

Well, dear readers, it's been too long without some good stories about fraud and corruption. So let's hit some "highlights" of recent Department of Justice press releases, shall we?

January 13, 2011—*Former NASA Employee [Charged](#) with Illegally Exporting Military Technology to South Korea* . Kue Sang Chun, 66, of Avon Lake, Ohio, was charged with one count of illegally exporting defense articles—namely, Infrared “Focal Plane Array detectors” and Infrared “camera engines”—to the Republic of Korea. Chun was a “longtime employee at the NASA Glenn Research Center,” but the violation of arms control regulations is not connected with his employment at NASA. The DOJ press release states Chun is also charged with a false income tax return, related to the \$83,400 in taxable income earned in 2005 that he failed to report.

January 13, 2011—*Minnesota-based National Hardware Store Distributor Fastenal to Pay U.S. \$6.25 Million to Resolve False Claims Act Allegations* . Fastenal Company, a “national hardware store distributor,” agreed to pay the United States \$6.25 Million as part of settling allegations of several violations of contract requirements related to the company's GSA Multiple Award Schedule contract. According to the [press release](#)

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The settlement resolves issues discovered during a GSA post-award audit of Fastenal's contract. The GSA Office of Inspector General learned that Fastenal knowingly failed to meet its contractual obligations to provide the GSA with current, accurate and complete information about its commercial sales practices, including discounts afforded to other customers.

In addition, the settlement resolves allegations that Fastenal failed to comply with the price reduction clause of its GSA contract, overcharged government customers, and improperly assessed delivery and sales tax charges on government sales. As a result, the United States paid more than it should have for Fastenal products. The settlement also resolves allegations that Fastenal violated the Trade Agreements Act when it knowingly sold products to the United States that were manufactured in countries that do not have trade agreements with the United States, e.g., China.

## New for 2011—Fraud and Corruption!

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As the result of the foregoing, Fastenal was also charged with submitting False Claims to the GSA.

In what may perhaps be somewhat related news, the Special Inspector General for Afghanistan Reconstruction (SIGAR), Major General Arnold Fields (USMC, Retired), [resigned](#) on January 11, 2011. According to The Washington Post—

The Office of the Special Inspector General for Afghanistan Reconstruction, or SIGAR, is charged with oversight of the \$56 billion that the United States has committed since 2002 to nonmilitary development and humanitarian assistance programs.

But an August review of the office by the Council of Inspectors General on Integrity and Efficiency found that its audits were of poor quality and that the office lacked a strategic plan.

The Post noted that—

A bipartisan group of senators, led by Sen. Claire McCaskill (D-Mo.), asked President Obama in September to [‘begin the process of removing’ Fields](#) based on concerns they had raised repeatedly since early 2009. ‘I don’t mean to be cruel,’ McCaskill told Fields at a November hearing. ‘I don’t think you’re the right person for this job.’

The hearing, of the Senate homeland security committee’s contracting oversight subcommittee, focused on SIGAR’s completion of only four contract audits. The agency had identified only \$8 million in misspent money with its \$46 million in office expenditures.

[Fields was also criticized](#) for awarding a \$96,000 no-bid, two-month contract last year to Joseph Schmitz, who resigned as the Defense Department inspector general in 2005, to ‘monitor’ SIGAR’s performance.

Recently, General Fields [fired](#) two of his deputies. At the time, the Post reported—

In an interview with The Associated Press, Fields said that the organization's upper ranks needed 'new blood,' and he rejected the idea that the changes were made to keep him from being fired. 'This is not about saving Arnie Fields' job. This is about making SIGAR a better organization,' he said, using the shorthand name for his office.

The Post also reported Senator McCaskill's reaction to the firings. The article said—

McCaskill said Tuesday that she's glad Fields is acknowledging improvements are needed in his office, but she said she still wants Obama to dismiss him. 'SIGAR's shortcomings start at the very top and the changes need to happen there, as well,' she said in an e-mailed statement. 'Until there is new leadership, my concerns remain.'

Readers may [remember](#) Senator McCaskill from the 2009 hearings on DCAA audit quality, where she called for the resignation of then-Director April Stephenson. Apparently, she is an equal-opportunity audit criticizer, whose criticism generates results.

Stay tuned, gentle readers, for more stories of this ilk, as we move into 2011.