

STATE POLICE PROBE OF FLINT HILL FIRE FINDS:

Possible embezzlement, fraud, forgery

INVESTIGATOR, PROSECUTOR CONCLUDE:

‘No obvious criminal violations’ but suggest audit



FILE PHOTO BY LUKE CHRISTOPHER

BY JULIA SHANAHAN
Rappahannock News staff

A Virginia State Police investigator found evidence of possible embezzlement, credit card theft, tax fraud and forgery at the Flint Hill Volunteer Fire and Rescue Company, according to a report recently obtained by the Rappahannock News through a public records request.

For three years, the Virginia State Police investigated Company 4 for allegations of financial misconduct that go back as far as 2017. Yet, after the police finished its investigation in April, the findings sat for months on the desk of Commonwealth's Attorney Art Goff without key

county officials knowing it was there.

It was only when Piedmont Supervisor Christine Smith asked Goff at the August Board of Supervisors' meeting about the status of the investigation that Goff, also the county attorney, said, "The investigation found gross financial mismanagement."

He added, "Apparently the problem was remedied by some procedures put in place by the prior set of officers," including the implementation of an electronic accounting system. Goff has not publicly expanded on that statement and has declined to answer questions on the record from

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INVESTIGATION

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the Rappahannock News.

No members of Company 4, past or present, have been charged with a crime. The former leadership of the company was removed by the Board of Supervisors in January. They say any wrongdoing happened before they were in administrative positions.

The records show that Special Agent Adam Galton spent the past three years logging findings into a 31-page activity report. He noted evidence of possible misconduct, but wrote that the degree of financial mismanagement did not meet “obvious” criminal standards. Galton also declined to answer questions from the newspaper.

According to the VSP documents obtained by the Rappahannock News, the investigation began in March 2020 after an initial complaint made by Sheriff Connie Compton, who wrote to the state police after concerns of financial mismanagement at the fire company were brought to her attention.

When the investigation concluded April 19, Galton recommended that the county conduct an external audit of the fire and rescue company.

“[Commonwealth and County Attorney Art Goff] agreed with [Galton’s] assessment and it was determined that VSP [state police] will close this case with the understanding that if a crime was found by audit or other, that VSP would reopen the case,” Galton wrote in the report.

In January, the Board of Supervisors initially considered conducting a forensic audit on the Flint Hill company at the suggestion of the state police. The forensic audit, which involves a detailed examination of financial records, was estimated to cost between \$15,000 and \$25,000, and the supervisors declined to approve the expense. That decision was made before Galton concluded his investigation.

When the investigation closed in April, Goff did not inform the Board of Supervisors or the Sheriff’s Office. The elected officials had not seen Galton’s report until the Rappahannock News shared the documents with them last week, asking for comment.

Names and other personal information were redacted from the requested documents. Because of the large number of missing receipts from the company’s records, it’s difficult to determine exactly who was responsible for the questionable expenditures.

What was in the report?

The investigation began in early 2020 after Compton notified the state police by letter that she had evidence of financial mismanagement at Company 4.

“I looked through the bills and could see where [a] brake rotor and pad kit had been purchased

EXCERPTS FROM SHERIFF CONNIE COMPTON’S COMPLAINT

The Virginia State Police investigation began in March 2020 after an initial complaint made by Sheriff Connie Compton, who wrote to the state agency after concerns of financial mismanagement at the fire company were brought to her attention.

On February 12, 2020 I opened the envelope to find certificates with the name of [redacted] on them and bills from NAPA of Front Royal, Ramsey Value Hardware of Front Royal, and the Fire Levy Request for reimbursement forms. I called and ask Emergency Manager [redacted] to come to my office. [redacted] has been dealing with other issues of Flint Hill Fire Dept. [redacted] to me that he had found out that [redacted] had falsified some Dept Of Fire Program certificates to make it look like he was a certified Fireman, but [redacted] had turned that over to Dept. Of Fire Programs. A meeting had taken place in reference to this. [redacted] and I looked through the bills and could see where break rotor and a pad kit had been purchased for a [redacted] truck, [redacted] and Shocks had been purchased for a [redacted] truck. [redacted] and I both knew that Flint Hill Fire Dept. didn’t own either of those vehicles. As I skimmed through the paperwork, I realized there was a lot more to this. I advised Kevin that I was going to turn this over to the Virginia State Police for an Investigation to be done. [redacted] advised they had a Fire Levy Board meeting and he was certain this would be talked about. I advise [redacted] that I would wait to hear from him. [redacted] had training and has been out all week.

