

WEST VIRGINIA LEGISLATURE'S COMMISSION ON SPECIAL INVESTIGATIONS

44th ANNUAL REPORT

July 1, 2023 - June 30, 2024



CRAIG BLAIR
*SENATE PRESIDENT
LIEUTENANT GOVERNOR*

ROGER HANSHAW
*SPEAKER OF THE
HOUSE*

RICK EPLIN
DIRECTOR

***West Virginia Legislature's
Commission on Special Investigations***

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Mission Overview

The Mission of the Commission on Special Investigations is broadly outlined under Chapter 4, Article 5 of the West Virginia State Code and includes investigation into the purchasing practices and procedures of the State, conflicts of interest, bribery of State officials, malfeasance, misfeasance or nonfeasance in office by any employee or officer of the State, and to conduct investigations to determine if any criminal or civil statutes have been violated at any level of State government. The Commission has conducted hundreds of investigations into fraud and public corruption in which the State of West Virginia was the victim. Commission Investigators work in conjunction with the United States Attorney's offices in West Virginia, the 55 County prosecuting attorneys, local, county and State law enforcement, as well as the FBI, IRS and other Federal law enforcement, regulatory and investigative agencies.

The Commission Staff is currently comprised of a Director, Deputy Director, six Investigators and an Administrative Assistant. The law enforcement and investigative experience of individual Investigators ranges from 29 to 47 years. At any one time the Commission may have a dozen or more active investigations.

The Commission was originally formed as a result of a Federal corruption investigation of Governor W. W. Barron and several members of his Administration conducted in the late 1960s by the Internal Revenue Service. The six-year investigation revealed a need for an independent investigative agency within State government empowered to investigate public corruption unimpeded by politics or other traditional barriers.

In September 1968, Governor Hulett Smith convened a special legislative session and then Senator William T. Brotherton proposed the creation of a special commission to investigate the purchasing practices of the State. The result was the creation of the Purchasing Practices and Procedures Commission (PPPC), which was in 1980 renamed the Commission on Special Investigations, or as it is more commonly known, CSI.

The Commission is comprised of ten members of the Legislature, with the President of the Senate and Speaker of the House of Delegates serving as its Co-Chairmen. The remaining eight members (four from the Senate and four from the House)



represent both political parties. Meetings are conducted during interim sessions of the Legislature and are generally held in executive session. By statute, all of CSI's records are exempt from the Freedom of Information Act (FOIA).

Today CSI is responsible for the investigation and prosecution of any crimes involving public corruption at any level of State government. Commission Investigators have investigated and successfully prosecuted cases involving embezzlement, larceny, forgery, bribery, extortion, falsifying accounts, obtaining money by false pretenses, and mail and wire fraud, among other criminal violations. CSI Investigators have been actively involved in prosecuting cases in both State and Federal court.

Investigations may involve "any level of State government," i.e., any level where there is an involvement or infusion of State money, resources or personnel. CSI has investigated not only State agencies, officers, elected officials and employees, but also county and municipal entities which receive or use State or Federal funds passed through the State. While some investigations are completed in short order, it is not unusual for CSI matters to remain open for weeks, months and, at times, years.

Many investigations begin with a call from a concerned citizen who has become aware of something "that just doesn't seem right" or which is obviously a violation of law. Investigators work closely with many people within and outside of State government and our reputation for professionalism is second to no other investigative agency, State or Federal.

CSI is an active participant in the ***Public Integrity Special Investigations Unit*** established by Michael B. Stuart during his tenure as United States Attorney for the Southern District of West Virginia, and a similar joint investigative unit created by William Ihlenfeld II during his initial term as United States Attorney in the Northern District.



Commission Members

§4-5-1

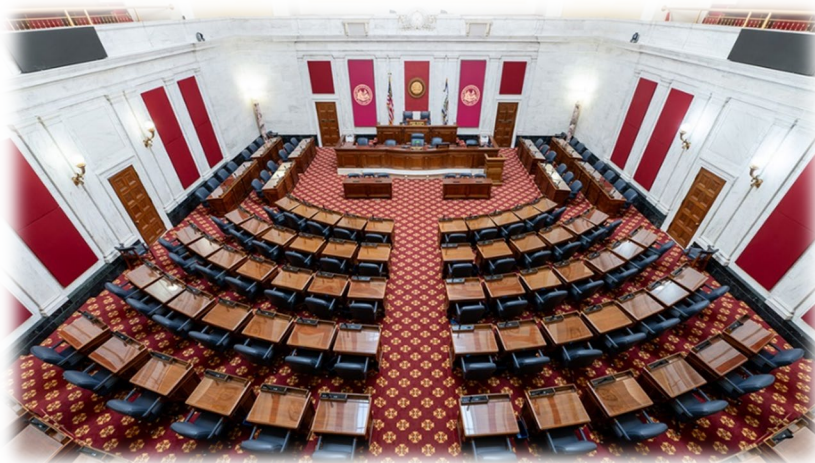
The Commission shall be composed of the President of the Senate and four members of the Senate, to be appointed by the President of the Senate, no more than two of whom shall be from the same political party; and the Speaker of the House of Delegates and four members of the House of Delegates, to be appointed by the Speaker of the House of Delegates, no more than two of whom shall be appointed from the same political party:



Senate Chambers

Provided, That in the event the membership of a political party is less than 15 percent in the House of Delegates or Senate, then the membership of that political party from the legislative house with less than 15 percent membership may be one from that house. The commission shall be chaired by the President of the Senate and the Speaker of the House of Delegates. All members appointed to the commission by the commission chairs serve until their successors are appointed as provided herein.

These Legislators are responsible for overseeing the investigative activities of the Commission Staff, which are reviewed in executive session during Legislative interim meetings. A quorum, consisting of the majority of the total authorized membership, is required to open or close an investigation or refer a matter to the appropriate Legislative Committee, if the subject falls outside the Commission's purview.



House Chambers

Commission Membership

July 1, 2023 - June 30, 2024

Craig Blair (R)
Senate President
Lieutenant Governor
Co-Chairman
Joined the Commission-2021



Roger Hanshaw (R)
House Speaker
Co-Chairman
Joined the Commission-2018



Charles Trump IV (R)
Member 1993-2007
Reappointed-2015



Moore Capito (R)
Member 2019-2023



Ryan Weld (R)
Majority Whip
Joined the Commission-2019



Shawn Fluharty (D)
Minority Whip
Joined the Commission-2021



Mike Caputo (D)
Joined the Commission-2023



Brandon Steele (R)
Joined the Commission-2021



Chandler Swope (R)
Joined the Commission-2023



Vernon Criss (R)
Joined the Commission-2023



Commission Staff

§4-5-2(b)(3)

The Commission is empowered to: *“Employ necessary legal, technical, investigative, clerical, stenographic, advisory and other personnel and, within the appropriation specified in §4-5-4 of this code, fix reasonable compensation of any persons and firms that are employed. The commission’s investigative staff may consist of a director, deputy director, senior investigators, and investigators as approved by the co-chairs: Provided, That the commission may authorize certain employees of the commission to administer oaths and take affidavits and deposition anywhere in the state.”*

The current investigative staff has previously distinguished themselves with successful law enforcement careers, ranging from first-line to senior supervisors and senior administrators in large municipal police departments, Sheriff’s Office, State Police and Federal agencies.



