

# HORN & PAYNE, PLLC

Attorneys at Law

1300 Highway 51  
Madison, Mississippi 39110  
(601) 853-6090  
Fax (601) 853-2878  
e-mail: [hpattys@aol.com](mailto:hpattys@aol.com)

Dennis L. Horn  
Shirley Payne

Post Office Box 2754  
Madison, Mississippi 39130

December 10, 2013

## **NOTICE OF CLAIM**

TO: Mr. Jason Spears  
President of the School Board for the  
Columbus Municipal School District  
P. O. Box 1308  
Columbus, MS 39703  
**Certified Mail No. 7011 3500 0000 8265 3720 (Return Receipt Requested)**

TO: Ms. Edna McGill, Interim Superintendent  
Columbus Municipal School District  
P. O. Box 1308  
Columbus, MS 39703  
**Certified Mail No. 7011 3500 0000 8265 3669 (Return Receipt Requested)**

Re: Kenneth Hughes, Claimant

Notice of Claim, provided pursuant to Miss. Code Ann. 11-46-11 (Supp. 2002).

This claim is based on *McArn v. Allied Bruce-Terminix Co.*, 626 So. 2d 603 (Miss. 1993), for the wrongful termination of Kenneth Hughes, former Chief Financial Officer, for his having reported illegal activity which negatively affected school district finances for the Columbus Municipal School District.

### A. Facts upon which Claim Is Based

The factual background is as follows:

During the annual audit performed by CPA Charles L. Shivers of the financial statements for Fiscal Year Ending, June 30, 2012, there was a finding that resulted in a questioned cost of approximately \$13,500.00. This audit finding was the result of a purchase of copy paper made on July 29, 2011 for a federal program called Project Lace-up. The director of this federal

program was Dr. Martha Liddell. The purchase was questioned because this copy paper was distributed to schools not specified under the guidelines of this project. On April 8, 2013, this audit finding was presented to the Columbus Municipal School Board by Mr. Anthony Brown, Assistant Superintendent of Federal Programs. The members of the board questioned Mr. Brown extensively and were very vocal with their displeasure of the audit finding and the fact that \$13,500.00 would have to be paid back. Dr. Martha Liddell, though present during this meeting, was not questioned nor did she offer any comments regarding the project or the finding.

Also during this April 8, 2013 board meeting, Kenneth Hughes, CFO, presented an overview of current school district contracts to the Board. Following this presentation, Board member Aubrey Turner requested that Kenneth Hughes provide a complete list of all contracts. During the research of the contracts, it came to Hughes' attention that two on-line subscriptions were purchased with federal funds, neither of which were being used. This concerned Mr. Hughes because all purchases made with federal funds must be reasonable and necessary.

During the same week, Mr. Hughes was made aware that Deputy Superintendent, Craig Shannon, had ordered 65 employees with the Columbus Municipal School District to be paid for 3-1/2 days for which they did not work.

Based on these facts, Kenneth Hughes requested a meeting with Board President, Currie Fisher, and Board Attorney, David Dunn, to discuss these findings. The Board President declined to meet and requested that Mr. Hughes meet with the Superintendent, Dr. Martha Liddell.

A meeting was held on April 22, 2013. Attending the meeting were School Board attorneys, Christopher D. Hemphill and David Dunn, Superintendent Martha Liddell, Kenneth Hughes, and attorney Mark Amos, representing Kenneth Hughes.

At the meeting Kenneth Hughes explained that he had three issues that were sure to be an issue during the next audit. The three issues were as follows:

1. Janitorial and maintenance staff were paid 3-1/2 days that they did not work.
2. A purchase initiated by Dr. Martha Liddell to Power IT, purchase order number 74836, in the amount of \$18,344.00 was made; however, the services were never provided.
3. A purchase initiated by Dr. Martha Liddell to Grade Results, purchase order number 75742, in the amount of \$75,000.00, was made. Half of that, \$37,500.00, was paid on October 5, 2012; however, the services were never provided.

During this meeting, Mr. Hughes reported that item number one was brought to his attention by the payroll clerk, Eliska Dyson, during the week following the April Board meeting. He also reported the discovery of items two and three was made during the research on contracts requested by board member, Aubrey Turner.

