Description of document:	Final report, Report of Investigation (ROI), closing memo, referral memo, and referral letters for Twenty-One (21) General Services Administration (GSA) Office of Inspector General (OIG) Investigations, 2010-2012
Requested date:	15-March-2013
Released date:	17-April-2013
Posted date:	05-May-2014
Source of document:	OIG Freedom of Information Act Officer GSA Office of Inspector General 1800 F Street, NW, Room 5326 (JC) Washington, DC 20405; Fax: (202) 501-0414 Email: OIGFOIA-PrivacyAct@gsaig.gov

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

April 17, 2013

Re: Freedom of Information Act Request (OIG Tracking No.: 13-029)

This is in response to your Freedom of Information Act (FOIA) request dated March 15, 2013, in which you requested "a copy of the final report, the Report of Investigation (ROI), the closing memo, the referral memo, and the referral letter" for 21 specified closed investigations. Your request was received in this office on March 21, 2013.

We searched OIG records and found documents responsive to your request which we are releasing to you with certain information redacted under Exemptions 5, 6, 7(C), and 7(F) of the FOIA. Exemptions 6 and 7(C) relate to personal information regarding persons other than yourself. Release of information covered by Exemption (6) of the FOIA, 5 U.S.C. §522(b)(6), would constitute a clearly unwarranted invasion of the personal privacy of the persons mentioned in the records. Information withheld pursuant to Exemption 7(C) of the FOIA, 5 U.S.C. §522(b)(7)(C), relates to personal information regarding persons other than yourself that is contained in investigatory files. Release of this information could reasonably be expected to constitute an unwarranted invasion of the personal privacy of the persons mentioned in the records. In addition, Exemption 5 of the FOIA, 5 U.S.C. § 552(b)(5), protects information that is a pre-decisional part of the intra-agency deliberative process or is protected by the attorney-client privilege and would not be available by law to a party other than an agency in litigation with the agency. Finally, Exemption 7(F) of the FOIA, 5 U.S.C. § 552(b)(7)(F), protects from disclosure information that could reasonably be expected to endanger the life or physical safety of any individual.

File numbers Z1050842, Z1272951, V1152267, and Z12M4350 contained no documents responsive to your request.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirement of the FOIA. See 5 U.S.C. § 552(c) (2006 & Supp. IV (2010)). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not exist.

You have the right to appeal the adequacy of our search or for disclosure of any undisclosed information by writing to the Freedom of Information Act Officer, Office of the Inspector General, General Services Administration, 1800 F Street, NW, Room 5326, Washington, D.C. 20405, within 120 days of your receipt of this letter. The appeal must be in writing and contain a statement of reasons for the appeal. Please enclose copies of your initial request and this response. The envelope and letter should be clearly marked as a "Freedom of Information Act Appeal."

Sincerely,

Richard P. Levi
Counsel to the Inspector General
(FOIA Officer)

Enclosure

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

October 26, 2011

MEMORANDUM FOR: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT IN CHARGE (JI-W)

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT (JI-W)

SUBJECT: Report of Investigation: **Department of Commerce Building – Possible Bribery, False Statements, and Failure to Remove Asbestos**

Case Number: I-10-W-0599

This memorandum presents the findings of my investigation. No further actions or referrals are necessary to close this matter.

This case was initiated based upon information received from the Environmental Protection Agency-Office of Inspector General (EPA-OIG). The information provided stated Department of Commerce (DOC) management may have made false statements and failed to prevent employees from being exposed to asbestos at the Herbert C. Hoover Building (HCHB). The information also stated C&R Environmental, the contractor responsible for the asbestos abatement work at the HCHB, pled guilty to 18 USC §371, Conspiracy to Defraud the Government, and therefore may have been ineligible for the asbestos abatement contract at the HCHB.

From approximately June 2010 to September 2011, agents from GSA and EPA OIGs interviewed GSA personnel, reviewed contract documentation for C&R Environmental's asbestos abatement, reviewed a Recovery Accountability and Transparency Board (RATB) report conducted by GSA-OIG's Office of Forensic Accounting, and reviewed the DOC-OIG's investigative case file concerning whether DOC employees were exposed to asbestos.

The DOC-OIG investigation concluded DOC employees and others may have been "subjected to potential exposure of impermissible levels of airborne asbestos between February 2007 and April 2007 – and perhaps even earlier than that period." In January 2008, the areas possibly contaminated by asbestos at the HCHB were restricted. On January 20, 2011, the DOC-OIG's findings supported the complainant that [redacted] and others were "subjected to potential exposure impressible levels or airborne asbestos."

The investigation determined that on September 8, 2008, C&R Environmental pled guilty to a violation of 18 USC §371, Conspiracy to Defraud the Government in the US District Court of the Southern District of Maryland. Ten (10) days later, C&R was awarded the HCHB asbestos removal contract. Reviews of all documentation relating to this award determined that all statements and affirmations made by C&R relating to criminal violations were made on July 22, 2008. C&R complied to the notice of award and did not proceed until all GSA required security documentation had been filed and appropriate badges were issued and bonding issues were taken completed.

On October 6, 2008, GSA issued C&R Environmental with a notice to proceed. A letter from (b) (6), (b) (7)(C), former HCHB Building Manager, DOC, to the GSA Contract Specialist stated "The Department of Commerce (DOC), issues its own Building Access Badges in compliance with HSPD-12 requirements for accessing the Herbert C. Hoover Building." Notes in the GSA in the contract file stated "Commerce will be responsible for providing C&R access to the building." No security records were filed with GSA by C&R.

This matter will be closed and does not require any further investigation or action regarding GSA matters. Matters concerning the EPA will be investigated by the EPA-OIG.

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

February 9, 2012

MEMORANDUM FOR: ROBERT A. PECK
COMMISSIONER
PUBLIC BUILDING SERVICE (P)

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT IN CHARGE (JI-W)

SUBJECT: LETTER REPORT

URBAN VERTICALS – RECOVERY OF WPA PAINTING

Case Number: I12W3196

The General Services Administration (GSA) Office of Inspector General (OIG) and GSA Art in Architecture and Fine Arts Division (FAD) of the Office of Chief Architect have a cooperative campaign to educate the public in an effort to recover artwork commissioned through the various art programs of the Works Progress Administration (WPA). As a result, in November 2011, the GSA OIG was contacted by an individual who wanted to return a WPA painting to the custody of the U.S. Government.

The recovered painting, *Urban Verticals*, by artist Robert Sprague remained in its original frame bearing a "WPA Ohio Art Program" plate affixed to the front and a WPA Federal Art Project label on the back. Photographs of the artwork were obtained by GSA OIG and forwarded to FAD to authenticate the painting was WPA artwork.

Upon authentication, the GSA OIG provided FAD with the contact information of the possessor. FAD arranged for the return of the painting with the possessor. On February 2, 2012, the painting was received by FAD.

Since WPA artwork is not subject to public sale, no definitive value can be put on individual pieces of artwork. However, comparative analysis of artwork by the artist indicates the comparative value for *Urban Verticals* is approximately $8,000.00.

This report is furnished for your information only and no response is required. You are advised this report is from a system of records known as "GSA/ADM 24, Investigation Case Files," which is subject to the provisions of the Privacy Act of 1974. Consequently, this report may be disclosed to appropriate GSA officials who have a need for it in the performance of their duties.

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

April 9, 2012

MEMORANDUM FOR: [redacted]
ASST. SPECIAL AGENT-IN-CHARGE (JI-W)

FROM: [redacted]
SPECIAL AGENT (JI-W)

SUBJECT: [redacted]

Accenture LLP
11951 Freedom Dr.
Reston, VA 20190

File Number: I070111

This memorandum presents the findings of my investigation. No further actions or referrals are necessary to close this matter.

On September 9, 2011, Accenture LLP, and [redacted], Assistant United States Attorney, Eastern District of Arkansas, entered into a settlement agreement wherein Accenture, opted to pay the United States a total of $63,675,000.00 to settle this matter.

The covered conduct in the settlement agreement contends: between December 1996 and February 2007, Accenture received alliance partner and vendor benefits, including, but not limited to, discounts, payments, equity (including, but not limited to, stock and warrants), free training, free software, and other things of value (collectively referred to as "Alliance Benefits") in connection with Accenture's prime contracts with the United States or Accenture's subcontracts with third-party prime contractors for the United States. These Alliance Benefits, as defined and described in Plaintiffs' Allegations, include the receipt of Systems Integration Compensation ("SI Comp"), including PeopleSoft Royalties, in connection with Accenture's contracts and subcontracts with the United States. These Alliance Benefits, also include discounts or Resale Revenue from hardware and software vendors in connection with the contracts issued by various agencies, to include but are not limited to, its extended scope contracts, and all modifications in connection therewith, written off of Accenture's GSA FSS

contract GS35-F-4692G and the Department of Education OSFA Modernization Partner Blanket Purchase Agreement ("BPA") (ED-99-DO-0002), written off of Accenture's GSA FSS contract GS35-F-4692G.

The allegations further assert that, as a consequence of Accenture's receipt of these Alliance Benefits, Accenture (1) violated the False Claims Act, 31 U.S.C. § 3729, et seq., (2) violated the Anti-Kickback Act, 41 U.S.C. §§ 51-58, (3) breached the government contracts or subcontracts, (4) was paid by mistake, and (5) was unjustly enriched.

The agreement was neither an admission of civil or criminal liability, nor any other wrongdoing, by Accenture nor a concession by the United States that its claims are not well founded.

On December 19, 2011, this office received a copy of a letter from Walter Thomas, Special Assistant for Contracting Integrity, Defense Logistics Agency to Accenture LLP. The letter was a show cause letter indicating Accenture LLP had twenty (20) days to provide information and argument on why Accenture should be permitted to continue to contract with the Federal Government.

On February 15, 2012, and February 22, 2012, Accenture LLP appeared before Thomas and provided information and argument in support of its present responsibility in Government contracting.

It has been determined that Accenture LLP has satisfied the concerns raised in the Show Cause letter issued on December 19, 2011.

This matter does not require any further investigation or action.

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

October 19, 2011

MEMORANDUM FOR: JOSEPH A. NEURAUTER
SUSPENSION AND DEBARMENT OFFICIAL
OFFICE OF ACQUISITION INTEGRITY (VB)

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT IN CHARGE (JI-W)

SUBJECT: (b) (5)

Accenture LLP
11951 Freedom Dr.
Reston, VA 20190

File Number: I070111

(b) (5) This recommendation is based upon a civil settlement agreement signed on September 9, 2011.

On September 9, 2011, Accenture LLP, and (b) (6), (b) (7)(C), Assistant United States Attorney, Eastern District of Arkansas, entered into a settlement agreement wherein Accenture, opted to pay the United States a total of $63,675,000.00 to settle this matter (Attachment 1).

(b) (5)

(b) (5) [redacted]

[redacted]

The agreement was neither an admission of civil or criminal liability, nor any other wrongdoing, by Accenture nor a concession by the United States that its claims are not well founded.

You are advised that this report is from a system of records known as "GSA/ADM 24, Investigation Case Files," which is subject to the provisions of the Privacy Act of 1974. Consequently, this report may be disclosed to appropriate GSA officials pursuant to a routine use. If the information in the memorandum or in the attached documents is used as a basis for administrative action, pertinent portions may be duplicated by the Office of Acquisition Integrity for disclosure to the SUBJECT of the investigation. The Office of Acquisition Integrity is to notify my office if any portion is duplicated.

Please furnish me within 30 days of receipt of this memorandum the results of any administrative action taken or management decision made in this matter by executing the attached Disposition Report. If administrative action or a management decision is merely proposed, I request that you inform me of the anticipated date that final action will be taken. Please execute the Disposition Report only upon completion of management's final decision in this matter.

Should you require additional information, you may contact Special Agent [redacted] National Capital Region Investigations Office, at (202) 252-0008.

Enclosures:

LIST OF ATTACHMENTS

FILE NUMBER: I070111

NUMBER	DESCRIPTION
1.	Signed settlement Agreement
2.	Dun & Bradstreet

ATTACHMENT 1

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into among the United States of America, acting through the United States Department of Justice ("United States"), Defendants Accenture LLP, Accenture Ltd., Proquire LLC (collectively "Accenture"), and Neal Roberts and Norman Rille (collectively "Relators") (hereafter the United States, Accenture and Relators are collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. Prior to February 2007, Accenture entered into prime contracts with the United States, as well as subcontracts with third-party prime contractors for the United States.

B. On September 17, 2004, Relators filed a complaint in the United States District Court for the Eastern District of Arkansas captioned *United States ex rel. Norman Rille and Neal Roberts v. Accenture LLP, Accenture Ltd.,* and *Proquire LLC, 4:04-cv-000985 (GH)*, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b), a first amended complaint on November 9, 2005, and a second amended complaint on October 25, 2006 (collectively "Civil Action"). The Civil Action was subsequently transferred to United States District Court Judge Billy Roy Wilson. Its docket number is currently *4:04-cv-000985* (BRW). The Relators' Civil Action alleged, *inter alia*, that Accenture entered into alliance contracts with vendors of hardware and software and, in executing those contracts, sought and received payments from those vendors in violation of various statutes and regulations.

C. The United States intervened in the Civil Action on December 6, 2006, and filed the United States' Complaint ("Initial Complaint") on April 12, 2007. On April 6, 2009, the United States filed its First Amended Complaint ("First Amended Complaint").

D. During the course of the litigation that is being resolved by this Agreement, Relators and the United States have further described their claims in a series of responses to interrogatories served on them by Accenture pursuant to Fed. R. Civ. P. 33. Relators' and the United States' responses and amended responses to Accenture interrogatories are collectively referred to as "Plaintiffs' Interrogatory Responses."

E. For purposes of this Agreement, the Civil Action, the Initial Complaint, the First Amended Complaint, and Plaintiffs' Interrogatory Responses shall be referred to collectively as "Plaintiffs' Allegations."

F. Pursuant to Plaintiffs' Allegations, the United States has certain civil claims against Accenture arising from Accenture's receipt of benefits from Accenture's vendor partners between December 1996 and February 2007 (the "Relevant Time Period"). Specifically, Plaintiffs' Allegations are that Accenture received alliance partner and vendor benefits, including, but not limited to, discounts, payments, equity (including, but not limited to, stock and warrants), free training, free software, and other things of value (collectively referred to as "Alliance Benefits") in connection with certain of Accenture's prime contracts with the United States or Accenture's subcontracts with third-party prime contractors for the United States. These Alliance Benefits, as defined and described in Plaintiffs' Allegations, include the receipt of Systems Integration Compensation ("SI Comp"), including PeopleSoft Royalties, in connection with Accenture's contracts and subcontracts with the United States. These Alliance Benefits, as defined and described in Plaintiffs' Allegations, also include discounts or Resale Revenue from hardware and software vendors in connection with the Defense Logistics Agency ("DLA") Business Systems Modernization ("BSM") contract (SPO103-00-F-AO32), its extended scope contracts, and all modifications in connection therewith, written off of

Accenture's GSA FSS contract GS35-F-4692G; the Department of Education OSFA Modernization Partner Blanket Purchase Agreement ("BPA") (ED-99-DO-0002), written off of Accenture's GSA FSS contract GS35-F-4692G; Department of Interior Minerals Management Service ("MMS") contract (1435-02-99-CT-40315); Transportation Security Agency ("TSA") HR Services contract (DTSA20-03-C-00546); US Treasury, IRS contract (IRS.gov; HCTC; IVR ICCE Application Designer; CIS) (TIRNO-00-D-00009, Task Orders 11, 14, 16, 17, 18, 19, 22); US Air Force FIRST contract (FA8770-01-C-0020); US Army MTMC contract (DAMT01-03-C-0033); United States Department of Agriculture ("USDA") contracts (AG-3142-5-04936 and AG-3187-D-05-0045); Department of Defense Federal Voters Assistance Program ("FVAP") contract (DOD-FVAP-2002-C-2147M and DOD-FVAP-2002-C-2285M); and Department of Homeland Security US Visit contract (HSSCHQ-04-D-0096). The Plaintiffs' Allegations further assert that, as a consequence of Accenture's receipt of these Alliance Benefits, Accenture (1) violated the False Claims Act, 31 U.S.C. § 3729, *et seq.*, (2) violated the Anti-Kickback Act, 41 U.S.C. §§ 51-58, (3) breached the government contracts or subcontracts, (4) was paid by mistake, and (5) was unjustly enriched. All of the allegations described in this paragraph are collectively referred to as "Covered Conduct."

G. Accenture specifically denies and affirmatively contests any wrongdoing in connection with the Plaintiffs' Allegations and the Covered Conduct, and contends that its actions were permitted under applicable laws and the contracts/subcontracts at issue and that its Alliance Benefits were disclosed to the United States in accordance with applicable laws and contracts/subcontracts.

H. This Agreement is neither an admission of civil or criminal liability, nor any other wrongdoing, by Accenture nor a concession by the United States that its claims are not well

founded. The Parties agree that no allegations or claims resolved by this Agreement were determined by judgment or final adjudication.

I. To avoid the delay, uncertainty, inconvenience, and expense of further protracted litigation regarding the Covered Conduct, and in consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Accenture shall pay to the United States $63,675,000.00 ("Settlement Amount") by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice no later than 5 days after the Effective Date of this Agreement or receipt of those instructions, whichever is later.

2. Subject to the exceptions in Paragraph 10 below (concerning excluded claims), and conditioned upon Accenture's full payment of the Settlement Amount, the United States releases Accenture, together with Accenture's current and former parent corporations, direct and indirect subsidiaries, affiliates, divisions, shareholders, directors, officers, and employees, from any civil or administrative monetary claim the United States has or might have for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733, the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812, the Anti-Kickback Act, 41 U.S.C. § 51, *et seq.*, breach of contract, payment by mistake, and/or unjust enrichment.

3. In exchange for the promises in this Agreement, which the Relators acknowledge as good and valuable consideration, and except as provided in this paragraph, the Relators release and discharge Accenture, together with its current and former parent corporations, direct and indirect subsidiaries, affiliates, divisions, shareholders, directors, officers, and employees, from any and all actions, causes of action, debts, dues, claims and demands of every name and

nature, without limitation, at law, in equity, or administrative, which the Relators may have had, now have, or may have, whether known or unknown, by reason of any matter or thing arising from the beginning of time through the Effective Date, except any claims by Relators for reasonable attorneys' fees, costs, and expenses pursuant to 31 U.S.C. 3730(d)(1).

4. The Relators knowingly waive with respect to this Agreement the provisions of Section 1542 of the Civil Code of the State of California, which reads: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." Notwithstanding this provision, the Relators expressly acknowledge that this Agreement is specifically intended to include in its effect all claims which either Relator does not know or suspect to exist in Relators' favor at the time they sign this Agreement.

5. In exchange for the promises in this Agreement, which Accenture acknowledges as good and valuable consideration, Accenture releases and discharges Relators, together with their heirs, assigns, successors, attorneys, and agents, from any and all actions, causes of action, debts, dues, claims and demands of every name and nature, including without limitation, at law, in equity, or administrative, which Accenture may have had, now have, or may have, whether known or unknown, by reason of any matter or thing arising from the beginning of time through the Effective Date.

6. Accenture knowingly waives with respect to this Agreement the provisions of Section 1542 of the Civil Code of the State of California, which reads: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or

her settlement with the debtor." Notwithstanding this provision, Accenture expressly acknowledges that this Agreement is specifically intended to include in its effect all claims which Accenture does not know or suspect to exist in Accenture's favor at the time Accenture signs this Agreement.

7. Accenture, for itself and for its current and former parent corporations, direct and indirect subsidiaries, affiliates, divisions, shareholders, directors, officers, and employees represents and warrants that it has not initiated any claims or causes of action against Relators, including, but not limited to, claims or causes of actions relating to or arising from the Covered Conduct or any actions taken in anticipation of and during the Action.

8. Relators, for themselves and their heirs, successors, attorneys, agents, and assigns, shall not object to this Agreement and further agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B).

9. Relators, for themselves and for their heirs, successors, attorneys, agents, and assigns, represent and warrant that they have not initiated any other claims or causes of action against Accenture, including, but not limited to, claims or causes of actions relating to or arising from the Covered Conduct. Relators, for themselves and their heirs, successors, attorneys, agents, and assigns, further represent and warrant that, consistent with the Court's November 20, 2008 Order, case 4:04-cv-00985 (BRW), Document No. 120 ("Order"), they have not shared the information contained in the Accenture documents that are the subject of the Order "with anyone outside this litigation," except as permitted by this Court's Orders, including its July 30, 2009 Order, Document No. 283. Relators, for themselves and for their heirs, successors, attorneys, agents, and assigns, further represent and warrant that they will return to counsel for Accenture all copies of all documents that were the subject of the November 20, 2008 Order within 30 days

following a final, unappealed or unappealable determination of Relators' entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Agreement and to Relators' reasonable expenses and attorneys' fees and costs under 31 U.S.C. § 3730(d)(1).

10. Notwithstanding the releases given in paragraphs 2 and 3 of this Agreement, or any other term of this Agreement, the following claims of the United States are specifically reserved and are not released:

a. Any liability, arising under Title 26, U.S. Code (Internal Revenue Code);

b. Any criminal liability;

c. Any administrative liability, including the suspension and debarment rights of any federal agency;

d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;

e. Any liability based upon obligations created by this Agreement;

f. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;

g. Any liability for failure to deliver goods or services due; or

h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

11. Relators claim entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds received by the United States pursuant to this Agreement and to Relators' reasonable expenses

and attorneys' fees and costs under 31 U.S.C. § 3730(d)(1). These issues are not resolved by this Agreement.

