

DATE: 05/08/2012

PAGE: 1

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
INVESTIGATIONS SERVICE

***** CASE CLOSING TRANSMITTAL *****

CLOSED: 05/08/2012

CASE #: 1209899868 TYPE/SERVICE: RSI - PRT E-QIP#:

EXTRA COVERAGE:

NAME: SPANIER, GRAHAM BASIL

SEN: [REDACTED] DOB: [REDACTED] POSITION:

***** MAIL TO *****

SON: 346W * SOI: DD03
DEFENSE SECURITY SERVICES * DEPARTMENT OF DEFENSE
DEFENSE INDUSTRIAL SECURITY CLEARANCE * DISCO
OFFICE * BUILDING 600 10TH STREET
600 10TH STREET, SUITE 160 * FORT MEADE, MD 20755
FT. MEADE, MD 20755 *

AGENCY DATA:

OPM ASSESSMENT: D -SEE ATTACHED INV FORM 79A REVIEW LEVEL 3

THE ITEM INFORMATION SUMMARIZED BELOW, AND ANY REPORTS OF INVESTIGATION, INQUIRY FORMS AND/OR OTHER ATTACHMENTS WITH THIS TRANSMITTAL, COMPLETE THE INVESTIGATION REQUESTED ON THE PERSON IDENTIFIED ABOVE.

THIS CASE HAS BEEN ELECTRONICALLY TRANSMITTED BY OPIS

***** ITEM INFORMATION *****

THE ISSUE CODES CONTAINED IN THIS DOCUMENT PROVIDE A PRELIMINARY ASSESSMENT BY OPM OF THE INFORMATION OBTAINED BY OPM INVESTIGATORS AND INFORMATION SOURCES AND ARE NOT INTENDED TO REPLACE THE REQUIREMENT FOR ADJUDICATIVE EVALUATION BY THE AGENCY REQUESTING THE INVESTIGATION.

ITEM	TYPE	ITEM IDENTIFICATION/LOCATION	CM RESULTS
001	EMPL	EMPLOYER - PENNSYLVANIA STATE UNIVERSITY STATE COLLEGE, PA	R ISSUE(S)
002	SPIN	SPECIAL INTER UNIVERSITY PARK, PA	P ISSUE(S)
003	LAWE	STATE COLLEGE, PA	R NO RECORD
004	LAWE	UNIVERSITY PARK, PA	R NO RECORD
005	LAWE	HARRISBURG, PA	R REFERRED
006	LAWE	STATEWIDE/PA, PA	R NO PERTINENT
007	LAWE	STATE COLLEGE, PA	R NO RECORD
008	LAWE	STATE COLLEGE, PA	R NO RECORD
009	GENL	SCHUYLER J. MCLAUGHLIN, ESQ. STATE COLLEGE, PA	P ISSUE(S)
010	GENL	DR. EDWARD G. LISZKA STATE COLLEGE, PA	P ISSUE(S)

DATE: 05/08/2012

PAGE: 2

CASE #: 1209899868 TYPE/SERVICE: RSI - PRT

E-QIP#:

EXTRA COVERAGE:

NAME: SPANIER, GRAHAM BASIL

SSN: [REDACTED] DOB: [REDACTED] POSITION:

ITM	TYPE	ITEM IDENTIFICATION/LOCATION	CM RESULTS
011	GENL	MS. FRANCES ANNE RILEY BOALSBERG, PA	P ISSUE (S)
012	REFE	DR. THOMAS G. POOLE UNIVERSITY PARK, PA	P ISSUE (S)
013	GENL	MS. CAROLYN ANN DOLBIN WARRIORS MARK, PA	P ISSUE (S)
014	GENL	MS. PAULA R. AMMERMAN UNIVERSITY PARK, PA	P ISSUE (S)
015	REFE	DR. RODNEY ERICKEON UNIVERSITY PARK, PA	P ISSUE (S)
016	GENL	MR. JOHN P. SURMA PITTSBURGH, PA	P ISSUE (S)
017	GENL	MR. STEVE A. GARBAN STATE COLLEGE, PA	P ISSUE (S)
018	GENL	MR. GARY C. SCHULTZ BOALSBERG, PA	P ISSUE (S)
019	GENL	MR. TIMOTHY M. CURLEY BOALSBERG, PA	P ISSUE (S)
020	GENL	HONORABLE CYNTHIA A. BALDWIN UNIVERSITY PARK, PA	P ISSUE (S)
021	GENL	MR. JOSEPH J. DONCSEKZ UNIVERSITY PARK, PA	P ISSUE (S)
022	GENL	MR. RODNEY P. KIRSCH UNIVERSITY PARK, PA	P ISSUE (S)
023	GENL	SUBJECT CONTACT STATE COLLEGE, PA	P ACCEPTABLE
A01	SII		L RECORD

***** END CASE CLOSING TRANSMITTAL *****

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
INVESTIGATIONS SERVICE
WASHINGTON, DC 20415

CERTIFICATION OF INVESTIGATION

DATE: 05/08/2012

SUBMITTING OFFICE: SON - 346W

SECURITY OFFICE: SOI - DD03

DEPARTMENT OF DEFENSE
DISCO
BUILDING 600 10TH STREET
FORT MEADE, MD 20755

NAME: SPANIER, GRAHAM BASIL

SEN: [REDACTED] DOB: [REDACTED] POSITION:

CASE TYPE: RSI CLOSING DATE: 05/08/2012 OPM CASE #: 1209899868
EXTRA COVERAGE:
POSITION CODE : /

SCHEDULED DATE: 01/20/2012

INVESTIGATION CONDUCTED FROM: C

THIS CERTIFIES THAT A BACKGROUND INVESTIGATION ON THE PERSON IDENTIFIED ABOVE
HAS BEEN COMPLETED. THE RESULTS OF THIS INVESTIGATION WERE SENT TO THE SECURITY
OFFICE FOR A SECURITY/SUITABILITY DETERMINATION.

AGENCY CERTIFICATION: THE RESULTS OF THIS INVESTIGATION HAVE BEEN REVIEWED, AND
A FINAL DETERMINATION HAS BEEN MADE.

AGENCY CERTIFYING OFFICIAL | DATE
|
|

FILE THIS CERTIFICATE ON THE PERMANENT SIDE OF THE PERSON'S OFFICIAL PERSONNEL
FOLDER AFTER THE FINAL AGRNCY DETERMINATION IS MADE.

**Electronic Questionnaires for Investigations Processing (e-QIP)
Investigation Request #3372123**

ARCHIVAL COPY - RETAIN FOR YOUR RECORDS

The information contained in this document represents data submitted by **GRAHAM BASIL SPANIER** (Applicant) for the e-QIP Investigation Request #3372123. Applicant certified the accuracy of this information at 2008-04-30 15:50:50.896.

This Investigation Request contains the following documents:



1209899868

- Page 1: Investigation Request Cover Sheet**
- Page 2-36: Questionnaire for National Security Positions (SF86 Format)**

Note: To conserve paper only the first entry in multiple-entry lists displays completion instructions. The completion instructions for the first entry also applies to each additional entry unless otherwise noted.



Electronic Questionnaires for Investigations Processing (e-QIP)
Investigation Request # 11576869 for Applicant [REDACTED]

Page 1 of 1
Signature Forms

Electronic Questionnaires for Investigations Processing (e-QIP) Investigation Request # 11576869

SIGNATURE FORMS

BEST COPY

The signature(s) in this document refer to information on forms submitted in the e-QIP Investigation Request #11576869. The signature on the statement below is as valid as directly signing the same statement on a printed e-QIP Investigation Request #11576869 Official Archival Copy. This signed statement and an image of each page from the e-QIP Investigation Request #11576869 Official Archival Copy will be considered official record.

Sign and submit all forms in this document to the office that initiated your Investigation Request.

Data Hash Code: dae6d66788e6d5d7af258fd957d81a1590e96e6e
Official Archival Copy PDF Hash Code: 6a4ef986bb3e7a99914bee87db2d4e1b63111eb5
Date/Time Certified in the e-QIP System: 2011-12-17 11:08:50.549
Applicant's Social Security Number: [REDACTED]

Questionnaire for National Security Positions (SF86 Format)
OMB No. 3208-0005

Certification

My statements on this form, and on any attachments to it, are true, complete, and correct to the best of my knowledge and belief and are made in good faith. I have carefully read the foregoing instructions to complete this form. I understand that a knowing and willful false statement on this form can be punished by fine or imprisonment or both (18 U.S.C. 1001). I understand that intentionally withholding, misrepresenting, or falsifying information may have a negative effect on my security clearance, employment prospects, or job status, up to and including denial or revocation of my security clearance, or my removal and debarment from Federal service.

Signature (Sign in Ink) *Robert Spamer* Date (mm/dd/yyyy) 12/17/2011

Standard Form 88
Revised December 2010
U.S. Office of Personnel Management
5 CFR Parts 731, 732, and 736

QUESTIONNAIRE FOR
NATIONAL SECURITY POSITIONS

OMB No. 3205-0003



1209899868

UNITED STATES OF AMERICA

AUTHORIZATION FOR RELEASE OF INFORMATION

Carefully read this authorization to release information about you, then sign and date it in ink.

BEST COPY

I authorize any investigator, special agent, or other duly accredited representative of the authorized Federal agency conducting my background investigation, re-investigation or continuous evaluation (as defined in Executive Order 12958 as amended by Executive Order 13457) to obtain any information relating to my activities from individuals, schools, residential management agents, employers, criminal justice agencies; credit bureaus, consumer reporting agencies, collection agencies, retail business establishments, or other sources of information. This information may include, but is not limited to, my academic, residential, achievement, performance, attendance, disciplinary, employment history, criminal history record information, and financial and credit information. I authorize the Federal agency conducting my investigation to disclose the record of my background investigation to the requesting agency for the purpose of making a determination of suitability or eligibility for a national security position.

I authorize the Social Security Administration (SSA) to verify my Social Security Number (to match my name, Social Security Number, and date of birth with information in SSA records and provide the results of the match) to the United States Office of Personnel Management (OPM) or other Federal agency requesting or conducting my investigation for the purposes outlined above. I authorize SSA to provide explanatory information to OPM, or to the other Federal agency requesting or conducting my investigation, in the event of a discrepancy.

I understand that, for financial or lending institutions, medical institutions, hospitals, health care professionals, and other sources of information, separate specific releases may be needed, and I may be contacted for such releases at a later date. I authorize any investigator, special agent, or other duly accredited representative of the OPM, the Federal Bureau of Investigation, the Department of Defense, the Department of State, and any other authorized Federal agency, to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for assignment to, or retention in, a national security position, in accordance with 5 U.S.C. 9101. I understand that I may request a copy of such records as may be available to me under the law.

I authorize custodians of records and other sources of information pertaining to me to release such information upon request of the investigator, special agent, or other duly accredited representative of any Federal agency authorized above regardless of any previous agreement to the contrary.

I understand that the information released by records custodians and sources of information is for official use by the Federal Government only for the purposes provided in this Standard Form 88, and that it may be disclosed by the Government only as authorized by law.

I authorize the information to be used to conduct officially sanctioned and approved personnel security-related studies and analyses, which will be maintained in accordance with the Privacy Act.

Photocopies of this authorization with my signature are valid. This authorization shall remain in effect so long as I remain employed in a sensitive position requiring eligibility for access to classified information.

Signature (Sign in ink) <i>Graham Basile Spanier</i>	Full name (Type or print legibly) GRAHAM BASILE SPANIER		Date signed (mm/dd/yyyy) 12/17/2011
Other names used	Date of birth	Social Security Number	
Current street address	Apt #	City/State/Zip	Home telephone number

NAME SPANIER, GRAHAM BASIL

|CASE # 1209899868 |PAGE 1

DATES OF INVESTIGATION 02/06/12 - 05/08/12 | SID T660 | ORG ID N65 | REPORT # 02

TESTIMONIES

ITEM: 001

SOURCE: 001

NAME PENNSYLVANIA STATE UNIVERSITY (PSU), OFFICE OF HUMAN RESOURCES, PSU
OFFICE OF HUMAN RESOURCES, 328 JAMES M. ELLIOTT BUILDING, UNIVERSITY
PARK, PA 16802

PERSONNEL RECORD

PROVIDER SHAWNEE WAGNER, RECORDS SPECIALIST

SF RELEASE

ISSUE(S) 05A

NAME VERIFIED SSN NOT SHOWN DOB VERIFIED POB NOT SHOWN

EMPLOYMENT DATES 11/11 - PRESENT

STATUS FULL TIME

WORKSITE ADDRESS 0201 OLD MAIN, CORPORATE CONTROLLER, UNIVERSITY PARK, PA
16802

POSITION PRESIDENT EMERITUS

OFFICE NAME CORPORATE CONTROLLER

EMPLOYMENT STATUS CHANGE NOT SHOWN

EMPLOYMENT DATES 09/95 - 11/11

STATUS FULL TIME

WORKSITE ADDRESS 0201 OLD MAIN, CORPORATE CONTROLLER, UNIVERSITY PARK, PA
16802

POSITION PRESIDENT/PROF SOC LG PROF

REHIRE STATUS NOT SHOWN

OFFICE NAME CORPORATE CONTROLLER

EMPLOYMENT STATUS CHANGE NOT SHOWN

PSU OFFICE OF HUMAN RESOURCES RECORDS, AS REVIEWED BY THE RECORDS
SPECIALIST, REFLECT SUBJECT'S DATES OF EMPLOYMENT AND ASSOCIATED
POSITIONS, AS FOLLOWS:

11/10/2011 TO PRESENT: PRESIDENT EMERITUS

09/01/1995 TO 11/10/2011: PRESIDENT/PROF SOC LG PROFESSOR

RECORD REFLECTS THE MOST RECENT ENTRY IN SUBJECT'S PSU HUMAN RESOURCES
FILE AS A 10/31/2011 BENEFIT ITEM CHANGE (NFI). RECORD DOES NOT
REFLECT ANY ENTRIES BEYOND 10/31/2012, WITH THE EXCEPTION OF A TITLE
CHANGE FROM PRESIDENT/PROF SOC LG PROFESSOR TO PRESIDENT EMERITUS WITH
THE DATE OF TITLE CHANGE AS 11/10/2011 (NFI). RECORD DOES NOT REFLECT
ANY SUPPORTING DOCUMENTATION FOR THE TITLE CHANGE.

RECORD CONTAINS AN EMPLOYMENT HISTORY, AS FOLLOWS:

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (18)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

42

09/01/1995: EXECUTIVE NEW HIRE AS PRESIDENT./PROFESSOR OF SOCIOLOGY

04/03/1995: REQUEST/APPROVAL FOR IMMEDIATE TENURE AND APPOINTMENT AS PROFESSOR OF HUMAN DEVELOPMENT & FAMILY STUDIES IN THE COLLEGE OF HEALTH & HUMAN DEVELOPMENT, PROFESSOR OF SOCIOLOGY IN THE COLLEGE OF LIBERAL ARTS AND ALSO PROFESSOR OF FAMILY AND COMMUNITY MEDICINE IN THE COLLEGE OF MEDICINE.

09/30/1982: TERMINATION PROCESSED -- ACCEPTED A POSITION AS VICE PROVOST FOR UNDERGRADUATE STUDIES AT THE STATE UNIVERSITY OF NEW YORK AT STONY BROOK.

06/28/1979: ASSOCIATE PROFESSOR OF HUMAN DEVELOPMENT & SOCIOLOGY AND ASSOCIATE DEAN FOR RESIDENT INSTRUCTION IN HUMAN DEVELOPMENT (INDIVIDUAL & FAMILY STUDIES AT UNIVERSITY PARK)

05/18/1979: TENURE GRANTED (EFFECTIVE 07/01/1979)

07/01/1977: ASSOCIATE PROFESSOR OF HUMAN DEVELOPMENT & SOCIOLOGY (INDIVIDUAL AND FAMILY STUDIES AT UNIVERSITY PARK)

01/01/1975: ASSISTANT PROFESSOR OF HUMAN DEVELOPMENT & SOCIOLOGY (INDIVIDUAL & FAMILY STUDIES AT UNIVERSITY PARK)

08/15/1973: ASSISTANT PROFESSOR OF HUMAN DEVELOPMENT (INDIVIDUAL & FAMILY STUDIES AT UNIVERSITY PARK).

RECORD REFLECTS SUBJECT'S EDUCATION, AS FOLLOWS:

1969: IOWA STATE UNIVERSITY, B.S., MAJOR SOCIOLOGY, MINORS: PSYCHOLOGY & MATHEMATICS

1971: IOWA STATE UNIVERSITY, M.S., MAJOR: SOCIOLOGY

1973: NORTHWESTERN UNIVERSITY, PHD, MAJOR: SOCIOLOGY

RECORD DOES NOT CONTAIN ANY PAYROLL INFORMATION.

RECORD DOES NOT REFLECT ANY ADVERSE OR DEROGATORY INFORMATION REGARDING SUBJECT.

RECORD REFLECTS SUBJECT'S CURRENT RESIDENTIAL ADDRESS AS 425 WINDMERE DRIVE, APARTMENT 2A, STATE COLLEGE, PA 16801 (DISCREPANT).

ITEM: 001 INVESTIGATOR'S NOTE

SOURCE: 002

MS. SHAWNEE WAGNER ADVISED THAT THE PSU OFFICE OF HUMAN RESOURCES DOES NOT MAINTAIN ANY HUMAN RESOURCES OR PAYROLL INFORMATION FOR PSU UNIVERSITY EXECUTIVES BEYOND THAT WHICH WAS PROVIDED. MS. WAGNER

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, DC 20415-4000

NAME SPANIER, GRAHAM BASIL

|CASE # 1209899868 |PAGE 3

DATES OF INVESTIGATION 02/06/12 - 05/08/12 | BID T660 | ORG ID N65 | REPORT # 02

ADVISED THAT ADDITIONAL INFORMATION MAY BE LOCATED AT THE PSU OFFICE
OF THE CORPORATE CONTROLLER WHICH SHE BELIEVES MAY HOLD RECORD
INFORMATION REGARDING PSU UNIVERSITY EXECUTIVES.

ITEM: 001

SOURCE: 003

NAME PENNSYLVANIA STATE UNIVERSITY (PSU), OFFICE OF THE CORPORATE
CONTROLLER, PSU OFFICE OF THE CORPORATE CONTROLLER, 408 OLD MAIN,
UNIVERSITY PARK, PA 16802
PSU CORPORATE CONTROLLER RECORD
PROVIDER SUSAN D SAMPBELL, DIRECTOR, CPA
SF RELEASE.

ISSUE(S) 05D 07C

NAME VERIFIED SSN VERIFIED DOB VERIFIED POB NOT SHOWN

PSU OFFICE OF THE CORPORATE CONTROLLER RECORDS, AS REVIEWED BY THE
DIRECTOR OF FINANCE AND ADMINISTRATION, REFLECTS THE FOLLOWING
INFORMATION:

AN EXECUTIVE PAYROLL CHANGE FORM, BEARING THE FOLLOWING INFORMATION:

EXECUTIVE INFORMATION:

PSU ID NO.: 9-2474-5488
LAST NAME: SPANIER
FIRST NAME: GRAHAM
MIDDLE INITIAL: B.

PAYROLL INFORMATION:

CHANGE EFFECTIVE DATE: 11/10/2011
POSITION TITLE OR RANK: CURRENT: PRESIDENT, CHANGE TO: PRESIDENT
EMERITUS
POSITION NUMBER: CURRENT: 0026-00, CHANGE TO: 00095-000
SALARY PLAN: BOTH 12 MONTHS
ANNUAL SALARY: NOT SHOWN
PAYROLL CLASS: NOT SHOWN
GRADE/STEP: N/A

THE FORM IS DATED 12/12/2011 AND IS SIGNED BY THE PSU FINANCIAL
OFFICER AND THE PSU ASSOCIATE VP/CONTROLLER.

RECORD REFLECTS SUBJECT'S ADDRESS AS 325 WINDMERE DRIVE, APARTMENT 2A,
STATE COLLEGE, PA 16801 (DISCREPANT).

RECORD CONTAINS SUBJECT'S MOST RECENT PAYROLL VOUCHER, VOUCHER NO.
55802, WITH AN AMOUNT OF 58,333.33 (NFI).

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

RECORD CONTAINS PAGES 1 OF 8 AND TWO COPIES OF PAGE 8 OF 8, EACH COPY OF PAGE 8 OF 8 BEARS A SEPARATE SIGNATURE; ONE BEARING THE SIGNATURE OF STEVE A. GARBAN, DATED 11/15/2011 AND THE OTHER BEARING THE SIGNATURE OF GRAHAM SPANIER, ALSO DATED 11/15/2011 (THE SIGNATURES OF GARBAN AND SPANIER DO NOT APPEAR ON THE SAME COPY).

PAGE 1 OF THE CONFIDENTIAL SEPARATION AGREEMENT READS AS FOLLOWS:

EXECUTION COUNTERPART

CONFIDENTIAL SEPARATION AGREEMENT

THIS CONFIDENTIAL SEPARATION AGREEMENT ("AGREEMENT") IS ENTERED INTO BY AND BETWEEN THE PENNSYLVANIA STATE UNIVERSITY ("UNIVERSITY") AND GRAHAM B. SPANIER, PH.D. ("DR. SPANIER"). THE UNIVERSITY AND DR. SPANIER, EACH INTENDING TO BE LEGALLY BOUND AND IN CONSIDERATION OF THE FOLLOWING MUTUAL PROMISES AND COVENANTS, DO AGREE AS FOLLOWS,

1. EFFECTIVE NOVEMBER 9, 2011, DR. SPANIER WAS TERMINATED FROM THE POSITION OF PRESIDENT OF THE UNIVERSITY WITHOUT CAUSE PURSUANT TO SECTION H.2 OF HIS EMPLOYMENT AGREEMENT DATED JULY 1, 2010 ("EMPLOYMENT AGREEMENT"). BY VIRTUE OF DR. SPANIER'S TERMINATION FROM THE POSITION OF PRESIDENT, IT IS UNDERSTOOD AND AGREED THAT HE LIKEWISE RELINQUISHES HIS POSITION ON THE UNIVERSITY'S BOARD OF TRUSTEES, THE PRESIDENCY OF THE CORPORATION FOR PENN STATE ("THE CORPORATION"), ALL EX-OFFICIO POSITIONS HELD WITH RESPECT TO ANY BOARD OF ANY SUBSIDIARY OF THE CORPORATION AND ALL OTHER EX-OFFICIO POSITIONS TIED TO THE PRESIDENCY OF THE UNIVERSITY, EXCEPT THAT IN THE CASE OF DR. SPANIER'S MEMBERSHIP ON THE NATIONAL SECURITY HIGHER EDUCATION ADVISORY BOARD, DR. SPANIER SHALL RESIGN AS SOON AS PRACTICABLE UNDER THE POLICIES AND PRACTICES OF SUCH ADVISORY BOARD.

2. BY VIRTUE OF DR. SPANIER'S TERMINATION FROM THE POSITION OF PRESIDENT OF THE UNIVERSITY, IT IS ALSO UNDERSTOOD AND AGREED THAT EXCEPT AS OTHERWISE PROVIDED BELOW, DR. SPANIER'S EMPLOYMENT AGREEMENT WAS TERMINATED AS OF NOVEMBER 9, 2011. DR. SPANIER MAY REMAIN EMPLOYED BY THE UNIVERSITY, HOWEVER, AS A TENURED MEMBER OF THE FACULTY IN THE DEPARTMENT OF HUMAN DEVELOPMENT AND FAMILY STUDIES OF THE COLLEGE OF HEALTH AND HUMAN DEVELOPMENT, WITH THE TITLES OF PRESIDENT EMERITUS, UNIVERSITY PROFESSOR AND PROFESSOR OF HUMAN DEVELOPMENT AND FAMILY STUDIES, SOCIOLOGY, DEMOGRAPHY, AND FAMILY AND COMMUNITY MEDICINE.

PAGE 1 OF 8

PAGES 2 THROUGH 7 NOT PROVIDED.

PAGE 8 READS AS FOLLOWS:

THE POSITION OF PRESIDENT OF THE UNIVERSITY AND THAT THERE ARE NO

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

LS

AGREEMENTS, COVENANTS, PROMISES OR ARRANGEMENTS OTHER THAN THOSE SET FORTH HEREIN WITH RESPECT TO THAT SUBJECT.

18. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.

19. IF ANY OF THE PROVISIONS OF THIS AGREEMENT ARE DECLARED OR DETERMINED BY ANY COURT TO BE INVALID OR UNENFORCEABLE FOR ANY REASON, THE REMAINING PROVISIONS AND PORTIONS OF THIS AGREEMENT SHALL BE UNAFFECTED THEREBY AND SHALL REMAIN IN FULL FORCE TO THE FULLEST EXTENT PERMITTED BY LAW.

20. THIS AGREEMENT MAY BE EXECUTED IN COUNTERPARTS, EACH OF WHICH SHALL BE DEEMED TO BE AN ORIGINAL, BUT ALL OF WHICH, TAKEN TOGETHER, SHALL CONSTITUTE ONE AND THE SAME AGREEMENT.

IN WITNESS WHEREOF, THE AFORESAID PARTIES, HAVING READ THIS CONFIDENTIAL SEPARATION AGREEMENT AND INTENDING TO BE LEGALLY BOUND HEREBY, HAVE READ, SIGNED, SEALED AND DELIVERED IT, VOLUNTARILY, WITHOUT COERCION AND WITH KNOWLEDGE OF THE NATURE AND CONSEQUENCES THEREOF.

THE PENNSYLVANIA STATE UNIVERSITY

SIGNED STEVE A. GARBAN
PRESIDENT, BOARD OF TRUSTEES
DATE: 11/15/2011

COPY OF PAGE 8 OF 8 BEARING SIGNATURE OF GRAHAM SPANIER, DATED 11/15/2011.

ITEM: 001 INVESTIGATOR'S NOTE

SOURCE: 004

MS. SUSAN D. SAMPSELL, CPA, PSU DIRECTOR OF FINANCE AND ADMINISTRATION, ADVISED THAT SHE WAS UNABLE TO PROVIDE PAGES 2 THROUGH 7 DUE TO ADVISE OF THE PSU GENERAL COUNSEL WHO ADVISED THOSE PAGES CONTAIN CONFIDENTIAL FINANCIAL INFORMATION.

MS. SAMPSELL ADVISED THAT THERE ARE TWO SEPARATE PAGES FOR PAGE 8 OF 8 AS THE DOCUMENT WAS NOT SIGNED BY MR. STEVE A. GARBAN AND SUBJECT AT THE SAME LOCATION OR AT THE SAME TIME.

MS. SAMPSELL ADVISED THAT THE EXECUTIVE PAYROLL CHANGE FORM WAS THE DOCUMENT UTILIZED BY THE OFFICE OF THE CORPORATE CONTROLLER TO COMPLETE THE CHANGE IN TITLE FOR SUBJECT FROM PRESIDENT TO PRESIDENT EMERITUS.

MS. SAMPSELL ADVISED THAT THE ONLY IMMEDIATELY AVAILABLE PAYROLL RECORD IS SUBJECT'S PAYROLL VOUCHER DATED 04/30/2012 WITH THE REMAINDER OF THE RECORDS IN STORAGE WITH NO INTENTION OF RETRIEVING

TYPE: NONE
AGENCY HOLDING FILE: NOT SHOWN
ADJUDICATING AGENCY: NOT SHOWN
INVESTIGATION DATE: NOT SHOWN

POLYGRAPH INFORMATION:
TYPE: [REDACTED]
AGENCY: NRO
DATE: 10/07/2009

INDUSTRY CAPTION REFLECTS DEBRIEFED (NFI).

RECORD DOES NOT REFLECT ANY ADVERSE OR DEROGATORY INFORMATION REGARDING SUBJECT.

ITEM: 001

SOURCE: 006

NAME PENNSYLVANIA STATE UNIVERSITY (PSU), APPLIED RESEARCH LABORATORY (ARL), PSU ARL SECURITY DEPARTMENT, POST OFFICE BOX 30, STATE COLLEGE, PA 16804-0030

SECURITY RECORD
PROVIDER JOANNE F. REISH, ASSOCIATE SECURITY OFCR
BY RELEASE

ACCEPTABLE

NAME VERIFIED SSN VERIFIED DOB VERIFIED POB VERIFIED

CLEARANCE TYPE SCI DATE GRANTED 03/31/09
GRANTING AGENCY NRO
INVESTIGATION TYPE SBPR INVESTIGATION DATE 08/18/08
INV. AGENCY OPM

PSU ARL SECURITY OFFICE RECORDS, AS REVIEWED BY THE ASSOCIATE SECURITY OFFICER, REFLECT THE FOLLOWING INFORMATION:

INVESTIGATION SUMMARY:

INVESTIGATION REQUEST OF SBBI, READY FOR DISCO REVIEW AND APPROVAL (STOPPED) ON 01/10/2012, DAYS UNTIL TERMINATION: 69

SBPR FROM OPM, OPENED: 05/13/2008, CLOSED: 08/18/2008
SBPR FROM DSS, OPENED: 09/21/2001, CLOSED: 05/12/2003

ADJUDICATION SUMMARY:

PENDING INCIDENT REPORT FROM DISCO
INCIDENT REPORT ADJUDICATION OF SBPR OPM, OPENED: 05/13/2008, CLOSED: 08/18/2008, DETERMINED ELIGIBILITY OF LOSS OF JURISDICTION ON 11/14/2011, DISCO.

NAME SPANIER, GRAHAM BABIL

| CASE # 1209899868 | PAGE 8

DATES OF INVESTIGATION 02/06/12 - 05/08/12 | SID T660 | ORG ID N65 | REPORT # 2

PSI ADJUDICATION OF SBPR OPM, OPENED: 05/13/2008, CLOSED:
08/18/2008, DETERMINED ELIGIBILITY OF SCI - DCID 6/4 ON 03/31/2009.

OPEN INVESTIGATIONS:

NONE SHOWN

CLOSED INVESTIGATIONS:

SBPR FROM OPM, OPENED: 05/13/2008, CLOSED: 08/18/2008
SBPR FROM DSS, OPENED: 09/21/2001, CLOSED: 05/12/2003
SSBI FROM DSS, OPENED: 10/10/1995, CLOSED: 05/15/1996

OPEN CASES:

PENDING INCIDENT REPORT FROM DISCO

CLOSED CASES:

INCIDENT REPORT ADJUDICATION OF SBPR OPM, OPENED: 05/13/2008, CLOSED:
08/18/2008, DETERMINED ELIGIBILITY OF LOSS OF JURISDICTION ON
11/14/2011 DISCO.

ELIGIBILITY: LOSS OF JURISDICTION

ELIGIBILITY DATE: 11/14/2011

CAF: DISCO

PSI ADJUDICATION OF SBPR OPM, OPENED: 05/13/008, CLOSED: 08/18/2008,
DETERMINED ELIGIBILITY OF SCI - DCID 6/4 ON 03/31/2009

ELIGIBILITY: SCI - DCID

ELIGIBILITY DATE: 03/31/2009

CAF: NRO

PSI ADJUDICATION OF SBPR OPM, OPENED: 05/13/2008, CLOSED:
08/18/2008, DETERMINED ELIGIBILITY OF TOP SECRET ON 09/04/2008, DISCO

~~ELIGIBILITY: TOP SECRET~~

~~ELIGIBILITY DATE: 09/04/2008~~

~~CAF: DISCO~~

~~PSI ADJUDICATION OF SBPR DSS, OPENED 09/21/2001, CLOSED: 05/12/2003,
DETERMINED ELIGIBILITY OF TOP SECRET ON 09/04/2008, DISCO.~~

~~ELIGIBILITY: TOP SECRET~~

~~ELIGIBILITY DATE: 09/09/2003~~

~~CAF: DISCO~~

~~PSI ADJUDICATION OF SSBI DSS, OPENED: 10/10/1995, CLOSED: 05/15/1996,
DETERMINED ELIGIBILITY OF TOP SECRET ON 05/16/1996, DISCO.~~

~~ELIGIBILITY: TOP SECRET~~

~~ELIGIBILITY DATE: 05/16/1996~~

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

NAME SPANIER, GRAHAM BASIL

|CASE # 1209899068 |PAGE 9

DATES OF INVESTIGATION 02/06/12 - 05/08/12 | SID T660 | ORG ID N65 | REPORT # 2

CAF: DISCO

RECORD DOES NOT REFLECT ANY ADVERSE OR DEROGATORY INFORMATION
REGARDING SUBJECT,
ELIGIBILITY:

ITEM: 001

SOURCE: 007

NAME PENNSYLVANIA STATE UNIVERSITY (PSU), OFFICE OF THE BOARD OF TRUSTEES
(BOT), PSU OFFICE OF THE DIRECTOR OF THE BOT, 205 OLD MAIN,
UNIVERSITY PARK, PA 16802

PSU BOT MINUTES

PROVIDER PAULA R AMERMAN, DIRECTOR OF THE PSU BOT
SF RELEASE.

ISSUE(S) 07C

NAME VERIFIED SSN NOT SHOWN DOB NOT SHOWN POB NOT SHOWN

PSU BOT OFFICE RECORDS, AS REVIEWED BY THE DIRECTOR OF THE BOT OFFICE,
REFLECT MEETINGS OF THE BOARD OF TRUSTEES MINUTES FOR 11/11/2011 AND
12/02/2011, PERTAINING TO DR. SPANIER'S DEPARTURE AS PSU PRESIDENT,
WHICH READ AS FOLLOWS:

PENN STATE
MEETINGS OF THE BOARD OF TRUSTEES
NOVEMBER 11, 2011
MINUTES

MINUTES OF MEETINGS OF BOARD OF TRUSTEES
VOLUME 259
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BOARD OF TRUSTEES

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MINUTES OF MEETING BOARD OF TRUSTEES VOLUME 259 NOVEMBER 11, 2011

A MEETING OF THE BOARD OF TRUSTEES WAS HELD IN THE ALUMNI BALLROOM OF

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THE NITTANY LION INN, UNIVERSITY PARK, PENNSYLVANIA, AT 9:50 A.M. ON NOVEMBER 11, 2011.

THE FOLLOWING TRUSTEES WERE PRESENT: GARBAN (CHAIRMAN), SURMA (VICE CHAIRMAN), ALEXANDER, ALLAN, ARNELLE, BROADHURST, CLEMENS, CORBETT, DAMBLY, DEVINEY, DIBERARDINIS, ECKEL, ERICKSON, FRAZIER, GREIG, HAYES, HETHERINGTON, HINTE, JONES, JOYNER, KHOURY, LUBERT, MARRER, MYERS, PEETZ, RILEY, SHAFER, SILVIS, STRUMPF, SUHEY, SURMA, AND TOMALIS; GOVERNOR'S REPRESENTATIVE BRANSTETTER; AND TRUSTEES EMERIT BROSIUS, COPPERSMITH, HUCK, JUNKER, METZGAR, ROBINSON, ROWELL, AND WOLFF.

PRESENT BY INVITATION WERE FACULTY REPRESENTATIVES BACKER, HAGEN, AND HUFNAGEL; STUDENT REPRESENTATIVES BARD, AND LOZANO; STAFF MEMBERS AMMERMAN, BALDWIN, DIEUGENIO, FOLEY, HANES, KIRSCH, MAHON, MULROY-DEGENHART, PANGBORN, PAZ, POOLE, SIMS, AND WEIDEMANN.

CHAIRMAN GARBAN THANKED AND INTRODUCED DR. RODNEY ERICKSON AS THE PRESIDENT OF THE PENNSYLVANIA STATE UNIVERSITY. HE NOTED THAT ALL ON THE BOARD PLEDGED SUPPORT TO PRESIDENT ERICKSON AND THE ADMINISTRATIVE TEAM AS WE WORK TOGETHER AND COLLECTIVELY FOR THE FUTURE OF THIS INSTITUTION THAT WE LOVE. PRESIDENT ERICKSON WAS MET WITH A STANDING OVATION AND HIS REMARKS ARE INCLUDED BELOW IN THEIR ENTIRETY:

"THANK YOU, CHAIRMAN GARBAN, I AM HONORED AND HUMBLLED BY YOUR APPOINTMENT OF ME AS PRESIDENT. I WANT TO THANK YOU FOR PLACING YOUR CONFIDENCE IN ME-AND THE OTHER MEMBERS OF PENN STATE'S ADMINISTRATIVE TEAM AS WE MOVE FORWARD. WE ARE INDEED A TEAM, ONE THAT PULLS TOGETHER DAY-IN-AND-DAY-OUT.

"I'D LIKE TO TAKE THE OPPORTUNITY TO INTRODUCE MY WIFE, SHARI, WHO IS A WONDERFUL LOYAL PENN STATER DESPITE BEING A UNIVERSITY OF IOWA HAWKEYE. SHE'S BEEN THE LOVE OF MY LIFE FOR THE PAST 43 YEARS SINCE WE FIRST MET, AND SHE KEEPS ME WELL GROUNDED.

"AS YOU KNOW, I'VE BEEN WITH PENN STATE FOR MORE THAN 34 YEARS, AND I AM DEEPLY COMMITTED TO THIS INSTITUTION, FIRST AND FOREMOST TO OUR STUDENTS; AND TO THOSE WHO MAKE IT HAPPEN EVERY DAY-OUR FACULTY AND STAFF; AND TO THOSE WHO HAVE GREAT PRIDE AND A SENSE OF FAMILY IN PENN STATE-OUR ALUMNI AND FRIENDS REACHING FROM THE COMMONWEALTH TO THE FAR CORNERS OF THE WORLD.

"I ACCEPT THIS NEW LEADERSHIP ROLE UNDER CIRCUMSTANCES THAT I NEVER COULD HAVE IMAGINED. IT HAS BEEN TRULY DIFFICULT TO COMPREHEND THE TERRIBLE NATURE OF THE ALLEGATIONS THAT WERE REVEALED IN THE ATTORNEY GENERAL'S PRESENTMENT LAST WEEK. MY HEART ACHES FOR THE VICTIMS AND THEIR FAMILIES, AND MY MIND SEARCHES FOR ANSWERS, LIKE MILLIONS OF OTHERS ACROSS THE NATION.

"THIS IS A TRAGEDY FOR MANY LIVES, AND IT WILL TAKE ALL OF US SOME TIME TO COME TO GRIPS WITH THE FULL MAGNITUDE OF ALL THE DAMAGE THAT HAS BEEN DONE.

"I WANT TO THANK THE BOARD OF TRUSTEES FOR YOUR LEADERSHIP AND GUIDANCE THROUGH THIS DIFFICULT TIME. YOUR DELIBERATIONS AND DECISIVE ACTIONS HAVE NOW SET A COURSE FOR THE UNIVERSITY'S FUTURE.

"LATER TODAY WE WILL HEAR OF THE FORMATION OF A SPECIAL COMMITTEE TO

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UNDERTAKE A FULL AND COMPLETE INVESTIGATION OF THE CIRCUMSTANCES THAT GAVE RISE TO THE GRAND JURY REPORT. HEALING CANNOT OCCUR UNTIL WE UNDERSTAND HOW RESPONSIBILITIES TO THESE CHILDREN FAILED AND HOW WE CAN PREVENT SUCH TRAGEDIES IN THE FUTURE.

"I AM GRATEFUL FOR THE BOARD'S COMMITMENT TO PENN STATE'S MISSION AND YOUR STEWARDSHIP OF THE UNIVERSITY. EACH OF YOU SHARES MY PERSONAL RESOLVE TO RE-ENERGIZE OUR COMMITMENT TO BE THE BEST THAT WE CAN BE, INDIVIDUALLY AND COLLECTIVELY, TO STRIVE FOR EXCELLENCE IN EVERYTHING THAT WE DO, AND TO REPRESENT THE HIGHEST STANDARDS FOR HONESTY AND INTEGRITY.

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"IT IS BEHOLDEN ON EVERYONE NOW TO CARRY ON THE WORK THAT SO MANY OF US HAVE DEDICATED OUR LIVES TO DOING. WE HAVE 96,000 STUDENTS, 46,000 FULL-AND PART-TIME EMPLOYEES, AND MORE THAN HALF A MILLION ALUMNI. WE ARE A LEARNING COMMUNITY AND WE MUST CONTINUE TO DELIVER OUTSTANDING TEACHING, RESEARCH AND SERVICE. OUR WORK IS AS IMPORTANT TO SOCIETY'S FUTURE TODAY AS IT WAS LAST WEEK, PERHAPS, EVEN MORE SO.

"THIS BOARD HELPED TO CRAFT THE STRATEGIC PLAN THAT CONTINUES TO PROVIDE THE ROADMAP FOR SETTING PRIORITIES AND PURSING STRATEGIES TO ACHIEVE OUR OBJECTIVES. WE ARE CERTAINLY NOT ADRIPT, OR WITHOUT A VISION GOING FORWARD.

"IN THE DAYS AND WEEKS AHEAD, I WILL BE MEETING WITH REPRESENTATIVES FROM THE FACULTY SENATE, STUDENT LEADERSHIP, STAFF, ALUMNI GROUPS, DONORS AND FRIENDS, AS WELL AS OFFICIALS FROM STATE GOVERNMENT. MY PURPOSE WILL BE TO LISTEN. I WANT TO HEAR THEIR CONCERNS AND THEIR IDEAS FOR PENN STATE. MY PURPOSE WILL BE TO REASSURE. I WANT PENN STATERS TO UNDERSTAND THAT THE ACTIONS OF ANY INDIVIDUAL DO NOT REPRESENT OUR UNIVERSITY. I WANT TO HELP REBUILD OUR CONFIDENCE IN WHO WE ARE. MY PURPOSE WILL BE TO REAFFIRM. I WANT ALL PENN STATERS TO KNOW THAT OUR FUTURE IS STILL BRIGHT. AND MY PURPOSE WILL BE TO TALK ABOUT OUR CORE VALUES. OUR VALUES WILL DEFINE THIS UNIVERSITY LONG AFTER WE ARE GONE.

"FOR MORE THAN 150 YEARS, PENN STATE HAS BEEN COMMITTED TO ITS CORE VALUES OF HONESTY, INTEGRITY, EXCELLENCE, AND COMMUNITY. NOW, MORE THAN EVER, WE NEED TO ARTICULATE THESE VALUES IN EVERYTHING WE DO, AND WE NEED TO LIVE THEM IN OUR WORK, OUR SERVICE, OUR EXTRACURRICULAR ACTIVITIES, AND OUR PLACE IN THE COMMUNITY.

"I KNOW WE CAN DO THIS. WE ARE RESILIENT. WE ARE A UNIVERSITY THAT WILL REBUILD THE TRUST AND CONFIDENCE THAT SO MANY PEOPLE HAVE HAD IN US FOR SO MANY YEARS.

"I HAVE NOT ACCEPTED THIS APPOINTMENT AS YOUR PRESIDENT TO BE A CARETAKER. DURING MY TIME OF SERVICE, I COMMIT TO SEEING US MOVE FORWARD, AND THAT PENN STATE CONTINUES TO DESERVE A REPUTATION AS ONE OF THE FINEST EDUCATIONAL INSTITUTIONS IN THE WORLD.

"AGAIN, THANK YOU FOR YOUR TRUST AND CONFIDENCE IN ME."

CHAIRMAN GARBAN WELCOMED NEW MEMBERS OF THE BOARD OF TRUSTEES: THE HONORABLE THOMAS W. CORBETT, JR., GOVERNOR OF THE PENNSYLVANIA, AND PETER A. KHOURY, UNDERGRADUATE STUDENT AND A SENIOR MAJORING IN

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BIOLOGY. KHOURY WAS NOMINATED BY GOVERNOR CORBETT TO SERVE AS A TRUSTEE AND SENATE CONFIRMATION WAS RECEIVED IN OCTOBER. CHAIRMAN GARBAN ALSO WELCOMED THE UNIVERSITY FACULTY SENATE OFFICERS DANIEL HAGEN, LARRY BACKER, AND PAM HUFNAGEL; STUDENT REPRESENTATIVES TJ BARD, AND JONATHAN LOZANO; AND THE CHAIR OF THE ACADEMIC LEADERSHIP COUNCIL, BARBARA KORNER, DEAN OF THE COLLEGE OF ARTS AND ARCHITECTURE.

IT WAS VOTED TO APPROVE THE MINUTES OF THE MEETING OF THE BOARD HELD ON SEPTEMBER 9, 2011.

INFORMATIONAL REPORT ON ENROLLMENT, CHARACTERISTICS AND STUDENT FINANCIAL AID

DR. ROBERT N. PANGBORN, VICE PRESIDENT AND DEAN FOR UNDERGRADUATE EDUCATION, PRESENTED A REPORT ON UNDERGRADUATE ADMISSION, ENROLLMENT, AND STUDENT CHARACTERISTICS, AND INITIATIVES TO ENHANCE STUDENT SUCCESS.

REPORTS FROM STANDING COMMITTEES

A. COMMITTEE ON CAMPUS ENVIRONMENT

THERE WAS NO REPORT OR MEETING OF THE COMMITTEE ON CAMPUS ENVIRONMENT.

B. COMMITTEE ON EDUCATIONAL POLICY

CHAIR JOYNER REPORTED THAT A QUORUM OF THE COMMITTEE ON EDUCATIONAL POLICY WAS PRESENT WITH THE FOLLOWING MEMBERS IN ATTENDANCE; JOYNER (CHAIR), FRAZIER (VICE CHAIR), ERICKSON AND GARBAN (EX OFFICIO), ALEXANDER, CORBETT, HAYES, JONES, RILEY, SHAFFER, AND TOMALIS.

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THE COMMITTEE ON EDUCATIONAL POLICY RECOMMENDED THAT THE BOARD OF TRUSTEES APPROVE THE FOLLOWING RESOLUTION:

1. RESOLVED, THAT THE BOARD OF TRUSTEES APPROVES THE PROPOSED REORGANIZATION OF THE COLLEGE OF AGRICULTURAL SCIENCES INTO THE FOLLOWING NINE DEPARTMENTS: FOOD SCIENCE; AGRICULTURAL AND BIOLOGICAL ENGINEERING; ANIMAL SCIENCE; VETERINARY AND BIOMEDICAL SCIENCES; AGRICULTURAL ECONOMICS, SOCIOLOGY, AND EDUCATION; PLANT PATHOLOGY AND ENVIRONMENTAL MICROBIOLOGY; ENTOMOLOGY; PLANT SCIENCE; AND ECOSYSTEM SCIENCE AND MANAGEMENT, EFFECTIVE JULY 1, 2012.

THE COMMITTEE RECEIVED THE FOLLOWING ITEMS FOR INFORMATION:

1. INFORMATION ON UNDERGRADUATE PROGRAMS

A.) APPLIED MATERIALS OPTION AND ALTERNATIVE ENERGY AND POWER GENERATION OPTION IN THE BACHELOR OF SCIENCE IN GENERAL ENGINEERING, COLLEGE OF ENGINEERING: NEW OPTIONS

2. INFORMATION ON GRADUATE PROGRAMS

A.) DOCTOR OF PHILOSOPHY PROGRAM IN COUNSELING PSYCHOLOGY IN THE COLLEGE OF EDUCATION: DROP OF PROGRAM.

B.) SOFTWARE DEVELOPMENT OPTION IN THE MASTER OF PROFESSIONAL STUDIES DEGREE IN INFORMATION SCIENCES IN THE COLLEGE OF INFORMATION SCIENCES AND TECHNOLOGY: DROP OF OPTION

C.) DOCTOR OF PHILOSOPHY PROGRAM IN BIOMEDICAL SCIENCES/DOCTOR OF MEDICINE JOINT-DEGREE PROGRAM IN THE COLLEGE OF MEDICINE: NEW PROGRAM

THE BOARD VOTED TO APPROVE THE ACTION ITEMS AS RECOMMENDED BY THE

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COMMITTEE ON EDUCATIONAL POLICY. THE APPROVAL OF ACTION ITEM B.1 REFLECTS AN EDITORIAL AMENDMENT MADE AT THE MEETING.

C. COMMITTEE ON FINANCE AND PHYSICAL PLANT

CHAIR STRUMPF REPORTED THAT A QUORUM OF THE COMMITTEE ON FINANCE AND PHYSICAL PLANT WAS PRESENT WITH THE FOLLOWING MEMBERS IN ATTENDANCE: STRUMPF (CHAIR), MASSER (VICE CHAIR), ERICKSON AND GARBAN (EX OFFICIO), BROADHURST, CLEMENS, DAMBLX, DEVINEY, ECKEL LUBERT, PEETZ, AND SILVIA.

CHAIR STRUMPF NOTED THAT AGENDA ITEM C.8, "PROPOSED CHANGES IN ROOM AND BOARD CHARGES FOR THE 2012 FALL SEMESTER, THE PENNSYLVANIA STATE UNIVERSITY," AND THE RELATED EDUCATIONAL PRESENTATION BY GAIL HURLEY, ASSOCIATE VICE PRESIDENT FOR AUXILIARY AND BUSINESS SERVICES, WAS DEFERRED UNTIL A SUBSEQUENT MEETING.

THE COMMITTEE ON FINANCE AND PHYSICAL PLANT RECOMMENDED THAT THE BOARD OF TRUSTEES APPROVE THE FOLLOWING RESOLUTIONS:

1. RESOLVED, THAT THE CONDITIONS GOVERNING CERTAIN EXISTING SCHOLARSHIPS, FELLOWSHIPS, AWARDS, AND SIMILAR FUNDS PREVIOUSLY ESTABLISHED AT THE UNIVERSITY BE REVOKED AND THAT THE OFFICERS OF THE UNIVERSITY ARE AUTHORIZED TO PUT INTO EFFECT THE REVISED REGULATION AS REQUESTED BY THE DONORS.
2. RESOLVED, THAT THE BOARD OF TRUSTEES GRATEFULLY ACKNOWLEDGES THE GENEROUS CONTRIBUTIONS OF THE MANY FRIENDS OF THE UNIVERSITY IN SUPPORT OF ENDOWMENTS, FUNDS, AND OTHER MAJOR COMMITMENTS AS REPORTED TO THE COMMITTEE ON FINANCE AND PHYSICAL PLANT AT ITS MEETING OF NOVEMBER 11, 2011.
FURTHER IT BE RESOLVED, THAT THE OFFICERS OF THE UNIVERSITY ARE AUTHORIZED TO CONVEY THE BOARD'S APPRECIATION TO THESE GENEROUS BENEFACTORS WHO PROVIDE OPPORTUNITIES FOR MANY STUDENTS TO RECEIVE A QUALITY EDUCATION.
3. RESOLVED, THAT THE MATERIALS RESEARCH INSTITUTE BUILDING (0965002) AT INNOVATION PARK IS NAMED "THE 230 BUILDING".

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4. RESOLVED, THAT THE TECHNOLOGY BUILDING AT PENN STATE NEW KENSINGTON IS NAMED THE "ROBERT D. ARBUCKLE TECHNOLOGY BUILDING".

5. WHEREAS, IN JANUARY 2011, THE BOARD OF TRUSTEES RATIFIED THE MEMORANDUM OF AGREEMENT TO SUPPORT A VISITING SCIENTIST BETWEEN SILCOTEK CORPORATION (THE SPONSOR) AND THE UNIVERSITY TO PROVIDE FINANCIAL SUPPORT TO THE VISITING SCIENTIST IN MATERIALS RESEARCH INSTITUTE IDENTIFIED BY THE SPONSOR FOR A PERIOD OF ONE YEAR IN THE AMOUNT OF \$24,000, AND
WHEREAS, IT IS DESIRED TO EXTEND THE PERIOD OF PERFORMANCE FOR AN ADDITIONAL YEAR (WITH NO COST EXTENSION),
RESOLVED, THAT THE PROPOSED AMENDMENT TO THE MEMORANDUM OF AGREEMENT TO EXTEND THE PERIOD OF PERFORMANCE FOR AN ADDITIONAL YEAR IS APPROVED.

