

SEEWORTH ACADEMY
SPECIAL AUDIT
Interview with Lee Anne Wilson, Board Member

On February 25, 2021, Brenda Holt left a message on the cell phone of Lee Anne Wilson, Seeworth board member.

The purpose of the call was to schedule an in-person interview of Wilson to discuss her term on the Seeworth board and all related Seeworth issues.

On March 24, 2021, Brenda Holt, Director Forensic Audit Division and Rainer Stachowitz, Senior Investigative Audit Supervisor, conducted an interview with Wilson at 630 NE 63rd St., Oklahoma City, the office of her attorney Joe White. White was also present during the interview.

The main purpose of this interview was to ascertain the level of oversight provided by the board and to determine when, in the opinion of the board, they became aware of major issues.

Brenda provided a quick overview on the status of the audit, the work completed, and the timeline for completion.

Wilson has served on the Seeworth board since inception (1998) and has acted as President and Vice-President. The positions are typically rotated every two years.

The board received agenda and minutes prior to each board meeting via e-mail. The financials were provided in a hard copy format at each meeting and Grigg actually picked them up after the meeting because Grigg did not want that information going out the door. When Brenda asked Wilson why Grigg would not want that information to “go out the door” she stated, “I don’t know, you’ll have to ask her.” Wilson has not spoken to Grigg since she was fired.

Expenditures were approved via the financials provided at the board. There was a list of expenditures with vendor name, dollar amount, and OCAS codes. Unusual vendors or amounts were discussed. The financials were discussed by Grigg. The Guthrie’s did not attend board meetings, they were there once in the last year at board request. Rainer asked whether they ever came and Wilson responded “no, never.” She then backtracked and said that they used to come but not in the last three or four years.

The board never reviewed bank statements, invoices, receipts, or PO’s. Wilson stated that they had a bookkeeper (Jo Anne Guthrie), an accountant (Don Guthrie), and an auditor (Kuykendall) and that those were the people they relied on.

Staff bonuses were approved by the board in the minutes and a formula was used (days off, availability and performance). Rainer asked whether staff bonuses were just for staff and not for Grigg, Wilson stated “yes.” Grigg was in the room for staff bonus discussions while Grigg’s bonuses were generally discussed in Executive Session without her presence (there may have been an exception). Minutes occasionally stated that a staff bonus list was approved but Wilson does not recall ever seeing a list. Wilson agreed that the board delegated the authority to come with staff bonuses to Ms. Grigg. She does not recall when that occurred. She has “no idea” how much Grigg was authorized in bonuses or stipends in a year.

Wilson was asked when she first became aware of the Corporate Account she stated that she was not sure when it was established. When asked whether it was more than five years ago, she sidestepped the question and stated that this account was supposedly set up for the kid’s activities

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and refreshments at athletics activities and things of that nature. The board had nothing to do with it.

Wilson had no knowledge of the Grigg's seeding the Corporate Account with \$50K. She was under the impression that all the money deposited into the Corporate Account came from the Grigg's. Rainer stated that out of \$205K deposited since 2012 the Grigg's donated \$56K and \$94K came out of the General Fund. When Rainer inquired why these payments, if they were legitimate, why were they not just paid directly out of the General Fund, Wilson stated that to her understanding, the Guthrie's were overseeing the Corporate Account.

White interjected that Swinton had made a similar statement because after word came to the board that there was an issue with Grigg, they asked the Guthrie's "point blank" whether there was a problem and the Guthrie's said "no." Rainer pointed out that this did not necessarily mean that they looked at the Corporate Account. White stated that monies in the Corporate Account were overall assets of the academy and the Guthrie's, if they weren't looking at the Corporate Account, should have been looking at it. They should have certainly known about it based on expenditures out of the general fund.

Rainer then covered the types of expenditures associated with the Corporate Account, employee salaries, contractor payments, concession worker payments, and Wilson reiterated that to her understanding this account was sports related and she had no knowledge about these other expenditures. She had no opinion on why this account was not part of the annual audit. Wilson assumed that the auditor was auditing this account.

During the June 26, 2019, board meeting the board voted to audit the corporate donation account. This decision was made after they reviewed documents subsequent to the March 2, 2019 SDE letter.

Rainer provided an example of inappropriate expenditures made out of the Corporate Account. Wilson recently became aware of these expenditures but had no idea they were happening at the time of occurrence. White asked why the Guthrie's did not catch this and Rainer stated that they probably did not look at the account. Wilson stated that the board had no idea that Grigg had a gambling problem.

Brenda inquired as to the reasons for the school closing; was it for financial or for other reasons? Wilson stated that it was "across the board." The SDE letter named a variety of reasons.

