

EXHIBIT “J”

Resolution of the Board of Directors of Downtown Jackson Partners and Memorandum

Dated May 13, 2016

**RESOLUTION OF THE BOARD OF DIRECTORS OF
DOWNTOWN JACKSON PARTNERS**

Whereas, Downtown Jackson Partners (DJP) is a non-profit corporation organized under the laws of the State of Mississippi and is registered with the Internal Revenue Service as a tax-exempt organization under Section 501(c)(4). *DJP* manages the Downtown Jackson Business Improvement District. The District Plan for the Business Improvement District is voted on and approved by the property owners of the district, in accordance with the Mississippi Business Improvement District Act. The Board of Directors for *DJP* is the governing body of the organization according to its Bylaws. *DJP's* Bylaws provide that its Executive Committee acts in the place of the Board in the intervals of time between Board Meetings. The day to day affairs of *DJP* are conducted by the President and staff. Mr. Allen has been serving as President of *DJP* since 2007, and John Gomez has been serving as its Associate Director of *DJP* since 2008, and employed by *DJP* since 2005. From the inception of *DJP*, the Executive Committee and the Board of Directors have been active in its affairs and oversight as required by the Bylaws. In addition, the Board of Directors has engaged the services of legal counsel to advise the Board, the Executive Committee, and the Officers on matters relative to the operation of *DJP*, and the Board has utilized the services of BKD, a nationally recognized CPA firm. BKD prepares yearly audits of *DJP* and it verifies monthly expenses and writes checks for *DJP*. Each year since 2009, BKD has issued audits and reports on the financial condition of *DJP*. In each and every year, BKD has issued a "clean opinion," which is top of the line for an audit.

Whereas, on February 26, 2016, the Executive Committee and Board of Directors were informed that a criminal indictment was returned by the Hinds County Grand Jury charging DJP

President Ben Allen with ten (10) counts, including embezzlement, fraudulent misuse of public funds, and violation of the statute regulating corporate contributions to candidates for elected office.

Whereas, each and every one of the charges alleged in the Indictment relate directly to Mr. Allen's conduct and performance as President of *DJP*;

Whereas, the charges set forth in the Indictment appear to have first been raised by a discharged, disgruntled former employee who made accusations to a reporter for the Jackson Clarion Ledger and the Mississippi State Auditor;

Whereas, Mr. Allen agreed to be interviewed by the newspaper reporter and fully cooperated with the State Auditor's Office in providing that agency with each and every document requested;

Whereas, Mr. Allen previously kept the Executive Committee and Board informed on the status of the inquiries made by the Auditor's Office, and Mr. Allen was under the reasonable impression that the Auditor had found no wrongdoing;

Whereas, the Executive Committee directed Robert Gibbs, Esq., legal counsel to the Board of Directors and a former Hinds County Circuit Court Judge, to review the Indictment and conduct a comprehensive investigation into the allegations made in the Indictment so that this matter could be presented to the Board of Directors. Robert Gibb's investigation was to encompass all relevant documents from *DJP*, discussions with any necessary witnesses, and investigation into the discovery materials from the District Attorney's Office received by Mr. Allen's attorney, insofar as those documents may be reviewed.

Whereas, Robert Gibbs has provided the Board a memorandum detailing his in-depth investigation into the charges set forth in the Indictment. This memorandum was presented to the Board of Directors and a thorough discussion was conducted into the investigation. Some of the Board Members have had a long history on the *DJP* Board, and they were personally aware of facts pertaining to certain Counts in the Indictment. After reviewing the memorandum and having Board discussions, it is the sincere and thoughtful conclusion of the Board of Directors that the charges against Mr. Allen are without merit. The Board of Directors is the governing body of the corporation, and is responsible for determining whether there has been a violation of *DJP*'s Bylaws or policy and whether any person has converted, stolen, embezzled, taken money or property from *DJP*. It is the solid opinion of the Board that at no time, as charged in the Indictment, did Mr. Allen embezzle, convert to his own use, steal, or violate any Bylaw or policy of *DJP*. It is the determined opinion of the Board that in each instance as set forth in the Indictment, Mr. Allen acted pursuant to his authority as President of *DJP*, and that he acted with the authority granted by the Bylaws.

