



Office of the General Counsel

B-232504

September 19, 1988

Colonel D.W. Mikkelson  
Chief of Staff  
U.S. Army Finance and  
Accounting Center  
Indianapolis, Indiana 46249-0001

Dear Colonel Mikkelson:

This responds to your letter of September 1, 1988, requesting that we grant relief to Maj. [redacted], Finance Corps, DSSN 6333, 266th Theater Finance Center, APO New York 09007, and his cashiers, Sp.4 [redacted] and Sgt. [redacted], for improper payments totaling \$1,300. For the reasons stated below, we grant relief as requested.

The submission indicates that the improper payments occurred on December 5 and 9, 1985, when an individual purporting to be S. Sgt. [redacted], cashed two personal checks for \$650 each at the finance office of the 266th Theater Finance Center. The two checks, drawn on an account at the Heidelberg American Express International Banking Corporation (AEIBC), were subsequently dishonored due to insufficient funds. After the checks were returned, it was discovered that the checking account upon which the checks were written had been fraudulently established. The Criminal Investigation Division revealed that an unidentified male, using false identification, opened a checking account at the Heidelberg AEIBC in the name of [redacted]. The investigation also established that the identification card used by the individual was obtained from the ID Card Section of the 379th Personnel Services Center. The investigation did not establish the perpetrator's identity, thus collection has not been possible.

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-229827, January 14, 1988. 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, September 11, 1987. The good faith and reasonable care of the person who made the payment can be shown by evidence that the individual complied with established procedures and that nothing occurred which should have made that person suspicious of the fraud. B-227209, August 5, 1987.

Investigations subsequent to the improper payments concluded that Sp.4 [redacted] and Sgt. [redacted] had effectively followed standard operating procedures for cashing personal checks, and the procedures in force at the time appeared to have been adequate. Nothing in the record suggests that the cashiers should have been suspicious of the fraudulent nature of the transactions.

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. B-231505, June 13, 1988. 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 Maj. [redacted], Sp.4 [redacted] and Sgt. [redacted].

Sincerely yours,



(Mrs.) Rollee H. Efras  
Associate General Counsel