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Fingers in the Till: SEC Charges Texas City Administrator with Falsified Financial Statements to Conceal Embezzlement

Johnson City, Texas, is a city in the very middle of the Texas Hill Country, with a 2020 population of 1627. Johnson City was incorporated in 1879 and named after its founder, Sam E. Johnson, a Texas rancher. It lies amid the so-called “Texas-German” Belt, which originated due to the many German immigrants arriving from 1830 on. (1830 was a time of political unrest in the various German states due to instability in the Habsburg Empire.) German immigration grew especially after 1842 with the establishment of a recruiting and welcoming center for German immigrants in the Texas Hill Country. So, there are Texas towns with names like New Braunfels, and rather good German style beer, throughout the Texas Hill Country.

Johnson City, the County Seat of Blanco County, is located 12 miles west of the Lyndon B. Johnson National Historical Park. Texas Hill Country is, of course, where President Johnson began his career in politics. In 2013, a 27-year-old named Anthony M. Holland, who had worked for at least eight years in administrative positions for several Texas cities and one school district, landed the job of Chief Administrative Officer and City Secretary for Johnson City. In that position, according to the June 16, 2022, Complaint brought by the U.S. Securities and Exchange Commission (“SEC”) in the U.S. District Court for the Western District of Texas, Austin Division (the “Complaint”), Holland was “responsible for the administration and operation of all municipal departments, projects, and oversight of the City’s finances and records. Holland’s responsibilities included directing and maintaining the central accounting system, preparing financial statements, and preparation of information for annual audits and reviewing audit reports.”

The Complaint charged Holland with embezzling approximately \$1.12 million from the city over the period of 2015 to 2020, including \$107,137 during the 2016 fiscal year. Holland delayed the annual independent audit of the City’s 2016 financial statements. Finally, in 2018, under pressure to release the delayed 2016 financials, he “created the Falsified Documents [the SEC’s term] by changing dates on the City’s 2015 financial statements and audit report.” He then provided the Falsified Documents to the City’s mayor and its municipal advisor, “knowing that the material would be posted to the City’s public website and the EMMA system and made available to investors.”

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