

*Defence fraud*  
**Creative billing**

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Published August 23, 2007

The  
Economist

## **If your scam is brazen enough you can still hoodwink the Pentagon—for a while**

Everyone knows about the \$400 hammer and the \$600 lavatory-seat, but these days defrauding the Pentagon is a seriously big business. Twin sisters from the town of Lexington, South Carolina, a few miles from the state capitol in Columbia, managed to swindle America's Defence Department out of no less than \$20.5m over the past nine years by using an automated payment system intended to cut red tape and speed up shipments to troops.

In one case, Charlene Corley and her sister, Darlene Wooten, the owners of a small-parts company called C&D Distributors, shipped three machine screws costing \$1.31 each to marines in Habbaniyah in Iraq. They then proceeded to charge the government \$455,009 for transportation costs—and got paid.

The company also received \$998,798 for shipping two 19-cent lock-washers, \$492,097 for shipping a \$10.99 threaded machine plug, \$445,641 for shipping a single \$8.75 plumbing tube elbow, and \$403,436 for mailing six machine screws worth a total of \$59.94.

C&D submitted these and other shipping invoices separately from 1997 onwards, and the system paid the sisters automatically. It wasn't until last September that the scheme was finally uncovered. Until then, however, the women were in "high cotton," as they say in the South, buying four beach houses, ten fancy cars, boats and lots of jewellery. They also took expensive holidays and bought five businesses, including a cookie store.

All of this came to light in court last week when the 46-year-old Ms Corley pleaded guilty to defrauding the Pentagon. She was fined \$750,000 and faces up to 40 years in prison. Ms Corley's lawyers tried to place most of the blame on her sister Darlene, who killed herself last autumn when the government began closing in.

American taxpayers may be relieved to know that the Pentagon has tightened its payment procedures in response to the sisters' scam. If only its officials could locate 190,000 assault rifles and handguns distributed during the past few years to Iraqi security forces. The Government Accountability Office reported recently that the weapons seem to have gone missing.