Wilson always assumed that the Guthrie's were independent contractors. They subsequently (after Grigg was on administrative leave) discovered that they were not; "that was one of the surprises." Wilson did not know how many hours per week the Guthrie's worked but to her understanding, Joann was at Seeworth one day per week to write checks. The Guthrie's were hired because they were on SDE's list of approved accountants. They have worked at Seeworth for a very long time and Wilson was aware that they had written proprietary software to maintain Seeworth accounts.

A discussion of the Patten audit report occurred, and Wilson did not recollect this meeting because it occurred eleven years ago. Rainer mentioned that this audit clearly struck a nerve with Patten because he remembered his interactions with the board as if they had occurred "yesterday." Wilson stated that they have had a number of audits since then and none of the subsequent audits mentioned any issues.

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A discussion of the three audit findings followed: lack of internal controls, too much control by Guthrie's, and lack of segregation of duties. Wilson stated that Grigg did a great job and that some of the things that occurred in the last couple of years were clearly an anomaly. Wilson thought she had a lot of power but not an inordinate amount. She also stated that the SIG did not point out any issues in 2015 (SIG was 2012-2013).

White added that it would be somewhat unfair if we laid blame at the feet of the board because the federal government, CPA, bookkeepers, accountants, and auditors all said that it was "all good." The board is there to enforce policy but in his opinion, it is not the boards job to review transactions, that's why you have bookkeepers and accountants in place. Rainer countered that it is the boards job to fix internal control issues once they were pointed out by Patten. White wanted to know how they could have received a SIG with internal controls being an issue. Rainer stated that he was not knowledgeable on the specific requirements looked at in order to receive a SIG. White asked how we knew that these issues were not addressed, and Rainer responded that these findings were not addressed because the situation was the same in 2019. White pointed out that all the remainder of the audits did not make these points.

A long discussion ensued about the delicate position an auditor is in with not writing up findings because they were concerned about losing the client. Brenda stated that it was common to provide Management Letters or verbal comments for items that should have been audit findings and that neither the boards nor SDE were always privy to these communications. She added that SDE fixed this a couple of years ago by requiring audit firms to provide a copy of management letters to them along with the audit reports.

A discussion of the Management Letter followed. The letter stated that out of the ten contracts Patten requested, eight were provided and two (Grigg and Guthrie) were missing. The second item was an \$8,353 mortgage payment to Grigg that was not reported on her W-2. The explanations Grigg provided by e-mail to the board regarding these findings did not even address the key points made by Patten. Brenda pointed out that from our perspective, we wanted to ascertain when the board became an aware of financial issues. Wilson stated the next ten audits were clean and that none of the previously identified issues arose. So in her opinion, maybe the issues had been addressed. Brenda asked whether there were any red flags in this ten year span and Wilson said that nothing arose.

Brenda inquired about the relationship between the Guthrie's and Grigg. Wilson has no knowledge about the relationship between the Guthrie's and Grigg (she assumed it was strictly professional).

SA&I received an anonymous complaint about financial improprieties at Seeworth which was forwarded to Kuykendall. The board was never aware of this issue. According to Kuykendall he discussed this with Grigg and reviewed a couple of bank statements and came to the conclusion that this was not an issue.

After the Shari Rodgers letter to Judge Swinton, Swinton responded to Shari stating that there was no reason for her concern. Rainer inquired how the board came to that determination. Wilson believes that this response was based on conversations with the accountants (Guthrie's). According to the Rosenstein Fist & Ringold April 2019 invoice, Grigg had a conversation with them regarding Shari's criminal history; Wilson was not aware of this. Regarding the discussion of a forensic audit (after the Shari letter) the board considered a forensic audit. Once they received the May letter

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(from SDE dated May 2, 2019) they decided that since the school was going to be closed, the forensic audit would serve no purpose.

Wilson stated that they tried everything in their power to keep Seeworth open with SDE and OKCPS. Wilson mentioned that OKCPS, with the duty of oversight, did not provide any oversight and that prior to the May SDE letter, they gave no indications of there being issues. Brenda inquired whether the Board had any advance notice regarding issues identified in the SDE letter and Wilson stated that this did not occur. Wilson had no opinion regarding the terminations of Shari Rodgers and stated that Tarrence was released because they knew the school was closing and that they no longer required his services. According to Wilson, to the best of her knowledge, the Shari complaint was forwarded to Grigg.

The SDE letter was the first real indication the board received that there were major issues. Rainer asked why SDE/OKCPS pulled the plug on Seeworth and Wilson stated that in all likelihood they wanted the funds and thought that they could do better (educating the students). Wilson cycled back to the fact that, based on the SIG grant, there were no identified issues.

