

Community Advocacy Report

Governance, Fraud-Risk, and Federal Oversight Concerns

March Joint Powers Authority (MJPA)

BRAC-Adjacent Redevelopment – March Air Reserve Base

Prepared by:

Mission Grove Neighborhood Alliance (MGNA)

an IRC 501 (c) (3) Community Advocacy Organization

Purpose:

Public Education, Accountability Advocacy,
and Federal Oversight Referral

Prepared for:

MGNA Board of Directors

Legal Counsel

United States Department of Justice, U. S. Attorney/FBI

Department of Defense Office of Inspector General, (DOD-OIG)

Congressional Oversight Committees (COC)

United States Air Force-March Air Reserve Base Commander

Community Advocacy Report Executive Summary

This Executive Summary synthesizes the findings, analytical framework, and federal-interest implications of the following Community Advocacy Comparative Forensic/Fraud Risk Analysis Report regarding the MJPA, prepared by MGNA.

Acknowledgements

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- Community Alliance for Riverside's Economy C Environment (CAREE), for its commitment to environmental accountability and public-interest reporting. (careenews.org)

This work also reflects hundreds of hours of applied research and review by a diverse coalition of community members dedicated to transparency, accountability, and public trust.

Methodology Statement

This report was developed using a rigorous, multi-source research methodology. Primary sources included Civil Grand Jury reports, agency responses, development agreements, valuation records, audits, government data and correspondence. Analysis was conducted using recognized fraud-risk frameworks and strict adherence to APA (7th edition) standards.

This work was significantly assisted by the responsible use of ChatGPT Pro (2025), Google Search (2024–2025), and Perplexity Pro (2025). These tools supported literature review, synthesis, and drafting, with all outputs subject to human verification and professional judgment. The conclusions reflect collective community expertise and meticulous evidentiary review.

Fraud Diamond Analysis of Base Closure and Realignment Act (BRAC) Fraud in California

Executive Summary Abstract

The Base Closure and Realignment Act (BRAC, 1988, P.L100-526) was enacted to facilitate the orderly closure and redevelopment of military installations while safeguarding national security, environmental integrity, and public health. However, the complexity and scale of BRAC environmental remediation and high value asset transition efforts have also created conditions conducive to fraud. This report examines documented instances of BRAC-related fraud and corruption in California through the analytical lens of the Fraud Diamond model—comprising incentive, opportunity, rationalization, and capability. This Comparative Forensic/Fraud Risk Analysis synthesizes federal investigations, judicial proceedings, and regulatory findings to illustrate how systemic oversight gaps, contractor pressures, and technical expertise converged to enable prolonged misconduct. The report further contextualizes these findings within the broader California BRAC landscape and highlights implications for public trust, environmental accountability, and military stewardship.

From a prosecutorial perspective, the cumulative findings of California Assembly and Senate committee analyses, multiple county civil grand jury reports, and statewide oversight reviews establish a fact pattern consistent with the Fraud Diamond framework—opportunity, pressure, rationalization, and capability—operating within certain Joint Powers Authorities (JPAs) formed pursuant to California Government Code Section 6500. Opportunity is created by structurally fragmented oversight and the absence of a comprehensive, centralized data regime, repeatedly noted by California Assembly committees and corroborated by various county grand jury findings that JPAs may comply with the letter, but not the spirit, of transparency laws such as the California Brown Act, (California Government Code Section 54950). Pressure emerges from fiscal mechanisms that permit bond issuance without direct voter approval, ambiguous allocation of unfunded pension and other post-employment benefit (OPEB) liabilities, and reliance on optimistic revenue assumptions, conditions identified across legislative analyses and financial oversight commentary. Rationalization is evidenced where governing bodies justify opacity and aggressive financing as administratively efficient or legally permissible, despite documented public accountability deficits highlighted in civil grand jury reports and policy critiques by the Legislative Analyst's Office. Finally, capability is demonstrated by governance structures in which a single dominant public entity effectively controls a JPA, enabling sophisticated actors to exploit statutory complexity and limited monitoring capacity—an issue further compounded by historically weak filing compliance and reporting

standards acknowledged in prior legislative hearings. Taken together, these elements describe an environment in which systemic vulnerabilities, rather than isolated errors, materially elevate the risk of fiscal mismanagement and public trust erosion, thereby warranting heightened scrutiny, remedial legislation, and potential investigative review consistent with established principles of governmental accountability (Wolfe C Hermanson, 2004; California Assembly, n.d.; Legislative Analyst’s Office, n.d.).

