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Southern District of West Virginia

FOR IMMEDIATE RELEASE

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Former West Virginia Cabinet Secretary Sentenced to Federal Prison for Embezzling Fire Department Funds

HUNTINGTON, W.Va. – A Hurricane man and former West Virginia Cabinet Secretary was sentenced today to 37 months in federal prison for embezzling \$178,790 from the Teays Valley Volunteer Fire Department, as well as a related tax crime, announced United States Attorney Mike Stuart. Clifford Keith Gwinn, 64, formerly the Cabinet Secretary of the West Virginia Department of Veterans Assistance, previously pled guilty in June 2018 to theft from a program receiving federal funds and failure to report and pay over payroll taxes. As part of Gwinn's sentence, he was also ordered to pay restitution to the Fire Department, and its insurer, in the amount of \$178,790 and to the Internal Revenue Service in the amount of \$68,281. Stuart commended the investigative efforts of the Federal Bureau of Investigation, the Internal Revenue Service Criminal Investigation Division, the Office of Inspector General for the U.S. Department of Homeland Security, and the West Virginia Commission on Special Investigations.

"Unimaginable that anyone, much less a former leader in state government, would steal from a Fire Department that is dependent upon funding to provide vital public safety services," said United States Attorney Mike Stuart. "We will aggressively prosecute and seek restitution for victim organizations in cases like this one."

Gwinn admitted that as Vice President and fiscal officer of the Fire Department, he was in charge of the financial affairs of the Fire Department and exercised significant control over the Fire Department's finances. He admitted that his duties included reporting income and expenditures to the Fire Department, preparing and submitting taxes for the Fire Department, and assisting with applications and reimbursements for federal grants, among other duties. He further admitted that he, without authorization from the Fire Department, opened a Fire Department bank account where only he had signature authority, transferred funds into that account without the knowledge or authorization from the Fire Department, ensured certain health care insurance company reimbursements were deposited into that account, and wrote himself checks and

checks to cash out of that account, which he then typically cashed. He admitted that he further instructed the Fire Department's Treasurer to write him checks from other Fire Department bank accounts and further misrepresented the amount of bank account balances to the Fire Department officers and board members. He also admitted that he structured withdrawals out of the Fire Department's accounts in a series of transactions below \$10,000, to prevent the banks from filing Currency Transaction Reports. While he admitted that he systematically deposited cash into Fire Department bank accounts, his overall withdrawals and payments received significantly overwhelmed the amount of any deposits. He also admitted that he had no authorization to write himself checks or receive and cash checks from the Fire Department, and was not entitled to any compensation.

During the period from 2013 through 2016 that Gwinn embezzled \$178,790 in Fire Department funds, the Teays Valley Volunteer Fire Department received grants from the Federal Emergency Management Agency (FEMA), an agency of the United States Department of Homeland Security. These grants allowed the Fire Department to pay firefighters and to purchase and maintain equipment.

Furthermore, Gwinn admitted that that while he was Vice President and fiscal officer for the Fire Department, the Fire Department withheld taxes from its employees' paychecks, including federal income taxes, Medicare, and social security taxes, together known as payroll taxes. He admitted that he knew that he had the corporate responsibility to collect, truthfully account for, and pay over the Fire Department's payroll taxes. Gwinn admitted that from October 31, 2015 through April 30, 2017, while Gwinn was a responsible person for payroll taxes, Fire Department failed to account for and pay over approximately \$61,421.31 in payroll taxes.

Gwinn further admitted that when he filed his personal income tax returns with the IRS, those returns were false because they failed to account for the funds he had embezzled from the Fire Department. Assistant United States Attorney Meredith George Thomas handled the prosecution. United States District Judge Robert C. Chambers imposed the sentence.

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