Whereas, the Board of Directors, after having studied the memorandum and listened to persons appearing before the Board, states in this Resolution that it has full confidence and trust in Mr. Allen's integrity. The Board of Directors agree to this Resolution to ratify and affirm those actions that Mr. Allen undertook in his capacity of President of *DJP* that are set forth herein. The Board of Directors affirmatively state that Mr. Ben Allen did not embezzle, convert to his own use, steal money or property from *DJP* as alleged in the Indictment, and that at all times Ben Allen conducted himself and acted according to *DJP* policy and that his actions as alleged in the Indictment are not crimes committed against *DJP*;

NOW THEREFOR, BE IT RESOLVED, that the Board of Directors finds the following acts which were alleged in the Indictment as criminal, were in fact done by Mr. Allen for the benefit of *DJP* and not with any intent to cheat or defraud *DJP*.

1. In relation to Counts 1, 2 and 3 of the Indictment numbered 16-110-JAW, that on March 23, 2010, Mr. Allen, acting as President of *DJP*, transferred title to the 1988 Chevrolet pickup truck from the corporation to his name solely for the benefit and best interests of the *DJP* to save approximately \$1600 each year in insurance costs. In making such transfer, Mr. Allen did not embezzle or convert property of the corporation, as alleged in the Indictment. Members of the Executive Committee, staff and Block By Block personnel were aware of this transfer at the time it took place and the truck remained in the custody and possession of *DJP* at all times.

2. That any expenditures of funds of the corporation made or directed by Mr. Allen in connection with the truck, including repairs, gasoline, reimbursements to him for vehicle liability insurance premiums that he incurred, and license tag fees, were completely authorized under the Bylaws and budget of the corporation. These expenses and reimbursements were known to the Executive Committee and accountants, and all such actions by Mr. Allen are hereby ratified and affirmed by the Board;

3. In Count 4 of the Indictment Mr. Allen was charged with converting \$1,738.37 for his wife's cell phone bill. Mr. Allen was authorized to include an additional telephone subscription in the name of Susie Allen on the corporation's account with C Spire for cellular telephone services with the understanding that Mr. Allen would reimburse the corporation for the monthly charge for this subscription. Accordingly, the expenditure for the additional subscription was completely authorized and the accountants for *DJP* received full reimbursement on a

periodic basis from Mr. Allen during his employment. It is therefore unequivocally clear that Mr. Allen did not convert or embezzle any *DJP* money as alleged in the Indictment. Mr. Allen's actions regarding the telephone subscription are hereby ratified and affirmed by the Board.

4. Counts 5 and 6 of the Indictment allege that Mr. Allen converted money of *DJP* to his own use by having *DJP* pay credit card charges and that said monies were not returned to the company. This simply is not correct. Based upon its investigation, the Board of Directors has satisfactory validation for every such charge made. In connection with his employment as President, Mr. Allen has maintained a credit card, identifying himself as the cardholder, used for the purpose of making corporate related charges. The credit card has been used by the entire staff, under Mr. Allen's control and oversight. It has been the responsibility of the corporation's staff to match credit card charges appearing on monthly statements with receipts, invoices, and electronic payments, and to code each charge for accounting purposes, which are then submitted to BKD. Based on the thorough investigation conducted and set forth in the memorandum, the Board of Directors hereby determines all such charges were business related and made in accordance with the expenditure categories provided in the yearly budget adopted by the Board. Mr. Allen promptly and properly reimbursed the corporation for any non-business charges when those were identified, or that he paid the credit card company directly. The Board has not found any instances where Mr. Allen converted or embezzled money as alleged in Counts 5 and 6 of the Indictment. Accordingly, all such credit card charges made or directed by Mr. Allen, being duly authorized and validated, are hereby ratified and affirmed by the Board. As the governing authority of *DJP* the Board finds that Mr. Allen did not, through any credit card charges he made

or directed, embezzle or convert property or funds of the corporation as alleged in the Indictment;

5. In Count 7 of the Indictment Mr. Allen is charged with converting *DJP* funds by making contributions to Mayor Tony Yarber's Inaugural Gala. Many of the Board Members recall this incident, and it is referenced in board minutes. The Board finds that none of the money that was given to the Gala belonged to *DJP*. The money was donated by third parties for the sole purpose of funding the Gala. This procedure was researched by Board Attorney Robert Gibbs and by accountants for BKD, who both provided the Board of Directors with legal and accounting opinions stating the procedure utilized was appropriate and legal. Based upon these opinions, the Board of Directors authorized that any funds given by third party businesses be "earmarked" for Mayor Yarber's Gala. Mr. Allen did not devise this procedure; rather, he acted on the advice of legal counsel and accountants. Based on these facts, the Board determines that Mr. Allen did not convert *DJP* money to his own use and benefit regarding the Gala transaction.

