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Foreign Donations in the Higher Education Sector of the United States and the United Kingdom: Pathways for Reputation Laundering

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Abstract

We explore how the influx of foreign funding into the higher education sectors of the United States and United Kingdom has raised the challenge of "reputation

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laundering"—when foreign donors and individuals use donations to prestigious universities to boost their international public image and offset negative images or reported controversies back in their home country. We outline four pathways for reputation laundering—donations for academic programs/schools, naming rights, honorary degrees and board seats; and the offer of favorable admissions decisions—and examine the variety of policies, practices and safeguards that have been adopted by U.K. and U.S. universities in response. We present evidence, drawn from a survey of U.K. development officers, that university diligence procedures, which usually focus on compliance with the law, often are inadequate for filtering or deterring most types of reputation laundering.

Keywords: philanthropy, reputation laundering, foreign donors, malign influence, gift policies, due diligence, compliance

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Introduction: Foreign Donations in Higher Education

Over the last two decades, the higher education sectors in the United States and the United Kingdom have been internationalized at a breathtaking speed. Universities have established campus branches overseas, forged important new partnerships with foreign academic institutions, NGOs, and governments, and offer new degrees and programs with international orientation and content (Altbach & Knight 2007). According to the American Council on Education's *Mapping Internationalization* report (Helms et al., 2017), 73% of U.S. institutions reported partnerships with academic institutions outside of the U.S., 34% with NGOs, 17% with foreign governments, and 12% with corporations. Raising a university's international profile can cement a university's reputation and ranking within a highly competitive global higher education landscape and expand international networks for faculty, students, and administrators; foreign funders can make invaluable long-term investments and support new fields of study.

But internationalization raises concerns about possible undue foreign interference in international educational activities, including concerns about research theft, the dissemination of disinformation and propaganda, and the endorsement of political and cultural values that are at odds with the educational mission and philosophy of the university, such as safeguarding academic freedom (Long et al., 2021). Deepening partnerships with authoritarian countries and overseas presence raise concerns about possible censorship practices or creating an environment that encourages self-censorship (Prelec et al., 2022).

In this essay, we explore how the surging inflow of foreign funding—especially as it comes from large gifts from individual donors—also raises another challenge under the rubric of malign influence—what we refer to as "reputation laundering." "Reputation laundering" occurs when foreign donors and entities use their donations to prestigious universities to boost their international public image and offset their negative images or reported controversies back in their home country. Importantly, reputation laundering may occur at the level of an individual, an institution or corporation, or a nation state and is likely to involve donations from charities or philanthropic vehicles. Higher education is not the only such vector for reputation laundering, but universities and the higher education sector are particularly susceptible on this front because university diligence procedures often lack clear guidance about what types of donations that do not strictly violate the law—should nonetheless be scrutinized, rejected, and why.

We begin by identifying some of the main trends in the influx of foreign funding to the United States and the United Kingdom as well as some of the challenges associated with classifying, investigating, and disclosing the origins of these funds. We then explore four main pathways in which reputational laundering can occur in university settings, providing recent cautionary examples from each. Our final substantive section examines the variety of policies, practices, and safeguards that have been adopted by U.K. and U.S. universities—including evidence drawn from a survey of U.K. development officers—and why they may prove insufficient to adequately confront the "reputation laundering" challenge. We conclude by stressing the need for clear guidance and greater transparency to reduce the risk of reputation laundering in universities.

New Foreign Challenges: Growing Foreign Donations and Malign Influences

Today's universities reap critical funds from individual gifts and foundations. Overall voluntary support to U.S. universities and colleges in 2018 totaled $49.60 billion (Kaplan, 2020). Foreign funding to U.S. and U.K. universities has also surged. According to the U.S. Department of Education, between 2013 and 2019 (U.S. Department of Education, n.d.), the reported total of foreign donations to U.S. universities exceeded $4 billion- though the actual figure is likely significantly higher. The leading reported foreign donors to U.S. universities from 2013 to 2019 were Hong Kong, the U.K., Canada, China, India, and Saudi Arabia (see Figure 1). Disaggregated by groups of peer schools from 2013-2019, the top foreign donor to the Ivy League universities was Hong Kong ($258 m), followed by the U.K. and mainland China ($160m) (See Figure 2). Hong Kong's meteoric rise as the leading foreign funding source is especially noteworthy (Chronicle of Philanthropy, 2019).

Figure 1: Top 10 Countries of Origin for Gifts Disclosed by U.S. Universities 2013–June 2019, according to U.S. Department of Education (in USD)

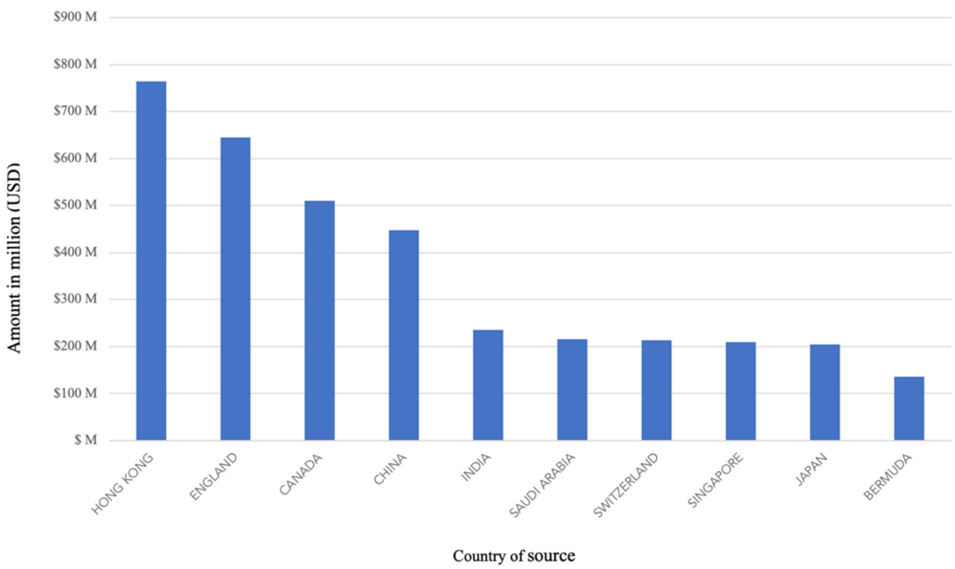
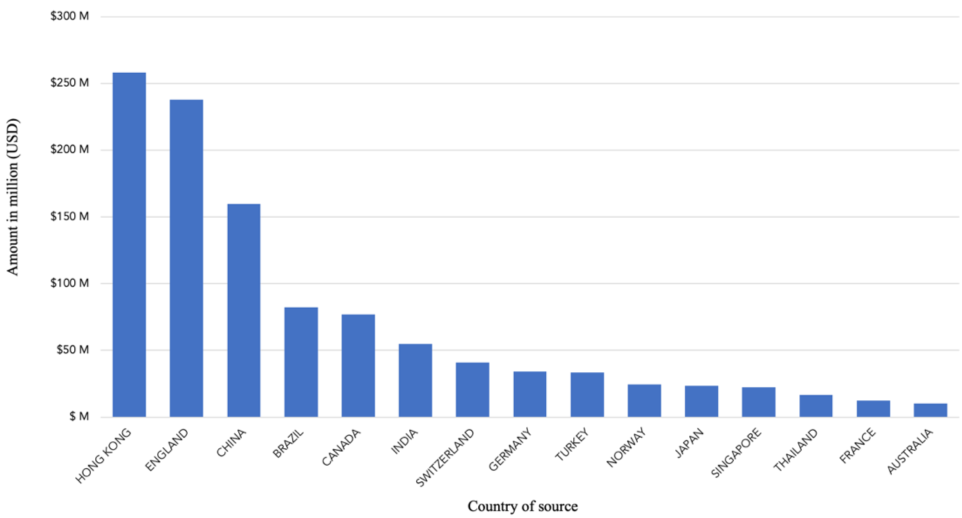


