



COMPTROLLER'S INVESTIGATIVE REPORT

Humphreys County Volunteer Fire Department

August 6, 2020

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

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Deputy Comptroller

August 6, 2020

Humphreys County Executive
and County Commissioners
102 Thompson Street
Waverly, TN 37185

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Humphreys County Volunteer Fire Department, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 23rd Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

Humphreys County Volunteer Fire Department

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Humphreys County Volunteer Fire Department District 6. The Comptroller's Office initiated the investigation after officials with Humphreys County reported questionable District 6 bank account transactions to the Office of the District Attorney General of the 23rd Judicial District. This investigation was limited to selected records for the period November 1, 2010, through April 10, 2018. The results of the investigation were communicated with the Office of the District Attorney General of the 23rd Judicial District.

BACKGROUND

Humphreys County (county) is in Middle Tennessee, and the City of Waverly is the county seat. The Humphreys County Volunteer Fire Department (HCVFD) originally maintained 6 fire districts; however, District 5 was later disbanded leaving 5 operational districts. The District 6 firehall is in Hurricane Mills, Tennessee. The county provides operational funding for the fire department through their annual budgetary process. Included in operational funding, the county pays each firefighter \$10 for their participation during each emergency response call. The county recognizes this payment as "run call money" that can be spent at the discretion of individual firefighter.



The distribution of the run call monies has been historically accomplished in two ways. Prior to January 2016, the county periodically distributed run call checks to each district via district fire chiefs. District 6 firefighters elected to have their run call money deposited into a bank account under the name and for the benefit of the District 6 fire department. Starting in January 2016, the system of distributing the run call money changed, and the county started paying the run call money directly to individual firefighters via postal deliveries.

Prior to November 2010, the county distributed to the former fire chief Jeffrey Staggs District 6 members' run call checks totaling \$13,505; however, due to the lack of records investigators were not able to determine how the former fire chief spent these funds. After November 2010, the District 6 utilized two different bank accounts, both controlled by the former fire chief, where the

members' run call money was deposited. The former fire chief opened one bank account (known as the older bank account) in early 2000's and actively used it through November 2014. The former fire chief then opened another bank account (known as the newer bank account) in November 2014 and used it through April 2018. As the recipient of the run call checks on behalf of the District 6 members and the sole person controlling the bank accounts, the former fire chief had the direct fiduciary responsibility ensuring that the members 6's run call money was properly accounted for and used only on department-related purposes.

Firefighters use run reports to document details of emergency response calls, and these reports include information such as a complaint number, date and location of the emergency, type of emergency, responding personnel, apparatus, etc. Two types of run reports are used: field run reports and pay call reports. Field run reports are handwritten by the responding officer at the time of the response while on the scene. Pay call reports are electronic reports completed after the emergency response. In District 6, the former fire chief completed the pay call reports, which were used to calculate the firefighters' run call money paid by the county.

The District 6 members also participated in a Staffing for Adequate Fire & Emergency Response (SAFER) grant, a program funded by the U.S. Department of Homeland Security. The purpose of this grant is to provide incentive funding for fire departments to help them increase and maintain the number of trained firefighters. Through participation in HCVFD-related activities such as responding to emergency calls or attending meeting and training sessions, firefighters earned participation points which resulted in monthly financial benefits to the individual firefighters. Firefighters could select to receive one SAFER financial benefit at that time, which included paying selected health insurance premiums, child-care expenses, school tuition reimbursements, or contributions to a 401K retirement plan.

