



CITY OF ATLANTA

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AUDIT COMMITTEE
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Amanda Beck, PhD
Donald T. Penovi, CPA
Dargan Burns, III

June 3, 2021

Honorable Mayor and Members of the City Council:

Please find attached the results of a review of transactions conducted or authorized by the city's former chief financial officer. We contracted with Windham Brannon, LLC to conduct the review. The report identifies specific instances of management override of internal controls and makes two recommendations to mitigate risk going forward. Because the recommendations are primarily addressed to elected officials, we did not seek management's response prior to releasing the report.

The attachments also recommend that we conduct periodic audits to assess compliance with city policies and procedures, including small purchases, the purchasing cycle, and use of city-issued credit cards. We will consider adding such audits to our annual audit plan. We are also completing a pilot continuous audit project to test controls and identify high-risk transactions as or soon after they occur; we plan to continue to expand the program during the next fiscal year.

The Audit Committee has reviewed this report and is releasing it in accordance with Article 2, Chapter 6 of the City Charter. We thank Windham Brannon and its subcontractors and appreciate the courtesy and cooperation of city staff in completing this review.

Amanda Noble
City Auditor

Danielle Hampton
Chair, Audit Committee



May 20, 2021

Amanda Noble
City Auditor
City of Atlanta
68 Mitchell Street, SW, Suite 12100
Atlanta Georgia 30303-0312

Dear Ms. Noble:

The City of Atlanta engaged Windham Brannon, LLC and its subcontractors to analyze events, transactions, and related internal controls relative to certain actions reportedly¹ taken by Jimmie A. Beard (“Jim Beard”), while employed as the Chief Financial Officer (“CFO”) of the City of Atlanta (“the City”), from 2011 to 2018.

Executive Summary

Jim Beard was able to effect the reported actions and/or transactions reviewed in this engagement, largely because of the following:

1. Deficient policies and internal controls surrounding credit card usage by executive level personnel of the City of Atlanta; and,
2. Management overrides of existing and sufficient internal controls caused, in part, because of the lack of a proper “tone at the top” culture at the City of Atlanta, from 2011 to 2018.

Engagement

The scope of the engagement included the following:

1. Review of improper payments, previously identified to gain an understanding of specific control overrides and weaknesses in existing internal controls that allowed the inappropriate financial transactions to occur.
2. A risk assessment of transactions conducted during the specified audit period to identify additional transactions subject to control overrides and internal control weaknesses that may have resulted in misconduct, misappropriation of funds, or improper payments.
3. Creation and execution of a test plan to include the sampling methodology, audit criteria and attributes proposed to review the high-risk transactions identified during the risk assessment for propriety (subject to City Auditor approval prior to commencement).

¹ References to Jim Beard’s actions throughout this report are to be considered “reported actions,” for purposes of this engagement.

4. Execution of approved test plan.

Findings

Tone at the Top

Throughout the engagement, Windham Brannon and its team reviewed the internal controls and assessed the tone at the top related to Jim Beard and his role as CFO of the City of Atlanta. The details of findings are found in Exhibit A.

Even effective systems of internal control can fail when management is allowed to override internal controls, or management, staff and/or third parties can circumvent internal controls through collusion. Our analysis found that internal controls were overridden by management, and the City lacked an effective tone at the top.

Top managers should lead by example and provide a safe mechanism for reporting potential violations. Based on interviews and analysis of information provided, controls, such as those surrounding small purchases and payroll, were overridden by management. Employees perceived that executives were not required to comply with rules and procedures imposed upon lower-level employees, especially regarding travel expenses and reimbursements. Employees also expressed skepticism about using the City's Integrity Hotline to report violations.

Acquisitions of Firearms

Black Diamond Consulting, LLC, one of Windham Brannon's subcontractors, reviewed and investigated the weapons purchased and/or possessed by Jim Beard that were purchased with City of Atlanta funds. Exhibit B provides an extensive discussion related to the purchase of the following firearms: (1) Glock 43 handgun; (2) Glock 19 handgun; and (3) two Daniel Defense rifles.

Beard acquired the weapons in 2016 expending approximately \$4,100 in City funds. Beard took possession of the Glock 43 in January 2016 and returned it in September 2018. Beard took possession of the Glock 19 in June 2016 and returned it in May 2018. The rifles were not listed in APD inventory. According to an APD Incident Report, Beard provided the rifles to APD in March 2019, asking the department to safeguard his property while he was between houses.

Beard appears to have exceeded his authority when he approved a weapon for his personal use. This conduct was the primary control override. The firearms purchases included tax exemptions and signed statements that the weapons were purchased for the Atlanta Police Department's exclusive use.

- The Glock 43 handgun was ordered in a batch of ten through an Atlanta Police Department requisition and purchase order and paid for through a City-issued check with the transaction

coded as consumable supplies for the Atlanta Police Department Executive Protection Unit. A charge for the cost of one Glock 43 handgun and ankle holster to the same vendor appeared on the statement for Beard's City-issued credit card and was reversed the next day.

- The Glock 19 handgun was ordered in a batch of nine initiated by Beard via email. Although the Department of Finance subsequently faxed a purchase order to the vendor, it paid the invoice through a Direct Disbursement Request with the transaction coded as consulting/professional services for the Department of Finance Chief Executive. Beard's subordinate prepared and approved the disbursement request.
- The purchase of the two fully automatic carbine rifles was initiated by Beard via email. The Department of Finance submitted a purchase order and paid through a City-issued check with the transaction coded as consulting/professional services for Non-Departmental Reservation of Fund Appropriations. Beard's subordinate created and authorized the purchase order. A subsequent charge for an Aimpoint Micro T-2 sight and spacer appeared on the statement for Beard's City-issued credit card. The same (or similar) piece of equipment was with the rifles Beard provided to APD in 2019.

Analysis of Jim Beard Conduct for Potential Internal Control Overrides

The Hartman Firm, LLC, one of Windham Brannon's subcontractors, reviewed and assessed the internal controls related to Jim Beard's weapon purchases, credit card usage, and participation in the City awarded bonuses. The Hartman Firm's memorandum details findings of this assessment in Exhibit C.

Significant hard and soft controls were overridden, including management approval and segregation of duties, which enabled Beard to engage in potential misuse of City funds. Further, the City's credit card policy is not robust, and we saw no evidence that the CFO was providing required quarterly reports on credit card usage to the City Council. Monitoring is essential to ensure internal controls are working as intended. Abuse of authority by officials at the top of City government is inherently difficult to prevent. The greatest chance of detecting this type of abuse is by an individual who is properly motivated to report, has an outlet to report, and feels comfortable in doing so without fear of retaliation.

Risk Assessment

Throughout the interviews and review of internal controls and transactions, Windham Brannon identified areas of risk related to Jim Beard's actions, as well as fraud risks related to other matters. While these areas were not included in our scope, we believe the City should review and possibly investigate these risks further. Exhibit D ranks the fraud risks as well as provides our observations and notes and any recommendations.

Transaction Profiling

In order to review and identify potential suspect or fraudulent transactions, Windham Brannon created a test plan for transaction profiling. See Exhibit E. This plan included profiling criteria such as transactions with an invoice date on a federal holiday, transactions with unusual terms or names in the Description field, transactions with vendors that have unusual terms in the vendor names.

To create our test plan, our team conducted independent research on Jim Beard and created a list of parameters, including a list of key words, vendor names, businesses, possible addresses, and possible phone numbers.

Details were provided to the City Auditor for follow-up and referral, if necessary.

Recommendations

Based upon the analysis and investigation completed by Windham Brannon and its team, our team recommends that the City of Atlanta:

1. Address and improve internal controls surrounding the use of City of Atlanta credit cards; and,
2. Engage a consulting firm to provide training and assist the City in implementing a strong and positive Tone at the Top culture for the City. This undertaking should be sponsored and led jointly by Mayor Keisha Lance Bottoms and City Council President Felicia Moore.

Please feel free to contact me to discuss these matters further.

Sincerely yours,

Windham Brannon, LLC

A handwritten signature in black ink, appearing to read 'Charles L. McGimsey', with a stylized, looped flourish at the end.

Charles L. McGimsey CPA/CFF, CFE

Principal

enclosures

**MEMORANDUM**

From: Charlie McGimsey, Windham Brannon, LLC
To: Workpaper File – City of Atlanta, Forensic Audit, IFB-S-1200202
Date: January 25, 2021
Subject: Tone at the Top

Windham Brannon, LLC was engaged to analyze events and related internal controls relative to certain actions reportedly taken by Jimmie A. Beard (“Jim Beard”), while CFO of the City of Atlanta (“the City”), from 2011 to 2018.

Most notably, we analyzed information relating to Jim Beard’s involvement in:

1. Bonuses paid to City of Atlanta personnel between November 2017 and February 2018;
2. Travel to Paris, France, in April 2017; and
3. Acquisitions of certain firearms in 2015 and 2016.

We were requested to consider the first two items above, but since there had already been significant analysis performed on them, to allocate our time more toward the firearms acquisitions. The details of the firearms acquisitions by Jim Beard are included in two memorandums in our workpapers provided to the City Auditor.

Internal control weaknesses are discussed in the firearms memorandums. However, it should be noted that:

1. Some internal controls were in place at the time of the actions listed above;
2. Some weaknesses in the control environment existed; but
3. No system of internal controls, no matter how well intended and properly designed, can thwart collusion or management overrides.

Specific internal controls can be, and were, overridden. Collusion, including management overrides, can defeat internal control mechanisms in any organization. It appears, at the time these problems arose within the City, internal controls were overridden by management.

It further appears, based upon our analysis of financial data and findings in interviewing City personnel employed by the City at the time of the events cited above, that the City lacked a proper and effective Tone at the Top culture and underlying operating philosophy.

The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. **The board of directors and senior management establish the tone at the top** regarding the importance of internal control including expected standards of conduct. Management reinforces expectations at the various levels of the organization. The control environment comprises

the integrity and ethical values of the organization; the parameters enabling the board of directors to carry out its governance oversight responsibilities; the organizational structure and assignment of authority and responsibility; the process for attracting, developing, and retaining competent individuals; and the rigor around performance measures, incentives, and rewards to drive accountability for performance. The resulting control environment has a pervasive impact on the overall system of internal control.¹ [Emphasis added.]

The Framework recognizes that while internal control provides reasonable assurance of achieving the entity's objectives, limitations do exist. Internal control cannot prevent bad judgment or decisions, or external events that can cause an organization to fail to achieve its operational goals. In other words, even an effective system of internal control can experience a failure. Limitations may result from the:

- Suitability of objectives established as a precondition to internal control
- Reality that human judgment in decision making can be faulty and subject to bias
- Breakdowns that can occur because of human failures such as simple errors
- **Ability of management to override internal control**
- **Ability of management, other personnel, and/or third parties to circumvent controls through collusion**
- External events beyond the organization's control²

[Emphasis added.]

There are five principles relating to Control Environment:

- 1. The organization demonstrates a commitment to integrity and ethical values.**
2. The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
3. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
4. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
5. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.³

[Emphasis added.]

To set the right tone, those in top positions of management have to follow four very important steps:

1. Communicate to employees what is expected of them;

¹ COSO, Committee of Sponsoring Organizations of the Treadway Commission, Internal Control – Integrated Framework, May 2013, page 15.

² Ibid, page 20.

³ Ibid, page 48.

2. **lead by example;**
3. **provide a safe mechanism for reporting violations;**
4. and reward integrity.⁴
[Emphasis added.]

Based upon our findings from interviews and analysis of information provided, it appears that during the period of time covered under our analysis, significant shortcomings existed in items 2. and 3. above.⁵ We proffer no opinion as to how 1. and 4. may relate to conditions that existed during this timeframe.

As was stated during one of our interviews, the control atmosphere existing during this timeframe could be described as akin to “the wild west,” i.e., controls were routinely overridden by management.⁶

Further, some control policies were in-fact counter to a proper tone at the top orientation; for example, credit card approvals and controls surrounding their use by top level City personnel.⁷ Having a policy that *reduces* controls for top personnel is an improper Tone at the Top orientation, the message being “once you have reached a certain level within this organization you will not be required to comply with rules and procedures imposed upon lower lever employees.”

The City has an Ethics Department and a new Office of the Inspector General. While these departments can create benefits to the City, they should be viewed as complementing, not a substitution, for a proper Tone at the Top culture.

Recommendation: The City should engage a consulting firm to receive education and implementation of a Tone at the Top culture for the City. This undertaking should be sponsored, underwritten, and led by Mayor Bottoms and City Council President Felicia Moore.

⁴ Tone at the Top: How Management Can Prevent Fraud in the Workplace, presented by Association of Certified Fraud Examiners, at https://www.acfe.com/uploadedFiles/ACFE_Website/Content/documents/tone-at-the-top-research.pdf.

⁵ See Interview Highlights in Windham Brannon workpapers for examples and elaboration.

⁶ Ibid.

⁷ Department of Finance General Accounting Division Policies and Procedures issued February 1, 2010 and Department of Finance General Accounting Division Policies and Procedures revised August 2018.

To: File

From: David Sawyer CPA.CFF.CITP, CIA, CFE, CAMS, PI
Black Diamond Consulting, LLC

Date: October 14, 2020

Subject: City of Atlanta, Georgia / Contract No.
Firearms Purchases re: Jim Beard

EXECUTIVE SUMMARY OF INVESTIGATION / FORENSIC ACCOUNTING ANALYSIS

Overview

This memo summarizes documentation provided, which relates to handguns purchased and / or possessed by former City of Atlanta Chief Financial Officer James ("Jim") Anthony Beard. All firearms were purchased with City of Atlanta funds. By the sections listed below as an index, a detailed discussion of these risk categories and / or key business metrics is provided in the sections in the report that follows.

- A. Glock 43 Handgun
- B. Glock 19 Handgun
- C. Daniel Defense Rifles (2)

Summary Findings, Opinions and Conclusions, by Report Section

A. GLOCK 43 HANDGUN(S)

On December 11, 2015, a quote was prepared by Ed's Public Safety for the City of Atlanta Police Department, for the purchase of ten (10) Glock 43 (LE Model) handguns at a unit price of \$320.50 each and total price of \$3,624.90, including ankle holsters.

On December 21, 2015, a purchase requisition was prepared for the purchase, which was requested and signed by APD EP Unit Commander David A. Jones.

On January 15, 2016, APD Lieutenant David A. Jones prepared and signed a letter, on letterhead of Mayor Kasim Reed / City of Atlanta, to Ed's Public Safety, Inc., under penalty of perjury, requesting 10 Glock 43 handguns / Law Enforcement version and 10 Telor Comfort Air LE Ankle holsters for the Glock 43 handguns. The letter contains an attachment, 'Exemption Certificate (Use by State or Local Governments) from U.S. Department of the Treasury / Alcohol and Tobacco Tax Trade Bureau, dated January 15, 2016, stating that the purchased firearms will be for the exclusive use of the Atlanta Police Department.

