

**Brad Choate Statement to Joint Legislative Audit Committee  
December 13, 2013**

Introduction

Thank you Chairman King and Chairman Hammer, and my thanks to the entire committee for offering me this opportunity to speak. For more than a year I have wanted to speak out about this situation, but I have been effectively prohibited from speaking—first, by a threat from Chancellor Gearhart in an email from him to me dated November 20, 2012, and secondly, by an agreement between the University and myself signed on February 15, 2013. The committee should have copies of both of those documents. That agreement included an exemption that allows me to speak to proper authorities in the case of an investigation or an audit. So, I am happy to be here today, free to share information with you and answer questions. I am here of my own free will, on my own time and at my own expense.

My intent is to provide you with significant details relevant to your investigation. However, this is a complex situation. I will do my best to be

succinct but there are certain points that require more elaboration than others.

I will be happy to try to answer any questions you may have for me.

First, let me tell you who I am. Unfortunately the news accounts about me primarily have been based on Dave Gearhart's depiction of me to the media.

His depiction has been unfair and untrue.

I am a native of Marion, Illinois and earned both a bachelor's and master's degree from Southern Illinois University. My wife Julie and I have been married for 35 years. We have three children and four grandchildren. Until recently we lived in Fayetteville, which we love. We now live in the Austin, Texas area.

For more than 30 years I was a high-ranking, high performing development and advancement leader. Prior to joining the University of Arkansas in July of 2008, I had been a senior fundraising leader at three major institutions, all larger than the U of A: Ohio State, Penn State, and South Carolina. I had also served as the president and CEO of the Minnesota Medical Foundation at the

University of Minnesota, where I managed an endowment fund of \$300 million. I was good at my job as a fundraiser and administrator. And I always maintained a balanced budget, never once going over budget.

In 2008, when Dave Gearhart was picked to be Arkansas' new chancellor, he called me in South Carolina and asked me to take over his old job as the U of A's vice chancellor for university advancement. I had worked with Dave at Penn State, and his family and ours had become close friends. I jumped at the chance, in large part out of loyalty to Dave. As you know, he can be a charismatic guy. I was flattered and honored that he wanted me to work with him again, and in the job he was about to relinquish.

During my five years as Arkansas' vice chancellor for university advancement, I worked with a great staff and leadership team. Some members of the leadership team I inherited from Dave Gearhart, including the division's longtime budget director, Joy Sharp. Other staff leaders I hired after I took the job. Three of them—associate vice chancellors Bruce Pontious, John Diamond, and Graham Stewart—were considered among the

best in the country in their respective roles.

We had great success—arguably as good as any of our peer institutions across the United States. We had three straight years of raising more than \$100 million dollars, something the University of Arkansas had never done before. We launched the university's first integrated marketing campaign, which contributed significantly to enrollment increases and raised the university's national reputation and ranking in US News and World Report, Forbes, and other publications. We grew our membership in our alumni association and launched some great alumni engagement programs. We organized a number of prestigious events that showcased the university, our alumni, and the state of Arkansas in positive ways. And we were good stewards of the philanthropic gifts bestowed upon the university by generous and supportive donors.

The Advancement Division was made up of over 150 staff members, and it was extremely good at what it did.

But on July 6, 2012, I learned that the financial condition of the division was not what I had been led to believe. That was the day that Joy Sharp came to me, visibly upset. She said, “I’ve made a horrible mistake”. She said she had overspent the funds we receive each quarter from the University of Arkansas Foundation, which in FY12 was supposed to make up roughly 45 percent of the Division’s funding, or slightly more than \$4 million. Joy told me that because of overspending, the Foundation had frozen our funds.

I asked her, How could that be? She and I had been having monthly budget meetings since I arrived. In fact, just a few days earlier, she had asked me to approve a new position in her area of responsibility, and when I asked her if we had sufficient funds to add the position, she assured me that we did. I wasn’t accepting this information blindly; for years, every Monday afternoon, Joy gave me and the rest of Advancement’s leadership team weekly budget status reports. She had shown us financial reports that indicated our finances were in sound shape. The news she shared that day made no sense.