6. RESOLVED, THAT THE OFFICERS OF THE UNIVERSITY ARE AUTHORIZED TO APPOINT THE FIRM OF CANNON DESIGN OF BALTIMORE, MARYLAND AS ARCHITECTS FOR THE MCCOY NATATORIUM ADDITION/INDOOR TENNIS CENTER AT UNIVERSITY

PARK.

7. RESOLVED, THAT IN VIEW OF THE SPECIAL NATURE OF THIS PROJECT, THE INTERVIEW PROCESS HAS BEEN CONDUCTED BY THE UNIVERSITY'S OFFICE OF PHYSICAL PLANT.

FURTHER BE IT RESOLVED, THAT THE OFFICERS OF THE UNIVERSITY ARE AUTHORIZED TO EMPLOY THE FIRM OF BOHLIN CYWINSKI JACKSON OF PITTSBURGH, PENNSYLVANIA AS ARCHITECTS FOR EDUCATIONAL ACTIVITIES BUILDING ADDITION AND RENOVATIONS AT PENN STATE HARRISBURG.

8. RESOLVED, THAT IN VIEW OF THE SPECIAL NATURE OF THIS PROJECT, THE INTERVIEW PROCESS HAS BEEN CONDUCTED BY THE UNIVERSITY'S OFFICE OF PHYSICAL PLANT.

FURTHER BE IT RESOLVED, THAT THE OFFICERS OF THE UNIVERSITY ARE AUTHORIZED TO APPOINT BARTON MALOW OF BALTIMORE, MARYLAND TO DESIGN AND BUILD THE ADDITIONAL SOUTH HALLS BUILDING AT UNIVERSITY PARK.

THE COMMITTEE RECEIVED THE FOLLOWING ITEMS FOR INFORMATION:

1. INTERNAL AIR SYSTEMS RESEARCH FACILITY, UNIVERSITY PARK
2. CLASSROOM BUILDING BIOLOGY LABORATORY ADDITION AND RENOVATIONS, PENN STATE SCHUYLKILL
3. RADIOLOGY SHELL SPACE FIT-OUT-PHASE I, THE MILTON S. HERSHEY MEDICAL CENTER
4. SHAVER'S CREEK DAM REHABILITATION, STONE VALLEY RECREATION AREA
5. NAMING OF ROOMS, PORTIONS OF BUILDINGS, AND PLAZAS
 - A. THE EQUIPMENT STAFF LOCKER ROOM (104 LASCH FOOTBALL BUILDING) FOR ANONYMOUS COMMITMENT. THE RECOGNITION PLAQUE SHOULD READ: BRAD "SPIDER" CALDWELL EQUIPMENT ROOM
 - B. THE SWIMMING LANE #6, (INDOOR AQUATICS CENTER) FOR A COMMITMENT FROM ROBERT J. CHANEY. THE RECOGNITION PLAQUE SHOULD READ: ROBERT AND ANITA CHANEY SWIMMING LANE #6
 - C. TRANSFER THE NAME OF THE "BENNETT PLAYGROUND" AT THE FORMER CHILD DEVELOPMENT LABORATORY AT HENDERSON BUILDING TO THE NEW PLAYGROUND AT THE GARY C. SCHULTE CHILD CARE CENTER. THE PROGRAMS AND STAFF OF THE CHILD DEVELOPMENT LABORATORY HAVE RECENTLY BEEN FOLDED INTO THE GARY C. SCHULTE CHILD CARE CENTER AND THE FORMER CHILD DEVELOPMENT LAB HAS BEEN CLOSED. THE RECOGNITION PLAQUE SHOULD READ: OCTOBER 28, 2011 ON THIS DATE, THE BENNETT PLAYGROUND WAS REDEDICATED IN ITS NEW HOME WITH GRATITUDE TO ITS BENEFACTORS EDNA BENNETT PIERCE '53 AND THE LATE C. HUGENE BENNETT
 - D. SEVERAL SPACES IN THE KNOWLEDGE COMMONS, PATTEE LIBRARY, AS FOLLOWS:
 1. ATRIUM SEATING AREA FOR A GIFT FROM MARLENE TRAINER. THE RECOGNITION PLAQUE SHOULD READ: IN HONOR OF MARLENE AND STAN TRAINER AND FAMILY ATRIUM SEATING
 2. ATRIUM SEATING AREA FOR A GIFT FROM GLENN W. AND NANCY S. GAMBLE. THE RECOGNITION PLAQUE SHOULD READ: GLENN W. AND NANCY S. GAMBLE ATRIUM SEATING
 3. MULTIMEDIA CLASSROOM FOR A COMMITMENT FROM NIKE, INC. IN HONOR OF SUE AND JOE PATERNO. THE RECOGNITION PLAQUE SHOULD READ: NIKE, INC. MULTIMEDIA CLASSROOM
 - E. A CONFERENCE ROOM, PENN STATE HERSHEY HEART AND VASCULAR

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INSTITUTE, FOR A GIFT FROM THE I.O. SILVER FOUNDATION. THE RECOGNITION PLAQUE SHOULD READ: MIRIAM SILVER CONFERENCE ROOM

F. A WAITING AREA, PENN STATE HERSHEY CANCER INSTITUTE MELANOMA RESEARCH, FOR A COMMITMENT FROM THE MARK ENCIN FOUNDATION FOR MELANOMA RESEARCH. THE RECOGNITION PLAQUE(SIC) SHOULD READ: THE MARK ENCIN FOUNDATION FOR MELANOMA RESEARCH WAITING AREA

G. AN INFUSION ROOM, PENN STATE HERSHEY CANCER INSTITUTE, FOR A GIFT FROM ROGER AND GRACE MOYER. THE RECOGNITION PLAQUE SHOULD READ: ROGER AND GRACE MOYER INFUSION ROOM

H. THE SMALL PLAZA, PENN STATE ERIE, THE BEHREND COLLEGE, ADJACENT TO THE CONVENIENCE STORE PRESENTLY UNDER CONSTRUCTION, "BEN LANE PLAZA."

I. MODIFY THE NAME OF THE SMALL GARDEN IN FRONT OF MOORE AND CEDAR BUILDING AT THE REQUEST OF DONALD AND JULIE ROCK. THE GARDEN WILL BE NAMED THE "ROBERT GLENN JENSEN GARDEN." IT HAD BEEN NAMED THE "JENSEN FAMILY GARDEN" IN DECEMBER 2010.

6. SALE OF GIFTED LAIRD SMITH PROPERTY, PENN STATE LEHIGH VALLEY

7. STATUS OF MAJOR CONSTRUCTION PROGRAMS AND BORROWING

8. CONFLICT OF INTEREST DISCLOSURE

9. REPORT ON THE UNIVERSITY'S AUDITED FINANCIAL STATEMENTS MADE BY JOSEPH J. DONCSEKZ, CORPORATE CONTROLLER

THE BOARD VOTED TO APPROVE THE ACTION ITEMS AS RECOMMENDED BY THE COMMITTEE ON FINANCE AND PHYSICAL PLANT. (TRUSTEE SILVIS ABSTAINED FROM VOTING ON ACTION ITEM C.5.)

APPOINTMENT OF A SCREENING COMMITTEE FOR THE DISTINGUISHED ALUMNI AWARD

IT WAS VOTED TO AUTHORIZE THE PRESIDENT OF THE BOARD TO APPOINT A COMMITTEE TO SCREEN ALL NOMINEES FOR THE DISTINGUISHED ALUMNI AWARD, AND PRESENT A SLATE AT THE JANUARY 2012 MEETING.

APPOINTMENT OF A NON-VOTING REPRESENTATIVE FOR THE GOVERNOR OF THE COMMONWEALTH

THE BOARD OF TRUSTEES VOTED TO APPROVE THE FOLLOWING RESOLUTION: RESOLVED, THAT UPON GOVERNOR CORBETT'S REQUEST, JENNIFER BRANSTETTER, SECRETARY OF POLICE AND PLANNING, COMMONWEALTH OF PENNSYLVANIA, BE AUTHORIZED TO SERVE AS THE GOVERNOR'S NON-VOTING OFFICIAL REPRESENTATIVE AT ALL MEETINGS AND OTHER FUNCTIONS OF THE BOARD OF TRUSTEES OF THE PENNSYLVANIA STATE UNIVERSITY WHICH THE GOVERNOR IS UNABLE TO ATTEND.

REPORT OF EXECUTIVE SESSIONS

CHAIRMAN GARBAN REPORTED THAT THE BOARD OF TRUSTEES HAD MET IN EXECUTIVE SESSION TO DISCUSS PERSONNEL MATTERS, TO CONSULT WITH ITS ATTORNEY OR OTHER PROFESSIONAL ADVISORS, AND UNIVERSITY BUSINESS. THE RESULTANT ACTIONS INCLUDED:

- A. IN VIEW OF THE SITUATION AND UNFOLDING CIRCUMSTANCES AT PENN STATE, THE BOARD OF TRUSTEES DETERMINED, AND DR. SPANIER CONCURRED, THAT IT WAS BEST FOR THE PRESIDENT TO STEP DOWN EFFECTIVE NOVEMBER 9.
- B. THE BOARD OF TRUSTEES DETERMINED THAT IT IS IN THE BEST INTEREST OF PENN STATE FOR JOE PATERNO TO NO LONGER SERVE AS HEAD FOOTBALL COACH,

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EFFECTIVE NOVEMBER 9.

C. THE APPOINTMENT OF RODNEY A. ERICKSON AS PRESIDENT OF THE PENNSYLVANIA STATE UNIVERSITY EFFECTIVE NOVEMBER 9. THE BOARD IS PLEASED THAT DR. ERICKSON ACCEPTED THE CHALLENGE TO LEAD THE UNIVERSITY AT THIS IMPORTANT TIME, AND BELIEVES THAT HE WILL PROVIDE THE NECESSARY STABILITY AND DIRECTION AS WE PURSUE OUR UNIVERSITY'S LAND GRANT MISSION OF EDUCATION, RESEARCH AND OUTREACH, PRESIDENT ERICKSON HAS THE BOARD'S COMPLETE CONFIDENCE AND SUPPORT. PRESIDENT ERICKSON WILL CONTINUE IN THIS ROLE UNTIL THE BOARD DETERMINES AN APPROPRIATE TIME TO BEGIN A TRANSITION TO NEW LEADERSHIP. AT THAT TIME A NATIONWIDE SEARCH WILL BE CONDUCTED, ALTHOUGH NO SPECIFIC SCHEDULE HAS BEEN ESTABLISHED AT THIS POINT. THE BOARD PLANS TO KEEP THE UNIVERSITY COMMUNITY INFORMED OF ANY CHANGES.

D. THE BOARD OF TRUSTEES RECEIVED A REQUEST FROM ATHLETIC DIRECTOR TIM CURLEY TO BE PLACED ON ADMINISTRATIVE LEAVE SO THAT HE CAN DEVOTE THE TIME NEEDED TO DEFEND HIMSELF AGAINST RECENT ALLEGATIONS BY THE PENNSYLVANIA STATE ATTORNEY GENERAL, EFFECTIVE NOVEMBER 6.

E. THE BOARD OF TRUSTEES WAS ADVISED THAT INTERIM SENIOR VICE PRESIDENT FOR FINANCE AND BUSINESS GARY C. SCHULTZ WILL RETURN TO RETIREMENT SO THAT HE CAN DEVOTE THE TIME NEEDED TO DEFEND HIMSELF AGAINST RECENT ALLEGATIONS BY THE PENNSYLVANIA STATE ATTORNEY GENERAL, EFFECTIVE NOVEMBER 6.

F. A SPECIAL INVESTIGATIONS TASK FORCE HAS BEEN ESTABLISHED AND WORK IS UNDERWAY TO IDENTIFY THE MEMBERS. A STATEMENT WAS RELEASED ON TUESDAY, NOVEMBER 8, NOTING THAT THE TASK FORCE WILL UNDERTAKE A FULL AND COMPLETE INVESTIGATION OF THE CIRCUMSTANCE THAT GAVE RISE TO THE GRAND JURY REPORT. IT WILL BE COMMISSIONED TO DETERMINE WHAT FAILURES OCCURRED, WHO IS RESPONSIBLE, AND WHAT MEASURES ARE NECESSARY TO INSURE THAT THIS NEVER HAPPENS AGAIN. THERE WILL BE FULL ACCOUNTABILITY FOR THOSE FOUND RESPONSIBLE. ALL RESOURCES WILL BE MADE AVAILABLE FOR THE COMMITTEE TO FULFILL ITS CHARGE AND THERE WILL BE NO RESTRICTIONS PLACED ON ITS SCOPE OR ACTIVITIES. UPON THE COMPLETION OF THIS INVESTIGATION, A COMPLETE REPORT WILL BE PRESENTED AT A FUTURE PUBLIC SESSION OF THE BOARD OF TRUSTEES.

THE SPECIAL TASK FORCE WILL BE CHAIRED BY TRUSTEE KEN FRAZIER AND TRUSTEE RON TOMALIS WILL SERVE AS THE VICE-CHAIR. CHAIRMAN GARRAN CALLED ON TRUSTEE FRAZIER FOR REMARKS, WHICH ARE INCLUDED IN THEIR ENTIRETY.

"THANK YOU, MR. CHAIR. I WOULD JUST START BY SAYING THAT THE SPECIAL COMMITTEE WILL TAKE VERY SERIOUSLY ITS CHARGE OF CONDUCTING A COMPLETE AND INDEPENDENT AND SEPARATE INVESTIGATION WHICH WILL BE VIEWED AS RIGOROUS, OBJECTIVE, AND IMPARTIAL INTO THE MATTERS THAT YOU JUST DISCUSSED. I WOULD ALSO SAY THAT THE BOARD HAS MADE IT CLEAR THAT SEXUAL ABUSE, AND IN PARTICULAR, CHILD SEXUAL ABUSE IS COMPLETELY UNACCEPTABLE IN ANY SETTING, BUT IT HAS ABSOLUTELY NO PLACE AT PENN STATE UNIVERSITY, AND BECAUSE OF THAT, THE SPECIAL TASK FORCE WILL BRING ALL OF ITS RESOURCES, INCLUDING INDEPENDENT COUNSEL TO DETERMINING WHETHER OR NOT OFFICERS AND EMPLOYEES OF THE UNIVERSITY ACTED RESPONSIBLY IN CONNECTION WITH THESE ALLEGATIONS AND WHETHER, GOING FORWARD, WE NEED ANY CHANGES TO THE UNIVERSITY'S POLICIES OR

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PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

PROCEDURES TO ENSURE THE PROTECTION OF CHILDREN IN THE FUTURE." CHAIRMAN GARBAN CLOSED BY NOTING THE UNIVERSITY AND THIS BOARD HAVE MANY CHALLENGES AND ISSUES THAT WE WILL FACE OVER THE COMING DAYS, MONTHS, AND PERHAPS YEARS. HE REITERATED THE BOARD'S SUPPORT FOR PRESIDENT ERICKSON AND THE LEADERSHIP TEAM OF THE UNIVERSITY AS WE MOVE FORWARD. PENN STATE HAS ALWAYS STRIVED FOR HONESTY, INTEGRITY AND THE HIGHEST ORAL STANDARDS IN ALL OF ITS PROGRAMS. WE ARE DEDICATED TO PROTECTING THOSE WHO ARE PLACED IN OUR CARE. COLLECTIVELY, WE PROMISE THAT WE ARE COMMITTED TO RESTORING PUBLIC TRUST IN THE UNIVERSITY. HE THANKED VICE CHAIR JOHN SURMA WHO PROVIDED THE UTMOST SUPPORT, DECISIVE LEADERSHIP, AND COMMITMENT TO THE UNIVERSITY IN THESE RECENT, DIFFICULT DAYS. HIS SERVICE WILL ALWAYS BE APPRECIATED. CHAIRMAN GARBAN AND VICE CHAIR SURMA WILL CONTINUE TO WORK TOGETHER, WITH THE BOARD, AND MOVE THIS UNIVERSITY FORWARD.

THE MEETING ADJOURNED AT 11:20 A.M.

RESPECTFULLY,

PAULA R. AMMERMAN
ASSOCIATE SECRETARY
BOARD OF TRUSTEES

PENN STATE
EXECUTIVE COMMITTEE MEETING OF THE BOARD OF TRUSTEES
DECEMBER 2, 2011
MINUTES

MINUTES OF MEETING OF THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES

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EXECUTIVE COMMITTEE

MINUTES OF MEETING OF THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES
DECEMBER 2, 2011

A MEETING OF THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES WAS HELD VIA CONFERENCE CALL IN THE FACULTY/STAFF CLUB OF THE NITTANY LION INN, UNIVERSITY PARK, PENNSYLVANIA, AT 8:00 A.M. ON FRIDAY, DECEMBER 2, 2011.

CHAIRMAN GARBAN CALLED THE MEETING TO ORDER.

MS. AMMERMAN, ASSOCIATE SECRETARY OF THE BOARD OF TRUSTEES, CALLED THE ROLL AND THE FOLLOWING EXECUTIVE COMMITTEE MEMBERS WERE PRESENT: BROADHURST, DIEBERARDINIS, FRAZIER, GARBAN (CHAIR), HINTZ, MASSER, STRUMPF, AND SURMA.

PRESENT BY INVITATION WERE FACULTY MEMBER HAGEN; AND STAFF MEMBERS AMMERMAN, MAHON, POOLE, AND POWERS.

CHAIRMAN GARBAN'S REMARKS ARE INCLUDED IN THEIR ENTIRETY:

"THE SOLE PURPOSE OF THE SPECIAL MEETING IS FOR THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES TO FORMALLY APPROVE THOSE DECISIONS ANNOUNCED THE WEEK OF NOVEMBER 6TH. DUE TO EXTRAORDINARY

CIRCUMSTANCES, THE BOARD OF TRUSTEES NEEDED TO ACT SWIFTLY AND DECISIVELY ON THE PERSONNEL MATTERS ANNOUNCED NOVEMBER 9, 2011 AND REPORTED AT THE PUBLIC MEETING ON NOVEMBER 11. WE BELIEVED THAT IMMEDIATE ACTION WAS NECESSARY, AND WE STAND BY THOSE DECISIONS. WHILE THE BOARD BELIEVES IMMEDIATE ACTION WAS NECESSARY, WE ARE HOLDING A SPECIAL PRE-ANNOUNCED PUBLIC MEETING OF THE EXECUTIVE COMMITTEE TO REAFFIRM AND RATIFY THE BOARD'S PRIOR PERSONNEL DECISIONS. A COPY OF THREE RESOLUTIONS WAS DISTRIBUTED TO THE EXECUTIVE COMMITTEE ON NOVEMBER 30TH."

THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES VOTED TO ADOPT THE FOLLOWING RESOLUTIONS:

1. RESOLVED, THAT IN VIEW OF THE SITUATION AND UNFOLDING CIRCUMSTANCES AT PENN STATE, THE BOARD OF TRUSTEES DETERMINED, AND DR. GRAHAM B. SPANIER CONCURRED, THAT IT WAS BEST FOR DR. SPANIER TO STEP DOWN AS PRESIDENT EFFECTIVE NOVEMBER 9, 2011.
2. RESOLVED, THAT IN THE BEST INTEREST OF PENN STATE, THE BOARD OF TRUSTEES DETERMINED THAT JOSEPH V. PATERNO WILL NO LONGER SERVE AS HEAD FOOTBALL COACH EFFECTIVE NOVEMBER 9, 2011.
3. RESOLVED, THAT THE BOARD OF TRUSTEES HEREBY APPOINTS DR. RODNEY A. ERICKSON AS PRESIDENT OF THE PENNSYLVANIA STATE UNIVERSITY EFFECTIVE NOVEMBER 9, 2011.

FURTHER RESOLVED, THAT THE BOARD OF TRUSTEES AFFIRMS ITS COMPLETE CONFIDENCE AND SUPPORT OF PRESIDENT ERICKSON WHO ACCEPTED THE CHALLENGE TO LEAD THE UNIVERSITY AT THIS IMPORTANT TIME, AND BELIEVES THAT HE WILL PROVIDE THE NECESSARY STABILITY AND DIRECTION AS WE PURSUE OUR UNIVERSITY'S LAND GRANT MISSION OF EDUCATION, RESEARCH AND OUTREACH.

THE MEETING ADJOURNED AT 8:07 A.M.

RESPECTFULLY SUBMITTED,

PAULA R. AMMERMAN
ASSOCIATE SECRETARY
BOARD OF TRUSTEES

ITEM: 001 INVESTIGATOR'S NOTE

SOURCE: 008

MS. PAULA R. AMMERMAN, DIRECTOR OF THE PSU BOT OFFICE, ADVISED THAT THE ONLY RECORD FOR MEETINGS OF THE PSU BOT ARE THE MEETINGS OF THE BOARD OF TRUSTEES MINUTES AS PROVIDED AND THAT THERE ARE NO OTHER NOTES OF THOSE PSU BOT MEETINGS (NFI).

ITEM: 001

SOURCE: 009

NAME PENNSYLVANIA STATE UNIVERSITY (PSU), ETHICS COMPLIANCE, INTERNAL AUDIT, PSU ETHICS AND COMPLIANCE HOTLINE, INTERNAL AUDIT DEPARTMENT, 227 WEST BRAVER AVENUE, SUITE 404, STATE COLLEGE, PA 16801-4819
PSU ETHICS, COMPLIANCE, INTERNAL AUDIT
PROVIDER JUDY C MUDGETT, AUDIT MANAGER
BF RELEASE.

NO RECORD

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

PSU INTERNAL AUDIT ETHICS AND COMPLIANCE HOTLINE RECORDS, AS REVIEWED BY THE AUDIT MANAGER, DISCLOSED NO INFORMATION REGARDING SUBJECT.

ITEM: 001 INVESTIGATOR'S NOTE

SOURCE: 010

MS. JUDY C. MIDGETT, CFE, CPA, PSU INTERNAL AUDIT ETHICS COMPLIANCE HOTLINE, ADVISED THAT HER REVIEW OF THE PSU INTERNAL AUDIT ETHICS COMPLIANCE HOTLINE RECORDS DISCLOSED NO INFORMATION REGARDING SUBJECT AS THE SUBJECT OF ANY INVESTIGATIONS, HOWEVER; AS PSU PRESIDENT, SUBJECT WAS ON DISTRIBUTION FOR THE PSU INTERNAL AUDIT ETHICS COMPLIANCE HOTLINE REPORTS.

ITEM: 001

SOURCE: 011

NAME PENNSYLVANIA STATE UNIVERSITY (PSU), AFFIRMATIVE ACTION OFFICE, PSU AFFIRMATIVE ACTION OFFICE, 328 BOUCKE BUILDING, UNIVERSITY PARK, PA 16802

PSU AFFIRMATIVE ACTION OFFICE RECORDS
PROVIDER KENNETH F LEHRMAN III, VICE PROVOST
SF RELEASE.

NO RECORD

PSU AFFIRMATIVE ACTION OFFICE RECORDS, AS REVIEWED BY THE VICE PROVOST FOR AFFIRMATIVE ACTION, DISCLOSED NO INFORMATION REGARDING SUBJECT.

ITEM: 001

SOURCE: 012

NAME PENNSYLVANIA STATE UNIVERSITY (PSU), OFFICE OF JUDICIAL AFFAIRS, PSU OFFICE OF JUDICIAL AFFAIRS, 135 BOUCKE BUILDING, UNIVERSITY PARK, PA 16802

PSU OFFICE OF JUDICIAL AFFAIRS
PROVIDER JUDITH L WESLEY, ADMIN SUPPORT ASSISTANT
SF RELEASE.

NO RECORD

PSU OJA RECORDS, AS REVIEWED BY THE STAFF ASSISTANT, DISCLOSED NO INFORMATION REGARDING SUBJECT.

ITEM: 001

SOURCE: 013

NAME PENNSYLVANIA STATE UNIVERSITY (PSU), OFFICE OF GENERAL COUNSEL, PSU OFFICE OF GENERAL COUNSEL, 108 OLD MAIN, UNIVERSITY PARK, PA 16802
PSU OFFICE OF GENERAL COUNSEL

PROVIDER CYNTHIA A BALDWIN, PSU GENERAL COUNSEL
SF RELEASE.

NO RECORD

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

PSU OFFICE OF GENERAL COUNSEL RECORDS, AS REVIEWED BY THE GENERAL COUNSEL, DISCLOSED NO INFORMATION REGARDING SUBJECT.

ITEM: 002 PERSONAL SUBJECT INTERVIEW SOURCE: 014
INTERVIEW CONDUCTED UNDER OATH ON 02/06/12 AT PENNSYLVANIA STATE UNIVERSITY
(PSU), APPLIED RESEARCH LABORATORY (ARL), UNIVERSITY
PARK, PA 16802

ISSUE CODE(S) 05D 07C 11

ESI COMPLETED; ALL INFORMATION ON THE SECURITY QUESTIONNAIRE AND ANY ISSUES WERE DISCUSSED WITH SUBJECT.

SUBJECT'S RESIDENTIAL TELEPHONE NUMBER SHOULD READ (814) 954-7577 (DISCREPANT, VICE (814) 777-0243). DISCREPANCY DUE TO SUBJECT HAVING MOVED RESIDENCES SUBSEQUENT TO SUBMISSION OF CASE PAPERS AND HAVING LISTED HIS CELLULAR TELEPHONE NUMBER AS HIS CONTACT NUMBER. SUBJECT LISTED HIS RESIDENTIAL TELEPHONE NUMBER ON CASE PAPERS BECAUSE HE BELIEVES HIS CELLULAR TELEPHONE NUMBER IS THE EASIEST WAY TO REACH HIM, OVERSIGHT, NOT INTENTIONAL.

SUBJECT'S BUSINESS TELEPHONE NUMBER SHOULD READ (814) 865-7611 (DISCREPANT, VICE (814) 777-0243). DISCREPANCY DUE TO SUBJECT HAVING LISTED HIS CELLULAR TELEPHONE NUMBER AS HIS CONTACT NUMBER BECAUSE HE BELIEVES HIS LISTED CELLULAR TELEPHONE NUMBER IS THE EASIEST WAY TO REACH HIM, OVERSIGHT, NOT INTENTIONAL.

SUBJECT WAS BORN ON 07/18/1948 IN CAPE TOWN, SOUTH AFRICA CAME TO THE U.S. (CHICAGO, IL) ON 07/20/1949, AND BECAME A NATURALIZED U.S. CITIZEN ON 05/10/1955. FROM HIS DATE OF BIRTH (07/18/1948) TO THE DATE HE BECAME A NATURALIZED U.S. CITIZEN (05/10/1955), SUBJECT WAS A CITIZEN OF SOUTH AFRICA. SUBJECT DOES NOT HOLD DUAL CITIZENSHIP. SUBJECT BELIEVES THAT, AS HE WAS A MINOR AT THE TIME HE BECAME A NATURALIZED U.S. CITIZEN, HIS LISTED PARENTS RENOUNCED HIS SOUTH AFRICAN CITIZENSHIP ON HIS BEHALF. SUBJECT DOES NOT DERIVE ANY BENEFITS AS A RESULT OF HAVING PREVIOUSLY BEEN A CITIZEN OF SOUTH AFRICA AND HAS NEVER HELD A FOREIGN PASSPORT.

FROM 01/10/2012 TO PRESENT, SUBJECT RESIDES AT 425 WINDMERE DRIVE, APARTMENT 2-A, STATE COLLEGE, PA 16801 (DISCREPANT, VICE ONE SCHREYER HOUSE, UNIVERSITY PARK, PA 16802). DISCREPANCY DUE TO SUBJECT HAVING MOVED TO HIS CURRENT RESIDENCE SUBSEQUENT TO SUBMISSION OF CASE PAPERS. SUBJECT OWNS THIS RESIDENCE OUT-RIGHT AND HAS NO MORTGAGE PAYMENTS. SUBJECT RESIDES AT THIS RESIDENCE WITH HIS LISTED SPOUSE, MRS. SANDRA SPANIER. SUBJECT'S NEIGHBORS AT THIS RESIDENCE ARE MIMI (MIRIAM) COPPERSMITH, IN APARTMENT 3-A, AND MR. PETER TOMBROS, IN APARTMENT 5-A OR 5-B.

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

FROM 12/1995 TO 01/10/2012 (DISCREPANT, VICE PRESENT), SUBJECT RESIDED AT ONE SCHREYER HOUSE, UNIVERSITY PARK, PA 16802. DISCREPANCY DUE TO SUBJECT HAVING MOVED FROM THIS RESIDENCE SUBSEQUENT TO SUBMISSION OF CASE PAPERS. THIS RESIDENCE WAS ON THE PENNSYLVANIA STATE UNIVERSITY (PSU) CAMPUS, UNIVERSITY PARK, PA AND WAS HOUSING PROVIDED TO SUBJECT BY PSU AT NO COST TO SUBJECT, AND THEREFORE; SUBJECT DOES NOT PAY ANY RENT AT THIS RESIDENCE. SUBJECT RESIDED AT THIS RESIDENCE WITH HIS LISTED SPOUSE. SUBJECT DID NOT HAVE ANY NEIGHBORS AT THIS RESIDENCE AS THE RESIDENCE IS SURROUNDED BY THE PSU UNIVERSITY GARDENS. SUBJECT'S LISTED VERIFIER, RODNEY ERICKSON, IS NOT A NEIGHBOR BUT, DID VISIT SUBJECT AT THIS RESIDENCE ON A MONTHLY BASIS. ADDITIONAL VERIFIER IS RODNEY KIRSCH, PSU SENIOR VICE PRESIDENT FOR DEVELOPMENT AND ALUMNI RELATIONS, WHO VISITED SUBJECT AT THIS RESIDENCE TWO TIMES MONTHLY.

SUBJECT HAS NOT HAD ANY OTHER RESIDENCES IN THE PAST TEN YEARS.

SUBJECT HAS NOT HAD ANY EDUCATION IN THE PAST TEN YEARS. SUBJECT'S HIGHEST DEGREE IS A DOCTORATE HE RECEIVED FROM NORTHWESTERN UNIVERSITY IN 06/1973.

FROM 08/1966 TO 11/1969, SUBJECT ATTENDED THE IOWA STATE UNIVERSITY FULL-TIME ON-SITE GRADUATING WITH A BACHELOR'S DEGREE IN 11/1969. FROM 11/1969 TO 02/1971, SUBJECT ATTENDED THE IOWA STATE UNIVERSITY FULL-TIME ON-SITE GRADUATING WITH A MASTER'S DEGREE IN 02/1971. FROM 09/1971 TO 06/1973, SUBJECT ATTENDED NORTHWESTERN UNIVERSITY FULL-TIME ON-SITE GRADUATING WITH A DOCTORATE IN 06/1973 WHICH IS SUBJECT'S HIGHEST DEGREE.

FROM 11/2011 TO PRESENT, SUBJECT IS EMPLOYED AS PRESIDENT EMERITUS AT PSU, UNIVERSITY PARK, PA. THIS POSITION IS A FULL-TIME POSITION. SUBJECT'S LISTED SUPERVISOR IS STEVE A. GARBAN, CHAIRMAN OF THE PSU BOARD OF TRUSTEES. SUBJECT IDENTIFIED RODNEY ERICKSON, PSU PRESIDENT, AS AN ADDITIONAL SUPERVISOR. SUBJECT IDENTIFIED RODNEY ERICKSON, RODNEY KIRSCH AND TOM POOLE, PSU VICE PRESIDENT FOR ADMINISTRATION AND PSU CHIEF OF STAFF, AS HIS CO-WORKERS.

FROM 09/1995 TO 11/2011, SUBJECT WAS EMPLOYED AS PRESIDENT AT PSU, UNIVERSITY PARK, PA. THIS WAS A FULL-TIME POSITION. SUBJECT IDENTIFIED STEVE GARBAN, PAST CHAIRMAN OF THE PSU BOARD OF TRUSTEES, AS HIS SUPERVISOR. SUBJECT IDENTIFIED HIS CO-WORKERS AS RODNEY ERICKSON, HENRY FOLEY, BILL MAHON AND CYNTHIA BALDWIN.

SUBJECT HAS NOT HAD ANY EMPLOYMENT PROBLEMS WHILE EMPLOYED AT PSU.

INQUIRY WAS THEN MADE OF SUBJECT REGARDING THE CHANGE IN HIS POSITION IN 11/2011 FROM PSU PRESIDENT TO PRESIDENT EMERITUS. IN RESPONSE, SUBJECT RELATED THE FOLLOWING:

IN 09/01/1995, SUBJECT BECAME THE PSU PRESIDENT.

IN APPROXIMATELY THE EARLY 2000 DECADE (EXACT DATE UNRECALLED), SUBJECT WAS APPROACHED BY TIM CURLEY (THE THEN PSU ATHLETIC DIRECTOR) AND GARY SCHULTZ (THE THEN PSU VICE PRESIDENT FOR FINANCE) IN BETWEEN UNIVERSITY MEETINGS TO SAY THEY WANTED TO CATCH SUBJECT AND GIVE HIM A HEADS-UP. THEY (SUBJECT, CURLEY AND SCHULTZ) IMMEDIATELY WENT TO SUBJECT'S OFFICE WHERE CURLEY SAID THEY (CURLEY AND SCHULTZ) HAD RECEIVED A REPORT (WHOM SUBJECT ASSUMED, OR WAS TOLD, WAS FROM, JOE PATERNO) THAT A STAFF MEMBER (NFI) HAD SEEN JERRY SANDUSKY IN THE LOCKER ROOM AFTER A WORK-OUT SHOWERING WITH ONE OF HIS SECOND MILE KIDS. SUBJECT KNEW AT THAT TIME THAT JERRY SANDUSKY WAS VERY INVOLVED WITH THE SECOND MILE CHARITY AND, AT THAT TIME, SUBJECT BELIEVED THAT IT ONLY INVOLVED HIGH SCHOOL KIDS. SUBJECT HAS SINCE LEARNED THAT THE CHARITY INVOLVES YOUNGER DISADVANTAGED CHILDREN.

AS IT WAS SUBJECT'S UNDERSTANDING AT THAT TIME THAT THE CHARITY ONLY INVOLVED HIGH SCHOOL KIDS, IT DID NOT SEND OFF ANY ALARMS TO SUBJECT.

CURLEY AND SCHULTZ SAID THAT THE PERSON WHO HAD GIVEN THE REPORT WAS NOT SURE WHAT HE SAW BUT, THAT THEY WERE CONCERNED ABOUT THE SITUATION WITH THE KID IN THE SHOWER.

CURLEY AND SCHULTZ TOLD SUBJECT THAT THE PERSON WHO HAD GIVEN THE REPORT WAS NOT SURE WHAT HE SAW BECAUSE IT WAS AROUND THE CORNER AND THAT WHAT HE REPORTED WAS DESCRIBED AS "HORSE PLAY" OR "HORSEING AROUND". SUBJECT DID NOT KNOW IF THEY HAD SPOKEN WITH ANYONE ELSE AND SUBJECT ASSUMED THE TERMINOLOGY OF HORSE PLAY OR HORSEING AROUND CAME FROM JOE PATERNO.

SUBJECT THEN ASKED CURLEY AND SCHULTZ TWO QUESTIONS;

- 1) IS THAT HOW IT WAS DESCRIBED?, TO WHICH BOTH RESPONDED "YES", AND;
- 2) IS THAT ALL?, TO WHICH BOTH RESPONDED "YES".

BASED ON THEIR RESPONSES OF "YES" TO BOTH QUESTIONS, THEY ALL (SUBJECT, CURLEY AND SCHULTZ) AGREED THAT CURLEY WOULD TALK TO JERRY SANDUSKY, TELL HIM NOT TO BRING THE KIDS INTO THE LOCKER ROOM FACILITIES AND THAT CURLEY WAS TO TELL THE SECOND MILE MANAGEMENT THAT IT WAS NOT GOOD FOR ANY OF THE SECOND MILE KIDS TO COME TO THE ATHLETIC LOCKER ROOM FACILITIES, AND THAT THEY SHOULD SUSPEND THAT PRACTICE.

SUBJECT NEVER KNEW WHO THE PERSON WAS WHO MADE THE REPORT.

NOTHING WAS DESCRIBED AS SEXUAL OR CRIMINAL IN ANY WAY.

THE ENTIRE MEETING WITH CURLEY AND SHULTZ LASTED FOR APPROXIMATELY TEN MINUTES.

A FEW DAYS LATER (EXACT DATE UNRECALLED), CURLEY TOLD SUBJECT IN-PERSON THAT THE DISCUSSIONS HAD TAKEN PLACE AND THAT EVERYTHING WENT WELL (NFI).

THE ISSUE NEVER CAME UP AGAIN WITH CURLEY, SCHULTZ, PATERNO OR SANDUSKY OR WITH ANYONE. IT DID NOT APPEAR VERY SIGNIFICANT TO ANYONE AT THE TIME.

SUBJECT HAD CONTINUING CONTACT WITH CURLEY, SCHULTZ AND PATERNO AND NONE OF THEM MENTIONED THIS CIRCUMSTANCE.

FROM APPROXIMATELY 1995 (EXACT DATE UNRECALLED) TO APPROXIMATELY 2011 (EXACT DATE UNRECALLED), SUBJECT ALSO HAD YEARLY CONTINUING CONTACT WITH DR. DRANOV WHO IS THE HEAD OF THE MEDICAL PRACTICE AT THE CENTRAL PA MEDICAL PRACTICE, AND SUBJECT AND DR. DRANOV TAUGHT TOGETHER IN CLASS FOR PRE-MED STUDENTS SEMINAR AND DR. DRANOV NEVER MENTIONED ANYTHING EITHER.

IN APPROXIMATELY 01/2011, CYNTHIA BALDWIN, THE PSU GENERAL COUNSEL, CONTACTED SUBJECT AND SAID THAT THE PENNSYLVANIA ATTORNEY GENERALS OFFICE WANTED TO TALK TO THE PSU FOOTBALL STAFF MEMBERS AND THEN SHE SUBSEQUENTLY TOLD SUBJECT THAT THEY WANTED TO TALK TO CURLEY AND SCHULTZ, THEN LATER IN 02/2011 OR 03/2011 (EXACT DATE UNRECALLED), THEY WANTED TO SPEAK WITH SUBJECT. SUBJECT TOLD BALDWIN HE WOULD COOPERATE FULLY.

SUBJECT WAS THEN INTERVIEWED BY THE PENNSYLVANIA ATTORNEY GENERALS OFFICE AND THEY THEN ASKED SUBJECT TO TESTIFY AT THE GRAND JURY ON 03/22/2011. SUBJECT TESTIMONY AT THE GRAND JURY AND IN INTERVIEWS WITH THE PENNSYLVANIA ATTORNEY GENERALS OFFICE IS THE SAME AS THE INFORMATION HE NOW PROVIDES DURING THIS INTERVIEW.

SUBJECT'S OPINION IS THAT CURLEY AND SCHULTZ WILL BE EXONERATED AND HE IS 99 PERCENT CERTAIN OF THAT. SUBJECT BELIEVES THAT NEITHER CURLEY NOR SCHULTZ HAVE ANY TOLERANCE FOR SHENANIGANS. CURLEY AND SCHULTZ HAVE ALWAYS TOLD SUBJECT EVERYTHING AND HAVE BEEN HONEST WITH SUBJECT.

SUBJECT DID NOT HEAR ANYTHING FOR MONTHS (EXACT DURATION UNRECALLED), THEN THE GRAND JURY PRESENTMENT WITH FORTY COUNTS CAME OUT, SUBJECT AND PSU WERE SHOCKED. SUBJECT WAS EVEN GREATER SHOCKED THAT CURLEY AND SCHULTZ HAD BEEN CHARGED WITH PERJURY.

SUBJECT HAD NO SENSE AT THAT TIME THAT THERE WAS A POLITICAL SIDE TO THE SITUATION.

AS THE SITUATION WAS UNFOLDING, SUBJECT SET UP MEETINGS WITH THE PSU BOARD OF TRUSTEES (BOT), THE PSU BOT GOT OUT OF CONTROL AND HAD A VERY HIGH LEVEL OF ANXIETY, THEY (THE PSU BOT) DID NOT ALLOW SUBJECT TO MANAGE THE CRISIS, THE PSU BOT SAID THEY NEEDED TO HANDLE IT. THE GOVERNOR (TCM CORBETT) WAS EXERCISING PRESSURE ON THE PSU BOT.

SUBJECT TOLD THE PSU BOT THAT THE CRISIS WOULD SPIN OUT OF CONTROL IF HE (SUBJECT) COULD NOT MANAGE IT. SUBJECT THEN DECIDED HE WOULD OFFER TO STEP DOWN BECAUSE SUBJECT WAS THE CAPTAIN OF THE SHIP. SUBJECT CONTINUED TO OFFER HIS RESIGNATION OR FOR THE BOT TO ALLOW HIM TO MANAGE THE CRISIS. ON 11/10/2011, SUBJECT CONCLUDED THAT THE CRISIS WAS TOO FAR GONE FOR SUBJECT TO MANAGE AND SUBJECT THEN PROVIDED THE PSU BOT WITH HIS RESIGNATION.

SUBJECT WAS NOT FIRED. ONE NUANCE IN THE RESIGNATION SITUATION WAS THAT, FOR PRESIDENT EMERITUS STATUS, THE PSU BOT HAD TO ACCEPT A PROVISIO UNDER SUBJECT'S CONTRACT OF TERMINATION WITHOUT CAUSE.

SUBJECT'S RESIGNATION WAS SUBJECT'S DECISION.

IN REGARD TO THE POLITICAL SIDE OF THE SITUATION, SUBJECT PROVIDED THE FOLLOWING INFORMATION:

IN 03/2011, PENNSYLVANIA GOVERNOR TOM CORBETT PROPOSED A 52.4 PERCENT CUT IN PSU FUNDING. SUBJECT PUSHED BACK ON THAT PROPOSED CUT, SUBJECT GAVE A SPEECH WHEREIN SUBJECT IDENTIFIED THE PROPOSED CUT AS THE SINGLE LARGEST CUT EVER PROPOSED AND THAT IT WOULD BE DEVASTATING TO PSU. THE GOVERNOR THEN GOT INTO A FIGHTING MODE AND THE GOVERNOR THEN STARTED FORCEFULLY ATTACKING PSU.

SUBJECT EXPLAINED THAT GOVERNOR CORBETT IS A LEBANON VALLEY COLLEGE GRADUATE (A PRIVATE COLLEGE), THAT GOVERNOR CORBETT IS A STRONG SUPPORTER OF THE VOUCHER SYSTEM, WHEREIN INDIVIDUALS CAN CHOOSE TO UTILIZING FUNDING TOWARD PRIVATE EDUCATION AS OPPOSED TO PUBLIC EDUCATION, AND IS NOT FOND OF PENN STATE AND IS NOT FOND OF PUBLIC HIGHER EDUCATION.

SUBJECT IS NOW HEARING THAT WHEN THE PSU BOT WAS TELLING SUBJECT NOT TO TAKE ACTION AND THAT THEY (THE PSU BOT) WERE GOING TO HANDLE THE SITUATION, THAT THE GOVERNOR WAS ACTUALLY EXERCISING PRESSURE ON THE PSU BOT TO HAVE SUBJECT LEAVE (NFI).

SUBJECT REITERATED THAT HE WAS NOT TERMINATED, EXCEPT FOR THIS PROVISIO; SUBJECT RESIGNED UNDER HIS EMPLOYMENT CONTRACT, THE PSU BOT HAD TO ACCEPT SUBJECT'S RESIGNATION AS A TERMINATION WITHOUT CAUSE.

ON SUNDAY, 11/06/2011, SUBJECT TOLD THE PSU BOT WHAT HE HAS RELATED DURING THIS INTERVIEW. SUBJECT THEN DISCUSSED HIS POSSIBLE RESIGNATION WITH STEVE GARBAN (CHAIRMAN OF THE PSU BOT) AND JOHN SURMA (VICE CHAIR OF THE PSU BOT). DURING THE FOLLOWING MONDAY AND TUESDAY, NEITHER GARBAN NOR SURMA WANTED TO ACCEPT SUBJECT'S RESIGNATION BECAUSE THEY STILL NEEDED SUBJECT AS PRESIDENT AND THEY WANTED THE PSU BOT TO DECIDE MY FATE. ON TUESDAY, SUBJECT ADVISED STEVE GARBAN THAT HE (SUBJECT) WAS GOING TO STEP DOWN AS PRESIDENT. ON WEDNESDAY, SUBJECT STEPPED DOWN FROM HIS POSITION AS PSU PRESIDENT WHEN THE PSU

BOT ACCEPTED HIS RESIGNATION.

SUBJECT WAS TOLD OF THE PSU BOT ACCEPTANCE OF HIS RESIGNATION BY STEVE GARBAN AND JOHN SURMA ON THE PHONE. SUBJECT ADVISED THAT EXTERNAL LAWYERS TOLD SUBJECT THAT THE BOT HAD TO HAVE VOTED ON SUBJECT'S RESIGNATION.

THERE WAS NO ADVERSE ACTION TAKEN AGAINST SUBJECT.

SUBJECT FEELS THAT HIS DEPARTURE FROM THE POSITION AS PSU PRESIDENT WAS RETRIBUTION BY GOVERNOR CORBETT AGAINST SUBJECT FOR SUBJECT HAVING SPOKEN OUT ABOUT THE PROPOSED PSU BUDGET CUTS.

SUBJECT'S RESIGNATION WAS INITIATED BY SUBJECT, NOT BY THE PSU BOT. THE PSU BOT AGREED TO ACCEPT SUBJECT'S RESIGNATION UNDER THE TERMS OF SUBJECT'S TERMINATION WITHOUT CAUSE PROVISIO OF SUBJECT'S EMPLOYMENT CONTRACT.

SUBJECT DID NOT HAVE ANY KNOWLEDGE OF ANY CIRCUMSTANCES INVOLVING SANDUSKY BEYOND THE ONE MEETING WITH CURLEY AND SCHULTZ IN THE EARLY 2000'S.

SUBJECT BELIEVES THAT THE GOVERNOR PRESSURED THE PSU BOT TO HAVE SUBJECT LEAVE AND THE GOVERNOR'S MOTIVATION WAS THE GOVERNOR'S DISPLEASURE THAT SUBJECT AND PATERNO WERE MORE POPULAR WITH THE PEOPLE OF PENNSYLVANIA THAN WAS THE GOVERNOR.

SUBJECT ATTRIBUTES HIS DEPARTURE FROM HIS POSITION AS THE PSU PRESIDENT TO A MEDIA FRENZY AND A RUSH TO JUDGMENT (NFI).

SUBJECT REITERATED THAT HIS DIRECT COMMUNICATION WITH THE PSU BOT WAS SPECIFICALLY WITH STEVE GARBAN AND JOHN SURMA AND THAT FINAL COMMUNICATION WAS VIA TELEPHONE.

SUBJECT'S CONTINUING CONTACT WITH CURLEY AND SCHULTZ WAS SPECIFICALLY TWO TO FOUR TIMES PER WEEK THROUGHOUT THE ENTIRE TIME PERIOD OF THE EARLY 2000'S UNTIL SUBJECT'S DEPARTURE FROM THE PRESIDENCY IN 11/2011.

SUBJECT'S CONTACT WITH PATERNO WAS TWO TIMES WEEKLY DURING THE FOOTBALL SEASON AND TWO TIMES MONTHLY THE REMAINDER OF THE YEAR.

SUBJECT NEVER HAD A MEETING OR CONVERSATION WITH MIKE MCQUEARY. SUBJECT DID HAVE CONTACT WITH MCQUEARY ONLY TO SEE HIM WEEKLY DURING THE FOOTBALL SEASON IN THE FOOTBALL LOCKER ROOM BUT, NEVER HAD ANY CONVERSATIONS WITH MCQUEARY.

SUBJECT'S CONTACT WITH SANDUSKY WAS ON ONE OCCASION IN THE APPROXIMATE 1999 TO 2001 TIME FRAME (EXACT DATE UNRECALLED), WHEN SANDUSKY INQUIRED OF SUBJECT AS TO THE POSSIBILITY OF STARTING A FOOTBALL PROGRAM AT THE PSU ALTOONA CAMPUS, A REQUEST WHICH WAS DENIED.

PRESIDENTIAL OVERSIGHT BOARD OF THE BCS (FROM APPROXIMATELY 1997 TO 2011); SUBJECT WAS CHAIR FROM APPROXIMATELY 2009 TO 2011, NFI)
CHAIR OF THE BOARD OF THE NCAA (APPROXIMATELY 1999 TO 2002, NFI)
CHAIRMAN, ASSOCIATION OF AMERICAN UNIVERSITIES (APPROXIMATELY 2008 TO 2009, NFI)
CHAIR, ASSOCIATION OF PUBLIC AND LAND GRANT UNIVERSITIES (APPROXIMATELY 2000 TO PRESENT, NFI)
CHAIR, BIG TEN CONFERENCE COUNCIL OF PRESIDENTS (APPROXIMATELY 2003 TO 2004, NFI)
VICE CHAIR OF THE WORLDWIDE UNIVERSITIES NETWORK (APPROXIMATELY 2001 TO 2006, NFI)
MEMBER OF THE BOARD OF NATIONAL 4-H (APPROXIMATELY LATE 1990'S TO 2000'S, NFI)

SUBJECT DID NOT LIST THE UNPAID BOARD POSITIONS ON CASE PAPERS AS SEPARATE EMPLOYMENTS AS THEY ARE/WERE HELD IN CONJUNCTION WITH HIS POSITION AS PSU PRESIDENT AND PSU PRESIDENT EMERITUS.

SUBJECT CONFIRMED HIS RESPONSE OF "NO" TO QUESTION 13C-EMPLOYMENT RECORD (HAVE ANY OF THE FOLLOWING HAPPENED TO YOU IN THE LAST SEVEN (7) YEARS? FIRED FROM A JOB, QUIT A JOB AFTER BEING TOLD YOU WOULD BE FIRED, HAVE YOU LEFT A JOB BY MUTUAL AGREEMENT FOLLOWING CHARGES OR ALLEGATIONS OF MISCONDUCT, LEFT A JOB BY MUTUAL AGREEMENT FOLLOWING NOTICE OF UNSATISFACTORY PERFORMANCE, RECEIVED A WRITTEN WARNING, BEEN OFFICIALLY REPRIMANDED, SUSPENDED, OR DISCIPLINED FOR MISCONDUCT IN THE WORKPLACE, SUCH AS VIOLATION OF SECURITY POLICY). SUBJECT ADVISED NONE OF THE OPTIONS APPLIED TO HIS DEPARTURE FROM HIS POSITION AS PSU PRESIDENT IN THAT HE STEPPED DOWN AS PRESIDENT TO BECOME PRESIDENT EMERITUS AND UNIVERSITY PROFESSOR IN MIDST OF UNIVERSITY CONTROVERSY AS REFLECTED IN THE OPTIONAL COMMENT SECTION.

SUBJECT'S LISTED REFERENCE, DR. EVA PELL, IS A WORK ASSOCIATE AND FRIEND. SUBJECT'S LISTED REFERENCE, DR. RODNEY ERICKSON, IS A WORK ASSOCIATE AND FRIEND WHO KNOWS SUBJECT BEST. DR. THOMAS POOLE IS A WORK ASSOCIATE AND FRIEND.

SUBJECT IDENTIFIED DR. ROBERT SECOR, DR. JOHN ROMANO AND DR. JACK BELZER, AS ADDITIONAL SOCIAL REFERENCES.

SUBJECT'S LISTED MOTHER WAS BORN IN PETORIA, SOUTH AFRICA AND IS A NATURALIZED U.S. CITIZEN. SUBJECT'S MOTHER BECAME A U.S. NATURALIZED CITIZEN AT THE SAME TIME AS DID SUBJECT IN 1955. SUBJECT'S LISTED MOTHER DOES NOT HOLD DUAL CITIZENSHIP. SUBJECT WAS UNABLE TO PROVIDE HIS MOTHER'S U.S. NATURALIZATION CERTIFICATE DOCUMENT NUMBER AS HE DOES NOT MAINTAIN THE DOCUMENT, DOES NOT KNOW WHERE IT IS LOCATED AND DOES NOT BELIEVE HIS LISTED MOTHER WOULD BE ABLE TO LOCATE IT AS SHE IS ELDERLY (NFI).

