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Audit controversy marring WKU's image

Supporters fear faction wants to oust Meredith

By Bill Estep
South-central Kentucky bureau

BOWLING GREEN - Some people in town jokingly refer to the turmoil at Western Kentucky University as "the circus," but many others find no humor in the situation.

Supporters of President Thomas C. Meredith fear some Western regents want a financial audit in hopes of finding ammunition they could use to fire Meredith, who is popular in the community.

A deadline is looming - March 31, when two regents' terms expire and the alignment on the board could change. Meredith supporters fear the board's majority might try to replace him before then with former Gov. Martha Layne Collins. She was a finalist when Meredith got the job in 1988.

"The bottom line is they want to get rid of him and bring in Martha Layne Collins," said Meredith supporter Bob Aldridge, president.

WKU President Thomas C. Meredith welcomes audit.

Joe Inacarre of Owensboro
Patsy Judd of Burkesville
Bobby Bartley of Glasgow
Stephen Catron of Bowling Green
WKU: Some fear faction will oust Meredith

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Kent and chief executive officer of American National Bank in Bowling Green. "Whether or not that's true, that is the belief. There is real fear that they will find whatever excuse to fire Tom Meredith."

Regents who have pushed for the audit say that's ridiculous. They only want money and accounting problems straightened out and aren't trying to get rid of Meredith, they say.

As the controversy builds, everyone agrees on one thing: It's bad for Western. The school has never before gone through such public convulsions.

It's making us start to look a little bit ridiculous as a university," said Joe Raisin, treasurer of Western's student government.

Mending Fences

Meredith became president after the departure of Kern Alexander, who community leaders said did little to cultivate a good relationship between the university and Bowling Green, leaving a gulf in the town-grown relationship.

The Board of Regents specifically asked Meredith to fix that problem. Community support for the school is critical, said former regent Wendell Strode.

By all accounts, Meredith has succeeded.

He has been highly visible in the community in numerous civic activities, among them the chamber of commerce and United Way.

"The man is so busy and yet he really takes time to be concerned about Bowling Green and Warren County," said Bowling Green businesswoman Ann Booth.

But professor Arvin Voe, president of Western's Faculty Senate, said Meredith did not work as hard to mend fences with faculty members.

Some teachers strongly support Meredith, but in a 1991 faculty opinion survey, 44 percent rated his job performance as less than acceptable.

Some also feel he didn't do enough to solicit faculty comments on decisions, although Meredith has worked recently to improve relations, Voe said.

In the community, Meredith enjoys great support.

"I think without a doubt Tom Meredith has been one of the most popular presidents this university has ever had," said regent Stephen R. Carter, a Bowling Green lawyer.

That's why, some residents don't understand what they see as a lack of support for Meredith on the board, or worse, a move to get rid of him.

Some community leaders have openly lobbied Gov. Bertento Jones to remove the regents they think are out to get Meredith.
own board. Warren Circuit Judge Tom Lewis ruled Friday that the board hired Nunn illegally by not getting required state approval.

Western's board also hired Arthur Andersen & Co., a Louisville accounting firm that audited spending at KSU.

"There is a great deal of similarity between the two on the way that it has been handled," Catron said.

The key difference, he said, is that there is no evidence Meredith has done anything wrong. Meredith said that he and his wife did not spend any money improperly and that he welcomes an audit.

Judd and Iracane supported Catron during the 1988 presidential search, said Scott C. Whitehouse, the student regent during the search.

The controversy has hurt relations among the regents. Catron has walked out of a couple of closed meetings he said were illegal. And when Bartley felt Iracane was refusing to respond to one of his questions at the Feb. 20 meeting, he slammed his hand on the table and demanded "Answer me!"

"It's absolutely horrible," Catron said of the relationship.

Damage to the image

The controversy also has hurt the image of Western, whose campus sprawls on and around a hill overlooking downtown Bowling Green. It is The Hill, from which the university's sports teams take their nickname, the Hilltoppers.

Meredith said he is distressed that the controversy has overshadowed publicity about Western's achievements, including record enrollment and private fund-raising. Meredith said some donors had told him they will not give until the controversy is settled.

Others are concerned that the controversy will hurt faculty morale and student recruitment. But despite concerns, several people said they don't think the controversy will cause lasting damage for the university.

"There's always a recovery time and how long that recovery time is depends on how good the institution is," Meredith said.

Controversy chronology

Here is a timeline of events in the dispute at Western Kentucky University:

Oct. 25, 1991
An audit by Warren Irons, WKU's internal auditor, raises questions about accounting for some university spending - including $41,000 to improve the home of President Thomas C. Meredith and a $2,000 monthly entertainment allowance for his wife, Susan. Irons notes that most of the spending practices were in place before Meredith was hired. Meredith stops the monthly allowance.

Jan. 17, 1992
The regents hire former Gov. Louis B. Nunn as special counsel to oversee an audit.

Jan. 23
Catron and regent Bobby Bartley sue the board, contending it hired Nunn illegally, in part because the board didn't get required approval from Gov. Brereton Jones. Warren Circuit Judge Tom Lewis issues a restraining order barring the board from using Nunn's services.

