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April 28, 2022

Robert. G. Anderson, Executive Director  
Mississippi Department of Human Services  
200 S. Lamar Street  
Jackson, Mississippi 39201

**RE: TANF Forensic Audit – Expanded Email Review**

Dear Mr. Anderson:

This letter communicates the results of an expanded email review requested by the Mississippi Department of Human Services (“MDHS”) after CLA completed its reports dated September 29, 2021 titled, *TANF Forensic Audit: Procedures and Results* and *TANF Forensic Audit: Findings of Possible Fraud, Waste & Abuse*.<sup>1</sup> The *Procedures and Results* report includes the details of CLA’s applied forensic audit procedures and the related results for the forensic audit of the TANF program from January 1, 2016 to December 31, 2019. The *Findings of Possible Fraud, Waste & Abuse* report includes details of transactions for the same period for which CLA identified evidence of possible fraud, waste, and abuse. A significant amount of information communicated in the *Findings of Possible Fraud, Waste & Abuse* report was gathered by CLA from its review of emails of the former Executive Director, John Davis. The emails of only the former Executive Director were reviewed during the forensic audit as listed in CLA’s scope of work. Upon receipt of CLA’s reports, MDHS requested that CLA conduct a review of additional emails saved by MDHS to a hard drive labeled “Emails from: Brett DiBiase, Teddy DiBiase, Heart of David, Zola Harralson.” Additionally, MDHS requested that CLA also review the emails of former MDHS employees Jacob Black, former Deputy Executive Director of Programs, and Garrig Shields, former Deputy Executive Director. The emails for these two individuals were extracted into PST files by Thomas Hederman, MDHS Director of Support Operations, under the supervision of CLA. Through this expanded email review, CLA identified additional potentially relevant information, which MDHS requested be communicated via this letter. The results of this expanded email review are communicated in four separate sections as follows:

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<sup>1</sup> Throughout this report, the *TANF Forensic Audit: Procedures and Results* report is referred to as the *Procedures and Results* report. The *TANF Forensic Audit: Findings of Possible Fraud, Waste & Abuse* report is referred to as the *Findings of Possible Fraud, Waste & Abuse* report.

- A. Information that amends the *Findings of Possible Fraud, Waste & Abuse* report
- B. Information regarding the involvement of former MDHS employee Jacob Black in certain transactions discussed in either of CLA's Forensic Audit reports
- C. MCEC may not have disclosed to MDHS Representatives the fact that the lease agreement between MCEC and the University of Southern Mississippi Athletic Foundation included a \$5 million payment
- D. Other potentially relevant information identified through the extended email review
- E. Excessive travel costs

The relevant email communication identified and discussed in this letter are attached as Exhibits and referenced in the detailed sections included below.

**A. Information that amends the *Findings of Possible Fraud, Waste & Abuse* report**

- 1. Payment of \$250,000 disbursed by the Family Resource Center on August 28, 2017, may have been made to Ted DiBiase, Sr. and not to Ted DiBiase, Jr.**

Page 40 of the *Findings of Possible Fraud, Waste & Abuse* report lists a payment of \$250,000 to Ted DiBiase, Jr. by the Family Resource Center ("FRC") on August 28, 2017. The explanation provided by FRC addressed this payment to Ted DiBiase as if it were part of the scope of work that listed Priceless Ventures, serving as the "Leadership Outreach Coordinator."<sup>2</sup> Priceless Ventures was formed as a Limited Liability Company in the state of Mississippi on May 11, 2017, listing Ted DiBiase, Jr. as the manager. Additionally, the OSA Single Audit report grouped this payment within FRC payments to Priceless Ventures. Due to the association made by FRC of this payment to the contract with Priceless Ventures, CLA categorized this payment as having been made to Ted DiBiase, Jr.

Summary of New Information

Based on the content of the following email communications identified, it appears the payment was possibly made to Ted DiBiase, Sr. and not Ted DiBiase, Jr.

- a) On August 16, 2017, Amy Harris, Special Projects Coordinator for FRC, emailed Ted DiBiase, Sr. at tdib3@comcast.net, with a copy to Garrig Shields; Christi Web, FRC Executive Director; and Nancy New, Mississippi Community Education Center ("MCEC") Executive Director.<sup>3</sup> The email stated, "Mr. DiBiase: Please review this contract and let me know if you have any questions or suggested changes to the language. If it [sic] meets with your approval, please sign and return to me via email and I will circulate for signatures of Nancy and Christi."<sup>4</sup>

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<sup>2</sup> Check does not indicate Sr. or Jr. after the payee's name. As the back of the check was not included with the check images included in the bank statements provided by FRC, CLA is unable to review the endorsement signature or identify an account number into which this check was deposited.

<sup>3</sup> This email was identified within the emails of Garrig Shields.

<sup>4</sup> Source emails quoted in this report may contain spelling or grammatical errors in their original form. To the extent that a quoted email contains a grammatical or spelling error, CLA included "[sic]" after the error to convey that the error was not edited. In an

Attached to this email was a document titled "INDEPENDENT CONTRACTOR AGREEMENT- Ted DiBiase, Sr." The attached document was an unsigned contract between Families First for Mississippi ("FFM") and DiBiase Development, LLC ("DD"). The contract stated, "FFM shall provide a retainer in the sum of \$250,000 to DD, for services to begin on August 1, 2017, and end on July 31, 2018. DD will provide services as a Motivational Speaker." The signature line of the contract listed Ted DiBiase, Sr. as president of DiBiase Development, LLC. Exhibit 01 contains both the email and the attachment. Ted DiBiase, Sr. forwarded this email and attachment to his sons, Ted DiBiase, Jr. at ted@dofflin.com and Brett DiBiase at Brett.DiBiase@mdhs.gov, stating, "Look what I got today!" Exhibit 02 includes this email and attachment.<sup>5</sup>

- b) DiBiase Development LLC was created on July 31, 2017, and listed Ted M. DiBiase with an email address of tdib3@comcast.net. The Mississippi Secretary of State website lists the current status of DiBiase Development LLC as Dissolved. Exhibit 04 includes the Certificate of Formation and a printout of the current status.

Based on the email communication identified, and the information listed in the attached contract, it appears that the \$250,000 payment FRC made with check number 22521 on August 28, 2017, may have been made Ted DiBiase, Sr. and not to Ted DiBiase, Jr.

## 2. Garrig Shields directed FRC to hire Ted DiBiase, Jr (Priceless Ventures)

CLA's *Findings of Possible Fraud, Waste & Abuse* report, beginning on page 38, communicated a total of \$2.2 million paid to Priceless Ventures by FRC and MCEC. All payments made to Priceless Ventures were identified as potential fraud, waste, or abuse because of the undue influence and favoritism shown by John Davis to members of, or entities owned by, the DiBiase family.

### Summary of New Information

The following additional emails were identified.

- a) On May 8, 2017, Garrig Shields emailed Amy Harris, FRC employee, and copied Jacob Black. In this email he stated, "I spoke with Christie today about hiring a leadership training coordinator through FFRC for all of families first and for the rest of our partners apart [sic] of the gen+ initiative. We want to do an upfront cash advance for \$250,000 for June1-September 30. Then start with our federal fiscal year Oct 1 for \$250,000 a year from there on out... Is this something that will have to be approved by your board?" He then listed the contact information for Ted DiBiase, Jr. "ted@dofflin.com." Exhibit 05 includes this email.
- b) On May 9, 2017, Amy Harris responded that she would contact the leadership trainer that day. Harris mentioned that the board did not typically approve Families First hires, but if the funding had to be pulled from a different source, that would be a different story (Exhibit 06). The first payment FRC made to Priceless Ventures was for \$250,000 on June 1, 2017 (refer to page 35 and to table 11 of CLA's *Findings of Possible Fraud, Waste & Abuse* report).

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effort to not overuse "[sic]," punctuation errors were not similarly identified and were only identified if CLA considered that the error would likely cause confusion to the reader.

<sup>5</sup> For reference, Exhibit 03 includes an email communication from Ted DiBiase, Sr. using the email address tdib3@comcast.net dated July 4, 2017. This email provides evidence that the email address is that of Ted DiBiase, Sr.

- c) On April 12, 2018, Amy Harris emailed to John Davis a copy of the fully executed contract with Priceless Ventures effective June 1, 2017, to September 30, 2017. The email had the subject line "Ted DiBiase, Jr. contract attached." This contract has an effective date that corresponds to the timing discussed in bullets a) and b) above. Exhibit 07 contains this email.

FRC communicated that it had begun to attempt to monitor the work performed by Priceless Ventures; however, it had been instructed by MDHS that MDHS itself would be monitoring the activities of Priceless Ventures and maintaining all necessary paperwork related to scope completion and activities. Refer to page 38 of CLA's *Findings of Possible Fraud, Waste & Abuse* report for a complete discussion regarding Priceless Ventures. The emails hereby identified provide additional context regarding the directions that FRC received concerning Priceless Ventures.

- 3. The grant budget provided to Jacob Black and Garrig Shields by Heart of David listed a budget of only \$405,000 with requested funding from MDHS (TANF grant) of \$250,000; nonetheless, John Davis requested MDHS staff increase the TANF grant award for Heart of David to \$500,000 to provide for a faith-based leadership component**

CLA's *Procedures & Results* report, beginning on page 112, reported that Heart of David received two grants from MDHS totaling \$1.7 Million for the period May 2017 to September 2019. CLA selected a sample totaling approximately \$640,938 in disbursements. The majority of the transactions tested were deemed unallowable due to insufficient documentation and CLA was unable to reach a conclusion on allowability for the remaining population of \$1,080,255. In the *Findings of Possible Fraud, Waste & Abuse* report, beginning on page 36, CLA identified the grants disbursed to Heart of David as the result of undue influence and favoritism shown by John Davis to the DiBiase family and organizations owned or founded by them.

#### Summary of New Information

The emails below provide additional context related to Heart of David's grant awards from MDHS.

- a) On March 2, 2017, Jacob Black emailed Nick Bridge to advise him of the name of a Heart of David representative, Jay Fielder. Of Heart of David he stated, "They currently run summer camps, coding classes, etc. using private money that they raise. We want to partner with them using TANF funds and Jay needs some help with what qualifies for TANF, a sample sub-grant scope that he can use to put theirs together, etc." Nick Bridge emailed to the Heart of David representative, as requested by Jacob Black, the scope of services for the project and described certain TANF prohibitions. He also attached subgrantee forms and the MDHS Subgrant Manual. Exhibits 08 and 09 include these emails.
- b) Between March 24, and April 14, 2017, there were email communications to Jacob Black and Garrig Shields from the Heart of David representative. These email communications contained attached proposed budgets listing a \$405,258 budget with approximately \$249,988 listed for federal (TANF) funding to start April 1, 2017. Exhibit 10 includes these emails and the respective attachments.
- c) On April 19, 2017, John Davis emailed Ted DiBiase, Jr., "I have my staff working on the scope you all submitted and requested that they go ahead and expand the leadership component as we discussed. I requested they increase the total award amount to \$500,000 to include the original proposal and the overall leadership development program into one grant." This email

is included here for context as Exhibit 11 and was mentioned in the *Findings of Possible Fraud, Waste & Abuse* report on page 49.<sup>6</sup>

- d) On September 29, 2017, an email from The Stephen Group indicated that a first meeting with Families First and Heart of David would provide an organizational structure from which they would continue to build (Exhibit 12). On October 2, 2017, The Stephen Group again emailed John Davis and Brett DiBiase regarding Heart of David taking the lead in putting together a faith-based initiative concept paper (Exhibit 13).
- e) On October 10, 2017, Brett DiBiase received an outline from The Stephen Group listing the resources that HOD would provide – coordinate faith community, recruit faith resources, referral agency (Aunt Bertha portal), track outcomes. Brett DiBiase forwarded the email to Ted DiBiase, Sr. and stated “heres the outline that John S did for yall.” He also forwarded the email to Melanie DiBiase and stated, “Mom here is the outline we just came up with for yall to have a great start on coming up with the first update of ideas.” Exhibit 14 contains these emails.
- f) On October 11, 2017, Brett DiBiase forwarded to Arlene Wilson, MDHS Staff Officer II, a document marked “draft” and titled “gen+ Faith Community Planning Outline for Heart of David (Miss Gen+ Faith Based Coordinator).” The draft document included bullet points on background, goals and outcomes, possible initiatives, strategies, and “faith into action.” This draft document was not the same as the one The Stephen Group had previously provided. Exhibit 15 includes this email.
- g) On October 23, 2017, Brett DiBiase received from Elizabeth Kriss, MDHS Workforce Development Division Director I, a “Faith Based Initiatives” template outlining details of the initiative and MDHS personnel responsible. Arlene Wilson was copied on this email. Some of the milestones listed included obtaining a list of all faith-based entities in each county, coordinating meetings with all faith-based leaders to assist them in collaborating and combining resources, and identifying all resources in each county to develop a working relationship between faith-based entities, state programs, and non-profit entities. Brett DiBiase forwarded this to The Stephen Group (Exhibit 16). The template provided by Elizabeth Kriss indicates that MDHS already had a plan in place for how it was going to execute a faith-based initiative internally.
- h) On October 24, 2017, The Stephen Group responded to Brett DiBiase’s email and stated, “Brett let’s talk today with John about this one. It seems as though they are looking to do a lot of the leg work that John is looking for HOD to do, versus working collaboratively with HOD and ensuring the connection to FFFM and making sure that HOD is doing what it is supposed to be doing in terms of meeting outcome measures.” Exhibit 17 contains this email.
- i) On November 15, 2017, John Davis emailed a group of MDHS employees that included Janet Mann, MDHS Chief Staff to the Executive Director; Dana Kidd, MDHS Director Economic Assistance; Bridgette Bell, and Nick Bridge. In this email, John Davis communicated that the meeting with Families First and Heart of David the day before went well. He also stated, “There are a couple of action items which will affect your divisions and I wanted to bring them to your attention. Specifically, I know that Chris has been working with you all to ensure our contracts have measurable goals and outcomes. I will ask him to continue his work as it relates

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<sup>6</sup> This email was included in the *Findings of Possible Fraud, Waste & Abuse* report as Exhibit 070.

to the gen+ Strategic Plan and look at what data measurements and outcomes MDHS is looking for as we move forward.” Exhibit 18 includes this email.

