



## COMPTROLLER'S INVESTIGATIVE REPORT

# Town of Bean Station Police Department

*January 25, 2021*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

January 25, 2021

Town of Bean Station  
Mayor Ben Waller and Board of Alderman  
785 Main Street  
Bean Station, TN 37708

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Town of Bean Station Police 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 4<sup>th</sup> 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 blue ink that reads "Jason E. Mumpower".

Jason E. Mumpower  
Comptroller of the Treasury

JEM/MLC

# INVESTIGATIVE REPORT

## Town of Bean Station Police Department

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to the Town of Bean Station Police Department. This investigation was limited to selected records for the period February 1, 2016 through February 11, 2020. The results of the investigation were communicated with the Office of the District Attorney General of the 4<sup>th</sup> Judicial District.

### BACKGROUND



The Town of Bean Station is located at the junction of U.S. Route 11W and U.S. Route 25E in Grainger County, Tennessee, and is governed by a mayor and four aldermen. The town has a police department that has established a special revenue drug fund authorized by *Tennessee Code Annotated*, Section 39-17-420. Moneys in the special revenue fund may only be used for expenses related to local drug treatment programs, local drug education programs, local drug enforcement programs, and nonrecurring general law enforcement expenditures. The drug fund is under the control of the city recorder; however, the police chief is responsible and accountable for confidential drug enforcement expenditures.

## RESULTS OF INVESTIGATION

- **FORMER POLICE CHIEF STEPHEN KITTS MISAPPROPRIATED AT LEAST \$1,830 OF CONFIDENTIAL DRUG FUNDS FOR HIS PERSONAL USE**

During the period November 1, 2018, through January 31, 2020, former Police Chief Stephen Kitts misappropriated at least \$1,830 of confidential drug funds for personal use. As police chief, Kitts was responsible for the use of confidential drug funds. During the period under review, Kitts periodically requested and received confidential drug funds from the city recorder or drug agents. Kitts admitted to investigators that he used some of the confidential drug funds to pay personal bills. Kitts also told investigators that to conceal his misappropriations, he falsified police department forms to indicate the money was spent on confidential drug buys that never happened. On February 11, 2020, Kitts resigned as police chief and remitted \$150 of unused confidential drug funds to the Bean Station city recorder. On February 14, 2020, Kitts reimbursed the Town of Bean Station the remaining funds he misappropriated totaling \$1,830.

### Summary of Misappropriation by Former Police Chief Kitts

Summary of Misappropriated Confidential Drug Funds		
Date	Description	Amount
11/26/2018	Confidential drug funds check	1,000.00
2/19/2019	Cash received from agent	480.00
1/23/2020	Confidential drug funds check	500.00
2/11/2020	Returned to recorder	(150.00)
Total		1,830.00

On January 20, 2021, Stephen Kitts pled guilty in Grainger County Criminal Court to one count of Theft over \$1,000.

[Town of Bean Station Police Department Investigation Exhibit](#)

## INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which contributed to Kitts's ability to perpetrate his misappropriation without prompt detection.

**Deficiency 1: The police department had deficiencies in the administration of confidential drug funds**

Pursuant to *Tennessee Code Annotated*, Section 39-17-420, the Comptroller of the Treasury, in consultation with the Tennessee Bureau of Investigation, the Tennessee Sheriffs' Association, and the Tennessee Association of Chiefs of Police, developed procedures and guidelines for handling cash transactions related to undercover drug enforcement operations. These procedures were detailed in the manual "Procedures for handling cash transactions related to undercover investigative operations of county and municipal drug enforcement programs." Bean Station Police Department officials did not follow these procedures and guidelines by failing to maintain proper documentation in the administration of confidential drug funds in the following ways:

- A. Police department officials failed to properly document payments to confidential informants. Documentation is necessary to ensure that confidential drug funds are properly used and accounted for in undercover investigative operations. During the period investigated, 99 out of 105 transactions examined did not have the proper witness signatures to document payments to confidential informants.
- B. Police department officials did not adequately maintain confidential drug transaction, custodian, and agent activity logs. No logs were available for the period February 2016 through December 2017. The logs that the department provided did not contain transaction numbers, dates, case numbers, purposes, and dollar amount of individual transactions.
- C. Police department officials did not properly maintain confidential informant files. There were numerous confidential informant files that did not have the required summary of informant payments listing transaction dates, case numbers, and amounts paid to each confidential informant.
- D. In addition to the misappropriation noted above, at least \$745 of confidential drug funds from a prior period were unaccounted due to a lack of confidential logs and case files.

Failure to properly document all confidential drug fund cash transactions increases the risk that cash will be mishandled, misappropriated, or lost.

**Deficiency 2: Police department officials did not deposit seized funds within three days of seizure**

During the period reviewed, police department officials failed to deposit seized funds within three days of seizure in at least 11 instances. In one instance, seized funds remained in the evidence room for 481 days before being deposited into an authorized town bank account. Promptly depositing seized funds into an authorized town bank account reduces the risk of such funds being mishandled, misappropriated, or lost.

Bean Station Police Department officials indicated that they have corrected or will correct these deficiencies.