



# Judge backs Stern School decision to withhold MBA from student

September 21, 2010  
by [Anna Sanders](#)

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A recent court ruling approved Stern's decision to deny one student his Master's in Business Administration.

U.S. District Judge Lewis A. Kaplan ruled last week that the Stern School of Business is under no obligation to award former graduate student Ayal Rosenthal with an MBA because of his involvement in insider trading.

In 2007, the former student pleaded guilty to conspiracy to commit securities fraud after he tipped off his brother to non-public information he obtained while working at PricewaterhouseCoopers in 2005 — a time during which he was pursuing his MBA part-time at Stern.

Despite completing degree requirements, Rosenthal was denied his MBA for violating Stern's Honor Code and Code of Conduct for his illegal actions while enrolled at the school.

Following the school's internal decision in Feb. 2007, Rosenthal brought an action against NYU in the federal district court in New York for a declaration that the MBA had been awarded and for damages. But after hearing the complaint entered by Rosenthal, who alleged that NYU's decision was "fundamentally unfair," Kaplan dismissed his claims, upholding the university's initial decision to withhold the degree.

Kaplan dismissed Rosenthal's claims on the basis that the plaintiff was not awarded an MBA because he was in violation of Stern's Code of Conduct.

Edward Herndstadt, Rosenthal's lawyer, said he believed the judge's ruling was not correct "based on the language and structure of NYU's rules and procedures."

"This situation was, clearly, unusual, but a review of the NYU rules and procedures makes it clear that NYU anticipated that some students would run into legal problems in their private life and made the determination that it would leave the adjudication and punishment of non-NYU related legal problems to the government to handle," Herndstadt said.

Herndstadt said the judge's decision may have effects beyond those limited to his client.

"This decision may also cast into doubt the actual hierarchy of disciplinary rules, since it suggests that each school at NYU is free to make their own rules, and ignore the NYU rules that state they are to apply to all students, including rules that give students basic procedural rights like timely notice of complaints against them, the right to counsel and the right to a written decision of disciplinary hearings in a timely fashion," he said.

But NYU spokesman John Beckman said the university believes the judge's ruling was justified and welcomes it.

"It upholds the important principle that universities must be able to determine who should or should not be awarded a degree," Beckman said. "Beyond that, we would let the strong and straightforward language of the judge's decision speak for itself."