On February 26, 2020 I met with Kevin [redacted] in reference to this case. I advised [redacted] that I was turning this over to the Virginia State Police. I advised him that due to him being the Emergency Manager that VSP may need to speak to him. [redacted] advised he would be available. [redacted] contact number attached) [redacted] advised me that [redacted] who is on the Fire Levy Board and whom was an Auditor for Dept. of Defense looked into some of the bills at Flint Hill Fire Dept. [redacted] advised that [redacted] went over to Settles garage in Flint Hill, to look into one of the bills that had been turned in by Flint Hill. [redacted] found that someone from Flint Hill had been going to Settles and getting food and putting it on the Fuel bill and turning it into the county for reimbursement. [redacted] also advised me that Flint Hills last audit was terrible, and he had asked that they be put through another audit. [redacted] advised that Flint Hill had received money from a grant, and they had never done what they were supposed to do for the grant.

Note: When referring to “Kevin” and the “Emergency Manager,” Compton is referring to former Rappahannock County Emergency Services and Emergency Management Coordinator Kevin Williams.

for a [SUV], and shocks had been purchased for a [truck],” Compton wrote. “[Redacted] and I both knew that Flint Hill Fire Dept. didn’t own either of those vehicles. As I skimmed through the paperwork, I realized there was a lot more to this.”

Compton continued: “[Redacted] found that someone from [Company 4] had been going to [Settle’s Grocery

& Garage] and getting food and putting it on the fuel bill and turning it into the county for reimbursement.”

Galton interviewed Compton in March 2020. Afterwards, the records show, he wrote that he suspected “that there are multiple members of the operational and administrative officer structure that have knowledge or are actively involved in the possible credit

EXCERPTS FROM THE STATE POLICE REPORT

Virginia State Police Special Agent Adam Galton recorded his observations (referring to himself in the third person) in an activity log, which was obtained by the Rappahannock News through a Freedom of Information Act request.

[redacted] stated that after the audit was complete he was handed a brown envelope that detailed various indiscrepancies. Presumably the same envelope that was provided to the Sheriff, who had forwarded it to S.A. Galton. Between his audit and what was provided by [redacted] (complainant) he was able to determine the following:

1. Gas stations and other purchases made in Warren County instead of Rappahannock. He said this set off red flags.
2. Either no documentation, receipts, or hand written receipts for a lot of these purchases
3. (from the brown envelope): he noted that only one receipt in the envelope corresponded with what he had been given for the audit
4. Auto Parts Store (NAPA): [redacted] stated that someone is getting defrauded in this process. Firstly, [redacted] said that he has never signed receipts there yet there are different receipts with his signature but signed differently. Also there appears to be personal purchases made under their name, but paid with cash. The problem is that they are a 501 c 3 organization with tax free status so these purchases were made tax free. Galton notes that his is state tax fraud. Galton also noted that he must identify who made what purchases and then note the signatures applied.
5. One receipt for approximately \$243 stood out as an attempt to defraud the county by

Note: Certain personal and other identifying information was redacted (blacked out) by the state police. The Rapp News also blurred out additional portions for the same reasons.

theft or embezzlement.”

Galton confirmed in his investigation that one of the members was working as a firefighter with a forged certificate of their qualifications. The Rappahannock News recently confirmed this independently with

a source close to the company. That member was removed from the company after officials learned of the forgery.

Galton noted in April 2020 that the Fire Levy Board was routinely reviewing requests for county reimbursement from each of the seven fire companies. In the submission from Company 4, which included purchases from July 2019 to December 2019, the

Fire Levy Board noticed about \$18,000 worth of anomalies out of a roughly \$55,000 request.

The Fire Levy Board ultimately denied \$17,416.94 for county reimbursement.

