

**TVA RESTRICTED INFORMATION**



**Memorandum from the Office of the Inspector General**

October 5, 2021

Trevor Cothron

██████████  
FORMER CONTRACTOR

██████████  
FALSE CLAIMS AND THEFT OF GOVERNMENT FUNDS  
OIG FILE NO. 12E-16595

We have completed our investigation into former ██████████ contractor ██████████. The investigation was conducted to determine whether ██████████ improperly received Temporary Living Allowance (TLA) payments after claiming a house in which he did not reside as his permanent residence. ██████████ actually lived in a different dwelling, in a different state, and rented-out the house he claimed as his personal residence during his absence and claimed it as a rental property. ██████████ improperly acquired \$146,359 in TLA payments over the duration of ██████████ Valley Authority (TVA)-██████████ contract ██████████ at TVA's Watts Bar Unit 2 (WBN2) project in Spring City, ██████████ in violation of Title 18, United States Code § 287 (18 USC § 287).

There are certain requirements that a contracted employee, and the dwelling claimed as his/her permanent residence, must meet in order for such dwelling to qualify as the employee's permanent residence for the purposes of the TLA payment provision. Some of these requirements (summarized in the TLA applications completed and certified by the employees) that must be met at the time of initial application for TLA payments and throughout the period during which such payments are made, are as follows:

- (1) The employee must be maintaining as their Permanent Residence a dwelling that is located more than 60 radius miles from the TVA work location, as to which he/she will continue to incur substantially all of the cost for upkeep and maintenance. In maintaining the Permanent Residence the employee must continue to incur substantially all of the cost for its upkeep and maintenance.
- (2) "Permanent Residence" is the employee's legal residence in accordance with the laws of the state in which his/her permanent residence is located, which they maintained prior to the temporary assignment, or if acquired after the start of the temporary assignment replaces the Permanent Residence he/she maintained prior to the assignment; it must be the Permanent Residence that he/she historically maintained (or if acquired after the start of the temporary assignment replaces the Permanent Residence he/she historically maintained).

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- (3) The employee must establish and maintain a temporary (second) residence in the immediate vicinity of the TVA work location, as to which he/she will incur additional (substantial and bona fide) living expenses related to maintaining the temporary (second) residence;
- (4) A dependent family member must continue to occupy the claimed dwelling during all periods for which the TLA payments are reimbursed to the contractor, or the employee must have actually occupied the dwelling for a contiguous period of at least six (6) months during the thirty-six (36) months immediately preceding his/her assignment. A qualifying dependent is defined as a spouse or someone who can be legally claimed as a dependent on federal taxes.
- (5) Any rental or lease agreement or mortgage payment agreement must result from an arm's length transaction, which the contract defines as a transaction negotiated by unrelated parties, each acting in his/her own self-interest and with comparable bargaining power, resulting in an agreement based on a fair-market determination.
- (6) The annual applications must include a true and correct copy of the lease agreement, mortgage payment agreement, or property deed.
- (7) The employee must have a present and ongoing intention to return to the permanent residence upon completion of their temporary assignment at the TVA worksite.
- (8) Under the TVA-████████ contract, ██████████ had the responsibility to properly and accurately determine employees' eligibility.

██████████, a former ██████████ Corporation employee, participated in TVA's TLA program from January 2008 through January 2016, while working as a Field Engineer/Quality Control Inspector at TVA's WBN2 construction project in Spring City, ██████████. During that time, ██████████ received \$146,359 in TLA payments from TVA. ██████████ completed eight (8) TLA applications from 2008 through 2015. Each application states that ██████████ permanent residence is ██████████ and that his adult child, her adult and minor children, and her minor grandchildren will continue to occupy the home. ██████████ asserted, in these applications, that all of those individuals were his dependents.

██████████ and his then spouse purchased ██████████ (his claimed permanent residence on his TLA applications) in 1974. The ██████████ paid off the mortgage and, upon their divorce, ██████████ ex-wife let him have the house in 1978. ██████████ purchased ██████████ in 1997. ██████████ paid off the mortgage on the ██████████ home in March 2002. According to ██████████ he considered ██████████ his home because his child and grandchildren lived there and he would visit there when he was not on assignment.

██████████ was employed by ██████████ on January 12, 2000. Upon being hired, ██████████ reported to ██████████ on his I-9 form that his address was ██████████ and that he held an ██████████ driver's license. The banking information he provided to ██████████ for payroll was a bank in ██████████ and the only banking institution known to ██████████ for ██████████ was in ██████████. On January 3, 2008, ██████████ assigned ██████████ to the WBN2 project. At that time, ██████████ changed his permanent residence for travel purposes, with ██████████ from ██████████ to ██████████.

