



Department of Justice

United States Attorney David E. Nahmias
Northern District of Georgia

FOR IMMEDIATE RELEASE

05/24/06

<http://www.usdoj.gov/usao/gan/>

CONTACT: Patrick Crosby

(404)581-6016

FAX (404)581-6160

SCHRENKO CO-DEFENDANT BOTES FOUND GUILTY BY JURY AFTER SCHRENKO PLEADS GUILTY, TEMPLE RE-ARRESTED AND JAILED

Atlanta, GA - A. STEPHAN BOTES, 48, of Alpharetta, Georgia, was found guilty today by a federal jury on 15 counts of conspiracy, wire fraud, and theft of public funds. BOTES is a co-defendant of former State School Superintendent LINDA C. SCHRENKO, 55, of Grove Town, Georgia, who pleaded guilty to fraud charges approximately a week and a half into the three week trial before United States District Judge Clarence Cooper. A co-defendant in the case, MERLE TEMPLE, 57, of Evans, Georgia, pleaded guilty to related fraud charges on January 10, 2005. He was arrested again on May 10, 2006, on charges of attempting to obstruct justice by offering to tailor his testimony to assist SCHRENKO. Another co-defendant in the case, PETER STEYN, 61, of Woodstock, Georgia, a business partner of BOTES, was found not guilty by the jury. Judge Cooper ordered BOTES to be detained pending his sentencing hearing.

United States Attorney David E. Nahmias said, "We are pleased with the conviction obtained today and with the guilty plea entered by Ms. Schrenko, who will now face an eight year federal prison sentence. The defendants were stealing funds meant for the education of Georgia's children and using those funds for a political campaign, personal gain, and in Ms. Schrenko's case, cosmetic surgery. We will continue to seek to hold accountable those who violate the public's trust."

According to Nahmias, the plea agreements and evidence in the case: In the summer of 2002, SCHRENKO, who at the time was the State School Superintendent of Georgia, and her former Deputy Superintendent, TEMPLE, conspired with BOTES, a co-owner of a computer consulting company, to fraudulently obtain over a half million dollars of federal funds administered by the Georgia Department of Education. The evidence showed SCHRENKO personally ordered the Georgia Department of Education to issue checks in amounts just under \$50,000, totaling over \$500,000, to various companies partially owned and controlled by BOTES purportedly to provide computer licenses and services to the Atlanta Area School for the Deaf, the Georgia School for the Deaf, and the Governor's Honors Program.

SCHRENKO personally ordered payments to BOTES' companies at a time when no services had been performed and no contracts for services existed. SCHRENKO directed the Department to issue 11 checks on one day, July 24, 2002, in amounts just under \$50,000, the maximum amount allowed by her signature alone. The monies ostensibly were to go for service to be provided to the Atlanta Area School For the Deaf, Georgia School For the Deaf, and the Governor's Honors Program. However, products and services were not provided, and approximately half of the fraudulent proceeds were secretly funneled into SCHRENKO'S campaign and to third parties to pay expenses for the campaign. The indictment charged that after SCHRENKO's unsuccessful campaign to run for governor, she used \$9,300 of the Education funds to pay for her own cosmetic surgery.

Sentencing for SCHRENKO is set for July 12, 2006. A sentencing date for TEMPLE has not yet been set. TEMPLE remains in federal custody without bond while awaiting sentencing. Sentencing for BOTES has been set for August 22, 2006. All of the sentencings will be before Judge Cooper.

Lester Fernandez, Special Agent In Charge, United States Department of Education, Office of the Inspector General, noted in his statement the words of Inspector General John P. Higgins, Jr., saying in part, "I want to commend all the agents, auditors, and attorneys working on this case and, in particular, the diligence of the staff of the Georgia State Auditor in uncovering the improprieties that led to this investigation. We will continue to work with the FBI and other federal and state officials to protect the integrity of federal education dollars."

FBI Special Agent In Charge Greg Jones said, "As citizens of Georgia, we expect our elected officials to be faithful stewards of taxpayer's money and of the public's trust. When that trust is betrayed, citizens can expect that the FBI will work diligently along with the United States Attorney's Office to seek justice and restore public confidence in government. We want to thank our colleagues at the United States Department of Education for their assistance in this investigation."

The case is being investigated by Special Agents of the U.S. Department of Education, Office of the Inspector General, and the FBI.

Assistant United States Attorneys Russell G. Vineyard and Daniel A. Caldwell are prosecuting the case.

For further information please contact David E. Nahmias, United States Attorney or F. Gentry Shelnett, Chief, Criminal Division, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.