Jan. 27
The board hires Nunn a second time, again without permission of Jones.

Feb. 5
Catron and Bartley amend their suit to challenge the hiring of Nunn, saying the board needed Meredith's recommendation.

Feb. 6
Attorney General Chris Gorman's office issues an opinion that the regents may have violated state law by hiring Nunn.

Feb. 20
The board hires Arthur Andersen & Co. to do an independent audit of several unspecified university accounts.

Feb. 26
Three regents - Chairman Joe Iracane, Judd and Catron - testify before the grand jury.

Feb. 28
Judge Lewis rules that the board illegally hired Nunn.
Mrs. Collins is president of St. Catharine College, which is a two-year school in Washington County. She was a finalist in a 1988 presidential search at Western when university President Thomas Meredith was selected.

Mrs. Collins said she withdrew her name from contention at Western prior to a session that led to Meredith's appointment. "I was irritated when I saw the news story. I'm not involved in what's going on at Western in any way. That statement is untrue and most damaging," she said.

Mrs. Collins was referring to a news story in the Sunday's Lexington Herald-Leader. In that story, American National Bank President Bob Aldridge was quoted as saying that some regents wanted to get rid of Meredith and bring Mrs. Collins in as his replacement.

"I never recall making such a statement. I think enough has been said about (the upheaval at Western). I have no further comment," Aldridge said today.

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The former governor said it is easier to contact her through an office she operates in Lexington. "To say I'm involved in the situation at Western when I don't even know what's going on there is terrible. I thought about issuing a press statement when I saw the story," Mrs. Collins said.

"I think Tom Meredith is doing a good job, and I have a good working relationship with him," she said.

Mrs. Collins said she hopes to iron out transfer agreements with Western so St. Catharine students can finish their degrees at Western if they so desire.

"That's what I'm interested in — education and degrees," she said.

Supporters of Meredith have seen the call for an audit of university accounts as a ploy on the part of some regents to oust the president. Many of the accounts that a Louisville accounting firm will look at are controlled by Meredith.

Regents who have called for the audit have said poor accounting practices are the target of the audit. Chairman Joe Iracane and Vice Chairwoman Patsy Judd have termed the assertion that they want to replace Meredith ridiculous.

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Students
feel left out of decisions

By EVANS DONNELL

Western Kentucky University students feel they're being left out of decisions made at the school and in helping to end the turmoil surrounding the school's president and Board of Regents, according to a student government leader.

An Associated Student Government-sponsored forum with four regents was canceled Friday when only one regent would confirm that he could attend, said Mistianna Holcomb, ASG vice president for public relations.

"I feel the students showed they were interested and wanted to be involved. We feel it's just another slap in the face, that they're saying 'You're not important, you're not the focus of this university.' It's frustrating."

Holcomb said she originally contacted Chairman Joe Iracane, faculty Regent Eugene Evans, student Regent Heather Falmlen and Regent Steve Catron and asked them if they could attend the forum.

Evans told Ms. Holcomb he felt it was an inappropriate time to have the forum. Ms. Falmlen said she couldn't attend because of a scheduling conflict, according to Ms. Holcomb.

Iracane declined to attend, leaving Catron as the only regent from the initial four available for

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Ex-Gov. Collins tries to dispel WKU rumor

By Bill Estep
South-central Kentucky bureau

Former Gov. Martha Layne Collins tried yesterday to quell speculation in Bowling Green that some regents at Western Kentucky University want to get rid of President Thomas C. Meredith and hire her.

"No one has called me about that position. I have not talked to anyone about that position," said Collins, president of St. Catharine College in Washington County. "If they called me tomorrow and said, 'President Meredith has resigned and he's leaving, are you interested?' I would say 'no.'"

Collins' contract at St. Catharine runs until July 30, 1993.

"I am going to honor that contract," she said.

The Herald-Leader reported Sunday that supporters of Meredith fear some members of the board are looking for an excuse to fire Meredith. The board has been split about commissioning an independent audit of school accounts.

Some Meredith supporters have speculated that some regents favor replacing him with Collins, who was a finalist when Meredith was hired in 1988.

Collins said she had not heard that rumor and was shocked to see her name mentioned in connection with the controversy.

"I am not the issue. And I think to drop my name into it is a disservice to anybody that's interested in the truth," she said.

Collins said she didn't know why supporters of Meredith were doing that and that she would call Meredith because she didn't want him to think she is after his job.

Collins said Western is a great school and that she would be proud to be president there someday.

However, she said, "I'm not looking at that right now."

WKU: Collins tries to dispel recent rumor

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Grand jury foreman's objectivity in WKU controversy questioned

By CYNTHIA CROSSLEY
Staff Writer

BOWLING GREEN, Ky. — The foreman of a grand jury investigating elements of the Western Kentucky University controversy wrote a letter to WKU's regents chairman last month in which he called recent actions by the board "appalling."

The letter, dated Feb. 4 — one day after Frank St. Charles III was seated on the grand jury — has raised questions about St. Charles' objectivity in the investigation, which is expected to conclude Monday.

However, Warren Circuit Judge John D. Minton Jr., who empaneled the grand jury, said yesterday he believed St. Charles is obligated as a grand juror to investigate the situation at Western.

