



UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

FEB 22 2006

The President
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear Mr. President:

This letter is to report a violation of the Antideficiency Act, Department of the Army case number 04-10, as required by Title 31, United States Code, Section 1351.

A violation occurred at the Eighth United States Army, 175th Finance Command, (in Korea), when a deposit fund account for Korean local national tax withholding was overdisbursed during the month of February 2003. In accordance with the Status of Forces Agreement signed by the U.S. Government and the Republic of Korea (ROK), the U.S., as an employer, is required to withhold ROK taxes from the pay of its employees. Employees who overpaid their taxes during the year are due a refund. Unlike the U.S., the ROK does not issue any tax refunds. Instead, the Army Payroll Office issues the refunds on behalf of the ROK. The refunds are paid from the tax withholding deposit fund account. The refunds caused an overdisbursement of \$442,229.97, as there were insufficient funds in the account. This resulted in a violation of Title 31, United States Code, Section 1341.

Enclosed is a report from the Deputy Assistant Secretary of the Army (Financial Operations). The following individual was named responsible for the violation.

Mr. Leo E. Lau, Director, Centralized Pay and Accounting,
175th Finance Command

The responsible individual was given an oral reprimand. The Army concluded there was no knowing or willful violation of the Antideficiency Act by the individual named responsible for it.

The account was restored to a positive balance in March 2003. To prevent a recurrence of the violation, new procedures have been implemented to prevent a negative balance from reoccurring by increasing the balance in the withholding account as tax refund time approaches.

Identical reports are being submitted to the President of the Senate, the Speaker of the House of Representatives, and the Comptroller General of the United States.

Respectfully yours,



Tina W. Jonas

Enclosure:
As stated



UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

FEB 22 2006

The Honorable Richard B. Cheney
President of the Senate
285 Eisenhower Executive Office Building
Washington, DC 20501

Dear Mr. President:

This letter is to report a violation of the Antideficiency Act, Department of the Army case number 04-10, as required by Title 31, United States Code, Section 1351.

A violation occurred at the Eighth United States Army, 175th Finance Command, (in Korea), when a deposit fund account for Korean local national tax withholding was overdisbursed during the month of February 2003. In accordance with the Status of Forces Agreement signed by the U.S. Government and the Republic of Korea (ROK), the U.S., as an employer, is required to withhold ROK taxes from the pay of its employees. Employees who overpaid their taxes during the year are due a refund. Unlike the U.S., the ROK does not issue any tax refunds. Instead, the Army Payroll Office issues the refunds on behalf of the ROK. The refunds are paid from the tax withholding deposit fund account. The refunds caused an overdisbursement of \$442,229.97, as there were insufficient funds in the account. This resulted in a violation of Title 31, United States Code, Section 1341.

Enclosed is a report from the Deputy Assistant Secretary of the Army (Financial Operations). The following individual was named responsible for the violation.

Mr. Leo E. Lau, Director, Centralized Pay and Accounting,
175th Finance Command

The responsible individual was given an oral reprimand. The Army concluded there was no knowing or willful violation of the Antideficiency Act by the individual named responsible for it.

The account was restored to a positive balance in March 2003. To prevent a recurrence of the violation, new procedures have been implemented to prevent a negative balance from reoccurring by increasing the balance in the withholding account as tax refund time approaches.

Identical reports are being submitted to the President, the Speaker of the House of Representatives, and the Comptroller General of the United States.

Sincerely,



Tina W. Jonas

Enclosure:
As stated



UNDER SECRETARY OF DEFENSE

**1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100**

COMPTROLLER

FEB 22 2006

**The Honorable J. Dennis Hastert
Speaker of the House of Representatives
U.S. House of Representatives
Washington, DC 20515**

Dear Mr. Speaker:

This letter is to report a violation of the Antideficiency Act, Department of the Army case number 04-10, as required by Title 31, United States Code, Section 1351.

A violation occurred at the Eighth United States Army, 175th Finance Command, (in Korea), when a deposit fund account for Korean local national tax withholding was overdisbursed during the month of February 2003. In accordance with the Status of Forces Agreement signed by the U.S. Government and the Republic of Korea (ROK), the U.S., as an employer, is required to withhold ROK taxes from the pay of its employees. Employees who overpaid their taxes during the year are due a refund. Unlike the U.S., the ROK does not issue any tax refunds. Instead, the Army Payroll Office issues the refunds on behalf of the ROK. The refunds are paid from the tax withholding deposit fund account. The refunds caused an overdisbursement of \$442,229.97, as there were insufficient funds in the account. This resulted in a violation of Title 31, United States Code, Section 1341.

Enclosed is a report from the Deputy Assistant Secretary of the Army (Financial Operations). The following individual was named responsible for the violation.

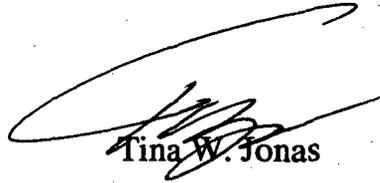
**Mr. Leo E. Lau, Director, Centralized Pay and Accounting,
175th Finance Command**

The responsible individual was given an oral reprimand. The Army concluded there was no knowing or willful violation of the Antideficiency Act by the individual named responsible for it.

The account was restored to a positive balance in March 2003. To prevent a recurrence of the violation, new procedures have been implemented to prevent a negative balance from reoccurring by increasing the balance in the withholding account as tax refund time approaches.

Identical reports also are being submitted to the President, the President of the Senate, and the Comptroller General of the United States.

Sincerely,



Tina W. Jonas

Enclosure:
As stated