

***WEST VIRGINIA LEGISLATURE'S  
COMMISSION ON SPECIAL INVESTIGATIONS***

**43rd ANNUAL REPORT**

*July 1, 2022 - June 30, 2023*



**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 28 to 46 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: 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.



# Commission Membership

*JULY 2022 - APRIL 2023*

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

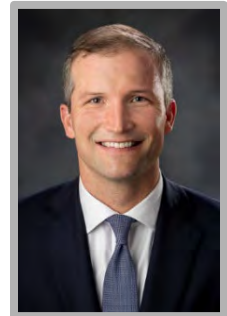


**Roger Hanshaw (R)**  
**House Speaker**  
Co-Chairman  
Joined the Commission-2018



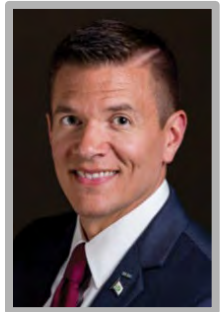
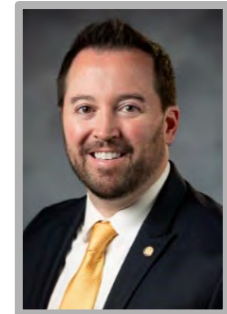
**Charles Trump IV (R)**  
Member 1993-2007  
Reappointed-2015

**Moore Capito (R)**  
Joined the Commission-  
2019



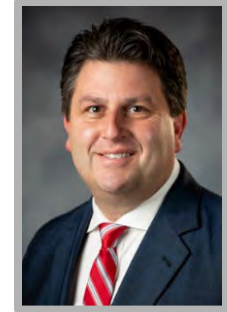
**Michael Woelfel (D)**  
Minority Leader  
Joined the Commission-  
2015

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



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

**Doug Skaff Jr. (D)**  
Minority Leader  
Joined the Commission-  
2021



**Mike Stuart (R)**  
Joined the Commission-  
2023

**Brandon Steele (R)**  
Joined the Commission-  
2021



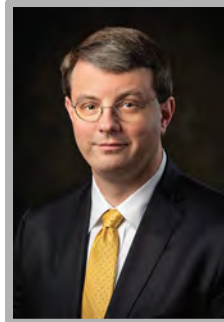
# Commission Membership

*May 2023 – June 2023*

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

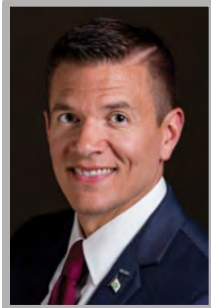
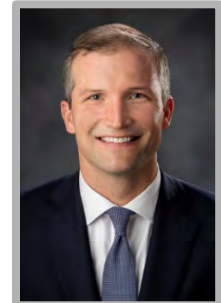


**Roger Hanshaw (R)**  
**House Speaker**  
Co-Chairman  
Joined the Commission-2018



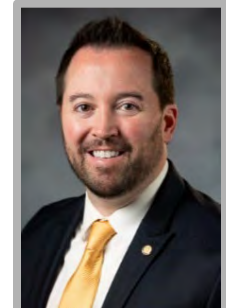
**Charles Trump IV (R)**  
Member 1993-2007  
Reappointed-2015

**Moore Capito (R)**  
Joined the Commission-  
2019



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

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



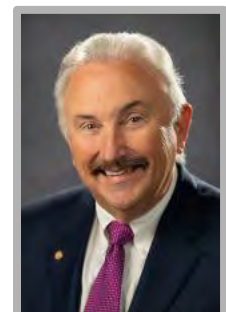
**Mike Caputo (D)**  
Joined the Commission-  
2023

**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 both large municipal police departments, the 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***

**37 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**



***James S. Powers, Deputy Director (2014-2022)***  
***Investigator (2023)***

***Joined CSI – 2002***

**46 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**



**Jeff Shriner, Senior Investigator (2017-2023)  
Deputy Director (2023)**

**Joined CSI – 2017**

**33 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**



**Michael Robinson, Senior Investigator**

**Joined CSI – 2015**

**33 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, Investigator***

***Joined CSI – 2019***

**29 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, Investigator***

***Joined CSI – 2019***

**32 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***

**37 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***

**31 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***

**28 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***

**38 years Professional Experience**

**WV State Police Administrative  
Assistant**

**WV Supreme Court Certified Court  
Reporter**

## Commission Staff – *New Investigators*



Pat Boone joined CSI as an investigator in December 2021. He previously served 27 years with the Kanawha County Sheriff's Office and was also a Fraud Investigator for the WV State Auditor's Office.

