

September 23, 2005

Members of the Legislative Audit Committee:

On September 14, 2005, special prosecutors appointed by the Robertson County District Attorney obtained indictments from a Robertson County Grand Jury on Dr. James Kenneth Johnson, Sr., the former superintendent of the Bremond Independent School District (BISD); Ms. Sandra Nolan, the former business officer for BISD; and Mr. Jason Johnson, Dr. Johnson's son.

In October 2003, the Texas Education Agency forwarded to the State Auditor's Office's Special Investigations Unit, the Texas Rangers, and the Robertson County District Attorney allegations received from concerned taxpayers regarding possible misuse of BISD funds. The Special Investigations Unit participated in a joint investigation with the Texas Rangers. The investigation revealed that, from 1998 through 2003, Dr. Johnson and Ms. Nolan allegedly misappropriated and misapplied BISD funds totaling more than \$158,000.

The indictments charged Dr. Johnson with:

- Theft of \$100,000 or more, but less than \$200,000, by a public servant (a first degree felony)
- Theft of \$20,000 or more, but less than \$100,000, by a public servant (a second degree felony)
- Misapplication of fiduciary property of \$100,000 or more, but less than \$200,000 (a second degree felony)
- Misapplication of fiduciary property of \$20,000 or more, but less than \$100,000 (a third degree felony)

The indictments charged Ms. Nolan with:

- Theft of \$20,000 or more, but less than \$100,000, by a public servant (a second degree felony)
- Theft of \$1,500 or more, but less than \$20,000, by a public servant (a third degree felony)
- Misapplication of fiduciary property of \$20,000 or more, but less than \$100,000 (a third degree felony)
- Misapplication of fiduciary property of \$1,500 or more, but less than \$20,000 (a state jail felony)

In addition, the indictments charged Jason Johnson with two counts of theft of \$1,500 or more, but less than \$20,000, by a public servant (a third degree felony) and one count of misapplication of fiduciary property of \$1,500 or more, but less than \$20,000 (a state jail felony).

SAO Report No. 06-006

If you have any questions, please contact Harold Burns, Senior Investigator; Pamela Munn, Manager, Special Investigations Unit; or me at (512) 936-9500.

Sincerely,

John Keel, CPA  
State Auditor

cc: The Honorable Rick Perry, Governor of Texas  
Dr. Shirley J. Neeley, Texas Commissioner of Education  
The Honorable John Paschall, Robertson County District Attorney  
Mr. Jim W. James, Special Prosecutor  
Mr. Craig Greening, Special Prosecutor  
Sgt. Jim Huggins, Texas Rangers

The Special Investigations Unit investigates reports of illegal activity involving state agencies and universities.

Texas Government Code, Section 321.022, requires state agencies and universities to report suspected fraud or unlawful conduct to the State Auditor's Office if there are facts that point to fraud or unlawful conduct.

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