

CIVIL ACTION COVER SHEET	TRIAL COURT OF MASSACHUSETTS SUPERIOR COURT DEPARTMENT COUNTY OF <u>SUFFOLK</u>	DOCKET NO. <u>14-1300 H</u>
PLAINTIFF(S) <u>Commonwealth of Massachusetts</u>		DEFENDANT(S) <u>Robert Gee</u>
Plaintiff Atty <u>Ashley H. Wisneski, Esq.</u> Address <u>Office of the Attorney General, One Ashburton Place</u> City <u>Boston</u> State <u>MA</u> Zip Code <u>02108</u> Tel. <u>6179632079</u> BBO# <u>660927</u>		Type Defendant's Attorney Name Defendant Atty <u>William Codinha, Esq.</u> Address <u>Nixon Peabody, 100 Summer Street</u> City <u>Boston</u> State <u>MA</u> Zip Code <u>02110</u>
TYPE OF ACTION AND TRACK DESIGNATION (See reverse side)		
CODE NO.	TYPE OF ACTION (specify)	IS THIS A JURY CASE?
	D13 Declaratory Judgment G L C 231A - Average Track	☒ Yes ☐ No
The following is a full, itemized and detailed statement of the facts on which plaintiff relies to determine money damages. For this form, disregard double or treble damage claims; indicate single damages only.		
TORT CLAIMS (Attach additional sheets as necessary)		
A. Documented medical expenses to date: 1. Total hospital expenses 2. Total doctor expenses 3. Total chiropractic expenses 4. Total physical therapy expenses 5. Total other expenses (describe)	RECEIVED APR 22 2014 SUPERIOR COURT-CIVIL MICHAEL JOSEPH DONOVAN CLERK/MAGISTRATE	Subtotal \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____ \$ _____
B. Documented lost wages and compensation to date C. Documented property damages to date D. Reasonably anticipated future medical expenses E. Reasonably anticipated lost wages and compensation to date F. Other documented items of damages (describe)		\$ _____ \$ _____ \$ _____ \$ _____ \$ _____
G. Brief description of plaintiff's injury, including nature and extent of injury (describe)		
Total \$ _____		
CONTRACT CLAIMS (Attach additional sheets as necessary)		
Provide a detailed description of claim(s): 		
TOTAL		\$.....
PLEASE IDENTIFY, BY CASE NUMBER, NAME AND COUNTY, ANY RELATED ACTION PENDING IN THE SUPERIOR COURT DEPARTMENT		
<u>In re: National Graduate School of Quality Management, Inc., SUCV2012-1874-D</u>		
I hereby certify that I have complied with the requirements of Rule 5 of the Supreme Judicial Court Uniform Rules on Dispute Resolution (SJC Rule 1:18) requiring that I provide my clients with information about court-connected dispute resolution services and discuss with them the advantages and disadvantages of the various methods.®		
Signature of Attorney of Record <u>Ashley H. Wisneski</u>		Date: <u>April 22, 2014</u>
A.O.S.C. 3-2007		

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, SS

SUPERIOR COURT
CIVIL ACTION NO.

14-1300A

COMMONWEALTH OF MASSACHUSETTS,

Plaintiff,

vs.

ROBERT GEE,

Defendant.



COMPLAINT

I. INTRODUCTION

1. The Commonwealth of Massachusetts, by and through Martha Coakley, as she is the Attorney General of the Commonwealth of Massachusetts, (hereinafter "the Commonwealth" or "the AGO") brings this action in the public interest pursuant to her common law and statutory authority to see to the due application of charitable funds and to prevent breaches of trust in the administration of public charities within the Commonwealth. *See* M.G.L. c. 12, §8. The Attorney General seeks a declaration that the former president and Chief Executive Officer of the National Graduate School of Quality Management, Inc. (hereinafter "NGS"), Robert Gee, breached his fiduciary duty of loyalty to NGS; an order that Robert Gee reimburse NGS for funds obtained by him in excess of a reasonable level of compensation and for NGS funds used by him for expenditures without approval of the Board of Directors of NGS; and an order that Robert Gee may not serve as fiduciary in any capacity for any charitable organization in the Commonwealth in the future.

II. JURISDICTION

2. Jurisdiction is conferred on this Court by M.G.L. c. 214, §1. The Court is authorized to declare the respective rights of the parties pursuant to M.G.L. c. 231A, §1 et seq.