On January 19, 2016, a detailed invoice was prepared by Ed's Public Safety and provided to the Atlanta Police Department (3493 Donald Lee Hollowell Parkway NW / Atlanta, GA 30331). No check image was provided by the City of Atlanta, so method of payment has not yet been determined. An illegible signature of approval for payment of the invoice is at the bottom of the

document and could be the signature of Sgt. Mike Flisser (APD EP Unit), based on comparison to other signatures known to be Flisser's.

On January 27, 2016 (Transaction Date) / January 28, 2016 (Posting Date), a charge of \$383.06 by Ed's Public Safety (a firearms supplier to the City of Atlanta Police Department) appears in Beard's credit card statement. A reversal / credit of the same amount appears on January 28, 2016 (Transaction Date) / January 29, 2016 (Posting Date). Based on the invoice from Ed's Public Safety, the cost of a Glock 43 handgun was \$320.50, plus an ankle holster with a cost of \$41.99, for a total of \$362.49.

Since the credit card charge was likely treated as a taxable transaction by the supplier, sales tax of 6% would have amounted to the difference of \$20.57, between the charge and credit to Beard's City-issued credit card (\$383.06) and the non-taxable unit cost to the City of Atlanta Police Department (\$362.49). No receipt was provided by Beard and the transaction was not listed in the summary provided with this credit card statement.

On February 6, 2016, Sales Receipt #189864 was presented to APD, upon delivery of the order for invoice #189136. By comparison analysis, the signature appears to be that of Sgt. Mike Flisser.

From account coding / distribution provided by the City of Atlanta Business Office (Lolita R. Ferrell, MBA / Business Manager, Office of the Chief Financial Officer), the purchase was accounted for, as follows:

Fund	1001	General Fund
Department	240302	APD Executive Protection
Account	5311003	Supplies, Consumable-Trackable
Function / Activity	3250000	Special Detail Services

Based on this account coding / distribution, the purchase appears related to use by the "[Atlanta Police Department] Executive Protection" as "Supplies, Consumable Trackable / Special Detail Services."

However, such firearms are considered long-lived assets (not supplies) and as long-lived assets, not considered 'consumable.' It is our understanding that the APD Executive Protection Detail is tasked solely with personal / executive protection ("bodyguard") services for the Mayor of the City of Atlanta.

On February 24, 2016, the City of Atlanta Finance Department processes a check, payable to Ed's Pawn Shop, Inc. for the ten (10) handguns, in the amount of \$3,624.90. The check included the signatures of Kasim Reed (City of Atlanta Mayor) and James Beard (City of Atlanta CFO).

Based on documentation provided, Beard was in possession of one or possibly two of the Glock 43 handguns, from January 2016 (Serial Number ABST705) until returned on September 5, 2018 (BCUG953), even though Beard was not a sworn Atlanta Police Department law enforcement officer, nor member of the Executive Protection Unit.

B. GLOCK 19 HANDGUN(S)

On June 2, 2016, Beard exchanges e-mails with Kerry Alexander of Smyrna Police Distributors, in setting up the purchase for the Glock 19 handguns. Beard states that a 'City Credit Card' will be used (though later, the handguns are paid for by City of Atlanta check).

On June 3, 2016, Former City of Atlanta CFO J. Anthony Beard prepared a letter, on letterhead of Mayor Kasim Reed / City of Atlanta and George N. Turner / City of Atlanta Chief of Police, to Kerry Alexander of Smyrna Police Distributors, requesting nine (9) Glock 19 Generation 4 handguns, with Glock Night Sights installed, at a net price of \$409 each. The letter also states that the City of Atlanta will submit for trade seven (7) used Glock 23 Generation 4 handguns, with night sights and magazines, for a credit of \$309 each, under the terms outlined in Quote #23563.

The letter contains an attachment, 'Exemption Certificate (Use by State or Local Governments) from U.S. Department of the Treasury / Alcohol and Tobacco Tax Trade Bureau, dated June 6, 2016, stating that the purchased firearms will be for the exclusive use of the Atlanta Police Department. The signature and typed name of J. Anthony 'Jim' Beard, CFO, appear on the document.

On June 6, 2016, Cassandra Coley (City of Atlanta Finance Department Senior / Management Analyst) provides, via fax, the purchase order to Smyrna Police Distributors. The Buyer is Susan Jenkins. The signature of the 'Authorized Approver,' dated June 6, 2016, is Laurette Woods.

On June 8, 2016, Invoice #25209 was received by City of Atlanta from Smyrna Police Distributors, for purchase of ten (10) Glock 19 (LE Model) handguns, in the total amount of \$3,681.00. On August 31, 2016, a Direct Pay / Disbursement Request Form was completed and signed by Laurette T. Woods, for payment of the invoice. On August 31, 2016, check #2330246 was processed by City of Atlanta / Department of Finance, in the amount of \$3,681.00, for payment of the invoice.

From account coding / distribution in the Disbursement Request form, the purchase was accounted for, as follows:

Fund	1001	General Fund
Department	100101	DOF Chief Financial Officer
Account	5212001	Consulting / Professional Serv
Function / Activity	1320000	Chief Executive

Based on this account coding / distribution, the purchase does not appear to be directly related to use by the Atlanta Police Department, or within the Police Department's budget.

According to documentation provided, Beard also was in possession of a Glock 19 handgun (Serial Number BBWP821), even though Beard was not a sworn Atlanta Police Department law enforcement officer, nor member of the Executive Protection Unit, until it was returned on May 1, 2018.

C. DANIEL DEFENSE RIFLES (2)

On December 10, 2015, Beard has contact with Joe ('Joey') Marler, Law Enforcement Sales Manager for Daniel Defense. On this date, Beard expresses the intent to set up Daniel Defense as a supplier, with the City of Atlanta Purchasing Department. A W-9 Form is provided by Melissa Vaughan of Daniel Defense.

On December 14, 2015, Beard states that City of Atlanta is working on creating a purchase order and requires the specifications of the rifles, in order to create the purchase order. The requested information is provided by Marler. On December 16, 2015, Beard also requests the pricing for the rifles.

On December 17, 2015, Beard completed an ATF Exemption Certificate, for purposes of purchasing the rifles from Daniel Defense. Both Beard's printed name and signature appear on the form.

On December 17, 2015, Maria Dominguez (City of Atlanta Finance Department Senior Administrative Assistant) provides the purchase order to Daniel Defense. The signature of the 'Authorized Approver' for City of Atlanta, dated December 17, 2015, is Laurette Woods.

On December 18, 2015, Marler thanks Dominguez and Beard for the purchase order, and states that the customer order has been entered in the Daniel Defense system and estimates delivery of the rifles in late February or early March, to allow time for manufacture and approval by ATF (Bureau of Alcohol, Tobacco, Firearms and Explosives).

On January 28, 2016 and February 4, 2016, Daniel Defense received approval from ATF, for registration of the fully automatic carbine rifles (also referred to as 'machine guns').

On February 15, 2016, Marler provides Beard with a status update, regarding submission of the serial numbers for the rifles to ATF for registration, which occurred on January 28, 2016 and February 2, 2016.

On February 29, 2016, Beard follows up with Marler on status of the order. On March 15, 2016, Marler advises that the ATF paperwork was complete, and the rifles would ship that day. Beard asks if shipment of the rifles could be expedited, to arrive before the weekend. Marler responds that the rifles should arrive by Thursday, March 17, 2016, at the latest.

On or about March 15, 2016, Daniel Defense issues invoice #DD65573 to the City of Atlanta (Sold to and Ship to: APD-EP, Mayor's Office, R. Rivers / J. Beard, 68 Mitchell Street SW, Suite 11100, Atlanta, GA 30303 – the same address in Beard's e-mail contact information) for the two (2) rifles, in the total amount of \$2,641.90.

On March 30, 2016, City of Atlanta Finance Department processes check payable to Daniel Defense for the two (2) rifles, in the amount of \$2,641.90.

According to the City of Atlanta Finance / Accounting Department, the firearms were accounted for, as follows:

Fund	1001	General Fund
Department	200101	NDP Reservation of Fund Appropriations
Account	5212001	Consulting / Professional Services
Function / Activity	1512000	Accounting

Based on this account coding / distribution, the purchases do not appear to be related to use by the Atlanta Police Department, or within the Police Department's budget.

On May 25, 2016 (Transaction Date) / May 26, 2016 (Posting Date), a charge of \$735.77 by GT Distributors (a firearms distributor to the City of Atlanta Police Department) appears in Beard's credit card statements. Based upon the receipt, the purchase was for an Aimpoint Micro T-2 Sight and spacer. A similar 'red-dot' sight appears atop the long-barreled carbine, at Exhibit 03.31.

On March 14, 2019, Beard submitted the two (2) Daniel Defense rifles to Mike Flisser of Atlanta Police Department / Executive Protection Division. According to Flisser's documentation, Beard said he wanted APD to safeguard his rifles / property, while Beard was 'between houses.' Despite multiple attempts to contact Beard to re-claim his property, Beard did not return to obtain the rifles.

DETAILED DISCUSSION OF ANALYSIS AND FINDINGS

A. GLOCK 43 HANDGUN(S)

On December 11, 2015, a quote was prepared by Ed's Public Safety for the City of Atlanta Police Department, for the purchase of ten (10) Glock 43 (LE Model) handguns at a unit price of \$320.50 each and total price of \$3,624.90, including ankle holsters.

Supporting Documentation:

1. Quote #15-12-A153, sent via e-mail, from Ed's Public Safety (Shane Gosa / shane.gosa@edspublicsafety.com / 4431 N. Henry Blvd / Stockbridge, GA 30281) dated **December 11, 2015**, addressed to Jim Beard (jbeard@AtlantaGa.gov / Atlanta Police Dept. / 226 Peachtree Street SW / Atlanta, GA 30303), for 10 Glock 43LE 9mm handguns, with 2 magazines and fixed sights (\$320.50 each), plus Telor Tactical Comfort Air LE for G43 (\$41.99 each, Left Hand Draw), totaling \$3,624.90.¹

On December 21, 2015, a purchase requisition was prepared for the purchase, which was requested and signed by APD EP Unit Commander David A. Jones.

Supporting Documentation:

2. Purchase Requisition dated **December 21, 2015** to Ed's Public Safety (Attn: Shane Gosa / shane.gosa@edspublicsafety.com / 4431 N. Henry Blvd / Stockbridge, GA 30281 / 229.815.1452), requested and signed by APD CID / Executive Protection Unit Commander Lieutenant **David A. Jones** (dajones@atlantaga.gov / 404.330.6139) for 10 Glock 43LE handguns (\$320.50 each) with fixed sights and two (2) magazines, plus Telor Tactical Comfort Air Ankle Holster LE for G43 (\$41.99 each), totaling \$3,624.90. The description states: 'The weapons will assist the EPU in being able to have additional weaponry on our persons.'²

On January 15, 2016, APD Lieutenant David A. Jones prepared and signed a letter, on letterhead of Mayor Kasim Reed / City of Atlanta, to Ed's Public Safety, Inc., under penalty of perjury, requesting ten (10) Glock 43 handguns / Law Enforcement version and 10 Telor Comfort Air LE Ankle holsters for the Glock 43 handguns.

The letter contains an attachment, 'Exemption Certificate (Use by State or Local Governments) from U.S. Department of the Treasury / Alcohol and Tobacco Tax Trade Bureau, dated January 15, 2016, stating that the purchased firearms will be for the exclusive use of the Atlanta Police Department.

Supporting Documentation:

3. Letter dated January 15, 2016 to Ed's Public Safety, Inc., signed by Lieutenant David A. Jones, for the purchase of ten (10) Glock 43LE handguns, with fixed sights / two (2) magazines each and 10 Telor Comfort Air LE Ankle holsters for G(lock) 43. The letter states,

¹ Exhibit 01.01: COA-BEARD0338118 (506)

² Exhibit 01.02: COA-BEARD0338116 (504)

‘under penalty of perjury,’ that the weapons are being purchased for (Atlanta Police) department use and not for the purpose of transfer or resale. The document is prepared on the letterhead of Mayor Kasim Reed / City of Atlanta.³

4. The letter contains an attachment ‘Exemption Certificate (Use by State or Local Governments) from U.S. Department of the Treasury / Alcohol and Tobacco Tax Trade Bureau, dated January 15, 2016, completed and signed by Lieutenant David A. Jones, for the period from January 15, 2016 to December 30, 2019, purchased from Glock, Inc., for the exclusive use of the Atlanta Police Department / City of Atlanta, Georgia. The address is: Atlanta Police Dept. / 55 Trinity Avenue / Atlanta, GA 30303.⁴

On January 19, 2016, a detailed invoice was prepared by Ed’s Public Safety and provided to the Atlanta Police Department (3493 Donald Lee Hollowell Parkway NW / Atlanta, GA 30331). No check image was provided by the City of Atlanta, so method of payment has not yet been determined. An illegible signature of approval for payment of the invoice is at the bottom of the document, and could be the signature of Mike Flisser, based on comparison to other signatures known to be Flisser’s.

5. Detailed invoice for Credit Sale (#189136) from Ed’s Pawn Shop / Ed’s Public Safety (EMP: DMB / 4431 N. Henry Blvd / Stockbridge, GA 30281 / 770.474.6084), dated **January 19, 2016**, to Atlanta Police Department (3493 Donald Lee Hollowell Parkway NW / Atlanta, GA 30331 / 4040.546.4860) for 10 Glock 43LE Pistol Firearms (Item numbers G-I-96552 to G-I-96561, Serial Numbers ABST705 to ABST714, \$320.50 each), plus 4 Telor Tactical Comfort-Air LE Ankle Holsters (Items I-89204 and I-89211, \$41.99 each), totaling \$3,624.90. An illegible signature of approval for payment of the invoice is at the bottom of the document, and could be the signature of Mike Flisser, based on comparison to other signatures known to be Flisser’s.⁵

On January 27, 2016 (Transaction Date) / January 28, 2016 (Posting Date), a charge of \$383.06 by Ed’s Public Safety (a firearms supplier to the City of Atlanta Police Department) appears in Beard’s credit card statement. A reversal / credit of the same amount appears on January 28, 2016 (Transaction Date) / January 29, 2016 (Posting Date). Based on the invoice from Ed’s Public Safety, the cost of a Glock 43 handgun was \$320.50, plus an ankle holster with a cost of \$41.99, for a total of \$362.49.