The above emails indicate that Heart of David estimated a TANF grant budget of \$250,000 to provide specific services listed within its proposed scope of work. However, John Davis increased the initial grant award to \$500,000 to add a component for “overall leadership development program,” which was not included in the scope of work for the first grant. For reference, the first grant awarded to Heart of David was increased to \$2,500,000 and then ultimately modified to \$1,500,000. The second grant agreement between MDHS and Heart of David, effective October 1, 2018, listed the following goals and objectives, “HOD’s programs and initiatives will establish a network of partnerships, services and resources throughout Mississippi communities for faith-based and self-activities.” The first grant agreement, effective from May 1, 2017, to September 30, 2018, made no mention of establishing a network of partnerships, services and resources for faith-based activities.<sup>7</sup> The emails above, all dated in 2017, demonstrate the discussion around Heart of David being the faith-based liaison for the FFFM initiative. The Stephen Group participated in those meetings and developed an outline to begin the brain storming process.

On page 50 of the *Findings of Possible Fraud, Waste & Abuse* report, CLA identified an email dated November 28, 2017, in which Nancy New stated she had terminated an individual’s involvement with all faith-based activities in order to hand those activities over to Heart of David. However, MCEC did not issue a payment to HOD around this time.<sup>8</sup> Exhibit 19 contains this email.<sup>9</sup> It is possible that faith-based initiatives were handed over to Heart of David by MCEC with the understanding that Heart of David would receive funding from MDHS. Heart of David’s funding was increased, according to email communications, to allow them to perform faith-based activities. However the performance of faith-based activities was not documented in the scope of work for the first grant. Furthermore, CLA’s testing revealed that a majority of the documentation reviewed through the forensic audit process was insufficient to determine how Heart of David’s expenses tested related to a TANF purpose.

#### **4. Grant modification and disbursements to Heart of David after retirement of John Davis**

As mentioned in number 3 above, Heart of David received grant payments of \$1.7 million from MDHS. The last disbursement to Heart of David while John Davis was still the Executive Director was in February 2019. In October 2019, after John Davis was no longer employed by MDHS, Heart of David received a disbursement of \$199,167 from MDHS.

##### Summary of New Information

Email communication was identified relating to the October 2019 disbursement.

- a) On August 23, 2019, Nick Bridge emailed Melanie DiBiase communicating only, “Please see attached letter.” The attached letter was addressed to Heart of David and signed by Christopher Freeze, Executive Director.<sup>10</sup> This letter communicated an extension of three

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<sup>7</sup> Although Heart of David was awarded two TANF grants, one for \$1,500,000 and a second for \$1,562,500, the actual amount paid to Heart of David from the two MDHS grants totaled \$1.7 million.

<sup>8</sup> HOD received only two payments from MCEC that totaled \$25,000 and were labeled donations. One payment was made on May 11, 2018, for \$15,000 and the second payment was made on May 14, 2019, for \$10,000.

<sup>9</sup> This email is included in the *Findings of Possible Fraud, Waste & Abuse* report as Exhibit 076.

<sup>10</sup> Christopher Freeze became the Executive Director of MDHS in August 2019.

months and a 25% budget increase: "Please let this letter serve as notification the Mississippi Department of Human Services (MDHS) intends to modify your current TANF subgrant agreement and extend the ending date from September 30, 2019, to December 31, 2019. Please submit a modified budget narrative reflecting an additional three (3) months of funds. Please note this amount should not increase more than twenty-five percent (25%)." Exhibit 20 includes this email and attachment.

Modification #1, for 2019 TANF grant number 6014990/6014991 effective October 1, 2018, through September 30, 2019, was executed on September 30, 2019, by Jacob Black. Modification #1 increased the grant amount from \$1,250,000 to \$1,562,500. Prior to the modification, MDHS had disbursed approximately \$520,833 to Heart of David for this specific grant. After Modification #1, a disbursement of \$199,167 was made. Total disbursed to Heart of David for this grant was \$720,000 less a reimbursement to MDHS by Heart of David for \$5,655. The reason for the time extension and increase to the grant amount is not evident from the email communication identified. This information is provided as context to the grant awards made to Heart of David by MDHS.

**B. Information regarding the involvement of former MDHS employee Jacob Black in certain transactions discussed in either of CLA's Forensic Audit reports**

**1. Jacob Black was involved with the procurement process that may have been manipulated and/or rushed to support the hiring of NCC Ventures**

Page 28 of the *Findings of Possible Fraud, Waste & Abuse* report provides evidence suggesting possible manipulation of the solicitation process for obtaining quotes/bids that led to the hiring of NCC Ventures by MDHS. Only three solicitations were sent out by MDHS, with two being sent to companies outside the state of Mississippi. The "Competitive Procurement Request Form" was completed and signed by John Davis on October 16, 2017 (Exhibit 21).<sup>11</sup>

Summary of New Information

Based on email communications identified, when the OSA inquired about the contract procurement process resulting in the hiring of NCC Ventures, a draft response by MDHS indicated that MDHS could not speak to why or how the three vendors were identified for consideration to provide services. A copy of the draft response was circulated to several MDHS employees, including Jacob Black, for review, but it appears that Jacob Black did not respond or provide relevant details concerning his involvement or knowledge of the procurement process. The following relevant emails were identified that provide evidence that Jacob Black had initial communications with Nick Coughlin (owner of NCC Ventures) and received from him the contact information for the two out-of-state vendors.

- a) On September 11, 2017, Jacob Black emailed Sandra McClendon, MDHS Director of Aging & Adult Services, to request that she coordinate a conference call with the appropriate federal oversight agency to discuss the "housing project as discussed with Nick Coughlin last week. I am interested in determining if there is any grants available for a project such as this." Exhibit 22 includes this email. On the same day, Jacob Black forwarded to Nick Coughlin forms to be completed for contracts such as the W-9, Debarment, and Minority Self Certification Form

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<sup>11</sup> This form was included as Exhibit 30 in the *Findings of Possible Fraud, Waste & Abuse* report.

- (Exhibit 23). These emails show that Jacob Black was involved from the beginning in the procurement of services from NCC Ventures.
- b) On September 13, 2017, Jacob Black responded to an email from Nick Coughlin. In this email Jacob Black communicated, "We are in the process of developing a scope of services and will have to go through the procurement process. As soon as the procurement process is complete we will be ready to move forward." Exhibit 24 includes this email.
  - c) On September 22, 2017, Nick Coughlin emailed Jacob Black to ask if there was anything else needed from his end (Exhibit 25).
  - d) As mentioned in the *Findings of Possible Fraud, Waste & Abuse* report (page 29), on September 23, 2017, John Davis emailed Jacob Black telling him not to approve the Nick Coughlin contract until they (John Davis and Jacob Black) talk. John Davis said he had "something that came to mind." Exhibit 26 includes this email.<sup>12</sup>
  - e) On September 27, 2017, Nick Coughlin responded to a previous email from September 13, 2017, and provided Jacob Black with the names of the two out-of-state vendors that were solicited for this contract, Zenith Consulting LLC and Becker Contracting Services. Jacob Black forwarded the names to Nick Bridge, MDHS Bureau Director, stating, "See below for the contact information for the Workforce development RFQ." Exhibits 27 and 28 include these emails, which contain evidence that Jacob Black received from Nick Coughlin the names and contact information for the two out-of-state vendors solicited for this procurement.
  - f) On November 27, 2017, Elizabeth Rocquin, MDHS Budgets and Accounting Staff Attorney, questioned Nick Bridge as to whether the contract with NCC Ventures was truly only needed for six months at the cost of \$72,900. Additionally she quoted the PSCRB Rules that states, "... nor shall the extent of the service required be underestimated so as to constitute a small purchase under this section." She then inquired whether there was anything to suggest that the contract was a fair market value for the cost and services involved.<sup>13</sup> Nick Bridge forwarded this email to Jacob Black stating, "I'm not sure how to answer these questions." Jacob Black responded, "We are running a 6 month pilot to determine the effectiveness of having such a contract in place as such this contract will ONLY be for 6 month[s] and the value of this contract will NOT be increased. If we determine that these services are warranted past the 6 month period, we will do a full procurement for a multi year contract." Exhibit 29 contains this email.
  - g) On March 7, 2018, Jacob Black responded to Sandra Giddy, MDHS Director of Workforce Development, stating that he was not sure "we want to issue him [Nick Coughlin] a workstation." This email is included as evidence that Jacob Black was a point person within MDHS regarding this contract (Exhibit 30).
  - h) On March 24, 2020, in preparing to respond to OSA questions during the single audit process, Bryan Wardlaw, MDHS Chief Procurement Officer, circulated to several MDHS employees, including Jacob Black, a draft response to OSA's question regarding the procurement of the NCC Ventures contract. The response stated, "MDHS cannot speak to why or how the three

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<sup>12</sup> This email was included as Exhibit 029 in the *Findings of Possible Fraud, Waste & Abuse* report.

<sup>13</sup> It is not evident to CLA from the context included in the emails whether the question regarding the "fair market value" was related to Elizabeth Rocquin's concerns regarding underestimating the contract price or how the contract was procured.



vendors were identified for consideration to provide services.” Exhibit 31 includes this email. CLA could not identify a response from Jacob Black communicating that he had received from Nick Coughlin the names of the two out-of-state vendors that were solicited for the contract that was ultimately awarded to NCC Ventures. Bridgette Bell, MDHS Chief Financial Officer, responded to provide the related procurement documents she was able to locate (Exhibit 32).

- i) On March 25, 2020, Bryan Wardlaw circulated a revised response to the OSA questions. The statement, “MDHS cannot speak to why or how the three vendors were identified for consideration to provide services,” remained unchanged (Exhibit 33).<sup>14</sup>

Emails relevant to the procurement of the NCC Ventures contract indicate that Jacob Black was involved from the beginning in the procurement of this contract, he received from the owner of NCC Ventures the contact information for the two out-of-state vendors that were contacted with a request for quotes, and he was a point person regarding this contract. However, it appears that Jacob Black did not provide relevant details concerning his involvement as MDHS prepared to respond to the OSA questions regarding the procurement used for the NCC Ventures contract.

**2. Jacob Black directed Nick Bridge to award a TANF grant to Autism Center after Nick Bridge had communicated that the Scope of Work did not relate to TANF's designed function of helping needy families to achieve self-sufficiency**

Autism Center received a \$75,000 TANF grant from MDHS for the period June 1, 2019, to May 31, 2020. Autism Center requested to receive funding from MDHS after TANF funding that had been awarded to it by FRC ended in 2019. CLA's *Procedures & Results* report, beginning on page 90, identified the grant to Autism Center as unallowable due to scope as the program does not serve only financially needy families.

Summary of New Information

Email communication identified indicates that Jacob Black directed Nick Bridge to award the TANF grant to Autism Center with the knowledge that the scope of work did not align with a TANF purpose.

- a) On April 9, 2019, Shannon Lott, MDHS Director of Leadership and Employee Development, forwarded to Jacob Black an email she and John Davis had received from the Autism Center asking MDHS if progress had been made in “finding a grant for the Autism Center of North MS to replace the lost Families First Funds.” In the forwarded email, Shannon Lott told Jacob Black, “Pending your guidance.” Exhibit 34 contains the email.
- b) On April 11, 2019, Jacob Black asked for guidance from Nick Bridge after Jacob Black received from Shannon Lott the scope provided by the Autism Center. In his email to Nick Bridge, Jacob Black requested, “Please advise to legality to fund the proposed scope.” The proposed scope was included in the email Jacob Black received and forwarded to Nick Bridge. The scope included providing services to children with autism and other developmental disabilities across North Mississippi, one-on-one behavior therapy to 23 children ages 2-10, ongoing

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<sup>14</sup> The other MDHS employees receiving this email from Brian Wardlaw were Bridgette Bell, Andrea Sanders, David Barton, and Hadley Gable Eisenberger. None of these MDHS employees had been included in the email communications of 2017 where the contract with NCC Ventures was discussed.

therapy to 30 children ages 5-18, BLAST program serving children 10-21 years old focusing on daily living, pre-vocational skills training, and social skills, among other services.

- c) On April 12, 2019, Nick Bridge responded to Jacob Black's email, "I don't think TANF can pay for this; too much clinic and therapy language. While I'm sure its a great program that does great work, I don't see how it relates to TANF's designed function of helping needy families to achieve self-sufficiency." Exhibit 35 includes the emails from April 11 and April 12, 2019.
- d) On April 16, 2019, Jacob Black responded to an email from Shannon Lott, "We have reviewed the scope and it is all clinical based diagnosis and treatment. We are of the opinion that it cannot be funded with TANF; however, before you respond we need to discuss with Mr. Davis." John Davis was copied on this email and he responded, "Thank you....Lets discuss." Exhibit 36 contains this email.
- e) On May 15, 2019, Autism Center emailed Shannon Lott and John Davis to thank them for the opportunity to present the scope of work and budget for \$75,000. Shannon Lott forwarded this email to Jacob Black who responded, "We need to discuss this. She can't serve individuals over the age of 13 with this funding and this funding can't be used for job coaches. She I[s] really mixing child care and TANF funds." Jacob did not address the concern raised by Nick Bridge that there was no relation to TANF function of helping needy families achieve self-sufficiency (Exhibit 37).
- f) On May 17, 2019, an updated scope of work was sent by Autism Center to Jacob Black and Shannon Lott. The new scope listed providing a variety of services, including but not limited to, support to individuals 13-21 years of age with autism and other developmental disabilities across North Mississippi, providing skills training in the areas of functional communication, providing activities of daily living, social skills. The scope of work stated that deficits in these areas may prevent persons with disabilities from living independently and maintaining employment (Exhibit 38). Nothing in the revised scope mentioned the TANF requirement to serve needy families.
- 1) On May 20, 2019, Jacob Black responded to the Autism Center, "Nick Bridge will be in touch to get any final documents or revisions needed to complete the subgrant." Nick Bridge was copied on this email (Exhibit 39). Separately, Jacob Black forwarded the email and scope to Nick Bridge and told him, "Please work with Brittany to get this sub-grant in place utilizing TANF funds." Exhibit 40 includes this email.

