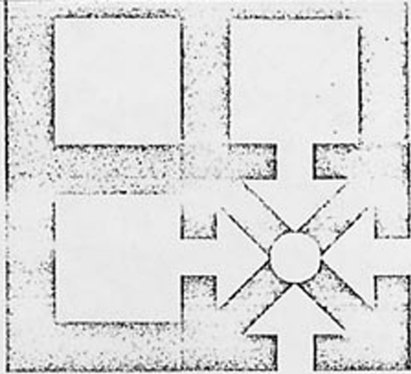


for your info

Call 11/26

Administrative Office
Erb Memorial Union
University of Oregon
Eugene, Oregon 97403
Phone (503) 686-3705



August 11, 1972

MEMORANDUM

To: Gerald Bogen
From: Richard C. Reynolds *rcr*
Re: Black Student Union Penney's Account

The following is a chronological explanation of the events surrounding the ASUO's handling of the Penney's account held by the Black Student Union.

For the fiscal year 1971-72, the ASUO Senate received requests from the Black Student Union for certain administrative and program costs for their organization. Among these requests was funding for a project in Portland which involved community action and relief programs for black children. Although records do not show the specific amount set aside for the Portland project, a total of \$2,550.00 was allocated for their use in carrying out the programs they described.

During the Summer of 1971 two students, members of the Black Student Union and apparently representing themselves as such, opened a charge account at the Portland Penney's store. (From all indications, no clearance was requested nor provided by this department to Penney's for such an account.) For reasons unknown to me, Penney's allowed this account to reach a total of \$1,870.46 before bringing it to the attention of the Associated Students. It is implicit in the procedures for purchasing within this department that all purchases be made by requisition. Having no requisitions on file for the purchases represented by the Penney's invoice, the ASUO Comptroller, Ray Meehan, and President, Iain More, contacted the Black Student Union, Penney's, and the ASUO Attorney, Robert Ackerman.

UNIVERSITY OF OREGON
AUG 15 1972
PRESIDENT'S OFFICE

At this time, Iain More reviewed with Orbie Scott, BSU President, the purchases made in the name of that organization at Penney's. After a full investigation, Mr. More determined that the purchases were within the intent of the program of the Black Student Union and were, although not purchased according to accepted procedures, approved for payment.

In an agreement worked out by Mr. Ackerman, Penney's has allowed the Black Student Union to pay \$600.00, or approximately one-third of the bill, last Spring, and the remainder \$1,270.00, to be taken out of the allocated funds for the 1972-73 year.

Before issuing a check from this office for the \$600.00 payment, I discussed the entire matter quite thoroughly with Iain More. Iain assured me that he was satisfied with the legitimacy of the purchases. On that basis, I authorized the issuance of a check to cover the first installment payment by the Black Student Union to Penney's.

It is my understanding, although not substantiated by fact, that Cathy Fitzpatrick and Dave Roberson were the two students who opened the account with Penney's. Cathy, I believe, was Secretary of the organization at that time although this is based only upon memory.

This item has again come to the forefront when Kent Anderson, the ASUO Fiscal Chairman, somehow began probing into the transaction. Kent asked me last week how we put items of equipment on our property inventory. I indicated to him that at the time a payment was made for an article, if it warranted being placed on our equipment inventory, we assigned a number and filled out the proper inventory forms. He then asked me if we had placed a particular cassette tape recorder belonging to the Black Student Union, and purchased from their ASUO budget, on our inventory. After further inquiry, I learned that this recorder was allegedly purchased from Penney's as a part of the purchases made last summer. In order to refresh my memory, we checked with our Accounting Office and discovered that our payment was made on the basis of an account statement for Penney's rather than upon a bill. This meant that we did not have available to us an itemization of the purchases and, therefore, would not have known the items which might have warranted being placed on inventory. My discussions with Iain More had led me to believe that all of the purchases were for childrens' clothing.

We admittedly should not have paid from this invoice only. I do not, offhand, recollect our questioning this. This was a mistake in our procedures.

The Black Student Union has not made its second payment of \$1,200.00 to Penney's. It is not expected that they will do so until their officers return this fall. There have been some allegations made, in addition to the cassette recorder, that some unusual items were among the childrens' clothing purchased. If items come to light, which cannot be justified as legitimate program expenses

of the Black Student Union, the Black Student Union will have to pay that portion of the debt from funds other than incidental fees. In other words, we will delete the value of any such items, should they be identified, from the \$1,200.00 remaining, prior to making the final payment. If there are any items within that \$1,800.00 allocation which are not justifiable for program expense, they will not be paid for from incidental fees. This observation has yet to be made and no judgement is immediately forthcoming.

If you have any further questions on this matter, I will be most happy to talk with you. You might share this memorandum with W.N. McLaughlin for his information.

RCR:ljd

Enclosure