██████████ travel mileage reimbursement was thus changed to being calculated between his home in ██████████ to his assignment in ██████████ rather than between his home in ██████████ to his assignment in ██████████. The other documents in his ██████████ personnel file (banking information, driver's license, I-9 form, etc.) were not changed from ██████████ to ██████████ residency.

According to ██████████ adult daughter, she considers ██████████ her and her adult children's permanent residence and said they have all lived there since 1999. ██████████ moved to ██████████ in 1999, and from 2008 through 2015, he lived and worked in ██████████. ██████████ visits her in ██████████ sometimes, but not with any consistency. He owns a home in ██████████ in which he told his daughter, years ago, he intended to retire.

██████████ has lived at ██████████ since at least 2002. He occupied the residence at that time and began regularly paying utilities there, purchased his primary vehicle in ██████████ and has registered it there ever since. He has maintained an ██████████ driver license since that time (his ██████████ driver's license expired in 1997). From 2007 through 2010, ██████████ former son-in-law lived at ██████████ and paid utilities. In March of 2010 through the time ██████████ retired in January 2016, his girlfriend lived at ██████████. ██████████ paid rent and utilities. ██████████ did not travel to his residence in ██████████ with any regularity and planned to retire in ██████████. ██████████ claimed ██████████ as a rental property for multiple years on his federal tax forms.

██████████ explanation was that he considered ██████████ his home because his children and grandchildren lived there and he would visit there approximately five (5) times per year. ██████████ said he was a contractor who traveled all over the place and most of his possessions were "what he could fit in his truck." ██████████ said he did not use his ██████████ home as his permanent residence because he believed a family member had to live in the permanent residence to qualify for TLA. ██████████ was asked if part of the reason he did not claim the ██████████ residence was because he was renting it out. ██████████ said "I guess that had something to do with it, yes."

According to TVA's TLA contract managers for the ██████████ TLA program during the period that ██████████ collected TLA, full transparency in providing information was required in the TLA applications, and if TVA had known that ██████████ had a residence in ██████████ and a residence in ██████████ TVA would have required him to provide much more information and documentation – such as vehicle registration(s), tax records, voting records, etc. – and analyze those records to determine where he actually lived prior to being able to determine if he was eligible to participate in the program. The managers stated that, just based on knowing ██████████ owned two residences, TVA may have determined that he did not have a qualifying permanent residence in order to participate in the TLA program.

The evidence revealed during the Office of the Inspector General's investigation indicates that, while ██████████ owns two homes more than 60 miles away from his temporary work assignment with TVA – one in ██████████ and one in ██████████ and he did establish a second, temporary residence near his TVA work assignment, he was not eligible to receive TLA in that:

- (1) ██████████ stopped living in ██████████ in 1999. His adult daughter and her adult children and minor grandchildren have lived in the ██████████ home during the time he collected TLA. ██████████ did not live in the ██████████ residence with them and he spent very little time there, making the ██████████ residence ineligible as a permanent residence for TLA;

(2) During the time ██████ received TLA, he lived at his temporary residence in ██████ and when he was off-duty he either stayed in ██████ or spent most of his off time at his ██████ home with his girlfriend;

(3) During the time ██████ received TLA, he rented his residence in ██████ and claimed it as a rental property on his federal income tax forms, making it ineligible to claim as a permanent residence for the TLA program;

(4) ██████ did not intend to return to ██████ after his assignment at WBN2, and expressed that he intended to retire to his residence in ██████ and has since retired to that ██████ home; and

(5) ██████ failed to disclose this information in his TLA applications.

Per TVA-█████ contract ██████, ██████ had the responsibility to properly and accurately determine ██████ eligibility for TLA. ██████ Corporation had pertinent information regarding ██████ ██████ residency in his personnel file. That information was not provided to TVA by ██████ or ██████. We recommend TVA seek any and all TLA reimbursements of \$146,359 from ██████ for TLA payments.

We would appreciate being informed within 30 days of your determination and of any action taken as a result of this memorandum. In addition, if you decide to take documented action, please forward a copy of the relevant information to this office for our file.

This memorandum has been designated "TVA Restricted" in accordance with TVA Standard Programs and Processes 12.002, *TVA Information Management Policy*. Accordingly, it should not be disclosed further without prior approval of the Inspector General or their designee. In addition, no redacted version of this memorandum should be distributed without notification to the Inspector General of the redactions that have been made.



Nancy J. Holloway  
Assistant Inspector General  
(Investigations)

JW:KLS

cc: Janda E. Brown  
Laura Campbell  
David B. Fountain  
Jill M. Matthews  
OIG File No. 12E-16595