"If there's a serious concern about the management of a public institution here, it's their duty to investigate it," Minton said in an interview. "Whatever knowledge any of them have is fair game for a grand jury investigation."

And St. Charles told reporters yesterday that while he has been critical of the regents for the past several months, the grand jury investigation "has given me the opportunity to hear the other side."

But William Johnson, an attorney who accompanied Western regents Robert Chambliss, Heather Falmlen and Eugene Evans yesterday before they testified, said: "It is a fundamental principle of law that the investigation be conducted by citizens who do not have some preconceived prejudice in the matter being investigated."

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Probe leader’s views questioned

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his efforts.”

Both St. Charles and Commonwealth’s Attorney Steve Alan Wilson said yesterday that St. Charles holds just one vote in the 12-member grand jury. Under state law, nine of them must vote to indict.

Iracane said the same thing about his position on the board of regents: “I’m only one person and I just have one vote.”

Wilson also said the grand jury “is merely here for a fact-finding investigation. They aren’t like the people who sit on a petit jury (for a criminal trial) and must decide someone’s guilt or innocence.”

Wilson also stressed that a random system is used to select grand jurors.

Warren Circuit Clerk Pat Howell Goad said the secretary of state’s office sends her a list 30 days in advance for the next month’s jury pool. After the court weeds out people with obvious conflicts, numbers are assigned to those remaining. The numbers are then drawn from a wheel or box to make up the grand jury.

St. Charles said that when he was picked for the grand jury, and when he wrote the letter to Iracane, “The grand jury had no intention of investigating (the situation at Western) at that time. It was not until the attorney general’s opinion came out that the grand jury decided to investigate.”

St. Charles was referring to the Feb. 10 opinion issued by Attorney General Chris Gorman that said the regents might have been trying to get around a state law governing personal service contracts when they hired Nunn as a university employee.

Last week, another Warren Circuit Judge, Tom Lewis, ruled that Western’s regents had improperly hired Nunn all three times they did so — first as a “special counsel” and later as a “university employee.”

St. Charles said he couldn’t comment when asked if he proposed investigating Nunn’s hiring to his fellow grand jurors. Wilson has said the investigation was initiated by the grand jury — not the commonwealth attorney’s office.

Yesterday was the second and last day the grand jury heard testimony, from a total of nine witnesses. Wilson said the panel will issue a report Monday.
LEXINGTON HERALD-LEADER
March 5, 1992

Grand jury to release findings on Nunn hiring

More testify; fairness of panel is defended

By Bill Estep
South-central Kentucky bureau

BOWLING GREEN — A grand jury investigating the decision by the Western Kentucky University regents to hire former Gov. Louie B. Nunn will release its findings Monday.

The jury heard from five more witnesses yesterday, including banker Wendell Strode of Bowling Green, a former regent who was no longer on Western's board when it hired Nunn to supervise an audit this year.

Before testifying, Strode said he thought one reason he was called was that while he was on the board, he approved increasing the monthly entertainment allowance for university President Thomas C. Meredith's wife, Susan, from $1,000 a month to $2,000.

Strode would not discuss his testimony after he met with the grand jury.

Also yesterday, Commonwealth's Attorney Steve Alan Wilson defended the fairness of the grand jury after a report that jury foreman Frank St. Charles had been critical of the board and Chairman Joe Irarane of Owensboro.

The College Heights Herald, Western's campus newspaper, reported Tuesday that in a Feb. 4 letter to Irarane, St. Charles expressed his "total displeasure" with the way the board has handled the audit controversy; criticized the hiring of Nunn; and said Meredith should be allowed to run the school without interference from regents.

"The actions of the Western Kentucky University Board of Regents, under your direction, are appalling," said St. Charles, a Meredith supporter.

The grand jury could indict regents on criminal charges, but Wilson said it did not create a conflict of interest to have St. Charles on the jury. Grand jurors are chosen randomly and report on
WKU: Jury to release findings on Monday

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findings of fact, not guilt or innocence, he said.

"I don't think there's any question it's a fair grand jury," Wilson said.

St. Charles wrote the letter after he was chosen as a juror, but before the grand jury began investigating Nunn's hiring.

"I do not feel a conflict of interest. If anything, I feel I'm getting two sides of an issue," said St. Charles, a banker.

Circuit Judge John D. Minton Jr. said he did not think it was a conflict of interest for St. Charles to be on the jury.

Some regents began pushing for an outside audit last year after an internal review raised questions about accounting for the monthly entertainment allowance and other spending by and for the Merediths, including $41,000 to improve the president's home.

The internal audit did not find any wrongdoing related to the spending and noted that such practices were in place before Meredith was hired in 1988.

Strode, a supporter of Meredith, said he approved the increase in the monthly allowance. Other regents approved it, too, he said.

Wilson and County Attorney Mike Caudill have declined comment on whether the grand jury is investigating anything besides the hiring of Nunn.

Bill Johnson, attorney for the board, said the list of people summoned to testify suggested that the grand jury was not focused solely on Nunn's hiring.

Caudill said last night the grand jury will make its report Monday.

Witnesses have declined to discuss their testimony.

