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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

[Redacted]

EXTENSION

NO.

[Redacted]

DATE

9 September 1987

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

	TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS
		RECEIVED	FORWARDED	
1.	[Redacted] /OGC			
2.	[Redacted]			
3.				
4.				
5.				
6.				
7.				
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9.				
10.				
11.				
12.				
13.				
14.				
15.	[Redacted]			

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FORM 1-79 **610** USE PREVIOUS EDITIONS

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APPROVED FOR RELEASE(b) (1)
DATE: FEB 2004 (b) (3)
(b) (6)

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8 September 1987

MEMORANDUM FOR: Chief, [redacted]
FROM: [redacted]
SUBJECT: Conversion of U.S. Government Property
for Personal Gain [redacted]

1. In June 1987, the Office of Security conducted an investigation into the sale of misprinted stamps purchased with Agency funds. It was determined that the act was a conversion of U.S. Government property for personal gain. The nine [redacted] employees were identified as follows: [redacted]

[redacted] and [redacted]

2. The Director of Security determined that disciplinary action was warranted for all nine employees. Based upon their degree of involvement, [redacted] was suspended for three days without pay and [redacted] and [redacted] were each suspended for one day without pay. The other six employees were reprimanded verbally for their involvement in the conversion. The results of the investigation were provided to the Office of General Counsel for possible referral to the Department of Justice. The Office of the Inspector General was also apprised of the results of the investigation and subsequent disciplinary action. [redacted]

3. On 2 September 1987, an article in the Washington Post reflected that the nine employees each kept one stamp. It was believed that the allegation was unsubstantiated because the disposition of the 95 stamps had been resolved. It was learned during the June 1987 investigation that 85 of the stamps were sold, one was given to the stamp dealer because of its damaged condition, and the remaining nine stamps were used for official postage prior to the discovery of the inversion. [redacted]

4. On 2 September 1987, eight of the nine employees were interviewed personally by the Chief, [redacted]. They were briefed on responses to possible media [redacted]

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inquiries and were asked the following specific questions: "Do you have a stamp in your possession?" "Do any of the other employees have a stamp in their possession?" The eight employees denied having a stamp in their possession and denied knowledge of the other employees possessing a stamp. On 3 September 1987, [redacted] contacted the Chief, [redacted] and related that the employees lied; all of them did have one stamp in their possession. [redacted]

5. On 3 September 1987, the nine employees were interviewed personally by the Chief, [redacted] and [redacted] the Security Officer responsible for the original investigation. The employees submitted to the interviews voluntarily and were told that the investigation was reopened based on additional information provided by [redacted]. They were also informed that the case remained open and the Office of General Counsel and Office of the Inspector General would be furnished results of the Office of Security investigation. The disposition of the stamp in their possession was determined during the interview, and each was told (based on OGC guidance) that the stamp was the property of the U.S. Government and must be returned to the Agency. Furthermore, they were informed that an additional criminal penalty could be imposed if the stamp was converted prior to its return to the U.S. Government. They were also advised that additional administrative action could occur as a result of the current investigation. [redacted]

6. [redacted] was the first to be interviewed. Logistical problems prevented him from being interviewed on 2 September 1987 because he is currently assigned to [redacted]. [redacted] admitted that he had one stamp in his possession which he gave to his father. It was believed that the stamp was contained in a safe-deposit box. However, he refused to return the stamp without legal counsel. He stated that he would attempt to consult with an attorney and provide an answer by close of business on 4 September 1987. [redacted]

7. [redacted] advised that upon the discovery of the inverted stamps, the employees discussed the options available to them. One of the options included dividing the stamps among them and being individually responsible for the disposition of the stamps. However, it was mutually agreed that the stamps would be sold as a unit and the proceeds shared equally among the employees. Another option was to sell the stamps at an auction or sell them to a dealer for \$25,000. It was decided that the stamps should be sold to the dealer for \$25,000. [redacted] was given his share of the proceeds and the stamp at the same time. The employees thought that it was not necessary to inform management of their discovery, and they

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decided to keep the matter secret for fear that others would want to be included. He stated that he was never instructed or advised by any other person as to how he should respond to questioning. [redacted]

