GAO

United States
General Accounting Office
Washington, D.C. 20548

Office of the General Counsel

B-271895

September 3, 1996

Sidney L. Kaplan
Chairman
Committee of Inquiry Into Fiscal Irregularities
Department of State

Dear Mr. Kaplan:

This is in response to your request that we grant relief from liability under 31 U.S.C. § 3527 to Mr. John-Baptiste Diamesso, Class B Cashier, at the American Embassy in Brazzaville, Republic of the Congo, for the physical loss of $4,100 from his account. As explained in further detail below, we grant relief .

Sometime in August 1994, the United States Secret Service confiscated $1,500 in counterfeit notes from a State Department employee travelling on temporary duty to the United States. Brazzaville Embassy records confirmed that the notes had been given to the employee by Mr. Diamesso. A follow-up investigation by Secret Service special agents at Brazzaville determined that the cashier possessed an additional $2,600 in counterfeit U.S. currency. It was later established that the counterfeit notes had all been received from the American Embassy Regional Finance Office in Kinshasa, Zaire, Brazzaville's usual source of supply for U.S. currency. The Secret Service then found that a much larger amount of counterfeit currency was in the possession of the Kinshasa Cashier. The Secret Service has determined that the 41 of Brazzaville's 100 dollar notes are "super-dollars", extremely high quality counterfeit notes which can only detected by expert forensic examination. These notes easily pass visual and tactile inspection by experienced cashiers and cannot be detected by most commercial counterfeit detection machines.

After reviewing the reports of the investigation the Committee of Inquiry Into Fiscal Irregularities, Department of State, determined that Mr. Diamesso was carrying out his official duties when the incident occurred and was without fault regarding the loss. He observed all requisite procedures for receipt, documentation and handling

pertaining to the maintenance of U.S. funds in his possession. The Committee also concluded that there was no way Mr. Diamesso could have reasonably known or suspected that some of the U.S. currency in his care was counterfeit.

This Office may relieve an accountable officer of liability for physical loss of government funds if it concurs with the determination by the head of the agency, or any official delegated such authority, that the loss occurred while the officer was acting in his or her official capacity and was not the result of fault or negligence on the part of the officer. 31 U.S.C. § 3527(a) (1988); B-261261, Aug. 31, 1995.

We have held that a deficiency in an accountable officer's account resulting from the acceptance of counterfeit currency constitutes a physical loss. See B-239724, October 11, 1990; B-101301, July 19, 1951. Although the acceptance of a counterfeit note may not amount to negligence if the counterfeit is not readily detectable (B-191891, June 16, 1980), if the quality of the counterfeit is such that a prudent person in the same situation would question the authenticity of the bill, relief should not be granted. Id. B-239724, October 11, 1990. Also, failure to check a bill against a posted list of serial numbers of counterfeit bills will generally be viewed as negligence. Id.

Here the loss resulted from the acceptance of "super-dollars", extremely high quality counterfeit notes which the Secret Service concluded could not be detected by other than expert forensic detection. Since the bills were not readily detectable as counterfeit and since he did not deviate from established operating procedures, we concur with the findings of the Committee and grant relief to Mr. Diamesso.

Sincerely,

Gary L. Kepplinger
Associate General Counsel

B-271895

September 3, 1996

DIGEST

Under the provisions of 31 U.S.C. § 3527(a), we grant relief from liability for a loss of $4,100 to a Class B Cashier, at the American Embassy in Brazzaville, Republic of the Congo. The loss resulted from the acceptance of "super-dollars", extremely high quality counterfeit notes. Secret Service and Committee of Inquiry Into Fiscal Irregularities, Department of State, concluded cashier was carrying out his duties and was not at fault at the time of the incident.