

Army Captain Steals \$48,000 Through Secret “Illegal Mechanism”

Written by Nick Sanders

Thursday, 07 June 2012 00:00



We almost decided to pass this one over because there's not a lot of meat on the bone to chew on. But then we thought, "Why don't we know more? Where are the lessons to be learned?" The answer to those questions is that the Department of Justice did not see fit to share details of the crime, even though knowing *how* the crime was committed might aid others in preventing future occurrences.

In that vein, remember "Captain Mike"? Sure you do, because we wrote about him more than once. In our [first article](#), we told you that Captain Mike stole at least \$690,000 in emergency response program funds from a safe from his battalion's station in Iraq. We don't know exactly how much Captain Mike stole because—even though he was the *only person* who had access to the funds stored in the battalion's safe—nobody ever detected his crime. Not his replacement, not his commanding officer—*nobody*. It was only when he returned to the USA in 2008 and began displaying a lavish lifestyle in his Oregon hometown that somebody noticed and wondered where an Army Captain got the funds to purchase a brand-new Hummer and a brand-new BMW. That somebody was the IRS.

The story of "Captain Mike" led us to note a couple of troubling trends related to crimes committed by (former) active military service personnel. Things that bugged us included—

The apparent lack of internal controls at military bases in Afghanistan and Iraq, where nobody apparently thought to actually conduct an inventory of government property such as

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“bundles of uncirculated \$100 bills.” Captain Mike was one individual, but there were very likely dozens if not scores of similar personnel who had access to large amounts of money without any controls addressing how it was spent. We bet there were better controls in effect on Kevlar helmets than there were on millions of dollars.

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The apparent break that the Department of Justice cuts for (former) active military service personnel. For example, “Captain Mike” was charged with “theft of government property” and received a sentence of 30 months in prison. Similarly, “[Sergeant Bob](#)” was allowed to plead guilty to one count of “conspiring to steal public property” for his role in helping to steal eight generators from Forward Operating Base Diamondback in Iraq. Looking at these cases and comparing them to civilian government contractors who commit offenses such as timekeeping fraud, we’re not seeing a lot of parity.

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The lack of details provided by the DOJ in its press releases. Apparently, nobody at DOJ thinks that we in the compliance, risk, and internal controls fields needs to understand what went wrong so that we can determine whether or not we have the same vulnerabilities. So we’re left guessing and hoping we’re doing a good job.

The [latest case](#) that came to our attention seems to continue those trends. It concerns another (former) Army Captain who was stationed in Iraq, and who used her position and the lax internal controls to steal \$48,000. According to the DOJ press release, Captain Nichole Luvera, age 29, pleaded guilty to one count of “theft of government property” for her crime. She faces up to 10 years in prison but no doubt will receive a considerably lighter sentence from the Judge. The DOJ reported that—

... from July 2007 to September 2008, Luvera was the deputy disbursing officer on Camp Speicher in Iraq. Luvera was responsible for daily financial management and accounting of all money kept at Camp Speicher for the payment of obligations of the United States. In this capacity, Luvera had access to the vault and safes inside the vault in which all the money at Camp Speicher was kept. According to statements made at the plea hearing, Luvera admitted she knowingly and unlawfully stole and converted to her use and the use of others \$8,000 not reflected in the official accounting record. Luvera also admitted that on a subsequent occasion, she devised an illegal mechanism to steal and convert another approximately \$40,000 from the safe at Camp Speicher by fraudulently creating records to explain the absence of the money.

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Now admittedly, Luvera’s crime pales in comparison to Captain Mike’s audacity. She stole an amount that was less than 10 percent of Captain Mike’s take. And she was caught, apparently by some means other than the IRS. Which is all good.

But notice that we still don’t know the details of her crime. What, exactly, is this “illegal mechanism” that she devised to “steal and convert” the bulk of the stolen funds? We know it involved creation of false records of some kind—but which ones? And how was she caught?

Also notice that Luvera’s creation of false records might have subjected her to prosecution under the False Statements Act. Prosecutors declined to go there; perhaps it was a part of the plea bargain.

So we are left with the feeling that there’s more to this story than the press release tells us. Which is kind of frustrating, right?