SUBJECT'S LISTED FATHER WAS BORN IN HUNDE, GERMANY, MOVED TO SOUTH AFRICA AND THEN TO THE U.S.. SUBJECT'S LISTED FATHER WAS A

NATURALIZED U.S. CITIZEN AND DID NOT HOLD DUAL CITIZENSHIP. SUBJECT'S LISTED FATHER IS DECEASED.

SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF HIS MOTHER HAVING BEEN BORN IN SOUTH AFRICA OR HIS FATHER HAVING BEEN BORN IN GERMANY.

SUBJECT RESPONDED "YES" TO SECTION 19 (FOREIGN CONTACTS) BECAUSE SUBJECT SHARES COMMON EDUCATIONAL INTERESTS WITH THE LISTED FOREIGN CONTACT, ERIC THOMAS, A CITIZEN OF THE UNITED KINGDOM. SUBJECT'S CONTACT WITH THOMAS HAS BEEN FROM 06/2000 TO PRESENT, CONSISTING OF TWO TIMES YEARLY IN-PERSON CONTACT, IN THE U.S. U.K. AND OTHER COUNTRIES WHERE THE BOARD OF THE WORLD UNIVERSITIES IS HELD, TWO TIMES YEARLY VIA TELEPHONE, FIVE TO TEN TIMES YEARLY VIA E-MAIL AND THE EXCHANGE OF HOLIDAY CARDS. SUBJECT'S ASSOCIATION WITH THOMAS IS AS A COLLEAGUE IN THE BOARD OF WORLD UNIVERSITIES WHEREIN THEY WORK WITH ALLIES TO ESTABLISH EQUIVALENT NATIONAL SECURITY HIGHER EDUCATION BOARDS IN ALLY COUNTRIES. THOMAS IS NOT AWARE SUBJECT IS UNDERGOING THIS SECURITY CLEARANCE BACKGROUND INVESTIGATION. THOMAS' ONLY KNOWN AFFILIATION WITH ANY FOREIGN GOVERNMENT OR MILITARY IS THROUGH HIS POSITION AS THE CHAIR OF THE BRITISH NATIONAL SECURITY HIGHER EDUCATION BOARD. SUBJECT'S CONTACT WITH THOMAS IS THROUGH THE BOARD OF THE WORLD UNIVERSITIES ON U.S. GOVERNMENT EDUCATIONAL BUSINESS. SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF HIS PROFESSIONAL ASSOCIATION WITH THOMAS. SUBJECT'S CONTACT WITH THOMAS IS THROUGH U.S. GOVERNMENT EDUCATIONAL BUSINESS AND IS APPROVED THROUGH THE COGNIZANT SECURITY AUTHORITY.

SUBJECT CAN NOT BE INFLUENCED, COERCED, EXPLOITED OR BLACKMAILED BY A FOREIGN RELATIVE, FRIEND OR PROFESSIONAL ASSOCIATE, FOREIGN GOVERNMENT OR FOREIGN MILITARY TO CHOOSE BETWEEN LOYALTY TO THE FOREIGN CONNECTION OR THE US.

SUBJECT HAS NOT BEEN APPROACHED BY A FOREIGN NATIONAL OR ENTITY WITH A REQUEST OR A SOLICITATION FOR UNAUTHORIZED CLASSIFIED, SENSITIVE OR PROPRIETARY INFORMATION.

SUBJECT HAS NOT DEVELOPED A PREFERENCE, SYMPATHY OR ALLIANCES WITH FOREIGN INTERESTS OR GOVERNMENTS AS A RESULT OF THERE CONNECTION TO A FOREIGN PERSON OR ENTITY.

SUBJECT IS NOT VULNERABLE TO COERCION OR BLACKMAIL AS A RESULT OF THIS RELATIONSHIP.

SUBJECT RESPONDED "YES" TO FOREIGN FINANCIAL INTERESTS REAL ESTATE (HAVE YOU, YOUR SPOUSE, COHABITANT, OR DEPENDENT CHILDREN EVER OWNED, OR DO YOU ANTICIPATE OWNING, OR PLAN TO PURCHASE REAL ESTATE IN A FOREIGN COUNTRY?) IN THAT HIS LISTED SPOUSE OWNS FARMLAND IN CORONATION, ALBERTA, CANADA WITH AN ESTIMATED VALUE OF \$20,000.00. SUBJECT'S SPOUSE'S MOTHER AND AUNT HAD PERVIOUSLY OWNED THE LAND.

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

SUBJECT STAYED IN SAN DIEGO, CA BUT, TOOK DAY TRIPS TO TIJUANA, MEXICO DURING THIS THREE TO FOUR DAY PERIOD. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 07/2005, SUBJECT TRAVELED TO SINGAPORE FOR A TWO DAY TRIP BY HIMSELF, ON BEHALF OF PSU, TO ATTEND A MEETING OF THE ASSOCIATION OF AMERICAN UNIVERSITIES AND PACIFIC RIM UNIVERSITIES. SUBJECT STAYED AT AN UNRECALLED HOTEL. THIS TRIP WAS A BUSINESS TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 07/2005, SUBJECT TRAVELED TO COSTA RICA FOR A SEVEN DAY WHITE WATER RAFTING VACATION/TOURISM TRIP WITH HIS LISTED SPOUSE, STAYING AT VARIOUS UNRECALLED CAMPING SITES AND LODGES (NFI). SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 05/2006, SUBJECT TRAVELED TO LONDON, ENGLAND, FOR A TWO TO THREE DAY EDUCATIONAL TRIP ON BEHALF OF PSU, TO ATTEND A WORLDWIDE UNIVERSITY NETWORK MEETING, BY HIMSELF AND STAYED AT AN UNRECALLED HOTEL. THIS TRIP WAS A BUSINESS TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 06/2006, SUBJECT TRAVELED TO TEL AVIV, ISRAEL, FOR A SEVEN DAY EDUCATIONAL AND TOURISM TRIP, THE PURPOSE OF WHICH WAS TO FOSTER A BETTER UNDERSTANDING BETWEEN THE TWO COUNTRIES OF ISRAEL AND THE U.S., ACCOMPANIED BY AN AMERICAN JEWISH COMMITTEE GROUP OF TWENTY PERSONS FROM STATE COLLEGE, PA AND PENNSYLVANIA (NAMES UNRECALLED). SUBJECT STAYED AT AN UNRECALLED HOTEL. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 05/2007, SUBJECT TRAVELED TO BEIJING, CHINA FOR A FOUR DAY TRIP, BY HIMSELF, FOR EDUCATIONAL PURPOSES ON BEHALF OF PSU, VISITING THEIR MAIN UNIVERSITY RESEARCH DEPARTMENT TO FOSTER AN ASSOCIATION WITH PSU. SUBJECT MET WITH CHEN ZHILI, THE DEPUTY OR VICE PRIMERE OF CHINA WHO IS A CHINESE CITIZEN WHO HOLDS A PSU GRADUATE DEGREE AND IS A PSU DISTINGUISHED ALUMNI. SUBJECT'S CONTACT WITH ZHILI WAS PURELY PROFESSIONAL AS PSU PRESIDENT TO PSU DISTINGUISHED ALUMNI. SUBJECT STAYED AT AN UNRECALLED HOTEL. THIS TRIP WAS A BUSINESS TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 08/2007, SUBJECT TRAVELED TO PRAGUE, CZECH REPUBLIC FOR A THREE TO FOUR DAY TRIP, BY HIMSELF, TO ATTEND A MEETING OF THE BOARD OF JUNIOR ACHIEVEMENT. THIS TRIP WAS A BUSINESS TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 11/2007, SUBJECT TRAVELED TO LONDON, ENGLAND, FOR A TWO DAY EDUCATIONAL TRIP TO ATTEND A EDUCATIONAL SEMINAR ON BEHALF OF PSU WHEREIN SUBJECT SPOKE ABOUT THE U.S. SYSTEM OF HIGHER EDUCATION AND PROTECTING INTELLECTUAL PROPERTY. THIS TRIP WAS A BUSINESS TRIP IN

CONJUNCTION WITH SUBJECT'S POSITION AS THE PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 03/2008, SUBJECT TRAVELED TO TOKYO, JAPAN, FOR A TWO DAY EDUCATIONAL TRIP WITH THE PSU MUSICAL THEATRE GROUP ACCOMPANIED BY PSU STUDENTS, AS AN EDUCATIONAL TRIP. SUBJECT STAYED AT AN UNRECALLED HOTEL. THIS TRIP WAS A BUSINESS TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS THE PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 03/2008, SUBJECT TRAVELED TO SEOUL, SOUTH KOREA, FOR A TWO DAY EDUCATIONAL TRIP WITH THE PSU MUSICAL THEATRE GROUP ACCOMPANIED BY PSU STUDENTS, AS AN EDUCATIONAL TRIP. SUBJECT STAYED AT AN UNRECALLED HOTEL. THIS TRIP WAS A BUSINESS TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS THE PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 03/2008, SUBJECT TRAVELED TO TAIPEI, TAIWAN, FOR A TWO DAY EDUCATIONAL TRIP WITH THE PSU MUSICAL THEATRE GROUP ACCOMPANIED BY PSU STUDENTS, AS AN EDUCATIONAL TRIP. SUBJECT STAYED AT AN UNRECALLED HOTEL. THIS TRIP WAS A BUSINESS TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS THE PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 03/2008, SUBJECT TRAVELED TO BEIJING, CHINA, FOR A TWO DAY EDUCATIONAL TRIP WITH THE PSU MUSICAL THEATRE GROUP ACCOMPANIED BY PSU STUDENTS, AS AN EDUCATIONAL TRIP. SUBJECT STAYED AT AN UNRECALLED HOTEL. THIS TRIP WAS A BUSINESS TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS THE PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 06/2008 TO 07/2008, SUBJECT TRAVELED TO LAKE CUCMO, ITALY FOR A SIX DAY VACATION/TOURISM TRIP, ACCOMPANIED BY SUBJECT'S LISTED SPOUSE AND TWENTY PSU ALUMNI, AS PART OF A VACATION/TOURISM TOUR AND AS HOST OF A PSU ALUMNI ASSOCIATION TRAVEL TOUR. THIS TRIP WAS A VACATION/TOURISM TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS THE PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 12/2009, SUBJECT TRAVELED TO RIYADH, SAUDI ARABIA, FOR THREE DAYS, FOR A PSU BUSINESS TRIP, ACCOMPANIED BY MIKE ADEWUMI, THE PSU VICE PROVOST FOR GLOBAL PROGRAMS. THE PURPOSE OF THE TRIP WAS TO FACILITATE AN INTERNSHIP EXCHANGE PROGRAM FOR PSU AND TO ESTABLISH THE KING FIIHAD UNIVERSITY PETROLEUM AND MINERALS PROGRAM AND TO FOSTER EDUCATIONAL RELATIONSHIPS WITH SAUDI ARAMCO. THIS TRIP WAS A BUSINESS TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS THE PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 05/2010, SUBJECT TRAVELED TO HAVANA, CUBA, FOR A THREE DAY PSU BUSINESS TRIP AND EDUCATIONAL TRIP, ACCOMPANIED BY JOHN NICHOLS, THE PSU ASSOCIATE DEAN OF THE COLLEGE OF COMMUNICATIONS AND SUBJECT'S LISTED SPOUSE (A PSU PROFESSOR) TO OPEN A RELATIONSHIP WITH THE UNIVERSITY OF HAVANA. THIS TRIP WAS HOSTED BY THE U.S. AMBASSADOR TO CUBA. SUBJECT STAYED AT AN UNRECALLED HOTEL. THIS TRIP WAS A BUSINESS/EDUCATIONAL TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS

THE PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 06/2010, SUBJECT TRAVELED TO PARIS, FRANCE FOR A FOUR DAY TOURISM/VACATION TRIP TO VISIT FAMILY AND FRIENDS, SPECIFICALLY TO ATTEND SUBJECT'S LISTED DAUGHTER'S WEDDING. SUBJECT WAS ACCOMPANIED ON THIS TRIP BY HIS LISTED SPOUSE AND LISTED SON. SUBJECT'S DAUGHTER'S HUSBAND (SUBJECT'S SON-IN-LAW), EDWARD CUILHE, IS A PSU GRADUATE AND U.S. CITIZEN, HOWEVER; HIS PARENTS (MICHELE AND ISABELE) ARE FRENCH CITIZENS. SUBJECT'S DAUGHTER'S FATHER-IN-LAW MICHELE, IS A RETIRED CEO OF A MINING COMPANY WHICH IS A SUBSIDIARY OF A FRENCH CORPORATION (NFI) AND SUBJECT'S DAUGHTER'S MOTHER-IN-LAW ISABELE, IS A HOUSEWIFE. NEITHER HAVE ANY AFFILIATIONS WITH ANY FOREIGN GOVERNMENTS. SUBJECT HAS KNOWN THEM SINCE APPROXIMATELY 2007 (EXACT DATE UNRECALLED) TO PRESENT, WITH YEARLY IN-PERSON CONTACT AS DISTANT IN-LAWS. SUBJECT DID NOT LIST HIS DAUGHTER'S IN-LAWS AS FOREIGN CONTACTS AS SUBJECT IS NOT BOUND TO THEM BY ANYTHING. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 06/2010, SUBJECT TRAVELED TO BRISTOL, UNITED KINGDOM, FOR A THREE DAY TRIP WITH A ONE NIGHT LAY-OVER IN LONDON, TO RECEIVE AN HONORARY DOCTORATE AT THE UNIVERSITY OF BRISTOL. SUBJECT TRAVELED ALONE AND MET ERIC THOMAS (LISTED FOREIGN CONTACT) AT THIS EVENT WHERE THEY WERE BOTH CONFERRED DEGREES. THIS TRIP WAS A BUSINESS/EDUCATIONAL TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS THE PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 07/2010, SUBJECT TRAVELED TO CENTRAL FRANCE FOR A SEVEN DAY VACATION/TOURISM CANAL TRIP, ACCOMPANIED BY HIS LISTED SPOUSE AND APPROXIMATELY TWENTY FRIENDS.

IN 05/2011, SUBJECT TRAVELED TO BEIJING, CHINA FOR A SIX DAY BUSINESS/EDUCATIONAL TRIP WHEREIN SUBJECT ATTENDED A WORLDWIDE UNIVERSITY NETWORK ALUMNI EVENT AND STUDENT RECRUITMENT EVENT ON BEHALF OF PSU AND THE U.S. GOVERNMENT. SUBJECT STAYED AT AN UNRECALLED HOTEL. THIS TRIP WAS A BUSINESS TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS THE PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 05/2011, SUBJECT TRAVELED TO THE BANGKOK, THAILAND AIRPORT FOR A ONE DAY TURN-AROUND WHEN SUBJECT HAD A CHANGE IN TRAVEL PLANS. THIS TRIP WAS A BUSINESS TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS THE PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

IN 05/2011, SUBJECT TRAVELED TO THIMPU CITY, BHUTAN FOR A THREE DAY BUSINESS/EDUCATIONAL TRIP ON BEHALF OF PSU, AS A GUEST OF JIGMI THINLEY, THE PRIME MINISTER, WHO IS A PSU GRADUATE. SUBJECT WAS A GUEST OF THE PRIME MINISTER (PSU GRADUATE) AT WHICH TIME THE PRIME MINISTER INTRODUCED SUBJECT TO HIS COUNTRY AND DISCUSSED POTENTIAL ASSOCIATIONS WITH PSU. SUBJECT STAYED AT THE PRIME MINISTER'S RESIDENCE AS A GUEST. SUBJECT DID NOT LIST THE PRIME MINISTER AS A

FOREIGN CONTACT AS SUBJECT ONLY CONSIDERS THE PRIME MINISTER TO BE A PROFESSIONAL ACQUAINTANCE WITH WHOM HE IS NOT BOUND BY ANYTHING. THIS TRIP WAS A BUSINESS TRIP IN CONJUNCTION WITH SUBJECT'S POSITION AS THE PSU PRESIDENT. SUBJECT DID NOT HAVE ANY SIDE TRIPS.

SUBJECT HAS NOT HAD ANY OTHER FOREIGN TRAVEL.

SUBJECT HAS NEVER MADE ANY LASTING CONTACTS WHILE OUTSIDE THE US, WITH THE EXCEPTION OF HIS LISTED FOREIGN CONTACT (ERIC THOMAS, WITH WHOM HE SHARES AN EDUCATIONAL INTEREST) NOR HAS SUBJECT EVER HAD A PROBLEM WITH CUSTOMS OR LAW ENFORCEMENT OFFICIALS WHILE OUTSIDE OF THE US. SUBJECT HAS NOT VISITED ANY EMBASSIES OR CONSULATES WHILE OVERSEAS. SUBJECT CANNOT BE BLACKMAILED FOR ANY INCIDENTS WHILE ON FOREIGN TRAVEL.

SUBJECT CAN NOT BE INFLUENCED, COERCED, EXPLOITED OR BLACKMAILED BY A FOREIGN RELATIVE OR FRIEND, FOREIGN GOVERNMENT OR FOREIGN MILITARY TO CHOOSE BETWEEN LOYALTY TO THE FOREIGN CONNECTION OR THE US.

THERE IS NOTHING IN SUBJECT'S BACKGROUND, LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

THE CIRCUMSTANCES SURROUNDING SUBJECT'S DEPARTURE FROM HIS POSITION AS PSU PRESIDENT DO NOT CAST DOUBT ON SUBJECT'S CURRENT RELIABILITY, TRUSTWORTHINESS OR GOOD JUDGMENT AND DO NOT CAST DOUBT ON HIS ABILITY TO PROPERLY SAFEGUARD NATIONAL SECURITY INFORMATION.

ALL OTHER INFORMATION IS CONSISTENT WITH CASE PAPERS.

SUBJECT THEN PROVIDED A COPY OF HIS 11/09/2011 NON-PUBLIC LETTER TO THE PSU BOT AND HIS PUBLIC ANNOUNCEMENT, WHICH READ AS FOLLOWS:

NON-PUBLIC LETTER TO THE BOARD

NOVEMBER 9, 2011

DEAR FELLOW MEMBERS OF THE PENN STATE BOARD OF TRUSTEES,

IT HAS BEEN A HIGHLIGHT OF MY LIFE AND CAREER TO HAVE SERVED AS PENN STATE'S PRESIDENT FOR MORE THAN 16 YEARS, ALONG WITH MY EARLIER 9 YEARS OF SERVICE ON THE FACULTY. SANDY AND I VALUE OUR FRIENDSHIPS WITH ALL OF YOU AND LOOK FORWARD TO MANY YEARS OF CONTINUED ASSOCIATION.

AS YOU KNOW, YESTERDAY, I ASKED YOU TO GIVE ME A STRONG VOTE OF CONFIDENCE TO MANAGE THE CURRENT UNEXPECTED SITUATION. I REMAIN EAGER TO SERVE THE UNIVERSITY AS ITS PRESIDENT, BUT I ALSO RECOGNIZE THAT I SERVE THIS COMMUNITY WITH THE SUPPORT OF THE ENTIRE BOARD. THEREFORE, IF THE TRUSTEES SO DECIDE, I WILL NOT CHALLENGE A TERMINATION OF MY

EMPLOYMENT WITHOUT CAUSE AS PRESIDENT UNDER PARAGRAPH H. 2. OF MY EMPLOYMENT AGREEMENT DATED JULY 1, 2010. I WILL CONTINUE TO BE ENGAGED WITH PENN STATE IN EVERY WAY POSSIBLE.

GIVEN THE UNEXPECTED TIMING OF THIS LETTER, I HAVE ASKED MY LEGAL COUNSEL TO WORK WITH THE BOARD'S COUNSEL IN PREPARING AN EXIT AGREEMENT THAT FOLLOWS THE PROVISIONS OF MY EMPLOYMENT AGREEMENT, WITH ADJUSTMENTS FOR THE UNUSUAL CIRCUMSTANCES OF MY DEPARTURE.

I HAVE ENCLOSED A COPY OF THE STATEMENT I PLAN TO ISSUE FOLLOWING YOUR VOTE SHOULD YOU TAKE THIS ACTION.

I WANT TO EXPRESS MY UTMOST GRATITUDE FOR THE EXEMPLARY OVERSIGHT OF THE UNIVERSITY YOU HAVE PROVIDED, AND I WANT TO THANK YOU FOR THE UNMATCHED SUPPORT YOU HAVE SHOWN FOR ME OVER THE YEARS.

SINCERELY,
GRAHAM B. SPANIER

PUBLIC LETTER

STATEMENT BY PENN STATE PRESIDENT GRAHAM SPANIER

IT HAS BEEN MY GREAT PRIVILEGE AND HONOR TO SERVE PENN STATE FOR MORE THAN 25 YEARS, INCLUDING THE PAST 16 AS PRESIDENT. I HAVE SAID BEFORE THAT THE POSITION I OCCUPY IS THE DREAM JOB IN AMERICAN HIGHER EDUCATION, AND I AM PROUD OF WHAT WE HAVE ALL DONE TOGETHER TO ADVANCE OUR PROGRAMS, SUPPORT OUR STUDENTS, AND ENHANCE PRIDE IN OUR INSTITUTION.

OUR GREAT UNIVERSITY HAS BEEN ROCKED BY SERIOUS CHARGES AGAINST A FORMER COACH. THE PRESENTMENT BY THE ATTORNEY GENERAL DESCRIBES ACTS THAT SHOULD NEVER BE TOLERATED OR IGNORED. I WAS STUNNED AND OUTRAGED TO LEARN THAT ANY PREDATORY ACT MIGHT HAVE OCCURRED IN A UNIVERSITY FACILITY OR BY SOMEONE ASSOCIATED WITH THE UNIVERSITY.

I AM HEARTBROKEN TO THINK THAT ANY CHILD MAY HAVE BEEN HURT AND HAVE DEEP CONVICTIONS ABOUT THE NEED TO PROTECT CHILDREN AND YOUTH. MY HEARTFELT SYMPATHIES GO OUT TO ALL THOSE WHO MAY HAVE BEEN VICTIMIZED.

I WOULD NEVER HESITATE TO REPORT A CRIME IF I HAD ANY SUSPICION THAT ONE HAD BEEN COMMITTED.

THE ACTS OF NO ONE PERSON SHOULD DEFINE THIS UNIVERSITY. PENN STATE IS DEFINED BY THE TRADITIONS, LOYALTY, AND INTEGRITY OF HUNDREDS OF THOUSANDS OF STUDENTS, ALUMNI, AND EMPLOYEES.

PENN STATE AND ITS BOARD OF TRUSTEES ARE IN THE THROES OF DEALING WITH AND RECOVERING FROM THIS CRISIS, AND THERE IS WISDOM IN MY GIVING THE BOARD THE OPPORTUNITY TO HAVE A TRANSITION IN LEADERSHIP SO THAT THERE ARE NO DISTRACTIONS IN ALLOWING THE UNIVERSITY TO MOVE FORWARD.

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

THIS UNIVERSITY IS A LARGE AND COMPLEX INSTITUTION, AND ALTHOUGH I HAVE ALWAYS ACTED HONORABLY AND IN THE BEST INTERESTS OF THE UNIVERSITY, THE HUCK STOPS HERE. IN THIS SITUATION, I BELIEVE IT IS IN THE BEST INTERESTS OF THE UNIVERSITY TO GIVE MY SUCCESSOR A CLEAR PATH FOR RESOLVING THE ISSUES BEFORE US.

I WILL ALWAYS VALUE THE WONDERFUL RELATIONSHIPS THAT I HAVE DEVELOPED WITH THE MANY THOUSANDS OF PENN STATERS, COMMUNITY LEADERS, AND MEMBERS OF THE HIGHER EDUCATION COMMUNITY THROUGHOUT THE COUNTRY. I WILL CONTINUE TO SERVE THE UNIVERSITY IN EVERY WAY POSSIBLE AND CELEBRATE THE GREATNESS OF PENN STATE.

ITEM: 002 INVESTIGATOR'S NOTE

SOURCE: 015

SUBJECT'S ESI WAS ACCOMPLISHED UTILIZING SUBJECT'S CASE PAPERS BEARING INVESTIGATION REQUEST NUMBER 11576869 (ARCHIVAL COPY) REFLECTING A CERTIFIED DATE OF 12/17/2011 AT 11:08:50.549 WHICH WERE OBTAINED FROM THE PENNSYLVANIA STATE UNIVERSITY APPLIED RESEARCH LABORATORY FACILITY SECURITY OFFICE AND ARE ATTACHED AS ATTACHMENT 1.

ITEM: 003

SOURCE: 016

NAME STATE COLLEGE, PA POLICE DEPARTMENT, RECORDS SECTION, STATE COLLEGE,
PA POLICE DEPARTMENT RECORDS SECTION, 243 SOUTH ALLEN STREET, STATE
COLLEGE, PA 16801
LAW ENFORCEMENT-ARREST
PROVIDER ALECIA D. SCHAEFFER, POLICE RECORDS TECHNICIAN
SF RELEASE
NO RECORD

STATE COLLEGE, PA POLICE DEPARTMENT RECORDS, AS REVIEWED BY THE POLICE
RECORDS TECHNICIAN, DISCLOSED NO INFORMATION REGARDING SUBJECT.

ITEM: 004

SOURCE: 017

NAME PENNSYLVANIA STATE UNIVERSITY (PSU), UNIVERSITY POLICE DEPARTMENT
RECORDS, PSU UNIVERSITY POLICE DEPARTMENT RECORDS SECTION, 26
EISENHOWER PARKING DECK, UNIVERSITY PARK, PA 16802
LAW ENFORCEMENT-ARREST
PROVIDER HEATHER M. FORNICOLA, STAFF ASSISTANT
SF RELEASE
NO RECORD

PSU UNIVERSITY POLICE DEPARTMENT RECORDS, AS REVIEWED BY THE STAFF
ASSISTANT, DISCLOSED NO INFORMATION REGARDING SUBJECT.

ITEM: 009

SOURCE: 018

NAME SCHUYLER J. McLAUGHLIN, FACILITY SECURITY OFFICER, PENNSYLVANIA STATE

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

UNIVERSITY (PSU), 475 APPLIED RESEARCH LABORATORY (ARL) BLDG, P.O.
BOX 737, STATE COLLEGE, PA 16804-0737
INTERVIEWED AT PENNSYLVANIA STATE UNIVERSITY (PSU), 475 APPLIED RESEARCH
LABORATORY BUILDING, UNIVERSITY PARK, PA 16802

ISSUE(S) 07B 11
PRIMARY ASSOCIATION SUBORDINATE
AVERAGE EXTENT OF CONTACT REGULAR
SPAN OF CONTACT APPROXIMATELY 2007 TO PRESENT

RECOMMENDS

MR. SCHUYLER J. MCLAUGHLIN MET DR. GRAHAM SPANIER IN APPROXIMATELY 2007 (EXACT DATE UNRECALLED) AT THE PENNSYLVANIA STATE UNIVERSITY (PSU), AS NAVAL CRIMINAL INVESTIGATIVE SERVICE SPECIAL AGENT TO PSU PRESIDENT, WHEN SOURCE ARRIVED FOR AN ASSIGNMENT WITH THE PSU APPLIED RESEARCH LABORATORY (ARL) AND PROVIDED SUBJECT WITH A BRIEFING, IMMEDIATELY BECOMING FRIENDS, WITH SOCIAL CONTACT ONCE EVERY TWO MONTHS, CONSISTING OF PLAYING RACQUETBALL TOGETHER, INTERACTIONS WITH COMMON FRIENDS AND ATTENDING FOOTBALL TAILGATE PARTIES TOGETHER, UNTIL 07/2009, WHEN SOURCE BECAME AN EMPLOYEE OF PSU IN THE POSITION OF FACILITY SECURITY OFFICER (FSO). FROM 07/2009 TO 11/2011, SOURCE HAD MONTHLY SOCIAL CONTACT WITH SUBJECT, AS FSO TO PSU PRESIDENT. IN 11/2011, SUBJECT BECAME PSU PRESIDENT EMERITUS WHEN HE RESIGNED HIS POSITION AS PSU PRESIDENT. FROM 11/2011 TO PRESENT, SOURCE HAS BI-WEEKLY SOCIAL CONTACT WITH SUBJECT.

SUBJECT IS MARRIED, HIS WIFE'S NAME IS SANDRA AND THEY HAVE TWO CHILDREN; ONE SON AND ONE DAUGHTER (NAMES UNRECALLED).

SUBJECT'S UNSTRUCTURED ACTIVITIES CONSIST OF PLAYING RACQUETBALL, BEING AN AMATEUR MAGICIAN AND PLAYING MUSIC WITH THE WASH BOARD.

FROM APPROXIMATELY 2007 (EXACT DATE UNRECALLED) TO 12/2011, SUBJECT RESIDED AT THE SCHREYER HOUSE, ON-CAMPUS AT PSU, WHICH IS THE PSU PRESIDENT'S PROVIDED HOUSING. FROM 12/2011 TO PRESENT, SUBJECT RESIDES IN A CONDOMINIUM ON WINDMERE DRIVE IN STATE COLLEGE, PA (EXACT STREET NUMBER UNRECALLED). SUBJECT TOLD SOURCE THAT HE WAS BORN IN SOUTH AFRICA, THEN MOVED TO CHICAGO, IL AND THEN TO IOWA (NFI). SOURCE BELIEVES SUBJECT MAY HAVE MENTIONED THAT HIS SPOUSE MAY HAVE LIVED IN CANADA BUT, SOURCE IS NOT CERTAIN.

SOURCE BELIEVES SUBJECT HOLDS AN UNDERGRADUATE DEGREE, A MASTER'S DEGREE AND A DOCTORATE, HOWEVER; SOURCE DOES NOT KNOW THE GRANTING INSTITUTIONS.

FROM 11/2011 TO PRESENT, SUBJECT IS EMPLOYED BY PSU AS PRESIDENT EMERITUS AND A SOCIOLOGY PROFESSOR. FROM APPROXIMATELY THE MID-1990'S (EXACT DATE UNRECALLED) TO 11/2011, SUBJECT HELD THE POSITION OF PSU PRESIDENT. AS PRESIDENT AND PRESIDENT EMERITUS, SUBJECT HOLDS

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

POSITIONS ON BOARDS WITHIN THE DEPARTMENT OF DEFENSE, THE BOARD OF HIGHER EDUCATION AND THE NATIONAL SECURITY HIGHER EDUCATION ADVISORY BOARD (NSHEAB) WHERE HE IS CHAIRMAN AND WHERE HE SPENDS THE BULK OF HIS BOARD TIME. SOURCE BELIEVES SUBJECT NEEDS HIS SECURITY CLEARANCE PRIMARILY FOR HIS ASSOCIATION WITH THE NSHEAB. SOURCE BELIEVES ALL OF THESE BOARD POSITIONS ARE UNPAID POSITIONS.

SUBJECT'S PERFORMANCE AS PRESIDENT WAS VERY GOOD AND HE IS ELIGIBLE FOR RE-HIRE.

SUBJECT IS FRIENDLY, GETS ALONG WELL WITH OTHERS, IS VERY PERSONABLE, IS A WELL-ROUNDED PERSON, HAS A GOOD SENSE OF HUMOR, IS VERY RESPONSIBLE, IS TRUSTWORTHY AND IS PATRIOTIC.

SOURCE TRUSTS SUBJECT AND TRUSTS SUBJECT'S JUDGEMENT.

SOURCE BELIEVES SUBJECT HAS TRAVELED TO EUROPE, THE UNITED KINGDOM, FRANCE, CHINA AND BHUTAN, FOR APPROXIMATELY ONE WEEK IN DURATION EACH, WITHIN THE PAST SEVEN YEARS, HOWEVER; SOURCE IS NOT AWARE OF SPECIFIC LOCATIONS OR SPECIFIC DURATIONS. SOURCE BELIEVES THOSE TRIPS HAVE BEEN IN CONJUNCTION WITH PSU BUSINESS. SUBJECT TOLD SOURCE THAT HE HAS MET WITH SEVERAL FOREIGN NATIONALS WHO ARE AFFILIATED WITH VARIOUS UNIVERSITIES (NFI) THROUGH EDUCATIONAL CONFERENCES AND EVENTS AND DISCUSSED EDUCATIONAL EXCHANGE PROGRAMS WITH THEM THROUGH THE PSU WORLD CAMPUS PROGRAM (NFI). SOURCE BELIEVES SUBJECT'S CONTACT WITH THOSE FOREIGN NATIONALS HAS BEEN PURELY PROFESSIONAL WITH NO LASTING RELATIONSHIPS AND THAT SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF THOSE NON-LASTING RELATIONSHIPS.

SUBJECT CAN NOT BE INFLUENCED, COERCED, EXPLOITED OR BLACKMAILED BY A FOREIGN RELATIVE OR FRIEND, FOREIGN GOVERNMENT OR FOREIGN MILITARY TO CHOOSE BETWEEN LOYALTY TO THE FOREIGN CONNECTION OR THE US.

SUBJECT HAS NEVER MADE ANY LASTING CONTACTS WHILE OUTSIDE THE US NOR HAS SUBJECT EVER HAD A PROBLEM WITH CUSTOMS OR LAW ENFORCEMENT OFFICIALS WHILE OUTSIDE OF THE US. SUBJECT HAS NOT VISITED ANY EMBASSIES OR CONSULATES WHILE OVERSEAS. SUBJECT CANNOT BE BLACKMAILED FOR ANY INCIDENTS WHILE ON FOREIGN TRAVEL.

SOURCE BELIEVES SUBJECT MAY HAVE MENTIONED TO SOURCE THAT HIS SPOUSE MAY OWN SOME PROPERTY IN CANADA (NFI) BUT, SOURCE IS NOT CERTAIN. SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF HIS SPOUSE POSSIBLY OWNING LAND IN CANADA.

IN REGARD TO SUBJECT'S DEPARTURE FROM THE POSITION OF PSU PRESIDENT IN 11/2011, SOURCE PROVIDED THE FOLLOWING INFORMATION:

IN 11/2011, SUBJECT RESIGNED HIS POSITION AS PSU PRESIDENT. SUBJECT DISCUSSED THIS CIRCUMSTANCE WITH SOURCE. SUBJECT MADE IT CLEAR TO

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SOURCE THAT HE RESIGNED, HE WAS NOT FIRED. SUBJECT TOLD SOURCE THAT HE OFFERED TO RESIGN PRIOR TO THE PSU BOARD OF TRUSTEES (BOT) ACCEPTING HIS RESIGNATION.

SUBJECT SAID HE OFFERED HIS RESIGNATION BECAUSE OF THE FERVOR INSPIRED BY THE MEDIA AND AS A SENSE OF TAKING RESPONSIBILITY FROM THE TOP, BECAUSE THERE WERE RAMIFICATIONS AT THE HIGHEST LEVELS AT PSU (NFI).

SUBJECT TOLD SOURCE THAT HE BELIEVED THAT, BASED ON THE MEDIA FERVOR, IT WAS LIKELY THAT SOMEONE WOULD ASK FOR HIM TO BE FIRED, AND THEREFORE; HE OFFERED TO RESIGN PRIOR.

SUBJECT SAID HE PREPARED LETTERS OF RESIGNATION FOR THE BOARDS HE WAS ON AND MOST OF THEM DECLINED TO ACCEPT THEM (NFI). SOURCE BELIEVES THAT NOT ALL OF THE LETTERS WERE ACCEPTED (NFI).

AS IT PERTAINS TO THE SANDUSKY CIRCUMSTANCE, SOURCE RECALLED THAT SUBJECT TOLD SOURCE THAT HE HAD RECEIVED VERY LIMITED INFORMATION FROM GARY SCHULTZ AND TIM CURLEY (NFI).

SOURCE BELIEVES SUBJECT HAD A LEVEL OF TRUST WITH GARY SCHULTZ AND TIM CURLEY TO DO WHATEVER HAD TO BE DONE (NFI). SUBJECT TOLD SOURCE THAT HE FELT SCHULTZ AND CURLEY HAD A STRONG SENSE OF RIGHT AND WRONG AND WOULD NOT HAVE COVERED UP THE SANDUSKY INCIDENT. SUBJECT TOLD SOURCE THAT HE WAS CONVINCED THAT CURLEY AND SCHULTZ WERE APPROPRIATE PERSONS TO TAKE ACTION (NFI).

SUBJECT TOLD SOURCE THAT HE FELT THAT, AS THE GUY AT THE TOP, AS THE CAPTAIN OF THE SHIP, IT WAS ULTIMATELY HIS RESPONSIBILITY.

SUBJECT'S RESPONSIBILITY IS BASED ON ORGANIZATIONAL STRUCTURE, NOT ON ANY OF HIS ACTS OR ACTS OF OMISSION.

SUBJECT TOLD SOURCE HE HAD TOTAL TRUST IN SCHULTZ AND CURLEY. SOURCE DOES NOT KNOW WHAT SCHULTZ OR CURLEY TOLD SUBJECT OR WHEN SUBJECT LEARNED OF THE SANDUSKY CIRCUMSTANCES.

SOURCE OPINED THE FOLLOWING: SOURCE BELIEVES THE KEY TO THE SITUATION IS MIKE MCQUEARY, WHAT MCQUEARY SAW, APPARENTLY IT LOOKED SEXUAL TO HIM AND HE MAY HAVE BEEN WORRIED ABOUT WHAT WOULD HAPPEN TO HIM (MCQUEARY). SOURCE BELIEVES THAT, BECAUSE MCQUEARY WANTED TO KEEP HIS JOB HERE AND WENT TO SCHOOL HERE, HE WANTED TO GO TO JOE PATERNO VICE DIRECTLY TO THE POLICE. SOURCE BELIEVES THAT MCQUEARY LIKELY TOLD PATERNO GENERALLY, THEN MCQUEARY TOLD CURLEY AND SCHULTZ. SOURCE BELIEVES CURLEY AND SCHULTZ LIKELY ASKED TOUGH QUESTIONS AND THOSE TOUGH QUESTIONS LIKELY CAUSED MCQUEARY TO QUESTION WHAT HE ACTUALLY SAW. SOURCE BELIEVES THAT AFTER QUESTIONING, MCQUEARY LIKELY DID NOT KNOW WHAT HE ACTUALLY SAW. SOURCE BELIEVES MCQUEARY LIKELY DID NOT KNOW WHAT HE SAW AND PROBABLY REALIZED HE COULD NOT PROVE WHAT HE SAW.

SOURCE BELIEVES THAT, BASED ON MCQUEARY NOT KNOWING EXACTLY WHAT HE SAW, SCHULTZ AND CURLEY WANTED TO MAKE SURE THAT SANDUSKY WAS AROUND PSU ANYMORE AND WANTED TO TELL THE SECOND MILE. SOURCE BELIEVES MCQUEARY REALLY DID NOT KNOW WHAT HE SAW AFTER BEING ASKED HARD QUESTIONS.

SOURCE BELIEVES CURLEY AND SCHULTZ TOLD SUBJECT THAT SOMETHING ODD HAPPENED AND THAT THEY DID NOT WANT JERRY SANDUSKY ON CAMPUS ANYMORE AND INFORMED THE SECOND MILE.

SOURCE BELIEVES CURLEY AND SCHULTZ DID NOT REALIZE THEY HAD AN OBLIGATION WITH CHILDREN AND LIKELY DID NOT REALIZE THAT POSSIBLY DUE TO A LACK OF TRAINING.

SOURCE DOES NOT BELIEVE THERE WAS ANY EFFORT TO COVER-UP THE INCIDENT.

SOURCE DOES BELIEVE SOMETHING INAPPROPRIATE HAPPENED INVOLVING SANDUSKY, LIKELY TOO ROUGH HORSE PLAY IN THE SHOWER, AND THAT CURLEY AND SCHULTZ WERE HANDLING THE INCIDENT BY BANNING SANDUSKY FROM CAMPUS AND TELLING THE SECOND MILE.

SOURCE'S IMPRESSION IS THAT CURLEY AND SCHULTZ GAVE SUBJECT BACK BRIEF, NOT FOR PERMISSION, THEY WERE NOT ASKING FOR APPROVAL.

SOURCE BELIEVES SUBJECT RESIGNED DUE TO THE MEDIA SPIN AND THAT IT WAS GOING TO BE A SERIOUS SCANDAL FOR THE UNIVERSITY AND THAT PUTTING PEOPLE ON ADMINISTRATIVE LEAVE WAS NOT SEVERE ENOUGH.

SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF THE CIRCUMSTANCES SURROUNDING HIS DEPARTURE FROM THE POSITION OF PSU PRESIDENT. THE CIRCUMSTANCES SURROUNDING SUBJECT'S DEPARTURE FROM THE PRESIDENCY DO NOT CAST DOUBT ON SUBJECT'S JUDGMENT, RELIABILITY OR ABILITY TO SAFEGUARD NATIONAL SECURITY INFORMATION.

SOURCE BELIEVES SUBJECT OFFERED TO RESIGN HIS POSITION AS PSU PRESIDENT FOR THE GOOD OF THE UNIVERSITY BECAUSE SEVERE ACTION HAD TO BE TAKEN.

SOURCE HAS NO KNOWLEDGE OF ANYTHING IN SUBJECT'S BACKGROUND, LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

ITEM: 010

SOURCE: 019

NAME EDWARD G. LISZKA, DR., DIRECTOR OF APPLIED RESEARCH LABORATORY (ARL), PENNSYLVANIA STATE UNIVERSITY (PSU) ARL, POST OFFICE BOX 30, 475 ARL BUILDING, STATE COLLEGE, PA 16804-0030
INTERVIEWED AT PENNSYLVANIA STATE UNIVERSITY (PSU), ARL, 475 ARL BUILDING, UNIVERSITY PARK, PA 16802

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ISSUE(S) 07A
PRIMARY ASSOCIATION SUBORDINATE
AVERAGE EXTENT OF CONTACT REGULAR
SPAN OF CONTACT APPROXIMATELY MID-1990'S TO PRESENT

*Ed Liszka,
Director, ARL*

RECOMMENDS

DR. EDWARD G. LISZKA MET DR. GRAHAM SPANIER IN THE MID-1990'S EXACT DATE UNRECALLED), WHEN SUBJECT BECAME THE PENNSYLVANIA STATE UNIVERSITY (PSU) PRESIDENT, AS ASSOCIATE DIRECTOR OF THE PSU APPLIED RESEARCH LABORATORY (ARL) TO PSU PRESIDENT, WITH QUARTERLY CONTACT AS ASSOCIATE DIRECTOR TO PRESIDENT AND TWO TIMES YEARLY SOCIAL CONTACT AT PSU SPONSORED SOCIAL FUNCTIONS, UNTIL APPROXIMATELY 2002 (EXACT DATE UNRECALLED), WHEN SOURCE BECAME THE DIRECTOR OF THE PSU ARL. FROM APPROXIMATELY 2002 (EXACT DATE UNRECALLED) TO PRESENT, SOURCE HAS CONTACT WITH SUBJECT ONCE EVERY TWO MONTHS, AS DIRECTOR OF ARL TO PSU PRESIDENT/PSU PROFESSOR, WITH TWO TIMES YEARLY SOCIAL CONTACT AT PSU SPONSORED SOCIAL FUNCTIONS.

SUBJECT IS MARRIED (WIFE'S NAME UNRECALLED) AND THEY HAVE AT LEAST ONE SON (NFI).

SUBJECT'S UNSTRUCTURED ACTIVITIES CONSIST OF PLAYING RACQUETBALL, HIS INTEREST IN MOVIES AND DOING MOVIE REVIEWS.

FROM AT LEAST THE MID-1990'S TO 12/2011, SUBJECT RESIDED AT THE SCHREYER HOUSE, ON-CAMPUS HOUSING FOR THE PRESIDENT, UNIVERSITY PARK, PA. SOURCE HAS NO KNOWLEDGE OF WHERE SUBJECT CURRENTLY RESIDES BEYOND THE STATE COLLEGE, PA AREA (NFI). SUBJECT TOLD SOURCE THAT HE HAD PREVIOUSLY RESIDED IN NEBRASKA (NFI) AND PRIOR TO THAT HAD RESIDED IN NEW YORK STATE (NFI). SOURCE HAS NO KNOWLEDGE OF ANY OTHER RESIDENCES ON THE PART OF SUBJECT.

SUBJECT HOLDS A DOCTORATE IN SOCIAL SERVICES AND COUNSELING (NFI).

FROM APPROXIMATELY THE MID-1990'S (EXACT DATE UNRECALLED) TO 11/2011, SUBJECT WAS EMPLOYED AS THE PSU PRESIDENT. FROM 11/2011 TO PRESENT, SUBJECT IS EMPLOYED AS A PSU PROFESSOR AND FACULTY MEMBER. SUBJECT IS ALSO ON PSU ARL BOARDS, TO INCLUDE THE BOARD OF THE NAVAL POST GRADUATE SCHOOL AMONG OTHERS (NFI), ADVISING THE DEPARTMENT OF DEFENSE (DOD), CENTRAL INTELLIGENCE AGENCY (CIA) AND FEDERAL BUREAU OF INVESTIGATION (FBI) ON COUNTERINTELLIGENCE, SPECIFICALLY HOW UNIVERSITIES CAN HELP THE DOD, CIA AND FBI. SUBJECT HAS A GREAT REPUTATION WITH THOSE AGENCIES.

SUBJECT'S PERFORMANCE AS PRESIDENT WAS VERY GOOD AND HE IS ELIGIBLE FOR RE-HIRE.

IN REGARD TO SUBJECT'S DEPARTURE FROM THE POSITION OF PSU PRESIDENT,

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SOURCE BELIEVES SUBJECT OFFERED HIS RESIGNATION AND THE PSU BOARD OF TRUSTEES HAD TO TAKE ACTION DUE TO THE MEDIA FRENZY, TO SHOW THE COUNTRY THAT PSU WAS TAKING ACTION.

SOURCE DOES NOT BELIEVE SUBJECT DID ANYTHING WRONG AND BELIEVES THAT SUBJECT ONLY OFFERED HIS RESIGNATION BECAUSE HE FELT THE BUCK STOPPED AT THE PRESIDENCY (NFI).

SOURCE HAS NOT SPECIFICALLY DISCUSSED THE CIRCUMSTANCES REGARDING SUBJECT'S DEPARTURE FROM THE PRESIDENCY WITH SUBJECT.

THE CIRCUMSTANCES SURROUNDING SUBJECT'S DEPARTURE FROM THE PSU PRESIDENCY DOES NOT ADVERSELY IMPACT SUBJECT'S JUDGMENT, RELIABILITY OR ABILITY TO SAFEGUARD NATIONAL SECURITY INFORMATION.

SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF THE CIRCUMSTANCES SURROUNDING HIS DEPARTURE FROM THE PSU PRESIDENCY.

SUBJECT HAS A VERY HIGH REPUTATION AND VERY HIGH CHARACTER, HAS VERY HIGH MORAL CHARACTER, IS VERY RESPONSIBLE AND TAKES ON HARD ISSUES.

SOURCE TRUSTS SUBJECT AND TRUSTS SUBJECT'S JUDGMENT.

SOURCE BELIEVES SUBJECT HAS HAD FOREIGN BUSINESS TRAVEL IN CONJUNCTION WITH HIS POSITION AS PSU PRESIDENT BUT, SOURCE DOES NOT KNOW ANY SPECIFICS (SPECIFIC LOCATIONS, DATES AND DURATIONS UNKNOWN).

SUBJECT HAS NEVER MADE ANY LASTING CONTACTS WHILE OUTSIDE THE US NOR HAS SUBJECT EVER HAD A PROBLEM WITH CUSTOMS OR LAW ENFORCEMENT OFFICIALS WHILE OUTSIDE OF THE US. SUBJECT HAS NOT VISITED ANY EMBASSIES OR CONSULATES WHILE OVERSEAS. SUBJECT CANNOT BE BLACKMAILED FOR ANY INCIDENTS WHILE ON FOREIGN TRAVEL.

IN REGARD TO ANY FOREIGN CONNECTIONS OR FOREIGN CONTACTS, SOURCE BELIEVES SUBJECT HAS A PURELY PROFESSIONAL RELATIONSHIP WITH JOHN HORGAN, WHO IS DIRECTOR OF THE PSU INTERNATIONAL CENTER FOR THE STUDY OF TERRORISM, WHO IS A CITIZEN OF IRELAND. SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF HIS PURELY PROFESSIONAL ASSOCIATION WITH PSU PROFESSOR JOHN HORGAN WHO IS A CITIZEN OF IRELAND.

SOURCE HAS NO KNOWLEDGE OF ANYTHING IN SUBJECT'S BACKGROUND, LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

ITEM: 011

SOURCE: 020

NAME FRANCES A. RILEY, MEMBER, PSU BOARD OF TRUSTEES, POST OFFICE BOX 520,
BOALSBERG, PA 16827

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INTERVIEWED AT STATE COLLEGE, PA BOROUGH ADMIN BLDG, 243 SOUTH ALLEN
STREET, STATE COLLEGE, PA 16801

ISSUE(S) 07A

PRIMARY ASSOCIATION FRIEND

AVERAGE EXTENT OF CONTACT REGULAR

SPAN OF CONTACT APPROXIMATELY 1973 TO PRESENT

RECOMMENDS

MS. FRANCES ANNE RILEY MET GRAHAM SPANIER IN APPROXIMATELY 1973 (EXACT DATE RECALLED), AS SUBJECT'S SPOUSE'S (SANDRA WHIPPLE SPANIER'S) CO-WORKER, IN STATE COLLEGE, PA, WHEN SOURCE WAS INTRODUCED TO SUBJECT THROUGH SUBJECT'S SPOUSE, IMMEDIATELY BECOMING FRIENDS, WITH QUARTERLY SOCIAL CONTACT AT PSU FACULTY SOCIAL FUNCTIONS, UNTIL THE EARLY 1980'S (EXACT DATE UNRECALLED), WHEN SUBJECT LEFT HIS FACULTY POSITION AT PSU FOR A POSITION AT SUNY STONY BROOK, THEN TO OREGON STATE AND THEN TO CHANCELLOR AT THE UNIVERSITY OF NEBRASKA. FROM APPROXIMATELY THE EARLY 1980'S TO FALL 1995 (EXACT DATE UNRECALLED), SOURCE HAD NO CONTACT WITH SUBJECT. DURING FALL 1995 (EXACT DATE UNRECALLED), SUBJECT RETURNED TO PSU AS PRESIDENT AND SOURCE AND SUBJECT RENewed THEIR FRIENDSHIP. WHILE SUBJECT WAS GONE FROM PSU, SOURCE BECAME THE PSU ALUMNI ASSOCIATION PRESIDENT. FROM FALL 1995 (EXACT DATE UNRECALLED) TO 07/1997, SOURCE HAD TWO TIMES MONTHLY SOCIAL CONTACT WITH SUBJECT, AS FRIENDS AND AS PSU ALUMNI ASSOCIATION PRESIDENT TO PSU PRESIDENT. IN 07/1997, SOURCE BECAME A MEMBER OF THE PSU BOARD OF TRUSTEES (BOT). FROM 07/1997 TO 11/2011, SOURCE HAD WEEKLY SOCIAL CONTACT WITH SUBJECT, AS PSU BOT MEMBER TO PSU PRESIDENT AND AS FRIENDS. IN 11/2011, SUBJECT STEPPED DOWN FROM HIS POSITION AS PSU PRESIDENT WHEN HE RESIGNED THAT POSITION. FROM 11/2011 TO PRESENT, SOURCE HAS MONTHLY TELEPHONE SOCIAL CONTACT WITH SUBJECT, AS FRIENDS.