Commission Staff designated as “Investigator” are issued special identification credentials including photo identification and Commission badges. Investigators are also authorized to carry firearms in the performance of their duties.

Staff Investigators are responsible for conducting comprehensive and detailed investigations on behalf of the West Virginia Legislature into the purchasing practices and

procedures of the State and matters of public corruption. To that end, Investigators work with their counterparts in local, State and Federal law enforcement agencies as well as other State entities and local and Federal prosecutors.

Rick D. Eplin, Director

Joined CSI – 2015

38 years law enforcement experience

Professional Experience:

Huntington, WV Police Department

Captain - O.I.C.

Criminal Investigation Division

Education:

WV State University

FBI National Academy

WV State Police Academy



Jeff Shriner, Deputy Director

Joined CSI – 2017

34 years law enforcement experience

Professional Experience:

Investigative Specialist – FBI

**Master Corporal – New Castle County
Police Department, DE**

Education:

St. Joseph's University

West Liberty University

New Castle County Police Academy



James S. Powers, Senior Investigator

Joined CSI - 2002

47 years law enforcement experience

Professional Experience:

**WV State Police
Lieutenant Colonel - Chief of Staff
Chief of Administrative Services
Director – Procurement
BCI Grant Forfeiture Officer**

Education:

**Radford University
Virginia Polytechnic Institute
FLETC – Glynco
WV State Police Academy**



Michael Robinson, Senior Investigator

Joined CSI – 2015

34 years law enforcement experience

Professional Experience:

**WV State Police
First Sergeant - BCI Regional
Coordinator
Multi-jurisdictional Task Force
Coordinator
Detachment Commander**

Education:

**Marshall University
Glenville State College
WV State Police Academy**



Ken McCord, Senior Investigator

Joined CSI – 2019

**30 years law enforcement
experience**

Professional Experience:

**WV State Police
Sergeant – Quincy, Clay & South
Charleston Detachments
Supervisor – Southern Crime
Scene Response Team**

Education:

**Milligan College
Marshall University
WV State Police Academy**



Barry Parsons, Senior Investigator

Joined CSI – 2019

**33 years law enforcement
experience**

Professional Experience:

**Special Agent – Drug Enforcement
Administration (DEA)
DEA Technical Operations
Coordinator for WV**

Education:

**Eastern Kentucky University
Kentucky Department of Criminal
Justice Training Center
FLETC - Glynco**



Jesse Bailes, Investigator

Joined CSI – 2021

38 years law enforcement experience

Professional Experience:

**Captain - Kanawha County Sheriff's
Office**

Chief of Police - City of Dunbar

Kanawha County Magistrate

Education:

**West Virginia State University
WV State Police Academy
Certified Fraud Examiner**



Pat Boone, Investigator

Joined CSI – 2021

32 years law enforcement experience

Professional Experience:

**Kanawha County Sheriff's Department
Captain – Division/Shift Commander
Metropolitan Drug Enforcement
Network Team (MDENT)**

**WV State Auditor's Office
Fraud Investigator**

Education:

**WV State University
WV State Police Academy**



Sean Wolfe, Investigator

Joined CSI – 2023

29 years law enforcement experience

Professional Experience:

West Virginia State Police

**First Sergeant – Bureau of Criminal
Investigations**

Detachment Commander

**Senior Investigator detailed to
US Attorney's Office SDWV**



Education:

