening under the OAG’s nose – an office that four months ago secured an ostensible promise to serve children with *“a wide variety of potential for scholastic achievement.”* Yet, MHS has publicly declared its lack of any intention to abide by even this lenient commitment.

One recent example of MHS’s warped enrollment policies involved parents of perfectly sufficient means whose children were model students with top grades at one of the most prestigious schools in the state where the family resides. Both parents had college degrees. The mother had a graduate degree. And the father had a law degree. There was literally nothing in the family’s background that even hinted that the children might need residential care. On the contrary, MHS placement was almost certain to harm these children, considering all factors.

Nonetheless, in the course of a divorce proceeding and a disagreement over marital assets, the mother had the children apply to and be accepted at MHS, which was represented to the family as “an elite boarding school.” The mother then sought an order from the divorce proceeding judge asking the judge to *compel the father* to allow the children to be sent to MHS. The children, not surprisingly, were delighted to be able to go to a place where they were told there was horseback riding, among other “attractions.”

The panicked father had nightmares of his children being sent off to a distant state and had to pay his own lawyer to contest the motion. The wife relied on one of the most expensive law firms in the state to pursue it – another indication of how “impoverished” this family was.

MHS played its shameless role in this charade to the hilt; e.g., it sent the enrollment officer handling the children’s applications to testify about the many MHS “boarding school” benefits – while neglecting to mention that the children would immediately be separated from each other once they reached the school or what MHS’s actual purpose is, among other things.

The judge saw through the ruse and rejected the motion without even hearing testimony from the father – he had heard enough from the MHS “recruiter” and curtly rebuffed the request. MHS most likely did damage to this family, running up its legal bills, traumatizing the father with fear of losing children whom he loved dearly, and sowing discord in a home by pitting the family members against one another on the question of the MHS “boarding school opportunity.”

There are other similar examples too. These show a pattern of MHS “recruiters” – and senior leaders – working with families to game “low income” requirements. This is done to enroll children who do not need MHS at all. In this way, MHS is insidiously changing the charity’s *raison d’être* – while public officials nap.

B) Stop Rejecting Foster Care Children & Others Who Desperately Need Residential Care

MHS would stop rejecting foster care children, wards of the court, and other children who genuinely *require* residential care; i.e., MHS would return to serving the population *it was founded to serve*.

There are 400,000 foster care children in America and 12,000 in Pennsylvania alone. It is simply indefensible that MHS has neither the licensing nor the programs to serve such children anymore.

MHS has essentially been turning a cold shoulder to children who desperately need rescue, in favor of children who have to be “recruited” and are often damaged by a residential program that does not even suit them.

The tragic death of Ethan Okula illustrates how deplorable MHS rejection of foster care children has become.²¹

Ethan was in foster care for most of his life and died of medical neglect, before reaching the age of eleven – he was left to die while strapped in a wheelchair, because no one bothered to get him life-saving help.

Ethan had no family nor any means – so the public chipped in to buy him a gravestone, sparing him a final indignity in death.

Ethan died a mere one hour’s drive from Hershey – a place that today would not even consider enrolling a child like him as it seeks a “better class” of child. But this is precisely the type of child that the benevolent Hersheys would have wanted to rescue with the vast fortune they bequeathed – not children in need of horseback riding.

In sum, there are life-and-death consequences for the deplorable policies that MHS is pursuing and that the OAG cavalierly allows.



Gravestone of Ethan Okula, a foster care child who died of medical neglect while strapped to a wheelchair. Ethan had no family or resources so the public chipped in for his headstone. Ethan lived one hour from Hershey but would not be considered for MHS enrollment under today’s “boarding school” policies.

C) End “Ivy League Kindergarten” & Other Unhealthy Primary School Group Homes

The entire K-5 group home program would be scrapped immediately. Even children who require residential care should not be subjected to such primitive settings. The middle school group homes would also be fully reconsidered, though there may be some room for discussion in this age range – but only with genuinely qualified decision-makers weighing in on the matter.

Here again, it is incredible that among MHS’s most lavish and expensive construction sprees in the last 13 years was spending \$140 million to build a new primary school. This was done just to be able to bring even more children into this division’s group homes. Competent decision-makers would have never pursued this.

²¹ See, “For ‘God’s special child,’ a tombstone, *Philadelphia Inquirer*, July 24, 2016: goo.gl/7sSXRk.

D) Create A Model Foster Care Program

MHS would create a model foster care program by identifying ideal families in the area and carefully training and supporting them in ways that no other foster care program can. The children served by this program would attend school at MHS's sterling-caliber facilities and access MHS's abundant services. MHS would thereby shatter the currently bleak outcomes that we see in foster care. It is simply indefensible that MHS has not already pursued this on its own, and that it even has to be cajoled into serving the children who are in the greatest need.

E) Create A Model Adoption Program

The same model foster care program would also include – *as a matter of course* – a core adoption component, with the unwavering goal of placing children in “forever families” from as early an age as possible. We would never again hear the odious phrase “*lifer*” to refer to a child who had the misfortune of attending MHS from grades K through 12 – as though “*lifer*” status indicated anything other than total policy failure.

F) Evaluate Families In Crisis For Focused Family-Preservation Services

MHS would evaluate families in crisis for in-home services intended to preserve families where this is in the best interests of children. This would entail providing focused and economically rational assistance to these families – instead of practically manufacturing reasons for removing children from caring homes and placing them into MHS's wildly-expensive and antiquated group homes.

G) Forge An Alliance With Girard College

An alliance with Girard College – MHS's financially struggling K-12 sister school – would be forged to serve children from the Philadelphia area; i.e., children who should be able to remain closer to loved ones.²²

H) Open Satellite Schools Across The State To Serve Children In Their Own Homes

MHS would open satellite schools in cities with deep poverty such as Reading, Pittsburgh, and elsewhere, leveraging its vast resources to serve children in their home communities. By allowing children to stay in their own homes with loving parents, MHS would serve them better, and at dramatically lower costs, just as every shred of orphanage history teaches us. MHS would also use these schools as hubs for providing supplemental services; e.g., for homeless or foster care children.

I) End Waste of Money on A “Non-Profit” Board And 21-Person Public Relations Office

The millions of dollars squandered each year paying the MHS “nonprofit” board and funding the school's utterly superfluous 21-person public relations staff would be plowed back into serving needy kids – instead of lining rich pockets and manufacturing the illusion that all is well.

MHS is the only charity that – despite having no need to raise funds – still spends millions on silly propaganda, money that should be used on kids. MHS does this to create a child welfare “*Potemkin Village*,” hoping to keep the public in the dark about failing programs and leadership misconduct. Whether it is ads during the Academy Awards or hiring Queen Latifah as an “ambassador,” MHS public relations spending knows no bounds.²³

²² In the K-12 Girard College matter, too, a charity was converted into a rich patronage stream for cronies of public officials, contributing to today's financial difficulties. Girard also suffered decades of asset mismanagement and dissipation of what would today be a vastly larger resource, had it been properly managed. The parallels in the two cases are uncanny – both involve diversion of funds intended for needy kids. Protect The Hersheys' Children, Inc. would welcome collaboration with Girard College alumni in our common good governance goals.

²³ Perhaps the most offensive item was an infomercial masquerading as a documentary, the production of which Mr. Curt oversaw in his public relations role – and at a time when MHS was scrimping on child safety to shave costs. This “documentary” included a lavish “*premiere gala party*” at The Times Center in New York City, featuring Robin Thicke,

J) Create An “Adopt-A-Group-Home” Program

MHS would “adopt” Pennsylvania group homes across the state and use its vast resources to aid children now under-served in these homes. MHS would provide the children in these substandard group homes with tutoring, better counseling, clothing, and other material assistance beyond any provided now – instead of throwing away money on luxury golf courses, fake “documentaries,” or other MHS board larks.

