

Alcorn County

Criminal Charges and Civil Demands

December 3, 2014



Dal Nelms
Alcorn County District 2 Supervisor
Sampling of Illegal Purchases

■ What Nelms/Mitchell Paid ■ What County Paid ■ Nelms/Mitchell Profit



John Deere 310C Backhoe
 District two transferred two backhoes on 12/3/2012, one to District one (\$12,000) and one to District three (\$15,000). Then, District two borrowed money to buy two new backhoes for a total cost of \$89,800 to the taxpayers of Alcorn County.

Chevy C8500 Dump Truck (\$38,700)
 includes \$4,000 in rental fees

Ford F-350 Truck Purchased Using Joseph McNair's Co. (Only Nelms profited from purchase)



Alcorn County District two rented this bulldozer for over a year. When located by OSA Agents in Alcorn County, the engine had been removed during the same time it was being rented.

SCHEDULE OF EXCEPTION
Jimmy Dal Nelms
Alcorn County District 2 Supervisor
December 2, 2014

ITEM	AMOUNT
Conspiracy, Fraud, Embezzlement, and Forgery (MS Code Ann. 1972 § 97-1-1, 97-7-10, 97-7-11, 97-11-31, 97-21-59, and 97-21-61) This sum represents funds embezzled or misappropriated from Alcorn County. This was accomplished by conspiring with the Alcorn County Purchase Clerk and multiple county vendors.	
3M Construction and Landscape Invoices	\$53,113.00
Danny Peters Invoices	\$37,817.50
TKE Invoices	\$32,818.13
Bathroom Remodel Expenditures	\$532.68
Cellular Phone Payment	\$2,347.82
Arkansas Boat Trip	\$181.93
Purchase of Ford F-350	\$5,250.00
Purchase of Culverts/Paver Rentals	\$18,358.90
Purchase of 310G Backhoe	\$14,100.00
Purchase of 310SG Backhoe	\$15,833.33
Purchase of Chevy C8500 Dump Truck	<u>\$11,566.67</u>
	\$191,919.96
INTEREST Interest is calculated at one percent (1%) per month from date of loss:	\$29,567.26
COST OF RECOVERY Cost is assessed on an hourly basis from each staff member, cost of bank records, and cost of office space	<u>\$86,757.49</u>
TOTAL	<u>\$308,244.71</u>

SCHEDULE OF EXCEPTION
William Paul Rhodes
Alcorn County Purchase Clerk
December 2, 2014

ITEM	AMOUNT
Conspiracy, Accessory, Fraud, and Hindering Prosecution (MS Code Ann. 1972 § 97-1-1, 97-1-3, 97-7-10, and 97-9-105) This fraud was accomplished by conspiring with the District 2 Supervisor, manipulating the purchasing process and attempting to hinder an official investigation.	
Purchase of Ford F-350	\$5,250.00
Purchase of 310G Backhoe	\$14,100.00
Purchase of 310SG Backhoe	\$15,833.33
Purchase of Chevy C8500 Dump Truck	<u>\$11,566.67</u>
	\$46,750.00
INTEREST	
Interest is calculated at one percent (1%) per month from date of loss:	\$7,924.67
COST OF RECOVERY	
Cost is assessed on an hourly basis from each staff member, cost of bank records, and cost of office space	<u>\$22,835.27</u>
TOTAL	<u>\$77,509.94</u>

SCHEDULE OF EXCEPTION
Jimmy Ray Mitchell
North Mississippi Pipe Solutions Owner
December 2, 2014

ITEM	AMOUNT
Conspiracy, Accessory, and Fraud (MS Code Ann. 1972 § 97-1-1, 97-1-3, and 97-7-11) This sum represents funds fraudulently obtained from Alcorn County. This conspiracy was accomplished by using fraudulent rentals and sales of equipment to Alcorn County	
Purchase of Culverts/Paver Rentals	\$18,358.90
Purchase of 310G Backhoe	\$14,100.00
Purchase of 310SG Backhoe	\$15,833.33
Purchase of Chevy C8500 Dump Truck	<u>\$11,566.67</u>
	\$59,858.90
INTEREST Interest is calculated at one percent (1%) per month from date of loss:	\$9,165.98
COST OF RECOVERY Cost is assessed on an hourly basis from each staff member.	<u>\$26,357.47</u>
TOTAL	<u>\$95,382.35</u>

FOR IMMEDIATE RELEASE

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Stacey Pickering
State Auditor

259 Felony Counts Issued in Alcorn County Following OSA Investigation

A year-long investigation by special agents from the Office of the State Auditor has resulted in the filing of 259 criminal charges and the arrest of a member of the Alcorn County Board of Supervisors, the county purchase clerk, and three county vendors. All are alleged to have taken part in various conspiracies designed to and resulting in the embezzlement of public funds.