Since the credit card charge was likely treated as a taxable transaction by the supplier, sales tax of 6% would have amounted to the difference of \$20.57, between the charge and credit to Beard’s City-issued credit card (\$383.06) and the non-taxable unit cost to the City of Atlanta Police Department (\$362.49). No receipt was provided by Beard and the transaction was not listed in the summary provided with this credit card statement.

6. Bank of America statement for credit card issued to J. Anthony Beard, for the period from January 5, 2016, to February 3, 2016. A charge of \$383.06 by Ed’s Public Safety (a firearms supplier to the City of Atlanta Police Department) on January 27, 2016 (Transaction Date) /

³ Exhibit 01.03: COA-BEARD0340071 (2457)

⁴ Exhibit 01.04: COA-BEARD0340072 (2460)

⁵ Exhibit 01.05: COA-BEARD0340069 - COA-BEARD0340070 (2457 – 2458)

January 28, 2016 (Posting Date). A reversal / credit of the same amount appears on January 28, 2016 (Transaction Date) / January 29, 2016 (Posting Date).⁶

On February 6, 2016, Sales Receipt #189864 was presented to APD, upon delivery of the order for invoice #189136. By comparison analysis, the signature appears to be that of Sgt. Mike Flisser.

7. Sales Receipt #189864 from Ed's Public Safety, dated February 6, 2016, for delivery of Invoice 189136, with signature, by appearance and comparison analysis, of Mike Flisser, indicating receipt of the order. Handwritten, apparently by the supplier, are the words: '*Sign Upon Receipt' and 'X_____/ Recvd by / Date' and '*nothing needed from Mike'.⁷

From account coding / distribution provided by the City of Atlanta Business Office (Lolita R. Ferrell, MBA / Business Manager, Office of the Chief Financial Officer), the purchase was accounted for, as follows:

Fund	1001	General Fund
Department	240302	APD Executive Protection
Account	5311003	Supplies, Consumable-Trackable
Function / Activity	3250000	Special Detail Services

Based on this account coding / distribution, the purchase appears related to use by the "[Atlanta Police Department] Executive Protection" as "Supplies, Consumable Trackable / Special Detail Services."

However, such firearms are considered long-lived assets (not supplies) and as long-lived assets, are not considered 'consumable.' It is our understanding that the APD Executive Protection Detail is tasked solely with personal / executive protection ("bodyguard") services for the Mayor of the City of Atlanta.

Supporting Documentation:

8. Screenshot from City of Atlanta Oracle Procurement System: Distribution Accounting String, referencing Quote # 15-12-A153) for \$3,205.00 and Telor Tactical for \$419.90, totaling \$3,624.90.

Screenshot from City of Atlanta Oracle Procurement System: Overview, referencing Ed's Pawn Shop, Inc. / Supplier Num 908219 / PO Number 51613524 / Invoice Num 189136, dated February 24, 2016, for \$3,624.90, paid by Check 2313160 dated February 24, 2016, in the amount of \$3,624.90.⁸

⁶ Exhibit 01.06a: COA-BEARD0339072 (1460); Exhibit 01.06b: COA-BEARD0339070 (1458)

⁷ Exhibit 01.07: COA-BEARD0340073 (2461)

⁸ Exhibit 01.14: Screenshot / Distribution Accounting String and Overview

On February 24, 2016, the City of Atlanta Finance Department processes a check, payable to Ed's Pawn Shop, Inc. for the ten (10) handguns, in the amount of \$3,624.90. The check included the signatures of Kasim Reed (City of Atlanta Mayor) and James Beard (City of Atlanta CFO).

Supporting Documentation:

9. Check #2313160 in the amount of \$3,624.90 from City of Atlanta / Department of Finance payable to Ed's Pawn Shop, Inc., dated **February 24, 2016**, with a posting date of March 10, 2016, including the signatures of Kasim Reed (Mayor, City of Atlanta) and James Beard (CFO, City of Atlanta).⁹

Based on documentation provided (as referenced and footnoted in the tables below), Beard was in possession of one or possibly two of the Glock 43 handguns, from January 2016 (Serial Number ABST705) until returned on September 5, 2018 (BCUG953), even though Beard was not a sworn Atlanta Police Department law enforcement officer, nor member of the Executive Protection Unit.

Supporting Documentation:

10. Glock 43 Inventory / Distribution list for APD Executive Protection Detail¹⁰
[Only date is **January 19, 2016**]. Two (2) magazines issued for each firearm.

Serial No.	Name	Dist. Date	Signature
ABST705	J. Beard	1/19/16	[s. James Beard]
ABST706	Vault		
ABST707	Vault		
ABST708	D. Bell		
ABST709	C. Cooper		
ABST710	M. Flisser		
ABST711	T. Harper		
ABST712	D. Jones		
ABST713	S. Nichols		
ABST714	R. Rivers		

11. Exec Protec / Glock 43 Distribution List¹¹ Only date is **January 21, 2016**

SERIAL #	NAME	# MAGS	DIST. DATE.	SIGNATURE
ABST705	J. BEARD	2	#####	J. BEARD
ABST706	VAULT	2		XXX
ABST707	VAULT	2		XXX
ABST708	D. BELL	2		[S] Illegible
ABST709	C. COOPER	2		
ABST710	M. FLISSER	2	1/21/16	[S] Illegible
ABST711	T. HARPER	2	1/21/16	[S] Illegible
ABST712	D. JONES	2		
ABST713	R. RIVERS	2		
ABST714	S. NICHOLS	2	1/21/16	[S] Illegible

⁹ Exhibit 01.15: Electronic Image from Wells Fargo Bank / Check 2313160, in the amount of \$3,624.90.

⁹ Exhibit 01.08: COA-BEARD0338154 (542)

¹¹ Exhibit 01.09: COA-BEARD0338152 (9)

12. Atlanta Police Executive Protection / Glock 43 Distribution List ¹²
Latest date is **January 18, 2017**.

SERIAL #	NAME	DATE	MAGS	SIGNATURE
ABST714	S. Nichols			
ABST710	M. Flisser			
ABST706	D. Tolleson			
ABST712	D.A. Jones			
ABST709	C. Cooper			
ABST708	D. Bell (returned 4/30/18)			
ABST711	T. Harper			
ABST713	R. Rivers			
ABST705	J. BEARD	6/8/2016	3	(returned 5/10)
ABST707	P.J. Girvan (Returned)		3	1/18/17 [S] Illegible
ABST714	J. Hemphill		3	1/18/17 [S] Illegible

13. EXEC PROTECTION / GLOCK 43 DISTRIBUTION LIST ¹³
Latest dates are '**JAN 19**' and **November 30, 2018**.

SERIAL #	NAME	HOLSTER	MAGAZINE	RECEIVED SIGNATURE / DATE	1 CASE / 1 LOCK
ABST705	J. BEARD	ONE	TWO	J. BEARD / JAN 19	OK
ABST706	VAULT		TWO	[S] Illegible	OK
ABST707	* VAULT		TWO	2/5/19, 11/30/18	OK
ABST708	D. BELL	ONE	TWO	4/26/16, 11/30/18	OK
ABST709	* C. COOPER		TWO	[S] Illegible 1/18/17	OK
ABST710	M. FLISSER		TWO	[S] Illegible 1/21/16	OK
ABST711	T. HARPER	ONE	TWO		OK
ABST712	D. JONES	ONE	TWO	[S] Illegible	OK
ABST713	R. RIVERS	ONE	TWO	[S] Illegible	OK
ABST714	* S. NICHOLS	ONE	TWO	[S] Illegible 1/21/16	OK
BCUG952	P.J. GIRVAN		TWO	[S] Illegible	OK
BCUG951	J. HEMPHILL		TWO	[S] Illegible	OK
BCUG953	J. BEARD RET. 9.5.18			DROPPED OFF	

¹² Exhibit 01.10: COA-BEARD0338151 (539)

¹³ Exhibit 01.11: COA-BEARD0338153 (541)

14. Glock 43 Inventory / Distribution list for APD Executive Protection Detail ¹⁴
[Only date is **June 12, 2019**]. Two (2) magazines issued for each firearm.

Serial No.	Signature
ABST705	In Safe 6/12/19 (J. Beard)
ABST706	Deputy Chief D. Tolleson
ABST707	Inv. E. Johnson
ABST708	Off. O. Simmonds (OPS / POSS)
ABST709	Inv. C. Cooper
ABST710	Sgt. M. Flisser
ABST711	Inv. T. Harper
ABST712	Capt. D. Jones
ABST713	Inv. R. Rivers
ABST714	In Safe 6/12/19
BCUG952	Inv. D. Holleman
BCUG951	Inv. J. Hemphill
BCUG953	In Safe 6/12/19 (J. Beard)

15. Executive Protection Distribution Log [NO DATE LISTED] ¹⁵

BBWP821 – Simmonds (OPS possession) Formerly Beard

BBWP822 – Not assigned / Formerly Nichols Ret. (in safe)

BBWP823 – Flisser

BBWP824 – Tolleson (Returned to range)

BBWP825 – Jones

BBWP826 – Cooper

BBWP827 – Holleman / Formerly Bell

BBWP828 – Harper

BBWP829 – Rivers

BCDB970* - Not assigned / Formerly Girvan / (in safe)

BCBD971* - Hemphill

"Potential transposition / typographical error? Later document (COA-BEARD0338150) shows BCDB970 and BCDB971.

ABST705 – Not assigned / Formerly Beard / (in safe)

ABST706 – Tolleson

ABST707 – Johnson

ABST708 – Simmonds / Formerly Bell (Ret.) / (OPS possession)

ABST709 – Cooper

ABST710 – Flisser

ABST711 – Harper

ABST712 – Jones

ABST713 – Rivers

ABST714 – Not Assigned / Formerly Nichols (Ret.) (in safe)

BCUG951 – Hemphill

BCUG952 – Holleman / Formerly Girvan (Ret.)

BCUG953 – Formerly Beard (in safe)

¹⁴ Exhibit 01.12: COA-BEARD0338121 (511)

¹⁵ Exhibit 01.13: COA-BEARD0338148 (536)

B. GLOCK 19 HANDGUN(S)

On June 3, 2016, Former City of Atlanta CFO J. Anthony Beard prepared a letter, on letterhead of Mayor Kasim Reed / City of Atlanta and George N. Turner / City of Atlanta Chief of Police, to Kerry Alexander of Smyrna Police Distributors, requesting nine (9) Glock 19 Generation 4 handguns, with Glock Night Sights installed, at a net price of \$409 each. The letter also states that the City of Atlanta will submit for trade seven (7) used Glock 23 Generation 4 handguns, with night sights and magazines, for a credit of \$309 each, under the terms outlined in Quote #23563.

The letter contains an attachment, 'Exemption Certificate (Use by State or Local Governments) from U.S. Department of the Treasury / Alcohol and Tobacco Tax Trade Bureau, dated June 6, 2016, stating that the purchased firearms will be for the exclusive use of the Atlanta Police Department. The signature and typed name of J. Anthony 'Jim' Beard, CFO, appear on the document.

Supporting Documentation:

16. Letter dated June 3, 2016 to Kerry Alexander of Smyrna Police Distributors, drafted (unsigned on this copy), for the purchase of nine (9) Glock 19 Gen4 handguns, with Glock Night Sights. The letter also states that the City of Atlanta will submit for trade seven (7) used Glock 23 Generation 4 handguns, with night sights and magazines, for a credit of \$309 each, under the terms outlined in Quote #23563. The letter states that the weapons are being purchased 'for use of Atlanta Police Department / 226 Peachtree Street / Atlanta, Georgia 30303.' The document is prepared on the letterhead of Mayor Kasim Reed / City of Atlanta and George Turner / City of Atlanta Chief of Police.¹⁶
17. The letter contains an attachment 'Exemption Certificate (Use by State or Local Governments) from U.S. Department of the Treasury / Alcohol and Tobacco Tax Trade Bureau, dated January 15, 2016, completed and signed by Lieutenant David A. Jones, for the period from January 15, 2016 to December 30, 2019, purchased from Glock, Inc., for the exclusive use of the Atlanta Police Department / City of Atlanta, Georgia. The address is: Atlanta Police Dept. / 55 Trinity Avenue / Atlanta, GA 30303.'¹⁷

¹⁶ Exhibit 02.01: COA-BEARD0340079 (2467)

¹⁷ Exhibit 02.02: COA-BEARD0340078 (2468)

On June 2, 2016, Beard exchanges e-mails with Kerry Alexander of Smyrna Police Distributors, in setting up the purchase for the Glock 19 handguns. Beard states that a 'City Credit Card' will be used (though later, the handguns are paid for by City of Atlanta check).

Supporting Documentation:

E-mails between James Beard and Kerry Alexander (Law Enforcement Sales / Smyrna Police Distributor, Inc. / 2295 South Cobb Drive / Smyrna, GA 30080 / Office: 770-434-1986 / Cell: 404-991-0147) Subject: Glock 19 Gen4, GNS, 5lb ¹⁸

Thursday, June 2, 2016 8:09 am

Beard:

Standing by – Thanks.

Thursday, June 2, 11:41 am

Alexander:

Hi Jim,

I was trying to build an account for you. Will this be charged through APD or your Office?

Thursday, June 2, 2016 after 11:41 am (document cut off)

Beard:

We will provide a city credit card

¹⁸ Exhibits 02.03a and 02.03b: COA-BEARD0340076 – COA-BEARD0340077 (2464 – 2465)

On June 6, 2016, Cassandra Coley (City of Atlanta Finance Department Senior / Management Analyst) provides, via fax, the purchase order to Smyrna Police Distributors. The Buyer is Susan Jenkins. The signature of the 'Authorized Approver,' dated June 6, 2016, is Laurette Woods.

Supporting Documentation:

18. Fax Cover Sheet for purchase order, dated June 6, 2016, prepared by Cassandra Coley, Department of Finance Senior Management Analysts (68 Mitchell Street, SW / Suite 11100 / Atlanta, GA 30303-0312) / Office: 404.330.6465 / Cell: 404.379.6238 / E-fax: 404.739.9282 / cacoley@atlantaga.gov.