3. The AGO is authorized to bring this action pursuant to M.G.L. c. 12, § 8 and M.G.L. c. 12, §10. The AGO has an interest in preventing unfair or deceptive acts or practices in order to promote the well-being of those who live and transact business in Massachusetts.

III. VENUE

4. This action is brought in the Superior Court of Suffolk County pursuant to M.G.L. c. 223, §5.

IV. PARTIES

5. The Plaintiff the Commonwealth, represented by the AGO, brings this action in the public interest pursuant to M.G.L. c. 12, §8 et seq.

6. The Defendant Robert Gee (hereinafter “Dr. Gee”) is a natural person currently residing in Falmouth, Massachusetts who was the President, Chief Executive Officer, and Executive Director of NGS from its creation in 1997 until June 20, 2012.

V. FACTS

7. In or about 1993, Dr. Gee established a Master of Science in Quality Systems Management program at Anna Maria College in Paxton, Massachusetts.

8. On or about October 27, 1994, NGS was incorporated as a non-profit organization under Chapter 180 of Massachusetts General Laws with the name Total Quality Management The Master’s Degree, Inc.

9. Dr. Gee was the President, Treasurer, and sole director of the corporation at that time.

10. NGS received notice that the Internal Revenue Service determined that NGS was exempt from income tax pursuant to Section 501(c)(3) of the Internal Revenue Code at around the same time of its incorporation.

11. On or about November 17, 1997, NGS was granted degree-granting authority from the Massachusetts Board of Higher Education (hereinafter "the BHE").

12. On or about December 3, 1997, NGS changed its name from Total Quality Management The Master's Degree, Inc. to The Falmouth Institute of Quality Systems Management, Inc. (hereinafter "The Falmouth Institute").

13. In or about 1997, NGS began operations as The Falmouth Institute as an educational facility separate from Anna Maria College. NGS was located at 186 Jones Road, Falmouth, Massachusetts.

14. Dr. Gee was the President, Treasurer, and sole director of The Falmouth Institute at that time.

15. NGS first assembled a board of directors in or about 1997.

16. On or about September 19, 1998, NGS changed its name from The Falmouth Institute to The National Graduate School of Quality Management, Inc.

17. Dr. Gee served as the President, Chief Executive Officer, and Executive Director of NGS until June 20, 2012.

18. For the 2002 calendar year, Dr. Gee received \$190,382 in compensation as President, Chief Executive Officer, and Executive Director of NGS.

2003 Employment Agreement

19. On or about July 14, 2003, Dr. Gee entered into an employment agreement with NGS (hereinafter "the 2003 agreement").

20. The 2003 agreement was signed by Thomas Kneavel (hereinafter "Kneavel") as the "chair-elect" of the NGS Board.

21. Pursuant to the 2003 agreement, Dr. Gee received a base salary of \$250,000 per year, with additional and separate compensation for his work teaching courses for NGS.

22. The 2003 agreement provided that Dr. Gee was "entitled to deferred compensation in recognition of his substantial past services..." The 2003 agreement further stated that "[t]he parties are currently in the process of reviewing a Supplemental Executive Retirement Plan qualifying under Section 457 of the Internal Revenue Code." The parties agreed "to amend the 2003 agreement to reflect the terms of such a deferred compensation plan"; however, the 2003 agreement was never so amended.

23. There is no documentation surrounding Dr. Gee's past services and what level of compensation he would be entitled to as a result of those past services.

24. Pursuant to the 2003 agreement, Dr. Gee was to "be paid a reasonable car allowance."

25. The 2003 agreement was set to terminate "on the date [Dr. Gee] attains age seventy-one (71)." Dr. Gee was 58 years old at the time of the execution of the 2003 agreement, making the term of the 2003 agreement 13 years.

26. Dr. Gee and Kneavel did not bring the 2003 agreement or any of its terms to the NGS Board of Directors for its discussion or approval prior to the execution of the 2003 agreement.

27. The 2003 agreement and its terms favored Dr. Gee at the expense of NGS.

28. Dr. Gee was or should have been aware that the 2003 agreement and its terms benefitted him at the expense of NGS.

29. The 2003 agreement and its terms conferred unreasonable compensation and benefits on Dr. Gee including, inter alia, by virtue of the 13 year term of the 2003 agreement.