In addition, Mr. Hughes spoke with Beth Tippet, an IT person employed by the school system, regarding the two software purchases. Ms. Tippet had no knowledge of the software or what it was used for. Upon further investigation, it was discovered that one software license was designed to allow teachers and administrators to develop their own web pages. The other license was for a program allowing principals to do teacher evaluations with a program called Quinpoint. At this time, the Mississippi Department of Education was utilizing its own software for teacher evaluations called M Star, which made the purchase of Quinpoint unnecessary. In addition, this software purchase was to be used at E-Centers for a dropout prevention program. Since no E-Centers were up and running on April 22, 2013, the software was never used.

Also at the meeting Kenneth Hughes discussed Deputy Superintendent Craig Shannon's approval of pay for 3-1/2 days for 65 hourly workers who were not working during those 3-1/2 days. The attorneys for the School Board requested clarification as to who approved the leave for the employees, the employees' classifications and their duties. Mr. Hughes answered those questions. Hemphill and Dunn said they wanted to fully understand the 3-1/2-day pay "leave" issue so they could discuss it with the Board.

Superintendent Liddell sat through the entire meeting and said not a word.

The meeting was held on April 22, 2013. On May 1 and May 2, 2013, without Board approval, Superintendent Martha Liddell non-renewed Mr. Hughes' contract for the next school year (May 1, 2013) and terminated him immediately (May 2, 2013). The termination clearly was in retaliation for Mr. Hughes' pointing out the financial improprieties. Paying school employees when they are off work constitutes embezzlement, in violation of § 97-11-25 of the Mississippi Code Annotated of 1972 (Supp. 1979), § 97-11-31 of the Mississippi Code Annotated of 1972 (Supp. 1979), § 97-23-19 of the Mississippi Code Annotated of 1972 (Supp. 2003), § 97-23-25 of the Mississippi Code Annotated of 1972, and § 97-23-27 of the Mississippi Code Annotated of 1972. Additionally, with the Columbus Municipal School District's receiving more than \$10,000.00 each year in federal funding, purchasing two expensive computer software licenses which were in no way needed by the school district violates 18 U.S.C. § 666.

Further proof of Mr. Hughes' being terminated because he reported crimes committed by the School District to the attorneys for the School District and the Superintendent is demonstrated by the pretextual nature of the supposed reasons for terminating Mr. Hughes, as set forth in the Superintendent's letter of May 2, 2013.

1. Mr. Hughes called Lowndes Tax Assessor and Collector, Greg Andrews, to inquire about a check that had not been received by the CMSD business office. Mr. Andrews told Mr. Hughes that he had sent the check to the Superintendent herself. At the time of this conversation, Dr. Liddell was out of town. Mr. Andrews asked Mr. Hughes to look on her desk for the check, since the Superintendent was out of town. Mr. Hughes told him he had no access to the Superintendent's office. Greg Andrews called Cindy Adams, the administrative assistant to the Superintendent, and asked her to look on Dr. Liddell's desk. She also could not get into the

Superintendent's office. At Mr. Hughes' request, Mr. Andrews stopped payment on the check he had mailed and issued another check. Neither Mr. Andrews nor Mr. Hughes ever learned what had happened to the check Mr. Andrews had sent to the Superintendent. In addition, Dr. Liddell never discussed or questioned Mr. Hughes about the "missing" check at any time.

