



OAKWOOD UNIVERSITY

GOD FIRST!

*Statement from
The Board of Trustees of Oakwood University
Concerning the Legal Settlement of Oakwood University vs. OUAA*

The Oakwood University Board of Trustees is pleased to announce the closure of an extremely difficult and sensitive matter related to the governance of Oakwood University. On June 2, 2021, Federal District Judge Madeline Hughes Haikala, of the United States District Court for the Northern District of Alabama, entered two orders closing the court case 5:18-cv-00870-MHH Oakwood University Inc. v. Oakwood University Alumni Association in accordance with the agreement of the parties. The following is the official statement of the Board of Trustees of Oakwood University concerning the settlement of the lawsuit.

Dear Members of the Oakwood University Community,

For 125 years, lives have been enhanced and transformed at Oakwood University, a North American Division-sponsored institution within the family of Seventh-day Adventist higher education. Oakwood stands as a highly-recognized member of the community of Historically Black Colleges and Universities (HBCUs). Oakwood University, and for many of us, our alma mater, fosters spirituality, promotes educational excellence, endorses a healthy life and lifestyle, and helps others prepare to meet our soon-coming Christ. This “Oakwood Experience” leads to a deep loyalty and love for Oakwood University from administrators, faculty, staff, students, alumni and friends. Maintaining this relationship is essential to our University and is one of the Board’s main priorities. Therefore, when the family has experienced a public dispute, it is painful, emotional, and always regrettable. But today the future of our OU family relationship has been secured. The lawsuit between Oakwood University and the University’s former alumni association (now known as the “Original Oaks Alumni Association”) has been resolved.

As Trustees, we are deeply pained that it became necessary in 2018 to use legal means to protect and secure the Oakwood name and reputation. Be assured that the Board of Trustees did not want this dispute, neither did we relish prosecuting this lawsuit. The association’s intractability left us with no recourse. The disposition and conduct described in the federal court documents ultimately led the Court to issue a preliminary injunction (which is now permanent) preventing the association from using the University’s name or trademarks. The Court explained the reasons for the injunction in a Memorandum Opinion, which is a matter of public record (see Judge Madeline H. Haikala, Memorandum Opinion–August 14, 2020, which we will cite hereafter as “see Haikala PI”); it can be found at <https://law.justia.com/cases/federal/districtcourts/alabama/alndce/5:2018cv00870/166545/67/>).

Why did the University sue the former alumni association?

Before 2018, the University and the former association enjoyed a close working relationship. The University generously allowed the association to use the University's reputation, goodwill, name, logos, and related items to support its fundraising. For its part, the former association conducted its fundraising efforts in accordance with the University's required guidance (see Haikala PI, 8, 12-14). In March of 2018, the leaders of the association rejected this long-standing relationship and refused to honor appropriate and reasonable requests from the University Board or Administration for financial disclosure and fiscal transparency. Around the same time, the University and its Board learned of circumstances involving the association that, if unaddressed, endangered the University's accreditation status and reputation (see Haikala PI, 19-22). In March of 2018, our Board requests for cooperation on fiscal accountability were rejected and inexplicably characterized in writing to the Board of Trustees as "unlawful intermeddling and interference" by the Board of Trustees and the University (see Haikala PI, 21). The association's leadership also refused to speak with our designated Board representatives on the subject, directing that all communications go through their legal counsel. In response, the University's counsel made several attempts to resolve some of the more pressing financial concerns before Alumni Weekend 2018 (see Haikala PI, 21-22), but to no avail.

By way of one example, we mention one of the serious fiduciary challenges we faced. As published on the IRS website, on May 15, 2017, the IRS revoked the association's tax-exempt status for failure to file its taxes for three consecutive years. With its tax status revoked, word spread that the association planned to use a third-party organization (not known to Oakwood) to receive donations from Oakwood alumni during the 2018 Alumni Weekend (see Haikala PI, 21). As a result, the University made two requests. First, we asked that the association refrain from using an entity undisclosed to the University to receive donations from University alumni (see Haikala PI, 22). Second, we, the Board of Trustees, requested that the University be allowed to receive alumni donations that weekend on the association's behalf—offering to deposit all funds into an account designated for the exclusive use of the association to disburse as it wished (see Haikala PI, 22). The association's leaders ignored these requests. Instead, they chose to use a third party to receive alumni donations rather than work with the University's financial officials (see Haikala PI, 22). This unapproved act, executed under the association's assertion of complete independence, placed the University out of compliance with its accreditation requirement in SACSCOC 5.3 regarding fundraising done in a University's name.

