



U.S. OFFICE OF SPECIAL COUNSEL

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The Special Counsel

August 28, 2012

The President
The White House
Washington, D.C. 20500

Re: OSC File Nos. DI-10-2479 and DI-10-3213

Dear Mr. President:

Pursuant to 5 U.S.C. § 1213(e)(3), enclosed please find an agency report based on disclosures made by two whistleblowers at the Department of the Navy (Navy), Naval Air Station (NAS), Morale, Welfare and Recreation (MWR), Whiting Field, Milton, Florida. The whistleblowers, Lieutenant John Conner, Navy Police Officer, and James Barnes, Marine Technician, alleged that Vance Quillin, former Boat Dock Manager, stole government property and rental fees on government-owned recreational equipment. The whistleblowers have consented to the release of their names.

The whistleblowers' allegations were referred to the Honorable Ray Mabus, Secretary of the Navy, to conduct an investigation pursuant to 5 U.S.C. § 1213(c) and (d) on August 16, 2010. The investigation of the allegations was delayed due to an ongoing criminal investigation of similar allegations. On November 7, 2011, the Honorable Robert O. Work, Under Secretary of the Navy, submitted the agency's report to this office. Both whistleblowers submitted comments on the report on December 10, 2011. On April 16, 2012, the agency submitted a supplemental report. The whistleblowers declined to comment on the supplemental report. As required by law, 5 U.S.C. § 1213(e)(3), I am now transmitting the reports and comments to you.

The agency's reports substantiated the whistleblowers' allegations that Mr. Quillin operated a fund to make unauthorized purchases and permitted contractor employees to take surplus recreational equipment for their personal use. However, the reports did not substantiate the whistleblowers' allegations that Mr. Quillin stole government property or supplies or that Lt. Conner was hindered in his investigation of Mr. Quillin. Based on my review of the original disclosures and the agency's reports, I find the reports contain all of the information required by statute and that the findings appear to be reasonable.

Specifically, the whistleblowers alleged that Mr. Quillin improperly seized between \$15,000 and \$20,000 in government rental income. Beginning in 2006, Mr. Quillin

instructed Mr. Barnes to rent out government-owned campers, power, pontoon and jon boats, kayaks, canoes, generators, and other equipment on Tuesdays, Wednesdays and Thursdays when the boat docks were scheduled to be closed for cleaning and repairs. Customers who rented items on these days were required to pay for their rentals with cash. Mr. Quillin altered the rental check-out sheets after equipment was returned to reflect lower totals. The difference between the amount of money customers paid and the amount listed on the check-out sheets was set aside and referred to as "can money." In some cases, Mr. Barnes stated that Mr. Quillin discarded check-out sheets and converted a portion of the amounts paid by customers to can money. Mr. Barnes estimated that he collected approximately \$300 per week engaging in this activity. The improper collection of money continued until January 2010, at which time the entirety of the rental revenue was properly given to the government.

The whistleblowers also alleged that Mr. Quillin used can money to pay for equipment, travel, and parties with upwards of 100 guests and Mr. Quillin stole government property, including gasoline and household supplies. Additionally, they alleged that on multiple occasions between 2008 and 2010, Lt. Conner attempted to investigate Mr. Quillin for these activities. However, Lt. Conner was instructed by an Operations Chief and a Master-at-Arms First Class to cease and desist from doing so because Mr. Quillin was "protected."

The agency's report explained that the investigation was performed by the Office of the Naval Inspector General. In making its findings, the agency also relied upon the findings of four previous Navy investigations into similar allegations against Mr. Quillin.¹ The investigators substantiated the allegation that Mr. Quillin operated an improper can money fund until January 2010 and he used the fund to make unauthorized purchases, although the exact equipment or travel paid for with the can money could not be determined. At least \$1,300 in unaccounted rental fees was suspected of being used as can money. There was some dispute among those interviewed regarding whether the boat docks were open on Tuesdays, Wednesdays, and Thursdays, but it was undisputed that only cash was accepted on those days. Mr. Quillin informed investigators that the cash collected on those days was to be placed in cash registers at a later time. Mr. Quillin denied the allegation that can money was used to pay for any parties, insisting that the parties were sponsored by two local businesses. Furthermore, the agency's report failed to substantiate that Mr. Quillin stole government property, such as gasoline and household supplies.

