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1996 Holley-Navarre Water System Arson unsolved

Allegations, lawsuits pile up concerning Navarre utility
The improper use of Holley-Navarre Water System funds is at the center of two pending cases.
By DURWAYNE ESCOBEDO
Daily News Staff Writer

Fire razes office
The blaze destroyed the Holley-Navarre Water System building.
By LEE FORST
Daily News Staff Writer

Water system fire probe continues
Business is flowing smoothly at the Holley-Navarre temporary office just days after the utility's permanent office burned.
By LARRY A. WALLACE
Daily News Staff Writer

Arson evidence found in debris of water office
Preliminary tests confirmed gasoline was present at the site of the Feb. 22 fire.
By LARRY A. WALLACE
Daily News Staff Writer

Navarre Water System Thursday, departments could put out the
records were kept off the site and could be substituted once a new computer is up and running, he said. The records are current as of Wednesday.
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Fire investigation continues
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By Jonathan Crider
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Twenty years ago this week the Holley-Navarre Water System building burned, including the financial records that were inside. There was an ensuing investigation by the Florida State Fire Marshal, the Florida Department of Law Enforcement, Bureau of Alcohol, Tobacco and Firearms and the Internal Revenue Service. Two main suspects were named, but never charged because of the lack of concrete evidence. The statute of limitations has run out on this unsolved crime.

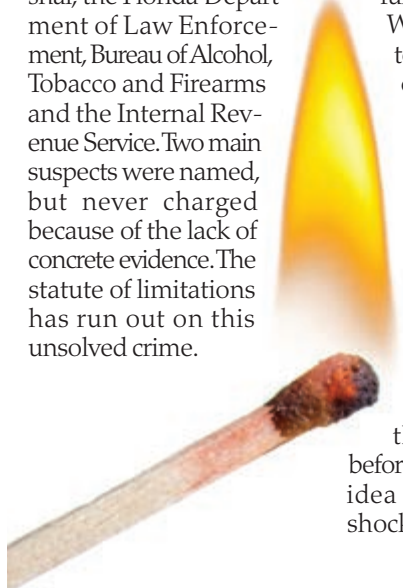
Before the Fire
Navarre was exploding with growth and the Holley-Navarre Water System did not have its own equipment to lay the pipe for water taps. Before 1996, it was common practice for the utility to contract with companies, some of which were owned by full-time Holley-Navarre Water System employees, to lay pipe and perform other work for the water system.
Former General Manager Ken Walker was hired shortly before the fire. According to a later report, Walker was charged with the responsibility of cleaning up improprieties in the company. "The things that happened before I had the job, I had no idea about. In fact, I was shocked when I found out.

Walker
Things like giving people work without the bidding processes were practices that healthy businesses don't do," Walker told Navarre Press in an interview this week.

The Fire
The fire broke out at 9:30 p.m. on Thursday, Feb. 22, 1996, at the Holley-Navarre Water System office building located on Turkey Bluff Road.

The single-level, concrete building was consumed rapidly. According to the Florida State Fire Marshal's report, even though firefighters were able to control the blaze within about 45 minutes of being on-site, not much of the interior of the building was saved. Among the contents within the structure were computer records, including water company payroll information and financial documents. These were all destroyed, excluding

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—Investigator Chris Powell, Bureau of Fire and Arson Investigations

Arson

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some backup documents and records kept at an off-site location by the utility.

According to a quote by C.C. "Dusty" Rhodes of the state Fire Marshal's Office in an article published by the Northwest Florida Daily News on Feb. 24, 1996, arson was not initially suspected as the cause of the fire. During the investigation after debris and water were removed from the main entrance of the building, however, Rhodes observed flammable liquid pour-patterns. This section of the building was, according to the investigator, the origin of the fire. Furthermore, Rhodes noted that the back entrance to the building was locked and had to be forced open by firefighters responding to the fire. According to early reports, if the cause of the blaze was indeed arson, the perpetrator would have had to have keys to the building.

The Investigation

The next day, Rhodes returned to the scene after a number of water system employees had discovered a red, plastic gas canister among the debris of the fire. While Rhodes expressed his doubts that this canister was present during the fire the night before, it was submitted as evidence and sent off to the state fire marshal's lab for further analysis, along with more floor and debris samples. According to his report, Rhodes suspected that the container was placed there by an anonymous party hoping that arson would be suspected, prompting further investigation.

