

Institutional Corruption

A Cause of Skyrocketing Costs of Higher Education

The popular press is replete with stories of new corruption in higher education. They're irrelevant to the skyrocketing costs traced to mundane misconduct of faculty and administrators we'll report hereinafter.

It's the myriad types of free-spending which add up to huge costs. Here we detail the common practice of evading merit-based pay standards to increase the salary of relatives, friends, or political allies. As with other instances of extravagance and misconduct, the waste occurs over many years and includes a cast of faculty and administrators ranging from an instructor at the bottom of University of Southern Mississippi's hierarchy all the way to Mississippi's Board of Trustees. What's special about this instance is rarely are the participants so publicly revealed.

Consider merit-based rules to evaluate teaching, research, and service. University of Southern Mississippi's Faculty Handbook required performance evaluations based on objective evidence defined "as factual material and verifiable testimony, as distinguished from conjecture, supposition, or perceptions existing in the mind."

The Director of the School of Accountancy, James Crockett, in a letter to the Interim Dean of the College of Business Administration, Rod Posey, represented that one of his professors deserved an "equity" pay raise because the established evaluation standards had overlooked his excellent performance. The letter, which was intended to be a private communication with other administrators, included claims the faculty member, Marvin Albin, had more professional experience, taught more different classes, and had an outstanding research record. The faculty member, as a result, received a significant increase in pay.



Director Jim Crockett



Marvin Albin

Months later, when the letter inadvertently surfaced, faculty who had earned their pay and promotions compared the details of publicly available vitae with the Director's claims and found they were clearly false. When asked to provide "factual material and verifiable testimony," the Director refused. He was furious.

Appeals Process

The Faculty Handbook established a process to challenge administrative decisions. As permitted by the rules, faculty requested a University Committee to review the Director Crockett's decision. Its purpose would be to determine whether the request for a pay raise was supported by objective facts. As a matter of due process, Director Crockett could show the faculty who submitted the appeal were wrong.

You Gotta Have A Sense Of Humor

Administrators informally offered a series of bizarre explanations why no action should be taken. First, "if anything was done wrong, it won't happen again." When the quasi-admission of wrongdoing didn't silence faculty, administrators suggested "the request wasn't filed within seven days of the Director Crockett's letter." The upshot of that offering was that any decision administrators could keep hidden for more than a week couldn't be appealed. When the faculty pointed out just how ridiculous failing to object to a private communication within a week actually was, they were told "wait until contracts are signed in July and August, then the request can be filed in a timely manner." No administrator would explain how waiting several months to file an "untimely objection" would suddenly re-set the clock. Of course, from a bureaucratic point of view faculty might forget and move on.

The last informal advice was that the faculty were firmly told, “even if you get a Committee assigned to hear the facts, University Counsel will shut it down.” The clear message was that administrators would enforce the Director Crockett’s decision regardless of published rules. Ultimately, the formal response was stony silence.

The final level of appeal was to the Board of Trustees, which provides administrative and financial oversight to all Mississippi’s institutions of higher education.

The Final Appeal

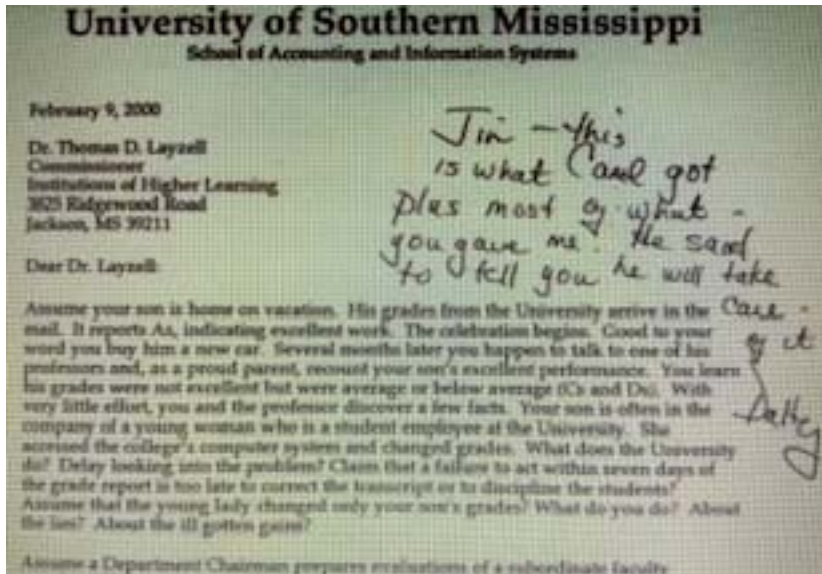
A certified letter complete with documentation was delivered to the Board of Trustees. It detailed each of the Director Crockett’s claims was false and recounted how the university failed to follow established administrative appeal procedures.