Introduction

The Base Closure and Realignment Act represents a significant federal undertaking with enduring consequences for military readiness, environmental safety, and community redevelopment. BRAC-authorized closures require extensive environmental remediation prior to property transfer, particularly at installations with histories of industrial, radiological, or hazardous material use. These remediation efforts are typically executed through large federal contracts subject to complex regulatory oversight involving the Department of Defense (DoD), the U.S. Military, the Environmental Protection Agency (EPA), and state agencies.

In California, federal authorities have identified and investigated serious instances of contractor misconduct during BRAC remediation activities, most notably at the Hunters Point Naval Shipyard. This and other Federal cases provide a well-documented empirical foundation for applying the Fraud Diamond framework to understand how fraud emerged, persisted, and remained undetected for extended periods.

The Fraud Diamond Framework

The Fraud Diamond model expands upon the traditional Fraud Triangle (Donald Cressey, 1953) by adding a fourth element—capability—to the established components of incentive (or pressure), opportunity, and rationalization. This framework is particularly well-suited to analyzing complex, technically sophisticated fraud schemes occurring within regulated environments such as BRAC environmental remediation projects. Under BRAC, remediation contractors operate at the intersection of high financial stakes, compressed timelines, technical complexity, and layered oversight structures. These conditions amplify the relevance of all four Fraud Diamond elements. (Wolfe and Hermanson, 2004)

Case Study: Hunters Point Naval Shipyard

Background

The primary JPA partners managing the Hunters Point Naval Shipyard (HPNS) BRAC cleanup are the U.S. Navy (lead agency), the U.S. Environmental Protection Agency (EPA) (federal regulator), the California Department of Toxic Substances Control (DTSC), and the

San Francisco Bay Regional Water Quality Control Board (state regulators), all working with the City of San Francisco on future redevelopment, focusing on environmental remediation. Key entities involved in oversight and coordination include the Navy's BRAC Program, EPA, DTSC, Water Board, and the City, aiming to make the site safe for its planned mixed-use transformation.

Hunters Point Naval Shipyard (HPNS) was designated as a Superfund site and scheduled for transfer under BRAC authorities. The site required extensive radiological and environmental cleanup before redevelopment could proceed. The Navy contracted remediation work with Tetra Tech EC, Inc., a private environmental engineering firm, over a period spanning more than a decade. Subsequent federal investigations revealed widespread falsification of soil samples, manipulation of radiological survey data, and submission of false certifications of remediation completion.

Incentive (Pressure)

The primary incentive driving fraudulent conduct at HPNS was financial and contractual pressure. Remediation milestones were directly tied to payment schedules, performance evaluations, and future contract opportunities. Delays or failed certifications risked liquidated damages, loss of credibility with federal clients, and termination of lucrative contracts. Additionally, BRAC redevelopment timelines created political and economic pressure to demonstrate progress toward property transfer, further incentivizing premature or false declarations of cleanup completion.

Opportunity

Opportunities for fraud arose from significant oversight deficiencies. Field operations often proceeded with limited real-time supervision by Navy or EPA personnel. Contractors exercised substantial discretion over sampling protocols, data handling, and reporting processes. Federal investigations documented practices such as substituting clean soil samples from uncontaminated areas while falsely labeling them as originating from remediated zones. These actions exploited gaps between regulatory requirements and on-the-ground verification mechanisms.

Rationalization

Rationalization was evident in statements and testimony from involved personnel, many of whom reported acting under direct supervisory instruction. Employees characterized fraudulent practices as routine, necessary shortcuts to meet unrealistic deadlines, or harmless procedural deviations. Such rationalizations were reinforced by organizational culture, perceived normalization of misconduct, and the absence of immediate consequences during the early phases of fraud.

Capability

The capability element proved decisive. The fraudulent scheme relied on personnel with specialized training in radiological remediation, environmental sampling, and data interpretation. These individuals possessed the technical expertise required to manipulate soil samples, falsify radiological scan data, and generate documentation that appeared compliant with federal standards. Federal prosecutions resulted in guilty pleas from supervisory personnel who admitted to falsifying records and obstructing federal investigations, underscoring the central role of technical competence in enabling and concealing fraud.

Federal Investigations and Enforcement Actions

The Department of Justice intervened in a qui tam action under the False Claims Act, alleging that the contractor knowingly submitted false claims for payment and misrepresented remediation progress. Investigations were supported by whistleblower testimony, documentary evidence, and interagency collaboration involving the Navy, EPA, and state public health authorities. The fraud resulted in significant remediation delays, increased federal expenditure, and prolonged uncertainty regarding public health risks. Civil penalties, potential criminal liability, and contract consequences followed, though the broader community impacts continue to reverberate.