When I asked her how and why, she didn't answer. She simply looked down and shook her head.

I immediately called the Foundation and talked with Clay Davis, Executive Director of the Foundation. He confirmed the problem. I then walked down the hall to Dave Gearhart's office and shared this news. Dave's immediate reaction was to say "you must have not been watching your spending". I said Dave you know better than that and we'll get to the bottom of this. Dave asked me to go tell Don Pederson to make him aware of the situation. A few days later Don told me that there was \$544,000 deficit, and that without additional Foundation funds the division couldn't balance its budget. The dates and documentation related to this--and our subsequent attempts to determine how and why the deficit occurred—are in the packet I gave to the committee's staff.

For the next several weeks I worked to resolve the problem. At my request... insistence really....Don Pederson assigned one of his budget staffers, Denise Reynolds, to work with me and our staff to get things resolved. We did so

diligently and cooperatively.

However, things began to change in early October. There was pertinent information—important information—that was kept from me at that time. It wasn't until three months ago, when the audit reports were released, that I learned about some of that information that was kept from me. I learned about other elements through news reports, which were based on FOIA'd documents and e-mails. But at that time in early October, all I knew was that Joy had, by her own admission, been misrepresenting our division's finances to me and the Advancement leadership team.

And that was a serious problem. We were making personnel and budget decisions based on the information Joy provided at our Monday afternoon leadership meetings and other meetings. We did not know that the spreadsheets and financial information that we reviewed were inaccurate. That was compounded by the fact that the university itself did not have a system of checks and balances at the CFO level that would have detected the budget problems. There were other things I wasn't told but should have

been: I did not know that the university's chief financial officer and the university's treasurer were quietly booking millions in a non-existent "receivable" at the close of the fiscal year, and then removed them just as quietly. For whatever reason, they concealed that action from me. And they made that questionable booking two years in a row, as the auditors discovered. It would be good to know who else besides the university's CFO and Treasurer knew about the appearance and disappearance of those mysterious accounts receivable.

In fact, as vice chancellor I met with Don Pederson at least once a week in our Executive Committee meeting, yet he never mentioned any financial issues or financial transactions pertaining to my division.

Our time today doesn't allow me to walk you through the chronology of events that transpired over the next few months. I've provided that in the packet I shared with you and will address specific elements for you during the Q&A that follows these remarks. But there are important points that I need to share with you now to provide you with the context in which actions

were taken.

Also, it is important to know that the auditors were asked to look at a four-year period beginning July 1, 2008 and ending June 30, 2012. My first day on the job was July 1, 2008...the first day of Fiscal Year 2009. The FY2009 budget was already in place when I arrived; the first budget I worked on was the FY2010 budget. These are important facts that seem to have been lost in this exercise.

## SCHOOK MEMO

The first point is the so-called Schook memo, which University Treasurer Jean Schook submitted to CFO Don Pederson and Dave Gearhart on October 19. The original version of that memo was drafted by Jean Schook, Denise Reynolds, and me in my office, on my computer, on October 4. It was the result of the initial work the three of us had conducted to determine how and what led to the Division's deficit and the Foundation's action. In Jean's words, Joy had been "masking" the real condition of the Division's finances.

She and Denise both said—on that day and on multiple other occasions—that there was no way I would have been able to realize what she was doing. They also said that her misrepresentation of finances appeared to go back to the time when Dave Gearhart was in charge of Advancement, and that he wouldn't have been able to spot what was going on, either.

Let me quote three important elements of what Jean Schook's October 4 memo reported:

Quote:

1. I feel the problem is with unfunded personnel, not operational spending.
2. This issue has been building for many years and is not a one-year problem.
3. It is clear the information provided to Dave Gearhart when he was [vice chancellor] and subsequently Brad Choate was inaccurate.

End of quote.