According to the 1996 report, the prevailing buzz surrounding the fire was that certain business improprieties had been occurring amongst employees within the water company. As a result, it was thought that the same individual(s) would be responsible for the fire in order to cover up their actions. According to the interview by Rhodes with Ken Walker, the then general manager of Holley-Navarre Water System, these theories were corroborated. Walker was not alone in his suspicions of improprieties occurring within the company. William "Mickey" Broxson, an employee of the utility, also expressed his concerns, citing rumors of sexual harassment by a water board member during the hiring of an office manager and poor financial management by past members of the water board.

Further interviews with water company employees shed even more light on these rumors. During one interview, potential evidentiary documents emerged. According to Rhodes: "This information indicated the company was billed for services and equipment received by Mickey Broxson. Some [water board] members received water service and [were] not billed for

tap fees, etc." Cheryl Babb, the office manager at the time, was also questioned. According to Rhodes, "She further stated that the payroll records were destroyed by fire and that in January 1996, Mickey Broxson Construction Company was paid for thirty-seven (37) water taps at \$100 cash and [that there were] no bids or contract[s] for services." The water company also paid [water system board member] Mike Krueger for water taps at a subdivision at Bernath Place [in Pace, Fla.] and used company equipment for personal use.

During questioning with the other office employees, many workers claimed to have no further information regarding evidence or rumors of questionable business practices at the company. However, during an interview with Chuck Martin, a former member of the board of directors, Martin revealed that during his term on the board, the water system had known problems. According to the report, "Problems were discovered during his term with Mike Krueger and Mickey Broxson putting in taps for water and sewer for private contractors and billing the water board." Martin further stated [that] Mickey Broxson had purchasing authority for pumps, compressors, pipes, etc. for subdivisions.

Amidst the investigation, investigator Rhodes retired and the case was handed over to investigator Chris Powell of the Bureau of Fire and Arson Investigations (BFAL). During Powell's investigation, further documents were brought forth. According to Powell's report, Walker provided him with copies of billed invoices from Mickey Broxson (dated Nov. 5, 1993) to the Holley-Navarre Water System, for work Broxson had done in a subdivision at Liberty Street west of Edgewood, in Holley, Fla. Records further indicate that Broxson billed Baypointe Homes in the amount of \$3,000 for the same work billed to the water company.

Prior to the release of these documents to Powell, according to the report, in November of 1997 both Ken Walker and then board president, Woody Nelson, reported that they had been receiving anonymous threatening phone calls, vandalism, and letters to their homes.

Over the course of the investigation, numerous anonymous calls and tips about the case were made. According to investigator Powell's official report, "These calls indicate that a party occurred the night prior to the fire, at Bruce Broxson's house. It was at this party that Mickey Broxson solicited an unknown subject to destroy the water system office, because of certain records, which might reveal thefts from the business." Upon trying to contact possible witnesses present at this supposed party, Powell was unable to reach anyone who



Navarre library archives
C.C. Rhodes, right, State Fire Marshal's Office investigator and Paul Gardener, of the HNWS, take a break from digging through the rubble after the fire.



would go on the record

At the close of the investigation in 1998, Powell stated that neither the investigation nor the reward offered of \$22,000 had been able to produce enough evidence for arrest(s) in the case.

In conclusion, two primary suspects were offered in the report by Rhodes and Powell, namely: water company employee William Michael Broxson and board member Michael Trent Krueger, Broxson's nephew by marriage. While then State Attorney John Molchan thought there was "possibly enough evidence to show that thefts were occurring within the water company," he advised there was insufficient evidence to charge anyone with arson, and "Any other related charges should be directed to the Santa Rosa County S/O (Sheriff's Office)." According to Powell's report, the IRS was concurrently (in 1998) pursuing a tax fraud case against one of the suspects and investigating another.

The Aftermath

Twenty years later, the statute of limitations has long since expired on the case. When Navarre Press requested any records relating to an investigation into the discovered business improprieties of the water company, the Santa Rosa County Sheriff's Office was unable to locate any case files related to such an investigation. Furthermore,

the Sheriff's Office was unable to confirm or deny that any such investigation into the alleged criminal business practices had ever been pursued. As a result of the IRS investigation that ensued, one of the suspects, Michael Krueger, was indicted on four counts of felony tax fraud in March of 2000. According to the indictment in 1992, Krueger willfully attempted to evade and defeat a large part of the income tax due to the government by reporting his joint taxable income as \$34,652 when the actual amount was \$92,256.82.

