



DEPARTMENT OF THE NAVY  
NAVAL INSPECTOR GENERAL  
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IN REPLY REFER TO:  
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Ser 00K/0431  
16 Apr 2012

Catherine A. McMullen  
Chief, Disclosure Unit  
U.S. Office of Special Counsel  
1730 M Street, N.W., Suite 300  
Washington, D.C. 20036-4505

Re: OSC DI-10-2479 and 3213 (NAVINSGEN 201002144)  
Improprieties at Naval Air Station (NAS) Whiting Field, Florida

Dear Ms. McMullen:

This letter forwards the FOUO and Public Release versions of the Supplemental Report in the referenced matter. The Under Secretary of the Navy, who signed out the original report, has authorized the Office of the Naval Inspector General to send OSC these reports.

Please contact me at 202-433-2223 should you have any questions.

Sincerely

A handwritten signature in black ink, appearing to read "Lawrence J Lippolis".

Lawrence J Lippolis  
Counsel

**Office of the Naval Inspector General**

OSC Case Number DI-10-2479/3213

NAVINSGEN Case Number 201002144

**Supplemental Report of Investigation**

**30 March 2012**

ALLEGED MORALE WELFARE AND RECREATION DEPARTMENT FUNDS AND  
EQUIPMENT IMPROPRIETIES AT Naval Air Station, Whiting Field

**Preliminary Statement**

This supplemental report responds to ten questions posed by the Office of Special Counsel (OSC) after reviewing the original report of investigation in this case, dated October 19, 2011. To facilitate the reader's review, each numbered paragraph corresponds to the corresponding question posed by OSC. The responses to each question appear as lettered sub-paragraphs below the numbered question.

**Questions and Responses**

1. What was the reason listed on Mr. Quillin's (Subject's) SF50 for his resignation? If there was no mention that Subject was under investigation at the time of his resignation, why was this not referenced on the SF50?

a. Non-Appropriated Fund Instrumentalities (NAFIs) such as the one that employed Subject use Personal Action Reports (PARs) to document personnel actions instead of SF-50s. The PAR documenting Subject's resignation does not indicate he was under investigation when he resigned and there is no authority that would permit such an entry to be made on a PAR.

b. NAVINSGEN informally reported the reason for resignation listed on the PAR and in Subject's letter of resignation to OSC and both organizations have agreed it is not necessary to place that information in this supplemental report.

2. Is Subject currently employed by the federal government? If so, where and in what capacity?

a. The database the Department of Defense uses to record information about past and present personnel, military and civilian, does not list Subject as a current DoD employee or DoD contractor employee. NAVINSGEN is not aware of any database that tracks all federal employees that it could query.

b. Subject was not employed at all when interviewed by NCIS and the NCIS Special Agent who conducted the interview believes Subject remains unemployed at this time.

3. Paragraph 67 of the report states that parties at Naval Air Station, Whiting Park (NASWP) were sponsored by McKenzie Motors and Pollick's Heating and Air. What was the nature of their sponsorship? What relationship did these businesses have with the Department of the Navy, NASWP, or Subject? How much money did each of these sponsors provide for each of the events? Did their sponsorship violate federal ethics rules, such as an improper give from an outside source?

a. Sponsorships of the type described in the original report are allowed by DoD Instruction 1015.10, Military Morale, Welfare, and Recreation (MWR) Programs.

b. Navy Region Southeast maintains a database that lists funds received through sponsorships. A search of the database for the period from January 1, 2008 through December 31, 2010, indicates that Naval Air Station Whiting Field (NASWF) received a total of \$18,370.50 in sponsorships during this time frame. Of that amount, \$1,200 was listed for sponsorships pertaining to NASWP. The date of that entry is April 4, 2008, but the database does not indicate the source of the sponsorship.

c. A search of the database for McKenzie Motors and Pollick's Heating and Air did not identify any sponsorship funds coming from either company. Records that would have identified the source of the funds for the April 4, 2008 entry have been destroyed in accordance with normal business practices.

d. Other than the testimony that these two companies made use of the Recreational Center recounted in the original report, there is no evidence of any relationship between McKenzie Motors or Pollick's Heating and Air and the government or Subject. No evidence suggests any violation of laws or regulations of any nature, including ethics rules, since sponsorships are authorized by DoD instruction.