**University of Tennessee Chattanooga
WV State Police Academy**



***Sherry Lawson, Administrative
Assistant***

Joined CSI – 2018

39 years Professional Experience

**WV State Police Administrative
Assistant**

**WV Supreme Court Certified Court
Reporter**

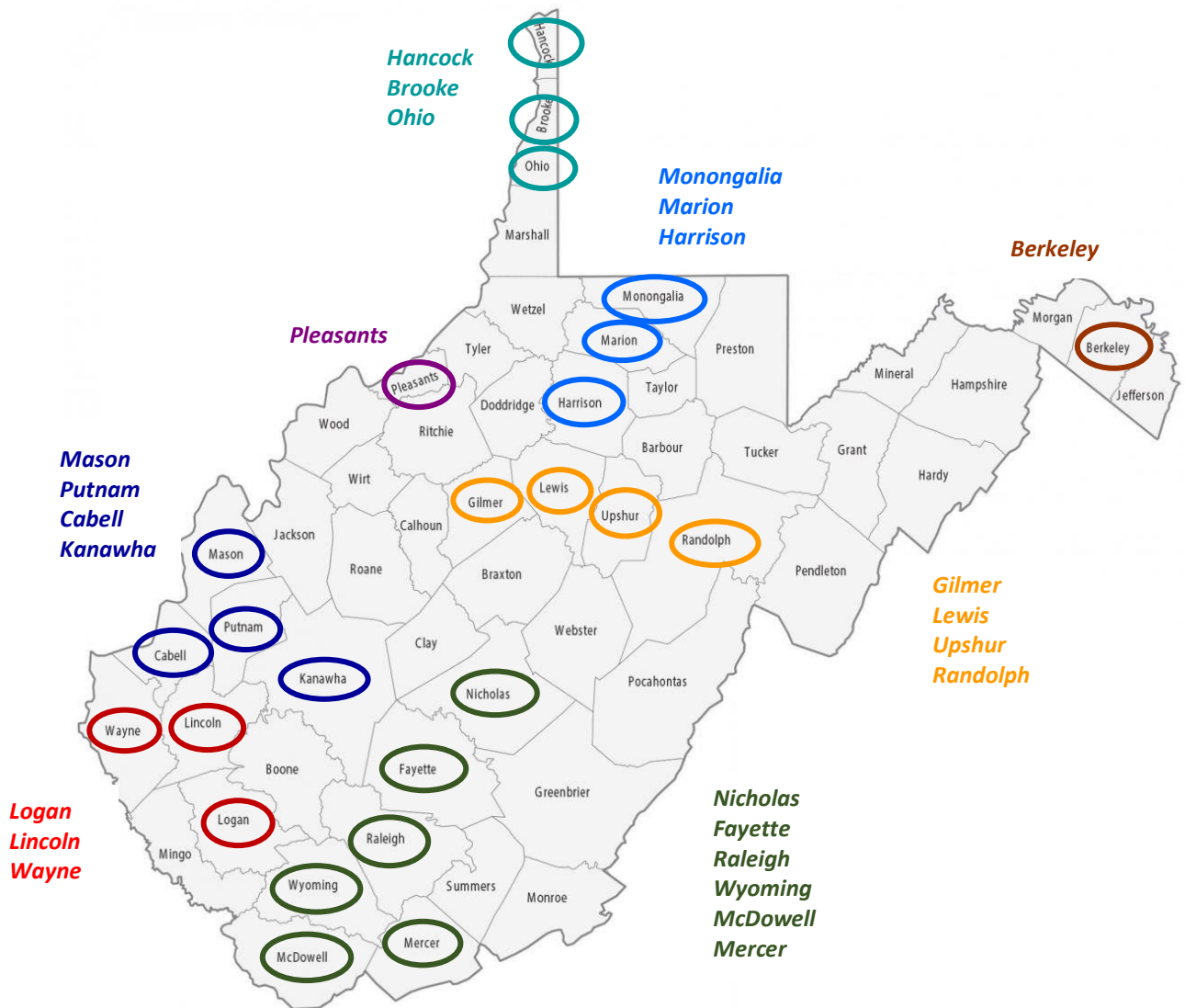
Activities of the Commission

July 1, 2023 - June 30, 2024

The Commission on Special Investigations met in Executive Session on seven occasions during the 2023 fiscal year. The Commission authorized the opening of 19 new cases. The Commission authorized the closure of 25 previous investigations.

Several complex investigations are ongoing, and it is not uncommon for CSI cases to extend over several years due to their complexity and the amount of evidence to be reviewed.

During the 2023 fiscal year, CSI Investigators worked in 25 of the state's 55 counties. The following counties were visited by CSI Investigators during the last fiscal year while conducting investigations.





Abandoned Mine Lands

The Commission on Special Investigations was contacted by WV Department of Environmental Protection (WV DEP) in 2019 regarding possible grant fraud. Congressional mandates made funding available in 2018 for reclamation of lands adversely

affected by coal mining operations. WVDEP serves as the grantee for federal grants from the US Department of Interior Office of Surface Mining Reclamation and Enforcement. The WV DEP received \$25,000,000.00 in block grant funds to assist in the reclamation of Abandoned Mine Lands (AML) with a focus on creating economic development opportunities in communities.

In June of 2018 DEP awarded an AML sub-grant to Northern Cardinal Price Hunters Branch (NCHB). The Investigation revealed that NCHB was owned by Aleksey Krylov from South Orange New Jersey. NCHB applied for funding to build a greenhouse to grow commercial quantities of green leafy vegetables. The plan also called for the reclamation of mine portals located on the property near Madison WV.

The initial grant amount was \$631,198.00. That amount was amended later and \$2,575,000.00 in additional funding was added for a total of \$3,206,198.00.



WV DEP conducted an internal audit and noted certain questionable expenditures in the requests for payments that had been approved. The internal audit noted there were some unallowable expenses and a company identified as FTERA Advisors was receiving \$575.00 an hour in consulting fees. They also noted that invoices contained a 20% administrative fee which was being added to the total of each invoice. These expenses were not allowed under the terms of the grant. In addition, the grant required some in-kind contributions from the sub-grant recipient which were not received. FTERA Advisors was owned by Aleksey Krylov, and he was the sole employee.

The Commission on Special Investigations alerted the Office of Inspector General for the US Department of Interior to the potential violations of law involving the AML grant. The Office of Inspector General assigned two investigators to the case, and they contributed their experience and resources in furthering the investigation. They travelled frequently from their offices in Virginia to assist in conducting interviews and securing subpoenas for financial records.

The investigation determined Aleksey Krylov a resident of South Orange New Jersey signed as the sub-grant recipient and recruited residents of Boone County for executive level positions in the organization. The involvement of these individuals gave an appearance that the project would be employing local community members and result in a sustainable economic development project. Unfortunately, these residents were soon quietly removed from any

involvement with the company by the sub-grant recipient. Interviews with these residents revealed they viewed the positions as an opportunity to be part of a much-needed economic development project for their community and believed their positions to be integral part in the development of the project.

The sub-grant recipient was familiar with WV mining reclamation projects due to his previous business relationships in the mining industry. The sub-grant recipient had previously been involved in business transactions with a local named Jerry D. Elkins II. At the time of this sub-grant application Mr. Elkins was working for the WV DEP as a regional planner. The sub-grant recipient enlisted the help of Mr. Elkins in his capacity with WV DEP to promote and seek favorable action by WV DEP officials regarding the review and selection of the Hunters Branch project for grant funding. Once the grant was awarded Mr. Elkins and the sub-grant recipient agreed to a scheme to defraud the grant. To facilitate the transfer and concealment of funds from the sub-grant recipient Mr. Elkins established a company named Wanaque River Holdings LLC at the direction of the sub-grant recipient. Wanaque River Holdings LLC was a shell company that served no other legitimate purpose other than to receive grant funds being transferred from the sub-grant recipient to Mr. Elkins via a third-party billing network.

During the period the grant was active the sub-grant recipient Krylov received \$837,113.23 in reimbursements from WV DEP. In the same period Wanaque River Holdings and Mr. Elkins received \$94,197.95 in checks and electronic fund transfers from the sub-grant recipient. These payments to Wanaque River Holdings were based upon fabricated and inflated invoices for services such as security and consulting.

The investigation determined that invoices submitted by the sub-grant recipient to WV DEP were also fabricated and contained inflated fees for services and reimbursement for work that was never done. The sub-grant recipient also failed to pay numerous contractors associated with the project with the funds received from WV DEP. The investigation determined that in one instance the sub-grant recipient sought and obtained grossly inflated construction estimates from a potential contractor in exchange for a promised kickback of grant funds to the contractor. The kickback scheme failed when the local contractor declined to be involved in the scheme.

The sub-grant recipient sought and received approximately \$837,113.00 in AML grant funds from WV DEP. The sub-grant recipient Aleksey Krylov diverted approximately \$393,664.00 of these funds to companies under his sole control. Approximately \$94,197.93 in additional funds were funneled to Mr. Elkins via Wanaque River Holdings LLC. Roughly 58% of the total grant funds disbursed were directed to the sub-grant recipient Aleksey Krylov and Mr. Elkins.

The collaborative effort of the federal and state investigators in this case resulted in sufficient evidence being compiled to seek prosecution of Mr. Elkins and the sub-grant recipient. The case was forwarded to the United States Attorney's Office for the Southern District of WV.

On May 31st of 2023 Mr. Elkins pled guilty in US District Court for the Southern District of WV to theft from programs receiving federal funds. He admitted to his role in fraudulently obtaining \$94,197.93 in AML sub-grant funds while he was employed by WV DEP.