Before retiring with the rank of Captain from the Kanawha County Sheriff's Office Investigator Boone performed police administration and supervision as Division Commander and Shift Commander. Additionally, he worked as a Detective assigned to the Metropolitan Drug Enforcement Network Team (MDENT) performing drug interdiction and investigation. Subsequently he was employed as a Fraud Investigator with the Public Integrity & Fraud Unit of the WV State Auditor's Office where he

conducted criminal investigations of state, county, and municipal agencies.

Investigator Boone is a graduate of West Virginia State University and the West Virginia State Police Academy.

Sean Wolfe joined CSI in May of 2023 after 25 years of service with the West Virginia State Police. Throughout his law enforcement career, he achieved promotion and served as Detachment Commander, Ripley Detachment, and First Sergeant assigned to the Bureau of Criminal Investigations, a specialized unit within the WVSP. Investigator Wolfe was awarded Trooper of the Year in 1999 in addition to receiving numerous WVSP commendations during his service.



Investigator Wolfe was detailed as a Senior Investigator to the United States Attorney's Office, Southern District of West Virginia, and is a recipient of the United States Attorney's Office Law Enforcement Award.

Investigator Wolfe attended the University of Tennessee Chattanooga and the West Virginia State Police Academy.

# ACTIVITIES OF THE COMMISSION

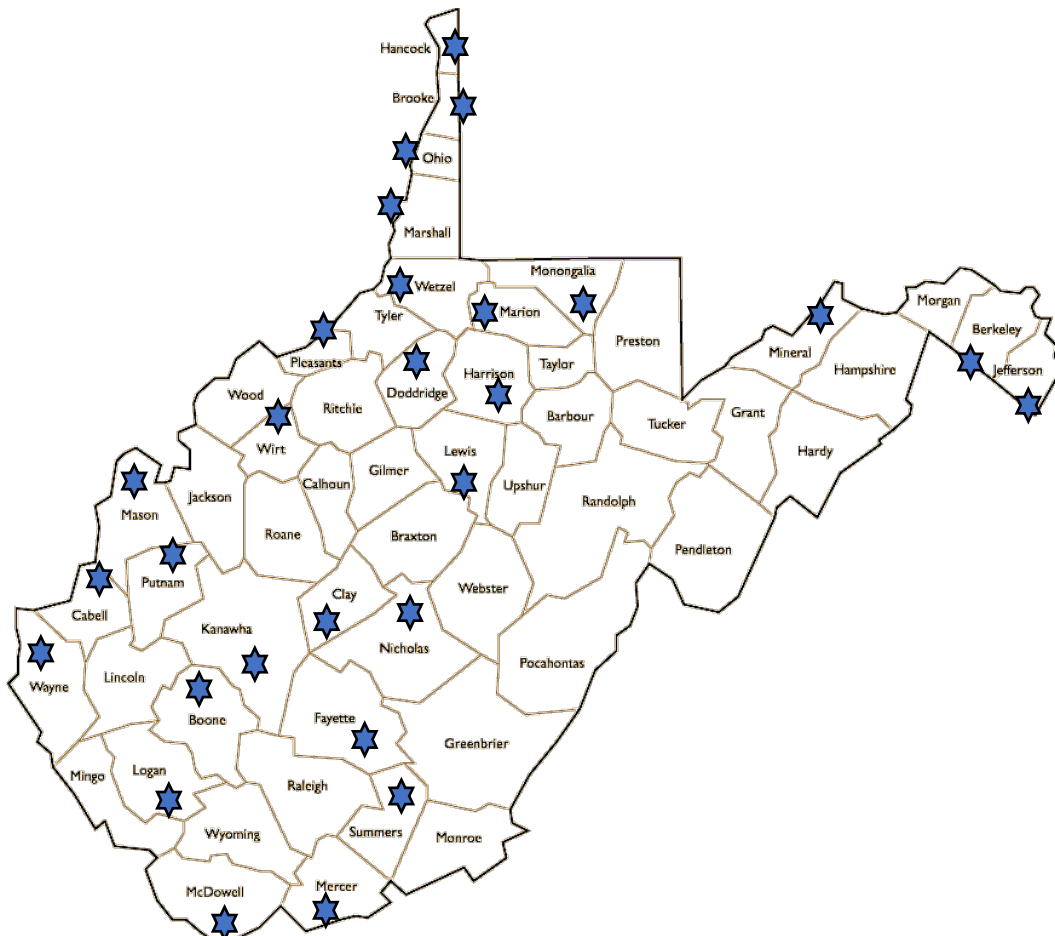
July 1, 2022 - June 30, 2023

The Commission on Special Investigations met in Executive Session on five occasions during the 2022 fiscal year. The Commission authorized the opening of 23 new cases. The Commission authorized the closure of 22 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 2022 fiscal year, CSI Investigators worked in 28 of the state's 55 counties. The following counties were visited by CSI Investigators during the last fiscal year while conducting investigations.

- |           |           |            |           |
|-----------|-----------|------------|-----------|
| Berkeley  | Hancock   | Marshall   | Ohio      |
| Boone     | Harrison  | Mason      | Pleasants |
| Brooke    | Jefferson | McDowell   | Putnam    |
| Cabell    | Kanawha   | Mercer     | Summers   |
| Clay      | Lewis     | Mineral    | Wayne     |
| Doddridge | Logan     | Monongalia | Wetzel    |
| Fayette   | Marion    | Nicholas   | Wirt      |







### **Abandoned Mine Lands – Grant Fraud**

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). 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, Boone County, 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.

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 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 an 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 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 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 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. He is scheduled to be sentenced on October 12, 2023, by US District Judge Irene C. Berger. Mr. Elkins faces a maximum penalty of 10 years in prison, three years of supervised release, and a \$250,000 fine. He will also owe \$94,197.93 in restitution.