Figure 2: Top 15 Countries of Origin for Gifts Disclosed by Ivy League Universities 2013–2018, according to U.S. Department of Education (in USD)



Importantly, these official data almost certainly severely underreport the foreign origins of gifts and donations. As with other globalized entities like multinational corporations, high-net worth individuals and their foundations operate transnationally, co-mingling funds across favorable political and tax jurisdictions. Foreign-based donors actively maintain foundations or U.S.-based branches or pass-throughs. For example, the Qatar Foundation International, a charity registered in Washington DC, donated $1.4 billion from 2011-2014 primarily to just six U.S. universities that also operate a campus in the small Gulf state (Binkley, 2019). Similarly, high-net worth individual donors tend to hold multiple citizenships and may use U.S.-based entities for their donations. One of the largest individual gifts of the last decade—a $350 million made to Harvard University in 2014 by Ronnie Chan, a dual U.S. and Hong Kong national—was routed through a Massachusetts-based legal entity, even though the organization itself, according to its tax filings, received substantial funds transferred from foreign jurisdictions including Hong Kong and Monaco.

Gifts to the U.K. higher education sector are smaller but demonstrate similar internationalizing trends. Over the last decade an increase in tuition fees and the ramping up of development efforts have, according to the CASE-Ross report (2020), led to the near tripling of philanthropic donations received by the universities (from £0.5bn to £1.3bn). In the United Kingdom, there are no systematic data outlining the country of origin of donations, however, individual schools, as well as our U.K. interviewees, agree that although the majority of gifts still come from U.K. and U.S. donors, fundraising has become increasingly internationalized. For example, donation details released by Oxford University in response to a Freedom of Information request (2015) indicate a 100-fold increase from the Middle East from 2001 to 2014, with Saudi Arabia, the UAE, and Qatar accounting for the lion's share of donations. China has also increased in importance- by 2020, Chinese funding accounted for over one third of overseas funding, including student fees, to U.K. universities (Adams, 2020).

Beyond just increases in the total amount of foreign donations, the composition of fundraising has also changed. Universities receive, and actively solicit more mega-gifts from a smaller pool of elite donors. According to David Callan (2017), from 2005 to 2015 U.S. colleges and universities received over 14,000 gifts worth at least $1 million, and at least 100 gifts worth $100 million. Whereas in 2006, the top 1 percent of donors accounted for 64 percent of the dollar amount of university giving, by 2013 this had increased to 80 percent (Worth et al., 2020). And Genevieve Shaker and Victor Borden's overview (2020) of three decades of philanthropic support to higher education finds that a larger proportion of funds are now being designated for restricted, as opposed to unrestricted purposes, making the ascertaining a donor's background, preferences, and values more salient.

Over the same period, universities have ramped up their foreign outreach and alumni networks, while new groups of successful foreign nationals prioritize educational donations within their philanthropic activity. Surveys suggest that education is now the most popular individual cause for philanthropic giving among global HNWIs and private individual foundations (Johnson, 2018). For example, a survey of leading Chinese-American philanthropists (Kuo et al., 2017) found that donations to higher education comprised 66 percent of all large gifts (over $1 million) made between 2008 and 2014.

Reputation Laundering as a Form of Malign Influence

This increase in foreign funding has been mostly scrutinized for a university's potential susceptibility to *authoritarian influencing*, attempts by overseas authoritarian or kleptocratic states, through donations, and other forms of engagement, to shape research and teaching agendas about these countries (Benner, 2017). In this paper we are concerned with the associated challenge relating to the gift or charitable activities of foreign donors - reputation laundering. We define reputation laundering in terms of the phenomenon of transnational kleptocracy, as the intentional, "minimizing or obscuring evidence of corruption and authoritarianism in the kleptocrat's home country and rebranding kleptocrats as engaged global citizens" (Cooley et al., 2018)." Donors who have been implicated in acts of corruption, political repression and intimidation, suspicious activity, or questionable governance—but who are not formally in power or sanctioned for their activities—may strategically use their philanthropic activity to whitewash or deflect attention from their current or prior legal issues or controversial actions. Thus, reputation laundering is a transnational process by its very nature, as it projects a donor's public image through their Western or global philanthropic activities and obscures their more controversial histories and actions in their home countries. Insofar as the object of reputation laundering is a state or other entity which engages in institutionalized coercion it is a form of authoritarian influencing.

At times reputation laundering, which is extensive in the Western cultural domain, overlaps with foreign individuals who also seek to improve the image of their authoritarian countries of origin. Wealthy Russian oligarchs have been among the most influential patrons of major artistic and culture centers in the West, and several of them were sanctioned following Russia's aggression against Ukraine in 2014 and 2022 and as a result of the investigation into election interference in the 2016 U.S. Presidential campaign. Casey Michel and David Szakonyi (2020) found that over the last decades, just seven post-Soviet oligarchs have donated between $372 and $435 million to U.S.-based non-for-profit institutions, including universities, museums, cultural centers and think tanks. A useful umbrella term for cases of authoritarian countries using various methods to shape opinions among publics abroad is 'authoritarian image management' (Dukalskis, 2021).