SOURCE DESCRIBED HER SOCIAL CONTACT WITH SUBJECT AS TALKING ABOUT EACH OTHER'S LIVES AND CHILDREN, ATTENDING PSU FACULTY SOCIAL FUNCTIONS TOGETHER, ATTENDING PSU SPONSORED SOCIAL FUNCTIONS TOGETHER (TO INCLUDE DEDICATIONS, GROUND BREAKINGS AND ALUMNI EVENTS), PSU SOCIAL DINNERS AND HAVE GONE ON VACATIONS TOGETHER.

SUBJECT IS REFERRED TO BY HIS FRIENDS AND SOME PSU ADMINISTRATORS AND PSU BOT MEMBERS AS "GRAHAMBO", "GBB" OR "THE BOSS" AS NICKNAMES FOR THE PURPOSE OF BREVITY.

SUBJECT IS MARRIED, HIS WIFE'S NAME IS SANDRA WHIPPLE SPANIER, AKA: SANDY SPANIER, AND THEY HAVE TWO CHILDREN; BRIAN AND HADLEY.

SUBJECT'S UNSTRUCTURED ACTIVITIES CONSIST OF PLAYING RACQUETBALL, BIKING, RIVER RAFTING, KAYAKING, MAGIC AND HE HOLDS A COMMERCIAL AIRLINE PILOT'S LICENSE. SUBJECT HAS AN INTEREST IN MUSICAL THEATRE, ATHLETICS, AND PREVIOUSLY HAD A RADIO SHOW WITH BRIAN ROSS WHO NOW WORKS FOR NBC NEWS.

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SOURCE VOLUNTEERED THAT SUBJECT WAS BORN IN SOUTH AFRICA AND WAS BORN THERE BECAUSE HIS FAMILY HAD RESIDED IN NAZI GERMANY, WERE VICTIMS OF NAZI GERMANY, AND HIS PARENTS ESCAPED GERMANY AND WENT TO SOUTH AFRICA. SOURCE VOLUNTEERED THAT SHE AND SUBJECT SHARE THE SAME BIRTHDAY.

FROM APPROXIMATELY 1973 TO THE EARLY 1980'S, SUBJECT RESIDED ON NORTH OAK LANE (EXACT HOUSE NUMBER UNRECALLED) IN THE PARK FOREST SECTION OF STATE COLLEGE, PA. FROM APPROXIMATELY THE EARLY 1980'S (EXACT DATE UNRECALLED) TO APPROXIMATELY 1995 (EXACT DATE UNRECALLED), SUBJECT RESIDED NEAR SUNY STONY BROOK, NEAR CORAOPOLIS, OR NEAR OREGON STATE UNIVERSITY AND NEAR LINCOLN, NEBRASKA (EXACT LOCATIONS UNKNOWN). FROM APPROXIMATELY 1995 (EXACT DATE UNRECALLED) TO 01/2012, SUBJECT RESIDED IN THE SCHREYER HOUSE ON THE PSU CAMPUS. FROM 01/2012 TO PRESENT, SUBJECT RESIDES AT THE SUMMIT BUILDING CONDOMINIUM #2A, IN STATE COLLEGE, PA. SUBJECT WAS BORN IN SOUTH AFRICA AND THEN MOVED TO CHICAGO, IL (NFI).

SUBJECT HOLDS A BACHELOR'S DEGREE AND MASTER'S DEGREE FROM IOWA STATE UNIVERSITY. SUBJECT HOLDS A DOCTORATE IN SOCIOLOGY FROM NORTHWESTERN UNIVERSITY.

SUBJECT TOLD SOURCE THAT PRIOR TO 1973 (EXACT DATE UNRECALLED), SUBJECT WORKED AT THE BOSTON SYMPHONY, WORKED AS A PIZZA DELIVERY PERSON AND HELD VARIOUS ODD JOBS (NFI). FROM APPROXIMATELY 1973 (EXACT DATE UNRECALLED) TO THE EARLY 1980'S (EXACT DATE UNRECALLED), SUBJECT WAS A TENURE TRACK FULL PROFESSOR IN THE PSU HEALTH AND HUMAN DEVELOPMENT FAMILY STUDIES DEPARTMENT AND ROSE TO ASSOCIATE DEAN. FROM THE EARLY 1980'S UNTIL FALL 1995 (EXACT DATES UNRECALLED), SUBJECT HELD POSITIONS AS ASSOCIATE PROVOST AT SUNY STONY BROOK, PROVOST AT OREGON STATE UNIVERSITY AND CHANCELLOR AT THE UNIVERSITY OF NEBRASKA. FROM FALL 1995 (EXACT DATE UNRECALLED) TO 11/2011, SUBJECT WAS THE PSU PRESIDENT.

IN 11/2011, SUBJECT WAS TERMINATED WITHOUT CAUSE FROM HIS POSITION AS PSU PRESIDENT. SUBJECT ASKED THE PSU BOT CHAIR, STEVE GARBAN, AND THE VICE CHAIR, JOHN SURMA, IF HE (SUBJECT) COULD GET A VOTE OF CONFIDENCE, THEY TOLD SUBJECT NO, IT WAS ACTUALLY A RESIGNATION BUT, IT IS TERMED A TERMINATION WITHOUT CAUSE (LEGAL TERM) SO SUBJECT COULD MAINTAIN ALL HIS BENEFITS AND TENURE.

FROM 11/2011 TO PRESENT, SUBJECT HOLDS THE POSITION OF PSU PRESIDENT EMERITUS AND TENURED PROFESSOR.

IN REGARD TO ANY OTHER EMPLOYMENT, SUBJECT HOLDS POSITIONS ON VARIOUS BOARDS, SPECIFICALLY THE BOARD OF US STEEL, THE BIG TEN, THE NCAA, THE ASSOCIATION OF UNDERGRADUATE UNIVERSITIES, HE WAS THE INSTIGATOR OF TWENTY UNIVERSITY PRESIDENTS FOR THE FEDERAL GOVERNMENT TO OBTAIN GOVERNMENT CONTRACTS WITH THE U.S. DEPARTMENT OF DEFENSE, HE IS ON THE

BOWL CHAMPIONSHIP SERIES BOARD, THE HIGHER EDUCATION ASSOCIATION BOARD WITH THE FEDERAL GOVERNMENT AND HAS HELPED THE FEDERAL GOVERNMENT IN FOLLOW-UPS FOR FEDERAL GOVERNMENT INQUIRIES AT VARIOUS UNIVERSITIES (NFI).

SUBJECT'S PERFORMANCE AS PSU PRESIDENT WAS OUTSTANDING AND HE IS ELIGIBLE FOR RE-HIRE.

IN REGARD TO THE CIRCUMSTANCES SURROUNDING SUBJECT'S DEPARTURE FROM THE POSITION OF PSU PRESIDENT, SOURCE VOLUNTEERED THAT ON 01/19/2012, MARK VERA OF THE NEW YORK TIMES CITY EDITION MET WITH THIRTEEN OF THE PSU BOT TRUSTEES AND LANNY DAVIS AT THE TETERBORO AIRPORT AND DISCUSSED THE CIRCUMSTANCES FOR THE NEW YORK TIMES ARTICLE THAT SUBSEQUENTLY APPEARED (NFI).

SOURCE THEN PROVIDED THE FOLLOWING INFORMATION IN A CHRONOLOGY OF EVENTS:

IN 1998 (EXACT DATE UNRECALLED), THERE WAS A PSU UNIVERSITY POLICE INVESTIGATION REGARDING ALLEGED MISCONDUCT INVOLVING JERRY SANDUSKY AND IT WENT TO THE UNIVERSITY POLICE WHO THEN TURNED IT OVER TO RAY GRICAR THE DISTRICT ATTORNEY WHO SAID THE ALLEGATIONS WERE UNFOUNDED AND THE INVESTIGATION STOPPED.

AS TRUSTEES, NONE OF THEM KNEW OF THE 1998 INVESTIGATION UNTIL 03/2011 WHEN THEY READ IT IN AN ARTICLE IN THE CENTRE DAILY TIMES NEWS PAPER, WHICH SAID THAT JERRY SANDUSKY WAS BEING INVESTIGATED BY THE GRAND JURY FOR ALLEGED SEX MISCONDUCT. SOURCE RECALLED THAT SANDUSKY HAD RETIRED FROM PSU IN 1999 (EXACT DATE UNRECALLED).

SOURCE THOUGHT AND ASSUMED THAT JOE PATERNO, TIM CURLEY, GARY SCHULTZ AND SUBJECT WERE GIVING TESTIMONY TO THE GRAND JURY BECAUSE JERRY SANDUSKY WAS ONCE EMPLOYED BY PSU. SOURCE THOUGHT IT WAS A MATTER FROM THE SECOND MILE, NOT PSU.

SUPPOSEDLY WHAT WAS GIVEN IN THE NEWSPAPER IN 1999 REGARDING JERRY SANDUSKY'S THEN-RETIREMENT WAS THAT HE RETIRED TO SPEND TIME WITH THE SECOND MILE. SOURCE NOW KNOWS THAT SANDUSKY LEARNED IN 1998 THAT HE WOULD NOT BE HEAD COACH AND TOOK RETIREMENT BECAUSE HE WOULD NOT BECOME HEAD COACH.

IN 05/2011, THERE WAS A PSU BOT BOARD MEETING AT WHICH CYNTHIA BALDWIN, THE UNIVERSITY ATTORNEY, TOLD THE PSU BOT ABOUT PENDING LEGAL MATTERS AND TOLD THE PSU BOT WHAT A GRAND JURY WAS IT THAT IT WAS INVESTIGATING ALLEGATIONS OF SEXUAL MISCONDUCT BY JERRY SANDUSKY AND THAT JOE PATERNO, TIM CURLEY, GARY SCHULTZ AND SUBJECT TESTIFIED AT THAT GRAND JURY. SOURCE ASSUMED THAT THEY HAD ALL TESTIFIED BECAUSE SANDUSKY HAD ONCE BEEN EMPLOYED BY PSU. CYNTHIA BALDWIN THEN LEFT THE ROOM

*Amie Riley member
PSU BOT*

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SUBJECT THEN TOOK OVER THE MEETING AND SOURCE BELIEVES HE MINIMIZED THE GRAND JURY, SAYING THAT IT PROBABLY WOULD NOT CONCERN PSU AT ALL BUT, THAT THE PSU BOT SHOULD BE AWARE OF IT. SOURCE ASSUMES THAT SUBJECT WAS ADVISED BY SOMEONE (NFI) NOT TO TELL THE PSU BOT ANYMORE (NFI).

ALL OF THE TRUSTEES THEN LEARNED OF THE GRAND JURY PRESENTMENT ON 11/05/2011. SOURCE FIRST LEARNED OF THE PRESENTMENT WHEN SHE WAS AT AN OPERA INTERMISSION WHEN SHE HEARD OF IT FROM RON FILIPELLI, A FACULTY EMERITUS/PRESIDENT OF THE STATE COLLEGE, PA BOROUGH COUNSEL.

SOURCE HEARD A RUMOR THAT STEVE GARBAN, THE CHAIRMAN OF THE PSU BOT, MAY HAVE HEARD OF THE PRESENTMENT PRIOR TO 11/05/2011 BUT, SOURCE IS NOT SURE (NFI).

IRA LUBERT, ANOTHER TRUSTEE, THEN GOT A CALL FROM HIS SON SAYING THAT TIM CURLEY AND GARY SCHULTZ WERE TO BE INDICTED.

SOURCE MISSED THE FIRST BOT CONFERENCE CALL THAT SATURDAY AFTERNOON BECAUSE SHE WAS AT THE OPERA. SOURCE THEN GOT BACK TO HER RESIDENCE ON SATURDAY NIGHT, PRINTED THE PRESENTMENT AND READ IT.

SUNDAY NIGHT, 11/06/2011, THE BOT HAD A MEETING AT OLD MAIN. AT THIS MEETING, THE TRUSTEES WENT OVER WHY THEY DID NOT KNOW OF THE INFORMATION IN THE PRESENTMENT. THERE WERE TWENTY TRUSTEES PRESENT, ALONG WITH PAULA AMMERMAN (THE ADMINISTRATOR OF THE BOT), SUBJECT, CYNTHIA BALDWIN, TOM POOLE (VICE PRESIDENT FOR ADMINISTRATION) AND CANDIDATES FOR ADDITIONAL LEGAL ASSISTANCE TO PSU.

ALL OF THE TRUSTEES WERE STUNNED, STUNNED BY THE POSSIBLE SEXUAL ABUSE TAKING PLACE ON THE PSU CAMPUS. THE BOT WANTED TO HIRE ADDITIONAL LEGAL COUNSEL AND DID HIRE FRANK GUADAGNINO FROM PITTSBURGH, PA. SUBJECT WAS PRESENT WITH HIS ATTORNEY (NAME UNRECALLED), JOE PATERNO'S ATTORNEY WAS PRESENT (NAME UNRECALLED), TIM CURLEY AND HIS ATTORNEY (NAME UNRECALLED) WERE PRESENT AND GARY SCHULTZ AND HIS ATTORNEY (NAME UNRECALLED) WERE PRESENT. LANEY J. DAVIS, A CRISIS MANAGER FROM WASHINGTON, DC WAS PRESENT AND AT THE MEETING THE TRUSTEES WERE TRYING TO DECIDE ON AN ATTORNEY AND A CRISIS MANAGER AND DISCUSSING THE IMMEDIATE ADMINISTRATIVE LEAVE FOR CURLEY BECAUSE HE HAD BEEN INDICTED. GARY SCHULTZ HAD ALREADY RETIRED AS SENIOR VICE PRESIDENT FOR BUSINESS, FINANCE AND PHYSICAL PLANT, TO INCLUDE OVERSIGHT OF THE UNIVERSITY POLICE DEPARTMENT. AL HORVATH, WHO HAD BEEN TRAINED BY SCHULTZ TO REPLACE SCHULTZ LEFT IN 09/2011 TO TAKE A POSITION AT THE SMITHSONIAN, SO THE BOT HAD TO BRING SCHULTZ BACK FROM RETIREMENT. SCHULTZ HAD BEEN IN-CHARGE AS AN INTERIM SENIOR VICE PRESIDENT UNTIL THE BOT COULD HIRE DAVID GRAY. THE BOT CHOSE TO HAVE SCHULTZ RETURN TO RETIREMENT. THE BOT MOVED TO HAVE DAN SIEMINSKY TAKE OVER FOR SCHULTZ UNTIL DAVID GRAY STARTED IN 02/2012. SOURCE REITERATED THAT THE BOT RETURNED SCHULTZ TO RETIREMENT AT THAT TIME.

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DURING THE MEETING, SUBJECT TOLD THE BOT THAT HE HAD FULL CONFIDENCE IN TIM CURLEY AND GARY SCHULTZ AND WHAT THEY TOLD HIM IN 2002, OR WORDS TO THAT EFFECT. THAT STATEMENT MADE SOME BOT MEMBERS TO THINK OF FIRING SUBJECT AND JOE PATERNO. THE STATEMENT IRRITATED THE BOARD BECAUSE THE BOT MEMBERS HAVE BIG EGOS AND DID NOT LIKE BEING SURPRISED BY THE PRESENTMENT. SUBJECT CALLED ME MONDAY NIGHT 11/07/2011 AND HE WANTED ME TO TELL HIM WHAT THE SENSE OF WHERE THE BOARD WAS. SOURCE TOLD SUBJECT THE BOT WAS UPSET BECAUSE THEY HAD NO WARNING. SUBJECT TOLD SOURCE THAT IN APPROXIMATELY 2002 (EXACT DATE UNRECALLED) WHEN GARY SCHULTZ AND TIM CURLEY CAME TO SEE HIM HE DID PROBE THEM (NFI).

ON SUNDAY NIGHT AT THE BOT MEETING, SOURCE WAS SITTING NEXT TO RONALD J. TOMALIS, SECRETARY OF PENNSYLVANIA DEPARTMENT OF EDUCATION, WHO SAID TO SOURCE "YOU'RE KNOWN AS A CLOSE FRIEND OF SPANIER, ARE YOU PREPARED FOR WHAT IS POSSIBLY GOING TO HAPPEN THIS WEEK?"

ON MONDAY NIGHT, SOURCE RELATED TOMALIS' STATEMENT TO SUBJECT. SUBJECT TOLD SOURCE THAT TIM CURLEY AND GARY SCHULTZ DID NOT TELL HIM ENOUGH FOR HIM TO CALL THE POLICE. SUBJECT TOLD SOURCE THAT HE PROBED CURLEY AND SCHULTZ BUT ONLY GOT FROM THEM THAT MCQUERRY'S STATEMENTS WERE UNCLEAR AND THAT JOE PATERNO HAD PASSED IT UP THE LINE TO TIM CURLEY. SUBJECT TOLD SOURCE THAT TIM CURLEY AND GARY SCHULTZ TOLD HIM THAT THERE WAS "HORSEING AROUND". SUBJECT TOLD SOURCE HE WAS SATISFIED WITH ORDERS GOING OUT FOR SANDUSKY NOT TO BRING KIDS TO THE BUILDING.

SUBJECT TOLD SOURCE "I WAS SO NAIVE". SOURCE DOES NOT KNOW IF SUBJECT WAS REFERRING TO WHAT CURLEY AND SCHULTZ SAID TO HIM OR ABOUT THE GOVERNOR OR ABOUT SANDUSKY OR THE FOOTBALL CULTURE.

SUBJECT TOLD SOURCE THAT HE FELT THERE WAS VINDICTIVENESS FROM THE GOVERNOR.

SOURCE EXPLAINED AS BACKGROUND INFORMATION THAT IN THE SPRING OF 2011 GOVERNOR CORBETT PROPOSED A 50% CUT IN PSU FUNDING, BUT SUBJECT FOUGHT THAT FOR THE SAKE OF THE STUDENTS TUITION, THE ACADEMICS, AND THE LAND GRANT SERVICES/OUTREACH SERVICES THAT PSU PROVIDES. AS A RESULT OF SUBJECTS EFFORTS, THE STATE LEGISLATURE RESTORED SOME OF THE FUNDING THAT CAUSED GOVERNOR CORBETT TO LOOK BAD. ON TUESDAY SOURCE HEARD THE STEVE GARBAN AND JOHN SURMA WENT TO SEE SUBJECT IN PERSON AND AS OF SUNDAY NIGHT GARBAN DELEGATED THE HANDLING OF THE CRISIS TO JOHN SURMA CEO OF US STEEL AND VICE CHAIR OF BOT. WEDNESDAY NIGHT SOURCE WENT TO THE BOT MEETING WITH THE SENSE THAT SOURCE MIGHT BE ABLE TO SPEAK WITH SUBJECT. WE, AS THE BOT FELT WE HAD TO SAVE PSU AND START OVER WITH THE LEADERSHIP, WE THOUGHT WE WOULD GET GIANT HITS EITHER WAY, SO WE CHOSE WHAT WE THOUGHT WAS BEST FOR THE SCHOOL, IF SUBJECT HAD TO GO, SO DID JOE PATERNO.

SUBJECTS STATEMENT WAS GIVEN TO US AS THE BOT, AND IN IT SUBJECT SAID THE "BUCK STOPS HERE". THERE WAS THEN DISCUSSION ABOUT SUBJECTS

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DEPARTURE AND PATERNO'S DEPARTURE. WE MADE THE DECISION THAT IF WE DIDN'T ACT THAT NIGHT, THERE WOULD BE A LEAK TO JOE PATERNO.

THERE WAS NO VOTE.

JOHN SURMA ASKED US IF THERE WAS ANYONE WHO OBJECTED TO REMOVING BOTH SUBJECT AND JOE PATERNO. NO ONE OBJECTED.

THE BOT DISCUSSION BOILED DOWN TO THE BOT FEAR ABOUT A POSSIBLE LEAK TO JOE PATERNO BEFORE THE BOT COULD GET TO HIM OFFICIALLY.

JOE PATERNO HAD ANNOUNCED ON WEDNESDAY MORNING THAT HE WOULD RETIRE AT THE END OF THE SEASON BUT, HE DID NOT TELL THE PRESIDENT (SUBJECT) OR THE ATHLETIC DIRECTOR (TIM CORLEY) OR THE BOT. THE BOT CONSIDERED JOE PATERNO'S RETIREMENT ANNOUNCEMENT TO BE JUST A CONTINUATION OF THE FOOTBALL EMPIRE. THE BOT WANTED TO TELL JOE PATERNO THAT HE HAD NOT HAD THE COURTESY OF TELLING HIS SUPERVISORS OF HIS RETIREMENT.

THE BOT WOULD HAVE TOLD JOE PATERNO THAT HIS RETIREMENT WOULD BE HONORED AS IF HE RETIRED AFTER THE SEASON. THE BOT FELT THAT IF JOE PATERNO HAD COACHED THE LAST THREE GAMES THAT HE WOULD HAVE BEEN PUMMELED WITH QUESTIONS.

SOURCE EXPLAINED THAT THE 01/19/2012 NEWS ACCOUNT WHICH APPEARED IN THE NEW YORK TIMES WAS MORE ACCURATE THAN ANY OTHER MEDIA STORY.

THE BOT KNEW THEY HAD TO ACT THAT NIGHT, DUE TO A POSSIBLE LEAK, SO AT 9:00 PM THE BOT CALLED THE PATERNO HOUSE TO SEE IF A BOT DELEGATION COULD GO OVER TO THE PATERNO RESIDENCE. THERE WAS NO ANSWER AT THE PATERNO RESIDENCE AND NO ONE PICKED UP THE PHONE. THE BOT WAS TOLD THAT MEDIA AND STUDENTS WERE SURROUNDING PATERNO'S HOUSE BECAUSE OF PATERNO'S EARLIER RETIREMENT ANNOUNCEMENT. THE MEDIA THEN STARTED SHOWING UP AT THE PENN STATER CONFERENCE CENTER AND AT JOE PATERNO'S HOUSE.

THE BOT COULD NOT GET ANYONE AT THE PATERNO RESIDENCE TO PICK-UP THE PHONE AND THE BOT WAS AFRAID TO GO TO THE PATERNO RESIDENCE WITHOUT PERMISSION BECAUSE PATERNO MAY NOT HAVE ANSWERED THE DOOR OR HE MIGHT HAVE SENT THE BOT AWAY AND IT WOULD HAVE BEEN AWFUL.

THE BOT THEN CHOSE TO HAVE A COURIER, FRAN GANTER, TAKE A MESSAGE TO JOE PATERNO, WITH STEVE GARBAN'S CELLULAR TELEPHONE NUMBER ON IT. PATERNO THEN CALLED STEVE GARBAN AND STEVE GARBAN HANDED THE PHONE TO JOHN SURMA. JOHN SURMA TOLD PATERNO THAT HE WAS NO LONGER FOOTBALL COACH AFTER TONIGHT. JOHN SURMA STARTED TO SAY THAT PATERNO'S RETIREMENT SET A PRECEDENT THE WAY HE ANNOUNCED IT AND THAT THE BOT WOULD BE HONORING HIS CONTRACT AS IF HE RETIRED AT THE END OF THE SEASON BUT, JOE PATERNO HUNG-UP BEFORE SURMA COULD SAY ANYTHING ELSE. SURMA WAS ONLY ABLE TO TELL PATERNO THAT HE WAS NO LONGER FOOTBALL COACH BEFORE PATERNO HUNG-UP. OF THE THREE POINTS THE BOT WANTED TO

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CONVEY TO PATERNO, SURMA WAS ONLY ABLE TO GET TO THE FIRST POINT BEFORE PATERNO HUNG-UP. THE BOT MEMBERS THEN SAT AROUND IN SMALL GROUPS UNTIL THE PRESS CONFERENCE TOOK PLACE.

ON THURSDAY, THE BOT HAD AN EXECUTIVE SESSION AT WHICH TIME STEVE GARBAN SAID HE WOULD BE STEPPING DOWN AS CHAIR OF THE BOT AND SURMA TOLD THE MEMBERS THAT HE COULD NOT BECOME THE NEW CHAIR, THAT HE WOULD STAY ON THE BOARD BUT, COULD NOT BECOME THE CHAIR. THE BOT THEN WORKED OUT A PLAN FOR TRANSITION OF THE BOARD CHAIR AND HAVE RODNEY ERICKSON TO BECOME PRESIDENT AND JOYNER TO STEP DOWN FROM THE BOARD TO BECOME ATHLETIC DIRECTOR. THE BOT THEN DECIDED ON KAREN PEETZ TO BECOME THE NEW CHAIR OF THE BOT. THE BOT THEN AGREED TO HIRE LANY DAVIS AS THE ATTY AND CRISIS MANAGER.

IN REGARD TO JERRY SANDUSKY, SUBJECT GAVE A BRIEF TO THE BOT IN 05/2011 AT WHICH TIME SUBJECT SAID THAT THE ISSUE WOULD NOT BE A CONCERN TO PSU. SOURCE FEELS THAT THERE WAS A CLAMP ON WHAT SUBJECT COULD TELL THE BOT.

SOURCE REITERATED THAT SUBJECT TOLD HER THAT HE HAD BEEN NAIVE, HOWEVER; SHE DOES NOT KNOW WHAT HE WAS SPECIFICALLY REFERRING TO.

SOURCE REITERATED THAT THE 1998 CASE HAD BEEN THROWN OUT AND THAT SHE BELIEVES SUBJECT PROBABLY WISHES HE HAD DONE MORE. SOURCE ADVISED SHE WISHED SUBJECT WOULD HAVE FOLLOWED UP. SOURCE REITERATED THAT SANDUSKY WAS RETIRED, HE WAS TOLD NOT TO BRING CHILDREN TO THE CAMPUS AND SHE WONDERS WHAT SECOND MILRS' ROLE WAS IN THIS.

SOURCE BELIEVES THERE WAS TOO MUCH ANIMOSITY TOWARD SUBJECT BY THE BOT BECAUSE OF THE CIRCUMSTANCES, NOT BECAUSE OF HIM PERSONALLY.

SOURCE, AS A MEMBER OF THE PSU BOT, BELIEVES SUBJECT WAS REMOVED AS PSU PRESIDENT BECAUSE HE WAS THE LEADER AND HE CHOSE NOT TO INVESTIGATE THE MATTER IN 2002 BEYOND TELLING JERRY SANDUSKY TO NOT BRING CHILDREN TO THE CAMPUS AND HAD GIVEN HIS FULL VOTE OF CONFIDENCE TO GARY SCHULTZ AND TIM CURLEY.

SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF THE CIRCUMSTANCES SURROUNDING HIS DEPARTURE AS PRESIDENT OF PSU. THE CIRCUMSTANCES SURROUNDING HIS DEPARTURE FROM THE PSU PRESIDENCY DO NOT CAST DOUBT ON HIS JUDGMENT, RELIABILITY, TRUSTWORTHINESS OR ABILITY TO PROPERLY SAFEGUARD NATIONAL SECURITY INFORMATION.

SUBJECT'S CHARACTER AND REPUTATION ARE TOP OF THE LINE. SUBJECT IS RESPONSIBLE, RELIABLE, WRITES AND SPEAKS CLEARLY, HAS A GOOD SENSE OF HUMOR AND IS A STRONG LEADER WHO ATTRACTS OTHER STRONG LEADERS.

SOURCE TRUSTS SUBJECT.

SOURCE TRUSTS SUBJECT'S JUDGMENT.

IN REGARD TO SUBJECT'S FOREIGN TRAVEL, SOURCE BELIEVES THAT AS PSU PRESIDENT, SUBJECT TRAVELED WITH THE PSU MUSICAL THEATRE TO CHINA AND SOUTH KOREA AND HAD FOREIGN TRAVEL TO PSU PROGRAMS ALL OVER THE WORLD FOR ALUMNI EVENTS, SETTING UP EDUCATIONAL EXCHANGES AND FOR RESEARCH AND DEVELOPMENT (EXACT DATES, SPECIFIC LOCATIONS AND SPECIFIC DURATIONS UNRECALLED). SOURCE BELIEVES SUBJECT'S FOREIGN TRAVEL TRIPS WERE GENERALLY ONE WEEK EACH IN DURATION BUT, IS NOT CERTAIN.

SOURCE BELIEVES THAT IN 05/2011, SUBJECT TRAVELED TO BHUTAN FOR ONE WEEK AT THE REQUEST OF THE BHUTAN PRIME MINISTER, JIGMY THINLEY, WHO IS A PSU GRADUATE, AS AN EDUCATIONAL AND ALUMNI VISIT.

SINCE 1999, SOURCE HAS TRAVELED OVERSEAS WITH SUBJECT ON THREE OCCASIONS; IN APPROXIMATELY 1999 (EXACT DATE UNRECALLED) TO COSTA RICA FOR A 1 WEEK TO EIGHT DAY ALUMNI RIVER CAMPING VACATION TRIP IN APPROXIMATELY 2000 OR 2001 (EXACT DATE UNRECALLED), TO PARIS, FRANCE, BAYONNE, FRANCE, PAMPLONA, SPAIN AND MADRID, SPAIN FOR AN ALUMNI VACATION TRIP OF 10 DAYS AND IN 08/2010, TO PARIS, FRANCE ON A CANAL BOAT TOUR ALUMNI VACATION OF 1 WEEK TO 10 DAYS IN DURATION.

SUBJECT HAS NEVER MADE ANY LASTING CONTACTS WHILE OUTSIDE THE US NOR HAS SUBJECT EVER HAD A PROBLEM WITH CUSTOMS OR LAW ENFORCEMENT OFFICIALS WHILE OUTSIDE OF THE US. SUBJECT HAS NOT VISITED ANY EMBASSIES OR CONSULATES WHILE OVERSEAS. SUBJECT CANNOT BE BLACKMAILED FOR ANY INCIDENTS WHILE ON FOREIGN TRAVEL.

IN REGARD TO ANY FOREIGN CONNECTIONS OR CONTACTS, SOURCE KNOWS OF SUBJECT'S CONTACT WITH PRIME MINISTER THINLEY (A PSU GRADUATE), PRIME MINISTER OF BHUTAN, WITH WHOM SUBJECT HAD A PROFESSIONAL EDUCATIONAL CONTACT WITH AS PSU PRESIDENT TO PSU ALUMNI/GRADUATE. SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF HIS PROFESSIONAL EDUCATIONAL CONTACT WITH PRIME MINISTER THINLEY. SOURCE ASSUMES SUBJECT HAS HAD OTHER PROFESSIONAL CONTACT WITH OTHER FOREIGN NATIONALS IN HIS POSITION AS PSU PRESIDENT BUT, DOES NOT KNOW OF ANY SPECIFIC CONTACTS. SUBJECT IS NOT SUSCEPTIBLE TO ANY PRESSURE IN CONJUNCTION WITH ANY OF HIS PROFESSIONAL FOREIGN CONNECTIONS OR CONTACTS.

SOURCE HAS NO KNOWLEDGE OF ANY OWNERSHIP OF ANY FOREIGN PROPERTY ON THE PART OF SUBJECT.

SOURCE HAS NO KNOWLEDGE OF ANYTHING IN SUBJECT'S BACKGROUND, LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

SOURCE VOLUNTEERED THAT SUBJECT HAS GIVEN SOURCE SO MUCH IN THAT HE HAS GENTLY PUSHED HER TO TAKE RISKS AND HE HAS SUCCESSFULLY MENTORED MANY PEOPLE.

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NAME SPANIER, GRAHAM BASIL

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DATES OF INVESTIGATION 02/06/12 - 05/08/12 | BID T660 | ORG ID N65 | REPORT # 2

ITEM: 012

SOURCE: 021

NAME THOMAS G. POOLE, DR., VICE PRESIDENT FOR ADMINISTRATION, PENNSYLVANIA
STATE UNIVERSITY (PSU), OFFICE OF VP FOR ADMIN, 205 OLD MAIN,
UNIVERSITY PARK, PA 16802

REFERENCE

ISSUE(S) 07C 11 14
PRIMARY ASSOCIATION FRIEND
AVERAGE EXTENT OF CONTACT REGULAR
SPAN OF CONTACT APPROXIMATELY 1995 TO PRESENT

RECOMMENDS

DR. THOMAS G. POOLE MET GRAHAM SPANIER IN APPROXIMATELY 1995 (EXACT DATE UNRECALLED), AT THE PENNSYLVANIA STATE UNIVERSITY (PSU), AS INTERIM DIRECTOR OF THE STUDENT UNION BUILDING TO PSU PRESIDENT, WHEN SUBJECT BECAME PSU PRESIDENT, WITH YEARLY CONTACT AS INTERIM DIRECTOR OF THE STUDENT UNION BUILDING TO PSU PRESIDENT, WITH YEARLY SOCIAL CONTACT AT PSU SOCIAL FUNCTIONS, UNTIL THE LATE 1990'S, WHEN SOURCE BEGAN A NEW POSITION IN THE EDUCATIONAL EQUITY OFFICE. FROM THE LATE 1990'S TO 05/2007, SOURCE HAD MONTHLY CONTACT WITH SUBJECT, AS SUBORDINATE IN THE EDUCATIONAL EQUITY OFFICE TO PSU PRESIDENT, WITH MONTHLY SOCIAL CONTACT AT PSU SPONSORED SOCIAL EVENTS. IN 05/2007, SOURCE LEFT THE PSU EDUCATIONAL EQUITY OFFICE, SUBJECT HIRED SOURCE AS AN ASSOCIATE PROVOST AS SUBJECT'S CHIEF OF STAFF AND SOURCE AND SUBJECT BECAME FRIENDS. FROM 05/2007 TO 05/2009, SOURCE HAD DAILY SOCIAL CONTACT WITH SUBJECT, AS CHIEF OF STAFF TO PSU PRESIDENT AND AS FRIENDS, CONSISTING OF ATTENDING PSU SPONSORED SOCIAL EVENTS TOGETHER, TALKING ABOUT EACH OTHER'S LIVES AND ACTIVITIES, TRAVELING ON FOOTBALL BOWL TRIPS TOGETHER, HAVING MEALS TOGETHER AT BANQUETS, GOING TO VOLLEYBALL GAMES TOGETHER AND TAILGATING TOGETHER. IN 05/2009, SOURCE BECAME THE PSU VICE PRESIDENT FOR ADMINISTRATION. FROM 05/2009 TO 11/09/2011, SOURCE HAD DAILY SOCIAL CONTACT WITH SUBJECT, AS PSU VICE PRESIDENT OF ADMINISTRATION TO PSU PRESIDENT AND AS FRIENDS. ON 01/11/2011, SUBJECT RESIGNED HIS POSITION AS PSU PRESIDENT. FROM 11/09/2011 TO PRESENT, SOURCE HAS MONTHLY SOCIAL CONTACT WITH SUBJECT AS FRIENDS.

SUBJECT IS MARRIED, HIS WIFE'S NAME IS SANDY AND THEY HAVE TWO CHILDREN; A DAUGHTER, HADLEY, AND A SON; BRIAN. SOURCE ATTENDED THE WEDDINGS OF BOTH OF SUBJECT'S CHILDREN.

SUBJECT'S UNSTRUCTURED ACTIVITIES CONSIST OF PLAYING RACQUETBALL, ATTENDING PSU SPORTING EVENTS, PLAYING MUSIC ON THE WASH BOARD, BEING A MAGICIAN, BEING AN ADVISOR TO THE PSU STUDENT MAGIC CLUB AND WHITE WATER RAFTING.

FROM APPROXIMATELY 1995 UNTIL 01/2012 SUBJECT RESIDED AT SCHREYER

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HOUSE ON CAMPUS WHERE SOURCE VISITED SUBJECT TWO TIMES MONTHLY. FROM 01/2012 TO PRESENT SUBJECT RESIDES IN AN APARTMENT BEHIND THE HILLS PLAZA IN STATE COLLEGE, PA (NFI). SUBJECT TOLD SOURCE HE PREVIOUSLY RESIDED IN LINCOLN, NEBRASKA WHERE HE WAS CHANCELLOR OF UNIVERSITY OF NEBRASKA. (DURATION UNRECALLED). SUBJECT TOLD SOURCE THAT HE IS ORIGINALLY FROM CHICAGO, ILLINOIS AND WAS BORN IN SOUTH AFRICA.

SUBJECT HOLDS A DOCTORATE FROM NORTHWESTERN, A MASTERS FROM NORTHWESTERN AND AN UNDER GRADUATE DEGREE FROM IOWA STATE.

FROM APPROXIMATELY 1995 (EXACT DATE UNRECALLED) TO 11/09/2011 SUBJECT WAS PSU PRESIDENT. FROM 11/09/2011 TO PRESENT SUBJECT IS PSU PRESIDENT EMERITUS AND TENURED UNIVERSITY PROFESSOR. SUBJECT PREVIOUSLY HELD POSITIONS AS CHANCELLOR AT UNIVERSITY OF NEBRASKA FOR FOUR YEARS, PROVOST AT OREGON STATE, DEAN AT SUNY STONY BROOK, AND PROFESSOR AT PSU (EXACT DATES AND DURATIONS UNRECALLED).

SUBJECTS PERFORMANCE AS PSU PRESIDENT WAS OUTSTANDING. HE WAS ONE OF THE BEST UNIVERSITY PRESIDENTS IN THE UNITED STATES AND ONE OF THE BRIGHTEST PEOPLE I'VE EVER MET. SUBJECT IS ELIGIBLE FOR REHIRE.

SUBJECTS CHARACTER AND REPUTATION ARE IMPECCABLE. SUBJECT IS FRIENDLY, GETS ALONG WELL WITH OTHERS, IS OUTGOING, HAS A GREAT LEADERSHIP CAPACITY, IS A GREAT SALESPERSON, IS RELIABLE, AND IS RESPONSIBLE.

SOURCE TRUSTS SUBJECT.

SOURCE TRUSTS SUBJECTS JUDGEMENT.

DURING THE PAST SEVEN YEARS SUBJECT HAS TRAVELED TO ENGLAND SEVERAL TIMES, TRAVELED TO CUBA WITH HIS WIFE AND TRAVELED TO PARIS, FRANCE SEVERAL TIMES (EXACT DATES AND LOCATIONS UNRECALLED). TRIPS WERE IN DURATION RANGING FROM THREE TO TEN DAYS EACH. ONE OF SUBJECTS TRIPS TO PARIS, FRANCE WAS IN CONJUNCTION WITH DAUGHTERS WEDDING. ALL OF THE REMAINING TRIPS WERE PSU AFFILIATED IN CONJUNCTION WITH SUBJECTS POSITION AS PSU PRESIDENT.

SUBJECT HAS NEVER MADE ANY LASTING CONTACTS WHILE OUTSIDE THE US NOR HAS SUBJECT EVER HAD A PROBLEM WITH CUSTOMS OR LAW ENFORCEMENT OFFICIALS WHILE OUTSIDE OF THE US. SUBJECT HAS NOT VISITED ANY EMBASSIES OR CONSULATES WHILE OVERSEAS. SUBJECT CANNOT BE BLACKMAILED FOR ANY INCIDENTS WHILE ON FOREIGN TRAVEL.

SOURCE HAS NO KNOWLEDGE OF FOREIGN CONNECTIONS OR FOREIGN CONTACTS ON PART OF SUBJECT.

SOURCE HAS NO KNOWLEDGE OF FOREIGN PROPERTY OWNERSHIP ON PART OF SUBJECT.

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IN REGARD TO SUBJECT'S DEPARTURE AS PSU PRESIDENT, SUBJECT PREPARED A LETTER OF RESIGNATION, ANNOUNCED THAT TO THE PRESIDENT'S COUNCIL AND SAID THAT HE WAS GOING TO GIVE THAT TO THE PSU BOARD OF TRUSTEES (BOT). THE WORDING OF SUBJECT'S DEPARTURE WAS CHOSEN VERY CAREFULLY, USING A LANGUAGE OF CONCURRENCE, IN THAT SUBJECT HAD TALKED TO THE BOARD ABOUT HIS CONTINUED ABILITY TO LEAD AND I BELIEVE HE OFFERED THE BOARD THE OPTION OF HIS RESIGNATION AND THEY CONCURRED. SUBJECT LEFT OLD MAIN THE AFTERNOON OF 11/08/2011 TUESDAY, WITH HIS STATUS STILL UNDETERMINED. SUBJECT DID NOT COME TO THE OFFICE ON 11/09/2011. ON 11/09/2011 SOURCE BELIEVES THE BOT ANNOUNCED THAT SUBJECT HAD BEEN RELIEVED OF HIS RESPONSIBILITIES AS PSU PRESIDENT.

SOURCE BELIEVES THAT THERE WERE A NUMBER OF ACTIONS THAT TOOK PLACE BETWEEN FRIDAY, 11/04/2011, AND MONDAY, 11/07/2011, THAT LED THE PSU BOT TO QUESTION SUBJECT'S SUITABILITY FOR LEADERSHIP BEYOND THAT POINT.

SOURCE IDENTIFIED THOSE POINTS AS FOLLOWS: 1) SUBJECT'S STATEMENT ON 11/05/2011 THAT HE HAD UNCONDITIONAL SUPPORT FOR CURLEY AND SCHULTZ WHO WERE CHARGED WITH PERJURY, 2) POSSIBLE SECOND COMMUNICATIONS ON MEETING 11/06/2011, ANNOUNCING THAT CURLEY WAS ON ADMINISTRATIVE LEAVE AND THAT SCHULTZ WAS TO RETURN TO RETIREMENT. PSU BOT WANTED MORE LANGUAGE OF REMORSE IN RESPECT TO THE ALLEGED VICTIMS THAN SUBJECT HAD PROVIDED IN HIS ANNOUNCEMENT, 3) 11/08/2011, TUESDAY THE PSU BOT PUT OUT ITS OWN STATEMENT ABOUT THE ALLEGED VICTIMS AND SOURCE BELIEVES THE PSU BOT TRUSTEES FELT THEY SHOULD HAVE HAD ADVANCED KNOWLEDGE OF THE INDICTMENT.

FROM SOURCE'S PERSPECTIVE, THE SOURCES OF IRRITATION TO PSU BOT WERE THE AFOREMENTIONED THREE POINTS. THE BOARD HIRES AND FIRES THE PRESIDENT.

SOURCE BELIEVES THERE WAS A SENSE THAT THE PSU BOT TRUSTEES SHOULD HAVE HAD ADVANCED KNOWLEDGE OF POTENTIAL INDICTMENT.

SOURCE DID NOT KNOW SUBJECT TESTIFIED AT THE GRAND JURY UNTIL THE PRESENTMENT WAS RELEASED AT 4:30 PM ON 11/04/2011, FRIDAY.

SUBJECT DID NOT DISCUSS ANYTHING ABOUT THE GRAND JURY TESTIMONY OR ANYTHING REGARDING SANDUSKY WITH SOURCE UNTIL 11/04/2011.

ON 11/04/2011 SUBJECT AND I HAD CONVERSATIONS ABOUT CANDIDATES FOR PSU VICE PRESIDENT OF FINANCE (GARY SCHULTZ'S PREVIOUS POSITION) IN SUBJECT'S OFFICE. SUBJECT DID NOT SEEM FOCUSED, SUBJECT TOLD ME THERE WAS A GRAND JURY INVESTIGATION THAT HE (SUBJECT), TIM CURLEY, AND GARY SCHULTZ TESTIFIED AND THE PRESENTMENT SAID THAT THEY (CURLEY AND SCHULTZ) WERE CHARGED WITH PERJURY.

SUBJECT TOLD SOURCE THAT THIS WAS ALL UNTRUE, CURLEY AND SCHULTZ DID NOT PERJURE THEMSELVES, THE GRAD STUDENT DID NOT TELL THEM THAT THIS WAS EXPLICITLY SEXUAL. GARY SCHULTZ THEN ENTERED SUBJECT'S OFFICE AND SAID MCQUEARY NEVER TOLD HIM (SCHULTZ) THIS WAS SEXUAL, HE (MCQUEARY)

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TOLD THE GRAND JURY THAT HE REPORTED TO ME (SCHULTZ) THAT THIS WAS SEXUAL. WHILE SPEAKING, SCHULTZ SHOOK HIS HEAD BACK AND FORTH AS IN DISBELIEF. SOURCE BELIEVES IT APPEARED THERE WAS A LOT OF DISBELIEF IN THE ROOM REGARDING THIS INFORMATION. SUBJECT THEN CALLED STEVE GARBAN CHAIRMAN OF THE PSU BOT. SOURCE DOES NOT RECALL WHAT WAS SAID DURING THAT TELEPHONE CONVERSATION BETWEEN SUBJECT AND GARBAN.

SOURCE WAS OUT OF TELEPHONE ACCESS ON THAT FOLLOWING SATURDAY AND WHEN SOURCE CHECKED HIS MESSAGES THAT AFTERNOON HE DISCOVERED A MESSAGE SUBJECT LEFT FOR HIM SAYING THAT THE PRESENTMENT HAD COME OUT FASTER THAN ANTICIPATED AND THERE WOULD BE A MEETING SATURDAY AT 4:00 PM OF THE PRESIDENT'S COUNCIL.

SOURCE ATTENDED THE SATURDAY PRESIDENT'S COUNCIL MEETING AT 4:00 PM. SCHULTZ WAS PRESENT AND WANTED HIS DIRECT REPORTS TO KNOW WHAT WAS GOING ON. CURLEY WAS NOT PRESENT AS HE CHOSE NOT TO ATTEND. SCHULTZ AND SUBJECT OUTLINED THE SITUATION IN THAT SCHULTZ HAD BEEN CHARGED WITH PERJURY AND THAT ALL HIS DIRECT REPORTS SHOULD ANSWER TO SUBJECT.

ON SATURDAY, 11/05/2011, THE PSU BOT HAD A TELEPHONE CONFERENCE CALL WITH SUBJECT, SOURCE, PAULA AMMERMAN, CYNTHIA BALDWIN (LEGAL), BILL MAHON (PUBLIC RELATIONS) AND LISA POWERS (PUBLIC RELATIONS), THE PURPOSE OF WHICH WAS THAT THE PSU BOT THOUGHT THEY NEEDED EXTERNAL HELP ON THIS SITUATION FOR LEGAL AND CRISIS MANAGEMENT.

ON SUNDAY, 11/06/2011, THE PSU BOT ASKED CYNTHIA BALDWIN TO ARRANGE A PHONE CONFERENCE CALL ON SUNDAY EVENING FOR RECOMMENDATIONS ON LEGAL AND CRISIS MANAGEMENT FIRMS. SUBJECT WAS ON THE TELEPHONE CONFERENCE CALL AND IT APPEARED THE PSU BOT WAS LOOKING FOR SUBJECT TO CONTINUE TO LEAD THE EFFORT.

DURING THE SUNDAY PSU BOT TELEPHONE CONFERENCE CALL MEETING SOURCE LEARNED THAT MOST OF THE BOT MEMBERS HAD READ THE PRESENTMENT AND IT APPEARED THAT THEY HAD BEGUN CONSIDERING HOW THE PRESENTMENT WOULD IMPACT THE UNIVERSITY. BY SUNDAY NIGHT, IT APPEARED THAT THE BOT BELIEVED THIS SITUATION WAS MORE SIGNIFICANT AFTER THEY HAD HAD AN OPPORTUNITY TO READ THROUGH THE PRESENTMENT. THERE WAS NO DISCUSSION OF SUBJECT'S STATUS AT THAT TIME.

ON SATURDAY, SUBJECT HAD ISSUED A SUPPORT STATEMENT REFLECTING HIS SUPPORT FOR CURLEY AND SCHULTZ.

ON MONDAY, SUBJECT ISSUED A STATEMENT REGARDING THE EMPLOYMENT STATUS OF TIM CURLEY AND GARY SCHULTZ. THE BOT FELT THAT STATEMENT DID NOT SHOW ENOUGH REMORSE FOR THE ALLEGED VICTIMS.

ON TUESDAY, AT SUBJECT'S PRESIDENT'S COUNCIL MEETING, SUBJECT SAID HE WAS PREPARING A LETTER OF RESIGNATION AND WAS WILLING TO SUBMIT IT TO THE BOT TO GIVE THE BOT THAT OPTION.

SOURCE THEN RELATED THAT HE RECALLED THAT IN 03/2011, THERE HAD BEEN A NEWS PAPER ARTICLE SAYING THAT SANDUSKY WAS UNDER INVESTIGATION. SOURCE RECALLED THAT THE ARTICLE MENTIONED THE INVESTIGATION WAS REGARDING SEXUAL ALLEGATIONS CONCERNING YOUNG PEOPLE. THE ARTICLE PRIMARILY DEALT WITH A CHILD IN CLINTON COUNTY. SOURCE CAN NOT RECALL IF HE ACTUALLY READ THE ENTIRE ARTICLE BUT, THERE MAY HAVE BEEN AN ALLEGATION THAT SOME OF THE INCIDENTS HAPPENED ON THE PSU MAIN CAMPUS, HOWEVER; SOURCE WAS NOT CERTAIN. SUBJECT DID NOT DISCUSS THE ARTICLE WITH SUBJECT.

SOURCE BELIEVES THAT ALL OF THE EVENTS TO THAT POINT TAKEN TOGETHER, AND THE FACT THAT THE BOT HAS RESPONSIBILITY FOR THE FUTURE OF THE UNIVERSITY, LEAD THE BOT TO FEEL THAT THEY NEEDED TO MAKE A CLEAN BREAK WITH THE EPISODE AND NEW LEADERSHIP WAS THE FIRST STEP.

SOURCE ASSUMES THAT THE BOT THEN VOTED TO ACCEPT SUBJECT'S RESIGNATION, BUT SOURCE IS NOT SURE.

SOURCE BELIEVES THAT WHEN THEY TESTIFIED AT THE GRAND JURY, SUBJECT, CURLEY AND SCHULTZ BELIEVED THEY WERE ONLY HELPING TO PROVIDE DETAILS FOR THE INVESTIGATION OF SANDUSKY.

SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF THE CIRCUMSTANCES SURROUNDING HIS DEPARTURE FOR HIS POSITION AS PSU PRESIDENT.

THE CIRCUMSTANCES SURROUNDING SUBJECT'S DEPARTURE FROM THE POSITION OF PSU PRESIDENT DOES NOT CAST DOUBT ON SUBJECT'S RELIABILITY, TRUSTWORTHINESS OR GOOD JUDGMENT.

SOURCE HAS NO KNOWLEDGE OF ANYTHING IN SUBJECT'S BACKGROUND, LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE DURESS OR BLACKMAIL.

ON 02/21/2012, SOURCE REPORTED IN-PERSON THAT SUBSEQUENT TO HIS INTERVIEW, HE LEARNED THAT, ALTHOUGH SUBJECT TENDERED HIS RESIGNATION TO THE PSU BOT, IT WAS NOT ACCEPTED BY THE PSU BOT, RATHER, SUBJECT WAS TERMINATED BY THE PSU BOT. SOURCE LEARNED THIS THROUGH CONVERSATIONS HE HAD WITH PAULA AMMERMAN, DIRECTOR OF THE PSU BOT, AFTER HE WAS INTERVIEWED.