## PRESS RELEASE

### **Former WVDEP Official Pleads Guilty to Theft of Federal Grant Funds**

Friday, June 2, 2023

#### **For Immediate Release**

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

CHARLESTON, W.Va. – Jerry D. Elkins, 54, of Danville, West Virginia, pleaded guilty to 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).

According to court documents and statements made in court, from on or about April 2017 until on or about August 7, 2019, Elkins assisted an individual, A.K., and his company apply for and obtain an AML sub-grant. Thereafter, Elkins 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.

The DEP receives grant funding from the United States Department of the Interior Office of Surface Mining Reclamation and Enforcement (OSMRE) for accelerating the remediation of AML sites with economic and community development end uses. Since 2018, West Virginia has received \$25 million in AML 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.

On February 21, 2017, the DEP hired Elkins as a regional planner. Elkins' duties included reporting to the DEP whether certain project proposals being reviewed for AML sub-grant awards were suitable and appropriate for the reclamation of old mining areas. Prior to joining the DEP, Elkins became acquainted with A.K, who resided outside of West Virginia and controlled various corporate entities. Elkins and A.K. had discussed A.K.'s intent to apply to the DEP for AML grants.

In the summer of 2017, A.K. and one of his companies applied for a DEP AML pilot program sub-grant, with a proposal to construct and operate a greenhouse that would produce commercial quantities of vegetables and fruits at a project site near Madison, West Virginia (the Greenhouse Project). Leading up to when A.K. applied for the sub-grant, Elkins agreed to assist A.K. with developing and submitting the Greenhouse Project application. A.K. compensated Elkins for those services.

Between on or about April 2017 and January 12, 2018, while Elkins was employed as a DEP regional planner, Elkins assisted A.K. and his company by collecting water samples, providing contacts for public support, offering his opinion and suggestions for improving the sub-grant application, and continuously monitoring the application's status. Elkins admitted that he also contacted an individual to write the Greenhouse Project grant proposal for A.K., which was outside the scope of Elkins' duties as a regional planner. Elkins also provided that individual with edits to the grant proposal. Elkins further admitted to enlisting two other local individuals to work with A.K. and serve as officers in one of A.K.'s companies.

In November 2017, Elkins submitted a report for A.K.'s project site, which was a prerequisite for A.K. to receive federal funds. In December 2017, Elkins told A.K. that Elkins would approve the proposed project site.