The email communications identified suggest that Jacob Black understood that the work proposed by the Autism Center for a TANF grant did not align with the TANF purpose of helping needy families achieve self-sufficiency. Nick Bridge had communicated this concern; however, Jacob Black indicated the need to discuss with John Davis before a response was provided to the Autism Center. The scope of work did not change to meet the requirements of TANF to serve only needy families; nonetheless, Jacob Black directed Nick Bridge to award the grant utilizing TANF funds.

### **3. Jacob Black's was involved with MCEC grant award funding requests**

MDHS disbursed over \$54 million in TANF grant funding to MCEC from October 2015 through December 2019. MCEC was one of two subgrantees for which the OSA Single Audit report for fiscal year 2019 communicated questioned costs. The CLA's *Procedures & Results* report, beginning on page 131, communicated that CLA did not receive sufficient cooperation from

MCEC's representatives, which caused CLA's scope to be severely limited. As a result, CLA was unable to complete the forensic audit of MCEC and was able to conclude on only approximately \$13.9 million leaving approximately \$40.7 million identified as questioned costs.<sup>15</sup>

#### Summary of New Information

Email communication identified demonstrates that disbursement requests from MCEC were made directly to Jacob Black. This process did not align with MDHS's written and customary process, and it is a possible indicator of Jacob Black's involvement in the execution of John Davis's wishes as it relates to funding MCEC.

a) On Friday, February 22, 2019, at 12:32 pm (CT), Jacob Black received an informal funding request from MCEC accountant, Ann McGrew, that stated, "These are the amounts we are requesting:" and listed amounts for four MCEC vendors and third tier subrecipients, as follows (Exhibit 41):

- Lobaki Foundation \$160,000<sup>16</sup>
- Nylander/Ole Miss \$800,000
- TeleSouth \$145,200
- Victory Sports \$1,394,800<sup>17</sup>

Jacob Black responded to Ann McGrew, "I need you to put this on a claim form and submit through the normal process with all required documents. I have [copied] Marie in case you have questions." Marie McLaurin, MDHS Fiscal Officer, was copied on this email. Ann McGrew then responded only to Jacob Black asking, "Can she send me a claim form?" Exhibit 42 contains this email chain.<sup>18</sup>

Jacob Black forwarded the email to Marie McLaurin who then replied to Ann McGrew informing her that the claim forms have or should have been issued by the Subgrant Unit and asked what the agreement number was so she could follow up (Exhibit 43). On the same day, at 3:22 pm (CT) Jacob Black completed the DocuSign process for a document titled "MS COMM EDU CENTER 5-62628 6014978 FEB 2019,"<sup>19</sup> and emailed Marie McLaurin to thank her for helping him with it (Exhibit 44).

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<sup>15</sup> From the \$13.9 million that CLA was able to provide a conclusion, approximately \$1.7 million was identified as allowable costs, while approximately \$12.2 million was identified as unallowable costs.

<sup>16</sup> Payments of \$160,000 from MCEC to Lobaki Foundation were identified in CLA's *Procedures & Results* report, on page 151, as unallowable due to unallowable TANF purpose.

<sup>17</sup> Payments of \$1.3 million from MCEC to Victory Sports Foundation were identified in CLA's *Findings of Possible Fraud, Waste & Abuse* report, on page 84, as indicative of abuse and undue influence by John Davis. The contract was for \$1.39 million, while the total payments were \$1.3 million which was under the contract amount.

<sup>18</sup> The electronic discovery software used by CLA for this email review is Logikcull. Logikcull allows for the process, review, tag and production of electronic documents. The email files were processed by CLA in its Reston, Virginia office. This processing translated time stamps on emails to Eastern time. If an email is part of a chain of emails only to top email is listed in Eastern time, while the emails below are listed in Central time. Since the email communications were taking place in Mississippi, this letter communicates all time references in Central time.

<sup>19</sup> This document is the completed Claim Form, Claim Number 5-62628

- b) On February 26, 2019, Marie McLaurin emailed Jacob Black to inform him that the \$2.5 million funding requested by MCEC had cleared MAGIC.<sup>20</sup> To this email she attached a completed and signed Claim Submission form dated February 22, 2019, and the chain of related email communications that included the emails mentioned above as well as email communications where Jacob Black had not been copied. The email communications where Jacob Black had not been copied included the following emails:
- February 22, 2019, email where Nick Bridge told Marie McLaurin, “Per our conversation with Mr. Black, please process and approve the claim that will be submitted for approximately \$2.5 mill today.”
  - The attachment also included an email from Ann McGrew to Marie McLaurin with the subject “i don’t know the agreement number either.” The body of the email stated, “Jacob is the only one that knows.” Marie McLaurin responded to that email notifying Ann McGrew that Marie had spoken with Nick [Bridge] who had told her to use the 2019 TANF form last used from agreement number 6014978.<sup>21</sup> Exhibit 45 includes the email and attachment.
- c) On April 11, 2019, Jacob Black received another informal funding request from Anne McGrew. The email stated, “Jacob, Dr New told me to send you this request. I am not sure I used the correct fund so let me know if I need to do something different.” The attached document included the Claim Submission form listing grant 2019 TANF 6014978 and requesting an advance payment of \$1.5 million.<sup>22</sup> There was no response identified to this email (Exhibit 46). CLA confirmed, through review of the MDHS disbursement ledger, that a disbursement to MCEC for \$1.5 million cleared MAGIC on April 16, 2019.

The two instances discussed above convey evidence that MCEC submitted disbursement requests directly to Jacob Black through an informal process that did not align with MDHS’s written procedures. One of the funding requests was made with the MCEC representative claiming to be unaware of the grant number for which the request was being made and commented that only Jacob Black would know the respective grant number. These two funding requests from MCEC followed an informal request process instead of the customary, documented process for MDHS. These examples are possible indicators of Jacob Black’s involvement in the execution of John Davis’s wishes as it relates to funding MCEC.

#### **4. Jacob Black provided advice to MCEC that possibly disregarded TANF prohibitions**

Email communications of Jacob Black appear to indicate that he provided advice to subgrantee MCEC to design a lease contract in a way that TANF prohibitions for construction and capital improvements would be circumvented.<sup>23</sup>

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<sup>20</sup> MAGIC is the Mississippi Accountability System for Government Information and Collaboration, which is the Mississippi Statewide accounting and procurement system of record.

<sup>21</sup> This grant had been increased through Modification #1 in November 2018 from \$10.6 Million to \$11.6 Million, and the \$2.5 Million request was within the obligated funding.

<sup>22</sup> No supporting documentation was attached other than the completed claim request form which is a one-page document. At the time this claim was processed, MDHS did not require supporting documentation to be submitted other than the Claim Request form.

<sup>23</sup> 2 CFR § 200.439 states that construction and capital improvements are prohibited, if not approved by the funding agency in advance.

- a) On March 25, 2017, Jacob Black received an email from Zach New, representative of MCEC, with a lease agreement attachment. Zach New requested that Jacob Black review the lease agreement and let him know if anything needed to be added. The lease agreement attached was titled "Families First Lease Agreement with Calvary Baptist Church (02591446)." Exhibit 47 contains the email and attachment.
- b) On March 27, 2017, Jacob Black responded, "The only thing that concerns me is the language that says that Calvary Baptist will submit receipts for the construction project to you all and then the rent will be paid. It seems to get really close to showing that you all are controlling the Brick and Mortar process which TANF has a strict prohibition against; however, if you have worked with your attorney, I have no issues with [it] because this is a lease that you will be a party to not MDHS. I would recommend using language that says that Family First has the right to vacate the lease at any time due to insufficient funds. This will be vague enough to not tie you directly to the construction but you can always use this clause as an escape clause if the construction is not going as you feel it should." Exhibit 48 includes this email.

Although emails were identified discussing a lease agreement with Calvary Baptist, the MCEC general ledger did not show any payments to Calvary Baptist. Current MDHS representatives communicated to CLA that they had learned of this potential lease and understood that there was never a lease executed between MCEC and Calvary Baptist Church. While there is no evidence that payments were made on the lease, that Jacob Black would provide advice to a subgrantee to include vague language in a lease agreement with the intention of obscuring the fact that the lease agreement included an element of construction suggests disregard by Jacob Black of specific TANF prohibitions.

##### **5. Jacob Black directed for TANF funds to be used for Law of 16 costs**

CLA's *Procedures & Results* report identified certain costs related to a conference named the *Law of 16*. These costs were categorized as Allowable-Needs Allocation because the training was not directly related to technical TANF training, or based on the information provided, the costs could not reasonably be calculated to further a purpose of TANF. Four additional travel transactions originally selected for testing were related to the Law of 16 conference; however, MDHS transferred the cost from TANF to an administrative cost pool. Refer to footnote 110 on page 72 of CLA's *Procedures & Results* report.

###### Summary of New Information

Email communication by Jacob Black indicates that he directed an employee to charge Law of 16 conference costs to TANF.

- a) On February 26, 2019, Jacob Black responded to an email he received from Larry Strebeck, MDHS Director – State Operations. In this email, Jacob Black was asked whether the Law of 16 bills would be paid with TANF funds. Jacob Black replied, "As discussed, it will be for now." Exhibit 49 includes this email.

It is unclear, based on email communications identified, whether Jacob Black was aware that the *Law of 16* conference costs were not a TANF allowable expense. The response provided appears to indicate that charging these costs to TANF would be a temporary arrangement. At a minimum,

this suggests that consideration was given to whether another funding source was more appropriate to pay for the Law of 16 costs. As mentioned, the cost for certain transactions related to the Law of 16 conference originally charged to TANF were transferred from TANF to an administrative pool.

**C. MCEC may not have disclosed to MDHS Representatives the fact that the sublease agreement between MCEC and the University of Southern Mississippi Athletic Foundation included a \$5 million payment**

**1. Jacob Black and Garrig Shields were involved with the review of the sublease agreement between MCEC and University of Southern Mississippi Athletic Foundation; however, this review may not have included documentation identifying that MCEC would make payments totaling \$5 million for facilities that were not yet constructed**

CLA's *Procedures & Results* report, on page 146, identified as unallowable \$5 million MCEC paid the University of Southern Mississippi ("USM") Athletic Foundation between July 1, 2017, and October 31, 2017.

Summary of New Information

Based on emails identified, MDHS issued a letter to USM confirming that MDHS was aware and approved of MCEC leasing space with the USM. However, this letter was sent to MCEC after MCEC provided Jacob Black a sublease draft agreement between MCEC and MSU Athletic Foundation listing consideration of \$241,050. A second draft relating to the lease agreement was provided to Garrig Shields two months later. This second draft was of a lease between USM and the USM Athletic foundation that referred to a sublease agreement as an exhibit, however, the exhibit was not attached. Consequently, neither of the two draft agreements provided to MDHS by MCEC listed payments of \$5 million. The emails below communicate the relevant details.

- a) On May 18, 2017, Zach New forwarded Jacob Black an email and attachment he had received from Daniel Feig (Daniel.feig@usm.edu). Zach New mentioned, "This is the lease that mom discussed. Let me know if you have any questions." Attached to the email was an unsigned lease document that listed a sublease between the USM Athletic Foundation and MCEC. This sublease agreement listed consideration of \$241,050 cash in hand paid due at the time of execution (Exhibit 50). Neither the email nor the attached document made mention of a \$5 million payment.
- b) On May 23, 2017, Jacob Black responded, "Is this simply so that we can provide you with a letter approving of this lease? I am sorry but I have been running 90 mph." After receiving an affirmative response, Jacob asked Nick Bridge to work with Zach New and USM to provide a letter "that states that we know of and approve of the leasing of space to FF, etc." On May 26, 2017, Nick Bridge received clarification that the letter needed to be addressed to USM Athletic Foundation to the attention of Daniel Feig. Nick Bridge then emailed Zach New and Jacob Black a letter addressed as requested from John Davis with the statement, "The Mississippi Department of Human Services (MDHS) is aware Mississippi Community Education Center (MCEC) is leasing space with the University of Southern Mississippi. MDHS approves of this because we believe it is important to help MCEC accomplish the purpose of their subgrant which is to provide services designed to stimulate employment, support family financial stability, promote literacy, and increase graduation rates while continuing to support

