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MUSIC

Ronald Perelman's Bitter Departure Shocks Carnegie Hall Trustees

By MICHAEL COOPER SEPT. 17, 2015

From the moment Ronald O. Perelman became chairman of Carnegie Hall this year, the classical music world wondered how a billionaire businessman with a reputation for combativeness and a fondness for rock drumming would fit at the helm of the button-down board at the nation's pre-eminent concert hall.

But it still stunned the music industry when Mr. Perelman told a group of his fellow trustees on Thursday that he would step down next month, rather than run for re-election.

His swift announced departure, after tangling with members of the Midtown Manhattan hall's board and staff, leaves bitterness — and serious charges about the governance at Carnegie — in its wake.

Mr. Perelman wrote to his fellow trustees on Wednesday to accuse Carnegie's long-serving executive and artistic director, Clive Gillinson, of a "troubling lack of transparency" and criticize the board for failing to provide oversight. He complained that after he moved to briefly suspend Mr. Gillinson

last month, the board had failed to act on its promise to retain a lawyer to investigate his concerns.

The climax came on Thursday afternoon at a joint meeting of the board's executive and audit committees, when Mr. Perelman told his fellow trustees that he believed some of the laws governing nonprofits were not being followed at Carnegie and expressed frustration that no investigation into his concerns had been initiated, according to someone familiar with the proceedings, who was granted anonymity to describe what happened at a confidential meeting.

Mr. Perelman criticized board members for placing "a premium on avoiding tension and disagreement," the person said, and told them that while he would serve out his term, he would not run for re-election as chairman at the board meeting next month. The board then agreed to hire a lawyer to examine his concerns, which involved how Carnegie vetted what Mr. Perelman called "related-party transactions" in looking at deals that posed potential conflicts of interest.

Carnegie Hall officials did not return calls seeking comment on Thursday.

One member of Carnegie's board said Mr. Perelman might have decided to step aside next month because he was unlikely to be re-elected. The board member, who spoke on the condition of anonymity, said the trustees had felt blindsided this summer when Mr. Perelman briefly suspended Mr. Gillinson. The board member added that while they would investigate the concerns he raised, they did not believe that Carnegie had governance or transparency problems, and denied that the board had been dragging its feet on hiring a lawyer to investigate.

"The message from the Carnegie side is Clive Gillinson was an exemplary executive director for 10 years, we believe people are innocent until proven guilty, and we are quite confident that our governance is subject to perfect scrutiny," he said.

Mr. Perelman's reputation as a sharp-elbowed businessman with a penchant for taking on battles — he has sued the investment bank Morgan Stanley and the celebrity art dealer Larry Gagosian, among others — preceded his rise to chairman of Carnegie's board. But he also has a long history of philanthropy, has been a trustee at Carnegie since 1988 and has donated roughly \$30 million over the years to the hall. Its main stage is named for him.

In February, when Mr. Perelman succeeded Sanford I. Weill, who was Carnegie's chairman for nearly a quarter-century, he raised some eyebrows in classical music circles by admitting that he was not much of a classical music fan, and by suggesting that he would push for the hall to stage more pop acts, as it did decades ago. But Mr. Weill said he was a good choice to lead the board, noting his generosity to Carnegie and other charities.

"If one gets to know him, I think he's a man of his word," Mr. Weill said at the time. "He knows about giving back."

Mr. Weill did not return calls seeking comment on Thursday.

But soon after taking the reins at Carnegie, Mr. Perelman began encountering problems. In the letter that he emailed to the board on Wednesday, he wrote that he had initially grown concerned over "an inability to obtain a full picture of Carnegie Hall's financial operations, especially as it related to profits and losses involving performances," according to a copy obtained by The New York Times. And he raised concerns about whether Carnegie was adequately vetting transactions with potential conflicts of interest.

Such questions have been raised before. When Carnegie began an ambitious \$230 million project to renovate the studio towers around the hall to add music rooms for rehearsals and educational spaces, they hired the firm of Mr. Weill's son-in-law, Natan Bibliowicz.

The deal that drew Mr. Perelman's attention involved the Warner Music

Prize, a \$100,000 award for a young musician that was supposed to be presented on Oct. 27 at a gala performance at Carnegie Hall, benefiting musical education groups, including at the hall.

The Warner Music Group is owned by a firm founded by Len Blavatnik, who sits on Carnegie's board. Mr. Perelman's concerns were apparently not about the prize itself, but about whether Carnegie had properly vetted a project involving a commercial enterprise controlled by a board member, according to a different person familiar with the matter, who was granted anonymity to discuss a delicate issue. (In 2011 Mr. Blavatnik's firm had beat out several other suitors who wanted to buy the Warner Music Group, including Sony/ATV Music Publishing, which was working with Mr. Perelman and Guggenheim Partners, an investment firm.)

Shortly before Mr. Perelman's pending departure was made public, the prize organizers were said to be leaning toward moving the gala out of Carnegie, according to someone working on the event who was granted anonymity. It was unclear if his departure would change that.

Christopher Beattie, a spokesman for Mr. Blavatnik's firm, Access Industries, said in a statement that Mr. Blavatnik and his foundation were longtime Carnegie supporters, even before he joined the board in 2014, and that they had contributed about \$450,000 in annual donations and to support its opening night galas, and \$1 million to help send the National Youth Orchestra of the United States of America, which is organized by Carnegie, on tours of China and Europe.

"Mr. Blavatnik is proud of his relationship with Carnegie Hall and its international standard for excellence in performance," Mr. Beattie said.

But it was the prize that started the final clash between Mr. Perelman and Mr. Gillinson, a former cellist who became the managing director of the London Symphony Orchestra before he came to Carnegie. In his decade at Carnegie, Mr. Gillinson focused in part on education, starting a national youth

orchestra that has toured the world with leading conductors, continued to bring leading performers to the hall, mounted a series of ambitious festivals there and started a new project to commission some 125 new works over the next five years.

Mr. Perelman wrote in his letter to the board that he had asked Mr. Gillinson to delay the Warner Prize, only to find that Mr. Gillinson had gone ahead with a contract for it. He wrote that he and Carnegie's treasurer, Edward C. Forst, had suspended Mr. Gillinson on Aug. 18. He wrote that the board's executive committee had reinstated Mr. Gillinson the following day, agreeing to appoint "an independent lawyer to investigate the concerns we raised."

But after six lawyers were proposed and vetoed, and nearly a month passed with no action on the investigation, he said, he grew impatient. That is when he wrote the full board with his concerns, and called the meeting on Thursday.

Now, after one tenure that lasted nearly a quarter-century, and another that lasted less than a year, Carnegie will need to find a new chairman as it heads into its 125th season. That will begin next month with a gala concert featuring Alan Gilbert conducting the New York Philharmonic and the pianist Evgeny Kissin on the Ronald O. Perelman Stage.

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