Those anomalies included \$746 worth of “fuel” receipts that were rejected, because there was no receipt provided, the vehicle was fueled in Front Royal rather than in the county, or food

and snacks were bought at the same time, Galton wrote. In two transactions alone, more than \$272 worth of food, total, was purchased along with fuel.

Other anomalies identified by the Fire Levy Board included: \$9,675 for a new HVAC with no receipt, and \$5,610.62 for 20 helmets ordered for 13 members. A member of the Fire Levy Board wrote in the report, “...helmets have a shelf life of not greater than 10 years... Co4 president and I discussed the concept of what the Fire & Rescue Company needs versus what the company wants.”

Receipts obtained by the Rappahannock News under the public records request include reimbursement requests that some officials found suspicious, including items like a shower curtain, pocket knife and mosquito zapper.

Galton went on to write that “countless handwritten notes” were submitted as receipts for purchases on vehicle parts with no association to a function or apparatus. While some receipts were not obtained or provided, “having no receipts is more of a business practice for Co 4.”

Galton interviewed an employee at NAPA Auto Parts in Front Royal, frequented by members of Company 4, and reported: “There appears to be personal purchases made under their name, but paid with cash... The problem is that they are a 501(c)3 organization with tax free status so these purchases were made tax free.”

Galton noted that this “is state tax fraud.”

Background: Flint Hill fire's troubled recent history

▶ **January-February 2020:** Rappahannock Board of Supervisors receives informal complaints that Company 4's requests for reimbursements to the Fire Levy Board contain irregularities, suggesting management problems. Wakefield Supervisor and board chair Debbie Donehey pushes to bolster management and strengthen business practices.

▶ **Feb. 10, 2020:** An unknown source notifies Sheriff Connie Compton "in reference to some misuse of funds and illegal documentation" at Company 4, according to a letter Compton submitted to the state police.

▶ **March 4, 2020:** Special agent for the Virginia State Police logs his first report for an investigation into the fire company's alleged mismanagement of public funds.

▶ **April 2020:** Fire Levy Board denies a sweep of reimbursement requests from the Flint Hill fire company, citing anomalies valued at about \$18,000, within a total reimbursement request of roughly \$55,000.

▶ **March 2022:** The Virginia Department of Emergency Services issues an unusual decision against renewing the fire company's license to perform emergency medical services. County officials view the decision to be a bombshell-level rebuke.



FILE PHOTO BY LUKE CHRISTOPHER

▶ **November 2022:** A "dual dispatch" system is adopted for the Flint Hill region, meaning that another fire company would join the troubled Flint Hill operation in responding to all emergency calls. Emergency Services Coordinator Sean Pollster explains that the new arrangement resulted from the Flint Hill company's "inability to respond on fire and rescue incidents."

▶ **December 2022:** The Rappahannock County Public Safety Committee recommends that the Board of Supervisors withdraw financial support from the Flint Hill Volunteer Fire and Rescue Company. Compton voices support for the move: "We have been dealing with this for probably eight, nine years now, and it's always the same thing. This board needs to make a decision."

▶ **January 2023:** Board of Supervisors votes 3-2 to replace the management of the company, appointing David Jarrell as chief.

▶ **February 2023:** Represented by lawyer David Konick, the ousted leaders of the fire company sue the Board of Supervisors, charging "an attempted hijacking" of the fire company's authority. The suit initially hobbles Jarrell's capacity to recruit and train volunteers and rebuild the fire company's capacity to respond.

▶ **June 2023:** Circuit Court Judge dismisses the lawsuit, concluding that the Board of Supervisors has clear authority, and an obligation, to intervene to protect public safety and ensure responsible use of public funds.

▶ **August 2023:** Chief Jarrell resigns. Donehey says the remaining county appointed directors of the fire company will continue working on the plan for revitalizing the operation.

▶ **Aug. 22, 2023:** Flint Hill fire company members elect a dozen new members, but will continue to operate without a chief until the Board of Supervisors makes an appointment.

— Compiled by Tim Carrington for Foothills Forum

➔ Galton reported that a county employee, tasked with verifying fire and rescue receipts submitted for reimbursement, asked the former company officers for explanations, and their "justifications were poor and in a lot of cases embellished lies."

