

UCSC chancellor reviews embezzlement case

By KATHERINE EDWARDS
Sentinel staff writer

SANTA CRUZ — UC Santa Cruz Chancellor Karl Pister has spent some sleepless nights thinking about what he could have done.

On his watch, a clerk bilked the university of \$430,000, the largest embezzlement in campus history.

His conclusion: While the steps he took to rein in campus finances when he first arrived may not have gone far enough, he wouldn't have done anything differently.

"There's no way in the world that a chancellor can micromanage any part of the campus," he said. "If you do, you're telling senior people they're not doing good, and at that time there was no evidence they weren't. ... I've thought a lot about that. This whole affair caused me tremendous anguish.

"I am ultimately responsible."



Pister said a chancellor can't 'micro manage' the campus.

The chancellor spoke publicly about the scandal and its effect on the campus for the first time Tuesday, the day after former administrative assistant Mary Nicholls was sentenced to five years in prison for embezzlement.

"When you put it all together, it's a very dismal picture of a breakdown in supervision and accountability," Pister said. "This is something that should not have happened."

Since the embezzlement was discovered six months ago, the campus has come under fire from auditors and the District Attorney's Office for having weak auditing and accounting procedures.

Nicholls' supervisor, former Vice Chancellor Bruce Moore, was faulted for ignoring basic accounting in an office with a yearly budget of \$1.1 million.

In the chain of command at UCSC, Moore's supervisor was the chancellor.

Pister, however, said he was unaware of any accounting or personnel problems in the student services office until the police called him in September to tell him he had a felony on his hands.

"I was absolutely shocked to find this kind of a situation is one of my departments," Pister said.

When Pister arrived at UCSC in 1991, the chancellor's office was under fire and the campus was in disarray over controversial expansion plans.

"My major task was to build relationships with the faculty and staff and students and I put my efforts into doing that," he said.

In the first few months, Pister said, he took steps to move campus budgeting directly under his office's supervision. But at the time, "I did not sense the need to deal with the controller side, the accountability side. ...

"I took one step when I should have taken two," he acknowledged.

But, he added, he believed in the authority that had been delegated to his vice chancellors.

"I felt I had very experienced vice chancellors in place, one (Moore) who had extensive experience in the UC system. I felt I had to focus on problems of a higher priority."

Pister said he doesn't think it is his fault that the embezzlement occurred. "But I have a responsibility to that campus that such things are minimized, and

if possible, to prevent them. ... If I had it to do over again coming into Santa Cruz I don't think I would have done anything differently."

During the auditors review of the university's finances, Pister said, he gave periodic progress reports to UC's Board of Regents. The regents questioned him about the investigative process, but not about his own leadership, he said.

"Nothing (was said) that I would think of as a rebuke," he said. "They weren't happy about it, but neither was I."

Once Nicholls' crime was discovered, Pister said he stepped in immediately to put financial oversight into the Student Services Department where Nicholls had worked.

Pister said he was "absolutely astounded" to learn that Nicholls was hired despite a previous conviction for writing bad checks in Santa Clara County.