Authoritarian reputation laundering through philanthropic donations to universities can be considered a subset of this.

Methodologically, and as with undue influence by authoritarian regimes, reputation laundering's secretive nature and the fact that its influence in the higher education sphere is exercised primarily via self-censorship, it is difficult to prove an outright causation between a particular donation and direct impact on research, teaching, or decision-making. Furthermore, with universities eager to keep expanding their donor networks. The phenomenon now is so widespread and commonly accepted that we observe a general complacency that "this is just the way things work," and that individual examples all boil down to "different shades of grey."

Importantly, although international reputations can be managed, they can change rapidly beyond what can be safeguarded by image management when unexpected geopolitical events and foreign relations recast the reputations of individual donors or designated countries as international pariahs, thereby drawing attention to a university's foreign ties. Perhaps most dramatically, in 2010 a foundation controlled by then Libyan President Muammar Qaddafi and his son Saif Qaddafi pledged a gift of £1.5 million to the Global Governance Centre of the London School of Economics and Political Science (LSE), just a few months before the Libyan autocrat was killed following a NATO military intervention in the country. The incident precipitated the resignation of the LSE's director Sir Howard Davies and a subsequent independent investigation (LSE 2011) criticized the university for "a disconcerting number of failures in communications and governance within the school" (22). Matters became even worse when reports revealed that Saif Qaddafi—who had been awarded a PhD in 2008 at the university—may have plagiarized his thesis. Similarly, in the United States, following the murder of *The Washington Post* journalist Jemal Kashoggi in 2018 in Turkey, MIT undertook a review of its relationships with the Kingdom of Saudi Arabia, concluding that the university's existing relationships with the kingdom be preserved, but that the university refrain from engaging in major activities in Saudi Arabia, "until conditions on the ground have changed significantly" (Lester, 2018).

Financial Disclosure: Reporting Obligations and Compliance Procedures

In the United States universities obligated by federal law, and some by state law, to report major foreign donations and ensure that they do not accept donations that are the results of ill-gotten gains or from individuals who are subject to sanctions or ongoing criminal proceedings. The chief among these disclosure requirements is compliance with the Higher Education Act (1965, amended in 1998; sec. 117, also 20 USC, 1011f) that requires that all contracts with foreign donors and gifts over $250,000 in value be reported to the U.S. Department of Education (DoE). Though we are interested in foreign gifts and donations, the reporting requirement encompasses all foreign funding sources, including grants and contracts, some of which are usually administered outside of development offices. Notably, universities in the U.K. are under no such obligation, though at the time of writing (June 2022), an amendment—modelled on the U.S.'s 117 law—had been incorporated into the draft Higher Education (Freedom of Speech) bill to require universities to report their foreign donations and partnership (Hansard, 2022).

Elsewhere, we have detailed recent efforts to enforce compliance under federal law (Cooley et al., 2021), seemingly prompted by a February 2019 report from the Subcommittee on Investigations of the Senate Homeland Security and Government Affairs Committee about Chinese influence on American higher education found that American universities "routinely" failed to report foreign gifts as required by law appears to have been a key driver. In response to this congressional activity, the DoE opened compliance investigations into at least a dozen universities, prompting a backlash from U.S. universities whose representatives have argued that federal authorities have failed to issue adequate compliance guidance. As part of its investigation, the U.S. DoE also reportedly requested information about donations from Saudi Arabia, Russia, and Qatar, in addition to China. In its October 2020 report (U.S. Department of Education, 2020), the DOE criticized Yale, Harvard, and Cornell, for failing to report hundreds of millions of dollars in foreign gifts and Stanford for failing to record the individual names of anonymous gifts. A review of these initial reporting documents by the *Wall Street Journal* (O'Keefe, 2020) found that, in total, these universities had failed to disclose about $6.5 billion in foreign donations from these countries of concern.

Vetting Reputations: Guidelines, Scandal, and Scrutiny

Unlike these federal and state reporting requirements, there is no standard guidance for universities to vet donors who donate to the university for the purposes of reputation laundering. Although concerns about reputational risk are now acute within universities, there is little consensus as to what exactly constitutes prohibitive "reputational risk" and how to mitigate or recognize red flags. When dealing with an individual foreign donor, universities often find themselves at a disadvantage to secure accurate and timely information about the individual's history, business practices and possible motives for engaging with the university. Some may rely primarily on commercial software on sanctioned or global political-exposed persons such as World-Check or WorldCompliance. Certain elite universities will be more scrutinous of potential donors who have no previous ties to the university than they will alumni. However, initial checks on a donor's standing often prove insufficient.

University policies rarely mention the vetting of reputations of donors, as most discuss financial procedures and accounting of gifts, thresholds for various types of endowments or, at best, explicitly mention how to deal with conflicts of interests in directly sponsored research. Decision processes and principles guiding acceptance or denial of donations from individuals remain mostly undisclosed or internal. Out of the leading 20 universities as ranked by the 2020 *U.S. News and World Report*, we found that only 3 merely mention ethical guidelines (Harvard, Yale, MIT), and only one addresses donations from non-U.S. sources (MIT).

Transparency about the origin and sums of all donations, foreign ones included, is also a challenge for most universities. Contacts and discussions with donors can be sensitive and competitive, leading to confidential meetings and negotiations between donors, or their representatives, and university administrators. Moreover, the level of guidance and training given to gifts and development officers about reputational risk and vetting potential prospect varies. Universities may provide briefings and standardized materials for all development officers and professionals but given that a single university can employ hundreds of development officers across dozens of autonomous schools and units, this creates clear delegation issues and potential "principle-agent" problems. Furthermore, while some universities mandate that each officer must address a standard list of questions for each prospect, others prefer to allow officers the discretion for minimizing risk as they cultivate prospects.

Mechanisms for Reputation Laundering in Higher Education

Association with an elite university confers international legitimacy and prestige on charities and foundations that are funded by the individuals and carry its name. In this section we explore four types of donor engagement with universities, and the way their gifts are considered and scrutinized. Each of these offers a potential pathway through which university donations and engagement can be wielded strategically by foreign individuals to launder their reputation: donations for academic programs; awarding naming rights for Chairs and buildings; obtaining board seats and honorary degrees; and loosening admissions criteria in exchange for donations.

