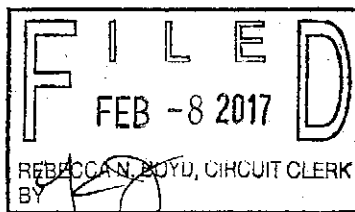


IN THE CIRCUIT COURT OF RANKIN COUNTY, MISSISSIPPI

JIM HOOD, ATTORNEY GENERAL OF
THE STATE OF MISSISSIPPI, *ex rel.*
THE STATE OF MISSISSIPPI,
Plaintiff,

v.

GLOBAL TEL*LINK
CORPORATION; CHRISTOPHER
B. EPPS; SAM WAGGONER and
DEFENDANT DOES 1 through 5,
Defendants.



CIVIL ACTION NO.: 17-27

COMPLAINT

COMES NOW, the Plaintiff, Jim Hood, Attorney General of the State of Mississippi, *ex rel.* the State of Mississippi (hereinafter the "State" or "Plaintiff") and brings this cause of action against Global Tel*Link Corporation (hereinafter "GTL"); Christopher B. Epps; Sam Waggoner and Defendant Does 1 through 5 (collectively "Defendants"), and alleges as follows:

INTRODUCTION

1. This action arises from one of the largest and longest-running criminal and civil conspiracies in Mississippi government history. For approximately seven years, multiple individuals and business entities, including one high-ranking government official, were involved in a conspiracy, scheme and/or enterprise (hereinafter "conspiracy") that included bribery, kickbacks, misrepresentations, fraud, concealment, money laundering and other wrongful conduct—all with the intent to defraud and deprive the State of hundreds of millions of dollars in proceeds from public contracts awarded by the Mississippi Department of Corrections (hereinafter "MDOC") and paid for by the State. (*See Exhibit "A" - indictment for United States*

vs. Christopher B. Epps and Cecil McCrory; Exhibit “B” - indictment for *United States vs. Carl Reddix*; Exhibit “C” - information for *United States vs. Sam Waggoner*; Exhibit “D” - indictment for *United States vs. Irb Benjamin*; Exhibit “E” - information for *United States vs. Mark Longoria*; Exhibit “F” - indictment for *United States vs. Teresa Malone*; Exhibit “G” - indictment for *United States vs. Guy E. “Butch” Evans*; Exhibit “H” - information for *United States vs. Robert Simmons*; and Exhibit I - indictment for *United States vs. William Martin*).

2. During this time Defendant GTL, the largest provider of inmate telephone, communications and payment systems in the United States, paid hundreds of thousands of dollars in so-called “consulting fees” to Defendant Sam Waggoner, and through Waggoner these fees were used to pay bribes and kickbacks to then-MDOC Commissioner Christopher B. Epps. Because of these bribes and kickbacks, Commissioner Epps awarded, directed and/or extended public contracts, paid for by the State, to Defendant GTL.

3. This action seeks compensatory damages, punitive damages, civil penalties, disgorgement of all ill-gotten funds, gains and profits, restitution, and all other appropriate relief on behalf of the State, which bore the cost and suffered significant losses as a result of Defendants’ conspiratorial scheme. Defendants’ actions restrained or restricted trade; artificially fixed, raised and stabilized prices and denied free and open competition. Accordingly, this action seeks all forms of relief available for each violation under applicable law.

4. Attorney General Jim Hood brings this action on behalf of the State in its proprietary capacity, and on behalf of local governmental entities within the State, pursuant to the Attorney General’s authority under Miss. Code §§ 7-5-1, 75-21-1 *et seq.*, 97-43-1 *et seq.* and 25-4-105. The State brings this action exclusively under the laws of Mississippi, and to the extent any claim or factual assertion herein may be construed as stating a federal claim, the State

disavows that claim. The claims asserted are brought solely by the State and are independent of any claims that individual citizens may have against Defendants. Accordingly, any attempt by Defendants to remove this case to federal court would be without a basis in fact or law.