K) Create Therapeutic Homes

MHS would create therapeutic homes to serve children who have high emotional needs, including children whom MHS today simply expels rather than treating. It is just shocking how many children MHS deems “discardable” – many of whom end up suing the school to try to return.



Milton S. Hershey with an MHS student. During his life, the charity’s founder often showed up unannounced at MHS group homes or during chore hours and questioned students – whom he affectionately referred to as “my boys” – about how they were being treated. When a polio-stricken child required an iron lung, Mr. Hershey had the school install one, to accommodate the boy’s needs. It is inconceivable that this caring man would endorse today’s policies of expelling children simply because they needed special help for depression.

Most ironic of all is MHS claiming it “doesn’t have the resources” to help children who face adolescent depression, even after they have lived at the school for most of their lives: this is a \$12.5 billion facility – boasting more than *twice* the combined number of staff psychologists as Andover Phillips Academy, Phillips Exeter Academy, The Hill School, and Mercersburg Academy. It also has a mini-hospital – its vaunted “Health

Paula Patton, and others. While quality charities struggle to raise funds to help children and families with sound programs, the MHS spendthrifts find senseless ways to waste it. (For photos of the “gala” event, *see*: goo.gl/tTK6XR.)

MHS even spent tens of thousands of dollars recently on a *Washington Post* full-page ad, with a “white paper” on MHS “policy” that ran under Mr. Gurt’s name. This ad is another indicator that Mr. Gurt is trying to burnish his image in advance of the MHS board’s upcoming announcement. The timing also shows MHS’s meticulous care in public relations intended to give those in high office the impression that the school is well-managed; i.e., within days of this full-page ad, an MHS children’s choir was at the White House regaling President and Mrs. Obama.

While this public relations spending does not help needy children at all, it is very effective in advancing the interests of people like Mr. Gurt.

Center” — that is open year-round and always available in the event of any crisis. Notwithstanding all of this, MHS tells impoverished families that it “lacks the resources” to help their children.

The suggestion is just absurd — unless by this MHS means it lacks leadership resources, which is in fact MHS’s one true deficiency.

L) House Children In Ordinary Homes Instead of \$3.3 Million Group Homes

Instead of building new group homes at over \$3.3 million per home — and then housing 10 or so children in each of them — MHS would use the same funds to purchase about a dozen ordinary homes that would house at most 4 or 5 children each; i.e., *50 to 60 children*. This would allow MHS to serve vastly more children for the same capital spending — but while housing children in smaller numbers and far more natural settings, thereby assuring healthier and better outcomes.

MHS’s fetish with building \$3.3 million group homes — and packing these homes together in centralized compounds — is just bizarre and indefensible both fiscally and child-developmentally. While this irrational spending benefits local contractors and construction material suppliers, it is of no help to needy children.

That Mr. Gurt makes this very type of irrational spending the central focus of his op-ed illustrates just how far removed from best-practices his thinking — and that of MHS — remains.

M) Implement Blue Ribbon Recommendations & Overhaul Group Home System

MHS would implement all of the Blue Ribbon Task Force safety recommendations, further reducing age ranges for children in its group homes, reducing the number of children per group home, increasing the number of staff in each home, and reducing the jarring dislocations built right into the MHS model; i.e., a model that actually incorporates into it *multiple planned student home transfers among three divisions, and thus intentionally subjecting children to serial dislocation*.

Many people don’t realize it, but an MHS “*lifer*” can be placed in a dozen or more group homes and have 16 to 20 or more different sets of houseparents while at MHS. This practice conditions children to instability, ruptured bonds, and lack of permanence — the precise *opposite* of what children need to become well-adjusted emotionally.

In other words, MHS needs to rethink the very nature of its group home model.²⁴

N) Stop Breaking Up Siblings

MHS has historically thought nothing of separating siblings from each other, just because they are of different ages or genders. For instance, a seventh-grade girl will be in a different MHS group home than her ninth-grade sister; i.e., MHS has a rigid group home model and *forces children to adapt their psyches to this model*. MHS should instead *adapt its primitive and inflexible group home model to the needs of children*, including the vital need to remain close to siblings.

Again, it is just shameful that there have been so many children over the decades who showed up at MHS after being separated from all of their primary care-providers — and were virtually alone in the world — only to then be separated from their siblings too.

²⁴ For an example of the type of character that such serial dislocation produces, one might look to the last three MHS school presidents; i.e., alumni Johnny O’Brien, Anthony Colistra, and Peter Gurt himself, all of whom were MHS “*lifers*” and endured this broken model. They have all also then insisted that other MHS children similarly endure the same serial dislocation, no doubt oblivious to the resulting damage. Indeed, a benign view of this trio — who worked together to implement the 20-child bedrooms of “*Springboard Academy*,” broke promises to end multiage housing, and have fully supported increasingly congregated group home compounds — is that their own childhoods render them incapable of seeing the obvious flaws in the archaic Hershey model that they want to perpetuate. For a discussion of this among alumni, see: <https://www.facebook.com/ric.fouad/posts/1785344385011681>.

O) Tap Into State/Federal Funds

Instead of budgeting that irrationally eschews public funds, MHS would tap state and federal dollars, including by serving the children that state/federal programs serve; e.g., foster care kids.

This is a core change that MHS must make to properly leverage its vast resources – and this is also why people who know how to do this must be named to the MHS board and administration.

P) Survey All Alumni & Leavers To Gather Data & Improve Programs

Instead of remaining in denial about MHS history and ignoring shocking numbers of suicide, illness, severe depression, complex grief, substance abuse, incarceration, domestic problems, and early death among MHS alumni, MHS would survey *all* graduates (and leavers) to assess – pro and con – the impacts of the MHS model.²⁵ This is essential to assuring that mistakes will not continue, beginning with an honest and constructive conversation about the past.

This is also data that should have been assiduously collected for decades – and by individuals who know what they are doing – instead of what we have had: an annual birthday card asking meaningless questions.²⁶

Q) Listen to Parents & Guardians: “Nothing About Them Without Them”

Instead of ignoring the grief and trauma of parents after they place their children at MHS – many of whom later find that their children have become strangers to them or may even resent them – MHS would have an honest conversation with these parents, too, and survey them as well. This would be to determine what their experiences were and to ask what they would do if they had the chance to revisit their decisions.

It is just startling that no one has bothered to ask these families the following simple question: *“If your child could receive – in the loving warmth of your own home – all of the education, clothing, activities, better food, college assistance, and other material benefits that MHS provides – but without placing your child in MHS’s group homes – would you prefer to have your child remain with you?”*

The answer is obvious – which is why MHS leaders whose jobs depend on the status quo never ask it.

The adage should be, *“Nothing about them without them;”* i.e., policy-makers should at least *hear* what the people most affected by their decisions have to say.

Yet, the views of parents and guardians are not even solicited by imperious MHS administrators – who instead sell them a bill of goods about *“Ivy League Kindergartens”* and *“Don’t give in to the temporary pain and sadness!”*

MHS should stop dispensing condescending slogans to caring parents and instead ask them what they think. These parents love their children even if they require a leg-up – and they might also be in a better position to judge what’s best for their children, instead of being confronted with MHS’s deplorable *“Sophie’s Choice;”* that is, keep their children with them in their loving – if low-income – homes, or surrender their children to MHS’s group homes, houseparents, superior facilities, abundant food, and other material advantages.

No parent should be forced to make such a choice.

Nothing better illustrates how blatant MHS is in flaunting its material riches before impoverished parents than the school’s own constant barrage of advertising, such as the following from its Twitter account:

²⁵ *“Leavers”* attended MHS without graduating and in fact comprise the vast majority of those who were enrolled historically, but whose experiences have been ignored in correcting policy flaws.

²⁶ Calls for this kind of candid conversation invariably lead to *ad hominem* charges that we are “disgruntled” or “ungrateful.” We are neither: we simply care deeply about our alma mater and on this basis seek that it fulfill its magnificent potential for rescuing needy kids, improving on its past.



