

‘THREE CUPS OF TEA’: MISMANAGEMENT OR FRAUD?

In April 2011, exposés by journalist Jon Krakauer and *60 Minutes* correspondent Steve Kroft, cast a dark shadow over the work of Greg Mortenson, a medic, mountaineer and education advocate whose charity work in Pakistan and Afghanistan had been documented in two best selling books, *Three Cups of Tea*, and *Stones Into Schools*. The success of *Three Cups of Tea* (over five million copies of the book have been sold) had led to large donations to Mortenson’s charity, the ambitiously-named Central Asia Institute (CAI), which was originally founded with a \$1 million donation by Swiss physicist and fellow mountaineer, Dr. Jean Hoerni in 1996.

Three Cups of Tea, written in the third person as an account of Mortenson’s life by co-author David Oliver Relin, begins with Mortenson failing to climb K2, the second-highest mountain peak on earth, in honor of his little sister Christa, who died in 1992. Exhausted and disoriented in unfamiliar surroundings, Mortenson stumbles into a village that he believes to be Askole. The village is actually Korphe, but the villagers welcome him and take care of him (with multiple cups of tea) while he recuperates from his extreme exhaustion. Mortenson is inspired by their generosity and promises to return and to build them a school.

Fast forward to 2011. Mortenson’s charity, CAI, has received over \$72 million in donations since 2003 (including \$100,000 donated by President Barack Obama from his Nobel Peace Prize Award in 2009 – an award for which, ironically, Mortenson was also nominated), and has \$23 million in reserves. Mortenson has given over five hundred speaking engagements in the last four years, and the CAI has, it claims, built over 170 schools in Central Asia and is actively supporting dozens more. *Three Cups of Tea* has become required reading for all western military personnel assigned to Central Asia.

Subsequent investigative reporting by Krakauer and CBS correspondent Steve Kroft alleged that much of Mortenson's story was either significantly embellished or fabricated – he didn't lose his way descending from K2; he wasn't rescued by the villagers of Korphe; and he was never captured by the Taliban in 1996 as he claimed in *Three Cups of Tea*. It was further alleged that he was mismanaging the CAI and using it as his "personal ATM". Specific details were later made public in court records that appeared to support these allegations:

In 2009-2010 Mortenson and his family charged personal items to CAI in the amount of \$75,276 that included "LL Bean clothing, iTunes, luggage, luxurious accommodations, and even vacations".

CAI spent more than \$2 million on private charter flights for Mortenson's speaking engagements, even when he was reimbursed for travel fees by event organizers. Standard speaking fees started at \$15,000 in 2008, with 25% of that going to the Penguin Speakers Bureau (Penguin was Mortenson's publisher). In subsequent years, that rate increased to \$35,000, with PSB getting the same 25%. Mortenson kept the balance of all fees.

On average, only 41% of donations went to CAI's work in Central Asia – much of the rest went to bulk purchases (\$3 million) of his books at full retail price to keep them on the bestseller lists (with Mortenson keeping the royalties), travel expenses, and advertising costs for the books (\$5 million).

Mortenson's defenders argue that he is "more of a founding visionary than the disciplined CEO necessary to run a \$20 million-a-year charity". However, investigations by the Attorney General of the State of Montana in response to a civil lawsuit have verified most of the allegations made against Mortenson. CAI has responded by agreeing to a repayment amount by Mortenson of \$1 million, by removing him from day-to-day operations (though he remains in a "visionary" capacity with the organization), and by appointing a new, larger, board of directors. Other civil litigation is ongoing.

Mortenson, by contrast, blamed his co-author's "artistic license" and "time compression" in telling his story as being at the root of much of the confusion and mis-information surrounding CAI. Penguin Publishing, the publisher, has admitted that minimal fact checking was performed in reviewing the first draft of the book.

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Sources:

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