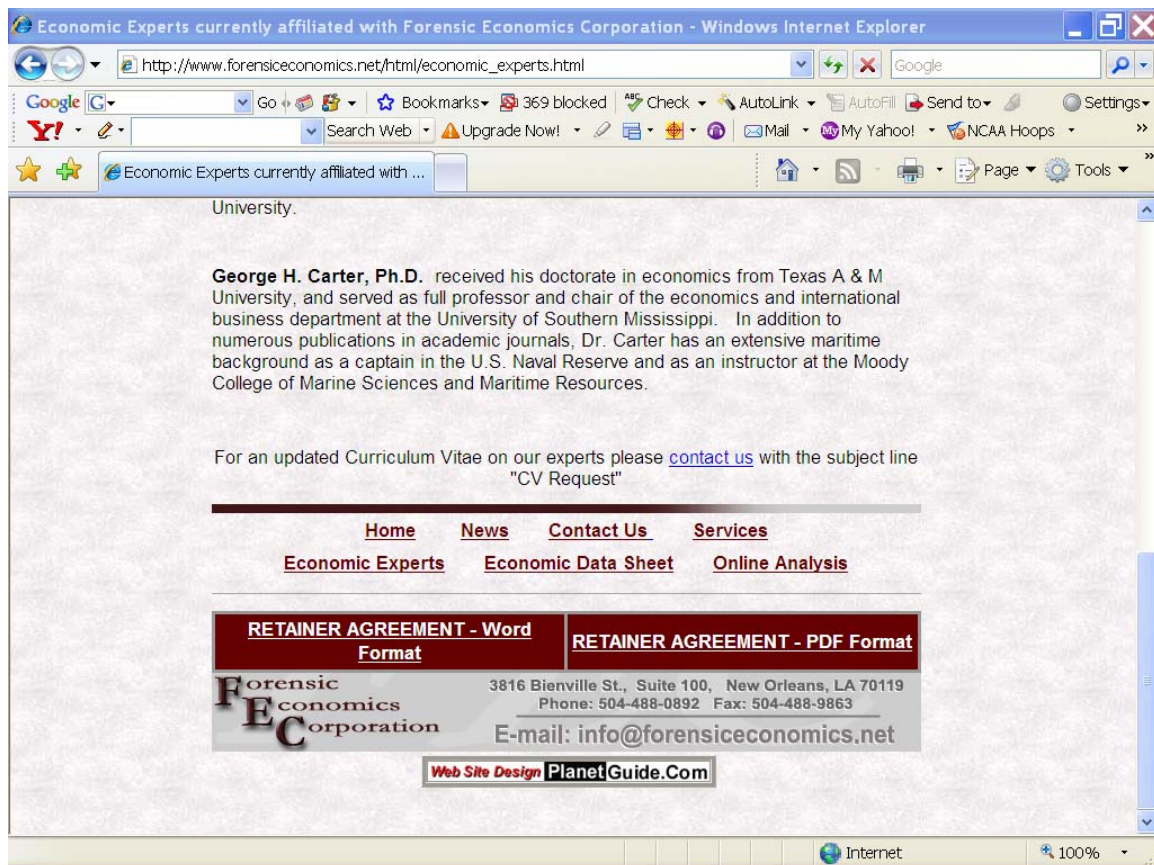


Special Report

Is George Carter Becoming a USM Millionaire?

An Investigative Series on the Use of the CoB for Personal Gain

A number of investigative reports that are related to EFIB Chairman George Carter's use of USM facilities for work in his private sector consulting firm have been produced by the news staff at usmnews.net. Recently tips from sources led usmnews.net reporters to the temporary website for the private sector company **Forensic Economics Corporation**. The usmnews.net reported entitled "More Details on Carter's Private Sector Shingle" showed that Carter is affiliated with the **FEC** as an "Economics Expert." The screen below is taken from that particular usmnews.net report.¹



The "... Private Sector Shingle" report also provided the specifics regarding the **FEC**'s "Retainer Agreement," which is linked to the **FEC** website as shown in the screen above. Pertinent details from that retainer agreement, along with a usmnews.net analysis of how the **FEC** is used by Carter to supplement his other sources of annual income, were included in the "... Private Sector Shingle" report and both are also inserted in the red frame below.

¹ For the entire report, which describes Carter's affiliation with **FEC** in detail, visit usmnews.net Archives at <http://www.usmnews.net/Special%20Report%20Carter%20Private%20Shingle.pdf>.

