



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Tuesday, Feb. 4, 2003

Grassley Questions Potential Award to Army Credit Card Manager

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today questioned a potential presidential merit award to an Army official who is responsible for Army credit card programs. Grassley has worked to expose government credit card abuse and mismanagement, particularly in the military, where the volume of credit cards has presented significant management problems.

The text of Grassley's letter to the Army follows.

February 4, 2003

The Honorable Les Brownlee
Under Secretary of the Army
Department of the Army, Room 3E732
Washington, D.C. 20310-0102

Dear Mr. Brownlee,

I am writing to follow up on your telephone call last week regarding the results of the investigation of Mr. Ernest J. Gregory.

Last year, I received an anonymous letter regarding Mr. Gregory's alleged mismanagement of the Army's credit card programs and possible misuse of federal appropriations. I asked the Inspector General (IG) to examine the allegations. On October 10, 2002, the IG informed me that my inquiry had been referred to your office for further review. You have indicated that the review has been completed and that none of the allegations were substantiated. Please provide me a copy of your report.

I have concerns about Mr. Gregory for three reasons: 1) Mr. Gregory is under consideration for a Presidential Rank Award and a \$25,000.00 bonus; 2) As the number two official in the Army Financial Management organization, Mr. Gregory is responsible for credit card programs; and 3) The

General Accounting Office (GAO) completed a very thorough review of Army credit card programs in June 2002, uncovering widespread fraud and abuse and giving the Army a grade of "F" for management. That is not a "success story." It is gross mismanagement.

Since Mr. Gregory is in the oversight chain of command for travel cards, it is difficult for me to understand why Mr. Gregory should receive a "distinguished SES award" from the President.

A second anonymous letter suggests that Mr. Gregory has received a long list of monetary rewards for his "successes" with the Army credit cards. Please provide Mr. Gregory's annual cash bonus awards for the past seven years.

In addition, the GAO asked the Army on July 15, 2002, to pursue specific allegations of credit card fraud. During the course of the GAO's investigation of Army credit card abuse, the GAO found that 208 Army cardholders had written 3 or more non-sufficient funds checks -- "bad" checks that "bounced" -- to Bank of America as payments against their official travel card accounts. The GAO says that is a potentially fraudulent act.

The Army was provided with a list of cardholders involved and asked to take appropriate action. A number of commissioned officers are included on the list. The GAO reports that there has been no response to date, though one was requested within 60 days.

I would like to know what the Army has done to address the issues raised by the GAO.

Your assistance in this matter would be appreciated.

Sincerely,

Charles E. Grassley
Chairman

Copies to: IG and GAO