Strode is the only person called to testify so far who was not associated with Western during the debate over conducting an audit and hiring Nunn.

The other people subpoenaed this week were Ron Shrewsbury, managing partner of the Bowling Green accounting firm of Baird, Kurtz and Dobson, Western's regular auditor; regent Robert Chambliss Jr. of Munsfordville; faculty regent Eugene Evans; and student regent Heather Falmien of Winchester.

The grand jury earlier subpoenaed Iracane, Vice Chairwoman Patsy Judd of Burkesville; regents Stephen B. Catron of Bowling Green and Bobby Bartley of Glasgow; and university attorney Franklin Berry.

Iracane, Judd, Chambliss, Evans and Falmien voted to hire Nunn, while Catron and Bartley voted against and sued the board, saying the hiring was illegal.

The grand jury sought an investigation after Attorney General Chris Gorman's office said the university's regents may have violated state law by hiring Nunn.

St. Charles said the grand jury decided to investigate because the opinion raised questions about whether laws were broken in hiring Nunn.

The case may be the first in which university regents in Kentucky have been summoned to a grand jury to explain actions they took as board members.

Warren Circuit Judge Tom Lewis ruled Friday that the board hired Nunn illegally.
Bill Johnson, an attorney representing the board in a lawsuit brought by Catron and Bartley. The lawsuit challenges the board's authority to hire Nunn.

The board voted 6-4 today to hire Arthur Anderson. Regents Catron, Bartley, Fred Travis and Monnie Hankins voted no. Iracane, who is the board chairman, said he plans to finalize the contract by Monday.

Catron objected to hiring the firm because the motion made by Mrs. Judd declared the situation to be an emergency. By declaring an emergency, regents enabled Iracane to obtain a contract with Arthur Anderson without going through personal services contract procedures.

"By doing that, the board has illegally hired this firm because they said the reason for the emergency was because of all the bad publicity surrounding this situation," Catron said.

Catron referred to a state statute that defines an emergency condition. "We need to do this immediately to get it behind us for the good of the university," Judd said when Catron questioned her about the Deed for an emergency declaration.

"I think the audit is necessary, but I think this vote is a pure contrivance," Catron said.

Travis and Hankins both said audit committee Chairman Robert Chambless had not consulted them regarding which firms were under consideration.

Travis asked why the Bowling Green firm of Baird, Kurtz and Dobson, which was hired in December to do the work, could not handle the audit. That firm provides the university with an annual audit of all accounts at the school.

"I told you why. They wanted to fly people in from Missouri to handle it because some of their local people felt there might be a conflict of interest," Chambless told Travis.

"We've got an internal auditor. Why spend money when you can get it for free?" Bartley asked.

"Because we're not pleased with the work of the internal auditor," Iracane replied.

If the agreement with Arthur Anderson were a personal services contract, the attorney general and the governor would need to approve the contract, according to state man-

Most of the accounts included in the audit are controlled by President Thomas Meredith.

An internal audit issued Oct. 25 said the accounts being reviewed were in place before Meredith became president. It recommended that procedural changes be made in the way the accounts were set up.

Meredith has said he is in favor of an audit, which would extend back at least three years, according to the motion approved today.

Catron and Bartley sued the board after regents voted Jan. 17 to hire Nunn as special counsel. They contend that action, as well as Nunn's hiring as audit supervisor Jan. 30, was improper under state law and the university's bylaws.

Motions on the case were heard Thursday by Warren Circuit Judge Thomas Lewis. Lewis has not ruled on those motions.
WKU legal contract disapproved

FRANKFORT, Ky. — A legislative committee yesterday disapproved a contract by Western Kentucky University to hire lawyers to defend the board of regents in a suit filed by two regents.

The board initially hired former Gov. Louie Nunn to direct an audit of some university accounts in a dispute with President Thomas Meredith. When questions about a contract with Nunn were raised, the board voted to make Nunn a temporary employee. Two board members objected and sued.

The board then voted to hire the Frankfort firm of Stoll, Keenon and Park to defend that suit.

The Personal Service Contract Review Subcommittee objected because the contract had not been approved by the attorney general's office and the governor's office. The decision by the subcommittee may be overridden by the Finance Cabinet.
Regents at WKU blasted by grand jury

Report says audit was mishandled

By CYNTHIA CROSSLEY and RICHARD WILSON
Staff Writers

BOWLING GREEN, Ky. — A Warren County grand jury castigated a majority of Western Kentucky University's regents yesterday and demanded that they give President Thomas Meredith either a vote of confidence or a list of questions about his performance.

The grand jury in particular believed that the regents mishandled a special audit completed last October, which "could have properly been handled internally," and that they made things worse by hiring former Gov. Louie Nunn, the Frankfort law firm of Stoll, Keenon & Park and the accounting firm of Arthur Andersen & Co., all the while denying they had "a hidden agenda" to get rid of Meredith.

Andersen and Nunn were hired to conduct another audit of university spending; the law firm was hired to defend against a suit challenging Nunn's hiring.

"It is not lost on the Grand Jury that (Nunn and the two firms) have been a team at another University at which the President resigned or was fired," the grand jury wrote in its 12-page report, referring to last

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Grand jury blasts majority of WKU regents

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year's resignation of President John Wolfe at Kentucky State University while Nunn served as regents chairman.