RETAINER AGREEMENT FORENSIC ECONOMICS CORP.

FORENSIC ECONOMICS CORPORATION requires a minimum \$500 non-refundable and non-transferable retainer before work commences or designation of a Forensic Economics Expert as your expert witness;

FORENSIC ECONOMICS CORPORATION bills for its services on a project basis: Rates are between \$1000-\$1500 for an initial economic impairment analysis including standard research, past and future earnings/earning capacity, fringe benefit losses, personal service losses and report preparation; \$575 for the first hour of a deposition and \$275 an hour thereafter with a two hour minimum billed to deposing counsel, \$250 an hour for trial testimony with a four hour minimum; and \$400 for a standard update which is required when trial dates change or new pertinent information becomes available; premiums may be added for rush projects (those required in less than 3 business days), Life Care Plan Evaluation, and issuance or recalculation of additional formal reports;

This information (above) was used to generate an estimate of the expenses associated with a typical project that George Carter might work on for the **FEC** group. That hypothetical project is detailed below:

Hypothetical Carter Project for FEC Group

Initial Impairment Analysis:	\$1,250
2-Hour Deposition:	\$ 850
1-Hour Trial Testimony:	\$1,000
Standard Update:	<u>\$ 400</u>
	\$3,500

Staff at usmnews.net are in possession of a number of official documents provided to usmnews.net by USM Counsel Lee P. Gore that relate to Carter's permission to engage in outside employment. In these documents Carter indicates that he works on consulting business about four (or more) hours each week (plus depositions and courtroom testimony when necessary). If one assumes that Carter works on impairment consulting for six (6) hours per week over the course of a year, his total would come to 312 hours per year. Divided by 40, this total comes to 7.8 full-time work weeks (i.e., almost two months' worth of consulting time per year). At two projects per week-worked, Carter could conceivably complete 15.6 projects for **FEC** each year, bringing in \$54,600 in the process. Thus, combined with his USM compensation package, Carter could be earning well over \$200,000 per year from (both) MS taxpayers and **FEC** (and **MCG, Inc.**) clients.

The usmnews.net analysis appearing in that report, which is shown above, relied on details provided to usmnews.net from USM Legal Counsel Lee Gore. Those details were contained in past **Permission to Engage in Outside Employment** forms that Carter completed over the period from 1996-97 to the present. All of Carter's **PEOE** forms covering the past decade are presented in a separate usmnews.net report entitled "Night Court."²

² For a complete look at the "Night Court" report, go to <http://www.usmnews.net/Special%20Report%20104.pdf>.

Two of Carter's **PEOE** forms were used to generate the analysis in the "... Private Sector Shingle" report that suggested that Carter's consulting work may be generating about \$55,000 per year, in addition to his USM-based income. One of the two forms used is the most recent **PEOE** filed by Carter, for the 2006-07 academic year (see below), he (Carter) notes that he works for his private consulting firm, Mississippi Consulting Group, Inc., on "nights and weekends," plus the "occasional testimony."³

APPLICATION FOR PERMISSION TO ENGAGE IN
OUTSIDE EMPLOYMENT OR PRACTICE OF PROFESSION

The Board of Trustees of Institutions of Higher Learning has established that "Institutional members of the faculty and staff are permitted to engage in outside employment, provided permission is first obtained from the executive officer of the institution concerned, and provided further, that the executive officer of the institution concerned shall grant permission to engage in outside employment only after having first determined that the said outside employment will interfere in no way with the institutional duties of the individual requesting such permission. In addition, such individuals will not engage in a business or profession that would in any manner compete with a similar business or profession over which he/she would have direct supervision, inspection, or purchasing authority within the university or agency, such being a conflict of interest". In particular, this directive is understood to cover: (1) connection with any business enterprise as consultant, owner, partner, officer, director or agent; or (2) connection with any public office either by election, appointment, or employment.

In accordance with regulations established by the Board of Trustees of Higher Learning, I hereby request permission to engage in outside employment or practice of profession.

NAME	<u>George Carter</u>	SCHOOL/COLLEGE	<u>Business</u>
TITLE	<u>Professor and Chair</u>	DEPARTMENT	<u>Economics, Finance & IB</u>

DESCRIPTION OF OUTSIDE ACTIVITY
Preparation of forensic economics reports on nights and weekends.
Occasional testimony.

