

SEEWORTH ACADEMY
SPECIAL AUDIT
Interview with Senator Kay Floyd, Board Member

February 12, 2021 - Brenda Holt left a message on the cell phone and senate office phone of Senator Kay Floyd, Seeworth board member.

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

February 18, 2021 – Brenda Holt left a follow-up message on the senate office phone of Floyd.

February 19, 2021 – Amy Hicks, Executive Assistant of Senator Floyd, called to discuss the message, i.e. scheduling an interview with Floyd concerning Seeworth. Holt informed Hicks of our audit request and the purpose of our interview. Hicks stated she would put the request in front of Floyd later that day and get back with me.

February 23, 2021 – Holt left a follow-up message on the senate office phone requesting a return call.

February 24, 2021 – Holt left a follow-up message on the senate office phone requesting a return call.

April 17, 2021?? – Holt received a call from Senator Floyd. She acknowledged we need to interview her but suggested that she wasn't that involved in the school's business because she was so busy with her Senator responsibilities. She suggested that other board members would probably be more apt to answer any questions we had. Holt let Floyd know we had already interviewed six other board members and would prefer to meet with her also, and in person. That we do not like to close out and report an audit without speaking with all board members.

Floyd stated she was just not available right now because of the legislative session. I told her we understood but that we would like to leave the interview open until she was available. Holt told Floyd that if we got ready to close out the audit and the legislative session was not complete, we could discuss fitting in a time to meet.

May 4, 2021 – Received official letter from Floyd on Oklahoma State Senate stationary stating that as per her understanding she would receive written questions and that she would reply.

Commented [RS1]: See letter at [LF 1.227](#)

On June 7, 2021, Brenda Holt, Director Forensic Audit Division and Rainer Stachowitz, Senior Investigative Audit Supervisor, conducted an interview with Floyd at 630 NE 63rd St., Oklahoma City, the office of her attorney Joe White. White was also present during the interview.

Holt began by asking Floyd to provide her "Seeworth story." How did you get there and what happened? Lee Anne (Wilson) and John (Mayfield) and Gary Cone were thinking of setting up a school and approached her about sitting on the board and she agreed. Grigg was hired shortly after the school opened.

Board meetings were very consistent and always included a review of financial information and expenditures. They hired a good auditor (Kuykendall) and relied on him. Kuykendall also came to

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the board meetings to present the audit results. Floyd does not recall when the Guthrie's were hired but she does recall that the board wanted someone experienced with charter schools. The Guthrie's would come to meetings (when requested) to answer questions for the board. They did the financial reports and encumbrances, and Joann was the school treasurer. The board never reviewed PO's, invoices, or receipts but Floyd believes that bank statements were in the packet they received for board meetings. Grants were briefed by Grigg.

When issues began to arise in 2019 the board's biggest concern was that "we can't close the school" because they had 400 something kids that were with Seeworth because nobody else wanted them. It would be very hard to find a place for them.

Prior to 2019 Floyd was not aware of any issues and in her opinion the board did everything they were supposed to do and hired professionals to provide needed services. The board and the school had to provide so much information and were monitored so closely due to their SIG grants (and others) so she was totally caught off guard when all these issues occurred. The Kuykendall predecessor (Kerry Patten) wrote a very negative audit report, but Floyd had no specific recollections about this.

Floyd first became aware of potential problems through the Chad Richison donation offer circumstances. Swinton was president at this time and she and Wilson went to meet with Richison. At the same time Grigg informed the board about issues with Shari who wanted access to some data for a paper. This data should not have been released (apparently FERPA related) and Grigg stated that Shari "hacked" into the system. Floyd then received a call from former Senator Griffin who works at Paycom stating that Richison wanted to visit with her, and she assumed it was about the donation offer. Richison mentioned concerns about Grigg's limited presence at Seeworth and Floyd assumed that there was a link between Shari and Richison's wife and that Shari was making accusations to protect her job. Richison also mentioned Grigg's casino activity.

She contacted Swinton and discussed the situation and Swinton and Wilson met with Richison. The meeting did not go well (as per a discussion in the Seeworth board meeting). Floyd agreed with Holt that it would be hard to walk away from \$1M and actually thought that something could be worked out and that discussions were still continuing. Stachowitz stated that Richison withdrew his board seat requirement but would not budge on having an audit (paid for by Richison). When asked why the school would not buy off on that plan, White interjected that no one likes to be bullied and his effort could have been interpreted as such. He subsequently presented a lengthy hypothesis on how things ended up with the adversarial relationship between Richison and the board.