Purchase Order (Standard) Number 51623742 (Requisition Number 21623217) from City of Atlanta (Department of Procurement / 55 Trinity Avenue SW, Suite 1790 / Atlanta, GA 30303-0307 / Phone: 404.330.6204 / Fax: 404.658.7705) to Smyrna Police Distributors (636 Windy Hill Road / Smyrna, GA 30080) for \$1,518.00, dated June 6, 2016. Signed by Laurette Woods. Ship To: 90 APD Annex / 3493 Donald Lee Hollowell Parkway, NW / Atlanta, GA 30331 / Daniel Weaver / 404-853-4335 (*phone number is blurred*) for:

Line No. 1 – Glock Pistol G-19 Gen 4 / 9mm Fixed Sights 15RD / Item No PG19502020
Quantity: 9 (\$1,050.00)

Line No. 2 – Glock 6.x N/S (Night Sights) Front & Rear (Set), Quantity: 9 (\$468.00)
TOTAL: \$1,518.00

Buyer: Susan Jenkins / Signature of Laurette Woods, dated June 6, 2016. ¹⁹

¹⁹ Exhibits 02.04a to 02.04c: COA-BEARD0340074 (2462); COA-BEARD340080 – COA-BEARD340081 (2468 – 2469)

On June 8, 2016, Invoice #25209 was received by City of Atlanta from Smyrna Police Distributors, for purchase of ten (10) Glock 19 (LE Model) handguns, in the total amount of \$3,681.00.

On August 31, 2016, a Direct Pay / Disbursement Request Form was completed and signed by Laurette T. Woods, for payment of the invoice. On August 31, 2016, check #2330246 was processed by City of Atlanta / Department of Finance, in the amount of \$3,681.00, for payment of the invoice.

From account coding / distribution in the Disbursement Request form, the purchase was accounted for, as follows ²⁰:

Fund	1001	General Fund
Department	100101	DOF Chief Financial Officer
Account	5212001	Consulting / Professional Serv
Function / Activity	1320000	Chief Executive

Based on this account coding / distribution, the purchase does not appear to be directly related to use by the Atlanta Police Department, or within the Police Department's budget.

Supporting Documentation:

19. Invoice #25209 from Smyrna Police Distributors (630 Windy Hill Road / Smyrna, GA 30080 / 770.434.1986) for 9 Glock Pistol G-19 Gen 4 9mm Fixed Sights 15 rounds (Item # PG1950202 / \$357.00 each), dated **June 8, 2016**, totaling \$3,681.00. (Serial numbers BBWP821 to BBWP829). Signature illegible (M. Flisser?), dated June 8, 2016. Stamped 'Received on August 30, 2016'.²¹
20. City of Atlanta / Disbursement Request Form (Invoice Type; Direct Pay) dated **August 31, 2016** by Employee Name Laurette T. Woods, for Invoice Number 25209 from Smyrna Police Distributors (Vendor Number A038200-01) dated [**June 8, 2016**] in the amount of \$3,681.00. Fund 1001 / Dept. 100101 / Account 5212001 / Function, Activity 1320000. Signed by Laurette Woods on August 31, 2016.²²
21. Check #2330246 in the amount of \$3,681.00 from City of Atlanta / Department of Finance payable to Smyrna Police Distributors, dated **August 31, 2016**, with a posting date of September 30, 2016.²³

²⁰ Exhibit 02.06: COA-BEARD0338155 (543)

²¹ Exhibit 02.05a: COA-BEARD0338156 (2463); Exhibit 02.05b: COA-BEARD0338156 (544).

²² Exhibit 02.06: COA-BEARD0338155 (543)

²³ Exhibit 02.07: COA-BEARD0338157 (545)

Supporting Documentation:

22. Atlanta Police Executive Protection / Glock 19 Distribution List [Earliest date: **June 8, 2016** / latest date: **September 21, 2016**]²⁴

According to documentation provided, Beard also was in possession of a Glock 19 handgun (Serial Number BBWP821), even though Beard was not a sworn Atlanta Police Department law enforcement officer, nor member of the Executive Protection Unit, until it was returned on May 1, 2018.

Supporting Documentation:

23. Atlanta Police Executive Protection / Glock 19 Distribution List [Earliest date: **June 8, 2016** / latest date: **September 21, 2016**]²⁵

SERIAL #	NAME [Hand-printed]	DATE	MAGS	SIGNATURE
BBWP822	Nica--- (Illegible)	7/11/16	3	[S] Illegible
BBWP823	Flisser	9/21/16	3	[S] Illegible
BBWP824	Tolleson		3	
BBWP825	D.A. Jones		3	[S] Illegible
BBWP826	C.E. Cooper		3	[S] C.E. Cooper
BBWP827	D.S. Bell		3	[S] Illegible
BBWP828	T. Harper		3	[S] T. Harper
BBWP829	R. Rivers		3	[S] Illegible
BBWP821	J. BEARD	6/8/2016	3	

24. Atlanta Police Executive Protection / Glock 19 Distribution List [Earliest date: **June 8, 2016** / latest date: **May 1, 2018**]²⁶

SERIAL #	NAME	DATE	MAGS	SIGNATURE
BBWP822	S. Nichols	7/12/2016	3	OK
BBWP823	Flisser	9/21/16	3	OK
BBWP824	D. Tolleson		3	OK
BBWP825	D.A. Jones		3	OK
BBWP826	C. Cooper		3	OK
BBWP827	D. Bell (returned 4/30/18)		3	OK Inv Holleman 5/1/18 [illegible]
BBWP828	T. Harper		3	OK
BBWP829	R. Rivers		3	OK
BBWP821	J. BEARD	6/8/2016	3	OK (returned 5/1)
BCDB970	P.J. Girvan (Returned)		3	1/18/17 [S] Illegible
BCDB971	J. Hemphill		3	1/18/17 [S] Illegible

SAFARILAND G19 PADDLE HOLSTER 5/1/18 Holleman

BBWP821 Glock 19 (17/19/43 OPS) O. Simmonds 4/30/18 [S] Illegible

²⁴ Exhibit 02.08: COA-BEARD0338149 (537)

²⁵ Exhibit 02.08: COA-BEARD0338149 (537)

²⁶ Exhibit 02.09: COA-BEARD0338150 (538)

25. Glock 19 Inventory / Distribution list for APD Executive Protection Detail [NO DATE PROVIDED].²⁷

Serial No.	Name
BBWP821	Off. O. Simmonds (OPS)*
BBWP822	In Safe
BBWP823	Sgt. M. Flisser
BBWP824	Deputy Chief Tolleson
BBWP825	Capt. D. Jones
BBWP826	Inv. C. Cooper
BBWP827	Inv. D. Holleman
BBWP828	Inv. T. Harper
BBWP829	Inv. R. Rivers
BCD970*	In Safe
BDC971*	Inv. J. Hemphill

**Potential typographical / transposition error. Later document (COA-BEARD0338150) shows BCDB970 and BCDB971.*

26. Executive Protection Distribution Log [DATE NOT LISTED].²⁸

BBWP821 – Simmonds (OPS possession) Formerly Beard

BBWP822 – Not assigned / Formerly Nichols Ret. (in safe)
BBWP823 – Flisser
BBWP824 – Tolleson (Returned to range)
BBWP825 – Jones
BBWP826 – Cooper
BBWP827 – Holleman / Formerly Bell
BBWP828 – Harper
BBWP829 – Rivers
BCDB970* - Not assigned / Formerly Girvan / (in safe)
BCBD971* - Hemphill

"Potential transposition / typographical error? Later document (COA-BEARD0338150) shows BCDB970 and BCDB971.

ABST705 – Not assigned / Formerly Beard / (in safe)

ABST706 – Tolleson
ABST707 – Johnson
ABST708 – Simmonds / Formerly Bell (Ret.) / (OPS possession)
ABST709 – Cooper
ABST710 – Flisser
ABST711 – Harper
ABST712 – Jones
ABST713 – Rivers
ABST714 – Not Assigned / Formerly Nichols (Ret.) (in safe)
BCUG951 – Hemphill
BCUG952 – Holleman / Formerly Girvan (Ret.)
BCUG953 – Formerly Beard (in safe)

²⁷ Exhibit 02.10: COA-BEARD0338122 (510)

²⁸ Exhibit 02.11: COA-BEARD0338148 (536)

C. DANIEL DEFENSE RIFLES (2)

On December 10, 2015, Beard has contact with Joe ('Joey') Marler, Law Enforcement Sales Manager for Daniel Defense. On this date, Beard expresses the intent to set up Daniel Defense as a supplier, with the City of Atlanta Purchasing Department. A W-9 Form is provided by Melissa Vaughan of Daniel Defense.

Supporting Documentation:

27. E-mails between James Beard and Joe(y) Marler (Daniel Defense, Inc. / Law Enforcement Sales Manager), reproduced on June 27, 2019. ²⁹

Thursday, **December 10, 2015 12:27 pm** / Subject: PO Data / Beard to Marler ³⁰

I need to have an account set up for Daniel Defense in our system.
Can you send me the data for payables side or do we need to contact someone else?

Thursday, **December 10, 2015 1:54 pm** / Subject: W-9 / Beard to Vaughan (cc to Marler) ³¹

Here's my contact info.

J. Anthony "Jim" Beard / Chief Financial Officer / City of Atlanta / Department of Finance / **Suite 11100, 68 Mitchell Street SW, Atlanta, GA 30303** / Office: 4040.330.6453 / Fax: 404.420.6661 / Email: jbeard@atlantaga.gov

²⁹ Exhibits 03.01 – 03.15: COA-BEARD0338161 – COA-BEARD0338175 (549 – 563)

³⁰ Exhibit 03.01: COA-BEARD0338161 (549)

³¹ Exhibit 03.07: COA-BEARD0338167 (18)

Thursday, December 10, 2015 2:33 pm / Subject: W-9 / Melissa Vaughan (Daniel Defense Accounts Receivable) to Beard (cc to Marler) ³²

Mr. Beard,

Attached you will find a copy of the W-9 that you have requested. Please let me know who will be the primary contact within your group for all payables inquiries. We have a department monitored email of acctrec@danieldefense.com for you to use as an additional contact for us.

We ask that all check payments remit to the following address:

Daniel Defense
P.O. Box 896056
Charlotte, NC 28289-6056

If you prefer to send payments using an ACH, please use the following information:

Bank Name: BB&T
Bank Address: 7 E Congress Street
Savannah, GA 31401

Account Number: [REDACTED]

Routing Number: [REDACTED]

If you have any questions or require additional information, please let me know.

Thank you,
Melissa

28. W-9 for Daniel Defense, Inc. ³³

101 Warfighter Way
Black Creek, GA 31308
Signature [ILLEGIBLE], Date: October 19, 2015

³² Exhibit 03.06: COA-BEARD0338166 (554)

³³ Exhibit 03.08: COA-BEARD0338168 (19)

On December 14, 2015, Beard states that City of Atlanta is working on creating a purchase order and requires the specifications of the rifles, in order to create the purchase order. The requested information is provided by Marler. On December 16, 2015, Beard also requests the pricing for the rifles.

Supporting Documentation:

E-mails between James Beard and Joe(y) Marler (Daniel Defense, Inc. / Law Enforcement Sales Manager), reproduced on June 27, 2019.

Thursday, December 14, 2015, 10:28 am / Subject: Order / Beard to Marler³⁴

We are working on a PO now. What is the proper Manufacturing Numbers / SKU for SOCOM-DDMK18 COMPLETE RIFLE and SOCOM-M4A1 COMPLETE RIFLE in black full auto? Are 02-103-10221 and 02-103-10670 correct?

Monday, December 14, 2015 12:37 pm / Subject: RE: Order / Marler to Beard³⁵

Mr. Beard,
Good morning. For the purpose of a PO you can outline the part numbers and descriptions as noted below. Please let me know if you have any questions.

P/N – CUSTOM FULL AUTO RIFLE, Description – MK18 FULL AUTO, BLACK
P/N – CUSTOM FULL AUTO RIFLE, Description – MK18 FULL AUTO, BLACK

Wednesday, December 16, 2015 10:34 am / Subject: RE: Order / Beard to Marler³⁶

We need the price on each unit for the PO.

³⁴ Exhibits 03.04, 03.14: COA-BEARD0338164 (552), COA-BEARD0338175 (562)

³⁵ Exhibits 03.03, 03.13: COA-BEARD0338163 (551), COA-BEARD0338174 (562)

³⁶ Exhibits 03.03, 03.14: COA-BEARD0338163 (551), COA-BEARD0338174 (562)

On December 17, 2015, Beard completed an ATF Exemption Certificate, for purposes of purchasing the rifles from Daniel Defense. Both Beard's printed name and signature appear on the form.

Supporting Documentation:

29. Exemption Certificate (Use by State and Local Governments) / Department of the Treasury / Alcohol and Tobacco Tax Trade Bureau. ³⁷

Date: **December 17, 2015**

Certified by Chief Financial Officer of City of Atlanta

For all orders purchase between **December 17, 2015** and **December 31, 2016**.

Purchased from **Daniel Defense** for the exclusive use of **Atlanta Police Department of City of Atlanta**

Signature of J. Anthony Beard / Printed Name: J. Anthony Beard

Address: 55 Trinity Avenue / Atlanta, GA 30303

³⁷ Exhibit 03.16: COA-BEARD0338178 (566)

On December 17, 2015, Maria Dominguez (City of Atlanta Finance Department Senior Administrative Assistant) provides the purchase order to Daniel Defense. The signature of the 'Authorized Approver,' dated December 17, 2015, is Laurette Woods.

Supporting Documentation:

E-mails between James Beard and Joe(y) Marler (Daniel Defense, Inc. / Law Enforcement Sales Manager), reproduced on June 27, 2019.

Thursday, December 17, 2015, 12:58 pm / Subject: FW: W-9 / Maria Dominguez (COA Purchasing / Procurement) to Marler³⁸

Good afternoon, Mr. Marler.

Per Mr. Beard's request, please find attached the approved PO for the purchase request of the 2 [sic] equipment.

Please have the items to be sent to the address below:

ATTN: R. Rivers / J. Beard

APD-EP

Mayor's Office

68 Mitchell Street, SW, Suite 11100

Atlanta, GA 30303-0312

Thank you and have a fantabulous day!

Maria Dominguez

Administrative Assistant, Sr.

City of Atlanta – Department of Finance / City Hall Tower

68 Mitchell Street, SW / Suite 11100 / Atlanta, GA 30303

Office: 404.330.6957 / E-fax: 404.494.1698 / MDominguez@AtlantaGa.Gov

DOFBusinessOffice@AtlantaGa.Gov / www.AtlantaGA.Gov

30. Purchase Order (Standard) Number 51611834 (Requisition Number 21611957) from City of Atlanta (Department of Procurement / 55 Trinity Avenue SW, Suite 1790 / Atlanta, GA 30303-0307 / Phone: 404.330.6204 / Fax: 404.658.7705) to Daniel Defense, Inc., (101 Warfighter Way / Black Creek, GA 31308) for \$2,641.90, dated December 17, 2015. Signed by Laurette Woods. Need By Date: **December 19, 2015**. Ship To: Finance 09 / 69 Mitchell Street SW / Atlanta, GA 30303 for:

1 P/N – Custom Full Auto Rifle, - MK18 Full Auto, Black (\$1,301.00)

1 P/N – Custom Full Auto Rifle, - M4A1 Full Auto, Black (\$1,301.00)

Shipping 2 @ \$19.95 (\$39.90)

TOTAL: \$2,641.90

Buyer: **Maria Dominguez** / Signature of **Laurette Woods**, dated December 17, 2015³⁹

³⁸ Exhibit 03.10: COA-BEARD0338170 (558)

³⁹ Exhibit 03.17: COA-BEARD0338159 (547)

On December 18, 2015, Marler thanks Dominguez and Beard for the purchase order, and states that the customer order has been entered in the Daniel Defense system and estimates delivery of the rifles in late February or early March, to allow time for manufacture and approval .

