



THE SECRETARY OF THE NAVY
WASHINGTON DC 20350-1000

MEMORANDUM FOR THE RECORD

FROM: Secretary of the Navy, Ray Mabus

Ray Mabus
SEP 11 2012

SUBJECT: DoD Inspector General Investigation Concerning Admiral Stavridis

This memorandum documents my findings with respect to subject investigation, to include corrective actions I deem appropriate.

The DoD IG substantiated ten (10) allegations against ADM Stavridis related to use of MILAIR, acceptance of gifts, reimbursement of per diem, and use of Government-provided cellular telephones and transportation. In summary, I have determined that ADM Stavridis never attempted to use his public office for private gain nor did he commit personal misconduct. The issues identified by the DoD IG reflect poor attention to administrative detail by the Office of the Supreme Allied Command Europe/United States European Command (OSACEUR/EUCOM) staffs. As the Commander, he is ultimately responsible for the administrative failures noted in the investigation; on this date I personally discussed with him the need for improved OSACEUR/EUCOM processes and diligent oversight.

Each substantiated allegation is summarized and addressed, in the order presented by the DoD IG. In those instances when ADM Stavridis disputes significant findings of the DoD IG, both positions are set forth, followed by my conclusions.

- **Used MILAIR for unofficial travel to Dijon, France, without obtaining approval.**
 - **DoD IG Findings:** After conducting detailed reviews of 50 trips, DoD IG determined one instance of MILAIR use to be for unofficial purposes. In May 2010, ADM and Mrs. Stavridis, RDML (b) (6), Foggo, and (b) (6), (b) (7)(C) attended a ceremony sponsored by a Burgundy society of wine enthusiasts. ADM Stavridis accepted the invitation to preside over a chapter meeting and be inducted into the Society's Brotherhood. Attendees included a cross-section of the business, social, and cultural elite of Burgundy, and ADM Stavridis shared his table with the French Chief of Defense (CHOD) and other guests.¹ The DoD IG concluded that the primary reasons for the trip were the social and cultural benefits that accrued to ADM Stavridis and his staff. They concluded that ADM Stavridis should have requested DEPSECDEF's approval to use MILAIR; given ADM Stavridis' "determination of the necessity for the trip, and in view of his assertion concerning the strategic importance of his engagement with ADM Guillard at the Brotherhood event, we presume that . . . his travel using MILAIR might have been approved."

¹ The DoD IG report contains (b) (6), (b) (7)(C) recollection that, in addition to the French CHOD and his spouse, present at ADM Stavridis' table were the Mayor of Dijon, a French Senator, a member of the French National Assembly, the mayor of another city, a French army general, and the vineyard owners.

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- o ADM Stavridis' Response: This was official travel. The trip lasted a total of 14 hours, of which 4+ hours were spent in conversation with the new French CHOD, (b) (5)

[REDACTED] This event built upon a meeting earlier in May when ADM Stavridis traveled to Paris to first call on ADM Guillard and the French General Staff. ADM Stavridis attended the Brotherhood event in full dress uniform (as did ADM Guillard), gave a significant speech (in French) to an international audience of more than 600², in which he extolled the virtues of NATO and the Alliance. ADM Stavridis and ADM Guillard were honored, together, through induction to the Brotherhood. (b) (5)

[REDACTED] ADM Stavridis further notes precedence for his official attendance, as both GEN Clark and GEN Joulwan had been inducted into the Brotherhood during their tours as SACEUR, as had the Chairman of the Joint Chiefs of Staff (ADM Mullen) in 2009.

- o Conclusion: The DoD IG found particularly significant the circumstances of the issuance and acceptance of the invitation. I believe the appropriate focus must be on the event as it occurred on May 8, 2010. The facts are that ADM Stavridis attended in dress uniform, provided a speech on NATO to an assembled multitude of influential individuals, and spent the evening engaged with ADM Guillard (b) (5)

[REDACTED] I find ADM Stavridis' decision to visit ADM Guillard in his own country, in a setting that observed not only military protocols but also traditions of obvious importance to the French, to be consistent with his duties and responsibilities as NATO's Supreme Allied Commander. I have the utmost faith and confidence in ADM Stavridis professional and personal judgment³, and I find compelling his explanation of the strategic value of this engagement. Accordingly, I do not concur with the DoD IG's conclusion with respect to this allegation; no further action is warranted.