12. Relators, for themselves and their heirs, successors, attorneys, agents, and assigns, agree that neither this Agreement, nor any intervention by the United States in the Civil Action in order to dismiss the Civil Action, nor any dismissal of the Civil Action, shall waive or otherwise affect the ability of the United States to contend that provisions in the False Claims Act, including 31 U.S.C. §§ 3730(d)(3) and 3730(e), bar Relators from sharing in the proceeds of this Agreement. Moreover, the United States and Relators, for themselves and their heirs, successors, attorneys, agents, and assigns, agree that they each retain all of their rights pursuant to the False Claims Act on the issue of the share percentage, if any, that Relators should receive of any proceeds of the settlement of their claim(s).

13. Relators, for themselves and their heirs, successors, attorneys, agents, and assigns, agree that Accenture reserves all arguments, claims, and defenses to any Relator claim for reasonable expenses, attorneys' fees, and costs, including but not limited to the defense that the Court lacks subject matter jurisdiction over Relators' claims in the Complaint.

14. Accenture, for itself and for its current and former parent corporations, direct and indirect subsidiaries, affiliates, divisions, shareholders, directors, officers, employees, heirs, successors, attorneys, agents, and assignees, agree that Relators reserve all arguments, claims, and defenses to any Accenture claim in opposition to their claim for reasonable expenses, attorneys' fees, and costs.

15. Accenture waives and shall not assert any defenses Accenture may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth

Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

16. Accenture fully and finally releases the United States, its agencies, officers, agents, employees, and servants, and Relators, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Accenture has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, or Relators, related to the Covered Conduct and the United States' investigation and prosecution thereof.

17. Accenture agrees to the following:

a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of Accenture, and its present or former officers, directors, employees, shareholders, and agents, in connection with:

(1) the matters covered by this Agreement;

(2) the United States' audit(s) and civil and criminal investigation(s) of the matters covered by this Agreement;

(3) Accenture's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and criminal investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);

(4) the negotiation and performance of this Agreement;

(5) the payment Accenture makes to the United States pursuant to this Agreement and any payments that Accenture may make to Relators, including costs and attorneys' fees, are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by Accenture, and Accenture shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, Accenture shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Accenture or any of its subsidiaries or affiliates from the United States. Accenture agrees that the United States, at a minimum, shall be entitled to recoup from Accenture any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine Accenture's books and records and to disagree with any calculations submitted by Accenture or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Accenture, or the effect of any such Unallowable Costs on the amount of such payments.

18. This Agreement is intended to be for the benefit of the Parties only.

19. Upon receipt of the payments described in Paragraph 1, above, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal with prejudice of the

Civil Action pursuant to Rule 41(a)(1), consistent with the terms of this Settlement Agreement. Such Stipulation shall specify that the Court shall retain jurisdiction of the Civil Action for purposes of determining appropriate attorneys' fees and costs, if any, to be paid to Relators pursuant to 31 U.S.C. § 3730(d) and determining an appropriate relators' share of the proceeds of the settlement of the Civil Action.

20. Except as provided in Paragraphs 3 and 13, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

21. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

22. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Eastern District of Arkansas. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

23. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

24. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

25. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

26. This Agreement is binding on Accenture's successors, attorneys, agents, and assigns.

27. This Agreement is binding on Relators' heirs, successors, attorneys, agents, and assigns.

28. All Parties consent to the United States' and Accenture's disclosure of this Agreement, and information about this Agreement, to the public.

29. Relators agree to keep the terms and provisions of this Agreement confidential. As an integral and material part of this Agreement, Relators, by executing this Agreement, expressly agree that neither the Relators nor their attorneys, principals, partners, officers, directors, agents, employees, representatives, and accountants, or any of them, shall directly or indirectly discuss or otherwise disclose or cause to be disclosed, whether orally or in writing, directly or indirectly, to any person, firm or entity other than to their attorneys, accountants, reinsurers, auditors, and regulators, the consideration for or the contents or terms of the Agreement herein, except as hereafter agreed to by the Parties in writing or required by law. Notwithstanding the foregoing, however, the Relators may disclose the terms: (i) if required by an Order of a Court having jurisdiction or under subpoena from a court of law or an appropriate government agency or as otherwise required by law; (ii) in order to obtain legal, accounting, tax, or other professional services; (iii) in order to enforce this Agreement; or (iv) in papers filed in the Civil Action or any appeal therefrom in connection with the determination of appropriate attorneys' fees and costs to be paid to Relators pursuant to 31 U.S.C. § 3730(d) or the determination of an appropriate relators' share of the proceeds of the settlement of the Civil Action, provided that Relators request that such papers be filed under seal. This confidentiality

provision shall be interpreted as broadly as possible in order to provide maximum confidentiality.

30. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: 9/9/2011

BY: _____
Linda M. McMahon, Esq.
Trial Attorney
Donald J. Williamson, Esq.
Senior Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: 9/9/11

BY: _____
Shannon Smith, Esq.
Assistant United States Attorney
Eastern District of Arkansas

ACCENTURE – DEFENDANT

DATED: 9/9/11

BY: _____
Accenture LLP for Accenture

DATED: 9/9/11

BY: _____
J. Andrew Jackson
Dickstein Shapiro LLP
Counsel for Accenture

NORMAN RILLE - RELATOR

DATED: Sep 8, 2011 BY: [signature]
Norman Rille, Relator

DATED: _____ BY: _____
Counsel for Norman Rille

NEAL ROBERTS – RELATOR

DATED: _____ BY: _____
Neal Roberts, Relator

DATED: _____ BY: _____
Counsel for Neal Roberts

NORMAN RILLE - RELATOR

DATED:_____ BY:_____
Norman Rille, Relator

DATED:_____ BY:_____
Counsel for Norman Rille

NEAL ROBERTS – RELATOR

DATED: 9-8-2011 BY:_____
Neal Roberts, Relator

DATED:_____ BY:_____
Counsel for Neal Roberts

NORMAN RILLE - RELATOR

DATED:_____ BY:_____
Norman Rille, Relator

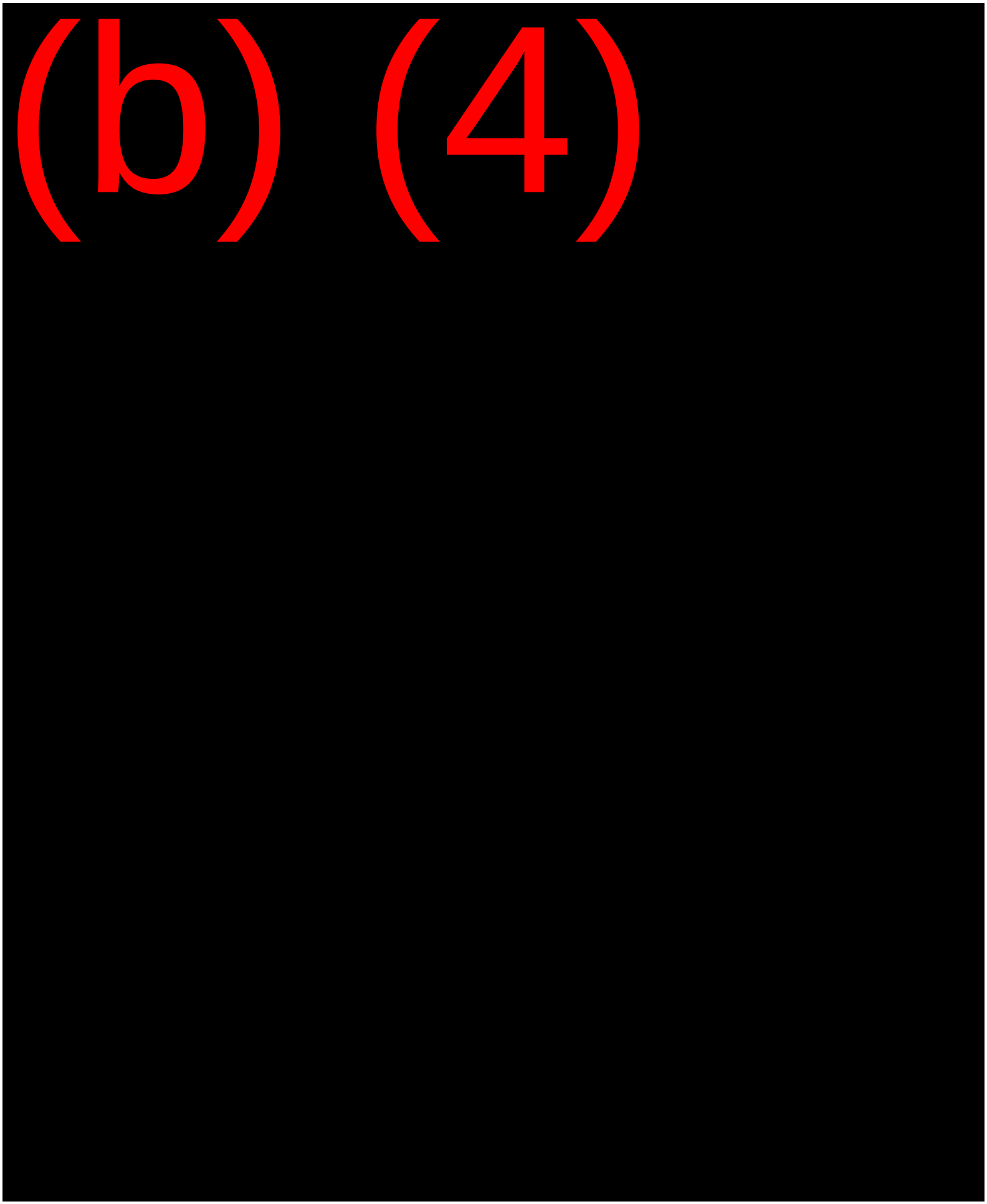
DATED: 9/8/11 BY:_____
Counsel for Norman Rille

