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# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

RICHARD J. KESSLER, STAFF DIRECTOR  
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March 31, 2014

Admiral Robert J. Papp, Jr.  
Commandant of the Coast Guard  
United States Coast Guard  
2100 2<sup>nd</sup> St. NW, Stop 7000  
Washington, DC 20593-7000

Dear Admiral Papp:

On February 4, 2014, the Subcommittee on Financial and Contracting Oversight held a hearing on fraud and abuse in Army recruiting contracts, specifically focusing on the Army's now-terminated Recruiting Assistance Programs. The hearing examined one of the largest cases of fraud in Army history, in which hundreds of Army National Guard recruiters defrauded the United States under a contract that met almost no federal acquisition regulations and in a program that likely was illegal from its beginning.<sup>1</sup>

I am concerned that the Subcommittee first learned about this issue from a news report, rather than directly from the Army.<sup>2</sup> It took nearly two years for the Army to inform the Subcommittee that the problems reported in the media were just the tip of the iceberg.<sup>3</sup>

The Subcommittee's investigation of Recruiting Assistance Programs has also uncovered evidence of potential waste and abuse in other Army National Guard recruiting and marketing contracts, particularly with respect to sponsorships, recruiting promotional items and conferences.<sup>4</sup>

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<sup>1</sup> Senate Subcommittee on Financial and Contracting Oversight, *Hearing on Fraud and Abuse in Army Recruiting Contracts*, 113<sup>th</sup> Cong. (Feb. 4, 2014).

<sup>2</sup> The Washington Post, *Fraud Investigation Targets Recruiting Programs for Army National Guard*, Reserve (March 13, 2012) (online at [www.washingtonpost.com](http://www.washingtonpost.com)).

<sup>3</sup> Memorandum from the Secretary of the Army Regarding Review, Investigation and Corrective Action—Active Army and Army Reserve Component Recruiting Assistance Programs (Feb. 9, 2012); Briefing by U.S. Army Criminal Investigative Command to Senate Subcommittee on Financial and Contracting Oversight Staff (Oct. 29, 2013).

<sup>4</sup> Department of the Army, Office of the Assistant Secretary of the Army, Financial Management and Comptroller, *Recruiting Assistance Initiatives* (Case No. 12-13); Department of the Army, *Report of Proceedings by Investigating Officer/Board of Officers* (AR 15-6 for Recruiting Improprieties) (Jan. 5, 2012).

To ensure the Subcommittee is aware of all significant investigations that fall within its jurisdiction, I am writing to request information regarding current Coast Guard fraud investigations. I am also seeking information related to recruiting and marketing contracts similar to those used by the Army National Guard. Specifically, I request that you provide the following information and documents:

- (1) A list and brief description of the five largest current Coast Guard criminal investigations of fraud. This includes "largest" in terms of the number of subjects of the investigation, dollar amount of suspected fraud, and agents staffing the investigation;
- (2) A list and brief description of the five largest criminal investigations that involve a Coast Guard contractor;
- (3) A briefing by the Coast Guard Investigative Service regarding items (1) and (2);
- (4) A list and brief description of the five largest current Coast Guard non-criminal investigations of fraud;
- (5) A list and brief description of the five largest current Coast Guard non-criminal investigations that involve a Coast Guard contractor;
- (6) A briefing by the Department of Homeland Security Office of Inspector General regarding items (4) and (5).
- (7) A list of all sports, teams, events and programs sponsored by the Coast Guard over the last 10 years (including Active and Reserve components), *e.g.*, NASCAR, boat racing, or Olympic athletes. For each item on the list, please provide the Coast Guard component sponsoring the item, the name of the companies or firms party to the applicable sponsorship contract, the contract number and task order, the date of the contract award, the original contract ceiling, the contract type, the amount that has been disbursed to date, and a short description of the requirements of the contract or sponsorship. Please use the enclosed spreadsheet to provide your response;
- (8) A list of all Coast Guard marketing contracts with a ceiling of \$1 million or more for the last ten years. For each item on the list, please provide the name of the contractor; the contract number, the date of the contract award, the original contract ceiling, the contract type, the amount that has been disbursed to date, and a short description of the requirements of the contract. Please use the enclosed spreadsheet to provide your response;
- (9) Any audits, investigations or reports related to items (7) or (8);
- (10) A briefing by the appropriate Coast Guard office regarding its marketing programs, including sponsorships, recruiting promotions, presentation and recognition items, and conferences.

Admiral Robert J. Papp, Jr.  
March 27, 2014  
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I request that you provide these documents, information and briefings as soon as possible, but by **no later than April 24, 2014**. Because some of the information requested may be sensitive, I assure you that the Subcommittee will work with you to ensure that the information provided to the Subcommittee does not compromise any ongoing investigations.

I appreciate your assistance. Please contact Jackson Eaton with the Subcommittee at (202) 224-6579 with any questions. Please send any official correspondence relating to this request to [Kelsey\\_Stroud@hsgac.senate.gov](mailto:Kelsey_Stroud@hsgac.senate.gov).

Sincerely,



Claire McCaskill  
Chairman  
Subcommittee on Financial and Contracting  
Oversight

cc: Ron Johnson  
Ranking Member  
Subcommittee on Financial and Contracting Oversight