4. In paragraph 182 of the report, Subject's son acknowledged receiving garbage and zip lock bags from his father. Over what period of time did the son receive these bags? How many bags did he receive? Were these bags from the same type of stock purchased by NASWP? Why did Subject give the bags to his son? If the bags were not a gift, why did Subject's son take them? Where did Subject or any other member of his household purchase the bags?

a. In response to OSC's questions regarding the garbage and zip lock bags Subject is alleged to have misappropriated from NASWP, on 30 January 2012 NCIS re-interviewed Mr. James Barnes, Mechanic, NASWF (Complainant Two). During that interview, Complainant Two stated that Subject purchased a pallet of batteries, a roll of carpet, and 50-gallon trash bags from Home Depot. Complainant Two was unable to provide the date of this purchase and was unable to further describe the trash bags either by number or brand name. Complainant Two stated that Subject used some of the purchased items at NASWP and also gave some of them to his son. However, Complainant Two acknowledged that he did not know whether Subject used MWR funds or personal funds to make the purchase at Home Depot.

b. In light of Complainant Two's acknowledgement that he did not know whether Subject used MWR funds or personal funds for the purchase of trash bags, NCIS reviewed the results of Subject's 17 November 2010 interview. Subject denied ever misappropriating NASWP property and stated that he often used personal funds to purchase supplies for NASWP. Contemporaneous with Subject's interview, NCIS had searched Subject's home, with his consent, looking for property belonging to NASWP. That search revealed no 50-gallon trash bags such as described by Complainant Two.

c. NCIS also reviewed the results of the 11 May 2011 interview of Subject's son. The son acknowledged obtaining some trash bags from his father's home, but stated that he did not know where the trash bags came from. NCIS determined that re-interviewing the son would be fruitless because, with no definitive description of the trash bags either from Complainant Two's statement or from potentially similar trash bags recovered from Subject's home, there would be nothing with which to compare a more detailed description by Subject's son, if he gave one. More significantly, in light of Complainant Two's acknowledgement in his most recent interview that he did not know whether Subject purchased the trash bags with MWR funds or personal funds, and in light of Subject's statement that he often purchased supplies for NASWP with personal funds, there is no credible evidence that the trash bags were the property of NASWP.

5. Did Subject have a barrel of fuel at his residence? If so, why did he have it?

a. Subject permitted NCIS Agents to search his premises during their investigation. The Agents did not find a barrel of

fuel at Subject's residence, nor did they find any evidence of any other property Subject is alleged to have stolen, such as garbage bags or baggies.

6. According to Mr. Conner's (Complainant's) comments, Subject and others were arrested after a successful sting operation when PRI/DJI employees attempted to return motors, boats, and a camper that Subject had improperly given them. Subject and the others were arrested for three hours and then released without being questioned. Mr. Conner has first-hand knowledge of the incident because he and Patrolman One were assigned to watch Mr. Quillin. Complainant believed this incident occurred sometime in 2008. It appears this incident was the same one mentioned in paragraph 100 of the report. Was there a report written about this incident? If so, please include the findings of the report. Additionally, why were Subject and the others released? Whose decision was it to release them?

a. Complainant is confusing a 2007 NCIS proposal to conduct a sting operation in connection with the alleged improper rental of equipment discussed in allegation one with the alleged improper disposal of property scheduled for turnover to the Defense Reutilization Marketing Office (DRMO) discussed in allegation two. The sting operation did not take place.

b. A report was written about the arrest and detention of personnel mentioned in paragraph 100. The findings contained in that report were used during the conduct of the JAGMAN investigation and are recounted in allegation two of the October 19, 2011 report.

c. The incident Complainant is referring to occurred on April 30, 2008, when Complainant Two called the Criminal Investigative Division to report his belief that someone might be bringing equipment back to the Park that had been taken improperly. While the report indicates three people were "taken into custody for questioning," it does not expressly state anyone was arrested. The report indicates that after consultation with an NCIS Special Agent, the three people were released from custody that day, "to be questioned at a later date." Findings of fact in the report demonstrate these individuals were in fact questioned at a later time by a CID investigator, an NCIS Special Agent, or both. The NCIS Special Agent indicates he was concerned that an "arrest" at that time may have been improper, and in any event did not believe it necessary to hold these people in custody for questioning. Therefore he made the decision to release them.

