

**Appendix A**  
**Failure to Inform Donors/Alumni**  
**By Brian Springer**

This report uses the time frame of November 3, 2006 to June 11, 2007 to define a period of time in which Antioch University misled donors to the College. This timeframe starts in early November with the Donor Bill of Rights and the "drastic" status of the University because these two items are a clear marker for starting the clock on this charge of possible fraud or lack of fiduciary responsibility. It might be possible to start this clock earlier, but for the time being this report starts on Nov 3, 2006. The end date is June 11, 2007 with the Board's press release that the College is closing.

On November 3, 2006 the Chancellor stated "that drastic action is needed" in relationship to Antioch University's finances and that the University must "review College budget cuts" (B).

On November 4, 2006 the Antioch University Board of Trustees adopted the Donor Bill of Rights (A). Point 2 of this Bill states that all donors have the right "to be informed... of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes" (A).

By December 31, 2006 Antioch College had received "Total Dollars Committed YTD" of \$2,974,070 in donations (C). From October 2006 through December 2006, "over 40 cultivation and solicitation donor contacts were made by the IA VP and President Lawry: "Major Gift officers conducted over 60 personal visits and significant donor contacts" and 5,000 College alumni participated in updating the alumni directory (C). The College's Institutional Advancement Narrative Report for the period of Oct 06 to Dec 06 makes no mention of the "drastic" situation at the University/College in IA's reporting of its communications with alumni/donors (C). Clearly this "drastic" situation affected the University's "capacity to use donations effectively for their intended purposes."

Antioch University may have continued to violate its own Donor Bill of Rights from January 07 through May 07 as detailed in the section below.

At an Antioch University Board of Trustees Meeting on February 2, 2007, the Plan B Taskforce reported its findings (D). The Chancellor opened the Taskforce report by stating that the Trustees must choose to " 'save' the physical college or save the university" (D). Immediately following the Chancellor's either/or statement, University Legal Counsel spoke about the option of "declaring financial exigency at the College" (D).

Antioch College's Office of Development's Narrative Report for January-April 2007 makes no mention of the Chancellor's either/or statement or the Board's discussion of declaring financial exigency (E). The Development Report states that between January and April 30, 2007 the office gained hundreds of new donors, helped form two new alumni chapters, made 77 face to face contacts, and received 4491 gifts totaling \$7,376,281 for the Year to Date (E).

At the Antioch University Board of Trustees Meeting on February 3, 2007, Board Chair, Art Zucker made a motion that was passed unanimously. The motion stated that Trustees agreed to "a list of Immediate and Future Trustee actions" which included the following (D):

2. *On behalf of the College, attend alumni events, build alumni groups. Promote the College Plan to Alums, friends, and former faculty. Utilize the new Alumni Directory (due out in March) in these efforts.*
3. *In response to requests from the College Enrollment Management people, provide support to the College in their recruitment/enrollment efforts. This can be done by talking to friends, getting materials, attending college fairs/interviews, and hosting meetings of alums and prospective students. (D)*

After the above motion passed, the Board then passed another resolution that directed and/or suggested that Management take the following actions:

6. *Explore hiring outside consultant(s) with "work-out" expertise.*
3. *Consider using alumni to teach at the College*
4. *Use Antioch faculty and others in public media (e.g., NPR with B. Winslow and J. Gallagher)*

Antioch College's Office of Development's Narrative Report for January-April 2007 makes no mention that the University was thinking about hiring a "workout" (aka Chapter 11) expert for the College. The Development Report makes no mention that the Trustees or Management followed any of the actions outlined in the two resolutions above.

It is also worth noting that the Thomas Chema was hired as the workout expert. Chema was on the College campus in March, 2008 according to the Yellow Springs News (F). The News reports that he chose the option to close the College for several years and that this option was "the one preferred at this time by the University's management team. (F)" Chema's visit to campus and the University management team's preference to close the Campus was not mentioned in the Antioch College's Office of Development's Narrative Report for January-April 2007.

[ Note - Missing from this Report - Funding May 1 to June 30 - Board Gift Resolutions from November 06 to June 07]

### References

A	136	6-11-02	BOT Regular Meeting - OPEN and CLOSED Minutes - Nov 06
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[http://theantiochpapers.org/file\\_download/225/rtr\\_lgl\\_136.pdf](http://theantiochpapers.org/file_download/225/rtr_lgl_136.pdf)

ANTIOCH UNIVERSITY -BOARD OF TRUSTEES MEETING MINUTES  
YELLOW SPRINGS, OHIO - November 2-4, 2006

Saturday, November 4, 2006

Trustees present: Art Zucker/Chair, Bruce Bedford/Treasurer, Amy Chappell, Howard Coleman, Dan Fallon/Vice Chair, John Feinberg, Dianne Brou Fraser, Sherwood Guernsey/Secretary, Reuben Harris, Hal Joseph, Niels Lyster, Tom McNicol, Sharon Merriman, Jack Merselis, Larry Stone, and Barbara Winslow.