Supporting Documentation:

E-mails between James Beard and Joe(y) Marler (Daniel Defense, Inc. / Law Enforcement Sales Manager), reproduced on June 27, 2019.

Friday, December 18, 2015 11:22 am / Subject: RE: Purchase Request / Marler to Dominguez (cc to Beard) ⁴⁰

Jim / Maria,

Thank you very much for the PO. The order had been entered. We will have these rifles built hopefully by the end of January. The ATF approval process will take place just as soon as the rifles are built. It takes appx 4-6 weeks for the ATF to approve the paperwork. I'd guess that they [sic] rifles will be delivered late February or early March.

Please feel free to contact me if any questions or concerns arise. Have a Merry Christmas!

31. Customer Order created by Daniel Defense (Supplier) ⁴¹ for City of Atlanta (Customer) / APD-EP, Mayor's Office / 68 Mitchell St., SW, Suite 11100 / Atlanta, GA 30303 / USA / **R. Rivers / J. Beard**. Reproduced on **June 27, 2019**.

Order Number: S047775-DD

Sold to: City of Atlanta / **APD-EP, Mayor's Office** / 68 Mitchell St. SW, Suite 11100 / Atlanta, GA 30303 USA / **R. Rivers, J. Beard**

Ship To: City of Atlanta / **APD-EP, Mayor's Office** / 68 Mitchell St. SW, Suite 11100 / Atlanta, GA 30303 USA / **R. Rivers, J. Beard**

Customer P.O.: 51611834

Customer ID: C-40408

Ship Date: **January 22, 2016**

Sales Rep ID: **Mr. Joe Marler**

Delivery by 1/22/2016

⁴⁰ Exhibit 03.09: COA-BEARD0338169 (557)

⁴¹ Exhibit 03.18: COA-BEARD0338180 – COA-BEARD0338181 (568 – 569)

CUSTOM RIFLE BUILD CONSISTING OF FOLLOWING PARTS
FULL AUTO LOWER RECEIVER WITH DD FURNITURE:
24-096-09090

A4 Upper Receiver, Assembly SKU: 04-015-81604-103-build

Complete Bolt Carrier Group (5.56mm)

SKU: 04-013-19032-build

Charging Handle Assembly

SKU: 04-013-09070-build

10.3" 5.56mm Carbine CHF Barrel

07-077-00251-018

.750 Pinned low Profile Gas Block

25-080-051 54-105

Carbine Gas Tube Assembly

SKU: 04-013-09400-build

Daniel Defense Flash Suppressor Assy, 1/2-28 (.223 /5.56mm) SKU: 06-048-08061-105-build

MK18 Rail Interface System 11, RIS II (FDE)

SKU: 01-004-07317-011-build

DD Rail Panels QTY 3

SKU: 21-010-02927-006

Serial Number: DDM4073808

CUSTOM RIFLE BUILD CONSISTING OF FOLLOWING PARTS
FULL AUTO LOWER RECEIVER WITH DD FURNITURE:
24-096-09090

A4 Upper Receiver, Assembly SKU 04-015-81604-103-build

Complete Bolt Carrier Group (5.56mm)

SKU: 04-013-19032-build

Charging Handle Assembly

SKU: 04-013-09070-build

14.5" M4 Carbine Barrel w/ LPG

07-075-07157

Carbine Gas Tube Assembly

SKU: 04-013-09400-build

Daniel Defense Flash Suppressor Assy, 1/2-28 (.223 /5.56mm) SKU: 06-048-08061-105-build

M4A1 Rail Interface System II, RIS II (Black)

01-004-13020-006-build

DD Rail Panels QTY 3

SKU: 21-010-02927-006

Serial Number: DDM4073809

On January 28, 2016 and February 4, 2016, Daniel Defense received approval from ATF, for registration of the fully automatic carbine rifles (also referred to as ‘machine guns’).

Supporting Documentation:

32. Application for Tax Exempt Transfer and Registration of a Firearm (U.S. Department of Justice, Bureau of Alcohol, Tobacco and Firearms) 10.3-inch barrel 5.56mm NATO M4 Carbine / Short Barreled Rifle / fully automatic machine gun (Serial Number: DDM4073808). Transferor's Federal Firearms License Number: 157053-07-8C-03590. Signature: Carrie Fortanel, Compliance Coordinator (**January 28, 2016**)⁴²
33. Application for Tax Exempt Transfer and Registration of a Firearm (U.S. Department of Justice, Bureau of Alcohol, Tobacco and Firearms) to Daniel Defense, Inc. (58 Firefly Dr./ Ridgeland, SC 29936) / 14.5-inch barrel 5.56 mm NATO M4 Carbine / fully automatic machine gun (Serial Number: DDM4073809). Transferor's Federal Firearms License Number: 157053-07-8C-03590. Signature: Carrie Fortanel, Compliance Coordinator (**February 4, 2016**)⁴³

On February 15, 2016, Marler provides Beard with a status update, regarding submission of the serial numbers for the rifles to ATF for registration, which occurred on January 28, 2016 and February 2, 2016.

Supporting Documentation:

E-mails between James Beard and Joe(y) Marler (Daniel Defense, Inc. / Law Enforcement Sales Manager), reproduced on June 27, 2019.

Monday, February 15, 2016 11:36 am / Subject: RE: Order / Marler to Beard⁴⁴

Jim,
Good morning. One of the serial numbers was sent on Jan 28th. The other on 2/4. Typically takes 4-6 weeks from date of submission to get Form 5 approval. If you need anything else, please let me know.

⁴² Exhibit 03.19: COA-BEARD0338183 (571)

⁴³ Exhibit 03.20: COA-BEARD0338182 (570)

⁴⁴ Exhibits 03.02, 03.14: COA-BEARD0338162 (550), COA-BEARD0338174 (562)

On February 29, 2016, Beard follows up with Marler on status of the order. On March 15, 2016, Marler advises that the ATF paperwork was complete, and the rifles would ship that day. Beard asks if shipment of the rifles could be expedited, to arrive before the weekend. Marler responds that the rifles should arrive by Thursday, March 17, 2016, at the latest.

Supporting Documentation:

E-mails between James Beard and Joe(y) Marler (Daniel Defense, Inc. / Law Enforcement Sales Manager), reproduced on June 27, 2019.

Monday, February 29, 2016 12:17 pm / Subject: RE: Order / Beard to Marler ⁴⁵
Are we still on track for Mid-March?

Semper Paratus,
Beard

Monday, February 29, 2016 2:40 pm / Subject: RE: Order / Marler to Beard ⁴⁶
Yes sir. No changes on this end. If I hear anything, I'll let you know, sir.

Monday, March 14, 2016 10:35 am / Subject: RE: Order / Beard to Marler ⁴⁷
This came up on my calendar. Anything?

Tuesday, March 15, 2016 9:13 am / Subject: RE: Order / Marler to Beard ⁴⁸
Good morning, Jim. Paperwork finally got approved and the rifles will be shipping today!

Tuesday, March 15, 2016 10:02 am / Subject: RE: Order / Beard to Marler ⁴⁹
Ok, can you expedite the shipping so that they arrive by Friday?

Tuesday, March 15, 2016 10:04 am / Subject: RE: Order / Marler to Beard ⁵⁰
Jim,
No need to expedite since we are so close to Atlanta. You'll probably have them tomorrow. Thursday at the latest.

Shannon,
When we ship the two rifles to City of Atlanta, will you shoot me us the tracking number please?

⁴⁵ Exhibit 03.13: COA-BEARD0338173 (561)

⁴⁶ Exhibit 03.13: COA-BEARD0338173 (561)

⁴⁷ Exhibit 03.13: COA-BEARD0338173 (561)

⁴⁸ Exhibit 03.12: COA-BEARD0338172 (560)

⁴⁹ Exhibit 03.12: COA-BEARD0338172 (560)

⁵⁰ Exhibit 03.11: COA-BEARD0338171 (559)

On or about March 15, 2016, Daniel Defense issues invoice #DD65573 to the City of Atlanta (Sold to and Ship to: APD-EP, Mayor's Office, R. Rivers / J. Beard, 68 Mitchell Street SW, Suite 11100, Atlanta, GA 30303 – the same address in Beard's e-mail contact information) for the two (2) rifles, in the total amount of \$2,641.90.

Supporting Documentation:

34. Invoice #DD65573 from Daniel Defense, Inc.⁵¹

Sold to: City of Atlanta / **APD-EP, Mayor's Office** / 68 Mitchell St. SW, Suite 11100 / Atlanta, GA 30303 USA / **R. Rivers, J. Beard**

Ship To: City of Atlanta / **APD-EP, Mayor's Office** / 68 Mitchell St. SW, Suite 11100 / Atlanta, GA 30303 USA / **R. Rivers, J. Beard**

PL ID: DD70280

Sales Rep: **Joe Marler**

For:

1 CUSTOM RIFLE, FULL AUTO (\$1,301.00) / Serial Number: DDM4073808

1 CUSTOM RIFLE, FULL AUTO (\$1,301.00) / Serial Number: DDM4073809

2 SHIPPING @ \$19.95 (\$39.90)

TOTAL: \$2,641.90

Remit to:

Daniel Defense, Inc.

P.O. Box 896058

Charlotte, NC 28289-6058

1-866-554-4867 Toll Free

1-912-851-3248 Fax

www.danieldefense.com

FFL# [REDACTED]

Ship Date: **March 15, 2016**, Due Date: April 14, 2016, for \$2,641.90, received (Stamped) March 17, 2016.

⁵¹ Exhibit 03.21: COA-BEARD0338158 (546)

On March 30, 2016, City of Atlanta Finance Department processes a check, payable to Daniel Defense for the two (2) rifles, in the amount of \$2,641.90.

Supporting Documentation:

35. Check from City of Atlanta / Department of Finance (Check Number Redacted), dated **March 30, 2016**, to Daniel Defense, Inc. in the amount of **\$2,641.90**.⁵²

According to the City of Atlanta Finance / Accounting Department, the firearms were accounted for, as follows:

Fund	1001	General Fund
Department	200101	NDP Reservation of Fund Appropriations
Account	5212001	Consulting / Professional Services
Function / Activity	1512000	Accounting

Based on this account coding / distribution, the purchases do not appear to be related to use by the Atlanta Police Department.

Supporting Documentation:

36. E-mails between John Gaffney, Martisse Finley (Accounts Payable Manager) and Catherine Clay (Accounting Technical Specialist), dated September 2, 2020.⁵³

On March 14, 2019, Beard submits the two (2) Daniel Defense rifles to Mike Flisser of Atlanta Police Department / Executive Protection Division. According to Flisser's documentation, Beard said he wanted APD to safeguard his rifles / property, while Beard was 'between houses.' Despite multiple attempts to contact Beard to re-claim his property, Beard did not return to obtain the rifles.

Supporting Documentation:

37. Atlanta Police Department Offense Report (Incident Number 190730893-00), printed 6/11/2019, with a report date of **March 14, 2019**, filed by Reporting Officer Flisser (#2374), with a category 9M / Miscellaneous Non-Crime. The second page contains the following 'Incident Narrative':

On 3/14/2019 I placed 2 AR-15's into property that we were holding for Ex-CFO Jim Beard. While Mr. Beard was employed by the city he asked us to secure his weapons because he was in between houses. He wanted his property secured. After Jim separated from the city we contacted him a few times to ask if he could recover his property. He did not recover his property, so we placed it into property. There were two weapons placed into property:

- 1. Daniel Defense serial #DDM4073809*
- 2. Daniel Defense serial #DDM4073808*

⁵² Exhibit 03.22: COA-BEARD0338179 (567)

⁵³ Exhibit 03.47: E-mails

- 3. 2 padlocks
- 4. 1 Boyt weapon case
- 5. See attached photos

OFFENSE REPORT REVIEWED BY FLISSER, M.K. ON 3/14/2019 1:50:37 PM
OFFENSE REPORT APPROVED BY FLISSER, M.K., ON 3/14/2019 1:50:37 PM ⁵⁴

38. Property Barcode #1703730 (PR 1700 / GBI #) for APD Case #190730893 / Owner: BEARD, JAMES / Crime Type: Found Property / Recovered on **[March 14, 2019]** by 2374 [M. Flisser] / Desc: 2 WEAPONS IN ONE CASE (2 BLACK RIFLES (ONE LONG BA [ILLEGIBLE]) ⁵⁵
39. Photo of rifles with indiscernible labels. ⁵⁶
40. ATF Firearms Worksheet / Classified as 'Property' / Charges: N/A / Officer's Name: Sgt. M. Flisser / ID# 2374 / e-mail: mflisser@atlantaga.gov / Case # 190730893 / Recovery Date: **[March 14, 2019]** Recovery Time: 1300 hrs. / Address: 55 Trinity Avenue SW Atlanta 30303 / Zone: 5 / MFG: Daniel Defense / Model #: DDM4 / Serial # DDM407380x / Caliber: .223 / Weapon Type: Rifle / Possessor Last Name: BEARD / First Name: JAMES / Sex: M / Race: B. ⁵⁷
41. ATF Firearms Worksheet / Classified as 'Property' / Charges: N/A / Officer's Name: Sgt. M. Flisser / ID# 2374 / e-mail: mflisser@atlantaga.gov / Case # 190730893 / Recovery Date: **[March 14, 2019]** Recovery Time: xxxx hrs. / Address: 55 Trinity Avenue SW Atlanta 30303 / Zone: 5 / MFG: Daniel Defense / Model #: DDM4 / Serial # DDM407xxxx / Caliber: .223 / Weapon Type: Rifle / Possessor Last Name: BEARD / First Name: JAMES / Sex: M / Race: B. ⁵⁸
42. Photo of both rifles, in case, with 'MIL SPEC' label / tag. ⁵⁹
43. Photo of [short barreled] Rifle Front Upper / Fire Control Switch, with inserted caption 'Short Barrel' (Imprint: Daniel Defense [Serial Number illegible]) ⁶⁰
44. Photo of long-barreled rifle, in case, with red dot sight, without magazine. ⁶¹
45. Photo of [long barreled] Rifle Front Upper / Fire Control Switch / red-dot sight, with inserted caption 'Long barrel' (Imprint: Daniel Defense [Serial Number illegible]). ⁶²
46. Photo of both rifles, in case. ⁶³

