



LEWIS COUNTY SOIL CONSERVATION DISTRICT

Comptroller's Investigative Report
November 7, 2018

Justin P. Wilson, Comptroller





JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

November 7, 2018

Lewis County Soil Conservation District
39 Smith Street
Hohenwald, TN 38462

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Lewis County Soil Conservation District, and the results are presented herein. These results have been referred to the District Attorney General of the 21st Judicial District.

Copies of this report are being forwarded to Governor Bill Haslam, the State Attorney General, the District Attorney General, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

LEWIS COUNTY SOIL CONSERVATION DISTRICT

The Office of the Comptroller of the Treasury investigated possible malfeasance related to the Lewis County Soil Conservation District (district). The Comptroller's Office initiated the investigation after officials from the Tennessee Department of Agriculture reported concerns regarding a cost-share project at the district.

BACKGROUND

Soil conservation districts are governmental entities specifically created under state statutes in the interest of the public health, safety, and welfare, for the purposes of preventing and controlling soil erosion, improving water quality and promoting stewardship of natural resources. As such, the district derives the vast majority of its funding from taxpayer dollars flowing from the Tennessee Department of Agriculture. Accordingly, all district funds should be spent in furtherance of the district's public purposes.

INVESTIGATIVE RESULTS

- **Board member Timmie Hinson misappropriated district funds totaling at least \$2,713**

During the period May 2016, through October 2016, district board member Timmie Hinson misappropriated funds totaling at least \$2,713 by submitting false and inflated cost amounts and receiving excess reimbursement related to a district project conducted on his personal property.

Mr. Hinson requested district assistance to stabilize a stream bank on his property, for which the district estimated the costs not to exceed \$15,000. Mr. Hinson signed the standard application and agreement for assistance acknowledging the district would reimburse him no more than 75% of the actual cost of the project or 75% of the estimated cost of the project (maximum cost-share amount), whichever was less. **[Refer to Exhibit 1 in the Appendix.]**

Prior to starting the project, Mr. Hinson negotiated a deal with a contractor that would allow Mr. Hinson to recover his total project costs, in direct violation of the agreement terms. The deal provided for Mr. Hinson to obtain reimbursement from the district based on the estimated cost of \$15,000, but to pay the contractor only the amount he actually received from the district.

Upon completion of the project, the contractor provided Mr. Hinson an invoice for \$14,469.40 which Mr. Hinson subsequently submitted to the district. The district reimbursed Mr. Hinson \$10,852 (75% of \$14,469). The investigators determined that Mr. Hinson paid the contractor \$9,447.55 and retained \$1,404 to cover the value of services and equipment

he personally contributed to the project. [Refer to Exhibit 2 and Exhibit 3 in the Appendix.]

As a result of submitting this false and inflated invoice, Mr. Hinson received excess public funds totaling \$2,713 to which he was not entitled. [Refer to Exhibit 4 and Exhibit 5 in the Appendix].

Mr. Hinson admitted to Comptroller investigators that although he knew he was supposed to be reimbursed for only 75% of the cost of the work, he requested and received reimbursement for 100% of the cost.


Summary of Misappropriation	Amount
Total reimbursed to Mr. Hinson for project	\$10,852
Less:	
Authorized reimbursement (75% of \$10,852)	<u>(8,139)</u>
Total Amount Misappropriated	<u>\$ 2,713</u>

The Comptroller's Office referred this matter to the district attorney general of the 21st Judicial District. On November 5, 2018, the Franklin County Grand Jury indicted Timmie Hinson on one count of Theft Over \$2,500 But Under \$10,000.

APPENDIX

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Exhibit 1



Date of Application: 7/27/16

APPLICATION AND AGREEMENT FOR COST-SHARE ASSISTANCE between the

Lewis County Soil Conservation District (SCD) and

Timmie Hinson [Redacted]