Wilson believes that the board approved Grigg's employment contracts, but she had no personal recollections of ever seeing one (until after the fact). When asked about the salary, Wilson stated that she worked 24/7 and that she did a great job.

According to Grigg's Seeworth W-2 for 2016, \$194K in income was reported. Her contract was for \$163K (\$31K difference). In this calendar year, \$10K in bonuses were approved for Grigg. According to her Employment Earning Report, she received \$38K in bonuses/stipends. Even though the reports are for FY, the records provided covered CY 2016. Brenda stated that we have reconciled at least five years of data and that the amounts on the Earning Reports match the W-2's. White stated that at "least she won't be indicted by the IRS." We agreed that there was no tax evasion but that this behavior was consistent year after year.

Brenda inquired whether the Guthrie's had the authority to issue bonus checks to Grigg without board approval in their hands. Wilson did not know but thought that they would need board approval (White concurred). Wilson stated that anything paid beyond what was approved in the minutes was not authorized. Rainer mentioned that the auditor verified bonus authorization via lists or e-mails that were provided to him. White asked whether Grigg was "almost" making \$200K each year and Rainer stated that sometimes it was more.

The board sent Grigg on a week vacation during the SIG. This is the only time she ever recalls Grigg going on vacation at any other time. Wilson does not know if the board paid for the vacation and has no specific recollection regarding the Yukon. Grigg was well liked by the students and Wilson stated that Grigg did perform counseling when kids had issues.

Grigg was terminated as a direct result of the May 3rd letter. This is when the board decided that they needed to move forward without Grigg.

Chad Richison's offer of a \$1M donation was turned down because he wanted a seat on the board and she stated that "we aren't selling board memberships." Rainer mentioned that Swinton stated that Richison withdrew this demand and Wilson acknowledged this but stated that it was obvious that he wanted to take over the school. Wilson struggled to explain their reasons for turning this offer down but stated that he made them uncomfortable. Wilson side-stepped questions about the

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audit requirement levied by Richison. Brenda touched on the fact that Swinton had mentioned that the school didn't want the financial information out. Brenda asked Wilson her opinion regarding this statement. Wilson stated she was uncomfortable with an outsider making a request from the board and using a \$1M donation as a carrot.

Dewey was removed for visiting "off book" with Richison and telling him things that were occurring on the board. Brenda asked why there should be an issue with board information getting out since it was all public record. Wilson agreed but said that Dewey (and Richison) wanted to take the school in a direction that she did not want to go. When asked who had the idea of removing Dewey from the board she stated, "all of ours." Rainer asked Wilson whether she threatened to resign from the board if Dewey was not removed, she stated, "I don't remember specifics but I do recall it."

After June 30, 2019, Wilson tried to create an Enterprise school. They needed another sponsor but they were unable to find anyone. They tried for a long time but were unable to find a way to continue Seeworth.

When asked about the lack of an Assistant Superintendent and CFO, Wilson stated that T Rodgers filled the role of Assistant Superintendent and that a CFO was a position in business, not in education.

Regarding the schools' authority to spend public funds beginning July 1, 2019 Wilson stated that they were paying debts. Rainer stated that paying for debts occurred prior to July 1 (for services provided prior to July 1) was acceptable but that there were expenditures that did not meet this criteria. Wilson stated that there were unavoidable costs, such as security, and when asked why they didn't just turn everything over to OKCPS on July 1, she stated that she just didn't want to do that, that's just not where she comes from.

Brenda inquired as to where the authority came from for the school to spend money after July 1 since the school no longer existed. Wilson agreed that Seeworth (the school) no longer existed but that the Seeworth LLC (501 c3) still existed and exists to this day. They felt that they had ethical obligations to take care of everything (the school is in a rough part of town). Brenda asked whether SDE assisted, and Wilson stated no. Wilson does not recall whether funds were encumbered after June 30th.

When asked about the computers Wilson stated that she gave everything to Angie French. Rainer stated that there were supposedly two black towers and an apple and Wilson replied that there was only an Apple monitor (which was offered to French, but she declined to take it). The monitor was provided to Rainer for delivery to OKCPS.

When asked about board packages, Wilson stated that they should have been in the paperwork provided to OKCPS. Rainer stated that there was not one board package in that paperwork.

Wilson closed by stating that this worked for 20 years and somehow things changed. She believes that it was related to Leon Grigg's illness, but she couldn't pin down an exact time period.

In conclusion, we thanked Wilson and White for their time and cooperation.