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# Amid bank failure fallout, City of Lindsay audit reveals 'gross mismanagement'

By Bennett Brinkman - Friday, November 15, 2024



Oklahoma State Auditor and Inspector Cindy Byrd released a forensic audit report detailing financial mismanagement in the City of Lindsay on Wednesday, Nov. 13, 2024. (Screenshot)

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Already facing turmoil with the federal takeover of a failed local bank and the seemingly related suicide of a [prominent community leader](#), the City of Lindsay was further rocked Wednesday with the release of a [new audit](#) that found “significant mismanagement” of municipal finances from July 1, 2019, to June 30, 2022.

Oklahoma State Auditor and Inspector Cindy Byrd conducted the forensic audit at the request of [District Attorney Greg Mashburn](#), whose jurisdiction covers Cleveland, Garvin and McClain counties. State officials wrote in their report that the Garvin County city about 50 miles south of Oklahoma City “experienced substantial financial difficulties” during the audit period that were “primarily caused by the city council’s failure to provide adequate oversight along with poor financial decisions made by city management.”

“The warning signs were there but no one was looking,” Byrd said in a press release accompanying the audit report. “Lindsay’s elected leaders have a legal obligation to oversee the city’s finances. Instead, the city’s financial mismanagement was exacerbated by ineffectual leadership that failed to maintain records and oversee city functions. As a result, Lindsay taxpayers have been shortchanged by hundreds of thousands of dollars.”

Auditors detailed numerous findings in their [25-page report](#), such as under-billing commercial customers for utilities, holding tax revenue earmarked for the Lindsay Public Works Authority in incorrect bank accounts, and failing to undergo audits. Additionally, Byrd’s office said town officials spent tens of thousands of dollars with little oversight or approval from the Lindsay City Council.

“While we found countless examples of deficient oversight, mismanagement and poor decision-making, we classified less than \$2,000 of expenditures as fraudulent,” Byrd said in the press release. “On a very good note, the City of Lindsay is working to resolve the issues we discovered and appears to have turned the corner financially. The city has caught up on its audits and is now fully eligible to apply for grant money.”

New Lindsay City Manager Sally Jantz — who took the position in July 2023, a year after a \$1 million municipal [budget deficit](#) was identified — echoed Byrd’s assessment.

“We currently have fixed as many of the problems that that we have been able to identify to this point — or are in the process of fixing,” Jantz told NonDoc. “As we find the things, we correct them. (We are) trying to do things the right way.”

## Lindsay audit released weeks after bank failure

The audit comes as the 2,800-person community is still reeling from the Oct. 18 **forced closure** of First National Bank of Lindsay by the U.S. Office of the Comptroller of the Currency. Known as the FDIC, the Federal Deposit Insurance Corp. was named as receiver, and all of the bank’s assets were transferred to the Duncan-based First Bank & Trust Co.

According to an **FDIC press release**, the bank’s failure stemmed from “alleged fraud,” and the Deposit Insurance Fund may have to cover about \$43 million. About \$7.1 million of the bank’s deposits exceeded FDIC insurance limits.

“Based on the estimated recoveries of the failed bank assets, the FDIC will make 50 percent of uninsured funds available to those depositors,” the release stated. “This amount could increase as the FDIC sells the assets of the failed bank.”

First National Bank of Lindsay had been in operation for more than 100 years prior to its failure, although its website’s **About Page** had simply stated, “More information coming soon” for several years. Three weeks before the bank’s closure, vice president Clint Simonton died by suicide. A husband and father, Simonton had been an active community leader and a former Lindsay school board member. His **lengthy obituary** said he “was not without his faults, but was so quick to apologize, and to forgive.”

“Clint was a proud American and patriot. He was a conservative and had a great passion for talking politics,” the obituary states. “He loved reading about American History, the discovery, and the wars. He loved discussing it and dreamed of traveling the route of the Lewis and Clark Expedition. He loved this country and all the freedoms it represents, especially the right to bears arms, and he did just that, everywhere he went. He probably broke a few laws but he was always ready to defend the people he loved. That’s just who he was.”

The Lindsay bank’s failure — the **second in America** this year — has drawn national attention, with one **commentator remarking** on the FDIC’s decision to reimburse only 50 percent of uninsured deposits. In 2023, when Silicon Valley Bank and Signature Bank **both failed** amid a downturn in the tech industry, the FDIC made all depositors 100 percent whole, regardless of whether accounts had more than \$250,000 in them.

“You’ve heard of too big to fail,” the [commentator said](#). “Well, this is too small to care. That’s the reality of the FDIC.”

Oklahoma Rep. Cynthia Roe ([R-Lindsay](#)) shared a similar thought.

“I would just hope that the small rural Oklahoma banks can get the same fair treatment to their depositors that the big banks get,” she said.

Amid wide speculation about the reported “fraud” that caused the bank failure, former majority shareholder Jack Justice filed a [lawsuit](#) Oct. 25 against former president and CEO Danny Seibel and his wife, Debra Seibel. A community leader himself, Justice owns [Reavis Pharmacy](#) in Pauls Valley.