Imagine a poor family living on food stamps when they see this abundance of delicious and nutritious food – and then must decide whether to enroll a 4-year old girl or boy at MHS.

This is not how a child welfare charity should operate – but it does help explain the dagger-in-the-heart agony that impoverished, single mothers will endure in surrendering their children to MHS – because they are led to believe that doing so will give their kids a better chance in life.

These “advertisements” are appalling – children who require residential care are not “attracted” to MHS by them, but impoverished families who can’t feed their kids are.

10. The Sky’s The Limit

Nor is the above list in any way exhaustive. On the contrary, it is merely a guide to the *thinking* that would inform MHS decisions if its vast resources were deployed by dedicated child welfare professionals. These would be individuals who join the MHS board because they genuinely care about needy kids and understand quality programs – not because they have visions of \$110,000 “nonprofit” board pay sugar plums dancing in their heads and no idea what constitutes sound child welfare policy.

By way of broad comparison, Nebraska-based Boys Town – which was also founded as an orphanage around the time that MHS was founded – has \$1 billion in resources and today serves nearly 500,000 children in dozens of cutting edge programs across the country.

We invite the public to try to imagine how many children would be rescued if MHS applied the same creative and empirically-tested thinking to deployment of its \$12.5 billion: the results would be magnificent as MHS launched a veritable smorgasbord of effective and cutting-edge programs.²⁷

²⁷ When Mr. Gurt and the “alumni administration” were placed in charge of MHS in 2003, the first sign of the negative policy impact was the departure of Dr. Ron Thompson. Dr. Thompson is among the nation’s most knowledgeable and dedicated resources in the area of residential care of at-risk youth – he would be a top candidate to lead MHS or to serve on its board. But he saw the direction that MHS was moving under its “*Back-to-the-Future!*” alumni leaders and quickly voted with his feet. He thereafter returned to Boys Town where he helped implement the kind of quality programs that

11. Rely On Data, Not Flimflam

But instead of a state-of-the-art tool chest boasting every manner of quality practice and thinking, MHS crudely clings to archaic programs that harm more children than they help and that restrict the school to *arithmetic expansion* of a failed model. Mr. Gurt even suggests – simplistically – that we look to the “*thousands of alumni who return each year*” and who can “*attest*” to this “*success*” to promote this model.

Mr. Gurt ignores the tens of thousands who left without graduating and the many others who never return, were scarred for life by failed practices, and today suffer in agonizing silence.

We have heard the voices of these alumni and leavers – and many speak of vicious bullying endured in group homes, damaged self-esteem, years of never being hugged as children, feelings of loss and abandonment, sexual abuse, estrangement from what family they once had, severe anger issues, later inability to form healthy intimate relations or to trust others, childhood longing to have been adopted, escape into drugs, alcohol, or serial failed relationships, and more.

Children are blessed and cursed with a “*resilience paradox*,” i.e., many children can survive just about anything that the world throws at them, including childhoods in an institutional setting – and make no mistake, what MHS provides is just such a setting, however gilded or lavishly-funded.

The mere fact that some children adapt to this, survive it, or even thrive in it is no endorsement. It is – paradoxically – this very resilience shown by children that leads adults to mistakenly assume that damaging programs are acceptable – because, after all, some kids can handle it (like the authors of this report, all of whom made it through MHS, with the exception of one leaver).

The problem, of course, is that many of the adaptive mechanisms that children rely on to survive such environments as kids turn into maladaptive traits as adults.

We need to find out what the *actual* adult impacts of the MHS model are and not keep living in denial.²⁸

Similarly, there is remarkable research today on adverse childhood experiences, which – when applied to MHS – almost certainly correlates trauma gratuitously inflicted at MHS to the problems that alumni anecdotally report as prevalent later in life. We have seen too many alumni suddenly fall through emotional trapdoors in midlife, when trauma endured at MHS catches up with us. Even the “toughest” have been felled, such as the top athletes and student leaders who took their own lives and no one could understand why.

Yet, no one at MHS even discusses this dynamic nor gives thought to the fact that many MHS kids are subjected to multiple “*retraumatization*” events when they are placed at MHS, bounced from group home to group home, face abuses at the school, or (as is most often the case) leave MHS without graduating.

Each of these shocks is cumulative and manifests itself later in life. But there is literally no MHS conversation about *any* of this, so crude, primitive, and amateurish is the school’s thinking.

Instead, Mr. Gurt – with his “*We-call-this-Back-to-the-Future!*” state-of-art child welfare “learning” – glibly says to “*Talk to the alumni who return each year!*”

We agree – *but ask the right questions* – and also talk to the vastly larger number of alumni who don’t return and those who did not graduate. Speak with spouses and partners, too, and see what they say about life with someone raised in a place like MHS. Gather *all* of this data and then formulate quality policy going forward.

But no one should be surprised if the data confirm what virtually everyone in child welfare discovered long ago – which is that there are vastly better ways to serve poor children and families than the archaic MHS one-shoe-size-fits-all group home model.

have made that charity a model of its kind – while MHS deliberately regressed under Mr. Gurt and the other alumni administrators. Dr. Thompson’s case is emblematic of a larger, depressing MHS personnel shift, as MHS saw mass departures of many of the best staff and leaders.

²⁸ Girard College alumni and leavers should also be surveyed, including because their model differs from MHS.

Rather than clinging to a mythical past, MHS should deploy its resources utilizing best practices that have evolved over time and that we now know will work.

The school would thereby expand *geometrically* to serve children on a different order of magnitude – much as Boys’ Town has done – and with vastly better outcomes.

These outcomes would also be measured by *empirical data* – not the glib slogans of flimflam men who have shown that they will say and do *virtually anything* to keep their high-pay jobs.

12. Sacrificing Children For Personal Advancement

As for why we find Mr. Gurt’s claims particularly dubious, we remind the public that in 1999, when it suited Mr. Gurt’s career objectives, he testified under oath – in Dauphin County Orphans’ Court – to the effect that MHS was ostensibly “unable to serve more children.”

Because of this supposed “failure of trust purpose,” MHS claimed it should be permitted to divert tens of millions of “excess” funds to build and operate a research institute.

Mr. Gurt’s “testimony,” of course, was balderdash – and he later admitted that he knew so at the time – while the school has since *tripled* its enrollment. Even a Dauphin County Orphans’ Court historically inclined to let MHS divert funds from needy kids summarily rejected this request – along with Mr. Gurt’s “testimony.”

There were similar reports about “*Springboard Academy*,” i.e., that Mr. Gurt privately admitted that he knew it would be a catastrophe but went along with the proposal anyway, to advance his career – never mind how many children this put at risk nor how many tens of millions it wasted.

Mr. Gurt also publicly lauded the \$21 million golf course purchase fiasco, calling it “brilliant.”²⁹ This was in addition to being part of an administration that began naming MHS group homes for professional golfers, in seamless coordination with the golf-obsessed MHS board.

Here too, Mr. Gurt may have been sensible enough to recognize that the golf course money was being misspent – but he nonetheless endorsed it, because pandering to the MHS board served him financially.

Because of this long and consistent history of cynical prevarication, one never knows if Mr. Gurt believes what he is saying or is just saying it to get ahead – or is perhaps manipulating matters because doing so will advance some personal agenda.

This is important on another level as well: Mr. Gurt’s willingness to endorse even policies that he knows will harm children and waste money percolates down the ranks, setting the tone for MHS. This is a facility where kids are regularly thrown under a bus and adults will not defend them, even when they know that children are being victimized.

For example, in the Abbie Bartels case, Abbie’s MHS psychologist – Dr. Ben Herr – reportedly broke down and cried when conveying the administration’s heartless decisions. This included the manifestly cruel refusal to permit honor roll student Abbie Bartels to even attend her 8th grade graduation – for reasons no one can fathom. This appalling and gratuitous callousness was among the last straws for a child whose self-esteem had been shattered by a series of deplorable decisions that no competent child psychologist would endorse.

