

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

In re: WAYNE WATSON) OEIG Case #13-00436

OEIG FINAL REPORT (REDACTED)

Below is a final summary report from an Executive Inspector General. The General Assembly has directed the Executive Ethics Commission (Commission) to redact information from this report that may reveal the identity of witnesses, complainants or informants and “any other information it believes should not be made public.” 5 ILCS 430/20-52(b).

The Commission exercises this responsibility with great caution and with the goal of balancing the sometimes-competing interests of increasing transparency and operating with fairness to the accused. In order to balance these interests, the Commission may redact certain information contained in this report. The redactions are made with the understanding that the subject or subjects of the investigation have had no opportunity to rebut the report’s factual allegations or legal conclusions before the Commission.

The Commission received a final report from the Governor’s Office of Executive Inspector General (“OEIG”) and a response from the agency in this matter. The Commission, pursuant to 5 ILCS 430/20-52, redacted the final report and mailed copies of the redacted version and responses to the Attorney General, the Governor’s Executive Inspector General and to Wayne Watson at his last known address.

The Commission reviewed all suggestions received and makes this document available pursuant to 5 ILCS 430/20-52.

FINAL REPORT

I. INTRODUCTION AND ALLEGATIONS

On February 28, 2013, the OEIG received a complaint alleging that Chicago State University (CSU) Board Chairman Gary Rozier and Vice Chair Zaldwaynaka “Z.” Scott¹ pressured President Wayne Watson and several other CSU administrators to hire and give raises to their friends. That same day, the OEIG anonymously received a copy of a February 26, 2013² letter from President Watson to the CSU Board of Trustees that detailed similar allegations of

¹ After receiving this complaint, the OEIG referred it to the Executive Ethics Commission (EEC) to determine whether a special EIG should be appointed because Ms. Scott previously worked with former Executive Inspector General Ricardo Meza, and had previously held the position of Executive Inspector General at the OEIG. Although the OEIG did not believe there was a conflict of interest, the complaint was referred out of an abundance of caution, and to avoid any potential appearance of a conflict of interest. The EEC determined that there was no conflict, and the OEIG proceeded with its investigation.

² Although the letter was dated 2012, subsequent interviews confirmed this was a typo; the actual date of the letter was February 26, 2013.

wrongdoing against Mr. Rozier and Ms. Scott.³ Shortly thereafter, the OEIG opened an investigation into these allegations.

After a thorough investigation, the OEIG found no evidence of wrongdoing on the part of Mr. Rozier or Ms. Scott, and this allegation is therefore unfounded. Instead, the investigation revealed wrongdoing by President Watson. Specifically, it was discovered that President Watson's February 2013 letter to the Board of Trustees contained numerous false accusations against Mr. Rozier and Ms. Scott for which President Watson had no evidentiary support, and misrepresented the basis for his planned sabbatical. Ultimately, the OEIG concludes that President Watson's conduct in authoring and disseminating his February 2013 letter amounts to misconduct in violation of Chicago State University policies and procedures.

II. BACKGROUND

A. Chicago State University and Board of Trustees

The Chicago State University Board of Trustees is the governing body of Chicago State University. While the Board is ultimately responsible for the operation, management, and control of CSU,⁴ "it delegates the conduct of administration and management to the President,"⁵ which includes the authority to make appointments and promotions.⁶ Still, the President remains directly responsible to the Board,⁷ and "shall be held accountable by the Board for the effective administration and management of the institution."⁸ Ultimately, "the Board prescribes the duties of the President, contracts with the President and, for good cause, can remove the President."⁹

B. Chicago State University President Wayne Watson

On October 1, 2009, President Watson began his tenure as President of Chicago State University after retiring from a more than 30-year career at City Colleges of Chicago. In December 2013, President Watson's contract with CSU was renewed through June 30, 2016. According to his CSU contracts, President Watson is required, among other things, to:

- serve, under the general direction of the Board, as the principal spokesperson and representative for the university;
- make appointments of such officers and employees as may be designated by the Board; and
- perform such other duties as may be delegated by the Board.

C. Other Relevant CSU Policies

³ From November 2009 to March 2013, Mr. Rozier and Ms. Scott served as members of the CSU Board of Trustees. Both Mr. Rozier and Ms. Scott informed investigators that they were asked to accept reappointment to the Board upon the expiration of their terms, but declined.

⁴ Chicago State University Board of Trustees Bylaws, Article I Section 1 (issued June 2014).

⁵ *Id.* at Section 2.

⁶ Chicago State University Board of Trustees Board Regulations Section II(A)(3).

⁷ Chicago State University Board of Trustees Bylaws, Article VI (issued June 2014).

⁸ Chicago State University Board of Trustees Governing Policies, Article II Section 2(A) (issued 2000).

⁹ Chicago State University Board of Trustees Bylaws, Article VI (issued June 2014).