Reached Thursday, Justice said he did not want to comment on the case and directed inquiries to his daughter, Julie Justice, who is an attorney. She confirmed that her father is no longer involved with the bank.

“Our family’s been through a lot with all of this, and we’re just trying to move on with our lives,” Julie Justice said.

In his [petition](#), which the Seibels have yet to answer, Jack Justice accused the two defendants of fraud and civil conspiracy. Justice said Danny Seibel routinely lied to him and other bank directors and encouraged other bank employees to do the same. Justice also alleged that Seibel took cash and property from the bank and presented him with false bank records.

“As a result of the fraud and misrepresentations by Danny and Debra, Justice has suffered actual and consequential losses as a direct result of the misrepresentations, assurances and nondisclosures of Danny and Debra in an amount in excess of \$10 million,” the petition states.

Justice also alleged that Danny Seibel “routinely would not show up for work and would spend significant amounts of time at various casinos and bars with his spouse, in the company of convicted felons; activities that were concealed by Danny and others from Justice and the other directors and shareholders of the bank.”

A native of Hulbert whose career at First National Bank of Lindsay began with a 1992 [internship](#), Seibel did not return a phone call seeking comment prior to the publication of this article. On his [Twitter](#) and [Facebook pages](#), Seibel has frequently posted pro-Trump and anti-Democrat rhetoric, although he has said little since mid-August.

“Kamala wants to make you believe corporations are price gouging on your food costs,” Seibel wrote [Aug. 15](#). “Well let’s see, the farmer that plows and prepares the land is paying much more

for diesel to operate their tractor, much more for seed, much more for fertilizer, much more to feed their livestock, much more for harvesting, then the increased cost of transport of the crop or livestock, higher cost for processing, higher cost to package and shipping to the stores, thus higher cost for all of us. But it isn't their liberal policies right????? They say it is the corporation. Give me a damn break. Vote Trump and drill baby drill. Energy cost reduction is the key to lowering inflation. When we become energy independent all our costs are reduced but companies still make money. It's called economies of scale. Look it up Libs. Oh, and not giving our money to other countries for war would help as well."

## 'I just hate it for the community'

Both the bank failure and the state audit have drawn rumors and critical posts on a Facebook page dedicated to Lindsay.

"This town is full of crooks," one man commented on an [Oct. 21 post](#) about how the city had moved money out of the bank shortly before its closure.

Jantz, the city manager, had explained the situation hours earlier at the Lindsay City Council [meeting](#).

"Last week, we had an incident where we had had some of our collateral had been sold, and I went back to the bank and said, 'You know, we're not covered,'" Jantz said. "They said, 'Yeah, you are.' I said, 'No, we're not covered. I have to have monies covered.' And they called me back then later in the week and said, 'We're not going to be able to cover it.'"

The comments section of the Facebook post drew a range of reactions, with some who voiced concerns being told they were welcome to leave town. That attitude prompted sharp rebukes.

"[Not] everyone has the funds to just pick up and move from a corrupt town," one woman wrote. "Only problem now is Lindsay can't cover it up with the feds involved. Some of us moved here not knowing how bad it was. And this is just the beginning of what goes down, watch."

Roe eventually chimed in herself to defend the city's new leaders, which include her husband, Councilman Vern Roe. He was elected in 2022. She was elected to the House in 2018.

"A new city council immediately got rid of the problem that caused the city's financial woes and we have a city manager now that is actually doing a fantastic job and has remedied a lot of the issues," Cynthia Roe wrote. "When you have a city manager that was not reconciling bank statements, and in fact not even opening them, it's hard to know what your finances are. The city

is getting things turned around but when you are in debt like the city was, it doesn't turn around over night."

A nurse practitioner working extra shifts in Pauls Valley on Thursday, Roe cautioned people to wait for the truth to come out before believing everything written by "keyboard warriors on Facebook."

"I just hate it for the community, and then you get all the people in the community that are bad-mouthing everybody. There's just a lot of speculation and rumors and people trying to guess what really happened," Roe said. "I think it's going to be a very long time before we have a lot of answers over the bank."

Roe called Simonton's death "unfortunate" and said he "was one of the nicest guys you would ever meet." She also praised Jack Justice.

"Jack is one of the most community-oriented people you've ever met," she said. "He does so much."

She also called Jantz, Lindsay's new city manager, a "rock star" who is "making some very positive changes."

Among the issues identified in the audit were multiple metering problems for the city's electric utility, which caused \$1.5 million of under-billing on commercial customers. The city expects to recover about \$676,000 of that amount.

In terms of the bank failure, Jantz said the city is dealing with issues similar to those faced by citizens.

"Anytime something like that happens in a community, it's tough," Jantz said. "We had city accounts in that bank, so, you know, obviously it did affect us. But we are getting our stuff taken care of, and I'm sure that's what a lot of people are having to deal with."

## **Review the City of Lindsay forensic audit**