As the grand jury saw it, the Western regents, including Chairman Joe Iracane and Vice Chairwoman Patsy Judd, have contradicted their statements of harmony with Meredith by taking steps that appear to question his management. Some of those steps "do not seem to be prudent nor responsible," the grand jury said.

The regents should hold a "vote of confidence" in Meredith, the report said, and any questions about his performance should "be made public and those issues addressed. Insinuations do not need to be hid-

den in the thin veil of a public audit of accounts."

However, "due to news media coverage and controversy surrounding this issue, an outside audit is in fact necessary," the grand jury said.

Iracane and Judd said the grand jury had misconstrued some information they presented.

"We only want an audit," Iracane said. "There was no hidden agenda as far as I am concerned related to Meredith. I don't understand why an audit is causing all of this controversy. ... All of the other things that they imply in this grand jury report, as far as I'm concerned, are not true."

Andersen auditors were on Western's campus yesterday asking to see some records, said Paul Cook, executive vice president for administration and technology. But "we haven't provided any yet because we are seeking clarification on the basis of the request and specifically what they want," Cook said.

Also, Meredith was not on campus yesterday to approve the release of the records, Cook said; he was attending a special regents' meeting in Frankfort and declined to comment on the grand jury report.

The regents met for more than an hour, but lacking a quorum, took no action on whether to appeal a Feb. 28 Warren Circuit Court ruling that Nunn's hiring was illegal. The ruling was prompted by a suit brought by regents Stephen Catron and Bobby Bartley.

Board attorney William E. Johnson told the five regents who attended the meeting that they had "a strong case" and outlined several grounds for appealing either to the state Court of Appeals or directly to the Kentucky Supreme Court. Iracane said he would call another special meeting soon to resolve the issue.

The grand jury report characterized a booklet released to the media by Iracane and Judd as containing "broad and dangerous allegations" that Meredith had failed to inform them of a special investigation into a private catering service run from Western's food service department. After Meredith's attorney, Charles English, Sr., countered with minutes, memos, a videotape of a board meeting and letters from former state Auditor Bob Babbage that disputed their claim, Judd and Iracane apparently gave the grand jury affidavits saying "they had no such recollection" of receiving such information from Meredith.

The report called "this excuse (of) mere forgetfulness" unacceptable.

The grand jury also said claims made by Iracane and fellow regents Bob Chamblee and Heather Faulmen that Western's longtime auditing firms, Baird, Kurtz & Dosonson, had a conflict of interest in conducting an audit "misrepresented again" the firm's position.

The panel called Nunn's hiring "unnecessary," his stated role as a mediator "absurd" and his fees "excessive."

When reached for comment, Nunn replied: "If it hadn't been for two of the regents, the matter probably would have been resolved within a few days and at a minimal cost. ... I've served as the chairman of three university boards. I've gone through upset communities, disturbed faculties and perturbed students, at Morehead and Kentucky State. And I must say they were all a credit to what I found at Western."

Iracane and Judd objected to many of the grand jury's conclusions, specifically the finding that they had misrepresented Baird, Kurtz and Dosonson's conflict of interest.

Iracane said he rested the panel's insinuation that the majority of the regents were undermining Meredith, and added, "I take some of the things personally."

(Said Judd, "I think everybody would agree that it's better to get the audit done, deal with any problems (it reveals), and get it behind us."

\[\text{**Note:** This text appears to be a partial transcription of a newspaper article, likely discussing an event or controversy related to Western Kentucky University (WKU) regents and President John Wolfe. The transcription includes various statements and quotes from involved parties, highlighting a debate over the handling of an outside audit and the perceived actions of the regents regarding President Wolfe's management.} \]
WKU regents criticized but not indicted by grand jury

By Chris Poore
and Todd Pack
Herald-Leader staff writers

BOWLING GREEN — A Warren County grand jury yesterday called Western Kentucky University's hiring of former Gov. Louie B. Nunn illegal and unnecessary but stopped short of indicting regents.

The grand jury's report appears to suggest that Gov. Brereton Jones should replace some of the regents. Jury foreman Frank St. Charles asked a circuit judge to send the 12-page report to Jones.

The governor should "seriously review the present members on the board of regents," the report says. "The controversy surrounding this board is causing great damage."

The jury criticized the regents for voting to pay Nunn $12,000 a month to supervise an audit of accounts controlled by President

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WKU: Panel suggests ouster of some regents

From Page One

Thomas C. Meredith.

Nunn's fee is excessive, the jury said.

"He set his own salary and a majority of the board of regents, using state dollars, blindly approved."

The report, signed by all 12 jurors, says regents' testimony that they hired Nunn as a mediator is "absurd."

The university's accounting firm should conduct the audit, the jury said.

The report also recommends that the regents take a vote of confidence in Meredith.

Regents chairman Joe Iracane responded that "we don't want to put the cart before the horse. . . . What does a vote of confidence have to do with an audit?"

But he said that "when all of this is said and done, a vote of confidence is justified."

Much of the grand jury's investigation focused on Iracane's testimony, foreman St. Charles said.

