

Case Study: O-6 Fraud

Description:	An active duty Navy O-6 found guilty of defrauding the U.S. Government by knowingly collecting unauthorized Variable Housing Allowance benefits while residing in government housing. SNO was tried, convicted, and sentenced to a prison term to be served at the Federal Penitentiary at Fort Leavenworth.
Background:	An informal investigation was convened to explore the case and to determine what decisions, events, and circumstances contributed to the O-6's misconduct. The investigation was initiated following the results of the court-martial and completely separate from disciplinary proceedings.

Findings:

1. O-6 was married with two daughters whom he intended on sending to private colleges despite high tuition/fee rates.
2. O-6 spouse held part-time job.
3. O-6 and spouse had difficulty saving money for the college education plan. He later admitted he felt his first priority was to his family and that the Navy did not pay him enough to support family goals.
4. He believed he had no other choice than to attempt to garner additional funds via unauthorized receipt of Variable Housing Allowance (VHA).
5. O-6 approached an YN-2 that he knew who served at a local PSD. The YN-2 was married with a non-working spouse and two dependent children under the ages of 18 months. YN-2 had recently purchased a new family car.
6. O-6 convinced YN-2 to participate in the scheme for part of the unauthorized pay. Later, other YNs participated in the scheme.
7. O-6 submitted a false VHA claim via his command and collected payment for \$50,000 over a four-year period.
8. A routine audit uncovered discrepancies, and PSD ceased payments and initiated an investigation. During an interview with NCIS, O-6 deceived agents investigating the case.
9. O-6 was summoned for a second interview but fled the duty station in

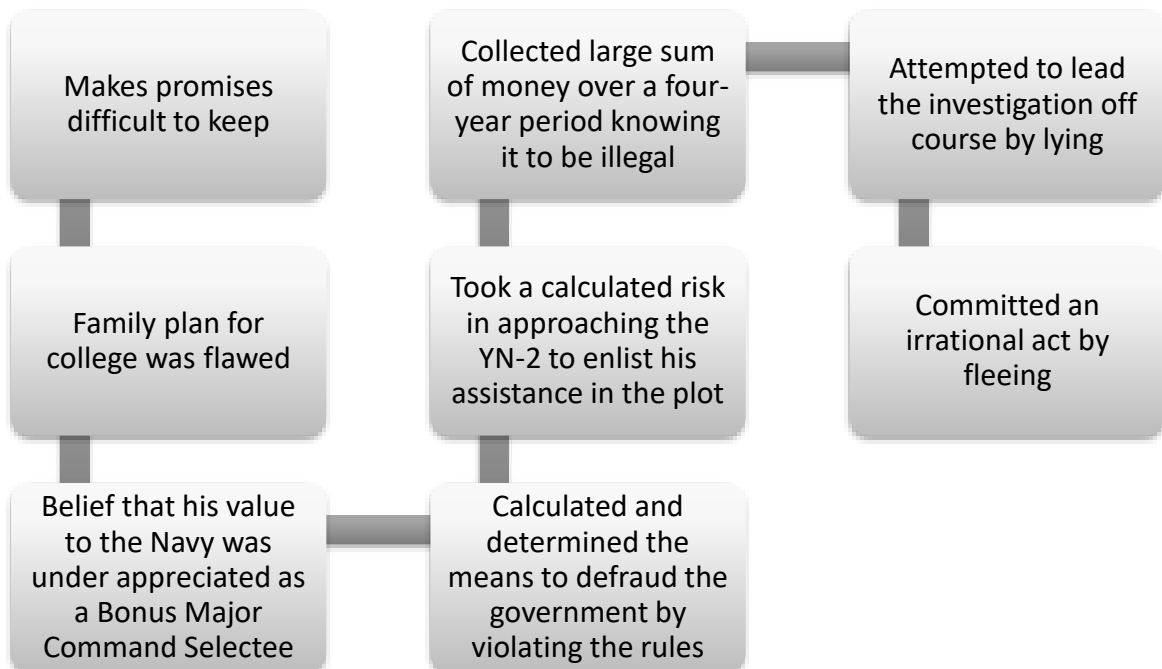
his POV. He was arrested by highway patrol officers after over-turning his car.