7. In January or February 2011, Complainant verbally provided a list of witnesses whose testimony he believed would be material to his allegations to NCIS Agent One. The list included Lt. One, Lt. Two, Lt. Three, Sgt. One, Sgt. Two, Patrolman Two, and Patrolman Three. Mr. Conner could not recall Agent One's or Patrolman Three's first names. Complainant believed that the testimony of these witnesses would support his allegations, particularly the ones that were not substantiated in the November 7, 2011, report. We are requesting that these witnesses be interviewed regarding their knowledge of each of the allegations and that a summary or transcript of their testimonies be provided as part of your response. Please also state what impact, if any, these employees' testimonies have on the report's conclusions and the basis for any such changes or lack thereof.

a. There is no NCIS Special Agent (SA) One who participated in this investigation. SA Two, who originally interviewed the Complainant on behalf of NCIS, said Complainant did not provide the names of these people to him when he was interviewed in 2011, and there is no record he provided them to anyone else in NCIS. Likewise, the IG investigator reviewed his records and said Complainant did not mention these people to him, either.

b. In response to the OSC request for supplemental information, SA Two interviewed Complainant and Complainant Two again in 2012. He found Complainant's offerings about what the newly identified witnesses would say to be mere speculation. Nonetheless, SA Two did interview each of them, and others, based on the OSC request. He concluded that the additional information they provided was insufficient to take to the US Attorney, who had already declined prosecution once. Our review of their testimony, which is summarized below, leads us to conclude that no changes to the findings and conclusions of the original report to OSC would be appropriate.

c. It should be noted that during this investigation Complainant has made allegations against Subject and others that were not included in his original complaint to OSC. When he was interviewed again this year, Complainant Two also raised some of the same issues and concerns, which are not contained in the Original OSC tasking letter to Navy. Some of these matters involve allegations of wrongdoing that are not even within Navy's jurisdiction to investigate. The NCIS Special Agent pursued these matters enough to determine that they had been appropriately handled, usually by state or other federal

agencies. As noted previously, this supplemental report does not address those allegations.

d. The following is a summary of the testimony pertaining to allegations presented in the original OSC tasking the NCIS Special Agent obtained when he interviewed the people mentioned by Complainant for this supplemental report. Information they provided that does not relate to that tasking is not included.

(1) Patrolman Three had no information pertinent to the allegations in the original OSC complaint.

(2) Lt. Three denied having any direct knowledge of incidents of possible theft by Subject. He recalled that security department personnel were told not to go to NASWP where Subject worked because NASWFCID was conducting an investigation.

(3) Sgt. Two stated he resided at WP from May 2004 to September 2004 as the security watch. Sgt. Two recalled Subject told him he could use NASWP boats at no cost, but would have to pay for any fuel he used while he was residing there. Sgt. Two noted the chain of command at NASWF instructed everyone to leave Subject alone.

(4) Patrolman Two had no information pertinent to the allegations in the original OSC complaint.

(5) Lt. One stated he was present when Subject's daughter-in-law contacted Complainant regarding the theft of NASWP funds and equipment. Lt. One said Subject's daughter-in-law stated that Subject stole fuel from NASWP and sold it to others, but had no further information regarding this matter.

(6) Sgt. One stated he responded to an incident of individuals illegally in possession of DRMO trailers and boats circa 2005/2006, but could recall no specific information about the matter. He said he had no personal knowledge of stolen fuel. He was aware that shift supervisors had instructed "everyone to stay away from the boat docks."

(7) Lt. Two had no information pertinent to the allegations in the original OSC complaint.

8. Identify any recommendations that were made in the reports referenced in the November 7, 2011, report and whether those recommendations were followed. In addition, identify the status of any other corrective actions that were suggested. For example, paragraph 86 of the report recommends that an audit be

conducted of the accounting procedures at NASWP on a quarterly basis. We desire to know whether such audits are occurring and what the results of the audits have been.

a. The NASWF JAGMAN investigation made five specific recommendations, listed below, with action taken in response to the recommendations discussed below each recommendation:

(1) The former MWR Director should appoint an individual to evaluate the processes and procedures at Whiting Park. This evaluation should include review/improvement of customer service provided, manning requirements, equipment/grounds maintenance required/performed, rental equipment usage, and financial accountability.

(a) In light of this investigation, The former MWR Director evaluated the actual procedures against the written procedures. While this investigation highlighted several oversights, the majority of the guidelines contained in BUPERSINST 1710.11 were adhered to.