⁵⁴ Exhibit 03.23: COA-BEARD0338124 – COA-BEARD0338125 (512 – 513)

⁵⁵ Exhibit 03.24: COA-BEARD0338126 (514)

⁵⁶ Exhibit 03.25: COA-BEARD0338127 (515)

⁵⁷ Exhibit 03.26: COA-BEARD0338128 (516)

⁵⁸ Exhibit 03.27: COA-BEARD0338129 (517)

⁵⁹ Exhibit 03.28: COA-BEARD0338130 (518)

⁶⁰ Exhibit 03.29: COA-BEARD0338131 (519)

⁶¹ Exhibit 03.30: COA-BEARD0338132 (520)

⁶² Exhibit 03.31: COA-BEARD0338133 (521)

⁶³ Exhibit 03.32: COA-BEARD0338134 (522)

- 47. Photo of two (2) Master locks (padlocks) after being cut. ⁶⁴
- 48. Photo of rifle case (Case #190730893) ⁶⁵
- 49. Photo of rifle case (Case #190730893) ⁶⁶
- 50. Photo of two (2) Master locks (padlocks) after being cut. ⁶⁷
- 51. Photo of both rifles, in case. ⁶⁸
- 52. Photo of both rifles, in case, with 'MIL SPEC' label / tag. ⁶⁹
- 53. Photo of [long barreled] Rifle Front Upper / Fire Control Switch / red-dot sight, with inserted caption 'Long barrel' (Imprint: Daniel Defense [Serial Number illegible]). ⁷⁰
- 54. Photo of long-barreled rifle, in case, with red dot sight, without magazine. ⁷¹
- 55. Photo of [short barreled] Rifle Front Upper / Fire Control Switch, with inserted caption 'Short Barrel' (Imprint: DANIEL DEFENSE / BLACK CREEK, GA / U.S.A. / MODEL DDM4 / CAL. MULTI / DDM4073808). ⁷²
- 56. Photo of both rifles, in case, with ATF Firearms Worksheet / form and property tags. ⁷³
- 57. ATF Firearms Worksheet / Classified as 'Property' / Charges: N/A / Officer's Name: Sgt. M. Flisser / ID# 2374 / e-mail: mflisser@atlantaga.gov / Case # 190730893 / Recovery Date: **[March 14, 2019]** Recovery Time: 1300 hrs. / Address: 55 Trinity Avenue SW Atlanta 30303 / Zone: 5 / MFG: Daniel Defense / Model #: DDM4 / Serial # DDM4073809 / Caliber: .223 / Weapon Type: Rifle / Possessor Last Name: BEARD / First Name: JAMES / Sex: M / Race: B ⁷⁴
- 58. ATF Firearms Worksheet / Classified as 'Property' / Charges: N/A / Officer's Name: Sgt. M. Flisser / ID# 2374 / e-mail: mflisser@atlantaga.gov / Case # 190730893 / Recovery Date: **[March 14, 2019]** Recovery Time: 1300 hrs. / Address: 55 Trinity Avenue SW Atlanta 30303 / Zone: 5 / MFG: Daniel Defense / Model #: DDM4 / Serial # DDM4073806 / Caliber: .223 / Weapon Type: Rifle / Possessor Last Name: BEARD / First Name: JAMES / Sex: M / Race: B ⁷⁵

⁶⁴ Exhibit 03.33: COA-BEARD0338135 (523)

⁶⁵ Exhibit 03.34: COA-BEARD0338136 (524)

⁶⁶ Exhibit 03.35: COA-BEARD0338137 (525)

⁶⁷ Exhibit 03.36: COA-BEARD0338138 (526)

⁶⁸ Exhibit 03.37: COA-BEARD0338139 (527)

⁶⁹ Exhibit 03.38: COA-BEARD0338140 (528)

⁷⁰ Exhibit 03.39: COA-BEARD0338141 (529)

⁷¹ Exhibit 03.40: COA-BEARD0338142 (530)

⁷² Exhibit 03.41: COA-BEARD0338143 (531)

⁷³ Exhibit 03.42: COA-BEARD0338144 (532)

⁷⁴ Exhibit 03.43: COA-BEARD0338145 (533)

⁷⁵ Exhibit 03.44: COA-BEARD0338146 (534)

59. Property Barcode #1703730 (PR 1700 / GBI #) for APD Case #190730893 / Owner: BEARD, JAMES / Crime Type: Found Property / Recovered on [March 14, 2019] by 2374 [M. Flisser] / Desc: 2 WEAPONS IN ONE CASE (2 BLACK RIFLES (ONE LONG BAR [CUTOFFF] ⁷⁶

On May 25,2016 (Transaction Date) / May 26, 2016 (Posting Date), a charge of \$735.77 by GT Distributors (a firearms distributor to the City of Atlanta Police Department) appears in Beard's credit card statements. Based upon the receipt, the purchase was for an Aimpoint Micro T-2 Sight and spacer. A similar 'red-dot' sight appears atop the long-barreled carbine, at Exhibit 03.31.

60. Bank of America statement for credit card issued to J. Anthony Beard, for the period from May 4, 2016, to June 03, 2016. A charge of \$735.77 by GT Distributors (a firearms supplier to the City of Atlanta Police Department), May 25,2016 (Transaction Date) / May 26, 2016 (Posting Date).⁷⁷ Based upon the receipt, the purchase was for an Aimpoint Micro T-2 Sight and spacer.⁷⁸ A similar 'red-dot' sight appears atop the long-barreled carbine, at Exhibit 03.31.⁷⁹

In other transactions, the City of Atlanta Police Department did purchase rifles from Daniel Defense, however, from GT Distributors.

Other Supporting Documentation Provided, not directly relevant to three primary firearms purchases

1. January 26, 2016 / 1548: E-mail from David Curtis (david.curtis@gtdist.com) / Account Manager, Georgia, Florida / GT Distributors / P.O. Box 16080 / Austin, TX 78761 / 512.451/8298 ext. 856 / (david.curtis@gtdist.com) to Sgt. Melvin Mitchell (mdmitchell@atlantaga.gov), Chief (George) Turner. [COA-BEARD0340048 (1 of 34)]
2. February 24, 2016 / 2:31 pm: E-mail / Exemption Certificate [COA-BEARD0340049] (2 of 34)]
3. January 26, 2016: Quote (\$9,173.08) 2 DDMK18 (10.3" Barrel) [COA-BEARD0340050] (3 of 34)]
4. February 2, 2016: Curtis to Mitchell e-mail / Apology for delay. Replace Colt carbines with Daniel Defense carbines. [COA-BEARD0340051] (4 of 34)]
5. January 26, 2016: GT Distributors quote / 3 Daniel Defense MK18 (10.3" barrel) @ \$1,515.55 each, plus accessories / \$13,759.62 [COA-BEARD0340052] (5 of 34)]
6. February 24, 2016: E-mail Curtis to Mitchell [COA-BEARD0340053] (6 of 34)]
7. April 28, 2016: Invoice from GT Distributors (\$6,116.10) Atlanta Police Academy / Firearms Training Unit / Attn: Pete Fite / Sgt. Melvin Mitchell (404.546.2584) [COA-BEARD0340054] (7 of 34)]

⁷⁶ Exhibit 03.45: COA-BEARD0338147 (535)

⁷⁷ Exhibit 03.46: COA-BEARD0339432 (1820)

⁷⁸ Exhibit 03.46: COA-BEARD0339441 (1829)

⁷⁹ Exhibit 03.31: COA-BEARD0338133 (521)

8. February 2 – 3, 2016: E-mails with ship to addresses (Curtis & Mitchell) [COA-BEARD0340055 – COA-BEARD0340055] (8 & 9 of 34)]
9. January 26, 2016: GT Distributors quote / 3 Daniel Defense MK18 (10.3" barrel) @ \$1,515.55 each, plus accessories / \$13,759.62 [COA-BEARD0340057 to COA-BEARD0340058] (10 & 11 of 34)] **[DUPLICATE]**
10. March 15, 2016: E-mail Curtis to Mitchell. Need FET form back, to complete processing of the rifles. [COA-BEARD0340058] (11 of 34)]
11. February 24, 2016: E-mail Curtis to Mitchell. [COA-BEARD0340058] (11 of 34)]
12. February 24, 2016: E-mail Mitchell to Curtis. Purchase Order [COA-BEARD0340059] (12 of 34)]
13. March 16, 2017: GT Distributors Invoice to APD / SWAT, Attn: Pete Fite / 3493 Donald Lee Hollowell Parkway.
14. January 19, 2016 [COA-BEARD0340069] (22 of 34)]

To: File

From: Victor Hartman, J.D., CPA/CFF, CFE
The Hartman Firm, LLC

Date: December 31, 2020

Subject: IFB-S-1200202

Analysis of Beard Conduct for Potential Internal Control Overrides

The Hartman Firm, LLC (Firm) undertook a review of the facts pertaining to former City of Atlanta Chief Financial Officer Jim Beard's (1) weapon purchases, (2) credit card usage, (3) participation in City awarded bonuses. The Firm also reviewed relevant internal controls related to these three areas of conduct.

Control Concepts for City Government

An organization's internal controls can be characterized as "hard controls" and "soft controls."

Hard Controls: Hard controls are the policies and procedures that guide employees through financial management, procurement, the handling of assets, and other functions for the purpose of providing management reasonable assurance that it is achieving its stated objectives. Hard controls can be measured by audit procedures.

Examples of hard controls:

- City ordinances
- City policies and procedures
- City travel policies
- City procurement policies
- Credit card policies
- Segregation of duties
- Reconciliations
- Management authorizations.
- Rules found in the City Code of Ethics
- Georgia law pertaining to municipalities
- Georgia Constitution

Soft Controls: Soft controls are intangible factors derived from an organization's culture or a department's subculture that guide employees through their decision-making processes. Key factors involve the strength of the organization's trust, competency, integrity, training, shared values, and culture. Soft controls can be

measured by assessing the difference between the stated organizational values and the values actually practiced.

Examples of soft controls

Tone from the top

Strong culture

Adequate training

Employee competencies

Employee's awareness of media's use of the Open Records Act

Cognizance of being detected by a whistleblower or the Ethics Hotline

Cognizance of being charged by State or Federal Authorities

Awareness that voter's control who is in office

Executive Summary

This review included Beard's (1) weapon purchases, (2) credit card usage, (3) participation in City awarded bonuses. We find that significant hard and soft controls were overridden and enabled Beard to engage in potential misuse of City funds. A list of control recommendations is provided below.

1. Weapons Purchase

Facts:

Beard may have caused City funds to be used for the purchase of at least three weapon purchases and a rifle sight purchase for Beard's personnel use. The purchases at issue are:

1. Glock 43
2. Glock 19
3. Daniel Defense Rifles (2)
4. Rifle Sight

Beard apparently caused officials in the police department and finance department to assist in the purchase of these weapons. The purchase of ten (10) Glock 43 handguns was facilitated through a purchase requisition date December 21, 2015 with the requester being Lieutenant David Jones.

The purchase of the ten (10) Glock 19 handguns was facilitated through a Disbursement Request Form signed by "Department/Bureau Head" Laurette T. Woods.

The purchase of the Daniel Defense Rifles was facilitated with a purchase order by buyer Maria Dominquez and authorized approver Laurette Woods. The Daniel Defense invoice indicates the weapons were "Sold To" and "Ship To" "R.Rivers/J. Beard." R. Rivers was on the Atlanta Police Department Executive Protection detail.

When a weapon is purchased by the City government, there is a tax exemption and gun dealers generally provide law enforcement a purchase discount. In connection with the Daniel Defense Rifles, Beard signed an ATF Exemption Certificate providing that the purchase was for the "exclusive use of the Atlanta Police Department."

There were three separate weapon purchases involved and each purchase was under \$20,000.

On September 15, 2020, a federal grand jury in the Northern District of Georgia returned an indictment against Beard finding probable cause to believe the following:

- Beard contacted firearms manufacturer Daniel Defense to order two machine guns.
- Beard exceeded his authority as CFO when he took possession of the machine guns.
- Beard falsely certified that the machine guns were for the exclusive use of the Atlanta Police Department on a U.S. Department of Treasury tax exemption form.

The City provided the review team a document titled "beardhardcopydocs.pdf" consisting of 2,469 pages. In those documents, there is evidence pertaining to the four purchases.

Glock 43 (quantity of ten)

Documents Provided

Ed's Public Safety Quote, \$3,624.90, 12/11/15: page 506
Purchase Requisition, \$3,624.90, 12/21/15, page 504
Invoice Ed's Public Safety, \$3,624.90, 1/19/2016, page 2457-2458
Bank of America Credit Card, charge \$383.06, 1/27/16, credit
\$383.06, 1/28/16, page 1458

Missing Documents

Disbursement Request Form
Payment method (possibly a check)
Receiving Document

Glock 19 (quantity nine)

Documents Provided

Beard Letter "official request to purchase" to Smyrna Police
Distributors 6/3/16, page 2467
Purchase Order, \$1,518, 6/6/16, page 2468
- Purchase order contemplated a trade-in of 7 used Glock 23.
Invoice, \$3,681, 6/8/20, page 544
Disbursement Request Form, \$3,681, 6/8/16, page 543
Check, \$3,681, 8/31/16, page 545

Missing Documents

Purchase Requisition
Receiving Document

Daniel Defense Rifles

Documents Provided

Purchase Order, \$2,641.90, 12/17/15, page 547
Customer Order, \$2,641.90, 1/22/16 (ship date), page 569
Invoice, \$2,641.90, ship date 3/15/16 (ship date), page 546
Check, \$2,641.90, 3/30/16, page 567

In an email to from Beard to Daniel Defense, Beard indicates a vendor account needs to be setup and he obtained a W-9.

Rifle Sight

Documents Provided

Bank of America Credit Card, GT Distributors of GA, 5/25/16, \$735.77, page 1820
Invoice, \$735.77, 5/24/16, page 1829

Missing Documents

Purchase Requisition

Purchase Order
Receiving Document

Law / Ordinance / Policy

Ordinances:

City Code 2-811 (Code of Ethics). No official or employee shall request, use or permit the use of any publicly owned or publicly supported property, vehicle, equipment, labor or service for the private advantage of such official or employee or any other person or private entity. conduct of official city business.

City Code Sec. 2-1190. - Small purchases.

