

Fraud, Waste, and Abuse

One of the primary functions of the IG office is to receive and respond to allegations of Fraud, Waste, and Abuse. In this issue of IG Basics, we highlight actual examples of Fraud, Waste, and Abuse that have occurred throughout the Department of Defense (DoD). These examples were obtained from the DoD *Encyclopedia of Ethical Failure* at the following site:
www.dod.mil/dodgc/defense_ethics/resource_library/guidance.htm

Fraud: Imaginary Ball and Chain Drags Staff Sergeants Down

An Army Staff Sergeant stationed at Ft. Bragg, North Carolina continued to receive Basic Allowance for Housing (BAH) at the married rate even after he was divorced from his wife. He knowingly and willfully failed to submit documentation to reflect this change, thus receiving more money than he was entitled to and therefore committing fraud and larceny. The Staff Sergeant was charged with larceny under the Uniform Code of Military Justice (UCMJ) and found guilty by General Court Martial. He was sentenced to five months in confinement, forfeiture of \$5,000 and a reduction in grade from Staff Sergeant (E-6) to Private First Class (E-3). In a similar case, a Staff Sergeant at U.S. Army CENTCOM was caught illegally receiving BAH at the higher married rate when he was actually single. The soldier submitted a false marriage license, ultimately receiving \$15,100 in Basic Allowance for Housing and Family Separation Allowance to which he was not entitled. His “wife” also fraudulently received \$13,200 in Tricare healthcare benefits.

FRAUD is a false misrepresentation of a material fact, whether by words or by conduct, by false or misleading allegations, or by concealment of that which should have been disclosed, which deceives another so that he acts, or fails to act to his detriment.

Waste: Chiefly Wasteful

A chief of maintenance and logistics at a military facility purchased, at a cost of \$30,000 each, 6 forklifts designed for inside use despite the fact that the command needed lifts for outside use, even for use in inclement weather. The forklifts rusted for 8 months in an outdoor storage area. In a further display of waste, the chief purchased a \$400,000 patrol boat with a bad generator that left the boat inoperative - and that went unrepaired. The chief's actions violated Federal Acquisition Regulation 3.101-1, which sets forth the standard that transactions related to the expenditure of public funds require the highest degree of public trust and an impeccable standard of conduct. The chief was removed from his position.

WASTE involves the taxpayers not receiving reasonable value for money in connection with any government funded activities due to an inappropriate act or omission by players with control over or access to government resources. Waste relates primarily to mismanagement, inappropriate actions and inadequate oversight.

Abuse: All-Expenses Paid Bachelor Pad with Maid Service Included?

A Lieutenant Commander working as the Naval Station Great Lakes Bachelor Housing Officer misused Government resources when he lived in the quarters without cost and received free housekeeping and amenities. He was charged on three counts under the UCMJ (Articles 81, 92, and 134) and issued a Letter of Reprimand as a form of Non-Judicial

ABUSE involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate.

Punishment. A civilian Government official who was aware of the Lieutenant Commander's illegal conduct, but failed to report it was also issued a Letter of Reprimand for violating the Basic Obligation of Public Service requiring that he disclose any known fraud, waste, abuse, and corruption (C.F.R. 2635.101(b)(11)).

Bottom Line

These are just a few examples of DoD personnel who were caught violating laws and standards regarding fraud, waste, and abuse. It is also important to remember that Executive Order 12674 (as modified by Executive Order 12731) requires all military members and DoD civilian employees to disclose any known waste, fraud, abuse, and corruption to the appropriate authorities.

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