The investigation also substantiated the allegation that Mr. Quillin allowed contractor employees to convert surplus recreational equipment for their personal use. However, the investigation did not substantiate the allegation that Lt. Conner was improperly hindered in his attempts to investigate Mr. Quillin. Rather, the agency's report concluded that Lt. Conner

¹ These investigations were performed by the local command, the Naval Criminal Investigative Service, the Navy Region Southeast Inspector General, and the Naval Air Station Whiting Field Criminal Investigative Division.

was prevented from interfering with an ongoing Naval Criminal Investigative Service investigation. Additionally, the agency's report did not substantiate the allegations that Lt. Conner was threatened that his career would be impacted if he continued to investigate Mr. Quillin. Mr. Quillin resigned from the civil service in April 2010. Consequently, no disciplinary actions could be taken against him.

Lt. Conner and Mr. Barnes provided comments on the agency's initial report. Lt. Conner estimated that the amount of can money misappropriated by Mr. Quillin was \$62,400. He came to this calculation by assuming that \$300 was taken per week over a four-year period. He also questioned the reasonableness of Mr. Quillin's claim that he paid for food, lodging, and transportation costs for an MWR trip to Orlando, Florida, out of his personal funds. Because the inventory of the boat docks was not known, Lt. Conner asserted Mr. Quillin could steal with impunity. He stated that Mr. Quillin gave away equipment that could have been sold for thousands of dollars at auction. Even when Mr. Quillin was detained in connection with these issues, he was released after three hours without questioning and no charges were levied against him. Lt. Conner added that the agency failed to interview seven witnesses whose names he provided to the investigator.

Mr. Barnes wrote in his comments that he was the person who collected the MWR rental income, which included the can money, between 2005 and 2010. Each day, he turned over all of the money to Mr. Quillin, because Mr. Quillin did not permit him to turn in the money himself to MWR. He estimated that Mr. Quillin stole \$10,000 per year. He recalled Mr. Quillin loading his personal truck with lumber and other hardware purchased with can money. Like Lt. Conner, Mr. Barnes stated that Mr. Quillin was able to dispose of equipment because of the improper inventory methods that were used. He recalled one incident in which Mr. Quillin told him to give a contractor employee a trailer that was not set for disposal. He also reasserted that Mr. Quillin stole gasoline from the boat docks and used government-owned chainsaws and other equipment for his personal benefit.

The agency's supplemental report clarified that Mr. Quillin's resignation did not list that he was under investigation at that time. The agency did not find any violations of federal ethics rules in the receipt of private sponsorship money for the parties thrown by Mr. Quillin. The agency stated that when it questioned Mr. Barnes, he told investigators that he did not know whether the purchases of trash bags and other supplies by Mr. Quillin were made using federal funds or his personal money. Furthermore, the investigators did not locate any evidence of stolen property during a search of Mr. Quillin's residence.

With respect to the detention of Mr. Quillin, the agency stated that after Mr. Quillin was taken into custody, he was released later the same day to be questioned at a later time. Per OSC's request, the agency interviewed the seven witnesses identified by Lt. Conner. These witnesses' statements did not affect the agency's findings and conclusions. Finally, the agency reported that the corrective actions it has taken with respect to the substantiated allegations include a wall-to-wall inventory, several audits and "weekly/monthly oversight of the monies collected from NASWP by the MWR Director."

Finally, OSC requested that the agency identify any cost savings that resulted from the whistleblowers' disclosures. While it could not identify any direct cost savings, the agency did provide financial figures from Whiting Field's balance sheets. Between Fiscal Year (FY) 2007 and FY 2011, the first full fiscal after Mr. Quillin resigned from his position, the profitability of MRW increased from \$42,000 to \$88,000.

I have reviewed the original disclosure, the agency's reports and the whistleblowers' comments. Notwithstanding the agency's conclusion to the contrary, the absence of Mr. Quillin from a supervisory role at MWR certainly appears to have played a significant role in MWR's marked increase in profitability. Nonetheless, I have determined that the agency's reports contain all of the information required by statute, and the findings appear to be reasonable.

As required by 5 U.S.C. § 1213(e)(3), I have sent copies of the agency's reports and the whistleblowers' comments to the Chairmen and Ranking Members of the Senate and House Committees on Armed Services. I have also filed redacted copies² of the agency's reports and copies of the whistleblowers' comments in our public file, which is now available online at www.osc.gov, and closed the matter.

Respectfully,



Carolyn N. Lerner

Enclosures

² The Navy provided OSC with redacted reports, which substituted titles for the names of Navy employees and other individuals referenced therein. The Navy cited the Freedom of Information Act (FOIA) (5 U.S.C. § 552) and the Privacy Act of 1974 (Privacy Act) (5 U.S.C. § 552a) as the basis for these revisions to the reports produced in response to 5 U.S.C. § 1213. OSC objects to the Navy's use of the FOIA and Privacy Act to remove the names of these individuals on the basis that the application of the FOIA and Privacy Act in this manner is overly broad.