#1: Individual Donations to Establish Academic Programs/Schools

The most high-profile of foreign donations are those intended to establish a particular center or institute to promote a particular program or course of study. For individual patrons, such gifts comprise perhaps the most powerful means of enhancing their reputations and global standing, as they are integrated into the core mission of the university, its academic activities, or even new degree-granting schools.

Concerns about how individual donors and gifts might influence the governance and academic agendas of universities have been present throughout their history. For example, Craig Wilder (2013) has shown how America's Ivy league universities aggressively courted donations from slaveholders and their family members, while even after emancipation universities continued to fundraise by appealing to proselytize Native American populations and develop "racial sciences" as courses of study. In the U.K., similarly, the legacies of certain benefactors are being reassessed: in 2020, the governing body of Oxford's Oriel College voted to remove the statue of Cecil Rhodes, who left the college £100,000 in his will and founded a postgraduate scholarship for international students that still bears his name, due to Rhodes role in British imperialism and his apparently racist beliefs. In 2019, following an internal report, Glasgow University agreed to set up a partnership with the University of the West Indies worth £20 million in what was reported as reparations and 'restorative justice' for the financial benefits (worth up to £198 million) it received from Scottish slave traders in the eighteenth and nineteenth centuries (Carrell, 2019).

In other cases, it is the more recent business ties of donors that have raised allegations of reputation laundering. For example, the Soviet-born, U.S.-U.K. citizen Leonard Blavatnik's donations to think tanks and cultural institutions have attracted public controversy due to the sources of his wealth in the post-Soviet Russian oil industry (de Haldevang, 2019). In 2017, following the 2016 election of U.S. President Donald Trump, a prominent professor at Oxford's Blavatnik School Governance—which had been established in 2015 following a 75m pound donation from the billionaire (then ranked the U.K.'s wealthiest man) —resigned in protest, alleging that the U.S. president stood in opposition to the value of "quality of governing" that the school claimed to promote (Weaver and Bengtsson, 2017).

In some cases, the object of reputation laundering may be a nation as well as its political elite and leading businesspersons. In 2018, the British Foundation for the Study of Azerbaijan and the Caucasus (BFSAC) gave a £10 million endowment to the University of Oxford; the identity of the donor was undisclosed due to the absence of that requirement in U.K. law (Matthews, 2021). On the back of this endowment, the Oxford Nizami Ganjavi Centre (ONGC), which studies "the Cultures of Azerbaijan, the Caucasus and Central Asia," was established. Anti-corruption watchdogs, investigative journalists, and academics, including those at Oxford (La Porte, 2015), have established that Azerbaijan's ruling Aliyev and Pashayev families are implicated in grand corruption and political repression, including establishing an offshore slush fund to conduct influence efforts abroad (OCCRP, 2017). In addition, to the direct opportunity for national branding, such endowments offer indirect influencing and networking opportunities through their boards and advisors. One British politician, Lord Malcolm Bruce, who sits on the board of the BFSAC, in his letter to then U.K. Foreign Secretary Domonic Raab, refers to the Nizami Ganjavi Centre as “an important symbol of inclusiveness promoted by Azerbaijan today.” The Council of Europe’s “caviar diplomacy” scandal showed how Azerbaijani elites have used gifts, inducements, and bribes to change the image of the country among politicians and the intellectual and cultural elite of Europe (European Stability Initiative, 2012).

Beyond the possible aggrandizement of individual, corporate, and national donors, such donations can have further malign consequences by compromising academic governance and censoring or restricting the development of funded fields of study. First, donors may exert a direct influence upon the program’s research agenda, publicly stated purpose, and scholarly profile. Donors may seek to control or exert an outsized voice in the appointments of critical governance positions, such as senior faculty chairs or advisory boards, or by otherwise trying to influence the curricular or programmatic agenda of the new academic unit. And even when direct pressure is not exerted by a donor, self-censorship, and the inclusion or exclusion of certain research topics and voices, in that academic community remains a prominent concern. For example, Jesus College, Cambridge, was accused of reputation laundering for the Chinese company Huawei after it released a ‘white paper’ which was funded by and had multiple co-authors from the company (Valero de Urquia, 2020).

Second, the new field or established academic unit itself might be regarded as controversial or highly politicized. For example, a number of Islamic Studies centers and programs have come under scrutiny for both the reputations of their donors and, even in the absence of a formal governing role, their deterring effects on academic or public scrutiny of the governance practices of these rulers and their governments. The high-profile donations of Saudi Prince Alwaleed bin Talal bin Abdulaziz Alsaud in support of Islamic Studies to Harvard ($20m), Georgetown ($20m), Edinburgh, and Cambridge have been scrutinized and criticized, though all institutions accepted the gifts (Ahuja, 2005). When Oxford established the ONGC with close links to Azerbaijan’s ruling family, Armenian activists raised questions about how the Centre would cover the history and politics of the South Caucasus (Matthews, 2021).

Third, attempts at reputation-laundering may be implicated in an individual donor's broader political campaign, legal struggle, or public relations campaign, not disclosed to the university, and whose pursuit may run contrary to ethical principles of the university like freedom of expression. For example, the Ukrainian oligarch Dmitro Firtash—who was indicted in the United States on charges of bribery and is still awaiting extradition from Austria—established a program in Ukrainian studies at Cambridge University as part of a broader effort in which he donated $230 million from 2010 to 2013 for Ukrainian-related cultural events in the country and in Western Europe (Kuzio, 2016). Firtash then strategically used the Cambridge donations in an attempt to win legal standing in U.K. courts to pursue legal action (which was ultimately unsuccessful) against the daily newspaper *Kyiv Post* for alleged reputational damage in the U.K. for an article published in Ukraine.

#2: Naming Rights: Buildings and Chairs

A second area for possible reputation laundering concerns assigning naming rights, most notably to endowed chairs and/or new buildings. Awarding named Chairs by donating endowed funds is now a common fund-raising practice and is an important vehicle to engage donors to substantially invest in a university. Universities usually have endowed chair policies (minimum amount, approval process, benefactor's advisory role, etc.), but the content of these policies is not always public nor consistently followed. When designated for an appointment in a specific field, universities must always strike a balance of ensuring that the position meets the terms of the benefactor while allowing freedom or selection and academic freedom of the chair holder.