6. Count 8 of the Indictment accuses Mr. Allen of converting *DJP* money to his own use by making donations and sponsorships in the amount of \$40,136.55. Based on the investigation of the Board, along with the explanation provided in Robert Gibbs' memorandum, all monetary donations and sponsorships provided by *DJP* to various groups were authorized by, and made in accordance with those expenditure categories provided in the budget and the audit, adopted by the Board of Directors. It is one of the expressed functions of *DJP* to promote a prosperous and successful downtown area. To accomplish this *DJP* financially supports special events and functions within Downtown Jackson. Each year the Board allocates a portion of its budget to sponsorships and donations and this amount is stated in the Yearly Audit performed by

BKD. Accordingly, all donations and sponsorships made or directed by Mr. Allen were made in line with the purpose of *DJP* and are hereby ratified and affirmed by the Board. The Board finds that Mr. Allen did not, by making or directing expenditures for donations and sponsorships, embezzle or convert property or funds of the corporation, as alleged in Count 8 of the Indictment;

7, Count 9 of the Indictment alleges Mr. Allen attempted to defraud *DJP* by making false or fictitious statements to the Board regarding the Venture Incubator project. This charge is puzzling to the Board of Directors. Based on the explanation provided in Judge Gibbs' memorandum, all expenditures of *DJP* funds made or directed by Mr. Allen for the Venture Incubator were completely authorized by Board action and were made in accordance with those expenditure categories provided in the budget adopted by the Board of Directors, and, as such, the expenditures are hereby ratified and affirmed by the Board. Some members of the current Board of Directors were also members of the Board at the time the decision was made to support the Venture Incubator. The decision to support the Venture Incubator was introduced, discussed and passed by the *DJP* Board. The action of approving the investment into the Incubator was placed into Minutes of the *DJP* records. The Board finds that the investment into the Venture Incubator was authorized by the Board of Directors. Mr. Allen did not, by authorizing or making expenditures for the Venture Incubator, embezzle or convert, defraud, willfully conceal or misrepresent anything to the Board for the purpose of obtaining money, property or funds of the corporation as alleged in the Indictment. Moreover, the Indictment incorrectly describes *DJP*, a private entity organized under the Mississippi Nonprofit Act, as a governmental agency when clearly it is not;

8. Count 10 the Indictment alleges Mr. Allen made contributions in excess of \$1,000.00 dollars to a political party or candidate running for office. This is alleged to be a violation of *Mississippi Code* Section 97-13-15. As explained in Judge Gibbs' memorandum, the corporation was authorized to receive funds from third parties and donate that money for the Mayor's Inaugural Gala. Robert Gibbs and BKD provided opinions that these donations were lawful and proper. At the time of the donation Mr. Yarber had been elected Mayor. The money was not for purpose of aiding Mr. Yarber's candidacy for mayor or a political party; rather, it was provided for the purpose of a Gala. Accordingly, all expenditures directed by Mr. Allen through the corporation's bank account for or in connection with the Mayor's Inaugural Gala were authorized by the Board, and as such, are hereby ratified and affirmed by the Board. Moreover, the Board finds that Mr. Allen did not, by making or directing expenditures for the Mayor's Inaugural Gala, embezzle, convert, or defraud property of *DJP*, nor did he misrepresent or falsify any information to the Board. The Board acted with full knowledge that any funds were devoted to Mayor Yarber's Inaugural Gala.

THEREFOR, after having fully researched the issues alleged in the Indictment against *DJP* President Ben Allen, the Board of Directors as the governing body of the corporation has determined and does by this document ratify and affirm the prior actions made by Mr. Allen as actions made for *DJP*. Based on the Board's investigation and that of Board Attorney Robert Gibbs, it is clear that Mr. Allen did not convert, steal, embezzle, misappropriate, misrepresent, falsify any documents, or commit any crime against *DJP*. In fact, the Board has not uncovered any violation of *DJP's* Bylaws or any violation of *DJP* policy by Mr. Ben Allen. After

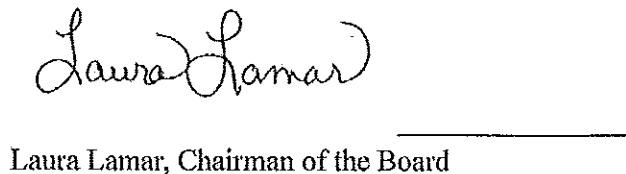
investigation, review, and discussion of all the charges and issues brought up in the Indictment, the Board strongly affirms that it has absolute faith in the integrity and honesty of Mr. Allen.

