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United States Government Accountability Office
Washington, DC 20548

February 13, 2006

The Honorable Susan M. Collins
Chairman
The Honorable Joseph I. Lieberman
Ranking Minority Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Tom Davis
Chairman
The Honorable Henry A. Waxman
Ranking Minority Member
Committee on Government Reform
House of Representatives

Subject: *Investigation: Military Meals, Ready-To-Eat Sold on eBay*

As a result of widespread congressional and public interest in the federal response to Hurricanes Katrina and Rita, we conducted a limited investigation into allegations that military Meal, Ready-To-Eat (MRE) rations intended for use in the hurricane relief efforts were instead sold to the public on the Internet auction site eBay. We focused our efforts on confirming whether selected MREs being offered for sale on eBay were military issue and, if so, interviewing the sellers to determine how they obtained the MREs.

In summary, after investigating 1 day of MRE sales on eBay, we found that 8 of 12 eBay sellers we investigated were selling MREs over the Internet. In addition, there is evidence that at least some of these MREs were diverted from hurricane relief efforts. Specifically, 2 of the MRE sellers, who were victims of Hurricane Katrina, accumulated cases of MREs during the relief efforts; however, rather than consume all of the MREs, they sold some of them on eBay. In addition, a member of the Georgia National Guard who was mobilized for Hurricane Katrina relief efforts may have stolen and sold MREs intended to feed other mobilized servicemembers. Because this National Guard member refused to provide information that would have corroborated his claim regarding how he obtained the MREs, we concluded that it is possible, and perhaps likely, that he obtained the MREs through unauthorized or improper means, such as theft. Although we cannot conclusively link the remaining five MRE sales to the hurricane relief efforts, our investigation revealed additional instances where sellers may have improperly obtained MREs and sold them to the public for private gain.

Scope and Methodology

To perform our work, we conducted a limited, or “snapshot,” investigation by focusing on the sale of MREs on eBay on October 18, 2005. We chose that day because relief efforts, which included distributions of MREs, were under way in all the states affected by Hurricanes Katrina and Rita. We investigated a nonrepresentative selection of eBay members selling MREs on that day—the 12 claiming to offer more than four cases of military MREs for sale. Using limited information provided by eBay, we were able to positively identify 9 of these 12 sellers. By examining information from the MRE cases and interviewing three manufacturers of military MREs, we confirmed that 8 of these 9 sellers were in fact offering military MREs for sale. To determine whether the sellers had any connection to hurricane relief efforts, we reviewed documents from eBay; asked the sellers to explain how they obtained the MREs; and, if possible, conducted follow-up interviews with sources identified by the sellers. Four of the 8 sellers would not provide us with information about their sources; in these cases, we could not corroborate the stories they gave us about how they came to be in possession of the military MREs. We conducted our work from September 2005 through January 2006 under the statutory authority given to the Comptroller General of the United States and in accordance with quality standards for investigations as set forth by the President’s Council on Integrity and Efficiency.

Background

Military MREs are designed to sustain an individual engaged in strenuous activity, such as military training or actual military operations, when normal food service facilities are not available. In general, military MREs contain a full meal packed in a flexible bag; are boxed in cases of 12; and labeled with the National Stock Number (8970-00-149-1094), government contract number, and other markings. Within DOD, the Defense Logistics Agency’s (DLA) Defense Supply Center Philadelphia (DSCP) is responsible for the acquisition and disbursement of operational rations—including military MREs. Neither DSCP nor any of the three manufacturers we interviewed will sell military MREs to civilians; however, DSCP resells MREs to other government entities. On average, DSCP pays about \$52.57 per case of MREs.

As a result of unauthorized sales to civilians, DOD began requiring that “U.S. Government Property, Commercial Resale is Unlawful,” be printed on each case of MREs (see fig. 1).¹ Furthermore, although no statutes or regulations specifically prohibit the sale of military MREs, DSCP’s customer eligibility policy states that DOD regulations permit the sale of MREs to a limited number of organizations, including, among others, U.S. military organizations and federally funded activities.² Consequently, servicemembers, federal civilian personnel, and contractors selling stolen MREs could face criminal charges related to theft of military property.³

¹ Civilian MREs may be sold to the general public and are not labeled with this information.

² See <http://www.dscp.dla.mil/subs/rations/index.html>.

³ For laws applicable to military personnel, see U.C.M.J. Art. 108 (sale, loss, damage, destruction, or wrongful disposition of military property); Art. 121 (larceny and wrongful appropriation); and Art. 134 (stolen property: knowingly receiving, buying, or concealing). For laws applicable to civilian personnel and contractors, see 18 U.S.C. § 641 (taking public money, property, or records).