- (a) *General procedures.* Any contract or purchase order for supplies, services and construction not exceeding \$20,000.00 may be made in accordance with small purchase procedures adopted by the chief procurement officer in accordance with this article, provided that procurement requirements shall not be artificially divided so as to constitute a small purchase under this section. Insofar as it is practicable, no less than three businesses shall be solicited to submit quotations. Award shall be made to the business offering the lowest responsive quotation. The name of the business submitting a quotation and the date and amount of each quotation shall be recorded and maintained as a public record.
- (b) *Authority of using agency.* Heads of all city departments may, in their discretion, make small purchases without the assistance of the chief procurement officer under the following circumstances:
 - (1) Where the purchase does not exceed \$50.00 and is paid out of the petty cash fund allocated to the department under a duly enacted appropriation; and
 - (2) Where the purchase does not exceed \$20,000.00 and is paid for by a miscellaneous requisition directing the chief financial officer to make payment from funds previously allocated to such department.
- (c) *Limitations on small purchases made by city departments.* When small purchases are made by heads of city departments pursuant to subsection (b) of this section the following requirements shall be met:
 - (1) The aggregate amount of all such small purchases for each department shall not exceed an amount to be annually set administratively by the mayor during the normal budget process upon the recommendation of the chief procurement officer, based upon the department's expenditures of the previous fiscal year, the department's estimated annual expenditures for the current fiscal year and other relevant factors;
 - (2) A copy of any purchase order or miscellaneous requisition shall be sent to the chief procurement officer at the time the purchase is made; and
 - (3) Purchases shall not be artificially divided so as to constitute a small purchase under subsection (b) of this section.

- (d) *Certification of unencumbered appropriation.* Except for emergency procurements under section 2-1192, the chief procurement officer shall not execute any contracts or purchase orders under this section until the chief financial officer shall have certified, after pre-audit, that there is to the credit of the using agency concerned a sufficient unencumbered appropriation balance, in excess of all unpaid obligations, to defray the amount of the order.

(Ord. No 2009-78(9-O-1876), § 4, 12-15-09)

Sec. 2-1190.1. - Micro-purchases. [Note this Ordinance was not adopted until 10-15-19]

- (a) *General procedures.* Any contract or purchase order for supplies and services, exclusive of set postage rates from the United States Postal Service, not exceeding \$5,000.00 may be made in accordance with micro purchase procedures adopted by the chief procurement officer in accordance with this article. Procurement requirements shall not be artificially divided so as to constitute either a small purchase or micro-purchase under this section. Award shall be made to a fair and equitably priced vendor. The name of the business submitting a quotation, the date and amount of the quotation shall be recorded and maintained as public record. The aggregate amount of all micro-purchases for each department shall not exceed \$5,000.00 per vendor, per fiscal year.
- (b) *Authority of using agency.* Heads of all city departments or their designee shall submit requisitions for micro-purchases to the chief procurement officer or his designee for approval. For such micro-purchases, no less than one business shall be solicited to submit a quotation.
- (c) *Certification of unencumbered appropriation.* Except for emergency procurements under section 2-1192, the chief procurement officer shall not execute any contracts or purchase orders under this section until the chief financial officer certifies, after pre-audit, that there is, to the credit of the user department concerned, a sufficient unencumbered appropriation balance, in excess of all unpaid obligations, to defray the amount of the order.

(Ord. No. 2019-55(19-O-1517), § 1, 10-15-19)

Policy:

In an audit dated March 2017 titled Performance Audit: Annual Contract Administration, a succinct description of the City's procurement process is provided and is further described below:

1. Requisition: user department management decides a purchase is necessary and enters into Oracle. There must be budgeted funds for the purchase. Management can only approve funds within their budgets, which should be coded in some fashion.

2. Purchase Order: once approved by management, a purchase order goes to the vendor. For purchases over \$20,000, the Department of Procurement must approve.

3. **Vendor:** (a) Delivers goods and (b) sends invoice to the Finance Department.
4. **Receiving Document:** User department enters receiving document into Oracle.
5. **Invoice:** Finance Department enters the invoice into Oracle.
6. **Oracle Three-Way Match:** "Oracle" matches the (a) invoice, (b) purchase order, and (c) receiving document. The documents should match or be challenged.
7. **Payment Processed:** The payment is approved

The City of Atlanta, Department of Procurement Standard Operating Procedures:

2.3.2. Small Purchase. Procurement Code, Section 2-1190.

A small purchase is defined as a purchase by any City Department Head used for the procurement of supplies, equipment or services that are estimated at \$20,000.00 or less. The procurement may be informally made without public notice or facilitation by the DOP. However, a Agency or Department shall solicit, where practical, at least three (3) businesses to submit quotations or proposals, as appropriate, for the supplies, equipment or services to be procured.

When quotes are received and evaluated, the Agency or Department will determine the most responsive and responsible offeror who satisfy the need. The Agency or Department will then manage the award process and maintain a record for auditing purposes. On an annual basis, the CPO issues a formal memorandum to all Department Heads requesting their justification for spends that appear to be in violation of this policy **(Refer to Attachment No.1)**.

The two (2) types of discretionary small purchases managed outside of the DOP include:

- A. **Petty Cash: \$0 - \$50.00** where the purchase does not exceed \$50.00 and is paid out of the petty cash fund allocated to the department; and
- B. **Field Purchase Order: \$0 - \$20,000.00** where the purchase does not exceed \$20,000.00 and paid for by a Field Purchase Order ("FDPO"). The Chief Financial Officer ("CFO") will authorize payments prescribed for under this provision.

2.3.3. Small Purchases May Not Exceed an Annual Amount

The aggregate amount of small purchases made by a department may not exceed the amount set annually for the respective department or agency. The limit or cap on departmental small purchases shall be set by the Mayor, and respectfully

take into account the recommendations of the CPO. Any recommendation made by the CPO will be primarily based upon the department's estimated annual expenditures for that current fiscal year.

Criminal Statutes:

State Criminal Statutes

- O.C.G.A. §16-8-3, Theft by deception
- O.C.G.A. §16-8-4, Theft by conversion

Federal Criminal Statutes

- 18 U.S.C. 1343, Wire Fraud
- 18 U.S.C. 666, Theft Federal Program Funds
- 18 U.S.C. 1001, False Statements

Analysis

The City has policies which control requisitions and the use of a City credit cards. The City Code of ethics (and state and federal criminal law) prohibit the use of City funds for personnel use.

Beard was a top-level executive within the City of Atlanta. He was the Chief Financial Officer. Beard had the ability to override hard controls. Although many of the soft controls failed, one of these controls brought this issue into public view. The Atlanta Journal-Constitution reporting (potentially assisted by an insider) uncovered this matter. This type of soft control should be considered a control of last resort.

The policies that may have been overridden pertaining to the weapon purchases are as follows:

- A small purchase under \$20,000 requires, where practical, requires three quotations. There is no evidence Beard obtained three quotes.
- A record of the three quotations should be kept for audit purposes. There is no evidence this was done.
- The Chief Procurement Officer is to issue a formal memorandum to all Department Heads requesting their justification for spends that appear to be in violation of policy.
- Per City Code 2-1190(c)(2), for small purchases, a copy of the purchase order or miscellaneous requisition shall be sent to the chief procurement officer at the time the purchase is made.
- Per City Code 2-1190.1, adopted October 15, 2019, a procurement can be made via a micro-purchase for amount not exceeding \$5,000. The ordinance appears to allow for just one quotation. The City has not yet developed policy to implement this ordinance.

- Beard used the Oracle procurement process and a credit card to make purchases. No superior reviewed these purchases.
- A requisition is the first step in the procurement process.
- Beard appears to have exceeded his authority when he approved a weapon for his personal use. This conduct was the primary control override.
- Beard's conduct likely violated: (1) City Ethics Code, (2) City procurement policy, and (3) federal and state law.
- Vendor vetting policy may have been violated when Beard caused Daniel Defense to be created as a City vendor.

Control Recommendations:

Beard overran a combination of hard and soft controls. These controls should be addressed separately. Recommendations include:

Hard Control Recommendations

1. Small purchase orders under \$20,000 require three bids where practical. Conduct audits to assess compliance.
2. For small purchase orders, a copy of the purchase order is to be sent to the procurement officer. Conducts audits to assess compliance.
3. Conduct audits of all credit cardholders and make the results public. Audits should include management review of purchases and a business purpose.
4. Strengthen the City's credit card policy by detailing responsibilities of each stakeholder. Policies of sister cities and counties should be reviewed for best practices.
5. Change the credit card policy to make the CFO the Program Administrator as required by the City Code.
6. The mayor or executive officer should review the CFO's monthly credit card statement and original receipts for compliance with policy.
7. Conduct audits around the purchase cycle: (1) requisition, (2) purchase order, (3) vendor vetting, (4) receiving report, (5) invoicing, (6) three-way match process, (7) payment approval.
8. Conduct audits of key official's approvals in Oracle.

Soft Controls Recommendations

1. Use a vendor like the University of North Georgia College's BB&T Center for Ethical Leadership. The Center has an effective instrument to measure the City's culture – The Ethical Culture Indicator.
2. Assess Employee's comfort level with "see something say something."
3. Publicize the Integrity Hotline.
4. Embrace the new Office of Inspector General

2. Abuse of City Credit Card

On December 30, 2019, the City of Atlanta Board of Ethics and Independent Compliance (Board) rendered a Final Opinion and Order in the matter In the Matter of Jimmie A. Beard, Case No. CO-18-04. We found the Board's findings to be credible and did not take efforts to investigate the underlying findings. Beard challenged the Board's jurisdiction, did not make an appearance in the matter, and sought review of the Board's order by filing a writ of certiorari to the superior court of Fulton County.

As described in the weapon purchases analysis, Beard appears to have used a City credit card to purchase a rifle sight for a machine gun that was for personal use.

Board Findings

Beard was employed with the City of Atlanta during the period July 12, 2010 to May 18, 2018. The Board found that Beard failed to provide the City with sufficient documentation to support a City business justification for 41 credit card charges totaling \$94,600.27. Most of the 41 credit card charges were for food and travel. There was a charge for a purchase at Walmart and a payment to the United Negro College Fund. There was a charge for \$10,277.67 for a hotel expense at the Shangri-La Hotel, Paris France on April 27, 2017. Beard repaid the City \$10,277.67 on April 20, 2019.

Law / Ordinance / Policy

Assuming the findings by the Board are true, Beard's use of the credit card may violate City policy, the City Code of Ethics, a City Ordinance, and federal and state criminal law. The following policy, ordinances and criminal laws are implicated:

Policies:

- City of Atlanta Credit Card Policy (2/1/2010 – 3/31/2018). The effective date is February 1, 2010 and is presumably superseded by a revised policy dated April 1, 2018.
 - This policy states the card can only be used for "travel, boarding, convention and/or training conference expenses." The use of the card outside of these parameters is prohibited.
 - Each card must be approved by the Mayor.
 - Each card holder is to retain the original physical receipts.
 - A program administrator handles the mechanics of issuing, gathering documentation for review, and submitting a request to accounts payable for payment.
- City of Atlanta Credit Card Policy (4/1/2018 – Current).

- This policy basically expands on the provisions in the prior policy.
 - Permissible uses still include travel and training conference and the policy is expanded to include Citywide emergencies.
 - Authorized cardholders are designated by the Mayor and CFO.
- Travel, Training and Relocation Expenses Policies and Procedures (5/4/2007 – 1/2017)
- This policy is for all elected officials and City employees who attend conventions and training conferences.
 - The Chief Financial Officer is a “Department Head.”
 - There are three Executive Officers: (1) Chief Operating Officer, (2) Chief of Staff, and (3) Chief Policy Officer.
 - This policy requires that a Department Head obtain travel approval from either an executive officer or the mayor.
 - Hotel lodging and per diem is limited to the Federal General Services Administration (GSA) rates.
- City of Atlanta Travel & Reimbursement Policy (1/2017 – current)
- The policy covers travel on City business.
 - The policy covers elected officials and all City employees.
 - The policy requires that the American Express Virtual Travel Agent/Travel Portal be used.
 - The policy requires employees to obtain approval from their immediate supervisor or higher for their travel booking or expense report except for the “Mayor, City Council President, Council Members, Judges, Director of Council and Municipal Clerk, Chief of Staff, Chief Operating Officer, City Attorney and Chief Financial Officer.”
 - The employee must use the most economical airfare, hotel, and car in the Atlanta Travel Portal.
 - The A/P department reviews the expense reports for required documentation and accuracy.
 - Business and First Class are not reimbursable for domestic flights.
 - First Class is not permitted for international flights.

Ordinances:**City Code 2-830 – Credit card policy (1/28/2019 – current):**

- Although three years late, the ordinance complies with State law requiring a “public vote” on a policy before an elected official can be issued a credit card.
- The CFO is the Program Administrator.
- The CFO is to provide quarterly reports on credit card usage and policy changes.

City Code 2-857 – Reimbursement of convention, conference, training and other expenses (3/13/2007 – 11/5/2017): The Code is from an older ordinance and is not available online.

City Code 2-857 – Reimbursement of convention, conference, training and other expenses (11/6/2017 – current):

- Requests for convention, training, or travel expense shall be approved in advance by the mayor or designee; provided, however, for judges, solicitors and members of their staffs, such requests shall be approved in advance by the chief judge.

City Code 2-811 (Code of Ethics)

- Cannot use City property for personal use.

Georgia Law:

- O.C.G.A. §36-80-24 is a Georgia law which requires every municipality (and other governments) that issue a credit card to an elected official after January 1, 2016 to promulgate specific policies by public vote.

Criminal Statutes:

State Criminal Statutes

- O.C.G.A. §16-8-3, Theft by deception
- O.C.G.A. §16-8-4, Theft by conversion

Federal Criminal Statutes

- 18 U.S.C. 1343, Wire Fraud
- 18 U.S.C. 666, Theft Federal Program Funds

Analysis:

There are two City policies which control Beard's travel – a credit card policy and a travel policy. There are also two City ordinances which have been codified that parallel these policies.

The credit card policy is not robust. The policy dated April 1, 2018 says the CFO will designate a Program Administrator. The January 2019 ordinance says the CFO is the Program Administrator. Neither the policy or the ordinance has an official above the CFO review the CFO's monthly credit card statements and receipts. Someone senior to the CFO should review his or her credit card purchases for a business purpose. We recommend the City Auditor periodically audit all credit cards issues by the City and make those findings public.

We recommend the City strengthen its credit card policy by detailing responsibilities of each stakeholder. Policies of sister cities and counties should be reviewed for best practices. The policy must be changed to make the CFO the Program Administrator as required by the City Code. We recommend the mayor or executive officer review the CFO's monthly credit card statement and original receipts for compliance with policy.