Yet, Dr. Herr did not feel empowered to stand up to the administration and fight for reversal of what by any objective criteria was an atrocious decision.

When another MHS staff psychologist was asked why Dr. Herr did not simply stand up for Abbie, the response was revealing: this psychologist explained that at MHS, employees have been conditioned not to stick their necks out for children, because they fear losing their jobs.

²⁹ “*Milton Hershey School trustees defend purchases that critics call wasteful*,” *Harrisburg Patriot-News*, November 21, 2010: <http://s.pennlive.com/G3ajgIV>

Thus, children like Abbie will be grievously harmed by MHS adults — individuals who close ranks, protect themselves, and think of their own careers first; i.e., the very traits that MHS president Gurt has consistently demonstrated in advancing his own interests.

This protect-yourself-first-and-kids-last thinking is also the precise *opposite* of what a facility that cares for at-risk youth wants to foster among staff — these are children who often lack family, cannot defend themselves, and especially need adult champions when they face adversity or are subjected to mistreatment.

Contrast MHS's institutional climate with that of the courageous and loving staff at Sandy Hook Elementary School — a place where teachers and others took bullets to shield children in their care from a murderer's rampage. Their mindset, too — of protecting children at all costs — was likewise set at the top, as in any educational organization.

In other words, at MHS, employees have been conditioned to not even risk job security — let alone loss of life — in order to protect children like Abbie. Instead, MHS employees have fallen into an insidious and institutional pattern of simply letting children be harmed by awful decisions, lest employment consequences be suffered.



14-year old honor roll student Abbie Bartels had turned the corner in her struggle with depression when MHS administrators abruptly expelled her, crushing her self-esteem. MHS also barred Abbie from attending her 8th grade graduation, offering no reason other than *"Being at Milton Hershey is a privilege, not a right."* Another cruel blow was forbidding Abbie from going to her group home farewell picnic, where Abbie had hoped at least to say goodbye to her friends. Abbie's MHS psychologist broke down and cried when informing Abbie's family of these decisions. But in an MHS environment where adults are conditioned to close ranks and protect their jobs, no one could intervene on Abbie's behalf. Abbie took her own life a few days later, after telling her brother she had cried all night and wanted only to return to Hershey, the place she called home. MHS has failed to offer any reason for making this tender-hearted and loving child feel like a pariah, merely because she needed treatment for depression. The mistreatment of a child who only needed help would have outraged the charity's benevolent founder, Milton S. Hershey.

But this is also perfectly predictable: If the MHS president is someone who will put students into 20-child bedrooms – even though he knows it is a terrible idea – or testify under oath that MHS “cannot grow” – even though he knows this is false – why would anyone expect the staff that he trained to behave any better?

On the contrary, they will do exactly what his example shows them is the path to MHS advancement.

This is also in stark contrast with the MHS of Milton S. Hershey’s era, when any adult mistreatment or unkindness towards one of the school’s children would have triggered the wrath of a man whose solicitousness towards children was legendary.

Further, due to the amount of time that successive MHS boards have permitted Mr. Gurt’s approach to entrench itself, the school has seen over a decade of quality administrators and staff driven away or depart in disgust – while those who cravenly endorse what Mr. Gurt or the board desire were advanced.

The result is an MHS personnel nightmare that will be daunting to turn around, even should MHS come under better management. The board’s cynical failure to deal with Mr. Gurt’s transgressions earlier may have served its immediate financial goals, but the long-term and institutional harms to MHS are grave.

This is the climate that decades of warped MHS board governance have produced – and it is time for it to change, under able leaders, even if such change requires a difficult transition.

Such a transition will certainly also entail at least an initial expert in turning around troubled educational institutions. The bottom line is that the MHS personnel-spiral/program-breakdown can simply cannot be kicked down the road any further: *it is time for a reckoning and complete MHS overhaul.*

Mr. Gurt’s elevation to the MHS board is the last straw: it will permanently consolidate the MHS catastrophe and poison the school’s environment. If the OAG allows it, it will be the ultimate disgrace for an office whose primary distinguishing feature in MHS matters is embarrassing failure. A stand must be made here.

13. NASA Hardware Meets Hammurabi-Era Software

The problem is that the \$12.5 billion Milton Hershey School combines the world’s greatest child welfare resources with – literally – the world’s crudest and most backwards child welfare “expertise.” It is as though NASA’s most powerful and costly computer hardware were forced to run junk software dating to the Hammurabi era, with a cuneiform tablet trouble-shooting guide.

Thus, unqualified and ill-motivated MHS board members keep at bay candidates who have *genuine child welfare expertise* – individuals who would gladly serve for free. The fact that such persons would serve for free is actually anathema to a board that does not want its own greed exposed; i.e., MHS is the only nonprofit board in history where *a willingness to serve for free and bona fide qualifications* are fatal drawbacks!

The self-selecting board thus repopulates itself with like-minded greedy clones who also lack requisite skills – and this forces the board to rely on the sham “expertise” of sloganeering alumni like Mr. Gurt.

All of this continues no matter how badly MHS fails, nor how demonstrably preposterous its policy rationales – from “*Back to the Future!*” and “*Ivy League Kindergarten!*” to “*Springboard Academy!*” and other nonsensical gibberish that no one in child welfare espouses (outside of Hershey).

We challenge those who disagree to name even a single bona fide child welfare professional anywhere in the country who endorses “*Ivy League group homes*” for kindergartners from perfectly loving (if financially struggling) families. The notion is just absurd.

In fact, let’s see the MHS board and Pennsylvania oversight officials place their own 4-year old children and grandchildren into the MHS “*Ivy League feeders*,” if these are so desirable and perform as advertised.

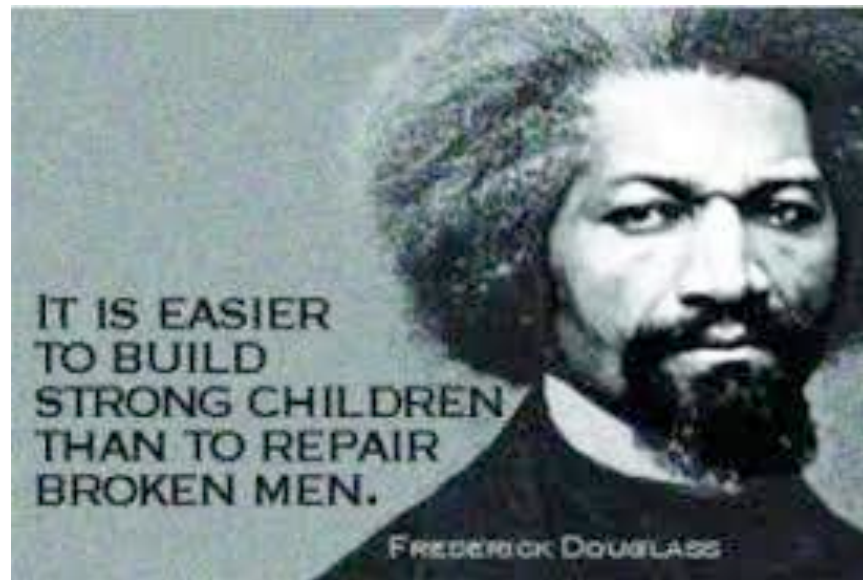
It’s safe to say this won’t be happening anytime soon.

Yet, the same board members and public officials think it is acceptable to consign poor children to these primitive circumstances. The bias is outrageous: just because a family is poor doesn’t mean their children need to be placed in group homes to be educated.

But note the accidental testing and refutation of the thesis of those who suggest that the children of mothers who are on welfare “should be placed into orphanages;” i.e., even at an MHS that spends *\$119,000 annually per child*, outcomes are deplorable and demonstrate that placing children into institutional settings as a first resort is a costly, counter-productive, and irrational approach to child welfare.