White had a prearranged teleconference and the interview ceased during his 20-minute absence.

Holt resumed by asking whether, in hindsight, the board could or should have done anything different and Floyd stated that she had thought about this already and was not aware of anything the board could have done better; they hired professionals and depended on them. Floyd reiterated that the fact that they had so many successful grants (and all the associated oversight) made them comfortable about their processes.

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Holt inquired as to what occurred resulting in the Dewey removal from the board and Floyd stated that she was not at that meeting.

Commented [RS2]: The minutes at [LF 3.303](#) do not mention Floyd at all (neither as present nor as absent).

Holt inquired about Floyd's knowledge about the Corporate Account. Floyd stated that she thought that this account and all of their accounts were proper, and none were being misused. She did recall discussing the account during a board meeting where Andy Evans was present and through her conversation with Richison regarding sweatshirt money; she attributed this accusation to Shari trying to protect her job. Floyd stated that she believed that they even had it audited once. Stachowitz related the incident with the anonymous complaint received by SA&I that was subsequently forwarded to Kuykendall. Kuykendall went to Grigg and reviewed some statements and felt that there were no issues with the account. Floyd was not aware of this situation. Floyd was not aware of the fact that checks were being written from the General Fund to the Corporate Account but would have looked into this had either the Guthrie's or Kuykendall voiced a concern over this. The question posed why Stachowitz was why these payments, if legitimate (and many appeared to be) were not just made out of the General Fund in the first place (instead of being paid out of the Corporate Account and subsequently being reimbursed from the General Fund).

Holt stated that the board voted to audit the Corporate Account during the June 26, 2019 meeting and inquired as to why. Floyd recalled the situation and stated that there was discussion between Andy (Evans), Kuykendall, and maybe the Guthrie's regarding the difference between the Corporate Account and an Activity fund. The board authorized an audit based on these discussions even though they thought everything was ok. Stachowitz did not believe that the audit actually occurred and questioned why this audit would have been approved at this time (four days before charter expired) rather than around April 2019 when it was first discussed. Floyd was not at this board meeting and had no insight on this issue.

Regarding the Guthrie's they were referred because of their charter school experience. Floyd had no recollection regarding their employment status (employee versus contractor).

Holt inquired about Grigg's contract and vacation time, but Floyd had no specific recollections. She did state that they gave Grigg and staff bonuses at Christmas (sometimes). Floyd could not remember authorizing any non-cash bonuses for Grigg and stated that she didn't think that the board ever gave her a vehicle (obvious reference to the Yukon).

Regarding bonuses specifically, Floyd stated that they would not have been given without board discussion and authorization. She could not recall the specifics for staff bonuses versus Grigg's bonuses. Holt described the process and amounts (sometimes) for staff bonuses. According to Floyd, Grigg was present during "staff bonus" discussions but not during discussions about her own bonus. Stachowitz inquired as to the average bonus amount authorized by the board for Grigg, and Floyd responded, "anywhere from \$2,500 to \$5,000." Holt inquired as to whether Floyd ever saw a list of individuals receiving bonuses and she stated that they saw a list during one or two years but that there was always a formula being used to determine staff bonuses.

An in-depth discussion of Grigg's bonuses followed and Floyd inquired as to how this could have occurred without the board being aware. Stachowitz provided examples of how this occurred without this information being readily apparent in the financial information provided to the board.

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A discussion of the overall dollar amount in excess bonuses ~\$40K/year and the role of the Guthrie's in this processed completed discussion of this topic.

Holt stated that there were similar issues with Grigg regarding the Corporate Account where Grigg made thousands of dollars in improper expenditures ranging from purchase of personal items such as clothing to cash withdrawals at casinos. Stachowitz mentioned that a number of apparently legitimate expenses were made out of this account (to school employees) that did not appear to be reported on the employee W-2's. White inquired as to how Leon's donations made it into the account. The checks stated "tithe" and when he inquired as to whether they took a tax write off for the donation Stachowitz stated that it appeared that way but that tax returns don't necessarily break this information down and that information only has to be provided to the IRS upon demand. Holt broke down the source of funds for the Corporate Account (donations, general fund, cash from ballgames) and stated that several thousand in cash collected at ballgames was not deposited but there is no way to ascertain who specifically misappropriated the funds because they touched too many hands.

