

Grammy Chief Deborah Dugan's Shocking Memo to Recording Academy HR Director: Read in Full

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The December memo alleges financial improprieties and double dealings.

Recording Academy CEO/president **Deborah Dugan** sent a memo on Dec. 23, 2019, to **Shonda Grant**, the organization's managing director, people and culture, accusing the nonprofit organization of paying exorbitant legal bills, improper voting conduct and conflicts of interest among members of the board of trustees and outside legal counsel. Three weeks later, she was placed on administrative leave by the Academy's board of directors over a misconduct complaint filed by a senior female staffer identified as director of administration **Claudine Little**.

The memo, which has previously gone unseen and only referenced in news reports, was included in the Charge of Discrimination Dugan's attorneys **Douglas Wigdor** and **Michael J. Willem** filed against the Recording Academy with the Equal Employment Opportunity Commission on Tuesday (Jan. 21). It is published in full below.

In the memo, Dugan alleged a number of improprieties she had witnessed before she had even signed her contract, including leaking news to the press of her accepting the job. Furthermore, when she met with the Academy's long-time general counsel **Joel Katz** to review legal bills that she considered exorbitant, she claims Katz made several suggestive remarks throughout the dinner and even, at the evening's conclusion, "leaned forward, lips pursed, as to kiss me."

She also alleged conflicts of interest within members of the board of trustee's executive committee, who she said approved raising legal fees despite her objections because some of the committee members are also represented by the Recording Academy's counsel. Though she did not specify in the memo, she said there were "irregularities and conflicts with the current Nomination Review Process that must be addressed."

As well, she noted that she turned down a request to grant her predecessor, **Neil Portnow**, a \$750,000 consulting fee. She denied the request and later found out that there was a sexual harassment claim made against Portnow that the executive committee knew about, but did not share with the board. And she claims that members of the executive committee guided Little's complaint against Dugan, "apparently offering her guidance and support and fostering an atmosphere that has invited the recent baseless legal action."

To: Shonda Grant

Managing Director, People and Culture (Human Resources) From: Deborah Dugan
CEO & President of the Recording Academy

December 22, 2019

I am writing this email to briefly outline for you in your capacity as the senior most Human Resources executive some serious concerns that I have had since joining the Recording Academy. To date, I have sought to manage these concerns to the benefit of the Academy, but recent events have led me to conclude that making them known is necessary. Doing so does not come easily. I am deeply committed to the success and healthy growth of this non-profit. Yet, encouraging candor from others when they witness troubling or alarming behavior requires the same from me – especially as the CEO.

I am writing this note not for you to take any action at this time, but to have on record that the following events occurred, and that these events have given me serious pause for concern and in some instances made me feel uncomfortable and unsafe.

An initial insight that I needed to be concerned occurred prior to starting my job at the Academy. When the Board voted to have me be CEO, the Executive Committee was tasked, under great confidentiality, to negotiate a contract with me. Somehow, that I was to be the next CEO of the Academy was leaked to the press which wreaked havoc in my life as I had not informed my children, my current employer/ team or my many media industry partners. I was told at the time that only the Executive Committee and the company's lawyers knew of my selection. When I inquired as to how my name was "leaked" to the press, I was told members of the senior Academy management that such leaks were typical behavior since our lawyers not only represent the Recording Academy, but also represent industry publications who expect such inside information. I also learned at that time that the Academy lawyers also represent many of its Board members, and members of the Executive Committee in particular. Before I was even hired, I became concerned about such flagrant conflicts of interest.

Furthermore, prior to my hiring, I was asked to come as a guest to the Board of Trustees meeting in May, 2019, in Laguna Beach. Joel Katz, Esq. contacted me ahead of time and asked that I have dinner with him alone the night before the meetings began. He selected an expensive restaurant and I was taken aback when he ordered an outlandishly expensive bottle of wine. I was made uneasy by the many times he commented on my appearance and said how pretty I was. He repeatedly called me "Baby". Needless to say, I found his behavior disconcerting and utterly inappropriate.

Over the course of the evening, Mr. Katz explained to me that he was very very rich and had many houses, one in Bermuda and other locations. And he reminded me that he had a private plane and informed me that he was lonely and had no one to spend time with. He suggested that spending time together, traveling to his many homes could be something

nice for us to share. He talked about his marriage that had failed. I listened politely but made it clear I was not interested in his advances. At the conclusion of dinner, he leaned forward, lips pursed, as to kiss me. I quickly turned and made my way out of the restaurant.