The publicized ideological views and public comments of benefactors—or their associates—can also lead to legitimate concerns about a proposed gift. In 2004 Harvard Divinity School agreed to return a $2.5 million gift to endow a Professorship in Islamic Studies back to UAE President Sheikh Zayed Al Nahya. The decision followed a protest by Harvard faculty, students and alumni following allegations that the UAE President was affiliated with the Abu Dhabi-based Zayed International Center for Coordination and Follow-Up, an organization that engaged in Holocaust denial and claimed that the Pentagon was responsible for the 9/11 attacks (Cooperman, 2004).

Further complicating such donations is that Chair donors may have their reputations tarnished at a later point. In a widely noted domestic example, following the death of Kenneth Lay, the former Chief Executive Officer of the disgraced energy giant Enron which collapsed amidst a corruption and embezzlement scandal, four U.S. institutions sought to review the terms of endowed professorships that had been funded by Lay (Luker, 2006). Southern schools have struggled with the reviewing positions named after prominent slaveholders and segregationists, a dynamic now further fueled in the wake of the Black Lives Matter protests.

#3: Honorary Degrees and Seats on the University Board

Universities can also be complicit in reputation laundering by awarding honorary degrees and/or seats on university board to compromised or otherwise controversial individuals. Here, the donations potentially purchase something of value- a degree or a seat in a major governing institution of the university itself.

Codes of conduct for Board members emphasize that the primary duty of any board member is to the educational institution. In the United States, a trustee's fiduciary responsibilities include the obligation to act in good faith on behalf of the school, remain loyal, and advance its mission. In the U.K., board members are obligated to adhere to "highest standards of ethical behavior" and avoid undue pressures or external influences (Eckel, 2019a). In the previously mentioned ONGC example, Nargiz Pashayeva, the sister-in-law of Azerbaijan's autocratic President of Azerbaijan, Ilham Aliyev, and an important member of the ruling family, was awarded a seat on the Board of the center. Indeed, the official Oxford announcement of the new center (Development Office of the University of Oxford, 2018), directly quoted Pashayeva.

In the United States, consider the role of Viktor Vekselberg, a billionaire referred to by the Washington Post as, "one of Russia's richest men and a member of Vladimir Putin's inner circle," who made his fortune in precious metals and as head of the Renova Group investment conglomerate (Ferris-Rotman, 2018). Vekselberg was appointed to the MIT Board of Trustees in 2010 and then re-appointed in 2015, while serving as the President of the Skolkovo Foundation, a Russian initiative started by then President Dmitry Medvedev to develop a Russian "Silicon Valley." Vekselberg had been working on a $300 million collaborative project with MIT to develop a science and technology program in Russia but was abruptly sanctioned in April 2018 by the U.S. Treasury Department for "operating in the energy sector of the Russian Federation economy" (Daugherty, 2019). Vekselberg had become a member of the school's William Barton Rogers Society, a group reserved for elite donors (Eckel, 2019b), but was quietly removed by the university from its list of Board members shortly after his sanctioning. The university did not provide details as to how much he had contributed overall in gifts and donations.

#4: Receiving Favorable Admissions Decisions

A final area where universities can be inappropriately used to assist in reputation laundering lies in the linking of individual gifts and donations for preferential admissions treatment for the family members and associates of donors. Leading universities routinely maintain "development lists" of applicants from families of wealthy alumni and other actual and potential donors, for who admission criteria might be less stringent than the regular pool of applicants (Goldman, 2016). Strictly speaking, this pathway could also be viewed as more of a transactional form of corruption than an overt pathway of reputation laundering. But given that university admission and association confer prestige, such "pay to play" arrangements can elevate the global standing of these families and open new networks for overseas employment, association, and residence.

The 2019 U.S. admissions scandals dramatically revealed not only the privilege granted to wealthy contributors, but also highlighted the critical role played by transnational networks of fixers who collude with university administrators and athletic coaches to gain favorable admissions decisions for domestic and foreign wealthy donors (United States Attorney's Office, District of

Massachusetts, n.d.). The highest amount in the scandal was donated by Chinese pharmaceuticals billionaire Tao Zhao, whose family reportedly paid the admissions consultant William "Rick" Singer—who was indicted by federal prosecutors and has since pleaded guilty to a number of bribery and cheating crimes related to university admissions—a sum of $6.5 million (Rubin & Ormseth, 2019). The Tao family maintains that it was "misled" by Singer and that the donation was not related to their daughter's admission. Notably, Zhao's daughter was admitted to Stanford as a recruit for the school's sailing team, with no prior record in competitive sailing (Schleifer, 2019).

Our university interviewees confirmed that the admissions scandal has had significant ripple effects across U.S. universities, spotlighting the link between the contributions of wealthy and legacy donors and the admissions process. Although no administrators were willing to go on the record with these comments, several mentioned that some universities were widely known to have thresholds for foreign donations that would all but guarantee admission to the donor's persons of interest. Moreover, the DOJ investigation sheds some light on what seems to be the growing role of transnational fixers, who offer, informally, their services to overseas clients that include targeting gifts and donations to Western universities in exchange for admissions.

Research Findings: University Policies, Safeguards, and Institutional Best Practices

Our essay draws on primary research as well as publicly available secondary data. In our survey of officers in charge of donations at U.K. and U.S. universities, we selected the higher education establishments most likely to attract very significant amounts of donations: the 24 Russell Group universities in the U.K., and the Top 20 large U.S. universities as ranked by the 2020 edition of U.S. News and World Report. We asked them to share their gift acceptance policies and the way they changed over the recent years; to explain the role of the university's bodies involved in the gift approval process; and to explain whether gifts are treated differently depending on specific thresholds. In the U.K., out of the 24 institutions contacted (between July and September 2020), we received 17 responses to our survey (see: Appendix 1). We then carried out 13 in-depth interviews with U.K. respondents who indicated that they would be willing to assist U.S. further. At this follow-up stage, we discussed in detail the way their decision-making process works, sought to understand the red flags considered by the officers in charge, and explored the motivations behind the process. In the U.S., however, administrators were reluctant or nonresponsive (only 3 out of 20 indicated a willingness to be interviewed), though we should note that many of their institutions are currently under a compliance investigation by the U.S. Department of Education relating to the reporting of foreign funds. For the U.S. side we have, instead, commented on governance procedures from publicly available information.