30. Dr. Gee was or should have been aware that the 2003 agreement and its terms conferred unreasonable compensation and benefits upon him.

2003 Purchase of Vehicles by Dr. Gee

31. In September 2003, Dr. Gee purchased a 2004 Mercedes sedan and a 2004 Mercedes station wagon using NGS funds.

32. The 2004 Mercedes sedan was purchased for an undetermined amount for the sole use of Dr. Gee.

33. The 2004 Mercedes station wagon was purchased for \$68,813 for the primary use of Dr. Gee's wife, Aileen Waters Gee (hereinafter "Aileen Gee").

34. There is no provision in the 2003 agreement allowing a car to be purchased for Aileen Gee using NGS funds.

35. Dr. Gee did not perform any analysis regarding whether the purchase of two Mercedes using NGS's charitable assets constituted a "reasonable" expenditure or whether another, less expensive model would have served the same purposes at a better cost to NGS.

36. Dr. Gee did not bring the purchase of the two Mercedes to the NGS Board of Directors for its discussion or approval prior to the purchase of the two Mercedes.

37. Dr. Gee caused more than \$68,813 of NGS funds to be expended for the vehicles without informing the Board or receiving its approval.

38. The purchase of the two Mercedes by Dr. Gee was made at the expense of NGS.

39. Dr. Gee was or should have been aware that the purchase of the two Mercedes benefitted him at the expense of NGS.

40. The two Mercedes constituted an unreasonable benefit to Dr. Gee.

41. Dr. Gee was or should have been aware that the two Mercedes constituted an unreasonable benefit to him.

2003 Compensation for Dr. Gee

42. For the 2003 calendar year, Dr. Gee's total compensation was \$389,787.

43. Dr. Gee was or should have been aware that his 2003 compensation benefitted him at the expense of NGS.

44. Dr. Gee was or should have been aware that his 2003 compensation was unreasonable.

2004 Compensation for Dr. Gee

45. For the 2004 calendar year, Dr. Gee's total compensation was \$395,368.

46. Dr. Gee was or should have been aware that his 2004 compensation benefitted him at the expense of NGS.

47. Dr. Gee was or should have been aware that his 2004 compensation was unreasonable.

2005 Purchase of the St. John Timeshare by Dr. Gee

48. In February 2005, Dr. Gee entered into a contract to purchase two weeks of a timeshare in St. John, U.S. Virgin Islands (hereinafter "the timeshare") for a total initial purchase price of \$195,990 using NGS funds.

49. NGS paid the \$40,000 purchase price down payment for the timeshare.

50. The purchase of the timeshare was financed at 16.9% interest.

51. NGS paid the mortgage debt and the operating expenses for the timeshare until it chose to cease payments in or about February 2013.

52. On or about the time that NGS ceased payments, the expense to NGS totaled approximately \$252,784.31.

53. Dr. Gee did not seek Board approval to use NGS funds to purchase the timeshare prior to the purchase of the timeshare.

54. Dr. Gee did not receive Board approval to use NGS funds to purchase the timeshare prior to the purchase of the timeshare.

55. Dr. Gee caused \$252,784.31 of NGS funds to be expended for the purchase of and payments for the timeshare without informing the Board or receiving its approval.

56. From the time of its purchase, the timeshare was used solely by Dr. Gee, Aileen Gee, their family members and friends for their own personal benefit.

57. The timeshare was never used for official NGS purposes, meetings, or business.

58. NGS received no benefit from the purchase and ownership of the timeshare.

59. The purchase of the timeshare by Dr. Gee was made at the expense of NGS.

60. Dr. Gee was or should have been aware that the purchase of the timeshare benefitted him at the expense of NGS.

61. The timeshare constituted an unreasonable benefit to Dr. Gee.

62. Dr. Gee was or should have been aware that the timeshare constituted an unreasonable benefit to him.

2005 Compensation for Dr. Gee

63. For the 2005 calendar year, Dr. Gee's total compensation was \$367,801.

64. Dr. Gee was or should have been aware that his 2005 compensation benefitted him at the expense of NGS.

65. Dr. Gee was or should have been aware that his 2005 compensation was

unreasonable.

2006 Employment Agreement

66. On or about October 1, 2006, Dr. Gee entered into a new employment agreement with NGS (hereinafter “the 2006 agreement”).