Absent: Michael Alexander, David Crippens, Everette Freeman, Jeff Kasch, and Paula Treichler

ULC: Toni Murdock, Chancellor; Laurien Alexandre, Vice Chancellor University Academic Affairs; Leslie Bates, Exec Assist't to the Chancellor & Assist't Sec'y of the Board; David Caruso, President, Antioch New England; Barbara Gellman-Danley, President Antioch University McGregor; Tom Faecke, Vice Chancellor and Chief Financial Officer; LucyAnn Geiselman, President Antioch University Southern California; Mark Hower, Interim President Antioch Seattle;

MaryLou Lapierre, Vice Chancellor for University Advancement; Steve Lawry, President Antioch College.

Legal Counsel: David Weaver

Others present: Karen Ely, Secretary of the Board; Rick Jurasek, Antioch College Chief Operations Officer; College Community members included Tom Wamsley, Vice President Office of Institutional Advancement; McGregor: Michael Robinson, Iris Weisman.

Donor Bill of Rights. David W was asked to speak to the Donor Bill of Rights. It was initially suggested by the

College Development Office as beneficial when speaking with donors. It is widely used by non-profits and is consistent with current University practices. Following is the bill in its entirety:

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

1. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
3. To have access to the organization's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgment and recognition.
6. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors,
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

If we adopt these bullet points, we accept these principles, we as trustees should feel comfortable that these are being adhered to. Although it imposes obligations on us, there's nothing here we're not already doing; i.e., recognition of gift receipts, access by donors to our audit, etc.

RESOLUTION 11.4.06:7 (J. MerselisID. Fraser)

RESOLVED, that the upon the recommendation of the Development Committee, the Board hereby amends the University Commitment Acceptance Policies as needed to incorporate into and make a part of said policies the "Donor Bill of Rights" by the Council for the Advancement and Support of Education (CASE).

Passed by unanimous voice vote.

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B	161e	6-11-03	Finance Committee - Many points - "drastic action is needed"
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[http://theantiochpapers.org/file\\_download/226/rtr\\_lgl\\_161e.pdf](http://theantiochpapers.org/file_download/226/rtr_lgl_161e.pdf)

Cash Flow:

Tom Faecke indicated that a presentation will be made at the February meeting regarding cash flow. Bruce Bedford commented regarding the difficult times - July/August borrowed to make payroll- paid in full in September. Tom discussed increasing the credit line from \$2 million to \$3 million- we would not use unless we see funds coming in to pay back the line. 8 Y4 % interest on this money. All has been paid back at this time.

Toni Murdock discussed this indicating that drastic action is needed. She proposed the following: freeze on capital budgets for all institutions (any repairs, etc. must be approved by the Chancellor); freeze on all non-instructional hiring (again, approval by Chancellor), freeze on all new consulting and finally, review College budget cuts and review Funds 2 and 3 for possible releases. There can be no spending until reserves are built up.

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C	111f	7-00-00	Antioch College Institutional Advancement - Oct 06 to Dec 06
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[http://theantiochpapers.org/file\\_download/222/rtr\\_lgl\\_111f.pdf](http://theantiochpapers.org/file_download/222/rtr_lgl_111f.pdf)

Over 40 cultivation and solicitation donor contacts were made by the IA VP and President Lawry. There are over \$700k in asks currently being considered. Over \$300k in planned/estate gifts in the process of being closed. The Director of Alumni Relations submitted and was awarded a \$160k matching grant request to the Morgan Family Foundation for Glen Helen. A \$25k gift was secured as a result of our IRA distribution

letter from Art Zucker.

Pg 2

Major Gift officers conducted over 60 personal visits and significant donor contacts.

Pg 2

The alumni directory process was conducted, and the printed version will be distributed in March. 2007. Approximately 5,000 alumni participated in the process and will be included in the directory.

Pg 2

FY07 - Total Dollars Committed YTD - \$2,974,070

Pg 3

D	258	7-02-01	BOT Regular Meeting Minutes - Open and Closed
<p><a href="http://theantiochpapers.org/file_download/231/rtr_lgl_258.pdf">http://theantiochpapers.org/file_download/231/rtr_lgl_258.pdf</a> Friday, Feb 2, 2007....</p> <p style="text-align: center;"><u>State of the University [pages 10 to 11]</u></p> <p>At 3:45PM, the Trustees went into executive session. Asked to remain were Toni, Tom Faecke, Laurien, Mary Lou, David Weaver, and Leslie Bates.</p> <p>Art gave the floor to Toni to lead the discussion on a process for going forward. <u>Toni explained that the Plan B Task Force has created a list of 61 options for diverse budget reductions; however, before any decisions could be made on any actions, what is required first is a determination of where the board stands on the question of whether we "save" the physical college or save the university.</u></p>			

David Weaver was asked to speak on various aspects of some options including declaring financial exigency at the College and the legal issues to be considered in contemplating these options.

Included in the discussion was that there was acknowledgement at the time of the adoption of the Antioch Plan that there would be years of deficit budgets. It was pointed out that the development plan as to date failed to raise the money needed to fund the Plan. Several asked for an assessment of performance of the Plan. Trustees made suggestions for next steps including: a PhD in Leadership & Change model for recruiting international students, notifying alums to convey the nature of the problem so they're aware and will be moved to help, and the idea of a 'Habitat for Antioch.'