Aleksey Krylov pled guilty on July 27, 2023 to aiding and abetting theft from programs receiving federal funds. He admitted to diverting \$94,197.93 to Jerry Elkins II from Abandoned Mine Lands (AML) grant funds.

Jerry Elkins II was sentenced in US District Court for the Southern District of WV on November 30, 2023. United States District Judge Irene Berger sentenced Elkins to three years' probation, including 10 months of home detention. Elkins was also ordered to pay \$94,197.93 in restitution for money he received fraudulently from Aleksey Krylov. This money was diverted to Mr. Elkins from an Abandoned Mine Lands (AML) grant.

Aleksey Krylov was sentenced in US District Court for the Southern District of WV on January 11, 2024. Mr. Krylov was sentenced by United States District Judge Irene Berger to three years' probation including six months of home detention. He was also ordered to pay restitution of \$94,197.93 for money fraudulently diverted from the AML grant fund.

PRESS RELEASE

New Jersey Man Pleads Guilty to Aiding and Abetting Theft of Federal Grant Funds

Thursday, July 27, 2023

For Immediate Release

U.S. Attorney's Office,
Southern District of West Virginia

CHARLESTON, W.Va. -Aleksey Krylov, 42, of South Orange, New Jersey, pleaded guilty today to aiding and abetting theft from programs receiving federal funds. Krylov admitted to diverting \$94,197.93 in federal abandoned mine land (AML) remediation sub-grant funds to Jerry D. Elkins, 54, of Danville, West Virginia, while Elkins was an employee of the West Virginia Department of Environmental Protection (DEP).

According to court documents and statements made in court, from on or about April 2017 until on or about August 7, 2019, Elkins assisted Krylov and one of his companies with their application for a DEP AML pilot program sub-grant. The DEP receives grant funding from the United States Department of the Interior Office of Surface Mining Reclamation and Enforcement (OSMRE) for, among other purposes, accelerating the remediation of eligible sites for economic revitalization and community development purposes under the Abandoned Mine Land Economic Revitalization (AMLER) program.

Since 2016, West Virginia has received \$181 million in AMLER block grant funds. Numerous private entities apply to receive AML sub-grants, and the process for selecting projects to receive sub-grant awards is competitive.

Elkins was initially a regional planner and later an inspector for the DEP during the time period, and had become acquainted with Krylov prior to joining the DEP. Krylov and his company proposed to construct and operate an aquaponics facility that would produce commercial quantities of vegetables and fruits at a project site near Madison, West Virginia. To assist Krylov and his company, Elkins collected water samples, provided contacts for public support, boosted Krylov's project internally at DEP, provided his opinion and suggestions for improving the subgrant application, and continuously monitored the application's status.

Krylov admitted to paying Elkins for his services with checks and electronic fund transfers drawn from federal sub-grant disbursements totaling \$94,197.93. Krylov further admitted that Elkins had no right to receive these funds and that he aided and abetted Elkins' actions in fraudulently obtaining the \$94,197.93.

Krylov is scheduled to be sentenced on November 16, 2023, and faces a maximum penalty of 10 years in prison, three years of supervised release, and a \$250,000 fine. Krylov also owes \$94,197.93 in restitution. Elkins pleaded guilty to theft from programs receiving federal funds on May 31, 2023, and is awaiting sentencing.

United States Attorney Will Thompson made the announcement and commended the investigative work of the U.S. Department of the Interior Office of Inspector General- Office of Investigations, and the West Virginia Commission on Special Investigations.

United States District Judge Irene C. Berger presided over the hearing. Assistant United States Attorney Holly Wilson is prosecuting the case. Assistant United States Attorney Kathleen Robeson made significant contributions to the prosecution.

A copy of this press release is located on the website of the U.S. Attorney's Office for the Southern District of West Virginia. Related court documents and information can be found on PACER by searching for Case No. 2:23-cr-99.

Former WVDEP Official Sentenced for Theft of Federal Grant Funds

Thursday, November 30, 2023
For Immediate Release

U.S. Attorney's Office,
Southern District of West Virginia

CHARLESTON, W.Va. -Jerry D. Elkins, 54, of Danville, was sentenced today to three years of federal probation, including 10 months on home detention, and ordered to pay \$94,197.93 in restitution for theft from programs receiving federal funds. Elkins admitted to fraudulently obtaining \$94,197.93 of federal abandoned mine land (AML) remediation sub-grant funds while employed by the West Virginia Department of Environmental Protection (DEP). Elkins also set up a shell limited liability company to receive a portion of the sub-grant award funds and created fraudulent invoices in an attempt to conceal the nature of the payments.

According to court documents and statements made in court, from on or about April 2017 until on or about August 7, 2019, Elkins assisted Aleksey Krylov and one of Krylov's companies with their application for a DEP AML pilot program sub-grant. The DEP receives grant funding from the United States Department of the Interior Office of Surface Mining Reclamation and Enforcement (OSMRE) for, among other purposes, accelerating the remediation of eligible sites for economic revitalization and community development purposes under the Abandoned Mine Land Economic Revitalization (AMLER) program.

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Elkins was initially a regional planner and later an inspector for the DEP during the time period, and had become acquainted with Krylov prior to joining the DEP. Krylov and his company proposed to construct and operate an aquaponics facility that would produce commercial quantities of vegetables and fruits at a project site near Madison. To assist Krylov and his company, Elkins collected water samples, obtained public support, boosted Krylov's project internally at DEP, provided his opinion and suggestions for improving the sub-grant application, and continuously monitored the application's status.

In August and September 2018, Elkins registered a limited liability company, Wanaque River Holdings LLC ("Wanaque"), in Delaware and opened a bank account for Wanaque at a bank in Charleston, West Virginia, in order to receive and obscure payments from Krylov. Elkins admitted that Wanaque had no other legitimate business purpose besides receiving funds from Krylov and Krylov's companies. Elkins further admitted that he directed the creation of a third party pay-bitt account through Bill.com, a

cloud-based payments platform, that was used to send invoices from Wanaque to companies under Krylov's control.

From about October 19, 2018, through about August 7, 2019, Wanaque received \$94,197.93 in electronic fund transfers and checks from Krylov and his companies. Elkins admitted that the \$94,197.34 originated from the aquaponics project's sub-grant reimbursements from the DEP and were ultimately diverted to him. Elkins further admitted that he had no right to receive those funds and fraudulently converted them to his own use. Elkins also admitted to taking steps to hide, conceal and cover up his activity and the nature and scope of his dealings with Krylov. Those steps included failing to list his interest in Wanaque when he signed the federal OSMRE State Employee Statement of Employment and Financial Interest form on February 20, 2019.

Krylov, 42, of South Orange, New Jersey, pleaded guilty to aiding and abetting theft from programs receiving federal funds on July 27, 2023, and awaits sentencing.

