

UNITED STATES SENATOR • IOWA
CHUCK GRASSLEY

<http://grassley.senate.gov>
press@grassley.senate.gov

Contact: Jill Kozeny, 202/224-1308
Jill Gerber, 202/224-6522

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Grassley Seeks to Stop Abuse of Pentagon-Issued Credit Cards

WASHINGTON – Sen. Chuck Grassley, a long-time advocate of ending wasteful defense spending, today urged Pentagon leaders to exert greater controls over the 1.8 million credit cards issued to Department of Defense employees.

“Issuing credit cards to Pentagon employees without proper checks and balances is like giving people keys to the federal treasury,” Grassley said. “In the past, Pentagon employees needed a phony invoice to trigger a fraudulent government check, but that obstacle is gone. Credit cards provide a shortcut to the cash pile.”

Grassley testified about the problem during a House subcommittee hearing chaired by Rep. Steve Horn of California. A review by Grassley, Horn and the General Accounting Office found that Pentagon employees spent \$9 billion last year with their 1.8 million credit cards. Some of the spending clearly appeared personal and inappropriate; records show spending at Wal-Mart, The Home Depot, the Hooters and Bottoms Up nightclubs, and the purchase of items such as DVD players, computers and pet supplies.

No one knows exactly how much money employees spent fraudulently, but one bank company has been forced to write off \$59 million in fraudulent debts from military cards. The cards were meant to help Pentagon employees pay for official purchases and travel without bureaucratic delays.

Grassley urged Pentagon leaders to exert greater controls on the cards it issues for official purchases or travel and respond more quickly in the face of fraud. Many of the credit cards have large limits – \$20,000 to \$100,000 – and are issued without credit checks on the employees, Grassley said. No one checks the purchases for legitimacy. “There are no controls, no responsibilities, and no accountability,” Grassley said

Grassley said he is hopeful that the new secretary of defense, Donald Rumsfeld, will exert swift control over a problem that preceded his tenure.

“Every dollar that goes to fraud is a dollar that doesn’t preserve our national security,” Grassley said. “We have a lot better uses for the defense budget than furnishing employees with luxury items on the taxpayers’ dime.”

