

Summary of Interim Report dated 8/1/2018 by Eric Orr¹

If you read the 38-page report, then I know you agree with me when I say this was painful to read. What did we read? A Forensic Accounting Review. What is a Forensic Accounting Review? This is an investigation of suspected, anticipated, or actual fraudulent activity. Mr. Orr did exactly that - an investigation of BCU's finances over a period of time. The period presented in this report are primarily from 2017 and 2018; however, information to support a pattern of behavior derived from 2014 forward.

Who is Implicated?

Angela Poole, CFO - became CFO in 2017 under former President Jackson - moved a 25-year accounts payable personnel from her position to oversee "travel expense and compliance department." Poole hired and trained Andrea Hampton for AP position.

Andrea Hampton, Accounts Payable Clerk - supervised and directed employees to present financial reports that reflected negative balances, directed employees to adjust checks in the system after checks were paid to vendors

Jaqueline Dowdy, position unknown - reviewed financial reports from departments and decided which vendors to pay

What did they do?

- Manually entered requisitions, not checked against the 2017 budget
- Spent funds without knowledge of available funds
- They determined which vendors to pay and when
- Came up with an elaborate scheme to "stage checks." "Stage checks" = "keeping a checkbook and deducting checks written from your available balance and adding certain checks back into that balance ensuring that the accounts never reflected a negative balance."
 - Told employees to ensure the cash balances never appeared negative
 - Provide inconsistent information to employees when asked about outstanding vendor payments
- Failed to follow basic accounting processes when receiving acquisitions and paying invoices in a timely manner; poor tracking of invoices, no way of ever knowing liabilities owed to vendors
- Directed the withdrawals of \$20m (\$10m for '17, \$10m for '18) when only \$4m was necessary
- Poole attempted to authorize a \$3m loan secured by student receivables, but Grimes halted this transaction due to high interest rates and unacceptable default terms.

President Grimes

¹ Legal disclaimer: This summary is not intended to serve as a legal analysis, legal conclusion, or legal advice. This summary was prepared in my capacity as an alumnus of Bethune-Cookman University solely.

This report shows President Grimes was not aware of the financial state of BCU because he was presented with incorrect reports - he never saw a negative cash balance. However, he began receiving complaints from vendors that made him inquire further into the financial health. When he questioned Poole, she never provided a full accounting of what was owed and to who.

Other financial issues presented

- While revenues decreased, expenses, namely salaries, increased. "...it is not prudent or sustainable to almost double your expenses as compared to your revenue."
- \$9m+ in charged off accounts that could have been collected on

Michelle Carter-Scott and Embassy of Hope

- MC-S received an honorary doctorate from BCU under former President Jackson in 2012
- Jackson was honored at the Vince Carter Charity Gala in August 2013
- MC-S and Jackson arranged for EOH to give ten \$64k scholarships to Volusia County Students in February 2013
- Students were awarded scholarships, but funds were never received from EOH - identified in 2016
- As of 2017, BCU absorbed \$259,689 in scholarship funds from EOH
- By 2021, total amount to be absorbed = \$843,682