Figure 1: Military MRE Labeling



Source: GAO.

In 2002, after discovering that military MREs were being sold to the public on eBay, DSCP sent an e-mail to the sellers requesting that they voluntarily terminate these sales because military MREs are procured by DLA with taxpayer dollars and owned by the government until consumed by authorized personnel or disposed of. The e-mail also advised the sellers that military MREs are never considered surplus and that resale of MREs is strictly prohibited. Sales dropped off dramatically for a short time after this e-mail; however, military MRE sales have since resumed. Since the 2002 letter, DSCP has made two other unsuccessful attempts via e-mail to deter sales of military MREs.

Details of Investigation

On October 18, 2005, eight eBay members that we investigated sold military MREs over the Internet. Table 1 highlights the information we obtained from eBay records and the eight sellers. During the course of our investigation, we determined that two of the eight were disaster victims and could have received the MREs through legitimate means. Of the other six, four could not provide information to corroborate their claims regarding how they obtained MREs, one provided information that was inconsistent with what we subsequently learned, and the other admitted to taking MREs from his base. Consequently, as indicated in table 1, we referred these six cases to DOD's Inspector General (IG) for further investigation after concluding that it is possible, and perhaps likely, that the sellers either indirectly or directly obtained

the MREs through theft or some other improper or unauthorized means and profited from their sale. More detailed information on each of the cases follows the table.

Table 1: Military MRE Sales on eBay on October 18, 2005

Case	Seller's location	Seller a military member?	How did Seller claim to obtain the MREs?	GAO referred case to DOD IG?
1	Murfreesboro, Tenn.	No.	Purchased at a flea market in Kentucky. Seller stated that he could not recall the location of the flea market.	Yes.
2	Kenner, La.	No.	Picked up numerous MREs at several hurricane relief distribution centers. Seller was a victim of Hurricane Katrina	No.
3	Norco, La.	No.	Picked up numerous MREs at several hurricane relief distribution centers. Seller was a victim of Hurricane Katrina.	No.
4	Pensacola, Fla,	Yes; retired.	Purchased at neighborhood yard sales. Seller stated that he could not provide any information to corroborate this story.	Yes.
5	Woodstock, Ga.	Yes.	Given permission to take MREs when deployment for hurricane relief ended. Seller refused to provide the name of the person who gave him permission.	Yes.
6	Alamogordo, N.M.	Yes.	Received MREs from a fellow service member for storage. This fellow service member had permission to take the MREs, but Seller sold the MREs without his knowledge.	Yes.
7	Albany, Ga.	Yes.	Took MREs out of a dumpster at Marine base. Seller is currently under investigation.	Yes.
8	Barstow, Calif. ^a	No.	Purchased from local scouting and camping groups. Seller stated that he was unable to provide any information to corroborate this story.	Yes.

Source: GAO.

^aSeller's previous address was in Louisiana.

Case 1: Seller is a policeman with the Tennessee State Guard and was a coordinator of shelters in the Nashville area for hurricane relief. Seller said he purchased 50 cases of MREs at a flea market in Kentucky for about \$25 a case and has been selling them on eBay for about \$50 a case. We asked Seller to provide us with the exact location of the flea market, but he said he could not recall where it was. While at Seller's residence, we found approximately 21 cases of military MREs packaged, labeled, and ready to be shipped to buyers from eBay in the Seller's truck (see fig. 2). According to Seller's supervisor in the Tennessee State Guard, Seller did not have access to military MREs while coordinating the shelters in Nashville. We also confirmed with the Tennessee Emergency Management Agency that MREs were not being distributed to disaster victims in Nashville.

Figure 2: MREs Ready to Be Shipped



Source: GAO.

Case 2: Seller was a victim of Hurricane Katrina and said that he picked up the MREs at local distribution centers established in his area of Louisiana. Seller said he sold some of the MREs on eBay because he was unemployed and needed money.

Case 3: Seller was a victim of Hurricane Katrina and said that he picked up the MREs at local distribution centers in Destrehan, Louisiana. Seller's home address is in a part of Louisiana directly affected by the hurricane. Seller said that he sold approximately six or seven cases on eBay since the beginning of September, for approximately \$40 each. He said that he sold the MREs because he was unemployed and needed money.