ITEM: 013

SOURCE: 022

NAME CAROLYN A. DOLBIN, EXEC ADMIN ASSISTANT TO PSU PRESIDENT (RETIRED),
100 JAKES LANE, WARRIORS MARK, PA 16877

ISSUE(S) 07A

PRIMARY ASSOCIATION FRIEND

AVERAGE EXTENT OF CONTACT REGULAR

SPAN OF CONTACT APPROXIMATELY EARLY 1970'S TO PRESENT

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

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RECOMMENDS

MS. CAROLYN ANN DOLBIN MET GRAHAM SPANIER IN APPROXIMATELY THE EARLY 1970'S (EXACT DATE UNRECALLED) AT THE PENNSYLVANIA STATE UNIVERSITY (PSU CAMPUS, WHEN SUBJECT WAS AN ASSISTANT DEAN IN THE PSU HUMAN DEVELOPMENT COLLEGE AND SOURCE WAS IN THE PROVOST'S OFFICE, WITH TWO TIMES YEARLY CONTACT DURING PSU MEETINGS, WITH NO SOCIAL CONTACT, UNTIL APPROXIMATELY THE EARLY 1980'S (EXACT DATE UNRECALLED), WHEN SUBJECT LEFT PSU FOR A POSITION AT SUNY STONY BROOK. FROM APPROXIMATELY THE EARLY 1980'S (EXACT DATE UNRECALLED) TO 09/1995, SOURCE HAD NO CONTACT WITH SUBJECT. IN 09/1995, SUBJECT BECAME THE PSU PRESIDENT, SOURCE BECAME SUBJECT'S EXECUTIVE ASSISTANT AND SOURCE AND SUBJECT BECAME FRIENDS. FROM 09/1995 TO 10/11/2010, SOURCE HAD DAILY SOCIAL CONTACT WITH SUBJECT AS CO-WORKERS AND FRIENDS, CONSISTING OF ATTENDING EACH OTHER'S CHILDREN'S WEDDINGS, ATTENDING PSU SPONSORED SOCIAL EVENTS TOGETHER, ATTENDING SPORTING EVENTS TOGETHER, ATTENDING FOOTBALL BOWL GAME PREPARATION EVENTS AND BOWL GAMES TOGETHER, ATTENDING ALUMNI SOCIAL FUNCTIONS TOGETHER AND TALKING ABOUT EACH OTHER'S LIVES AND ACTIVITIES. ON 10/11/2010, SOURCE RETIRED FROM HER POSITION WITH PSU. FROM 10/11/2010 TO PRESENT, SOURCE HAS TWO TIMES MONTHLY SOCIAL CONTACT WITH SUBJECT VIA E-MAIL AND TELEPHONE AS FRIENDS AND FORMER CO-WORKERS.

SUBJECT IS MARRIED, HIS WIFE'S NAME IS SANDRA KAY WHIPPLE SPANIER, WHO IS A LEADING EXPERT REGARDING HEMINGWAY, AND THEY HAVE TWO CHILDREN; BRIAN LOCKWOOD SPANIER AND HADLEY SPANIER.

SUBJECT'S UNSTRUCTURED ACTIVITIES CONSIST OF PLAYING THE WASH BOARD AS A MUSICAL INSTRUMENT, PLAYING RACQUETBALL, HIS INTEREST IN MAGIC, HIS INTEREST IN FLYING AS HE HOLDS A PILOT'S LICENSE, RUNNING WITH THE BULLS, WHITE WATER RAFTING AND BIKING. SOURCE VOLUNTEERED THAT SUBJECT IS A LICENSED MARRIAGE AND FAMILY THERAPIST.

FROM APPROXIMATELY THE EARLY 1970'S TO APPROXIMATELY THE EARLY 1980'S (EXACT DATES UNRECALLED), SUBJECT RESIDED IN THE STATE COLLEGE, PA AREA (NFI). FROM APPROXIMATELY THE EARLY 1980'S (EXACT DATE UNRECALLED) TO 09/1995, SUBJECT RESIDED NEAR SUNY STONY BROOK, CORVALLIS, OR AND LINCOLN, NE (EXACT LOCATIONS AND DURATIONS UNRECALLED). FROM 09/1995 TO APPROXIMATELY 1996 (EXACT DATE UNRECALLED), SUBJECT RESIDED IN AN APARTMENT OR CONDO NEAR THE WINDMERE COMPLEX IN STATE COLLEGE, PA. FROM APPROXIMATELY 1996 (EXACT DATE UNRECALLED) TO 01/2012, SUBJECT RESIDED AT THE SCHREYER HOUSE ON-CAMPUS AT PSU. FROM 01/2012 TO PRESENT, SUBJECT RESIDES AT THE SUMMIT CONDOS IN STATE COLLEGE, PA. SUBJECT TOLD SOURCE THAT HE IS ORIGINALLY FROM CHICAGO, IL, THAT HE WAS BORN IN CAPE TOWN, SOUTH AFRICA AND THAT HE IS A U.S. CITIZEN.

SUBJECT HOLDS A PHD FROM NORTHWESTERN IN SOCIOLOGY, A MASTERS DEGREE FROM IOWA STATE AND A BACHELORS DEGREE FROM IOWA STATE.

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FROM 11/09/2011 TO PRESENT, SUBJECT IS EMPLOYED AS PSU PRESIDENT EMERITUS AND AS PSU UNIVERSITY PROFESSOR, CURRENTLY ON SABBATICAL. FROM 09/07/1995 TO 11/09/2011, SUBJECT WAS EMPLOYED AS THE PSU PRESIDENT. SUBJECT WAS PREVIOUSLY EMPLOYED AS THE CHANCELLOR AT THE UNIVERSITY OF NEBRASKA, A PROVOST AT OREGON STATE UNIVERSITY, A VICE PROVOST AT SUNY STONY BROOK (EXACT DATES AND DURATIONS UNRECALLED) AND FROM THE EARLY 1970'S TO EARLY 1980'S (EXACT DATES UNRECALLED), WAS AN ASSOCIATE DEAN FOR RESIDENT INSTRUCTION AT PSU. AS PSU PRESIDENT, SUBJECT HELD POSITIONS ON VARIOUS BOARDS TO INCLUDE THE NATIONAL HIGHER EDUCATION SECURITY ADVISORY BOARD, WORKING WITH THE FBI AND CIA, THE US STEEL BOARD, THE BOARD OF MELLON BANK, THE NCAA BOARD AND SUBJECT WAS THE BIG TEN REPRESENTATIVE TO THE BCS. SOURCE HAS NO KNOWLEDGE OF ANY OTHER EMPLOYMENT, SELF-EMPLOYMENT, UNEMPLOYMENT OR MILITARY SERVICE ON THE PART OF SUBJECT.

SUBJECT'S PERFORMANCE AS PSU PRESIDENT WAS OUTSTANDING AND EXCEPTIONAL. SUBJECT WAS AN AMAZING LEADER WHO CARED DEEPLY ABOUT THE STUDENTS AND THE UNIVERSITY MISSION AND HE GAVE 110 PERCENT. SUBJECT IS ELIGIBLE FOR RE-HIRE.

SUBJECT LEFT THE POSITION OF PSU PRESIDENT ON TUESDAY, 11/09/2011. SOURCE HAD RECEIVED A TELEPHONE CALL THAT NIGHT FROM SUBJECT'S THEN-EXECUTIVE ASSISTANT, CARMELA MULROY-DEGENHART, WHO TOLD SOURCE THAT SUBJECT WAS PROBABLY GOING TO STEP DOWN AS PRESIDENT. SOURCE ASSUMED THAT HE MAY HAVE BEEN ASKED BY THE PSU BOARD OF TRUSTEES (BOT) TO STEP DOWN.

SOURCE FELT THAT THE PSU BOT MUST HAVE THOUGHT THAT SUBJECT DID NOT HAVE CONTROL OVER THE UNIVERSITY, PATERNO, SCHULTZ OR CURLEY. SOURCE FELT THEY DID NOT HAVE A GOOD HANDLE ON THE SANDUSKY MATTER. SOURCE ALSO FELT THAT SUBJECT'S EARLIER STATEMENT IN SUPPORT OF CURLEY AND SCHULTZ, WITHOUT MENTIONING THE ALLEGED VICTIMS, PROBABLY RUFFLED THE FEATHERS OF THE MEMBERS OF THE PSU BOT. SOURCE BELIEVES THAT SUBJECT LEFT HIS POSITION AS PSU PRESIDENT DUE TO THE ABOVE LISTED REASONS.

AS A CONTRIBUTING FACTOR TO SUBJECT'S DEPARTURE, SOURCE MENTIONED THAT SOURCE DOES NOT BELIEVE GOVERNOR CORBETT EVER ATTENDED ANY PSU BOT MEETINGS IN-PERSON UNTIL THE ONE IN 11/2011. CORBETT DOES NOT LIKE PENN STATE BECAUSE EVERY BUDGET CYCLE, HE WANTS TO CUT PENN STATE'S BUDGET AND SAYS THAT PENN STATE NEEDS TO TIGHTEN IT'S BELT. CORBETT IS IN FAVOR OF BUDGET CUTS FOR PENN STATE. SUBJECT WOULD GO TO HARRISBURG, PA AND FIGHT FOR PSU, PROVIDING PRESENTATIONS FOR APPROPRIATIONS AND DEFENDING HIS PRESENTATIONS. SOURCE BELIEVES CORBETT IS NOT FOND OF PSU OR OF SUBJECT (NFI).

SOURCE DOES NOT BELIEVE THERE WERE ANY OTHER CONTRIBUTING FACTORS TO SUBJECT'S DEPARTURE.

SOURCE KNEW WHO SANDUSKY, AS A FORMER DEFENSIVE COORDINATOR FOR THE

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FOOTBALL TEAM BUT, KNEW NOTHING BEYOND THAT.

SOURCE WAS NOT AWARE OF ANY OF THE SANDUSKY ALLEGED INCIDENTS.

IN THE SPRING OF 2011 (EXACT DATE UNRECALLED), SOURCE FIRST BECAME AWARE OF SOME CONCERN ABOUT SANDUSKY WHEN THE NEWS MENTIONED HIM AND SAID THAT AN ALLEGED VICTIM OF SEXUAL ASSAULT HAD COME FORWARD. THIS WAS AFTER SOURCE'S RETIREMENT. SOURCE AS WELL AS PEOPLE IN STATE COLLEGE, PA DID NOT THINK IT COULD BE TRUE.

SOURCE DID NOT HAVE ANY DISCUSSIONS WITH SUBJECT ABOUT SANDUSKY. NO ONE FROM THE PRESIDENT'S OFFICE EVER TALKED TO SOURCE ABOUT SANDUSKY. SOURCE NEVER HEARD ANYTHING ABOUT SANDUSKY OR EVER DISCUSSED SANDUSKY WITH SUBJECT WHILE SHE WAS EMPLOYED AT PSU OR AFTERWARD. SOURCE BELIEVES THE PEOPLE AT THE PRESIDENT'S OFFICE WERE IN DISBELIEF OF THE ALLEGATIONS AND WERE SHOCKED.

SOURCE LEARNED THROUGH MEDIA REPORTS THAT THE BOT DECISION WAS UNANIMOUS FOR SUBJECT'S AND PATERNO'S DEPARTURE FROM PSU AND THE ACTION WAS TERMED AS THEIR HAVING BEEN TERMINATED BY THE PSU BOT.

SOURCE TALKED TO SUBJECT AFTER THE PSU BOT TOOK ACTION. SUBJECT HAD LOST ALOT OF WEIGHT, HE LOOKED AWFUL AND LOOKED WORN DOWN AND BEATEN. IN LATE 11/2011, SOURCE HELPED CARMELA AND SEVERAL OTHER PSU STAFF MEMBERS PACK-UP SUBJECT'S OFFICE BUT, SHE DID NOT ASK SUBJECT WHAT HAD HAPPENED.

SOURCE NEVER DISCUSSED WITH SUBJECT HOW OR WHY HE LEFT.

SOURCE BELIEVES THAT, IF SUBJECT HAD ANY KNOWLEDGE OF ANY WRONG-DOING OR OF ANY SANDUSKY INVOLVEMENT, HE WOULD HAVE ACTED, HE WOULD NOT HAVE IGNORED IT.

SOURCE DOES NOT KNOW IF SUBJECT RESIGNED OR IF HE WAS TERMINATED.

SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF THE CIRCUMSTANCES SURROUNDING HIS DEPARTURE FROM HIS POSITION AS PSU PRESIDENT.

THE CIRCUMSTANCES SURROUNDING SUBJECT'S DEPARTURE FROM HIS POSITION AS PRESIDENT OF PSU DO NOT CAST DOUBT ON SUBJECT'S CURRENT RELIABILITY, TRUSTWORTHINESS OR GOOD JUDGMENT.

SOURCE VOLUNTEERED THAT SUBJECT IS HONEST, DEDICATED AND CARING.

SUBJECT IS HONEST, CARING, DEDICATED, TRUSTWORTHY, PASSIONATE ABOUT WHAT HE DOES, IS ENERGETIC, PROUD OF THE INSTITUTION, IS RELIABLE AND IS RESPONSIBLE.

SOURCE VOLUNTEERED THAT SUBJECT TOLD HER THAT HIS FATHER PHYSICALLY

*Condy Dolbin
Exec. Asst to Pres*

ABUSED HIM (SUBJECT) WHEN SUBJECT WAS A CHILD AND, AS A RESULT, SUBJECT HAD A BROKEN NOSE AND NEEDED IMPLANTS (NFI).

SOURCE TRUSTS SUBJECT.

SOURCE TRUSTS SUBJECT'S JUDGMENT.

IN REGARD TO ANY CRIMINAL ACTIVITY OR ADVERSE CONTACT WITH LAW ENFORCEMENT, SUBJECT TOLD SOURCE THAT HE RECEIVED A SPEEDING TICKET IN THE EARLY 2000'S (EXACT DATE UNRECALLED) WHEN HE WAS ON HIS WAY TO THE STATE COLLEGE, PA AIRPORT AND WAS GOING A COUPLE OF MILES OVER THE SPEED LIMIT (NFI).

IN REGARD TO FOREIGN TRAVEL, SOURCE RECALLED MOST OF SUBJECT'S FOREIGN TRAVEL WAS IN CONJUNCTION WITH HIS POSITION AS PSU PRESIDENT, ATTENDING PSU INTERNATIONAL PROGRAMS, VISITING ALUMNI ASSOCIATION CHAPTERS ALL OVER THE WORLD, ATTENDING MEETINGS REGARDING MEMORANDUMS OF UNDERSTANDING WITH OTHER UNIVERSITIES THROUGH THE STUDY ABROAD PROGRAMS AND THROUGH THE WORLDWIDE UNIVERSITIES NETWORK. SOURCE RECALLED THAT SUBJECT ALSO HAD FOREIGN TRAVEL WITH THE PSU MUSICAL THEATRE GROUP AND THE PSU ALUMNI ASSOCIATION. SOURCE RECALLED SUBJECT HAD TRAVEL TO THE FOLLOWING COUNTRIES; UNITED KINGDOM, CHINA, SEOUL, SOUTH KOREA, AUSTRALIA, NEW ZEALAND, ITALY, FRANCE, BHUTAN AND SAUDI ARABIA, ALL OF WHICH WERE WITHIN THE PAST 15 YEARS (EXACT DATES, SPECIFIC LOCATIONS AND DURATIONS UNRECALLED). SUBJECT WAS ACCOMPANIED ON MOST OF THESE TRIPS BY PSU ALUMNI. SOURCE RECALLED THAT SUBJECT'S SPOUSE ACCOMPANIED HIM ON HIS TRIP TO CHINA. SOURCE RECALLED THAT SUBJECT'S TRIP TO BHUTAN WAS TO VISIT THE PRIME MINISTER OF BHUTAN, JIGME THINLEY, WHO IS A PSU GRADUATE AND THAT SUBJECT'S TRAVEL TO SAUDI ARABIA WAS A PSU STUDENT RECRUITING ACTIVITY THROUGH THE ALUMNI CLUB AND WAS IN CONJUNCTION WITH ARAMCO (NFI).

IN REGARD TO ANY PERSONAL FOREIGN TRAVEL VACATIONS, SOURCE RECALLED THAT WITHIN THE PAST 15 YEARS (EXACT DATES AND DURATIONS UNRECALLED), SUBJECT TRAVELED TO FRANCE FOR A RIVER RAFTING VACATION ACCOMPANIED BY HIS SPOUSE, TRAVELED TO PARIS, FRANCE TO ATTEND HIS DAUGHTER'S WEDDING ACCOMPANIED BY HIS SPOUSE AND TRAVELED TO BUNDE, GERMANY BY HIMSELF TO VISIT HIS RELATIVES GRAVE SITES. SOURCE VOLUNTEERED THAT HIS FAMILY HAD PREVIOUSLY OWNED A CIGAR FACTORY IN GERMANY THAT WAS THEN SEIZED BY THE NAZIS.

SUBJECT HAS NEVER MADE ANY LASTING CONTACTS WHILE OUTSIDE THE US NOR HAS SUBJECT EVER HAD A PROBLEM WITH CUSTOMS OR LAW ENFORCEMENT OFFICIALS WHILE OUTSIDE OF THE US. SUBJECT HAS NOT VISITED ANY EMBASSIES OR CONSULATES WHILE OVERSEAS. SUBJECT CANNOT BE BLACKMAILED FOR ANY INCIDENTS WHILE ON FOREIGN TRAVEL.

IN REGARD TO ANY RELATIVES RESIDING OUTSIDE THE U.S., SOURCE BELIEVES SUBJECT HAD AN ELDERLY COUSIN WHO RESIDED IN CAPE TOWN OR JOHANNESBURG, SOUTH AFRICA, HOWEVER; SOURCE BELIEVES THIS ELDERLY COUSIN IS LIKELY

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DECREASED BY NOW (NFI).

SOURCE HAS NO KNOWLEDGE OF ANY FOREIGN PROPERTY OWNERSHIP ON THE PART OF SUBJECT.

IN REGARD TO ANY FOREIGN CONNECTIONS OR FOREIGN CONTACTS, SUBJECT HAD PURELY PROFESSIONAL CONTACT WITH JIGME THINLEY, PRIME MINISTER OF BHUTAN, AS PSU PRESIDENT TO PSU ALUMNI. SUBJECT HAD ALL OF THE APPROPRIATE BRIEFINGS AND DEBRIEFINGS IN CONJUNCTION WITH THIS CONTACT. SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF HIS PURELY PROFESSIONAL CONTACT WITH THINLEY.

SOURCE HAS NO KNOWLEDGE OF ANYTHING IN SUBJECT'S BACKGROUND, LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

SOURCE VOLUNTEERED THAT SUBJECT IS SAD, DEVASTATED AND HURT BUT, HE HAS NOT SAID ANYTHING HATEFUL ABOUT ANYBODY.

ITEM: 014

SOURCE: 023

NAME PAULA R. AMMERMAN, DIRECTOR OF THE BOARD OF TRUSTEES OFFICE,
PENNSYLVANIA STATE UNIVERSITY (PSU), 205 OLD MAIN, UNIVERSITY PARK,
PA 16802

ISSUE(S) 05D 07C

PRIMARY ASSOCIATION COWORKER
AVERAGE EXTENT OF CONTACT REGULAR
SPAN OF CONTACT 03/1995 TO PRESENT

RECOMMENDS

MS. PAULA R. AMMERMAN MET GRAHAM SPANIER IN 03/1995 AT THE PENNSYLVANIA STATE UNIVERSITY (PSU) CAMPUS, UNIVERSITY PARK, PA, AS ASSOCIATE SECRETARY OF THE PSU BOARD OF TRUSTEES (BOT) TO IN-COMING PSU PRESIDENT, WHEN SUBJECT WAS SELECTED TO BECOME PSU PRESIDENT, WITH NO CONTACT AGAIN UNTIL 08/1995, WHEN SUBJECT ASSUMED THE DUTIES OF PSU PRESIDENT. FROM 08/1995 TO 11/2011, SOURCE HAD DAILY CONTACT WITH SUBJECT AS DIRECTOR OF THE PSU BOT OFFICE TO PSU PRESIDENT, WITH DAILY SOCIAL CONTACT ATTENDING PSU SPONSORED SOCIAL FUNCTIONS, TALKING ABOUT EACH OTHER'S FAMILIES AND SUBJECT SHARING HIS CHILDREN'S ACCOMPLISHMENTS. IN 11/2011, SUBJECT WAS TERMINATED WITHOUT CAUSE FROM HIS POSITION AS PSU PRESIDENT. FROM 11/2011 TO PRESENT, SOURCE HAS E-MAIL AND IN-PERSON, SOCIAL CONTACT WITH SUBJECT, AS DIRECTOR OF THE PSU BOT OFFICE TO FORMER PSU PRESIDENT, PRESIDENT EMERITUS AND MEMBER OF THE FACULTY.

SUBJECT IS MARRIED, HIS WIFE'S NAME IS SANDRA, AND THEY HAVE TWO CHILDREN; BRIAN AND HADLEY.

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SUBJECT'S UNSTRUCTURED ACTIVITIES CONSIST OF HIS INTEREST IN CHOCOLATE, HAVING VERY HIGH ENERGY, DOING MAGIC TRICKS, HIS INTEREST IN COMEDY, HIS GREAT SENSE OF HUMOR, HIS INTEREST IN MOVIES, PLAYING RACQUETBALL, BICYCLING, PLAYING THE WASH BOARD AS A MUSICAL INSTRUMENT AND HIS INTEREST IN THE MUSICAL THEATRE.

FROM 03/1995 TO 08/1995, SUBJECT RESIDED IN NEBRASKA (NFI) WHERE HE WAS THE CHANCELLOR AT THE UNIVERSITY OF NEBRASKA. FROM 08/1995 TO 01/2012, SUBJECT RESIDED AT THE SCHREYER HOUSE ON-CAMPUS AT PSU. FROM 01/2012 TO PRESENT, SUBJECT RESIDES IN A CONDOMINIUM IN THE STATE COLLEGE, PA AREA (DISCREPANT) (NFI). SUBJECT TOLD SOURCE THAT HE WAS BORN IN SOUTH AFRICA AND THAT HE GREW UP IN CHICAGO, IL.

SUBJECT HOLDS A PHD, A MASTERS DEGREE AND A BACHELORS DEGREE. SOURCE HAS NO KNOWLEDGE OF THE GRANTING INSTITUTIONS FOR SUBJECT'S PHD OR MASTERS BUT, BELIEVES SUBJECT'S BACHELORS DEGREE MAY BE FROM IOWA POSSIBLY (NFI).

FROM 11/2011 TO PRESENT, SUBJECT IS EMPLOYED AS A PSU PRESIDENT EMERITUS AND UNIVERSITY PROFESSOR OF HEALTH AND HUMAN DEVELOPMENT. FROM 09/01/1995 TO 11/2011, SUBJECT WAS EMPLOYED AS THE PSU PRESIDENT. PRIOR TO BECOMING THE PSU PRESIDENT, SUBJECT WAS THE CHANCELLOR AT THE UNIVERSITY OF NEBRASKA, WAS AT OREGON (NFI) AND WAS A FACULTY MEMBER AND ASSOCIATE DEAN AT PSU IN THE LAET 1970'S (NFI) (EXACT DATES AND DURATIONS UNRECALLED).

IN REGARD TO OTHER EMPLOYMENT, SUBJECT HELD POSITIONS ON TWO BOARDS; THE U.S. STEEL BOARD AND ANOTHER BOARD, BOTH OF WHICH WERE PAID BOARD POSITIONS (DISCREPANT) IN CONJUNCTION WITH HIS POSITION AS PSU PRESIDENT. SUBJECT'S NON-PAID BOARD POSITIONS WERE WITH THE ASSOCIATION OF GOVERNING BOARDS OF COLLEGES AND UNIVERSITIES, THE COUNCIL OF PRESIDENTS, THE COUNTER TERRORISM BOARD AND THE JUNIOR ACHIEVEMENT BOARD.

SUBJECT'S PERFORMANCE AS PSU PRESIDENT WAS OUTSTANDING. SUBJECT IS ELIGIBLE FOR RE-HIRE.

SUBJECT DID NOT HAVE ANY EMPLOYMENT PROBLEMS AND HAD OUTSTANDING REVIEWS.

SUBJECT WAS TERMINATED WITHOUT CAUSE ON 11/09/2011.

SUBJECT WAS TERMINATED WITHOUT CAUSE ON 11/09/2011 BECAUSE THE PSU BOT BELIEVED THAT SUBJECT'S ABILITY TO FUNCTION EFFECTIVELY HAD BEEN COMPROMISED DUE TO THE RELEASE OF INFORMATION AND THAT HE WOULD NO LONGER HAVE BEEN ABLE TO CARRY OUT THE DUTIES AND RESPONSIBILITIES OF THE OFFICE OF PSU PRESIDENT.

THE BOT HAS RESPONSIBILITY FOR THE OVERALL WELFARE OF THE UNIVERSITY

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AND THEY DID NOT FEEL HE COULD EFFECTIVELY LEAD BECAUSE OF THE INCIDENTS CONTAINED IN THE GRAND JURY PRESENTMENT AND THAT HE (SUBJECT) SIMPLY DID NOT BELIEVE THERE WAS ANY CAUSE FOR CONCERN. SUBJECT TOTALLY BELIEVED AND SUPPORTED TIM CURLEY (PSU ATHLETIC DIRECTOR) AND GARY SCHULTZ (THE THEN-PSU SENIOR VICE PRESIDENT FOR FINANCE) AND BELIEVED THEY WOULD BE TOTALLY EXONERATED.

AT THE PSU BOT MEETING SESSION IN 05/2011, THE BOT MET IN EXECUTIVE SESSION AND SOURCE HAD BEEN ASKED BY SUBJECT TO INCLUDE IN THE AGENDA A REPORT ON LEGAL AFFAIRS PRESENT BY SUBJECT AND CYNTHIA BALDWIN FROM LEGAL.. SUBJECT HAD ASKED FOR A SHORT PERIOD OF TIME AND SOURCE WAS NOT SURE WHAT THE AGENDA ITEM WAS ABOUT. SOURCE SURMISED THAT THE REPORT WAS A REPORT ON THE GRAND JURY PROCESS AND THAT IT PERTAINED TO A FORMER EMPLOYEE (JERRY SANDUSKY) AND IT DID NOT BECOME AN ISSUE FOR THE BOT AGAIN UNTIL 11/05/2011.

ON 11/04/2011, FRIDAY, SOURCE WAS FINISHING UP HER DAY, TOM POOLE ASKED SOURCE IF SHE WOULD BE AROUND DURING THE WEEKEND AND SOURCE RESPONDED YES. SOURCE WAS PRESENT AT OLD MAIN ON 11/05/2011, SATURDAY MORNING. SUBJECT CALLED SOURCE AND ASKED HER TO SEND A MESSAGE FOR A PRESIDENT'S COUNCIL MEETING FOR THAT SATURDAY AFTERNOON AT 3:00 PM. THE PRESIDENT'S COUNCIL CONSISTS OF INDIVIDUALS WHO REPORT DIRECTLY TO THE PSU PRESIDENT. SUBJECT THEN CAME INTO HIS OFFICE DURING THE LATE MORNING AND TOLD SOURCE THAT HE NEEDED TO ALERT THE BOT FOR A 5:00 PM CONFERENCE CALL.

THE PRESIDENT'S COUNCIL MEETING TOOK PLACE THAT SATURDAY AT 3:00 PM AT OLD MAIN. SUBJECT INDICATED THAT THERE HAD BEEN A GRAND JURY PRESENTMENT, THAT JERRY SANDUSKY HAD BEEN ARRESTED OR ARRAIGNED THAT DAY AND IT WAS ANTICIPATED THAT TIM CURLEY AND GARY SCHULTZ WOULD BE ARRAIGNED FOR FAILURE TO REPORT AND PERJURY.

SUBJECT SAID HE FELT THE CHARGES AGAINST SCHULTZ AND CURLEY WERE WITHOUT MERIT OR FOUNDATION AND THAT THEY WOULD BE EXONERATED.

SUBJECT SHARED THE STATEMENT HE HAD RELEASED EARLIER THAT DAY OF UNCONDITIONAL SUPPORT TO CURLEY AND SCHULTZ AND SAID HE WOULD VIGOROUSLY DEFEND THEM.

AT 5:00 PM A CONFERENCE CALL WAS HELD WITH THE BOT. SUBJECT RELATED THE SAME INFORMATION TO THE BOT AS HE HAD TO THE PRESIDENT'S COUNCIL. CYNTHIA BALDWIN, PSU LEGAL WAS ALSO PRESENT. STEVE GARBAN (BOT CHAIR) AND PAUL SUHEY (BOT MEMBER) WERE PRESENT IN-PERSON, ALSO PRESENT IN-PERSON WERE TOM POOLE AND BILL MAHON FROM PUBLIC RELATIONS. CYNTHIA BALDWIN REVIEWED THE GRAND JURY PROCESS AND IDENTIFIED THEM AS SIMPLY ALLEGATIONS. SUBJECT REITERATED HIS STATEMENT OF SUPPORT FOR CURLEY AND SCHULTZ. THE BOT HAD QUESTIONS BUT, BY AND LARGE THE BOT HAD NOT YET READ THE PRESENTMENT. THE BOT COMMENDED SUBJECT FOR HIS HANDLING OF THE MATTER THUS FAR.

THE BOT MEMBERS THEN READ THE PRESENTMENT AND THAT SATURDAY, THE BOT WANTED TWO THINGS; THE BOT SAID THAT WHEN THE PRESENTMENT WENT PUBLIC THEY WANTED TO HAVE EXPERTISE ON CRISIS MANAGEMENT AND PUBLIC RELATIONS, THAT PEOPLE SHOULD LOOK FOR CONSULTANTS, AND THAT THE BOT FELT EXTERNAL COUNSEL WAS NEEDED AND WANTED CYNTHIA BALDWIN TO IDENTIFY SOME FIRMS.

*Paula Ammerman
Director of BOT Affairs
(cited in presentment)*

ON SUNDAY THE BOT HAD A CONFERENCE CALL DURING WHICH MANY BOT MEMBERS ATTENDED IN-PERSON. THE KETCHUM PUBLIC RELATIONS FIRM WAS HERE ON-SITE, PREPARING AND WORKING WITH SUBJECT AND THE VICE PRESIDENT OF PUBLIC RELATIONS TO PREPARE IN THE UNLIKELY EVENT THAT CURLEY AND SCHULTZ WERE REMOVED. THERE WAS A DIFFERENT TONE BY THE BOT MEMBERS AT THIS MEETING AS THEY HAD HAD AN OPPORTUNITY TO READ THE PRESENTMENT.

SUBJECT SHARED THAT CURLEY AND SCHULTZ HAD INDICATED THEY WOULD BE WILLING TO STEP AWAY FROM THEIR POSITIONS. THE BOT AGREED TO ACCEPT A LEAVE OF ABSENCE FOR CURLEY AND FOR SCHULTZ TO RETURN TO RETIREE STATUS.

TO SOURCE'S KNOWLEDGE, SUBJECT NEVER SAID "THIS IS WHAT I KNOW AND WHAT I KNEW IN 2002". SOURCE DOES NOT KNOW IF SUBJECT EVER SHARED HIS GRAND JURY TESTIMONY WITH THE BOT.

SOURCE BELIEVES SUBJECT WAS TOTALLY CONVINCED THAT THIS WAS MUCH ADO ABOUT NOTHING AND HE NEVER SAW IT AS A THREAT TO THE UNIVERSITY, CURLEY OR SCHULTZ OR TO HIS OWN (SUBJECT'S) LIVELIHOOD.

THE BOT DID NOT ASK SUBJECT WHAT HE KNEW. THE BOT HAD READ WHAT WAS IN THE PRESENTMENT THAT SUBJECT WAS NOT AWARE OF ANY CONTACT OF A SEXUAL NATURE.

DURING THE PREVIOUS SATURDAY MORNING MEETING, TWO LEGAL FIRMS PRESENTED THEIR QUALIFICATIONS, THE BOT MADE A DETERMINATION OF A LAW FIRM AND INDICATED THAT THEY FELT NEITHER CURLEY NOR SCHULTZ COULD REMAIN AT PSU.

THE BOT THEN COMMUNICATED THAT THEY WANTED FOUR POINTS INCLUDED IN A PRESS RELEASE, THE BOT WAS EMBARRASSED THAT THEY DID NOT KNOW OF THE SANDUSKY SITUATION.

SUBJECT BELIEVED THERE WAS NOTHING TO TELL.

IT IS SOURCE'S OPINION THAT SUBJECT HAD NO CLUE OF ANY OF THE ALLEGATIONS IN THE PRESENTMENT. SOURCE CAN NOT BELIEVE FOR ONE SECOND THAT SUBJECT WOULD CONDONE OR TURN HIS HEAD OR LOOK THE OTHER WAY WITH THE ABUSE OF A CHILD.

SUBJECT COMMUNICATED TO SOURCE THAT HE HAD BEEN ABUSED AS A CHILD AND WOULD NOT STAND FOR THAT. SUBJECT TOLD SOURCE THAT, AS A CHILD, HE

HAD BEEN BEATEN BY HIS FATHER (NFI).

SOURCE DOES NOT REMEMBER SUBJECT EVER HAVING SAID OR HAVING BEEN ASKED WHAT HE KNEW AND WHEN HE KNEW IT. THE FOCUS OF THE BOT WAS ON THE UNIVERSITY AND AS TO HOW THIS WOULD BE MANAGED.

SOURCE CHARACTERIZED THE BOT AS BEING HORRIFIED BY WHAT WAS IN THE PRESENTMENT, THERE WAS AN ABSOLUTE CONCERN THAT THE UNIVERSITY HAD CREATED AN ENVIRONMENT WHERE A SEXUAL PREDATOR COULD FLOURISH.

THE BOT TOOK THE PRESENTMENT AT FACE VALUE AND THAT THE UNIVERSITY COUNSEL (CYNTHIA BALDWIN) SAID IT WAS ONLY ALLEGATIONS.

THE BOT WAS DEEPLY CONCERNED, ANGERED, CONCERNED FOR THE ALLEGED VICTIMS AND THE UNIVERSITY. THE BOT WANTED A THOROUGH INVESTIGATION AND REVIEW OF POLICIES FOR OVERSIGHT.

THE BOT ASKED WHY A RETIRED EMPLOYEE WOULD HAVE HAD UNRESTRICTED ACCESS AND WHAT UNIVERSITY POLICY ALLOWED THAT.

AFTER THE MEETING, THERE WAS AN EXECUTIVE SESSION OF THE BOT (WHERE SUBJECT NOT PRESENT), CYNTHIA BALDWIN, STEVE GARBAN AND SOURCE WENT INTO SUBJECT'S OFFICE AND TOLD SUBJECT THE DECISIONS MADE REGARDING CURLEY AND SCHULTZ. A GROUP THEN CONVEYED TO WORK ON A PRESS RELEASE. THE GROUP WORKED ON THE PRESS RELEASE AND THE BOT LATER DETERMINED THAT THE PRESS RELEASE DID NOT ADEQUATELY CONVEY THE ANGER OF THE BOT. SUBJECT HAD WORKED ON THE PRESS RELEASE WITH GARBAN, BILL MAHON AND CYNTHIA BALDWIN.

SUNDAY NIGHT THE FINAL PRODUCT PRESS RELEASE WAS ISSUED.

ON MONDAY, MANY PSU BOT MEMBERS WERE UNHAPPY WITH THE RELEASE BECAUSE IT WAS NOT AS FORCEFUL AS THEY HAD WISHED AND IT DID NOT REFLECT THEIR ANGER.

THE PSU BOT MEMBERS WERE UNABLE TO CONTACT STEVE GARBAN (THE CHAIR) AND THE MEDIA WAS BOMBARDING THE BOT MEMBERS WITH QUESTIONS. GARBAN LATER TOLD THE BOT MEMBERS THAT HIS E-MAIL AND TELEPHONE COMMUNICATIONS WERE DOWN DUE TO A TECHNICAL FAILURE AT GARBAN'S RESIDENCE (NFI).

THE PSU BOT MEMBERS PERCEIVED GARBAN'S LACK OF RESPONSE TO THEIR INQUIRIES AS A LACK OF INTEREST AND QUESTIONED GARBAN'S LEADERSHIP ABILITY.

MONDAY THE BOT MEMBERS VOICED THEIR DISPLEASURE AT THE PRESS RELEASE ISSUED ON SUNDAY.

SOURCE RECALLED THAT ON SUNDAY LATE AFTERNOON, A PATRIOT NEWS ARTICLE ON A WALL STREET JOURNAL INTERVIEW WITH JOE PATERNO WAS RELEASED AND

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IN THE ARTICLE WAS A STATEMENT FROM PATERNO APPEARED TO CONFLICT WITH PATERNO'S OWN GRAND JURY TESTIMONY (THE INCIDENT WAS SEXUAL VICE NOT SEXUAL). SOURCE'S INTERPRETATION WAS THAT SUBJECT DID NOT RECOGNIZE THAT HIS OWN LEADERSHIP WOULD BE CALLED INTO QUESTION. SUBJECT DID NOT MAKE THE CONNECTION THAT PATERNO'S COMMENTS ON THE INCIDENT REFLECTED ON SUBJECT'S OWN LEADERSHIP ABILITY.

JOHN SURMA AND STEVE GARBAN CAME TO CAMPUS ON TUESDAY MORNING. AND THERE WAS A QUESTION ABOUT SUBJECT'S ABILITY TO LEAD DUE TO INTENSE MEDIA SCRUTINY AND THE THOUGHT WAS THAT SUBJECT COULD NOT RUN THE UNIVERSITY WITH ALL OF THAT GOING ON.

THERE WAS A TUESDAY PATERNO NORMAL PRESS CONFERENCE SCHEDULED. SURMA DELIVERED A MESSAGE THAT THE PRESS CONFERENCE WOULD NOT TAKE PLACE. SURMA THEN HAD PRELIMINARY CONTACT WITH ROD ERICKSON, ASKING ROD TO TAKE OVER IF SUBJECT LEFT.

TUESDAY, SUBJECT ASKED GARBAN AND SURMA FOR AN INDICATION OF CONFIDENCE FROM THE BOT FOR SUBJECT TO CONTINUE AS PRESIDENT. TUESDAY EVENING THERE WAS A BOT CONFERENCE CALL, THE BOT MEMBERSHIP DEBATED THE ISSUE, SURMA TOOK THE REIGNS. STEVE GARBAN HAD SUPPORTED SUBJECT ON SATURDAY AND SUNDAY. ONCE STEVE GARBAN READ THE PRESENTMENT, HE WENT THROUGH ALL THE EMOTIONS OF READING IT, HORROR, ABSOLUTE DISGUST, AND SURMA AND GARBAN THEN INDICATED THAT TUESDAY EVENING THAT SURMA WOULD ASSUME RESPONSIBILITY OF LEADERSHIP FOR THE BOT BECAUSE THE BOT MEMBERS QUESTIONED GARBAN'S LEADERSHIP BECAUSE HE DID NOT RESPOND TO THEM PREVIOUSLY (DUE TO TECHNICAL PROBLEMS AT HIS RESIDENCE, NFI).

SURMA INDICATED THAT SUBJECT WANTED THE BOT TO INDICATE THEIR CONFIDENCE IN HIM. NO ONE ON THE BOT WANTED TO MAKE THAT DECISION ON THE TELEPHONE, THEY WANTED TO DO IT IN PERSON.

ON TUESDAY, THE BOT ISSUED A PRESS RELEASE WHICH REFLECTED THEIR POSITION IN CALLING FOR AN INDEPENDENT INVESTIGATION AND UNFETTERED ACCESS.

ON TUESDAY NIGHT, STEVE GARBAN AND JOHN SURMA CALLED SUBJECT AND TOLD SUBJECT THAT IT APPEARED TO THEM THAT HIS ABILITY TO LEAD WAS COMPROMISED AND THERE WOULD LIKELY NOT BE CONFIDENCE IN HIM AT THE BOT MEETING ON WEDNESDAY.

ON WEDNESDAY, THE PSU BOT HAD AN IN-PERSON MEETING IN STATE COLLEGE, PA. , SUBJECT WAS IN HIS OFFICE ON WEDNESDAY MORNING, SENT SOURCE A LETTER OFFERING HIS RESIGNATION AND THEN HIS WIFE CAME TO GET HIM AND HE LEFT OLD MAIN.

WEDNESDAY AFTERNOON, SUBJECT SUBMITTED A FORMAL LETTER TO THE PSU BOT, OFFERING HIS RESIGNATION UNDER A CERTAIN PROVISION OF HIS CONTRACT. SUBJECT PRESENTED HIS LETTER OF RESIGNATION, THE BOT REVIEWED THE LETTER AND THEN, IN CONCERT WITH SUBJECT'S CONTRACT, DETERMINED THAT

THE ACTION WOULD BE "TERMINATION WITHOUT CAUSE".

THE BOT DETERMINED THAT THEY WOULD TERMINATE SUBJECT WITHOUT CAUSE AND THAT PATERNO WOULD NO LONGER SERVE AS FOOTBALL COACH.

THERE WAS NO PSU BOT VOTE REGARDING SUBJECT'S TERMINATION WITHOUT CAUSE. THE ISSUE WAS DISCUSSED DURING AN EXECUTIVE SESSION, THERE WAS NOT A YEA OR NAY VOTE, NO ONE SPOKE AGAINST THE ACTION OF TERMINATING SUBJECT WITHOUT CAUSE. THE SAME SITUATION APPLIED TO PATERNO, THERE WAS NO VOTE, NO ONE SPOKE AGAINST HAVING PATERNO RETIRE IMMEDIATELY.

DUE TO THE MEDIA PRESENCE, SOURCE PREPARED A CONFERENCE CALL WITH SUBJECT, WHEREIN GARBAN TOLD SUBJECT OF THE BOT DECISION TO TERMINATE HIM WITHOUT CAUSE.

JOHN SURMA THEN ANNOUNCED WEDNESDAY NIGHT THAT SUBJECT WAS NO LONGER PSU PRESIDENT, JOE PATERNO WAS NO LONGER THE FOOTBALL COACH AND THAT ROD ERICKSON WAS THE INTERIM PRESIDENT.

ON FRIDAY, THE BOARD OFFICIALLY ANNOUNCED THAT THEY HAD DETERMINED THAT SUBJECT WOULD NO LONGER SERVE AS PRESIDENT AND SUBJECT HAD AGREED, THAT ROD ERICKSON WOULD SERVE AS PRESIDENT, JOE PATERNO WAS NO LONGER FOOTBALL COACH AND THEY WERE INITIATING A SPECIAL INVESTIGATION TASK FORCE.

ON 12/02/2012, THE BOT NEEDED TO CROSS THE T'S AND DOT THE I'S AND HAD A MEETING WHEREIN THEY ADOPTED THE RESOLUTION FOR THEIR ACTIONS.

SOURCE REITERATED THAT SUBJECT WAS TOLD OF THE PSU BOT DECISION TO TERMINATE HIM WITHOUT CAUSE VIA TELEPHONE BY JOHN SURMA AND STEVE GARBAN.

IN REGARD TO PATERNO, SOURCE RECALLED THAT ON WEDNESDAY EVENING, SOURCE ATTEMPTED TO CONTACT MARK SHERBEEN, THE ASSOCIATE ATHLETIC DIRECTOR, WITH A VIEW TOWARD NOTIFYING PATERNO OF THE BOT DECISION, HOWEVER; SOURCE RECEIVED NO RESPONSE. SOURCE THEN CONTACTED FRAN GANTER AND HAD FRAN GANTER PROVIDE PATERNO WITH A TELEPHONE NUMBER IN-PERSON FOR GARBAN.

STEVE GARBAN AND JOHN SURMA WANTED TO COMMUNICATE THE FOLLOWING INFORMATION TO JOE PATERNO VIA TELEPHONE: 1) PATERNO WOULD NO LONGER SERVE AS FOOTBALL COACH, 2) PSU WILL HONOR PATERNO'S CONTRACT, AND 3) PATERNO'S POSITION AS A FACULTY MEMBER WILL CONTINUE. WHEN PATERNO CALLED GARBAN, GARBAN ANSWERED, GAVE THE PHONE TO SURMA, SURMA TOLD JOE ITEM 1) AND PATERNO IMMEDIATELY HUNG-UP. SURMA WAS UNABLE TO COMMUNICATE THE REMAINING TWO POINTS TO PATERNO. MRS. PATERNO THEN CALLED BACK AND VOICED HER DISPLEASURE (NFI).

SOURCE BELIEVES THAT CYNTHIA BALDWIN, PSU GENERAL COUNSEL, OR FRANK GUADUGNINO, BOT LAW FIRM FROM PITTSBURGH, PA, WOULD LIKELY HAVE A COPY

OF SUBJECT'S SEPARATION AGREEMENT.

SOURCE VOLUNTEERED HER OPINION AS TO WHY SUBJECT WAS TERMINATE WITHOUT CAUSE. SOURCE BELIEVES THE PSU BOT DETERMINED THAT THEY HAD NO CONFIDENCE IN SUBJECT'S ABILITY TO BE EFFECTIVE IN THE POSITION OF PRESIDENT OF THE UNIVERSITY AMIDST THE UNFOLDING CIRCUMSTANCES.

SOURCE BELIEVES THERE WAS NO WRONG DOING ON THE PART OF SUBJECT AND THERE WERE NO PROBLEMS WITH SUBJECT'S LACK OF ACTIONS OR HIS ACTIONS.

IN REGARD TO ANY INFLUENCE THE GOVERNOR MAY HAVE HAD ON THE BOARD AS IT PERTAINED TO SUBJECT'S DEPARTURE, SOURCE BELIEVES THAT, REGARDLESS OF ANY PRESSURE FROM THE GOVERNOR, THE BOARD WOULD HAVE REACHED THE SAME CONCLUSION THAT SUBJECT WOULD NOT BE ABLE TO CONTINUE AS PRESIDENT.

SOURCE BELIEVES, HOWEVER; THAT IT WAS VERY UNUSUAL THAT THE GOVERNOR WAS ON THE WEDNESDAY BOT CONFERENCE CALL, ATTENDED THE BOT IN-PERSON ON THAT THURSDAY AFTERNOON FOR THE EXECUTIVE SESSION SEMINAR AND THEN HE ATTENDED AGAIN IN-PERSON FOR THE FRIDAY PUBLIC MEETING. SOURCE BELIEVES THAT WAS VERY UNUSUAL IN THAT THE GOVERNOR WAS NOT PREVIOUSLY AN ACTIVE PARTICIPANT IN BOT PROCEEDINGS. ADDITIONALLY, IT WAS UNUSUAL THAT THE GOVERNOR GAVE HIS OWN INDEPENDENT PRESS CONFERENCE THAT FRIDAY.

SOURCE VOLUNTEERED THAT SUBJECT, AS PSU PRESIDENT, DID DEFEND PSU AGAINST PROPOSED BUDGET CUTS AND THAT SUBJECT WAS MORE VIGOROUS IN HIS DEFENSE THEN WERE THE OTEHR STATE INSTITUTIONS (PITT, TEMPLE AND LINCOLN).

SOURCE EXPLAINED THE GOVERNOR DOES VOTE ON THE BOT AND APPOINTS THE SECRETARY OF AGRICULTURE, THE SECRETARY OF EDUCATION AND THE SECRETARY OF CONSERVATION AND NATURAL RESOURCES. THE GOVERNOR HAS A TOTAL OF SIX APPOINTMENTS HE MAKES TO THE PSU BOT, NINE MEMBERS ARE ELECTED BY THE ALUMNI, SIX ARE ELECTED BY THE AGRICULTURE SOCIETY AND 6 ARE ELECTED BY THE BOARD OF BUSINESS AND INDUSTRY.

SOURCE BELIEVES THERE WAS NO REFERENCE TO SUBJECT'S VIGOROUS DEFENSE OF THE PSU BUDGET DURING THE COURSE OF THE PSU BOT DELIBERATIONS. SOURCE BELIEVES THAT WERE NO PSU BOT MEMBERS THAT DID NOT SUPPORT SUBJECT'S VIGOROUS EFFORTS REGARDING THE BUDGET.

SOURCE BELIEVES SUBJECT WAS IN OFFICE AS THE PSU PRESIDENT FOR A LONG TIME, THERE WAS A LOT OF RESPECT, ADMIRATION AND TRUST BY THE PSU BOT FOR SUBJECT. SUBJECT CONSTANTLY RECEIVED GLOWING REMARKS FROM THE BOT.

SOURCE BELIEVES THERE WAS A COMPLACENCY BY THE BOT BECAUSE OF THEIR UTMOST CONFIDENCE IN SUBJECT AND HIS ADMINISTRATIVE TEAM AND SOURCE CONSIDERS THAT BOT COMPLACENCY TO HAVE BEEN A CONTRIBUTING FACTOR IN

THE SITUATION.

SOURCE BELIEVES THAT THE BOT NOW REALIZES THAT THEY MUST NOW HAVE A BETTER UNDERSTANDING.

SOURCE BELIEVES THE DECISION TO TERMINATE SUBJECT WITHOUT CAUSE WAS NOT EASY FOR THE BOT, THAT BOT MEMBERS WERE GRIEVING BUT, AS THE ULTIMATE GOVERNING BODY, THEY HAD TO TAKE ACTION TO MAINTAIN THE HEALTH AND VIABILITY OF THE INSTITUTION FOR GENERATIONS TO COME.

SOURCE DOES NOT BELIEVE SUBJECT'S VIGOROUS DEFENSE OF PSU IN THE BUDGET ISSUES WAS NOT A CONTRIBUTING FACTOR.

SOURCE DID VOLUNTEER INFORMATION WHICH SHE BELIEVES TO HAVE BEEN INAPPROPRIATE INFLUENCE BY THE GOVERNOR, AS FOLLOWS:

ON THURSDAY, 11/10/2011, THE BOT MET IN SEMINAR AND AFTER THE SEMINAR THE SECRETARY OF EDUCATION EXPRESSED CONCERN ABOUT THE ROOM AND BOARD RATES LISTED IN 11/2011 AND WANTED TO KNOW IF THEY HAD TO BE RAISED TO THAT RATE OR COULD THE PROPOSED RATE BE MITIGATED. THE VOTE ON THE RATES HAD PERVIOUSLY BEEN DEFERRED FROM THE 11/2011 AGENDA AND THE PSU GROUP HANDLING THE PROPOSED RATES RE-WORKED THE NUMBERS, HOUSING AND FOODS RE-WORKED THE NUMBERS AND RETURNED WITH NEW NUMBERS AT A LOWER RATE BY DEFERRING MAINTENANCE, BRINGING THE NEW RATES DOWN TO THE LOWEST RATE INCREASE IN TWENTY YEARS. THE BOT WAS APPRISED OF THE NEW LOWER NUMBERS AND MATERIALS WERE PREPARED FOR THE 01/2012 BOT MEETING BUT, ON THURSDAY EVENING, THERE WAS NO DISCUSSION ABOUT THE INCREASE. SOURCE THEN HEARD THAT THE SECRETARY OF EDUCATION STILL HAD SOME CONCERNS WITH THE NUMBERS AND ASKED THAT THE DISCUSSIONS BE POSTPONED AGAIN. PRESIDENT ERICKSON SAID NO, THAT THEY COULD NOT POSTPONE BECAUSE PSU MUST TELL THE STUDENTS WHAT TO PLAN FOR AND THAT THE PSU MAINTENANCE OFFICE NEEDED TO KNOW WHAT TO PLAN FOR.

DURING THE AFTERNOON BOT MEETING IN 01/2012, THE GOVERNOR GAVE A SPEECH SAYING THAT THERE WAS NOT ENOUGH INFORMATION TO VOTE ON THE RATES, AND THEREFORE; HE WOULD ABSTAIN AND THAT WAS HIS POSITION. ALL NEGATIVE VOTES ON THE BOARD WERE THE GOVERNORS APPOINTEES. SOURCE CONSIDERS THAT TO HAVE BEEN HIGHLY UNUSUAL, IN THAT AS GOVERNOR, HE IS A TRUSTEE OF THE UNIVERSITY AND TRUSTEES FIRST LOYALTY IS AS A FUDICIARY, TO BE PSU, HE (THE GOVERNOR) HAD AN OBLIGATION TO ASK FOR THAT INFORMATION BUT, IN THIS INSTANCE HE DID NOT. THE GOVERNOR DREW A LINE IN THE SAND, SAYING THAT PSU HAS TO DECIDE IF IT IS GOING TO BE A PUBLIC OR PRIVATE INSTITUTION.

SOURCE BELIEVES THE GOVERNOR'S SPEECH WAS AN IMPLIED THREAT THAT IF HIS APPOINTEES DID NOT FOLLOW HIM, THEY WOULD NOT CONTINUE TO BE ON THE PSU BOT. SOURCE CONSIDERS THE GOVERNOR'S SPEECH TO HAVE BEEN GRANDSTANDING AND USING HIS BULLY PULPIT.

