

Ethics - Case Studies on Federal Offenses in Acquisition



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Command

Ethics – General Principals

- Executive Orders
- Code of Federal Regulations
- US Criminal Codes

Basic Concept

- Do not use public office for private gain
- Do not give preferential treatment to any private organization or individual

Ethics - Criminal Statutes

- 18 USC 201 – Bribery
- 18 USC 207 – Post Employment Restrictions
- 18 USC 208 – Acts Affecting Personal Financial Interest
- 18 USC 209 – Dual Compensation

Bribery

- PARC orchestrates a scheme to solicit hundreds of thousands of dollars in bribes
- Contractor awarded \$25M in contracts despite being high bidder on all awards.
- Contractor pays PARC over \$700,000 for his influence over the contract awards

Department of Justice Press Release 02-103, 3 Jul 02

11-count indictment charges Col Richard J. Moran, Commander USA Contracting Command Korea with influencing the award of four contracts in exchange for bribes

Gratuities – Job Offer

- Contractor meets with PO
- Takes PARC out to dinner and lunches
- Contractor bids on \$50M contract within PO contracting office
- Contractor is competing against one other contractor and is deemed less technically proficient as well as high bidder
- PO interviews

Department of Justice Press Release 25 Jul 05

Two Contractor Executives Plead Guilty to
conflict of interest charges relating to
Illegal job negotiations with a US Army
colonel who was commander of
contracting for the US Armed Forces in
Korea

Bribery and Kickback Scheme

- PO and contractor agree to inflate certain line items on contracts (modifications)
- Contractor submits the inflated contracts to contracting for approval
- PO uses influence to get contracts approved
- Contractor splits difference on inflated line items with PO

Department of Justice Press Release 05-484, 19 Sep 05

US Army Contracting Director, Two Other
Individuals Arrested in Connection with
Bribery and Kickback Scheme to pay
bribes to a public official and take
kickbacks in connection with US Army
contracts awarded in an Army recreation
facility in Germany

Ethics Related Criminal Cases

- Robert Stein
- LTC Michael Wheeler
- LTC Harrison
- Gheevarghese Pappen
- Kenneth Harvey
- Jeffery Slayton

What can we do?

- Educate
- Culture
- Ask the tough questions
- Set the example
- Do the right thing in the face of pressure
- Enforce Policies
- **REPORT SUSPICIOUS ACTIVITY**

Suspicious Activity

- Secrets
- Release of Procurement Information
- Who's side is he on anyway
- Sudden Interest
- Pressure

Reporting Suspicious Activity

- Immediate Supervisor
- Procurement Fraud Advisor
- Command
- Inspector General
- Hotline 800-424-9098
- USACIDC

Questions?

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