Additionally, other CSU policies and regulations detail the conduct expected of all CSU employees, including the president. Specifically, the CSU Human Resources Policy Manual states:

The University expects all employees to act with integrity at all times in the workplace, or when representing the company. . . . Whether or not a specific action is addressed in this manual does not limit the authority of management to make judgments of any act as being unprofessional, or detrimental to the welfare of the University or its employees.¹⁰

III. GENERAL TIMELINE OF EVENTS

Investigators reviewed numerous documents and conducted interviews of several individuals, including Mr. Rozier¹¹ and Ms. Scott,¹² and learned of several important events and circumstances leading up to the sending of President Watson's letter that provide context for what transpired. Those events and circumstances are described below.

CSU Internal Audits

In January 2010, CSU's Internal Auditor began conducting audits on the management of the university and its financial state. From January 2010 until April 2013, 34 audits were conducted, and more than 200 observations were made regarding the state of the university. Those observations involved serious financial concerns, and significant concerns about the effectiveness of internal controls in place at the university.¹³

United States Department of Education Audit of CSU

In January 2012, the United States Department of Education (Department)¹⁴ found that, between 2007 and 2011, CSU disbursed \$613,616 in federal funds to 129 CSU students¹⁵ who were ineligible to receive federal funds because they did not meet the university's academic standards.¹⁶ The Department issued a report to CSU, finding that the university failed to enforce

¹⁰ Chicago State University HR Policy Manual.

¹¹ Investigators interviewed Mr. Rozier on December 1, 2014.

¹² Investigators interviewed Ms. Scott on December 8, 2014.

¹³ Among the audit findings were that CSU failed to reconcile grants and other financial accounts in several instances and across several departments, failed to maintain proper financial records, and did not have proper controls in place for several critical systems at the university.

¹⁴ The United States Department of Education conducts periodic reviews of institutions that receive federal funds to ensure those institutions are complying with applicable regulations and policies.

http://www2.ed.gov/about/offices/list/om/fs_po/fsa/program.html (last visited Mar 10, 2015).

¹⁵ According to the report, five ineligible students received financial aid in 2007-2008; the number increased over the following years, with 57 ineligible students receiving financial aid in 2010-2011.

¹⁶ United States Department of Education Final Program Review Determination, https://studentaid.ed.gov/sites/default/files/fsawg/datacenter/library/FPRD/ChicagoStateU_IL_001694_03_04_2013_FPRD.pdf (last viewed Mar 10, 2015).

academic policies and dismiss students who were not meeting academic standards.¹⁷ CSU was fined \$311,963.

Faculty Senate Vote of “No Confidence”

On November 6, 2012, the CSU Faculty Senate voted that they had no confidence in President Watson and “his ability to continue to manage the affairs of the university[,]” and asked the Board to remove him from his position. In a memorandum to President Watson on November 8, 2012, the Faculty Senate indicated its vote came after “much deliberation and discussion,” and included consideration of two of President Watson’s performance evaluations and an investigative report into university hirings with which President Watson was allegedly improperly involved.

Schiff Hardin Investigation into President Watson

Between September and November 2012, the CSU Board of Trustees received several allegations that President Watson was involved in a relationship with CSU administrator [REDACTED], and that [REDACTED] received improper financial and professional benefits because of this relationship. The Board of Trustees hired the law firm of Schiff Hardin to conduct an independent internal investigation into the allegations. After a thorough investigation, Schiff Hardin concluded in a February 2013 report to CSU¹⁸ that President Watson violated several CSU policies by being involved in this relationship.

Board Chair Gary Rozier Asks for President Watson’s Resignation

On February 19, 2013, upon the conclusion of the Board’s investigation and in light of low enrollment numbers at the university and the Faculty Senate vote of no confidence, Mr. Rozier asked President Watson to resign from his position. President Watson informed Mr. Rozier that he would not resign, but ultimately agreed, on February 23, 2013, to a yearlong sabbatical.

President Watson Reneges Sabbatical Agreement and Sends a Letter to Board of Trustees

On February 25, 2013, President Watson decided not to take his agreed-to sabbatical, and continued in his role as CSU President. One day later, on February 26, 2013, President Watson sent a letter to the CSU Board of Trustees detailing alleged misconduct and wrongdoing by Mr. Rozier and Ms. Scott.

Expiration of Mr. Rozier and Ms. Scott’s Board Terms and Renewal of President Watson’s Contract

¹⁷ In its response to the report, CSU argued that a recently discovered memorandum suspended the relevant Academic Standing Policy for the four years at issue, so 109 of the 129 cited students actually were eligible to receive federal aid, but the Department did not agree and affirmed its original finding.

¹⁸ The date of the report is March 15, 2013, though Schiff Hardin indicates in the report that its investigation concluded in February 2013 and the Board of Trustees was notified of the findings at that time.

In March 2013, Mr. Rozier and Ms. Scott's Board terms expired, and both declined reappointment. Shortly thereafter, they were replaced by new appointees. In December 2013, President Watson's contract at CSU was renewed by the Board through June 2016.