There's some irony here. When Jean told me there was no way Dave nor I could have known the true condition of the Division's finances, I thought Dave would be happy because it showed he and I both were misled. But instead Dave panicked when his own financial people told him the problem began when he was the Division's vice chancellor. I now feel pretty confident that that was when a bus began heading my direction.

I waited more than two weeks to get a response to the memo we drafted on October 4. I did not know that it was being reworked with input from Don Pederson. I found that out on October 19, when Don Pederson showed me an e-mail Jean Schook sent him—a much-different variation from what Jean, Denise, and I had prepared 15 days earlier. This revised memo made unsubstantiated and inaccurate accusations about me, accusations that had never been raised with me. It was an Attack Memo.

In that memo, Jean says she interviewed, quote, “key personnel” in Advancement and said, quote: “Advancement staff were unable to explain the circumstances that led to the deficit balances, were not aware of the

magnitude of the deficits in both the University and Foundation accounts, and could not propose curative steps to achieve a sound financial position.” End of quote.

In fact, Jean Schook did not interview ANY of the associate vice chancellors on my staff. They don't get any more “key” than the people who worked with Joy and me on budget and operational matters. Since Jean did not interview any of Advancement's associate vice chancellors I remain unclear about who the “key” personnel would be that she referenced.

In addition, the memo failed to present the cost-cutting actions and remedies I had been discussing. I was stunned by the memo, and contacted Dave Gearhart to discuss it. He didn't want to discuss the accuracy of the Schook memo. Instead he said he had spoken with my direct reports and they had confirmed elements of what the Schook memo said. In fact, he did not have those conversations. You can ask the associate vice chancellors yourselves. I view Dave's response as the first indication that a false narrative was being created to rationalize placing the blame on me, rather than the University's own lack of checks and balances to ensure proper financial management. This was the beginning of presenting what went wrong as an “Advancement”

problem, when in reality it was a Finance and Administration problem.

The Schook memo, as it's now called, illustrates an objective of placing blame on me rather than identifying the real cause and duration of the problem, and then remedying it. Jean Schook's name may be listed as the sender, but I am very confident Dave Gearhart and Don Pederson helped craft the content. One e-mail in particular reveals Don Pederson's involvement.

But why would they do this? Because by pointing the finger at me—by accusing me of being inattentive and neglectful in my duties—they hoped to deflect attention away from some even more serious, systemic problems that would raise questions about the university's inadequate financial management controls and, as the audit revealed, its questionable accounting practices. It also deflected attention away from what the audits later identified: that the overspending occurred when Dave Gearhart was vice chancellor even though he was unaware just as I was unaware. If Dave Gearhart had remained vice chancellor for Advancement, I am confident he would be sitting here today trying to set the record straight. However, that presumes his Chancellor would also have panicked and thrown him under the bus.

Another very clear example of the University trying to place blame rather than look for the truth occurred on October 22, 2012. Don Pederson sent an email to me with several emails from 2009 attached. The 2009 emails described a situation the University faced with a lack of liquidity. Don's 2009 email asked Athletics and Advancement to essentially transfer funds from Foundation accounts to University accounts. Don's October 22, 2012 email asserts that Athletics "resolved their part of the problem completely to my satisfaction during subsequent years. Advancement never did"...end quote. However, Don neglected to include in his attachments something that was very important, something that invalidated the charge he was making. That was the email exchange that he and I both received that documented and proved I instructed Joy Sharp to make the requested transfers. In that exchange she notified Don and me that she will, quote, "start the process for transferring funds to cover the balance". Don responded to Joy via email stating, quote, "Thank you for your quick and positive response. I appreciate your cooperation". I asked Don to come to my office and confronted him with this information....I wanted to look him in the eye when he realized he had been caught. When I pointed out to Don that he did not include the email

from Joy or his response to her, he said he did not do so because Joy never made the transfer. I asked why he didn't let me know she had not made the transfer. He said it was because he didn't follow up to see if she actually made the transfer. I pointed out to him that was the exact situation I was in with Joy.

