October 2, 2009

Members of the Legislative Audit Committee:

On September 22, 2009, the Bowie County Criminal District Attorney obtained indictments from a Bowie County grand jury on Brian Patrick Troy, a former financial representative for American International Group Variable Annuity Life Insurance Company (AIG VALIC) and LPL Financial.

In July 2008, the Special Investigations Unit received allegations from the Higher Education Coordinating Board and a member of the board of trustees for Texarkana College that Mr. Troy was submitting falsified documents to AIG VALIC to transfer optional retirement program accounts of Texarkana College employees to tax sheltered annuities or money market accounts. The Special Investigations Unit also determined that Mr. Troy allegedly transferred ORP funds belonging to employees of the Dallas County Community College District to tax sheltered annuities or money market accounts.

The indictments charged Mr. Troy with 21 counts of misapplication of fiduciary property and 22 counts of securing execution of a document by deception. Thirty-five of the counts are first degree felonies punishable by imprisonment of 5 to 99 years and a fine not to exceed $10,000. Eight of the counts are second degree felonies punishable by imprisonment of 2 to 20 years and a fine not to exceed $10,000.
The Special Investigations Unit investigates reports of illegal activity involving state agencies and universities. It refers the results to prosecuting authorities.

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 (not merely suspicion) that point to fraud or unlawful conduct.

To report suspected illegal activity, call 1-800-TX-AUDIT (1-800-892-8348), send a fax to (512) 936-9400, visit http://sao.fraud.state.tx.us, or mail information to the State Auditor’s Office, Attn: SIU, P.O. Box 12067, Austin, Texas 78711

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

Sincerely,

John Keel, CPA
State Auditor

cc: The Honorable Rick Perry, Governor of Texas
The Honorable Greg Abbott, Attorney General
The Honorable Bobby Lockhart, Bowie County Criminal District Attorney
Dr. Raymund A. Paredes, Commissioner of Higher Education,
Higher Education Coordinating Board
Dr. Wright Lassiter, Chancellor, Dallas County Community College District
Dr. Alan Rasco, President, Texarkana College