RESULTS OF INVESTIGATION

1. DISTRICT 6 FIRE CHIEF JEFFREY STAGGS MISAPPROPRIATED FIREFIGHTERS' RUN CALL MONEY AND SAFER GRANT FUNDS TOTALING \$20,015.58

Our investigation revealed that between November 1, 2010, and April 10, 2018, the former District 6 fire chief Jeffrey Staggs misappropriated both run call and SAFER grant monies totaling \$20,015.58 as follows:

- A. Older bank account. Between November 2010 and June 2014, Staggs received nine checks from Humphreys County representing District 6 members' run call money totaling \$13,470.
 1. Staggs deposited \$13,192.16 into the older bank account and retained \$277.84. Investigators found no documentation justifying how Staggs spent the \$277.84 that he kept.
 2. Of the \$13,192.16 which was deposited, investigators identified \$12,752.16 in improper disbursements from the account that solely benefited Staggs.

- B. Newer bank account. Between November 2014 and September 2015, Staggs received four checks from Humphreys County representing District 6 members' run call money totaling \$5,440.
1. Staggs deposited \$4,400 into the newer bank account and retained \$1,040. Again, investigators found no documentation to show that Staggs spent the \$1,040 he kept for department-related purposes.
 2. Of the \$4,400 which was deposited, investigators identified \$4,145.58 in improper disbursements from the account that solely benefitted Staggs.

Using the District 6 members' run call money (\$12,752.16 associated with the older account, \$4,145.58 associated with the newer account, or \$16,897.74 combined), Staggs made improper disbursements that included payments at various specialized retail stores (Vapor Room, Michael's Sportsware, Verizon Prepaid, etc.); payments for personal services (VIP Nails, Great Clips); payments to a car financing provider (DriveTime); payments for personal education expenses (Nashville State Community College, online platform Course Hero); payments to various general retail stores (Walmart, Fred's, Dollar General, Hobby Lobby, Aldi, Food Giant, etc.); payments to various online retailers (ETSY, LTD Commodities, Amazon, etc.); payments at various restaurants (Shoney's, Jen's Steak and Seafood, Bella Blak Pizzeria, China Buffet, various family style eateries and fast food places); payments to various service stations (Pilot, Shell, Casey's, Murphy's, etc.); payments for personal medical expenses; payments for utilities; and multiple cash withdrawals at ATMs, PayPal payments, and internet transfers to another bank account. District 6 firefighters confirmed to investigators that these transactions did not benefit the fire department or its members.

Staggs admitted to Comptroller investigators that some of the disbursements from both bank accounts were for his personal gain, and that he was willing to repay the money. He also stated that he used the money from the bank accounts to buy various items for the District 6 firehall, or that he helped District 6 members on several occasions with their personal bills. Investigators found no documentation to support these claims. Staggs also stated that due to medical issues he was out of work and experienced financial difficulties when he used the run call money from District 6 firehall. Lastly, Staggs stated to investigators that he was misinformed by a former county fire chief who advised Staggs that it was okay to use the run call money for personal-related purchases. As a side-note, this former county fire chief was indicted in 2017 by a Grand Jury for the misuse of firefighters' money at the Humphreys County Volunteer Fire Department.

- C. SAFER Grant. Between July 1, 2016, and June 30, 2017, Staggs awarded unearned participation points from the SAFER grant for department-related activities to his wife, who was also a member of the District 6 fire department. These unearned participation point benefits totaled \$1,800. District 6 members questioned the awarded participation points and corresponding benefits and advised investigators that the credits she received were not commensurate with her involvement in the department. In July 2016, Staggs was

promoted to a county fire chief assistant position and was not directly overseeing District 6 operations. Staggs admitted to investigators that after July 2016, he was automatically crediting his wife SAFER participation points that she didn't earn.

Summary of Misappropriations by the Former District 6 Fire Chief

Transactions Associated with Misappropriation of Funds		Amounts	
A. Older Bank Account	1. Unaccountable Funds*	\$277.84	
	2. Improper Disbursements	\$12,752.16	
	Total		
B. Newer Bank Account	1. Unaccountable Funds*	\$1,040.00	
	2. Improper Disbursements	\$4,145.58	
	Total		
C. SAFER Grant Benefits			\$1,800
Total			\$20,015.58

*The difference between the amounts Staggs received in run call checks and the amounts he deposited into the bank accounts.