The undersigned hereby certifies that he/she is the duly elected and qualified Secretary and the custodian of the books and records and seal of *Downtown Jackson Partners*, a nonprofit corporation duly formed pursuant to the laws of the State of Mississippi. This Resolution was adopted at a meeting of the Board of Directors, held in accordance with the Bylaws of the above-named Corporation on May 19, 2016. Let it be known this Resolution represents the unified opinion of the Board of Directors who are charged by law with the oversight and operation of *DJP*.

IN WITNESS WHEREOF, I have executed my name as Secretary and have hereunto affixed the corporate seal of the above-named Corporation this 19th day of May, 2016.

By placing this Resolution in the Minutes of the *Downtown Jackson Partners*, we the Board of Directors, affirm and ratify the actions taken by Mr. Ben Allen on behalf of the Downtown Jackson Partners as we set forth herein.


Secretary


Laura Lamar, Chairman of the Board

MEMORANDUM

To: Board of Directors of Downtown Jackson Partners

From: Robert Gibbs, Esq.,

Date: May 13, 2016

Re: Information relevant to Board Resolution ratifying certain actions of the corporation's board, officers, president and employees

I. Purpose of Memorandum

This memorandum and attachments supplies the Board of Directors with information relevant to the matters set forth in the accompanying proposed resolution, which seeks to ratify certain actions of the corporation's board, officers, president and employees. After making a full and exhaustive investigation of this matter, including talking to other Board Members who had personal knowledge of some of the facts, reviewing discovery from the Hinds County District Attorneys Staff, and speaking with employees of DJP, I am convinced this Resolution is both necessary and important to DJP.

II. Downtown Jackson Partners: Its organization, governance, purposes, and activities

In 1995, the Mississippi Legislature passed the Business Improvement District Act authorizing private property owners located in a contiguous area zoned for commercial or industrial use to create a business improvement district.

In 1996, private property owners in Jackson's downtown area, following the procedures set forth under the Act, voted to create the Downtown Jackson Business Improvement District, to operate for a period of five years. In connection with that vote, and in accordance with the Act, the downtown property owners adopted a "District Plan," which is a set of goals and strategies for the district, and which specifically provided for various "improvements" benefitting downtown property owners that included (a) a private security patrol; (b) an economic

development program to promote private real estate development specific to Downtown Jackson; (c) landscaping, maintenance and trash removal services; and (d) a marketing campaign for Downtown Jackson with advertisements, promotions, events and other marketing materials designed to benefit private businesses.

Also, in accordance with the Act, the District Plan provided that the aforesaid improvements were to be funded by the avails of an annual assessment on the private properties located within the BID, under a formula based on gross square footage at the rate of \$.09 per square foot for both private buildings and unimproved real estate. The District Plan designated the corporation as the BID's "District Management Group," which, under the Act, made DJP responsible for execution of day to day activities for the BID and for implementation of the district plan. As the BID's district management group, the corporation was authorized under the Act to charge "reasonable management fees, operational reimbursements, administrative costs and program implementation fees to the district." The private property owners have voted in 1996, 2001, 2006, and 2011 to adopt five-year district plans for downtown Jackson, each time designating the corporation as the district management group. Each of the five-year district plans are attached as exhibits.

Downtown Jackson Partners is a Mississippi nonprofit corporation, formed in 1996 under the name Capital Center, Inc., by its incorporator, Tom Crockett, Esq., a partner in the law firm of Watkins, Ludlam, Winter, and Stennis, located in downtown Jackson, who designated as the corporation's registered agent Mr. Leland Speed, the Chief Executive Officer of Parkway Properties, Inc., and EastGroup Properties, Inc., which owned and managed office buildings in downtown Jackson.

In 2001, the corporation changed its name to Downtown Jackson Partners. The corporation's Articles of Incorporation states that it was being organized as a tax exempt nonprofit organization under Internal Revenue Code Sections 501(c)(3) (charity) and 501(c)(4) (social welfare).

