

Yahoo director on hot seat to leave board (Update 2)

May 8 2012, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- The flap over a bogus college degree on Yahoo CEO Scott Thompson's official biography has claimed its first casualty - the director who led the committee that hired him four months ago.

Patti Hart will surrender her Yahoo board seat at the company's still-unscheduled annual meeting. She framed her decision as a commitment to focus on her job as CEO of gambling-machine maker International Game Technology, while allowing Yahoo's board to deal with the fallout from the recent revelations about Thompson's inaccurate academic credentials.

"It has been my privilege to serve Yahoo stockholders and I remain confident in the company's future," Hart said in a statement distributed Tuesday by IGT.

Yahoo Inc. thanked Hart for serving on its board since June 2010 and wished her luck.

Pleasantries aside, Yahoo's own board probably wanted Hart to leave down, said Gene Grabowski, an executive vice president at Levick Strategic Communications, which works with companies facing crises.

"In a crisis, sometimes there are circumstances where you have to make a sacrifice to the gods. This appears to be one of them," Grabowski said of Hart's departure from the board.

Hart, 56, becomes the sixth Yahoo director to depart the board since the company hired Thompson to engineer a turnaround. The exodus will leave Yahoo with nine directors.

IGT Chairman Philip Satre said IGT's board urged Hart to leave Yahoo in order for her to avoid being distracted.

The turmoil swirling around Yahoo is likely to escalate. A dissident shareholder who is seeking to shake up the board even more is demanding access to internal records about Thompson's hiring. And Yahoo's board is conducting its own investigation into why no one flagged an inaccuracy that has been appearing in Thompson's bio for years.

At various times, published summaries of Thompson's academic background have included a computer science degree from Stonehill College that he never received. Thompson graduated from Stonehill, a Catholic school near Boston, in 1979 with a bachelor's in accounting, an accomplishment that Yahoo correctly listed in his bio.

Those earlier inaccuracies have raised questions about whether Thompson deliberately allowed the misinformation to perpetuate and why Hart didn't insist on a more thorough background check before Yahoo hired him.

After Thompson joined Yahoo, the non-existent degree appeared on his bio on Yahoo's website and in documents filed April 27 with the Securities and Exchange Commission.

"It's pretty clear that there was information that slipped through Yahoo's fingertips and someone has to be held accountable," said Gayle Mattson, an executive vice president for executive search firm DHR International.

Hart's plans to leave Yahoo's board were first reported by All Things D, a technology blog affiliated with The Wall Street Journal.

Several experts on corporate ethics and governance have predicted Thompson is likely to lose his job because of the uproar over the fabricated college degree.

An activist hedge fund trying to gain four seats on Yahoo's board already had been calling for the company to jettison Thompson and Hart. Hart laid out her exit strategy after the hedge fund, Third Point LLC, launched its attempt to review Yahoo's internal records so it can learn more about the Thompson's hiring.

In a memo sent Monday to Yahoo's employees, Thompson apologized for the distractions caused by the furor over his inaccurate bio. But he didn't offer an explanation on who was responsible for the deception. He also promised to cooperate with the investigation by Yahoo's board.

After announcing its plans for the inquiry last week, Yahoo provided more details on Tuesday about who will oversee the investigation. The probe will be handled by a committee of three directors who joined the company's board after Thompson's hiring.

Alfred Amoroso, a veteran high-tech executive, will lead the committee, which also will include John Hayes, American Express Co.'s chief marketing officer, and Thomas McNerney, former chief financial officer for IAC/InterActiveCorp. Los Angeles lawyer Terry Bird will serve as the special committee's independent counsel.

The investigation will review whether Thompson ever lied about his academic credentials, as well as Yahoo's own internal controls.

Besides skewering Hart for shoddy research into Thompson's

background, Third Point blasted her for an inaccuracy about her own academic history.

Hart's bio had claimed she held a bachelor's degree in marketing and economics. After being confronted by Third Point, Yahoo clarified that Hart graduated from Illinois State University with a bachelor's degree in business administration with specialties in marketing and economics.

IGT also said Hart holds a bachelor's degree in marketing and economic in a recent SEC filing.

"After a thorough review, the IGT board of directors has found no material inconsistencies in Patti Hart's academic credentials," Satre said.

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