2. DISTRICT 6 FIRE CHIEF JEFFREY STAGGS AND HIS WIFE RECEIVED \$8,550 IN QUESTIONABLE BENEFITS FROM THE SAFER GRANT

Between August 1, 2014, and January 31, 2018, Staggs awarded himself and his wife participation points of \$8,550 (\$5,925 and \$2,625 respectively) in SAFER benefits that were not commensurate with their participation in department-related activities. The \$2,625 awarded to his wife is shown net of the \$1,800 misappropriated amount in finding 1 above. Due to the lack of documentation maintained by HCVFD, investigators were unable to determine whether the participation points Staggs awarded to himself and his wife were justified and earned in accordance with the grant guidelines.

3. THE DISTRICT 6 FIRE CHIEF JEFFREY STAGGS DESTROYED DISTRICT 6 RECORDS AND POSSIBLY INFLATED PAY CALL REPORTS

Staggs destroyed the majority of records from his tenure as the District 6 fire chief. Investigators were provided only a small fraction of the run reports from the period when Staggs managed District 6 operations. Based on the review of incomplete and limited records, investigators noted a pattern of adding personnel on the pay call reports which did not agree with the number of personnel documented on the corresponding field run reports. This pattern would have allowed District 6 to receive more run call money than they were entitled to. Since the run reports were destroyed by Staggs, investigators were unable to verify and investigate this inconsistency. Staggs told investigators that he destroyed the run reports from his tenure at the direction of the former county fire chief. Investigators were unable to confirm this from the former county fire chief.

Staggs voluntarily retired from the Humphreys County Volunteer Fire Department on April 23, 2019.

On August 3, 2020, the Humphreys County Grand Jury indicted Jeffrey Van Staggs on one count of Theft over \$10,000, one count of Official Misconduct, and one count of Destruction of and Tampering with Governmental Records.

[Humphreys County Volunteer Fire Department Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies related to internal controls and compliance that contributed to the District 6 fire chief's ability to perpetrate the above-noted misappropriations without prompt detection.

Deficiency 1: A lack of internal controls over financial accountability

District 6 operated without adequate oversight resulting in a lack of internal controls.

- 1) No written policies existed on the use and the accountability of run call funds.
- 2) Duties were not segregated adequately among its members. The fire chief was the only person receipting and depositing firefighters' run call checks without any accounting records maintained at District 6. The fire chief was the only person who made disbursements from the District 6 bank accounts.
- 3) There was no process in place for reconciling the disbursements or monthly bank balances.
- 4) Disbursements of funds from the bank accounts were made by the fire chief without adequate supporting documentation, such as purchase receipts, invoices, or general accounting records.

Starting in January 2016, Humphreys County started paying the run call money directly to individual firefighters instead of paying these funds via district fire chiefs.

Deficiency 2: A lack of internal controls over the SAFER grant benefits

Without any shared or appropriate oversight, the fire chief was able to award participation points to himself and his wife during the entire duration of the grant. No supporting documentation exists to justify earning the participation points from the grant. Even after leaving the District 6 fire hall in July 2016, the former fire chief retained the responsibility of awarding participation points for himself, his wife, and all District 6 members.

Deficiency 3: Insufficient controls and processes over procedures of completing and retaining the pay call run reports

The fire chief was the only person completing the pay call reports without any shared oversight with other District 6 members. The fire chief removed the run reports from the District 6 premises and subsequently destroyed the records without anyone having the opportunity to review the documentation.

Deficiency 4: Noncompliance with the Tennessee Records Retention Standards

District 6 did not comply with the minimum retention standards pertaining to public records. Almost all department-related documentation pertaining to the tenure of the former fire chief was not retained or was questionably destroyed by the fire chief.

Current District 6 officials stated that going forward, all department-related documentation is retained at the District 6 firehall, either in paper or electronic format or both.