Elkins continued to assist A.K. after he was transferred from the regional planner position to construction inspector on January 12, 2018. Elkins' duties as construction inspector included overseeing the later phases of AML projects, such as construction and earth moving. Elkins admitted that throughout July 2018, he communicated extensively via text messages with A.K. and other individuals associated with the Greenhouse Project about internal DEP deliberations and provided suggestions regarding the sub-grant. Elkins further admitted to pledging to undertake certain actions and make contacts on behalf of A.K.

In August and September 2018, Elkins registered a limited liability company, 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 A.K. Elkins admitted that Wanaque had no other legitimate business purpose besides receiving funds from A.K. and A.K.'s companies. Elkins further admitted that he directed the creation of a third-party pay-bill account through Bill.com, a cloud-based payments platform, that was used to send invoices from Wanaque to companies under A.K.'s control.

From about October 19, 2018, through about August 7, 2019, Wanaque received \$94,197.93 in electronic fund transfers and checks from A.K. and his companies. Elkins admitted that the \$94,197.34 originated from the Greenhouse 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 A.K. 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.

Elkins is scheduled to be sentenced on October 12, 2023, and faces a maximum penalty of 10 years in prison, three years of supervised release, and a \$250,000 fine. Elkins also owes \$94,197.93 in restitution.

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, the West Virginia Commission on Special Investigations and the West Virginia Department of Environmental Protection.

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.

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### **WV Army National Guard / State Purchasing Division - Fraudulent Scheme**



The WV Commission on Special Investigations is often called upon by state agencies when suspected fraudulent activity has occurred. In July of 2022, CSI was contacted by the WV State Agency for Surplus Property located in Dunbar. The Surplus Property Agency is responsible, in part, for the sale of state surplus property which is no longer in use by state agencies. In April of 2022, the WV Army National Guard deemed certain pieces of scrap material and surplus vehicles as unneeded but suitable to be sold at auction. The surplus equipment was stored on the former Hobet mining site in Boone County. The surplus property was listed for sale on the website govdeals.com by the WV Agency for Surplus Property.

The successful bidder for a 1999 GMC maintenance truck was identified as Carl Teel. Mr. Teel was a regular bidder and purchaser of state surplus property. Mr. Teel purchased the GMC maintenance truck for \$1,776.00 which he paid in full. Of concern to the surplus division was that Mr. Teel removed the truck from the Hobet mine site without notifying WVANG officials or completing the necessary paperwork prior to taking possession of any surplus property. They also noted that because of Mr. Teel's past transactions with state surplus officials, he was aware of the proper procedures. Mr. Teel advised he removed the truck prematurely to prevent it from being tampered with. State surplus officials considered Mr. Teel's actions to be suspicious.

Initially, Mr. Teel was the unsuccessful bidder on several other pieces of equipment after being outbid. The winning bidders, however, withdrew their offers resulting in Mr. Teel being awarded the successful bid for a lot of equipment for scrap materials and a Caterpillar D8 bulldozer. Mr. Teel paid \$6,678.00 for the lot of scrap material. He was also awarded and accepted the D8 dozer for \$25,000.00— his original bid amount— which he never paid. Mr. Teel was required to pay in full and take possession of the property by June 27<sup>th</sup> from the Hobet mine site. Mr. Teel reported to state surplus officials that when he went to retrieve the items on June 24<sup>th</sup>, the items had been “stolen.”

Mr. Teel was offered a refund of \$6,678.0— the amount paid for the scrap material. He declined the refund and advised state surplus officials he did not believe he was due a refund since he failed to pick up the items in a timely manner. Mr. Teel declining his refund of the bid amount was another red flag for state surplus officials.

CSI Investigators visited the Hobet mine site and conducted interviews with contractors working in the area. The investigators were able to construct a timeline of when the materials were removed from the mine site and developed a potential link to a trucking firm that hauled the materials from the site. Investigators contacted the owner of the trucking company who confirmed that he had removed the property from the Hobet mine site. The trucking company was cooperative with investigators and advised most of the material was in storage on their property.