Similarly, Krueger faced further charges of tax evasion on the amounts of \$174,774.11 (1993), \$154,175.60 (1994), and \$66,795.88 (1995). These years encompassed his contracted work with the utility. In September of 2000, Krueger was given a prison sentence of 12 months and one day, followed by a three-year probation. Krueger fulfilled this sentence of imprisonment at a halfway house in Houston, Texas, the region in which he worked as a field engineer for the United Space Alliance. Additionally, Krueger was

also ordered by the court to make restitution to the government in the amount of \$148,700.

William "Mickey" Broxson was terminated by the company in 1996 following the fire. "I terminated Mickey for signing checks for materials that weren't going to the company. Some of the board members thought that he set the fire, but I never accused him of starting the fire. When I terminated him, I told him why I did it and that was that," Walker said.

According to an article in the Northwest Florida Daily News on Dec. 13, 1996, Broxson filed a wrongful termination lawsuit against the water system. In response, the water system filed a lawsuit against both Krueger and Broxson. According to the article, the utility's lawsuit alleges Broxson and Krueger engaged in racketeering, theft, and fraud while employed and operating their own businesses. The utility's suit claimed Broxson and Krueger "conspired to divert and unlawfully misappropriate funds, credit, supplies and equipment for their own benefit by submitting false, fraudulent and unauthorized bills and invoices and then used their positions to have the utility pay them. In addition, the utility's countersuit alleged that Broxson allowed people to avoid paying for water connections and water use."

In an answer to the system's accusations, Charles V. Peppler who was the attorney for Broxson, alleged that "Broxson's business was done with the full knowledge and authorization of the utility." As evidence of this, court documents supporting Broxson's claims were filed revealing that "Holley-Navarre Water System allowed him to be paid for connecting water lines to residences." However, according to the utility, "these contracts were not in writing and violated state fraud laws." Additionally, "It claims that Broxson's positions as a board member since 1990 and as operations manager created a duty for Broxson to refrain from engaging in any contractual or other business enterprise that would detrimentally affect the system or cause the system damages." According to the newspaper report, no criminal investigation into the water system's claims against Krueger and Broxson were conducted at the time. In fact, by that point in 1996, many - if not all - of the documents necessary to conduct such an investigation were either burned or missing after the fire in February of that year.

Two years later, in another article by the Northwest Florida Daily News, the water company reached a settlement

of \$187,500 with Broxson to avoid further expensive litigation. Broxson originally sought \$1.2 million in damages from the water system. Walker told Navarre Press, "The lawsuit and the litigation that would have resulted would have dragged on for years. So, we went through mediation and found a settlement. After that, we signed papers saying that we were done with him, and he was done with us."

Shortly after the settlement, Broxson was considered for rehire by the water company under the position of wastewater operations manager. According to the Nov. 4, 1998 article, Broxson submitted an application several months before the position was publicly advertised. At the time, no other Holley-Navarre Water employees who actually possessed a state wastewater license applied for the position. According to Northwest Florida Daily News, in 1998, there were three employees licensed for the job; but at the request of Chris Barre, a water board member at the time, the requirement for a state wastewater license was dropped. "Broxson does not have the license, company sources said." Out of the seven water board members in 1998, only two members, Dorothy Slye and George Gimino, stood adamantly opposed to rehiring Broxson. According to Slye's statement to Northwest Florida Daily news, "James Tolbert warned her not to block bringing Broxson back." Additionally, Gimino, the other board member who opposed Broxson's rehiring, "accused the other board members of rigging the hiring process." Investigative work by Northwest Florida Daily News revealed that "annual audits of the utility under Broxson as operations manager from 1990 to 1995 reflect that for water system line installation and maintenance as an independent contractor, Broxson earned as much as \$144,667 in 1994."

Broxson succeeded in being hired as the wastewater operations manager. He continued working for Holley-Navarre Water System until he retired with pension in 2014.

After the fire which destroyed the records and the ensuing tumultuous times, Walker told the Navarre Press that the water system rebounded and it was a tough couple of years. "Out of the ashes though, we rose as a new organization. About a year ago after I left, we were one of the strongest organizations...with strong water supplies, and we have enough water to last the next 100 years," Walker said. "The greatest achievement for me personally, during my work there, was the financing and building of the Fairpoint system. That was the highlight my 19-year career with the water department."

The entire report from the State Fire Marshal can be found online at www.navarrepress.com/watersystemfire.