NEAL ROBERTS – RELATOR

DATED:_____ BY:_____
Neal Roberts, Relator

DATED: 9/8/11 BY:_____
Counsel for Neal Roberts

ATTACHMENT 2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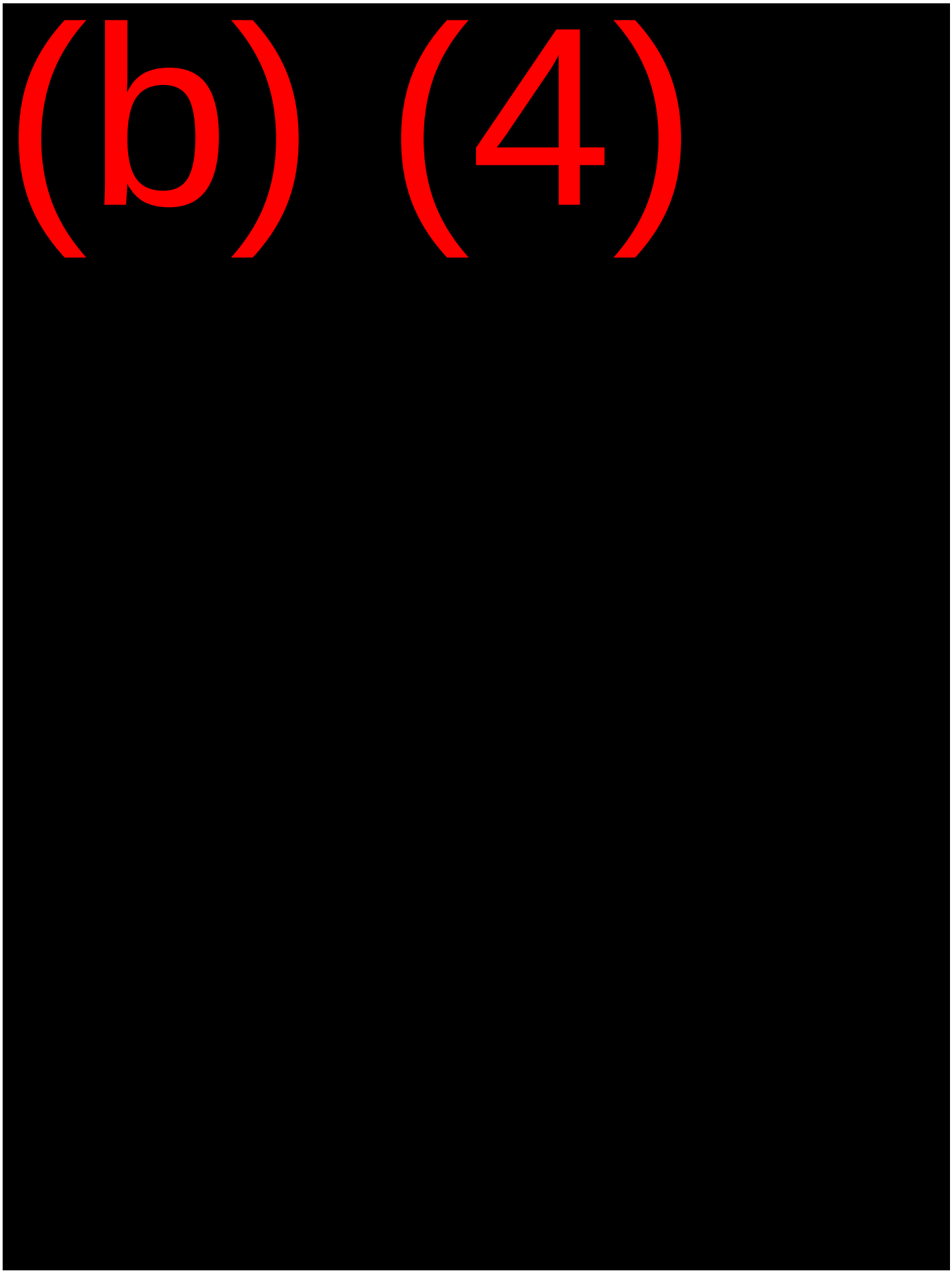
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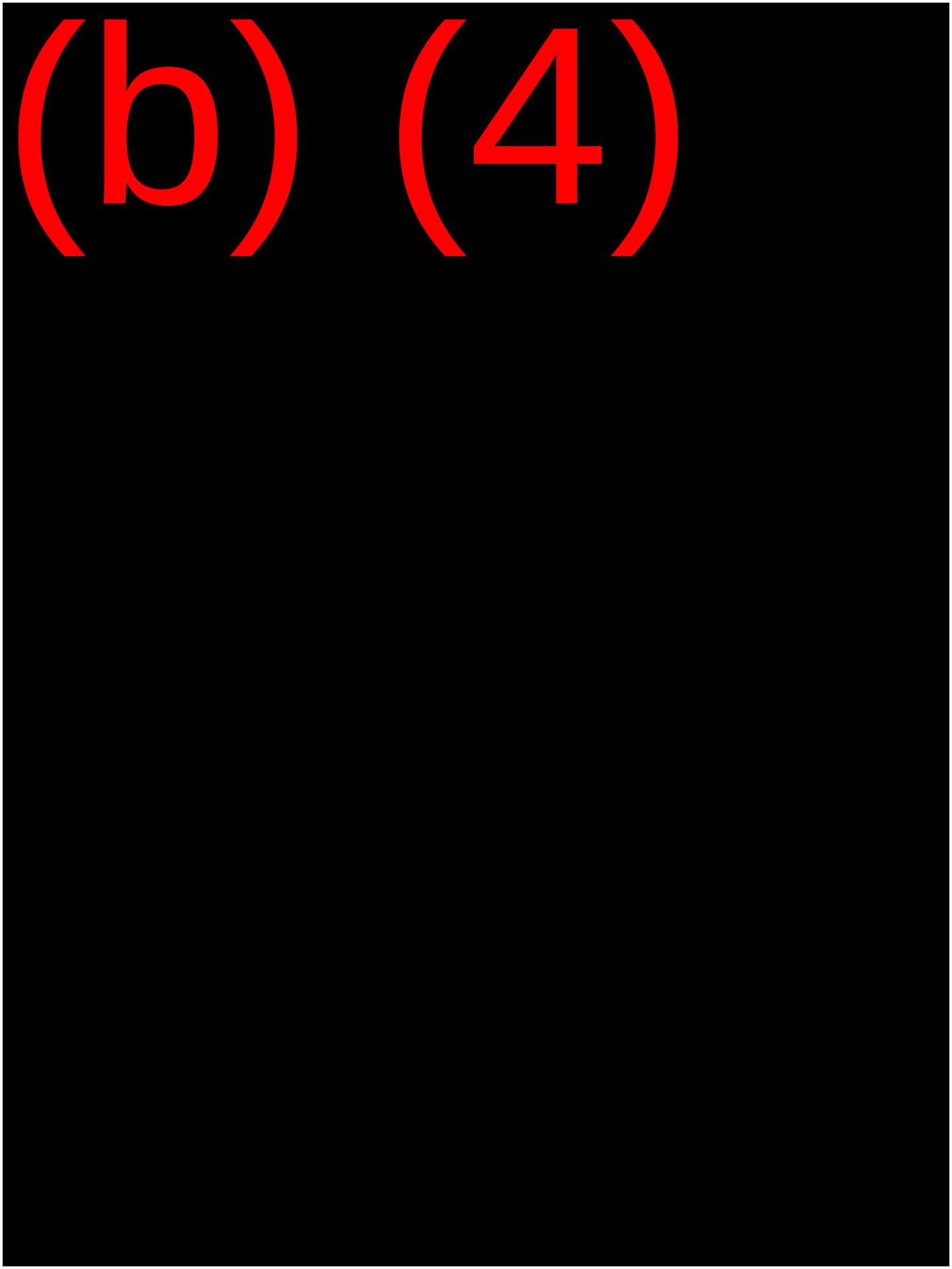
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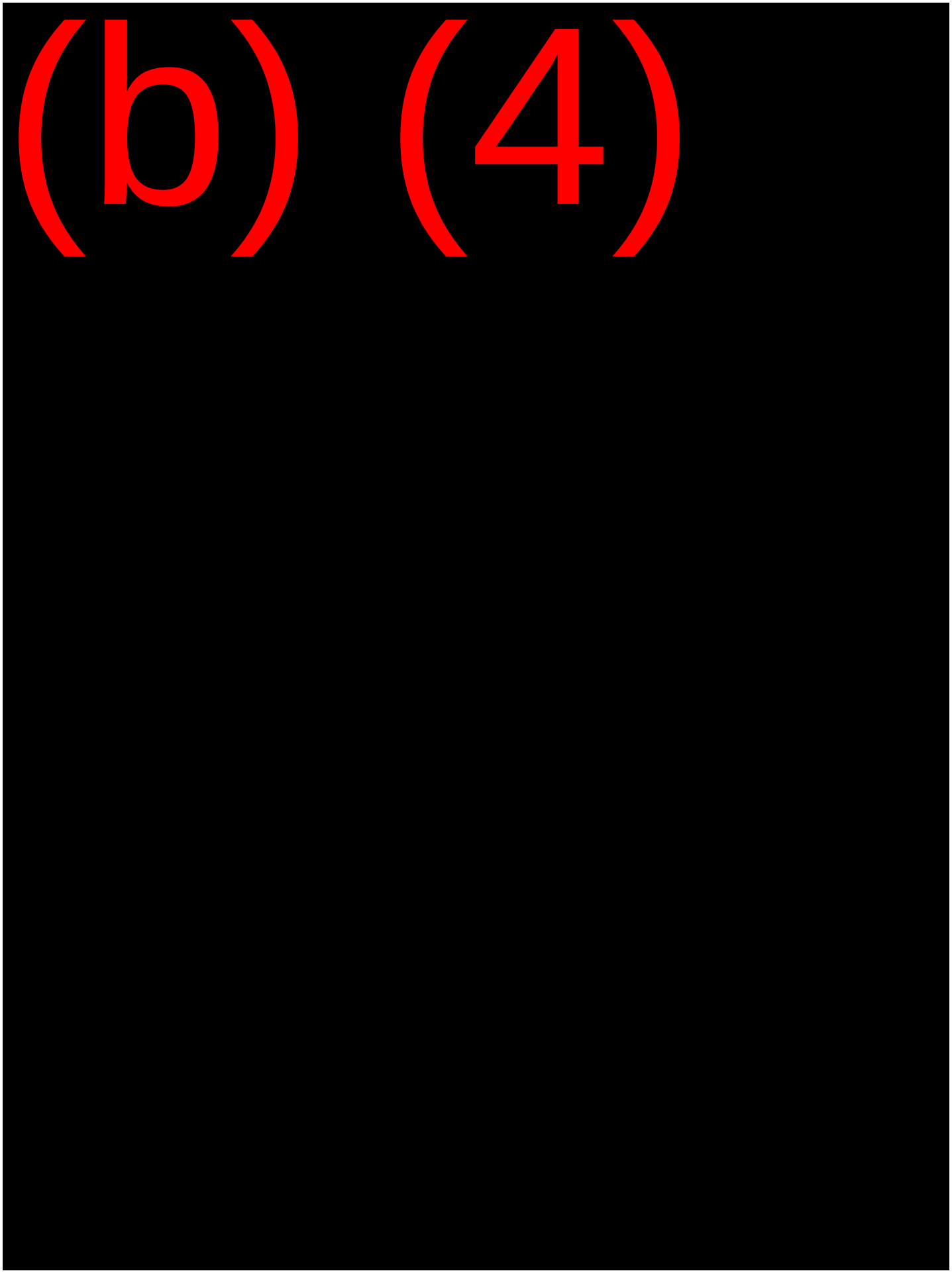
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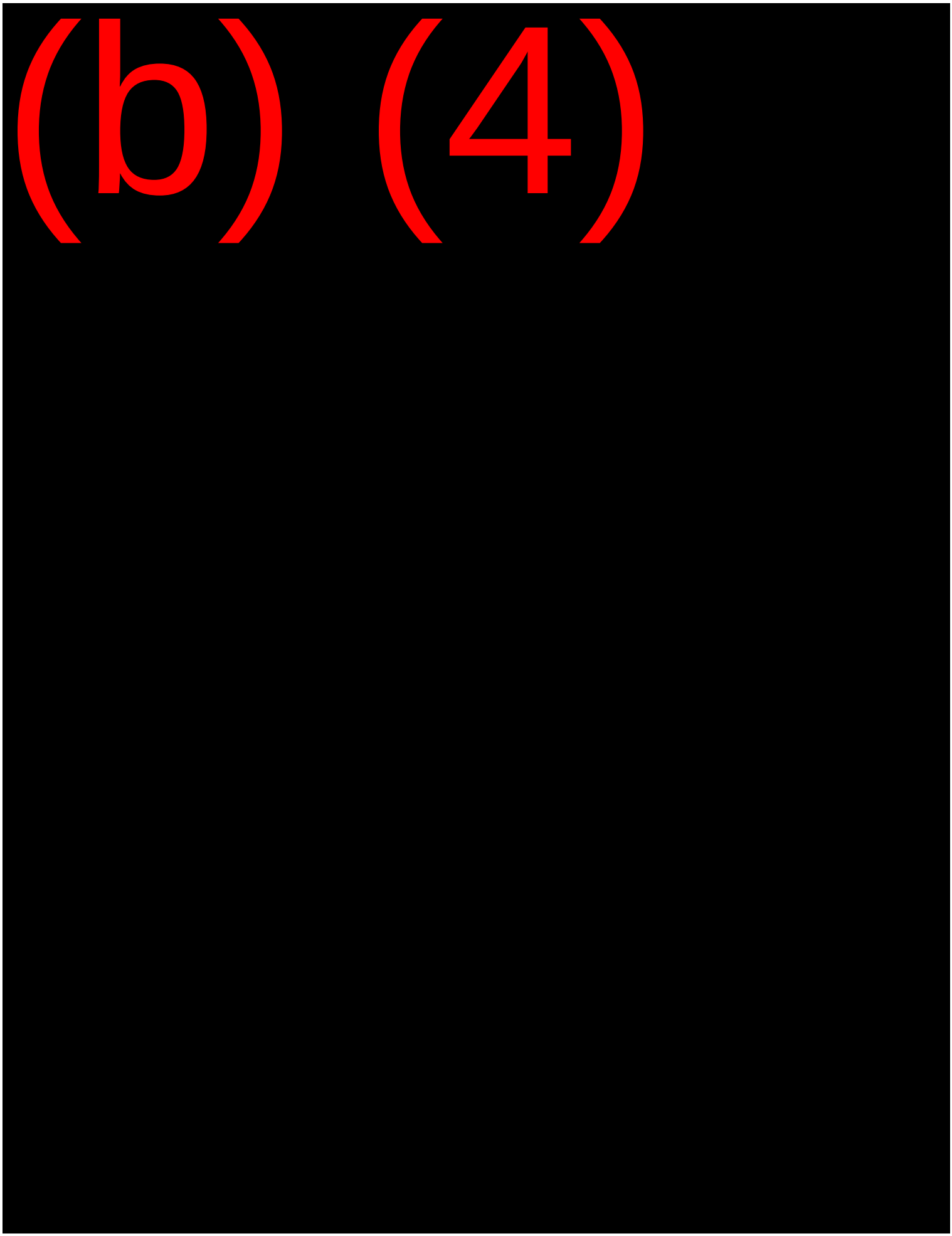
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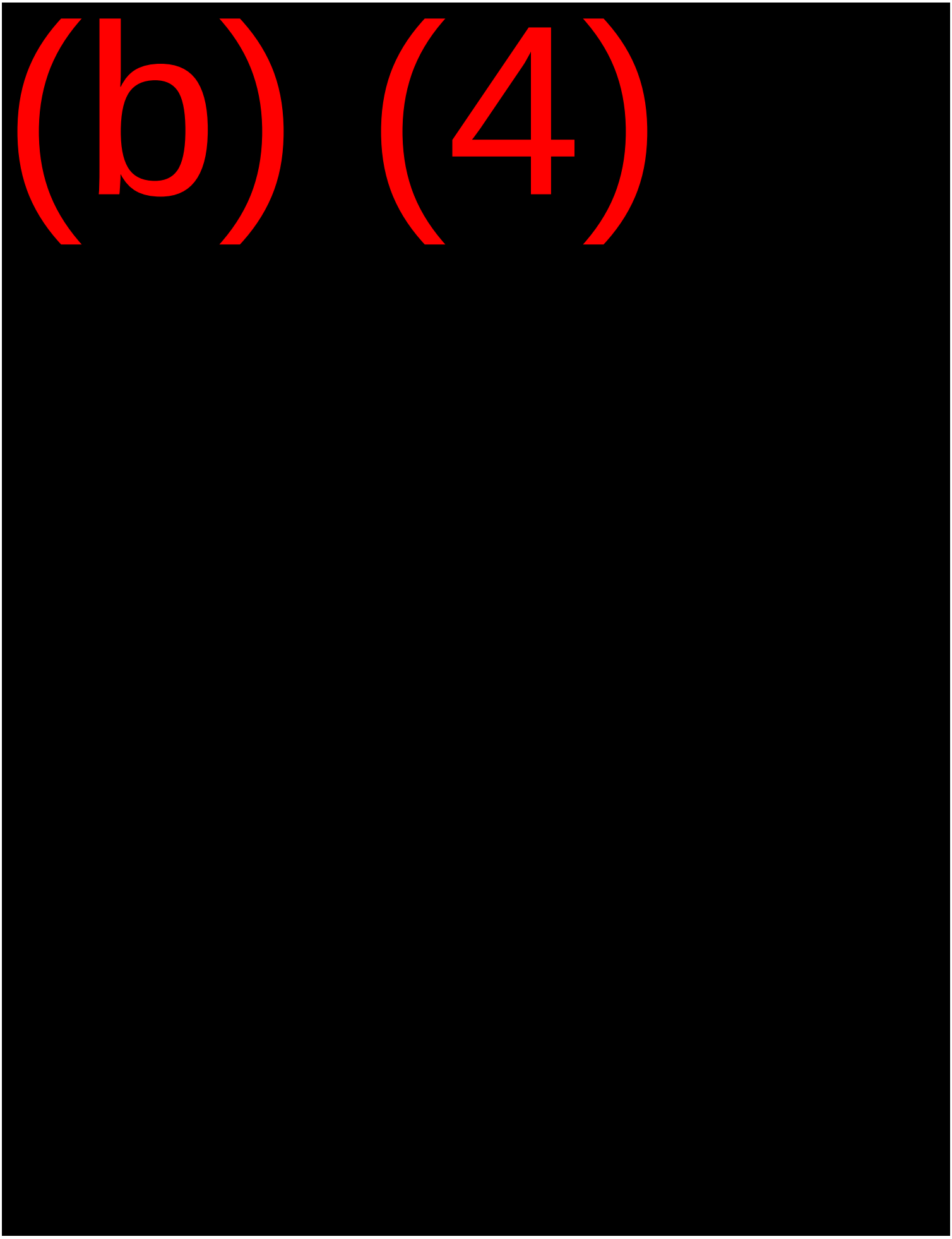
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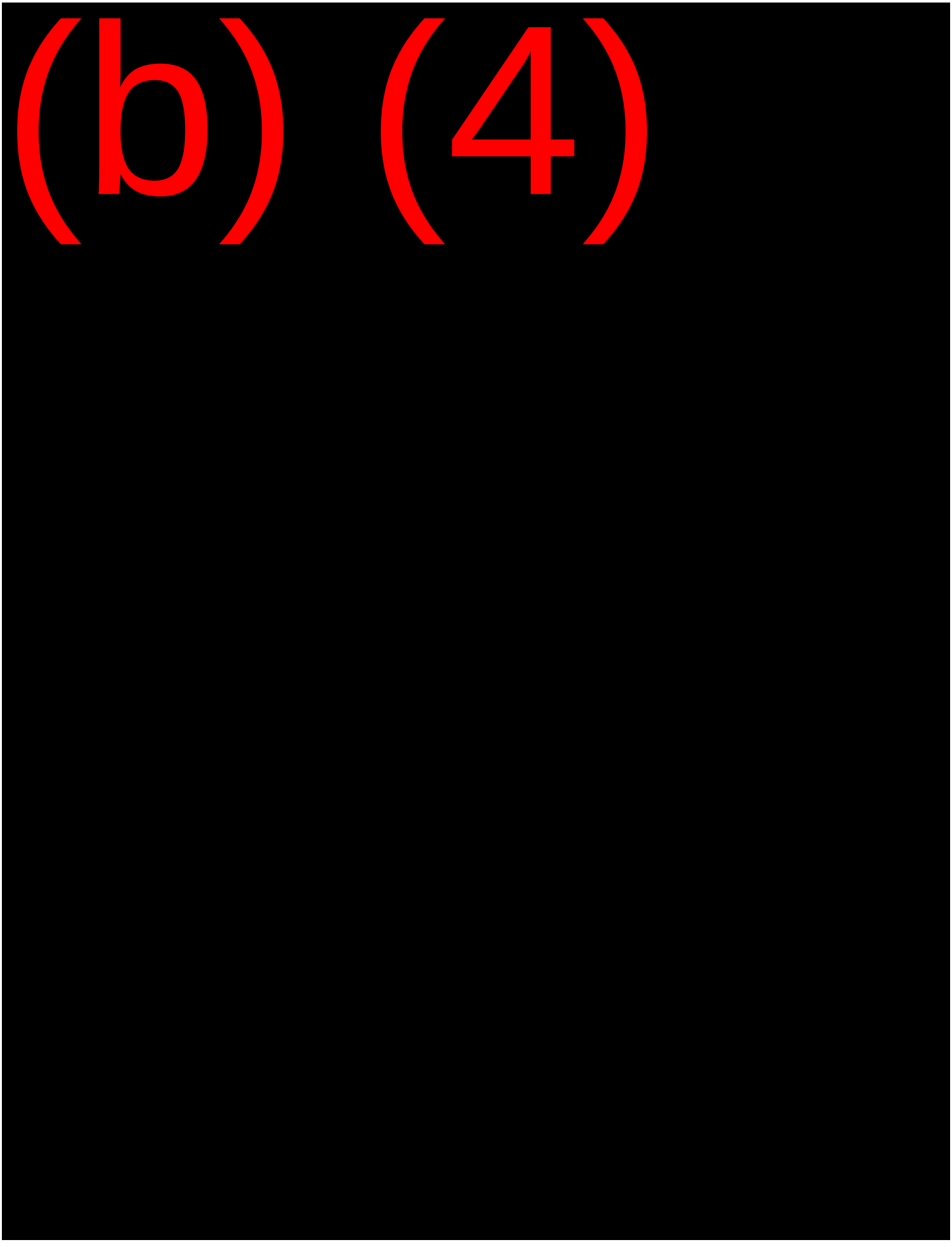
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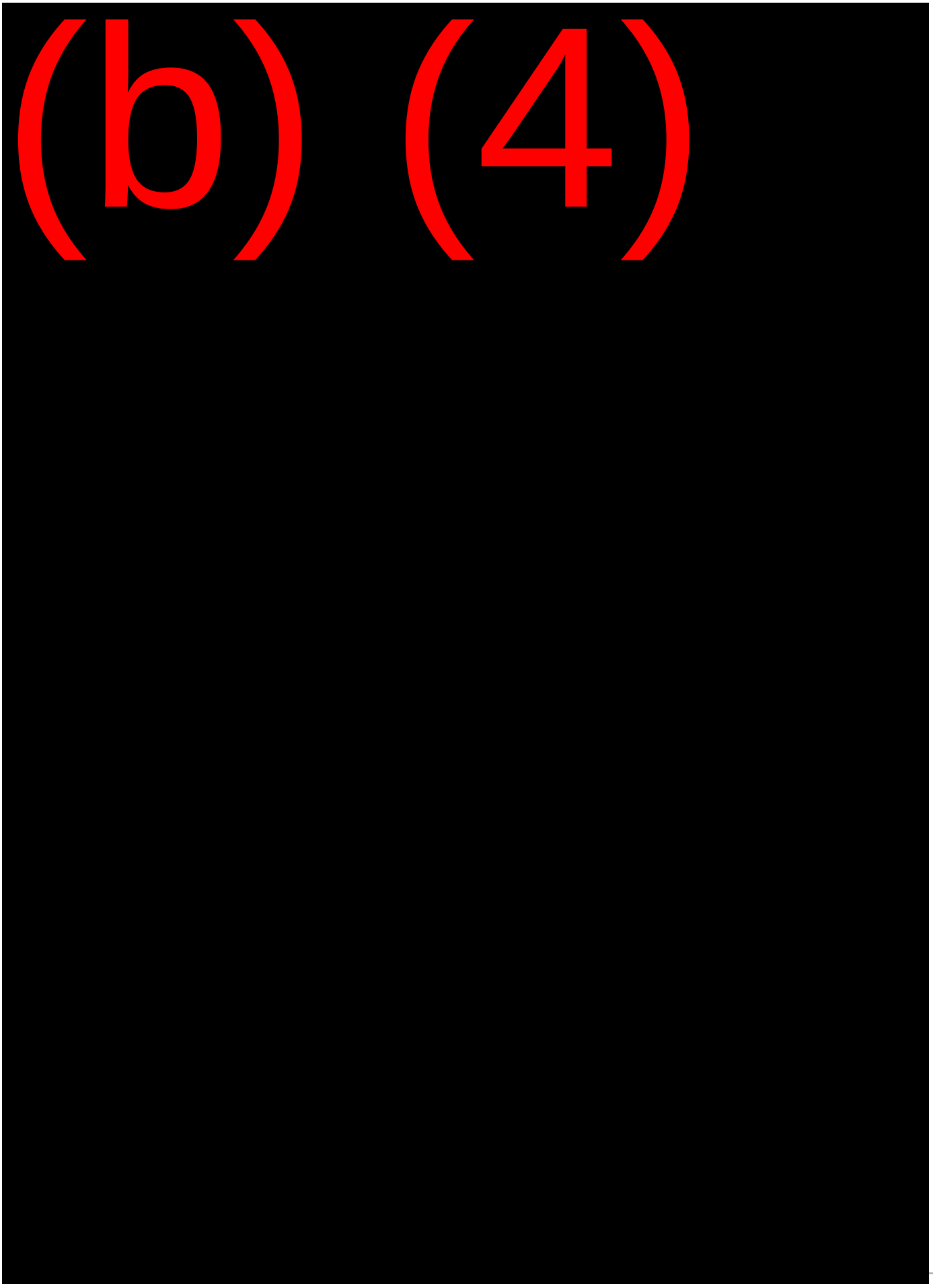