(b) The former MWR Director retired in November 2008, and the current MWR Director was hired as MWR Director in December 2008. The current MWR Director ensured the Standard Operating Procedures (SOP) at NASWP were in accordance with BUPERINST 1710.11 (Operation of Morale, Welfare and Recreation Programs). Personnel were trained on these SOPs and oversight was conducted to ensure policies were followed.

(c) Additionally, it should be noted that Subject, the NASWP Manager at the time of this investigation, resigned 28 May 2010. The new NASWP Manager has extensive experience in various MWR category A, B, and C activities.

(2) An audit of the accounting procedures at NASWP should be conducted to include a review of processes for taking cash, accounting for rental fees, forms/documents maintained, daily record oversight by the manager and accurate accounting of resale items/funds.

(a) Due to the "lapse" of accountability discovered during this investigation, several changes were made. Specifically, the rental forms used to document services and associated charges are now sequentially numbered so missing forms can easily be noticed, and questioned. Previously, there was no way to recognize if services were being provided, and if money was collected.

(b) There is now weekly/monthly oversight of the monies collected from NASWP by the MWR Director.

(c) Several audits conducted as "Fiscal Oversight Review" by CNIC and CNRSE have taken place FY-09 through FY-11. NASWP was included in the audits.

(d) The primary objectives of these fiscal oversight reviews were to assess internal controls over the resources; verify the accuracy of the Fund's control account balances as reported on the AIMS/SAP Accounting System; evaluate the adequacy of local fiscal oversight coverage of vulnerable areas of all Non-Appropriated Funds (NAF); and assess the level of compliance with current rules and regulations.

(e) Additional objectives were to determine compliance with cash handling procedures, disclose and/or recommend ways to prevent and detect fraud, waste and mismanagement of NAF monies.

(f) Audit findings did not reveal any mishandling of cash, inventory, or other impropriety.

(3) Conduct a wall-to-wall, floor-to-ceiling inventory of all MWR rental equipment at NASWP. This should be accomplished by checking each item against a pre-printed inventory, verifying nomenclature, serial number, and minor property number. If an item is not on the list, the required information should be obtained and added to the inventory. If an item does not have a minor property number, one should be obtained, attached to the item, and properly recorded on inventory. Further, disinterested MWR employee - not assigned to the Park - should conduct a spot check of no less than 10% of the entire inventory to validate accuracy

(a) The inventory was completed during the turnover between the current and former MWR Directors in December 2008. Plant Property and Minor Property asset inventories are conducted yearly per NASWFINST 7320.1, with no issues arising.

(4) The two generators which were purchased through an unauthorized commitment must be returned to NASWP and added to the inventory. Further the MWR5500-wattt generator (which was swapped) must be returned to NASWP and added to the inventory.

(a) NASWP currently has one Electra 5500 watt generator (ser# 0507138). The unit's value is below the \$2500 threshold requirement for minor property inventory therefore it

is not required to be on the station's inventory list. The location of the second allegedly "swapped" 5500 watt generator is unknown.

(5) The DRMO process at NASWF should be investigated by proper authority at Naval Air Station (NAS), Pensacola supply department. The signed documents and statements regarding the actions of the DRMO Officer will be forwarded for their action, with disposition provided to CO, NASWF.

(a) The documents in question were forwarded to the Supply Officer, NAS Pensacola, in June 2008. While no formal written documentation was provided, The former CO, NASWF, confirmed verbal counseling was given to the DRMO Officer with regard to proper procedures for receipt and disposition of DRMO materiel.

9. Please identify anyone other than Subject who was determined to have committed wrongdoing during the course of the investigation and the nature of what they were found to have done.

a. During the course of the IG and criminal investigations, some people, including Complainant, alleged wrongdoing by people other than Subject that was not related to the matters contained in the OSC tasking letter. Those allegations were pursued as deemed appropriate. Based on informal conversations between OSC and NAVINSGEN staff members, we understand that matters not raised in the original tasking letter need not be addressed in response to this question.

10. What knowledge did each of Subject's supervisors have of his wrongdoing? If they had no such knowledge, was their lack of knowledge deemed to be reasonable?

a. The original report of October 19, 2011 identifies several people in Subject's supervisory chain who were aware of allegations against Subject while they were being investigated. None of these people were aware of these matters before the investigations started.