The fact that Don chose not to include Joy's email and his response is indicative of his attitude to find blame rather than facts and I think substantiates a conspiratorial atmosphere on the part of Dave Gearhart, Don Pederson and Jean Schook.

What other conclusion can one draw? If this were simply a matter of Joy Sharp misrepresenting and overspending Advancement resources, the logical and prudent response would have been to remove her from budget responsibly, investigate the matter, and remedy the matter in a transparent and accountable manner. But that didn't happen. Instead, we got months of convoluted attempts to blame two individuals and conceal information that auditors and the public could have used to draw their own conclusions. That's what happens when people have something to hide. That's what happens when leaders panic.

## THE AUDIT

Let me now turn to the specifics of the audit. I was very happy to hear that an audit was going to occur and even happier to hear Legislative Audit would be involved. I was concerned that if only University Audit was involved they would be influenced or be too afraid of their employer to report what they may find. After all, they do report to the Board of Trustees and I was confident the Board believed everything Dave and Don told them. Dave and Don provided the only information the Board of Trustees had on the subject.

When the audits came out in September, I was relieved to see that the auditors didn't blink when it came to reporting what they found concerning:

1. Actions by the Treasurers office that obscured the deficits;
2. Inaccuracies in Advancement financial statements prepared by the Treasurer;
3. Difficulty in obtaining financial records; and

4. The role Joy played in providing inaccurate information to all of us.

Those findings pointed to part of the reasons I could not have known the true status of our division's budget.

However, I was terribly upset that the audit seemed to take Jean Schook's memo at face value and simply adopted her claims. As I think I've made clear, Jean's work was at best sloppy and incomplete and at its worst an effort to cover what was really going on. I don't know if the auditors simply trusted Jean's work since she had been one of them or what. I suppose that's understandable. They would have assumed that she really did interview my associate vice chancellors and key staff as part of her review. But as you've been told, she did not. It was hardly a thorough investigation of a multi-million dollar problem. I think it is very telling that she makes charges of possible fraud in the memo and six days later she and Don decide there is no chance of fraud and hide this memo from the Legislative Audit staff. This is another clear example of making claims that suit them for varying purposes at varying times...in this case only six days apart. Frankly, this is another

example of a pattern of shameful behaviors designed to protect themselves rather than be honest.

I was interviewed by the university's auditors last spring and shared what I knew at the time. Unfortunately, I was not interviewed by Legislative Audit. I think the audit report might have been different had I spoken to legislative auditors rather than auditors employed by the University. I think the University snookered the Legislative Auditors.

I want to address the specific inaccuracies included in the report as it currently is written.

First, a lot has been made of the fact that I gave Joy my BASIS password. However, little has been said about the fact that the audit found no instance in which Joy used my password to make inappropriate transactions. Nor did she use the password to take any actions that I had not approved. None of the overspending was related to Joy's access to my BASIS password.

Second, a lot has been said about the double reimbursement for a \$2,000 expense I incurred on behalf of the university. Of the thousands of expense reimbursement requests I submitted over the years, this was the only instance in which a request was submitted twice. I didn't realize it, my wife didn't realize it, my assistant didn't realize it and Joy didn't realize it. This was a simple, honest error that was easily corrected. However, you should know that last year, when Don Pederson told me about the error, we both decided to see how long it would take the Budget Director to bring it to my attention. She never did, even though she had been informed of the error. I reimbursed the university when I removed her as Budget Director. This error should not have occurred and was unintentional. However, it was not a contributing factor to the larger systemic financial management problems that allowed the overspending to occur. This is simply a false statement and another red herring.

The audit report also includes an accusation that "the Budget Director indicated to DLA staff that she approved all BASIS transactions from January 2010 forward". At no time during the audit process did anyone ask

me whether or not that statement was accurate. It is not. I have e-mail exchanges that recorded my approvals and will gladly make those available to this committee. I would have provided them to the investigators had I known of this assertion prior to the audits' release. University Auditors had copies of all of these emails because they were on my computer but apparently they didn't read them. I find it difficult to believe that the Budget Director would lie about this situation and suspect the facts got lost in translation. By the way, my office staff could probably verify that it is an inaccurate statement because they often heard me complain when I used BASIS that it was such a cumbersome and antiquated system! It was a bit of a joke in our office.