67. Pursuant to the 2006 agreement, Dr. Gee received a base salary of \$400,000 per year. The 2006 agreement also granted Dr. Gee an unspecified “cost of living increase each year during the term of this contract....”

68. Pursuant to the 2006 agreement, Dr. Gee received “an annual incentive compensation amount” to be determined by NGS’s Compensation Committee and “based on whatever factors such Committee deems relevant....” The annual incentive compensation amount was not to be less than 15% of Dr. Gee’s annual base compensation.

69. The 2006 agreement purportedly was adopted, in part, “to provide [Dr. Gee] with compensation which recognizes such past contributions [to the growth and success of NGS], and recognize the fact that [Dr. Gee] has been under-compensated in the past, founded and financed the institution by selling his own personal property and possessions, and donated substantial amounts approaching \$100,000 per year to [NGS] for several consecutive years....”

70. There is no documentation that Dr. Gee was undercompensated in the past, that he financed the institution by selling his personal property, or that he donated substantial amounts to NGS for several consecutive years.

71. Pursuant to the 2006 agreement, Dr. Gee was to be provided with an automobile for which NGS would “pay the expense of running and maintaining such automobile....”

72. Pursuant to the 2006 agreement, Dr. Gee was granted “the use of a two week time share vacation at a place of his choosing.” If Dr. Gee did not take advantage of this contract

provision and take a vacation at a timeshare, he would receive additional compensation from NGS in the amount of \$1000 for each week that he was entitled to, but did not use, a timeshare.

73. The 2006 agreement was set to terminate “on the date [Dr. Gee] attains age eighty (80).” Dr. Gee was 61 years old at the time of the execution of the 2006 agreement, making the term of the 2006 agreement 19 years.

74. The 2006 agreement was signed on behalf of NGS by Mary Orlando (hereinafter “Orlando”), a contracted accounting and bookkeeping services provider for NGS. Orlando was not a member of the Board of NGS, nor was she a paid employee of NGS. No member of the Board of NGS executed the contract for NGS.

75. Dr. Gee and Orlando did not bring the 2006 agreement or any of its terms to the NGS Board of Directors for its discussion or approval prior to the execution of the 2006 agreement.

76. The 2006 agreement and its terms favored Dr. Gee at the expense of NGS.

77. Dr. Gee was or should have been aware that the 2006 agreement and its terms benefitted him at the expense of NGS.

78. The 2006 agreement and its terms conferred unreasonable compensation and benefits on Dr. Gee.

79. Dr. Gee was or should have been aware that the 2006 agreement and its terms conferred unreasonable compensation and benefits upon him.

2006 Compensation for Dr. Gee

80. For the 2006 calendar year, Dr. Gee’s total compensation was \$576,254.

81. Dr. Gee was or should have been aware that his 2006 compensation benefitted him at the expense of NGS.

82. Dr. Gee was or should have been aware that his 2006 compensation was unreasonable.

2007 Compensation for Dr. Gee

83. For the 2007 calendar year, Dr. Gee's total compensation was \$590,950.

84. Dr. Gee was or should have been aware that his 2007 compensation benefitted him at the expense of NGS.

85. Dr. Gee was or should have been aware that his 2007 compensation was unreasonable.

2008 Compensation for Dr. Gee

86. For the 2008 calendar year, Dr. Gee's total compensation was \$707,643.

87. Dr. Gee was or should have been aware that his 2008 compensation benefitted him at the expense of NGS.

88. Dr. Gee was or should have been aware that his 2008 compensation was unreasonable.

2009 Purchase of Onawa Lane Properties

89. On or about February 10, 2009, Dr. Gee entered into a Purchase and Sale Agreement on behalf of NGS for the purchase of properties located at 3, 5, and 11 Onawa Lane, Falmouth, Massachusetts (hereinafter "the Onawa Lane properties").

90. The purchase price for the Onawa Lane properties was \$3.36 million.

91. The purchase of the Onawa Lane properties was financed through \$2,640,000 in Massachusetts Development Finance Agency Section 501(c)(3) revenue bonds.

92. NGS used \$720,000 of its own funds for the remainder of the purchase price of the Onawa Lane properties.

93. During FY08, the fiscal year immediately preceding the purchase of the Onawa Lane properties, NGS had gross support and revenue of \$5,299,840 and year-end assets of \$3,223,738.