Following the 2018 Alumni Weekend (March 28-31), on April 16, 2018, the Board deliberated on the future of how the University would handle our Alumni Affairs. We prayerfully decided to adopt a new paradigm through which the University takes direct responsibility for the University's relationship with its Alumni. We based our decision on a number of factors, including the fact that this direct approach is considered best practice in alumni engagement today, as opposed to relying on the former association as an independent, third-party interface.

On April 16, 2018, the Board also took official action regarding the former association. Based on their general conduct—including their unprecedented rejection of any financial disclosure or accountability to our University – we voted unanimously to sever ties with the former association and, accordingly, we asked that they cease causing confusion by using our Oakwood University name or trademarks to raise funds. Sadly, we could not win cooperation with any of our pleas to resolve the dispute amicably. Our efforts to achieve any interim understanding failed due to the former association's refusal to honor numerous requests from the Board. Federal District Judge Madeline Haikala observed the insuperable difficulty of the obstacles we faced when she concluded, "The Alumni Association has demonstrated repeatedly that it is unwilling to compromise" (see Haikala PI, 58). Therefore, in the

absence of any cooperation, the Board was compelled to sue the association to protect the name and reputation of the University, and you, our donors. We were also compelled to make it clear to our publics that the former association no longer represented our University in its fundraising. With many of you, we agree that this dispute should never have reached the point of legal action. In fact, with only a modicum of amenability, court action would have been rendered unnecessary. However, a statement in Judge Haikala's Memorandum Opinion is particularly relevant, because it summarizes why we were unable to resolve the dispute. While addressing the former association's concerns about the inconvenience of being required to remove "Oakwood University" from its name so quickly, the Court concluded: "... the Alumni Association brought the inconvenience [of changing its name] on itself; the whole matter could have been resolved with a bit of cooperation from the Association" (see Haikala PI, 57-58).

During the long course of this dispute, the Board has chosen not to comment on the many malicious and false allegations launched against the Board of Trustees, the University, and the Administration of the University. Now that the case has been resolved, we, the Board of Trustees, choose to address a few of these false narratives based on the facts of this case before turning your attention to the future.

First, neither the President, his Administration nor any University officer suggested, recommended, advocated, nor appealed that the Board of Trustees sever ties with the former association. Instead, the Board made its decisions by carefully considering the facts later documented before the Court and the best future for the University. Between March and April of 2018, many Trustees personally experienced the intractability of the former association's behavior. The Trustees did not need, and did not seek, the Administration's recommendation. Contrary to a false rumor, this decision was not a part of a "hostile takeover" launched by the President, Alumni Relations, the Board Taskforce, or anyone else in University administration. On April 16, 2018, we the Trustees, and we alone, voted unanimously, and within the full prerogatives of our legal and fiduciary authority, to protect Oakwood University, now and in the future.

Second, the Board did not seek to "capitalize on the good name" of the former association. At the core of this trademark case was the legal and proprietary question of who owns the rights to the name "Oakwood University." The verdict of this case resolves the fundamental question for the present and the future. The former association challenged the University's ownership of its name and trademarks, and predictably the former association's challenge failed. It was obvious to all that the University owns the name "Oakwood University." The resolution of the lawsuit and the Court's Permanent Injunction means that the University, as governed by its Board of Trustees, continues its control over the University's name and trademarks. No entity can claim the marks and trademarks of the University apart from the University's permission.

It also means that no unauthorized entity, such as the former association (or any affiliated chapters), may use the University's name or trademarks. This fact of law explains why the Court required the association to change its name. An unauthorized, independent group may not claim to represent Oakwood in its fundraising. Nor can any group mislead or confuse our community or the general public about whether they are endorsed by or are authorized to collect funds for the University. To reinforce this fact, Judge Madeline Haikala's order requires the former association and its affiliates to display the following disclaimer on all of its fundraising:

"The Original Oaks Alumni Association is an independent organization that is not affiliated with and does not represent Oakwood University. OOAA does not raise funds for Oakwood University."