Since its inception the corporation has filed an annual federal tax return under Form 990 designating itself as a 501(c)(4) private social welfare organization. The corporation's description of its mission statement appearing in its 2014 Form 990 states the following: *"Downtown Jackson Partners facilitates development, enhances economic climate, and improves operational functions and aesthetic appearance of Central Jackson, MS."*

Pursuant to the corporation's Bylaws, the organization is governed by a Board of Directors consisting of up to 23 voting members, with 21 members who serve staggered terms of three years and who are elected by the existing board members at the board's annual meeting. Two additional voting board positions are designated for "Chairmen Emeriti," who serve two year terms. The Board of Directors, at its annual meeting, elects corporate officers consisting of a chairman, vice-chairman, secretary, and treasurer, along with a president. At its annual meeting the Board of Directors also selects an executive committee which, in addition to the corporate officers, includes four other directors, who are charged under the Bylaws with the authority of the full board of directors between meetings of the full board.

The President, who is not a voting member of the board of directors, is the principal executive officer of the corporation and has general supervision over the business affairs of the organization. The corporation's President is Ben Allen, who has served in that position on a full time basis since 2007. DJP has three salaried employees, consisting of its President, an associate director and a marketing specialist.

The Board retains the services of outside legal counsel, namely Robert Gibbs, Esq., of the Jackson law firm of Gibbs and Travis, who has served in that position since 2009.

Since 2009, the corporation has retained the services of BKD, a national public accounting firm with an office located in downtown Jackson. Jon Turner, CPA, a partner in the Jackson office, oversees all accounting services provided to the corporation. BKD serves as the organization's accountants and auditors and provides the following professional services to DJP:

- Preparing quarterly financial statements;
- Printing checks twice a month under the direction of DJP management (DJP provides invoices and designates what budget item the checks are charged to; BKD keeps electronic copies of invoices/supporting documents for checks and check stubs);
- Reconciling bank statements;
- Making adjustments to the corporation's budget, under DJP management authority;
- Conducting the Annual Audit;
- Preparing and filing IRS Form 990 annual tax returns;
- Assisting w/the preparation of cash account reconciliations; and
- Preparing depreciation schedules.

Downtown Jackson Partners contracts with Block by Block which provides a team of landscaping, maintenance and safety ambassadors working in downtown Jackson. Downtown Jackson Partners contracts with Securitas Security Services USA, Inc. which provides after hours' security and vehicle patrol for downtown Jackson.

As explained further below, the corporation is funded through an annual monetary assessment of private property owners in the Downtown Jackson Business Improvement District. These funds are spent in accordance with a district plan adopted by the private property owners every five years and through an annual budget adopted by the corporation's board of directors. The annual audit conducted by BKD and periodic financial reports that the accounting firm prepares are presented to and accepted at monthly meetings of the corporation's executive committee and at quarterly and annual meetings of the board of directors.

The private property owners have voted in 1996, 2001, 2006, and 2011 to adopt five-year district plans for downtown Jackson, each time designating the corporation as the district management group. Each of the five-year district plans are attached as exhibits.

III. The State Auditor's Office and Linda Brune's Embezzlement of Funds

On July 26, 2014 a news article with the headline "*Documents raise questions about Downtown Jackson Partners' accounting practices*" was published in the Jackson *Clarion Ledger* newspaper, a copy of which is attached as an exhibit. Shortly thereafter the Board issued a public statement, which is attached as an exhibit. Immediately after the *Clarion Ledger* article was published officials from the State Auditor's Office contacted the corporation seeking financial records. DJP supplied every document and fully cooperated with the requests of the State Auditor's Office.

In August 2014, Ben Allen and John Gomez discovered that Linda Brune had embezzled funds by forging corporate checks totaling more than \$40,000. The crime was reported to the Jackson Police Department and Trustmark Bank. The corporation filed a civil suit against Ms. Brune in the County Court of Madison County seeking to recover the stolen funds. This case is set for trial in December 2016.

IV. The Indictment of Ben Allen

On February 26, 2016, a criminal indictment was returned by the Hinds County Grand Jury charging Ben Allen with embezzlement, fraudulent misuse of public funds, and violation of the statute regulating corporate contributions to candidates for elected office.

The first three counts of the indictment allege that Mr. Allen illegally transferred from the corporation to himself title to a 1988 Chevrolet truck, which the corporation had purchased used in 2007 for \$3,500, and for causing the corporation to pay for annual license tags and various

repairs to the truck, and to reimburse Mr. Allen for the cost of liability insurance that he had incurred in insuring the vehicle. The indictment alleges that Mr. Allen converted the truck and monies for his own use, in violation of the embezzlement statute, Mississippi Code Annotated, Section 97-11-25.

