

**COMMONWEALTH OF KENTUCKY  
EXECUTIVE BRANCH ETHICS COMMISSION  
CASE 14-015**

**IN RE: LARRY GRAVES  
ALLEGED VIOLATION OF KRS CHAPTER 11A**

**INITIATING ORDER  
Initiation of Administrative Proceeding  
And Formal Complaint**

The Executive Branch Ethics Commission (the “Commission”), upon its own motion, initiated a preliminary investigation of Larry Graves (the “Respondent”), pursuant to KRS 11A.080(1), on November 15, 2013, and expanded its investigation on May 19, 2014.

At all relevant times the Respondent was a “public servant” as defined in KRS 11A.010(9), and thus subject to the jurisdiction of the Commission.

The Commission initiated the preliminary investigation to determine whether it had sufficient probable cause to believe the Respondent violated provisions of KRS Chapter 11A, the Executive Branch Code of Ethics (also referred to herein as the “Ethics Code”).

The Commission focused its investigation upon the Respondent’s possible violation of the Ethics Code by using his influence in matters that involved a substantial conflict between his personal or private interest and his duties in the public interest; influencing a public agency in derogation of the state at large; using his official position to obtain financial gain for himself; using his official position to secure or create privileges, exemptions, advantages, or treatment for himself or others in derogation of the public interest; failing to avoid all conduct which might in any way lead members of the general public to conclude that he was using his official position to further his professional or private interest; knowingly receiving, directly or indirectly, an interest or profit arising from the use or loan of public funds in his hands to be raised through any state agency; knowingly acting as a representative or agent for the Department of Community Based

Services in the transaction of business with himself or with a business in which he had an interest greater than five percent (5%) of the total value thereof; knowingly himself or through a business in which he owns or controls an interest of more than five percent (5%), undertaking, executing, holding, and negotiating, in whole or in part, a contract or agreement entered into, awarded, or granted by the agency by which he was employed, subject to the provisions of KRS 45A.340; and accepting gifts totaling a value greater than twenty-five dollars (\$25) in a single calendar year from persons or businesses that do business with, are regulated by, are seeking grants from, are involved in litigation against, or are lobbying or attempting to influence the actions of his agency.

The Commission notified the Respondent of the preliminary investigation by letter dated November 20, 2013, and May 19, 2014. During the course of the investigation, the Commission found probable cause to believe that violations of KRS Chapter 11A had occurred and voted on May 19, 2014, to initiate an administrative proceeding, pursuant to KRS 11A.080(4)(b) and KRS Chapter 13B, to determine whether the Respondent violated the Ethics Code as set forth in the Allegations of Violations, attached hereto and incorporated fully herein as Appendix A to this Initiating Order.

**IT IS THEREFORE ORDERED** that:

1. This Initiating Order and Appendix shall be served on the Respondent pursuant to KRS 13B.050(2) by certified mail, return receipt requested, to the last known address of the Respondent.
2. The Respondent shall file his answer to this Initiating Order within twenty (20) days from the date of service, verifying the truth and accuracy of any answer submitted.
3. The Respondent shall appear at a hearing to be scheduled by subsequent order and

be prepared to defend against the Commission's allegations that he committed the Ethics Code violations set forth in the Allegation of Violations, attached hereto and incorporated fully herein as Appendix A to this Initiating Order.

4. The Commission will request the designation of a Hearing Officer by the Administrative Hearings Branch of the Office of the Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.

5. The Commission is represented by Kathryn H. Gabhart, General Counsel, and John R. Steffen, Executive Director and co-Counsel. They may be contacted through the Commission's office at (502) 564-7954.

6. All original material shall be submitted to the Executive Branch Ethics Commission, #3 Fountain Place, Frankfort, Kentucky 40601. A copy of all materials shall be served on the designated Hearing Officer.

7. The Respondent has the right to legal counsel during this proceeding. If the Respondent retains legal counsel, that person shall file an appearance with the Commission, and thereafter all correspondence from the Commission to the Respondent shall be mailed or delivered to the Respondent's attorney.

8. The Respondent has the right to examine upon request, at least five (5) days prior to the hearing, a list of witnesses the Commission expects to call at the hearing, any evidence that will be used at the hearing and any exculpatory information in the Commission's possession.

9. The Respondent has the right to subpoena witnesses on his own behalf. If the Respondent subpoenas witnesses, he shall pay for all costs associated with the subpoenas' issuance, including any applicable witness fees.