Again, if the MHS board’s glaring skills deficiencies were rectified, nonsensical policies would end immediately and the sky would be the limit.

But the current system eschews the best and promotes the worst – *it is constructed to fail needy kids and promote greedy insiders with friends in high office.*



14. Latest Sham Board “Search” Insulted The Qualified & Flattered The Worst

Underscoring how entrenched this insidious pattern has become, MHS has just completed another highly-revealing sham “search” for new board members. This search is focused on Mr. Gurt and – reportedly – three other local individuals who also have no child welfare qualifications of any kind, not even the sham variety exhibited by Mr. Gurt.

In fact, if the reports are correct, one of the three individuals poised to join the board played a key role in the indefensible acquisition of an insolvent luxury golf course at three times its market value.

While contributing to such an awful decision hardly qualifies this individual for the MHS board, it does reveal that the board is leaping further away from child welfare and in the direction of more local development. To do so, the board will utilize the same combination of no-child-welfare-skills/devotion-to-local-economic-growth that created “centralized compounds” and other terrible policies in the first place.

In other words, the slate reportedly set to join the board is a sure recipe for disaster and must not be allowed.

What the public also does not know is that many of our nation’s leading voices in child welfare themselves stepped up to the plate in the last three months and selflessly submitted their own names for board consideration – only to be flatly rejected. In virtually every case, this was without so much as an interview.

One candidate who did speak briefly with the search firm mentioned to the firm that he would not even consider accepting compensation for a nonprofit board position – which caused the search firm representative to burst out laughing. When asked what was so funny, the search firm representative replied, “*We’ve talked to 60 people and you’re the first person who said that – the rest all demanded pay!*”

This says all one needs to know about who was being “recruited” to join the MHS board.³⁰

Contrast the pay-seeking mentality and lack of child welfare qualifications of those being recruited with the group of sterling-caliber candidates who were summarily rejected and not given any genuine consideration.

The distinguished list of those whom the MHS board deemed unworthy includes:

- The nation’s top scholar on child brain development and the impact of cumulative trauma on how adult personalities are shaped, including in orphanage settings.
- The nation’s top scholars on orphanage evolution, child welfare law, and model out-of-home-care programs.
- Individuals with decades of work in budgeting for at-risk youth care programs, crisis intervention, foster care, and virtually every other type of skill that MHS has lacked for decades.
- Individuals with years of hands-on experience in foster care adoptions, family crisis intervention, care of runaway youth, LGBT youth issues, and other areas of expertise lacking at MHS.
- Three of the nation’s top experts on charitable trust law, nonprofit governance, and charitable reform.

This group represented a veritable “*Dream Team*” of child welfare and charitable trust governance, any subset of whom could have turned MHS around. Their resumes should embarrass the MHS board members who had the gall to reject them – the fact that they were so qualified no doubt terrified a board that had nightmares of lost “nonprofit” income.

In every case, the candidates expressly told the ersatz search firm – when this firm bothered to contact them at all – that they would decline any compensation.

The latter is a matter of course for any sincere person striving to help our nation’s children in crisis – because such people would not think of putting dollars into their own pockets that could help our 2.2 million homeless children, 400,000 foster care children, or the 20% of American children living in poverty.

Only the MHS “nonprofit” board members see it differently and feel themselves *entitled* to \$110,000 or more in annual “nonprofit” pay – notwithstanding that none of them have the child welfare skills necessary for their ostensible sole lawful duty.

The MHS board nonetheless rejected *every one* of the stellar candidates who submitted their names – in favor of people like Mr. Gurt and – we are told – three other local individuals who will also be named with him. The proposed additions will essentially make the MHS board a local development board, rather than one focused on child welfare. This much is obvious.

But since the victims of all this are needy children, public officials will of course again turn a blind eye – while connected MHS board members line their pockets and perpetuate MHS failures.

³⁰ One interpretation of how the search firm handled this is that it deliberately dramatized the time the positions require, to induce people to walk away or demand pay. This also explains MHS board “leaks” “bemoaning” how “difficult” it was to find people “willing” to serve. The whole thing smells of the usual games played by an MHS board lacking the right motives; i.e., it steers vital child welfare decisions in a direction that will enrich board members, not help needy kids.

Current MHS board chair Velma Redmond – another individual with no child welfare qualifications who owes her position entirely to political cronyism – even had the temerity to suggest that the board would have “difficulty” finding quality candidates because base pay was set at “only” \$110,000. See, *An Open Letter To The Milton Hershey School Community From Velma Redmond*, July 29, 2016: goo.gl/jGibrf (“Although total compensation will be reduced for Directors, we are confident that we will still be able to attract qualified candidates...”).

Ms. Redmond’s comments are delusional: vastly more qualified boards serve for free at the very best charities – MHS is paying the most and getting the worst. In fact, we have not found any educational institutions that pay board fees for MHS’s part-time activities.

Ms. Redmond also remains on the board despite participating in every fiasco of the last 15 years – from “*Springboard Academy*” and multiage housing to \$4.2 million in “self-investigation” waste and promoting Mr. Gurt. The OAG’s failure to remove her along with Mr. Gurt is simply indefensible.

The real villains here are not MHS board members who behave exactly as their histories would predict, but derelict public officials who shield these board members from any accountability, refuse to institute necessary governance reforms, and openly abet misconduct.

15. M. Diane Koken and James W. Brown: “Hail! Hail! The Bipartisan Gang’s All Here!”

It is no coincidence that former Democratic Governor Ed Rendell cabinet members M. Diane Koken and James W. Brown are the two most recent additions to the high-pay MHS board; i.e., individuals who have zero child welfare qualifications but boast top-flight political connections.

Needless to add, Ms. Koken and Mr. Brown were also able to retain their \$110,000 “nonprofit” board seats because Governor Rendell’s Democratic ally – Attorney General Kathleen Kane – disgracefully signed off on an agreement that allows it. This was her last official act before being convicted on separate obstruction of justice charges and resigning from office.³¹

In other words, the reason for deplorable MHS policy is obvious: oversight officials have let it be converted into a bipartisan slush fund, with the charity infested up and down the line by connected insiders from both parties, in complete disregard of nonprofit and child welfare norms.

Nor is it just Ms. Koken and Mr. Brown. On the contrary, former Republican Governor Tom Ridge was given a lucrative Hershey Company board seat. Connected Democrat Sheila Dow-Ford was handed a high-pay HERCO board seat – as was former Republican gubernatorial candidate Lynn Swann.

What an entertainment & resort company like HERCO needed with a *student loan attorney* (Ms. Dow-Ford) or a *retired NFL wide receiver* (Mr. Swann) was never explained to the public.

The public also never learned why the board in 2013 thought that Mr. John Estey was qualified to serve as MHS interim president – but we do know that he was Governor Ed Rendell’s former chief of staff and the brother-in-law of then Attorney General Kane’s own chief of staff, Mr. Adrian King.

As if these crony connections weren’t enough, Governor Rendell and Messrs. Estey and King were also partners at the same powerhouse law firm, Ballard Spahr.

Mr. Estey is now awaiting sentencing on his own corruption charges – he was wearing a wire and cooperating with federal investigators when the MHS board named him interim president.³²

Mr. Estey’s last reported MHS annual compensation was \$925,112 – that is, the politically-connected have been doing quite well living off this grossly mismanaged charity.

Even MHS’s current in-house attorney was dubiously selected. This individual – Mr. Andrew Cline – had no background in child welfare matters nor residential care of any kind. But he did have some MHS history.

To explain: When the MHS board needed a whitewash “report” to absolve it of allegations of wrongdoing, the school reached out to former Governor Dick Thornburgh and his law firm, K&L Gates.