The fourth count of the indictment alleges that Mr. Allen illegally caused his wife's monthly cellular telephone bill to be paid by the corporation. The indictment alleges that Mr. Allen made these payments for his own use, in violation of the embezzlement statute, Mississippi Code Annotated, Section, 97-11-25.

The fifth count of the indictment alleges that Mr. Allen illegally caused the corporation to pay monthly statements on a credit card issued in his name by AAA Financial. The indictment alleges that Mr. Allen made these payments for his own use, in violation of the embezzlement statute, Mississippi Code Annotated, Section, 97-11-25.

The sixth count of the indictment alleges that Mr. Allen illegally caused the corporation to pay monthly statements on a credit card issued in his name by Capital One. The indictment alleges that Mr. Allen made these payments for his own use, in violation of the embezzlement statute, Mississippi Code, Section 97-11-25.

The seventh count of the indictment alleges the Mr. Allen illegally caused some \$86,000 in funds belonging to the corporation to be paid to Tony Yarber's Inaugural Gala. The indictment alleges that Mr. Allen made these payments for his own use, in violation of the embezzlement statute, Mississippi Code Annotated, Section 97-11-25.

The eighth count of the indictment alleges that Mr. Allen illegally caused some \$40,000 in funds belonging to the corporation to be used for unauthorized donations and sponsorships.

The indictment alleges that Mr. Allen made these payments for his own use, in violation of the embezzlement statute, Mississippi Code Annotated, Section 97-11-25.

The ninth count of the indictment alleges that Mr. Allen defrauded a governmental agency in connection with the Business Incubator Program funded by the corporation. The indictment alleges that this fraudulent misconduct violates Mississippi Code Annotated, Section 97-7-10, which relates to the defrauding of state and local governments. Apparently, the Indictment construes the corporation as a governmental agency.

The tenth count of the indictment alleges that Mr. Allen, acting as an agent or employee of the corporation illegally donated corporate funds to Tony Yarber's Inaugural Gala in violation of Mississippi Code Annotated, Section 97-13-15, which prohibits a corporation from donating money to a candidate for public office or a political party in excess of \$1,000 a year.

V. The Used 1988 Chevrolet Pickup Truck (Indictment Counts 1, 2, and 3)

In January 2007, prior to Ben Allen becoming President, the corporation (DJP) purchased a used 1988 Chevrolet pickup truck, for \$3,500, from Earl Smith. Mr. Smith was at the time a supervisor for Wackenhut, the company under contract to provide private security patrol services in the district. The truck was designated as a secondary vehicle for Block by Block after the corporation started contracting with Block by Block. Block by Block used a Polaris Ranger in its day to day work but sporadically a larger vehicle was needed such as when flowers and landscaping materials had to be picked up at a local nursery for seasonal plantings or when the Ambassadors needed a larger vehicle for one of their many cleaning/beautification duties, such as transporting one of their equipment trailers. At the time, Block by Block was under contract with the corporation to provide landscaping and other services.

The truck was initially insured by the corporation under a commercial liability policy procured by Ross and Yerger and issued by Travelers for an annual premium of approximately \$2,000. Shortly after Mr. Allen became President in 2007 the corporation received a renewal premium statement from Travelers in the amount of \$2,000. As the truck was purchased for only \$3,500, and probably had a street value of a lesser amount, Mr. Allen discussed with Associate Director John Gomez the idea of titling the truck in an employee's name as a way to obtain a vehicle insurance policy with a significantly lower premium.

According to Mr. Allen, he presented his money saving proposal-- to transfer the title of the truck to an employee and have the employee be reimbursed for insuring the truck-- to the Executive Committee comprised of Mike Peters, Ted Duckworth, David Watkins, Sylvia Stewart and Hilda Owen. The Executive Committee approved the transfer idea. Afterwards, Mr. Allen and Mr. Gomez transferred the title of the truck to Mr. Gomez, as he worked daily with Block by Block personnel. On February 10, 2009, the corporation, acting through its President Ben Allen, executed an assignment and an application to transfer certificate of title for the truck to Mr. Gomez. Immediately afterwards and through early 2010, Mr. Gomez included the truck on his automobile insurance policy issued by State Farm. The monthly bill from Mr. Gomez's insurance policy had a specific expense item for the truck in the amount of about \$25.00. Mr. Gomez regularly attached his monthly automobile insurance invoice to the corporation's reimbursement form, highlighting the truck item, and was in turn reimbursed by the corporation through BKD. The memoranda on the checks issued to Mr. Gomez for expense reimbursement for the truck insurance show that the reimbursement was coded "5000 Administration 5025: Corporate Insurance." Transferring the truck to Mr. Gomez (and later to Mr. Allen, as discussed below) resulted in annual premium savings of approximately \$1,600. At a later point, the truck