United States Attorney Will Thompson made the announcement and commended the investigative work of the investigative work of the U.S. Department of the Interior Office of Inspector General-Office of Investigations, and the West Virginia Commission on Special Investigations.

United States District Judge Irene C. Berger imposed the sentence. Assistant United States Attorneys Kathleen Robeson and Holly Wilson prosecuted the case.

A copy of this press release is located on the website of the [U.S. Attorney's Office](#) for the Southern District of West Virginia. Related court documents and information can be found on [PACER](#) by searching for Case No. 2:23-cr-78.

Kanawha Public Service District



The Commission on Special Investigations was contacted in April of 2022 and alerted to possible wrongdoing by a Board Member with the Kanawha Public Service District. The Board Member was later identified as John Rubin, who was serving as the Chairman on the Board of the Kanawha Public Service District. Mr. Rubin was appointed as the Board Chairman and had served in that capacity for approximately eight years.

The investigation revealed that Mr. Rubin made a practice of submitting invoices to the Chelyan Public Service District for reimbursement. CSI investigators determined that some of the invoices submitted for reimbursement were altered or fabricated. In addition, Mr. Rubin used a Kanawha County Public Service District credit card number for online purchases which were shipped to his residence. He also submitted receipts for reimbursement for purchases made with personal funds. Many of the purchases made by Mr. Rubin could not be accounted for by Public Service District personnel.

The investigation further revealed that Mr. Rubin was receiving reimbursement for mileage he drove each day to the PSD offices in Chelyan from his residence. Mr. Rubin, however, had no operational role at the PSD and was not an employee of the PSD. The total reimbursement for mileage exceeded \$4,700.00 over a period of 11 months.

The findings of the investigation were submitted to the Kanawha County Prosecutor's Office. The case was presented to a Kanawha County Grand Jury in June of 2023. The Grand Jury returned an indictment for 10 felony counts of Embezzlement, Fraudulent Schemes, and Forgery and Uttering. The indictment alleges in part that Mr. Rubin embezzled in excess of \$1,000.00 from the Chelyan Public Service District between 2018 and 2022. The indictment further alleges that Mr. Rubin forged invoices from a heating and equipment supplier that exceeded \$3,600.00.

John Rubin was sentenced on April 4, 2024 for embezzlement of funds from Kanawha Public Services District. Mr. Rubin was indicted on 10 counts of embezzlement but pled to only one count of embezzlement over \$1,000.00.

Kanawha County Circuit Judge Dave Hardy sentenced Mr. Rubin to two years' probation and ordered him to pay \$3,157.14 in restitution to the Kanawha Public Service District.



Former Kanawha PSD board member sentenced to probation in embezzlement case

- [By Ashley Perham aperham@hdmediallc.com](mailto:aperham@hdmediallc.com)
Apr 4, 2024

A former board member of the Kanawha County Public Service District was sentenced Wednesday to two years of probation for an embezzlement charge to which he pleaded guilty in January.

John Rubin, 69, of Hernshaw, faced felony charges for allegedly taking money and other property for his own use that belonged to the public service district.

Rubin was [indicted on 10 charges in May 2023](#), but only pleaded guilty to one count of embezzlement over \$1,000.

Judge Dave Hardy sentenced Rubin to two years of probation and \$3,157.14 of restitution to be paid to the Kanawha PSD. Hardy said he didn't see how it would "serve the interest of justice" for Rubin to be incarcerated and that it was unlikely Rubin would commit another crime.

Rubin's attorney, John Mitchell Jr., said 25 letters were submitted in support of his client. Mitchell said the case was unusual and that Rubin would go through the rest of his life with a "scarlet letter 'F' on his forehead." Mitchell was referring to Rubin's felony status.

Rubin apologized to the court and his family, saying the incident had smeared his name and his family's name.

"I wish when they called me that first time and asked me to be on that board, I would have said no," he told the court. "I just want to apologize to the court and my family for what they went through."

The Kanawha County Commission removed Rubin from the board during its July 21, 2022 meeting and appointed Chris Billo to take his place.

Mason County Board of Education

The Commission on Special Investigations was contacted by the WV State Police in Mason County in June of 2023 regarding information they had received related to the Mason County School system. Internal auditing had discovered discrepancies related to food programs at certain schools. It was suspected that foodstuffs were being taken from the schools.



CSI met with the Child Nutrition Director for the Mason County Board of Education. The Director is responsible for budgeting, purchasing, inventory control and disbursement of food within the county school system. The Director noted discrepancies in their records regarding foodstuffs in the following areas:

- Food orders at certain schools began to exceed previous quantities that had been needed.
- The food products being ordered did not appear on the preapproved menus and did not seem to be getting served to the students.
- Reports had been received from school personnel that two individuals were preparing food products with school facilities and utilizing school food inventory. The prepared food was then reportedly being sold on a privately owned food truck which they operated.

During the investigation witnesses were interviewed which yielded additional information regarding the conduct of the suspects. Investigators also visited the locations in which the thefts occurred and were able to recover video recordings from the school's CCTV system. Review of these video recordings enabled Investigators to capture portions which showed the theft of foodstuffs by a school employee. One video showed a cook preparing large

quantities of dough which were later concealed and carried out of the school and placed in a car.

The individual identified in the theft of the food products was Cleo Smith. Ms. Smith served as the head cook at Ashton Elementary school. Ms. Smith had been employed in that position for over a year and had previously worked as a cook within the Cabell County school system for 10 years. Ms. Smith initially denied being involved in the thefts but when confronted by Investigators she readily admitted to taking foodstuffs from the school. Ms. Smith confirmed the items were being sold on a food truck operated by her and her daughter.

Per Mason County Prosecutor Seth Gaskins, Ms. Smith entered into a pretrial diversion agreement with his office. Ms. Smith was charged with two misdemeanor counts and will be placed on unsupervised probation with a special condition that financial restitution be made. Final disposition of this matter is pending in Mason County.

Chesapeake Volunteer Fire Department

The WV Commission on Special Investigations routinely receives reports of possible embezzlement and misappropriation of taxpayers' monies by volunteer fire departments (VFD) located throughout the state. In August of 2019, CSI received a complaint from the West Virginia State Fire Marshal's Office of the chief of the Chesapeake Volunteer Fire Department (CVFD), located in eastern Kanawha County, possibly embezzling money and misappropriating department funds. The WV State Fire Marshals had been contacted by one of the CVFD members, who reported the department's equipment was in poor condition, a lack of maintenance of the fleet vehicles prohibited their use for emergencies, the absence of scheduling and conducting membership and board meetings had become commonplace, financial activities were controlled only by the chief, Steven "PJ" Johnson, who shielded the fiscal standing of the department from the membership and board. In all, per the reporting member, the CVFD had become insolvent, with inoperable equipment and trucks, and inadequate amount of manpower to meet the needs of the citizens of the city of Chesapeake.