10. If the Respondent fails to attend or participate as required at any stage of the

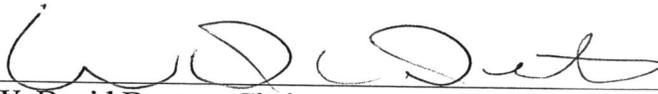
administrative hearing process without good cause shown, he may be held in default pursuant to KRS 13B.050(3)(h).

11. The Respondent has a right to appeal any final Commission order to the Franklin Circuit Court within thirty (30) days of service.

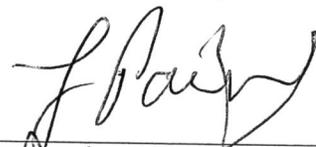
12. This proceeding is subject to KRS Chapter 11A, the Commission's regulations, the provisions of KRS Chapter 13B, and any Order issued by the Commission or its hearing officer issued during this administrative proceeding.

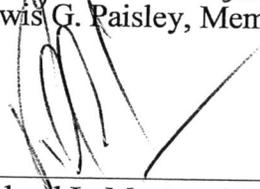
So ordered this 19<sup>th</sup> day of May 2014.

**EXECUTIVE BRANCH ETHICS COMMISSION:**

  
\_\_\_\_\_  
W. David Denton, Chair

  
\_\_\_\_\_  
William G. Francis, Vice-Chair

  
\_\_\_\_\_  
Lewis G. Paisley, Member

  
\_\_\_\_\_  
Richard L. Masters, Member

  
\_\_\_\_\_  
Martin E. Johnstone, Member

**APPENDIX A  
CASE NO. 14-015  
INITIATING ORDER**

**ALLEGATION OF VIOLATIONS**

The Respondent, Larry Graves, was at all relevant times an employee of the Commonwealth of Kentucky, serving in the Department for Community Based Services, Cabinet for Health and Family Services. As such, the Respondent was subject to the jurisdiction of the Commission. KRS 11A.010(9)(h).

During the course of its preliminary investigation, the Commission found probable cause to believe that Larry Graves committed the following violations:

**COUNT I**

Larry Graves, during his course of employment as a Case Management Specialist I for the Department for Community Based Services (“DCBS”) in the Cabinet for Health and Family Services (“CHFS”), used his influence in matters that involved a substantial conflict between his personal or private interest and his duties in the public interest; influenced a public agency in derogation of the state at large; used his official position to obtain financial gain for himself; used his official position to secure or create privileges, exemptions, advantages, or treatment for himself or others in derogation of the public interest; failed to avoid all conduct which might in any way lead members of the general public to conclude that he was using his official position to further his professional or private interest; and accepted gifts totaling a value greater than twenty-five dollars (\$25) in a single calendar year from persons or businesses that do business with, are regulated by, are seeking grants from, are involved in litigation against, or are lobbying or attempting to influence the actions of his agency.

Specifically, from June 2011 through September 2012, Graves accepted, either directly or on behalf of the Church of the First-Born Saints, a church of which he is the pastor, treasurer,

sole officer, sole board member, and self-purported owner, over \$4,109.40 in donations, the use of a van, and a new roof valued at between \$2,500 and \$3,000, from the owner of a business that did business with CHFS through the DCBS's Work Experience Training Program ("WEP"). Part of Graves' job duties as a Case Management Specialist I was placing benefit recipients participating in the WEP program in agencies and businesses in order to provide the individuals with work experience. While Graves did not directly place the WEP workers in this particular business himself, he used his position to pressure the person who was responsible for making these particular WEP assignments to continue to do so, until the owner of the business, following a political disagreement with Graves, ceased making donations to Graves and his church, after which Graves did cause the WEP workers to be pulled from the business.

These facts constitute violations of KRS 11A.020(1)(a), (b), (c), and (d), and (2), and KRS 11A.045(1).

KRS 11A.020(1)(a), (b), (c), and (d), and (2) provide:

- (1) No public servant, by himself or through others, shall knowingly:
  - (a) Use or attempt to use his influence in any matter which involves a substantial conflict between his personal or private interest and his duties in the public interest;
  - (b) Use or attempt to use any means to influence a public agency in derogation of the state at large;
  - (c) Use his official position or office to obtain financial gain for himself or any members of the public servant's family; or
  - (d) Use or attempt to use his official position to secure or create privileges, exemptions, advantages, or treatment for himself or others in derogation of the public interest at large.
  