The Board of Trustees never publicly responded. However, for the first time in the history of the College of Business Administration, faculty vitae were declared confidential. It became effectively impossible for faculty to determine if rewards met standards or were a function of favoritism. The right of appeal to the Board of Trustees was abruptly and unilaterally eliminated. In short, no one would be able to challenge administrative actions.

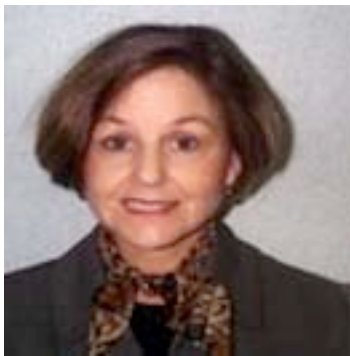
The Mississippi’s Board Of Trustees

Several years later, a copy of the letter from the faculty to the Board of Trustees was produced as part of a freedom of information request. In the upper right hand corner, a handwritten note was scrawled:

“Jim [Director Crockett] -- this is what Carl [Nicholson at the time a member of Board of Trustees] got plus most of what you gave me. He said to tell you he will take care of it. Patty [Munn]” (Emphasis added.)



Patty was an Accounting Instructor at the College of Business Administration. She later confirmed she authored the note and identified Jim as the Director Crockett and Carl as Carl Nicolson, the member of Board of Trustees. [See **Patty Munn deposition below**. What is an instructor doing secretly negotiating a formal appeal on behalf of Director Jim Crockett with Carl Nicolson, member of Board of Trustees?]



Instructor Patty Munn

Carl Nicholson, Director Jim Crockett, and the Board of Trustees missed an opportunity to follow the rules and provide reasons for their decisions. Instead, no Committee reviewed the facts. Students and taxpayers funded a substantial pay raise and benefits for an underperforming faculty member.

“Taking care of” unpleasant facts

In the end, Carl Nicholson's choice to violate established rules and ignore facts caught up with him. Carl Nicholson, former president of Board of Trustees, former president of the University Foundation, and former CPA, was sentenced on May 23, 2019 to five years in federal prison, ordered to pay restitution of \$629,432 to the IRS and a \$25,000 fine. He had been convicted on eleven (11) felony counts, including one (1) count of conspiracy to defraud the United States government, four (4) counts of false statements on income tax returns, and six (6) counts of willfully aiding in preparation of false tax returns.



Carl Nicholson

Carl Nicholson paid a price for “taking care of” clients by filing phony tax returns, but he wasn't held to account for wasted University of Southern Mississippi resources. Students and taxpayers suffered the costs of corruption in both cases. Furthermore, Carl Nicholson, Interim Dean Rod Posey, Director Jim Crockett, his underperforming friend, Marvin Albin, and Instructor Patty Munn cannot claim ignorance about the implications of their behavior on University finances or the ethics of their behavior because they were all CPAs.

A Dollar Here, A Dollar There

When every department of every college at the University of Southern Mississippi rewards underperformers, costs increase by millions of dollars every year. We witnessed several in the College of Business Administration alone. Include raises given to underperformers in every state university in Mississippi and you begin to get a notion of the costs of just one type of misuse of students and taxpayers' money.

The misconduct we report goes well beyond salary fraud to include President Martha Saunders buying an airplane with student and taxpayer dollars to fly herself, family, and politicians to University of Southern Mississippi athletic events; faculty and administrators submitting plagiarized documents in support of the expensive process of accreditation; faculty and administrators taking unnecessary travel to exotic destinations; and faculty and administrators collecting kickbacks by requiring students to buy unnecessary course materials. And we haven't yet gotten to the athletics department. In all these instances, most faculty and administrators chose to participate in or go along with miscreant faculty and administrators' free-spending of student and taxpayer resources, when they could have chosen to act honorably.

Faculty Handbook: https://www.usm.edu/sites/default/files/groups/office-provost/pdf/2017_faculty_handbook_10-27-17.pdf , page 2, paragraph 1. University of Southern Mississippi Faculty Handbook is revised periodically. It still requires evaluations supported by "objective evidence."