Broader California BRAC Context

California hosts numerous BRAC installations requiring environmental remediation, including former Air Force bases (re: March Air Force Base) and Army depots (re: Camp Hann). While Hunters Point represents the most extensively documented fraud case, federal reports and community advocacy organizations have raised concerns regarding oversight consistency at other sites. The HPNS case thus serves as a cautionary exemplar, illustrating systemic vulnerabilities inherent in large-scale BRAC remediation efforts and underscoring the need for robust oversight, independent verification, and whistleblower protections.

Implications for Public Trust and Military Stewardship

BRAC remediation fraud undermines public confidence in government institutions, jeopardizes environmental and public health protections, and compromises the integrity of military asset stewardship. False certifications of cleanup completion can expose communities to latent hazards while distorting redevelopment decisions and economic planning. From a national perspective, such failures erode trust in the mechanisms designed to balance military readiness with responsible land reuse and environmental accountability.

Executive Summary Conclusion

Application of the Fraud Diamond framework to BRAC-related fraud and corruption in California demonstrates how incentive, opportunity, rationalization, and capability systematically converged to facilitate sustained misconduct at the Hunters Point Naval Shipyard. This matter, together with numerous cases documented by the United States Department of Justice, underscores the critical necessity of embedding forensic fraud risk analysis into governance and oversight structures, particularly in environments characterized by technical complexity, constrained timelines, and substantial public expenditures. Absent such controls, these conditions predictably elevate the risk of misconduct with direct consequences for public health and safety. The Riverside County Civil Grand Jury's report, March Joint Powers Authority: Marginally Transparent (March 21, 2024), substantiated a wide range of community concerns regarding transparency, accountability, and governance, while simultaneously raising additional unresolved questions bearing on the health, welfare, and safety of affected residents. Where governmental entities fail to meaningfully engage the community or provide clear, timely answers, the resulting oversight vacuum necessitates independent community advocacy. Accordingly, this comparative forensic fraud risk analysis adopts a structured, grassroots approach to examining persistent irregularities and unresolved risks, with the objective of promoting lawful accountability, restoring public trust, and ensuring that BRAC's mandates are executed in both the letter and the spirit of the law.

Summary of Findings Supporting Federal Oversight Review

This Community Advocacy Report documents a sustained pattern of governance failures, fraud-risk conditions, and enforcement deficiencies associated with the March Joint Powers Authority (MJPA), the public entity charged with administering redevelopment of Base Realignment and Closure (BRAC)-adjacent land at and surrounding March Air Reserve Base in Riverside County, California. The analysis does not allege criminal conduct; rather, it establishes, through documentary evidence and accepted fraud-risk frameworks, that the convergence of structural opportunity, institutional pressure, rationalization, and capability has created an environment in which serious misuse of authority, misrepresentation, or regulatory noncompliance could reasonably occur without timely detection (Wolfe C Hermanson, 2004).

The MJPA operates as a Joint Powers Authority governed by appointed commissioners rather than elected officials, a structure that significantly limits direct voter accountability while concentrating discretionary authority over high-value public assets. Multiple Riverside County Civil Grand Jury reports have documented that, although the MJPA may comply with the technical requirements of enabling statutes, it does not consistently operate in the spirit

of transparency and accountability expected of public agencies entrusted with public land and public funds (Riverside County Civil Grand Jury, 2024). These findings are particularly significant given that the MJPA administers land originating from a federal military installation and conveyed under BRAC-related authorities, implicating heightened stewardship obligations and federal interests.

The documentary record establishes persistent internal control deficiencies within the MJPA's financial and administrative operations. These include failures to appoint a properly qualified treasurer, failures to perform routine bank reconciliations, delayed audits, and the rejection of recommendations for independent forensic audits despite repeated findings of material weaknesses (Riverside County Civil Grand Jury, 2024). Such deficiencies are not isolated technical lapses; under Government Accountability Office fraud-risk standards, they materially impair an organization's ability to detect, deter, and respond to fraud or abuse, particularly where large financial flows and complex transactions are present (GAO, 2015).

These governance weaknesses are compounded by the MJPA's approach to land valuation and disposition. Analysis of appraisal and valuation records reveals material inconsistencies between stated valuation metrics and mathematically implied values, documentation gaps, and heavy reliance on a limited number of appraisers without clear evidence of systematic reconciliation or independent review. In several instances, valuation figures used to support land-transfer decisions differed significantly from values derived from acreage and total consideration, raising objective questions regarding the integrity of the valuation process and the adequacy of oversight controls (COSO, 2023).