He also reported having trouble getting in touch with the officers initially, until county officials stepped in and told the officers to respond to Galton's inquiries.

Other notable findings reported by Galton include:

▶ A Ladies Auxiliary Union Bank Account that includes bank and certificates of deposit in the amount over \$200,000 have not been recorded on the department's general ledger.

▶ Inadequate documentation to reconcile banking transactions.

▶ Little documentation to support deposit activity, and limited or no receipts for funds received.

▶ No proof that the minutes from previous meetings had been approved.

▶ Credit card charges were not well documented.

Galton found some charges that were missing receipts, or when there were receipts, signatures were missing and it wasn't clear who made the purchase. He highlighted a \$238 charge at NAPA Auto Parts in Front Royal for a 32-piece tool set that was "nowhere to be found" in the company's ledger. He highlighted other charges on NAPA receipts, including a \$564.16 alternator that was "not found" in company records, \$135.30 for a truck shock for a member's personal vehicle, and

EXCERPTS FROM THE STATE POLICE REPORT

This report was audited by RFC CPA's (Robinson, Farmer, Cox Associates, PLLC).

RFC was engaged in an audit the financial statement of cash receipts, disbursements, and balances of the Flint Hill FD for the year ending December 31, 2020.

Conclusions:

1. Auditor was not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion.
2. No accounting controls were exercised over revenue collection prior to entry of contributions.
3. Insufficient supporting documentation and limited accounting controls.

Concerns include a missing lawn tractor that might have been taken and used by a [redacted] to use in his lawn maintenance business. Other concerns include the sale of an old (and replaced) apparatus tires being sold by a member for profit.

- a. Approximately \$746.00 worth of "fuel" receipts rejected either because there is no receipt provided, vehicle was fueled in Front Royal versus within the county, or food and snacks were purchased at the time of the fuel-up. In two purchases alone, there was over \$272 worth of food purchased along with fuel.
- b. Other highlights include: countless handwritten notes being submitted as receipts for purchases on parts and pieces with no association to a function or apparatus. While some receipts are not obtained or provided, having no receipts is more of a business practice for Co 4.

S.A. Adam Galton met with CA Art Goff by phone, in reference to this case. S.A. Galton briefed him on the investigative findings. Galton concluded that there were no obvious criminal violations but did recommend an external audit. Mr. Goff agreed with S.A. Galton's assessment and it was determined that VSP will close this case with the understanding that if a crime was found by audit or other, that VSP would reopen the case.

\$194.84 for a brake rotor and pad kit for another member's personal vehicle.

Audits by a Charlottesville-based CPA firm, Robinson, Farmer, Cox Associates, which examines the financials of all of the county's fire companies, have included a nearly identical disclaimer in each of the

Flint Hill company's audits since 2017.

A 2017 financial audit stated that, "We were unable to obtain sufficient appropriate evidence about the amounts recognized as revenue collected by Flint Hill Volunteer Fire Department for the year ended December 31, 2017, because there were no accounting controls."

The report continued: "Additionally, no bank reconciliations were available for the year end December 31, 2017 and the two Union Bank Accounts were not recorded on the Department's books. Consequently, we were unable to determine whether any adjustments to those amounts were necessary."

In a statement to the Rappahannock News, Sheriff Compton said, "Everything I had in reference to this case was turned over to VSP for them to investigate. I am certain they investigated it to the fullest. I was not involved in the conversation between the State Police and Mr. Goff. Mr. Goff is the Commonwealth Attorney and he decides what he is and is not going to prosecute."

County Administrator Garrey Curry said that Galton asked county officials in April if they planned on conducting an external audit, to which Curry replied that the Board of Supervisors opted to replace the former leaders rather than conducting a forensic audit. Curry said he was not privy to the contents of the investigation.

The supervisors were hesitant to share their opinions on Galton's report.

"When the Commonwealth's attorney who also serves as the county attorney advises me of something, they're the ones who need to make a decision on whether to pursue prosecution in situations like this," said Hampton Supervisor Keir Whitson. "It's not a decision I'm qualified to make."

"The investigation found gross financial mismanagement." — Commonwealth's Attorney Art Goff