Iracane presented a time line, prepared by the law firm Stoll, Keenon and Park, that raised concerns about a $2,000 monthly stipend for entertainment at the president's home, $41,000 in improvements at the home and an audit of Western's Food Services.

The jury suggested the concerns are unwarranted. According to its report:

- The entertainment stipend was questionable but other presidents had received it and there was no evidence of impropriety.
- Board members called for a special audit without even asking Meredith about the home improvements.
- The jury said all of the payments appeared to be reasonable and "were clearly beneficial" in maintaining the president's home.
- Iracane and Vice Chairwoman Patsy Judd were wrong in saying they had not received information about an audit of Food Services.
- Minutes from board meetings showed that each of the regents had received the information.
- Iracane and Judd said yesterday that the grand jury's report is unfair and inaccurate.
- Nunn's fee is excessive, the jury said.
- "I resent the fact that our wanting an audit implies we had a hidden agenda against Dr. Meredith, because that's not the truth."
- Iracane and Judd talked to reporters from Frankfort, where the board's attorneys are.

The board was to meet at the Stoll, Keenon and Park offices, but only five of the 10 regents showed up. That is not enough to have a meeting, so there was no decision whether to appeal a Warren circuit judge's ruling that the board illegally hired Nunn.

The board hired Stoll, Keenon and Park to defend it against a lawsuit filed by two regents who opposed Nunn's hiring.

The grand jury's report wrapped up three weeks of investigation in which nine witnesses testified.

"Whether this ends the controversy is anyone's guess," said St. Charles, the foreman.

Commonwealth's Attorney Steve Wilson said the grand jury's report points out the danger of too much politics on university governing boards.

"There was as much politics in Western's board room as in Frankfort," he said.
Legal opinion challenges WKU regents’ plan to hire auditors

By CYNTHIA CROSSLEY
Staff Writer

BOWLING GREEN, Ky. - The Western Kentucky University board of regents’ declaration of an emergency in order to hire an auditing firm without seeking bids didn’t meet the terms of an emergency as defined in state law, the attorney general’s office said yesterday.

However, Assistant Attorney General Ross T. Carter, who signed yesterday’s opinion - the second issued on the ongoing controversy at Western - said he didn’t have enough facts to determine if the board’s contract with Louisville firm Arthur Andersen & Co. was illegal — or, if it was, what action should be taken to remedy it.

The opinion was the latest in a series of setbacks for a majority of the regents, who want an audit of 11 spending areas, most of them controlled by Western President Thomas Meredith.

A circuit judge found that the board improperly hired former Gov. Louie Nunn all three times it hired him as a special counsel for the audit; a legislative committee disapproved a contract by WKU to hire lawyers to defend the board in a suit filed by two regents over Nunn’s hiring; the attorney general’s office said last month that the board might have been trying to get around the state’s personal-service contracts law in hiring Nunn; and a grand jury castigating the regents earlier this week for their handling of an earlier audit and their treatment of Meredith.

“Every step we take towards completing this audit there is a roadblock,” regents Vice Chairwoman Patsy Judd said yesterday.

Yesterday’s opinion said Carter was given three questions to consider: Does a state of emergency as described by state law exist at Western? If not, is the Arthur Andersen contract illegal? And if the contract is illegal, “what action should be taken to remedy the situation?”

The attorney general’s office received a copy of a declaration of emergency signed by regents Chairman Joseph Iracane, which says in part: “This Declaration of Emergency is necessary because the Board of Regents has determined that an audit is necessary to clarify serious allegations regarding the financial affairs of Western Kentucky University.”

The opinion then cited two sections of state law, one states that contracts may be made without going through bids when a board wishes to buy something sold by only one source or when “competition is not feasible, as determined by the purchasing officer in writing prior to award.”

The other section defines emergencies under which the competitive bidding process may be suspended. That definition refers to natural and man-made disasters.
Opinion issued on WKU hiring

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such as floods, fires, epidemics and riots. It is the same section regent Stephen Catron cited when he objected to Judd’s declaring an emergency to hire Arthur Andersen for a special audit sought by a majority of the regents.

While the opinion said Carter could not answer specifically if a state of emergency existed at Western, “we can state without hesitation that the grounds set forth in the (board’s) ‘Declaration of Emergency’ do not describe an ‘emergency condition’ as defined in the statute.”

Franken’s statement of “serious allegations” gives “no indication of imminent harm to government, property or lives. We do not believe that the emergency exception to the competitive bidding law may be invoked by a simple incantation,” Carter wrote.

Regarding the legality of the contract, he said that a complete response was impossible, partly because he didn’t have a copy of the contract.

“As for a remedy, he wrote: “We are not certain what type of action you have in mind. Your question may be construed to refer to a legislative action, or it might ask us to provide legal advice to particular officials.”

In an interview Wednesday, Meredith said he had asked Arthur Andersen to hold off on the audit until he got a “clarification” on its status from Frankfort.

Meredith could not be reached for comment yesterday.

An Arthur Andersen manager, David Calzi, said yesterday that his company’s auditors would stop coming to Western’s campus, after trying for three days to interview employees and review campus records. He said he hadn’t seen the attorney general’s opinion.