SUBJECT IS A BELIEVER IN HIGHER EDUCATION AND THE TRANSFORMATION THAT

HIGHER EDUCATION AFFORDS TO INDIVIDUALS, HE HAS BENEFITED FROM THAT HIMSELF AND KNOWS THE VALUE, SUBJECT LOVES THE STUDENTS, WOULD FIGHT VIGOROUSLY TO IMPROVE THEIR EXPERIENCES AND THEIR LIVES. SUBJECT WAS VERY ENGAGED WITH THE PSU STUDENTS. SUBJECT INSPIRED ALL OF THOSE AT PSU AND CHALLENGED ALL OF US TO BE BETTER. SUBJECT IS SELFLESS, HAS A GOOD SENSE OF HUMOR, IS FRIENDLY, GETS ALONG WELL WITH OTHERS AND IS RESPONSIBLE.

SOURCE TRUSTS SUBJECT.

SOURCE TRUSTS SUBJECT'S JUDGMENT.

IN REGARD TO FOREIGN TRAVEL, SOURCE BELIEVES SUBJECT HAD FREQUENT FOREIGN TRAVEL IN CONJUNCTION WITH HIS POSITION AS PSU PRESIDENT SPECIFICALLY IN CONNECTION WITH THE WORLDWIDE UNIVERSITIES NETWORK, UNIVERSITY RELATED INITIATIVES, DISTINGUISHED ALUMNI PRESENTATIONS AND FOR PSU RESEARCH (EXACT DATES, DURATIONS AND SPECIFIC LOCATIONS UNRECALLED). SOURCE RECALLED THAT SUBJECT DID TRAVEL TO CUBA WITH HIS WIFE IN CONJUNCTION WITH A PSU HEMINGWAY LETTERS PROJECT (EXACT DATES, DURATION AND LOCATION UNRECALLED), THAT HE TRAVELED TO CHINA AND JAPAN IN CONJUNCTION WITH THE PSU DISTINGUISHED ALUMNI PROGRAM PRESENTATIONS, ONE SPECIFICALLY FOR A YAO XI (NFI) (EXACT DATE, DURATION AND LOCATION UNRECALLED) AND TRAVELED TO BHUTAN TO VISIT JIGME THINLEY, THE PRIME MINISTER, WHO IS A DISTINGUISHED PSU ALUMNI (EXACT DATES, DURATION AND SPECIFIC LOCATION UNRECALLED). SOURCE BELIEVES SUBJECT ALSO TRAVELED TO THE UNITED KINGDOM AND EUROPE FOR PSU RELATED BUSINESS (EXACT DATES, DURATIONS AND SPECIFIC LOCATIONS UNRECALLED).

SOURCE HAS NO KNOWLEDGE OF ANY PERSONAL FOREIGN TRAVEL ON THE PART OF SUBJECT.

IN REGARD TO ANY FOREIGN CONNECTIONS OR CONTACTS, SOURCE BELIEVES SUBJECT DID HAVE PURELY PROFESSIONAL CONTACT WITH PSU ALUMNI AND OTHER EDUCATIONAL INSTITUTIONS IN HIS CAPACITY AS PSU PRESIDENT (SPECIFIC CONTACTS UNKNOWN, NFI), HOWEVER; NONE RESULTED IN ANY PERSONAL LASTING RELATIONSHIPS AND NONE OF WHICH WOULD CAUSE SUBJECT TO BE SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

SOURCE HAS NO KNOWLEDGE OF ANY FOREIGN PROPERTY OWNERSHIP ON THE PART OF SUBJECT.

SOURCE HAS NO KNOWLEDGE OF ANYTHING IN SUBJECT'S BACKGROUND, LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF THE CIRCUMSTANCES SURROUNDING HIS DEPARTURE FROM THE POSITION OF PSU PRESIDENT.

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THE CIRCUMSTANCES SURROUNDING HIS DEPARTURE AS PSU PRESIDENT DUE NOT CAST ANY DOUBT ON SUBJECT'S CURRENT RELIABILITY, TRUSTWORTHINESS, GOOD JUDGMENT OR ABILITY TO PROPERLY SAFEGUARD NATIONAL SECURITY INFORMATION.

ITEM: 015

SOURCE: 024

NAME RODNEY A. ERICKSON, DR., PRESIDENT, PENNSYLVANIA STATE UNIVERSITY (PSU), PSU OFFICE OF THE PRESIDENT, 201 OLD MAIN, UNIVERSITY PARK, PA 16802

REFERENCE

ISSUE(S) 05A 07B

PRIMARY ASSOCIATION COWORKER
AVERAGE EXTENT OF CONTACT REGULAR
SPAN OF CONTACT 09/1995 TO PRESENT

RECOMMENDS

DR. RODNEY A. ERICKSON MET GRAHAM SPANIER IN 09/1995 AT THE PSU CAMPUS, UNIVERSITY PARK, PA, AS DEAN OF THE PSU GRADUATE SCHOOL TO PSU PRESIDENT, WHEN SUBJECT ARRIVED AT PSU AND ASSUMED THE DUTIES OF PRESIDENT, IMMEDIATELY BECOMING FRIENDLY COLLEAGUES, WITH THREE TIMES WEEKLY PROFESSIONAL CONTACT AND TWO TIMES WEEKLY SOCIAL CONTACT AS FRIENDLY COLLEAGUES, CONSISTING OF TALKING ABOUT EACH OTHER'S LIVES AND ACTIVITIES AND ATTENDING PSU SPONSORED SOCIAL EVENTS, UNTIL 11/2011, WHEN SUBJECT LEFT HIS POSITION AS PSU PRESIDENT THROUGH A MUTUAL DECISION BETWEEN SUBJECT AND THE PSU BOARD OF TRUSTEES WHEREIN SUBJECT AGREED TO STEP-DOWN. FROM 11/2011 TO PRESENT, SOURCE HAS HAD THREE OR FOUR IN-PERSON CONTACTS WITH SUBJECT, ONE OR TWO TELEPHONE CALLS AND SIX TO EIGHT E-MAIL EXCHANGES, WITH ONE SOCIAL DINNER TOGETHER IN 02/2012, AS FRIENDLY COLLEAGUES.

SUBJECT IS MARRIED, HIS WIFE'S NAME IS SANDRA, AND THEY HAVE TWO CHILDREN; BRIAN AND HADLEY. SOURCE VOLUNTEERED THAT HE ATTENDED BOTH OF SUBJECT'S CHILDREN'S WEDDINGS.

SUBJECT'S UNSTRUCTURED ACTIVITIES CONSIST OF HIS INTEREST IN MUSICAL BANDS, SPECIFICALLY THE DEACONS OF DIXIELAND AND THE PHYRST FAMILY, HIS INTEREST IN PLAYING THE WASH BOARD AS A MUSICAL INSTRUMENT, HIS INTEREST IN PLAYING RACQUETBALL, RAFTING AND BEING A WORKAHOLIC.

FROM 09/1995 TO APPROXIMATELY 1996 (EXACT DATE UNRECALLED), SUBJECT RESIDED IN THE STATE COLLEGE, PA AREA (NFI). FROM APPROXIMATELY 1996 (EXACT DATE UNRECALLED) TO 01/2012, SUBJECT RESIDED IN THE SCHREYER PRESIDENT'S HOUSE ON THE PSU CAMPUS. FROM 01/2012 TO PRESENT, SUBJECT RESIDES IN A HIGH RISE BEHIND THE HILLS PLAZA IN STATE COLLEGE, PA (DISCREPANT). SUBJECT TOLD SOURCE THAT HE IS ORIGINALLY FROM CHICAGO, IL AND THAT HE WAS BORN IN SOUTH AFRICA.

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

NAME SPANIER, GRAHAM BASIL

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IS RESPONSIBLE AND IS RELIABLE.

X SUBJECT IS COLLATERAL DAMAGE IN ALL OF THIS.

SOURCE TRUSTS SUBJECT.

SOURCE TRUSTS SUBJECT'S JUDGMENT.

SOURCE BELIEVES SUBJECT HAD YEARLY FOREIGN TRAVEL IN CONJUNCTION WITH HIS POSITION AS PSU PRESIDENT ON PSU BUSINESS. SOURCE RECALLED THAT SUBJECT HAD PREVIOUSLY TRAVELED TO CHINA, AUSTRALIA, LONDON, ENGLAND, RUSSIA AND SOUTH AFRICA. SOURCE WAS UNABLE TO RECALL ANY EXACT DATES, DURATIONS OR SPECIFIC LOCATIONS.

SUBJECT HAS NEVER MADE ANY LASTING CONTACTS WHILE OUTSIDE THE US NOR HAS SUBJECT EVER HAD A PROBLEM WITH CUSTOMS OR LAW ENFORCEMENT OFFICIALS WHILE OUTSIDE OF THE US. SUBJECT HAS NOT VISITED ANY EMBASSIES OR CONSULATES WHILE OVERSEAS. SUBJECT CANNOT BE BLACKMAILED FOR ANY INCIDENTS WHILE ON FOREIGN TRAVEL.

SOURCE HAS NO KNOWLEDGE OF ANY SPECIFIC FOREIGN CONNECTIONS OR CONTACTS ON THE PART OF SUBJECT AND BELIEVES THAT IF SUBJECT DID HAVE ANY THEY WERE PURELY PROFESSIONAL CONTACTS, AS A RESULT OF HIS POSITION AS PSU PRESIDENT, WERE PSU RELATED OR HIGHER EDUCATION RELATED, AND THAT THEY WERE NOT LASTING RELATIONSHIPS (NFI).

SOURCE HAS NO KNOWLEDGE OF ANY FOREIGN PROPERTY OWNERSHIP ON THE PART OF SUBJECT.

SOURCE HAS NO KNOWLEDGE OF ANYTHING IN SUBJECT'S BACKGROUND, LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

ITEM: 016

SOURCE: 025

NAME JOHN P. SURMA, VICE CHAIR, PSU BOARD OF TRUSTEES, OFFICE OF THE CHIEF EXECUTIVE OFFICER, US STEEL CORPORATION, 600 GRANT STREET, PITTSBURGH, PA 15219

ISSUE(S) 05D 07C

PRIMARY ASSOCIATION VICE CHAIR OF PSU BOT

AVERAGE EXTENT OF CONTACT REGULAR

SPAN OF CONTACT APPROXIMATELY EARLY 2000'S TO PRESENT

NO REASON NOT TO RECOMMEND

MR. JOHN P. SURMA MET GRAHAM SPANIER DURING THE EARLY 2000'S (EXACT DATE UNRECALLED), AS PSU BUSINESS SCHOOL VISITING ADVISORY BOARD MEMBER TO PSU PRESIDENT, WITH YEARLY SOCIAL CONTACT AT FOOTBALL GAMES AND PSU SPONSORED SOCIAL EVENTS, UNTIL 07/01/2007, WHEN SOURCE BECAME A MEMBER OF THE PSU BOT. FROM 07/01/2007 TO APPROXIMATELY 2008 (EXACT

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

DATE UNRECALLED), SOURCE HAD EIGHT TIMES YEARLY SOCIAL CONTACT WITH SUBJECT, AS PSU BOT MEMBER TO PSU PRESIDENT, CONSISTING OF ATTENDANCE AT BOT MEETINGS, FOOTBALL GAMES AND PSU SPONSORED SOCIAL EVENTS. IN APPROXIMATELY 2008 (EXACT DATE UNRECALLED), SUBJECT BECAME A MEMBER OF THE US STEEL BOARD. FROM APPROXIMATELY 2008 (EXACT DATE UNRECALLED) TO 11/2011, SOURCE HAD 15 TIMES YEARLY SOCIAL CONTACT WITH SUBJECT AT PSU BOT MEETINGS, US STEEL CORPORATION BOARD MEETINGS, PSU FOOTBALL GAMES AND PSU SPONSORED SOCIAL EVENTS. IN 11/2011, SUBJECT RESIGNED HIS POSITION AS PSU PRESIDENT UNDER A TERMINATION WITHOUT CAUSE SECTION OF HIS EMPLOYMENT CONTRACT. FROM 11/2011 TO PRESENT, SOURCE HAS HAD ONE E-MAIL CONTACT WITH SUBJECT WHEREIN SUBJECT OFFERED HIS RESIGNATION FROM THE BOARD OF THE US STEEL CORPORATION.

SUBJECT IS MARRIED, HIS WIFE'S NAME IS DR. SANDRA SPANIER, AKA: SANDY, AND THEY HAVE CHILDREN; POSSIBLY THREE CHILDREN (NFI).

SUBJECT'S UNSTRUCTURED ACTIVITIES ARE THAT OF AN ECLECTIC PERSON; HE DOES MOVIE REVIEWS, HE HAS AN INTEREST IN BEING A MUSICIAN, PLAYS THE BASS DRUM AND PLAYS RACQUETBALL.

FROM THE EARLY 2000'S TO UNKNOWN, SUBJECT RESIDED IN THE STATE COLLEGE, PA AREA (NFI). FROM DATE UNKNOWN TO 11/2011, SUBJECT RESIDED IN THE SCHREYER HOUSE ON THE PSU CAMPUS. FROM 11/2011 TO PRESENT, SUBJECT RESIDES IN A CONDO IN THE STATE COLLEGE, PA AREA (DISCREPANT) (NFI).

SUBJECT HOLDS A PHD. SOURCE BELIEVES THE PHD MAY BE FROM PSU BUT, SOURCE IS NOT CERTAIN.

SUBJECT WAS PSU PRESIDENT FOR 16 YEARS. SUBJECT CAME TO PSU FROM THE UNIVERSITY OF NEBRASKA. SUBJECT TOLD SOURCE THAT PRIOR TO NEBRASKA, HE WAS PREVIOUSLY EMPLOYED BY OREGON STATE UNIVERSITY OR THE UNIVERSITY OF OREGON. FROM APPROXIMATELY 2008 (EXACT DATE UNRECALLED) TO 11/2011, HE WAS A US STEEL CORPORATION BOARD MEMBER (DISCREPANT) AND THE FM (INSURANCE COMPANY BOARD (DISCREPANT) (NFI).

SUBJECT'S PERFORMANCE AS THE PSU PRESIDENT WAS OUTSTANDING. SUBJECT WAS ONE OF THE TOP UNIVERSITY PRESIDENTS IN THE COUNTRY.

IN REGARD TO RE-HIRE, SOURCE DOES NOT KNOW, BECAUSE IT IS VESTED WITH THE BOARD OF TRUSTEES, THAT WOULD BE A BOARD DECISION. SOURCE DOES NOT KNOW OF ANYTHING FROM THE BOARD RULES THAT WOULD MAKE THAT DECISION, IT WOULD BE A COLLECTIVE DECISION BY THE BOARD OF TRUSTEES.

IN REGARD TO WHY SUBJECT LEFT HIS POSITION AS PSU PRESIDENT, SOURCE OFFERED HIS OPINION, AS FOLLOWS:

SOURCE AND STEVE GARBAN TOLD SUBJECT OF THE DECISION OF THE BOARD VIA TELEPHONE.

THE PSU BOARD OF TRUSTEES REACHED A CONCLUSION THAT, DUE TO THE UNCERTAINTY AROUND THE SANDUSKY SITUATION, IT WOULD BE DIFFICULT FOR SUBJECT TO CONTINUE. THE CONCLUSION WAS BASED ON WHAT WE DO KNOW, THAT SUBJECT HAD COMMUNICATED WITH TIME CURLEY AND GARY SCHULTZ IN SOME WAY, AND THEREFORE; THERE WOULD BE QUESTIONS ABOUT THAT AND THOSE QUESTIONS WOULD TAKE A LONG TIME TO ANSWER AND WE, AS THE BOARD, COULD NOT WAIT THAT LONG.

*John Summa
BOT*

THE DECISION ALSO INVOLVED THE BOARD'S CONFIDENCE IN SUBJECT, BECAUSE OF SUBJECT'S INVOLVEMENT IN THE MATTER (NFI) AND THAT WOULD TAKE A LONG TIME TO DETERMINE AND WOULD DISTRACT FROM SUBJECT'S ABILITY TO FUNCTION AS PRESIDENT AS THE PUBLIC FACE OF THE UNIVERSITY. IT IS LIKELY ALL MATTERS WOULD BE DOMINATED BY THIS MATTER AND THAT WOULD MAKE IT DIFFICULT TO MOVE FORWARD AS A UNIVERSITY.

THE BOARD HAD A SERIES OF CONVERSATIONS ON WEDNESDAY AND EVERYONE (ALL BOARD MEMBERS) HAD A CHANCE TO VOICE THEIR OPINIONS.

I ASKED THE BOARD MEMBERS OF THERE WAS ANY DISAGREEMENT IN THE CONCLUSION FROM PREVIOUS CONVERSATIONS AND THERE WERE NONE, THEREFORE; THE DECISION WAS UNANIMOUS.

SOURCE HAS NO KNOWLEDGE OF ANY ADVERSE INFORMATION REGARDING SUBJECT AS IT PERTAINS TO THIS OR ANY OTHER MATTER.

IN REGARD TO ANY INFLUENCE ON THE BOARD BY THE GOVERNOR, SOURCE RELATED THE FOLLOWING:

THERE WERE BUDGET CUTS PROPOSED BY GOVERNOR CORBETT WHICH AFFECTED THE PSU, PITT, TEMPLE AND LINCOLN BUDGETS. THE BUDGET CUT INVOLVED A CUT OF 50 PERCENT OF THE APPROPRIATION IN THE EARLY YEARS. SUBJECT ADVOCATED FOR PSU. SOURCE DID NOT SEE ANYTHING IN THE BOARD'S CONVERSATIONS THAT WOULD BE INDICATIVE OF ANY BUDGET RELATED ISSUES PERTAINING TO THIS. SOURCE DID NOT SEE ANYTHING INDICATIVE OF ANY PRESSURE ON THE BOARD DUE TO SUBJECT'S ADVOCACY FOR PSU ABOUT THE BUDGET.

SUBJECT'S INVOLVEMENT IN THE SANDUSKY ISSUE, TO WHATEVER DEGREE, WAS DETERMINED TO BE A DISTRACTION AS PRESIDENT.

THERE WAS A BRIEF REPORT TO THE BOARD OF TRUSTEES IN 05/2011 BY THE GENERAL COUNSEL, JUDGE BALDWIN, AND SUBJECT ABOUT THE GRAND JURY EXISTENCE AND SOURCE DOES NOT RECALL THE SPECIFICS OF THAT BRIEF (NFI).

SOME BOARD OF TRUSTEES MEMBERS FELT THERE SHOULD HAVE BEEN MORE INFORMATION PROVIDED AT THAT TIME. THERE IS NOT OTHER REASON WHY SUBJECT WAS TERMINATED WITHOUT CAUSE.

X | SOURCE RECALLED THAT SUBJECT DID COMMENT ON THE SANDUSKY ISSUE IN

GROUP SETTINGS WITHIN THE BOARD AND IN GENERAL SUBJECT SAID HE HAD BEEN INFORMED BY TIME CURLEY AND GARY SCHULTZ ABOUT A CIRCUMSTANCE INVOLVING SANDUSKY, THEY (CURLEY AND SCHULTZ) HAD PROPOSED ACTION, SUBJECT SAID OK TO THAT ACTION AND THAT WAS IT.

SUBJECT EXPLAINED THAT THE MEETING WITH CURLEY AND SCHULTZ WAS NOT A SCHEDULED APPOINTMENT. SUBJECT SAID THAT CURLEY AND SCHULTZ PRESENTED THE INCIDENT TO SUBJECT AS "HORSE AROUND", THAT IT WAS ON A CONFERENCE CALL AND HAVING HEARD THINGS SUBSEQUENTLY IN THE NEWS IT IS DIFFICULT FOR SOURCE TO FILTER WHAT EXACTLY SUBJECT TOLD SOURCE AND WHAT SOURCE HAS HEARD IN THE PRESS (NFI).

SUBJECT'S REPUTATION AS PRESIDENT WAS VERY HIGH, SUBJECT HOLDS VERY HIGH STANDING, SUBJECT WAS A WELL ACKNOWLEDGED LEADER, ONE OF THE TOP GUYS IN HIS FIELD. SUBJECT'S CHARACTER AND STATURE ARE VERY HIGH, SUBJECT IS RESPONSIBLE, RELIABLE, FRIENDLY, GETS ALONG WELL WITH OTHERS AND IS ENTHUSIASTIC.

SOURCE TRUSTS SUBJECT.

SOURCE TRUSTS SUBJECT'S JUDGMENT.

IN REGARD TO FOREIGN TRAVEL, SOURCE BELIEVES THAT APPROXIMATELY 8 TO 10 YEARS AGO, SUBJECT TRAVELED TO LONDON, UNITED KINGDOM, TO RECEIVE AN AWARD (NFI). SOURCE BELIEVES SUBJECT MAY HAVE MADE A TRIP TO CANADA FOR A BOARD MEETING IN TORONTO, CANADA IN 09/2008 FOR ONE DAY, BUT SOURCE IS NOT CERTAIN. SOURCE BELIEVES THAT SUBJECT TOLD SOURCE THAT HE HAD VISITED AN ALUMNUS IN BHUTAN WHO IS THE PRIME MINISTER OF BHUTAN. EXACT DATES, DURATIONS AND SPECIFIC LOCATIONS UNRECALLED.

SUBJECT HAS NEVER MADE ANY LASTING CONTACTS WHILE OUTSIDE THE US NOR HAS SUBJECT EVER HAD A PROBLEM WITH CUSTOMS OR LAW ENFORCEMENT OFFICIALS WHILE OUTSIDE OF THE US. SUBJECT HAS NOT VISITED ANY EMBASSIES OR CONSULATES WHILE OVERSEAS. SUBJECT CANNOT BE BLACKMAILED FOR ANY INCIDENTS WHILE ON FOREIGN TRAVEL.

IN REGARD TO ANY FOREIGN CONNECTIONS OR CONTACTS, SOURCE REITERATED THAT HE BELIEVES SUBJECT TOLD HIM THAT HE HAD VISITED THE PRIME MINISTER OF BHUTAN, WHO IS ALSO A PSU ALUMNI, HOWEVER; SOURCE BELIEVES THAT WAS NOT A LASTING PERSONAL RELATIONSHIP, THAT IT WAS PURELY PROFESSIONAL (NFI). SOURCE HAS NO KNOWLEDGE OF ANY OTHER FOREIGN CONNECTIONS OR CONTACTS.

SOURCE REITERATED THAT HE AND STEVE GARBAN, CHAIRMAN OF THE BOARD OF TRUSTEES, COMMUNICATED THE BOARD'S DECISION TO TERMINATE SUBJECT WITHOUT CAUSE ON WEDNESDAY NIGHT VIA TELEPHONE, VIA SPEAKER PHONE.

SOURCE ADVISED THAT, AS VICE CHAIR OF THE BOARD, HE WAS MORE INVOLVED WITH THE PROCESS VICE THE CONTENT.

NAME SPANIER, GRAHAM BASIL

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SOURCE HAS NO KNOWLEDGE OF ANYTHING IN SUBJECT'S BACKGROUND, LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

SOURCE HAS NO REASON NOT TO RECOMMEND SUBJECT.

ITEM: 017

SOURCE: 026

NAME STEVE A. GARBAN, CHAIRMAN OF THE PSU BOARD OF TRUSTEES, 226 HARRIS DRIVE, STATE COLLEGE, PA 16801

ISSUE(S) 05D 07C

PRIMARY ASSOCIATION CHAIRMAN, PSU BOT

AVERAGE EXTENT OF CONTACT REGULAR

SPAN OF CONTACT FALL OF 1995 TO PRESENT

RECOMMENDS

MR. STEVE A. GARBAN MET GRAHAM SPANIER IN APPROXIMATELY FALL 1995 (EXACT DATE UNRECALLED), ON THE PENNSYLVANIA STATE UNIVERSITY (PSU) CAMPUS, AS PSU VICE PRESIDENT TO PSU PRESIDENT, WHEN SUBJECT BEGAN HIS DUTIES AS PSU PRESIDENT, WITH QUARTERLY SOCIAL CONTACT AT PSU SPONSORED SOCIAL EVENTS, UNTIL 07/1998, WHEN SOURCE BECAME A MEMBER OF THE PSU BOARD OF TRUSTEES (BOT). FROM 07/1998 TO 01/2007, SOURCE HAD SIX TIMES YEARLY SOCIAL CONTACT WITH SUBJECT AT THE PSU BOT MEETINGS. IN 01/2007, SOURCE BECAME VICE CHAIRMAN OF THE PSU BOT. FROM 01/2007 TO 01/2010, SOURCE HAD MONTHLY SOCIAL CONTACT WITH SUBJECT AS VICE CHAIRMAN OF THE PSU BOT TO PSU PRESIDENT. IN 01/2010, SOURCE BECAME CHAIRMAN OF THE PSU BOT. FROM 01/2010 TO 11/09/2011, SOURCE HAD TWO TIMES MONTHLY SOCIAL CONTACT WITH SUBJECT, AS CHAIRMAN OF THE PSU BOT TO PSU PRESIDENT. IN 11/09/2011, SUBJECT DEPARTED HIS POSITION AS PSU PRESIDENT. FROM 11/09/2011 TO 01/2012, SOURCE HAD MONTHLY SOCIAL CONTACT WITH SUBJECT. IN 01/2012, SOURCE STEPPED DOWN AS CHAIRMAN OF THE PSU BOT. FROM 01/2010 TO PRESENT, SOURCE HAS HAD TWO BUSINESS RELATED TELEPHONE CONVERSATIONS WITH SOURCE, AS FORMER PSU BOT CHAIR TO FORMER PSU PRESIDENT, WHEN SUBJECT CALLED SOURCE TO DISCUSS A PRESS RELEASE ISSUED REGARDING SUBJECT'S DEPARTURE FROM HIS POSITION AS PSU PRESIDENT. SOURCE IDENTIFIED HIS SOCIAL CONTACT WITH SUBJECT TO BE PRIMARILY PROFESSIONAL, ALTHOUGH, SOURCE DID HAVE SOCIAL CONTACT WITH SUBJECT DURING AN ALUMNI TOUR TRIP TO FRANCE DURING THE SUMMER OF 2011 FOR 9 DAYS AND AT PSU SPONSORED SOCIAL FUNCTIONS AND PSU BOT SOCIAL FUNCTIONS AROUND BOT MEETINGS.

SUBJECT IS MARRIED, HIS WIFE'S NAME IS SANDRA, AND THEY HAVE TWO CHILDREN (NAMES UNRECALLED). SOURCE VOLUNTEERED THAT HE HAD ATTENDED THE WEDDINGS OF BOTH OF SUBJECT'S CHILDREN.

SUBJECT'S UNSTRUCTURED ACTIVITIES CONSIST OF WORKING-OUT, PLAYING PADDLE BALL, HIS INTEREST IN MOVIES, BOATING, HIKING, AND HAVING FRIENDS WITH VARYING BACKGROUNDS.

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

FROM FALL OF 1995 (EXACT DATE UNRECALLED) TO 12/2011, SUBJECT RESIDED AT THE PSU PRESIDENT'S HOUSE AT SCHREYER HOUSE. FROM 12/2011 TO PRESENT, SUBJECT RESIDES IN A CONDO LOCATED BEHIND THE HILLS PLAZA IN STATE COLLEGE, PA (DISCREPANT). SUBJECT TOLD SOURCE THAT HE IS ORIGINALLY FROM CHICAGO, IL.

SOURCE BELIEVES SUBJECT HOLDS AN UNDERGRADUATE DEGREE FROM NORTHWESTERN, A MASTER'S DEGREE FROM IOWA STATE AND SOURCE BELIEVES HIS PHD IS FROM PSU. SOURCE BELIEVES SUBJECT'S DEGREES ARE IN FAMILY PLANNING AND COUNSELING AND HEALTH AND HUMAN DEVELOPMENT.

FROM 11/2011 TO PRESENT, SUBJECT IS PSU PRESIDENT EMERITUS. FROM FALL OF 1995 (EXACT DATE UNRECALLED) TO 11/2011, SUBJECT WAS PSU PRESIDENT. SUBJECT TOLD SOURCE THAT PRIOR TO BECOMING PSU PRESIDENT, SUBJECT WAS THE CHANCELLOR AT NEBRASKA, PROVOST AT OREGON, AT SUNY (NFI) AND WAS A PROFESSOR AT PSU (NFI).

SOURCE BELIEVES THAT, WHILE PSU PRESIDENT, SUBJECT HELD BOARD POSITIONS ON THE US STEEL BOARD (DISCREPANT), THE CITIZENS BANK BOARD (DISCREPANT) AND THE BOARD OF AN INSURANCE COMPANY IN BOSTON (DISCREPANT) (NFI).

SUBJECT'S PERFORMANCE AS PSU PRESIDENT WAS OUTSTANDING. SUBJECT TOOK PSU TO NEW HEIGHTS AS A LEADER AND WAS AN OUTSTANDING LEADER.

SUBJECT IS ELIGIBLE FOR RE-HIRE AS PSU PRESIDENT BUT, SCARS ARE TOO DEEP AT PSU. SUBJECT IS CAPABLE, JUST THE STAGES OF THE CIRCUMSTANCE WOULD PRECLUDE HIM FROM BEING RE-HIRED BECAUSE THE SCARS WILL NOT GO AWAY UNTIL THE COURT CASES ARE OVER.

SOURCE EXPLAINED WHAT OCCURRED AND CHARACTERIZED IT AS PLAN AND SIMPLE IN THAT THE CIRCUMSTANCE WAS MIS-READ, PEOPLE DID NOT UNDERSTAND HOW SERIOUS THE SITUATION WAS UNTIL THE PRESENTMENT CAME OUT.

SUBJECT HAD A MISUNDERSTANDING OF HOW SERIOUS IT WAS. THE GRAND JURY WAS CONFIDENTIAL, I THINK THAT CAUSED SUBJECT TO NOT SHARE MORE WITH THE BOARD.

SUBJECT EITHER READ THE SITUATION AS IT NOT BEING A CRITICAL CIRCUMSTANCE OR HE WAS TOLD NOT TO SHARE THE INFORMATION. SOURCE BELIEVES THAT POSSIBLY THE GRAND JURY TOLD SUBJECT THAT HE COULD NOT SHARE THE INFORMATION, THE BOARD FELT THAT HE WAS NO LONGER CAPABLE OF MANAGING THE UNIVERSITY.

SUBJECT LOST THE CONFIDENCE OF THE BOARD. SUBJECT ASKED SOURCE DURING THE COURSE OF THE INCIDENT, IN THE FIRST DAYS, IF HE HAD THE CONFIDENCE OF THE BOARD AND SOURCE TOLD SUBJECT YES BUT, WHEN THE PRESENTMENT CAME OUT, THEN CONFIDENCE WANED.

SOURCE FIRST HEARD RUMORS DURING THE SUMMER OF 2011 (EXACT DATE UNRECALLED), WHEN NEWS MEDIA SAID THAT SANDUSKY WAS INVOLVED WITH A BOY IN LOCK HAVEN, PA (NFI). THERE WAS NO MENTION OF 1998 OR 2001 INCIDENTS.

*Steve Garbar
BOT Chair*

THE PSU BOT FIRST HEARD OF THE SUBPOENAS IN THE 07/2011 PSU BOT MEETING

SOURCE ASKED SUBJECT WHAT WAS GOING ON, SUBJECT TOLD SOURCE IT WAS A SECRET GRAND JURY BUT, HE WOULD HAVE CYNTHIA BALDWIN GIVE A BRIEF TO THE BOARD.

CYNTHIA BALDWIN GAVE THE BOT A PERFUNCTORY REPORT THAT THE GRAND JURY INVESTIGATION WAS GOING ON AND COULD NOT BE TALKED ABOUT, BEYOND THAT SCHULTZ, CURLEY AND PATERNO HAD BEEN CALLED. BALDWIN SAID THAT THE PURPOSE OF THE GRAND JURY WAS TO INVESTIGATE SANDUSKY, SHE DID NOT SAY ANYTHING ABOUT THE PSU CAMPUS, ONLY ABOUT LOCK HAVEN, PA. THE PSU BOT MEMBERS DID NOT ASK ANY QUESTIONS.

THE PSU BOT DID NOT KNOW HOW ANY EMPLOYEES HAD BEEN INTERVIEWED AND THEN LATER LEARNED THAT ABOUT 19 OR 20 EMPLOYEES HAD BEEN INTERVIEWED.

THE LAST FRIDAY IN 10/2011, SUBJECT ASKED SOURCE TO COME TO HIS OFFICE. SUBJECT AND CYNTHIA BALDWIN TOLD SOURCE THAT CURLEY AND SCHULTZ COULD BE CHARGED WITH PERJURY AND THAT KNEW THAT THROUGH RUMORS FROM HARRISBURG, PA (NFI).

SOURCE TOLD SUBJECT THAT SOURCE WOULD BE TELLING JOHN SURMA AND JIM BROADHURST (MEMBERS OF THE PSU BOT). SOURCE TOLD SURMA AND BROADHURST ON SATURDAY AND ON MONDAY SOURCE SENT AN EMAIL TO SUBJECT ASKING SUBJECT IF THERE WAS ANYTHING MORE AND SUBJECT TOLD SOURCE THAT HE BELIEVED CURLEY AND SCHULTZ WOULD BE EXONERATED.

SOURCE BELIEVES SUBJECT MISREAD THE SITUATION DRASTICALLY.

LATER IN THE WEEK, THE PSU BOT HEARD THAT SANDUSKY WOULD BE CHARGED SATURDAY FOLLOWED BY CURLEY AND SCHULTZ.

THE PSU BOT MET ON SATURDAY, SUNDAY, TUESDAY, WEDNESDAY AND THURSDAY. THE PRESENTMENT HAD COME OUT LATE SATURDAY, SOURCE DID NOT READ IT UNTIL SUNDAY NIGHT, SOURCE WAS SHOCKED AND STUNNED BY THE WHOLE THING.

THE PSU BOT FELT THAT SUBJECT AND PATERNO PROBABLY SHOULD HAVE KNOWN MORE, ESPECIALLY DUE TO THE 1998 INVESTIGATION AND THE MCQUEARY REPORT IN APPROXIMATELY 2002.

SOURCE BELIEVES THAT THROUGHOUT THIS INCIDENT, SUBJECT DID NOT FEEL IT WAS SERIOUS. IT WAS MENTIONED THAT THIS WAS THE THIRD OR FOURTH GRAND JURY REGARDING SANDUSKY AND THE OTHERS HAD BEEN DISMISSED. RUMORS DURING THE SUMMER OF 2011 SAID IT WAS A WITCH HUNT OR POLITICAL

MANEUVER.

SUBJECT NEVER SAID HE HAD ANY KNOWLEDGE OF THE 1998 OR 2002 INCIDENTS.

THAT MONDAY, THE PSU BOT MEMBERS CALLED SOURCE TO GET ANOTHER MEETING.

TUESDAY MORNING SOURCE HAD BREAKFAST WITH JOHN SURMA, SOURCE SENSED THAT THE BOT FELT SOURCE WAS TOO CLOSE TO SUBJECT, CURLLEY AND SCHULTZ (BECAUSE THE BOT KNEW SOURCE HAD A CLOSE AND MENTORING RELATIONSHIP WITH SCHULTZ AND CURLLEY), SO SOURCE ASKED SURMA TO TAKE OVER.

THERE WAS A UNANIMOUS CONSENSUS. JOHN SURMA ASKED IF ANYONE WAS OPPOSED TO THE DISMISSAL OF SUBJECT AND PATERNO. SUBJECT OFFERED TO RESIGN, SAYING THAT HE DID NOT HAVE SUPPORT OF THE BOARD. EARLY ON, SUBJECT OFFERED HIS RESIGNATION AND SOURCE DECLINED TO ACCEPT IT.

THE TUESDAY NIGHT BOT DISCUSSIONS WERE MAINLY TOWARD DISMISSAL OF SUBJECT AND PATERNO.

THEN ON WEDNESDAY, 11/09/2011, SUBJECT OFFERED A LETTER OF RESIGNATION, SOURCE TOLD SUBJECT THAT SOURCE COULD NOT ACCEPT IT WITHOUT DELIBERATIONS WITH THE BOARD. ON 11/09/2011, THERE WAS NOT A BOARD VOTE, IT WAS "ANYBODY OPPOSE REMOVAL OF SUBJECT AND PATERNO?" AND NO ONE DISSENTED. THEREFORE, SOURCE AND THE BOT DECIDED TO DISMISS BOTH SUBJECT AND PATERNO. THE REASONS WERE 1) WHEN THE BOT READ THE PRESENTMENT, THEY REALIZED IT WAS A SERIOUS SITUATION AND PSU COULD NOT MOVE FORWARD WITH SUBJECT AND PATERNO BECAUSE THEY WOULD NOT BE ABLE TO MANAGE OR COACH; 2) HOW COULD EITHER OF THEM NOT KNOW ABOUT THE 1998 OR 2002 INCIDENTS, AND 3) WHY WAS SANDUSKY ALLOWED TO RETIRE WHEN HE DID.

THE PSU BOT HAD TO DEAL WITH THIS BECAUSE APPARENTLY NEITHER SUBJECT NOR PATERNO DID NOT TAKE ACTION OR NOT ENOUGH ACTION, DEPENDING ON WHAT THEY DID OR DID NOT KNOW. SUBJECT TOLD SOURCE THAT THERE WAS NOTHING TO THIS CIRCUMSTANCE.

SOURCE DID NOT KNOW IF SOURCE HAD BAD ADVICE OR DID NOT READ IT RIGHT.

SUBJECT HAD A REPUTATION OF READING THINGS RIGHT.

SOURCE BELIEVES THAT SUBJECT FELT THAT SOMEWHERE IN THE LASCH BUILDING SOMETHING WENT ARRAY (NFI).

SOURCE BELIEVES THAT PATERNO KNEW EVERYTHING WAS GOING ON IN THE LASCH BUILDING, BUT SOURCE DOES NOT KNOW FOR SURE.

SOURCE CHARACTERIZED SUBJECT'S DEPARTURE AS PSU PRESIDENT, AS FOLLOWS:

SUBJECT OFFERED TO RESIGN BUT, BOARD WANTED PEOPLE TO KNOW HE WAS DISMISSED. SOURCE WANTED TO RESIGN, SUBJECT RECOGNIZED HIS SUPPORT WAS FRACTURING WITHIN THE BOARD.

THE DEPARTURE WAS A MUTUAL DEPARTURE, SUBJECT WANTED TO RESIGN AND THE BOT WANTED TO DISMISS HIM AND IT WORKED OUT UNDER THE TERMS OF SUBJECT'S CONTRACT.

SOURCE COMMUNICATED THE DECISION OF THE BOARD TO SUBJECT VIA TELEPHONE THROUGH A CONFERENCE CALL BETWEEN SOURCE, SURMA AND SUBJECT.

IN REGARD TO PATERNO, IT WAS A NIGHTMARE, THE BOT WANTED TO SAY IT TO PATERNO PERSONALLY BUT, THE BOT WAS TOLD THERE WAS A SECURITY RISK IN GOING TO PATERNO'S RESIDENCE. IF SOURCE AND SURMA WOULD HAVE GONE TO PATERNO'S RESIDENCE IT WOULD HAVE BEEN A CIRCUS. LEARS WERE OCCURRING, THE BOT FLET THAT THE NOTIFICATIONS HAD TO BE MADE THAT NIGHT. SOURCE TRIED TO CALL THE PATERNO RESIDENCE AND THERE WAS NO ANSWER.

TOM POOLE THEN CONTACT FRAN GANTER TO TELL PATERNO TO CALL SURMA'S CELL PHONE. PATERNO CALLED, SOURCE ANSWERED THE PHONE AND SOURCE SAID "JOE, WE HAVE BEEN MEETING, JOHN SURMA THEN TOLD JOE YOU HAVE BEEN REMOVED AS COACH, JOE SAID OK, THANKS, AND HUNG-UP."

SURMA WANTED TO SAY TO PATERNO THAT THE PSU BOT WOULD HONOR HIS CONTRACT AND PATERNO WOULD STILL BE A TENURED PROFESSOR, BUT PATERNO HAD HUNG-UP.

SUE PATERNO CALLED BACK, SHE WAS VERY UPSET , JOHN SURMA ANSWERED AND JUST SAID HE WAS SORRY.

* | GARY SCHULTZ THEN CALLED SOURCE AND TOLD SOURCE THAT HE UNDERSTOOD THAT SANDUSKY AND A KID HAD BEEN HORSING AROUND IN THE SHOWER AND SUBJECT KNEW VERY LITTLE.

* | SOURCE TOLD SCHULTZ AND CURLEY THAT THE BOT FELT THAT THEY COULD NOT CONTINUE BECAUSE OF THE CHARGES. SCHULTZ SAID HE WAS GOING TO GO BACK TO RETIREMENT. SCHULTZ TOLD SOURCE, THROUGH A VOICE MAIL MESSAGE, THAT SUBJECT DID NOT KNOW MUCH OF WHAT WAS GOING ON.

SOURCE CALLED SCHULTZ BACK THE DAY BEFORE HIS HEARING AND TOLD SCHULTZ GOOD LUCK. SCHULTZ SAID HE WAS INNOCENT, SOURCE TOLD SCHULTZ TO FIGHT LIKE HELL.

* | SCHULTZ TOLD SOURCE THAT SUBJECT KNEW NOTHING, THAT SUBJECT DID NOT KNOW ANYTHING THAT WOULD CAUSE HIM TO BE DISCIPLINED FOR THIS.

SOURCE SAID SUBJECT MAY HAVE HAD SUSPICIONS BUT, SOURCE DOES NOT KNOW FOR SURE.

SOURCE BELIEVES SUBJECT WAS INSIGHTFUL AND A SOLID THINKER AND EXTREMELY GOOD AT SOLVING PROBLEMS.

+ | SCHULTZ TOLD SOURCE THAT SUBJECT KNEW "VERY LITTLE", SPECIFICALLY THAT

40/ SANDUSKY AND A PERSON WERE HORSING AROUND IN THE SHOWER (NFI).

SOURCE BELIEVES SUBJECT HAS A LOT OF ABILITY AND IS A COMPETENT PERSON.

SOURCE'S VIEW IS THAT THINGS WERE DONE KNOWINGLY OR UNKNOWINGLY, WITH THE POWER OF FOOTBALL, THE REPUTATION OF THE UNIVERSITY AND THE FOOTBALL PROGRAM COULD BE DAMAGED. SOURCE BELIEVES THAT MAYBE TIM CURLEY AND GARY SCHULTZ THOUGHT THAT, DUE TO THE POWER OF THE FOOTBALL PROGRAM, THEY SHOULD BE CAREFUL WITH THIS (NFI).

8/ SOURCE THINKS THAT SUBJECT GOT A REPORT FROM TIM CURLEY AND GARY SCHULTZ SAYING THAT THERE WAS SOME HORSING AROUND AND TOOK STEPS, TALKING TO THE SECOND MILE.

SOURCE THINKS CURLEY AND SCHULTZ MAY HAVE POSSIBLY BEEN UNKNOWINGLY SWAYED BY THE IMPORTANCE OF THE FOOTBALL PROGRAM (NFI), BUT HE IS NOT SURE.

SOURCE FELT BAD. SOURCE FELT THAT SUBJECT COULD NO LONGER MOVE FORWARD.

SUBJECT GAVE SOURCE A LETTER OF RESIGNATION, SOURCE TOOK THE LETTER AND TOLD SUBJECT THAT HE COULD NOT ACT ON THE LETTER WITHOUT THE REST OF THE BOT.

SOURCE HAS NEVER TALKED TO SANDUSKY OR MCQUEARY ABOUT THE INCIDENTS.

SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF THE CIRCUMSTANCES SURROUNDING HIS DEPARTURE FROM HIS POSITION AS PSU PRESIDENT.

THE CIRCUMSTANCES SURROUNDING SUBJECT'S DEPARTURE DO NOT CAST DOUBT ON SUBJECT'S CURRENT RELIABILITY, TRUSTWORTHINESS OR GOOD JUDGMENT AND DOES NOT CAST DOUBT ON SUBJECT'S ABILITY TO PROPERLY SAFEGUARD NATIONAL SECURITY INFORMATION.

SUBJECT'S REPUTATION AND CHARACTER ARE GOOD. SOURCE HAS NEVER HEARD ANYTHING NEGATIVE ABOUT SUBJECT. SOMETIMES SUBJECT OVERSELLS HIS POSITION, IN A GOOD WAY, IF HE FEELS STRONGLY ABOUT IT HE IS MOTIVATED. SUBJECT IS A GOOD SOLID THINKER AND IS A MAN OF GOOD VALUES. SUBJECT IS RESPONSIBLE AND RELIABLE.

SOURCE DOES NOT BELIEVES THAT SUBJECT HAD ANY KNOWLEDGE OF THE 1998 OR 2001 OR 2002 INCIDENTS.

IN REGARD TO THE 1998 INCIDENT, SOURCE BELIEVES THE CIRCUMSTANCES ARE SUCH THAT THE ENVIRONMENT AT PSU IS THAT THE POLICE INVESTIGATION WOULD HAVE COMMUNICATED DIRECTLY TO RAY GRICAR, THE DISTRICT ATTORNEY, AND HE DID NOT CHARGE.

IN REGARD TO ANY PRESSURE FROM THE GOVERNOR ON THE PSU BOT REGARDING SUBJECT'S DISMISSAL, SOURCE ADVISED THERE WAS NO INFLUENCE ON THE BOARD BY THE GOVERNOR, HOWEVER; IT WAS KNOWN THAT THE GOVERNOR WAS UPSET AT SUBJECT FOR TAKING THE GOVERNOR ON FOR TRYING TO LOWER PSU'S APPROPRIATIONS AND THAT THE GOVERNOR WAS UPSET THAT SUBJECT CHALLENGED HIM. SOURCE BELIEVES THERE WAS NO EVIDENCE OF ANY INFLUENCE BY THE GOVERNOR WITHIN THE BOT TO GET SUBJECT OR PATERNO DISMISSED. SOURCE VOLUNTEERED THAT THE GOVERNOR DID NOT ALWAYS SHOW UP AT THE BOT MEETINGS.

SOURCE TRUSTS SUBJECT.

SOURCE TRUSTS SUBJECT'S JUDGMENT.

IN REGARD TO ANY FOREIGN TRAVEL, DURING THE SUMMER OF 2011 (EXACT DATES UNRECALLED), SOURCE ACCOMPANIED SUBJECT ON A NINE DAY VACATION TO FRANCE AS PART OF A PSU ALUMNI TOUR WITH OTHER ALUMNI TOUR MEMBERS.

SUBJECT HAS TRAVELED OVERSEAS TO NUMEROUS COUNTRIES IN CONJUNCTION WITH THE PSU STUDY ABROAD PROGRAM. SOURCE BELIEVES SUBJECT HAS TRAVELED TO CHINA, EUROPE AND ENGLAND (EXACT DATES, DURATIONS AND SPECIFIC LOCATIONS UNRECALLED). SOURCE BELIEVES ALL OF SUBJECT'S TRAVEL IS IN CONJUNCTION WITH HIS OFFICIAL DUTIES AS PSU PRESIDENT, WITH THE EXCEPTION OF THE SUMMER 2011 TRIP TO FRANCE.

SUBJECT HAS NEVER MADE ANY LASTING CONTACTS WHILE OUTSIDE THE US NOR HAS SUBJECT EVER HAD A PROBLEM WITH CUSTOMS OR LAW ENFORCEMENT OFFICIALS WHILE OUTSIDE OF THE US. SUBJECT HAS NOT VISITED ANY EMBASSIES OR CONSULATES WHILE OVERSEAS. SUBJECT CANNOT BE BLACKMAILED FOR ANY INCIDENTS WHILE ON FOREIGN TRAVEL.

SOURCE HAS NO KNOWLEDGE OF ANY SPECIFIC FOREIGN CONNECTIONS OR FOREIGN CONTACTS ON THE PART OF SUBJECT BUT, BELIEVES THAT IN HIS OFFICIAL CAPACITY AS PSU PRESIDENT SUBJECT WOULD HAVE HAD CONTACT WITH SOME FOREIGN NATIONALS, HOWEVER; NONE WOULD HAVE BEEN LASTING OR MADE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

SOURCE HAS NO KNOWLEDGE OF ANY FOREIGN PROPERTY OWNERSHIP ON THE PART OF SUBJECT.

SOURCE HAS NO KNOWLEDGE OF ANYTHING IN SUBJECT'S BACKGROUND, LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

ITEM: 018

SOURCE: 027

NAME GARY C. SCHULTZ, PSU SENIOR VICE PRESIDENT (RETIRED), 636 ROSSLYN ROAD, BOALSBERG, PA 16827

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

ISSUE(S) 05A 07B 11
PRIMARY ASSOCIATION SUBORDINATE
AVERAGE EXTENT OF CONTACT REGULAR
SPAN OF CONTACT APPROXIMATELY EARLY 1980'S TO PRESENT

RECOMMENDS

MR. GARY C. SCHULTZ MET GRAHAM SPANIER IN APPROXIMATELY THE EARLY 1980'S (EXACT DATE UNRECALLED), ON THE PSU CAMPUS, AS INFORMATION TECHNOLOGY LEAD (SOURCE'S THEN POSITION) TO PSU PROFESSOR, WHEN SOURCE BEGAN WORKING WITH THE IT COMMITTEE IN THE PSU HEALTH AND HUMAN DEVELOPMENT COLLEGE, WITH WEEKLY CONTACT AS COLLEAGUES, UNTIL APPROXIMATELY 1983 (EXACT DATE UNRECALLED), WHEN SUBJECT LEFT PSU FOR A POSITION AT STONY BROOK, THEN OREGON STATE AND THEN NEBRASKA. FROM APPROXIMATELY 1983 (EXACT DATE UNRECALLED) TO 01/1995, SOURCE HAD NO CONTACT WITH SUBJECT. IN 01/1995, SOURCE BECAME A SR. VICE PRESIDENT AND SUBJECT RETURNED TO PSU AS THE PRESIDENT SELECT. FROM 01/1995 TO 08/1995, SOURCE HAD QUARTERLY CONTACT WITH SUBJECT AS SUBORDINATE TO INCOMING PRESIDENT. IN 08/1995, SUBJECT ASSUMED THE POSITION OF PSU PRESIDENT, FROM 08/1995 TO 06/2009, SOURCE HAD THREE TIMES WEEKLY CONTACT WITH SUBJECT, AS SUBORDINATE TO PRESIDENT WITH SOCIAL CONTACT AT FOOTBALL TAILGATES AND AT PSU SPONSORED SOCIAL EVENTS. IN 06/2009, SOURCE RETIRED FROM PSU. FROM 06/2009 TO 09/2011, SOURCE HAD MONTHLY SOCIAL CONTACT WITH SUBJECT, AS RETIRED EMPLOYEE TO PSU PRESENT, CONSISTING OF CONTACT AT THE NITTANY LION CLUB FUNCTIONS AND AT PSU FOOTBALL GAMES. IN 09/2011, SOURCE RETURNED TO PSU AS AN EMERGENCY RE-HIRE. FROM 09/2011 TO 11/2011, SOURCE HAD THREE TIMES WEEKLY SOCIAL CONTACT WITH SUBJECT, AS SUBORDINATE (SENIOR VICE PRESIDENT) TO PSU PRESIDENT). IN 11/2011, SUBJECT RESIGNED HIS POSITION AS PSU PRESIDENT. FROM 11/2011 TO PRESENT SOURCE HAS TWO TIMES MONTHLY CONTACT WITH SUBJECT AS RETIRED PSU EMPLOYEE TO PSU PRESIDENT EMERITUS.