IV. OEIG INVESTIGATION REGARDING WAYNE WATSON'S STATEMENTS TO THE CSU BOARD

On February 26, 2013, President Watson, in his capacity as president of the university, sent a letter to the CSU Board of Trustees in order to address several "important matters that led up to my request for an administrative sabbatical." President Watson wrote that he had been asked to resign from his position by Gary Rozier and the Board Counsel after making clear his intention to inform the Board members of "actions taken by Chairman Gary Rozier and Vice Chairman Z. Scott that appeared improper." President Watson continued that he believed "the real motivation behind the Board's actions stem from my refusal as president and the refusal of key members of my administration to capitulate to the incessant requests from Chairman Rozier and Vice-Chair Z. Scott to either hire, promote or give salary increases to their friends and associates."¹⁹

A. Interview of Wayne Watson

On November 26 and December 2, 2013, investigators interviewed President Watson regarding his letter to the Board of Trustees. President Watson's interview is summarized below.

1. Background, Timing, and Motivation of Letter

President Watson told investigators that in approximately December 2012, he informed CSU General Counsel Patrick Cage that he had a problem with the Board overreaching in personnel and contractual manners. President Watson said that shortly thereafter, Mr. Cage informed CSU Board Counsel Langdon Neal that he wished to provide a briefing to the Board. President Watson said that Mr. Cage informed Mr. Neal of the intended subject matter of his briefing sometime in January or February 2013, and approximately one week later, President Watson was asked to resign by Mr. Rozier. President Watson said he declined this request, and was then offered instead to take a sabbatical if he agreed to resign amicably at its conclusion. President Watson said he met with Mr. Neal in the following days, and signed the paperwork necessary for his sabbatical.

President Watson told investigators that the Monday after he signed the sabbatical agreement,²⁰ however, he read a newspaper article which he felt portrayed him negatively. President Watson said the article "woke [him] up," and he decided not to take the agreed-to sabbatical.

¹⁹ Investigators interviewed Mr. Rozier and Ms. Scott regarding President Watson's letter on December 1, 2014 and December 8, 2014, respectively. Both Mr. Rozier and Ms. Scott denied that they ever pressured, threatened, or directed President Watson or anyone else at the university to take any action. Mr. Rozier and Ms. Scott told investigators they believed President Watson wrote his letter in retaliation for being asked to resign.

²⁰ Investigators determined this Monday was February 25, 2013.

President Watson said he then sent the February 26, 2013 letter to convey to the Board that some of its members were approaching the point that they needed to be careful, and that he wanted to give them context to “look at things.” President Watson said he felt rushed in the creation of the letter, but wanted to get it to the trustees before anything happened because he knew the Board was planning to vote on whether or not to remove him at its next meeting. President Watson said the letter was actually drafted by CSU Chief of Staff Napoleon Moses, but that he reviewed it in its entirety before signing it, and was ultimately responsible for it.

2. Specific Allegations of Wrongdoing Set Forth in Watson’s Letter

Investigators asked President Watson about the specific examples in his letter of how Mr. Rozier and Ms. Scott “sought to unethically influence hiring practices” at CSU. His responses, as well as the responses of Mr. Cage,²¹ when applicable, follow.

- **“Requests and pressure from Board Chairman to hire individuals.”**

President Watson told investigators he recalled that Mr. Rozier asked that just one individual—faculty member [faculty member]—be given a chance to be made the Assistant Dean of Arts and Sciences. President Watson said that any time the Chairman calls and makes a request, “[he] feel[s] like [he] want[s] to comply” with that request.” However, President Watson said that there were not any demands that [faculty member] be promoted, he was not told there would be any specific consequences if [faculty member] did not receive the promotion, and did not feel any consequences would occur if he did not promote [faculty member]. President Watson said he hired [faculty member] because he was qualified for the position, not because of any pressure from Mr. Rozier.

- **“Requests and intense pressure from Vice-Chair of the Board to hire her former roommate, sorority sister, and close friend, [employee], as the institution’s compliance officer.”**

President Watson told investigators these requests were not made to him, but instead were made to CSU General Counsel Patrick Cage and later described to him by Mr. Cage. Still, President Watson said [employee] met the qualifications for her position, and that he made the decision to hire her. President Watson said he did not think any policies were violated with respect to her hire.

Mr. Cage told investigators that he did speak to Ms. Scott about [employee], but said Ms. Scott was simply inquiring as to whether [employee] would be qualified for certain positions at CSU. Mr. Cage said he felt no pressure from Ms. Scott to hire [employee], did not receive “intense pressure,” and had no knowledge of “intense pressure” relating to [employee’s] hiring. Finally, Mr. Cage said he did not feel Ms. Scott was inappropriate or overreaching when she spoke to him about [employee].

²¹ Investigators interviewed Mr. Cage on July 15, 2014.

- **“Directive from Chairman Rozier on behalf of Vice-Chair Scott to give [employee] a salary increase.”**

President Watson told investigators he did not think there were any directives made by Mr. Rozier to give [employee] a salary increase, and informed investigators that “directive” might not have been the proper word to use in this situation. President Watson said he did give [employee] a raise, but it was based on a desk audit conducted by Human Resources, and not due to any pressure from Mr. Rozier.

