

## Special Projects [UNT Federal Investigation](#)

### UNT faces probe

Defense Dept. investigating federal contract

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The U.S. Department of Defense is investigating a federal contract with the University of North Texas, UNT officials acknowledged late Friday, and the university's internal inquiry has cost more than \$1.2 million in legal expenses so far.

School officials say they are cooperating with the department.

UNT spokeswoman Deborah Leliaert said former Vice President Dr. T. Lloyd Chesnut brought the university into the questionable contract, and that the contract has been nullified.

She would not say what the contract was about or what the problems with it were because it is still under investigation, but the investigation's cost is necessary.

"The significant expenditure of funds in the course of this investigation speaks to the serious nature and the scope of our investigation," Leliaert said.

Chesnut's attorney, Mike McCue, said his client has done nothing wrong, and this federal investigation is not the reason Chesnut left his position in research and technology transfer in August.

"That [current investigation] was in Dr. Chesnut's area of involvement at UNT, but they have not spent \$1.2 million investigating him," McCue said. "The issue for which Dr. Chesnut was asked to resign has nothing to do with this investigation."

McCue would not say why Chesnut was asked to resign, nor would he give any more details about the federal investigation.

Officials at the U.S. defense and justice departments would neither confirm nor deny whether any investigation at UNT is taking place.

Leliaert said that after the university's general counsel began looking into the federal contract in January 2005, UNT hired attorneys from Hunton & Williams law firm in Dallas to investigate.

UNT discovered and voluntarily reported some problems with the contract to the Department of Defense, Leliaert said.

During the course of the federal investigation, UNT learned Chesnut was attempting to negotiate a contract with a North Carolina corporation in which he "held a significant financial interest," Leliaert said.

That corporation, the International Education Research Center, dissolved four months ago, according to records from the North Carolina Secretary of State's office.

Both Lloyd Chesnut and his wife, Rollene Chesnut, served on the board of directors for the corporation. Rollene Chesnut served as vice president, secretary and treasurer, according to dissolution documents filed in North Carolina.

Leliaert has said that company was going to manage a multi-university agreement with a Saudi Arabia hospital whereby the universities, including UNT, the UNT Health Science Center and the University of Montana, would create online training courses for employees at the hospital.

That agreement never materialized.

UNT President Norval Pohl placed Chesnut on paid administrative leave in July, and Chesnut resigned a month later. He also surrendered his tenured faculty position in the biology department in November.

In a report to UNT police last August, the university's auditor accused Chesnut of tampering with a government record and abuse of official capacity.

No charges have been filed, but UNT Police Chief Richard Deter said his department is still involved in that investigation.

In January, the Denton Record-Chronicle requested copies of Hunton & Williams invoices to UNT for the investigation.

UNT released some of the data, including the dates and the amount of the bills, but revised most of the information that described what the charges were for.

UNT asked the state attorney general to review the revised material, citing attorney-client privilege as a reason to withhold the information.

Last month, the attorney general ruled that UNT must release some but not all the information it originally redacted on those bills.

UNT has appealed that ruling by filing a lawsuit against the attorney general in the 201st District Court in Travis County.

"Certain aspects of the bills are confidential under the attorney-client privilege, and we believe it is important to protect privileged communication between an attorney and its clients," Leliaert said. "The protection of such information is allowable under the law."

Those bills date back to February 2005 and come from two different firms - Hunton & Williams and McColl & McColloch, a firm that Hunton & Williams hired to help.

Attorneys have billed as much as \$480 an hour.

The largest bills came in July when the two law firms billed a combined \$207,499. For that month, bills included 609 hours and \$22,091 in expenses. Among those expenses was \$17,422.99 for out-of-town travel.

Leliaert said money to pay these bills is coming from UNT's reserve fund, which is usually used for unexpected one-time expenses.

That fund, which currently has a balance of about \$30 million, has accumulated from several departments' leftover money from each fiscal year, Leliaert said.

Tuition and state formula funding are two revenue sources that make up those original budgets, she said.

As UNT's investigation continues, Montana state officials are investigating a research program and a spin-off business that Chesnut helped start at the University of Montana, where he was vice president for research from 1997 to 2003.

In March, Scott Seacat, Montana's legislative auditor, began looking into the Northern Rockies Center for Space Privatization at the University of Montana and the private Inland Northwest Space Alliance.

In a letter to the education commissioner in February, Seacat referred to UNT's investigation of Chesnut as part of the reason for investigating his activities in Montana.

Seacat plans to finish his investigation in June, his letter said.

The Missoulian newspaper in Missoula, Mont., also reported last week that the general inspector from the National Aeronautics and Space Administration had been on the University of Montana campus investigating the space program.

McCue, Chesnut's attorney, said he knew little about those investigations and cited a University of Montana audit report early this year that found no wrongdoing on Chesnut's part.

Leliaert said the investigations at Montana are separate from UNT's, and that "Lloyd's activities at Montana are not the subject of UNT's investigation."

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