- (2) If a public servant appears before a state agency, he shall avoid all conduct which might in any way lead members of the general public to conclude that he is using his official position to further his professional or private interest.

KRS 11A.045 provides:

- (1) No public servant, his spouse, or dependent child knowingly shall accept any gifts or gratuities, including travel expenses, meals, alcoholic beverages, and honoraria, totaling a value greater than twenty-five dollars (\$25) in a single calendar year from any person or business that does business with, is regulated by, is seeking grants from, is involved in litigation against, or is lobbying or attempting to influence the actions of the agency in which the public servant is employed or which he supervises, or from any group or association which has as its primary purpose the representation of those persons or businesses. Nothing contained in this subsection shall prohibit the commission from authorizing exceptions to this subsection where such exemption would not create an appearance of impropriety.

## COUNT II

Larry Graves, during his course of employment as a Case Management Specialist I for the Department for Community Based Services (“DCBS”) in the Cabinet for Health and Family Services (“CHFS”), used his influence in matters that involved a substantial conflict between his personal or private interest and his duties in the public interest; influenced a public agency in derogation of the state at large; used his official position to obtain financial gain for himself; used his official position to secure or create privileges, exemptions, advantages, or treatment for himself or others in derogation of the public interest; failed to avoid all conduct which might in any way lead members of the general public to conclude that he was using his official position to further his professional or private interest; knowingly received, directly or indirectly, an interest or profit arising from the use or loan of public funds in his hands to be raised through any state agency; knowingly acted as a representative or agent for DCBS in the transaction of business with himself or with a business in which he had an interest greater than five percent (5%) of the total value thereof; and knowingly himself or through a business in which he owns or controls an interest of more than five percent (5%), undertook, executed, held, and negotiated, in whole or in part, a contract or agreement entered into, awarded, or granted by the agency by which he was employed, subject to the provisions of KRS 45A.340.

Specifically, from December 2009 through November 2012, Graves used his position to cause Work Experience Training Program (“WEP”) participants to perform work at the Church of the First-Born Saints, a church at which Graves was the pastor, treasurer, only officer, only board member, and of which he purports to be the owner. This work, primarily painting and cleaning, was performed free of charge for Graves and his church. Part of Graves’ job duties as a Case Management Specialist I within DCBS was placing benefit recipients participating in the WEP program in agencies and businesses in order to provide the individuals with work experience.

These facts constitute violations of KRS 11A.020(1)(a), (b), (c), and (d), and (2), and KRS 11A.040(2), (3), and (4).

KRS 11A.020(1)(a), (b), (c), and (d), and (2) provide:

- (1) No public servant, by himself or through others, shall knowingly:
  - (a) Use or attempt to use his influence in any matter which involves a substantial conflict between his personal or private interest and his duties in the public interest;
  - (b) Use or attempt to use any means to influence a public agency in derogation of the state at large;
  - (c) Use his official position or office to obtain financial gain for himself or any members of the public servant’s family;  
or
  - (d) Use or attempt to use his official position to secure or create privileges, exemptions, advantages, or treatment for himself or others in derogation of the public interest at large.
- (2) If a public servant appears before a state agency, he shall avoid all conduct which might in any way lead members of the general public to conclude that he is using his official position to further his professional or private interest.

KRS 11A.040(2), (3), and (4) provide:

- (2) A public servant shall not knowingly receive, directly or indirectly, any interest or profit arising from the use or loan of public funds in his hands or to be raised through any state agency.

- (3) A public servant shall not knowingly act as a representative or agent for the Commonwealth or any agency in the transaction of any business or regulatory action with himself, or with any business in which he or a member of his family has any interest greater than five percent (5%) of the total value thereof.
- (4) A public servant shall not knowingly himself or through any business in which he owns or controls an interest of more than five percent (5%), or by any other person for his use or benefit or on his account, undertake, execute, hold, bid on, negotiate, or enjoy, in whole or in part, any contract, agreement, lease, sale, or purchase made, entered into, awarded, or granted by the agency by which he is employed or which he supervises, subject to the provisions of KRS 45A.340.

