

FAMU NEWS

‘Lack of common sense’: FAMU trustees discuss report on ‘fraudulent’ donation

No one brought up FAMU's reputational damage as a result of the \$237 million gift's mishandling, or former President Larry Robinson's leadership during the process of accepting it.



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After discussing an investigative report that determined a donor's "fraudulent" \$237 million gift to Florida A&M University hoodwinked administrators, the FAMU Board of Trustees voted to take steps to bolster its gift acceptance policies.

The trustees also voted to support a work plan and timeline being created by FAMU's interim President Timothy Beard along with Executive Vice President and Chief Operating Officer Donald Palm on how recommendations from the gift report will be implemented.

But there were few comments regarding FAMU's reputational damage as a result of the gift's mishandling, or former President Larry Robinson's handling of the purported donation.

“It is important that we learn and that this never happens again at FAMU or any other institution of higher learning,” chair Kristin Harper told trustees during a virtual meeting Thursday morning about the gift report, which was followed by a full board meeting.

The board's Thursday meetings came a few days after the final report was released following an investigation by law firm Buchanan Ingersoll & Rooney, which looked into Texas hemp farmer Gregory Gerami's purported gift to FAMU to determine what happened and to recommend corrective actions.

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According to the report, the investigation found the major donation to be “fraudulent and the valuation performed by Mr. Gerami to be baseless.” It also lays out how the university “improperly handled” the gift during its private vetting process.

None of the FAMU trustees were included in the inner circle that knew about the details of the gift, which the report says was due to Robinson’s “lack of trust in the university’s senior leadership team and the university Board of Trustees’ ability to maintain confidentiality and not leak information about the donor to the media led to a perceived need to prioritize secrecy.”

The law firm’s recommendations to the university were to modify the FAMU Foundation’s policies and guidelines and to add clear language to regulations that detail the president’s responsibility in providing information to the university’s Board of Trustees related to financial matters.

"The policies and procedures of the Foundation don't address private stock at all, and this was one of the gaps that we found," said Buchanan Ingersoll & Rooney’s Principal of Government Relations Michael McLaughlin, who was the lead investigator. "Those involved with accepting the gift really tried to fit a square peg into a round hole and utilize the in-kind gift process."

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Palm said he will work with Beard as well as the FAMU Foundation board to implement the recommendations. The information will be presented to trustees at their upcoming board meetings on Sept. 11 and 12.

Although FAMU trustee Otis Cliatt questioned whether the September deadline is reasonable — since Beard started the interim role just a few days ago and is still assessing his staff, all while the fall semester starts Aug. 26 — Beard assured the board that the roughly 30 days is ample time.

“Given the impact and implications of this report, I think it’s a very high priority,” Beard said. “At this point, there’s work to be done.”

‘Poor decision making ... lack of common sense’

McLaughlin attended the Thursday board meeting about the investigation to answer questions and clarify misunderstandings during the trustees' discussion. The meeting was led by FAMU trustee and Audit and Compliance Committee Chair Michael White, who worked with the Florida Board of Governors to hire the law firm for the investigation.

While discussing the report, FAMU Trustee John Crossman asked McLaughlin if there were any illegal activities or intentions of personal gain on the part of university members who were involved in the process of receiving the gift. The answer was no.

“What did happen was poor decision making, and — these are my words — it seems like there was a lack of common sense,” Crossman said.

In addition, Harper and trustee Kelvin Lawson both wanted to know if the university was still in possession of any shares from Gerami and the Isaac Batterson Family 7th Trust. The transfer was invalidated as early as May 14, McLaughlin said, adding that the stock certificates that were in the foundation's possession were canceled.

“Essentially, rather than transferring stock, Mr. Gerami simply ... (identified) the foundation as an owner of 15 million shares of the stock,” McLaughlin said. “That's not a proper way (to) transfer ... the stock.”

McLaughlin also suggested to the board that the vice president for University Advancement and executive director of the FAMU Foundation positions within the university be separate roles.

Before School of Business and Industry Dean Shawnta Friday-Stroud resigned from both of the positions amid the controversial gift's aftermath, she held the roles since she was first appointed to the permanent posts in 2018.

“These two positions should effectively serve as a check and balance to one another,” McLaughlin said. “While the vice president for advancement is really responsible for prioritizing the requirements of the university, the executive director of the foundation is responsible for ensuring that donations that are coming in are properly allocated.”

Trustees did not specifically discuss whether the suggestion about the roles would be taken up by the board.

“One thing I would like to see is how we plan on rebuilding trust with a lot of stakeholders here, and especially with the donors who give to this institution,” FAMU trustee Kenny Stone said. “I think voicing the changes we're going to make — and voicing them the right way — is important.”

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