Carl Nicholson: *U.S. News & World Report* . <https://www.usnews.com/news/best-states/mississippi/articles/2019-05-23/prominent-ex-accountant-gets-5-years-for-tax-convictions>.

Patricia P. Munn Deposition, pp. 76-78 (a complete copy is available upon request):

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
HATTIESBURG DIVISION

CHAUNCEY M. DEPREE, JR. PLAINIFF
VERSUS CIVIL ACTION NO. 2:07cv185-KS-MTP
MARTHA SAUNDERS, ET AL DEFENDANTS

VIDEO DEPOSITION OF PATRICIA P. MUNN
TAKEN ON THE 10TH DAY OF JUNE, 2008, AT 9:33 A.M.
AT THE UNIVERSITY OF SOUTHERN MISSISSIPPI
LEGAL COUNSEL'S OFFICE

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ALSO PRESENT: TOBY WEST, VIDEOGRAPHER
CHAUNCEY M. DEPREE
MARY ANDERSON
GWEN PATE

COURT REPORTER: Rhonda B. Wetzel, RPR, CSR
#1172

1 A. Under a year.

2 Q. Okay. Without regard to size?

3 A. I think puppy has to do with the age.

4 Q. Do you know how big Coltharp's dog was?

5 A. Golden retriever. I don't know exactly how
6 big he was.

7 Q. Let me hand you a letter, which is Bate stamp
8 D-00261, and it's got some handwriting up at the top of
9 it. Ask you if you can identify that.

10 A. Identify who wrote it, the handwriting?

11 Q. Identify the letter.

12 A. It's a letter that Marc wrote to the College
13 Board in 2000, when he couldn't get anyone to listen to
14 him here. This has to do with the Crockett-Albin
15 situation.

16 Q. So what you're telling me is that Marc DePre
17 took his false allegations concerning Dr. Crockett to
18 the IHL?

19 A. He took his spin to the IHL.

20 Q. His spin to the IHL. Okay. And do you
21 recognize that handwriting on that letter?

22 A. It's mine.

23 Q. And would you, please, read it to us?

24 A. Jim, this is what Carl got, plus most of what
25 you gave me. He said to tell you he will take care of

1 it. Patty.

2 Q. Okay. Now, tell me who Carl is?

3 A. Carl is Carl Nicholson. He is a CPA in
4 Hattiesburg, Nicholson and Company. He was also on the
5 College Board at that time. He was not President, but
6 he was on the College Board. I guess Doctor --

7 Q. He was on the IHL at the time?

8 A. IHL, College Board, same thing.

9 Q. Okay. And so you're telling Jim that Carl
10 got this letter here?

11 A. Uh-huh (indicating yes).

12 Q. And you're also saying that Carl got most of
13 what you gave or Jim gave you?

14 A. No. I don't -- I don't even know what that
15 means now it's been so long. I promise you I don't.
16 This is what Carl got, plus -- the part I don't know
17 what it means is plus most of what you gave me. I
18 don't know what that means. What happened is that Carl
19 Nicholson called me, because we're friends and because
20 I deal with him a lot hiring students. And he said
21 Doctor -- I guess -- was Dr. Layzell the President at
22 that time? Does anybody know?

23 GWEN PATE: Commissioner.

24 A. Commissioner. Is that the same? Is that
25 just another College Board member or is that -- he's

1 like Meredith is now?

2 GWEN PATE: Yes.

3 A. Okay. So he sent this to the Commissioner,
4 which is like what Tom Meredith is now. And Layzell
5 was clueless and he called Carl and he said, "What is
6 going on, you know, I can't make heads or tails out of
7 this." Carl didn't know. He called me and he said,
8 "Would you come over here and explain what this is
9 about." And I did as truthfully as I knew how. And
10 Carl immediately -- Carl listened to me, asked me a lot
11 of questions. And I gave him my opinion, which is all
12 I can do. And he said, "This is not anything we need
13 to bother ourselves with." And that's what I meant
14 when he said to tell you he will take care of it, that
15 he felt like he had researched it and that it didn't
16 deserve credence.

17 Q. Who is Jim?

18 A. Jim Crockett.

19 Q. So you gave Carl some information?

20 A. Carl asked me about this situation described
21 in the letter.

22 Q. Well, you gave Carl some documents that Jim
23 had given you, didn't you, and that's what that note
24 says?

25 A. This is what Carl got, plus most of what you