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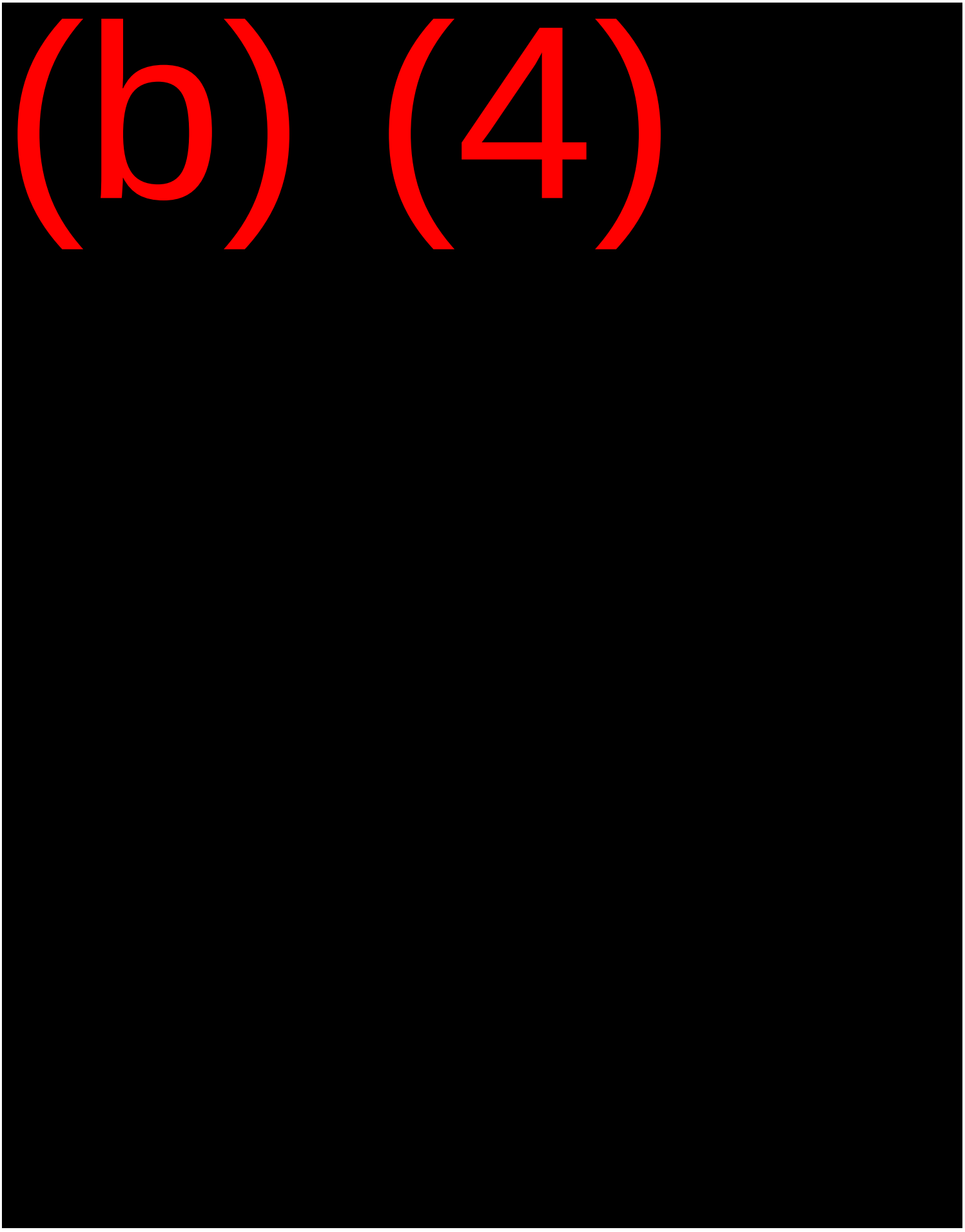
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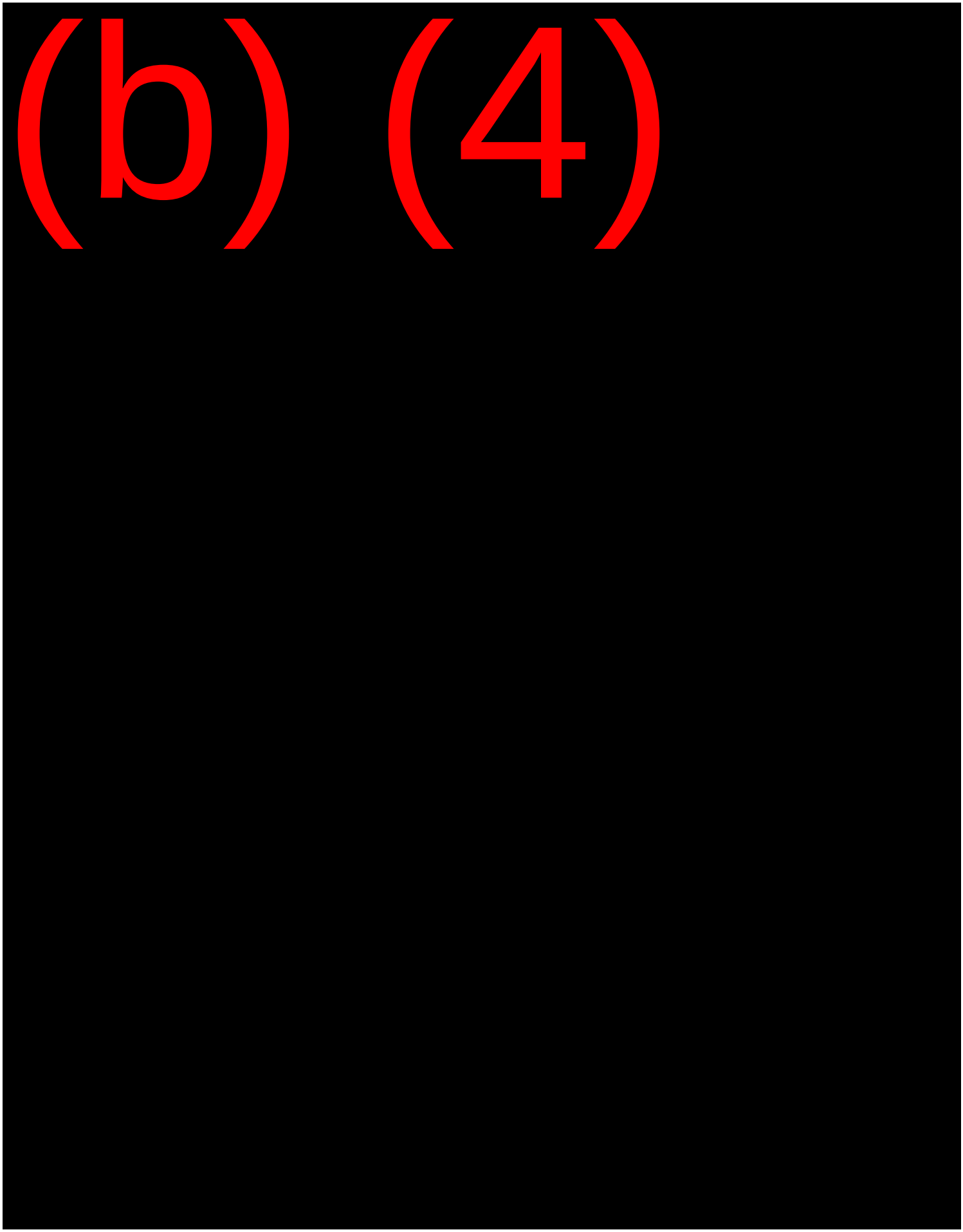
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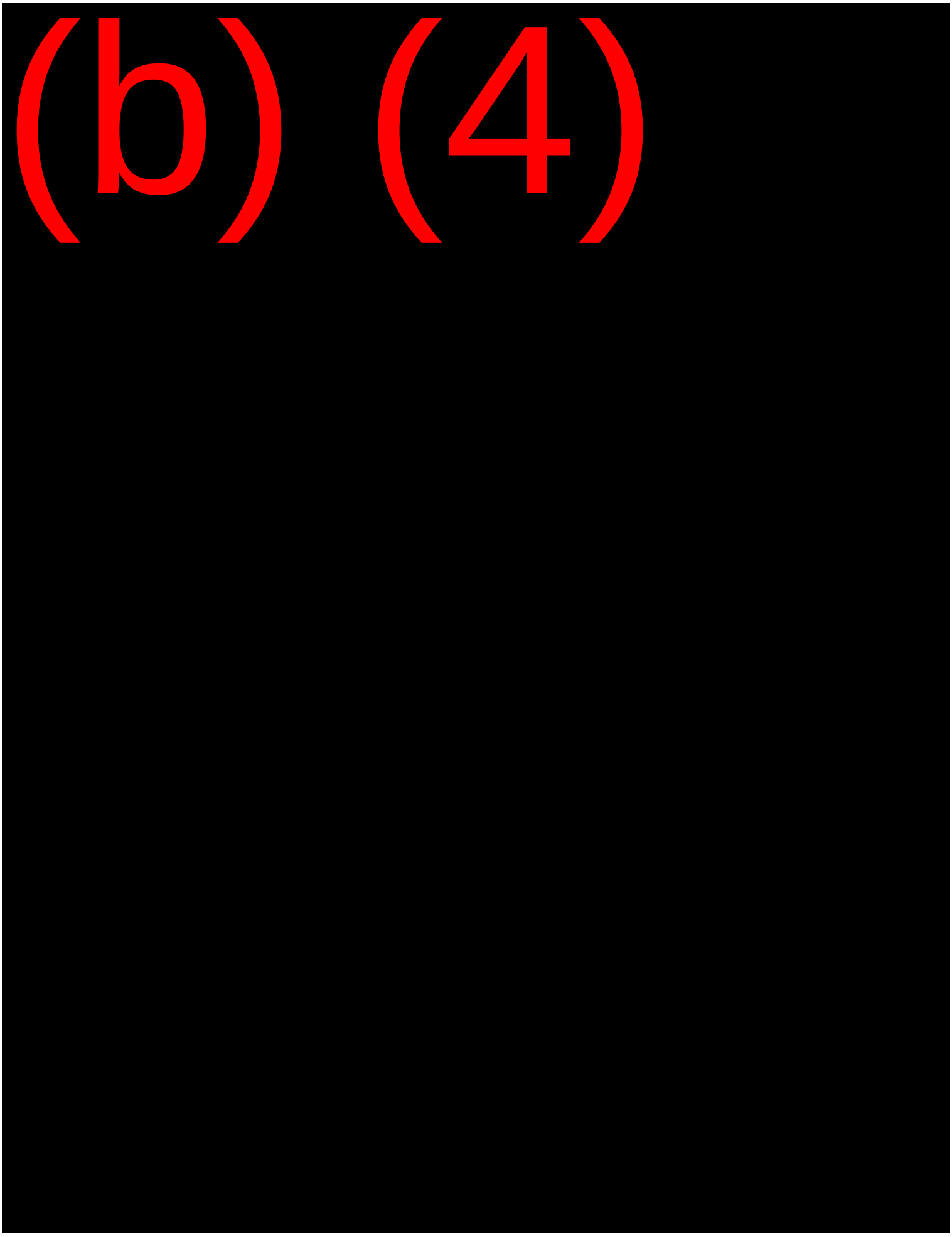
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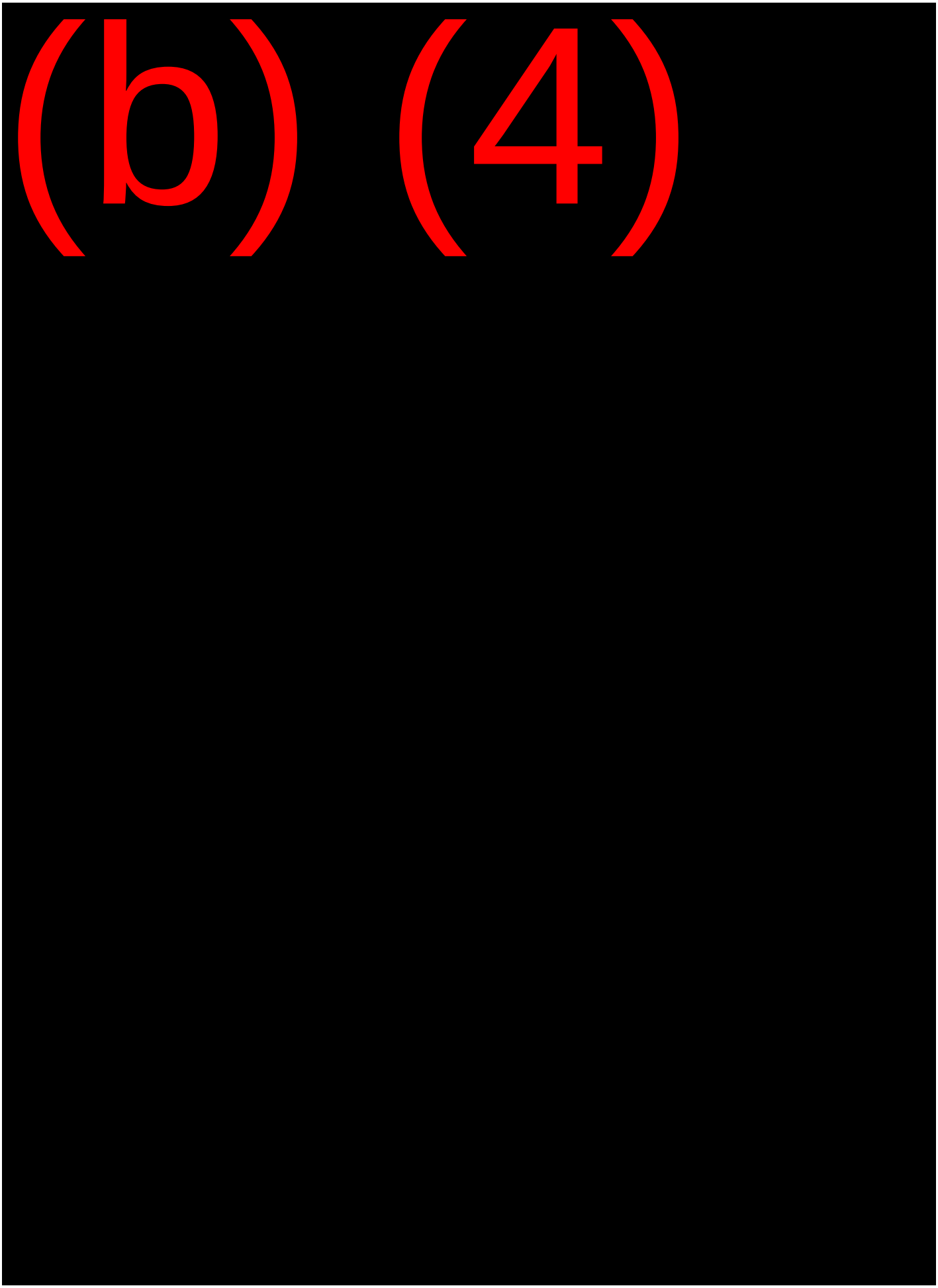
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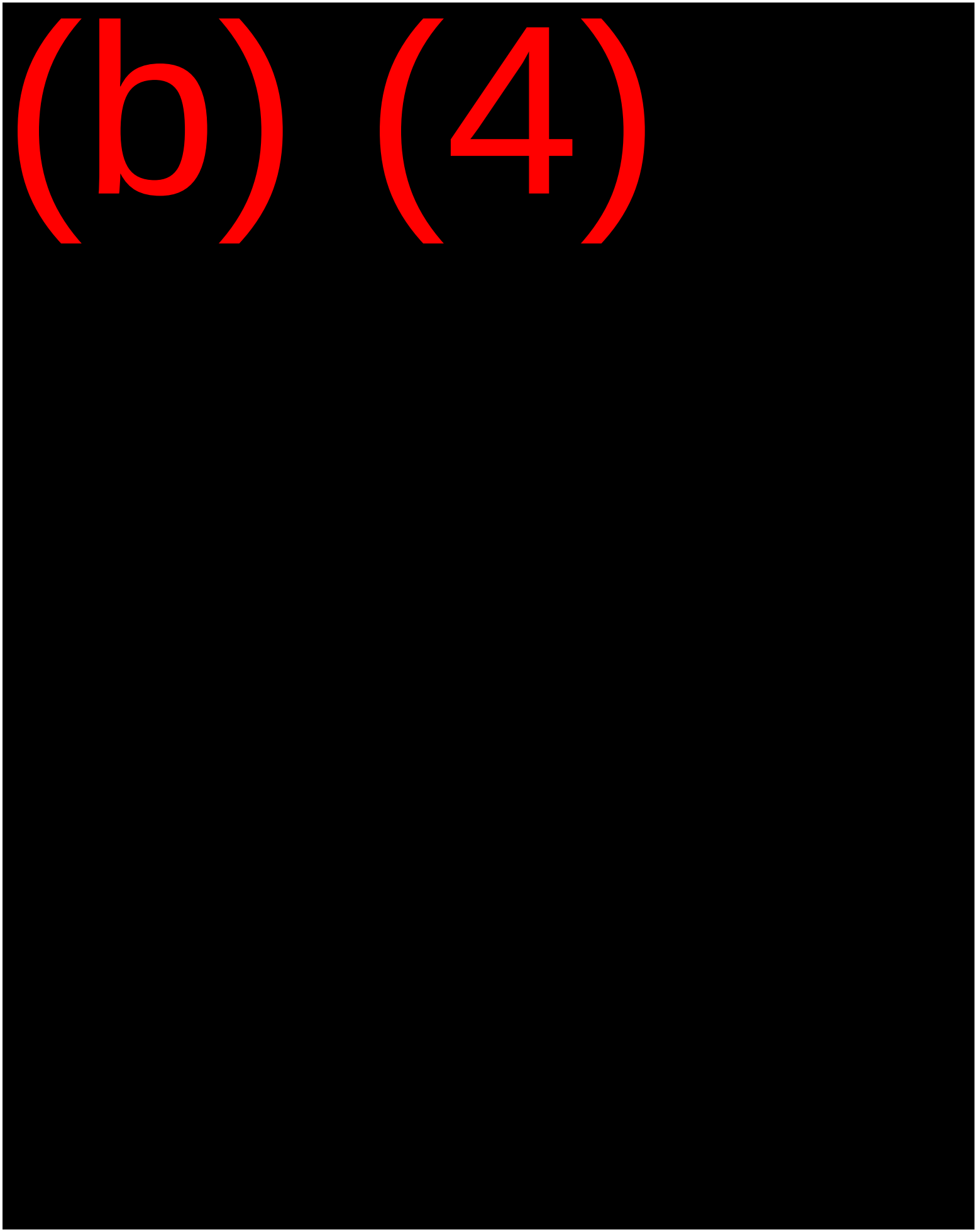
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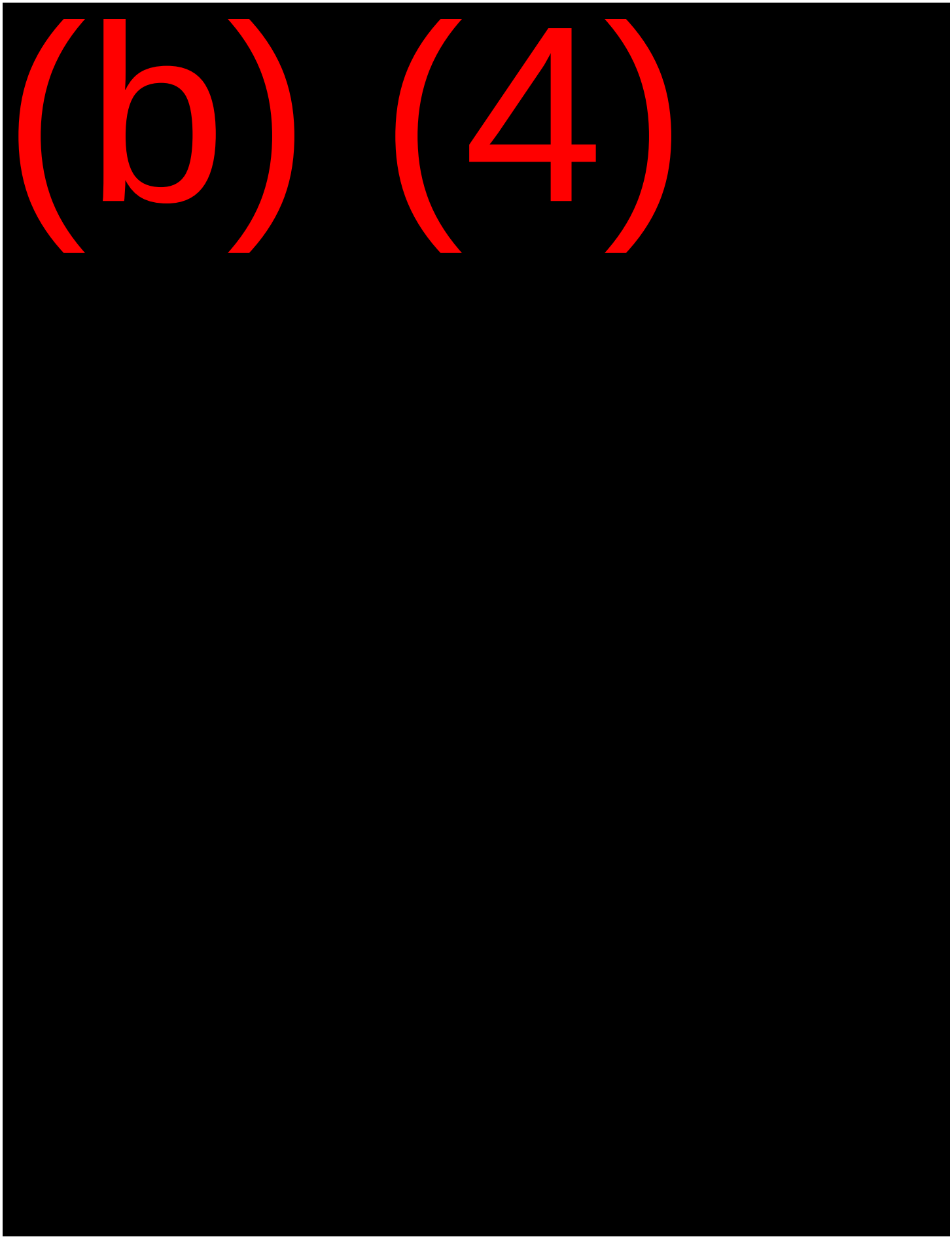
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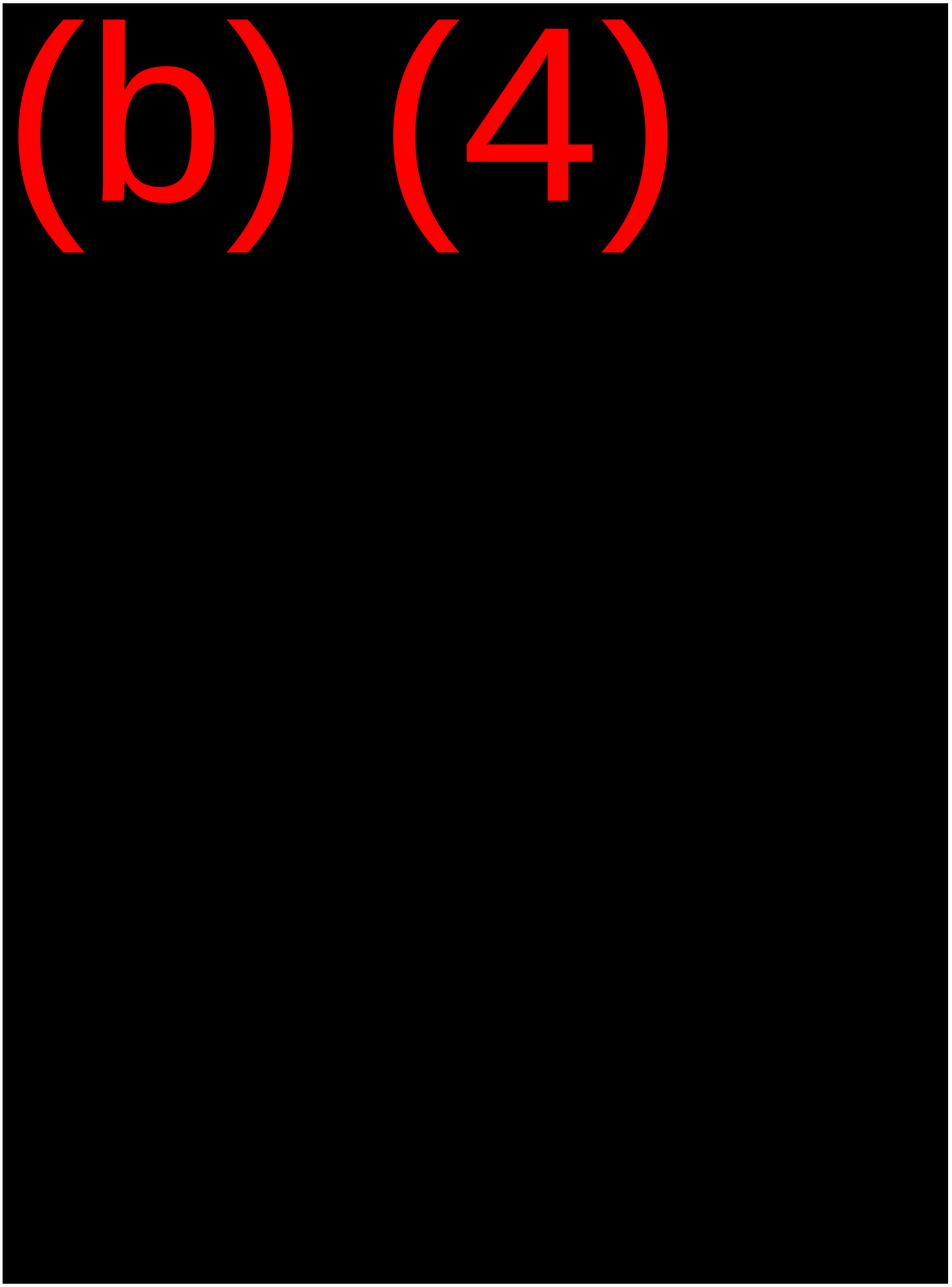
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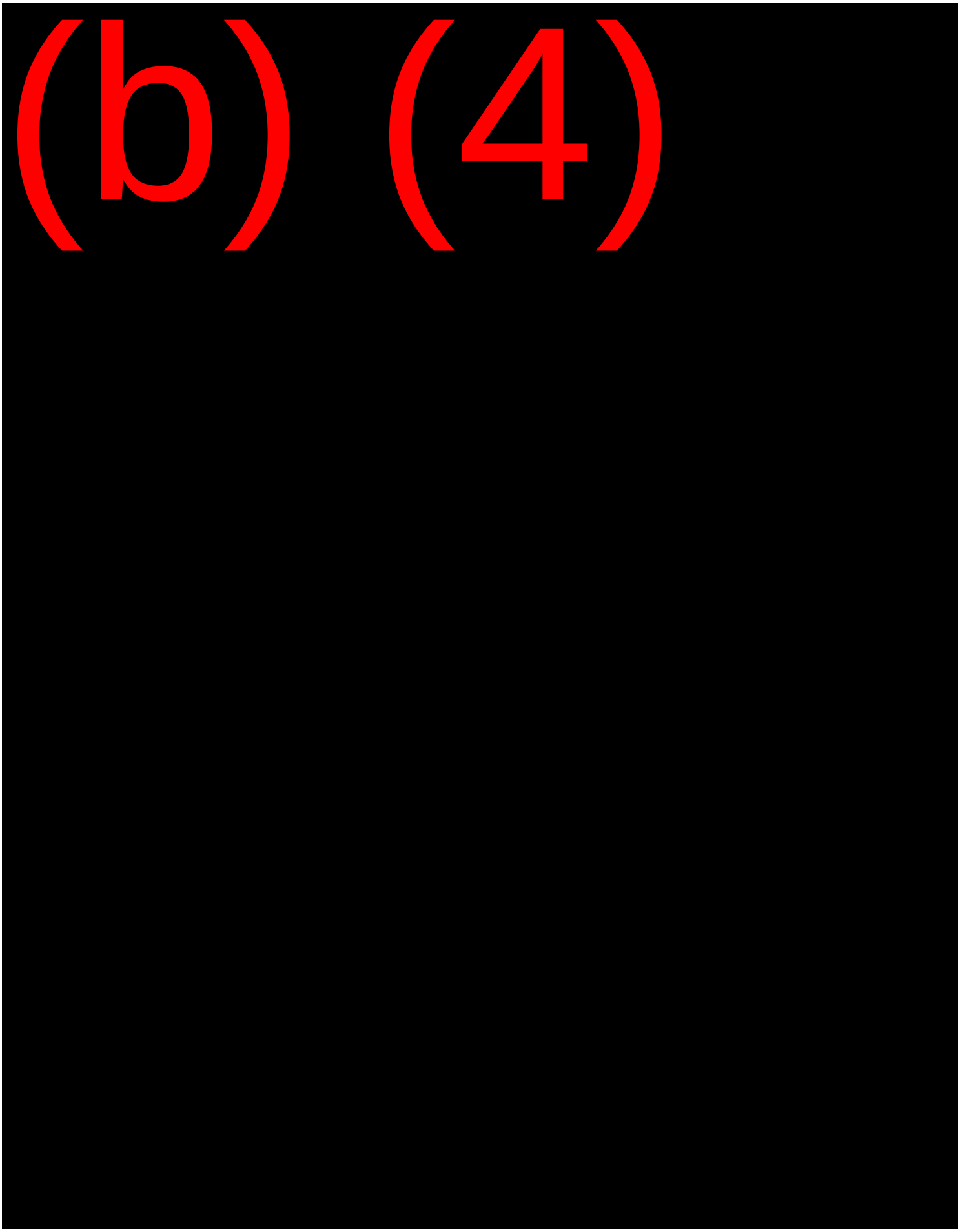
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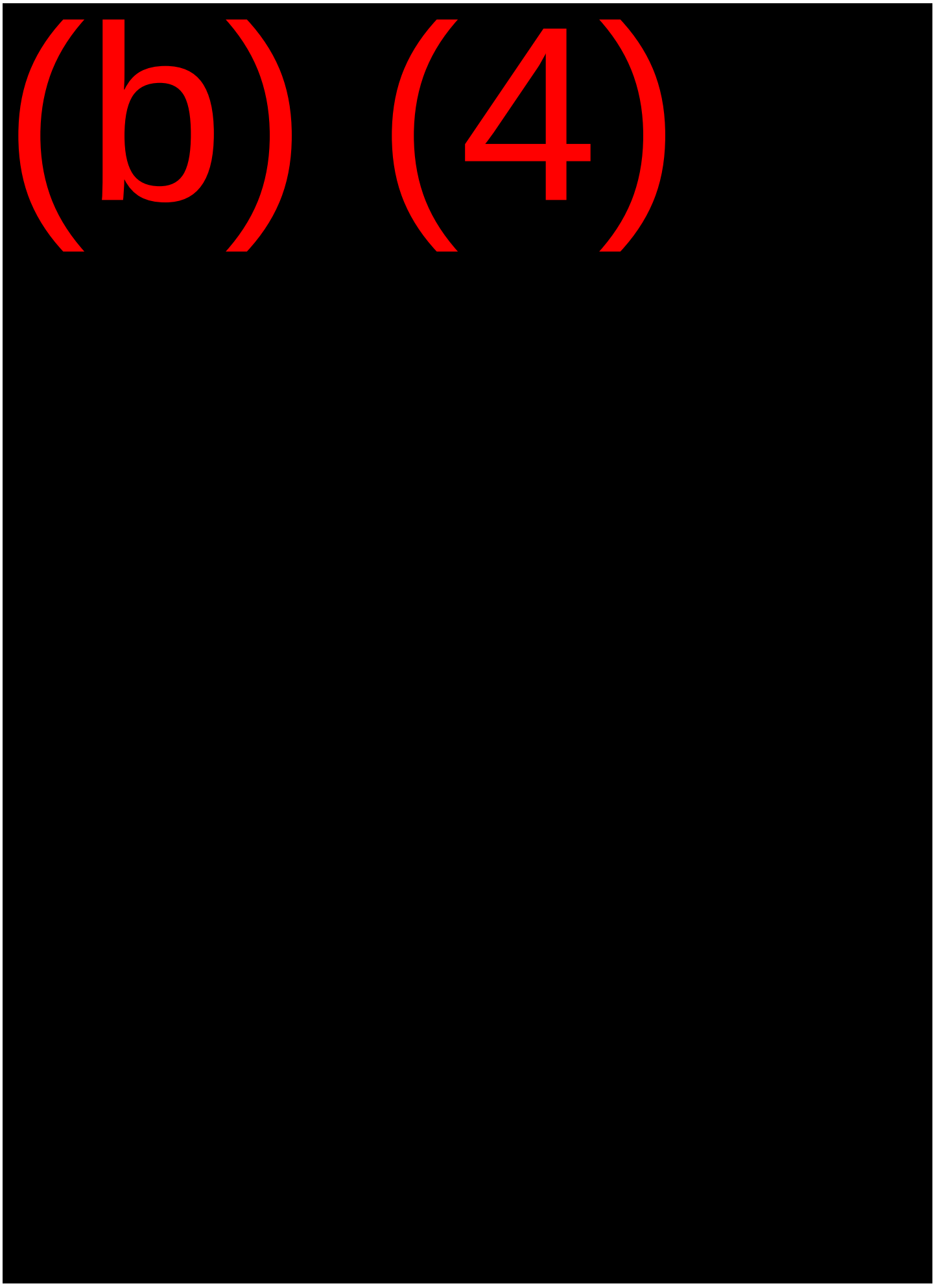