Another claim in the report is that I relied on information and budget reports prepared by the Budget Director without implementing verification or monitoring procedures. This is true—for me and for just about every other department leader on campus. Every dean, division head, and even chancellors count on the information they received from their budget directors to be accurate and honest. The University's systems and my budget

director let us all down. The budget director let us down by providing inaccurate information and the University's financial systems let us down by not being able to catch the problem until it was too late. And, as the audit revealed, the university's treasurer helped hide the fact that deficits were occurring by booking non-existent accounts receivable to balance the books.

Several deans and other university leaders have commented on this systemic failure, saying to me that "there but for the grace of God go I". It is a very accurate sentiment.

The report also says the initiation of recruitment for new employee positions was only verbally authorized by me, based solely on verbal assurance by the Budget Director that sufficient funds were available. This statement is inaccurate. The provost and I, as directed by the Chancellor, approved all new positions in writing. The Chancellor, the Associate Vice Chancellor for Development, the Assistant Vice Chancellor for Development, and I put a significant amount of time and effort into determining what positions should be added to prepare the University for the next capital campaign. We did not seek the Provost's approval without the Chancellor's input. I previously

shared with the committee a list of campaign planning meeting dates and agenda. I have more copies available. Almost every one of those agendas includes a discussion of personnel and budget.

## THE CHANCELLOR AND HIS REFERENCES TO THE BOARD

The last point I want to share in my remarks deals with the disturbing way this whole episode was—and continues to be—handled. As I mentioned earlier, it became evident to me in October that I was being designated as the fall guy for problems that pre-dated my arrival and which occurred because of the University's flawed financial system of checks and balance. Look at who had the most at stake: The Chancellor and the Vice Chancellor for Finance and Administration, at the least. Others likely as well. I used the word "panic" earlier to describe Dave's response. Let's look at his comments and actions to see why that description is suitable.

On November 6, 2012, Dave told me he was removing me from my administrative and leadership duties as head of Advancement. I would continue on as a generic vice chancellor but only for the remainder of the fiscal year. He told me the Board Of Trustees met in executive session, discussed the Advancement budget, and that the Board wanted me fired. He said, and I quote, “I couldn’t save you.” He said the Board had seen the revised Jean Schook memo—the Attack Memo of October 19—and my response to it. He said that despite my removal as the leader of Advancement, I would receive full pay and benefits through June 30, 2013. He said my job now was to find a new job. He said I could keep my office and conduct my search from that office.

Did I like that? No. Did I think Dave was looking out for me in his conversations with the Board? At the time, yes. But two weeks later, on November 20, Dave sent me an

email saying he has been told I was blaming Don Pederson for what Dave referred to as my, quote, “demise.” He then wrote, and I quote, “If I continue to hear these reports I will be forced to remove you from this building and assign you space elsewhere. The other alternative is to dismiss you

immediately for cause”. As you can see, he was giving me serious career and financial reasons—threats, actually—not to share what I had learned about what had occurred and why it happened.

Tellingly, his e-mail also included the following. Quote: “I have also been told that <sup>you</sup> are telling folks that <sup>you</sup> inherited this <sup>problem</sup> and the budget deficit existed before <sup>you</sup> arrived. Neither are accurate and in your heart you know that. All of the evidence supports otherwise”.

Well, as the audit reports have shown, the deficit did indeed exist before I arrived. Dave apparently didn’t know it existed for the reasons already mentioned, and the factors that caused the deficit continued to worsen after I took over for Dave for those very same reasons. From that point on, Dave began directing the narrative of the University’s financial problems that was being given to the public and the campus community, with documented input from Don Pederson.