- **“Directive from Chairman Rozier on behalf of Vice-Chair Scott to promote [employee] to a position that reports directly to the President, thereby making [employee] a member of the President’s executive team[.] (The President was given a verbal threat that he would incur consequences from Vice Chair Scott if he failed to execute this directive.)”**

President Watson said he did not receive a direct threat from Mr. Rozier regarding promoting [employee] to a position that reports directly to the president, but felt that Mr. Rozier’s request was a “strong ask.” President Watson told investigators that Mr. Rozier said something along the lines of “you don’t want to get on the wrong side of Z. Scott,” and he interpreted this as a threat. President Watson said he was not sure if the word “consequences” was used when talking to Mr. Rozier, and said no specific consequences were told to him by Mr. Rozier. President Watson said his sentence about a “verbal threat” was inaccurate and an “overstatement,” and if he actually felt that way, he would have reported it to the ethics officer.

- **“Directives from Vice-Chair Scott to give contracts for legal services to her friends and sorority sisters who are partners in certain law firms, and requests from Vice Chair Scott to hire a friend in the University’s governmental affairs office.”**

President Watson informed investigators that he heard from Mr. Cage that Ms. Scott had made requests to hire friends and give them contracts, but had no personal knowledge of what contracts were being referenced, the names of the people involved or the firms they worked for, or if any of the individuals were actually hired.

Mr. Cage told investigators that he often asks Ms. Scott and other attorneys at CSU for recommendations when the university is looking to hire a firm to represent it in litigation. However, Mr. Cage said that Ms. Scott never directed him to do anything, and he never felt pressure from Ms. Scott to hire anyone. Mr. Cage said he does not think the university ever hired a firm that Ms. Scott suggested.

- **“Directives from Chairman Rozier to the president to place certain faculty members in administrative positions.”**

President Watson said this bullet point appeared to be a reiteration of the first bullet point in the letter, and was in reference to [faculty member] only. President Watson said that Mr.

Rozier speaking with him regarding [faculty member] could have been considered a directive, a “strong ask,” or a request.

- **“Request made through [employee] from [attorney] to hire a friend to fill a vacant university attorney position. [Attorney] is an attorney with a personal history with Vice-Chair Scott. [Attorney] led an investigation on behalf of the Board and, during the process of the “investigation,” influenced [employee] to request that we hire this friend.”**

President Watson said he heard this information from Mr. Cage, and had no firsthand knowledge of it. President Watson told investigators, “You take your staff’s word. Sometimes it’s wrong. Sometimes it’s not. There’s a lot of that.”

Mr. Cage told investigators that [attorney] conducted an investigation into President Watson for the Board of Trustees. Mr. Cage said that during the investigation, [employee] came to him and said [attorney] wanted Mr. Cage to hire her friend for a vacant attorney position at the university. Mr. Cage said he felt it would not be right that the chief investigator of an investigation into the President would be directing the university to hire someone. Mr. Cage said that he later learned it was not [attorney] who made the request, but could not specifically recall the name of the person who did.

B. Statements Regarding the Higher Learning Commission Evaluation of CSU

In his letter to the Board, President Watson also referenced a November 2012 visit from the Higher Learning Commission (HLC)²² to CSU, and the HLC’s subsequent report on the university. President Watson’s letter included a quote attributed to the HLC report that suggested the HLC team found the Board’s involvement in the governance of CSU to be inappropriate and overreaching. Specifically, President Watson wrote the following:

[W]e are exceptionally pleased with the report we received from the recent HLC visit, as it affirms our shared effort at turning-around this institution. . . . There is one telling statement, however, in the report of the HLC visiting team about the governance over-reach of the Board of Trustees which I think is worth noting here and is as follows: ***“The Team believes that the current level of Board involvement is beyond routine Board governance activities. . .”*** (emphasis in original).

Investigators obtained a copy of the HLC final report and discovered that neither this quote nor any similar language was contained within. Investigators then obtained a copy of the HLC team’s draft report, and determined the language President Watson quoted is included in that draft. However, investigators discovered that President Watson did *not* include the entire

²² The Higher Learning Commission is an independent corporation that accredits degree-granting post-secondary educational institutions in the North Central region, <https://www.ncahlc.org/About-the-Commission/about-hlc.html> (last visited 3/10/2015).

sentence of the HLC's quote. The complete sentence that Mr. Watson quoted from the draft report stated:

The Team believes that the current level of Board involvement is beyond routine Board governance activities, *and the ongoing turnaround situation at the University may justify it* (emphasis added).²³

Ultimately, as previously noted, this language was removed entirely from the HLC final report. The final report did, however, state that the Board is "attuned to, and reacts as needed, to issues that relate to integrity."²⁴

V. ANALYSIS

The CSU Human Resources Policy Manual states that "The University expects all employees to act with integrity at all times in the workplace, or when representing the company." President Watson's February 2013 letter to the Board of Trustees contained numerous allegations of wrongdoing by Board Chair Gary Rozier and Vice Chair Z. Scott that, if true, would amount to serious misconduct and have significant implications. However, investigators learned that the allegations contained in President Watson's letter were not true; rather, they consisted of inaccurate and mischaracterized information. President Watson himself admitted he never received any demands or directives from Mr. Rozier or Ms. Scott, and did not even have personal knowledge of several of the claims he made. President Watson also told investigators that all of the personnel actions mentioned in his letter were justified and not due to any Board pressure.

