



Office of the General Counsel

B-231505

June 13, 1988

Colonel John P. Barrow
Chief of Staff
U.S. Army Finance and Accounting Center
Indianapolis, Indiana 46249

Dear Colonel Barrow:

This responds to your letter of May 16, 1988, requesting that we grant relief to Lt. Col. _____, Finance Corps, DSSN 5002, 4th Infantry Division (Mechanized), Fort Carson, Colorado, 80913-5000, and his cashiers, Ms. _____ and Ms. _____, for improper payments totaling \$2,980. For the reasons stated below, we grant relief as requested.

The first improper payments occurred on September 26 and 29, 1986, when an individual purporting to be Pvt. _____ cashed two personal checks for \$745 each at the Finance and Accounting Office, Fort Carson, Colorado. Additional improper payments occurred when apparently the same individual, this time purporting to be Pvt. _____, cashed two personal checks for \$745 each, on October 10 and 14, 1986, at the Finance and Accounting Office. The four checks, drawn on accounts at Fort Carson National Bank and Fort Riley National Bank, were subsequently dishonored due to insufficient funds. When informed of the dishonored checks, Private _____ and Private _____ denied having accounts at said banks. They also denied cashing the checks.

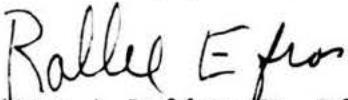
Both Private _____ and Private _____ claim to have surrendered their Military Identification (ID) cards to an as yet unidentified individual for the purpose of allowing him to obtain access to the Fort Carson dining facility. The Criminal Investigation Division has evidence indicating that the ID's were given to the same person. After obtaining the ID's, this individual allegedly opened checking accounts in the names of Privates _____ and _____, then proceeded to negotiate checks at various locations around Fort Carson. This individual has yet to be apprehended and there still exist some reservations regarding whether the perpetrator has been positively identified. Consequently, there has been no opportunity to collect the improper payments.

In cases such as this, both the person who made the improper payments and the person in whose name the account is officially held are liable as disbursing officials for the amount of the improper payments. This Office has authority under 31 U.S.C. § 3527(c) (1982) to relieve a disbursing officer from liability for a deficiency resulting from an improper payment if we determine that the payment was not the result of bad faith or lack of reasonable care by the official. B-226872, Oct. 16, 1987. In cases where subordinates of the finance officer actually disbursed the funds, we have granted relief upon a showing that the finance officer properly supervised his subordinates by maintaining an adequate system of procedures and controls to safeguard the funds and took steps to ensure the system's implementation and effectiveness. B-228859, Sept. 11, 1987.

Investigations subsequent to the improper payments concluded that cashiers [redacted] and [redacted] had effectively followed standard operating procedures for cashing personal checks. The procedures in force at the time, which included verifying the face and signature on the ID against those of its presenter, appeared to have been adequate.

The improper payments in this case were largely the result of skillfully executed criminal activity that even an adequate and effectively supervised system cannot always prevent. Id. Since there is no indication that the improper payments were the proximate result of bad faith or lack of reasonable care on their parts, relief is granted to Lt. Col. [redacted] t, Ms. [redacted] and Ms. [redacted].

Sincerely yours,


(Mrs.) Rollee H. Efros
Associate General Counsel