Name of Cooperator (please print) Daytime Phone

[Redacted] Email Address

City, State, Zip Code Farm and Tract Number of Project Location

Terms of Agreement

- The Tennessee Department of Agriculture (TDA) provides funds through the Agricultural Resources Conservation Fund (ARCF) (TCA 67-4-409(l)) to grantees for cost-sharing with cooperators on a reimbursement basis to establish Best Management Practices (BMPs), consistent with ARCF Guidelines for the control of soil erosion and improve water quality associated with agricultural operations.
- The Maximum Cost-Share Amount offered by the SCD through this Agreement is indicated in Item 8 below. There is no guarantee of additional cost-share assistance to cover unforeseen conditions which may arise and are not accounted for in the BMP cost estimate.
- Upon completion, approved BMPs will be reimbursed at 75% of the actual cost of establishing the BMP or the Maximum Cost Share Amount, whichever is less. BMPs installed in 303(d) watersheds may be reimbursed at 85% of the actual cost of establishing the BMP or the Maximum Cost Share Amount, whichever is less. In all watersheds, however if there is cost-share from another source the total amount of all cost-share shall not exceed 90% of the actual establishment cost. The SCD Board may elect to cost-share at a lesser percentage, or to use another payment system such as flat rate. All cost share payments will adhere to ARCF Guidelines.
- Approval of BMP(s) to be cost-shared will be based on a United States Department of Agriculture-Natural Resources Conservation Service (NRCS) Conservation Plan and this Agreement. I agree to maintain each BMP for its normal life expectancy as set forth in the NRCS Field Office Technical Guide, as indicated below. If I sell the land or if the land should pass to my heirs before the end of the normal life expectancy of the BMP(s), I agree that the maintenance of the BMP(s) will be made a condition of the sale or transfer by securing the agreement of the new owners to the terms of this Agreement, or in the alternative I agree that I or my estate shall reimburse the SCD a pro-rated amount for the shortened life of the practice.
- If I accept cost-share assistance from the SCD, I agree that neither the SCD nor I will be liable for any damage to the other's property or personal injury resulting from the implementation of the BMPs listed below.
- I agree that the Commissioner of TDA or his designee, the NRCS State Conservationist or his designee, or the SCD Supervisors or their employees may periodically enter my property for the purpose of determining compliance with this Agreement.
- Based on the above, I hereby request prior approval of cost-share for the following BMP(s):

BMP Name	Quantity/ Dimension*	Location/ Field No.	Life Expectancy (years)	Cooperator's Initials
<u>580 Stream Bank stab</u>	<u>100'</u>			<u>TH</u> x

*Please list the number of each type of BMP to be installed and the estimated length or area covered by the practice, as applicable.

8. Total Estimated Cost:
\$ 15000⁰⁰

Maximum Cost-Share Amount:
\$ 11250⁰⁰

Cooperator's Initials
TH x

I agree to the Terms of Agreement listed above. Under penalty of perjury, I hereby affirm that I am either:
 a United States citizen; or a qualified alien as defined by 8 U.S.C. § 164(b). Persons claiming qualified alien status must present two (2) forms of documentation of identity and immigration status acceptable by the U. S. Department of Homeland Security. Any person who knowingly and willfully makes a false, fictitious or fraudulent statement or representation in this application may be liable under the False Claims Act, T. C. A. Title 18; or, any other applicable civil or criminal law or regulation.