- positive youth development, impacting teen pregnancy rates, promoting positive father involvement and supporting MDHS county offices through parenting education and parenting/life skills development.” Exhibit 51 contains the email communication chain and attached letter.
- c) On September 14, 2017, Zach New forwarded to Garrig Shields an email he had received from Truett Roberts, Associate General Counsel for USM.<sup>24</sup> The email from Truett Roberts stated, “Families First would prepay rent to the Foundation on the terms and conditions as agreed to by the parties. The Foundation is currently working on a sublease agreement and we will forward a draft of the Sublease as soon as possible.” This email contained an attachment that was a 17-page document titled “Amended and Restated Lease” between USM (Lessor) and USM Athletic Foundation (Lessee) for the proposed construction of a new wellness center and volleyball facility. This lease document made reference to Exhibit A (Sublease); however, Exhibit A was not attached. The amended and restated lease listed consideration of one dollar (\$1.00) cash in hand paid and annual lease payment of one dollar (\$1.00) due at the time of execution. Exhibit 52 contains the email and attachment. Neither the email nor the attached document mentioned a \$5 million payment. CLA searched for the receipt of the sublease agreement listing \$5 million; however, this was not found within the email communications reviewed by CLA. The executed contract, which was a 47-page document, contained Exhibit A (Sublease).<sup>25</sup> Exhibit A (sublease) was a sublease between USM Athletic Foundation, Inc. and MCEC. It is on Exhibit A article I that the mention of a \$5 million payment by MCEC is made as follows: “For and in consideration of the one-time payment of the sum of Five Million Dollars (\$5,000,000) Cash in hand paid due at the time of execution of this sublease (the “Rent”).” Exhibit 53 includes the executed contract.
- d) On March 2, 2020, Anna Wolfe, of Mississippi Today, emailed Danny Blanton, MDHS Chief Communications Officer, to communicate she had received a statement from MCEC saying that MDHS was involved in the USM lease agreement deal and asked for a response to reflect in her current story. She had published the week before that no one at MDHS knew about the USM Volleyball center. Danny Blanton forwarded the email to Jacob Black and David Barton, MDHS Deputy Executive Director for Administration, to ask them to review the attached statement (provided by MCEC). He specified that the most important paragraphs were the following: *With respect to MCEC’s partnership with the University of Southern Mississippi, your article omitted several key facts. First, the Mississippi Department of Human Services (MDHS) not only provided the funding, but members of MDHS’s executive leadership pre-approved and authorized MCEC to enter into the sublease agreement with the Southern Miss Athletic Foundation. Specifically, in addition to former Executive Director John Davis, MDHS’s current Interim Executive Director, Jacob Black, and a former Deputy Director, Garrig Shields, were involved in the project and sublease agreement from the very beginning. By letter dated May 31, 2017, Mr. Shields, apparently signing on behalf of John Davis, stated the following: “The Mississippi Department of Human Services (MDHS) is aware Mississippi Community Education*

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<sup>24</sup> Other individuals copied on this email included the following: Bob Gholson (Bob.Gholson@usm.edu), Allyson Easterwood (Allyson.Easterwood@usm.edu), Gordon C. Cannon (Gordon.Cannon@usm.edu), Shannon Campbell (Shannon.Campbell@usm.edu), Marcia Landen (Marcia.Landen@usm.edu), Jon Gilbert (Jon.Gilbert@usm.edu), Christopher Crenshaw (Christopher.Crenshaw@usm.edu), "gee.ogletree@arlaw.com" (gee.ogletree@arlaw.com).

<sup>25</sup> MCEC did not cooperate with CLA during the forensic audit and did not provide the executed contract. CLA obtained the contract from a published news article.

*Center (MCEC) is leasing space with the University of Southern Mississippi Athletic Foundation. MDHS approves of this because we believe it is important to help MCEC accomplish the purpose of their subgrant which is to provide services designed to stimulate employment, support family financial stability, promote literacy, and increase graduation rates while continuing to support positive youth development, impacting teen pregnancy rates, promoting positive father involvement and supporting MDHS county offices through parenting education and parenting/life skills development (Exhibit 54). Danny Blanton stated that normally he would respond by saying John Davis may have been involved in planning and directing the lease, but the agency itself was not a party to it. However, since Jacob Black's name was specifically mentioned, he wanted to confirm the accuracy of the statement. No email response was identified from Jacob Black.*

The email communications identified provide evidence that although drafts of a sublease and a lease agreement were provided via email to Jacob Black and/or Garrig Shields, the document that listed payment of \$5 million to USM Athletic Foundation was not located in the emails reviewed by CLA. Furthermore, the letter that was cited by MCEC to provide evidence that MDHS was aware of the lease was a letter that was provided after Jacob Black reviewed the draft sublease agreement provided to him on May 18, 2017, which listed consideration of \$241,050 cash in hand paid due at the time of execution. This draft agreement and email communication provided to Jacob Black did not make mention of a \$5 million payment (refer to Exhibit 50). Therefore, CLA was not able to confirm, through email review, that MDHS representatives had prior knowledge of an agreement by MCEC to pay \$5 million to the USM Athletic Foundation.

**D. Other potentially relevant information identified through the extended email review**

**5. John Davis and Jacob Black possibly had concerns over MCEC's and FRC's tracking of grant funding**

The OSA Single Audit report communicated that the former MDHS Executive Director circumvented controls of the monitoring process for certain subrecipients. The two subrecipients referenced were MCEC and FRC. The results of CLA's forensic audit confirmed evidence existed that both MCEC and FRC executed transactions indicative of conflicts of interest and undue influence and favoritism by John Davis.

Summary of New Information

Through the extended email review conducted by CLA, certain email communications taking place in early 2018 were identified that suggest John Davis and Jacob Black may have had concerns relating to MCEC's and FRC's administration and tracking of TANF funding from MDHS.

a) On February 12, 2018, Andrea Sanders, MDHS Chief Counsel for Programs, sent Jacob Black a draft memorandum addressed from John Davis to MCEC. In her email, Andrea Sanders communicated, "I am attaching a DRAFT memo. We can talk and tweak tone of voice, to make it more heavy handed or less. I can also add more cites to existing regs, at the risk of overshadowing the message with too many external cites. Let me know which direction you and John want to go." The memorandum was phrased as a reminder to MCEC of its obligations as a subgrantee of MDHS and:

- 1) Cited the agreement by MCEC to abide by the MDHS Subgrant manual, which required separate financial records be maintained for each subgrant



- 2) Communicated that all funds obligated be used for the provision of “only such services authorized under this agreement,” and in compliance with all controlling laws and regulations
  - 3) Reminded MCEC to maintain all formalities of a separate entity, and that all funding provided to MCEC through MDHS is to be accounted for and used according to requirements of the agreement, Subgrant Manual, all federal regulations, and all controlling federal and state statutes
  - 4) Reminded MCEC that any use of funding distributed by MDHS to benefit entities other than MCEC, or for a purpose other than contemplated by the agreement is strictly prohibited. Exhibit 55 contains this email and attachment as well as a second email with a revised memorandum.
- b) On February 15, 2018, Jacob Black emailed Zola Haralson, Assistant to the MDHS Executive Director, with finalized versions of the memorandum discussed above. Jacob Black communicated the need to prepare both documents for John Davis to sign. He also mentioned that they would need to mail hard copies and also email. Attached to this email were two memoranda, one addressed to MCEC and the other to FRC (Exhibit 56).

CLA did not identify any emails to show what prompted this letter or any specific deficiencies identified at that time by MDHS. CLA also did not identify any emails delivering the memorandum to MCEC or FRC. Because of the influence that John Davis exercised over these two subgrantees, even if concerns existed over the management of the grant funding, it is not evident that any steps were taken John Davis or Jacob Black to require MCEC or FRC to take specific corrective action to address any deficiencies or concerns purportedly prompting the memoranda. After this email and through December 2019 MDHS disbursed approximately \$31.1 million to MCEC and \$11.9 million to FRC.

**6. John Davis designated Chris Christmas, MDHS Director/Budgets and Accounting, to be the Director of the Contract Monitoring and Accountability Team for the subgrant contracts with MCEC and FRC**

John Davis designated a Contract Monitoring and Accountability team for contracts related to the “gen+ Approach” with initial tasks to look at the contracts with FRC and MCEC.

- a) On October 11, 2017, John Davis forwarded to Earl Scales (ESCAL@ago.state.ms.us) an email he had sent to Chris Christmas that stated, “In our ongoing efforts to formalize the organizational culture around the gen+ Approach we have an opportunity to strengthen the integrity and accountability within MDHS. Specifically, the gen+ Project Management Office (PMO) has been developing teams to address a unified, transparent and transformational approach to working with individuals and families. As such, you have been selected to be the Director of the Contract Monitoring and Accountability Team. This is not to be confused with what we do as and [sic] agency within our Division of Program Integrity or our Division of Internal Audit. I would like for you to include, at a minimum, Mr. Fredrick Ward, Deputy Administrator[,] and Mr. David Barton[,] Office Director. You may also consider including a representative from NSPARC for reporting purposes. You will be provided additional instructions during your meeting today with The Stephen Group, Mr. John Stephen and Mr. Brett DiBiase. Your initial task will be to look at the Contracts with Families First of North Mississippi and the Mississippi Community Education Center. Collectively known as the

Families First for Mississippi (FFFM). We need to ensure there are measurable outcomes and goals so that we can determine the desired results to assist families and children holistically find self-sufficiency. If we need to modify the current year contract, please feel free to do so. The expected date of delivery is November 15, 2017.” Exhibit 57 includes this email.

- b) On the same day, October 11, 2017, John Davis received a forwarded email from John Stephen, of The Stephen Group, that simply stated “FYI.” The forwarded email was from John Stephen to Chris Christmas and mentioned looking forward to working with Chris Christmas through the “gen+ project management office.” In the email to John Davis, John Stephen attached a sample of a contract monitoring tool and described it as a good template for Chris Christmas to develop internal monitoring tools (Exhibit 58).

There were no additional email communications identified relating to a Contract Monitoring and Accountability Team. It appears that some efforts were made by John Davis to exclude the subgrant agreements with FRC and MCEC from the standard review and monitoring process that the Division of Program Integrity or the Division of Internal Audit would perform.

**7. John Davis directed MCEC to hire Kevin Myers to do work for MDHS because John Davis encountered obstacles with MDHS directly hiring Kevin Myers**

Email communications provide evidence of John Davis directing MCEC to hire an individual in order to circumvent the MDHS established procedures. Payments from MCEC to Kevin Myers were not previously discussed in CLA’s reports. The emails below include the related details identified.

- a) On September 6, 2017, Chris Christmas asked Garrig Shields regarding a former Department of Public Safety (“DPS”) employee they wanted to contract with for “HB 1099 conversion.” Garrig Shields provided the name Kevin Myers and a phone number (Exhibit 59).
- b) On September 21, 2017, John Davis received a listing from Chip Butler, MDHS Deputy Executive Director of Administration, listing three options MDHS had to hire Kevin Myers: hire him as a state employee, bring him in as an independent contractor, or bring him in as a contract employee. Details related to each option were described in the email. Later that day, John Davis forwarded the email to Garrig Shields and Earl Scales (escal@ago.state.ms.us) and asked, “Can you help me understand this?” Exhibit 60 includes this email.
- c) On September 22, 2017, John Davis emailed Nancy New of MCEC the following: “I have a bunch of jackasses that work for me who want to make things complicated. Is there a way you can hire Kevin Myers and allow him to work with us on the Electronic Benefit Transfer EBT Project to connect the Department of Public Safety. This will provide a great opportunity for identity verification. Garrig had been working with him so, I am cc’ing him and will ask that he discuss this with you...” Exhibit 61 contains this email.

CLA is unable confirm whether MCEC hired Kevin Myers as an employee to perform work for MDHS; however, the MCEC general ledger shows that an individual listed as “M Kevin Myers” began receiving payroll direct deposit payments from MCEC approximately three weeks after John Davis requested that MCEC hire Kevin Myers. The first payroll direct deposit to “M Kevin Myers” was on October 13, 2017, and the payments continued through December 31, 2019. The total paid (including payroll expenses) was \$187,257.54, with \$30,949.36 charged to SSBG (May to September 2018) and the remaining \$156,308.18 charged to TANF from October 2017 to May

2018 and again from September 2018 to December 2019. Attachment 01 includes a listing of these direct deposit payments for reference. The email communications provide evidence of John Davis circumventing the MDHS established procedures for the hiring of employees and/or vendors by directing MCEC to hire an individual to perform work that would be directed by MDHS. CLA is not able to confirm whether the individual was actually hired by MCEC and whether this individual performed work for either MDHS or MCEC.

**8. The 2019 agreement with Institutions of Higher Learning for the Complete to Compete program may have included \$447,000 for the execution of the Law of 16 Leadership Class**

The CLA *Procedures & Results report*, on page 60, listed as unallowable disbursements of \$3,042,251 paid to Institutions of Higher Learning (“IHL”) for a program named Complete 2 Compete (“C2C”). The disbursements were deemed unallowable because the scope of work did not align with the TANF objective of serving needy families. A Memorandum of Understanding (MOU) located for this program communicated a performance period from January 1, 2017, to January 31, 2019. There were payments totaling \$984,663 made by MDHS past January 2019, and for those payments selected for testing past January 2019, MDHS was not able to locate a related MOU. However, the related invoices indicated C2C for project dates spanning from February 1, 2019, to January 31, 2020.

Summary of new Information

Emails identified discuss a tentative agreement for C2C for an additional three-year period, which includes \$467,000 related to teaching the Law of 16 curriculum to the C2C leadership. Based on the testing performed by CLA, it does not appear that the payments made by MDHS to IHL through November 2019 related to the three-year MOU being discussed in the identified emails. The email communications listed below provide relevant information.

- a) On June 27, 2019, Stephanie Bullock, IHL, emailed John Davis a funding request. “Please find attached a revised funding request with revisions reflecting an ask of \$2 million each year for 3 years. Four hundred and forty-seven thousand dollars was added for the execution of the Law of 16 Leadership Class to C2C staff, coaches, and graduates per your suggestion.” Exhibit 62 includes this email.
- b) On July 9, 2019, Stephanie Bullock emailed Zola Haralson to inquire if there was anything that might be done to expedite the request for the \$2 million contract before John Davis was officially retired. Zola Haralson responded that she would make sure that John Davis saw the email. On July 19, 2019, Stephanie Bullock once again email Zola Haralson to check on the request (Exhibit 63).
- c) On July 23, 2019, Casey Prestwood, IHL, emailed John Davis and Zola Haralson to congratulate John Davis on his retirement and to ask, “I’m wondering if your staff can begin the contract [MOU] process so that it will be ready for the next MDHS Executive Director to sign when he/she comes on board?” Exhibit 64 contains this email. CLA did not locate a response to this email.

Based on the documentation available to CLA, CLA is unable to determine whether the above MOU was executed and payments were made by MDHS. These emails are communicated here so that MDHS can, if needed, determine whether the above discussed MOU was executed and, if executed, whether TANF continued to be the source of funding. As mentioned, CLA identified the

disbursements made to IHL for the C2C program as unallowable as the scope did not align with the TANF objective of serving needy families. Additionally, the Law of 16 leadership program is not a TANF specific training program and would generally not be allowable under TANF guidelines.