8. [redacted] advised that he purchased the stamps from the McLean Post Office located on Spring Hill Road. The Office usually purchased stamps from the Dunn Loring Station but decided on this Post Office because of its close proximity and because their supply of stamps was low. He could not recall how many \$1 stamps were purchased because the amount varied according to need. However, he has since learned that 95 \$1 stamps were purchased on that particular day. The discovery of the inversion was made approximately three or four days later. [redacted] believed that two or three stamps were used for postage prior to the misprint discovery. [redacted]

9. [redacted] was aware of the Bureau of Engraving and Printing (BEP) investigation conducted in April 1986. He was informed of the investigation by [redacted] and was also told that BEP was satisfied that no collusion existed between a BEP employee and the sale of the stamps. Upon the discovery of the misprint, the employees discussed with each other the need to keep the matter quiet, and it was mutually agreed that it would not be brought to the attention of [redacted] management. He noted that general discussion among the employees did not occur in a group setting; rather, information was passed to each other via one-on-one conversations. All were very nervous and it was believed in their best interest not to inform the Office of Security at the time of the initial investigation that each had a stamp. [redacted]

10. [redacted] admitted that he had one stamp in his possession which he gave to his mother. The stamp is contained in a safe-deposit box, and he agreed to return it on 8 September 1987. To his knowledge, none of the nine has sold his or her stamp. [redacted] claimed that he was told that some stamps were used for postage although he could not recall the individual's name who supplied the information. [redacted]

11. [redacted] advised that he was the first to notice the misprinted stamps. Upon his discovery, he counted 95 stamps on the sheet and was aware that only 95 stamps were purchased. Once they realized that the stamps might be valuable, they decided to each keep one and sell the remaining stamps. [redacted] advised that his stamp was given to his father and is contained in a safe-deposit box. He agreed to return it on 8 September 1987. [redacted]

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12. [] noted that during the June 1987 Office of Security investigation, he was instructed on how to answer questions relating to the disposition of the stamps.

[] and [] instructed him not to mention that each employee kept one stamp and to respond that the remaining nine stamps were used for postage. Group discussions were not held; rather, it appeared that [] and [] worked as a team in informing the others now to respond.

[] admitted that he lied during an interview the previous day regarding possession of the stamps. It was a joint decision to lie, and since [] was the first to be interviewed and she denied knowledge or possession of the stamps, [] said that it would not be a good idea to change the story. Furthermore, [] mentioned jokingly that he would kill him if [] admitted to having one stamp in his possession. During the early morning hours on 3 September 1987, [] contacted the other eight employees telephonically and told them that [] would be informing [] management that they had lied the previous day. []

13. [] acknowledged that all of the employees still had the stamp in their possession except for [] who related that he misplaced his stamp approximately one year ago. The loss occurred around the same time that an article appeared in the Weekend section of the Washington Post which reflected that the stamps were valued at \$5,000 each. [] has been searching for the stamp since the value was declared in the newspaper article. []

14. [] advised that he was on annual leave during the discovery and subsequent sale of the misprinted stamps. He was contacted telephonically at home by [] and was informed of the terms of the sale transaction. When he returned to work a few days later [] gave him an envelope containing the check and one stamp. The stamp was returned to the Office of Security on 4 September 1987. []

15. [] advised that during the initial Office of Security investigation, he told the Security Officer that 85 of the stamps were sold, one damaged stamp was given to the dealer, and the remaining nine stamps were in the possession of the nine employees. He retracted this statement subsequently and related that he was not asked about the disposition of the stamps. He admitted that he lied the previous day when asked if he had a stamp in his possession. He recalled that approximately three or four months ago during general discussions it was decided that they would conceal the fact

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[REDACTED]

that they each had a stamp in their possession. No one wanted to bring the matter to the attention of [REDACTED] management. [REDACTED] noted that he made an independent decision to lie about possession of the stamps, and he denied that he was instructed to conceal or distort information during an investigation. According to [REDACTED] none of the remaining nine stamps have been sold by the employees. [REDACTED]

16. [REDACTED] advised that he had one stamp in his possession which has since been lost. He was not given the check and the stamp on the same day. He recalled that [REDACTED] gave him the check and [REDACTED] gave him the stamp, which was contained in an envelope. The envelope was placed in a desk in his bedroom. Shortly thereafter, he rearranged his room and then read the article in the Washington Post which reflected that the stamp was valuable. He has been unsuccessful in the search for the stamp but he noted that his parents are currently searching the attic under the assumption that it may have been misplaced with other belongings during the rearrangement of furniture in his room. He will report on the disposition of the stamp by 8 September 1987. [REDACTED]