President Watson additionally admitted to investigators that his letter was written in haste because he wanted to get it to Board members before they took action to remove him as president. This, paired with the fact that President Watson made such serious allegations that he now admits were untrue, is troubling and suggests President Watson made these claims only in an effort to discredit Mr. Rozier and Ms. Scott, and keep his job. To further support his apparent attempt to discredit Mr. Rozier and Ms. Scott, President Watson intentionally misrepresented the HLC's positive assessment of the Board's involvement at CSU to instead suggest the Board members were overreaching in an improper way.

President Watson's conduct in authoring and disseminating his February 26, 2013 letter went against the expectation that employees act with integrity when representing the university, and raises serious questions and concerns as to his leadership of the university. Thus, President Watson's conduct violates the CSU Human Resources Policy and arguably, his presidential contract. Accordingly, the allegation that President Watson violated CSU policy is **FOUNDED**.²⁵

²³ HLC, *Report of a Comprehensive Evaluation Visit to Chicago State University (3/15/2013)*.

²⁴ *Id.*

²⁵ The OEIG concludes that an allegation is "founded" when it has determined that there is reasonable cause to believe that a violation of law or policy has occurred, or that there has been fraud, waste, mismanagement, misconduct, nonfeasance, misfeasance, or malfeasance.

VI. CONCLUSIONS AND RECOMMENDATIONS

As a result of its investigation, the OEIG issues the following finding:

- **FOUNDED** – Wayne Watson violated CSU policy by sending the February 2013 letter to the CSU Board of Trustees.

The OEIG recommends that the CSU Board of Trustees take whatever action it deems appropriate with respect to President Watson.

No further investigative action is needed and this case is considered closed.

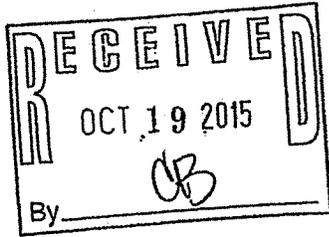
Date: **September 2, 2015**

Office of Executive Inspector General
for the Agencies of the Illinois Governor
69 W. Washington Street, Ste. 3400
Chicago, IL 60602

By:

Colleen Thomas
Assistant Inspector General

Margaret Marshall
Investigator, #158



Office of Board of Trustees
9501 S. King Drive/ADM 300
Chicago, IL 60628
T 773.995.3822
F 773.995.4470

October 14, 2015

Margaret A. Hickey
Acting Executive Inspector General
Office of the Executive Inspector General
69 West Washington Street
Suite 3400
Chicago, Illinois 60602

Fallon Opperman
Deputy Inspector General and
Chief of Chicago Division
Office of the Executive Inspector General
69 West Washington Street
Suite 3400
Chicago, Illinois 60602

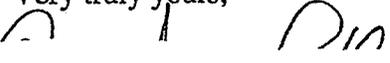
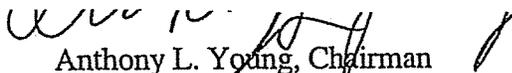
Re: OEIG Case No. 13-00436 – FINAL REPORT Response Required

Dear Ms. Hickey and Ms. Opperman:

The Chicago State University Board of Trustees discussed the **OEIG Case No. 13-00436 – FINAL REPORT**. After this discussion, it was the decision of the Board of Trustees that no disciplinary action be taken.

Enclosed you will find the Agency or Ultimate Jurisdictional Authority Response Form.

Very truly yours,



Anthony L. Young, Chairman
Chicago State University Board of Trustees

Enclosure: Agency or Ultimate Jurisdictional Authority Response Form



Office of Executive Inspector General
for the Agencies of the Illinois Governor
www.inspectorgeneral.illinois.gov

**AGENCY OR ULTIMATE JURISDICTIONAL AUTHORITY
 RESPONSE FORM**

Case Number: 13-00436

Return 20 Days After Receipt

Please check the box that applies. (Please attach additional materials, as necessary.)

We have implemented all of the OEIG recommendations. Please provide details as to actions taken:

We will implement some or all of the OEIG recommendations but will require additional time to do so.
 We will report to OEIG within _____ days from the original return date.