**9. MDHS awarded non-TANF grants to Warren Washington Issaquena Sharkey Community Action Agency after receiving notice from FRC of allegations of fraud by WWISCAA in relation to the TANF grant awarded to it by FRC**

CLA's *Findings of Possible Fraud, Waste & Abuse* report communicated, beginning on page 81, that FRC sent an email to John Davis on April 25, 2017, regarding fraud concerns with Warren Washington Issaquena Sharkey Community Action Agency ("WWISCAA"). The email explained, "based on the information gathered from a thorough review and follow-up written reports that were submitted by WWISCAA, site visits with multiple parties, we are convinced of the non-compliance of WWISCAA, Inc." The email also contained an attached letter addressed from FRC to WWISCAA whereby FRC terminated the grant agreement and formally requested repayment of the \$49,190 disbursed under the grant. The letter communicated that it was FRC's firm belief that minimal services, if any, had been performed and that the veracity of nearly all documentation submitted as part of the monthly progress report was in question. In her email to John Davis, with a copy to Jacob Black, Christi Webb described the allegations of fraud (Exhibit 65).<sup>26</sup>

Summary of New Information

The emails below indicate that John Davis forwarded the email and attachment to two employees of MDHS; however, CLA could not locate a response from John Davis to identify what action, if any, was taken by MDHS based on this information. Additionally, CLA identified email communications related to additional grants issued by MDHS to WWISCAA after John Davis received notice from FRC of allegations of fraud by WWISCAA in relation to the TANF grant awarded to it by FRC.

- a) On April 25, 2017, John Davis forwarded the email and letter he had received from FRC to Lyndsy Irwin, MDHS Chief of Staff to Deputy of Programs, and copied Jacob Black. In this email John Davis stated, "This is the situation I was describing. You do not have to share all the details with Sen. Simmons...just wanted him to be aware of the issue since it is in his district. We can discuss further tomorrow." Exhibit 66 contains the email.
- b) CLA identified several email communications containing DocuSign tasks that related to approval of grants issued by MDHS to WWISCAA as follows:
  - 1) September 26, 2018: 2018 DOE Weatherization grant effective October 1, 2018, for \$236,434 (Exhibit 67)
  - 2) December 3, 2018: 2019 Low-Income Home Energy Assistance Program (LIHEAP) grant effective January 1, 2019, for \$1,840,215 (Exhibit 68)
  - 3) September 7, 2019: 2019 Department of Energy (DOE) Weatherization grant modification effective September 1, 2019, for \$291,773 (Exhibit 69)

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<sup>26</sup> This email is included in Exhibit 150 of CLA's *Findings of Possible Fraud, Waste & Abuse* report.

- 4) October 25, 2019: 2020 grant (grant agreement was not attached to this DocuSign task); Exhibit 70 includes this email.

The specific concerns communicated by FRC related to the work WWISCAA was to perform with the TANF funding. The location of the concerns was the center located in Myersville, Mississippi. CLA discussed the issuance of the above listed grants to WWISCAA with MDHS. MDHS informed CLA that it is statutorily required to issue grants to WWISCAA and that there is no competitive process to award these grants. CLA communicates the information identified for MDHS reference.

## E. Excessive travel costs

### 1. Excessive travel costs were identified for John Davis, Jacob Black, Ted DiBiase Jr. and others

CLA's *Findings of Possible Fraud, Waste & Abuse* report communicated the following related to excessive travel costs:<sup>27</sup>

- Beginning on page 47, CLA described evidence of first-class travel for Brett DiBiase from February 11, 2019, through June 5, 2019. The purpose of the travel was related to his stay at Rise Malibu, a luxury rehabilitation facility in Malibu, CA. Exhibit 71 includes this attachment and emails.<sup>28</sup>
- Page 54 communicated confirmation of a Premier hotel room reservation for Ted DiBiase, Jr. for a one-day stay at Trump International Hotel Washington, D.C. with arrival date of June 20, 2019, and departure date of June 21, 2019. This email communication is included as Exhibit 72.<sup>29</sup> A separate email contained a similar reservation for John Davis. Corresponding airline confirmations listed first-class flights (Exhibit 73).<sup>30</sup>
- Footnote 62 on page 54 communicated similar sets of reservations of premier room and first-class flights to Washington, D.C. were identified for John Davis and Ted DiBiase, Jr. in September 2018, December 2018, and February 2019 (Exhibit 74).<sup>31</sup>
- Page 57 communicated that based on the testing performed for travel costs, CLA identified two transactions related to first-class flights paid for John Davis and for Jacob Black for departure on May 20, 2018. Exhibit 75 contains these confirmations.<sup>32</sup> CLA

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<sup>27</sup> According to MDHS travel policies, the DFA's State Travel Policy rules and regulations will be adhered to by MDHS employees when traveling on official business for the state. According to the DFA website, first class airfare tickets are not allowable without a completed eWaiver Request Form and approval from the State Travel Office. According to 2 CFR § 200.475(e)(1) Commercial Air Travel, "Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would: (i) Require circuitous routing; (ii) Require travel during unreasonable hours; (iii) Excessively prolong travel; (iv) Result in additional costs that would offset the transportation savings; or (v) Offer accommodations not reasonably adequate for the traveler's medical needs. The non-Federal entity must justify and document these conditions on a case-by-case basis in order for the use of first-class or business-class airfare to be allowable in such cases."

<sup>28</sup> This attachment and related emails were included as Attachment 03 and Exhibit 069 in the *Findings of Possible Fraud, Waste & Abuse* report.

<sup>29</sup> This email communication was included as Exhibit 087 in the *Findings of Possible Fraud, Waste & Abuse* report.

<sup>30</sup> These airline confirmations were included as Exhibit 088 in the *Findings of Possible Fraud, Waste & Abuse* report.

<sup>31</sup> These reservations were included as Exhibit 089 in the *Findings of Possible Fraud, Waste & Abuse* report.

<sup>32</sup> The *Findings of Possible Fraud, Waste & Abuse* report included these confirmations as Exhibit 091.

additionally communicated that two additional transactions for Premium Economy class tickets for John Davis charged to TANF were identified.

CLA's *Findings of Possible Fraud, Waste & Abuse* report communicated that expanded testing would be necessary to determine the full extent of additional airfare upgrade charges as additional charges for business class and potential seat upgrades were identified while reviewing the credit card statements and attached itineraries that were not included in the sample selected.

#### Summary of New Information

MDHS requested that CLA include in its expanded review of email communication searches for key words related to travel to identify instances of excessive cost for airfare or hotel stays. CLA identified 100 transactions related to excessive travel cost. These excessive travel costs included flights, hotels, and a restaurant transaction. Because email review was used to identify these travel instances, not all of the travel instances identified listed a cost and form of payment. For example, if only an airline reservation was identified, the cost and form of payment was not listed. The bullets below provide additional details.

- *No payment amount or form of payment identified (8 transactions)*

CLA identified eight airline reservations listing Premium Economy seats, but not listing cost or form of payment. These were six instances for John Davis and two instances for Jacob Black.<sup>33</sup> Without the amount and form of payment for these identified transactions, CLA is unable to quantify the amount of these transactions and determine whether MDHS or a subgrantee paid for these costs.

- *No form of payment identified (17 transactions)*

Sixteen hotel confirmations/reservations were identified that listed cost for other than standard rooms (king studio suites, deluxe room, senate executive suites, executive room, etc.), but no form of payment was listed. This included eight confirmations/reservations for John Davis and eight for Ted DiBiase, Jr. (Exhibit 72).<sup>34</sup> One airline reservation listing the cost for Preferred seats was identified, but no form of payment. Without the form of payment, CLA is unable to confirm whether MDHS or a subgrantee paid for these costs.

- *Payment amount and form of payment identified (75 transactions)*

A total of 75 transactions were identified that listed the payment amount and the form of payment. This included 73 transactions for flights, 1 transaction for hotels, and 1 transaction for a restaurant. The 75 transactions identified included 15 transactions communicated in the CLA's *Findings of Possible Fraud, Waste & Abuse* report and are included within this analysis to communicate more complete information.

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<sup>33</sup> For one flight reservation for Jacob Black, the cost was not identified through an electronic receipt, but the travel was included in the Avanti report. This instance remained in this category as the electronic receipts were used to populate the amounts. This transaction was not paid with TANF funds.

<sup>34</sup> One of the hotel reservations for Ted DiBiase, Jr. was included in the *Findings of Possible Fraud, Waste & Abuse* report as Exhibit 069.

Attachment 02 includes a listing of all identified transactions sorted by date and includes the individual name, type of travel expense, dates, cost, form of payment, and additional relevant information.<sup>35</sup>

***Likely credit card holder for form of payment***

Table 1 lists the excessive travel for which a form of payment was identified (75) and those for which no form of payment was identified (17).<sup>36</sup> The forms of payment are discussed immediately below Table 1 as it relates to the likely holder of the credit card used. A more comprehensive discussion for the travel by person is included subsequently. CLA has listed the entirety of the associated cost as it is unable to determine retrospectively the cost of an economy airfare ticket or standard hotel room.

**Table 1: Credit Cards Used for Travel**

No.	Credit Card/Beneficiary	Total by Credit Card/ by Beneficiary	Count by Credit Card/By Beneficiary	Likely Credit Card Holder
(1)	<b>VISA 1416</b>	<b>\$ 21,377.25</b>	<b>26</b>	<b>MDHS Travel Office</b>
	John Davis	11,250.99	14	
	Jacob Black	6,901.00	7	
	Brett DiBiase	3,225.26	5	
(2)	<b>AMEX 8000</b>	<b>\$ 15,862.39</b>	<b>20</b>	<b>Ted DiBiase, Jr.<sup>37</sup></b>
	Ted DiBiase, Jr.	9,770.86	12	
	John Davis	6,091.53	8	
(3)	<b>AMEX X009</b>	<b>\$ 14,008.91</b>	<b>11</b>	<b>MCEC</b>
	Brett DiBiase	11,087.16	8	
	Leah DiBiase	1,614.00	1	
	John Davis	1,107.75	1	
	Kevin Myers	200.00	1	
(4)	<b>Unknown</b>	<b>\$ 12,984.71</b>	<b>17</b>	<b>Form of Payment Not Identified</b>
	Ted DiBiase, Jr.	6,066.85	8	
	John Davis	5,961.23	8	
	Brett DiBiase	956.63	1	
(5)	<b>AMEX X000</b>	<b>\$ 7,246.20</b>	<b>10</b>	<b>Ted DiBiase, Jr.<sup>37</sup></b>
	John Davis	3,623.10	5	
	Ted DiBiase, Jr.	3,623.10	5	
(6)	<b>AMEX 1001</b>	<b>\$ 2,115.20</b>	<b>3</b>	<b>MCEC</b>
	Brett DiBiase	2,115.20	3	
(7)	<b>AMEX 2009</b>	<b>\$ 2,018.62</b>	<b>2</b>	<b>MCEC</b>
	Kevin Myers	1,034.62	1	
	Brett DiBiase	984.00	1	
(8)	<b>AMEX 1005</b>	<b>\$ 1,366.60</b>	<b>1</b>	<b>Ted DiBiase, Jr.</b>
	Ted DiBiase, Jr.	1,366.60	1	
(9)	<b>VISA 8367</b>	<b>\$ 358.94</b>	<b>2</b>	<b>John Davis</b>
	John Davis	358.94	2	
	<b>Total</b>	<b>\$ 77,338.82</b>	<b>92</b>	

<sup>35</sup> Attachment 02 also includes a cross reference to the specific samples discussed within the *Activity by travel beneficiary* section below. All attachments in the "Excessive travel costs" section of this report include the transactions sorted chronologically by flight departure date or hotel check-in date.

<sup>36</sup> The calculation is as follows: 17 no form of payment identified plus 75 for those that a form of payment was identified (17+75=92).

<sup>37</sup> Some of the expenses incurred on this credit card appear to have been reimbursed by MCEC to Ted DiBiase, Jr. by MCEC.

**(1) VISA 1416**

Electronic invoices, eTicket receipts, flight reminders, and travel authorization forms were identified for 26 separate travel-related transactions totaling \$21,377.25 paid with Visa card number ending 1416 (Visa 1416) that were considered excessive travel costs. CLA confirmed that credit card Visa 1416 is an MDHS credit card that was used by the MDHS travel department. A travel authorization document was identified for 11 of these transactions and corresponding Travel Vouchers were identified for 7 of these transactions. Attachment 03 includes a listing of these travel instances by individual and lists whether a related Travel Authorization and Travel Voucher was identified. The attachment also includes a list of the excessive travel costs paid with TANF funds and a separate list of those travel costs not paid with TANF funds.

Charged to TANF

Two of the transactions charged to the Visa 1416 card were included in CLA's *Findings of Possible Fraud, Waste & Abuse* report as first-class flights paid with TANF funds for John Davis and Jacob Black at a cost of \$1,366.60 each. Seven other transactions for First Class, Premium Economy, Delta Comfort+, and Preferred seats were identified to have also been paid for with the MDHS Visa credit card and charged to TANF.

Not Charged to TANF

Seventeen other transactions were identified for flights charged to the MDHS credit card Visa 1416 that did not appear to have been recorded as a TANF transaction. This included one first-class flight for John Davis and 15 charges for Preferred seats, Premium seats, and Premium Economy seats for John Davis, Brett DiBiase, Jacob Black.<sup>38</sup>

Matching to Avanti Vendor Activity by Passenger

MDHS provided CLA a *Vendor Activity by Passenger* report it obtained from Avanti Travel, the travel agency used by MDHS to book travel for MDHS. CLA used these reports to attempt to match the airfare paid for with the credit card VISA 1416. Not all of the flights booked were listed in the *Avanti Vendor Activity by Passenger* report. There were five flights that were identified for John Davis as being paid for with the MDHS Visa credit card that were not listed in the *Avanti Vendor Activity by Passenger* report.<sup>39</sup>

**(2) AMEX 8000**

Excessive travel costs include 20 transactions totaling \$15,862.39 paid with credit card American Express number ending 8000 (AMEX 8000). All of these transactions benefitted Ted DiBiase, Jr. and John Davis. Three of these transactions related to first class flights to Washington, D.C. for John Davis (Exhibit 74).<sup>40</sup> The remaining 17 transactions related to first

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<sup>38</sup> This category also includes one Economy seat purchased for John Davis because payment for a previously booked flight had been made.

