



John Keel, CPA
State Auditor

A Special Investigations Unit Report on
**A Department of Housing and Community Affairs
HOME Program Contract Awarded to
The Lone Star Garden Development Corporation**

March 25, 2009

Members of the Legislative Audit Committee:

The Jasper County Criminal District Attorney's Office obtained indictments for Josef Arline, Fredrick Ruckett, and Monica Ruckett on March 17, 2009, after the State Auditor's Office's Special Investigations Unit investigated an allegation that funds the Department of Housing and Community Affairs (Department) awarded through its HOME Program had been misapplied.

Josef Arline was indicted for misapplication of fiduciary property with a value of \$100,000 or more but less than \$200,000. This offense is a second degree felony that carries a penalty of 2 to 20 years imprisonment and a fine not to exceed \$10,000.

Fredrick Ruckett and Monica Ruckett were both indicted for misapplication of fiduciary property with a value of \$1,500 or more but less than \$20,000. This offense is a state jail felony that carries a penalty of 180 days to 2 years confinement in a state jail and a fine not to exceed \$10,000.

The Department notified the State Auditor's Office of the alleged offenses. In 2003, the Department awarded a contract for HOME program funds to the Lone Star Garden Development Corporation. The HOME program funds were intended to rehabilitate homes for low income individuals in Jasper County. Fredrick Ruckett and Monica Ruckett were consultants hired by Lone Star Garden Development Corporation to manage the project. Josef Arline was a contractor hired to build the homes for the project.

The HOME Program

The Department of Housing and Community Affairs (Department) administers the HOME Program, which has been funded by the United States Congress since 1990.

HOME Program funds are issued to the State of Texas in block grants for use in rehabilitating/reconstructing low income housing and rentals. The funds are reserved for housing for families whose median income is at or below 50 percent of the national average. The Department awards contracts to various agencies and municipalities for the purpose of providing safe, decent, and affordable housing for low income families. Once the rehabilitation of a housing complex has been completed, a Department program goal is for the complex to become 100 percent occupied and financially stable.

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If you have any questions, please contact Harold Burns, Senior Investigator, or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

cc: The Honorable Rick Perry, Governor
The Honorable Steven M. Hollis, Jasper County Criminal
District Attorney
Mr. Michael Gerber, Executive Director, Department
of Housing and Community Affairs

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