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Mrs. Henry-Davenport  
Paine College  
Human Resource Department  
1235 Fifteenth Street  
Augusta, GA 30901

To Mrs. Henry-Davenport, Director of Human Resources, and The Honorable Board of Trustees of Paine College:

In accordance with Paine College Campus Community Policies, Volume II, paragraphs 2.1.5.2 to 2.1.5.7, and 5.8.1 and 5.9.2, Staff and Administrator Personnel Policies, Volume V, as applicable, I am formally filing a complaint of retaliation against Dr. George C. Bradley, the current presiding President of Paine College. The Policy states that the appropriate administrator for administrative/staff member to address this letter either to their immediate supervisor or Human Resources. Since my immediate supervisor was the highest operational authority at Paine College and there is no provision for filing a complaint against the President in the current policy, I am addressing this letter to both Human Resources and the Board of Trustees.

On March 10, 2014, Roger Mclean approached me and stated that the \$360,000 borrowed from Morgan Stanley needs to be paid back before the next Board meeting. Dr. Bradley signed a letter authorizing Morgan Stanley to release \$360,000 from the endowment line of credit in December 2013. I told Roger that we did not have \$360,000 to pay back the loan. He emphasized that this had to be done.

From March 11, 2014 to March 13, 2014, the Southern Association of Colleges - Commission on Colleges and Schools (SACS) Special Committee visit occurred. The SACS Special Committee members consisted of two Presidents and two CFOs of SACS accredited higher education institutions. Dr. Jones informed me that the two CFOs would meet with Mrs. Burshunda Harden, Controller, and me for a one- hour period during the afternoon of Tuesday, March 11, 2014.

Although our meeting was scheduled for one hour, we met with them for nearly three hours. Our meeting was interrupted when we were alerted that an explosion on Central and Fifteenth Street occurred. During our meeting, I did hear the intercom broadcasting information, but I thought that this was a scheduled drill that resulted from the potential shooter that was apprehended by our Campus Police a few weeks prior.

The line of questioning was surprising from the SACS Special Committee members. Surprisingly, we did not discuss the responses to our Second Monitoring Report or the audited financial statements. The line of questioning was focused on the current year budget and Dr. George C. Bradley. The primary concern about the budget was that it was a balanced budget where expenses equaled revenue. One of the Committee members stated that private institutions must always budget for a positive change in net assets. Only state schools have a balanced budget. I concurred with this observation, and it was explained that this budget approach was authorized by Roger Mclean who was the CFO at that time. They subsequently met with Roger Mclean to discuss the rationale of this budget approach with him. During our meeting, I emphasized that there was not a financial stability issue at Paine College. The current cash revenue stream is sufficient to cover the current year budgeted expenditures. The challenge is paying prior year budgeted expenses with current year budget revenues, which was being addressed by the cash realized , \$440,000, from undisbursed financial aid in FY 2013 that was disbursed in FY 2014 and the student FTE's that exceed the budget FTE's of 850 in Fall 2014.

In addition, the line of questioning related to Dr. Bradley was very in-depth to include questions about his personal life. I refused to respond to any questions about his personal life as my point of view would only be hearsay and not fact based. However, I did respond as follows to these questions:

1. Do you frequently meet with the President and discuss the financial details of the school? No, we do have a standing weekly meeting that has been cancelled for the past 10-12 weeks. When I do meet with him, the meetings last for 2-5 minutes with me responding to a few questions, usually about the bond, audit or the SACS Response Letter.
2. Did the President review the SACS Response Letter prior to it being delivered? No, not to my knowledge. He did review it after it was sent based on some feedback that I got from him.
3. What is your relationship with the President like? My relationship with Dr. Bradley is professional but strained. I work very hard for the students of Paine College. They deserve my very best, and they inspire me.
4. Who advises the President about financial issues? Primarily, Roger Mclean provides the President with advice. The President told me that 40+ years of experience can not be replaced. Although Roger Mclean was not a Paine employee, the President authorized the auditor, BDO, to send Roger Mclean and himself the final audit report, the Board report and supplemental schedules. It is unprecedented that a CFO has to request auditor reports from a external consultant and the President. Another example of Roger Mclean being his primary advisor, a month end close has not been performed during Roger Mclean's time as a CFO, but he advised the President that the month end close process should take three days. I responded to the email stating that the Fortune 100 companies close in three days with a large staff. Our close process will initially require 2-3 weeks and will improve over time.

This pattern of meeting and relying on the advice from Roger Mclean who I replaced kept me from effectively performing my role as CFO.