Procedural Responses and Internal Changes

Wary of the great importance of keeping their reputation beyond reproach, prestigious universities have responded to the increased media scrutiny by adopting some ethical principles and expanded review procedures. Most notably, the LSE's Qaddafi case has had a significant echo in the U.K.: the 2011 report (London School of Economics, 2011) that originated from Lord Henry Woolf's inquiry on the LSE's links with Libya has been quoted by several of the university gift managers interviewed for this study as a "catalyst" that spurred change in their regulations and procedures in accepting donations. Similarly, following the Epstein revelations, and driven by the need to avoid similar reputational damage, U.S. institutions have set processes in motion to review the way they solicit, supervise, and accept such philanthropic contributions. Our survey addressed the formal system employed to assess potential gifts, while our follow-up interviews asked questions on how this works in practice, both formally and informally.

The imperative to attract ever larger sums of money, from and for an international audience, exposes university development offices to a number of challenges. Administrations increasingly deal with donors who are less familiar to them, without a previous university connection, who are likely interested in earning publicity or making a public impact through their gift. International donors often have backgrounds that are more difficult to desk check, necessitating development offices to become proficient in foreign languages (especially Mandarin) and recruit development officers and overseas alumni who can assist in the vetting of prospects. This tendency prompted increased concerns: "when you stray away too much from the Western hemisphere, information becomes impossible to get to," said one of our U.K. interviewees. While highlighting the use of increasingly sophisticated measures to unearth information about potential donors such as social media profiles, some of them admitted that the lack of information could, at the same time, be a silver lining: "This is a disadvantage and an advantage, because [in the case of adverse publicity repercussions] we can say that we honestly did not know."

Trends in the U.K.

While philanthropic donations lack specific statutory provisions under U.K. law, elite British universities are no less aware of the need for screening donations than those in the U.S. Our research was conducted while the professional association Universities U.K. was drafting its "Security Guidelines for Universities" study (2020), following a tide of criticism from government, parliament, and the media regarding authoritarian influence. The range of issues included in the U.K. report include but far exceeds that of foreign gifts, encompassing the protection of foreign faculty and students, the integrity of research and the protection of intellectual property, the safety of fieldwork, and the integrity of foreign campuses. Aware that public attention has increased, U.K. universities seemed keen to demonstrate their alertness by cooperating with our research.

All of the seventeen U.K. leading universities that accepted to take part in our study indicated that their gift acceptance procedure happens on the basis of ethical guidelines drawn by their institution (see: Appendix 1). Of them, nine had published their latest guidelines online (Birmingham, Bristol, Cambridge, Durham, Edinburgh, King's College London, LSE, Nottingham, Sheffield, Southampton and York), while five institutions had theirs either behind a password-protected page, available upon request or not available to the public (Exeter, Imperial, Liverpool, Newcastle, Oxford and Warwick). The level of detail of these guidelines varies, ranging from one-page documents to more thorough guidelines that are over 15 pages long.

The U.K. responses indicate that gifts to universities are typically handled by an office in charge of development and—occasionally—of alumni relations, in conjunction with some form of advisory body (a Gift Review Committee, or similar) that reviews the largest and/or riskiest gifts. The thresholds for conducting due diligence, and for determining the level of oversight required, vary greatly from institution to institution. While minor gifts would usually be subject to a risk-based approach by the administrator, mid-size gifts require the approval of a head of department, and larger gifts are usually subject to a review by senior university officers and/or by the high-level committee.

Geographically, not all gifts are subject to the same scrutiny. Donations coming from the post-Soviet space are, most often than not, treated with an added degree of caution, especially after Russia's 2014 invasion of Crimea. Such considerations are bound to increase dramatically after the invasion of Ukraine in February 2022. In some respects, therefore, it is those cases of reputation laundering originating from authoritarian countries outside the limelight that are those most insidious, as they might be given a free pass in consideration of the fact that they are not able to tarnish the reputation of the university in that moment of time.

Indeed, several university officers indicated that gift committees were influenced by events in the news that were perceived as creating reputation management risks. Other countries that universities have decided to treat with alertness are those that have been linked with troubles for U.K. academics or wider human rights issues (e.g., the United Arab Emirates, Saudi Arabia, and Iran were all mentioned by interviewees). Increasingly, donations from China are becoming a matter of concern for university administrators. Again, however, there is no overarching rule in how to assess country risk. Some universities have developed 'heatmaps' on the basis of external indicators (such as Transparency International's CPI), others take into account committee decisions and previous experience, and others operate on a purely case-by-case basis.

Most U.K. universities stated that, by and large, they conduct the due diligence internally, using open-source data. In most cases, university research officers could count on at least one paid-for software used to detect the ownership of any assets and the connections among companies and individuals. Some of the bigger institutions said that they also employ external background checkers on occasion, especially in cases that require specific language skills or that present a high level of complexity.

The length of the process varies. From "as little as twenty minutes" (in the hypothetical case of "an old lady who is an alumna of the university and wants to invest her savings") to as much as nine months for some institutions, or even 18 months for others, in the case of a complex and sizeable gift from a previously unknown donor. Larger universities highlight the importance of starting the process early and conducting screenings twice: once at the beginning of the relationship with the donor (when it is decided whether to pursue the prospect at all), and once at a point at which the gift is formally put forward.

Asked how many gifts were formally rejected for failing to comply with the ethical guidelines, universities reported a very low number, ranging from no rejections at all, to a maximum number of four rejections over the past year. The reason for the low number of rejections by the high-level committee was attributed, by the interviewees, to the protracted process in place: if a prospective donor is found to be clearly not aligned with the university's values, they say, the decision not to proceed with the relationship would be taken before even being brought before the high-level gift approval committee.

Institutions that are lucky enough to have a well-established history and track-record in attracting donations can usually count on a dedicated gift management/acceptance team with a well-developed checklist and procedures, a luxury not shared by more up-and-coming institutions, which sometimes rely on staff members with a wider remit. In all cases, universities have indicated that discussions and changes are ongoing in this area, thus clearly underlining the fluidity of the subject as well as its timeliness. Interestingly, most U.K. interviewees were convinced that the regulations present in U.K. institutions are much more stringent than those in vogue at U.S. universities, despite the lack of transparency in the U.K. compared to the U.S.

