

SAN FRANCISCO BAY AREA VENTURE CAPITALISTS PROVE THEIR CORRUPTION RUNS DEEP

The founder of a Silicon Valley venture capital firm was sentenced Wednesday to six months behind bars for paying about \$450,000 in bribes to boost his two daughters' entrance exam scores and get one of them into Georgetown University as a bogus tennis recruit.

Manuel Henriquez, the 57-year-old founder and ex-CEO of Hercules Capital based in Palo Alto, California, cried and dabbed his eyes with a tissue as he prayed for forgiveness from his children and other families he hurt, and asked the judge for mercy.

"There is no perfect way to express how broken I feel in my heart and soul," said Henriquez, who sat next to his lawyer and wore a face mask for much of the hearing held via video conference because of the coronavirus pandemic.

His wife, Elizabeth Henriquez, was sentenced in March to seven months behind bars. She is currently locked up at a prison in California and is expected to be released in January, according to online records.

Prosecutors had asked for five months for Manuel Henriquez, calling him in court documents a "less active participant in the mechanics of the fraud than his wife." The defense urged the judge for three months or less.

U.S. District Judge Nathaniel Gorton called Henriquez a hypocrite who donated money to aid children, while at the same time

using his wealth and privilege to put his kids ahead of other less fortunate students in the college admissions process.

“It’s a sad day,” the judge said.

A high-school senior had deftly promoted her “brand” for the Ivy League, a college consultant boasted. In a 2013 promotional video, William Rick Singer, the mastermind of an elaborate admissions corruption scheme, showered praises on the young woman.

She’d started her own organization to fight climate change, he said. She’d eventually enroll in Brown. That student, it turns out, was Mary Doerr, a daughter of John Doerr, the Silicon Valley venture capitalist and early backer of Google and Amazon.

The Doerrs were clients of Singer years before he turned a legitimate college consulting practice into an elaborate bribery-for-admissions scheme that has shaken American academia, the parents who sought Singer’s advice and the Wall Street and Silicon Valley firms that are now dealing with the fallout.

Pro golfer Phil Mickelson and National Football League Hall of Fame quarterback Joe Montana each tweeted last week that their families had used Singer for college consulting and were “shocked” to hear about the illegal activity.

So are some of the Wall Street and Silicon Valley companies who had connections to Singer, including Goldman Sachs Group Inc., bond-giant PIMCO and venture-capital firm Kleiner Perkins Caulfield & Byers, which Doerr co-founded and is chairman.

Court papers suggest as many as 800 families hired Singer at some point. Singer ran an apparently legitimate college counseling firm, the Edge College & Career Network, before about 2011. The 2013 promotional video that referred to Mary Doerr says she was a client “six years ago,” or about 2007. The bribery case reaches back only to 2011.

The Doerr family has not been accused of any wrongdoing. Mary Doerr graduated from Brown University in 2015 and now is a graduate student at North Carolina State University, according to her LinkedIn profile.

Calls to Mary Doerr and her mother, Anne, were not returned. A Kleiner Perkins spokeswoman, Katie Hutchison, didn’t respond to a request to speak with John Doerr.

Hutchison declined to answer questions but said in a written statement that while Doerr and partner Tom Schlein, “along with a long list of Valley luminaries,” were clients of Singer, they consulted him only for “test tutoring and help with college applications — typical of services provided by thousands of private college counselors across the country — and nothing further.”

Goldman Sachs, which was mentioned in a wiretapped phone conversation as a social connection for at least one of the parents charged in Singer’s bribery-for-admissions scheme, says it has begun an internal investigation into any connection its employees may have to the former college consultant.

Firms whose partners and employees were caught up in the federal case known as “Operation Varsity Blues” have swiftly moved to fire or accept the resignations of people involved.

Bond-giant PIMCO said in a statement on Monday that “as part of a regular series that includes dozens of outside speakers, PIMCO invited Mr. Singer to speak twice over the past decade, the latest in 2015, about the college admissions process.” But the firm added that it “has never had a business relationship with Rick Singer or his college preparation organization. Neither PIMCO nor the PIMCO Foundation has ever paid Mr. Singer or donated money to his foundation.”

The statement added that any employees who engaged with Singer’s illegal scheme “would have no place at the firm.”

PIMCO’s former chief executive Douglas Hodge, who retired in 2017, is accused of paying about \$500,000 in bribes for two daughters and a son to be admitted to Georgetown University and the University of Southern California as fake tennis, soccer and football recruits.

The case has also sent shivers among affluent parents who fear they and their children will be tarnished as the Singer case unfolds.

Families now in the admissions process “want to illustrate that they’re a good family that wouldn’t cheat and that their kids would never want them to cheat the process,” said Christine Pluta, a private counselor with Edvise Princeton who has also worked in the admissions offices of the University of Pennsylvania and Barnard College. “I have never before heard a family try to convince me of their own integrity. Singer is part of the conversation.”