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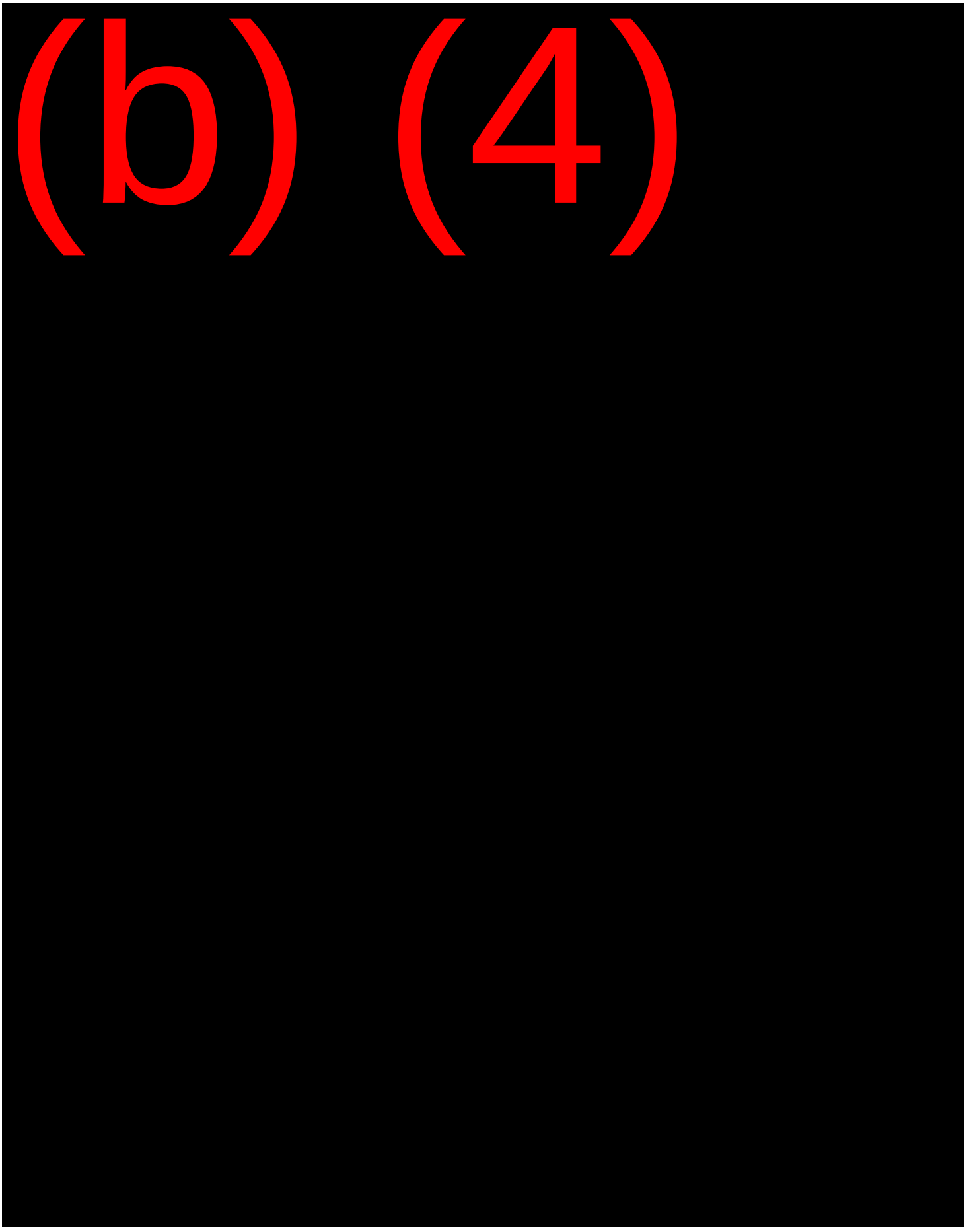
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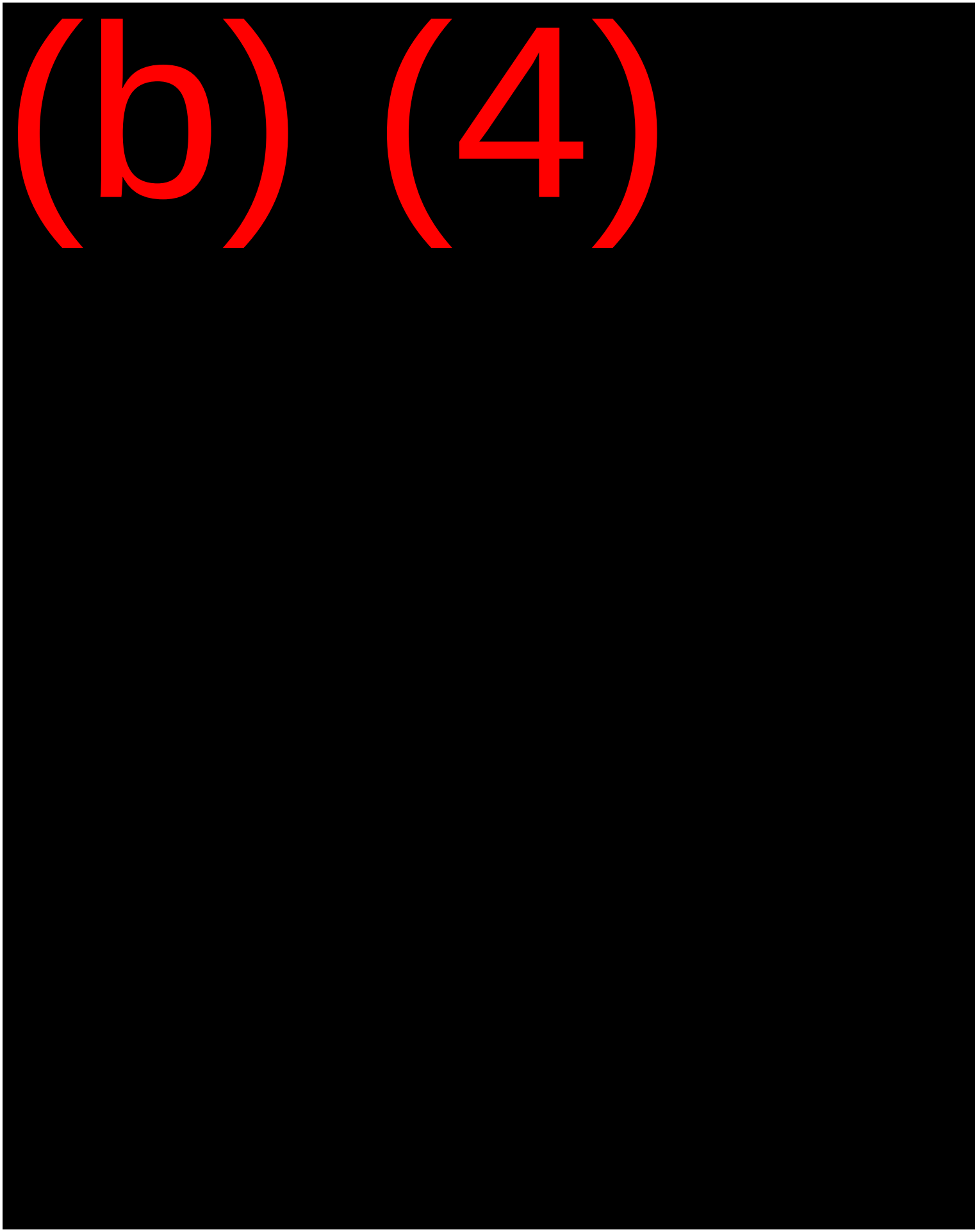
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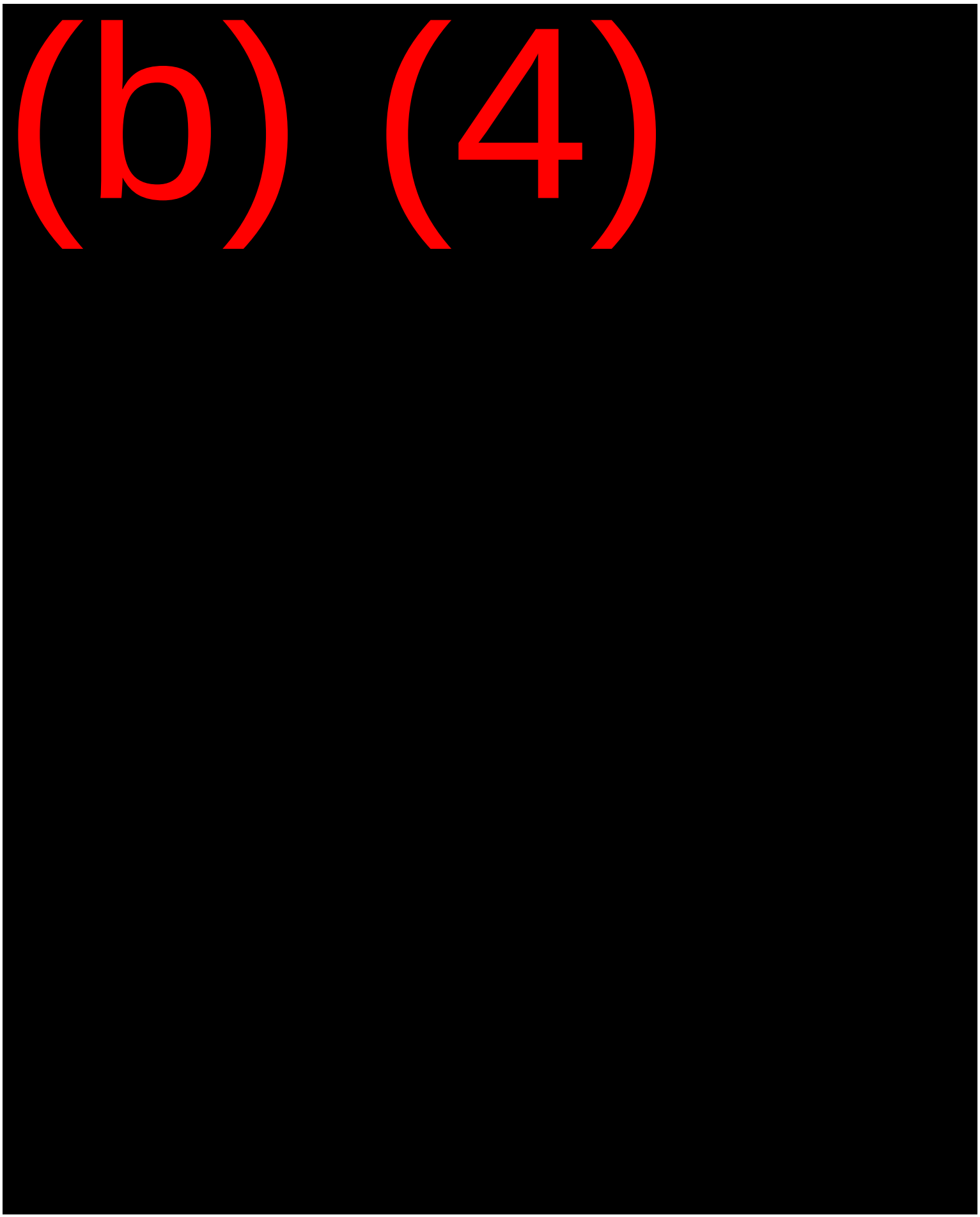
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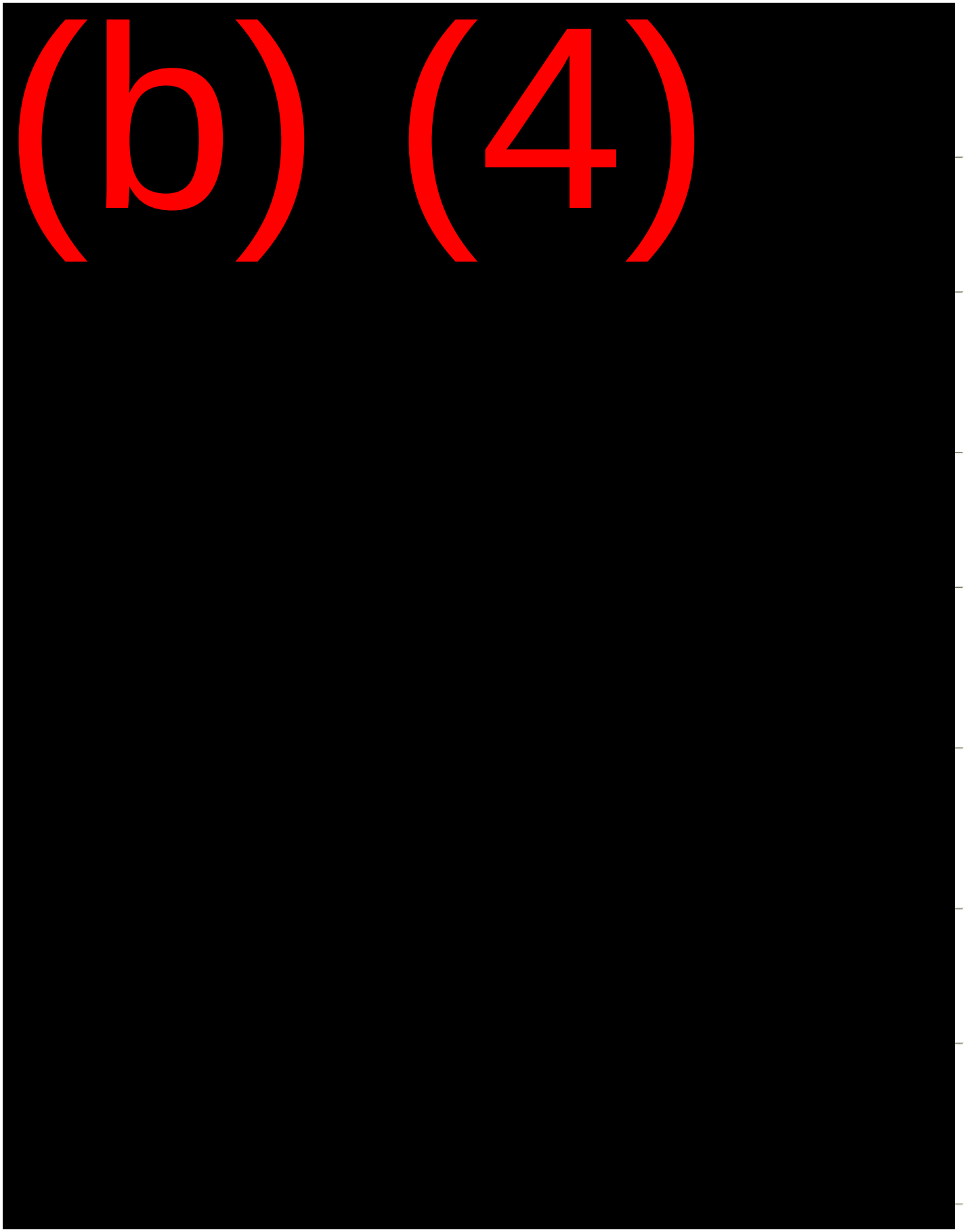
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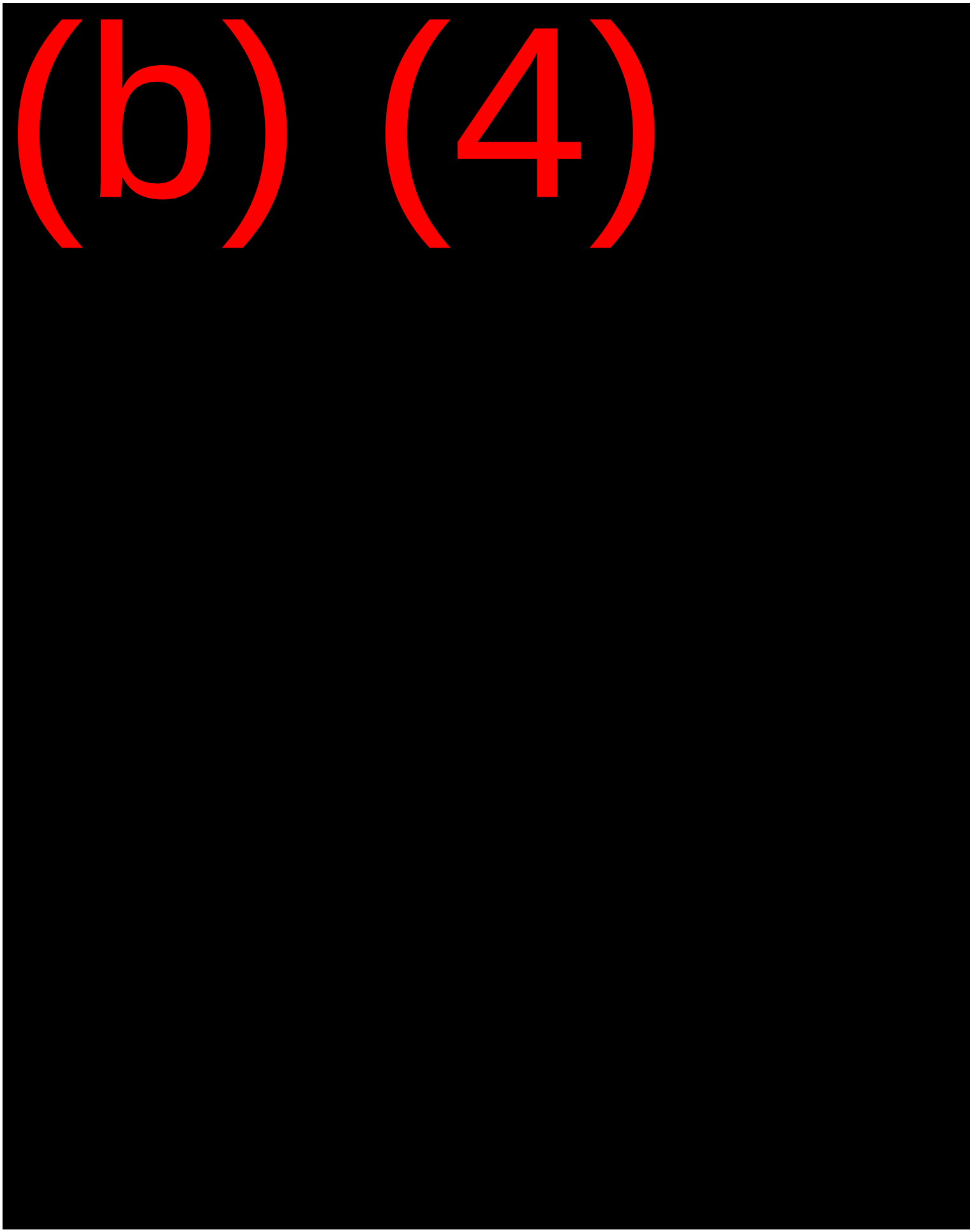
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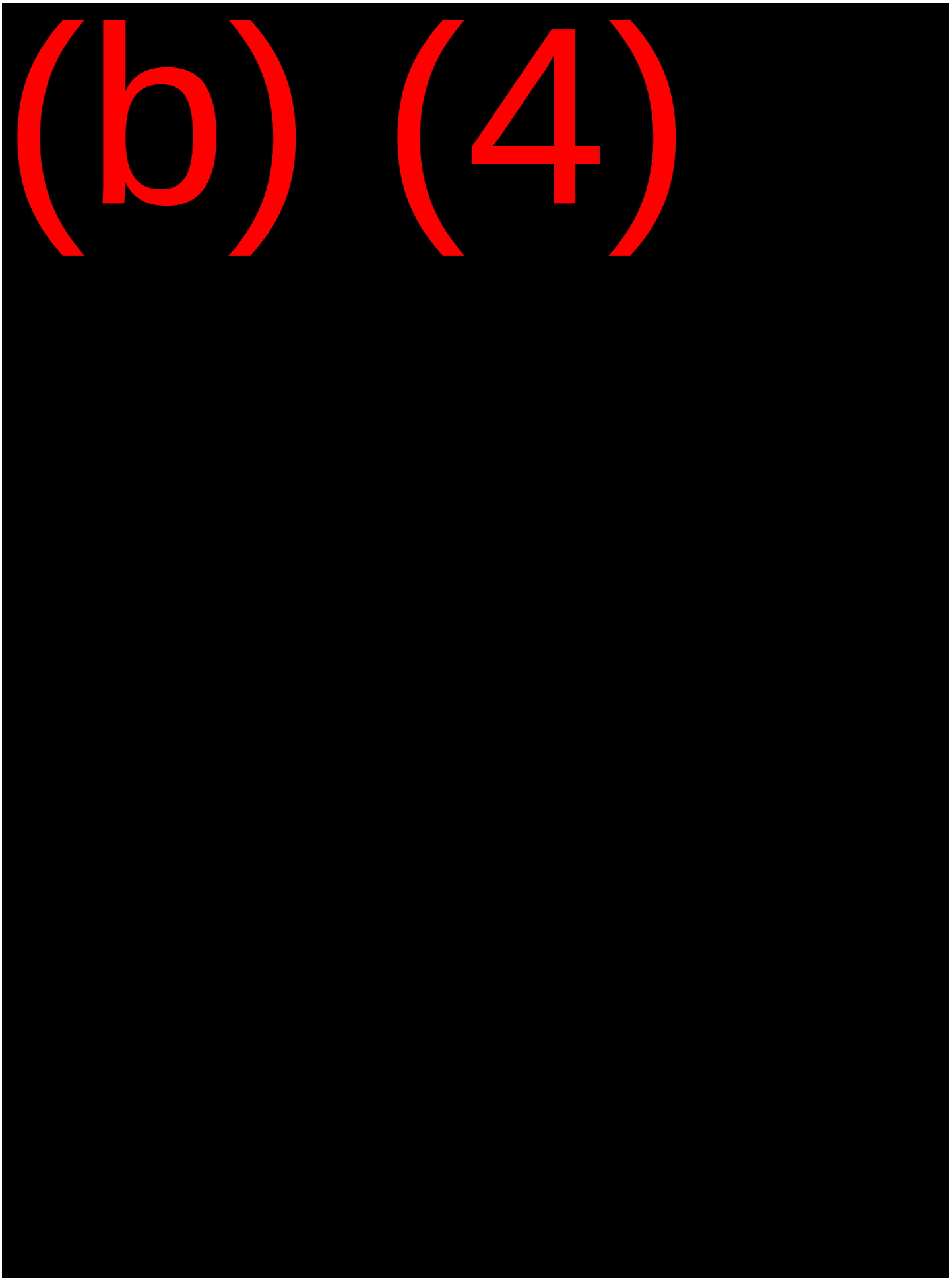
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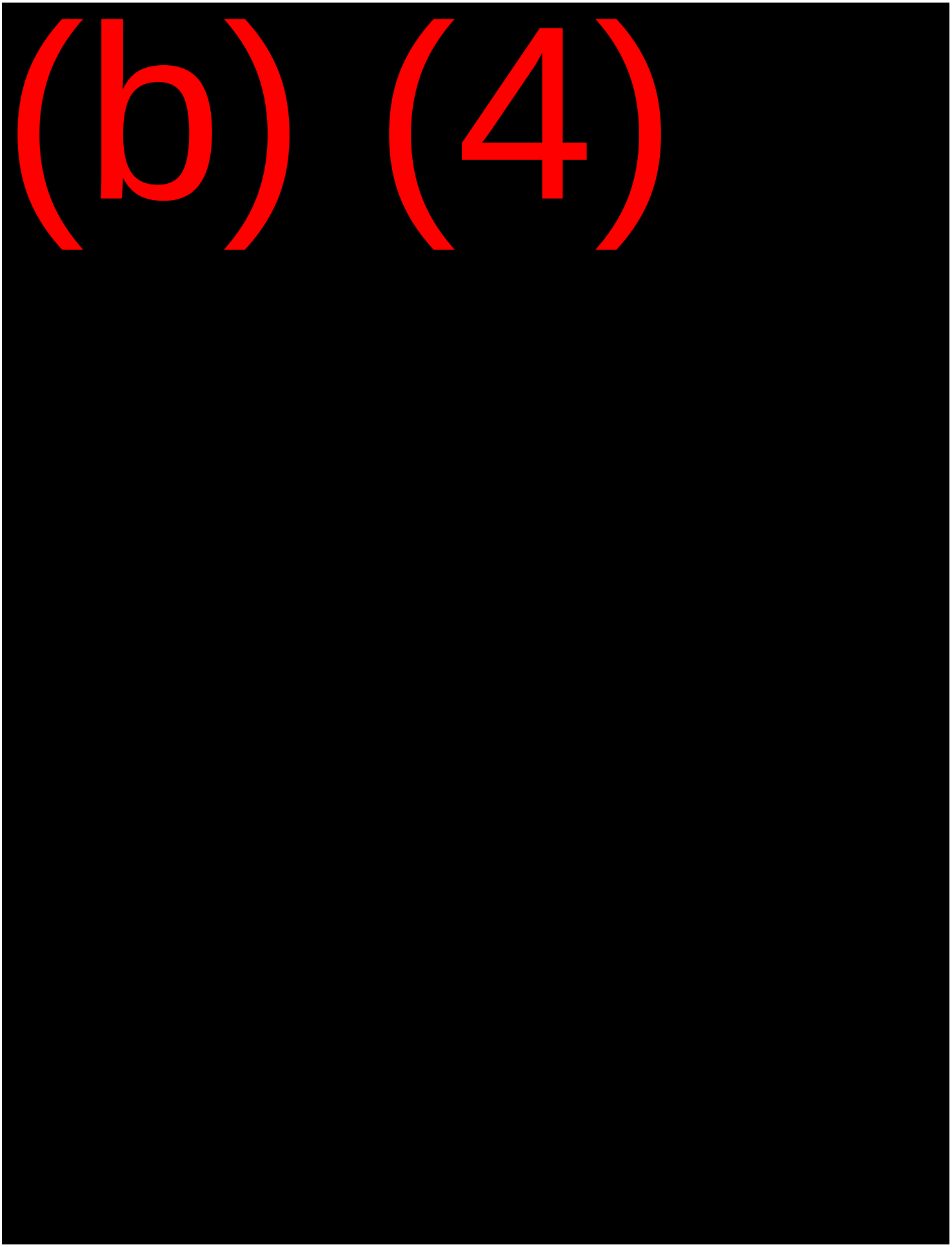
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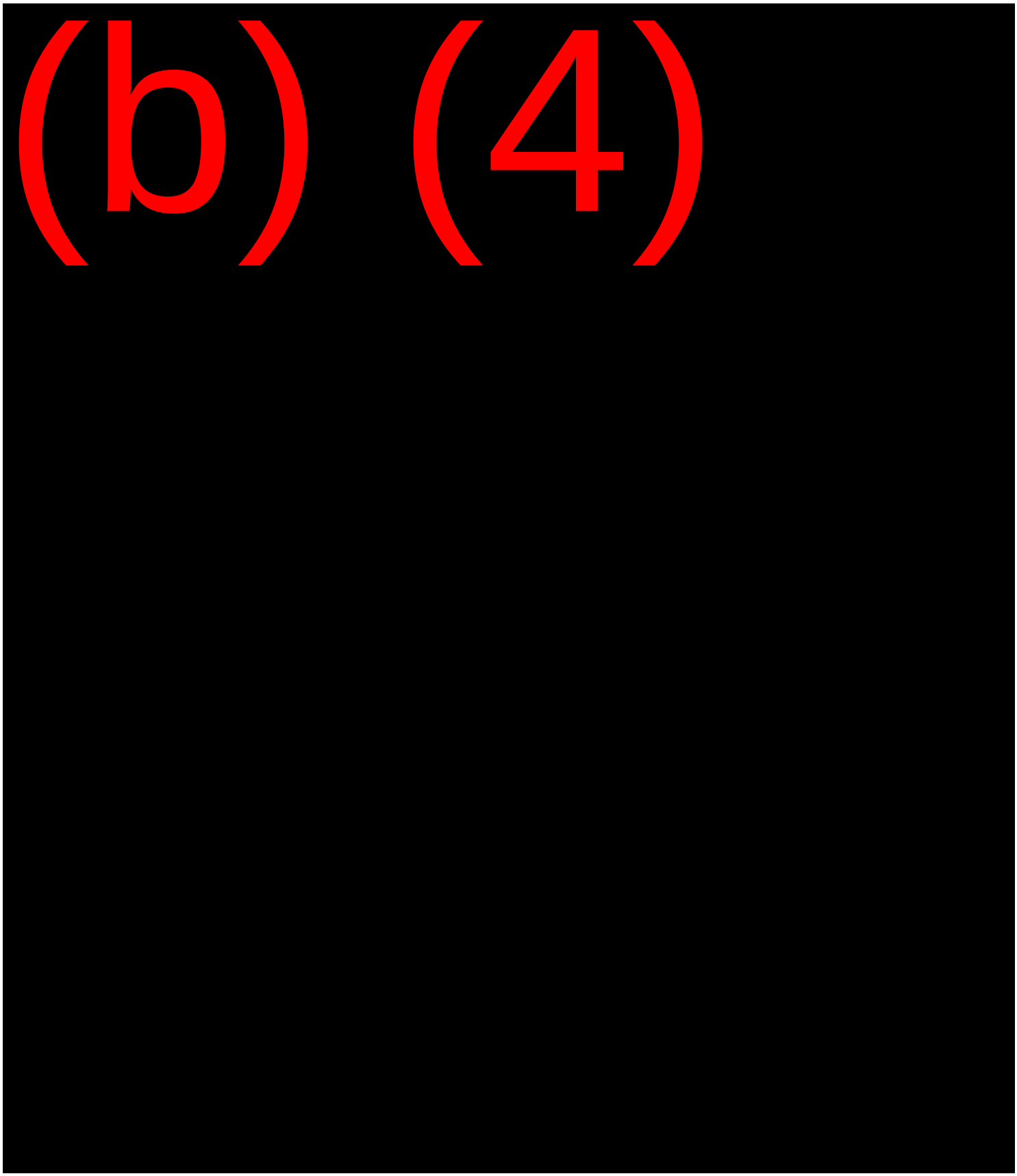
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U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