- **Collection of per diem in excess of authorized rates in connection with official travel.** On six occasions, ADM Stavridis ended one set of travel orders and commenced travel on a separate set of orders on the same day. In filing his travel vouchers, neither the administrative staff nor the automated reimbursement systems identified the "overlap day,"

² Quoting (b) (6), (b) (7)(C) [REDACTED] the DoD IG report reflects that "the venue was filled with as good a collection of leaders as one could find at an event in Europe. It included statesmen, ambassadors, military leaders, industrialists, politicians, and other well-known or well-regarded persons."

³ The fact that this was the one and only MILAIR trip that the DoD IG took issue with, out of a total of more than 150 undertaken by ADM Stavridis during the period reviewed, speaks to ADM Stavridis judgment in use of MILAIR for official purposes.

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resulting in ADM Stavridis being overpaid in the total amount of \$773. I find that ADM Stavridis was not aware this overpayment was occurring and that he was not attempting to use his public office for private gain. He has since reimbursed the government the full overpayment amount. I consider this issue resolved.

- **Payment of per diem to Mrs. Stavridis in connection with official travel.** On four occasions, ADM Stavridis authorized Mrs. Stavridis be paid per diem in connection with her official travel. Two trips were found to have appropriate justification. On one occasion, Mrs. Stavridis was paid through a clerical error (ADM Stavridis did not, in fact, authorize per diem payment). As to the fourth occasion, ADM Stavridis subsequently reconsidered his wife's role on the trip and, finding it to be primarily representational in nature, determined per diem should not have been authorized. ADM Stavridis has since reimbursed the government \$328.50, the total amount of per diem for these two trips. I find that ADM Stavridis was not attempting to use his public office for personal gain. I consider this issue resolved.
- **Failure to use the government travel credit card for official travel.** Until March 2011, ADM Stavridis paid for lodging and other expenses with a personal credit card. ADM Stavridis believed that he had been previously exempted from using the government card for security reasons. When informed that was not the case, he immediately obtained a government card and has used it for official travel ever since. The DoD IG notes that ADM Stavridis accrued nearly \$18,000 redeemable reward points on his personal credit card, a value of approximately \$270. I find that ADM Stavridis was not attempting to use his public office for private gain. I consider this issue resolved.
- **Failure to properly report and dispose of gifts from a foreign government.** On two separate occasions, firearms were presented to ADM Stavridis by foreign government representatives (Israel and Croatia), each valued in excess of \$335. Both gifts were properly accepted by ADM Stavridis in an official, vice personal, capacity but not declared on an annual report made to the Department of State. A report for one of the firearms has since been submitted.⁴ Gifts from the Greek CHOD to ADM Stavridis and Mrs. Stavridis, exceeding \$335, were not timely processed for acceptance determinations or declared to the Department of State; ADM Stavridis has since personally purchased these gifts. I find that ADM Stavridis was not attempting to hide receipt of these gifts or otherwise attempting to use public office for private gain. I consider this issue resolved.
- **Failure to properly report and dispose of gifts from non-federal entities.** ADM Stavridis executed an official trip to address the American Enterprise Institute (AEI) World Forum; AEI provided overnight lodging without charge. ADM Stavridis' staff did not follow proper

⁴ ADM Stavridis' response contends that one of the firearms was accepted on behalf of SHAPE and not the United States, thus there is no reporting requirement to Department of State. The DoD IG does not concur in this interpretation. The Judge Advocate General of the Navy has addressed this issue with the EUCOM staff judge advocate, to ensure OSACEUR/EUCOM coordinates their foreign gift acceptance process and procedures with OSD and, if necessary, submit a supplemental report.

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procedure in having such gift approved in advance of the travel. Further, ADM Stavridis received two pens from MontBlanc, worth in excess of \$20. The pens were not immediately returned or personally purchased because they were mistakenly treated as gifts from a foreign official. The EUCOM staff is coordinating with the DoD Standards of Conduct Office to effect an appropriate disposition. I find that ADM Stavridis was not attempting to hide receipt of these gifts or to otherwise attempting to use public office for private gain. I consider this issue resolved.

