



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917

State Capitol, Suite 2303

Lincoln, Nebraska 68509

402-471-2111, FAX 402-471-3301

auditors.nebraska.gov

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### **State Auditor Alleges Bizarre Pattern of Deceit at the Rushville Housing Authority**

Upon release of an audit letter to the Rushville Housing Authority (Housing Authority), Nebraska State Auditor Mike Foley observed, “Just when you think you’ve seen it all, along comes the former Executive Director of the Rushville Housing Authority who, before her recent dismissal, engaged in an apparent pattern of forgery, theft, income tax evasion, and outright embezzlement of tens of thousands of dollars in a not-so-clever and bizarre abuse of the public trust.”

Foley continued, “We have coordinated our investigation with appropriate law enforcement officials and anticipate, if ultimately convicted, severe criminal repercussions for what appears to have been a series of brazen actions by the former Executive Director to defraud the Housing Authority.”

Foley’s letter shines a light on several years of alleged deceit and thievery by the former Executive Director of the Housing Authority, unpeeling layers of irregular financial transactions evidently designed to enrich herself at public expense. Those dubious transactions included the apparent misuse of public funds to pay her property taxes, her son’s dorm room rent, her personal credit card balances, the cost of carpeting for her home, and the purchase price of a personal laptop computer, among other unauthorized expenditures. The former Executive Director stands accused also of abusing the Housing Authority’s credit card for personal purchases, directing public funds for the benefit of her husband’s chiropractic business, and improperly inflating her salary and then concealing it from the Internal Revenue Service and the Nebraska Department of Revenue.

The findings set out in Foley’s letter unpack the sordid details of the following allegations pertaining to the former Executive Director’s apparent misuse of Housing Authority funds and other purported misdeeds:

- For multiple consecutive years, she provided false information to the Housing Authority's accounting firm, which in turn issued Form W-2 Wage and Tax statements omitting nearly \$10,000 in wages actually paid to her.
- Undoubtedly miffed by high property taxes, she manipulated the Housing Authority's accounting system to have an electronic check issued to Dawes County for the payment of \$1,388.46 in property taxes on a home owned by her husband.
- Using the same technique as above, she transferred public funds to cover her personal credit card balances to the tune of \$7,297.98.
- She used \$2,612.36 of Housing Authority funds for the purchase and installation of carpet in her family's home.
- She received 15 reimbursement checks, totaling \$8,241.79, from the Housing Authority; however, due to the lack of any supporting documentation, the expenditures being repaid could not be identified.
- She used the Housing Authority's credit card for these unlawful purposes:
  - To make a \$97 payment to a company called Penalty Box, which sells sporting and recreation equipment.
  - To make a \$180 payment to Dakota Wesleyan University for her son's dorm room rental charge.
  - To pay \$469 to an online accounting and payroll services company for an account held under the name of her husband's chiropractic practice.
  - To purchase a laptop computer for \$946.93 – and, when dismissed by the Housing Authority, return a far older and less expensive device, apparently retaining the higher-cost computer.
- The audit team identified an additional \$6,673.44 in questionable purchases with the Housing Authority's credit card. Expenditures at retailers such as Menard's, Family Dollar, and Walmart give strong indication of being personal in nature and unrelated to Housing Authority needs.
- In February 2024, apparently realizing that her alleged wrongdoings were being uncovered, she reimbursed the Authority in the amount of \$13,179.26 – not even half of the total funds presumed taken. As auditors often remark allegorically, however: One cannot rob a bank on Monday and, when caught, partially repay the bank on Tuesday and expect no consequences. A robbery is a robbery.
- Though admittedly not experts in handwriting analysis, Foley's audit team identified 22 Housing Authority checks to or for the former Executive Director that appear to contain the forged signature of a Board member.

In all, the auditors could account for a total of \$31,016.52 that the former Executive Director is believed to have purloined from the Housing Agency.

To add insult to injury, moreover, Foley's audit staff found that the former Executive Director did an incredibly poor job of managing the Housing Authority's finances, often causing negative bank balances that cost a cumulative \$1,085 in overdraft fees.

Foley is currently in the process of forwarding all of the documentation and other audit evidence supporting his letter's findings to the Nebraska State Patrol, the Nebraska Attorney General, the Sheridan County Attorney, the Nebraska Accountability and Disclosure Commission, the Nebraska Department of Revenue, the US Internal Revenue Service, and the US Department of Housing and Urban Development for their review and any legal action that they deem necessary.

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