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Unethical Behavior: Defrauding the United States Army

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## Outline

While the Army's Ethics training program has been successful in maintaining ethical standards, we are still losing billions due to the misuse of government credit cards and contractor fraud.

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### Abstract

Ethics are a set of moral principals used by individuals to influence their behavior, and distinguish their obligations. Army leaders face three general ethical responsibilities: First, they must set the example, second, they must refrain from placing Soldiers in compromising situations, finally, they have an obligation to develop positive ethical behaviors in subordinates and continuously re-enforce the fundamentals of duty, loyalty, and selfless service. This paper focuses on fraudulent activities conducted by U.S. Army Soldiers and Department of the Army (DA) civilians in support of OEF and OIF. The Army is investigating over 15,000 other contracts granted over the last few years supporting Soldiers in Iraq and Afghanistan to decide which, if any are, contaminated by fraud.

## Unethical Behavior: Defrauding the United States Army

### *Introduction*

Webster defines ethics as the principles of conduct governing an individual or a group and the discipline of dealing with what is good and bad with a moral duty and obligation (Webster 1997). From Webster's definition we can gather that ethics a set of moral principals used by individuals to influence their behavior, and distinguish their obligations. We must also note that ethics are not objective, but are subjective to the individual. Ethics are a constantly developing system of behavior evolving from the circumstances and the life experiences of an individual. With that being said, as leaders we are faced with three general ethical responsibilities: First, we must set the example in everything we do on and off duty. Second, avoid putting subordinates in compromising positions. Finally, we must establish and enforce positive ethical behaviors in our Soldiers and constantly re-enforce the Army values.

### *Analysis*

This paper will focus on the fraudulent activities conducted by U.S. Army Soldiers and Department of the Army (DA) civilians in support of OEF and OIF. Much of the information presented will be based upon my experience while assigned of the United States Army Acquisition Support Center (USAAC). I will also reference a few events that have made national news headlines.

What initially started out as removing supplies from the office for personnel use has evolved to the misuse of government credit cards, bribery and contractor fraud. While the army looses around 1.5 million annually on individual and IMPACT government card fraud, bribery and contractor fraud account for billions and due to the nature of the job the acquisition community, accounts for the majority of these scandals. As of Oct. 24, fifty army officers; 33 enlisted Soldiers and 17 DA civilian employees have been involved in contractor fraud.

The Army is also investigating over 15,000 other contracts awarded over the last four years supporting Soldiers in Iraq and Afghanistan to decide which, if any are, tainted by fraud, waste, and abuse. Overall, these contracts are worth about eight billion dollars and represent business transactions conducted from around 2003 to the present by a contracting agency in Kuwait, that the Defense Finance and Accounting Office has recognized as a considerable problem area. I will now discuss a few unethical behaviors displayed by U.S. Army Soldiers and DA Civilians.

#### *Unethical behavior Credit Card Misuse*

A specialist had been a GPC holder for only a few months when he/she developed financial difficulties and started using the card to purchase a variety of items in which he/she in return sold or pawned. A few of the items included a laptop computer and a personal digital assistant; all of these items should have been inventoried and added to the company property book. During the next couple of months, the specialist continued to make purchases of not only items -related to work, but also merchandise of no military use, such as clothes and jewelry. The GPC approval officer also continued to approve these charges without reviewing the credit card statements.

An NCO had been a GPC holder for over a year. While given a task of setting up an organizational day, he chose to utilize the credit card for a variety of unauthorized purchases, which included the purchase of beer and liquor. His reasoning behind making the charges was, "I wasn't made aware of exactly which items I could or could not purchase with the credit card, besides it is for the company's organizational day so why should it matter."

#### *Unethical behavior Contractor Fraud*

Colonel Curtis G. Whiteford, LTC Debra M. Harrison, Mr. Michael B. Wheeler, and two other civilians were charged with an assortment of crimes linked to a plot to defraud the

Coalition Provincial Authority South Central Region (CPA-SC) located in Iraq. Whiteford, at one time the second-most senior officer assigned to CPA-SC, was charged with one count of conspiracy, one count of bribery, and 11 counts of wire fraud. Harrison, an acting Comptroller at CPA-SC overseeing the expenditure of funds for reconstruction projects, was charged with one count of conspiracy, one count of bribery, 11 counts of wire fraud, four counts of interstate transport of stolen property, one count of bulk cash smuggling, four counts of money laundering, and one count of preparing a false tax form. Wheeler, an advisor for CPA projects for the reconstruction of Iraq, was charged with one count of conspiracy, one count of bribery, 11 counts of wire fraud, one count of interstate transport of stolen property, and one count of bulk cash smuggling (Collins 2006).

In 2006, a federal judge decided on a ten million dollar verdict against a government contractor, stating that a former CPA in Iraq could not be thought of as a US Government entity. The contractor was then sued for defrauding the government under a False Claims Act and a federal jury found the contractor guilty of 37 fraudulent acts towards a CPA, as well as setting up shell companies, forging invoices, inflating charges, and theft of equipment in an effort to steal millions of dollars. Just prior to his crimes, Senate Democrats unveiled legislation that would make this type of fraud easier to prosecute (Liro 2006).

Another case in which I'm familiar with involved an Army warrant officer serving with the USAASC who allegedly took a fifty thousand dollar bribe to oversee the approval of a multi-million dollar contract for the distribution of paper and flatware to a Kuwaiti organization. As a result, he is facing courts martial which could result in fines as well as time in Fort Leavenworth.

### *Conclusion*

During these times of the shrinking dollar, the citizens of the United States as well as the news media have placed the members of the U.S. Armed Forces under a microscope. The

citizens of this great country are responsible for paying taxes which equates to our paychecks and they should expect that as Soldiers and leaders we must conduct ourselves in a professional manner. Remember that ethics are considered a constantly developing system of conduct and that while Soldiers may arrive to their unit with a set of values they have gained over time, the most significant factor to affect their future ethical behavior once they enter your unit is the leadership you provide.

In closing, while Army and DA civilians have been implicated on charges of bribery or fraud, the vast majority of Army contracting professionals fulfill operational requirements everyday for Soldiers serving in harm's way. With no exceptions, we continue to expect every Soldier and Army Civilian to reflect the Army's Values and maintain high ethical standards regardless of mission.

References

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