Over the next year and a half, CSI conducted numerous interviews of members and persons associated with the CVFD, collected and analyzed copious amounts of financial records, tax records, contacted past and current vendors, and utilized various state licensing and regulatory agencies to further their investigation of then-chief Johnson's use of CVFD funds. While most VFDs operate merely on quarterly allotments from the state, supplemented with occasional fundraisers, CVFD was additionally funded by a self-service car wash located across from its main fire station, tower rental fees from two different communication companies, and the long-running bingo and raffle events, which peaked in gross revenue of \$1.3m in 2014. These extra sources of revenue, some being cash-intensive, created a vast, continual stream of monies for the VFD which was exclusively controlled by Mr. Johnson. Albeit well-funded, the VFD remained in financial disarray under Mr. Johnson's supervision and management.

All expenditures and purchases made by any VFD within the state should support or further the purpose and mission of the department in providing adequate fire and rescue services to the citizens of the agency's coverage area. When CSI conducted a detailed review of the CVFD's spending habits from 2014 through 2022, multiple questionable transactions were located within the bank records which were suspected to have been made by Mr. Johnson. Examples ranged from a \$4,500 cashier's check made payable to Appalachian Electric Power (AEP) but converted to U.S. Currency on the same date and never redeposited into any CVFD account; numerous CVFD checks made payable to Mr. Johnson without dual signatures or noted purpose; numerous CVFD checks made payable to Mr. Johnson's spouse without dual signatures or purpose; over \$1,400, collectively, of three separate purchases made of beer, wine, liquor, and tobacco; 23 automatic teller machine (ATM) cash withdrawals totaling just under \$3,400; and the purchase of jewelry, dog food, FitBits, clothing, household items, trail cameras, and other like-items totaling over \$7,000. CSI identified various dubious small dollar local fast-food purchases made by Mr. Johnson that exceeded \$500 when totaled. Lastly, Mr. Johnson made or permitted VFD funds to be used to pay for several media streaming services, i.e., Netflix, Hulu, Amazon Prime, and iTunes, that cost the department, aggregately, over \$2,000 during the multiple year lookback period.

The CVFD became further in debt in 2017 after Mr. Johnson used VFD funds to open a local chapter of a firefighters' motorcycle club housed in a VFD-owned building not far from the fire station. Mr. Johnson used VFD monies to remodel and operate the club which included repainting, appliances, installing cabinetry and doors, and other materials. CSI was able to substantiate that Mr. Johnson used \$1,488 in VFD funds to purchase motorcycle club t-shirts which were then sold to club members and associates for \$20 apiece with the proceeds being deposited into the club's account, not the VFD's.

In June of 2020, CSI's investigative efforts culminated to the level to solicit the assistance of the West Virginia State Police (Quincy Detachment) in obtaining a search warrant for the CVFD's main station and the location where the motorcycle club operated. The searches were conducted by members of the West Virginia State Police, West Virginia Alcohol Beverage Control Administration, West Virginia Fire Marshals, and numerous CSI Investigators. As a result of the search warrants, CSI collected key documents, ledgers, meeting minutes, bank and tax records, receipts, and other recordkeeping logs which further exposed Mr. Johnson's embezzlement and misappropriation of CVFD funds. Shortly after the search of the VFD fire station, the West Virginia State Fire Marshals ordered the CVFD to be indefinitely out-of-service due to the revelation of Mr. Johnson failing to keep members' certifications updated and fire response vehicles lacking certain repairs. A few weeks later the VFD corrected the deficiencies and was approved by the marshals to return to active status.

Ultimately, CSI's investigative efforts revealed that during the last 8 years of Mr. Johnson's tenure as the chief of the VFD, \$28,587.84 of the department's monies were expended on unapproved and improper purchases. An additional \$11,363.11 in expenditures

were made which appeared suspicious or could not be supported with any documentation for purpose or use by the VFD. Furthermore, most of these transactions made by Mr. Johnson were outside of the CVFD by-laws and deemed unallowable by the West Virginia Legislative Post Audit Division and the West Virginia State Fire Commission. While the spending for personal-use items and services continued, as well as the funding of activities for the motorcycle club, Mr. Johnson caused CVFD to accrue over \$31,600 in debt in unpaid invoices and delinquent taxes. Mr. Johnson also failed to submit various required reports to the county and state which led to the VFD being disqualified for multiple quarterly and yearly monetary allocations, totaling over \$100,000.

In February of 2022, the West Virginia State Police arrested Mr. Johnson on felony charges of embezzlement and grand larceny based on a criminal complaint crafted by CSI investigators. These charges stemmed from Mr. Johnson's conversion of VFD funds into a \$4,500 cashier's check, which he then cashed, shortly thereafter, and received the total check amount in U.S. Currency. The \$4,500 was not redeposited into any CVFD account and could not be proven to have been used for the betterment of the fire department. These felony charges, as well as other criminal acts by Mr. Johnson while acting as chief of the CVFD, were outlined in a comprehensive report by CSI and submitted to the Kanawha County prosecutor's office .

On October 20, 2022 Mr. Johnson pled guilty to embezzlement. He was sentenced in Kanawha County Circuit Court on September 8, 2023 to five years' supervised probation and ordered to pay \$26,598.60 in restitution.

Charleston man sentenced for felony embezzlement of Chesapeake Volunteer Fire Department

by DUSTIN MELCHIOR

Fri, September 8th 2023 at 4:19 PM

Updated Fri, September 8th 2023 at 4:28 PM

CHARLESTON, W.Va. (WCHS) — A Charleston man was sentenced on Friday after previously pleading guilty to felony embezzlement at a Kanawha County volunteer fire department, prosecutors said.

Steven Paul Johnson, also known as "PJ", 52, pleaded guilty to the crime on Oct. 20, 2022, after an investigation by the West Virginia Legislature's Commission on Special Investigations concerning how money was being spent at the Chesapeake Volunteer Fire Department, according to a news release from the Kanawha County Prosecutor's Office.

The issue was referred to investigators in August 2019 and during the investigation it was determined that between 2014 and 2021, Johnson had access to and control over the fire department's bank accounts while serving as treasurer and fire chief, prosecutors said.

Johnson pleaded guilty to fraudulently converting the fire department's funds for his own use during those years, including purchasing clothing for his motorcycle club, alcohol, Amazon digital services, Netflix, photography and retail purchases.

Prosecutors also said that the investigation determined that Johnson cashed a \$4,500 check to himself, writing in the memo line that the monies were for an electric bill. It was determined that the fire department actually paid the bill on Sept. 6, 2019, directly from its bank account.

In addition, Johnson also wrote multiple checks to himself and made cash withdrawals from Chesapeake Volunteer Fire Department accounts, the news release said.