5. Do you have a job description? No, I have never seen one, and I have requested one from the President. The President approves all checks that are issued regardless of the dollar amount in a report called the Run Rate. He authorizes the financial aid drawdowns through his weekly meetings with the financial aid director. He receives advise from Roger Mclean, and therefore, my responsibilities as CFO are unclear. I did communicate this to him.
6. How much of the budgeted expenses would you consider wasteful, \$500,000, \$1,000,000 or more? About \$400,000 to \$600,000 related to salaries, benefits and other expenses.

Dr. Jones approached Mrs. Harden and I, and asked, "How was the meeting?" Mrs. Harden responded that it went well and was a much better meeting than last year meeting with the visiting SACS Committee. I also chimed in that I stated about 10-15 times that Paine College was not financially unstable.

On Wednesday, March 12, 2014, the CFO from Birmingham Southern College approached me and asked was Roger Mclean an employee or a consultant. I told him that Roger Mclean was a consultant. He stated that the contract given to him by the President's Office was an employee agreement. This caused me to look further into this and his A/P vendor checks on file did not have a contract attached to it.

Further research indicated, that benefits received by Dr. Bradley such as prescription drug payments, meals, travel costs for his wife when she was not required to be there, gas payments for personal travel, and any personal purchases need to be treated as income. Dr. Bradley is entitled to these benefits based on his contract but they should be treated as taxable income. He never received a 1099 for these benefits. The impact of this is significant since it is an accumulation of over five years of costs.

On Thursday morning, March 13, 2014, the SACS Visiting Committee Chairperson informed members of the President's Counsel that Paine College has only resolved one standard issue related to insufficient staffing in the library, CS 3.8.3. The other five standards have not been appropriately resolved. The primary reason for this is the \$2,600,000 gap in the current year budget. The full-time SACS representative informed us that the school will receive a detailed report in the next 2-4 weeks about the Visiting Committee's findings. The school will have two weeks to respond to the report if there are any factual errors in the report.

Shortly after the SACS Closing meeting, Dr. Bradley coincidentally ran into each other and he informed me that he would like to meet with Mrs. Harden and me. I told him about my concern about him not receiving a 1099 for taxable income over the past years. He glared at me and told me not to worry about it. If this was done

intentionally then it would be considered tax evasion and represents a criminal offense.

At the meeting, Dr. Bradley wanted to know the details of the \$2.6M gap that was SACS discussed. He also stated that he wanted me to review the Capitol City Bancshares Stock Offering and prepare a letter recommending that Paine College purchase \$168,000 of this stock by 5pm that day. I responded that I will write an assessment of the offering, but the recommendation of purchasing \$168,000 will not necessarily be included.

I did write an assessment of the Capitol City Bancshares Offering and did recommend that Paine College should not purchase any of this stock. In my letter, I cited four points that included specific page number references. These points included that Capitol City Bank was under severe financial duress that was clearly stated in the audit opinion and the recommended stock purchaser profile is one who has excess cash and has the ability to take on a high-risk stock position. I turned in my report to Ms. Harps, Dr. Bradley's executive assistant, at 4pm because Dr. Bradley was not in his office. She scanned and emailed me a copy of the report.

On Friday, March 14, 2014, Mrs. Harden and I met with Dr. Bradley and informed him that the \$2.6M budget gap appears to be an unsupported expense amounts. These unsupported expense budget line items were authorized by Roger Mclean because he wanted the budget to balance. Actually, the budget gap appeared to be beneficial to Paine as expenses were overstated in the budget. I told Dr. Bradley that the language used was not 'deficit' but 'gap.'

That Friday evening, Brandon Brown, Executive VP of Development, stated loudly and publicly that I was going to be terminated on Monday for "throwing Dr. Bradley under the bus" with SACS. On Monday, Dr. Bradley reiterated that I was being terminated for my responses to SACS during their visit.

Please note that SACS requires under their first standard 1.1 Integrity that all persons representing an institution respond to the SACS Committee questions truthfully. I had an obligation based on this standard to respond to the questions truthfully. Mrs. Burshunda Harden was present at the meeting and witnessed the questions and responses.

Based on this facts presented, I am filing a complaint of retaliation by Dr. George C. Bradley, my immediate supervisor and the President of Paine College that resulted in my termination without cause. The retaliation claim is based on my lack of cooperativeness in paying back the \$360,000 unauthorized endowment loan before the Board meeting, my responses to the SACS Committee, my expressed concern about him receiving tax-free income that is possibly tax evasion and my recommendation for not purchasing the Capitol City Bancshares when told to write a recommendation to purchase \$168,000 of this stock.

Respectfully,

*Edward H. Patrick*

Edward H. Patrick

Cc: Paine College Board of Trustees  
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