Investigators visited the location in Kanawha County where the scrap material and D8 dozer were stored. The items were confirmed to be the same items auctioned by state surplus and awarded to Mr. Teel prior to being photographed. All items were accounted for except a Champion grader and John Deere loader which had already been dismantled and scrapped. The investigators determined the Caterpillar dozer, previously identified in auction records as a D8 model, was, in fact, a Caterpillar D7 model dozer.

Investigators learned through subsequent interviews that Mr. Teel had arranged with the owner of the trucking company to remove the scrap materials. Mr. Teel then sold the scrap material to the truck owner for \$7,678.00. The truck owner believed Mr. Teel purchased the items from state surplus and had ownership of the items stored on his property. The truck owner never knew the Caterpillar D7 bulldozer had not been paid for by Mr. Teel. Mr. Teel attempted to sell the dozer to the trucking company owner for \$26,000.00 but the offer was declined because he thought the price was too high.

When Mr. Teel was interviewed by CSI Investigators, he initially maintained the items had been stolen and he did not know their whereabouts. When confronted with further evidence, Mr. Teel admitted he arranged for the trucking company to remove the surplus property from the Hobet mine site and arranged to have it stored on their property. Mr. Teel admitted he sold the scrap material to the trucking company owner but could not find a buyer for the dozer. Mr. Teel reported the dozer had been stolen to state surplus officials, even though he knew the trucking company was storing it, because he did not have the funds to pay for it. Mr. Teel’s failure to pay by the June 27<sup>th</sup> deadline would have caused him to incur a 40%

rebid penalty and be suspended from participating in future state surplus auctions. Mr. Teel told investigators he had hoped to secure funding for the dozer and settle the matter later or continue to let state officials believe the dozer had been stolen while maintaining possession of it.



Mr. Teel was arrested by the WV State Police on a felony fraudulent scheme charge based on a criminal complaint prepared by CSI investigators. In June of 2023, Mr. Teel entered a plea in Kanawha County Magistrate Court to one count of Providing a False Statement to a Member of the Commission on Special Investigations and one misdemeanor count of Fraudulent Scheme. Mr. Teel received a suspended sentence of one year in jail and one year of unsupervised probation. In addition, he was ordered to pay \$340.50 in fines and \$400 in restitution to the state.

The State Surplus Property Agency was able to auction the Caterpillar D7 dozer following the conclusion of this case. The D7 dozer sold for \$17,000.00.

### **Forest Hills Volunteer Fire Department – Embezzlement**

The Commission on Special Investigations was contacted in December of 2019 by the Summers County Prosecuting Attorney Kristin Cook. Prosecutor Cook advised that her office had received a complaint of embezzlement within the Forest Hills Volunteer Fire Department and requested CSI investigate.



CSI Investigators learned that Matthew Stalnaker, the Chief of the Forest Hills VFD, had been serving as Chief since 1996. Stalnaker was accused of using fire department equipment for personal gain. Complainants advised the Forest Hills VFD purchased a Dodge truck in 2018 for the purpose of hauling fire equipment to battle brushfires. Chief Stalnaker took control of the truck when it was purchased and had sole possession of it from 2018 to 2021. Prior to taking possession of this truck, it was alleged that Chief Stalnaker and his family had used a VFD owned Ford Expedition as a personal vehicle. The Ford Expedition was described as completely worn out. The VFD traded the Ford Expedition to an individual who intended to use it for parts.

Investigators were advised Chief Stalnaker had a VFD issued credit card which had recently been cancelled due to excessive purchases. Chief Stalnaker had also failed to provide receipts to the department treasurer to reconcile the credit card account. It was established that VFD bylaws required all purchases over \$500.00 be approved by vote of the membership.

It was further alleged that Chief Stalnaker was using fire department lawn equipment and a trailer which he pulled with the VFD Dodge truck. The equipment was used as part of a lawncare business Chief Stalnaker had established. The equipment was used for personal gain as the lawnmowing service was not part of any activity sanctioned by members of the VFD.

Based upon the allegations and preliminary interviews Investigators sought and received financial records via subpoena and the Summers County Grand Jury. Review of the financial records revealed 73 credit card transactions for which no receipts were available. These purchases totaled \$4,143.68.