<sup>39</sup> All flights booked for Jacob Black and Brett DiBiase that were paid with the Visa 1416 were listed in the *Avanti Vendor Activity by Passenger* report.

<sup>40</sup> This documentation was included in the *Findings of Possible Fraud, Waste & Abuse* report as Exhibit 089.



class flights, preferred seats, Delta Comfort+, as well as one hotel stay for a double grand suite, and a restaurant charge.<sup>41</sup>

CLA was unable to confirm the holder of this credit card; however, based on an email communication from Zola Haralson to Anne McGrew it appears that the credit card was held by Ted DiBiase, Jr. On February 20, 2019, Zola Haralson emailed Anne McGrew, "attached are travel expenses incurred by Ted for reimbursement." Exhibit 76 includes this email. CLA reviewed the general ledger of MCEC and confirmed that three of the charges for credit card AMEX 8000 were listed in the MCEC general ledger as a reimbursement to Ted DiBiase, Jr. Based on this information it appears that Ted DiBiase Jr. was the holder of this credit card and that he received a reimbursement from MCEC for at least three of these transactions. For this reason, it is believed that TANF funds were used to pay for these costs. Attachment 04 contains a listing of these travel instances.

**(3) AMEX X009**

Trip confirmations and travel receipts were identified for eleven transactions totaling \$14,008.91 paid with credit card American Express number ending X009. One transaction was for John Davis, one for Kevin Myers, and the remaining for Brett DiBiase and his wife Lea DiBiase. The transactions for Brett and Lea DiBiase are included in Exhibit 71.<sup>42</sup>

All of these transactions were identified in the MCEC general ledger listed as an American Express credit card charge. For this reason, it appears that this was an MCEC credit card and therefore paid with TANF funds. Attachment 05 shows a listing of these travel instances

**(4) Unknown**

Seventeen transactions identified for excessive travel costs did not list a form of payment. For this reason, CLA is unable to determine what form of payment was used, the agency that ultimately bore the cost for these excessive travel cost transactions, and whether the costs were paid with TANF funds. Attachment 17 includes a listing of these travel instances.

**(5) AMEX X000**

Trip confirmations were identified for ten transactions totaling \$7,246.20 related to first class flights and upgrades for Ted DiBiase, Jr. and John Davis with credit card AMEX X000. Two of these transactions related to first-class flights previously reported by CLA to MDHS (Exhibit 73).<sup>43</sup>

CLA was unable to confirm the holder of this credit card; however, based on an email communication from Zola Haralson to Anne McGrew, it appears that this credit card was held by Ted DiBiase, Jr. On June 12, 2019, Zola Haralson emailed Anne McGrew, "attached are travel expenses for Ted to be reimbursed." Exhibit 77 includes this email. The expense reimbursement request and attached receipts listed travel expenses for both Ted DiBiase, Jr. and John Davis. From the ten transactions identified for this credit card, four transactions, two for John Davis and two for Ted DiBiase, Jr., were traced to the MCEC general ledger,

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<sup>41</sup> The restaurant charge was identified as an excessive cost due to the excessive gratuity amount and is discussed in the Activity by travel beneficiary section.

<sup>42</sup> This documentation was included in the *Findings of Possible Fraud, Waste & Abuse* report as Exhibit 069.

<sup>43</sup> This documentation was included in the *Findings of Possible Fraud, Waste & Abuse* report as Exhibit 088.

indicating payment was made with TANF funds. The remaining six transactions could not be located in the MCEC general ledger. It is possible that this credit card listed as AMEX X000 is the same credit card as the AMEX 8000 discussed above. Based on the fact that the MCEC general ledger listed at least four transactions as a reimbursement to Ted DiBiase, Jr., it appears that Ted DiBiase, Jr. was the holder of this credit card and that he received a reimbursement from MCEC for at least four of these transactions. Attachment 06 contains a listing of these travel transactions.

**(6) AMEX 1001**

Flight receipts and electronic confirmation were identified for Delta Comfort+ and Preferred seats for three transactions totaling \$2,115.20 charged to credit card American Express number ending 1001 (AMEX 1001). All three transactions benefitted Brett DiBiase.

Email communication from Zola Haralson to Anne McGrew on December 17, 2018 stated, "plane ticket receipt for Brett to Houston, Texas." Exhibit 78 includes this email. CLA identified all three charges to credit card AMEX 1001 in the MCEC general ledger listed as credit card expense. For this reason, it appears that AMEX 1001 was an MCEC credit card and thus paid with TANF funds. Attachment 07 includes a listing of these travel transactions.

**(7) AMEX 2009**

Trip confirmation and travel receipts were identified for Delta Comfort+ and Preferred Seats for two transactions charged to credit card AMEX 2009. One transaction benefitted Brett DiBiase and the other Kevin Myers.

Email communication from Zola Haralson to Anne McGrew on June 18, 2019 stated, "airfare receipts, below and attached, for Kevin Myers to Washington, DC, 6-19-19." Exhibit 79 includes this email. CLA identified the two charges to credit card AMEX 2009 in the MCEC general ledger listed as credit card expense. For this reason, it appears that AMEX 2009 was an MCEC credit card, and these travel costs were therefore paid with TANF funds. It is possible that the AMEX 2009 credit card is the same as the AMEX X009 credit card discussed in (3) above. Attachment 08 shows a listing of these travel transactions.

**(8) AMEX 1005**

An electronic invoice was identified for a first-class flight for Ted DiBiase, Jr. charged to credit card American Express number ending 1005 (AMEX 1005) for \$1,366.60. The travel was booked by Andrea Patrick, an MDHS employee in the Office of Travel, who forwarded the travel information to John Davis on May 18, 2018 (Exhibit 80). However, no additional information was located to identify the card holder for AMEX 1005. An MDHS Travel Voucher was not identified for this travel and a matching transaction amount was not located in the MCEC general ledger; therefore, it is not known whether these expenses were paid with TANF funds.<sup>44</sup> Attachment 09 contains this transaction.

**(9) VISA 8367**

Two receipts were identified for two flight upgrades for John Davis that were paid with credit card Visa number ending 8367 (Visa 8367). The original travel arrangement was for economy

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<sup>44</sup> CLA also reviewed the Heart of David general ledger and the FRC general ledger to attempt to identify the credit card expenses. These credit card expenses were not identified in the Heart of David or the FRC general ledger.

flights paid for with the credit card MDHS 1416. CLA did not identify a related travel voucher where an expense reimbursement was requested. For this reason, it is not known if the cost was paid by MDHS and/or using TANF funds. Attachment 10 includes a listing of these travel transactions.

Attachment 11 identifies all of the transactions that were determined to have been paid by MDHS with TANF funds or that were paid for or reimbursed by MCEC, thus indicating TANF funds were used. The same attachment includes a separate schedule for each MDHS and MCEC.

**Activity by travel beneficiary**

The activity for excessive travel costs by travel beneficiary is discussed in this section for those instances of travel where a total cost was identified. This includes the 17 transactions where cost was identified but form of payment was not. It also includes the 75 transactions where both the form of payment and the total cost was identified. An attachment with related exhibits is included for each individual discussed and only some transactions are discussed as examples for each. No documentation was located to justify the reasons or need for purchasing a higher class of airfare or a hotel room upgrade for any of the identified expenses.

**Table 2: Activity by Travel Beneficiary and Method of Payment**

No.	Credit Card/Beneficiary	Total by Credit Card/ by Beneficiary	Count by Credit Card/By Beneficiary
<b>(1)</b>	<b>John Davis</b>	<b>\$ 28,393.54</b>	<b>38</b>
	VISA 1416	11,250.99	14
	AMEX 8000	6,091.53	8
	Unknown	5,961.23	8
	AMEX X000	3,623.10	5
	AMEX X009	1,107.75	1
	VISA 8367	358.94	2
<b>(2)</b>	<b>Ted DiBiase, Jr.</b>	<b>\$ 20,827.41</b>	<b>26</b>
	AMEX 8000	9,770.86	12
	Unknown	6,066.85	8
	AMEX X000	3,623.10	5
	AMEX 1005	1,366.60	1
<b>(3)</b>	<b>Brett DiBiase</b>	<b>\$ 18,368.25</b>	<b>18</b>
	AMEX X009	11,087.16	8
	VISA 1416	3,225.26	5
	AMEX 1001	2,115.20	3
	AMEX 2009	984.00	1
	Unknown	956.63	1
<b>(4)</b>	<b>Jacob Black</b>	<b>\$ 6,901.00</b>	<b>7</b>
	VISA 1416	6,901.00	7
<b>(3)<sup>45</sup></b>	<b>Leah DiBiase</b>	<b>\$ 1,614.00</b>	<b>1</b>
	AMEX X009	1,614.00	1
<b>(2)<sup>46</sup></b>	<b>Kevin Myers</b>	<b>\$ 1,234.62</b>	<b>2</b>
	AMEX 2009	1,034.62	1
	AMEX X009	200.00	1
<b>Total</b>		<b>\$ 77,338.82</b>	<b>92</b>

<sup>45</sup> The excessive travel cost identified for Leah DiBiase is discussed within the travel cost for Brett DiBiase.

<sup>46</sup> The excessive travel cost identified for Kevin Myers is discussed within the Ted DiBiase, Jr. section.

**(1) John Davis**

Excessive travel costs totaling \$28,393.54 were identified for John Davis. These included costs related to hotel stays and airfare which are discussed below. Attachment 12 includes the listing of these transactions as well as the related documentation identified through the email review. To present a complete listing, previously identified instances of travel communicated in the CLA's *Findings of Possible Fraud, Waste & Abuse* report have been included and marked.

Hotel Stays

A. The form of payment was not identified for the eight hotel reservations that reflected excessive travel costs made under John Davis's name. The hotel reservations made under the name of John Davis spanned from November 10, 2016, to May 20, 2018. After this date all identified hotel reservations were made under the name of Ted DiBiase, Jr. even when two separate rooms or a double room suite were booked and matching flights existed for both John Davis and Ted DiBiase, Jr. Additional examples of hotel stays relating to John Davis are discussed in the Ted DiBiase, Jr. section below as they are for specific events that relate to both John Davis and Ted DiBiase, Jr. Additionally, if a hotel stay corresponds to an airfare identified as excessive travel, the hotel stay is discussed within that section.<sup>47</sup>

- 1) November 10, 2016: One Nashville, TN stay at Homewood Suites was booked for a King Studio suite at a cost of \$498.33 a night. According to the Travel Authorization form and the Travel Voucher form, this visit was for John Davis to attend the 2016 APHSA IT Solutions Management Conference and CEO retreat.
- 2) December 23, 2016: One Gatlinburg, TN stay at the Hilton Garden Inn was booked for a regular two queen-bed room at a cost of \$373.47. This hotel stay was identified because it reflected a weekend stay from Friday, December 23, 2016, to Sunday, December 25, 2016.
- 3) June 1, 2017: One Gatlinburg, TN stay at the Hilton Graden Inn was booked for a King room with a whirlpool for June 1, 2017 to June 3, 2017, at a cost of \$340.32. An overlapping reservation was identified for a one-king two-room suite at the Embassy Suites by Hilton in Chattanooga, TN for June 2, 2017 to June 3, 2017, at a cost of \$182.70. For this reason, both were identified as excessive travel costs.
- 4) September 24, 2017: A San Diego, CA stay at the San Diego Marriot from September 24, 2017 to September 28, 2017, at a cost of \$1,345.40 was identified as two separate rooms were booked. A Travel Voucher was identified for September 24, 2017, to September 26, 2017, that listed travel to Portland, OR for John Davis to appear as a speaker at a conference/meeting titled "NCLS/ACF Regional Policy Initiative Meeting." However, no travel voucher was identified for a trip to San Diego, CA; therefore, the purpose of the travel to San Diego, CA was not identified.
- 5) April 22, 2018: A Jackson, MS one-night stay at the Westin Jackson in a Jr. Suite from April 22, 2018, to April 24, 2018, was booked at a total cost of \$418.00. This hotel is located in Jackson and the email communicating the booking did not

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<sup>47</sup> The purpose of travel is not described in the examples below unless the purpose was documented in the available information.

mention the purpose of the stay. It appears unusual that a local hotel room would be needed for John Davis.

#### Airfare

The travel confirmations identified for John Davis demonstrate that in early 2016, the flights booked for John Davis were for economy seats. Starting in approximately July 2016, the flights booked for John Davis were at times economy seats and increasingly they reflected upgraded seats such as Premium Economy, Delta Comfort+, and Preferred seats. As time passed, instances of first-class travel were identified for John Davis.

On April 21, 2017, John Davis emailed MDHS employee, Lynn Polk to express frustration that there was no consistency in the airline tickets being booked. The email discussion concluded with Lynn Polk communicating to John Davis that moving forward everyone traveling from the Executive Director's office would be booked for Delta Comfort+ seating and would be seated together so that boarding and onboarding would be at the same time (Exhibit 81).