2. The Superintendent knew that in Mr. Hughes' absence Felicia Elmore was approving purchase orders. This had occurred continually as a pattern and practice in the past dating back to at least September 2011 when Mr. Hughes entered the hospital in September 2011 for heart by-pass surgery. He was out of work for eight weeks, during which time Felicia Elmore, a non-bonded employee, was approving purchase orders with Mr. Hughes' password. She also had approved purchase orders when Mr. Hughes was out of town. The Superintendent knew that in Mr. Hughes' absence Felicia Elmore was approving purchase orders. Craig Shannon had never learned how to approve purchase orders. Kenneth Hughes suggested that the Superintendent take his [Hughes'] name off the purchase order authorization list and use Craig Shannon and/or Anthony Brown to approve purchase orders. The Superintendent refused to take Kenneth Hughes' name off the list of people who could approve purchase orders. On January 14 and 15, 2013, Mr. Hughes was out of town on vacation. As had happened in the past, Ms. Felicia Elmore needed to approve purchase orders. Ms. Elmore said she called Kenneth Hughes on the telephone but could not reach him to obtain a password, which was changed frequently. The Superintendent threatened to fire Felicia Elmore if she did not approve the purchase order for a purchase Dr. Liddell wanted. Dr. Liddell knew the only way Ms. Elmore could approve the purchase order was to obtain the password from Mr. Hughes. Felicia Elmore was the Business Office Supervisor and later served as the Interim Chief Financial Officer. The Superintendent well knew that in the past Felicia Elmore had approved purchase orders with Kenneth Hughes' permission and in Kenneth Hughes' absence. After Mr. Hughes was terminated, the Superintendent designated Anthony Brown, who is not bonded, to approve federal programs purchase orders. There was no neglect of duty by Mr. Hughes in following a process which had been utilized for the last several years.

3. In terms of leave, Mr. Hughes followed the standard practice of the Columbus Municipal School District by submitting a request on April 22, 2013. The request was to be off on May 2 and May 3, 2013. He submitted the appropriate form in triplicate nine days early. Mr. Hughes never received a response from Superintendent Liddell about whether his leave was approved or denied. On April 29, 2013, Kenneth Hughes emailed Superintendent Liddell twice, requesting approval or denial of the leave request. The Superintendent again did not respond. Mr. Hughes had unpaid furlough days three years ago which were never restored. The second email was sent April 30, 2013, at 3:53 PM. The email was opened the next day after Mr. Hughes had left for leave. At 7:30 PM on May 1, 2013, after Mr. Hughes had left work at 4:30 PM, Superintendent Liddell denied the leave request. For the past year and one-half, all leave forms submitted by all employees had been approved after the fact by the Superintendent.

4. Mr. Hughes never was told what information the Superintendent needed in the form of charts and graphs. Hughes asked the school board for clarification. Mr. Hughes called David

Watson at Innovak about any financial software that could produce these charts and graphs. The software utilized by the Columbus Municipal School District would not produce the charts and graphs apparently desired by the school board. Mr. Hughes could have tried to have used Microsoft Excell, but he never received from the school board or the Superintendent information describing what they wanted to have charted and graphed. The Board hired Leslie Shivers, an independent CPA and auditor, to talk about the financial reports. Mr. Shivers said that a large number of financial reports needed to be produced. It was impossible to do a one-page report of charts and graphs. Complicated government accounting would not allow such a report, as apparently was desired by the Board, to be produced. The Board apparently wanted a one-page chart for every account in the system.

As further evidence that Mr. Hughes was fired in retaliation, on April 9, 2013, the day following the board meeting, Anthony Brown met with Dr. Liddell to demand that his name be cleared in the audit finding that resulted from the misuse of federal funds (*i.e.*, copy paper incident). Mr. Brown knew Dr. Liddell was the director of Project Lace-up. That same day, Dr. Liddell sent an email to the school board members blaming the Business Office for the incident involving the misuse of copy paper that resulted in the audit finding. In the email, she said, "The inappropriate distribution of the paper occurred by the business department that I will deal with swiftly as a personnel issue." Dr. Liddell never mentioned this to Mr. Hughes at any time nor was it included in the letter of termination issued to Mr. Hughes 22 days later.

B. Extent of Mr. Hughes' Injury

Being terminated from his employment for reporting crimes committed by the School District to the attorneys for the School District and the Superintendent has caused the claimant to suffer loss of pay and fringe benefits, loss of reputation, mental anguish and emotional distress due to lack of his job, incomes, health insurance, loss of pay increases, and loss of promotions.

C. Time and Place the Injury Occurred

On May 1 and May 2, 2013, without Board approval, Superintendent Martha Liddell non-renewed Mr. Hughes' contract for the next school year (May 1, 2013) and terminated him immediately (May 2, 2013).

