~~CONFIDENTIAL~~

In reply refer to Initials
and No.
Op-16-B-3
A3-1/ND
~~CONFIDENTIAL~~
Serial 01674216

NAVY DEPARTMENT
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON

2 4 JUL 1943

From:	Vice Chief of Naval Operations.
To:	Commandants, All Naval Districts (Except Sixteenth); Commandants, All River Commands; Headquarters, U. S. Marine Corps; Headquarters, U. S. Coast Guard.
Subject:	Procedure in Cases Involving Frauds Against the United States Government.
References:	(a) Revised Cost Inspection Manual, Administrative Section, Page Five, Paragraph Seven.
	(b) Conf. VCNO ltr. Op-16-B-3, A3-1/ND, Serial 01473416, dated June 4, 1943, same Subject.

1.   Attention is directed to reference (a), which provides "The Cost Inspection Division, Bureau of Supplies and Accounts, is to be notified immediately if the cost inspector finds or has reason to believe that payrolls have been padded . . . . or that there is any other evidence of dishonesty or fraud in connection with any transaction."

2.   Reference (b) is not to be construed as affecting or altering this or any other established procedure for the dissemination of information within the naval establishment. It was designed only to authorize preliminary investigations by the Naval Intelligence Service in war fraud cases in which naval personnel are involved and to establish a uniform procedure for the referring of such cases to the Department of Justice.

3.   On 14 July 1943, reference (a) was amended by the Bureau of Supplies and Accounts so as to require cost inspectors to notify their respective district commandants, as well as the Cost Inspection Division of the Bureau of Supplies and Accounts, whenever evidence of dishonesty or fraud is discovered by them. This amendment should provide a more effective coordination of the Cost Inspection Service into the purposes and procedure contemplated in reference (b).

H..C. Train,
By direction.

Copy to:
  Under SecNav (PLD)
  BuSandA
  OP&M

~~CONFIDENTIAL~~

8/