We do not wish to implement some or all of the OEIG recommendations. Please provide details as to what actions were taken, if any, in response to OEIG recommendations:

Handwritten initials: A, P, P

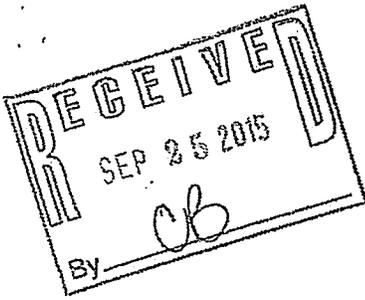
 Signature

Anthony L. Young
 Print Name

Chicago State University Board of Trustees
 Chairman

Print Agency and Job Title

10.14.2015
 Date



Office of Board of Trustees
9501 S. King Drive/ADM 300
Chicago, IL 60628
T 773.995.3822
F 773.995.4470

September 21, 2015

Margaret A. Hickey
Acting Executive Inspector General
Office of the Executive Inspector General
69 West Washington Street
Suite 3400
Chicago, Illinois 60602

Fallon Opperman
Deputy Inspector General and
Chief of Chicago Division
Office of the Executive Inspector General
69 West Washington Street
Suite 3400
Chicago, Illinois 60602

Re: OEIG Case No. 13-00436 – FINAL REPORT Response Required

Dear Ms. Hickey and Ms. Opperman:

All members of the Chicago State University Board of Trustees have received a copy of the **OEIG Case No. 13-00436 – FINAL REPORT**. At the September 18, 2015 Board of Trustees Meeting all of the time was taken up on the issue of the selection of the new president. This issue was put over until the October 8, 2015 Special Board of Trustees Meeting.

Enclosed you will find the Agency or Ultimate Jurisdictional Authority Response Form. Also, we would like a copy of the complaint.

Very truly yours,

Anthony L. Young, Chairman
Chicago State University Board of Trustees

Enclosure: Agency or Ultimate Jurisdictional Authority Response Form



Office of Executive Inspector General
for the Agencies of the Illinois Governor
www.inspectorgeneral.illinois.gov

**AGENCY OR ULTIMATE JURISDICTIONAL AUTHORITY
RESPONSE FORM**

Case Number: 13-00436

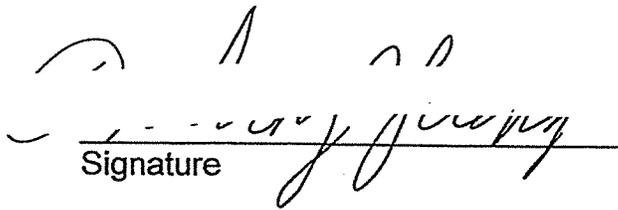
Return 20 Days After Receipt

Please check the box that applies. (Please attach additional materials, as necessary.)

We have implemented all of the OEIG recommendations. Please provide details as to actions taken:

We will implement some or all of the OEIG recommendations but will require additional time to do so.
We will report to OEIG within 90 days from the original return date.

We do not wish to implement some or all of the OEIG recommendations. Please provide details as to what actions were taken, if any, in response to OEIG recommendations:


Signature

Anthony L. Young
Print Name

Chicago State University Board of Trustees
Chairman
Print Agency and Job Title

9-21-2015
Date

CHICO & NUNES, P.C.
ATTORNEYS AT LAW

Chico & Nunes, P.C.
333 West Wacker Drive
Suite 1420
Chicago, Illinois 60606
312.463.1000 Tel
312.463.1001 Fax

Writer's Direct Dial

312-884-5065

January 4, 2016

VIA E-MAIL AND U.S. MAIL

Chad D. Fornoff
Executive Director
Executive Ethics Commission
State of Illinois
401 S. Spring St.
513 William Stratton Building
Springfield, Illinois 62706

RECEIVED

JAN 05 2016

EXECUTIVE ETHICS COMMISSION

Re: Response to OEIG Final Summary Report #13-00436

Dear Mr. Fornoff:

I represent Chicago State University ("CSU") President Wayne Watson in connection with an investigation by the Office of the Executive Inspector General for the Agencies of the Illinois Governor ("OEIG"). I am writing in response to your letter to President Watson dated December 3, 2015. In that letter, you reference the OEIG's Final Summary Report in the above-referenced matter (the "Final Report"), enclose a "draft version of that final report and the responses that the Commission is considering publishing," and invite President Watson to "offer suggestions for redaction or provide a response to be made public with the report."

This letter sets forth President Watson's response to the OEIG's Final Report. To the extent the Commission exercises its discretion to publish the Final Report, President Watson requests that this letter be included with the public disclosure.

I. Background

According to the Final Report, the genesis of the investigation was a letter dated February 26, 2013 that President Watson had been involved in preparing that concerned certain internal CSU matters. Drafts of the letter were prepared by President Watson and his then Chief of Staff, Napoleon Moses. President Watson was concerned that some Board members were not aware of matters discussed in the draft letter, and wanted to make sure that the full Board was informed. The letter was intended for the confidential consideration of the Board. President Watson instructed Mr. Moses to finalize the letter, and have it transmitted only to each Board member.

