August 11, 2010

Members of the Legislative Audit Committee:

An investigation by the State Auditor’s Office’s Special Investigations Unit into allegations of forged Hinson-Hazelwood loan applications and promissory notes led to the Public Integrity Unit of the Travis County District Attorney’s Office obtaining indictments for Iris Rene Royal on June 3, 2010 (see text box). The Special Investigations Unit received allegations from the Higher Education Coordinating Board that loan documents submitted by Ms. Royal had been forged. The forged applications and promissory notes led to the fraudulent disbursement of $19,500 for tuition, fees, and personal expenses for Ms. Royal, a former student at the University of the Incarnate Word.

The indictments of Ms. Royal alleged that between July 29, 2000, and April 14, 2003, Ms. Royal forged the signature of a family member on various loan applications and promissory notes. Ms. Royal faces four counts of forgery. These offenses are state jail felony charges that carry a maximum penalty of confinement for a term from 180 days to 2 years in a state jail and may be punished by a fine not to exceed $10,000.

If you have any questions, please contact Harold Burns, Senior Investigator, at (512) 936-9782 or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

cc: The Honorable Rick Perry, Governor of Texas
    Dr. Raymund A. Paredes, Commissioner, Higher Education Coordinating Board
    The Honorable Rosemary Lehmberg, Travis County District Attorney
    Mr. Gregg Cox, Director, Special Prosecution Division, Travis County District Attorney’s Office
This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor’s Office reports may be downloaded from our Web site: www.sao.state.tx.us.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9880 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor’s Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government call the SAO Hotline: 1-800-TX-AUDIT.