A. Thirteen instances of first-class travel were identified for John Davis reflected in 17 separate transactions. Three instances of first-class travel appear to have been paid with the MDHS Visa 1416 credit card, while the remaining ten were paid with different AMEX credit cards. A few examples of first-class travel are discussed below:

- 1) February 26, 2018: The first instance of travel identified for which a first-class seat was purchased for John Davis was for a flight from Jackson, MS to Washington, D.C. with departure on February 26, 2018 and return on February 28, 2018. The travel was booked through Avanti Travel and it was paid for with the MDHS credit card Visa 1416 at a cost of \$1,035.01. A related Washington, D.C. stay at the Washington Hilton included a *Government with Extras* room booked from February 26, 2018 to February 28, 2018 at a cost of \$645.18. No related Travel Authorization form or Travel Voucher was identified for this flight and hotel stay.
- 2) February 22, 2019: An American Airlines first-class ticket was booked for departure on Friday, February 22, 2019, from Jackson, MS to Los Angeles, CA with a return flight scheduled for Monday, February 25, 2019. The cost for this flight was \$1,107.75 and was paid for with the AMEX X009 credit card. The time of the flight coincides with the time that Brett DiBiase was at the Malibu, CA rehabilitation facility. The MCEC general ledger lists this payment as a credit card expense. The AMEX X009 credit card was the same credit card used to pay for Brett DiBiase's travel to and from California while he was at the Malibu, CA rehabilitation facility.

B. The remaining 13 transactions identified for John Davis relate to Premium Economy, Premium Seat, Delta Comfort+, and one Economy flight. One economy flight was identified as excessive travel as it reflected a duplicate purchase as a result of a change in the return flight time for a ticket previously purchased.

#### **(2) Ted DiBiase, Jr.**

Instances of travel-related costs were identified for Ted DiBiase, Jr. that appeared excessive, which totaled \$20,827.41. These expenses included costs related to a restaurant, hotels stays,

and flights as discussed below. Attachment 13 includes the listing of these transactions as well as the related documentation identified through the email review.<sup>48</sup>

#### Restaurant

- A. February 20, 2019: CLA identified one instance of an expense related to a restaurant that appeared excessive. On February 20, 2019, Zola Haralson sent via email to Anne McGrew an email stating, "attached are travel expenses incurred by Ted for reimbursement."<sup>49</sup> This included among other items, a restaurant receipt from January 10, 2019, for the Oxford Grillehouse for a total of \$607.67. This expense was identified as excessive as the meal cost of \$407.67 was increased by a \$200.00 tip for a total cost of \$607.67. Additionally, the receipt was a credit card receipt and did not include the detail of what was ordered. The notes on the receipt stated "Dinner/Meeting Families First and McLean Institute, Oxford, MS. The payment was made with credit card AMEX 8000.

#### Hotel Stays

- A. Nine excessive travel reservations were identified for Ted DiBiase, Jr. Only one of the instances listed a form of payment while the remaining eight did not. These hotel stays correspond to first-class flights identified for Ted DiBiase, Jr. and to hotel stays for John Davis and Jacob Black. To the extent that additional information related to the hotel stays, or flights, was identified for other individuals related to the same trip, the full discussion is included to provide complete information.
- 1) Page 57 of CLA's *Findings of Possible Fraud, Waste & Abuse* report listed as possible abuse first-class travel by John Davis and Jacob Black for a flight route that included Jackson, MS to Atlanta GA; Atlanta, GA to Washington, D.C.; Washington, D.C to New York, NY, and New York, NY to Atlanta, GA (Exhibit 75).<sup>50</sup> This was the route listed on the credit card statement. The detailed itinerary provided, which indicates the first-class airfare, did not show the flight from Washington, D.C. to New York, NY. Through the expanded email review, CLA identified costly hotel stays and first-class flights for Ted DiBiase, Jr. for the same trip as follows:
    - i. May 20, 2018: A first class ticket was booked for Ted DiBiase Jr. for travel on May 20, 2018, from Jackson, MS to Atlanta GA; Atlanta, GA to Washington, D.C.; Washington, D.C to New York, NY, and New York, NY to Atlanta, GA. The cost of the flight was \$1,366.60 (same as the cost for John Davis and Jacob Black) and was paid with credit card AMEX 1005.
    - ii. May 20, 2018: A hotel confirmation for a stay at the Capital Hilton in a Senate Executive Suite from May 20, 2018 to May 22, 2018 at a total cost of \$2,157.83 was identified for John Davis. According to email communication, the suite had an adjoining room; however, the confirmation listed one guest. No other hotel confirmations were identified for Ted DiBiase, Jr. or for Jacob Black. Therefore, it is possible that the three individuals may have stayed in the same suite. Travel

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<sup>48</sup> Ted DiBiase Jr. was not an employee of MDHS at any point.

<sup>49</sup> The date of the email from Zola Haralson was used as this email contained the expense reimbursement request and included the receipts.

<sup>50</sup> This documentation was included in the *Findings of Possible Fraud, Waste & Abuse* report as Exhibit 091.

Authorization forms located for John Davis and Jacob Black for this instance of travel listed "Meeting with USDA FNS" as the purpose of travel.

- iii. May 21, 2018: Email communication on May 21, 2018, indicates that John Davis, Jacob Black, and Ted DiBiase, Jr. used Amtrack to travel from Washington, D.C. to New York, NY on May 22, 2018. In this same email communication, it was mentioned that the hotel reservations were made for the stay in New York, NY.
- iv. May 22, 2018: A hotel confirmation for a stay at the Double Tree by Hilton in New York, NY was identified for Ted DiBiase, Jr. for arrival on May 22, 2018 to May 24, 2018. The confirmation was for a two-double-suite premium and listed three guests. The cost was \$1,509.64.

The total cost for the first-class flights and premium suite stays for this trip was \$7,767.27.

- 2) One other instance of hotel stay was for an October 1, 2018, stay at the Hilton Crystal City at Washington Reagan National Airport for \$270.67 per night per room. The room was not extravagant; however, two separate rooms were booked under Ted DiBiase, Jr.'s name for the same night.<sup>51</sup> This hotel stay related to a trip John Davis and Ted DiBiase made to Washington D.C. for a dinner meeting with an individual named Mary Heitman to discuss the Families First for Mississippi program.
  - i. September 24, 2018: Zola Haralson emailed Mary Heitman to communicate the desire for this meeting. Mary Heitman responded and asked if they were planning to be in Washington, D.C. for any other meeting in the next few weeks and that she would send them a note and a few questions. Zola Haralson responded the next day to communicate that John Davis preferred to meet with her in person for dinner on October 1 or October 2.
  - ii. October 1, 2018: The related airline tickets, at a cost of \$603.80 each, were booked for one-way flights from Jackson, MS to Washington, D.C. on October 1, 2018, with departure at 1:14 pm and landing at 6:09 pm after a layover in Atlanta, GA. Both flights were paid for with the credit card AMEX 8000.
  - iii. October 2, 2018: The return tickets were booked also for one-way flights at a cost of \$673.18 each with departure from Washington, D.C. on October 2, 2018, at 5:30 am and landing at 10:05 am in Jackson, MS after a layover in Charlotte, NC. The flights booked were all first class. Both flights were paid for with the credit card AMEX 8000.

Although the hotel reservation for two rooms did not reflect an extravagant cost, they were identified as excessive due to the reservations being made only under Ted DiBiase, Jr. and due to the fact that the meeting could have happened in a future visit instead of planning a visit exclusively to have an in-person dinner meeting with Mary Heitman.<sup>51</sup> The total cost for flights and hotel accommodations for both was \$3,095.30.

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<sup>51</sup> CLA includes these instances of hotel stays, even though they were not excessive in cost, because booking and likely paying for these costs with Ted DiBiase, Jr.'s credit card minimized the transparency to MDHS for this travel.

- 3) On December 6, 2018, a reservation for two rooms was made under Ted DiBiase, Jr. with one room for Ted DiBiase, Jr. and the second room for John Davis, according to an email from Zola Haralson. The travel confirmation showed only one room at \$168.74; however, based on the email from Zola Haralson that two rooms were booked, the two reservations under Ted DiBiase's name are included in the listing.<sup>51</sup>
  - i. The itinerary Zola Haralson attached in an email reflected a lunch meeting that included Mary Heitman, John Davis, Nancy New, Zach New, and Ted DiBiase, Jr. on the arrival day and two other meetings the following day. One meeting was with the ACF Family Assistance Director, and the second meeting was with the Women's Bureau, Department of Labor Director.<sup>52</sup>
  - ii. December 6, 2018: Corresponding first-class flight accommodations were identified for both John Davis and Ted DiBiase, Jr. at a cost of \$1,893.00 each. Both flights were paid for with the credit card AMEX 8000.

The total cost for flights and hotel accommodations for both was \$4,123.48.

- 4) Two hotel reservations were made for Ted DiBiase, Jr. for a stay in Washington, D.C. at Trump international Hotel from February 20, 2019, to February 22, 2019 at a cost of \$1,643.78 for one room and at \$1,413.88 for the other room. The two reservations were made under Ted DiBiase, Jr.'s name.
  - i. February 20, 2019: Ted DiBiase, Jr. had a corresponding first-class flight at a cost of \$1,084.00 from Jackson, MS to Washington, D.C. after a layover in Atlanta, GA. John Davis had a matching first-class flight at a cost of \$1,084.00 (Exhibit 74).<sup>53</sup> Both flights were paid for with the credit card AMEX 8000.
  - ii. The email communications did not include the purpose of the travel. An email from Zola Haralson on February 15, 2019, communicates that the flight from Jackson, MS to Atlanta, GA did not have first-class availability and she would attempt to "get better seats" and that the remainder of the flights were first class. The total cost for hotel accommodations and flights for both was \$5,455.56.
- 5) The one hotel stay that listed form of payment was paid with the credit card AMEX 8000 and the amount of \$1,848.06 was reflected in the MCEC general ledger as a reimbursement to Ted DiBiase, Jr. This was for a hotel stay in a grand suite double room at the Fairmont Miramar hotel in Santa Monica, CA with check in date of June 7, 2019, and check out date of June 9, 2019. Although the reservation was made for Ted DiBiase, Jr., the trip organizer was John Davis, and two guests were listed.
  - i. June 7, 2019: First-class flights were identified for each John Davis and for Ted DiBiase, Jr. from Friday, June 7, 2019, to Sunday, June 9, 2019 at a cost of \$1,332.50 each. However, the departure flight was moved from June 6, 2019, to June 7, 2019 at an additional cost of \$200.00 each. The flights were paid for

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<sup>52</sup> Ted DiBiase, Jr.'s company, Priceless Ventures, executed a contractor agreement with MCEC that listed effective dates of October 1, 2018 to September 30, 2019. The timing of this trip fell within the agreement period; however, Ted DiBiase, Jr. was not considered an employee of either MDHS or MCEC.

<sup>53</sup> This documentation was included in the *Findings of Possible Fraud, Waste & Abuse* report as Exhibit 089.



with credit card AMEX X000 and were reflected in the MCEC general ledger as a reimbursement to Ted DiBiase, Jr. No emails were located that discussed the purpose of the visit to Los Angeles, CA. However, the timing of the visit to Los Angeles, CA coincided with a time that Brett DiBiase received rehabilitation services at a luxury rehabilitation facility in Malibu, CA.<sup>54</sup> The total cost for flights and hotel accommodations for both was \$4,913.03.

- 6) A hotel reservation for an Executive room was made for June 20, 2019 to June 21, 2019 at a cost of \$620.73 for Ted DiBiase, Jr. at the Trump International Hotel Washington, D.C. (Exhibit 72).<sup>55</sup>
- i. June 19, 2019: Corresponding round-trip flights were identified for Ted DiBiase, Jr. and John Davis. The departure flights on June 19, 2019, from Jackson, MS to Washington, D.C. with a layover in Charlotte NC, were booked as first-class tickets. The return flights on June 20, 2019, were booked as economy tickets. The roundtrip ticket cost \$944.80 each and was paid with the credit card AMEX X000.<sup>56</sup>
  - ii. June 21, 2019: The return economy flight scheduled for June 20, 2019 was changed to June 21, 2019, and was upgraded to first-class seating at an additional cost of \$836.00 for each Ted DiBiase, Jr. and John Davis. The upgraded tickets were paid with the credit card AMEX 8000.
  - iii. The email communication identified conveys that the purpose of the travel was for John Davis to testify in front of the House Committee on Agriculture on June 20, 2019.
  - iv. Other documents identified convey that in addition to John Davis and Ted DiBiase, Jr. two MDHS employees, Dana Kidd and Lynn Myers, also attended the hearing. A Travel Authorization form was located for these two MDHS employees, but related flight or hotel confirmations/receipts were not located (Exhibit 82 and Exhibit 83).
  - v. Another individual attending the hearing was Kevin Myers, according to electronic travel receipts forwarded by Zola Haralson to Anne McGrew. The travel was booked originally as economy flights and then upgraded to Preferred seating. The departure date was June 19, 2019, and return date was June 20, 2019. The return flight was then updated to a return date of June 22, 2019. The original ticket was \$1,034.62 and was paid with the credit card AMEX 2009. The upgraded ticket cost an additional \$200.00 and was paid with credit card AMEX X009. Both of the transactions were reflected in the MCEC general ledger as credit card charges and were therefore paid with TANF funds. (Attachment 14 includes the listing for Kevin Myers and the related travel confirmations).

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<sup>54</sup> The Fairmont Miramar-Hotel & Bungalows in Santa Monica, CA is located 14 miles from the Los Angeles Airport and 17 miles from the Rise Malibu Rehabilitation Center in Malibu, CA. The Fairmont Miramar-Hotel & Bungalows is a mid-point between the airport and the rehabilitation center.

<sup>55</sup> This stay was identified in *CLA's Findings of Possible Fraud, Waste & Abuse* report as Exhibit 087.

<sup>56</sup> The *Findings of Possible Fraud, Waste & Abuse* report included these confirmations as Exhibit 088.