Case 4: Seller retired from the U.S. Air Force in July 2004, where he was a financial superintendent responsible for voucher processing. Seller stated that he obtained the MREs from neighbors and yard sales prior to the hurricanes. We asked Seller to provide specific names and addresses for these sources, but he said that he could not do so. Seller said he has sold approximately 40 or 50 cases of MREs since March 2005.

Case 5: Seller is a Sergeant in the Georgia National Guard and was deployed to Lyman, Mississippi, from September 3 to 22 as part of the Hurricane Katrina relief effort. Seller stated that his unit received MREs during this mission. According to Seller, these MREs were intended for use by his unit, and not for distribution to

hurricane victims. After his deployment ended, Seller stated that he was given permission to take some of the leftover MREs but actually took all of the remaining 26 cases. Seller acknowledged that he began selling these MREs on eBay on October 1, 2005, for approximately \$45 per box. We asked Seller to provide the name of the person who gave him permission to take these MREs, but he refused to do so.

Case 6: Seller is a member of the U.S. Air Force and is stationed at Holloman Air Force base in New Mexico. Seller stated that a friend, a fellow U.S. Air Force member assigned to the same base, gave him approximately eight cases of MREs to store. Seller insisted that the MREs in question were not allocated for hurricane relief efforts, and stated that he sold them on eBay for approximately \$40 each but did not give any of the proceeds to his friend. We also contacted Seller's friend, who claimed that he gave Seller 14 boxes of MREs to store and stated that the Seller sold the MREs without his knowledge. The friend said that he got permission from an instructor at Lackland Air Force base in San Antonio, Texas, to take excess MREs for use on a future training exercise. We spoke to the instructor, who stated that he gave permission for 1 case of MREs to be used on a future training exercise but was not aware that 14 cases were taken. The instructor confirmed that the MREs in question were for use by military trainees, and not allocated for hurricane victims.

Case 7: Seller is a member of the Marine Corps and is stationed at the Marine Corp Logistics Base in Albany, Georgia. Seller refused to talk to us, but acknowledged that he was being investigated by Marine Corps Criminal Investigative Division (CID) because of his involvement in the sale of MREs. A Major in the CID office said that the Seller admitted to taking the MREs from a dumpster on base and explained that expired or damaged cases are thrown into this dumpster for eventual destruction. CID investigators found 61 cases of MREs in Seller's home and vehicle but did not find evidence that any of the MREs had actually been sold. The Major stated that he did not think that Seller would be charged with any crime related to the MREs because they had been thrown away.

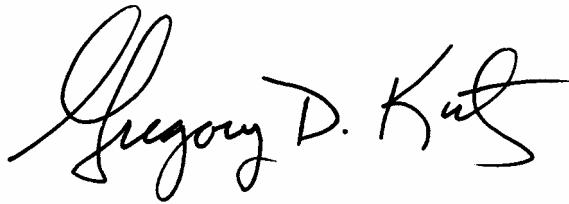
Case 8: Seller, a former resident of Louisiana, is a businessman in California who resides approximately 37 miles from the National Training Center at Fort Irwin, which specializes in desert training. Seller stated that over the past 5 years he has sold about 40 cases of MREs for approximately \$34 per case. He said that he used to obtain MREs from military personnel, but that he discontinued that practice on the advice of base authorities. Seller said he now purchases the MREs from local scouting and camping groups that receive MRE donations from the military. We asked Seller to provide contact information for these sources, but he said that he was unable to do so. We verified that the California Department of General Services (CDGS) is a state agency that receives surplus MREs from the military and that the Boy Scouts of America (BSA) are authorized to requisition MREs from them. However, the Manager and Senior Re-Use Specialist of the CDGS stated that neither the BSA nor any other similar organization received MREs donated to the state of California by the military.

Conclusion

Military MREs are procured by government entities using taxpayer dollars, and are intended to be consumed by individuals from authorized organizations and activities.

Consequently, if military MREs are sold to the general public on eBay, then they are clearly not reaching their intended recipients and represent a waste of taxpayer dollars and possible criminal activity.

Although we are issuing no recommendations, we have referred six of the eight cases we identified to the Department of Defense Inspector General. In addition, we are sending copies of this report to the Director of the Defense Logistics Agency. We will provide copies to others on request, and the report is available at no charge on GAO's home page at <http://www.gao.gov>. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. If you or your staff have any questions about this report, please contact me at (202) 512-9505 or kutzg@gao.gov.

A handwritten signature in black ink that reads "Gregory D. Kutz". The signature is written in a cursive style with a large initial "G" and a long horizontal stroke at the end.

Gregory D. Kutz
Managing Director
Forensic Audits and Special Investigations

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