GREATER SOUTHWEST REGION INVESTIGATIONS OFFICE

March 29, 2012

MEMORANDUM FOR GEOFFREY CHERRINGTON
ASSISTANT INSPECTOR GENERAL
FOR INVESTIGATIONS (JI)

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT IN CHARGE (JI-7)

SUBJECT: TEXAS FIREBIRDS VFD: Misuse of Donated Aircraft

File No. I060074

This is to advise you that the above-captioned investigation was officially closed on this date.

On January 10, 2006, our office received information that (b) (7) and TFVFD were acquiring surplus federal property, including numerous aircraft, and not utilizing the property for its intended purpose. The aircraft were allegedly being utilized in (b) (7)(C), (b) (6), Reynolds Aviation. Based on this information a criminal investigation of (b) (7)(C), (b) was initiated.

As a result of the criminal investigation, (b) (7)(C), (b) was indicted in the Eastern District of Texas, on August 5, 2009. A Superseding Indictment was filed on April 8, 2010 charging (b) (7)(C), (b) with 26 counts. On June 10,2010, in the Eastern District of Texas, a factual resume was submitted by (b) (7)(C), (b) were (b) admitted to making a material false statement to the Federal Aviation Administration in violation of 18 USC 1001. The false statement was made on an aircraft acquired through the GSA Surplus Property Program to support TFVFD. On June 7, 2011, (b) (7)(C), (b) was sentenced to five months imprisonment in the custody of the United States Bureau of Prisons, three years supervised release, and a $10,000 fine for making false statement.

If you have any questions, please call Special Agent in Charge (b) (6), (b) (7)(C), (b) at (b) (6), (b) (7)(C).

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

December 28, 2011

MEMORANDUM FOR THE FILE

FROM: [redacted] (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT IN CHARGE (JI-3)

SUBJECT: Case Closing Memorandum re:

FEDEX CORPORATION – QUI TAM

Case Number – I060219

This memorandum presents the findings of our investigation regarding the captioned matter. No additional investigative activity is necessary.

On May 5, 2006, Mary Garofolo (The Relator), a then Federal Express Corporation (FedEx) employee, filed a qui tam action pursuant under the False Claims Act, 31 U.S.C. 3729, in U.S. District Court, District of Columbia, alleging FedEx had fraudulently charged the Government for deliveries, which were not delivered by the promised delivery date/time. These deliveries were made under FedEx's GSA Contract (GS-23F-0170L). When FedEx does not deliver a package on time, the customer is entitled to a full refund. However, if delivery of a package is delayed due to security restrictions at government installations, FedEx can enter an exception code into the tracking system, which would not entitle the Government to a refund. This exception is referred to as "Code 5". Garofolo alleged that since September 11, 2001, FedEx delivery personnel knowing and purposely used Code 5 to excuse any delays in shipments, even when no security procedures caused such delays. She alleged the practice of using Code 5 became standard practice when dealing with the Government and entire truckloads of packages were designated Code 5 even before the trucks left the FedEx facilities. Garofolo alleged this systematic presentation of false claims represented a deliberate scheme to overcharge the Government millions of dollars a year. The U.S. Department of Justice (DOJ), Civil Division (CD), Washington, D.C., forwarded Garofolo's qui tam complaint to GSA/Office of Inspector General (OIG), Washington, D.C in June 2006.

From early 2006 until October 2007, the GSA OIG Mid-Atlantic Regional Audits Office (JA-3) was conducting a routine, pre-award audit of the existing FedEx GSA contract. During this time period and for a period following the audit, investigative activities in connection to this qui tam were limited in order to see if the audit would find a large number of Code 5 shipments.

Between November 2006 and January 2007, the GSA OIG, Mid-Atlantic Regional Investigations Office (JI-3), monitored fifteen (15) FEDEX Priority Overnight packages that were either delivered to or shipped from the JI-3 and JA-3 office. Of these 15 packages, 13 were delivered late. 9 of these late deliveries were "Code 5", 3 were reported late due to "incorrect address" and 1 was delivered late due to "recipient location closed". (b) (7)(F) [redacted]

In February and March 2007, JI-3 expanded its review of FedEx packages nationwide. All offices of the GSA/OIG maintained records of all FEDEX packages sent and received by the offices. A total of 190 FEDEX "Priority" packages were analyzed. Of these packages, 111 (58%) were delivered late. Of the late deliveries, 81 (42%) were designated Code 5 or another exception code. Some of the packages that were classified as Code 5 were delivered to the JI-3 and JA-3 office.

In April 2008, a former FEDEX driver was interviewed and confirmed that her former supervisor instructed her and other FEDEX drivers to abuse exception codes if packages were to be delivered late. In May 2009, the GSA OIG and DOJ OIG interviewed six former FedEx delivery personnel. One of them confirmed FedEx abused the Code 5.

From May 2008 until November 2008, JI-3 collaborated with the DOJ, DOJ OIG and the U.S Department of Agriculture (USDA) OIG in the drafting of an IG subpoena. In November 2008, FedEx was served with an IG subpoena by the GSA OIG. Between November 2008 and December 2010, numerous correspondence and meetings occurred between FedEx, JI-3, and the DOJ to discuss production compliance.

In December 2009, JI-3, the DOJ OIG and the U.S. Department of Agriculture (USDA) OIG analyzed over 2,600 pages of documents produced by FedEX pursuant to the subpoena. This review found several documents which showed FedEx was aware of delivery personnel making false statements about deliveries.

From March 2011 to May 2011, the DOJ and FedEx participated in multiple mediation sessions in order to settle this complaint. On May 2, 2011, FedEx settled the suit and agreed to pay the U.S. Government $8,000,000.

FedEx will be submitted to the GSA Office of Acquisition Integrity for consideration of debarment action.

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

October 20, 2011

MEMORANDUM FOR: (b) (6), (b) (7)(C), (b) (7)(F) [redacted]
ASSISTANT SPECIAL AGENT IN CHARGE (JI-W)

FROM: (b) (6), (b) (7)(C), (b) (7)(F) [redacted]
SPECIAL AGENT (JI-W)

SUBJECT: Report of Investigation re:
Oracle Corporation QUI-TAM

Case Number: I-07-0213

This memorandum presents the findings of my investigation. No further actions or referrals are necessary to close this matter.

On June 25, 2007, the General Services Administration (GSA), Office of Inspector General (OIG), National Capital Region, Office of Investigations, received information of a Qui Tam filed by relator Paul Frascella, alleging the Oracle Corporation (Oracle), defrauded the U.S. Government. The Qui Tam complaint specifically alleged that Oracle failed to disclose to the U.S. Government discounts that were being offered to its commercial clients while it continued to make sales to federal customers under General Services Administration Multiple Award Schedule (MAS) contract GS-35F-0108J. The alleged intentional failure to disclose the discounts violated the price reduction clause established in Oracle's GSA MAS contract.

From June 2007 through October 2010, GSA OIG Special Agents, General Counsel, Auditors, and officials from the U.S. Department of Justice reviewed documents from the GSA contact file for GS-35F-0108J, issued an OIG subpoena to Oracle, and conducted interviews of current and former GSA procurement officials.

On approximately October 6, 2011, the United States Department of Justice on behalf of GSA Oracle, and Frascella settled negotiations resulting in Oracle agreeing to pay the United States Government $199,500,000.00.

All logical investigative steps have been accomplished. This matter does not require any further investigation or action.

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

SOUTHEAST REGIONAL INVESTIGATIONS OFFICE

MEMORANDUM FOR GEOFFREY CHERRINGTON
ASSISTANT INSPECTOR GENERAL
FOR INVESTIGATIONS (JI)

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT-IN-CHARGE
OFFICE OF INVESTIGATIONS (JI-4)

SUBJECT: Report of Investigation:
OPERATION FILLER-UP

Our File No: I070231

This memorandum presents the findings of our investigation. No further actions or referrals are necessary to close this matter.

This investigation was predicated on a referral from the U.S. Postal Service (USPS), Office of Inspector General, U.S. Postal Inspection Service and the U.S. Postal Service Voyager Fraud Detection Unit (VFDU) regarding the possible fraudulent use of Voyager Fleet Credit Cards (VFCC) assigned to a postal delivery contractor. The USPS Voyager Contract was established under the GSA SmartPay Master Contract. The VFDU reported that from 2005 to 2007, there was approximately $122,590 in fraudulent VFCC charges at numerous gas stations throughout Georgia, Tennessee, Mississippi, Alabama and South Carolina.

The investigation revealed that one USPS VFCC pin number had been compromised and 4 USPS VFCC were used to make the fraudulent transactions. The investigation also revealed that six USPS contractors were responsible for the fraudulent transactions. All of the subjects confessed to the fraudulent use of VFCCs.