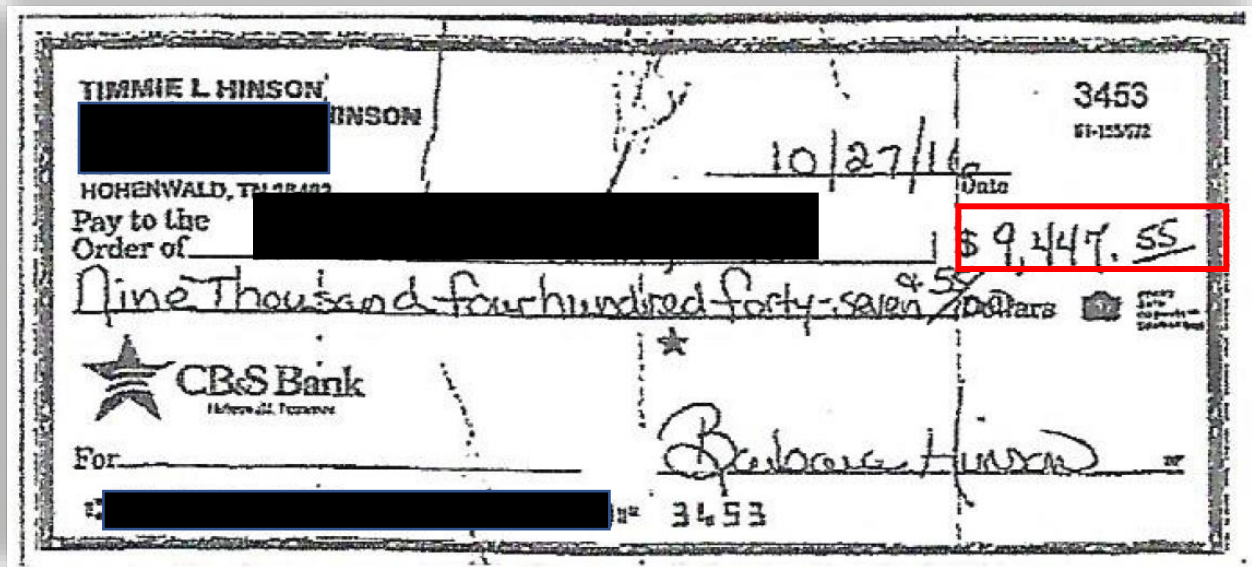
x Timmie Hinson
Signature of Cooperator

7-27-16
Date

[Redacted]
Cooperator Tax ID Number

Application for Cost-Share Assistance submitted by Mr. Hinson

Exhibit 3



Check totaling \$9,447 from Mr. Hinson to the contractor

Exhibit 4

PRACTICE COMPLETION NOTICE AND REQUEST FOR COST-SHARE PAYMENT

Lewis County Soil Conservation District (SCD)

Notice is hereby given that I have established the BMP(s) which were described in my application to the District on: 7/27/2016 and were approved for cost-share by the SCD Board on 7/27/2016

Date Date

Costs incurred in establishing these BMP(s) are listed below. I am submitting appropriate bills.

247.84 Tons of Rip Rap @ \$35.00 per ton	=	\$8,674.40
24 hr Trackhoe @ \$120.00 Per Hr	=	\$2,880.00
30 hr Dumptruck @ \$ 85.00 Per Hr	=	\$2,550.00
25 lbs of Fescue @ \$2.00 Per LB	=	\$50.00
10 50lb bags of 6-12-12 fertilizer @ \$15.00 per bag	=	\$150.00
30 Bales of straw @ \$5.50 per bale	=	\$165.00
Total establishment cost for these BMP(s):	\$	14,4469.40

I have completed all work and hereby request cost-share payment.

Timmie Hinson
Name of Cooperator (please print)

[Signature]
Signature of Cooperator

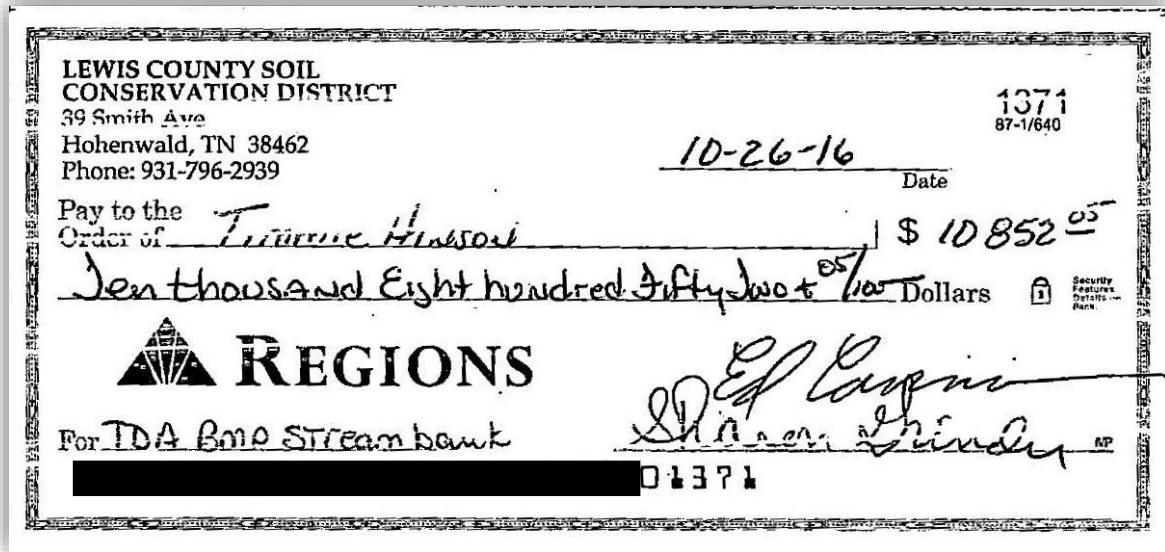
[Redacted]
Cooperator's Social Security Number

9/24/2016
Date

Signed by Timmie Hinson claiming total project cost of 14,469.40. (This is a typographical error).

Completion Notice and Request for Payment submitted by Mr. Hinson claiming project cost was \$14,469.

Exhibit 5



Check from district reimbursing Mr. Hinson for \$10,852