Mr. Katz's comments about my looks and suggestive remarks have continued unabated since our first meeting at the restaurant in May.

In the course of that meal, I relayed to Mr. Katz that I had reviewed the Academy's finances and found that his and other legal bills for a not-for-profit of this size seemed exorbitant. I questioned why there was no in-house lawyer as is customary. I relayed that having an in-house attorney made sense to me and was something I wanted to explore once I started. He agreed with me on my assessment.

These disconcerting dynamics gave me a sense even before I was formally hired, that something was seriously amiss at the Academy and sure enough in my past 5 months of employment my instincts have proven accurate indeed. Here are a few examples:

The conflicts of interest on the Executive Committee are beginning to appear egregious. For example, I made it plain to the Executive Committee that lowering the millions of dollars of legal fees was a priority for the Academy in 2020. However, despite my expressed concerns, during the November board meeting, after I was abruptly asked to leave an Executive Committee meeting, the Executive Committee voted to raise legal fees. The Executive Committee members were well aware of my and the CFO's concerns about the exorbitant and unnecessary fees but decided to raise those fees even further. The fact that counsel who are receiving these unwarranted pay increases also privately represent those who are approving those increases over the objection of the CEO and CFO indicates serious fiduciary irresponsibility.

- I have also discovered that board members have approved payments to themselves in the amount of hundreds of thousands of dollars to oversee aspects of the Academy and Grammy events that do not need their oversight. For example, an Executive Committee member receives \$100,000 for Grammy services provided by an outside production company.

- Furthermore, I discovered that the prior Board chair's John Popo's [sic] brother manages the Academy's \$90 million endowment. I have expressed concerns about this conflict of interest and intended to formally address the issue in 2020.

- The Trustees are also intimately involved in the Grammy Voting and Awards process. There are irregularities and conflicts with the current Nomination Review process that must be addressed. I have shared this concern with the Executive Committee.

- Last, I was asked to please grant my predecessor, Neil Portnow, with a \$750,000 consulting fee. I denied this. I was not told at the time that there was a sexual harassment claim made

against Neil. The Executive Committee knew about this claim, but did not share the risk to the Academy with the Board.

Finally, let me address the prevailing issue with Claudine Little. As you are aware, you and I with help from outside counsel have worked together to manage Claudine's leave of absence. And as you will recall, we agreed that we wanted Claudine to continue contributing to the Academy, albeit in a different role than Director of Administration, possibly as Assistant to the new Executive Director of MusiCares or Director of Board Relations under soon to be hired SVP of Communications. However, these plans have been put on hold given her leave of absence and you were attempting to communicate with Claudine about what options she would like to pursue.

What we didn't know until recently is that members of the Executive Committee were in direct communications with Claudine apparently offering her guidance and support and fostering an atmosphere that has invited the recent baseless legal action. We also didn't know that the claim letter sent by Claudine's lawyer was not forwarded to either of us immediately but was only brought to our attention when we learned of the action from a third party. Furthermore, what we also didn't know was that Claudine and possibly her legal counsel were given access to the Academy's computer system and have been illegally reading confidential correspondence from my and your offices.

The issue that is of concern here is the unusual active and sustained interest the Executive Committee has taken in what amounts to a routine Human Resource issue – the simple redeployment of an executive assistant. There appears to be a manufactured crisis shaped by the Executive Committee's unseen contacts with Claudine. While you were managing this routine – and admittedly sensitive – personnel matter, the Executive Committee was apparently encouraging - and possibly orchestrating circumstances – to my and potentially the Academy's disadvantage. The fact that the Executive Committee has chosen to manufacture this crisis to my distinct disadvantage raises some serious questions of their creating a hostile and retaliatory work environment in order to derail my efforts at addressing serious fiduciary irregularities and concerning conflicts of interest.

Let me close with a simple observation. In my efforts to successfully resolve the many outstanding lawsuits facing the Academy that I inherited, one of the claimants characterized her experience of our organization's leadership as *"...it's a boy's club and they put their financial interest above the mission...."* At the time, I didn't want to believe it, but now after 5 months of being exposed to the behavior and circumstances outlined here, I have come to suspect she is right.