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**Department of Justice**

U.S. Attorney's Office

Northern District of Florida

FOR IMMEDIATE RELEASE

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## **Former Lynn Haven City Manager, Community Services Director, And Three Business Executives Indicted for \$5 Million Hurricane Michael Cleanup Fraud Conspiracy**

PANAMA CITY, FLORIDA – Two former ranking City of Lynn Haven officials, including the city manager, have been indicted by a federal grand jury for conspiring with three local business executives to process some \$5 million in fraudulent invoices for Hurricane Michael cleanup work that was not performed. Lawrence Keefe, United States Attorney for the Northern District of Florida, announced the indictments of former Lynn Haven City Manager Michael Edward White, 46; Lynn Haven Community Services Director David Wayne Horton, 55; Erosion Control Specialists (ECS) owner David Mitchelle White, 38; Greenleaf Lawn Care of Bay County owner Joshua Daniel Anderson, 43; and Shannon Delores

Delores Rodriguez, a/k/a Shannon Delores Harris, 37, all of Panama City.

The 35-count indictment charges the defendants with conspiring to commit wire fraud, substantive counts of wire fraud, and conspiracy to commit money laundering. Michael White and Horton are also charged with substantive counts of theft concerning programs receiving Federal funds and honest services fraud. Michael White and David White are also charged with filing false claims to the Federal Emergency Management Agency (FEMA). Horton is also charged with mail fraud concerning the defrauding of an insurance company.

"The greatest cost of public corruption is the potential widespread loss of public trust in our

government. It is a dangerous virus that threatens to infect public service and public trust in it, and we are committed to stop the spread of that virus of corruption," said Keefe, who last week announced indictments in an unrelated public corruption case. "Preventing, pursuing, prosecuting and punishing public corruption is among our highest priorities. The common thread in today's case and in last week's case is simply this: an egregious abuse of power and position by people in public service who betrayed their sacred duties – and those who sought to illegally scheme and conspire with them – to breach the public's trust."

"Abusing one's position for personal gain – especially in a time of crisis – is a blatant disregard to the oath that every government official takes," said Rachel L. Rojas, Special Agent in Charge of the FBI Jacksonville Division. "Federal assistance programs are established to help individuals, families, and businesses that have suffered tremendous loss, and abusing these programs is egregious. The FBI is committed to protecting these programs from fraud to ensure that honest citizens can receive the assistance they deserve when they need a helping hand the most."

"The Bay County Sheriff's Office will stand firm against corruption, and will continue to work with our partners in the FBI and the U.S. Attorney's Office to hold those who would tarnish the reputation of Bay County accountable for their actions," Sheriff Tommy Ford said. "As Sheriff of Bay County, I remain unwavering in my commitment to dedicate the resources needed to continue this fight against corruption."

The five defendants were arrested by agents and deputies of the Bay County Sheriff's Office this morning. Michael White was arrested in Albertville, Alabama. The remaining defendants were arrested in Bay County.

The indictment alleges that after Hurricane Michael, on October 16, 2018, the City of Lynn Haven adopted a local state of emergency for post-disaster relief and planning and approved a resolution waiving the procedures and formalities otherwise required under Florida law to take action to ensure the safety, welfare, and health of the citizens of Lynn Haven. This included entering into contracts, incurring obligations, and expending public funds. The resolution delegated emergency powers to the mayor of Lynn Haven, or her designee City Manager Michael White, to discharge the duties and exercise powers for the post-hurricane activities. The emergency declaration was ended by Lynn Haven two weeks later. City Manager White entered into an emergency agreement with David White and ECS to perform services for Lynn Haven related to post-hurricane assistance, with the understanding that invoices submitted for payment to Lynn Haven would be submitted to FEMA for reimbursement.

The indictment alleges that David White used ECS and Anderson used Greenleaf as a means to fraudulently obtain money from Lynn Haven by submitting invoices requesting payment for services allegedly provided by ECS and Greenleaf to the city, but which were false and fraudulent as to a number of material matters. City Manager White approved all ECS and Greenleaf invoices and directed city employees to immediately pay ECS and Greenleaf for those invoices. Horton also approved payment of these invoices and approved timesheets of employees that were submitted in support of ECS and Greenleaf invoices to Lynn Haven and were then provided to FEMA. Horton also falsely verified the attendance of ECS employees at various claimed work locations in Lynn Haven. Lynn Haven was defrauded of approximately \$5 million.

The indictment also alleges that when ECS invoices were being assembled for submission to FEMA by Lynn Haven for reimbursement, it was discovered that most of the ECS invoices that had been paid provided no details in support of the requested payments. When directed to provide supporting documentation for the monies requested and already paid, David White submitted false time sheets prepared by Rodriguez. The time sheets were false and fraudulent in that they included names of individuals who had not worked at the claimed location(s), were off that day, worked at other projects outside Lynn Haven, or had never worked for ECS at the time of the timesheet. Additionally, in many invoices, the specific Lynn Haven locations of work claimed to have been done by ECS were false. Horton approved and falsely verified the timesheets claiming attendance of ECS workers at various Lynn Haven locations.

The indictment also alleges that David White billed Lynn Haven for clean-up activities by individuals who were Greenleaf employees, working out of ECS. Anderson simultaneously submitted a false invoice to Lynn Haven for \$50,004 for alleged debris cleanup at the same Lynn Haven locations. Michael White approved the payment to Anderson and issued a handwritten Lynn Haven check to Greenleaf totaling \$66,402.58, which included \$16,398.58 for alleged lawn services provided by Greenleaf after the hurricane.