Johnson was sentenced to five years of supervised probation, ordered to pay \$26,958.60 in restitution while on probation as well as community service. In addition, Johnson is prohibited from serving in any fiduciary capacity or as a volunteer fireman while on probation.

WV Department of Health and Human Services

The WV Commission on Special Investigations was alerted by federal authorities to possible financial irregularities related to the expenditure of Covid Funds in January of 2021. The Covid Funds were being administered by the WV Department of Health and Human Services (DHHR). The FBI received information alleging that certain state officials may be using the prestige of their office or title to influence or steer contracts for Covid testing materials. CSI, in conjunction with the FBI, IRS and the US Postal Inspectors Office, began a comprehensive investigation into the allegations.



Investigators began by conducting a detailed review of contracts and invoices submitted to DHHR for the supply of Covid testing materials. The contracts included a fee for the test kit and the subsequent laboratory testing for each kit plus the cost of shipping. While reviewing this data it became clear that one vendor located in the State of Florida was billing in amounts which far exceeded all others. Investigators narrowed the focus of the investigation in July of 2021 to this vendor whose billings were the most egregious. Investigators directed their efforts toward determining the manner contracts were awarded, inventory control processes, testing verification and the reporting of test results to the State of West Virginia.

A review of the vendor contract for the Florida vendor revealed that the State of West Virginia was pre-paying for laboratory analysis for each test kit purchased regardless of whether it was used or not. Tests results were also to be reported to DHHR for statistical purposes and the tracking of outbreak patterns. Investigators determined that the number of test kits being submitted for laboratory analysis were far less than the number the State had prepaid for.

Investigators conducted interviews with DHHR employees, local health department officials, school officials, pharmacy managers, and local EMS entities seeking information regarding how the Covid testing program had been administered and managed. Investigators

also travelled to other states to conduct interviews with individuals associated with the sale and testing of Covid test kits.

During visits to various sites in West Virginia investigators documented surplus amounts of Covid testing materials at numerous locations and determined there was not a universal method for ordering or maintaining inventory of Covid testing materials. Many parties interviewed described large quantities of testing materials arriving at their facilities which were not needed and had not been requested.

Investigators came to the following conclusions regarding the Florida vendor with the most egregious billing practices.

- Test kits were priced at \$80 per kit plus shipping cost. The cost was comparable to other vendors. The important distinction being other vendors only billed for Covid test kits that were used and sent for laboratory analysis.
- It was questionable if the number of test kits billed for by the vendor were ever delivered to the State of WV and DHHR.
- There was no logical correlation between the number of Covid test kits being invoiced and the number of completed tests reported to DHHR.

Through interviews with DHHR officials it was determined that the Deputy Director of WV DHHR'S Office of Threat Preparedness, Timothy Priddy was the official responsible for the oversight of contracts and payment of invoices associated with the Covid testing programs. In his capacity Mr. Priddy either authorized or directed the authorization of payments to the Florida vendor determined to have the most egregious billing practices.

Despite evidence to the contrary, Mr. Priddy told federal investigators and a federal grand jury that he had verified invoices being submitted by the vendor and that he had verified receipt of Covid test kits at various levels of distribution. The United States Attorney's Office for the Southern District of WV reviewed the evidence collected during the investigation. The US Attorney's Office determined that based on the false information provided by Mr. Priddy it would be difficult to pursue criminal charges against the Florida vendor. This was due in large part to the fact that any information provided by Mr. Priddy would not be considered credible.

Mr. Priddy was indicted on four charges including lying to the FBI and the federal grand jury. The indictment cited nearly \$45 million dollars in invoices submitted by the Florida vendor to the WV DHHR. The invoices were for a total of 500,000 Covid test kits while the same company had only provided the State of West Virginia with test results for 50,000 test kits between 2020 and 2022. Mr. Priddy had individually approved payment of 13 invoices totaling \$34 million dollars to the vendor.

Mr. Priddy pled guilty to a federal court on January 22, 2024, of making a false statement to federal investigators. While the investigation did not show any collusion between Mr. Priddy and the vendor, United States Attorney Will Thompson concluded that Mr. Priddy, "Lied to hide his own dereliction of duty."

Mr. Priddy was sentenced on May 13, 2024, to one year of probation by US District Judge Thomas E. Johnston.

Two significant conclusions can be drawn from the investigative efforts of CSI staff and federal investigators:

- WV Officials should have never entered a contract requiring prepayment for laboratory services connected to individual test kits. The purchases were made during a period of emergency declaration. However, DHHR officials should not have abandoned basic purchasing guidelines. It should be recognized that agreeing to pay in advance for services that may never be used only invites unscrupulous vendors to inflate invoice quantities to profit from the negligence of state officials.
- DHHR officials never established any method of accounting for the receipt, distribution, use, and testing of individual Covid test kits. Despite glaring discrepancies in the number of individual tests being billed versus the number of test results being provided to DHHR by this Florida vendor no effort was made to further review the processes in place or the contractual agreements.

PRESS RELEASE

Former West Virginia Official Pleads Guilty to Making False Statement

Monday, January 22, 2024

For Immediate Release

U.S. Attorney's Office,
Southern District of West Virginia

CHARLESTON, W.Va. - Timothy Priddy, 49, of Buffalo, West Virginia, pleaded guilty today to making a false statement. Priddy admitted that he lied to federal investigators about the verification of invoices for COVID-19 testing that he certified while an official with the West Virginia Department of Health and Human Resources (WVDHHR).

According to court documents and statements made in court, on August 2, 2022, Priddy was director of WVDHHR's Center for Threat Preparedness when he was interviewed by federal agents. Priddy had previously been deputy director, and his duties in that position had included reviewing and verifying the accuracy of certain invoices submitted to WVDHHR by vendors supplying COVID-19 testing and mitigation services prior to certifying the invoices for payment. The agents asked Priddy about invoices submitted by a particular vendor that had billed the State of West Virginia for tens of millions of dollars for COVID-19 testing and related services.

Priddy admitted that he knew the agents were investigating the vendor for suspected fraudulent billing, and that information relative to the invoices and subsequent payment was material to that investigation. One series of invoices of interest to the federal investigation related to a COVID-19 testing program for K-12 students, faculty and staff returning to school after the winter holiday break. Priddy certified the K-12 testing program invoices without making any effort to verify their accuracy. Priddy falsely told the agents that he certified the invoices only after two individuals working with the K-12 testing program verified the invoices involved. Priddy admitted that he knew that statement was false. "After completely failing to verify invoices seeking tens of millions of public dollars, Mr. Priddy significantly affected an important investigation into that spending with his false statement," said United States Attorney Will Thompson.

Priddy is scheduled to be sentenced on May 9, 2024, and faces a maximum penalty of five years in prison, three years of supervised release, and a \$250,000 fine.