PARTIES

5. The foregoing paragraphs are incorporated here by reference, as if set forth in full.

6. Plaintiff, the State of Mississippi, is a body politic created by the Constitution and laws of the State; as such, it is not a citizen of any state. Jim Hood is the State's duly-elected Attorney General. The Attorney General brings this action on the State's behalf, pursuant to the authority granted to his office by Miss. Const. art. 6, § 173 (1890) and by Miss. Code § 7-5-1.

7. Defendant Christopher B. Epps was the Commissioner of MDOC during all relevant times in this action and is a resident citizen of Rankin County, MS. He is currently in federal custody and awaits sentencing in 2017.

8. Defendant Sam Waggoner is a businessman and resident citizen of Leake County, MS, whose physical address is 2421 Red Dog Road, Carthage, MS 39051. He was sentenced to 60 months in federal prison and will begin serving his sentence in 2017.

9. Defendant GTL is a Delaware corporation, with its principal place of business located at 12021 Sunset Hills Road, Reston, VA 20190. Service can be made to InCorp Services, Inc. at 302 Enterprise Drive, Suite A, Oxford, MS 38655.

10. Defendant Does 1 through 5 are individuals, corporations, limited liability companies, partnerships or other entities that participated in the conspiracy. The identities of these Defendants are unknown to the State until adequate discovery is allowed.

JURISDICTION AND VENUE

11. The foregoing paragraphs are incorporated here by reference, as if set forth in full.

12. This Court has jurisdiction over the subject matter of this action pursuant to Miss. Const. art. 6, § 156 (1890) and Miss. Code § 9-7-81, because the amount in controversy exceeds \$200 and the subject matter is not exclusively cognizable in some other court.

13. This Court has personal jurisdiction over those Defendants who are resident citizens of Mississippi and over GTL because it has engaged in systematic and continuous business activity in Mississippi, and because a substantial amount of its conspiratorial and unlawful acts occurred in Mississippi and were intended to—and in fact did—cause substantial harm to the State.

14. This Court is the proper venue under Miss. Code § 11-11-3(1)(a)(i), because Defendant Christopher Epps resides in Rankin County, Mississippi and substantial acts and omissions complained of herein occurred in Rankin County, Mississippi.

FACTS

15. The foregoing paragraphs are incorporated here by reference, as if set forth in full.

16. From approximately 2011 through 2014—Defendants Christopher B. Epps, Sam Waggoner and GTL knowingly and intentionally conspired to devise schemes using overt acts such as bribery, kickbacks, unfair and deceptive trade practices, misrepresentations, fraud, concealment, money laundering, fraudulent use of “sole source” contracts when competitive bidding was required and other wrongful conduct, all with the intended purpose, and effect, of defrauding the State of at least \$6,000,000.

17. In essence, the scheme worked like this: then-Commissioner Epps, Waggoner and GTL had a “backroom” relationship or agreement. GTL paid Waggoner \$309,582 in so-called

“consulting fees.” Waggoner then paid a portion of those fees as bribes and kickbacks to Epps, in exchange for MDOC awarding approximately \$6,000,000 in public contracts to GTL. Defendant GTL was a willful participant in the scheme insofar as it knew—had every reason to know or should have known—that the money it was paying Waggoner was being used to pay bribes and kickbacks to Epps for the purpose of obtaining and retaining public contracts.

Defendants’ Scheme to Defraud the State

18. Defendant Christopher B. Epps worked for MDOC for 32 years and was appointed Commissioner of MDOC in 2002. As Commissioner, Epps was “responsible for the management of affairs of the correctional system and for the proper care, treatment, feeding, clothing and management of the offenders confined therein.” Miss. Code § 47-5-23.

19. In December of 2005, GTL was awarded a public contract from the State to provide inmate phone services to several MDOC facilities, including Mississippi State Penitentiary, Central Mississippi Correctional Facility and South Mississippi Correctional Facility.

20. Subsequently, Defendant GTL sought to retain these public contracts with the State as it related to inmate phone services, by hiring Defendant Sam Waggoner as a so-called “paid consultant” for GTL. (*See* Exhibit “C” at ¶ 3).