NAME AND ADDRESS OF OUTSIDE ORGANIZATION
Mississippi Consulting Group, 118 College Drive, #7278, Hattiesburg
Mississippi, 39406

AMOUNT OF TIME TO BE DEVOTED TO ACTIVITY (EXPLAIN)
Four to six hours per week on nights and weekends.

The second form used by usmnews.net analysts for the "... Private Sector Shingle" analysis is the 2002-03 **PEOE** form (see "Night Court"), which indicates that Carter works on his private consulting enterprise for "about 16 hours per month" (again, on "nights and weekends").

New Analysis

Since the publication of the "... Private Sector Shingle" report, usmnews.net analysts have continued to examine the documents provided to us by USM Counsel. In doing so, analysts discovered that on Carter's 2004-05 **PEOE** form, he (Carter) indicates that he works for his private consulting concern about "eight to sixteen hours per week," as shown in the insert below:

AMOUNT OF TIME TO BE DEVOTED TO ACTIVITY (EXPLAIN)
eight to sixteen hours per week; nights and weekends

Again, Carter indicates that the 8 to 16 hours per week is all done on "nights and weekends." This **PEOE**, signed by Carter (7/1/2004), EFIB Chair Mark Klinedinst

³ The "... Private Sector Shingle" reports points out that Carter can work through his own company (MCG, Inc.) as an affiliate of the **FEC** (the New Orleans-based consulting firm).

(11/4/2004), and CoB Associate Dean Farhang Niroomand (11/5/2004), is inserted below in complete form:

In accordance with regulations established by the Board of Trustees of Higher Learning, I hereby request permission to engage in outside employment or practice of profession.

NAME George H. Carter SCHOOL/COLLEGE Business
 TITLE Professor of Economics DEPARTMENT Economics, Finance, and IB
 DESCRIPTION OF OUTSIDE ACTIVITY
Preparation of reports and expert testimony in depositions and trials.
 NAME AND ADDRESS OF OUTSIDE ORGANIZATION
Mississippi Consulting Group, Inc.
USM, 118 College Drive, #7278; Hattiesburg, MS 39406
 AMOUNT OF TIME TO BE DEVOTED TO ACTIVITY (EXPLAIN)
eight to sixteen hours per week; nights and weekends
 WILL THIS ACTIVITY:
 UTILIZE UNIVERSITY FACILITIES AND/OR EQUIPMENT? YES () NO (X)
 UTILIZE UNIVERSITY SUPPORT PERSONNEL? YES () NO (X)
 UTILIZE UNIVERSITY SUPPLIES AND COMMODITIES? YES () NO (X)
 INTERFERE WITH NORMAL INSTITUTIONAL DUTIES? YES () NO (X), nights & weekends
 IF YES TO ANY OF ABOVE, EXPLAIN

If additional space is required, attach a separate sheet.

George H. Carter 7/1/04
 Signature Date
Carl D. Brown 11/8/07
 V.P. Research & Extended Services Date
John Moore 11-9-04
 Other V.P. Date
 (as appropriate)
John Moore 11/13/04
 President Date
F. Niroomand 11/5/04
 Dean/Director Date
Director, CRSP Date

APPROVAL OF THIS APPLICATION EXPIRES AUTOMATICALLY AT THE END OF THE FISCAL YEAR, (JUNE 30). IF A RENEWAL IS DESIRED, A NEW APPLICATION MUST BE FILED.

A-15-2

This information (above) is also used by usmnews.net analysts to re-examine the income possibilities from Carter's "private sector shingle."

Once again, the information from the FEC's Retainer Agreement is used to generate an estimate of the expenses associated with a typical project that George Carter might work on for the FEC. That hypothetical project is detailed below:

Hypothetical Carter Project for FEC Group

Initial Impairment Analysis:	\$1,250
2-Hour Deposition:	\$ 850
1-Hour Trial Testimony:	\$1,000
Standard Update:	\$ 400
	\$3,500

Next, if one assumes that Carter works on impairment consulting for eight (8) hours per week over the course of a year, his total would come to 416 hours per year. Divided by 40, this total comes to 10.4 full-time work weeks (i.e., about two and one-half months' worth of consulting time per year). At two projects per week-worked, Carter could conceivably complete 20.8 projects for **FEC** each year, bringing in **\$72,800** in the process.