10. O-6 eventually admitted his guilt, as did the YN-2 and others.

11. O-6 was tried at courts-martial, found guilty of fraud, and sentenced to a prison term in federal penitentiary.

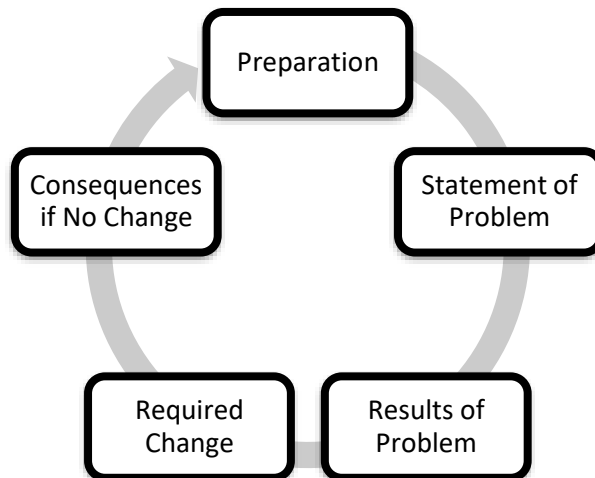
Facilitation Questions:

1. Diagram the thought-to-action chain for the O-6.
 - a. Pride in daughters, desire to give them the best opportunity, promises of superior education, belief that college plan was off-track, belief that he was underpaid (he was selected for O-6 command...entitled??), took the leap to violate regulations, took a further leap to approach YN-2 and enlist his services, knowingly collected a large sum of money over four years, lied when caught, committed irrational act of running away.
2. At what point in the chain do you lose a connection with him? Where does he go wrong?
3. What could he have done? What other avenues did he have to educate his daughters?
4. Why do you suppose he made such a large, dangerous leap to violate regulations and to implicate an enlisted member?
5. Do you think he might have had a history of “fudging” on travel and other claims for compensation?
6. Do you think he could have observed the actions of others (while a junior officer, etc.) that might have supported this thinking?
7. How could he have been so selfish as to implicate an enlisted member?



Social Constructive Confrontation Discussion:

1. The first opportunity for constructive confrontation is internal. In this case, the O-6 would benefit from a constructive confrontation with himself. He is having issues with his understanding of father responsibilities, ego, etc. He needs to take a moment and talk to himself about what he is doing and what the effects are on, not only himself, but others. The Yeoman should also taken an internal look and asked himself the same questions.
2. A next opportunity for confrontation might come from a friend or colleague. These “on-lookers” often know about or strongly suspect instances of misbehavior. Have you ever been in such a situation? Approaching a friend or co-worker would be very difficult and you would have to be sure that real, negative consequences were likely. Approaching a senior would be even harder. Using the case study, your own observations, or a hypothetical example, how would you realistically handle such a confrontation? Look at the wheel below for a template.



Preparation:

1. It is likely others knew about this scheme. Put yourself in the place of a friend. What does this step mean to you? How would you prepare? In what setting would this type of confrontation best take place?

Statement of Problem:

1. How would you state the problem (or likely result) of the misbehavior? What problem is it for you? What problem is it for the unit, etc.?
2. What do you expect to hear from your friend? How would you refute it?

Results of Problem:

1. Using the example, what are the likely results or negative outcomes from the problem and how would you state that to the friend?
2. Listen.

Required Change:

1. What change in behavior do you want to see? Does this include turning himself in if he has already committed an NJP offense? Will you turn him in if he does not? How will you handle that?
2. Listen.

Consequences If No Change:

1. Hopefully, by this point in the confrontation you are having a discussion and not a shouting match. The understanding of consequences would be something that both of you agree to vice you listing them

Case Conclusions:

1. What main points did you take from this case study?
2. What are your concerns as a facilitator with this case study?