### **COUNT III**

Larry Graves, during his course of employment as a Case Management Specialist I for the Department for Community Based Services (“DCBS”) in the Cabinet for Health and Family Services (“CHFS”), used his influence in matters that involved a substantial conflict between his personal or private interest and his duties in the public interest; influenced a public agency in derogation of the state at large; used his official position to obtain financial gain for himself; used his official position to secure or create privileges, exemptions, advantages, or treatment for himself or others in derogation of the public interest; failed to avoid all conduct which might in any way lead members of the general public to conclude that he was using his official position to further his professional or private interest; knowingly received, directly or indirectly, an interest or profit arising from the use or loan of public funds in his hands to be raised through any state agency; knowingly acted as a representative or agent for DCBS in the transaction of business with himself or with a business in which he had an interest greater than five percent (5%) of the total value thereof; and knowingly himself or through a business in which he owns or controls an interest of more than five percent (5%), undertook, executed, held, and negotiated, in whole or in part, a contract or agreement entered into, awarded, or granted by the agency by which he was employed, subject to the provisions of KRS 45A.340.

Specifically, in October 2011, Graves had a client of his agency sign a “WEP Training Site Agreement” concerning Graves’ church, The Church of First Born Saints, and another DCBS client, a WEP participant, on behalf of the church as the “training site representative,” when in fact the client was not a representative of the church but rather merely a friend of Graves. Graves himself was identified on the “WEP Training Site Agreement” as the WEP participant’s immediate supervisor. Part of Graves’ job duties as a Case Management Specialist I within DCBS was placing benefit recipients participating in the WEP program in agencies and businesses in order to provide the individuals with work experience.

These facts constitute violations of KRS 11A.020(1)(a), (b), (c), and (d), and (2), and KRS 11A.040(2), (3), and (4).

KRS 11A.020(1)(a), (b), (c), and (d), and (2) provide:

- (1) No public servant, by himself or through others, shall knowingly:
  - (a) Use or attempt to use his influence in any matter which involves a substantial conflict between his personal or private interest and his duties in the public interest;
  - (b) Use or attempt to use any means to influence a public agency in derogation of the state at large;
  - (c) Use his official position or office to obtain financial gain for himself or any members of the public servant’s family;  
or
  - (d) Use or attempt to use his official position to secure or create privileges, exemptions, advantages, or treatment for himself or others in derogation of the public interest at large.
- (2) If a public servant appears before a state agency, he shall avoid all conduct which might in any way lead members of the general public to conclude that he is using his official position to further his professional or private interest.

KRS 11A.040(2), (3), and (4) provide:

- (2) A public servant shall not knowingly receive, directly or indirectly, any interest or profit arising from the use or loan of public funds in his hands or to be raised through any state agency.

- (3) A public servant shall not knowingly act as a representative or agent for the Commonwealth or any agency in the transaction of any business or regulatory action with himself, or with any business in which he or a member of his family has any interest greater than five percent (5%) of the total value thereof.
- (4) A public servant shall not knowingly himself or through any business in which he owns or controls an interest of more than five percent (5%), or by any other person for his use or benefit or on his account, undertake, execute, hold, bid on, negotiate, or enjoy, in whole or in part, any contract, agreement, lease, sale, or purchase made, entered into, awarded, or granted by the agency by which he is employed or which he supervises, subject to the provisions of KRS 45A.340.

#### COUNT IV

Larry Graves, during his course of employment as a Case Management Specialist I for the Department for Community Based Services (“DCBS”) in the Cabinet for Health and Family Services (“CHFS”), used his influence in matters that involved a substantial conflict between his personal or private interest and his duties in the public interest; influenced a public agency in derogation of the state at large; and used his official position to secure or create privileges, exemptions, advantages, or treatment for another in derogation of the public interest;

Specifically, on March 28, 2012, Graves accepted and processed an application for a client of DCBS when the client applied for Supplemental Nutrition Assistance Program (“SNAP”) benefits even though Graves did not handle SNAP benefits. The client was a personal friend of Graves. Further, in April 2012, it was discovered that this client was in fact not entitled to receive these benefits due to income he was already receiving from the Social Security Administration which Graves failed to consider when processing his friend’s case.

These facts constitute a violation of KRS 11A.020(1)(a), (b), and (d).

KRS 11A.020(1)(a), (b), and (d) provide:

- (1) No public servant, by himself or through others, shall knowingly:
  - (a) Use or attempt to use his influence in any matter which involves a substantial conflict between his personal or private interest and his duties in the public interest;

(b) Use or attempt to use any means to influence a public agency in derogation of the state at large;

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(d) Use or attempt to use his official position to secure or create privileges, exemptions, advantages, or treatment for himself or others in derogation of the public interest at large.

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