

Navy Credit Cards: Whiskey And Women, Ballgames And Gambling

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Sex and rock 'n' roll can be bought with Navy travel cards, according to a General Accounting Office report.

Wine, whiskey, women, and song-with a bit of gambling too-all were purchased by sailors wielding Uncle Sam's credit cards.

Some 80 credit card, transactions were made at brothels such as the Chicken Ranch, totaling \$13,250. (Let's see, \$13,250 divided by 80 is \$165.63..)

But it wasn't all tawdry. Some of the card misuse seemed wholesome enough, such as tickets to go out to the ballpark and watch the New York Yankees play a game. That was part of a line in the GAO report listing items such as concert and sports tickets, where 502 transactions totaled up to \$71,400. In what must be a busman's holiday, some sailors in their leave time took to the sea, but in a bit more luxurious mode than a bunk on a Navy ship, cruising on the Carnival and Norwegian lines. There were 72 transactions at those companies totaling \$38,300.

Then there were sailors as high rollers, with 80 transactions at a casino amounting to \$34,250. Perhaps some sailors coming home from the highlife were worried that they would face angry frowns on the faces of wives and sweethearts. That might explain 199 charges at Kay Jewelers amounting to \$20,800.

All these charges have caused grief for the largest government on the globe, and also for the largest U.S. retail bank, the Bank of America, which handles the travel card accounts, according to the GAO.

"As of March 31, 2002, over 8,000 Navy cardholders had \$6 million in delinquent debt," the federal watchdog agency reported.

But this time, Army beats Navy-barely.

"For the prior two years, the Navy's average delinquency rate of 12 percent was nearly identical to that of the Army, which had the highest federal agency delinquency rate."

"Since November 1998, Bank of America had charged off nearly 14,000 Navy accounts totaling almost \$17 million, and placed many more in a salary offset program similar to garnishment," the GAO reported.

Further, during "the period covered under this review, over 250 Navy personnel might have committed bank fraud by writing three or more non-sufficient fund (NSF) checks to [the] Bank of America," the GAO disclosed.

"Many cardholders abusively used the card for inappropriate purchases including prostitution and gambling without Navy management being aware of it," the GAO stated. "Many of these purchases were made when individuals were not on travel."

This is but the latest in a series of GAO reports unearthing earthy pleasures that sailors have enjoyed on the taxpayers' tab.

As in earlier reports, most of the chicanery was committed by enlisted personnel, rather than high-ranking brass.

"The Navy's overall delinquency and charge-off problems were primarily associated with lower-paid, low- to midlevel enlisted military personnel," the GAO reported. "A significant relationship also existed between travel card fraud, abuse, and delinquencies and individuals with substantial credit history problems."

In other words: Surprise, sailors who didn't pay their personal credit card debt were more likely to misuse their Navy card.

"Some cardholders had accounts placed in collections while others had filed bankruptcies prior to receiving the card," the GAO found.

Maybe it would be a good idea for the Navy to check people for creditworthiness before handing them Uncle Sugar's credit card, the auditing agency observed.

"The Navy's practice of authorizing issuance of the travel card to virtually anyone who asked for it compounded these problems," the agency stated.

And perhaps it would be wise to discipline deadbeats.

"We also found inconsistent documented evidence of disciplinary actions against cardholders who wrote NSF checks, or had their accounts charged off or put in salary offset," the GAO reported."

It noted that the current defense budget orders Defense Secretary Donald Rumsfeld to "establish guidelines and procedures for disciplinary actions and to deny issuance of the travel

card to individuals who are not creditworthy." The report doesn't explain why this wasn't done previously.

Another thought: People with huge debts that they aren't paying, or large illegal charges, might be subject to blackmail or bribery. And yet some of these people are performing top-secret work.

Almost "one-half of these [problem] cardholders still had, as of August 2002, active secret or top-secret clearances," the report disclosed. "Other control breakdowns related to the Navy's failure to provide the necessary staffing and training for effective oversight, and infrequent, or nonexistent, monitoring of travel card activities."

The GAO made several recommendations to the Navy:

- * Evaluate the feasibility of deactivating all cards when the cardholders are not on authorized travel.
- * Review the adequacy of staffing in the card-processing program.
- * Provide sufficient training to card processing personnel to ensure proper oversight of the travel card program, including effective monitoring for inappropriate transactions.
- * Review security clearances of cardholders with financial problems.

There also were some Navy civilian employees who got in on the fun, according to the report, though they had the second-lowest delinquency rate, shaded only by top-ranked officers.

The GAO prepared the report for Sen. Charles Grassley (R-Iowa), of the Senate Finance Committee, and then-Rep. Stephen Horn (R-Calif.), and Rep. Janice D. Schakowsky (D-Ill.) of the House Government Reform Committee government efficiency, financial management and intergovernmental relations subcommittee.