

Special Projects UNT Federal Investigation

Research deal still under scrutiny

UNT looking into former administrator's alleged conflict of interest

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A research agreement that a former University of North Texas administrator tried to negotiate between several universities, including UNT, and a Saudi Arabia hospital would have profited a private corporation that the administrator held a financial interest in, according to UNT officials.

Dr. T. Lloyd Chesnut resigned Aug. 23 from his position as vice president for research and technology transfer at UNT, and UNT officials are continuing an investigation into an agreement he attempted to negotiate in 2004 and 2005 with UNT, the UNT Health Science Center, the University of Montana and the King Fahd Medical City in Saudi Arabia.

Those discussions also included the possibility of hiring an intermediary organization, the International Education Research Center, to manage the relationship among all the participating entities, said Deborah Leliaert, spokeswoman for UNT. Chesnut "held a significant financial interest in the intermediary organization, which he failed to disclose" to university officials, Leliaert said.

Chesnut, of Denton, denied that allegation to the Denton Record-Chronicle, but he would not comment further.

He also did not respond to written questions from the Record-Chronicle.

UNT has neither signed any contract with nor paid any money to the International Education Research Center, Leliaert said. The university has been investigating the case since July.

Chesnut became UNT's top research officer in 2003 after working six years in a similar position at the University of Montana.

In July 2004, UNT and the University of Montana signed a research agreement to develop medical education courses and certification programs that could be taught online to employees at the King Fahd Medical City in Riyadh, Saudi Arabia.

UNT released a copy of that agreement to the Record-Chronicle after the newspaper asked for university

payment records to the University of Montana and to Dr. Mohammed Sidani, who lives in Athens, Ohio, and holds a paid position at the University of Montana.

The one-year research agreement, which expired in June, stipulated that UNT would pay up to \$44,250 to the University of Montana to cover Sidani's salary fringe benefits, and health insurance. The University of Montana was to pay Sidani an equal amount, according to the agreement.

It named Sidani as the project director and stipulated he would work under Chesnut's direction.

Payment records show UNT paid the University of Montana \$15,820 on that contract in February 2005.

Leliaert said although the contract expired June 30, it's still unknown if UNT will have to pay any more.

Leliaert said she could not say whether UNT got what it paid for out of that contract because that is germane to the ongoing investigation.

UNT also reimbursed Sidani \$6,794 during that year - \$2,044 for travel expenses and \$4,750 for phone cards used for video teleconferences with UNT, the UNT Health Science Center, the University of Montana, East Carolina University and the King Fahd Medical City.

University records indicate one trip was a \$228 plane ticket in June for Sidani to fly from Columbus, Ohio, to Washington D.C., to meet with Chesnut about the project.

The other was a three-day, two-night trip in May from Columbus, Ohio, to Orlando, Fla., totaling \$1,816, including \$951 airfare, \$445 for lodging, \$318 for taxi service, \$63 for meals and \$39 for parking at the Columbus, Ohio, airport.

Sidani also sought another university to be part of the arrangement.

Dr. David Musick, associate dean for medical education at East Carolina University School of Medicine, said Chesnut, Sidani and Dr. Wes Snyder, a professor at Montana, also approached that school to be part of the project with the International Education Research Center.

East Carolina's role would have been to train medical students, he said, while UNT's role was to be in continuing education for current hospital employees.

Musick said he had several meetings with them about the project, but it never really got off the ground because the schools could not agree on the scope of the work or who would pay for it.

Then the Saudis backed out altogether, he said.

"It was an abrupt end," Musick said. "My last meeting with them was March 29 and I think we got word about a month after that that the Saudis wanted to go a different direction."

East Carolina never signed any formal agreement on the project, Musick said.

According to the incorporation papers filed with the state of North Carolina, the International Education Research Corporation formed in November 2002.

The next month, its name changed to the International Education Research Center.

Chesnut's name does not appear on the incorporation papers, but Leliaert confirmed that the International Education Research Center is the intermediary organization in which Chesnut holds a financial interest.

Prompted by UNT's investigation and media reports about the unfolding story, the University of Montana Board of Regents asked for an investigation into contracts Chesnut helped negotiate there to determine if any conflicts existed.

Dr. Daniel Dwyer, the University of Montana's vice president for research and development, said he is trying to determine whether that university had any contracts or agreements with the International Education Research Center.

Leliaert would not say how UNT first learned of Chesnut's possible conflict of interest with the International Education Research Center, but in a prepared statement last year, the university said that Chesnut acknowledged the conflict of interest.

Leliaert said no other UNT employees appear to have a conflict of interest with that organization, and that no other university employees are under investigation on this subject.

"Dr. Chesnut failed to disclose his interest in the intermediary entity, which was his ethical obligation," Leliaert said. "As soon as the university suspected a problem, it acted to investigate."

UNT President Norval Pohl, who announced July 19 that he would leave his post by Aug. 31, 2006, placed Chesnut on administrative leave July 27, and police escorted Chesnut from his office on the second floor of the administration building. Pohl also banned Chesnut from the campus and warned him not to interfere with the investigation.

On Aug. 22, Tim Edwards, who has since retired as the university's chief internal auditor, filed a report with UNT police, accusing Chesnut of tampering with a government record and abuse of official capacity.

Chesnut, who received a \$197,513 annual base salary, resigned the next day but maintained his tenured faculty position in the biology department until Nov. 30.

However, Chesnut has not been arrested or charged with a crime.

Leliaert said that because the investigation involved an executive administrator, UNT hired a law firm, Hunton & Williams, which has an office in Dallas, to investigate, rather than conducting the investigation entirely internally. Because the investigation is not finished, Leliaert said, she would not disclose how much the university has paid the law firm to date.

The university also has declined to release to the Record-Chronicle some of Chesnut's correspondence during a two-week period in July before he went on administrative leave, saying that the release of some items would hinder the investigation and some would violate the attorney-client relationship. The Record-Chronicle had asked for the records under the Texas Open Records Act.

In October, the Texas attorney general's office upheld the university's right to withhold that information, but ruled the university could choose to release some of it.

Leliaert said she could not speculate how long the investigation would last.

Betsy Cohen, staff writer of the Missoulian newspaper in Missoula, Mont., contributed to this report.

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CHESNUT TIMELINE

Here is a timeline of events related to Dr. T. Lloyd Chesnut's tenure at the University of North Texas:

July 1, 2003 - Dr. T. Lloyd Chesnut becomes UNT's vice president for research and technology transfer, leaving a similar position at the University of Montana.

July 1, 2004 - UNT signs a one-year research agreement to pay the University of Montana up to \$44,250 to cover a portion of salary, benefits and health insurance for Dr. Mohamed Sidani to create online education courses for UNT. Those courses were to be taught to employees at King Fahd Medical City in Saudi Arabia.

July 27, 2005 - UNT President Norval Pohl places Chesnut on paid administrative leave and police escort him from his office. UNT also launches an investigation into Chesnut's activity and an alleged financial conflict of interest Chesnut had with the International Education Research Center.

Aug. 22, 2005 - Tim Edwards, UNT's chief internal auditor at the time, files a report with UNT police, accusing Chesnut of tampering with a government record and abuse of official capacity.

Aug. 23, 2005 - Chesnut resigns his administrative position and agrees to give up his tenured faculty position Nov. 30. UNT continues its investigation. Phil Diebel, vice president for finance and business affairs, assumes oversight of the research and technology transfer office.

Oct. 27, 2005 - UNT Provost Howard Johnson assumes oversight of the research and technology transfer office.

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