Review of the 2019 credit card transactions revealed 35 transactions for which no supporting documentation could be provided. These transactions totaled \$1,249.62. Investigators found that during 2018 the credit card assigned to Chief Stalnaker was used to purchase \$1,901.88 in fuel. In 2019 the total fuel purchases amounted to \$1,211.50. During the two-year period of 2018 to 2019 the credit card assigned to Chief Stalnaker was used to purchase a total of \$3,113.38 in fuel.

The investigation also established that Chief Stalnaker did use the Dodge truck for personal use. This included photographs of the vehicle at local sports fields and confirmation that Chief Stalnaker drove the truck frequently to his place of employment in Beckley WV. Review of State Inspection records assisted Investigators with establishing an approximate beginning mileage on the Dodge truck when obtained by the Forest Hills VFD. Investigators were able to inspect the truck upon its return to the custody of the VFD and estimated the truck was driven approximately 12,871 miles while in the possession of Chief Stalnaker. Emergency calls for service during this time did not support the amount of mileage driven in this nonemergency VFD truck.

The findings of the investigation were forwarded to the Summers County Prosecutor's Office for further action. Matthew Stalnaker pled guilty on September 9, 2022, to One Count of Misdemeanor Embezzlement and One Count of Providing a False Statement to a Member of the Commission on Special Investigations.

Matthew Stalnaker was sentenced on October 20, 2022 by The Honorable Judge Robert Irons to 5 years' probation and ordered to pay full restitution in the amount of \$5,393.00.





## Pleasants County Government – Embezzlement

The Commission on Special Investigations completed this investigation in 2022 and reported such in the 42<sup>nd</sup> Annual Report. The following previous report summary on this case is included to provide the reader with context for the sentencing of the defendant:

“In October of 2021, United States Attorney’s Office of the Northern District of WV contacted the Commission on Special Investigations of an ongoing investigation by the Office of Disciplinary Council (ODC) and the Judicial Investigation Commission (JIC) of a holiday program which involved donations in lieu of court fines. The ODC investigates complaints regarding violations of the Rules of Official Misconduct against lawyers licensed in the state of WV. The JIC investigates complaints against judges, magistrates, and family court judges.

The investigation was related to a program established by the St. Mary’s Police Department titled *Slow Down for the Holidays*. The purpose of the program was to obtain donations for local charitable organizations during the holidays. The idea of the program was to allow citizens who received citations for minor traffic violations could have the citations dismissed by the municipal court in exchange for gift cards or toy donations.

Investigators determined the program had expanded beyond St. Mary’s Municipal Court to the Pleasants County Magistrate Court. The expansion to magistrate court resulted in minor misdemeanor violations, such as *Driving Under the Influence*, being considered for dismissal in exchange for gift cards or gifts to the *Slow Down for the Holidays* program.

Once these practices were brought to the attention of JIC, two Pleasants County magistrates self-reported their involvement in dismissing criminal cases as part of the program. The JIC determined these actions were in violation of several Rules of Judicial Conduct. As a result, Magistrates Randy Nutter and Lisa Taylor were publicly admonished by the JIC. The magistrates, subsequently, resigned their positions.

CSI Investigators interviewed participants in the program and discovered that not only did participants supply gift cards, but in some cases, paid cash directly to the St. Mary’s Municipal Court. Investigators established there was inadequate oversight of the funds being collected and incomplete recordkeeping of how the funds, gift cards, and toys were distributed.

Investigators determined, through interviews and other related material, it was likely some of the gift cards may have been used by a city employee for personal gain. Investigators paired up with the FBI to conduct interviews and execute a search warrant at the residence of a city employee. Carolyn Kristie Taylor was employed as the Police Clerk for the city of St. Mary’s. In her position she would receive gift cards in connection with *the Slow Down for the Holidays* program. Taylor admitted she used gift cards to purchase gifts for her children but insisted she paid the face value on the cards to the city coffers. She later admitted using a \$500 and \$300 gift cards donated to the program for personal financial obligations.

In June of 2022, Ms. Taylor pled guilty in the United States District Court for the Northern District of West Virginia to *Perjury*. Ms. Taylor admitted she had lied to a federal grand jury about her use of gift cards received for the *Slow Down for the Holidays* program. Taylor faces up to five years of incarceration and up to a \$250,000 fine when she is sentenced.”