Mr. Thornburgh, in turn, had his own MHS history – among other things, he had held his gubernatorial inaugural celebration at MHS’s absurdly-expensive “Founders Hall,” a marble edifice that is itself a monument to MHS board shameful spending. Built for \$50 million in 1972 out of Vermont and Italian marble, it is a local tourist attraction and venue for Pennsylvania public official events – which is among the reasons the charity’s stewards were permitted to waste child welfare money on it.

Governor Thornburgh’s use of Founders Hall was of course at no charge. He also availed himself of MHS children who served as uncompensated waiters, parking lot attendants, and the cleanup crew for the event. When one boy pointed out that a cardinal rule of Mr. Hershey’s was broken that night – as Governor Thornburgh’s guests consumed liquor on MHS grounds, in direct violation of Mr. Hershey’s stern edict

³¹ See, e.g., “AG Kane Squanders Another Reform Golden Opportunity,” July 29, 2016: <http://conta.cc/2axNBBk>.

³² “John H. Estey, a former aide to ex-Gov. Ed Rendell, pleads guilty to corruption,” *The Morning Call*, May 10, 2016: <http://fw.to/02Om3I>

against such — the “upstart” child was admonished and whisked away. The housefather whose students did the cleanup described what a mess the guests left behind and students the next day found wine and cigarette stains on the marble — also MHS firsts.

Mr. Thornburgh later bragged about how much money he saved Pennsylvania taxpayers that day, neglecting to mention his novel cost-cutting methods.

Naturally, Governor Thornburgh could be counted on to deliver a ringing endorsement of the MHS board — a board that would later be named *among the ten worst in the country*. How much MHS child welfare money was paid to K&L Gates to procure this whitewash is unknown — but it was presumably substantial.

Governor Thornburgh’s K&L Gates partner in producing this whitewash was none other than Mr. Cline — and this is apparently how Mr. Cline demonstrated his “qualifications” for a position that in a rational world would be filled by someone who actually understood child welfare.

Mr. Cline’s appointment helps explain, among other things, why MHS utilizes a deplorable termination procedure, subjecting children to kangaroo courts; i.e., a “hearing” is conducted to expel MHS children where they are denied all due process rights, are not allowed to call witnesses, are not allowed to attend the hearing, are not permitted to have their parents attend, and then have no right of appeal.

This repugnant and systematic railroading of kids in vulnerable circumstances violates all principles of child welfare legal thinking. It is inconceivable that an attorney who actually had a child-focused background would allow it — to say nothing of MHS’s discrimination against disabled children or its other poor practices.

But here, too, no one at the OAG is the least concerned about the policy consequences for MHS children of these types of dubious appointments — far too many insiders are on the take.

In sum, the list of crony handouts at MHS is endless and explains why policy remains flawed — and also why the OAG has no appetite for reform: making MHS better for needy kids would disrupt a gravy train that both parties exploit — and we all know what to expect from politicians if given a choice between helping powerless kids and throwing lucre in the direction of powerful friends. Needy kids don’t have a chance.



“Founders Hall” was built in 1972 with \$50,000,000 of MHS child welfare money using Vermont and Italian marble. At the time, it boasted America’s second largest unsuspended dome — after the nation’s Capital — and the largest marble rotunda in the western hemisphere. Pennsylvania governors — including Dick Thornburgh — held inaugural celebrations there, with MHS children used as unpaid waiters, parking lot attendants, and the cleanup crew. Governor Thornburgh later whitewashed MHS board misconduct and historic failure in a report produced by his law firm, K&L Gates. His partner and report co-author, Mr. Andrew Cline, was later named MHS general counsel.

16. David Saltzman: “Take From The Poor And Give To The Rich!”

Special mention should also be made of the type of individuals who are not Pennsylvania political cronies – nor local picks lacking child welfare skills – but nonetheless find their way onto the MHS board. These “recruits” are also carefully vetted to assure that they will go along with a lucrative (if child-harming) status quo. Some of them might even provide a fig-leaf of propriety, particularly where they have profile in the charitable world.

An excellent illustration – using his own public statements – is Mr. David Saltzman, another individual lacking substantive child welfare qualifications.

Nonetheless, Mr. Saltzman was appointed to the MHS board. He then helped select Mr. Gurt as school president, will be part of the decision to name Mr. Gurt to the board, participated in the waste of \$4.2 million on “self-investigation,” and served on the board this summer when it once again beat back governance reforms and persuaded the OAG to approve new minimum base pay of \$110,000 per year.

The MHS board was primarily able to fight off reforms because then Attorney General Kathleen Kane was facing her own criminal trial for obstruction of justice. In what was apparently part of her defense “strategy,” General Kane staged an eve-of-trial MHS press conference, hoping to use the “splash” to sway jurors and the public – by projecting the illusion of “meaningful action.”

General Kane’s law license had been suspended and she was completely focused on her own problems. Ill-motivated and distracted, she should have had nothing to do with the grave Hershey matter.

Nonetheless, she insisted on upending years of work by her subordinates – including Deputy Attorney General Mark Pacella – just so she could stride into town for a dramatic MHS press “announcement.” This charade was nothing more than a long-shot bid at a get-out-of-jail-free card.

In the end, General Kane’s stunt was futile as she was convicted on every count and sentenced to prison.

But the MHS board exploited her circumstances to get off scot-free for its wrongdoing and waste of charitable assets as well as to avoid meaningful reforms – while opening the door to more self-enrichment.

Mr. Saltzman bears as much responsibility as anyone on the board for this outcome – one that means more money for board members like himself, but terrible circumstances for needy kids.

Not a single board member had the courage or decency to seek improvement of the Hershey governance model for needy kids when the chance to achieve such arose. On the contrary, they all joined in getting themselves the best financial “deal” possible.

Shortly after thus helping to lock up his “nonprofit” board windfall, Mr. Saltzman announced that he was leaving his position as executive director of the nonprofit Robin Hood Foundation. Mr. Saltzman told the *Wall Street Journal* that he was doing so to “*earn a little more money*,” supposedly in the for-profit sector.³³

As executive director of Robin Hood, Mr. Saltzman was paid \$702,101 annually for his full-time job, according to Robin Hood’s most recent IRS Form 990.

Mr. Saltzman will thus be paid nearly 20% of his former Robin Hood *full-time* pay for just his *part-time* MHS “nonprofit” work, at a base rate of \$530 per hour. He will also receive an additional \$10,000 annually if he chairs any MHS board committees, an additional \$30,000 if he chairs the board itself, and from \$100,000 to \$260,000 more if he snags one of the lucrative Hershey Company or HERCO board seats. Were these the kind of positions that Mr. Saltzman had in mind?

Capping the irony, Mr. Saltzman is leaving an organization whose motto is “*Take from the rich and give to the poor!*” This is while he has been serving on the board of another organization whose practice is “*Take from the poor and give to the rich!*”

³³ “*David Saltzman’s nonprofit lessons*,” *Wall Street Journal*, October 28, 2016: goo.gl/1jUj1Y



Former Attorney General Kathleen Kane is led away in handcuffs from her sentencing hearing shortly after having signed off on a toothless MHS “reform” agreement; e.g., it allows board members \$110,000 in minimum annual pay, requires no child welfare expertise on the board, and mandates no enrollment of foster care children. General’s Kane’s compromised status ultimately destroyed the latest chance for genuine Hershey reforms, as the MHS board exploited the embattled oversight official’s desperate circumstances to secure another watered-down reform package that preserved the status quo.

Mr. Saltzman’s Robin Hood affiliation also raises other questions.

For instance, Robin Hood is exacting in requiring quality and proven outcomes for funds that it places with nonprofits. It would be interesting to know if Robin Hood would ever fund a program such as MHS’s, where \$119,000 is spent per child annually, yet more children are removed than graduate.

