

Tone at the Top

Written by Nick Sanders

Wednesday, 18 February 2015 00:00



You know we don't like to post and repost and repost again the litany of fraud and corruption stories that flush down the sewer pipes of the internet like polluted storm runoff spills into the local lakes and beaches. The ones who might benefit from reading those stories don't look for them, or don't believe they apply. Fraudsters don't think they can get caught, or they don't think they have any other options available. So it doesn't matter what we post to the ones who need to change.

And our [passionate pleas](#) for action and accountability at the top of the pyramid, for the "tone at the top" to be more than merely a tone, to be a full orchestrated symphony of internal control and monitoring, similarly falls on deaf ears. The ones who need to lead their organizations don't look for them, or don't believe they apply. Negligent leaders don't believe they need to do any more, or think they have other, more pressing, priorities. So it doesn't matter what we post to the leaders who need to change.

In one of our screeds ([link above](#)), we wrote –

"When you find an entity where senior leadership is not being held accountable for its actions (or inactions) then you can be fairly certain you are going to find corruption and fraud somewhere lower in the organization."

With those depressing thoughts in mind, consider this [recent news story](#) published by The Washington Post. Written by Craig Whitlock, the story discusses gratuities accepted by three Admirals and how, as a consequence, they were censured. According to the story –

Tone at the Top

Written by Nick Sanders

Wednesday, 18 February 2015 00:00

Navy officials said the three admirals improperly accepted 'extravagant dinners' and other gifts from Leonard Glenn Francis, a Malaysian defense contractor who made a fortune by supplying Navy vessels at Asian ports until his arrest in 2013. The three officers — Rear Adm. Michael Miller, Rear Adm. Terry Kraft and Rear Adm. David Pimpo — were sanctioned for misconduct committed in 2006 and 2007, when they were assigned to the USS Ronald Reagan aircraft carrier strike group.

The three Admirals did not act alone. As Mr. Whitlock reported—

Francis, known as 'Fat Leonard' in Navy circles for his girth, pleaded guilty in federal court last month and could face up to 25 years in prison. He admitted to bribing 'scores' of Navy officials with prostitutes, envelopes stuffed with cash, luxury travel and other enticements in exchange for classified information that he used to cinch federal contracts.

Five current and former Navy officials have also pleaded guilty in the case; two others are facing federal criminal charges. Prosecutors say more indictments are likely, especially now that Francis has agreed to cooperate with investigators. The Navy has said it expects to mete out discipline in the coming months to still more officers whose misconduct was not criminal in nature but who may have violated ethics rules.

Now, it's not like this situation sprung up suddenly like Venus arose from the waves. We've been [following it](#) for some time. And we've clearly noted that this is not just a Navy problem; it's a DoD-wide problem. For example, we [reported](#) that one Major General was called on the carpet for ethics violations. Meanwhile, a former US Air Force Lieutenant General [ju](#)

[st agreed](#)

to pay \$125,000 to settle claims that he engaged in prohibited a conflict of interest after he left military service and became the CEO of Mav6, LLC, a privately owned defense contractor.

And while all this is going on, the lower ranks have their own stories of bribery and corruption. For example, [here](#) and [also here](#).

Tone at the Top

Written by Nick Sanders

Wednesday, 18 February 2015 00:00

As we asserted long ago, *when you find an entity where senior leadership is not being held accountable for its actions (or inactions) then you can be fairly certain you are going to find corruption and fraud somewhere lower in the organization.*

We offer this blog article as evidence in support of that assertion.

Let's put this into perspective, shall we?

While Contracting Officers and Contracting Specialists and contractor compliance folks are arguing over complex FAR and DFARS rules, while smart people with experience and training are arguing over the interpretation of a FAR clause or arguing over the interpretation of a recent legal decision, these military officers (who have risen to the top echelons of their professions) are wantonly and blatantly ignoring the most fundamental ethical precepts. While acquisition professionals publicly debate the authority granted to a Contracting Officer's Representative or whether a Task Order can be modified after the expiration of the underlying ID/IQ Period of Performance, these leaders are accepting gratuities and proffering "classified information."

Or, as Vern Edwards recently posted on WIFCON after a lengthy debate by seriously competent people about an arcane point —

... I'm leaving this petty crap topic behind me and moving on to more important topics in acquisition -- like the sources of workforce competence, the nature of services, the nature and principles of acquisition strategy, and the effectiveness of competition policy. I'll be damned if I'll spend my last years in this business arguing about COR authority rules when we don't know how to buy IT in a world in which IT is crucial to our national security and public well-being. ... We've got serious problems in acquisition, what with Supply Corps admirals being admonished and relieved for accepting the services of prostitutes provided by ship husbanding contractors and a workforce that is losing respect, trust, self-esteem, and control of its own professional destiny.

Mr. Edwards was correct, as is usually the case. It's human nature to focus on the little risks and to ignore the bigger problems. And make no mistake, the Department of Defense has some really big problems that desperately need to be solved.

Tone at the Top

Written by Nick Sanders

Wednesday, 18 February 2015 00:00

It's time for some acquisition leaders to emerge and to be listened-to. It's time for the new SECDEF to shake things up, to up-end the status quo, and to implement some serious internal controls that act to detect and deter wrongdoing by the military and the acquisition folks that support them.