17. [REDACTED] noted that group discussions of the investigation have not been held because of new employees in the [REDACTED] who entered on duty after the discovery. The group concealed the sale transaction from the new employees. [REDACTED] advised that he was not questioned during the initial Office of Security investigation regarding the disposition of the stamps that were not sold. However, he believed that there were stamps which were used for postage. [REDACTED]

18. During the morning hours on 2 September 1987, just after [REDACTED] was interviewed about possession of the stamps, [REDACTED] entered the [REDACTED] room and held a discussion with [REDACTED] and [REDACTED]. [REDACTED] was also present during the conversation. [REDACTED] indicated that no one was supposed to know that the nine employees each had one stamp, and [REDACTED] looked disapprovingly at [REDACTED] because of the loss of his stamp. [REDACTED] stated, "If asked, we don't have the stamps." [REDACTED] was interviewed subsequently by Chief [REDACTED] and he claimed that he was not asked specifically if he had a stamp or if others had a stamp in their possession. He noted that the conversation consisted of guidance offered in the event that he was contacted by the media. He stated that he realized his actions were improper and he intended to come in on his own on 3 September 1987 to set the record straight. [REDACTED]

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[REDACTED]

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19. [redacted] advised that he has a stamp in a safe-deposit box and would return it on 8 September 1987. He was on a Leave Without Pay status during the discovery and subsequent sale of the misprinted stamps. He was scheduled to report [redacted] to [redacted] upon his return to duty. He was contacted telephonically by [redacted] and instructed to report to the office, which he assumed was related to his pending [redacted]. Upon his arrival, [redacted] presented him with a check and one stamp and told him that it was a bonus. [redacted] eventually explained the discovery and sale transaction and told him that the employees were "keeping it quiet" because they did not want anyone to know about the sale. [redacted]

20. Discussions were held via one-on-one conversations during the initial investigation. Each person interviewed reported to the others what questions were asked and what information was supplied. Although he could not recall the names of specific individuals, he noted that he was told to keep the story straight and not to volunteer any information. Likewise, during the 2 September 1987 interviews, [redacted] reported that [redacted] denied having a stamp in [redacted] possession, and the other employees lied to protect each other. A group discussion was held in the [redacted] room after [redacted] was interviewed. Those present included [redacted] and [redacted] may have been present. It was decided at that time that the disposition of the remaining stamps should be concealed. [redacted]

21. [redacted] was asked why the employees placed the stamp in safe-deposit boxes. He replied that in October or November 1986, [redacted] researched the value of the stamp and learned that it could be worth approximately \$17,000. He informed the others of the value and recommended that it be placed in a safe-deposit box. [redacted]

22. [redacted] advised that he had a stamp in his possession and gave it to his father. The stamp is contained in a safe-deposit box and would be returned on 8 September 1987. [redacted] acknowledged that he was less than forthright during the previous interview when asked about the disposition of the nine stamps. He interpreted the question literally in that he did not have possession of the stamp; it was in his father's possession. Regarding knowledge of others having the stamp, he interpreted the question to mean knowledge of individuals who have since purchased the stamp from the dealer. The stamp was retained initially as a souvenir and then was considered an investment once the dealer related that additional stamps could be worth \$300 each. [redacted]

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23. [] was involved in the sale transaction, and he confirmed that 85 stamps were sold and one damaged stamp was given to the dealer. The general consensus among the group during the initial investigation was that "unless asked, don't tell about each person having a stamp." The group also discussed how to respond to questions during the 2 September 1987 interviews, and after the initial interview of [] the remaining employees were aware of the questions being asked. He also recalled that prior to the sale transaction, [] and [] advised the others not to reveal possession of the stamps for fear that other people would want one. []

24. Once the sale transaction was finalized, the dealer gave [] a booklet of three or four different misprinted stamps worth approximately \$170 each. [] also gave these stamps to his father. []