Likewise, Robin Hood’s board boasts such national-caliber child welfare advocates as Marian Wright Edelman – an individual who is unlikely to encourage removal of children from loving homes, or placement of children as young as four or five in group homes. Yet, Mr. Saltzman is propping up a system that does all of this.

Finally, the Robin Hood fully-volunteer board is paid nothing. On the contrary, many of its board members contribute vast sums for the privilege of serving – as is the case at virtually all well-run nonprofits.

This means that Mr. Saltzman has worked for an impeccably-run charity that requires all spending to be results-driven and where no one on the board is paid – while he serves on the board of a shamefully-mismanaged charity where outcomes are deplorable, funds are squandered, programs are backwards, and the board *demands* pay.

If the Robin Hood Foundation wants to help vast numbers of needy kids – without spending its own money – all it needs to do is take Mr. Saltzman aside and persuade him to conduct himself in Hershey the way that the Robin Hood Foundation requires its own board members to conduct themselves in New York.³⁴

Mr. Saltzman’s case perfectly illustrates the skewed priorities at MHS today and what drives its current board members: they all want *“to earn a little more money.”*³⁵

³⁴ Protect The Hersheys’ Children, Inc. made several polite overtures to Mr. Saltzman seeking to discuss the issues raised here and to afford him an opportunity to explain his views. Mr. Saltzman ignored these overtures.

³⁵ Mr. Saltzman may be relying on a structural fiction to argue that he’s technically “not paid” for MHS board work, but instead is paid only by the for-profit Hershey Trust Company (HTC) for its board work. HTC and MHS have mirror-

MHS Board selection should be based on volunteerism and proven child welfare advocacy – not a crass and openly-expressed wish for more cash. The entire current board should be removed, including Mr. Saltzman. His conduct epitomizes how the MHS board has been constructed and why overhaul and governance reforms are essential.

17. MHS Board Heist: The Alumni Element

Alumni abettors of MHS board wrongdoing cannot be left out of the analysis. They have historically been the worst offenders, tracing to when alumni collaborated in removal of \$50 million and 543 acres to build Penn State University a medical school. The graduates who played key alumni association roles in that act went on to rewarding careers locally – and none later lifted a finger to end the abuses described here. On the contrary, they participated in many of the decisions that harmed MHS children.

The type of alumni chosen for the board today follows an equally cynical pattern. For instance, current MHS board member alumnus Robert Heist was named in 2011 despite lacking meaningful qualifications.

Mr. Heist had, however, ingratiated himself to the board by working incessantly to undermine the alumni association’s efforts to secure governance reforms. Mr. Heist’s anti-reform campaigning was vital to a board seeking to maintain its lucrative status quo, and that saw in alumni the only real challenge to this.

Mr. Heist’s conduct included spearheading a shameful lawsuit against the association and two of its officers – naming individual defendants was a particularly nasty twist that was apparently Mr. Heist’s idea.

The case was meritless but forced the volunteer and asset-starved alumni association to fight a rear-guard action against Mr. Heist and his fellow nuisances – while simultaneously taking on the OAG, the MHS board, and the Pennsylvania establishment in the battle for MHS reform (to say nothing of the Attorneys General of South Dakota, New Hampshire, Maine, and Massachusetts, who all also eventually piled on).

This two-front war bled the association white and put extraordinary pressure on the marriages and personal finances of the association officers – one of the obvious goals of naming individual defendants. Mr. Heist and Mr. Gurt coordinated closely throughout, doing everything they could to undermine the reform activists.

This push for reforms was ultimately extinguished – after the 2006 state supreme court ruling described in footnote 19 above. The alumni association by then was also beaten into submission and came to be controlled by Mr. Heist, acting for the MHS board.

Mr. Heist thereupon issued a groveling public “apology” for the association having ever pursued reforms.

In other words, after the confederacy of greed and incompetence had routed the Hershey reform loyalists in the struggle for an improved MHS, Mr. Heist cravenly apologized that alumni had ever dared to seek a better future for the needy kids who follow us.

With the alumni association thus fully prostrated under Mr. Heist’s “leadership,” MHS programs continued their sharp and now unimpeded turn back in time. This was under such alumni administrators as Messrs. Gurt and O’Brien – i.e., Mr. Heist’s unabashed allies in forcing regression on the school.

The MHS board thereafter rewarded Mr. Heist with his own lucrative board seat.³⁶

boards comprised of *the exact same people*. Further, HTC conducts no business activity. This corporate shell, owned entirely by the MHS Trust, is simply used to funnel pay to MHS board members, giving them a fig-leaf for claiming they are not technically “paid” for MHS “nonprofit” work. This is even though the combined board meetings consist solely of discussions regarding the charity and its assets. The charity’s founder surely anticipated this silly ruse and prohibited the MHS Trust from compensating HTC at all for its charitable oversight (besides a \$1,000 nominal annual payment to HTC; i.e., *less than \$100 per board member per year* – not the \$110,000 minimums that they are paying themselves).

³⁶ Mr. Heist has taken full advantage of MHS board perks; e.g., documents leaked this year showed that he had the MHS charity pay his expenses for attending MHS’s homecoming, including hotel, travel, and golfing.

Mr. Heist is particularly close to Mr. Gurt and the pair appear to have worked in tandem over the last several years to advance their mutual self-interest, beginning with undermining the alumni association's reform campaign – and, later, securing the MHS presidency for Mr. Gurt, despite his record.

Mr. Heist helping Mr. Gurt join the board now is likely also a next step in Mr. Heist's own effort to climb higher up the power ladder; i.e., to secure the MHS board chairmanship for himself, with its \$30,000 in extra annual pay. In other words, Mr. Heist is probably counting on Mr. Gurt's vote – and those of the others slated to join the board with Mr. Gurt – in future board chair selection decisions.³⁷

The behavior of these two helps illustrate why everyone on the board should be removed: this is not a group that can be reformed – they must all go if MHS is to be turned around. Nothing about those on the board today speaks of genuine child welfare knowledge, proper motives, or commitment to sound governance. Instead, it is all back-stabbing, palace intrigue, greed, and naked power games.³⁸

Further, if any alumni are to be named to the board in the future, they should be individuals with proven qualifications and motives that are above reproach – not avaricious climbers whose primary skill is gaming a rotten-to-the-core system.

18. Conclusion: Time To End The MHS Confederacy of Greed & Incompetence

Until MHS turns the page and replaces its entire paid board with a fully volunteer one anchored by child welfare professionals, the sham “expertise” of alumni like Peter Gurt will combine with the greed and incompetence of board members to perpetuate awful policy. This dynamic wastes vast sums and hurts children, as we have seen repeatedly demonstrated, and as this essay describes.

Nor are half-measures or incremental-change proposals any longer acceptable: as every knowledgeable commentator has concluded, MHS must be overhauled and liberated from layers of bad decisions – which are all the fault of feckless Pennsylvania officials who place crony greed above needy kids.³⁹

The blistering words of Pablo Eisenberg – the nation's leading commentator on nonprofit governance – warrant extensive quotation:

The latest problems are hardly the first at the Hershey School, which for more than 20 years has been plagued by poor administration, political patronage, board pay that exceeded \$100,000 annually for each member, conflicts of interest involving trustees, and questionable real-estate deals.

In all that time, local, state, and federal regulators have repeatedly failed to hold the trust and school officials accountable. They have been incapable, or, more likely, unwilling, to stop school policies and practices that have been harmful to students, preferring instead to support the political and financial interests of board members

³⁷ It is difficult to understand why MHS board member Robert Cavanaugh, in particular, would have been willing to name Mr. Gurt as president or stand by now while he is elevated to the board. The most likely explanation is that Mr. Gurt enjoys support from the board faction led by Mr. Heist – a group that Mr. Gurt helped in its apparently successful effort to oust Mr. Cavanaugh, who will be forced off the board at year-end. This would also explain coordinated attacks on Mr. Cavanaugh's faction from alumni aligned with Messrs. Heist and Gurt, including two op-eds in a local newspaper that dripped of Machiavellian maneuvering. In other words, Mr. Gurt's promotion to the board is likely just one part of an internal board power struggle that has nothing at all to do with child welfare or how MHS should be operated – i.e., it reflects the typical MHS board “selection criteria.”