Land disposition practices further elevate fraud risk. The MJPA has executed conditional grant deeds and development agreements transferring control of high-value land without upfront cash consideration, instead relying on future performance milestones and contingent payments to protect the public interest. However, documentary evidence demonstrates that, when performance milestones were not met—most notably in connection with the West Campus Upper Plateau parcel—termination or reversion clauses were not timely enforced, despite the expiration of contractual deadlines and the absence of required construction activity. County Counsel subsequently confirmed that the MJPA, not the County, retained grantor authority and enforcement responsibility, underscoring that the failure to act rested squarely with the MJPA itself (County of Riverside Counsel, 2025).

This pattern of non-enforcement is critical. Under accepted fraud-risk governance principles, discretionary tolerance of non-performance converts protective contractual safeguards into illusory controls, effectively transferring public risk to private counterparties without commensurate public benefit. When combined with valuation uncertainty and non-

cash conveyance structures, such tolerance materially increases the likelihood of unjust enrichment, favoritism, or asset dissipation, even absent proof of corrupt intent (GAO, 2015; COSO, 2023).

The pressure element of the Fraud Diamond is clearly present in the BRAC redevelopment context. BRAC reuse projects operate under intense political, economic, and temporal pressure to demonstrate redevelopment success, monetize former military land, and attract large-scale private investment. These pressures can incentivize the minimization of safeguards, deferral of enforcement actions, and acceptance of optimistic assumptions to maintain project momentum. Federal experience at other BRAC sites—including Hunters Point Naval Shipyard—demonstrates that such pressures, when combined with weak oversight, have previously resulted in falsified environmental data, large-scale fraud, and subsequent federal prosecutions (U.S. Department of Justice, 2025).

Rationalization further sustains the risk environment. Official responses repeatedly emphasize that actions were “legal” or technically authorized, even where transparency, internal controls, and public accountability were demonstrably deficient. This reliance on formal legality as a substitute for substantive accountability mirrors rationalizations identified in prior public-sector fraud cases, where compliance with the letter of the law was invoked to excuse departures from ethical and fiduciary standards (Wolfe C Hermanson, 2004).

Capability completes the Fraud Diamond. The MJPA’s operational environment involves sophisticated development agreements, complex appraisal methodologies, layered financial models, and environmental compliance determinations requiring specialized expertise. These conditions mean that individuals and entities operating within the system possess the technical and institutional capacity to exploit control weaknesses, shape assumptions, or obscure unfavorable information in ways that are difficult for lay oversight bodies or the public to detect without independent review (COSO, 2023).

Environmental and national security considerations further heighten federal interest. March Air Force Base is a former Strategic Air Command installation with documented environmental remediation history and ongoing Superfund considerations. Redevelopment decisions adjacent to an active Air Reserve installation implicate not only local land-use policy, but also federal responsibilities related to environmental stewardship, public health, and force readiness. Federal experience demonstrates that failures in oversight at former military installations can result in long-term harm to surrounding communities and erosion of public trust in BRAC processes (GAO, 2015).

Taken together, the evidence establishes a sustained, high-risk governance environment rather than a series of isolated administrative errors. The convergence of concentrated discretionary authority, deficient financial controls, valuation anomalies, non-enforcement of land-transfer safeguards, and heightened environmental sensitivity satisfies all four elements of the Fraud Diamond and meets recognized thresholds for federal oversight concern (Wolfe C Hermanson, 2004). In this context, the documented conditions implicate federal enforcement doctrines frequently examined in complex public-corruption matters, including honest services fraud, where the misuse of public office or fiduciary position deprives the public of its right to honest governance, and racketeering-based enterprise analysis, where repeated acts undertaken through an organizational structure may constitute a pattern of activity subject to review under the Racketeer Influenced and Corrupt Organizations Act (RICO). While this report does not allege criminal liability or predicate acts, it documents governance, financial, and enforcement failures sufficient to warrant independent federal inquiry to determine whether regulatory violations, civil exposure, or criminal conduct—including honest services or racketeering-related offenses—may exist under applicable federal law.

The Mission Grove Neighborhood Alliance (MGNA) submits this narrative to ensure that the Board, counsel, and reviewing authorities can clearly apprehend the full context and gravity of the documented issues. The objective of this work is to support lawful accountability, protect public assets and military-adjacent interests, and restore public confidence through transparent, independent federal review consistent with the purposes of BRAC and the public trust. MGNA has retained and preserved all documents, datasets, correspondence, analytical work papers, and supporting materials relied upon in this analysis and stands prepared to make such materials available for official review by appropriate federal authorities in the event of regulatory, civil, or criminal inquiry. This report is submitted in good faith to facilitate informed oversight, ensure evidentiary integrity, and assist federal authorities in determining whether further action is warranted under applicable law.

Key References (APA 7th)

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