21. Then-Commissioner Epps and Defendant Waggoner entered into a “backroom” relationship or agreement with Defendant GTL, pursuant to which GTL would pay Waggoner “consulting fees” in the amount of five percent (5%) of all revenues generated by GTL’s public contracts, from which Waggoner would use these fees to pay Defendant Epps bribes and kickbacks. (*See* Exhibit “C” at ¶¶ 4 - 6).

22. Epps received approximately \$108,000 in bribes and kickbacks from the \$309,582 in so-called “consulting fees” Defendant GTL paid Sam Waggoner.

23. During this time, then-Commissioner Epps awarded, directed and/or extended public contracts, paid for by the State, to Defendant GTL totaling approximately \$6,000,000.

24. At all relevant times, Defendant Sam Waggoner was acting in the course and scope of his employment and/or in furtherance of the interests of GTL. Defendant Waggoner was an actual or apparent agent, acting with actual or apparent authority, on behalf of GTL. Therefore, Defendant GTL is liable for the actions of Waggoner as an employee, statutory employee or agent. Moreover, Defendant GTL and Waggoner pursued a common plan and course of conduct, acted in concert with, aided and abetted and otherwise conspired with one another, in furtherance of their common scheme to defraud the State.

25. Defendant GTL knew, or should have known, that the “consulting fees” it was paying Defendant Waggoner were being used to pay bribes and kickbacks to assure that Defendant Epps would award and/or extend public contracts, paid for by the State, to GTL.

Criminal Charges and Guilty Pleas

26. Epps resigned as Commissioner of MDOC on November 5, 2014, and the next day he was indicted on federal charges for participating in the conspiracy described herein. He pleaded guilty on February 4, 2015. (*See Exhibit “J” - Plea Agreement for United States vs. Christopher B. Epps*).

27. Defendant Waggoner was charged by information on August 19, 2015, on federal charges for participating in the conspiracy described herein. He, too, pleaded guilty on August 21, 2015. (*See Exhibit “K” - Plea Agreement for United States vs. Sam Waggoner*).

Mississippi’s Competitive Bidding Requirements

28. Miss. Code § 31-7-13 sets forth the mandatory bidding requirements for State purchases of \$50,000 or more. It sets out broadly what purchases require competitive bidding and narrowly what purchases are exceptions to that requirement. The purposes of the

Mississippi system of “competitive bidding” are to obtain the lowest price, to create a level playing field for suppliers, and above all, to frustrate corrupt conspiracies.

29. Contrary to Miss. Code § 31-7-13, Defendant Epps, as needed to benefit Defendant GTL, made findings that exceptions to the “competitive bidding requirement” were applicable to some or all of the contracts described herein, when in fact, there were no circumstances justifying the award of “no-bid” contracts. In fact, multiple qualified contractors would have been available to perform all of the services for which the “no-bid” contracts were awarded to GTL. In truly competitive markets, vendors would have had to compete with many potential rivals for the Mississippi contracts.

Proceeds Derived from Defendants’ Conduct

30. Defendants’ conspiratorial scheme was successful. During this time, Defendant GTL received approximately \$6,000,000 in proceeds from public contracts paid for by the State.

31. Defendants knew, or should have known, that they were participating in a conspiracy to defraud the State, through the payment of “consulting fees” that were being used to pay bribes and kickbacks to a State official in exchange for public contracts (“no-bid” / “sole source procurement” or otherwise), awarded by MDOC, and paid for by the State.

32. Moreover, by retaining Sam Waggoner as an agent to obtain these contracts, Defendant GTL is liable not only for its own wrongful actions, but also for the wrongful actions of its agent, Waggoner.

CLAIMS FOR RELIEF

**COUNT I
VIOLATIONS OF MISS. CODE § 25-4-105**

33. The foregoing paragraphs are incorporated here by reference, as if set forth in full.

34. At all relevant times, Defendant Epps was a “public servant” within the meaning of Miss. Code § 25-4-103(p)(i).

35. Defendant Epps, while a public servant, “use[d] his official position to obtain, or attempt to obtain, pecuniary benefit for himself other than that compensation provided for by law,” in violation of Miss. Code § 25-4-105(1).