Persistent Weaknesses

What are, therefore, the obstacles for the higher education sector to improve their rules in accepting philanthropic donations in a uniform and consistent way? The susceptibility to media trends, of which many of our interviewees spoke openly, is a first potential matter of concern. This issue raises the question of whether gift approval policies indeed constitute a consistent approach based on solid ethical and moral values or whether they are themselves react to external influences, pressures, and scrutiny. The research conducted for this paper suggests that the latter factor, the logic of consequence, is still a stronger motivator for conducting diligence than the logic of appropriateness.

Among the further challenges, there is also a marked difference in standards: what is defined as a ‘large gift’ deserving of heightened scrutiny varies drastically between smaller and larger institutions, and between the U.K. and the U.S. By way of comparison, some lesser-known universities among the U.K.’s Russell Group have reported that they consider any gift above £10,000 as a ‘large gift’ that therefore needs to undergo the highest process of due diligence foreseen. For some U.S. Ivy League universities, this figure stands at $10 *million* and above. And while smaller universities may heighten their guard for gifts that are comparably smaller than those received by the ‘big shot’ universities, they will also be penalized because of their lack of resources to dedicate to a professional team devoted to this line of work.

Practically speaking, the decision as to whether to accept a gift raises obvious conflict of interest concerns. Donor research done by alumni relations and development staff is often guided by solicitation etiquette and for the purpose of developing engagement and stewardship strategies, rather than to investigate sources of wealth. Moreover, gift review committees are primarily tasked with protecting the legal interests of the university, considering conflicts of interest, and only occasionally managing the university’s reputation. These operating procedures leave a lot of leeway and grey areas for accepting donations from questionable or unreputable sources. They also exert considerable pressure on committee members to, ultimately, not get in the way of a potential large gift. Most problematically, eight of the seventeen U.K. respondents reported not having independent gifts committees but relying on formal or ad hoc systems of senior management approvals systems for large gifts (see Appendix 1). It was not clear how commercial and ethical requirements would be balanced in these cases.

A final significant challenge, mentioned by many of our respondents (and affecting large, decentralized universities in particular), appears to be the need to implement the ethical precepts across the whole institution. As a consequence of not being able to control the whole corpus of scholars, university officers state, there might be cases in which a 'rogue academic' makes a bad call in accepting some form of association, a speaking engagement or a donation from a dubious source. Whether this "bad apple" argument is a sufficient and satisfactory alibi in explaining the persistent cases of reputation laundering is beyond the scope of this paper.

Conclusion

We have argued that the question of improper foreign influence on higher education must be understood in terms of the wider ecology of reputation laundering across private and public sectors. Universities must balance safeguarding their own reputations with remaining open for business. Today's foreign funders are not just individual PEPs, but companies and the states with which they are associated, further blurring distinctions between reputation laundering, authoritarian influencing, and commercial interests. The controversy over Huawei at many universities reveals this complexity. The image of the Chinese elites, the preferences of the Chinese Communist Party, and the investments of a putatively private Chinese company are all at stake. Universities have responded differently to these challenges with, for example, Oxford stating in 2018 that it would no longer accept Huawei money, while Cambridge, according to one investigative report ("Revealed: Huawei's Oxbridge Millions," 2021) has received more than £25 million from the company from 2016-2021. The opaqueness of both the gifts and the assessment processes—both in the U.K. where transparency is almost entirely lacking and, in a different way, the U.S. where institutions are required (but sometimes fail) to report major foreign donations—makes universities all the more subject to suspicion.

Although this paper has probed some of the issues and trends in foreign gifts and reputation laundering in the United States and the U.K., we invite researchers to explore the issues as they are impacting higher education in other democracies. Though much remains to be done in the realm of transparency, U.S. and U.K. administrators have been responding to pressure for disclosure and media reporting by establishing some vetting and diligence procedures, however imperfect. And despite our focus on the international donors in this article, it is important to recognize that reputation laundering, and more direct forms of influence are most visibly exposed in the domestic realm. In the United States, recent scandals and revelations—most notably those about child-trafficker Jefferey Epstein and the opioid-crisis embroiled Sackler family—placed increased scrutiny on universities and their procedures for dealing with high-value donors. These scandals have revealed the preferential treatment, and secrecy afforded to powerful individuals who provide large donations, whether domestic or foreign.

Reputation laundering relies on partial transparency whereby the benefactor is public, but their sources of wealth and any conditions of their gift are not. Our research suggests that the core problem is one of non-disclosure: the absence of robust and institutionalized transparency about reporting gifts and accountability about the process of scrutinizing them. To address this problem a new openness must begin within universities with the involvement of staff and students in the process of decision making about gifts *before* they have been accepted. Students, student-run newspapers, and alumni organizations key constituencies for holding universities– and their Boards– to account, although they too are hampered by non-disclosure. In the U.K., campaigns regarding links to Huawei and the Chinese state (at Jesus College, Cambridge [Valero de Urquia, 2020]), to a Chinese university partner's involvement in the repression of Uyghurs (at Exeter [Marks, 2021]), and to donations from fossil fuel companies (at Oxford [Lovett, 2020]), have all been led by students or alumni. Moreover, they have exposed details of these links only after extensive research involving freedom of information requests.

The form and degree of transparency is crucial to any hope for progress. In the U.S., public reporting is a legal requirement but the adherence and enforcement of this has been lacking until now, due to both the compartmentalization of development offices and the absence of clear guidance from the DoE. In the U.K., members of the faculty and student bodies may be included in gifts committee from their positions as elected senators and guild officers. Major gifts accepted, foreign and domestic, must then be reported to a public body—not merely to Boards and university councils—and published with sufficient detail to chart relationships between individual donors and recipient schools and academic units in all cases except those where the case for anonymity has been accepted by a committee. Information on the beneficial owner of donations made via LLCs and the major funders of private philanthropic organizations should also be provided. Without full transparency according to clear public standards, reputation laundering by wealthy individuals with questionable sources will continue to be a problem for universities in the U.S., U.K., and beyond.