As with the Feb. 10 attorney general’s opinion on Nunn’s hiring, yesterday’s opinion was produced at the request of Legislative Research Commission Director Vic Hallard on behalf of an unnamed legislator.

Ed Lynch, a spokesman for Attorney General Chris Gorman, said he didn’t know who the legislator was.

Of the Warren County legislative delegation, Rep. Billy Ray Smith, D-Bowling Green, one of the legislators who sought the February opinion, and Rep. Jody Richards, D-Bowling Green, could not be reached for comment, and Sen. Nick Kafoglis, D-Bowling Green, said he didn’t know about the latest opinion.
WKU official Paul Cook will retire on June 30

By CYNTHIA CROSSLEY
and RICHARD WILSON
Staff Writers

BOWLING GREEN, Ky. — Paul Cook, a top Western Kentucky University administrator for two decades, has announced his retirement, effective June 30.

"This is something I've been thinking about for a long time," said Cook, 58, Western's executive vice president for administration and technology. "I wanted to leave when I thought I could still do the job."

His announcement prompted speculation that his retirement was related to a pending special financial review ordered by the board of regents, but he said "the board situation is not a factor" in his decision.

But it was, in a way. Other university officials said Cook initially talked about announcing his retirement last fall but put it off when the regents became embroiled in controversy over an internal audit. Cook decided to try to wait until the controversy was resolved.

Western President Thomas Meredith said yesterday that he would start a search for Cook's replacement in April and hoped to have the post filled by July 1, when the new fiscal year starts.

"It's a great loss for the university," Meredith said. "Not only is he invaluable as a resource but as a good friend as well. I have never been around anyone with a higher level of integrity than Paul Cook."

Cook's retirement is Western's second loss at the financial helm. Harry Largen, former vice president for business affairs, and another longtime administrator, retired in May 1989. Western began searching for another business vice president, but then gave those duties to Cook.

Meredith said he expected to keep the two positions combined.

Cook came to Western in 1960 as a supervising teacher in Western's Training School. He was named executive vice president in January 1988.

Cook has twice been a candidate in Western presidential searches; those searches resulted in the appointments of Donald Zacharias and Kern Alexander as president. Cook was interim president from September 1985 until January 1986.

Cook, who is originally from Hart County, received a bachelor's degree in history from Western in 1958 and a master's degree in educational administration a year later. He earned a doctoral degree in education in 1972 from the University of Kentucky.

He has served on the boards of The Medical Center at Bowling Green (chairman, 1985); the Bowling Green-Warren County Tourism and Economic Development Council; the Bowling Green-Warren County Chamber of Commerce (twice); American National Bank of Bowling Green; the Bowling Green Free Enterprise Foundation; and Junior Achievement of Bowling Green-Warren County. He has also served on numerous statewide task forces on financial and higher education.
Auditors to sort through core of Western dispute

By RICHARD WILSON and CYNTHIA CROSSLEY
Staff Writers

BOWLING GREEN, Ky. — At an institution where controversies traditionally have been settled quickly and quietly, Western Kentucky University's regents and administrators have been deadlocked for months in a highly public dispute that seems rooted as much in internal politics as in university finances.

The dispute spilled from the regents' boardroom to the courtroom and beyond to the General Assembly, where it helped energize the drive for a law that will reorganize the governing boards at the eight state universities later this year.

A team of auditors will be on campus, starting tomorrow, to sort through the university accounts that have been the ostensible focus of the dispute. The audit has allowed both sides to enter into an unofficial cease-fire.

But the audit cannot reach the more subtle elements of the dispute—the motivation of the key players among the regents and in the administration.

Some of President Thomas Meredith's supporters believe the board's 6-4 majority, led by regents Chairman Joe Iracane and Vice Chairwoman Patsy Judd, had Meredith's ouster in mind.

Iracane, of Owensboro, and Judd, of Burkesville, have denied that, insisting they've only this year.

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tried to determine whether university
money is being spent properly.

Iracane, in turn, has questioned the
motives of the board faction led
by Bowling Green regent Stephen
Catron. Iracane suggested that they
tried to block, a special audit the
board approved in December be-
cause members feared the results or
wanted to wait until the board's
composition changed to be more
supportive of Meredith.

Catron has denied that, saying he
only wanted to ensure a fair audit.
The only thing both sides agree
on is that some accounting proce-
dures probably will be changed. Ca-
tron said last week he expects that
is all the auditors from Arthur An-
dersen & Co. will recommend.

"I do not think under any circum-
stances that this audit will reveal
that there has been any wrongdoing
on the part of any individual at
Western," Catron said.

Judd said she didn't know wheth-
er the audit would find anything
that hasn't been raised earlier.

Meredith also is confident the au-
dit will show "no improprieties."

Meredith and several regents last
week declined to comment further,
saying they believed the controver-
sy is headed toward resolution and
that they did not want to aggravate
matters. Privately they acknowledge
several factors helped spark the dis-
pute:

Speculation that some regents
were trying to oust Meredith re-
fects the fact that he was not the
first choice of some board members
who hired him in mid-1988. While
Meredith ultimately received a
unanimous vote, Iracane, Judd and
Danny Butler, another regent who
has voted with the majority, initially
favored former Gov. Martha Layne
Collins for the post.