36. Defendant Epps, while a public servant, was “interested, directly or indirectly, during the term for which he shall have been chosen . . . in [several] contract[s] with the [S]tate,” in violation of Miss. Code § 25-4-105(2).

37. Defendant Epps, while a public servant, performed services for “compensation during his term of office or employment by which he attempt[ed] to influence decision[s] of the authority of the governmental entity of which he [wa]s a member,” in violation of Miss. Code § 25-4-105(3)(d).

38. Pursuant to Miss. Code § 25-4-113, the Attorney General is entitled to bring this action “against the public servant or other person or business violating the provisions of this article for recovery of damages suffered as a result of such violations.”

39. The Attorney General brings this action against Defendants Epps, Waggoner, and GTL pursuant to Miss. Code §§ 25-4-105 and 25-4-113, and demands recovery of all money paid by the State as a result of the aforesaid misconduct.

40. Miss. Code § 25-4-113, provides that the State is entitled to a declaration by this Court that all pecuniary benefits “received by” Defendant Epps, or “given by” Epps to the other

Defendants, irrespective of actual damages, “shall be declared forfeited by a circuit court of competent jurisdiction for the benefit of the governmental entity injured.” The State demands under said law, the forfeiture to the State of all money paid to Epps as alleged herein, and the forfeiture to the State of all money (approximately \$6,000,000) paid by the State to Defendant GTL.

41. Pursuant to Miss. Code § 25-4-113, the State, at the discretion of the Court, may also be awarded costs of court and reasonable attorneys’ fees, and the State demands such costs and fees from Defendants.

**COUNT II
VIOLATIONS OF RACKETEER INFLUENCED
AND CORRUPT ORGANIZATION ACT**

42. The foregoing paragraphs are incorporated here by reference, as if set forth in full.

43. At all relevant times, Defendants were or are an enterprise within the meaning of Miss. Code § 97-43-3(c).

44. Beginning in 2011 and continuing through 2014, the exact dates being as yet unknown, Defendants associated together to establish a criminal partnership with the common goal of circumventing State laws on competitive bidding and trading cash for State contracts. Defendants accomplished this goal through a pattern of racketeering activity, in violation of Miss. Code § 97-43-1 *et seq.*

45. Defendants conspired to commit and then actually committed a pattern of racketeering activity—a series of crimes including, but not necessarily limited to, commercial bribery in violation of Miss. Code § 97-9-10 and bribery to conceal offenses in violation of Miss. Code § 97-9-9, with the intended purpose of compelling the State to pay approximately \$6,000,000 to GTL. Predicate offenses include, but are not necessarily limited to, (1) each

periodic payment made by Defendant GTL to Defendant Waggoner and/or to persons or entities affiliated with Waggoner, and (2) each transfer of funds made by Waggoner to or for the benefit of Defendant Epps. Through their pattern of racketeering activity, Defendants directly and indirectly conducted and participated in the affairs of MDOC and acquired and maintained an interest in, and control of, MDOC. Acting with criminal intent, they also used the proceeds derived from this pattern of racketeering activity in the operation of MDOC.

46. As a direct and proximate result of Defendants' conduct, the State has been harmed and has suffered damages. Also pursuant to § 97-43-9(2), the State is entitled to forfeiture by the Defendants of all property "derived from, or realized through, conduct in violation" of Miss. Code § 97-43-1 *et seq.* The State demands judgment for all such damages and demands the forfeiture of all funds wrongly paid to GTL by the State.

COUNT III VIOLATIONS OF THE MISSISSIPPI ANTITRUST ACT

47. The foregoing paragraphs are incorporated here by reference, as if set forth in full.

48. The Defendants' actions violated provisions of Mississippi law governing "Trusts and Combines in Restraint or Hindrance of Trade," or the Mississippi Antitrust Act (Miss. Code § 75-21-1 *et seq.*).