Pluta said when she worked at Penn about 20 years ago, a “father offered me a million dollars if his daughter would be

admitted. At first I thought he was joking.” She said she made it clear the offer was inappropriate.

Singer cooperated with authorities and pleaded guilty to facilitating more than \$25 million in bribes for faked ACT and SAT scores and bogus athletic profiles to schools including the USC, Georgetown and Yale University. Parents contributed to Singer’s fake charity, Key Worldwide Foundation, to facilitate bribes to coaches and school officials and some and some took the charitable-donation deduction.

The wealthy parents worked in finance, sports and entertainment and included actresses Lori Loughlin and Felicity Huffman as well as Hodge, who was replaced as CEO of PIMCO in 2016; Gordon Caplan, the co-chairman of global law firm Wilkie Farr & Gallagher LLP, and William McGlashan Jr., a former partner of private equity firm TPG, who was fired last week.

The relationships in those worlds led to some embarrassing revelations for firms who invited Singer to speak.

“We know people at Goldman Sachs who have, you know, recommended you highly,” said parent Marci Palatella, according to transcripts of a wiretapped conversation with Singer.

Palatella, chief executive officer of a liquor distribution company in Burlingame, Calif., and the wife of former San Francisco 49ers player Lou Palatella, was charged with paying \$575,000 in bribes to get their son into USC as a fake “long snapper” football recruit.

Goldman Sachs spokesman Patrick Scanlan said Monday that “we’re continuing to look into the matter.”

Another parent charged in the scandal referenced Kleiner Perkins. In a wiretapped conversation, parent Bruce Isackson worried that the Internal Revenue Service might discover the bogus charity, to which Isackson is accused of paying hundreds of thousands of dollars in bribes to get his daughter into USC as a fake-recruited rower.

Isackson, who was president of real-estate development firm WP Investments in Woodside, Calif., was charged along with his wife, Davina. He no longer appears on the website of the firm, which didn't respond to calls.

"Is this gonna be this — be the front page story with everyone from Kleiner Perkins do whatever, getting these kids into school," Isackson said according to the transcript.

In the 2013 promotional video, Singer spoke of an unnamed client who had started Inconvenient Youth while in high school. "She got totally engaged in her brand, in her story, in her passion," he said in the short video, adding that "I had her six years ago as a student" and thanking former Vice President Al Gore for allowing "us" to use his slide show from his 2006 documentary, "An Inconvenient Truth," that inspired Doerr's group.

Singer added that getting in to college "has to do with getting involved in your brand." He highlighted his role in Mary Doerr's venture, saying that "we wanted to create an organization that would focus on global warming for youth."

Mary Doerr started Inconvenient Youth in 2008 between her junior and senior years at Castilleja School in Palo Alto, Calif.

John Doerr, whose net worth Forbes puts at \$7.5 billion, has been involved in education issues for some time. He is co-founder and lifetime director of the Newschools Venture Fund, which invests in start-ups aimed at improving public education. He and Anne Doerr donated \$50 million in 2015 to Rice University, his alma mater, to finance a leadership training program.

The couple paid about \$50,000 bribes to have someone cheat multiple times on standardized tests for their daughters, authorities said.

The Henriquezes were also charged with paying \$400,000 to the sham charity run by admissions consultant Rick Singer to get their oldest daughter into Georgetown by falsely portraying her as a star tennis player. Singer in turn paid then-Georgetown tennis coach Gordon Ernst in exchange for labeling her as a recruit, authorities say.

Ernst, who's accused of getting nearly \$3 million in bribes, has pleaded not guilty.

Singer has pleaded guilty to running the sprawling bribery scheme and helped investigators build the case against the parents.

Henriquez's lawyers said in court documents that his participation in the scheme was "minor and largely passive" as he was busy running his company while his wife "devoted herself to the care and well-being of their children."

"Mr. Henriquez knew some but not all of the details of the scheme with Singer, played a small role, and to his great regret


and shame, did not stop it. He paid Singer's bills, as he did all the family's bills," his lawyers said in a court filing.

Assistant U.S. Attorney Eric Rosen said it "strains credulity" that Henriquez would believe that the \$400,000 payment to Singer's sham charity would support "underfunded college athletic programs (including Georgetown tennis) and programs for disadvantaged youth," as his attorneys claimed in court documents.

Rosen accused Henriquez of refusing to fully accept responsibility for his actions and attempting to present a "sanitized version of the conduct to the court."

The Henriquezes are among nearly 30 parents who've admitted to charges in the massive case called "Operation Varsity Blues."

"Full House" star Lori Loughlin and her fashion designer husband, Mossimo Giannulli, are scheduled to be sentenced in August after pleading guilty to paying half a million dollars to get their two daughters into the University of Southern California as fake crew recruits. Loughlin's plea deal calls for her to serve two months behind bars and Giannulli's calls for him to serve five months.

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