On October 29, 2010, the Florida Statewide Prosecutor filed a 23 Count Information resulting in arrest warrants charging six defendants with Racketeering in violation of §§ 895.03(3) and 777.011, Florida Statutes (FS), a first degree felony, Conspiracy to Commit Racketeering in violation of §§ 895.03(4) and 777.011, FS, a first degree felony, Petit Theft in violation of §§ 812.014(1) and (2)(e), and 777.011, FS, a first degree misdemeanor, Petit Theft in violation of §§ 812.014(1) and (3)(a), and 777.011, FS, a second degree misdemeanor.

On November 4, 2010, based on a state felony warrant, LCSD arrested (b) (6), (b) (7)(C) (b) (6), (b) (7)(C), USPS contractor, in Leon County, Florida. On June 17, 2011, (b) (6), (b) (7)(C) appeared in Circuit Court, Second Judicial Circuit, Leon County, Florida and entered a guilty plea to one Petit Theft in violation of §§ 812.014(1), FS, a first degree misdemeanor. On the same day, (b) (6), (b) (7)(C) was sentenced 20 days incarceration with credit time served and 12 months

probation. Additionally, [redacted] was assessed $108.53 joint and several restitution, $19,527.74 for the cost of the investigation, $3,059.94 for the cost of the prosecution and $225.00 in fines.

On November 5, 2010, based on a state felony warrant, Leon County Sheriff's Deputies (LCSD) arrested [redacted], USPS contractor, in Leon County, Florida. On June 17, 2011, [redacted] appeared in Circuit Court, Second Judicial Circuit, Leon County, Florida and entered a guilty plea to one Count of Racketeering in violation of §§ 895.03(3), FS, a first degree felony, one Count Conspiracy to Commit Racketeering in violation of §§ 895.03(4), FS, a first degree felony, 15 counts of Petit Theft in violation of §§ 812.014(3A), FS, a second degree misdemeanor and 6 counts of Petit Theft in violation of §§ 812.014(2E), FS, a first degree misdemeanor. On the same day, [redacted] was sentenced 11 months 29 days incarceration with credit time served and 60 months probation. Additionally, [redacted] was assessed $85,058.31 joint and several restitution, $19,527.34 for the cost of the investigation, $3,059.94 for the cost of the prosecution and $2625.00 in fines.

On November 21, 2010, based on a state felony warrant, LCSD arrested [redacted], in Leon County, Florida. On May 3, 2011, [redacted] appeared in Circuit Court, Second Judicial Circuit, Leon County, Florida and entered a plea of nolo contendere to one Count of Grand Theft in violation of Florida Statutes §§ 812.014(2)(c1), FS, a third degree felony. On the same day, [redacted] was sentenced to 30 days incarceration, 120 days Sheriffs Work Camp and 60 months probation. Additionally, [redacted] was assessed $20,448.91 joint and several restitution, $19,527.34 for the cost of the investigation and $3,059.94 for the cost of the prosecution.

On December 1, 2010, based on a state felony warrant, LCSD arrested [redacted], in Leon County, Florida. On February 11, 2011, [redacted] appeared for sentencing in the Circuit Court, Second Judicial Circuit, Leon County, Florida following [redacted] conviction of one Count of Racketeering in violation of §§ 895.03(3), Florida Statutes, a first degree felony, one Count of Conspiracy to Commit Racketeering in violation of §§ 895.03(4), FS, a first degree felony, two Counts of Petit Theft in violation of §§ 812.014(2)(e), FS, a first degree misdemeanor and one Count of Petit Theft in violation of §§ 812.014(3)(a), FS, a second degree misdemeanor. The [redacted] was sentenced to 8 months incarceration, credit time served, followed by 60 months of probation. Additionally, [redacted] was assessed $20,448.91 joint and several restitution, $97,636.70 for the cost of the investigation reduced to a civil judgment, $3,059.94 for the cost of the prosecution and $2,775.00 in fines reduced to a civil judgment.

On December 17, 2010, based on a state felony warrant, U.S. Marshals arrested [redacted], in Leon County, Florida. On October 3, 2011, [redacted] appeared in Circuit Court, Second Judicial Circuit, Leon County, Florida and entered a plea of nolo contendere to one Count of Grand Theft in violation of Florida Statutes §§ 812.014(1) and (3)(c), a third degree felony. On the same day, [redacted] was sentenced 37 days incarceration with credit time served, 120 hours community service and 60 months probation. Additionally, [redacted] was assessed $8,678.55 joint and several restitution, $1,800.00 for witness travel costs, $19,527.34 for the cost of the investigation $3,059.94 for the cost of the prosecution and $570.00 in fines.

On November 15, 2010, based on a state felony warrant, LCSD arrested (b) (6), (b) (7)(C), in Leon County, Florida. On August 12, 2011, [redacted] appeared in Circuit Court, Second Judicial Circuit, Leon County, Florida and entered a guilty plea to one Count of Grand Theft in violation of Florida Statutes §§ 812.014(1) and (2c) and (10c), a third degree felony. On the same day, [redacted] was sentenced 30 days incarceration with credit time served and 60 months probation. Additionally, [redacted] was assessed $2,592.00 joint and several restitution, $5,380.00 for the cost of the investigation, $3,059.94 for the cost of the prosecution and $420.00 in fines.

On March 21, 2012, ASAC [redacted] was advised by the U.S. Postal Inspection Service that [redacted], Assistant Statewide Prosecutor, Office of the Statewide Prosecutor, Tallahassee Office declined the prosecution of (b) (6), (b) (7)(C).

This matter does not require any further investigation or action.

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General
KANSAS CITY CENTRAL REGIONAL INVESTIGATIONS OFFICE

September 1, 2010

MEMORANDUM FOR: JASON O. KLUMB
REGIONAL ADMINISTRATOR
HEARTLAND REGION

FROM: (b) (6), (b) (7)(C)
SPECIAL AGENT IN CHARGE (JI-6)

SUBJECT: Report of Investigation re:
(b) (6), (b) (7)(C)
(b) (6), (b) (7)(C)
Federal Supply Service
General Services Administration
Kansas City, Missouri
Potential Conflict of Interests
Misrepresentation to OIG agents
GSA-OIG File No.: I-08-61390

This memorandum presents the findings of our investigation regarding the captioned matter. This report is furnished to you for any action you deem appropriate.

On January 18, 2008, (b) (6), (b) (7)(C), Supply Management Representative (SMR), Federal Supply Service (FSS), General Services Administration (GSA), Kansas City, MO, alleged that (b) (6), (supervisor, (b) (6), (b) (7)(C) Marketing Manager, FSS, GSA, solicited (b) (6), (to form a consulting company with (b) (6), (b) ((Attachment 1). (b) (6), (b) (7)(C) worked on the GSA Energy Center project team, which explored potential opportunities for energy service contractors. (b) (6), (b) (7)(C) basically helped market energy consulting companies through GSA contracts to government clients.

(b) (6), (b) (7)(C) stated that on January 15, 2008, (b) (6), (b) (7)(C) called (b) (6), (into (b) (6), (b) office and proposed to (b) (6), (that they should form a consulting business together and market their services to GSA contractors. According to (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) told (b) (6), (that this consulting firm would be used to help energy consulting companies market their services to the government by helping them get on GSA's scheduled contracts. (b) (6), (b) (7)(C) said their firm would also help the energy companies write proposals in response to GSA's Request for Proposals (RFP). (b) (6), (b) (7)(C) said (b) (6), (b) (7)(C) told (b) (6), (they could operate their business at night and on weekends until they had enough business to quit their jobs at GSA.

(b) (6), (b) (7)(C) said (b) (6), told (b) (6), (b) (7)(C) that doing this was in direct conflict with their GSA duties. (b) (6), said (b) (6), told (b) (6), (b) (7)(C) it would be illegal to do such a thing. According to (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) did not agree with (b) (6), and told (b) (6), (b) (6), would check with GSA's legal counsel before doing this.

(b) (6), (b) (7)(C) stated that (b) (6), (b) (7)(C) further offered that if (b) (6), received any evaluations of future proposals from the companies they personally represented while working for GSA, (b) (6), would not assign those evaluations to (b) (6), and would instead give them to another. (b) (6), (b) (7)(C) said (b) (6), again advised (b) (6), (b) (7)(C) that the consulting relationship (b) (6), was suggesting to (b) (6), was prohibited. (b) (6), (b) (7)(C) said (b) (6), (b) (7)(C) then asked (b) (6), what if they put the companies in their spouse's names. (b) (6), (b) (7)(C) said (b) (6), told (b) (6), (b) (7)(C) that they could not do this. (b) (6), said (b) (6), conversation with (b) (6), (b) (7)(C) lasted approximately 45 minutes.

(b) (6), (b) (7)(C) said (b) (6), was upset and uncomfortable with the fact that (b) (6), (b) (7)(C) was (b) (6), supervisor and was asking (b) (6), to do something that was a conflict of interest and potentially against the law. (b) (6), stated that this incident caused a significant problem within (b) (6), office and because of it (b) (6), lost complete trust in (b) (6), (b) (7)(C)

On February 12, 2008, Special Agent (b) (6), (b) (7)(C), (b) (7)(F) of the Midwest Regional Investigations Office, Office of Inspector General (OIG), spoke with (b) (6), (b) (7)(C), Regional Counsel, Heartland Office of Regional Counsel, GSA, to see if (b) (6), (b) (7)(C) ever contacted anyone at the Regional Counsel's Office regarding (b) (6), (b) intentions to start a consulting business. (b) (6), (b) (7)(C) advised that (b) (6), (b) (7)(C) had not contacted anyone in (b) (6), office about this matter.

Agents thoroughly researched (b) (6), (b) (7)(C) background to determine if (b) (6), had (b) (6), (b) own business or if (b) (6), or someone else close to (b) (6), (b) (7) had a consulting business that was similar to what (b) (6), proposed to (b) (6), (b) (7)(C) but nothing was found. In fact, there was no indication that (b) (6), (b) (7)(C) took any steps to create the aforementioned consulting business except for (b) (6), (b) (7)(C) complaint itself.

On May 29, 2008, (b) (6), (b) (7)(C) met with (b) (6), (b) (7)(C) and discussed the previous business proposal that (b) (6), made to (b) (6), in January 2008 (Attachement 2). During the conversation, (b) (6), (b) (7)(C) admitted to proposing an idea to (b) (6), (b) (7)(C) to start up a business with (b) (6), while on government time. According to (b) (6), (b) (7)(C) (b) (6), later decided that this was just one of (b) (6), (b) wild ideas and probably not a good one, and (b) (6), had not pursued it any further than that. (b) (6), (b) (7)(C) said (b) (6), later decided that even though there were many feasible ways to take advantage of this market, there was probably no ethically feasible way to do it. (b) (6), (b) (7)(C) admitted to (b) (6), (b) (7)(C) that a lot of the research and start up work would have had to be done while they were GSA employees. (b) (6), (b) (7)(C) stated to (b) (6), (b) (7)(C) that (b) (6), had the sense (b) (6), spoke to (b) (6), co-worker (b) (6), (b) (7)(C) about (b) (6), (b) business proposal and (b) (6), said, I have to admit, I have talked to (b) (6), (b) (7) about several enterprises.

On February 4, 2009, Agents interviewed GSA Facilities Maintenance and Hardware Acquisition Center Director (b) (6), (b) (7)(C) (b) (7)(C) (Attachment 3). (b) (6), (b) (7)(C) said (b) (6), (b) (7)(C) originally brought these allegations to (b) (6), office and they subsequently brought it to the GSA-OIG.

[redacted] stated that [redacted] was really upset when [redacted] did this. [redacted] said [redacted] still continued working directly for [redacted] after this happened, but there were problems between them because [redacted] did not trust [redacted] anymore. [redacted] said the work environment was not very comfortable, but they did learn to coexist and still work together.

According to [redacted] could not remember exactly when, but said a few months after this incident, [redacted] came to [redacted] office and told [redacted] that [redacted] had a recent conversation with [redacted] where [redacted] brought up a previous discussion between them in which [redacted] referenced a private business idea that [redacted] supposedly had. [redacted] stated that [redacted] did not concede to [redacted] that [redacted] proposed a private business opportunity to [redacted] and on the contrary [redacted] ensured [redacted] that [redacted] would never do such a thing because it was unethical. [redacted] said [redacted] was upset that [redacted] would accuse [redacted] of doing this.

(OIG Detail of Facts-During the meeting on May 29, 2008, between [redacted] and [redacted] admitted to the fact that [redacted] proposed this idea to [redacted] back in January of 2008; however, afterwards [redacted] went to [redacted] and told [redacted] that [redacted] would never propose something like this because it was unethical.)

[redacted] said other than [redacted] complaint, [redacted] did not have any other knowledge about [redacted] starting up a private consulting business. According to [redacted] the energy field was really expanding and there was a huge potential to make a lot of money in this field, but [redacted] did not know of anything else that [redacted] did that was out of the ordinary.

On another matter, [redacted] said [redacted] used to work for [redacted] but [redacted] was reassigned to work directly for [redacted] instead of [redacted] because of rumors that they were in a romantic relationship together. [redacted] stated that [redacted] asked both [redacted] and [redacted] if these rumors were true and they both adamantly denied it. [redacted] said [redacted] thought it was safer to reassign [redacted] anyway because of the appearance of the situation. [redacted] said after the reassignment the rumors about [redacted] and [redacted] stopped.

On February 19, 2009, Agents interviewed GSA Supply Management Specialist [redacted], a coworker [redacted], and subordinate and friend of [redacted] (Attachment 4). [redacted] said [redacted] knew about [redacted] proposal to [redacted] [redacted] stated that [redacted] was a good candidate to run a consulting company because [redacted] was the main point of contact at GSA for energy services, and [redacted] had contacts with the energy companies. [redacted] said however, that [redacted] thought [redacted] was just brainstorming about forming this type of business and did not believe that [redacted] ever took any active steps to create an actual company. According to [redacted] [redacted] also told [redacted] that [redacted] would run everything through the GSA legal department before [redacted] did anything.

[redacted] said about a year ago [redacted] mentioned this private consulting idea to [redacted] [redacted] stated that [redacted] told [redacted] that energy was big business and they could make lots of money. [redacted] said [redacted] could not remember how [redacted] responded to [redacted] when [redacted] made this proposal to [redacted] but said [redacted] reacted strongly against this idea. [redacted] stated that [redacted] was very upset with [redacted] over this because [redacted] thought it was a conflict of interest.

[redacted] stated that [redacted] and [redacted] had a lot of problems around that period of time. [redacted] said [redacted] might have thought [redacted] and [redacted] were actually starting or working on this private business and maybe that was why [redacted] was so upset with [redacted] [redacted] reiterated that [redacted] believed [redacted] business proposal was all talk and that [redacted] never took any further steps past discussing it. On another matter, [redacted] also stated that [redacted] did not ever have a romantic relationship with [redacted] as rumors suggested.

On February 19, 2009, agents interviewed [redacted] (Attachment 5). Throughout the interview, [redacted] denied that [redacted] made a business proposal to [redacted] [redacted] said [redacted] did not ever suggest to [redacted] that they should form a private consulting business together that would help energy companies market their services to the government by helping them get on the GSA schedule and help them write proposals in response to GSA RFPs. [redacted] said [redacted] wished [redacted] had a company like this and might have mentioned something like this to [redacted] but [redacted] never proposed actually starting up a business or consulting with [redacted] [redacted] denied ever having a 45 minute conversation regarding this matter with [redacted] Furthermore, [redacted] said [redacted] did not ever mention to [redacted] that they could put this newly created company in their spouses' names.

([redacted] initially approached [redacted] on January 15, 2008 and proposed [redacted] business idea) On January 16, 2008, [redacted] sent the below email to [redacted]

[redacted] "So did you tell [redacted] that you are really, really thinking about it? Did you mention my name? Just wondering how the conversation went." [redacted] " I do not think I mentioned your name. Yes, I told [redacted] I was really interested."

On May 29, 2008, [redacted] met with [redacted] and [redacted] business proposal was discussed. On May 29, 2008, [redacted] sent the below email to [redacted]

[redacted] "I had a hour and half meeting with [redacted] today, and [redacted] broke down and told me why [redacted] has been so upset with me for the last few months. I must admit that you pegged it exactly! You have a good sixth sense!" [redacted] "what now I must know…Is it what you asked [redacted] if [redacted] wanted to do with us? What else did [redacted] say?" [redacted] "Lets talk later about it. In case [redacted] ever asks, you know nothing about the business proposition I discussed with [redacted] [redacted] "ok..ok lets talk after our 2:00 w[redacted]

Agents asked [redacted] about these emails during the OIG interview of [redacted] and [redacted] claimed that [redacted] did not believe these emails constituted a business proposition, but [redacted] did not offer any further explanation.

[redacted] told agents that [redacted] had conversations with [redacted] in which [redacted] said [redacted] would love to start an energy business, but said [redacted] had never taken any steps towards starting an actual business.

At the beginning of the interview, [redacted] was asked a serious of questions and [redacted] provided the below responses:

Question 1: Did [redacted] ever propose to [redacted] that they both should get together and form a consulting business to help energy companies market their services to the government by helping these companies get on GSA's schedule?

Response 1: [redacted] said no, never.

Question 2: Did [redacted] ever propose to [redacted] that with this business they could also write proposals in response to GSA requests for proposals?

Response 2: [redacted] said [redacted] did not recall proposing that.

Question 3: Did [redacted] ever advise [redacted] that [redacted] proposition to form a consulting business was a direct conflict with [redacted] duties at GSA?

Response 3: [redacted] said no, [redacted] did not recall that.

Question 4: Did [redacted] ever advise [redacted] that if [redacted] were to recommend one specific business for [redacted] financial benefit it would be illegal?

Response 4: [redacted] said [redacted] did not recall.

Question 5: Did [redacted] ever advise that initially they could operate the consulting business at night and on the weekends until they had enough business to quit their jobs?

Response 5: [redacted] did not recall.

Question 6: Did [redacted] ever suggest to [redacted] that they could put the company in their spouse's names?

Response 6: [redacted] initially said [redacted] did not recall and then said "no."

At the end of [redacted] interview, [redacted] was told that the agents did not think [redacted] was being truthful and they described to [redacted] the seriousness of lying to them. At this point [redacted] unexpectedly changed [redacted] answers. [redacted] then admitted to agents that [redacted] did make the aforementioned business proposal to [redacted] In part because of [redacted] previous evasiveness, agents then asked [redacted] the same six questions that were asked earlier in the interview. The following are the questions and (changed) answers:

Question 1: Did [redacted] ever propose to [redacted] that they both should get together and form a consulting business to help energy companies market their services to the government by helping these companies get on GSA's schedule?

Response 1: [redacted] went into [redacted] office one day and [redacted] said [redacted] asked [redacted] if [redacted] would seriously consider forming an energy business with [redacted] [redacted] stated that [redacted] told [redacted] it would not work and that this would be illegal. [redacted] said [redacted] told [redacted] [redacted] would have to talk to [redacted] in the GSA legal department before [redacted] would do such a thing.

Question 2: Did [redacted] ever propose to [redacted] that with this business they could also write proposals in response to GSA requests for proposals?

Response 2: [redacted] said "very likely, yes."

Question 3: Did [redacted] ever advise [redacted] that [redacted] proposition to form a consulting business was a direct conflict with [redacted] duties at GSA?

Response 3: [redacted] stated that [redacted] did not recall, but that they would need to talk to legal about this.

Question 4: Did [redacted] ever advise [redacted] that if [redacted] were to recommend one specific business for [redacted] financial benefit it would be illegal?

Response 4: [redacted] said [redacted] did not recall, but [redacted] clearly told [redacted] this was something they could not do.

Question 5: Did [redacted] ever advise that initially they could operate the consulting business at night and on the weekends until they had enough business to quit their jobs?

Response 5: [redacted] stated that [redacted] might have said this, but [redacted] responded that [redacted] would clear this issue with the GSA legal department.

Question 6: Did [redacted] ever suggest to [redacted] that they could put the company in their spouse's names?

Response 6: [redacted] said [redacted] did tell [redacted] they could put the company in their spouse's names, but said this was not to avoid detection, but instead would have enabled them to have a social economic advantage.

An OIG analysis of [redacted] GSA-issued computer showed that [redacted] was using it to write a novel for personal reasons. During the interview of [redacted] [redacted] said as a general rule [redacted] did not work on [redacted] personal book during work hours. [redacted] stated that [redacted] did use [redacted] government computer to write [redacted] personal book, but normally worked on it during the evenings while lying in bed. [redacted] said [redacted] has worked on [redacted] personal book during work hours maybe two times.

Please advise this office of any action taken on this matter.

You are advised that this report is from a system of records known as "GSA/ADM 24, Investigation Case Files," which is subject to the provisions of the Privacy Act of 1974. Consequently, this report may be disclosed to appropriate GSA officials pursuant to a routine use. If the information in this memorandum is to be used as a basis for administrative action, pertinent portions may be copied and provided to the SUBJECT only after first obtaining the approval of my office.

Should you have any questions or require additional information, please telephone me at or Special Agent (b) (6), (b) (7)(C), (b) (7)(F) at (b) (6), (b) (7)(C).

ATTACHMENTS:

1. Memorandum of Interview of (b) (6), (b) (7)(C), dated January 18, 2008.
2. Memorandum of Activity between (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) dated May 29, 2008.
3. Memorandum of Interview of (b) (6), (b) (7)(C), dated February 4, 2009.
4. Memorandum of Interview of (b) (6), (b) (7)(C), dated February 19, 2009.
5. Memorandum of Interview of (b) (6), (b) (7)(C), dated February 19, 2009.