- **Permitted family members to accompany him on MILAIR without properly documenting their unofficial travel or reimbursing the Government for the full coach fare.**
 - **DoD IG Findings:** Between July 2009 and February 2011, Mrs. Stavridis, the Stavridis' daughter, and ADM Stavridis' mother traveled on MILAIR in an "unofficial" status (thus requiring full coach fare reimbursement) on several occasions without submitting complete travel documentation. Further, the DoD IG concluded that the (b) had not properly calculated reimbursement for three multiple-leg trips made by Mrs. Stavridis. Because of a lack of contemporaneous documentation, the DoD IG found it "impossible to determine" publicly available fares upon which ADM Stavridis based reimbursement, and recommended "additional analysis to determine whether ADM Stavridis or other travelers should pay additional full coach fare reimbursement to the Government in connection with unofficial travel on MilAir."⁵
 - **ADM Stavridis' Response:** On the few occasions where members of the Stavridis family accompanied him on MILAIR in an unofficial capacity, ADM Stavridis "always ensured we paid for it as permitted by policy and regulation." Over time, ADM Stavridis has reimbursed more than \$13,000 in connection with such MILAIR travel. The documentation related to reimbursement for unofficial travel was inadequate, in that the (b) failed to print out and attach to the travel claim the lowest commercial airfare available to the general public and upon which reimbursement was based. Nonetheless, ADM Stavridis believes that the (b) (6) calculations reflected economy fares available to the general public at the time of travel. ADM Stavridis asserts that OMB and DoD regulations do not provide specific guidance on the issue of multiple-leg trips⁶, but volunteered to provide any additional reimbursement deemed appropriate for Mrs. Stavridis' unofficial travel.
 - **Conclusion:** During the period of time that the DoD IG reviewed ADM Stavridis' MILAIR travel, Stavridis family members accompanied in an "unofficial" status on 18

⁵ The DoD IG does not indicate who should conduct or how to undertake such additional analysis; their report notes that attempting to now determine full coach fares that existed at the original time of travel may not be possible. "We attempted but were unable to determine the 'Y' class fare for commercial air travel between Brussels, Belgium, and Austin, Texas, on November 5, 2009." Appendix 1, page 17.

⁶ My reading of applicable regulations is that each part of multi-leg travel must be considered in properly calculating "full coach fare" reimbursement where one or more legs involves "unofficial" travel. OMB Circular A-126, § 9.b.(ii).

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occasions.⁷ Each trip involved official travel by ADM Stavridis, and the Stavridis' have already reimbursed the U.S. Treasury more than \$9,900. The evidence is that ADM Stavridis was cognizant of, and intent on complying with, MILAIR reimbursement rules; I find that he was not attempting to derive personal gain from public office. ADM Stavridis readily admits staff failure to observe required procedures for documenting reimbursement, which has created an unfortunate appearance issue. I will address this point with ADM Stavridis. However, I decline to direct further recoupment action. As the DoD IG report reflects, attempting to reconstruct publicly available fares years after the fact would require investment of significant staff resources and, in the end, may be impossible to determine with any degree of accuracy or fairness to ADM Stavridis. While not condoning the OSACEUR/EUCOM administrative deficiencies properly documented by the DoD IG, I am satisfied that an appropriate level of reimbursement has already been made. I consider this issue resolved.

- Permitted a (b) (6) employee and (b) spouse to accompany him on MILAIR in connection with unofficial travel to Dijon, France, without having them reimburse the Government at the full coach fare.
 - DoD IG Findings: (b) (6), (b) (7)(C) was not an official traveler for this event, and should have reimbursed the Government the full coach fare but did not. Further, since the DoD IG determined that this entire trip was not official travel, all passengers traveling on MILAIR should calculate the full coach fare and reimburse the Government.
 - ADM Stavridis' Response: This was official travel. As evidenced by email contemporaneous with this trip, ADM Stavridis approved (b) (6), (b) (7)(C) attendance in an official capacity, and that (b) spouse would be considered an unofficial MILAIR traveler and required to reimburse. The spouse forgot to make such reimbursement; upon being advised of this oversight, the (b) (6), (b) (7)(C) promptly provided reimbursement.
 - Conclusion: Having determined that this trip was indeed official, that it was appropriate for (b) (6), (b) (7)(C) to be included in the official party, and that proper reimbursement for (b) spouse's "unofficial" travel has been made, I consider this issue resolved.
- Personally used, and allowed his wife's and staff's use of, Government-provided cellular telephones for unofficial purposes.
 - DoD IG Findings: Prior to October 2010, OSACEUR had no administrative controls over staff use of Government-provided cellular phones; at that time, several individuals were identified as incurring significant charges, some amount of which was attributable

⁷ The 16 trips documented on pages 59-60 of the DoD IG Report, and including the two MILAIR flights in November/December 2009 on which ADM Stavridis' mother traveled.

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to personal use. Starting in October 2010, OSACEUR instituted procedures and controls, to include execution of user agreements that prohibited use "for other than official Government business." OSACEUR staff, including ADM Stavridis, continued to use Government cellular phones on occasion for unofficial purposes and reimbursed the Government for such charges. No attempt was made to recoup charges prior to October 2010; several OSACEUR staff members did not fully account for unofficial use after October 2010. The DoD IG concluded that "ADM Stavridis failed to exercise due and appropriate leadership over his staff to ensure the proper use of cellular telephones and the appropriate conservation of Government resources."

