

JUNE 9, 2004

**SCHAKOWSKY: ENOUGH IS ENOUGH - TIME TO END CULTURE OF WASTE,
FRAUD & ABUSE AT THE PENTAGON
THAT IS COSTING TAXPAYERS
BILLIONS OF DOLLARS**

**LATEST GOVERNMENT REPORT UNCOVERS
AT LEAST \$100 MILLION IN WASTE**

WASHINGTON, D.C. - U.S. Representative Jan Schakowsky (D-IL) today testified before a Senate Committee examining the latest waste, fraud and abuse scandal uncovered at the Department of Defense (DoD) by the General Accounting Office (GAO). The GAO, which conducted the investigation following a request by Schakowsky and Senator Charles Grassley (R-IA), found that the Pentagon paid \$100 million for airline tickets that were never used and that the Department failed to seek refunds on these tickets even though they were reimbursable.

"Enough is enough. Whenever Congress shines the light on any aspect of the Department of Defense's financial management, we uncover more waste, fraud and abuse that are costing taxpayers billions of dollars. The abuses continue to exist and thrive and come on top of the fact that the Department of Defense already cannot account for \$1.2 trillion in financial transactions," said Schakowsky during the Senate Government Affairs Committee hearing.

She added, "At a time when our soldiers are patrolling the streets of Iraq in unarmored Humvees, and when the Bush Administration is asking for record Defense spending, Secretary Rumsfeld is letting hundreds of millions of dollars that could be used to protect our troops and our country go to waste. We need to change the culture at the Pentagon. We need leaders who will fix the problems at the Pentagon or President Bush must replace them."

In addition, the GAO uncovered "a potentially major security flaw in DoD's travel system," Schakowsky warned. Working undercover, GAO personnel were able to obtain tickets based on a fictitious travel order, fake identification, and an unnamed DoD office. GAO's undercover agents would have been able to travel on a major U.S. airline, for free, under fake identification.

"This could have been any criminal, including a terrorist, utilizing fake identification. This raises serious concerns for our air travel industry and our national security. Not only can individuals travel under fake ID, but the DoD, which is supposed to protect us, may actually be unknowingly facilitating criminal activity that could endanger the American public," Schakowsky said.

She added, "We've known for some time that DoD's financial management is atrocious. The latest GAO reports show that it is not only irresponsible but dangerous for our country to have the Defense Department continue business as usual."

The GAO also found that some Pentagon employees were improperly reimbursed for air travel tickets they did not purchase. For example, some employees received improper and unjustified reimbursements of as much as \$1,000, \$3,600, and \$10,000 each. "In violation of the rules, some DoD employees even approved their own travel and reimbursement forms and billed the government for rental of luxury cars. One employee had the nerve to sell tickets that DoD had paid for to third parties, making a personal profit," Schakowsky said.

She concluded, "Because of a culture at the Defense Department that seems to persistently tolerate abuse of public dollars and public trust, precious taxpayer funds continue to be wasted. Meanwhile, the Congress is providing DoD with increased budgets at record levels. With all of the new homeland security needs our nation is facing, we cannot afford to waste a single penny that might otherwise be making American safer."