### Flights

- A. Nine instances of travel were identified for Ted DiBiase, Jr. where the ticket purchased included one or more first-class flights or other types of upgraded travel. These nine instances reflected sixteen separate transactions. From the nine instances of travel, only two instances were for Delta Comfort+ or Preferred seats, the remaining instances were for tickets that included one or more first-class accommodations. Six travel instances were discussed above as they corresponded to identified instances of costly hotel stays. Two additional instances are discussed below. To the extent there is flight and hotel information for other individuals traveling as part of the same itinerary, the full discussion is included to provide complete context.
- 1) A first-class ticket was purchased for Ted DiBiase, Jr. on September 4, 2018 with departure on September 6, 2018 from Jackson, MS to Atlanta, GA. The cost was \$954.40 and was paid with the credit card AMEX 8000.
    - i. A flight with the same departure date, September 6, 2018, from Jackson, MS to Atlanta, GA was purchased for John Davis on August 30, 2018. The flight was for Premium Economy seats at a cost of \$844.41, which was paid with the MDHS Visa 1416 credit card. CLA did not identify a cancellation of this flight within the email communication and this flight was listed in the *Avanti Vendor Activity by Passenger* report for John Davis. Nonetheless, on September 4, 2018, the same day that the first-class flight was booked for Ted DiBiase, Jr., a second flight was booked for John Davis for first-class seats. This new ticket was paid with the AMEX 8000 credit card at a cost of \$954.40.
  - 2) A round-trip American Airlines ticket at a cost of \$1,080.81 was purchased for each Ted DiBiase, Jr. and John Davis for a flight from Jackson, MS to Washington, D.C. on January 31, 2019, with a layover in Charlotte, NC. The return flight was a direct flight from Washington to Jackson. The flight from Jackson to Charlotte and the return flight was for economy seating while the flight from Charlotte to Washington was first class. Additional transactions were identified for this trip for Ted DiBiase, Jr. and John Davis for upgrades and changes in the return flight. The final cost for this travel for both \$2,785.90.

### **(3) Brett DiBiase**

Brett DiBiase had 19 instances of excessive travel costs relating to flights totaling \$19,982.25. Attachment 15 includes the listing of these transactions as well as the related documentation identified through the email review.

- A. Eight instances of first-class travel were identified for the benefit of Brett DiBiase. Eleven instances of upgraded seats that included Preferred, Premium Economy, Delta Comfort+, and other types of upgraded seats were also identified.
- 1) Eight first-class flight tickets were identified in the CLA's *Findings of Possible Fraud, Waste & Abuse* report that related to seven flights for Brett DiBiase and one for his wife, Leah DiBiase, which correspond to the time that Brett DiBiase spent in Malibu, CA at a rehabilitation facility. All of these flights were paid with the credit card AMEX X009 and were reflected in the MCEC general ledger as credit card expenses, indicating payment with TANF funds.

- 2) The first five instances of upgraded travel (not first-class) for Brett DiBiase were paid for with the MDHS Visa 1416 credit card and were listed in the *Avanti Vendor Activity by Passenger* report. For only one instance, a related travel authorization form was located and no related travel voucher was identified for any of the five instances of travel.
- 3) Five other travel instances were paid with AMEX 1001 and AMEX X009 and were listed in the MCEC general ledger as a credit card expense of MCEC, indicating payment with TANF funds.
- 4) One travel instance did not list the method of payment and the amount was not reflected in the MCEC general ledger.

**(4) Jacob Black**

- A. Seven instances of excessive travel were identified for Jacob Black totaling \$6,901.00 and appear to have been paid with the MDHS Visa 1416 credit card. All of these instances of travel were included in the *Avanti Vendor Activity by Passenger* report, and a corresponding Travel Authorization form listing the purpose of travel was located. A related travel voucher was identified for six of the seven travel instances. Attachment 16 includes a schedule of the transactions by date and the identifies electronic receipts.
  - 1) Only one instance of first-class travel was identified for Jacob Black, and it was listed in the *CLA's Findings of Possible Fraud, Waste & Abuse* report and discussed within the Ted DiBiase Jr. section. The remaining instances of excessive travel costs related to Preferred and Premium Economy seats.

Ending paragraph

This letter communicates additional potentially relevant information identified through CLA's expanded email review requested by MDHS. This letter includes several references to various email communications; attached to this letter is a listing of the referenced exhibits and a copy of each exhibit.

We appreciate the opportunity to be of continued assistance to MDHS. Please contact me should you have any questions regarding the contents of this letter.

Sincerely,



Jenny Dominguez, CPA/CFF, CFE  
Principal  
**CliftonLarsonAllen LLP**

**F. Attachment Listing**

<b>Attachment No</b>	<b>Attachment Description</b>
01	Listing of direct deposits made by MCEC to "M Kevin Myers"
02	Listing of all identified excessive cost travel transactions. Includes cross reference to specific examples discussed within the <i>Activity by travel beneficiary</i> section.
03	Listing of excessive travel costs paid with Visa 1416
04	Listing of excessive travel costs paid with AMEX 8000
05	Listing of excessive travel costs paid with AMEX X009
06	Listing of excessive travel costs paid with AMEX X000
07	Listing of excessive travel costs paid with AMEX 1001
08	Listing of excessive travel costs paid with AMEX 2009
09	Listing of excessive travel costs paid with AMEX 1005
10	Listing of excessive travel costs paid with VISA 8367
11	Listing of all transactions paid by MDHS with TANF funds or paid for or reimbursed by MCEC, thus indicating TANF funds were used
12	Listing of excessive travel costs identified for John Davis and related documentation identified through email review
13	Listing of excessive travel costs identified for Ted DiBiase, Jr. and related documentation identified through email review
14	Listing of excessive travel costs identified for Kevin Myers and related documentation identified through email review
15	Listing of excessive travel costs identified for Brett DiBiase and related documentation identified through email review
16	Listing of excessive travel costs identified for Jacob Black and related documentation identified through email review
17	Listing of excessive travel costs for which no form of payment was identified

**G. Exhibit Listing**

<b>Exhibit No</b>	<b>Exhibit Description</b>
01	Email from Amy Harris to Ted DiBiase, Sr. dated August 16, 2017 – includes attachment
02	Email forwarded to Ted DiBiase, Jr. and Brett DiBiase dated August 16, 2017 – includes attachment
03	Email from Ted DiBiase, Sr. using the email address tdib3@comcast.net dated July 4, 2017
04	DiBiase Development LLC's Certificate of Formation and current status
05	Email from Garrig Shields to Amy Harris dated May 8, 2017, regarding hiring leadership training coordinator
06	Email from Amy Harris to Garrig Shields dated May 9, 2017
07	Email from Amy Harris to John Davis dated April 12, 2018
08	Email from Jacob Black to Nick Bridge dated March 2, 2017, regarding Heart of David
09	Email from Nick Bridge dated March 2, 2017, regarding Heart of David scope of services
10	Emails between March 24, 2017, and April 14, 2017, regarding Heart of David's scope and budget
11	Email from John Davis to Ted DiBiase dated April 19, 2017, regarding increase of grant award to \$500,000
12	Email from John Stephen to John Davis dated September 29, 2017, regarding first meeting with Families First and Heart of David
13	Email from John Stephen to John Davis dated October 2, 2017, regarding Heart of David
14	Emails regarding Heart of David dated October 10, 2017
15	Email forwarded by Brett DiBiase to Arlene Wilson dated October 11, 2017, regarding faith-based outline
16	Email forwarded by Brett DiBiase to John Stephen dated October 23, 2017, regarding faith-based initiatives
17	Email response from John Stephen to Brett DiBiase dated October 24, 2017, regarding faith-based initiatives
18	Email from John Davis to a group of MDHS employee dated November 15, 2017, regarding meeting with Families First and Heart of David the day before
19	Email from Nancy New to John Davis dated November 28, 2017, regarding terminating an individual's involvement with all faith-based activities
20	Email from Nick Bridget to Melanie DiBiase dated August 23, 2019, regarding grant modification
21	"Competitive Procurement Request Form" signed on October 16, 2017
22	Email from Jacob Black to Sandra McClendon dated September 11, 2017, regarding housing project discussed with Nick Coughlin
23	Email from Jacob Black to Nick Coughlin dated September 11, 2017, to provide forms to be completed
24	Email from Jacob Black to Nick Coughlin dated September 13, 2017, regarding procurement process
25	Email from Nick Coughlin to Jacob Black dated September 22, 2017
26	Email from John Davis to Jacob Black dated September 23, 2017, regarding discussion prior to approving Nick Coughlin's contract
27	Email from Nick Coughlin to Jacob Black dated September 27, 2017, providing contact information for the two out-of-state vendors
28	Email forwarded by Jacob Black to Nick Bridge dated September 27, 2017, providing contact information for the two out-of-state vendors
29	Email from Elizabeth Rocquin to Nick Bridge dated November 27, 2017, regarding NCC ventures contract
30	Email from Jacob Black to Sandra Giddy dated March 7, 2018, responding to questions regarding workstation for Nick Coughlin

Exhibit No	Exhibit Description
31	Email from Bryan Wardlaw dated March 24, 2020, regarding draft response to OSA's questions
32	Email from Bridgette Bell dated March 25, 2020, providing procurement documents relating to the contract with NCC ventures
33	Email from Bryan Wardlaw dated March 25, 2020, regarding draft response to OSA's questions
34	Email from Shannon Lott to Jacob Black dated April 9, 2019, regarding Autism Center grant
35	Emails regarding Autism Center dated April 11, 2019, and April 12, 2019, regarding Autism Center grant
36	Email from Jacob Black to Shannon Lott dated April 16, 2019, regarding Autist Center grant
37	Email forwarded by Jacob Black to Shannon Lott dated May 15, 2019, regarding Autism Center grant
38	Email from Autism Center to Hannon Lott and Jacob Black dated May 17, 2019
39	Email from Jacob Black to Autism Center dated May 20, 2019
40	Email from Jacob Black to Nick Bridge dated May 20, 2019, regarding Autism Center
41	Email from MCEC to Jacob Black dated February 22, 2019, to make informal disbursement request
42	Email form Jacob Black to MCEC dated February 22, 2019, asking that request be submitted through the normal process
43	Email forwarded by Jacob Black to Marie McLaurin dated February 22, 2019, regarding disbursement request from MCEC
44	Email from Jacob Black to Marie McLaurin dated February 22, 2019, regarding disbursement request from MCEC
45	Email from Marie McLaurin to Jacob Black dated February 26, 2019, confirming disbursement cleared for MCEC request – contains attachments
46	Email from MCEC to Jacob Black dated April 11, 2019, regarding disbursement request from MCEC
47	Email from Zach New to Jacob Black on March 25, 2017, regarding draft lease agreement
48	Email response from Jacob Black to Zach New dated March 27, 2017, regarding draft lease agreement
49	Email from Jacob Black to Larry Strebeck dated February 26, 2019, regarding Law of 16 costs
50	Email forwarded by Zach New to Jacob Black dated May 18, 2017, regarding lease with USM
51	Email communication chain from May 23, 2017, to May 26, 2017, regarding lease with USM – contains attachments
52	Email forwarded from Zach New to Garrig Shields dated September 14, 2017, regarding proposed lease between USM and USM Athletic Foundation
53	Executed contract between USM Athletic Foundation and MCEC containing Exhibit A (sublease) between USM Athletic Foundation and MCEC
54	Email from Anna Wolfe to Danny Blanton dated March 2, 2020, requesting a response to reflect in her current story regarding USM lease agreement – contains attachment
55	Email from Andrea Sanders to Jacob Black dated February 12, 2018 – includes attached draft memorandum to MCEC
56	Email from Jacob Black to Zola Haralson dated February 15, 2018 - includes attached memoranda to MCEC and FRC
57	Email forwarded by John Davis to Earl Scales dated October 11, 2017, regarding Chris Christmas having been selected to be the Director of the Contract Monitoring and Accountability Team
58	Email forwarded by John Stephens to John Davis dated October 11, 2017, regarding template of monitoring tool provided to Chris Christmas
59	Email from Chris Christmas to Garrig Shields dated September 6, 2017, regarding Kevin Myers
60	Email form Chip Butler to John Davis dated September 21, 2017, regarding MDHS options for hiring Kevin Myers
61	Email from John Davis to Nancy New dated September 22, 2017, requesting MCEC hire Kevin Myers

<b>Exhibit No</b>	<b>Exhibit Description</b>
62	Email from IHL to John Davis dated June 27, 2019, regarding funding request
63	Email from IHL to Zola Haralson dated July 9, 2019, regarding funding request
64	Email from IHL to John Davis dated July 23, 2019, regarding funding request
65	Email to John Davis from FRC dated April 25, 2017, regarding concerns over WWISCAA – includes attachment
66	Email John Davis forwarded to Lyndsy Irwin dated April 25, 2017, regarding concerns over WWISCAA – includes attachment
67	September 26, 2018, email with completed DocuSign document for WWISCAA grant – includes attachment
68	December 3, 2018, email with completed DocuSign document for WWISCAA grant – includes attachment
69	December 7, 2019, email with completed DocuSign document for WWISCAA grant – includes attachment
70	October 25, 2018, email with completed DocuSign task for WWISCAA grant
71	Attachment and emails related to Brett DiBiase travel to and from luxury rehabilitation facility in Malibu, CA.
72	Trump International Hotel confirmation June 20 through June 21, 2019
73	John Davis airline confirmation June 20 and June 21, 2019
74	Confirmation of first-class flights to Washington, D.C.
75	First-class flights to Washington, D.C. for Jacob Back and John Davis – August 2018
76	February 20, 2019 email from Zola Haralson regarding travel expenses for Ted DiBiase, Jr. incurred on AMEX 8000 credit card
77	June 12, 2019 email from Zola Haralson regarding travel expenses for Ted DiBiase, Jr. incurred on AMEX X000 credit card
78	December 17, 2018 email from Zola Haralson regarding travel for Brett DiBiase
79	June 18, 2019 email from Zola Haralson regarding travel for Kevin Myers
80	May 18, 2018 email from Andrea Patrick regarding travel for John Davis
81	April 21, 2017 email from Lynn Polk to John Davis regarding Delta Comfort+ seating
82	Travel Voucher and Travel Authorization forms for Dana Kidd travel to Washington, D.C.
83	Travel Authorization form for Dana Kidd travel to Washington, D.C.