- o ADM Stavridis' Response: No effective program existed for oversight and monitoring of staff cell phone usage when he reported to OSACEUR. He initially believed that Government phones were provided and paid for under a package rate. When first informed of the issue, he directed his Executive Assistant to undertake a complete investigation and correct the problem. He was subsequently briefed on the issue, understood and approved the proposed remediation plan. It would have been unfair to require reimbursement for charges incurred prior to October 2010, a position that was (b) (5) and specifically approved by Commanding General USAREUR (the Executive Agent for phone services provided to OSACEUR). ADM Stavridis' and Mrs. Stavridis' personal use after October 2010 was *de minimus* and properly reimbursed. Appropriate action was taken with respect to a high volume of personal calls that continued to be made by (b) (6), (b) (7)(C). In summary, ADM Stavridis was "concerned about the misuse and wanted to correct it, and I believed my oversight of this matter was appropriate for my position."
- o Conclusion: ADM Stavridis and the OSACEUR staff had identified program deficiencies in accounting for official cellular telephone use, and were attempting to implement corrective actions, prior to initiation of the DoD IG investigation. In hindsight, their efforts were inconsistent and incomplete at the time of the DoD IG review.⁸ I find that ADM Stavridis was not attempting to use public office for private gain. I consider this issue resolved.
- **Failed to obtain proper authorization to transport his spouse in Government-provided vehicles, for official and unofficial travel in Belgium.**⁹
 - o DoD IG Findings: ADM Stavridis permitted his wife to be transported by Government vehicles from the time she arrived in Belgium. (b) (7)(E)

⁸ The Joint Ethics Regulation authorizes commands to permit certain personal communications from Government phones, to include establishment of collection procedures. § 2-301 a.(2).(e).5. ADM Stavridis was initially briefed that such a program would be instituted within OSACEUR; however, the Army User Agreement actually implemented contained a complete prohibition on personal use. The Judge Advocate General of the Navy has addressed this issue with the EUCOM staff judge advocate, to ensure OSACEUR/EUCOM implement the program and issue the appropriate user agreements that they intend on following.

⁹ A classified annex pertains to this particular issue.

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(b) (7)(E)

The DoD IG found that ADM Stavridis did not properly obtain approval for her transportation on a full-time basis.

- o ADM Stavridis' Response: (b) (7)(E)

There may have been inadequacies in the content and timing of the request and approval documenting Mrs. Stavridis' authorization, but the judgment to afford her with Government transportation was sound and in accord with authority delegated to ADM Stavridis as the Combatant Commander by laws, regulations, and instructions. (b) (7)(E)

- o Conclusion: ADM Stavridis possessed the authority under 10 U.S.C. § 2637, DoD 4500.36-R ¶ C4.2.8, and USEUCOM Instruction 4501.01, to approve the transportation of dependents via government motor vehicles, to include use for unofficial purposes, when determining that public or private transportation is "unsafe or not available." I find ADM Stavridis had an appropriate basis for approving his wife's transportation in government motor vehicles, for both official and unofficial use, (b) (7)(E) However, documentation and periodic review of such authorization was deficient. (b) (7)(E)

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(b) (7)(E) ¹⁰ I find that ADM Stavridis was not attempting to use his public office for private gain. I consider this issue resolved.

I find that ADM Stavridis did not abuse his public office. I accept his statement that, where the DoD IG discovered shortcomings in administrative procedures, OSACEUR/EUCOM has attempted to correct, and will continue to improve, to ensure full compliance with law, regulations, and policy. Considering the full breadth of ADM Stavridis' career, he has consistently demonstrated himself to be a model naval officer and a devoted public servant whose motivation is to do that which is necessary and appropriate to advance the interests of the United States.

ACTION: I personally discussed with ADM Stavridis the several process failures documented in this investigation. Specifically, I addressed:

- o The importance of standard OSACEUR/EUCOM acceptance protocols for all gifts, no matter the source, to include gifts associated with travel;
- o The importance of OSACEUR/EUCOM staff ensuring complete documentation pertaining to travel of family members, both official and unofficial, aboard MILAIR and in Government vehicles;
- o The need for OSACEUR/EUCOM staff to adhere to proper requirements for use of Government cellular telephones.

¹⁰(b) (7)(E)
(b) (7)