Despite my record of professional success, the notoriety of the university situation was making it difficult for me to find a president or chancellor who

wanted to hire me at that particular time. In early January, Dave came to me to suggest I go to work as a private consultant. But as I told him then and in subsequent conversations, I thought my options would improve once the facts became known. However, on January 24, at 10:13 a.m., Dave called me on my cell phone. He told me he was under pressure from the Board of Trustees to fire me. He said that Don Bobbitt might make him fire me as a result of an anonymous letter sent to the Board. That letter and continued Freedom of Information requests from the media were putting pressure on the Board, President Bobbitt, and Dave himself, he said. He also said all copies of the letter had been destroyed. He did not tell me the content of the letter but implied that the author complained about me still being on the payroll. It's interesting to note that January 24 was the same day that John Diamond told you that Dave called him to his office and told John that the Board and Dr. Bobbitt had told Dave to shut John up. I didn't know that until John's testimony to you in September.

On February 4, Dave came to my office again to suggest that I resign and become a private consultant. He said the Trustees wanted him to fire me but that he was not in favor of that decision. I reiterated what Dave already

knew: I was in several searches and wanted to leave soon. Dave said he was not sure how long he could hold off President Bobbitt and the Board. He also told me that Governor Beebe also wanted me to be fired.

On February 8, Dave told me he wanted to make an announcement of a new vice chancellor the following week. He said the Board had told him they did not want a double salary situation so the new person could not begin until I was gone. He said they had decided to announce the person's name but not a start date. He said the media would "beat him up" by not naming a start date but "that is just the way it is". On February 13, Dave named Chris Wyrick as the new vice chancellor for Advancement. Two days later, Dave and university lawyers asked me to sign a release form that would allow the university to make my personnel file available to the media and public. That was the first time the university asked me for permission to release my personnel file, though information that had been given to the media had led them to believe I was the one withholding access. It was the university that hadn't wanted the file released because they had, for some reason that was never clear to me, declared the Jean Schook memo to be a personnel document and therefore exempt from public disclosure. Obviously, that

memo was full of inaccuracies and would be embarrassing to me but I was not sure it was a personnel document. The university sought my permission on that day only as a face-saving measure. It was clear to them that, under pressure of a newspaper lawsuit, their reasons for withholding the Schook memo may not stand up in a court of law.

Also, you should find it very telling that the original agreement with the University was to include a section that would allow me to complete this assignment from home. As it was being drafted, Scott Varady, one of the University's lawyers, asked if we could make that part of the agreement a verbal agreement. They were worried about it becoming public. I talked with my attorney and we agreed to the verbal agreement. But a few weeks later, after the agreement was signed, Dave Gearhart reneged, claiming we had no such agreement. However, he was unaware that Scott Varady had told me that he and Dave had discussed the work-at-home provision while traveling together to Phoenix. When I told Dave that Scott had told me when and where they had agreed to this, Dave simply would not discuss the issue further. I then talked to Scott, who said he would speak to Dave about it. A few days later I got a text from Scott saying Dave would not change his

mind. It is another example of deceptive practices. The University's attorneys can confirm all of this for you. In fact, one of the University attorneys told my attorney that they, the university attorneys, had, quote, "an out of control client." End of quote.

So what was I doing in my new assignment, you may ask? The media and I had been told I would be working on research related to our new capital campaign, which was and is in the silent phase. Along with spending time job hunting, as I was allowed to do under my agreement, I prepared a brief on each of our largest donors and donor prospects.

When Chris Wyrick officially started his duties as Advancement vice chancellor on April 1, I was moved from my office to a conference room down the hall, a few steps from the Chancellor's office. That would be my new workspace. At one point the chancellor's office posted monthly meetings between Dave and I on my schedule. However, about 10 minutes before the first meeting was to occur, Judy Schwab, Dave's associate vice chancellor for administration, came to see me. She told me the meetings with Dave were not really going to happen. She told me Dave had directed the meetings be put on our schedules in case the media FOIA'd his schedule.

That was all.