Finally, Art asked to hear from the Chancellor. Toni stated that it will take another three years to determine whether the College's Renewal Plan is successful and noted that "Time is the enemy" in implementing the Plan. She also expressed her belief that the system may require structural change to remain viable. She noted that the ULC had just spent a day discussing the issue of governance with the goal of presenting the Board with their recommendations at the June meeting.

In conclusion, Art asked the Board to meet in executive session at 8:00 tomorrow morning for a continuation of today's discussion. '

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Saturday, February 3, 2007 (pg 11 to 12 )

Art opened the meeting at 8:05AM in executive session with ULC members of the Plan B Task Force (Toni, Laurien, Mary Lou, and Tom) for continuation of and putting closure to yesterday's session.

Art stated: "It is our role to offer suggestions and then let our management run the ship. Let's begin with Trustee Actions - what can and should trustees do?" A list of Immediate and Future

Trustee actions was captured and a motion made to adopt the following:

#### TRUSTEE ACTIONS:

1. Fulfill our responsibilities by participating in a systematic approach to our giving. Meet the requirements of the \$500K College challenge grant.

2. On behalf of the College, attend alumni events, build alumni groups. Promote the College Plan to Alums, friends, and former faculty. Utilize the new Alumni Directory (due out in March) in these efforts.
3. In response to requests from the College Enrollment Management people, provide support to the College in their recruitment/enrollment efforts. This can be done by talking to friends, getting materials, attending college fairs/interviews, and hosting meetings of alums and prospective students.

Art Zucker asked for a show of hands for a commitment to the above, especially meeting the \$500K challenge grant. The show of hands was unanimous.

Pg 11-12

RESOLUTION 2.3.07:13 (A. Zucker/D. Fallon) (Pages 12 to 13)

DIRECTIVES TO MGMT (to be prioritized by the ULC)

1. Implement College budget reduction plan of \$1.5M, including \$1M minimum in work force reduction as quickly as possible.
2. Set Benchmarks for College Plan, such enrollment for sustainability (set measures for annual performance and trigger points w/dates for recruitment for actions that will be specified).
3. College pursue new ways to reach enrollments needed for sustainability.
4. Timely reports to Finance Committee to review the budget, delivered by April 30.
5. Chancellor and CFO create a team to assist Steve Lawry: College budget oversight committee.
6. Explore hiring outside consultant(s) with "work-out" expertise.
7. Prepare inventory of fixed assets, inclusive of real property with suggestions for productive use (inc. public/private partnerships).
8. Develop and implement a "university branding strategy" (contact Jan Morgan).
9. Develop a contingency plan.
10. Get federal financial aid form a.s.a.p. to admissions consultant (Paul Homburg) so 1st yr class size can be est'd.

SUGGESTIONS TO MGMT

1. Facilities Review - Use YS real estate to generate income, joint venture w/private sector; consider creating a for-profit subsidiary.
2. Aggressive approach to College recruitment that that includes seeking international students, low residency

delivery (PhD pgm model)

3. Consider using alumni to teach at the College

4. Use Antioch faculty and others in public media (e.g., NPR with B. Winslow and J. Gallagher)

5. Authorize use of gains on the endowment after Drey funds are expended (last resort)

Passed with one abstention. J. Kasch abstained because he" believes it isn't the Board's role to be so involved with operations.

Pg 12-13

E	105a	7-06-09	Campus Development Reports ending April 30, 2007
<a href="http://theantiochpapers.org/file_download/221/rtr_lgl_105a.pdf">http://theantiochpapers.org/file_download/221/rtr_lgl_105a.pdf</a>			
Antioch College - Development Narrative Report - January-April 2007			
Two new chapters: Seattle and San Francisco held their first meetings during this time frame			
pg 4 - pdf			
- Phonathon was able to secure over 200 new donors (people who have never given) to Antioch College this year and 157 donors who haven't given since FYO1 or before.			
- Major gift officers made 77 face to face visits during January-April.			
- They made over 300 additional contacts either through phone calls, emails or letters during the same time period.			
- Major gift officers raised \$80,081 in cash, \$5,000 in signed pledges, and added \$1,170,000 to our planned giving inventory during the months JanuaryApril.			
pg 5 - pdf			
1 July 2006 to 30 April 2007 - Fiscal Year 2006-2007			
Total \$7,376,281 - 4491 gifts			
pg 7 - pdf			

	ONLINE	YS NEWS - Consultants advised Antioch closure
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[http://www.ysnews.com/stories/2007/07/070507\\_consultants.html](http://www.ysnews.com/stories/2007/07/070507_consultants.html)

Consultants advised Antioch closure

By Diane Chiddister

July 5, 2007

Chema visited the college for a day in March, during which he spoke with college employees in admissions, took a tour of physical facilities and reviewed financial information, according to Chema, who said he worked on the report for about a month.

The third option, that of suspending the college's operations for several years, is identified as "the one preferred at this time by the university's management team."