SUBJECT IS MARRIED, HIS WIFE'S NAME IS SANDRA, AND THEY HAVE TWO CHILDREN; BRIAN AND HADLEY,

SUBJECT'S UNSTRUCTURED ACTIVITIES CONSIST OF PLAYING RACQUETBALL, WHITE WATER RAFTING, BICYCLING, BEING A MAGICIAN, INTEREST IN MAGIC TRICKS AND PREVIOUSLY BEING A PILOT.

FROM APPROXIMATELY THE 1980'S (EXACT DATE UNRECALLED) TO APPROXIMATELY 1983 (EXACT DATE UNRECALLED), SUBJECT RESIDED ON NORTH OAK LANE IN THE PARK FOREST SECTION OF STATE COLLEGE, PA. FROM APPROXIMATELY 1983 (EXACT DATE UNRECALLED) TO 08/1995, SUBJECT RESIDED AT STONY BROOK, NY, OREGON STATE UNIVERSITY AND LINCOLN, NEBRASKA (EXACT DATES, DURATIONS AND SPECIFIC LOCATIONS UNRECALLED). FROM 08/1995 TO 12/2011, SUBJECT RESIDED AT THE PSU SCHREYER HOUSE ON-CAMPUS AT PSU. FROM 01/2012 TO PRESENT, SUBJECT RESIDES IN THE SUMMIT CONDOS IN STATE COLLEGE, PA (DISCREPANT) (NFI). SUBJECT TOLD SOURCE THAT HE IS

ORIGINALLY FROM CHICAGO, IL AND WAS BORN IN SOUTH AFRICA.

SUBJECT HOLDS AN UNDERGRADUATE DEGREE FROM IOWA STATE AND A PHD FROM NORTHWESTERN UNIVERSITY, BOTH OF WHICH ARE IN SOCIOLOGY.

FROM APPROXIMATELY THE 1980'S (EXACT DATE UNRECALLED) TO APPROXIMATELY 1983 (EXACT DATE UNRECALLED), SUBJECT WAS A PROFESSOR AND ASSISTANT DEAN AT PSU. FROM APPROXIMATELY 1983 (EXACT DATE UNRECALLED) TO 08/1995, SUBJECT WAS EMPLOYED AS A CHIEF ACADEMIC OFFICER AT STONY BROOK, LONG ISLAND, NY, THE PROVOST AT OREGON STATE UNIVERSITY AND CHANCELLOR AT THE UNIVERSITY OF NEBRASKA (EXACT DATES AND DURATIONS UNRECALLED). FROM 08/1995 TO 11/2011, SUBJECT WAS THE PSU PRESIDENT. FROM 11/2011 TO PRESENT, SUBJECT IS PSU PRESIDENT EMERITUS AND FACULTY MEMBER ON A YEAR LONG SABBATICAL. AS PSU PRESIDENT, SUBJECT SERVED ON THE CITIZENS BANK BOARD (DISCREPANT), THE US STEEL BOARD (DISCREPANT) AND THE FM GLOBAL BOARD (DISCREPANT).

Gary Schulte

SOURCE HAS NO KNOWLEDGE OF ANY OTHER EMPLOYMENT, SELF-EMPLOYMENT, UNEMPLOYMENT OR MILITARY SERVICE ON THE PART OF SUBJECT.

SUBJECT'S PERFORMANCE AS PSU PRESIDENT ON A SCALE OF ONE TO TEN WAS AN ELEVEN. SUBJECT WAS ONE OF THE TOP UNIVERSITY PRESIDENTS IN HIGHER EDUCATION. SOURCE WAS TOLD SUBJECT WAS ONE OF THE TOP TWO PRESIDENTS IN THE COUNTRY. SUBJECT HAD BOUNDLESS ENERGY.

SUBJECT IS ELIGIBLE FOR RE-HIRE, HOWEVER; SOURCE DOES NOT BELIEVE THE PSU BOARD OF TRUSTEES (BOT) WOULD RE-HIRE SUBJECT DUE TO THE CIRCUMSTANCES THAT CAUSED SUBJECT TO DEPART.

IN 11/2011, SUBJECT RESIGNED HIS POSITION AT PSU PRESIDENT AND THE PSU BOT ACCEPTED HIS RESIGNATION.

SOURCE DOES NOT KNOW EXACTLY WHY SUBJECT RESIGNED, AT THAT TIME THERE WERE ALOT OF STRONG FEELINGS ABOUT HOW TO MANAGE THE CRISIS. SUBJECT WAS OPTIMISTIC THAT HE COULD MANAGE THE CRISIS. SOURCE BELIEVES PEOPLE ON THE PSU BOT DID NOT HAVE CONFIDENCE IN SUBJECT. SOURCE BELIEVES THAT SUBJECT FELT HE DID NOT HAVE THE CONFIDENCE OF THE PSU BOT AND SUBJECT THEN CHOSE TO RESIGN. SOURCE BELIEVES SUBJECT WAS CORRECT AND THE PSU BOT WAS WRONG, IN THAT SUBJECT COULD HAVE MANAGED THE CRISIS.

SUBJECT'S PHILOSOPHY ALL ALONG WAS THAT HE OPERATED WITH THE CONFIDENCE OF THE BOT AND , IF HE DID NOT HAVE STRONG SUPPORT, HE DID NOT WANT TO CONTINUE.

IN REGARD TO WHAT SUBJECT KNEW AND WHEN SUBJECT KNEW IT, SOURCE PROVIDED THE FOLLOWING INFORMATION: SOURCE TESTIFIED AT THE GRAND JURY THAT IT WOULD HAVE BEEN SOURCE'S NORMAL PRACTICE THAT SOURCE WOULD HAVE INFORMED TIM CORLEY AND SUBJECT ABOUT THE 1998 POLICE INVESTIGATION REGARDING SANDUSKY, HOWEVER; SOURCE DOES NOT RECALL

X

X
HAVING A CONVERSATION ABOUT THE 1998 SANDUSKY INVESTIGATION WITH
CURLEY AND SUBJECT AT THAT TIME BUT, SOURCE BELIEVES HE DID.

X
SOURCE WAS AWARE THAT THE DEPARTMENT OF CHILD/PUBLIC WELFARE (DPW) WAS INVOLVED IN THE 1998 INVESTIGATION. SOURCE CAN NOT IMAGINE THAT HE WOULD NOT HAVE TOLD CURLEY AND SUBJECT BECAUSE THEY WOULD HAVE LEARNED OF THE INVESTIGATION IN SOME WAY (NFI). NEITHER CURLEY NOR SUBJECT RECALL SOURCE EVER HAVING TOLD THEM ABOUT THE 1998 INVESTIGATION.

THAT 1998 INVESTIGATION WENT ON FOR AT LEAST A MONTH AND WAS THOROUGH AND UNIMPEDED, IT WAS NOT DIRECTED BY THE UNIVERSITY. SOURCE'S UNDERSTANDING WAS THAT RAY GRICAR, THE THEN-DISTRICT ATTORNEY, MADE THE DETERMINATION THAT THERE WAS NOT ENOUGH EVIDENCE AND THE CASE WAS DROPPED.

X
SOURCE BELIEVES RAY GRICAR DROPPED THE CASE AND SOURCE BELIEVES THAT CURLEY AND SUBJECT WOULD HAVE THEN CONSIDERED IT TO HAVE BEEN A NON-EVENT.

THE 1998 INVESTIGATION WAS AGGRESSIVELY INVESTIGATED BY THE PEN STATE POLICE, CHILDREN AND YOUTH SERVICES, THE STATE COLLEGE POLICE DEPARTMENT AND THE CENTER COUNTY DISTRICT ATTORNEY'S OFFICE.

X
SOURCE BELIEVES THAT, BECAUSE THE 1998 INVESTIGATION WAS A NON-EVENT, THAT IT LIKELY DID NOT LEAVE A MARK ON CURLEY OR SUBJECT'S MINDS.

X
SOURCE, CURLEY AND SUBJECT WOULD NOT HAVE BEEN IN A POSITION TO MAKE ANY DECISIONS BECAUSE THEY DID NOT INITIATE THE INVESTIGATION AND NOTHING WAS EVER CHARGED.

THE POLICE WORKED INDEPENDENTLY UNDER THE DISTRICT ATTORNEY, SOURCE AND THE UNIVERSITY DID NOT MANAGE THE INVESTIGATION AT ALL.

IN REGARD TO THE 1998 INVESTIGATION, SOURCE BELIEVES HE NOTIFIED CURLEY AND SUBJECT BECAUSE IT WOULD HAVE BEEN SOURCE'S NORMAL PRACTICE. SOURCE ADVISED THAT REGARDLESS, THE INVESTIGATION DID NOT DEVELOP INFORMATION THEY WOULD HAVE NEEDED TO ACT ON.

SOURCE COULD IMAGINE THAT SUBJECT OR CURLEY WOULD HAVE AT LEAST HEARD OF THE INVESTIGATION FROM SOURCE. SOURCE RECALLED THAT THE THEN PENN STATE POLICE CHIEF, TOM HARMON, TOLD SOURCE THAT THE DISTRICT ATTORNEY DO NOT PURSUE CHARGES AGAINST SANDUSKY AS A RESULT OF THAT 1998 INVESTIGATION.

SOURCE STANDS BEHIND EVERYTHING HE SAID IN HIS GRAND JURY TESTIMONY.

X
SOURCE RECALLED THAT IN APPROXIMATELY 02/2001, TIM CURLEY TOLD SOURCE SOMETHING TO THE EFFECT THAT JERRY SANDUSKY HAD BEEN IN THE SHOWER WITH A KID (NFI) HORSING AROUND AND WRESTLING AND MIKE MCQUEARY OR A GRADUATE ASSISTANT WALKED IN AND OBSERVED IT AND MCQUEARY OR THE

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X GRADUATE ASSISTANT WAS CONCERNED. SOURCE BELIEVES JOE PATERNO TOLD CURLEY, CURLEY TOLD SOURCE AND SOURCE AND CURLEY TOLD SUBJECT. SOURCE BELIEVES CURLEY IDENTIFIED THE GRADUATE ASSISTANT TO BE MIKE MCQUEARY.

X SOURCE BELIEVES THAT HE (SOURCE) AND CURLEY TOLD SUBJECT ABOUT THE REPORT BEFORE THEY MET WITH MIKE MCQUEARY.

CURLEY AND SOURCE MET WITH SUBJECT IN SUBJECT'S OFFICE. CURLEY DID MOST OF THE TALKING. SOURCE EXPLAINED THAT CURLEY WOULD RELY ON SOURCE ALOT IF HE HAD A TOUGH ISSUE. SOURCE BELIEVES CURLEY ASKED SOURCE HIS ADVICE ON THE REPORT AND SOURCE TOLD CURLEY THAT THEY OUGHT TO LET SUBJECT KNOW.

CURLEY TOLD SUBJECT THAT THERE WAS A GRADUATE STUDENT THAT OBSERVED JERRY SANDUSKY IN THE SHOWER AT THE LASCH BUILDING WITH A KID (NFI) AND THEY WERE HORISING AROUND OR WRESTLING IN THE SHOWER.

CURLEY, SOURCE AND SUBJECT JOINTLY FELT THAT IT WAS NOT APPROPRIATE BUT, NOT CRIMINAL.

CURLEY, SOURCE AND SUBJECT DECIDED THAT THEY WOULD TAKE THE FOLLOWING STEPS: 1) THEY AGREED THEY WOULD TELL JERRY SANDUSKY THAT THEY HAVE THE REPORT AND THAT HE IS NOT ALLOWED TO BRING CHILDREN OR SECOND MILE KIDS TO THE PSU FACILITIES, 2) THEY AGREED THAT INASMUCH AS JERRY SANDUSKY WAS NOT A PSU EMPLOYEE AND WAS A SECOND MILE EMPLOYEE, THEY SHOULD TELL THE SECOND MILE; SPECIFICALLY TELLING THEM THAT THEY HAVE THE REPORT AND SANDUSKY IS NOT ALLOWED TO BRING KIDS ON CAMPUS. CURLEY, SOURCE AND SUBJECT BELIEVED THAT IT WAS A SECOND MILE KID BECAUSE SANDUSKY HAD KIDS FROM THE SECOND MILE AROUND ALL THE TIME, AND 3) THEY AGREED THAT CURLEY WAS TO TELL JERRY SANDUSKY AND TO TELL JACK RACKEVICH AT THE SECOND MILE.

SOURCE BELIEVES THAT ITEMS 1), 2) AND 3), AS LISTED ABOVE, ARE CONSISTENT IN SOURCE'S SUBJECT'S AND CURLEY'S TESTIMONIES.

SOURCE BELIEVES THAT THE FOLLOWING INFORMATION IS NOT CONSISTENT BETWEEN THE THREE:

CURLEY AND SUBJECT DID NOT RECALL THIS, BUT SOURCE BELIEVES THAT THEY ALL THREE AGREED THAT THEY WOULD TURN THE REPORT OVER TO THE DFW AND CHILDREN AND YOUTH SERVICES. SOURCE THOUGHT THAT THEY TURNED IT OVER TO DFW BUT, SOURCE DOES NOT RECALL WHO WOULD HAVE MADE THE NOTIFICATION.

THE INFORMATION REPORTED WAS NOT APPROPRIATE BEHAVIOR FOR JERRY SANDUSKY BUT, IT WAS NOT CRIMINAL, NO ONE SAID IT WAS CRIMINAL.

AT THE GRAND JURY, THE ATTORNEY GENERAL ASKED SOURCE IF HE WOULD BE SURPRISED IF DFW SAID THERE WAS NO REPORT AND SOURCE SAID "WOW".

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PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
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SOURCE BELIEVES THAT IF DPW WERE NOTIFIED, THEY WOULD HAVE BEEN NOTIFIED BY CURLEY BECAUSE IT INVOLVED THE ATHLETIC DEPARTMENT OR JACK RACKEVICH FROM THE SECOND MILE.

THE NOTIFICATION TO DPW WOULD NOT HAVE BEEN MADE BY SUBJECT, IT WOULD HAVE BEEN MADE BY CURLEY OR BY CURLEY TELLING JACK RACKEVICH OF THE SECOND MILE.

CURLEY AND SUBJECT DID NOT REMEMBER THAT THEY HAD AGREED THAT DPW WOULD BE NOTIFIED.

IN THE GRAND JURY, SOURCE MENTIONED THE NOTIFICATION SEVEN TIMES AND SOURCE'S CONJECTURE IS THAT CURLEY WAS TO CALL DPW OR TELL JACK RACKEVICH TO DO IT.

THE AGE OF THE "KID" REPORTED AS BEING IN THE SHOWER WITH SANDUSKY NEVER CAME UP.

SUBJECT DID NOT ASK THE AGE AND THE KID WAS JUST DESCRIBED AS A "KID" (NFI).

SOURCE DOES NOT RECALL ANYONE DISCUSSING THE AGE OF THE "KID", SOURCE'S IMPRESSION WAS THAT IT WAS A "KID", MEANING NOT A TEENAGER, LESS THAN A TEENAGER (NFI).

WITHIN TEN DAYS OF HAVING TOLD SUBJECT, CURLEY AND SOURCE THEN TALKED TO MCQUEARY. CURLEY INVITED SOURCE TO GO WITH HIM TO THE BRYCH JORDAN CENTER TO TALK TO MCQUEARY AND C=SOURCE ACCOMPANIED CURLEY TO THE INTERVIEW.

MCQUEARY TOLD SOURCE AND CURLEY THAT HE SAW JERRY SANDUSKY IN THE SHOWER WITH A KID INVOLVED IN HORSEPLAY AND WRESTLING AND THAT THEY WERE IN THE SHOWER IN THE EVENING AND THEY WERE ALONE OR SOMETHING TO THAT EFFECT. MCQUEARY SAID IT WAS INAPPROPRIATE THAT JERRY SANDUSKY WAS THERE ALONE WITH A KID.

MCQUEARY DID NOT SAY ANYTHING OF A SEXUAL NATURE TOOK PLACE. MCQUEARY DID NOT SAY ANYTHING INDICATIVE OF AN INCIDENT OF A SERIOUS SEXUAL NATURE.

MCQUEARY DID NOT ADD ANYTHING TO WHAT CURLEY HAD PREVIOUSLY TOLD SOURCE.

SOURCE THEN RECALLED THAT, IN REGARD TO THE MEETING WHEREIN CURLEY AND SOURCE TOLD SUBJECT ABOUT THE REPORT, SOURCE DOES NOT SPECIFICALLY RECALL IF SUBJECT ASKED ANY QUESTIONS OF CURLEY, HOWEVER; SUBJECT WAS ENGAGED IN THE CONVERSATION (NFI).

AFTER SOURCE AND CURLEY MET WITH MCQUEARY, SOURCE WAS OUT OF IT AND CURLEY WAS HANDLING THE MATTER. SOURCE DOES NOT RECALL CURLEY EVER

HAVING GIVEN SOURCE AN UPDATE OR ANY OTHER MEETINGS OR FOLLOW-UP WITH SUBJECT.

SOURCE DOES NOT RECALL CURLEY TELLING SUBJECT THAT IT WAS ANYTHING OTHER THAN A GRADUATE ASSISTANT. IT IS SOURCE'S RECOLLECTION THAT CURLEY DID NOT IDENTIFY MCQUEARY TO SUBJECT AS THE GRADUATE ASSISTANT WHO MADE THE REPORT.

NOTHING FURTHER TOOK PLACE IN THIS MATTER UNTIL THE LAST WEEK IN 12/2010 WHEN SOURCE RECEIVED A SUBPOENA NOTIFICATION THROUGH CYNTHIA BALDWIN, INDICATING THAT SOURCE, CURLEY AND JOE PATERNO HAD RECEIVED SUBPOENAS. SOURCE THEN TESTIFIED AT THE GRAND JURY ON 01/12/2011.

SOURCE WAS NEVER INTERVIEWED BY ANY INVESTIGATORS OR LAW ENFORCEMENT PERSONNEL BEFORE THE GRAND JURY INDICTED HIM FOR PERJURY.

IN 11/2011, THE GRAND JURY PRESENTMENT CAME OUT AND CURLEY AND SOURCE WERE INDICTED.

SOURCE HAS TALKED TO SUBJECT SINCE THE INDICTMENT AND SUBJECT CONTINUES TO TELL SOURCE THAT HE (SUBJECT) DID NOT KNOW ANYTHING ABOUT THE 1998 INVESTIGATION.

SOURCE, CURLEY AND SUBJECT ALL AGREED THAT THEY HANDLED THIS MATTER APPROPRIATELY.

SOURCE BELIEVES HE, CURLEY AND SUBJECT DID DO THE RIGHT THING BASED ON WHAT THEY KNEW AT THE TIME.

SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF THIS CIRCUMSTANCE.

SUBJECT HAS CONSISTENTLY BEEN VERY TRUTHFUL.

SUBJECT HAS THE HIGHEST OF INTEGRITY, HE IS THE SECOND LONGEST SERVING UNIVERSITY PRESIDENT IN PSU HISTORY, HAS HAD BROAD BASED SUPPORT ACROSS THE NATION. SUBJECT IS WELL-RESPECTED ACROSS THE BOARD. SUBJECT IS RELIABLE, RESPONSIBLE, HAS A GOOD SENSE OF HUMOR, IS FRIENDLY AND GETS ALONG WELL WITH OTHERS.

SOURCE TRUSTS SUBJECT.

SOURCE TRUSTS SUBJECT'S JUDGMENT.

IN REGARD TO FOREIGN TRAVEL, SUBJECT TRAVELED ON PSU ALUMNI ASSOCIATION TRIPS AS A HOST (EXACT DATES, DURATIONS AND SPECIFIC LOCATIONS UNRECALLED). SUBJECT HAD FOREIGN TRAVEL IN CONJUNCTION WITH HIS INTERACTION WITH THE WORLD UNIVERSITY NETWORK CONSISTING OF A TRIP OF ONE OR TWO WEEKS IN DURATION IN 2008 OR 2009 TO CHINA ACCOMPANIED BY EVA PELL FROM THE PSU RESEARCH AND DEVELOPMENT

DEPARTMENT (EXACT DATES AND SPECIFIC LOCATIONS UNRECALLED). SOURCE BELIEVES SUBJECT HAD PSU CONNECTED OFFICIAL TRAVEL TO ENGLAND, EUROPE AND GERMANY ON A TWO TIMES YEARLY BASIS WITH EACH TRIP OF ONE TO TWO WEEKS IN DURATION (SPECIFIC LOCATIONS UNRECALLED, NFI). IN APPROXIMATELY 2000 (EXACT DATE UNRECALLED), SUBJECT HAD A PERSONAL VACATION TRIP TO GREECE FOR APPROXIMATELY TWO WEEKS TO ATTEND THE OLYMPICS, ACCOMPANIED BY HIS WIFE, SANDRA (NFI).

SUBJECT HAS NEVER MADE ANY LASTING CONTACTS WHILE OUTSIDE THE US NOR HAS SUBJECT EVER HAD A PROBLEM WITH CUSTOMS OR LAW ENFORCEMENT OFFICIALS WHILE OUTSIDE OF THE US. SUBJECT HAS NOT VISITED ANY EMBASSIES OR CONSULATES WHILE OVERSEAS. SUBJECT CANNOT BE BLACKMAILED FOR ANY INCIDENTS WHILE ON FOREIGN TRAVEL.

SOURCE HAS NO KNOWLEDGE OF ANY FOREIGN PROPERTY OWNERSHIP ON THE PART OF SUBJECT.

SOURCE HAS NO SPECIFIC KNOWLEDGE OF ANY FOREIGN CONNECTIONS OR FOREIGN CONTACTS ON THE PART OF SUBJECT.

IN REGARD TO ANY INFLUENCE BY THE GOVERNOR ON SUBJECT'S DEPARTURE FROM THE POSITION OF PSU PRESIDENT, SOURCE RESPONDED AS FOLLOWS:

SUBJECT TAKES ON A LEADERSHIP ROLE WHICH COULD BE CONSIDERED BY SOME TO BE ARROGANT BUT, DAZZLED PEOPLE WITH HIS ARGUMENTS. DURING THE BUDGET HEARINGS, OTHER UNIVERSITY PRESIDENTS WOULD DEFER TO SUBJECT TO MAKE PRESENTATIONS. WHEN GOVERNOR CORBETT PROPOSED THE MAJOR CUTS TO PUBLIC EDUCATION, SUBJECT WAS THE NATURAL LEADER TO LEAD THE FIGHT. SOURCE'S IMPRESSION WAS THAT SUBJECT, BEING A LIBERAL, DEMOCRAT PERSON OF THE JEWISH FAITH WHO WAS VERY CONFIDENT AND WAS OPPOSING GOVERNOR CORBETT'S POSITION, MUST HAVE IRRITATED GOVERNOR CORBETT.

SOURCE RECALLED THAT HE HAD HEARD THROUGH RUMOR THAT DURING A PSU FOOTBALL GAME PRIOR TO THE ELECTION (EXACT DATE UNRECALLED), SUBJECT WAS SPEAKING WITH GOVERNOR CORBETT'S THEN-POLITICAL OPPONENT, CNORATO (PHONETIC SPELLING), IN SUBJECT'S LUXURY BOX AT THE FOOTBALL GAME AND GOVERNOR CORBETT BECAME IRRITATED AND SAID HE FELT SLIGHTED BY SUBJECT.

SOURCE BELIEVES GOVERNOR CORBETT WAS IRRITATED BY SUBJECT FOR TWO REASONS; 1) SUBJECT'S BUDGET RESPONSES AND 2) SUBJECT'S ALLEGED SLIGHT TO CORBETT AT THE FOOTBALL GAME WITH THE GOVERNOR'S THEN-POLITICAL OPPONENT.

SOURCE ADVISED HE BELIEVES GOVERNOR CORBETT DOES INFLUENCE THE PSU BOT AND HE COMES ACROSS AS A BIT OF A BULLY. SOURCE OPINED THAT THE GOVERNOR'S CLOUT COULD HAVE HAD AN IMPACT ON THE PSU BOT DECISIONS PERTAINING TO SUBJECT.

SOURCE BELIEVES THE PSU BOT'S ACTION WAS UNFOUNDED AND SOURCE DOES

BELIEVE THAT THE GOVERNOR DID INFLUENCE THE PSU BOT DECISIONS (NFI).

SOURCE HAS NO KNOWLEDGE OF ANYTHING IN SUBJECT'S BACKGROUND, LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

THE CIRCUMSTANCES SURROUNDING SUBJECT'S DEPARTURE FROM THE POSITION OF PSU PRESIDENT DOES NOT CAST ANY DOUBT ON SUBJECT'S CURRENT RELIABILITY, TRUSTWORTHINESS OR GOOD JUDGMENT AND DOES NOT CAST ANY DOUBT ON SUBJECT'S ABILITY TO PROPERLY SAFEGUARD NATIONAL SECURITY INFORMATION.

ITEM: 019

SOURCE: 028

NAME TIMOTHY M. CURLEY, PSU ATHLETIC DIRECTOR ON ADMINISTRATIVE LEAVE, 201 MEADOWLARK LANE, BOALSBURG, PA 16827

ISSUE(S) 05D 07C
PRIMARY ASSOCIATION SUBORDINATE
AVERAGE EXTENT OF CONTACT REGULAR
SPAN OF CONTACT APPROXIMATELY 1994 TO PRESENT

RECOMMENDS

MR. TIMOTHY M. CURLEY MET DR. GRAHAM SPANIER IN APPROXIMATELY 1994 (EXACT DATE UNRECALLED), AT THE PSU CAMPUS, AS ATHLETIC DIRECTOR TO PSU PRESIDENT, WHEN SUBJECT ARRIVED AT PSU TO ASSUME THE DUTIES AS PSU PRESIDENT, IMMEDIATELY BECOMING FRIENDS, WITH DAILY SOCIAL CONTACT, CONSISTING OF ATTENDING SPORTING EVENTS TOGETHER, ATTENDING PSU SPONSORED SOCIAL EVENTS, DONOR EVENTS, ATHLETIC EVENTS, ATTENDING SUBJECT'S CHILDREN'S WEDDINGS AND ATTENDING SOURCE'S CHILDREN'S ATHLETIC EVENTS, UNTIL 11/2011, WHEN SOURCE WAS PLACED ON ADMINISTRATIVE LEAVE FROM HIS POSITION AS ATHLETIC DIRECTOR. FROM 11/2011 TO PRESENT, SOURCE HAS TWO TIMES MONTHLY SOCIAL CONTACT WITH SUBJECT, AS FRIENDS AND AS FORMER SUBORDINATE ON ADMINISTRATIVE LEAVE TO FORMER PSU PRESIDENT.

SUBJECT IS MARRIED, HIS WIFE'S NAME IS SANDRA, AND THEY HAVE TWO CHILDREN; HADLEY AND BRIAN.

SUBJECT'S UNSTRUCTURED ACTIVITIES CONSIST OF PLAYING THE WASH BOARD AS A MUSICAL INSTRUMENT, ATTENDING ATHLETIC EVENTS, WHITE WATER RAFTING, INTEREST IN TRAVEL AND LEARNING NEW THINGS.

FROM APPROXIMATELY 1994 (EXACT DATE UNRECALLED) TO LATE 2011 OR EARLY 2012 (EXACT DATE UNRECALLED), SUBJECT RESIDED AT THE SCHREYER HOUSE PRESIDENT'S RESIDENCE ON THE PSU CAMPUS. FROM APPROXIMATELY LATE 2011 OR EARLY 2012 (EXACT DATE UNRECALLED) TO PRESENT, SUBJECT RESIDES IN A HIGH RISE CONDO BEHIND THE HILLS PLAZA IN STATE COLLEGE, PA (DISCREPANT) (NFI). SUBJECT TOLD SOURCE THAT HE PREVIOUSLY RESIDED IN

LINCOLN, NEBRASKA, NEAR OREGON STATE, NEAR A SUNY IN NEW YORK STATE (NFI) AND PREVIOUSLY IN STATE COLLEGE, PA (NFI) (EXACT DATES, DURATIONS AND LOCATIONS UNRECALLED). SUBJECT TOLD SOURCE THAT HE GREW UP IN CHICAGO, IL AND THAT HE WAS BORN IN SOUTH AFRICA (NFI).

SUBJECT HOLDS A DOCTORATE FROM NORTHWESTERN UNIVERSITY, A MASTER'S DEGREE FROM IOWA STATE AND A BACHELORS DEGREE FROM IOWA STATE, ALL OF WHICH ARE IN FAMILY STUDIES.

FROM APPROXIMATELY 1994 (EXACT DATE UNRECALLED) TO 11/2011, SUBJECT WAS THE PSU PRESIDENT. FROM 11/2011 TO PRESENT, SUBJECT IS PSU PRESIDENT EMERITUS. SUBJECT TOLD SOURCE THAT HE WAS PREVIOUSLY EMPLOYED AS THE CHANCELLOR AT THE UNIVERSITY OF NEBRASKA, WAS EMPLOYED BY THE SUNY SYSTEM IN NEW YORK STATE (NFI), WAS A PROVOST AT OREGON STATE UNIVERSITY AND WAS PREVIOUSLY A PROFESSOR AT PSU (EXACT DATES AND DURATIONS UNRECALLED). SUBJECT ALSO HELD POSITIONS ON TWO BOARDS; THE CITIZEN BANK BOARD (DISCREPANT) AND THE JUNIOR ACHIEVEMENT BOARD.

SOURCE HAS NO KNOWLEDGE OF ANY OTHER EMPLOYMENT, SELF-EMPLOYMENT, UNEMPLOYMENT OR MILITARY SERVICE ON THE THE PART OF SUBJECT.

SUBJECT'S PERFORMANCE AS PSU PRESIDENT WAS EXCELLENT. SOURCE DOES NOT KNOW IF SUBJECT IS ELIGIBLE FORE RE-HIRE (NFI).

IN REGARD TO SUBJECT'S DEPARTURE FROM HIS POSITION AS PSU PRESIDENT, SOURCE ADVISED THAT, ON ADVISE OF HIS LEGAL COUNSEL (CAROLINE ROBERTO, PITTSBURGH, PA), HE CAN NOT DISCUSS SUBJECT'S DEPARTURE FROM PSU, HIS OWN DEPARTURE FROM PSU OR GARY SCHULTZ'S DEPARTURE FROM PSU.

SUBJECT HAS EXCELLENT CHARACTER AND AN EXCELLENT REPUTATION. SUBJECT HAS THE HIGHEST INTEGRITY, HAS TREMENDOUS PASSION, IS COMPASSIONATE, IS FRIENDLY, GETS ALONG WELL WITH OTHERS, IS VERY PRODUCTIVE, IS RELIABLE AND IS RESPONSIBLE.

SOURCE TRUSTS SUBJECT.

SOURCE TRUSTS SUBJECT'S JUDGMENT.

IN REGARD TO FOREIGN TRAVEL, SOURCE BELIEVES SUBJECT TRAVELED INTERNATIONALLY ALOT IN CONJUNCTION WITH THE PSU ALUMNI ASSOCIATION AND HAD OFFICIAL UNIVERSITY RELATED TRAVEL IN HIS POSITION AS PSU PRESIDENT TO DISCUSS PARTNERSHIPS WITH OTHER EDUCATIONAL INSTITUTIONS, VISIT DONORS AND VISIT ALUMNI. SOURCE BELIEVES THOSE TRIPS TOOK PLACE TWO TIMES YEARLY. SOURCE BELIEVES SUBJECT TRAVELED TO CHINA AND PARIS, FRANCE (EXACT DATES, SPECIFIC LOCATIONS AND DURATIONS UNKNOWN).

IN REGARD TO PERSONAL FOREIGN TRAVEL, SUBJECT TRAVELED TO PARIS, FRANCE ON ONE OCCASION WITH HIS CHILDREN FOR A VACATION (EXACT DATES AND DURATION UNKNOWN, NFI).

SOURCE HAS NO KNOWLEDGE OF ANY FOREIGN PROPERTY OWNERSHIP ON THE PART

OF SUBJECT.

SOURCE HAS NO KNOWLEDGE OF ANY FOREIGN CONNECTIONS OR FOREIGN CONTACTS ON THE PART OF SUBJECT.

SUBJECT IS VERY RESPONSIVE AND TIMELY IN RESPONSE TO ANY OF SOURCE'S REQUESTS FOR ASSISTANCE OR ADVICE.

SUBJECT IS VERY ACCESSIBLE. WAS A GREAT MENTOR AND A GREAT COLLEAGUE.

SOURCE WAS COMFORTABLE WITH APPROACHING SUBJECT WITH DIFFICULT ISSUES.

SUBJECT IS VERY COMPASSIONATE, IS VERY COMMITTED TO MAKING LIFE BETTER FOR PEOPLE AND WAS A GREAT REPRESENTATIVE OF PENN STATE.

SUBJECT WAS THE CHAIR OF THE BOWL CHAMPIONSHIP SERIES OVERSIGHT COMMITTEE AND WAS VERY ACTIVE IN THE BIG TEN CONFERENCE TELEVISION NEGOTIATIONS.

SUBJECT WAS THE MOST KNOWLEDGEABLE UNIVERSITY PRESIDENT IN THE COUNTRY REGARDING COLLEGIATE ATHLETICS.

SUBJECT'S CONTACT WITH JERRY SANDUSKY WAS VERY LIMITED (NFI). SOURCE DECLINED TO ANSWER ANY QUESTIONS REGARDING SUBJECT'S POSSIBLE CONTACT WITH MIKE MCQUEARY, CITING ADVICE FROM HIS COUNSEL NOT TO DISCUSS CERTAIN ISSUES.

SOURCE DECLINED TO ANSWER ANY QUESTIONS REGARDING GOVERNOR CORBETT'S POSSIBLE INFLUENCE ON THE PSU BOARD OF TRUSTEES AND THEIR ACTIONS CITING ADVICE FROM HIS LEGAL COUNSEL.

SOURCE HAS NO KNOWLEDGE OF ANYTHING IN SUBJECT'S BACKGROUND. LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

SOURCE VOLUNTEERED THAT IT WOULD BE A MISTAKE IF SUBJECT WAS NOT GRANTED A NATIONAL SECURITY CLEARANCE BECAUSE SUBJECT HAS SO MUCH TO OFFER.

SOURCE ADVISED THAT HE WOULD LIKE TO RESPOND TO QUESTIONS REGARDING SUBJECT'S DEPARTURE FROM PSU, GARY SCHULTZ'S DEPARTURE FROM PSU, HIS OWN DEPARTURE FROM PSU AND GOVERNOR CORBETT'S POSSIBLE INFLUENCE ON THE PSU BOT ACTIONS AND WOULD MAKE INQUIRIES OF HIS LEGAL COUNSEL TO SEE IF HE COULD RESPOND TO THOSE QUESTIONS IN THE NEAR FUTURE. AS OF THIS WRITING NO RESPONSE HAS BEEN RECEIVED FROM SOURCE.

ITEM: 020

SOURCE: 029

NAME CYNTHIA A. BALDWIN, HON., VICE PRESIDENT AND GENERAL COUNSEL,
PENNSYLVANIA STATE UNIVERSITY (PSU) OFFICE OF GENERAL COUNSEL, 108 OLD

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

Tim Corley

MAIN, UNIVERSITY PARK, PA 16802

ISSUE(S) 05A 07B 11
PRIMARY ASSOCIATION COWORKER
AVERAGE EXTENT OF CONTACT REGULAR
SPAN OF CONTACT APPROXIMATELY FALL 1995 TO PRESENT

RECOMMENDS

THE HONORABLE CYNTHIA A. BALDWIN (FORMER PENNSYLVANIA STATE SUPREME COURT JUSTICE) MET GRAHAM SPANIER IN APPROXIMATELY FALL OF 1995 (EXACT DATE UNRECALLED), AT A PSU BOARD OF TRUSTEES (BOT) MEETING, AS PSU BOT MEMBER TO PSU PRESIDENT, WHEN SOURCE WAS APPOINTED TO THE PSU BOT BY THEN-GOVERNOR RIDGE, WITH SOCIAL CONTACT ONCE EVERY TWO MONTHS AT PSU BOT MEETINGS AND PSU BOT SOCIAL FUNCTIONS, UNTIL APPROXIMATELY 2001 (EXACT DATE UNRECALLED), WHEN SOURCE WAS ELECTED AS THE VICE CHAIR OF THE PSU BOT. FROM APPROXIMATELY 2001 TO APPROXIMATELY 2004 (EXACT DATES UNRECALLED), SOURCE HAD EIGHT TIMES YEARLY SOCIAL CONTACT WITH SUBJECT, AS PSU BOT VICE CHAIR TO PSU PRESIDENT. IN APPROXIMATELY 2004 (EXACT DATE UNRECALLED) SUBJECT BECAME THE CHAIR OF THE PSU BOT. FROM APPROXIMATELY 2004 (EXACT DATE UNRECALLED) TO APPROXIMATELY 2007 (EXACT DATE UNRECALLED), SOURCE HAD MONTHLY SOCIAL CONTACT WITH SUBJECT, AS PSU BOT CHAIR TO PSU PRESIDENT. IN APPROXIMATELY 2007 (EXACT DATE UNRECALLED), SOURCE STEPPED DOWN AS CHAIR OF THE PSU BOT AND BECAME IMMEDIATE PAST CHAIR OF THE PSU BOT. FROM APPROXIMATELY 2007 (EXACT DATE UNRECALLED) TO APPROXIMATELY 2010 (EXACT DATE UNRECALLED), SOURCE HAD MONTHLY SOCIAL CONTACT WITH SUBJECT, AS IMMEDIATE PAST PSU BOT CHAIR TO PSU PRESIDENT. IN APPROXIMATELY 2010 (EXACT DATE UNRECALLED), SOURCE BECAME A REGULAR MEMBER OF THE PSU BOT. FROM APPROXIMATELY 2010 (EXACT DATE UNRECALLED) TO 01/2010, SUBJECT HAD MONTHLY CONTACT WITH SUBJECT. IN 01/2010, SUBJECT RESIGNED AS A MEMBER OF THE PSU BOT. FROM 01/2010 TO 02/12/2010, SOURCE HAD MONTHLY CONTACT WITH SUBJECT AS FORMER PSU BOT MEMBER TO PSU PRESIDENT. IN 02/2010, SOURCE BECAME THE PSU GENERAL COUNSEL. FROM 02/2010, TO 11/2010, SOURCE HAD WEEKLY SOCIAL CONTACT WITH SUBJECT, AS PSU GENERAL COUNSEL TO PSU PRESIDENT. IN 11/2011, SUBJECT RESIGNED HIS POSITION AS PSU BOT THROUGH A MUTUALLY AGREED UPON RESIGNATION THROUGH THE PSU BOT. FROM 11/2011 TO PRESENT, SOURCE HAS HAD TWO CONTACTS WITH SUBJECT, AS GENERAL COUNSEL TO FORMER PSU PRESIDENT REGARDING LEGAL ISSUES.

SOURCE ADVISED THAT HER ASSOCIATION WITH SUBJECT IS PURELY PROFESSIONAL WITH THE EXCEPTION OF SOCIAL INTERACTIONS AT PSU BOT SOCIAL FUNCTIONS.

SUBJECT IS MARRIED, HIS WIFE'S NAME IS SANDY, AND THEY HAVE TWO CHILDREN; BRIAN AND HADLEY.

SUBJECT'S UNSTRUCTURED ACTIVITIES CONSIST OF HIS INTEREST IN BEING A MAGICIAN, HIS INTEREST IN THE DIXIE LAND BAND, HIS INTEREST IN RADIO

REPORT OF INVESTIGATION
PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

DATES OF INVESTIGATION 02/06/12 - 05/08/12 | SID T660 | ORG ID N65 | REPORT # 2

SHOWS, PLAYING RACQUETBALL, HIS INTEREST IN MOVIES AND PLAYING MUSIC USING THE WASH BOARD AS AN INSTRUMENT.

FROM APPROXIMATELY FALL 1995 (EXACT DATE UNRECALLED) TO 02/2012, SUBJECT RESIDED IN THE SCHREYER HOUSE PRESIDENT'S RESIDENCE ON THE PSU CAMPUS. FROM 02/2012 TO PRESENT, SUBJECT RESIDES IN AN APARTMENT OR CONDO IN THE STATE COLLEGE, PA AREA (DISCREPANT) (NFI). SOURCE BELIEVES THAT SUBJECT MAY ALSO HAS A CONDO IN THE NEW YORK CITY AREA (DISCREPANT) (NFI). SUBJECT TOLD SOURCE THAT HE WAS BORN IN SOUTH AFRICA AND HE GREW UP IN THE MID-WEST, POSSIBLY IN CHICAGO, IL (NFI). SOURCE BELIEVES SUBJECT MAY HAVE PREVIOUSLY RESIDED IN THE WISCONSIN ARE, PREVIOUSLY IN THE MID-WEST AND PREVIOUSLY IN STATE COLLEGE, PA (EXACT DATES, DURATIONS AND SPECIFIC LOCATIONS UNRECALLED).

SOURCE BELIEVES SUBJECT HOLDS AN UNDERGRADUATE DEGREE, A MASTERS DEGREE AND A DOCTORATE, HOWEVER; SOURCE HAS NO KNOWLEDGE OF ANY OF THE GRANTING INSTITUTIONS.

FROM 11/2011 TO PRESENT, SUBJECT IS EMPLOYED AS A PSU PRESIDENT EMERITUS AND AS A PROFESSOR IN THE COLLEGE OF HEALTH AND HUMAN DEVELOPMENT AND IS ON A SABBATICAL. FROM AT LEAST FALL 1995 (EXACT DATE UNRECALLED) TO 11/2011, SUBJECT WAS EMPLOYED AS THE PSU PRESIDENT. PRIOR EMPLOYMENTS FOR SUBJECT WERE AT THE UNIVERSITY OF WISCONSIN OR A SIMILAR MID-WESTERN UNIVERSITY, ANOTHER EXECUTIVE POSITION AT A UNIVERSITY IN THE MID-WEST AND PREVIOUSLY A PROFESSOR IN THE PSU COLLEGE OF HEALTH AND HUMAN DEVELOPMENT (EXACT EMPLOYERS, EXACT LOCATIONS, EXACT DATES AND DURATIONS UNRECALLED). SOURCE HAS NO KNOWLEDGE OF ANY OTHER EMPLOYMENT, SELF-EMPLOYMENT, UNEMPLOYMENT OR MILITARY SERVICE ON THE PART OF SUBJECT.

SUBJECT'S PERFORMANCE AS THE PSU PRESIDENT WAS WONDERFUL AND SUBJECT WAS VERY, VERY ACTIVE AS THE PSU PRESIDENT.

SUBJECT IS NOT ELIGIBLE FOR RE-HIRE BECAUSE HE HOLDS EMERITUS STATUS (NFI).

THE CIRCUMSTANCES SURROUNDING SUBJECT'S DEPARTURE FROM HIS POSITION AS PSU PRESIDENT DO NOT CAUSE SUBJECT TO BE SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

SOURCE WAS ON THE PSU BOT FROM FALL 1995 (EXACT DATE UNRECALLED) UNTIL 01/2010. DURING THAT PERIOD, SOURCE NEVER HEARD ANYTHING ABOUT THE SANDUSKY ALLEGATIONS. SOURCE FIRST HEARD OF THE SANDUSKY ALLEGATIONS IN 12/2010 AS THE PSU GENERAL COUNSEL, WHEN THE PSU OFFICE OF GENERAL COUNSEL WAS CONTACTED BY THE PENNSYLVANIA OFFICE OF ATTORNEY GENERAL'S OFFICE AND NOTIFIED THAT THEY WOULD BE SERVING SUBPOENAS ON GARY SCHULTZ, TIME CURLEY AND JOE PATERNO.

IN REGARD TO SUBJECT'S DEPARTURE FROM HIS POSITION AS PSU PRESIDENT, SOURCE BELIEVES THE PSU BOT ENTERED A MUTUAL AGREEMENT WITH SUBJECT TO

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PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

Cynthia Baldwin

ACCEPT HIS RESIGNATION BECAUSE SUBJECT HAD RELEASE A STATEMENT IN SUPPORT OF TIME CURLEY AND GARY SCHULTZ, CHARACTERIZING THEM AS EXEMPLARY EMPLOYEES AND GIVING THEM HIS FULL CONFIDENCE. SOURCE BELIEVES THE PSU BOT CONSIDERED SUBJECT'S STATEMENT REGARDING CURLEY AND SCHULTZ TO BE A LAPSE IN JUDGMENT AND CAUSED THE PSU BOT TO LONGER HAVE CONFIDENCE IN SUBJECT.

CURLEY, SCHULTZ AND PATERNO TESTIFIED AT THE GRAND JURY IN 01/2011 AND THE PRESENTMENT WAS MADE IN 11/2011. IN 04/2011, SUBJECT RECEIVED A SUBPOENA AND TESTIFIED BEFORE THE GRAND JURY.

SOURCE BELIEVES THAT THE PSU BOT ASKED SUBJECT TO RESIGN BECAUSE THEY WERE NOT HAPPY WITH SUBJECT'S STATEMENT OF SUPPORT FOR TIME CURLEY AND GARY SCHULTZ.

SOURCE WAS THEN ASKED IF SUBJECT HAD EVER ADDRESSED THE PSU BOT REGARDING THE SANDUSKY INVESTIGATION, IF SO WHAT HE SAID, WHEN SOURCE BELIEVE SUBJECT KNEW ABOUT THE SANDUSKY INVESTIGATION AND WHAT SUBJECT KNEW.

SOURCE THEN STOPPED THE INTERVIEW AND ADVISED THAT SHE HAD TO CONTACT HER ATTORNEY TO DETERMINE WHAT QUESTIONS SHE COULD ANSWER REGARDING THE GRAND JURY TESTIMONY.

SOURCE'S ATTORNEY, CHARLES A. DEMONACO, FOX, ROTHSCHILD, LLP, PITTSBURGH, PA, THEN CALLED BACK AND ADVISED THAT ANY CONVERSATIONS SOURCE HAD WITH SUBJECT WHILE SOURCE WAS PSU GENERAL COUNSEL, THE TIME PERIOD OF 02/2010 TO PRESENT, ARE CONSIDERED PRIVILEGED COMMUNICATIONS AND SOURCE IS NOT ABLE TO DISCUSS THOSE CONVERSATIONS.

THE INTERVIEW WAS THEN RESUMED.

IN REGARD TO ANY POSSIBLE PRESSURE GOVERNOR CORBETT MAY HAVE PLACED ON THE PSU BOT IN REGARD TO SUBJECT'S DEPARTURE FROM HIS POSITION AS THE PSU PRESIDENT, SOURCE ADVISED THAT SHE COULD ONLY COMMENT THAT GOVERNOR CORBETT WAS VERY UNHAPPY WITH SUBJECT BECAUSE SUBJECT TOOK THE LEAD ON FIGHTING THE GOVERNOR'S PROPOSED BUDGET CUTS TO PSU. SOURCE RELATED THAT HISTORICALLY, THE PSU BOT HAS NEVER HAD A GOVERNOR BECOME MORE PARTICIPATORY THAN GOVERNOR CORBETT AND THAT GOVERNOR CORBETT'S PARTICIPATION WITH THE PSU BOT BEGAN WHEN THE SANDUSKY INFORMATION BROKE.

SOURCE BELIEVES THERE IS NOTHING IN SUBJECT'S BACKGROUND OR PERTAINING TO HIS DEPARTURE FROM HIS POSITION AS THE PSU PRESIDENT THAT WOULD PROHIBIT SUBJECT FROM DOING A GOOD JOB AS IT PERTAINS TO NATIONAL SECURITY.

SOURCE REITERATED THAT SHE NEVER HEARD OF ANYTHING REGARDING THE ALLEGATIONS INVOLVING SANDUSKY WHILE SHE WAS A PSU BOT BOARD MEMBER. SOURCE ONLY KNEW SANDUSKY'S NAME AS BEING THE NAME OF A PSU ASSISTANT

FOOTBALL COACH.

DURING SOURCE'S PERIOD WITH THE PSU BOT, FROM APPROXIMATELY FALL OF 1995 (EXACT DATE UNRECALLED) TO 01/2010, SOURCE NEVER HEARD ANYTHING REGARDING SANDUSKY, THERE WERE NO DISCUSSIONS IN THE PSU BOT ABOUT HIM AND THERE WERE NO PRESENTATIONS TO THE PSU BOT ABOUT HIM.

SUBJECT IS A BRIGHT MAN, A VERY SMART MAN, A MAN OF INTEGRITY. SUBJECT WAS AND STILL IS VERY NICE AND VERY FRIENDLY BUT, NOT WARM AND FUZZY, HE IS VERY PROFESSIONAL. SUBJECT IS VERY FORTHCOMING AND OPEN WITH THE PSU BOT . SUBJECT IS WELL-LIKED BY THE STUDENTS AND GETS ALONG WELL WITH THE PSU FACULTY AND STAFF.

SOURCE TRUST SUBJECT, TO INCLUDE THE PROTECTED PRIVILEGED PERIOD..

SOURCE TRUSTS SUBJECT'S JUDGMENT, TO INCLUDE THE PROTECTED PRIVILEGED PERIOD.

IN REGARD TO ANY FOREIGN TRAVEL, SOURCE BELIEVES SUBJECT TRAVELED INTERNATIONALLY APPROXIMATELY THREE TO FIVE TIMES PER YEAR, EACH TRIP OF ONE WEEK IN DURATION. SOURCE BELIEVES SUBJECT TRAVELED TO CHINA (NFI) AND RECALLS SUBJECT'S LAST TRIP HAVING BEEN TO BHUTAN IN 2011 (EXACT DATE UNRECALLED) TO VISIT THE PRIME MINISTER OF BHUTAN WHO IS A PSU GRADUATE (NFI). SOURCE BELIEVES SUBJECT MAY HAVE ALSO PREVIOUSLY TRAVELED TO ASIA (NFI). SOURCE BELIEVES ALL OF SUBJECT'S INTERNATIONAL TRAVEL WAS IN CONJUNCTION WITH SUBJECT'S POSITION AS THE PSU PRESIDENT AND INVOLVED PSU ALUMNI TRIPS OR MEMORANDUMS OF UNDERSTANDING WITH OTHER UNIVERSITIES AND CONTACT WITH UNIVERSITY DONORS (EXACT DATES, SPECIFIC LOCATIONS AND DURATIONS UNRECALLED, NFI). SOURCE HAS NO KNOWLEDGE OF ANY PERSONAL FOREIGN TRAVEL ON THE PART OF SUBJECT.

SUBJECT HAS NEVER MADE ANY LASTING CONTACTS WHILE OUTSIDE THE US NOR HAS SUBJECT EVER HAD A PROBLEM WITH CUSTOMS OR LAW ENFORCEMENT OFFICIALS WHILE OUTSIDE OF THE US. SUBJECT HAS NOT VISITED ANY EMBASSIES OR CONSULATES WHILE OVERSEAS. SUBJECT CANNOT BE BLACKMAILED FOR ANY INCIDENTS WHILE ON FOREIGN TRAVEL.

SOURCE HAS NO SPECIFIC KNOWLEDGE OF ANY FOREIGN CONNECTIONS OR FOREIGN CONTACTS ON THE PART OF SUBJECT BUT, BELIEVES THEY WERE ALL PROFESSIONAL CONTACTS IN CONJUNCTION WITH PSU ALUMNI WORLDWIDE, WERE NOT LASTING RELATIONSHIPS AND DID NOT CAUSE SUBJECT TO BE SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION PRESSURE DURESS OR BLACKMAIL AS A RESULT OF THE CIRCUMSTANCE SURROUNDING HIS DEPARTURE FROM PSU. SUBJECT'S DEPARTURE FROM PSU WAS VERY PUBLIC AND SOURCE BELIEVES THERE IS NO ONE THAT COULD BLACKMAIL SUBJECT BECAUSE THE SITUATION WAS VERY PUBLIC.