The discussion changed to post June 30, 2019 activity and Holt inquired as to the boards plan post charter expiration (both technical {Andy Evans side} and board {what were the boards' thoughts about closing the school}). The board relinquished the charter voluntarily on May 31, 2019.

Lee Anne (Wilson) wanted to maintain the legacy of the school; she was really struggling with what was going to happen. There were a lot of discussions about logistics (clearing out the building and such). Holt inquired as to Floyd's perspective of continuing the legacy of the school, how would that be approached, contrasted to practicality of the legality of what needed to happen. Floyd's main concern was that the building was about to close and that the kids would have to go to Putnam Heights and not back to a traditional school. Floyd stated, "Lee Anne really wanted to try to find some way to keep the school alive and personally I didn't see how that was going to happen." The situation was painful, and she didn't see a solution. It was a matter of writing checks to finish paying for things and getting records for kids.

Floyd was under the impression that there were records in boxes for OKCPS to pick up but that OKCPS was not picking them up. At one point in time she called someone at OKCPS to discuss the disparity in information she was receiving (that OKCPS wanted records and didn't get them and that Seeworth had records available for pickup and OKCPS was not coming to get them). She believes that it was Wilson that informed her about records being ready for pickup (but she wasn't sure).

Floyd does not know why the situation ended up in court. She was not party to the conversations between Andy (Evans-Closing Officer) and Barbie (Swinton) and Lee Anne (Wilson). She did jump in one time, because she was so tired of the bickering, and said somebody give them the keys and let's close the doors. She does recall the possibility of converting the school to an Enterprise School because there were neighbors (to Putnam Heights) that called her to state that they did not want that school next to them (Putnam Heights is in her district). Floyd would not opine on who was responsible for the heel dragging on closing the school, but she did state that her participation was basically limited to what occurred at board meetings.

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Holt transitioned to the legality (or lack thereof) of expending Seeworth resources after June 30, 2019. When asked whether she was aware of expenditures made post June 30, Floyd stated “no.” Floyd did not respond to Stachowitz’ question of whether expenditures were ever discussed at a board meeting subsequent to June 30th. Holt explained that items encumbered prior to June 30th for expenses incurred in June would be legitimate expenditures. Floyd said there was some discussion about closing everything up and whether there was enough money to pay for everything.

Holt stated that there were ~\$130K in expenditures that were neither encumbered nor incurred by June 30th and she inquired as to how and by whom these expenditures were approved. According to Holt there were no appropriations and no authorizations for Seeworth expenditures after June 30th. White interjected by stating that there were \$130K in expenses incurred but not encumbered after June 30th and followed up by asking what these expenses were for. Payroll was one major expense but the largest single item was for Rosenstein, Fist & Ringold expenses that occurred after June 30th.

A discussion of the June Rosenstein, Fist & Ringold payment occurring at the end of August 2019 ensued. Discussion focused on the amount of services provided prior and after June 30th as well as the fact that this payment was not made through the normal payment process (Angie French/ADPC) but instead, Lee Anne Wilson directed Sherry Kishore to go to the bank and pick up a cashier’s check for over \$57K that ended with dollars and cents. The discrepancies between the amount due and the amount paid could not be explained by Rosenstein, Fist & Ringold (Matt Cyran).

Holt then inquired about the remaining ~\$4K (from the \$57K) sent to White. White stated that it was to pay for federal civil litigation. Stachowitz inquired as to whether it was for the Rodger’s lawsuits and White confirmed this.

Holt reiterated that when the school closed June 30th (charter ended) there is no more budget, no appropriations, no estimate of needs going forward, so there can be no expenditures going forward for Seeworth. Technically, no expenditures should have incurred after July 1st (June 30th). The funds should have been transferred to OKCPS and they would have been responsible for hiring anyone required from that point forward.

White also inquired as to whether anyone ever informed the board that they could not spend this money. Stachowitz stated that Evans provided this information to the board and that finally OKCPS had to go to court to force compliance. White was obviously surprised by this piece of information because he asked who was involved in that litigation and that he did not know that this issue ended up in court. Holt informed White that Laura Holmes represented OKCPS and that Rosenstein, Fist & Ringold represented the board. White inquired as to whether this case predated his involvement and Stachowitz informed him that it occurred in August 2019, well before his involvement began. He further pointed out that the court case was to force Seeworth to transfer assets and funds, as per statute, to OKCPS and that this contradicted the information previously provided by Floyd (that items were ready for pickup and that OKCPS would not get them).