was transferred to Ben Allen as Mr. Allen carried a larger comprehensive insurance program (\$1,000,000 umbrella) than Mr. John Gomez. Mr. Gomez removed the truck from his insurance policy in March of 2010. On March 27, 2010 the truck was transferred to Mr. Allen. Mr. Allen insured the vehicle through Shelter Insurance and has maintained insurance on the truck since the transfer. DJP has periodically reimbursed Mr. Allen, through BKD, for bi-annual premium payments or has caused the corporation to pay Shelter directly.

The truck is used weekly by Block by Block's Ambassadors and is housed with all of the other equipment used in the daily duties of Block by Block on the 7th floor of Capital Towers parking garage in downtown Jackson. The vehicle has never been kept at Mr. Allen's house and everyone involved knew that the truck belonged to DJP. DJP also paid the Hinds County Tax Collector each year for the truck tag.

All repairs to the truck have been done at the request of Block by Block Operations Manager Bobby Viverette, who contacted Mr. Allen on each occasion to receive approval. Mr. Allen reported that Mr. Viverette drove the truck to the repair facilities on various occasions or called for a mobile repair truck specialist to make repairs on site.

It was understood that the truck belonged to DJP and the transfer was not done for the purpose of stealing or converting the truck to Mr. Allen. It is clear from my investigation that Mr. Allen had no financial benefit or interest in obtaining title to the truck, rather he took a significant liability risk to save DJP money. The Indictment alleges Mr. Allen converted the truck to his own use and this is not supported by the facts. The title transfer was done to benefit DJP and was approved by the Executive Committee.

VI. Suzie Allen's cell phone (Indictment Count 4)

The corporation has an account with C Spire to provide cellular telephone service to its employees. Listed on the account are telephones in the names of "Ben Allen", "Susie Allen", "Bobby DJP" (Bobby Viverette) and, for a time, "Linda Brune," and now "Emily Damiens." Susie Allen is the wife of Ben Allen. The monthly C Spire subscriber charge for Susie's telephone service has been around \$50 a month, as evidenced by the attached monthly statement. Mr. Allen has periodically reimbursed the corporation for the subscriber charge for Susie Allen's telephone service. The attached "transactions by account" bookkeeping maintained by BKD has a category entitled "reimbursements for Ben Allen for cellphone, "and corresponding bookkeeping memorandum entries variously indicate reimbursement for "extra phone," Suzie's phone," or "personal phone." DJP approved the line for Susie Allen with the understanding that Mr. Allen reimburse DJP. This was always done and none of the money alleged in the indictment was converted by Mr. Allen.

VII. Credit Cards

DJP did not have a credit card for many years. It was always incumbent on Mr. Allen to make charges or purchase on his personal cards and to turn in a receipt explaining the expenditure. It has been the responsibility of the corporation's staff to match credit card charges appearing on monthly statements with receipts, invoices, and electronic payments, and to code each charge for accounting purposes, which are then submitted to BKD.

Mr. Allen and Mr. Gomez discovered during the State Auditor's inquiry, and in responding to the Indictment, that there were a significant number of missing (stolen) backup receipts for the credit card. With a significant amount of effort, the staff has been able to recover receipts for nearly all of the credit card charges since many were reoccurring monthly marketing

charges, office supply charges, conference charges, and dues related charges. Even with lost and stolen receipts, Mr. Gomez is of the position that the corporation possesses satisfactory validation for every credit card charge and that all charges are business related or, in certain rare instances, Mr. Allen properly reimbursed the corporation for any non-business charges. Based on my investigation, I cannot find any evidence where Mr. Ben Allen stole or converted money to his own use. The credit card charges were all charges made for and on behalf of DJP.