Between April and the end of June I had no other assignments other than my original one--that was to prepare a brief on each of the University's largest donors and donor prospects. When Chris Wyrick took over as vice chancellor for advancement, I told him I had that research done and was ready to share it with him. However, the university's associate legal counsel, Scott Varady, came to me and said his boss in Little Rock, Fred Harrison, suggested I destroy the document and give my brief to Chris verbally. Scott told me the University was concerned that the media would FOIA the work I produced and they, the University, didn't want such sensitive information made public. I destroyed the document as instructed and briefed Chris in his office as my last official duty for the University.

For approximately three months I was assigned to a conference room and not given any other assignments. I was paid to show up and do nothing more. By my calculation, those last three months cost the university roughly \$87,000. But as the chancellor said when Chris Wyrick took over, my remaining salary would be paid out of private funds, presumably from the

same Foundation that had frozen university funds nine months earlier.

## THE LEGISLATIVE AUDIT COMMITTEE HEARINGS

Finally, I want to say a few words about what you were told at your Committee meeting in September. At great risk to his future employment possibilities John Diamond told you the truth. He did so to help this University, this State and to try to protect his co-workers--at great risk to himself. Mr. Diamond lost his job for those same reasons; he tried to keep the University in line with Freedom of Information Act Laws and tried to be honest with the public. Dave shot the messenger.

You asked John about the January 14, 2013 meeting that included my former staff reports and the Chancellor. I was still working in my office that day and within 60 seconds of that meeting ending both Laura Villines and Denise Reynolds came back to the office and their eyes were wide open. Obviously something significant had occurred. They told me, and Stephanie McGuire, who was a secretary in our office at the time, that Dave had pitched a major fit. That he had used very foul language with reference to me; that he had pushed a stack of budget sheets Denise had prepared back at her and told her

to, quote, “get rid of these and stop putting budget information on paper”. Later that night Bruce Pontious told me the same story; the next day Graham Stewart told me the same story; a few days later John Diamond confirmed the story when I asked him about it, and a few days after that Kris Macechko told me the same story. All of them were in that meeting. Some of them also shared what happened with other colleagues. There is no doubt whatsoever what occurred. And then Dave cancelled the weekly meetings of that leadership group altogether, even though he was the acting leader of the division and the division had major financial issues that needed to be resolved.

Today, I’m sure some attendees in that meeting may have different stories or may develop what I would call “convenient amnesia.” That’s understandable. They need to protect their jobs because they still work there or they just don’t have an appetite for such confrontation. I remember Denise Reynolds asking me “how am I supposed to deal with budgets if I can’t create spreadsheets”. It was a rhetorical question obviously but a legitimate one.

## CONCLUSION

Mr. Chairmen and Committee, thank you for your efforts to find the truth. I have worried throughout this experience that no one would stand up to the political pressures that exist or take on the Board of Trustees, which doesn't want to have to find a new Chancellor; or to take on a Chancellor who for the most part has done a good job for the University but who under pressure panicked and made some bad decisions, including throwing a long-time friend and colleague under the bus, in his words; or to take on a CFO who somehow got the position—and has kept it—with no formal training in running one of the state's largest and most complex institutions; or to take on a university treasurer who undoubtedly was under pressure from her boss and his boss to give them a simple, but not necessary truthful, justification for the deficit problems that were uncovered over the past year.

In a September 25, 2013 Arkansas Democrat Gazette story, Dave Gearhart was quoted as saying “I'm not going to totally throw Mr. Choate under the bus” as he laid blame for the university's financial mismanagement on me.

Well, I am here to tell you there is no partially throwing someone under the bus. I was sacrificed. I strongly urge you not to accept the audit report as it is currently written. It is flawed and inaccurate. I know everyone wants to put this behind us, as do I, but there are a lot of us counting on you to bring the truth out. The report as it is currently written is not true or accurate. I don't know how this will all play out, but thank you for at least asking the question and for listening to all sides.

I will be happy to try to answer any questions you may have for me.