Despite reports that certain re-
gents would support Collins as a re-
placement for Meredith, regents in-
terviewed last week said there was
nothing behind that speculation.

Before he left Western, Presi-
dent Kern Alexander, Meredith's
predecessor, warned Iracane that the
university's administration
needed to streamline expenditures
because enrollment growth — and
the extra state money that comes
with it — might not continue. Ac-

cording to Iracane, Alexander also
questioned continuing losses occur-
ing in some university services.

That streamlining became the
focus of a strategic plan developed
in 1990 known as Western 21. How-
ever, the plan's ranking of some de-
partments, over others prompted
fearful faculty members to contact
regents to allege wasteful adminis-
trative spending.

When, they hired Meredith, the
regents directed him to improve
community ties that had withered
under Alexander. Meredith's suc-
cess set the stage for a community
backlash against Iracane, Judd and
the board majority for the perceived
mistreatment of Meredith.

Regent Robert Chambless, a
Munfordville banker and former
bank auditor appointed by Gov.
Wallace Wilkinson in 1990, carried
out his own detailed analysis of
Western's multimillion-dollar budg-
et and joined the Iracane-Judd fac-
tion. Later, he chaired the board
committee on the special audit.

Last summer, some board mem-
ers began bickering privately over
Meredith's explanation of a faculty
pay raise. But the dispute didn't
break into the open until October,
when Meredith unexpectedly an-
nounced his candidacy for the presi-
dency at a Florida university. Re-
gent Bobby Bartley of Glasgow; a
Meredith supporter; explained the
surprise announcement by saying
Meredith was "tired of fooling with
four or five regents who are a con-
tinual nuisance, and only want to
run the university."

The breach among board mem-
ers widened from there. Catron
tried to topple Iracane as chairman.
Chambless thwarted the effort by
threatening to disclose an internal
audit that he said could embarrass
Meredith.

After the internal audit raised
questions on some expenditures,
Judd called for an outside special
audit, saying "a cloud" hung over
Western because of possible "im-
proper, irregular activities here."

After a false start on their own, the
regent majority enlisted the help of
former Gov. Louie B. Nunn.

Nunn had been chairman of the
regents at Morehead State and Ken-
tucky State universities during the
ouster of presidents at those institu-
tions. His hiring by the Iracane-
Judd faction was a pivotal point in
the battle: It backfired by provoking
a lawsuit challenging his appoint-
ment and stalling the audit effort.

Nunn's involvement also fueled
speculation among Meredith sup-
porters, including influential Bow-
lng Green civic leaders, that the re-
gents' majority was working to get
rid of Meredith.
More roadblocks arose, largely a result of Nunn's hiring. Warren Circuit Court issued an order against it. The state attorney general's office twice questioned some of the majority faction's steps. After a lawyer for Meredith dramatically refuted contentions that Iracane and Judd made to a local grand jury, the grand jury castigated the board majority for mishandling the controversy and not settling it internally.

Faced with a stalemate, the board factions negotiated the agreement for the audit that starts tomorrow. It's possible the cease-fire could be shattered next month, when the audit results are expected to be made public. But by then, Meredith supporters hope Gov. Brereton Jones will have started tipping the board's balance toward the president. Jones is likely to show his hand on the issue when Butler's term expires Tuesday. A pro-Meredith successor would leave the board evenly divided and unable to push the issue.

While the results of the audit itself may be a month away, the controversy surrounding it has had one effect far beyond Western's campus. Lawmakers in Frankfort frequently cited it as a reason for trying to drain some of the politics from campus governing boards.

Western regent Freddie Travis of Glasgow acknowledged the Western board's unwitting role in the law's passage: "Every time the fire went down, we threw another log on it."

UNDER REVIEW
The key issues to be reviewed by Arthur Andersen & Co.: - Presidential allowances and expenses. These include entertainment and travel by Thomas Meredith and his family as well as the $2,000-a-month entertainment allowance once paid directly to the president's wife. Former regents have not questioned the Merediths' use of the money but have said the board erred in not laying out the arrangements publicly. The auditors will try to determine if other Western presidents had similar arrangements. They also will review the regents' travel and entertainment budgets.
- The president's official residence. Auditors will try to determine what work — including improvements, maintenance and housekeeping — has been done and who paid for it. Western leases the house from the College Heights Foundation, but regents are unsure who should pay the upkeep.
- The physical plant department. The auditors are to determine who foots the bills when Western's maintenance staff works at the official residence or for any other university department, including athletics. The assumption is the physical plant pays, but can't afford it. It is said to have lost nearly $1.2 million over the last three years.
- Food service. It too has lost money — regents say nearly $1.3 million since 1983 — and suffered embarrassment in 1989-1990 when it was discovered to be supporting a private catering firm, a situation the audit will review.
- Meredith ordered the firm off campus in 1990.
- Development funds. Andersen is to look at unrestricted donations to Western. The accounting firm is to determine university policy on spending the money, and if it's being followed.
- Interest income from agency accounts of funds from grants and other sources. Western earns interest on the deposits, and the regents want to know what happens to that interest.