Many of the issues raised in the letter became moot over time. Before President Watson was contacted by the OEIG in September 2013, he believed that the matters raised in the letter had been addressed or were no longer a present concern. President Watson did not send any version

Chad D. Fornoff
January 4, 2016
Page 2

of the February 26, 2013 letter to the OEIG, and did not know that a version of the letter had been sent to the OEIG.

During his interviews by the OEIG, President Watson was asked about various statements contained in the version of the letter in the OEIG's possession. In the course of those interviews, President Watson informed the OEIG that the version of the letter in the OEIG's possession differed in material respects from the version President Watson last recalled seeing and approving for distribution to CSU Trustees. This apparent discrepancy was never investigated or resolved. President Watson nonetheless answered each of the questions to the best of his ability and then current recollection and understanding. In certain instances, President Watson had learned information subsequent to the letter's preparation that changed his perception of the events described in the letter. In a few instances, persons who President Watson recalled as being the source of information in the letter provided different accounts of what had been communicated. Ultimately, the OEIG relied on these types of discrepancies to conclude that President Watson violated a single sentence in the Chicago State University Human Resources Manual ("HR Manual") that states "The University expects all employees to act with integrity at all times in the workplace, or when representing the company." (HR Manual at 9.) The OEIG did not find that President Watson violated the Ethics Act, his Employment Contract with CSU, or any CSU Bylaw or Board Policy.

II. The OEIG's Investigation Was Conducted In A Manner That Violated President Watson's Due Process Rights.

As explained below, the investigation which resulted in the finding sustained in the Final Report was carried out in a manner that violated President Watson's due process rights.

The first contact President Watson received from the OEIG regarding this matter occurred in or about September 2013. A lawyer contacted by President Watson to represent him spoke with the OEIG, who informed the attorney that the OEIG wished to interview President Watson on November 6, 2013. At no time during this exchange did the OEIG inform the representative that President Watson was a target or subject of an OEIG investigation.

Following a determination that President Watson's original attorney could not represent him in the matter, the OEIG sent President Watson a letter directly on November 19, 2013 rescheduling his interview to November 26, 2013. The letter once again did not indicate the reason for the interview request, or state that President Watson was a target or subject of an OEIG investigation.

On or about November 21, 2013, the undersigned contacted the OEIG's office to request information about the reasons for the OEIG's interview request. During that call, the undersigned specifically asked if President Watson was a target or subject of the investigation. The undersigned was told only that the investigation involved a letter written by the President to the CSU Board,

Chad D. Fornoff
January 4, 2016
Page 3

and that the President was a person who had information relevant to the OEIG's investigation. At no time did the OEIG suggest that the OEIG was investigating President Watson's conduct.

President Watson was interviewed for several hours on November 26, 2013. At the conclusion of the interview, the OEIG investigators informed President Watson that they had additional questions, and President Watson agreed to conclude the interview on December 2, 2013. At no time during the November 26 interview, in the period between the two interviews, or during or after the December 2 interview did anyone from the OEIG inform President Watson that he was no longer merely a person with information about an OEIG investigation, but instead had become the target of the investigation. President Watson was never informed of any allegations or charges directed against him. Indeed, it was not until the Final Report was transmitted to the CSU Board of Trustees in September 2015—two years after the investigation commenced—that President Watson realized that the OEIG, at some point, had turned to investigating him.

The foregoing scenario raises serious due process concerns. The basic tenets of due process require that public employees who are subject to potential disciplinary action receive notice and a fair opportunity to be heard. *Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532 (1985). Here, however, President Watson was not even notified that he was being investigated, much less provided adequate notice and a fair opportunity to defend himself. Accordingly, President Watson's rights to due process of law were violated, and the Final Report itself is unreliable.

III. The Final Report Contains Irrelevant And Inaccurate Background Information.

In Section III of the Final Report entitled "General Timeline of Events," the OEIG includes a shorthand description of purportedly "important events and circumstances" which, according to the OEIG, provide "context for what transpired." In fact, the OEIG's description of these "events and circumstances" is blatantly one-sided and, in many cases, incomplete and inaccurate. Indeed, during his two days of interviews by the OEIG, President Watson was asked few questions regarding these supposedly "important events and circumstances." In fact, these events and circumstances are largely irrelevant to the issue the OEIG ultimately decided to investigate, which was whether President Watson did not "act with integrity" when he prepared and had sent to the Board a version of the February 26, 2013 letter. The OEIG's unnecessary inclusion of this inaccurate material demonstrates the OEIG's lack of objectivity and determination to find some purported wrongdoing by President Watson.

The inaccuracies and omissions in this Section of the Final Report are numerous. They include, but are not limited to:

- While the OEIG describes certain internal audit findings made in the period January 2010 through April 2013, the OEIG fails to note that many of these findings related to the period before President Watson assumed the Presidency, and that audit findings steadily declined during President Watson's tenure.