49. As described herein, Defendants entered into a continuing agreement, understanding or conspiracy to restrain trade and to artificially fix, raise and stabilize prices for various goods and services sold to the State.

50. The Defendants' anticompetitive conduct prevented competitive bidding, and thus, precluded competition on price and quality in the inmate phone services market. Other vendors would have been available to compete for the above-referenced contracts. GTL's payments of bribes and kickbacks to Epps also caused GTL to incur higher costs, which were

passed on to the State. GTL's conduct thus prevented the State from obtaining a competitive market price for the services it purchased, raising prices above competitive levels, as described herein.

51. But for the Defendants' anticompetitive acts, the State would have been able to purchase these services at lower prices or at legal and competitive prices.

52. The State is entitled to damages pursuant to Miss. Code § 75-21-9 and to penalties pursuant to Miss. Code §§ 75-21-7, 75-21-9 and 75-21-15.

53. Defendants' unlawful and unfair business practices have therefore caused the State to pay supra-competitive and artificially-inflated prices for services, and each purchase constitutes a violation of the Mississippi Antitrust Act, for which damages the State demands payment from Defendants.

COUNT IV
VIOLATIONS OF MISS. CODE § 31-7-13 – BIDDING REQUIREMENTS

54. The foregoing paragraphs are incorporated here by reference, as if set forth in full.

55. Defendants' "no-bid" contracts violated Mississippi's system of open bidding.

56. Miss. Code § 31-7-13 sets forth the mandatory bidding requirements for State purchases of \$50,000 or more. It sets out broadly what purchases require competitive bidding and narrowly what purchases are exceptions to that requirement. The purposes of the Mississippi system of "competitive bidding" are to obtain the lowest price, to create a level playing field for suppliers, and above all, to frustrate corrupt conspiracies.

57. As set forth herein, Defendants' conduct caused the State to enter into wrongful "no-bid" and/or "sole source" contracts. Defendants used untrue and fabricated circumstances as justification for using wrongful "no-bid" contracts.

58. Defendants succeeded in their wrongful “no-bid” contracting, costing the State large sums in overpayment. Defendants derived, directly or indirectly, the fruits of that effort. Therefore, the State demands a return of all profits and reimbursement of all excess costs, for which the Defendants were responsible through their wrongful actions.

COUNT V
BREACH OF FIDUCIARY DUTY AND AIDING
AND ABETTING BREACH OF FIDUCIARY DUTY

59. The foregoing paragraphs are incorporated here by reference, as if set forth in full.

60. Defendant Epps, at all times pertinent hereto, owed fiduciary duties of, *inter alia*, care and loyalty, to the State.

61. Defendant Epps breached those fiduciary duties by accepting bribes and kickbacks from persons and/or entities seeking public contracts or through their agents, by causing public contracts to be awarded to such entities and by causing public contracts to be awarded without following procedures required by law.

62. The Defendants (other than Epps), at all pertinent times, had knowledge of Epps’ fiduciary duties to the State and provided substantial assistance to Epps that allowed him to breach his fiduciary duties to the State.

63. As a direct and proximate result of Defendant Epps’ breaches of fiduciary duty, aided and abetted by the other Defendants, the State has been harmed and has suffered damages, for which demand is made.

COUNT VI
VIOLATIONS OF MISS. CONST. ART. 4, § 109

64. The foregoing paragraphs are incorporated here by reference, as if set forth in full.

65. At all relevant times, Defendant Epps was a “public officer” within the meaning of Miss. Const. art. 4, § 109.

66. Defendant Epps had a pecuniary interest, directly or indirectly, in the above-described contracts entered between the State and Defendant GTL, in violation of Miss. Const. art. 4, § 109.

67. The Attorney General brings this action against Defendants Epps, Waggoner and GTL pursuant to Miss. Const. art. 4, § 109 and demands recovery of all money paid by the State as a result of the aforesaid misconduct.