94. The purchase of the Onawa Lane properties by NGS closed on or about May 15, 2009.

95. At the time of the purchase of the Onawa Lane properties, the Onawa Lane properties required renovations in the amount of at least \$1.5 million.

96. At the time of the purchase of the Onawa Lane properties, there was no developed plan for how the Onawa Lane properties would be used for NGS's academic or charitable purposes.

97. Dr. Gee had proposed that the Onawa Lane properties be used for "environmental quality/sustainability programs/degrees." However, NGS did not at the time of the purchase of the Onawa Lane properties (and does not now) have approval from the BHE to issue environmental quality/sustainability degrees.

98. At the time of the purchase of the Onawa Lane properties, no contracts were in place for the use of the Onawa Lane properties by NGS clients or students.

99. The only specified plan in place for the Onawa Lane properties at the time that NGS purchased them was that one of the buildings thereon would be used as a home for Dr. Gee and Aileen Gee.

100. Dr. Gee caused \$720,000 of NGS funds to be committed to purchase the Onawa Lane properties without ensuring that a viable business plan was in place for the Onawa Lane properties and that the funds were being expended for the best interests of NGS.

101. Dr. Gee caused NGS to incur debt of at least \$2.64 million to purchase the Onawa

Lane properties without ensuring that a viable business plan was in place for the Onawa Lane properties and that the debt was being incurred in the best interests of NGS.

102. Dr. Gee caused NGS to purchase of the Onawa Lane properties knowing that an additional \$1.5 million would need to be expended on renovations and maintenance without ensuring that a viable business plan was in place for the Onawa Lane properties and that those anticipated expenditures were in the best interests of NGS.

103. Dr. Gee caused NGS to purchase of the Onawa Lane properties when the only known use for the properties at the time of the purchase was to serve as a residence for Dr. Gee, resulting in personal benefit to him without ensuring that the purchase of the properties as a residence for him was in the best interests of NGS.

2009 Bonus to Dr. Gee

104. On or after June 26, 2009, minutes were prepared reflecting an Executive Committee meeting on June 26, 2009 wherein Orlando was directed to confer a \$100,000 bonus on Dr. Gee "in recognition of [his] superior job performance rating and in light of the institution's FY 2009 net surplus..."

105. The \$100,000 net bonus was to be bestowed upon Dr. Gee immediately in the following fiscal year, which was to begin on July 1, 2009.

106. The prepared minutes indicated discussion of the bonus by the Executive Committee and a unanimous vote to award it.

107. On or after June 26, 2009, Dr. Gee received a bonus resulting in a net payment to him of \$100,000.

108. No meeting of the Executive Committee took place on June 26, 2009.

109. There was no discussion of or vote authorizing the bonus to Dr. Gee by the

Executive Committee.

110. The minutes of the Executive Committee meeting were prepared by Dr. Gee without the knowledge or approval of the Board.

111. Dr. Gee caused \$100,000 of NGS funds to be expended for the bonus without informing the Board or receiving its approval.

112. The bonus favored Dr. Gee at the expense of NGS.

113. Dr. Gee was or should have been aware that the bonus benefitted him at the expense of NGS.

114. The bonus conferred unreasonable compensation on Dr. Gee.

115. Dr. Gee was or should have been aware that the bonus conferred unreasonable compensation upon him.

2009-2010 Purchase of Quonset Road Property

116. On or about October 16, 2009, Dr. Gee entered into a Purchase and Sale Agreement purportedly on behalf of NGS for the purchase of a property located at 53 Quonset Road, Falmouth, Massachusetts (hereinafter "the Quonset Road property").

117. The purchase price for the Quonset Road property was \$1.25 million.

118. The purchase of the Quonset Road property was financed through \$1,000,000 in term loans from Bank of America.

119. The remainder of the purchase price of the Quonset Road property comprised \$250,000 of NGS funds.

120. During the fiscal year ending June 30, 2009, which fiscal year immediately preceded the purchase of the Quonset Road property, NGS had gross support and revenue of \$6,303,968 and year-end assets of \$4,321,195.

121. The quitclaim deed conveying the Quonset Road property to NGS was also signed and dated October 16, 2009.

122. Dr. Gee did not present the possibility of purchasing the Quonset Road property to the Board prior to entering into the purchase and sale agreement on October 16, 2009.