This disclaimer means that you are entitled to know that any funds you donate to the Original Oaks (or any other non-authorized entity) will not go to the University or its capital campaigns. Any such donation will be going to an organization that is not connected to, and does not represent or report its financial status to, Oakwood University.

Third, the Board never claimed that University accreditation was lost or suspended or cited. Oakwood University is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) and must comply with its requirements and standards. SACSCOC standard 5.3 requires the University to maintain oversight of fundraising activities that benefit the institution. This rationale for requiring compliance from the former association was amply explained to the court by SACSCOC in its communication to the court (see Haikala PI, 8-10). The actions taken by the Board were intended to protect and maintain University accreditation. Fundraising oversight and compliance are inextricably linked to maintaining our University's accreditation status.

Thankfully, today we have closed the book on these matters. The Court's permanent injunction in favor of the University's position validates the credibility and the legitimacy of the University's concerns and assertions. Judge Haikala's permanent injunction declares that any violations of this Consent Order by the officers, members, individuals acting in concert with the former Association, etc. are subject to further injunctive relief and attorney fee awards. With this matter behind the University, Oakwood University continues its forward movement toward its strategic future!

OAKWOOD UNIVERSITY PIVOTS TO THE FUTURE

Building on our rich history and traditions, the Board of Oakwood University has laid an extremely strong foundation for the future. Now that our new paradigm has fully aligned Alumni programming and fundraising with the university's mission and values, and accreditation requirements, Oakwood University is poised to enhance the relationship between our Alumni and our school. Truthfully, this relationship has always been the primary source of philanthropic support.

Consider the following: during the 10-year period from 2008-2018, the former association gave the University a total of approximately \$400,000 in donations, for which we are thankful. However, during that same 10-year period, the University received from its alumni, friends, and supporters, \$12,500,000 in direct support. We are also happy to share the fact that since adopting the new paradigm in 2018, donations to the University increased by 132% within the first year after implementing the new structure. We received in the 12 months following the separation more than \$3,000,000 in direct donations. And since 2018, the number of alumni donors giving directly to the University has increased each year, along with accompanying increases in the amount of giving, even during the pandemic. We thank you for your support of our beloved Oakwood University, and look forward to a deeper partnership with you on behalf of our students, and the institution's mission.

One final example is the goal we set for our endowment in 2011 (when our endowment was at 8 million dollars). Our goal was to reach 20 million dollars by the year 2020. By January of 2020, that goal of "20 by 20" was reached! And more good news—to date, our endowment sits at almost 25 million dollars! This is the largest endowment in the history of our University. To God be the glory! And with your continued support, we will prayerfully pursue increasing the endowment to \$100,000,000 by 2030.

Recognizing that higher education faces challenges that are unprecedented, challenges that have been accentuated by the pressures of the pandemic, we invite all Alumni, whether in groups or individually, to join us in our commitment to serving future generations of Oakwood students. Oakwood University enjoys a celebrated reputation among institutions of higher education (see Haikala, PI, 3). We want you to connect more directly and more intimately with your alma mater! We ask you to support our new direction by investing your time, talent, and treasure in the upbuilding of our University. We invite you to visit our Oakwood University webpage, our Facebook page, or YouTube channel to see for yourselves some of the exciting advances taking place at and through our University.

Oakwood University is here to serve you. Please contact Mrs. Cheri Wilson, Executive Director of Oakwood's Office of University Advancement, and Mr. Emile Parker, Director of the Alumni Relations Office, at (256) 726-7201. In addition, the new Oakwood University Alumni Council welcomes you and invites you to join us. Many of you have already done so, and can attest that every dollar of your donation is accounted for and used for your intended purpose.

We, the Board of Trustees of Oakwood University, remain committed to you, our University, our University administration and its leadership, and to every member of our OU community. We affirm the visionary leadership being provided to our University, especially as it leads us through the pandemic into the future that God has for us. Please let us know if you have any ideas, thoughts, or questions by contacting the Office of University Advancement at (256) 726-7201.

Signed:



G. Alexander Bryant, Chairman
Oakwood University Board of Trustees, and
President, North American Division of Seventh-day Adventists
On behalf of the Oakwood University Board of Trustees

June 3, 2021