- While the OEIG discusses a USDOE investigation relating to disbursement of federal funds, the OEIG fails to note that President Watson's team self-reported disbursement issues, that most of the activity occurred before President Watson came to CSU, and that issues relating to federal funds disbursement steadily decreased during President Watson's tenure.
- While the OEIG suggests that Schiff Hardin finalized a report regarding alleged benefits received by a CSU administrator, no final report was ever distributed, and the Board of Trustees never found that President Watson violated CSU policies.
- While former Board Chair Gary Rozier did ask for President Watson's resignation, the full Board never concurred in this action.
- Neither Mr. Rozier nor Ms. Scott "resigned" as stated in the OEIG's Final Report. Their terms expired in March 2013 and the Governor declined to reappoint them.
- While President Watson changed his mind regarding taking a sabbatical (which the OEIG pejoratively refers to as "renege"), the Board accepted President Watson's decision and ultimately extended his contract.

IV. The OEIG's Conclusion That President Watson Violated The CSU HR Manual Is Fundamentally Flawed And Clearly Erroneous.

Stripped of irrelevant and biased "context", in the Final Report the OEIG found only that President Watson violated a general sentence in the CSU HR Manual that reads, "The University expects all employees to act with integrity at all times in the workplace, or when representing the company." The OEIG's finding that President Watson violated this provision of the CSU HR Manual is fundamentally flawed for two reasons.

First, by its own terms, the HR Manual states that it is merely "a reference tool to help managers understand and implement University policies." (HR Manual at 1.) The OEIG provides no support whatsoever for its conclusion that the CSU Board or CSU management would even consider the HR Manual generally, or the specific provision expressing the University's "expectation" that employees act "with integrity," to be sufficiently proscriptive to form the basis for disciplinary action. The Final Report does not suggest that the OEIG consulted with the CSU Board or the CSU Ethics Officer regarding the scope of the HR Manual and its potential applicability to the conduct it was undertaking to investigate. In fact, President Watson is unaware of any CSU employee who has been disciplined solely for violating the HR Manual, much less an instance in which an employee was subject to discipline for contravening the general aspirational statement in the HR Manual that all employees "act with integrity." In short, the OEIG erred in relying on the cited sentence in the HR Manual as a basis for a finding of wrongdoing against President Watson.

Chad D. Fornoff
January 4, 2016
Page 5

Assuming that an aspirational statement in the CSU HR Manual could form the basis for a disciplinary proceeding against a CSU employee, the OEIG's conclusion that President Watson violated this sentence in the HR Manual is clearly erroneous. Immediately following the general aspirational statement that all employees "act with integrity," this Section of the HR Manual lists some "examples of lack of integrity," each of which describes intentional misconduct, such as falsification of an employment application or passing fraudulent checks. (HR Manual at 9.) The Final Report, however, does not suggest that President Watson engaged in any of the specifically identified actions. Nor does the OEIG provide any support or precedent for its interpretation. The Report contains no references to prior instances in which CSU applied this provision (and there are none), no citations to any other instance in which a similarly worded sentence in an employee manual was deemed a sufficient basis for even considering discipline, and no cases in which conduct akin to that described in the Final Report was found to have violated a general, aspirational provision such as that at issue here.

To the extent there was any doubt about the appropriate interpretation of the CSU HR Manual and its application to the conduct discussed in the OEIG's Final Report, the decision by the CSU Board of Trustees declining to impose discipline on President Watson is telling. The CSU Board is in a far better position than the OEIG to determine whether a CSU employee violated the University's HR Manual. In short, the OEIG's conclusion that President Watson violated the identified provision of the CSU HR Manual is unsupported and clearly erroneous.

V. The CSU Board Has Affirmed President's Watson's Integrity By Rejecting The Recommendation Contained In The OEIG Report.

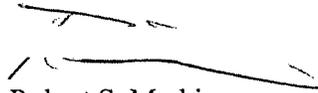
After thorough consideration, the CSU Board rejected the finding in the OEIG's Final Report and declined to take any disciplinary action against President Watson. In so doing, the Board recognized the tremendous contributions President Watson has made to CSU and the higher education community at large. President Watson has been a preeminent African American educator in this State and nationally for over four decades. President Watson earned a Bachelor's Degree, Master's Degree and a Ph.D. in Education Administration from Northwestern University. In addition to his 6 ½ years as President of CSU, President Watson has served as Chancellor of the City Colleges of Chicago, as President of Kennedy King College, and in several other administrative positions in the City Colleges system. He has served as a member of the Board of the American Association of Community Colleges, the National Association for Equal Opportunity in Higher Education and a member of Northwestern University's Board of Trustees, and has chaired the Board of Advisors for Northwestern's School of Education and Social Policy. He has devoted his entire professional life to providing educational opportunities for underserved populations, primarily young men and women of color, and has served as a mentor and role model for scores of educators across the State. An improper and unjust finding by the OEIG that President Watson ran afoul of a sentence in an HR Manual cannot negate President Watson's lifetime of commitment and service.

CHICO & NUNES, P.C.
ATTORNEYS AT LAW

Chad D. Fornoff
January 4, 2016
Page 6

Thank you for your consideration of the matters raised in this letter. Please feel free to contact the undersigned if you have any questions.

Very truly yours,



Robert S. Markin