123. Dr. Gee did not seek the approval of the Board to purchase the Quonset Road property prior to entering into the purchase and sale agreement on October 16, 2009.

124. Dr. Gee did not receive the approval of the Board to purchase the Quonset Road property prior to entering into the purchase and sale agreement on October 16, 2009.

125. Dr. Gee caused \$250,000 of NGS funds to be committed to purchase the Quonset Road property without informing the Board or receiving its approval.

126. Dr. Gee caused NGS to incur debt of \$1 million to purchase the Quonset Road property without informing the Board or receiving its approval.

127. In or about July 2010, Dr. Gee sent an email to the Board requesting their approval to purchase the Quonset Road property for which Dr. Gee had already entered into a purchase and sale agreement and for which a quitclaim deed had already been executed, describing the purchase as "this sudden opportunity."

128. In or about July 2010, the Board approved the purchase of the Quonset Road property.

129. The purchase of the Quonset Road property by NGS closed on or about August 30, 2010.

130. At the time of the purchase of the Quonset Road property, there was no developed plan for how the Quonset Road property would be used for NGS's academic or charitable purposes.

131. At the time of the purchase of the Quonset Road property, no contracts were in place for the use of the Quonset Road property by NGS clients or students.

132. Dr. Gee caused \$250,000 of NGS funds to be committed to purchase the Quonset Road property without ensuring that a viable business plan was in place for the Quonset Road property and that the funds were being expended for the best interests of NGS.

133. Dr. Gee caused NGS to incur debt of \$1 million to purchase the Quonset Road property without ensuring that a viable business plan was in place for the Quonset Road property and that the debt was being incurred in the best interests of NGS.

2009 Purchase of Vehicles by Dr. Gee

134. In October 2009, Dr. Gee purchased a 2009 Mercedes sedan and a 2009 Mercedes station wagon using NGS funds.

135. The 2009 Mercedes sedan was purchased for \$70,660 for the sole use of Dr. Gee. The 2004 Mercedes sedan referenced in paragraph 31 above, purchased using NGS funds, was used as a trade-in valued at \$10,000.

136. The 2009 Mercedes station wagon was purchased for \$39,978.00 for the primary use of Aileen Gee. The 2004 Mercedes station wagon referenced in paragraph 31 above, purchased using NGS funds, was used as a trade-in valued at \$10,000.

137. There is no provision in the 2006 agreement allowing a car to be purchased for Aileen Gee using NGS funds.

138. Dr. Gee did not perform any analysis regarding whether the purchase of two Mercedes using NGS's charitable assets was "reasonable" or whether another, less expensive model would have served the same purposes at a better cost to NGS.

139. Dr. Gee did not bring the purchase of the two Mercedes to the NGS Board of

Directors for its discussion or approval prior to the purchase of the two Mercedes.

140. Dr. Gee caused \$110,638 of NGS funds and property to be expended for the vehicles without informing the Board or receiving its approval.

141. The purchase of the two Mercedes by Dr. Gee was made at the expense of NGS.

142. Dr. Gee was or should have been aware that the purchase of the two Mercedes benefitted him at the expense of NGS.

143. The two Mercedes constituted an unreasonable benefit to Dr. Gee.

144. Dr. Gee was or should have been aware that the two Mercedes constituted an unreasonable benefit to him.

2009 Compensation for Dr. Gee

145. For the 2009 calendar, Dr. Gee's total compensation was \$630,244.

146. Dr. Gee was or should have been aware that his 2009 compensation benefitted him at the expense of NGS.

147. Dr. Gee was or should have been aware that his 2009 compensation was unreasonable.

2010 Compensation for Dr. Gee

148. For the 2010 calendar year, Dr. Gee's total compensation was \$539,610.

149. Dr. Gee was or should have been aware that his 2010 compensation benefitted him at the expense of NGS.

150. Dr. Gee was or should have been aware that his 2010 compensation was unreasonable.

2011 Compensation for Dr. Gee

151. For the 2011 calendar year, Dr. Gee's total compensation was \$472,355.

152. Dr. Gee was or should have been aware that his 2011 compensation benefitted him at the expense of NGS.

153. Dr. Gee was or should have been aware that his 2011 compensation was unreasonable.

2012 Termination of Dr. Gee

154. On or about June 20, 2012, Dr. Gee was removed from his position as the President, Chief Executive Officer, and Executive Director of NGS by the Board following an investigative report published in the April 26, 2012 issue of the *Boston Globe* revealing Dr. Gee's compensation and perquisites and an investigation initiated by the Attorney General's Office. Dr. Gee remained on the payroll at NGS, as he continued to teach courses at NGS and assist with preparations surrounding an accreditation visit from New England Association of Schools & Colleges.

