Cost of WSU probe tops $2M

Federal investigation that began in 2015 is continuing.

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A ongoing federal investigation into possible immigration-related wrongdoing at Wright State University has cost the school roughly $2.2 million, according to calculations WSU officials made in response to questions from the I-Team.

Those costs — never previously revealed — show how deeply the investigation has financially impacted the cash-strapped public university, which has trimmed staff in the midst of a budget squeeze.

The tally of expenses includes salary and benefits for two employees who have been on paid leave since May 2015. The two — Sundaram Narayanan, formerly second in charge of the university as WSU’s provost; and researcher Phani Kidambi — also received pay raises in August 2016 despite being prohibited from showing up to work, an I-Team investigation found.

In addition to pay and benefits for Narayanan and Kidambi, the $2.2 million includes pay, benefits and legal settlements to fired administrator Ryan Fendley and former WSU general counsel Gwen Mattison; legal fees; and outside consultants.

The final tally from the investigation will most certainly be higher. The university’s calculation does not include the cost of WSU departments created or greatly expanded in response to oversight shortfalls the investigation brought to light.
Nor does it include looming liabilities such as the possibility of a fine if the federal government deems WSU violated federal law.

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The investigation, which began in 2015, focuses on possible violations of H-1B visas, or temporary work visas. H-1B visa fraud carries a maximum penalty of 10 years in prison and a $250,000 fine, and companies have paid millions of dollars to settle visa fraud allegations.

Other legal fees could come into play as well. Fendley has a wrongful termination lawsuit pending against WSU in state court seeking $249,000 in back pay, including accrued sick and vacation leave.

University officials say the cost of the investigation has contributed — though to a lesser extent than enrollment and retention problems — to a budget shortfall that has forced the university to shed jobs.

“Everything contributes to the budget challenges we have. Everything does,” WSU President David Hopkins said.

Doug Fecher, chairman of the WSU board of trustees finance committee, said the school administration has tried to responsibly respond to the investigation.

“I don’t like that we had to spend the money. Nobody does,” Fecher said. “But I think it’s prudent to make sure that the long term cost to the university is minimized to every extent possible.”

**Suspended workers get pay raise**

Little has been made public about the investigation other than it’s related to “potential violations of federal criminal statutes surrounding previous use of
the H-1B visa program on our campus,” WSU announced in August 2015.

While it is unclear exactly what the feds are looking at, an I-Team investigation in September 2015 found the university sponsored foreign workers to work at an area information technology staffing company in an arrangement experts say may have run afoul of immigration laws.

I-TEAM SPECIAL REPORT: Lost Jobs: Importing foreign workers

Federal officials will give no indication of how long the investigation may take. Narayanan remains on paid leave at a salary of $292,686 and Kidambi at $78,630. As members of the faculty union, both received the same 1.5 percent across-the-board pay raises other faculty members received in August, as well as a 1 percent merit increase.

“Wright State University suspended Drs. Narayanan and Kidambi with pay pending the outcome of the federal investigation. At this point, the university has taken no disciplinary action against either of them,” said WSU spokesman Seth Bauguess in a statement. “As bargaining unit faculty members, their collective bargaining agreement (CBA) entitles them to compensation increases.”

Martin Kich, WSU’s faculty union president, said no provisions of the union contract speak to how to handle someone put in such a lengthy paid suspension.

Kich said the contract does allow the university to take action against someone — including unpaid suspension or even termination — if they believe the worker has done something wrong.

Organization changes

The university did fire Fendley, Narayanan’s senior advisor who was not
covered by the union, in August 2015. Fendley then sued WSU for wrongful termination and its applied research division for breach of contract. Wright State Applied Research Corporation settled its suit with Fendley for $13,209. The larger suit — claiming he was fired without due process — is scheduled for trial in May.

Mattison was forced to resign in August 2015 with a $301,331 separation payment. She was the university’s top attorney and had worked for the school for 33 years.

The university hired Larry Chan to replace Mattison in January 2016. It then expanded the legal department to now include three attorneys, two paralegals and an administrative assistant.

“Since the U.S. Attorney’s Office investigation began, Wright State University has taken several notable steps to prevent the university from inappropriately using non-immigrant visa classifications. Included among them are sweeping organizational improvements that facilitate and buttress greater oversight of university compliance and review programs,” said a statement from Bauguess.

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In addition to more lawyers, the university beefed up its compliance program with a director of research compliance, export control compliance officer, HIPPA and privacy compliance officer, and administrative staff support positions. And it contracted with the law firm Dinsmore and Shohl to manage Wright State’s employment of immigration-related employees.

Wright State has paid Dinsmore $525,072 since the investigation began for myriad services, including advising them on the investigation.
‘Ripple effects’

All of these changes have come with a price tag.

“It’s money you didn’t expect to spend that you have to spend,” Fecher said. “But, I think it’s fair to say you kind of have to spend it because you’re trying to minimize the long-term cost to the university.”

Many of the changes grew out of recommendations from an audit by the firm Plante Moran. Wright State has paid Plante Moran $363,550. The I-Team has repeatedly requested copies of the audit under Ohio public records law, but WSU officials refuse to release it claiming it falls under attorney-client privilege.

Kich said he hopes the faculty doesn’t pay a price because of the administration’s mistakes.

“If we clearly needed people in these offices to ensure we are complying with federal law and federal regulations, clearly there’s some administrative bloat in other areas that can be eliminated,” he said.

Kich noted that international enrollment has also declined during the investigation. While there are several reasons for this, he said, part of it is almost certainly increased scrutiny of international students amid the federal probe.

“The ripple effects of this are kind of amazing,” he said.

Staff Writer Max Filby contributed to this report.

Costs of the federal investigation at WSU

**Sundaram Narayanan:** $567,119 salary; $136,754 benefits
Ryan Fendley: $77,015.15 salary; $514 benefits;

Phani Kidambi: $152,735 salary; $37,708 benefits

Gwen Mattison: $68,862 salary; $541 benefits;

Fendley lawsuit settlement*: $13,209

Mattison separation payment: $301,331

Legal fees to Dinsmore and Shohl: $525,072

Plante Moran audit: $363,550

Source: Wright State University

Staying with the story

This newspaper is your only source for information about an ongoing federal investigation into activities that took place at Wright State University. The I-Team has revealed what the possible violations were, actions the university has taken to respond to the investigation and what the costs are to the public. Go to myDaytonDailyNews.com for other I-Team stories that seek to hold government accountable.