Alternatively, if one assumes that Carter works on impairment consulting for 16 hours per week over the course of a year, his total would come to 832 hours per year. Divided by 40, this total comes to 20.8 full-time work weeks (i.e., about five months' worth of consulting time per year). At two projects per week-worked, Carter could conceivably complete 41.6 projects for **FEC** each year, bringing in **\$145,600** in the process.

The “. . . Private Sector Shingle” report state that Carter’s income from both MS taxpayers and the **FEC** could easily exceed \$200,000 per year. That figure was based on an estimate of about \$55,000 in **FEC**- (MCG, Inc.-)related income. Given these new estimates above, Carter’s two-source income could stretch anywhere from **\$200,000** per year to over **\$250,000** per year. Given the two estimates in blue above and the fact that Carter’s USM-based compensation is in the neighborhood of **\$150,000**, one could argue that these two-source gross income figures are a bit conservative.⁴

Additional Commentary

In “It’s All Academic,” by Mark Arend in the January 2004 issue of *Site Selection* magazine (see <http://www.siteselection.com/features/2004/jan/ms/>), usmnews.net is reminded that Shelby Thames proclaimed, when he ascended to the Presidency of USM in 2002, that he wanted to see at least 10 millionaires come out of USM during his reign (the relevant portion of Arend’s article is shown below):⁵

Economic Development 101

Couple these efforts with the higher-education community's unique interest in economic development, and the business landscape in the Magnolia State will likely look very different in 10 years.



⁴ Some readers have told usmnews.net that Carter’s “living standard” supports the dollar amounts discussed in the “. . . Private Sector Shingle” report.

⁵ For Arend’s article, see <http://www.siteselection.com/features/2004/jan/ms/>.

Thames

"When I came into this role in May 2002, I knew exactly what I needed to do," says Dr. Shelby Thames, president of the University of Southern Mississippi (USM), in Hattiesburg. USM offers bachelors, masters and doctorate degrees in economic development. "It has always been my contention that universities are the most dynamic economic development machines you can have and that for a state not to utilize that resource is very wasteful."

In addition to the traditional areas of teaching, research and service, Thames has added economic development to the university's very mission. That means creating an environment in which idea commercialization is facilitated and encouraged to the betterment of all involved. Thames says he wants 10 millionaires to come out of Southern Miss by the time his presidency is complete, because wealth generation will benefit the entrepreneur, the local economy and the university.

Arend's article repeated what USM's own Christopher Mapp had revealed in his story on Thames entitled "... From Polymer Scientist to University President." The relevant portion of Mapp's piece is inserted below:⁶

Released April 3, 2003 THAMES HIGHLIGHTS CAREER FROM POLYMER SCIENTIST TO UNIVERSITY PRESIDENT

By Christopher Mapp

Thames said that is just one example of the type of economic rewards Southern Miss can produce. "Universities in Mississippi are the best economic machines we have, full of intelligent, creative minds," he said. "During my tenure, I'd like to see 10 millionaires from the faculty created through their research and hard work."

Mapp's story goes further than Arend's by attributing to Thames the statement that Thames wanted to see 10 millionaires "from the faculty created through their research and hard work." The question we have is: Did Thames intend for faculty to do what EFIB Chair George Carter appears to be doing? That is, should we believe that earning tens of thousands of dollars doing private consulting is what Thames, and the IHL for that matter, think university faculty should be doing? Though he may not be earning one million dollars per year, is George Carter following the "10 millionaires" plan alluded to by USM President Shelby Thames above?

Another issue is brought to the forefront by Carter's activities. The use of a USM address, e-mail account, and a university title, such as in the case of Carter's MCG, Inc. and FEC activities, would lend legitimacy to any business concern. Taxpaying businesses up and down Hardy Street would all likely benefit from the privilege of using USM's "endorsement" of their businesses. By invoking a ghostly "acceptable use" standard that allows Carter to use the USM name brand to assist in his consulting enterprise, USM Counsel Lee Gore has arguably created a "faculty privilege," if not a "faculty right," out of whole cloth.⁷

⁶ For the complete report by Mapp, see <http://www.usm.edu/pr/prnews/apr03/thames.htm>.

⁷ For more on Gore's "acceptable use" standard, see the earlier reports on Carter's use of USM facilities for his private consulting concern (www.usmnews.net).

Usmnews.net readers will want to stay tuned to stories of the use of USM for personal gain. This is just one example. With new USM President Martha Dunagin Saunders taking the helm in May of 2007, we will be watching her reaction to this type of behavior in USM's College of Business and beyond.