On January 8, 2023, the defendant in this case, Carolyn Kristie Taylor, was sentenced by the United States District Court for the Northern District of WV. Ms. Taylor was sentenced by The Honorable Judge John Bailey to three years of probation. No fines were imposed but Ms. Taylor was ordered to pay a \$100.00 assessment fee.

### **Kanawha Public Service District – Embezzlement**

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.

The case is pending in Kanawha County Circuit Court.

# Gazette Mail

A Pulitzer Prize-Winning Newspaper

## Former Kanawha PSD board member indicted on embezzlement, fraud, forgery charges

- By Lori Kersey lori.kersey@hdmediallc.com
- Jun 16, 2023

A former board member of the Kanawha County Public Service District faces felony charges for allegedly taking money and other property that belonged to the public service district for his own use.

John Edward Rubin, 69, of Hernshaw, was indicted on a total of 10 felony counts that include embezzlement, fraudulent schemes and forgery and uttering during Kanawha County Circuit Court's May term.

According to the indictment, Rubin embezzled more than \$1,000 from the public service district between June 2018 and March 2022 and forged orders from Johnstone Supply, a heating equipment supplier, totaling more than \$3,600.

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

Rubin is set to be arraigned at 1 p.m. on July 19 before Kanawha Circuit Judge Joanna Tabit.

Rubin did not return a call seeking comment.

### **Chesapeake Volunteer Fire Department - Embezzlement**



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 for future pending charges and indictments in Kanawha County Circuit Court.

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By WSAZ News Staff

*Published: Feb. 1, 2022 at 3:25 PM EST*

CHESAPEAKE, W.Va. (WSAZ) – The chief of a volunteer fire department, located in eastern Kanawha County, is facing embezzlement and grand larceny charges following an investigation by the West Virginia Legislature’s Commission on Special Investigations.

According to a criminal complaint, the fire chief of the Chesapeake Volunteer Fire Department is accused of embezzling \$4,500 under the guise of paying a utility bill.

Steven “PJ” Johnson, 50, of Chesapeake, West Virginia, has been charged with embezzlement and grand larceny, according to documents.

In August 2019, the West Virginia Legislature’s Commission on Special Investigations received a referral from the West Virginia State Fire Commission concerning the spending practices and use of taxpayer money by the Chesapeake Volunteer Fire Department.

According to a criminal complaint, in September of 2019, CSI petitioned the Kanawha County Prosecutor’s Office for the issuance of subpoenas for the bank records of the volunteer fire department, communication services and Johnson’s father the CVFD Board president.

In October 2019, CSI received account statements, signature cards, deposit slips, withdrawal slips, and checks related to the accounts from a bank.

Investigators say the statements showed the withdrawal and transfer of money from accounts under the disguise of a payment to AEP.

According to investigators, interviews revealed there was never an official treasurer for the fire department. Based on meeting minutes and interviews, the criminal complaint states that Johnson fulfilled the role for the department.

Chesapeake Mayor Paul Bradshaw said he was finding out about Johnson’s charges through WSAZ and shared this statement:

“The fire chief and and city are separate entities, and one doesn’t work for other. We’ve known for awhile they were looking into the fire department. This caught me off guard; I wasn’t expecting anything. This has nothing to do with the city so there’s no special meeting planned.”

Bradshaw also said the city doesn’t have the ability to remove Bradshaw from his position of chief and would need to be voted out by the Board of Directors with the fire department.

That de facto role included reporting to the board, promulgation of accounts payable, receipt of accounts receivable and more, officials report.

CVFD records show Johnson has held the position of chief since 2003.

# 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 page.



# INDIVIDUAL ACKNOWLEDGEMENTS

**William Ihlenfeld II, US Attorney, NDWV**

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**Jarod J. Douglas, Assistant US Attorney, NDWV**

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**S/A Rene Olivas, Office of Inspector General, Department of the Interior**

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**Detective J. A. Payne, Kanawha County Sheriff's Department**

**Sgt. Les Boytek, West Virginia State Police**

**Linda Lyter, Executive Director, WV Board of Funeral Service Examiners**

**SA Nefertiti Berhane, Office of Inspector General, U.S. Department of the Interior**

**John Frisby, WV Fusion Center**

**Donnie Herdman, WV Fusion Center, Narcotics Intelligence Coordinator**

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**Leah Capehart, WV Fusion Center, Intelligence Analyst**

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