THERE IS NOTHING IN SUBJECT'S BACKGROUND OR SURROUNDING HIS DEPARTURE FROM PSU THAT WOULD CAST ANY DOUBT ON HIS CURRENT RELIABILITY, TRUSTWORTHINESS OR GOOD JUDGEMENT AND NOTHING THAT WOULD CAST DOUBT ON HIS ABILITY TO SAFEGUARD NATIONAL SECURITY INFORMATION.

SOURCE VOLUNTEERED THAT THE PSU BOT'S RATIONALE FOR THE MUTUAL AGREEMENT FOR SUBJECT'S RESIGNATION WAS THAT SUBJECT SHOULD NOT HAVE MADE HIS PUBLIC SUPPORT STATEMENT FOR CURLEY AND SCHULTZ. SOURCE'S OPINION IS THAT THE PSU BOT CONSIDERED SUBJECT'S PUBLIC STATEMENT OF SUPPORT TO CURLEY AND SCHULTZ TO BE INCONSISTENT WITH THE BOT'S VIEW OF LEADERSHIP.

SOURCE VOLUNTEERED THAT SUBJECT IS VERY LOYAL.

SOURCE ADVISED SHE COULD NOT DISCUSS THE GOVERNOR'S INVOLVEMENT ANY FURTHER OTHER THAN TO SAY THAT HE HAS BEEN MORE PARTICIPATORY THAN ANY OTHER GOVERNOR. SOURCE EXPLAINED SHE COULD NOT DISCUSS IT FURTHER BECAUSE IT FALLS WITHIN THE PROTECTED PRIVILEGED PERIOD.

ITEM: 021

SOURCE: 030

NAME JOSEPH J. DONCSECE, ASSOC VICE PRESIDENT FOR FINANCE AND CORPORATE CON, PENNSYLVANIA STATE UNIVERSITY (PSU), OFFICE OF CORPORATE CON, 408 OLD MAIN, UNIVERSITY PARK, PA 16802

ISSUE(S) 05D 07C

PRIMARY ASSOCIATION SUBORDINATE

AVERAGE EXTENT OF CONTACT REGULAR

SPAN OF CONTACT APPROXIMATELY LATE 1995 TO PRESENT

RECOMMENDS

MR. JOSEPH J. DONCSECE MET GRAHAM SPANIER IN APPROXIMATELY LATE 1995 (EXACT DATE UNRECALLED) AT THE PENNSYLVANIA STATE UNIVERSITY (PSU), AS FINANCIAL AND ADMINISTRATIVE COORDINATOR TO PSU PRESIDENT, WHEN SUBJECT ARRIVED AND ASSUMED DUTIES AS THE PSU PRESIDENT, WITH QUARTERLY SOCIAL CONTACT AT PSU SOCIAL FUNCTIONS AND SPORTING EVENTS, UNTIL APPROXIMATELY 1998 (EXACT DATE UNRECALLED) WHEN SOURCE BECAME THE ASSISTANT PSU CONTROLLER. FROM APPROXIMATELY 1998 (EXACT DATE UNRECALLED) TO APPROXIMATELY 2007 (EXACT DATE UNRECALLED), SOURCE HAD MONTHLY SOCIAL CONTACT WITH SUBJECT AS ASSISTANT CONTROLLER TO PSU PRESIDENT. IN APPROXIMATELY 2007 (EXACT DATE UNRECALLED), SOURCE BECAME THE PSU CORPORATE CONTROLLER. FROM APPROXIMATELY 2007 (EXACT DATE UNRECALLED) TO 11/2011, SOURCE HAD WEEKLY SOCIAL CONTACT WITH SUBJECT AS PSU CORPORATE CONTROLLER TO PSU PRESIDENT. IN 11/2011, SUBJECT RESIGNED HIS POSITION AS PSU PRESIDENT. FROM 11/2011 TO 02/2012, SOURCE HAD THREE TIMES E-MAIL CONTACT WITH SUBJECT PERTAINING TO SUBJECT'S DEPARTURE FROM UNIVERSITY HOUSING. IN 02/2012, SUBJECT DEPARTED UNIVERSITY HOUSING. FROM 02/2012 TO PRESENT, SOURCE HAS MONTHLY E-MAIL CONTACT WITH SUBJECT PERTAINING TO UNIVERSITY FINANCIAL

MATTERS PERTAINING TO SUBJECT'S POSITION CHANGES.

SUBJECT IS MARRIED, HIS WIFE'S NAME IS SANDY SPANIER AND THEY HAVE TWO CHILDREN; HADLEY AND BRIAN.

SUBJECT'S UNSTRUCTURED ACTIVITIES CONSIST OF BEING A MAGICIAN, ENJOYING MUSIC, INTEREST IN THE THEATRE, THEATRE ARTS GROUPS, PLAYING RACQUETBALL, WOMEN'S VOLLEYBALL AND MEN'S BASKETBALL.

FROM APPROXIMATELY LATE 1995 (EXACT DATE UNRECALLED) TO 02/2012, SUBJECT RESIDED AT THE PSU SCHREYER HOUSE. FROM 02/2012 TO PRESENT, SUBJECT RESIDES IN A THE STATE COLLEGE, PA AREA (DISCREPANT) (NFI). SOURCE VOLUNTEERED THAT DURING A RECENT E-MAIL EXCHANGE, SUBJECT TOLD SOURCE THAT HE INTENDED TO MOVE TO THE WASHINGTON, DC AREA FOR THE REMAINDER OF HIS ONE YEAR SABBATICAL. SUBJECT TOLD SOURCE HE WAS BORN IN SOUTH AFRICA AND GREW-UP IN CHICAGO, IL.

SUBJECT HOLDS AN UNDERGRADUATE AND MASTERS DEGREES FROM IOWA OR NORTHWESTERN. SUBJECT HOLDS A DOCTORATE FROM AN UNRECALLED UNIVERSITY.

FROM APPROXIMATELY LATE 1995 (EXACT DATE UNRECALLED) TO 11/2011, SUBJECT WAS THE PSU PRESIDENT. FROM 11/2011 TO PRESENT, SUBJECT IS ON A ONE YEAR SABBATICAL AS PSU PRESIDENT EMERITUS. SUBJECT WAS PREVIOUSLY THE CHANCELLOR OF THE UNIVERSITY OF NEBRASKA AND HE HAD STARTED AS A FACULTY MEMBER AT PSU IN THE LATE 1970'S (EXACT DATES UNRECALLED).

SUBJECT'S PERFORMANCE AS PSU PRESIDENT WAS OUTSTANDING. SUBJECT IS ELIGIBLE FOR RE-HIRE, HOWEVER; CHANCES ARE HE WOULD NOT BE RE-HIRED DUE TO THE CIRCUMSTANCES SURROUNDING PSU PRESENTLY (NFI).

IN REGARD TO SUBJECT'S DEPARTURE FROM HIS POSITION AS PSU PRESIDENT, SOURCE PROVIDED THE FOLLOWING INFORMATION:

SUBJECT RESIGNED HIS POSITION AT THE REQUEST OF THE PSU BOARD OF TRUSTEES (BOT). THE PSU BOT FELT SUBJECT HAD FAILED TO FULLY INFORM THEM ABOUT HIS KNOWLEDGE OF THE PROGRESS OF THE SANDUSKY INVESTIGATION AND THE BOT BELIEVES THAT SUBJECT DID NOT FULLY DISCUSS THE CIRCUMSTANCES. IN SOURCE'S OPINION, SUBJECT DID NOT READ THE CIRCUMSTANCES CORRECTLY AND HE KNOWS HE SHOULD HAVE HAD A MORE ROBUST CONVERSATION WITH THE BOT. SOURCE DOES NOT THINK SUBJECT THOUGHT THE SITUATION THROUGH THE WHOLE WAY. SOURCE DOES NOT KNOW WHAT SUBJECT KNEW AND SOURCE DOES NOT KNOW WHAT SUBJECT HAD TOLD THE BOARD. SOURCE EXPLAINED THAT HIS UNDERSTANDING, THROUGH CONVERSATIONS WITH CYNTHIA BALDWIN, IS THAT IT APPEARS THERE WAS NOT A FULL DISCUSSION BETWEEN THE BOARD AND SUBJECT ABOUT THE SANDUSKY INVESTIGATION. SOURCE HAS NEVER DISCUSS IT WITH SUBJECT PERSONALLY. SOURCE BELIEVES THAT REGARDLESS OF WHETHER OR NOT SUBJECT HAD FULLY INFORMED THE BOT, THE BUCK STOPPED WITH THE PRESIDENT AND THEREFORE; SUBJECT RESIGNED.

SOURCE DOES NOT HAVE ANY PERSONAL KNOWLEDGE OF THE SANDUSKY INVESTIGATION.

SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL AS A RESULT OF THE CIRCUMSTANCES SURROUNDING HIS DEPARTURE FROM THE PSU PRESIDENCY.

SOURCE VOLUNTEERED THAT SOURCE'S OFFICE ONLY HANDLED AND PROCESSED SANDUSKY'S NORMAL RETIREMENT PAYMENTS. SOURCE VOLUNTEERED THAT SANDUSKY RETIRED DUE TO A SPECIAL RETIREMENT WINDOW FROM THE STATE WHICH HAD AN ATTACHED MULTIPLIER. SOURCE VOLUNTEERED THAT HE KNEW OF NO CRIMINAL INFORMATION REGARDING SANDUSKY.

SOURCE FIRST LEARNED OF ANY ALLEGATIONS AGAINST SANDUSKY DURING THE SPRING OF 2011, WHEN THERE WAS AN ARTICLE IN THE PATRIOT-NEWS ALLEGING THAT THERE WAS A GRAND JURY INVESTIGATION OF ALLEGED CHILD SEX ABUSE (NFI). SOURCE HAS NO PERSONAL KNOWLEDGE OF THE ALLEGATIONS. WHAT SOURCE KNOWS IS THROUGH HEARSAY AND NEWS REPORTS.

SOURCE VOLUNTEERED THAT SUBJECT'S DEPARTURE AS PRESIDENT WAS HIS RESIGNATION WHICH PERMITTED SUBJECT TO INVOKE HIS TERMINATION CLAUSE ALLOWING HIM TO RECEIVE ALL THE BENEFITS HIS CONTRACT ENTITLED HIM TO.

SOURCE BELIEVES THAT SUBJECT RESIGNED BY MUTUAL CONSENT OF THE PSU BOT, REGARDLESS OF HOW THE FACTS EVOLVE, THE INCIDENT TOOK PLACE ON SUBJECT'S WATCH, AND THEREFORE, HE RESIGNED.

SOURCE ADVISED THERE WAS NO KNOWN OMISSION OR COMMISSION OF ANY ACT THAT CAUSED SUBJECT TO RESIGN AND THERE WERE NO KNOWN POLICY VIOLATIONS, THERE WAS JUST A MAJOR FAILURE OF THE INSTITUTION ON SUBJECT'S WATCH.

SOURCE DID NOT HAVE ANY PERSONAL CONVERSATIONS WITH SUBJECT REGARDING HIS DEPARTURE FROM THE PRESIDENCY.

SUBJECT IS A VERY FORTHRIGHT PERSON, VERY OUT-GOING, VERY ENGAGING, INQUISITIVE, WITH HIS MAIN INTEREST IN MAKING THE UNIVERSITY BETTER. SUBJECT IS RELIABLE AND IS RESPONSIBLE.

SOURCE HAS ALWAYS TRUSTED SUBJECT'S WORD AND CONTINUES TO TRUST HIS WORD, NOTHING HAS CAUSED SOURCE TO CHANGE HIS MIND IN THAT REGARD.

SOURCE TRUSTS SUBJECT'S JUDGMENT.

SUBJECT HAD VERY FREQUENT FOREIGN TRAVEL IN CONJUNCTION WITH HIS POSITION AS PSU PRESIDENT, SUBJECT TRAVELED TWO TO FOUR TIMES A YEAR WITH EACH TRIP OF ONE TO THREE WEEKS IN DURATION. SOURCE BELIEVES SUBJECT TRAVELED TO ENGLAND AND CHINA IN CONJUNCTION WITH PSU OFFICIAL BUSINESS AND IN CONJUNCTION WITH THE WORLDWIDE UNIVERSITY NETWORK (EXACT DATES AND SPECIFIC LOCATIONS UNRECALLED).

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SUBJECT HAS NEVER MADE ANY LASTING CONTACTS WHILE OUTSIDE THE US NOR HAS SUBJECT EVER HAD A PROBLEM WITH CUSTOMS OR LAW ENFORCEMENT OFFICIALS WHILE OUTSIDE OF THE US. SUBJECT HAS NOT VISITED ANY EMBASSIES OR CONSULATES WHILE OVERSEAS. SUBJECT CANNOT BE BLACKMAILED FOR ANY INCIDENTS WHILE ON FOREIGN TRAVEL.

SOURCE HAS NO KNOWLEDGE OF ANY FOREIGN CONNECTIONS OR FOREIGN CONTACTS ON THE PART OF SUBJECT.

SOURCE HAS NO KNOWLEDGE OF ANY FOREIGN PROPERTY OWNERSHIP ON THE PART OF SUBJECT.

SOURCE HAS NO KNOWLEDGE OF ANYTHING IN SUBJECT'S BACKGROUND, LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

THE CIRCUMSTANCES SURROUNDING SUBJECT'S DEPARTURE FROM HIS POSITION AS PSU PRESIDENT DO NOT CAST DOUBT ON SUBJECT'S CURRENT RELIABILITY, TRUSTWORTHINESS OR GOOD JUDGEMENT AND DO NOT CAST DOUBT ON HIS ABILITY TO PROPERLY SAFEGUARD NATIONAL SECURITY INFORMATION..

ITEM: 022

SOURCE: 031

NAME RODNEY P. KIRSCH, SENIOR VICE PRESIDENT FOR DEVELOPMENT, PENNSYLVANIA STATE UNIVERSITY (PSU), 116 OLD MAIN, UNIVERSITY PARK, PA 16802

ISSUE(S) 05D 07C
PRIMARY ASSOCIATION SUBORDINATE
AVERAGE EXTENT OF CONTACT REGULAR
SPAN OF CONTACT 11/1995 TO PRESENT

RECOMMENDS

MR. RODNEY P. KIRSCH MET PRESIDENT GRAHAM SPANIER IN 11/1995 AT THE PENNSYLVANIA STATE UNIVERSITY (PSU) CAMPUS, AS PROSPECTIVE EMPLOYEE TO PSU PRESIDENT, WHEN SOURCE WAS INTERVIEWED BY SUBJECT FOR SOURCE'S CURRENT POSITION, WITH TWO TIMES MONTHLY CONTACT REGARDING THE POSITION, UNTIL 02/15/1996, WHEN SUBJECT HIRED SOURCE FOR HIS CURRENT POSITION. FROM 02/1996 TO 11/2011, SOURCE HAD DAILY CONTACT SOCIAL CONTACT WITH SUBJECT, AS SENIOR VICE PRESIDENT FOR DEVELOPMENT TO PSU PRESIDENT, CONSISTING OF ATTENDING PSU SPONSORED SOCIAL FUNCTIONS, HAVING DINNERS TOGETHER WHILE TRAVELING AND ATTENDING PSU SPORTING EVENTS TOGETHER. IN 11/2011, SUBJECT OFFERED HIS RESIGNATION, THE PSU BOARD OF TRUSTEES (BOT) DID NOT ACCEPT HIS RESIGNATION AND DISMISSED SUBJECT FROM HIS POSITION. FROM 11/2011 TO PRESENT, SOURCE HAS TWO TIMES MONTHLY SOCIAL CONTACT WITH SUBJECT AS SENIOR VICE PRESIDENT TO PSU PRESIDENT EMERITUS.

SUBJECT IS MARRIED, HIS WIFE'S NAME IS SANDRA, AND THEY HAVE TWO

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PROPERTY OF U.S. OFFICE OF PERSONNEL MANAGEMENT (IS)
1900 E ST, NW, WASHINGTON, D.C. 20415-4000

CHILDREN; BRIAN AND HADLEY.

SUBJECT'S UNSTRUCTURED ACTIVITIES CONSIST OF PLAYING THE WASH BOARD IN A BAND, BEING A MAGICIAN AND HIS INTEREST IN SPORTING EVENTS.

FROM 11/1995 TO 12/1995, SUBJECT RESIDED ON SOUTH ATHERTON STREET IN STATE COLLEGE, PA (NFI). FROM 12/1995 TO 01/2012, SUBJECT RESIDED IN THE PSU SCHREYER PRESIDENT'S RESIDENCE. FROM 01/2012 TO PRESENT, SUBJECT RESIDES IN A HIGH RISE AT 425 WINDMERE DRIVE, STATE COLLEGE, PA (DISCREPANT). SOURCE BELIEVES SUBJECT MAY ALSO HAVE A CONDOMINIUM IN THE NEW YORK CITY AREA (DISCREPANT) (NFI). SOURCE HAS NO KNOWLEDGE OF ANY OTHER RESIDENCES ON THE PART OF SUBJECT.

SUBJECT HOLDS AN UNDERGRADUATE DEGREE FROM IOWA STATE, HOLDS A MASTERS DEGREE FROM AN UNRECALLED INSTITUTION AND HOLDS A DOCTORATE FROM NORTHWESTERN, ALL OF WHICH ARE IN SOCIOLOGY.

FROM AT LEAST 11/1995 TO 11/2011, SUBJECT WAS THE PSU PRESIDENT, FROM 11/2011 TO PRESENT, SUBJECT IS A TENURED MEMBER OF THE FACULTY ON SABBATICAL FOR ONE YEAR AND SUBJECT TOLD SOURCE THAT HE IS CURRENTLY WORKING WITH U.S. INTELLIGENCE AGENCIES IN THE WASHINGTON, DC AREA (NFI) WHILE ON HIS SABBATICAL (NFI). SOURCE BELIEVES THAT WHILE PSU PRESIDENT, SUBJECT HELD POSITIONS ON THE BOARDS OF US STEEL (DISCREPANT) AND CITIZENS BANK (DISCREPANT). PRIOR TO PSU, SUBJECT WAS THE CHANCELLOR AT THE UNIVERSITY OF NEBRASKA, WAS A PROVOST AT OREGON STATE UNIVERSITY, WAS A SUNY STONY BROOK ADMINISTRATOR AND WAS A PSU FACULTY MEMBER (EXACT DATES AND DURATIONS UNRECALLED).

SUBJECT'S PERFORMANCE AS THE PSU PRESIDENT WAS ABSOLUTELY EXCELLENT.

SUBJECT IS ELIGIBLE FOR RE-HIRE BUT, SOURCE DOES NOT KNOW , IF UNDER THE CURRENT CIRCUMSTANCES OF THE UNIVERSITY, IF SUBJECT WOULD ACTUALLY BE RE-HIRED (NFI).

IN REGARD TO SUBJECT'S DEPARTURE, IN IS SOURCE'S UNDERSTANDING THAT SUBJECT OFFERED HIS RESIGNATION, THE PSU BOT DID NOT ACCEPT IT AND THEN THE BOT DISMISSED HIM. SOURCE LEARNED THIS THROUGH A NEWS RELEASE.

SUBJECT TOLD SOURCE THAT HE REALIZED THAT HE WOULD LIKELY NOT BE ABLE TO CONTINUE AS PRESIDENT AND WOULD HAVE TO STEP DOWN. SOURCE BELIEVES SUBJECT TOLD HIM THAT ON 11/08/2011.

SOURCE RECALLED THAT SUBJECT RELEASED A STATEMENT ESSENTIALLY SAYING THAT THE BUCK STOPPED AT THE PRESIDENT'S OFFICE AND HE STEPPED DOWN.

SOURCE BELIEVES THE BOT DISMISSED SUBJECT BECAUSE THEY CONSIDERED THE SITUATION TO HAVE BEEN A FAILURE OF LEADERSHIP. SOURCE HAS THE UTMOST RESPECT FOR SUBJECT. SUBJECT WAS A VERY STRONG LEADER, HE LEAD PSU VERY WELL AND FOR A VERY LONG TIME. SOURCE CAN ONLY JUDGE SUBJECT ON

Red Kirsch

WHAT SOURCE SAW IN 16 YEARS AND THERE WAS NO INDICATION OF ANY FAILURE OF LEADERSHIP DURING THAT PERIOD.

SUBJECT NEVER DISCUSSED THE SANDUSKY INCIDENT WITH SOURCE.

THE CIRCUMSTANCES SURROUNDING SUBJECT'S DEPARTURE FROM THE POSITION OF PSU PRESIDENT DOES NOT CAST DOUBT ON SUBJECT'S CURRENT RELIABILITY, TRUSTWORTHINESS OR GOOD JUDGMENT AND DOES NOT CAST ANY DOUBT ON SUBJECT'S ABILITY TO SAFEGUARD NATIONAL SECURITY INFORMATION.

SUBJECT IS NOT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE DURESS OR BLACKMAIL AS A RESULT OF THE CIRCUMSTANCES SURROUNDING HIS DEPARTURE FROM THE PRESIDENCY.

SOURCE VOLUNTEERED THAT IF SUBJECT HAD KNOWN THAT THERE HAD BEEN A YOUNG BOY ALLEGED RAPED IN THE SHOWER ON CAMPUS, SOURCE IS CERTAIN THAT SUBJECT WOULD HAVE IMMEDIATELY ACTED THAT DAY TO CONFRONT IT.

SOURCE DOES NOT BELIEVE SUBJECT HAD THAT INFORMATION, OTHERWISE, SUBJECT WOULD HAVE ACTED.

SUBJECT CONDUCTED HIMSELF WITH GOOD JUDGMENT, GOOD CHARACTER, HAD NO CHARACTER FLAWS, WAS FRIENDLY, GOT ALONG WELL WITH OTHERS, HAD A GOOD SENSE OF HUMOR, WAS RELIABLE, WAS RESPONSIBLE AND HAD HIGH INTEGRITY.

SOURCE TRUSTS SUBJECT. SOURCE WOULD TRUST SUBJECT WITH HIS OWN CHILDREN AND HAS ACTUALLY GONE TO SUBJECT FOR ADVICE REGARDING HIS OWN CHILDREN.

SOURCE TRUSTS SUBJECT'S JUDGMENT.

IN REGARD TO FOREIGN TRAVEL, SUBJECT TRAVELED INTERNATIONALLY APPROXIMATELY TWO TO FOUR TIMES A YEAR, EACH TRIP OF ONE WEEK IN DURATION OR LESS, IN CONJUNCTION WITH HIS POSITION AS PSU PRESIDENT. SUBJECT'S TRIPS WERE OFFICIAL PSU BUSINESS INVOLVING THE PSU ALUMNI, UNIVERSITY AFFILIATES AND UNIVERSITY SPEAKING ENGAGEMENTS. SOURCE BELIEVES SUBJECT TRAVELED TO ASIA, EUROPE, THE MIDDLE EAST AND SOUTH AFRICA (EXACT DATES, SPECIFIC LOCATIONS AND EXACT DURATIONS UNRECALLED).

SUBJECT HAS NEVER MADE ANY LASTING CONTACTS WHILE OUTSIDE THE US NOR HAS SUBJECT EVER HAD A PROBLEM WITH CUSTOMS OR LAW ENFORCEMENT OFFICIALS WHILE OUTSIDE OF THE US. SUBJECT HAS NOT VISITED ANY EMBASSIES OR CONSULATES WHILE OVERSEAS. SUBJECT CANNOT BE BLACKMAILED FOR ANY INCIDENTS WHILE ON FOREIGN TRAVEL.

SOURCE HAS NO KNOWLEDGE OF ANY FOREIGN PROPERTY OWNERSHIP ON THE PART OF SUBJECT.

SOURCE HAS NO KNOWLEDGE OF ANY FOREIGN CONNECTIONS OR FOREIGN CONTACTS

ON THE PART OF SUBJECT.

SOURCE HAS NO KNOWLEDGE OF ANYTHING IN SUBJECT'S BACKGROUND, LIFESTYLE OR CONDUCT WHICH WOULD MAKE SUBJECT SUSCEPTIBLE TO ANY POSSIBLE COERCION, PRESSURE, DURESS OR BLACKMAIL.

ITEM: 023 INVESTIGATOR'S NOTE

SOURCE: 032

ON 04/27/2012, SUBJECT WAS TELEPHONICALLY CONTACTED WITH A VIEW TOWARD ACQUISITION OF A COMPLETE COPY OF HIS CONFIDENTIAL SEPARATION AGREEMENT AND AGREED TO PROVIDE A COMPLETE COPY OF THAT CONFIDENTIAL SEPARATION AGREEMENT ON 04/30/2012. ON 04/30/2012, SUBJECT PROVIDED A COMPLETE COPY OF HIS CONFIDENTIAL SEPARATION AGREEMENT.

A COPY OF SUBJECT'S COMPLETE CONFIDENTIAL SEPARATION AGREEMENT WAS REQUESTED FROM SUBJECT BECAUSE INQUIRIES OF THE PENNSYLVANIA STATE UNIVERSITY (PSU) OFFICE OF THE CORPORATE CONTROLLER (PSU EXECUTIVE HUMAN RESOURCES) REVEALED THAT THEY DECLINED TO PROVIDE PAGES 2 THROUGH 7 OF THE 8 PAGE AGREEMENT BASED ON ADVISE OF THE PSU GENERAL COUNSEL. AS PAGES 2 THROUGH 7 WERE ABSENT FROM THE COPY PROVIDED BY PSU, A COMPLETE COPY WAS REQUESTED FROM SUBJECT.

THE COMPLETE COPY OF SUBJECT'S SEPARATION AGREEMENT READS AS FOLLOWS:

EXECUTION COUNTERPART

CONFIDENTIAL SEPARATION AGREEMENT

THIS CONFIDENTIAL SEPARATION AGREEMENT (?AGREEMENT?) IS ENTERED INTO BY AND BETWEEN THE PENNSYLVANIA STATE UNIVERSITY (?UNIVERSITY?) AND GRAHAM B. SPANIER, PH.D. (DR. SPANIER). THE UNIVERSITY AND DR. SPANIER, EACH INTENDING TO BE LEGALLY BOUND AND IN CONSIDERATION OF THE FOLLOWING MUTUAL PROMISES AND COVENANTS, DO AGREE AS FOLLOWS.

1. EFFECTIVE NOVEMBER 9, 2011, DR. SPANIER WAS TERMINATED FROM THE POSITION OF PRESIDENT OF THE UNIVERSITY WITHOUT CAUSE PURSUANT TO SECTION H.2 OF HIS EMPLOYMENT AGREEMENT DATED JULY 1, 2010 (?EMPLOYMENT AGREEMENT?). BY VIRTUE OF DR. SPANIER'S TERMINATION FROM THE POSITION OF PRESIDENT, IT IS UNDERSTOOD AND AGREED THAT HE LIKEWISE RELINQUISHES HIS POSITION ON THE UNIVERSITY'S BOARD OF TRUSTEES, THE PRESIDENCY OF THE CORPORATION FOR PENN STATE (THE ?CORPORATION?), ALL EX-OFFICIO POSITIONS HELD WITH RESPECT TO ANY BOARD OF ANY SUBSIDIARY OF THE CORPORATION AND ALL OTHER EX-OFFICIO POSITIONS TIED TO THE PRESIDENCY OF THE UNIVERSITY, EXCEPT THAT IN THE CASE OF DR. SPANIER'S MEMBERSHIP ON THE NATIONAL SECURITY HIGHER EDUCATION ADVISORY BOARD, DR. SPANIER SHALL RESIGN AS SOON AS PRACTICABLE UNDER THE POLICIES AND PRACTICES OF SUCH ADVISORY BOARD.

2. BY VIRTUE OF DR. SPANIER'S TERMINATION FROM THE POSITION OF PRESIDENT OF THE UNIVERSITY, IT IS ALSO UNDERSTOOD AND AGREED THAT

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EXCEPT AS OTHERWISE PROVIDED BELOW, DR. SPANIER'S EMPLOYMENT AGREEMENT WAS TERMINATED AS OF NOVEMBER 9, 2011. DR. SPANIER MAY REMAIN EMPLOYED BY THE UNIVERSITY, HOWEVER, AS A TENURED MEMBER OF THE FACULTY IN THE DEPARTMENT OF HUMAN DEVELOPMENT AND FAMILY STUDIES OF THE COLLEGE OF HEALTH AND HUMAN DEVELOPMENT, WITH THE TITLES OF PRESIDENT EMERITUS, UNIVERSITY PROFESSOR AND PROFESSOR OF HUMAN DEVELOPMENT AND FAMILY STUDIES, SOCIOLOGY, DEMOGRAPHY, AND FAMILY AND COMMUNITY MEDICINE.

3. PURSUANT TO THE EMPLOYMENT AGREEMENT AND IN RETURN FOR DR. SPANIER AGREEING TO THE TERMS OF THIS AGREEMENT, DR. SPANIER SHALL BE PROVIDED WITH THE FOLLOWING:

(A) A LUMP SUM PAYMENT EQUAL TO DR. SPANIER'S CURRENT BASE SALARY FOR A PERIOD OF EIGHTEEN (18) MONTHS, WITH PAYMENT TO BE MADE ON DECEMBER 15, 2011. THIS PAYMENT IS SUBJECT TO TAX WITHHOLDINGS REQUIRED BY FEDERAL, STATE AND LOCAL LAWS. DR. SPANIER SHALL ALSO BE ELIGIBLE TO CONTINUE TO PARTICIPATE IN ALL OF THE EMPLOYEE BENEFIT PLANS OF THE UNIVERSITY APPLICABLE TO SENIOR EXECUTIVES FOR A PERIOD OF 18 MONTHS FROM NOVEMBER 9, 2011 PURSUANT TO SECTION E(1) OF THE EMPLOYMENT AGREEMENT, AND HE SHALL BE ELIGIBLE TO CONTINUE TO RECEIVE FOR A PERIOD OF 18 MONTHS FROM NOVEMBER 9, 2011 THE SUPPLEMENTAL LIFE INSURANCE, SUPPLEMENTAL HEALTH INSURANCE, AND DISABILITY COVERAGE AS PROVIDED IN SECTIONS E(2), E(3) AND E(4) RESPECTIVELY OF THE EMPLOYMENT AGREEMENT. THE UNIVERSITY WILL ALSO COMPLY WITH THE PROVISIONS IN SECTION E.2 OF THE EMPLOYMENT AGREEMENT REGARDING LIFE INSURANCE AT THE CONCLUSION OF THE TERM OF THE EMPLOYMENT AGREEMENT (OTHER THAN THE PROVISION WITH RESPECT TO CONTINUED ESCALATION OF THE DEATH BENEFIT) AND IN SECTION E.3 REGARDING HEALTH INSURANCE COVERAGE AT THE CONCLUSION OF HIS PRESIDENCY.

(B) THE RETIREMENT PLAN EQUIVALENCY PAYMENT (REFERENCED IN SECTION C(5) OF THE EMPLOYMENT AGREEMENT) IN THE GROSS AMOUNT OF \$1,248,204.60 PAYABLE IN TWO INSTALLMENTS: (1) AN AMOUNT EQUAL TO THE APPLICABLE FEDERAL, STATE AND LOCAL TAX WITHHOLDING AMOUNT DUE ON THE RETIREMENT PLAN EQUIVALENCY GROSS PAYMENT AMOUNT SHALL BE PAYABLE TO DR. SPANIER ON DECEMBER 15, 2011, AND REMITTED TO THE APPLICABLE TAXING AUTHORITIES; AND (2) THE REMAINDER SHALL BE PAID TO DR. SPANIER ON JUNE 30, 2017. NO TAXES SHALL BE WITHHELD FROM THE PAYMENT OF THE SECOND INSTALLMENT AND THE SECOND INSTALLMENT SHALL NOT BE REPORTED AS TAXABLE INCOME, SINCE THE FIRST INSTALLMENT IS INTENDED TO SATISFY THE ENTIRE TAX LIABILITY WITH RESPECT TO THE RETIREMENT PLAN EQUIVALENCY PAYMENT. (C) FOR AS LONG AS DR. SPANIER REMAINS EMPLOYED BY THE UNIVERSITY, THE UNIVERSITY WILL CONTINUE TO CONTRIBUTE, AT ITS NORMAL ALTERNATE RETIREMENT PLAN CONTRIBUTION RATE (CURRENTLY 9.29%), AS IT DOES FOR ALL EMPLOYEES UNDER SUCH PLAN, TO THE PURCHASE OF AN ANNUITY CONTRACT WITHIN THE MEANING OF SECTION 403(B) OF THE INTERNAL REVENUE CODE. IN ADDITION, THE UNIVERSITY SHALL MAKE THE 2011 PAYMENT TO DR. SPANIER AS PROVIDED IN SECTION C.4(B) OF THE EMPLOYMENT AGREEMENT, AT THE TIME SUCH PAYMENTS HAVE BEEN MADE IN THE PAST, WITH THE AMOUNT OF SUCH PAYMENT PRORATED TO COVER THE PERIOD FROM JANUARY 2, 2011 TO NOVEMBER 9, 2011.

(D) PURSUANT TO SECTION E(6) OF THE EMPLOYMENT AGREEMENT, A PAID ONE-YEAR POST-PRESIDENCY TRANSITION PERIOD DURING WHICH DR. SPANIER WILL BE PAID HIS CURRENT ANNUAL SALARY OF \$700,000 (SUBJECT TO TAX WITHHOLDINGS REQUIRED BY LAW) AND RECEIVE THE BENEFITS DESCRIBED IN SECTIONS E(1) THROUGH E(4) OF THE EMPLOYMENT AGREEMENT. DR. SPANIER AGREES TO PROVIDE SUBSTANTIAL SERVICES TO THE UNIVERSITY AS REQUIRED BY SECTION 457(F) OF THE INTERNAL REVENUE CODE DURING SUCH PERIOD.

(E) FOLLOWING COMPLETION OF THE ONE-YEAR POST-PRESIDENCY TRANSITION PERIOD, DR. SPANIER MAY CONTINUE AS A TENURED MEMBER OF THE FACULTY, WITH A SALARY OF \$600,000 ANNUALLY FOR A PERIOD OF FIVE YEARS, WITH ALL PROVISIONS OF SECTION E(6) OF THE EMPLOYMENT AGREEMENT BEING APPLICABLE. THEREAFTER, DR. SPANIER'S EMPLOYMENT AND COMPENSATION AS A TENURED FACULTY MEMBER SHALL BE GOVERNED BY THE UNIVERSITY'S POLICIES, RULES AND REGULATIONS APPLICABLE TO OTHER TENURED MEMBERS OF THE FACULTY OF THE UNIVERSITY.

(F) WITH RESPECT TO THE CONTENTS OF SCHREYER HOUSE, AS HAS BEEN THE CASE WITH PRIOR PRESIDENTS, IT IS AGREED THAT ALL FURNITURE PURCHASED BY THE UNIVERSITY IN THE PUBLIC SPACES OF THE HOUSE BELONG TO THE UNIVERSITY AND WILL REMAIN THE PROPERTY OF THE UNIVERSITY. FURNITURE AND CONTENTS PURCHASED BY THE SPANIER FAMILY WILL REMAIN THE PROPERTY OF THE SPANIER FAMILY. FURNITURE AND CONTENTS PURCHASED BY THE UNIVERSITY FOR THE PRIVATE FAMILY SPACES OF SCHREYER HOUSE MAY, AT THE DISCRETION OF THE SPANIER FAMILY, BE PURCHASED BY THE SPANIER FAMILY AT A FAIR MARKET VALUE TO BE DETERMINED ACCORDING TO EXISTING PROPERTY INVENTORY UNIT PROCEDURES UNDER THE PURVIEW OF THE CORPORATE CONTROLLER. PAYMENT FOR ANY SUCH FURNITURE OR CONTENTS WILL BE MADE WITHIN 30 DAYS OF DEPARTURE FROM THE RESIDENCE.

4. IN EXCHANGE FOR DR. SPANIER WAIVING THE 90-DAY NOTICE PERIOD DESCRIBED IN SECTION H(2) OF THE EMPLOYMENT AGREEMENT, THE UNIVERSITY SHALL PROVIDE THE FOLLOWING TO DR. SPANIER:

(A) DR. SPANIER SHALL BE PAID A LUMP SUM PAYMENT EQUAL TO NINETY (90) DAYS PAY AT THE RATE OF HIS CURRENT ANNUAL SALARY OF \$700,000 (SUBJECT TO TAX WITHHOLDINGS REQUIRED BY LAW), IN LIEU OF THE NINETY DAYS' NOTICE REQUIRED BY SECTION H.2 OF HIS EMPLOYMENT AGREEMENT, WITH PAYMENT TO BE MADE ON DECEMBER 15, 2011.

(B) DR. SPANIER AND HIS FAMILY MAY REMAIN IN THE PRESIDENT'S RESIDENCE FOR UP TO SEVENTY-FIVE (75) DAYS FROM NOVEMBER 9, 2011. THE UNIVERSITY SHALL REIMBURSE DR. SPANIER FOR THE REASONABLE EXPENSES OF MOVING HIS PERSONAL PROPERTY FROM THE PRESIDENT'S RESIDENCE AS PROVIDED IN SECTION F OF THE EMPLOYMENT AGREEMENT.

(C) DR. SPANIER MAY RETAIN THE AUTOMOBILE PROVIDED UNDER SECTION C(9) OF THE EMPLOYMENT AGREEMENT FOR UP TO SIXTY (60) DAYS FROM NOVEMBER 9, 2011.

(D) DURING THE POST-PRESIDENCY TRANSITION PERIOD REFERRED TO IN SECTION E.5 OF THE EMPLOYMENT AGREEMENT, THE UNIVERSITY WILL PROVIDE DR. SPANIER WITH ADMINISTRATIVE SUPPORT TO ASSIST HIM WITH HIS RESPONSIBILITIES, INCLUDING COMPUTER ACCESS AND IT SUPPORT, IN THE MANNER PREVIOUSLY PROVIDED TO PAST PRESIDENTS OF THE UNIVERSITY, IN ADDITION TO ALL SUPPORT REFERRED TO IN THE LAST PARAGRAPH OF SECTION

E.6 OF THE EMPLOYMENT AGREEMENT. FOLLOWING THE POST-PRESIDENCY TRANSITION, THE UNIVERSITY WILL PROVIDE DR. SPANIER WITH ADMINISTRATIVE SUPPORT COMMENSURATE WITH THAT PROVIDED WITH OTHER TENURED FACULTY MEMBERS AND UNIVERSITY PROFESSORS, AND WILL CONTINUE TO PROVIDE THE ADMINISTRATIVE SUPPORT REFERRED TO IN THE LAST PARAGRAPH OF SECTION E.6 OF THE EMPLOYMENT AGREEMENT.

(E) DR. SPANIER SHALL BE REIMBURSED PROMPTLY FOR REASONABLE TRAVEL AND BUSINESS EXPENSES INCURRED UP TO NOVEMBER 9, 2011 AND NOT SUBMITTED PRIOR TO THE EXECUTION OF THIS AGREEMENT AS PROVIDED IN SECTION E.7 OF THE EMPLOYMENT AGREEMENT.

(F) IN ADDITION TO ITS OBLIGATIONS UNDER PARAGRAPH 6 BELOW, THE UNIVERSITY SHALL REIMBURSE DR. SPANIER FOR THE ATTORNEY'S FEES AND EXPENSES HE HAS INCURRED IN CONNECTION WITH MATTERS RELATING TO THE GRAND JURY PRESENTMENT AND HIS TERMINATION FROM THE POSITION OF PRESIDENT OF THE UNIVERSITY.

5. THE PARTIES SHALL COOPERATE IN OBTAINING AN OPINION OF MUTUALLY ACCEPTABLE INDEPENDENT COMPENSATION COUNSEL TO THE EFFECT THAT THE TERMS AND CONDITIONS OF THIS AGREEMENT RESULT IN REASONABLE COMPENSATION FOR DR. SPANIER, MEANING THAT THE TOTAL COMPENSATION HEREUNDER IS COMPARABLE TO THAT PAID TO SIMILARLY SITUATED UNIVERSITY OFFICIAL IN SIMILAR CIRCUMSTANCES. THE PARTIES AGREE TO NEGOTIATE IN GOOD FAITH TO MODIFY THE TERMS OF THIS AGREEMENT IF NECESSARY TO OBTAIN SUCH OPINION. THE UNIVERSITY SHALL PAY THE FEES AND COSTS OF SUCH COMPENSATION COUNSEL.

6. THE UNIVERSITY AGREES TO INDEMNIFY DR. SPANIER IN ACCORDANCE WITH THE TERMS OF SECTION J OF THE EMPLOYMENT AGREEMENT AND WITH THE BY-LAWS OF THE UNIVERSITY.

7. DR. SPANIER, ON BEHALF OF HIMSELF, HIS HEIRS, REPRESENTATIVES, ESTATES, SUCCESSORS AND ASSIGNS, DOES HEREBY IRREVOCABLY AND UNCONDITIONALLY REMISE, RELEASE AND FOREVER DISCHARGE THE PENNSYLVANIA STATE UNIVERSITY, ITS PREDECESSORS, PARENTS, SUBSIDIARIES, AFFILIATES, CONSTITUENT ORGANIZATIONS, BENEFITS PLANS, AND ANY SUCCESSOR THERETO, AND THEIR PAST, PRESENT AND FUTURE TRUSTEES, OFFICERS, DIRECTORS, ADMINISTRATORS, AGENTS, ATTORNEYS, INSURANCE CARRIERS, CONSULTANTS OR EMPLOYEES, AS WELL AS THE HEIRS, SUCCESSORS AND ASSIGNS OF ANY SUCH PERSONS OR SUCH ENTITIES (SEVERALLY AND COLLECTIVELY CALLED "RELEASEES"), JOINTLY AND INDIVIDUALLY, FROM ANY AND ALL CLAIMS, KNOWN AND UNKNOWN, THAT DR. SPANIER HAS OR MAY HAVE AGAINST ANY OF THE RELEASEES FOR ANY ACTS, OMISSIONS, PRACTICES OR EVENTS UP TO AND INCLUDING THE EFFECTIVE DATE OF THIS AGREEMENT AND THE CONTINUING EFFECTS THEREOF, IT BEING THE INTENTION OF DR. SPANIER TO EFFECT A GENERAL RELEASE OF ALL SUCH CLAIMS. THIS RELEASE INCLUDES ANY AND ALL CLAIMS UNDER ANY POSSIBLE LEGAL, EQUITABLE, TORT, CONTRACT, COMMON LAW, STATUTORY, OR CONSTITUTIONAL THEORY, INCLUDING, BUT NOT LIMITED TO, ANY CLAIMS UNDER 42 U.S.C. SECTION 1983, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE PENNSYLVANIA HUMAN RELATIONS ACT, THE AGE DISCRIMINATION IN EMPLOYMENT ACT, THE OLDER WORKERS BENEFIT PROTECTION

ACT, THE AMERICANS WITH DISABILITIES ACT, AND OTHER FEDERAL, STATE, AND LOCAL STATUTES, ORDINANCES, EXECUTIVE ORDERS, REGULATIONS AND OTHER LAWS PROHIBITING DISCRIMINATION IN EMPLOYMENT OR BENEFITS, AND FEDERAL, STATE OR LOCAL LAW CLAIMS OF ANY KIND WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATED TO DR. SPANIER'S EMPLOYMENT AS PRESIDENT OF THE UNIVERSITY AND HIS TERMINATION FROM THE POSITION OF PRESIDENT OF THE UNIVERSITY.

8. THE UNIVERSITY, ON BEHALF OF ITSELF AND THE BOARD OF TRUSTEES, DOES HEREBY IRREVOCABLY AND UNCONDITIONALLY REMISE, RELEASE AND FOREVER DISCHARGE DR. SPANIER FROM ANY AND ALL CLAIMS, KNOWN AND UNKNOWN, THAT THE UNIVERSITY HAS OR MAY HAVE AGAINST DR. SPANIER FOR ANY ACTS, OMISSIONS, PRACTICES, OR EVENTS UP TO AND INCLUDING THE EFFECTIVE DATE OF THIS AGREEMENT AND THE CONTINUING EFFECTS THEREOF, TO THE EXTENT SUCH ACTS OR OMISSION RELATE TO HIS POSITION AS PRESIDENT OF THE UNIVERSITY, IT BEING THE INTENTION OF THE UNIVERSITY TO EFFECT A GENERAL RELEASE OF ALL SUCH CLAIMS.

9. IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT BY ENTERING INTO THIS AGREEMENT, THE UNIVERSITY IN NO WAY ADMITS THAT IT HAS TREATED DR. SPANIER UNLAWFULLY OR WRONGFULLY IN ANY WAY.

10. DR. SPANIER AGREES, AND SHALL USE REASONABLE EFFORTS TO CAUSE HIS ATTORNEYS TO AGREE THAT, EXCEPT AS REQUIRED BY LAW OR TO COMPLY WITH LEGAL OBLIGATIONS, THEY SHALL KEEP THE TERMS AND CONDITIONS OF THIS AGREEMENT COMPLETELY CONFIDENTIAL AND THEY WILL NOT DISCUSS, DISCLOSE, OR REVEAL THOSE TERMS AND CONDITIONS, DIRECTLY OR INDIRECTLY, TO THE MEDIA OR TO ANY PERSON, CORPORATION, OR OTHER ENTITY, OTHER THAN TO DR. SPANIER'S ATTORNEYS, SPOUSE, ACCOUNTANTS AND FINANCIAL ADVISORS OR TO ANY GOVERNMENT AGENCY OR ENTITY WITH JURISDICTION OVER MATTERS RELATING TO THIS AGREEMENT.

11. DR. SPANIER ACKNOWLEDGES THAT THE UNIVERSITY MAY BE REQUIRED TO MAKE THE TERMS AND CONDITIONS OF THIS AGREEMENT PUBLIC IN ACCORDANCE WITH ITS POLICIES AND PROCEDURES OR AS REQUIRED BY APPLICABLE LAW OR REGULATORY AUTHORITY. IF THE UNIVERSITY MAKES THE TERMS AND CONDITIONS OF THIS AGREEMENT PUBLIC IN ACCORDANCE WITH THIS PARAGRAPH, DR. SPANIER WILL BE RELIEVED OF HIS OBLIGATIONS IN PARAGRAPH 10, BUT ONLY TO THE EXTENT OF THE PROVISIONS OF THIS AGREEMENT THAT ARE MADE PUBLIC BY THE UNIVERSITY.

12. DR. SPANIER WILL NOT MAKE ANY NEGATIVE COMMENTS TO THE MEDIA, TO HIS PROFESSIONAL COLLEAGUES OR TO ANY OTHER MEMBER OF THE PUBLIC REGARDING THE UNIVERSITY, ITS BOARD OF TRUSTEES OR ANY MEMBER OF THE BOARD OF TRUSTEES, UNLESS REQUIRED BY LAW OR TO COMPLY WITH LEGAL OBLIGATIONS AND/OR TO PROVIDE TRUTHFUL INFORMATION IN CONNECTION WITH ONGOING OR FORTHCOMING INVESTIGATIONS.

13. THE UNIVERSITY WILL NOT, AND WILL USE REASONABLE EFFORTS TO CAUSE THE MEMBERS OF THE BOARD OF TRUSTEES NOT TO, MAKE ANY NEGATIVE

COMMENTS ABOUT DR. SPANIER TO THE MEDIA, TO THEIR PROFESSIONAL COLLEAGUES OR TO ANY OTHER MEMBERS OF THE PUBLIC, UNLESS REQUIRED BY LAW OR TO COMPLY WITH LEGAL OBLIGATIONS AND/OR TO PROVIDE TRUTHFUL INFORMATION IN CONNECTION WITH ONGOING OR FORTHCOMING INVESTIGATIONS.

14. IN THE EVENT OF ANY BREACH OF ANY PROVISION OF THIS AGREEMENT, THE PREVAILING PARTY IN ANY LITIGATION OVER SUCH BREACH SHALL BE ENTITLED, IN ADDITION TO ALL RELIEF OTHERWISE AVAILABLE UNDER LAW, TO AN AWARD OF REASONABLE COUNSEL FEES AND EXPENSES INCURRED IN INVESTIGATING AND LITIGATING SUCH BREACH.

15. DR. SPANIER ACKNOWLEDGES THAT HE HAS BEEN GIVEN THE OPPORTUNITY TO CONSIDER THIS AGREEMENT FOR AT LEAST 21 CALENDAR DAYS, WHICH IS A REASONABLE PERIOD OF TIME, AND THAT HE HAS BEEN ADVISED TO CONSULT WITH HIS ATTORNEY ABOUT THIS AGREEMENT PRIOR TO EXECUTING IT. DR. SPANIER FURTHER ACKNOWLEDGES THAT HE HAS HAD A FULL AND FAIR OPPORTUNITY TO CONSULT WITH HIS ATTORNEYS, THAT HE HAS CAREFULLY READ AND FULLY UNDERSTANDS ALL OF THE PROVISIONS OF THIS AGREEMENT, AND THAT HE IS VOLUNTARILY EXECUTING AND ENTERING INTO THIS AGREEMENT, INTENDING TO BE LEGALLY BOUND BY IT. IF DR. SPANIER EXECUTES THIS AGREEMENT IN LESS THAN 21 DAYS, HE ACKNOWLEDGES THAT HE HAS THEREBY WAIVED HIS RIGHT TO THE FULL 21-DAY PERIOD.

16. FOR A PERIOD OF SEVEN CALENDAR DAYS FOLLOWING DR. SPANIER'S EXECUTION OF THIS AGREEMENT, HE MAY REVOKE IT BY DELIVERY OF A WRITTEN NOTICE OF REVOCATION TO THE OFFICE OF CYNTHIA A. BALDWIN, ESQ., VICE PRESIDENT AND GENERAL COUNSEL, THE PENNSYLVANIA STATE UNIVERSITY, 108 OLD MAIN, UNIVERSITY PARK, PA 16802. THIS AGREEMENT SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE BEFORE THE SEVEN-DAY REVOCATION PERIOD HAS EXPIRED.

17. THE PARTIES HERETO FURTHER UNDERSTAND AND AGREE THAT THE TERMS AND CONDITIONS OF THIS AGREEMENT CONSTITUTE THE FULL AND COMPLETE UNDERSTANDINGS AND ARRANGEMENTS OF THE PARTIES WITH RESPECT TO THE TERMS OF DR. SPANIER'S TERMINATION FROM THE POSITION OF PRESIDENT OF THE UNIVERSITY AND THAT THERE ARE NO AGREEMENTS, COVENANTS, PROMISES OR ARRANGEMENTS OTHER THAN THOSE SET FORTH HEREIN WITH RESPECT TO THAT SUBJECT.

18. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.

19. IF ANY OF THE PROVISIONS OF THIS AGREEMENT ARE DECLARED OR DETERMINED BY ANY COURT TO BE INVALID OR UNENFORCEABLE FOR ANY REASON, THE REMAINING PROVISIONS AND PORTIONS OF THIS AGREEMENT SHALL BE UNAFFECTED THEREBY AND SHALL REMAIN IN FULL FORCE TO THE FULLEST EXTENT PERMITTED BY LAW.

20. THIS AGREEMENT MAY BE EXECUTED IN COUNTERPARTS, EACH OF WHICH SHALL BE DEEMED TO BE AN ORIGINAL, BUT ALL OF WHICH, TAKEN TOGETHER,

NAME SPANIER, GRAHAM BASIL

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SHALL CONSTITUTE ONE AND THE SAME AGREEMENT.

IN WITNESS WHEREOF, THE AFORESAID PARTIES, HAVING READ THIS
CONFIDENTIAL SEPARATION AGREEMENT AND INTENDING TO BE LEGALLY BOUND
HEREBY, HAVE READ, SIGNED, SEALED AND DELIVERED IT, VOLUNTARILY,
WITHOUT COERCION AND WITH KNOWLEDGE OF THE NATURE AND CONSEQUENCES
THEREOF.

THE PENNSYLVANIA STATE UNIVERSITY

BY: STEVE A. GARBAN, PRESIDENT, BOARD OF TRUSTEES

DATE: 11-15-11

**** END OF REPORT ****

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