³⁸ See, e.g., “*Back-Stabbing and Threats of a ‘Suicide Parachute’ at Hershey*,” *New York Times*, July 30, 2016: <http://nyti.ms/2aSqONW>

³⁹ See, e.g., “*Hershey school board, despite orders to be frugal, runs up big expense bill*,” *Philadelphia Inquirer*, June 20, 2116 (“It looks from a distance like the [Hershey Trust] needs a real housecleaning in the board room,” said Randall Roth, a trust law expert at the University of Hawaii's William S. Richardson School of Law. [...] “*These piecemeal reforms aren't getting it to where it needs to be*,” said Jonathan Klick, a professor at the University of Pennsylvania Law School who has written on the Hershey Trust. “*The whole set-up is bad from top to bottom*.” Klick said he believes that the trust should be dissolved or the organization restructured.” (Emphases added.)): goo.gl/zJ18QI

and administrators. They have tolerated board excesses and actions that are rarely seen in the nonprofit world. [...]

But it's not just the state that is at fault here. The federal government has been slow to take action.

Three years ago, as a result of the suicide of Abbie Bartels...the Justice Department started an investigation of the school's policies...

The school denies any wrongdoing. The Justice Department is still investigating. Why is it taking Justice so long to act?

The Internal Revenue Service has been even less attentive...

Regulators' ineptitude and cowardice have been reinforced by a widely shared conspiracy of silence throughout Pennsylvania. [...]

It's time the Hershey School scandal was put to rest. The school needs a totally new board with some education and youth-development experts. It needs a change in board-compensation policies. It needs a new set of administrators who have the interests of the students at heart and know how to run an effective educational institution. [...]

When a new attorney general takes office in January, I hope he or she will finally help ensure the Hershey School becomes an institution that focuses solely on doing its best to meet the academic and health needs of its students and no longer gets involved in financial shenanigans.

The public can no longer tolerate what has happened at the Hershey School. It must demand a drastic change.⁴⁰

Mr. Eisenberg hits the nail on the head: from state Attorney General Walter Allesandroni's 1963 aiding of MHS in diverting orphanage resources to build Penn State a medical school to Kathleen Kane's multiple wrongs, MHS has become a hotbed of crony appointments, bad policy, flawed governance, gross mismanagement, and child-harming scandals. This is the fault of a derelict OAG that refuses to do its job.

The numbers don't lie. The facts scream for redress. This has been documented year after year in numerous publications and by our group. What more will it take before someone in Harrisburg is shamed into action?

It is thus again up to oversight officials, this time, incoming Attorney General Josh Shapiro: *the entire MHS apparatus must be atomized and reconstituted along child welfare lines*. We now know this too well.

What General-elect Shapiro will do upon assuming office in 2017 is unknown. But he has all the cause needed for definitive action, on the grounds that children will otherwise be hurt; that is, he has his own "*We-know-that-the-hours-between-10-PM-and-6-AM-pass-very-slowly-for-some-of-these-kids*" crisis, giving him legal justification to intervene right now.

This cause comes in the form of such ongoing, reckless, and indefensible programs as "*Ivy League Kindergartens*." These must be shut down *immediately* – they are hurting children today and no one at MHS will even admit it.

Legal cause for intervention also comes in the form of:

- Kangaroo court expulsion "reviews" that hurt kids and defy all logic;
- Discrimination against children with disabilities, in violation of the law;
- Cruel treatment of a tender girl like Abbie;
- "Gay conversion videos" forced on a boy like Adam;
- More than one child removed from MHS each school day;
- Leadership who think the humiliation of a poor girl is subject matter for a "joke" before children;

⁴⁰ "New Pennsylvania Attorney General Must Put an End to Hershey Trust Scandals," Pablo Eisenberg, *Chronicle of Philanthropy*, August 24, 2016. Mr. Eisenberg also graciously acknowledged our group's efforts. ("*Protect the Hersheys' Children – a dissident group of alumni headed by a tough lawyer, Ric Fouad – is the only organization that has continually fought to overhaul the school's policies and practices. Thanks to its persistence and courage – and in spite of harsh criticism and attacks on its integrity by school officials – the Hershey pot has been kept boiling.*")

- A greedy and unqualified board that makes a mockery of selecting new members and senior MHS leaders;
- Discredited policy that is stuck in a time warp;
- An endless parade of hurt children and damaged families;
- Ongoing investigations by federal and state discrimination agencies;
- Blatant cherry-picking of children for enrollment who don't need MHS – while turning a cold shoulder to our nation's most desperate kids;
- Ceaseless spending on public relations, board perks, "internal investigations," luxury hotels, and other items totally disconnected from child welfare;
- And all of the other ongoing MHS problems that continue year after year after year.

There is simply no argument that the MHS board or current governance structure are in any way even remotely discharging the charity's child welfare mission – *none*.

The OAG is thus obligated to act – its governance-reform duty here is a function of black-letter law – and in any other state, this would have long since produced change.

Further, there is no secret why this has not happened in Pennsylvania – Chicago-Kent College of Law's Professor Evelyn Brody summed it up: *"The Hershey case shows each of the three branches of Pennsylvania government acting illegitimately. The attorney general practically treated the Hershey assets as his campaign funds... The Hershey case illustrates that the value of narrowly-confined [i.e., child welfare] assets does not disappear – it just gets appropriated by those with power at their disposal."*⁴¹

In short, Hershey is a mess because public officials refuse to act against the powerful.

General-elect Shapiro can follow the lead of predecessors who ignored MHS breakdown and played politics – an approach that will hurt kids but please insiders who want their own snouts in the Hershey trough.

Alternatively, the new sheriff in town can stand tall and pursue MHS overhaul – which will help legions of impoverished children and families but anger entrenched elites who see Hershey only as a patronage mill.

But one thing is certain: if the MHS board were finally overhauled, quality programs would follow, child welfare resources would be well spent, children would no longer be gratuitously hurt, and Pennsylvania would vault to the nation's forefront in rescuing kids in crisis – a beacon of hope in the darkness.

Until this happens, MHS kids will have to endure more of the *"We-call-this-Back-to-the-Future!"* sloganeering of the next addition to the MHS board: serial offender and alumnus Peter Gurt.

Milton & Catherine Hershey would be heartbroken – but an MHS moment of truth has arrived.

It is equally a moment of truth for the latest first-term Attorney General to enter office claiming to be different. His predecessor – fellow Democrat Kathleen Kane – said similar things, before selling needy kids down the river for naked political gain. General Kane was seeking a U.S. Senate seat and wanted support from Democratic powerbrokers. She got it by clearing their path to MHS wealth, precipitating today's debacle.

Time will tell if General-elect Shapiro follows in her footsteps or chooses a different path. It could be that in his case, too, the past is prologue to the future. Or maybe he will be the Attorney General that finally unleashes Hershey wealth to rescue needy kids, fulfilling the wishes of the charity's benevolent founder.

Uncannily, *The Philadelphia Inquirer* raised similar concerns on the day this essay was released.⁴² That august newspaper, too, would want bold action on Hershey from General-elect Shapiro. We must now all wait to see what he does.

⁴¹ Brody, Evelyn (2004) *"Whose Public? Parochialism and Paternalism in State Charity Law Enforcement,"* *Indiana Law Journal*: Vol. 79: Iss. 4, Article 3: <http://www.repository.law.indiana.edu/ilj/vol79/iss4/3> (Emphasis added.)

⁴² *"Will yet another overhaul rid the Hershey Trust board of its crony culture?"* *Philadelphia Inquirer*, December 22, 2016: goo.gl/uvMaK3