Per city ordinance, the CFO is to provide quarterly reports on credit card usage and policy changes. We saw no evidence of this occurring.

There were two consecutive travel policies that controlled during Beard's tenure. The first policy was effective during the period 5/4/2007 – 1/2017. This policy required the CFO as a department head to obtain the approval from the mayor or one of three executive officers for expense reimbursements. The current policy, dated 1/2017, changed the approval requirement and specifically exempts the CFO from the requirement to obtain approval for travel booking and expense reports. City Code 2-857, enacted 11/6/2017, requires travel expenses shall be approved in advance by the mayor or designee. The policy and ordinance are in conflict. The ordinance controls. The current policy must be changed to reflect the language of the ordinance. All travel expenses must be approved in advance by the mayor or designee. If the mayor wants to designate someone to handle this responsibility, like the prior policy, then the current policy must be modified to make such designations. We recommended the CFO not be delegated the responsibility to approve his or her own travel.

City Code of Ethics 2-811 provides that one cannot use City property for personal use.

If true, the unauthorized \$10,277.67 Shangri-La hotel and rifle sights purchase were a flagrant example of an abuse of the City's policies. Credit card purchases made for personal use should be referred for criminal prosecution and will serve as a corrective control.

This matter came to light after the Atlanta Journal-Constitution (AJC) reviewed the results of an Open Records Act request. The AJC may have learned of the credit card abuses from an insider. News reports, Open Record Requests, and whistleblowing should be considered internal controls of last resort.

Hard Control Recommendations

1. Per city ordinance, the CFO is to provide quarterly reports on credit card usage and policy changes. Make this requirement an audit objective during periodic audits of the credit card program.
2. The current travel policy, dated 1/2017, changed the approval requirement and specifically exempts the CFO from the requirement to obtain approval for travel booking

and expense reports. City Code 2-857, enacted 11/6/2017, requires travel expenses shall be approved in advance by the mayor or designee. The policy and ordinance are in conflict. The ordinance controls. We recommend the current policy must be changed to reflect the language of the ordinance. All travel expenses should be approved in advance by the mayor or designee. If the mayor wants to designate someone to handle this responsibility, like the prior policy, then the current policy must be modified to make such designations. We recommended the CFO not be delegated the responsibility to approve his or her own travel.

Soft Control Recommendations

1. Conduct training around credit card usage.
2. Let cardholders know the auditors will review their purchases for a business purpose.
3. Reinforce a City culture that all employees have a duty to report red flags of a violation law or policy.

3. Bonuses & Contest Winnings

The City Auditor and Ethics Officer issued a report dated August 7, 2018 relating to bonuses and contest winnings. We found the report to be credible and did not duplicate their investigation. We address the controls involved, control override, and control recommendations.

Facts:

Between November 2017 and February 2018, the City made 146 supplemental income payments classified as bonuses and performance awards to 131 employees totaling \$869,291, including \$58,008 in duplicate bonuses paid in error to four executive level employees in February 2018. The payments can be classified into three different distribution types:

- Bonuses and contest winnings distributed by former Mayor Kasim Reed
- Bonuses and contest winnings distributed by former Department of Human Resources Commissioner Yvonne Yancy
- Bonuses distributed by City Councilmembers.

Chief Financial Officer Jim Beard and Commissioner of Human Resources Yvonne Yancy both received a \$21,261 bonus on December 31, 2017.

Law / Ordinance / Policy

- A document known as the “pay memo” from Human Resources Commissioner Yvonne Yancy to Jim Beard dated January 25, 2012 appears to take the position that an absence of legislation prohibiting bonuses, grants Human Resources and/or the Mayor the authority to grant bonuses and/or exceed pay ranges established by the City’s pay plan.
- City Code states that all employees must be paid according to the pay plan adopted by the council via ordinance and that changes thereto also must be made via ordinance. Therefore, the City Code does not authorize Human Resources or the Mayor to give bonuses that are not specifically permitted by the Code.
- City Code 114-123 provides that an employee’s pay cannot exceed the employee’s maximum pay range.
- State law provides that the governing authority of each municipal corporation is authorized to fix the compensation of its employees. See O.C.G.A. §36-34-2. The City Charter provides that the City Council is the governing authority and not the Mayor or the Human Resources Commissioner. See City Charter §1-103.

- The Georgia Constitution's "gratuities clause" prevents payments to employees after they perform a service. Lawfully established salaries and compensation must be set prospectively by the governing body.
- The City Ethics Officer found the contest winnings violated §2-811 of the Code of Ethics when city property was used to provide contest winnings to employees as not reasonable and raised the appearance of impropriety.

Analysis

The findings by the City Auditor and Ethics Officer can be characterized as abuse of authority. This type of abuse is inherently difficult to prevent because it was perpetrated by stakeholders at the very top of City government. We note that Commissioner Yancy wrote the "pay memo" which purports to justify this wrongful compensation. She also received a bonus of \$21,261. Law and policy alone will not be enough to stop this type of abuse when it is conducted by top-level officials. Other types of controls like hotlines, speedy and transparent responses to open record requests, and the new Office of Inspector General have an enhanced chance of detecting this type of abuse.

The City must be constantly vigilant about setting the tone from the top and developing a strong ethical culture.

To directly address the issue of inappropriate compensation, we recommend training all relevant personnel that only City Council can set compensation for City employees, prospectively. Compensation in the form of bonuses, contest winnings, gift cards and other items of value, except in nominal amounts, are prohibited.

The greatest chance of detecting this type of abuse is by an individual that is properly motivated to report, has an outlet to report, and feels comfortable in doing so without the fear of retaliation. These efforts can be enhanced by a Mayor and Council that will fully embrace the role of the new Office of Inspector General. A very visible hotline and a culture of compliance will also enhance detective controls.

In order to assess and enhance a positive ethical culture, we recommend the City engage the University of North Georgia's BB&T Center for Ethical Leadership to use their Ethical Culture Indicator (ECI) to conduct an ethics climate survey. This is a very cost-effective way to assess the City's culture across all departments. The results will yield a baseline that can be used to assess cultural growth in future years.

Soft Control Recommendations

We recommend training all relevant personnel that only City Council can set compensation for City employees, prospectively.

Recommendations Summary

Hard Control Recommendations

1. Small purchase orders under \$20,000 require three bids where practical. Conduct audits to assess compliance.
2. For small purchase orders, a copy of the purchase order is to be sent to the procurement officer. Conducts audits to assess compliance.
3. Conduct audits of all credit cardholders and make the results public. Audits should include management review of purchases and a business purpose.
4. Strengthen the City's credit card policy by detailing responsibilities of each stakeholder. Policies of sister cities and counties should be reviewed for best practices.
5. Change the credit card policy to make the CFO the Program Administrator as required by the City Code.
6. The mayor or executive officer should review the CFO's monthly credit card statement and original receipts for compliance with policy.
7. Conduct audits around the purchase cycle: (1) requisition, (2) purchase order, (3) vendor vetting, (4) receiving report, (5) invoicing, (6) three-way match process, (7) payment approval.
8. Conduct audits of key official's approvals in Oracle.
9. Per city ordinance, the CFO is to provide quarterly reports on credit card usage and policy changes. Make this requirement an audit objective during periodic audits of the credit card program.
10. The current travel policy, dated 1/2017, changed the approval requirement and specifically exempts the CFO from the requirement to obtain approval for travel booking and expense reports. City Code 2-857, enacted 11/6/2017, requires travel expenses shall be approved in advance by the mayor or designee. The policy and ordinance are in conflict. The ordinance controls. We recommend the current policy must be changed to reflect the language of the ordinance. All travel expenses should be approved in advance by the mayor or designee. If the mayor wants to designate someone to handle this responsibility, like the prior policy, then the current policy must be modified to make such designations. We recommended the CFO not be delegated the responsibility to approve his or her own travel.

Soft Controls Recommendations

1. Use a vendor like the University of North Georgia College's BB&T Center for Ethical Leadership. The Center has an effective instrument to measure the City's culture – The Ethical Culture Indicator.
2. Assess Employee's comfort level with "see something say something."
3. Publicize the Integrity Hotline.
4. Embrace the new Office of Inspector General
6. Conduct training around credit card usage.
7. Let cardholders know the auditors will review their purchases for a business purpose.
8. Reinforce a City culture that all employees have a duty to report red flags of a violation law or policy.

9. We recommend training all relevant personnel that only City Council can set compensation for City employees, prospectively.

Risk Assessment - Related to Beard					
Ranking of Highest Risk	Project No.	Fraud Risk	Owner / Dept.	Observations / Notes	Recommendations
1	1	Fictitious Vendors	A/P		Test for the following: - Any companies owned, controlled, or influenced by Beard - Addresses for all of Beard's homes and immediate family's homes - Phone number - same as above - also consider any knowledge of 'burner phones' that may have been purchased using the city credit card or on expense reports - Vendors approved by Beard (or anyone who has been identified to be complicit in other transactions) during the time period - Vendors with very few transactions or round dollar transactions (scoped and defined appropriately)
2	2				
3	3				
4	4				
5	5				
6	6				
7	7				
8	8				
9	9				
10	10				

Risk Assessment - Discovered During Interviews or Analysis					
Ranking of Highest Risk	Project No.	Fraud Risk	Owner / Dept.	Observations / Notes	Recommendations
1	1	Management overrides		Some staff interviewed feel there is nothing to prevent this. They feel they have no recourse when high-level employees simply demand they perform certain tasks, regardless of approvals or whether the proper procedures have been followed.	
2	1	Integrity hotline		Some employees are: a. Unaware of the system b. Do not trust the system c. Have experienced reprisals or know of reprisals with the system, and will not use it	
3	1	Tone at the top		Ethics and integrity in business practices. Seems to be more of a <i>tone at the side</i> . Instead of the message coming from the top, some believe this duty has been delegated to the Ethics Office. Staff employees feel they are required to follow policies and procedures top level employees do not follow. Top employees are privileged and don't follow the same rules as lower level employees, much less set an example.	
4	2	Public safety payroll		Police and fire are not using the time-keeping system at certain times.	
5	3	Travel advance analysis		(Several years ago) reconciled ~\$3.5 million down to ~\$2.5 million, by largely matching advances with reconciliations prepared. Remaining balance of ~\$1.0 million was "written-off" or discarded.	
6	3	Credit card		Procedures and controls need improvement and enforcement. Beard circumvented the American Express Virtual Travel by placing his travel on his credit card.	
7	4	Overrides in purchasing / procurement		Purchase order system is ignored a significant percentage of the time (statistics to come). An alternative direct payment process must be employed to pay a bill, where the requirement to prepare and receive approvals of purchase orders was ignored.	
8	5	HR - off-boarding		While on-boarding seems to involve appropriate controls, having controls surrounding off-boarding appear deficient.	
9	6	Travel policy		The current travel policy is in conflict with the City Code (previously passed ordinance). The Mayor or designee must approve all travel. The current policy exempts the CFO and thus is in conflict with the Code. (Note: Beard circumvented the American Express Virtual Travel by placing his travel on his credit card.)	
10	7				

Test Plan for Transaction Data

We will perform the following profiling tests to extract transactions for assessment and evaluation to identify transactions that warrant further investigation. This initial plan, and the parameters defined during the planning process, represent a best attempt to clearly and fully define the work to be performed. Records extracted as a result of the execution of a test plan (and related pre-defined parameters), below, may suggest a need to refine the parameters to result in a more relevant extract population. For example, a search for a Key Word "Secret" could result in the extract of a number of perfectly legitimate transactions with the Secretary of State. In such cases, where a particular parameter results in an inordinate amount of 'low risk' transactions extracted, we reserve the right to modify the test plan or related parameters, in our best judgement, in order to obtain an extraction of transactions that best meets the intent of the particular planned procedure that was approved.	
	Initials and Date
1 Query GA Secretary of State website (business search) registered agent and/or officer, using variations of Jim Beard's name, to find businesses he may own or control. Add businesses to the list of businesses to use for data searches.	KWB 10-13-2020
2 Transactions with vendors that have unusual terms in the vendor names. a) Search using Key Words list b) Search using Names list c) Search using Business list d) Search using Possible Addresses e) Search using Possible Phone Numbers	JH 12-1-20
3 Transactions with unusual terms or names in the Description Field. a) Search using Key Words list b) Search using Names list c) Search using Business list d) Search using Possible Addresses e) Search using Possible Phone Numbers	JH 12-1-20
4 Transactions with an invoice date on a federal holiday. See the list of US Federal Holidays during the period from January 1, 2012 — December 31, 2018. • NOTE: The procedure described above was the original approved procedure. The extract pulled using all of the federal holidays extracted too many records to be of value in this analysis. Accordingly, we modified the test to search by "major holiday", to focus the analysis. Both extracts are retained for the City's analysis.	JH 12-1-20
5 Invoice numbers (alpha-numeric field) that have unusual terms in the invoice number. a) Search using Key Words list b) Search using Names list c) Search using Business list d) Search using Possible Addresses e) Search using Possible Phone Numbers	JH 12-1-20
6 Accounts payable batches that contain very few (less than 3) transactions.	JH 12-1-20
7 Accounts payable batches that contain unusual terms in the Batch Description. a) Search using Key Words list b) Search using Names list c) Search using Business list d) Search using Possible Addresses e) Search using Possible Phone Numbers	JH 12-1-20
8 Manually scan the detail provided for any transactions, patterns, or data relationships that appear unusual or warrant investigation in our professional judgment.	KWB 10-13-2020
9 Search for duplicate invoice numbers. Evaluate whether they appear to be multiple lines of the same A/P batch, an input error, or a duplicate submission. • NOTE: The procedure described above was the original approved procedure. The summary resulted in many duplicate invoices because of the structure of the data. Accordingly, we redesign this test to create a unique ID from the concatenation of the Vendor Name and Invoice Number. Both extracts are retained for the City's analysis.	JH 12-1-20

Certain terms bring up a large range of false positives that are not helpful in narrowing down the data into digestible tranches. "Manage", "DA", "LLC", "FL", and "Atlanta" are the primary examples of these issues.

In instances where this occurs, we have included the profiled original parameters in a lighter-colored tab, but re-run the query excluding those terms where appropriate and indicated this in the tab name.

Additional Recommended Procedures to Perform on Other Data

We recommend the City consider the following additional procedures. However, these procedures cannot be executed on the data set provided as key information does not exist in the data set previously provided.

1 Accounts payable batches with an "approval date" or "posting date" on a federal holiday. See the list of US Federal Holidays during the period from January 1, 2012 — December 31, 2018.
2 Accounts payable batches approved by user accounts that have been identified as relevant for these purposes.
3 Accounts payable batches that have been entered and approved by the same account.
4 Accounts payable batches that have been approved by a 'system' or 'super-user' account.