155. On or about September 7, 2012, Dr. Gee was terminated from all employment at NGS.

VI. CAUSE OF ACTION

Breach of Fiduciary Duty of Loyalty

156. The allegations contained in Paragraphs 1-155 of the Complaint are incorporated herein by reference.

157. Dr. Gee breached his fiduciary duty of loyalty by failing to act in good faith with respect to the 2003 agreement and failing to ensure that the 2003 agreement was inherently fair from the point of view of NGS and that his compensation level and benefits were reasonable.

158. Dr. Gee breached his fiduciary duty of loyalty by failing to act in good faith with respect to the purchase of two 2003 Mercedes for his and his wife's personal use using NGS

funds and failing to ensure that the purchase of the two 2003 Mercedes was inherently fair from the point of view of NGS.

159. Dr. Gee breached his fiduciary duty of loyalty by failing to act in good faith with respect to the purchase of the St. John timeshare using NGS funds and failing to ensure that the purchase of the St. John timeshare was inherently fair from the point of view of NGS.

160. Dr. Gee breached his fiduciary duty of loyalty by failing to act in good faith with respect to the 2006 agreement and failing to ensure that the 2006 agreement was inherently fair from the point of view of NGS and that his compensation level and benefits were reasonable.

161. Dr. Gee breached his fiduciary duty of loyalty by failing to act in good faith with respect to the purchase by NGS of the Onawa Lane properties and failing to ensure that the purchase of the Onawa Lane properties, one of which was intended to serve as a home for Dr. Gee, was inherently fair from the point of view of NGS.

162. Dr. Gee breached his fiduciary duty of loyalty by failing to act in good faith with respect to the 2009 bonus and failing to ensure that the 2009 bonus was inherently fair from the point of view of NGS.

163. Dr. Gee breached his fiduciary duty of loyalty by failing to act in good faith with respect to the purchase by NGS of the Quonset Road property and failing to ensure that the purchase of the Quonset Road property was inherently fair from the point of view of NGS.

164. Dr. Gee breached his fiduciary duty of loyalty by failing to act in good faith with respect to the purchase of two 2009 Mercedes for his and his wife's personal use using NGS funds and failing to ensure that the purchase of the two 2009 Mercedes was inherently fair from the point of view of NGS.

165. Dr. Gee breached his fiduciary duty of loyalty to NGS through all of the actions

alleged above. For more than ten years, Dr. Gee treated NGS not as a public charity but as his personal enterprise, repeatedly making and carrying out business decisions that advanced his personal interests to the detriment of the charity. Dr. Gee's breach of his fiduciary duty of loyalty included, but is not limited to, the actions and transactions alleged in this complaint and specifically alleged in Paragraphs 157 through 164.

VII. RELIEF REQUESTED

Wherefore, the Attorney General respectfully prays that this Honorable Court, after a trial on the merits:

1. Declare that Robert Gee breached his fiduciary duty of loyalty to NGS as alleged herein;
2. Order a disgorgement of funds obtained by Robert Gee in excess of a reasonable level of compensation and reasonable level of benefits, as compared to another person employed in a comparable role at a comparable institution;
3. Order Robert Gee make full and complete restitution to NGS for NGS funds expended by him without approval of the Board and for payments which he obligated NGS to make by entering into transactions without the approval of the Board;
4. Order that Robert Gee may no longer serve as a fiduciary, either in governance or as an employee, for any Massachusetts public charity going forward; and

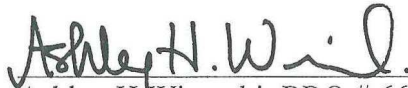
5. Grant such further and other relief as this Court deems equitable and just.

Respectfully submitted,

COMMONWEALTH OF MASSACHUSETTS

through
MARTHA COAKLEY
ATTORNEY GENERAL

By:



Ashley H. Wisneski, BBO # 660927

Nora J. Mann, BBO # 550450

Mary A. Beckman, BBO # 565655

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Dated: April 22, 2014