25. [] returned the stamp in [] possession to the Office of Security on 3 September 1987. [] noted that [] personally did not want a stamp as a souvenir but upon the discovery, [] and [] requested to buy one stamp each to keep. It was then decided that each employee would receive one stamp and would reimburse [] the \$1 value. There was a general discussion among the individuals not to talk about the discovery to other employees. []

26. [] acknowledged that [] is aware that none of the stamps were used for postage. However, [] believed during the initial investigation that some of the stamps were used for official postage. [] admitted that [] concealed information deliberately during the interview the previous day and [] recalled that [] told the Chief, [] that "I wish I had one... I could retire." [] talked to a lawyer friend that evening and was encouraged to reveal the truth. [] then discussed the matter with [] and it was decided that the group would confess to having a stamp in their possession. [] indicated that [] regretted [] actions immensely and hoped [] would not lose a promising career over one mistake. []

27. [] provided a receipt for the 95 \$1 stamps purchased at the McLean Post Office on 26 March 1986. [] recalled that the misprint was noticed a few days later, and at that time, two of the employees wanted to buy a stamp to keep. Once they learned the value of the stamps, it was decided that each person would be given one stamp. [] acknowledged that none of the stamps were used for postage. However, during

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the BEP investigation, which was conducted telephonically, [] provided information to the effect that 86 stamps were sold and the rest were used for postage prior to the discovery. Once [] was informed of the Freedom of Information Act request by [] management, [] decided to keep to the story that the remaining nine stamps were used for postage. []

28. The group discussed the investigation and the 2 September 1987 interviews as they occurred. [] denied that [] instructed anyone to respond according to [] testimony and rationalized that the others lied because [] was the first to be interviewed and [] response was that neither [] or any of the other employees had a stamp in their possession. Later that evening, [] was overwhelmed by guilt and decided that the best course of action would be to reveal the truth. [] contacted the other employees telephonically and informed [] of [] decision to notify management of the disposition of the remaining stamps. [] returned [] stamp to the Office of Security on 3 September 1987. []

29. In summary, six of the employees lied about possession of the stamps during the 2 September 1987 interview: []

[] and [] claimed that he was not asked specifically about the disposition of the nine stamps. [] claimed that he deliberately interpreted the questions narrowly. [] was not interviewed on 2 September 1987. However, he was informed by [] prior to the interview on 3 September 1987 that management would be notified that each employee had one stamp in their possession. []

30. Three stamps have been returned to the Office of Security: [] and [] Four employees advised that the stamp would be returned on 8 September 1987: [] and []

[] claimed that his stamp has been lost or misplaced. [] noted that his stamp was in his father's possession, and he requested and was granted the opportunity to seek legal counsel prior to notification to the Office of Security of his intention regarding the stamp. []



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9 September 1987

MEMORANDUM FOR THE RECORD

FROM: [redacted]

SUBJECT: Conversion of U.S. Government Property
for Personal Gain [redacted]

1. On 4 September 1987, [redacted] advised that he retained the services of an attorney, [redacted]

2. On 8 September 1987, the undersigned contacted the following individuals regarding the disposition of the stamp in their possession: [redacted]

[redacted] advised that [redacted] would consult with an attorney in the near future. [redacted] was on sick leave and [redacted] was on annual leave. [redacted] advised that his stamp had not been found. [redacted]

3. On 9 September 1987, [redacted] related that he retained the services of an attorney for legal representation. [redacted]

4. Attempts to contact [redacted] at his office were unsuccessful. It was learned that he submitted a request for annual leave on 4 September 1987, the day after he was interviewed about the disposition of the stamp. It is noted that during the interview, he agreed to return the stamp to the Office of Security on 8 September 1987. [redacted] is expected to report for duty on 10 September 1987. [redacted]

[redacted]

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[redacted]

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5. [redacted] was instructed to submit a memorandum outlining the loss of his stamp. It was requested that the memorandum include the dates, circumstances and possible whereabouts of the misplaced or lost stamp. This memorandum is to be submitted to [redacted] by close of business on 9 September 1987. [redacted]

6. In summary, the following four employees returned their stamp to the Office of Security: [redacted] and [redacted]. The following three employees have either consulted with or plan to retain an attorney for legal representation: [redacted]

[redacted] and [redacted] claimed that his stamp was either misplaced or lost. It is unknown at this time what course of action will be taken by [redacted] who is currently on annual leave. [redacted]

[redacted]