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Appendix 1: Summary U.K. University Foreign Gift Policies

Name of University	**Response?**	**Ethical guidelines for donations**	**Highest level decision-making body**	**Thresholds for donations and responsibilities**
University of Birmingham	Responded	Public	Senior management approval system	• Up to £10k: Fundraising officer • £10,001–£50k: Head of Fundraising • £50,001–£100k: Associate Director of the Development and Alumni Relations Office (DARO) • £100,001–£250k: Director of DARO • £250,001+: Registrar & Secretary after obligatory due diligence
University of Bristol	Responded	Public	Dedicated gifts committee independent from senior leaders	• Up to £25k: Director of Development and Alumni Relations (DARO) • £25k–£499,999: Director of DARO, with referral to Vice-Chancellor if due diligence raises issues • £500k–£999,999: Pro Vice-Chancellor, with referral to Vice Chancellor, Chief Operating Officer and Chair of the Board

				of Trustees if due diligence raises issues • £1m+: Vice Chancellor, Chief Operating Officer and Chair of the Board of Trustees, with possibility of referral to Board of Trustees if due diligence raises issues
University of Cambridge	Responded	Public	Dedicated gifts committee independent from senior leaders	• Up to £100k: Heads of Departments and Institutions • £100,001–£999,999: Development and Alumni Relations Office upon formal due diligence • £1m+: Committee on Benefactions and External and Legal Affairs (CBELA). Cases that might be controversial may be referred to CBELA even if under the £1m threshold.
Cardiff University	No response			
Durham University	Responded	Public	Senior management approval system	• £1–£10k: A 'regular' or 'annual fund' level donation • £10k–£100k: A 'major gift' • £100k–£1m: A 'campaign level' donation or 'leadership' donation (subject to due diligence sign-off by senior university officers) • £1m+: A 'principal gift' (subject to due diligence sign-off by the Vice-Chancellor)
University of Edinburgh	Responded	Public	Senior management approval system	• £5k–£99,999: Director of Development and Alumni (D&A), upon initial due diligence • £100k–£499,999: Director of D&A, Ethical Fundraising Advisory Group (EFAG), and potentially the Central Management Group (CMG)

				• £500k+: all cases referred to EFAG, irrespective of risk identified
University of Exeter	Responded	Internal Only	Ad hoc senior management approval	• Under £10k: Gifts below £10k are encouraged to be allocated to one of the generic • £100k–£499,999: Director of D&A, Ethical Fundraising Advisory Group (EFAG), and potentially the Central Management Group (CMG) • £500k+: all cases referred to EFAG, irrespective of risk identified
University of Glasgow	No response			
Imperial College London	Responded	Upon Request	Senior management approval system	• Under £25k: Advancement. No due diligence unless risks are identified • £25k–£100k: Head of Development; Directors of Development; Director of Advancement Operations; Vice-President of Advancement. Standard due diligence • £100k+: Senior officers, including College Secretary & Registrar. Full due diligence
King's College London	Responded	Public	Dedicated gifts committee independent from senior leaders	• Under £10k: no due diligence unless risks are identified. • £10k–£100k: 'major gifts': due diligence procedure applies • £100k+ (single or cumulative): Fundraising Ethics Review Group (FERG)
London School of Economics and Political Science (LSE)	Responded	Public	Dedicated gifts committee independent from senior leaders	• Up to £100k: approval within Division. Risk-based approach. • £100k–£250k: Ethics Manager. Initial due diligence. • £250k–£5m: Ethics Grants and Donations Panel (EGDP) expedited: Chair and Panel

				member review. Full due diligence. • £5m+: EGDP full panel. Can refer to School Management Committee (SMC). Full due diligence. • Sovereign state association: Head of Gift and Partnership Income Management; School Secretary; SMC
University of Leeds	No response			
University of Liverpool	Responded	Upon Request	Dedicated gifts committee independent from senior leaders	• £10k+: 'large donation'. Initial due diligence • £10k–£100k: controversial donations are referred to the Gifts Oversight Group • £100k+: automatically reviewed by the Gifts Oversight Group
University of Manchester	Refused			•
Newcastle University	Responded	Upon Request	Senior management approval system	• £10k+: obligatory due diligence. There are other thresholds above this that inform the level of approval needed, which is up to the University Council.
University of Nottingham	Responded	Public	Senior management approval system	• Under £25k: No due diligence checks required • £25k–100k: Director of Advancement (CARO) upon review of due diligence • Over £100k: Gift Acceptance Committee (including a mixture of University’s Executive Board members, academics with related specialisms and Finance and Advancement staff) upon review of due diligence
University of Oxford	Responded	Upon Request	Dedicated gifts committee	Not disclosed

			independent from senior leaders	
Queen Mary University of London	No response			
Queen's University Belfast	No response			
University of Sheffield	Responded	Public	Dedicated gifts committee independent from senior leaders	• Under £25k: Heads of Department • £25 k–£99,999: Due Diligence Panel within the department of Campaigns and Alumni Relations • Over £100k: Donations Acceptance Panel (DAP)
University of Southampton	Responded	Public	Ad hoc senior management approval	• Significant gifts, of a value above £10k, are enshrined within a Gift Agreement.
University College London (UCL)	No response			
University of Warwick	Responded	Internal Only	Dedicated gifts committee independent from senior leaders	• Small: Regular Gifts (£1–£1k) and Leadership Gifts (£1k–£100k). Initial due diligence. • Medium: Major Gifts (£100k–£1m). Detailed due diligence. • Large: Principal Gifts (£1m+). Referred to the Fundraising Ethics Committee only if problems are raised.
University of York	Responded	Public	Dedicated gifts committee independent from senior leaders	• Under £500: 'Participation Gift'. No formal gift acceptance or due diligence process. • £500–£4,999: 'Leadership Gift'. Usually no due diligence. Authorization required from £1k

				• £5k+: 'Major Gift', dealt with by the Philanthropic Partnership and Alumni (OPPA)
				• £25k+: formal due diligence required. Acceptance of any donation of £1,000+ requires signed authorization from a senior leader, as follows:
				  ○ £1k–£100k: authorization from the Registrar or Director of External Relations (who is the Executive Board member responsible for OPPA)
				  ○ £100k–£3.9m: authorization from the Vice-Chancellor
				  ○ £4m+ also requires notification to Council. The highest decision-making body is new Due Diligence Approval Group, chaired by a Pro-Vice Chancellor, which, in turn, can escalate decisions to a sub-committee of Council, the Ethics Framework Governance Committee (EFGC)

Note. Most institutions have reported that, if red flags are raised at levels that are lower than those triggering automatic due diligence, they would escalate the gift to a higher level of scrutiny in the gift approval process. University of Sheffield: their ethical guidelines are included in the Code of Ethics.

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