**COUNT VII
COMMON LAW FRAUD**

68. The foregoing paragraphs are incorporated here by reference, as if set forth in full.

69. Defendants agreed to, and did participate in, a common scheme to defraud the State. Defendants intended to deceive the State by securing public contracts without disclosing the payments to and between Defendants and Epps. Defendants concealed, or misrepresented by omission, the existence of these underlying bribes and kickbacks paid to Epps—if the existence of these payments had been disclosed, the public contracts would not have been awarded or would have been rescinded.

70. As a direct and proximate result of Defendants' acts of fraud against the State, the State has been harmed and has suffered damages, for which demand is made.

**COUNT VIII
CIVIL CONSPIRACY**

71. The foregoing paragraphs are incorporated here by reference, as if set forth in full.

72. The Defendants' actions constitute a combination or conspiracy of entities to accomplish an unlawful purpose or to accomplish a lawful purpose unlawfully.

73. As set forth herein, Defendants have committed torts and other wrongful acts against the State, including acts of fraud, breaches of fiduciary duty, unjust enrichment and violations of antitrust laws.

74. Defendants agreed to participate in a common scheme to defraud the State. Defendants intentionally participated in the furtherance of a plan or purpose to obtain funds from the State. And in furtherance of this plan or purpose, Defendants committed overt and unlawful acts, including acts of racketeering as described herein.

75. As a direct and proximate result of Defendants' conspiracy, the overt acts committed in furtherance of that conspiracy and the torts committed against the State, the State has been harmed and has suffered damages, for which demand is made.

**COUNT IX
UNJUST ENRICHMENT – RESTITUTION**

76. The foregoing paragraphs are incorporated here by reference, as if set forth in full.

77. Under common law and the Mississippi Code, Defendants must repay any and all funds, gains and profits from the sale of goods or services that were purchased, directly or indirectly, by the State through the contracts described herein.

78. Defendants have enriched themselves unjustly at the State's expense, by engaging in the acts and practices described herein. Therefore, the State demands disgorgement of all ill-gotten funds, gains and profits received by Defendants as a result of their actions.

DAMAGES AND OTHER RELIEF SOUGHT

79. The foregoing paragraphs are incorporated here by reference, as if set forth in full.

80. As a result of Defendants' aforesaid misconduct, the State seeks recovery of all available damages, including—but not limited to—compensatory, punitive and exemplary.

81. Because Defendants' conduct constitutes willful, egregious, reckless, fraudulent and wrongful acts against the State, the State seeks punitive damages under Miss. Code § 11-1-65, in an amount that is appropriate and necessary.

82. The State seeks forfeiture of all money received by Defendants, directly or indirectly, through the conduct alleged herein.

83. The State seeks rescission of all illegally awarded contracts and/or forfeiture of all pecuniary benefits received by Defendants, or otherwise realized by them, directly or indirectly, through the conduct alleged herein, including but not limited to, all money paid by the State from all public contracts.

84. The State seeks restitution of all illegally obtained or ill-gotten funds and gains paid by the State to Defendants.

85. The State seeks pre-judgment interest, post-judgment interest, attorneys' fees, court costs, investigative costs, expert-witness fees, deposition fees and any other expenses or damages which this Court deems proper.

86. The State reserves the right to amend this complaint to allege further damages.

RIGHT TO AMEND PURSUANT TO MISS. R. CIV. P. 15

87. Under Rule 15 of the Mississippi Rules of Civil Procedure, the State reserves the right to name additional defendants should later facts establish that others are liable.

JURY TRIAL DEMAND

88. The State demands a jury trial.

PRAYER

Given the above, the State requests that upon final trial hereof, the State be entitled to recover from Defendants all the relief that is sought—including but not limited to, compensatory,

punitive and exemplary damages, forfeiture, disgorgement of all ill-gotten funds, civil penalties, pre- and post-judgment interest, attorneys' fees, court costs, investigative costs, expert-witness fees, deposition fees and any other expenses or damages which this Court deems proper.

Respectfully submitted, this the 8 day of February, 2017.

**JIM HOOD, ATTORNEY GENERAL
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rel. THE STATE OF MISSISSIPPI**

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