Thompson made the announcement and commended the investigative work of the Federal Bureau of Investigation (FBI), the U.S. Postal Inspection Service, the Internal Revenue Service- Criminal Investigation (IRS-CI), and the West Virginia Legislature's Commission on Special Investigations.

"No matter your job or status in the community, it is a federal crime to lie to the FBI," said acting Special Agent in Charge Mike Shanahan. "Priddy lied to the FBI during a critical moment in the investigation. This conviction should serve as a reminder that those who lie to federal agents will face serious criminal consequences for their actions."

Chief United States District Judge Thomas E. Johnston presided over the hearing. Assistant United States Attorneys Joshua Hanks and Holly Wilson are prosecuting the case.

A copy of this press release is located on the website of the U.S. Attorney's Office for the Southern District of West Virginia. Related court documents and information can be found on PACER by searching for Case No. 2:23-cr-162.

PRESS RELEASE

Former West Virginia Official Sentenced for Making False Statement

Monday, May 13, 2024

U.S. Attorney's Office,
Southern District of West Virginia

For Immediate Release

Defendant Approved Payments Exceeding \$34,000,000 for COVID-19 Services Without Verifying Vendor's Invoices

CHARLESTON, W.Va. — Timothy Priddy, 49, of Buffalo, West Virginia, was sentenced today to one year of federal probation for making a false statement. Priddy admitted that he lied to federal investigators

about the verification of invoices for COVID-19 testing that he certified for payment while an official with the West Virginia Department of Health and Human Resources (WVDHHR).

According to court documents and statements made in court, in the summer of 2021, a federal investigation was initiated to determine whether the State of West Virginia had been defrauded of federal funds allocated for COVID-19 testing and mitigation services. Investigators focused on one vendor that had submitted invoices approved by Priddy for payments exceeding \$34,000,000. Priddy approved the invoices while deputy director of WVDHHR's Center for Threat Preparedness. The vendor submitted the invoices under WVDHHR programs for providing COVID-19 testing services to West Virginia schools and Emergency Medical Services providers.

On August 2, 2022, federal agents interviewed Priddy, who by then was director of the Center for Threat Preparedness, at his WVDHHR office. Priddy explained in detail how he and WVDHHR staff would verify the invoices before approving them. Priddy's explanation was false. Neither Priddy nor other WVDHHR staff ever verified the invoices before Priddy approved payment.

On September 8, 2022, Priddy testified before a federal grand jury and repeated his false claim of having personally verified or directing WVDHHR staff to verify the invoices prior to approving payment.

Priddy's false statements made it difficult, if not impossible, for investigators to ascertain whether the vendor had provided the services for which it had been paid. The investigation continued for over two years, requiring the expenditure of tremendous manpower and other resources. Investigators found no evidence that Priddy colluded with the vendor or received financial or other personal benefits in exchange for approving the vendor's invoices.

"The investigation revealed Mr. Priddy's appalling failure to make any effort to assure that public funds were properly expended," said United States Attorney Will Thompson. "Significant questions remain regarding the legitimacy of the vendor's invoices, but there is no evidence that Mr. Priddy lied to protect the vendor or further its business. Instead, it appears that Mr. Priddy lied to hide his own dereliction of duty."

Thompson made the announcement and commended the investigative work of the Federal Bureau of Investigation (FBI), the U.S. Postal Inspection Service, the Internal Revenue Service-Criminal Investigation (IRS-CI), and the West Virginia Legislature's Commission on Special Investigations.

"Shamelessly manipulating financial relief systems for personal gain, lying about it despite being given ample opportunity to tell the truth, and doing so while being in a position that is supposed to serve the best interests of the public is something the FBI will not stand for," said FBI Pittsburgh Special Agent in Charge Kevin Rojek. "The FBI and our partners stand firm in our resolve to root out financial fraud and abuse, no matter who the individual is or what position they may hold."

Chief United States District Judge Thomas E. Johnston imposed the sentence. Assistant United States Attorneys Joshua Hanks, Holly Wilson and Kathleen Robeson and former Assistant United States Attorney Philip Wright prosecuted the case.

A copy of this press release is located on the website of the [U.S. Attorney's Office](#) for the Southern District of West Virginia. Related court documents and information can be found on [PACER](#) by searching for Case No. 2:23-cr-162.

ACKNOWLEDGEMENTS

The Commission on Special Investigations receives information from a variety of sources, both public and private. CSI solicits and accepts information of potential wrongdoing from individual citizens, governmental employees and governmental agencies, many of whom do so at substantial personal risk. Absent this assistance, it would be difficult for the Commission to perform its duties.

While we recognize the contributions to CSI efforts made by various County Prosecuting Attorneys, United States Attorneys and Assistant United States Attorneys, Federal Special Agents, State Troopers, Sheriffs and their Deputies and local police agencies, there have been some who have provided extraordinary assistance to us over the past year that significantly aided in the successful investigation and prosecution of important matters. Due to the ongoing nature of some investigations, and the need to protect the confidentiality of some who have worked closely with CSI, we cannot acknowledge every individual by name; however, we would like to acknowledge the contributions of those listed on the following pages.



INDIVIDUAL ACKNOWLEDGEMENTS

William Ihlenfeld II, US Attorney, NDWV

William Thompson, US Attorney, SDWV

Holly J. Wilson, Assistant US Attorney, SDWV

Joshua Hanks, Assistant US Attorney, SDWV

Kathleen Robeson, Assistant US Attorney, SDWV

Philip Wright, former US Attorney, SDWV

SA Jim Lafferty, FBI

Warden Shelby Searles, Huttonsville Correctional Center

Jack Luikart, Director, WV Fusion Center

Leah Capehart, Analyst, WV Fusion Center

**Jason Graves, Deputy Director, WV Board of Barbers and
Cosmetologists**

Corporal A. B. Ward, WV State Police

Corporal C. J. Eastridge, WV State Police

SA Brian Whitley, US Internal Revenue Service

SA Jeff Goode, US Internal Revenue Service

SA Andrew Hayden, US Department of Homeland Security

SA Seth Summers, US Postal Service, Postal Inspector

AGENCY RECOGNITION

Brooke County Prosecutor's Office

Brooke County Sheriff's Department

Federal Bureau of Investigation

Kanawha County Sheriff's Department

Kanawha County Commission

Monongalia County Prosecutor's Office

Public Employees Insurance Agency

Putnam County Sheriff's Department

Putnam County Commission

Upshur County Prosecutor's Office

US Attorney's Office – Northern District of WV

US Attorney's Office – Southern District of WV

US Department of Education-OIG

US Homeland Security

US Internal Revenue Service

US Postal Inspector

WV Consolidated Retirement Board

WV Division of Corrections and Rehabilitation

WV Fusion Center

WV Higher Education Policy Commission

WV Probation and Parole

WV State Auditor's Office

WV State Treasurer's Office

West Virginia State Police