"The taxpayers of Alcorn County should be incensed that an elected official and a county employee were literally 'cooking the books' with the aid and assistance of three local residents," State Auditor Stacey Pickering said. "This is one of the most elaborate cases of fraud I've seen since becoming State Auditor."

An Alcorn County Grand Jury issued copious arrest warrants Tuesday against District Two Supervisor Jimmy Dallan (Dal) Nelms, Purchase Clerk William Paul Rhodes, and county vendors Jimmy Ray Mitchell, Joseph Lin McNair, Jr., and Danny Roy Peters.

Nelms, 42, of Glen, is charged with 156 criminal counts. Included are charges of embezzlement by a public official, making false representation to defraud the government, fraudulently obtaining public funds, forgery, and conspiracy. Nelms is accused of creating an embezzlement scheme in which he used his position as county supervisor to purchase heavy equipment from a county vendor and receiving payments from the vendor in exchange for the purchases.

Additionally, Nelms is accused of accepting payments from county vendors and using county funds to pay fraudulent invoices for work that was never performed as well as for rental equipment that was never rented. He is also accused of intercepting checks intended for alleged participating vendors, forging their signatures, and cashing the checks. Nelms is also alleged to have used county funds to pay for his wife's personal cell phone and the accompanying monthly cell phone bill.

Other charges against Nelms include the use of fraudulent mock bidders as county vendors to increase the price of equipment purchased on behalf of the county; having fraudulent vendors sell Nelms'

personal items to Alcorn County, and utilizing a county-owned vehicle to transport his personal boat to and from Arkansas. He is also accused of purchasing personal items for his home on the Alcorn County Lowe's account. In addition to the arrest warrant, Nelms has been served with a civil demand for \$308,244.71. If found guilty of all charges, he could face more than 600 years in prison.

Rhodes, 55, of Corinth, has been charged with 13 criminal counts. Included are charges of conspiracy to commit embezzlement, making false representations to defraud the government, and hindering prosecution in the first degree. Rhodes is accused of using his position as purchase clerk to circumvent the bidding process as a means to facilitate embezzlement schemes, conspiring with others to create fraudulent dumpsites in an effort to avoid investigation, and hindering OSA Special Agents' investigation by photographing investigative notes and providing them to Nelms. In addition to the arrest warrant, Rhodes has been served with a civil demand for \$77,509.94. If found guilty of all charges, he could face more than 60 years in prison.

Mitchell, 43, of Corinth, has been charged with 32 criminal counts. Included are charges of fraudulently obtaining public funds and conspiracy to commit embezzlement. Mitchell is accused of assisting Nelms in the creation of multiple schemes designed to embezzle funds from Alcorn County through the fraudulent sale of nonexistent culverts to the county and fraudulent equipment sales. He is believed to have violated a subpoena in an attempt to conceal various crimes he committed with Nelms. Mitchell has been served with a civil demand for \$95,382.35. If found guilty of all charges, he could face more than 150 years in prison.

McNair Jr., 39, of Glen, has been charged with 31 criminal counts. Included are charges of fraudulently obtaining public funds and conspiracy to commit embezzlement. McNair is accused of allowing Nelms to submit fraudulent invoices to Alcorn County on his behalf and paying Nelms a portion of the checks once payment was received. He is also accused of allowing Nelms to use his business to sell personal items to Alcorn County and paying proceeds of the sales to Nelms. If found guilty of all charges, McNair could face more than 150 years in prison.

Peters, 61, of Corinth, has been charged with 27 criminal counts. Included are charges of conspiracy and fraudulently obtaining public funds. Peters is accused of allowing Nelms to submit fraudulent invoices to Alcorn County under his name and receiving a portion of the payments that resulted from the submission of the fraudulent invoices. If found guilty of all charges, Peters could face more than 150 years in prison.

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