

April 23, 2013

Mr. Terry Mann
Chair, Board of Regents
Northern Kentucky University
Highland Heights, KY 41099

Dear Mr. Mann:

I write to provide additional information regarding recent developments in our continuing investigation into Dr. Scott Eaton's management of the Athletic Department. As I indicated in my last letter to you regarding my decision to terminate Dr. Eaton's employment, our outside counsel, Dinsmore & Shohl, retained the accounting firm of Clark Schaefer Hackett to conduct a thorough financial review of the Athletic Department.

Upon becoming aware of the extent of this detailed financial review, Dr. Eaton retained legal counsel. Shortly thereafter, Dr. Eaton's legal counsel contacted our counsel to offer Dr. Eaton's assistance in identifying financial misconduct in which he had engaged.

Since that recent contact, Dr. Eaton and his legal counsel met twice with our legal counsel. During these meetings, Dr. Eaton acknowledged a pattern of financial misconduct. He admitted that he used deceptive means to improperly divert University resources for personal purposes.

Our investigation continues so that we can determine the full extent and nature of Dr. Eaton's financial misconduct and the need for appropriate corrective action to prevent similar actions in the future. Dr. Eaton has admitted that he diverted approximately \$100,000-\$150,000 in University resources for personal purposes over the course of the past eight years.

Considering the nature of the financial misconduct, I determined that this matter should be referred to law enforcement agencies. As we prepared to report this matter to law enforcement agencies, we learned that Dr. Eaton's legal counsel had contacted the U.S. Attorney's Office for the Eastern District of Kentucky. Our counsel then promptly contacted the U.S. Attorney's Office and advised the federal prosecutors that the University will cooperate fully in the federal criminal investigation of Dr. Eaton.



Mr. Terry Mann
Page Two

Our counsel subsequently advised Mr. Eaton's legal counsel that we also would be notifying the Kentucky Attorney General regarding this matter. I learned yesterday that, on Saturday, Dr. Eaton's legal counsel contacted the Kentucky Attorney General's Office. Earlier today, I spoke with Attorney General Jack Conway to apprise him of our ongoing investigation and our contact with the U.S. Attorney's Office. The purpose of my call was to enable the Attorney General to consider any investigation and prosecution of Dr. Eaton that he deems appropriate and warranted.

Because of the circumstances of this situation and the ongoing interest it has received, I intend to share this letter with the University community.

Respectfully,



Geoffrey S. Mearns
President