D. Names of All Persons Known to Be Involved and Those Persons Who Have Knowledge of the Incident, the Non-Renewal of Mr. Hughes' Contract on May 1 and May 2, 2013, and Termination on May 2, 2013

Persons with knowledge of the non-renewal of Mr. Hughes' contract on or about May 1 and May 2, 2013, and his termination of employment with the Columbus School District on May 2, 2013, are the following:

Craig Shannon, Deputy Superintendent; Columbus Municipal School District

Anthony Brown, Assistant Superintendent of Federal and Special Programs, Columbus Municipal School District

Martha Liddell, Ex-Superintendent, 52 Almond Dr., Columbus, MS, Phone 662-889-7003 or 662-328-6653

William David Dunn, CMSD Board Attorney; 214 5th St. S., Columbus, MS 39701, Phone 662-327-4211

Christopher D. Hemphill, CMSD Board Attorney; 214 5th St. S., Columbus, MS 39701, Phone 662-327-4211

Hon. Mark Amos, Attorney for Kenneth Hughes; P. O. Box 107, Columbus, MS 39703, Phone 662-364-1317

Glenn Lautzenhiser, Board Member; Columbus Municipal School District

Currie Fisher, Board Member; Columbus Municipal School District

Aubrey Turner, Board Member; Columbus Municipal School District

Jason Spears, Board Member; Columbus Municipal School District

Angela Verdell, Board Member; Columbus Municipal School District

Greg Andrews, Lowndes County Tax Assessor; P. O. Box 1077, Columbus, MS 39703, Phone 662-329-5700

Felicia Elmore, Business Office Supervisor; Columbus Municipal School District

Bonnie Granger, Independent CPA/Consultant; 102 Simon Blvd., Ocean Springs, MS 39564, Phone 228-297-7222

Bobbie Sparks, Independent Consultant; P. O. Box 421, Corinth, MS 38835, Phone 662-287-2425

Beth Tippet, IT Director; Columbus Municipal School District

Cindy Adams, Superintendent's assistant/secretary; Columbus Municipal School District

Edna McGill, Interim Superintendent; Columbus Municipal School District

Eliska Dyson, Payroll Clerk; Columbus Municipal School District

Sandra Pegues, Food Service Supervisor; Columbus Municipal School District

Randy Stacy; P. O. Box 8000, Columbus, MS 39705, Phone 662-327-6002 or 662-251-9916

Charles L. Shivers, CPA, P. O. Box 2775, Ridgeland, MS 39158, Phone 601-941-6649,  
[clscpa@bellsouth.net](mailto:clscpa@bellsouth.net)

Rochelle Hughes (wife of Claimant, Kenneth Hughes), 61 Forest Glen Rd., Columbus,  
MS 39705-5339

Kenneth Hughes, Claimant, 61 Forest Glen Rd., Columbus, MS 39705-5339

E. Amount of Money Damage Sought

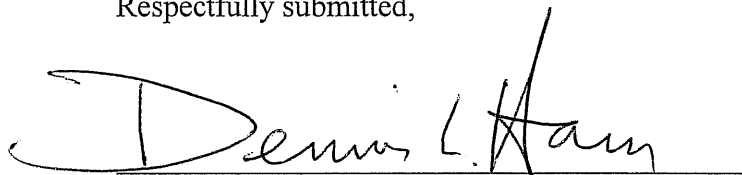
Claimant is seeking \$500,000.00 in money damages, reinstatement to his employment with the Columbus Municipal School District, with all back pay and benefits, front pay, purging of all negative information in his personnel file, and attorneys' fees and costs.

F. Residence of the Claimant at the Time of the Injury and the Time of Filing the Notice

Mr. Kenneth Hughes  
61 Forest Glen Rd.  
Columbus, MS 39705-5339.

THIS the 10<sup>th</sup> day of December, 2013.

Respectfully submitted,

A handwritten signature in black ink that reads "Dennis L. Horn". The signature is written in a cursive style and is positioned above a horizontal line.

Dennis L. Horn, Attorney for Claimant,  
Kenneth Hughes

Dennis L. Horn (MSB #2645)  
HORN & PAYNE, PLLC  
P. O. Box 2754  
Madison, MS 39130-2754  
Telephone: (601) 853-6090  
Facsimile: (601) 853-2878  
[hpattys@aol.com](mailto:hpattys@aol.com)