

Old Dogs and New Tricks: Government Employees Commit Fraud—And Worse!

Written by Nick Sanders

Wednesday, 10 November 2010 00:00

File these two stories under dumb and dumber. What were they thinking?

First, let's talk about Tyrone Ellis, age 56, of Columbus, Georgia. Tyrone was a "former civilian employee of the Department of Defense" who was assigned to Camp Humphreys in the Republic of Korea (RoK) during 2005 and 2006. While there, Tyrone worked as "an Assistant Army Emergency Relief Officer," where he administered Army Emergency Relief (AER) funds.

What are AER funds? According to the DOJ [press release](#) —

The AER is a private, non-profit organization that serves as the emergency financial assistance organization for the U.S. Army. AER's operations are financed by voluntary contributions from active and retired soldiers during an annual fund campaign, as well as by unsolicited contributions, repayment of outstanding loans and income from reserve funds.

In his role as Assistant AER Officer, "Ellis was tasked with providing AER loans and grants to service members and their families in financial need." But according to the indictment, Tyrone apparently felt some financial need himself. The indictment alleged that Tyrone—

... approved grants for at least a dozen soldiers in amounts larger than they needed, and that he requested and received thousands of dollars back from the grant recipients, which he converted to his own use. The indictment also alleges that Ellis conspired with another individual to convert AER funds in the same manner. In addition, Ellis is charged with making false statements to investigators when questioned about the allegations.

Tyrone was arrested and charged with "one count of conspiracy, 10 counts of conversion and one count of making a false statement." The press release noted that, if convicted, Tyrone will be looking at some serious penalties. It stated—

Ellis faces up to five years in prison on the conspiracy charge; 10 years in prison for each felony count of conversion; one year in prison for the misdemeanor charges of conversion; and five

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years in prison on the charge of making a false statement. He also faces a \$250,000 fine for each count of conspiracy, felony conversation and making a false statement. He faces a \$100,000 fine on the misdemeanor charges of conversion, as well as terms of supervised release following his prison term on all charged counts.

Not that he'll do all that time, but we calculate he's facing 111 years in prison. But remember, he allegedly took for himself funds contributed by active and retired soldiers, and designated for soldiers with dire need. So we hope he spends quite a bit of time in confinement, if convicted.

You think that was bad? You ain't seen nothing yet.

Next on the hit parade is the story of three unwise men: Richard Paul, Andrew Kaufman, and Nicholas Bickle. Nick Bickle is (for a bit longer) a U.S. Navy SEAL, an "active-duty special warfare operator 1st class". In a somewhat unrelated note, SEAL Bickle apparently "worked as a consultant on the Hollywood movie, 'Transformers 3'." (Should that have been considered a red flag for aberrant SEAL behavior?)

According to this [Associated Press](#) story, the trio was arrested on November 3, 2010, and accused of conspiracy to "smuggle and sell weapons". And not just *any* weapons, mind you. As the article reported—

Bickle is accused in a criminal complaint of smuggling 80 AK-47 weapons from Iraq or Afghanistan, including factory-made 7.62 mm Iraqi machine guns that would be difficult or impossible to trace. Other weapons included Ruger handguns of the type used by U.S. military police officers.

Oh, but that's not all. Not by a long-shot.

The AP story noted that, "grenades and night-vision goggles" were also found in the home of Mr. Paul. But that's not all. The AP story reported that—

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Smith said outside court that federal agents expected to find weapons, but were surprised to find five pounds of C-4 plastic explosive, blasting cap detonators and other military items at Paul's home in Colorado.

Okay, let's repeat that last part. ***FIVE POUNDS OF C-4*** and the means to detonate it. As the article noted the BATF representative "declined to elaborate about the destructive power of the explosives". Yes, of course.

The AP article concluded—

Smith said Bickle, his close friend, Paul, in Colorado, and their associate Kaufman in Nevada sold machine guns for \$1,300 to \$2,400 each, and handguns for \$300 to an undercover federal agent who told them they would be shipped to Mexico.

The complaint accuses the trio of conspiring to smuggle and sell 18 weapons and 14 other firearms since June to an undercover federal agent in Las Vegas and Colorado. The single conspiracy charge carries a possible sentence of up to five years in prison and a \$250,000 fine.

The prosecutor said the group could have reaped hundreds of thousands of dollars selling arms over the last year.

Smith told Foley that prosecutors expect to seek an indictment in Las Vegas on charges including distribution of explosive materials, arms smuggling and illegal firearms dealing. He said the explosives charge carries a possible sentence of 20 years in federal prison.

Okay, so what have we learned here?

First, we've posted many articles about misdeeds of employees of the Federal government.

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We've written (and ranted) about theft of funds and theft of fuel, about bribes and corruption and conflicts of interest. The first story falls into that category, albeit in a special place called "especially heinous".

But as far as we can tell, this is the first article dealing with outright theft of military grade firearms, explosives and other equipment. While we've mentioned lax internal controls in the warzone(s) before, this one kind of takes the cake, doesn't it? *How the heck does five pounds of C-4 simply go missing?*

So these are kind of new tricks (hence the title). Dumb-guy No. 1 (allegedly) created a nice little scheme, taking advantage of needy soldiers and their families. As a result, some of the donated funds ended-up lining his pocket. Dumb-guy(s) Nos. 2 through 4 (allegedly) executed the first part of their scheme nicely, carting away lots of battlefield souvenirs and getting them into the States. But they (allegedly) made the mistake of selling the souvenirs to the wrong people and, as a result, ended up in jail awaiting trial.

We're glad these miscreants got caught. But we can't help wishing better controls had been in place to keep the (allegedly) corrupt actions from happening in the first place.