



ECONOMIC CRIMES

Unclassified



OVERVIEW

- NCIS Mission
- Cost of Fraud
- Major Categories of Procurement Fraud



NCIS MISSION

- **Three Priorities:**
 - **Prevent Terrorism**
 - **Protect Secrets**
 - **Reduce Crime**



ECONOMIC CRIMES MISSION

- Safeguard the integrity of the Department of Navy (DON) acquisition programs
- Enhance fleet readiness/safety by conducting investigations and operations to reduce fraud in the procurement process

Cost of Fraud???



MAJOR PROCUREMENT FRAUD CATEGORIES

- Bribery
- Subcontractor Kickbacks
- Cost Mischarging
- General Procurement
- Product Substitution



BRIBERY OF PUBLIC OFFICIALS

The offering, giving or soliciting something of value for the purpose of influencing the action of an official in the discharge of his or her public duties



ACCEPTING ILLEGAL GRATUITIES

Someone directly or indirectly gives, offers, or promises anything of value to a public official for or because of an official act. Intent to influence is not required



SUBCONTRACTOR KICKBACKS

Subcontractor provides something of value, directly or indirectly, to a primary contractor in order to influence a business decision and secure a contract



COST MISCHARGING

Improper allocation of costs or the charging of unallowable costs, directly or indirectly, to a government contract usually resulting in the Government being overcharged for goods and services



PRODUCT SUBSTITUTION/DEFECTIVE PRODUCTS

The intentional submission by the contractor to the Government directly or indirectly of goods and/or services that do not conform to the contract specifications or requirements, without informing the customer



Counterfeit Products

- Products presented with the appearance of being manufactured by the Original Equipment Manufacturer (OEM)
- Actually manufactured by unapproved vendors
- Labels are forged/falsified
- Often seen on computer circuitry (routers, transistors, etc.) and equipment
- Purchased from China, Malaysia, Thailand, Taiwan
- Priority focus for Department of Justice

Questions?





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