The indictment alleges that ECS invoices were submitted to Lynn Haven for payment of services that were not authorized under the emergency contract and were for personal residences of some Lynn Haven officials. These officials included Michael White and Horton. The performance of ECS post-hurricane debris removal and repairs at the residences of some Lynn Haven officials was concealed and not disclosed in the ECS invoices submitted by David White and approved by Michael White, who caused Lynn Haven to pay the invoices.

The indictment also alleges that Michael White and Horton located numerous projects for ECS to handle that were outside the activities described in the Emergency Agreement. City Manager White and Horton had ECS employees wrap Christmas gifts, prepare locations for a Halloween party, and other miscellaneous acts that were not authorized under any agreement with Lynn Haven. Then, David White submitted invoices that did not describe the actual activities performed, but instead falsely claimed the work was debris removal or cleaning activities in Lynn Haven. David White billed Lynn Haven for a minimum of \$35.00 per hour for ECS employees plus an ECS supervisor at \$90 per hour for these unauthorized activities. Michael White approved these false invoices.

According to the charges, after the initial declaration of an emergency by Lynn Haven had been revoked and expired, Michael White and Horton sought to locate additional Lynn Haven projects that could provide money to David White and Anderson. One project was for ECS to conduct trash pickup, using a pickup truck and a trailer, at a cost of \$300 per hour per crew throughout Lynn Haven. This action was implemented despite the ability of Lynn Haven waste trucks to pick up large amounts of household trash and deposit large amounts of trash at the dump at no increased cost to Lynn Haven. False invoices were submitted by ECS for claimed trash pickup. For example, the indictment charges that a false invoice for hurricane cleanup in the amount of \$332,387.76 was submitted to Lynn Haven by David White that falsely claimed trash pickup was conducted by ECS during a 14-day period starting on October 18, 2018. No documentation was submitted in support of this invoice. The claimed trash pickup did not occur, and there was no record of any trash being dumped at the Bay County refuse location, City Manager White had not obtained approval from Bay County for ECS to use

the account of Lynn Haven to dump items at the Bay County facility until at least October 31, 2018.

Another example of the fraud concerning trash pickups charged in the indictment came three months after Hurricane Michael, when a false invoice for hurricane cleanup in the amount of \$479,020.68 was submitted to Lynn Haven by David White that falsely claimed trash pickup was conducted by ECS during a 13-day period starting the day after New Year's Day. The invoice also falsely claimed that between 11 and 13 crews were used to collect trash daily. The invoice falsely claimed trash pickup during this period totaling \$32,278.68 per day for five days, \$38,878.44 per day for seven days, and \$45,478.20 for the last day. City Manager White approved and caused the payment of this invoice.

The indictment further alleges that while David White and ECS were providing services to Lynn Haven, Michael White received things of value from David White, including repairs to, and debris removal from, the City Manager's residence in Lynn Haven and his farm located outside Lynn Haven in Bay County, and \$300,000 for the purchase of Michael White's farm and an automobile. The repairs to, and debris removal from, the residence and farm of Michael White were billed to Lynn Haven with false invoices submitted by David White to Lynn Haven that falsely stated the work had been performed at locations in Lynn Haven. Michael White directed City employees to pay the invoices. Also, during the sale of Michael White's farm to David White, Michael White solicited David White to provide bids for projects at specific prices for work at City parks, and to provide additional false bids, which David White did.

Similarly, the indictment alleges that while David White and ECS were providing services to Lynn Haven, Horton received things of value from David White, including repairs to, and debris removal from, Horton's residence in Lynn Haven. Additionally, Horton accepted payment of some of his travel, lodging, meals, entertainment, and food from David White on multiple occasions while David White was providing services to Lynn Haven, and Horton was approving the invoices for payment and falsely verifying ECS timesheets claiming attendance of workers at City locations. Additionally, Horton sent a text message to David White requesting an invoice from ECS for work done at Horton's residence after the hurricane, and instructed the invoice to be at least \$3,500, if not more. David White then provided to Horton an ECS invoice for \$9,600 that was falsely marked, "Paid in Full." Horton submitted this invoice to an insurance company in support of his insurance claim for \$9,600. Horton had not paid ECS or David White any money at the time that Horton submitted the invoice as proof of his claim to an insurance company. The City had unwittingly paid ECS for the work on Horton's house through a false invoice.

The Federal Bureau of Investigation and Bay County Sheriff's Office conducted the investigation. The case is being prosecuted by Assistant U.S. Attorney Stephen M. Kunz.

The maximum terms of imprisonment for the offenses are as follows:

- Conspiracy to Commit Wire Fraud, Wire Fraud, Honest Services Fraud, Mail Fraud, and Conspiracy to
  - Commit Money Laundering: 20 years
- Theft Concerning Programs Receiving Federal Funds: 10 years
- Filing False Claims To Agency of the United States: 5 years

An indictment is merely an allegation by a grand jury that a defendant has committed a violation of

federal criminal law and is not evidence of guilt. All defendants are presumed innocent and entitled to a fair trial, during which it will be the government's burden to prove guilt beyond a reasonable doubt.

The United States Attorney's Office for the Northern District of Florida is one of 94 offices that serve as the nation's principal litigators under the direction of the Attorney General. To access public court documents online, please visit the [U.S. District Court for the Northern District of Florida website](#). For more information about the United States Attorney's Office, Northern District of Florida, visit <http://www.justice.gov/usao/fln/index.html>.

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**Attachment(s):**

[Download Filed Indictment -White et al.pdf](#)

**Component(s):**

[USAO - Florida, Northern](#)

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