Holt stated that, as we see it, the school was closing and this was made official May 31st and Seeworth basically had 30 days to get their ducks in a row and that on June 30th, OKCPS should

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have taken over the bank account. Holt stated that there is no legal way to spend unappropriated funds other than encumbered funds which could have been left in the bank account; the unencumbered amount should have been transferred.

Floyd stated that she recalls a meeting where Laura Holmes was present, and she does not recall encumbrances or expenditures being discussed.

White circled back to the federal lawsuit and inquired as to why OKCPS was not brought into the mix. Stachowitz opined that possibly they were never asked, and stated that Grigg and the entire board, corporately as well as individually, was being sued. He added that Shari withdrew her suit with prejudice and that Tarrence settled. When White stated that he was not waiving any attorney client privilege regarding this issue, Holt used this as a segue for discussion of redacted Rosenstein, Fist & Ringold invoices.

Holt explained that the invoices provided by Cyran were redacted and that as per White, his clients were not waiving attorney-client privilege. She added that prior to June 30th, Cyran sent unredacted invoices to the school for payment, some of which we have, so how can he all of a sudden claim attorney-client privilege when we ask for those same Public Records. White believes that any attorney advice, in his opinion, is protected and breach of that information must be authorized by a judge. White believes that even though we found the invoices and that even though they ran through a number of hands to be processed, SA&I still needs permission from Grigg and the board to use the information therein. White specified that the amount is public information but that the substance of the item billed falls under attorney-client privilege.

White stated that a judge, given significant cause, would likely authorize the review of the unredacted invoices under a protective order (not for public release). When Stachowitz inquired as to what would occur if this led to the discovery of the school paying for unrelated legal defense he stated that this would become part of a criminal investigation and that a search warrant would have to be obtained so the evidence can be used.

Holt stated that a specific example, based on one of the invoices obtained, is the discussion of starting an Enterprise School. This would be an example of the use of Seeworth funds for a non-Seeworth school related expenditure. White stated that he could make a legitimate nexus between the board asking their legal counsel this question and Seeworth. When Stachowitz stated that supposing he agreed with this assessment for advice provided in April, this would no longer be appropriate come July 1st. White responded, "I hear you but I'm not saying I agree with you."

Holt summarized the post June 30th expenditure situation and White inquired as to why OKCPS did not get in front of this. White wanted to know what OKCPS' counsel role was in this process and what the involvement of Evans entailed and what the closing documents stated regarding the assumption of liability for future lawsuits involving Seeworth. White added that if this was the case, they fell down on that job because they were going to get a default judgement entered against them and that he has a \$75K legal bill that he would like to send to OKCPS to get paid.

Holt transitioned to asking Floyd about her knowledge about the Seeworth LLC and their access to funds. Floyd had no knowledge.

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Floyd circled back to the situation regarding school closure activities. They were trying to get everything wrapped up and she was not that involved in the process. She was frustrated with just the little part that she was trying to help with. She does not know what Wilson was thinking but after June 30th, she (Wilson) was basically taking care of the school business. When Stachowitz asked whether Wilson was driving the bus after June 30th, Floyd stated that, “we had board meetings and ultimately we’re all responsible.”

Holt asked whether Floyd was at all four post June 30th meeting and Stachowitz inquired whether they always had a quorum. Floyd stated that she was there for all the meetings and that there was always a quorum (they once had to continue one meeting because of quorum issues). Floyd stated that Mayfield and Patchell were not at the last four meetings but that they always had a quorum.

This concluded the interview with Floyd, and we addressed the need to meet with Swinton and Wilson for some final questions. White asked that the questions be provided in writing and Holt agreed. White stated that this would result in accurate, concise, and complete responses. Holt also offered to include Floyd in this final meeting. Floyd inquired as to whether we would interview Grigg, and it was conveyed that she cancelled the meeting on less than 30 minutes notice and subsequently informed us that her lawyers advised her not to speak with SA&I.

Stachowitz asked White in what capacity he was representing Floyd, Swinton, and Wilson. He responded that he represents them in their individual capacity regardless of whether it is in their capacity as an individual or a board member. This discussion concluded the interview.

Note: Floyd provided the following documents:

- June 14, 2019 Agenda and Minutes
- July 2, 2019 Agenda and Minutes
- July 31, 2019 Agenda and Minutes
- August 23, 2019 Agenda