VII. Tony Yarber Gala (Counts 7 and 10)

The Mayor Tony Yarber Inauguration Committee, an ad hoc group of the mayor's supporters, requested that the corporation act as a clearinghouse for donations for the Mayor's Inaugural Gala held at the Jackson Convention Center in June 2014. Mr. Allen sent this request to the corporation's CPA firm, BKD (Jon Turner), and the board attorney (Robert Gibbs) for advice and clarification. Both professionals researched the applicable law and made legal and accounting determinations that the action by the corporation would be legal and proper, and responded back with the methodology to use, which Mr. Allen followed in dealing with the inaugural event funds. Additionally, the corporation's role in the inaugural event was brought to the board's attention, which was met without objection.

The corporation received inaugural gala contributions totaling \$86,000 and in turn passed along these funds to the Inaugural Committee, whenever the committee submitted invoices to pay for expenses before, during and immediately after the event.

Also, checks totaling an additional \$27,000 were received by the corporation, but were never deposited into the corporation's bank account, but were instead hand delivered to the Greater Jackson Chamber Partnership (Duane O'Neill), at which point the corporation's role in the inaugural event ended. It was understood by Mr. Allen that the Chamber and the mayor's

inaugural committee would determine what course of action to take regarding these additional checks, and that the corporation's role in the event had ended.

Board counsel is of the opinion that donations made to the Inaugural event and transfers of funds to the inaugural committee were not made to a political candidate or political party as the indictment incorrectly alleges, and therefore were not subject to the \$1,000 limit for corporations. Also, the corporation, as a 501(c)(4) organization is generally not prohibited by federal tax law from donating to political candidates.

VIII. Sponsorships and Grants (Count 8)

The DJP's District Plan stipulates that the corporation may spend 18 percent of its income derived from the monetary assessment imposed on property owners (about \$185,700 a year) on Economic Development. "Sponsorships and Grants" is an item falling under the Economic Development category in the annual budget adopted by the Board and over the past several years this item has been budgeted at \$25,000 a year.

The DJP has a disciplined process for utilizing grants and sponsorships. An organization seeking consideration for funding fills out a request form (see attached) providing specific information, including its budget, the specific amount sought, and how the event will benefit downtown. The DJP staff reviews requests to determine if the project meets standards of relevance, and if so, how much to fund the project. The Indictment alleges Mr. Allen converted these monies to his own use and this is categorically wrong. These monies were used in accordance with DJP policies.

IX. Venture Business Incubator

The "Venture Incubator" project was a project initiated by DJP in January 2008. Fact finding trips were conducted to Tupelo, Birmingham, and Chattanooga. A feasibility study was

conducted by Angle Technology (which gave the project a “go”), and a project manager was engaged (Nick Walters of Stone Financial Group). Shortly after, an Executive Director was hired (Wes Holsapple). DJP developed partnerships with Parkway Properties and BKD accounting group and several other stakeholders. Office space was acquired (gratis) in the “City Centre” (Parkway Properties), and equipment and cubicles were donated (BKD).

A provisional board was organized (awaiting 501(c)(3) status), which included the following people: Board Chair Mike Espy (Morgan and Morgan Law Firm), Matt Thornton (Butler Snow Law Firm), Robert Gibbs (DJP Board Attorney), Dr. Lurleen Irvin (Jackson State University Business Development Director), Cynthia Buchanan (Greater Jackson Chamber Partnership), Matt Forsythe (Parkway Properties), Sam Lane (First Commercial Bank), Jonathan Lee (Mississippi Products), Peter Marks (Maris West and Baker), and Jon Turner (BKD Accounting Firm). The incubator project was a line item in the corporation’s annual budget, and an expected total expenses for the project was \$79,000, as reflected in Board minutes dated October 12, 2010.

After four years of effort the project could not obtain the sustained financial support it needed to survive in the downtown marketplace. Having acquired its own 501 (c) 3 status, the project became a “virtual incubator” that is still in existence today at Mississippi State University. Rod Burnham was handed the reins and had this to say upon this transition:

“Ben, DJP is the reason VI exists. The message you forwarded is our first step in promoting the new direction. My next message will appropriately recognize those of you who helped birth the incubator. Any input on that article or if you would like to contribute an article, please let me know. Hopefully, the new VI can serve entrepreneurs until the time is right for your dream for DJP to be realized. –Rob”

The Indictment alleges Mr. Allen misrepresented or falsified something to DJP in regards to this count. This allegation makes no sense whatsoever. The incubator was fully vetted, considered and voted on by the Board. There were no misrepresentations or falsities by Mr. Allen to the DJP Board.

I am providing this Memorandum so the Board has a full understanding of the charges made in the Indictment. I have researched and studied these matters very closely. I recommend the Board pass the Resolution which is being tendered.