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General
MIDWEST REGIONAL INVESTIGATIONS OFFICE

August 20, 2012

MEMORANDUM FOR FILE

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT IN CHARGE
KANSAS CITY CENTRAL REGIONAL INVESTIGATIONS OFFICE (JI-6)

THROUGH: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT
KANSAS CITY CENTRAL REGIONAL INVESTIGATIONS OFFICE (JI-6)

SUBJECT: (b) (6), (b) (7)(C)
Kansas City, Missouri
Employee Misconduct
Case Number: I-08-61390

We have concluded our investigation of (b) (6), (b) (7)(C).

This case was initiated based upon information from (b) (6), (b) (7)(C), Supply Management Representative (SMR), Federal Supply Service (FSS), General Services Administration (GSA), Kansas City, MO. (b) (6), (b) (7)(C) alleged that (b) (6), (b) (7)(C), (b) (6), (b) (7)(C), (b) (6), (b) (7)(C), FSS, GSA, solicited (b) (6), (b) to form a consulting company with (b) (6), (b). (b) (6), (b) (7)(C) worked on the GSA Energy Center project team, which explored potential opportunities for energy service contractors. (b) (6), (b) (7)(C) basically helped market energy consulting companies through GSA contracts to government clients.

(b) (6), (b) (7)(C) stated that in January of 2008, (b) (6), (b) (7)(C) called (b) (6), (b) into (b) (6), office and proposed to (b) (6), (b) that they should form a consulting business together and market their services to GSA contractors. According to (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) told (b) (6), (b) that this consulting firm would be used to help energy consulting companies market their services to the government by helping them get on GSA's scheduled contracts. (b) (6), (b) (7)(C) said their firm would also help the energy companies write proposals in response to GSA's Request for Proposals (RFP). (b) (6), (b) (7)(C) said (b) (6), (b) (7)(C) told (b) (6), (b) they could operate their business at night and on weekends until they had enough business to quit their jobs at GSA.

(b) (6), (b) (7)(C) said (b) (6), (b) told (b) (6), (b) (7)(C) that doing this was in direct conflict with their GSA duties. (b) (6), (b) said (b) (6), (b) told (b) (6), (b) (7)(C) it would be illegal to do such a thing. According to (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) did not agree with (b) (6), (b) and told (b) (6), (b) (7)(C) would check with GSA's legal counsel before doing this.

(b) (6), (b) (7)(C) stated that (b) (6), (b) (7)(C) further offered that if (b) (6), (b) received any evaluations of future proposals from the companies they personally represented while working for GSA, (b) (6), would not assign those evaluations to (b) (6), (b) and would instead give them to someone else. (b) (6), (b) (7)(C) said (b) (6), (b) again advised (b) (6), (b) (7)(C) that the consulting relationship (b) (6), was suggesting to (b) (6), (b) was prohibited. (b) (6), (b) (7)(C) said (b) (6), (b) (7)(C) then asked (b) (6), (b) what if they put the companies in their spouse's names. (b) (6), (b) (7)(C) said (b) (6), (b) told (b) (6), (b) (7)(C) that they could not do this. (b) (6), (b) said (b) (6), (b) conversation with (b) (6), (b) (7)(C) lasted approximately 45 minutes.

(b) (6), (b) (7)(C) said (b) (6), (b) was upset and uncomfortable with the fact that (b) (6), (b) (7)(C) was (b) (6), (b) (7)(C) and was asking (b) (6), (b) to do something that was a conflict of interest and potentially against the law. (b) (6), (b) stated that this incident caused a significant problem within (b) (6), (b) office and because of it (b) (6), (b) lost complete trust in (b) (6), (b) (7)(C)

We thoroughly researched (b) (6), (b) (7)(C) background to determine if (b) (6), had (b) (6), own business or if (b) (6), or someone else close to (b) (6), (b) had a consulting business that was similar to what (b) (6), proposed to (b) (6), (b) (7)(C) but nothing was found. In fact, there was no indication that (b) (6), (b) (7)(C) took any steps to create the aforementioned consulting business except for (b) (6), (b) (7)(C) complaint itself.

An interview of GSA Supply Management Specialist (b) (6), (b) (7)(C) reflected that (b) (6), (b) knew about (b) (6), (b) (7)(C) proposal to (b) (6), (b) (7)(C) but (b) (6), (b) thought (b) (6), (b) (7)(C) was just brainstorming about forming this type of business and did not believe that (b) (6), ever took any active steps to create an actual company. According to (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) also told (b) (6), (b) that (b) (6), would run everything through the GSA legal department before (b) (6), did anything.

An interview of GSA Facilities Maintenance and Hardware Acquisition Center Director (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) revealed that (b) (6), (b) (7)(C) originally brought these allegations to (b) (6), (b) office and they subsequently brought it to the GSA OIG. (b) (6), (b) (7)(C) stated that (b) (6), (b) (7)(C) was really upset when (b) (6), (b) (7)(C) did this. (b) (6), (b) said (b) (6), (b) (7)(C) still continued working (b) (6), (b) (7)(C) for (b) (6), (b) (7)(C) after this happened, but there were problems between them because (b) (6), (b) (7)(C) did not trust (b) (6), (b) anymore. (b) (6), (b) said the work environment was not very comfortable, but they did learn to coexist and still work together.

Agents interviewed (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) denied that (b) (6), made a business proposal to (b) (6), (b) (7)(C) (b) (6), (b) said (b) (6), did not ever suggest to (b) (6), (b) that they should form a private consulting business together. (b) (6), (b) (7)(C) said (b) (6), wished (b) (6), had a company like this and might have mentioned something like this to (b) (6), (b) (7)(C) but (b) (6), never proposed actually starting up a business or consulting with (b) (6), (b) (6), (b) (7)(C) denied ever having a 45 minute conversation regarding this matter with (b) (6), (b) (7)(C) Furthermore, (b) (6), said (b) (6), did not ever mention to (b) (6), (b) (7)(C) that they could put this newly created company in their spouses' names.

At the end of (b) (6), (b) (7)(C) interview, (b) (6), was told that the agents did not think (b) (6), was being truthful and they described to (b) (6), (b) the seriousness of lying to them. At this point (b) (6), (b) (7)(C) unexpectedly changed (b) (6), answers. (b) (6), (b) (7)(C) then admitted to agents that (b) (6), did make the aforementioned business proposal to (b) (6), (b) (7)(C) (b) (6), (b) told agents that (b) (6), never took any steps to actually form a business such as this and before (b) (6), did so (b) (6), would have made sure this was cleared by GSA's legal department anyway.

On September 1, 2010, a report was provided to GSA Regional Administrator (b) (6), (b) (7)(C) regarding the investigative findings of this case. As a result of the investigation and an internal GSA review of this matter, (b) (6), (b) (7)(C)

Based upon the above no further action is warranted.

If you have any further questions or need additional information please contact me at (b) (6), (b) (7)(C)-(b) (6), (b) (7).

FOR OFFICIAL USE ONLY

November 16, 2012

MEMORANDUM FOR (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT IN CHARGE (JI-9)

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT (JI-9L)

SUBJECT: Case Closing Memorandum

Case Title: Ocean Systems Engineering Corporation - Oceanside, CA
Case File Number: I0990577

This memorandum presents the findings of our investigation.

On February 12, 2009, GSA issued Pre Award Review #A080178/Q/9/X09041 of Multiple Award Schedule Contract Extension Ocean Systems Engineering Corporation (OSEC) Contract Number GS-35F-5278H. The review included the finding that several OSEC employees did not appear to meet the qualifications for their positions and OSEC may have over billed GSA up to $1.3 million for work performed by these unqualified employees. (Attachments 1 and 2)

On May 26, 2011, the Reporting Agent (RA) conducted a meeting at QinetiQ North America, formerly OSEC, Oceanside, CA. During the meeting the RA provided OSEC with a spread sheet that listed the contract requirements for the positions in question, as well as the employees' education and experience which was obtained from documents provided by OSEC in response to an IG Subpoena. The RA requested that OSEC review the spread sheet and provide a response to the disparities identified. OSEC communicated to the RA that they were aware of some of the issues because of the audit, but had never been contacted by their contracting officer nor audit personnel to discuss the specifics. OSEC agreed to review all documentation in order to provide the requested response. (Attachment 3)

On July 22, 2011, OSEC provided its response to the request for assistance. This response was subsequently provided to GSA Audit to review and provide an opinion. On October 13, 2011, GSA Audit advised that based on analysis of the response from OSEC, Audit modified its conclusion regarding three of the employees in question. The opinion regarding the remaining four employees however, was unchanged. (Attachment 4 and 5)

In August 2011, the RA presented these findings to the Criminal and Civil Divisions of the United States Attorney's Office, Los Angeles, who declined prosecution.

In an attempt to proceed administratively, on October 13, 2011, the RA conducted a telephone conference call with (b) (6), (b) (7)(C) Auditor, GSAIG and (b) (6), (b) (7)(C) Contract Specialist, GSA, in order to discuss audit and contracting assistance in support of the OSEC investigation. Based upon a review of the audit findings and OSEC's response, [redacted] agreed to pursue the company administratively to negotiate a settlement despite the fact that the contract had been terminated for over a year. This administrative action was meant to attempt to recover approximately one million dollars in payments made to OSEC for unallowable costs (i.e., employees that were not qualified per the contract requirements). (Attachment 6)

On September 13, 2012, OSEC provided additional information that detailed the total amount charged to the GSA contract for the four contentious employees. The total amount charged was $836,514.73 or approximately $209,000 each. (Attachment 7)

Subsequent multiple attempts made by the RA and Special Agent in Charge [redacted] to confirm with GSA contracting personnel that administrative action was in progress, failed. GSA contracting personnel refused to respond to GSAIG JI-9 regarding this matter.

There was no indication that OSEC knowingly attempted to defraud the GSA by hiring employees that did not meet the contract requirements. OSEC's legal counsel was apparently forthright and responsive to all investigative inquires. Based upon the lack of prosecutorial interest and the failure of a GSA Contracting response to negotiate any administrative recovery, this investigation is closed.

Should you have any questions concerning this matter, please feel free contact me at [redacted] or [redacted]@gsaig.gov

Attachments (Located in IDEAS e-case file)
1. 06/07/2011 Other Document GSA PRE AWARD REVIEW REPORT OSEC PART 1 & 2
2. 04/15/2011 Other Document RESPONSE TO OSEC PREAWARD SURVEY RFI
3. 06/08/2011 MOA I0990577 MOA MAY 26 2011
4. 07/28/2011 Other Document OSEC Response to Information Request to Subpoena No. 1635
5. 10/13/2011 Other Document GSAIG Audit Response to OIG Investigator 09092011
6. OSEC Response to Request For Information Billing Total for Questionable Employees

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REPORT OF INVESTIGATION

OFFICE OF THE INSPECTOR GENERAL

GENERAL SERVICES ADMINISTRATION

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

GREATER SOUTHWEST REGION
INVESTIGATIONS OFFICE

March 25, 2011

MEMORANDUM FOR JOSEPH A. NEURAUTER
SUSPENSION AND DEBARMENT OFFICIAL
OFFICE OF ACQUISITION INTEGRITY (VB)

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT IN CHARGE (JI-7)

SUBJECT: Recommendation for Consideration of Suspension

INTEL CORPORATION
2200 Mission College Blvd
Santa Clara, CA

File No. I1172306

This memorandum recommends that you consider initiating suspension proceedings against the above cited company pursuant to Federal Acquisition Regulations (FAR).

BASIS FOR SUSPENSION

The Greater Southwest Regional Investigations Office received information regarding a complaint and settlement between INTEL CORPORATION (INTEL) and the Federal Trade Commission (FTC). The FTC released the following statement (Attachment 1):

> The Federal Trade Commission approved a settlement with INTEL CORP. that resolves charges the company illegally stifled competition in the market for computer chips. INTEL has agreed to provisions that will open the door to renewed competition and prevent INTEL from suppressing competition in the future.

RESULTS OF INVESTIGATION

Federal Trade Commission

On December 16, 2009, the FTC filed a complaint against INTEL for violations of Section 5 of the Federal Trade Commission Act. The complaint alleged the following: (Attachment 2)

> This antitrust case challenges INTEL's unfair methods of competition and unfair acts or practices beginning in 1999 and continuing through today, and seeks to restore lost competition, remedy harm to consumers, and ensure freedom of

choice for consumers in this critical segment of the nation's economy. INTEL's conduct during this period was and is designed to maintain INTEL's monopoly in the markets for Central Processing Units ("CPUs") and to create a monopoly for INTEL in the markets for graphics processing units ("GPUs").

The complaint went on to list out the following specific allegations: (Attachment 2)

First, INTEL entered into anticompetitive arrangements with the largest computer manufacturers that were designed to limit or foreclose the OEMs' use of competitors' relevant products. On the one hand, INTEL threatened to and did increase prices, terminate product and technology collaborations, shut off supply, and reduce marketing support to OEMs that purchased too many products from INTEL's competitors. On the other hand, some OEMs that purchased 100 percent or nearly 100 percent of their requirements from INTEL were favored with guarantees of supply during shortages, indemnification from intellectual property litigation, or extra monies to be used in bidding situations against OEMs offering a non-INTEL product.

Second, INTEL offered market share or volume discounts selectively to OEMs to foreclose competition in the relevant CPU markets. In most cases, it did not make economic sense for any OEM to reject INTEL's exclusionary pricing offers. INTEL's offers had the practical effect of foreclosing rivals from all or substantially all of the purchases by an OEM.

Third, INTEL used its position in complementary markets to help ward off competitive threats in the relevant CPU markets. For example, INTEL redesigned its compiler and library software in or about 2003 to reduce the performance of competing CPUs. Many of INTEL's design changes to its software had no legitimate technical benefit and were made only to reduce the performance of competing CPUs relative to INTEL's CPUs.

Fourth, INTEL paid or otherwise induced suppliers of complementary software and hardware products to eliminate or limit their support of non-INTEL CPU products.

Fifth, INTEL engaged in deceptive acts and practices that misled consumers and the public. For example, INTEL failed to disclose material information about the effects of its redesigned compiler on the performance of non-INTEL CPUs. INTEL expressly or by implication falsely misrepresented that industry benchmarks reflected the performance of its CPUs relative to its competitors' products. INTEL also pressured independent software vendors ("ISVs") to label their products as compatible with INTEL and not to similarly label with competitor's products' names or logos, even though these competitor microprocessor products were compatible.

> INTEL's course of conduct over the last decade was designed to, and did, stall the widespread adoption of non-INTEL products. That course of conduct has limited market adoption of non-INTEL CPUs to the detriment of consumers, and allowed it to unlawfully maintain its monopoly in the relevant CPU markets.

The complaint went on to outline allegations regarding INTEL anticompetitive behavior surrounding GPUs.

On March 17, 2010, the FTC made a motion to admit the European Commission's Decision regarding a complaint by Advanced Micro Devices, Inc. The European Commission had adopted a decision that INTEL infringed upon Article 82 of the European Commission Treaty. The Commission's decision found INTEL abused ITS dominant position on the x86 CPU market. The decision imposed a fine of EUR 1.06 billion and obliged INTEL to cease illegal practices. The European Commission provided the following information regarding ITS decision (Attachment 3, 4, and 5):

> The Decision sets out how INTEL broke EU antitrust law by engaging in two types of practices.
>
> First, INTEL gave wholly or partially **hidden rebates to computer manufacturers** – Dell, HP, NEC, Lenovo on condition that they bought all, or almost all, their x86 CPUs from INTEL. INTEL also made direct payments to Europe's largest PC retailer – Media Saturn Holding (MSH) on condition that it stocked only computers with INTEL x86 CPUs.
>
> Second, INTEL made **direct payments to computer manufacturers** – HP, Acer, Lenovo - to stop or delay the launch of specific products containing a competitor's x86 CPUs and to limit the sales channels available to these products. INTEL's anticompetitive behaviour diminished competitors' ability to compete on the merits of their x86 CPUs. This resulted in a reduction of consumer choice and in lower incentives to innovate.
>
> The Decision also sets out how INTEL sought to conceal its practices and how computer manufacturers and INTEL itself recognised the growing threat represented by the products of INTEL's main competitor, AMD.

On May 6, 2010, the Administrative Law Judge denied the FTC Counsel's Motion to Admit the European Commission Decision. The Administrative Law Judge excluded the European Commission Decision on the grounds that even if relevant and trustworthy for purposes of the Federal Rules of Evidence, its probative value is substantially outweighed by the danger of unfair prejudice, and by considerations of undue delay, waste of time, and needless presentation of cumulative evidence. (Attachment 6)

On August 4, 2010, the FTC announced that a settlement had been approved with INTEL that resolved the case against IT. The announcement cited the following terms: (Attachment 7)

Under the settlement, INTEL will be prohibited from:

- conditioning benefits to computer makers in exchange for their promise to buy chips from INTEL exclusively or to refuse to buy chips from others; and
- retaliating against computer makers if they do business with non-INTEL suppliers by withholding benefits from them.

In addition, the FTC settlement order will require INTEL to:

- modify its intellectual property agreements with AMD, Nvidia, and Via so that those companies have more freedom to consider mergers or joint ventures with other companies, without the threat of being sued by INTEL for patent infringement;
- offer to extend Via's x86 licensing agreement for five years beyond the current agreement, which expires in 2013;
- maintain a key interface, known as the PCI Express Bus, for at least six years in a way that will not limit the performance of graphics processing chips. These assurances will provide incentives to manufacturers of complementary, and potentially competitive, products to INTEL's CPUs to continue to innovate; and
- disclose to software developers that INTEL computer compilers discriminate between INTEL chips and non-INTEL chips, and that they may not register all the features of non-INTEL chips. INTEL also will have to reimburse all software vendors who want to recompile their software using a non-INTEL compiler.

Advanced Micro Devices

On November 12, 2009, INTEL Corporation and Advanced Micro Devices (AMD) announced the two companies had reached a settlement to end all outstanding legal disputes between the companies, including antitrust litigation and patent cross license disputes. The joint statement by the two companies stated the following: (Attachment 8)

> While the relationship between the two companies has been difficult in the past, this agreement ends the legal disputes and enables the companies to focus all of our efforts on product innovation and development.

The agreement had the following terms: AMD and INTEL obtain patent rights from a new 5-year cross license agreement; INTEL and AMD will give up any claims of breach from the previous license agreement; and INTEL will pay AMD $1.25 billion. Additionally, INTEL has agreed to abide by a set of business practice provisions. As a result, AMD will drop all pending litigation including the case in U.S. District Court in Delaware and two cases pending in Japan. AMD will also withdraw all of its regulatory complaints worldwide. The agreement will be made public in filings with the Securities and Exchange Commission. (Attachment 9)

A copy of the Complaint filed by AMD against INTEL which was referenced in the settlement agreement was obtained from Public Access to Court Electronic Records. In the Complaint, AMD cited the actions by INTEL to keep ITS monopoly over microprocessors. (Attachment 10)

Government Purchases

A review on the website USASpending.gov of Government purchases from INTEL provided a list of 837 purchases totaling $17,550,027. The listing included 7 purchases made by GSA. The largest GSA purchase listed was made by Federal Technology Service for the Department of Defense in the amount of $134,550. (Attachment 11, 12, and 13)

Articles of Incorporation

The Articles of Incorporation for INTEL were obtained from INTEL's website. The Articles of Incorporation, the Restated Certificate, the Second Restated Certificate, and the Third Restated Certificate filed with the State of Delaware were obtained. (Attachment 14)

Dun & Bradstreet Reports

A Dun & Bradstreet Business Comprehensive report was obtained for INTEL. (Attachment 15)

DISPOSITION OF REPORT

Please furnish me within 30 days of receipt of this memorandum the results of any administrative action taken or management decision made in this matter by executing the attached Disposition Report. If administrative action or a management decision is merely proposed, I request that you inform me of this anticipated date that final action will be taken. Also attached is a customer survey questionnaire. I would appreciate your filling out the questionnaire and returning it to me upon completion of your review.

PRIVACY ACT STATEMENT

You are advised that this report is from a system of records known as "GSA/ADM24, Investigation Case Files," which is subject to the final provisions of the Privacy Act of 1974. Consequently, this report may be disclosed to appropriate GSA officials pursuant to a routine use.

STATEMENT OF LIMITATIONS

If the information in this memorandum or in any attached documentation or report is used as a basis for debarment for administrative action, pertinent portions may be duplicated by the Office of Acquisition Integrity for disclosure to the SUBJECTs of this investigation. The Office of Acquisition Integrity is to notify my office if any portion is duplicated.

POINT OF CONTACT WITH THE OIG

For additional information, contact (b) (6), (b) (7)(C), (b) (7)(F), Special Agent in Charge, Greater Southwest Region Investigations Office, at telephone number (b) (6), (b) (7)(C).

LIST OF ATTACHMENTS
File No. I1172306

Attachment No.	Description of Attachment
1	Press Release dated August 4, 2010, FTC Settles Charges of Anticompetitive Conduct Against INTEL
2	The Complaint filed against INTEL by the FTC
3	Motion to Admit the European Commission Decision by the FTC
4	European Commission Decision
5	European Commission Decision Statement on the INTEL Antitrust Case
6	Order Denying Complaint Counsel's Motion to Admit the European Commission Decision
7	Agreement Containing Consent Order Between the FTC and INTEL
8	INTEL News Release AMD and INTEL Announce Settlement of All Antitrust and IP Disputes
9	Settlement Between AMD and INTEL
10	Civil Complaint filed by AMD against INTEL
11	Report of Government Purchases from INTEL
12	Report of GSA Purchases from INTEL
13	GSA Contract GS06T06BNC0026 for $134,550 from INTEL
14	Articles of Incorporation for INTEL
15	Dun & Bradstreet Business Comprehensive Report on INTEL

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

GREATER SOUTHWEST REGION INVESTIGATIONS OFFICE

June 20, 2012

MEMORANDUM FOR FILE

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT IN CHARGE (JI-7)

SUBJECT: INTEL CORPORATION - VIOLATIONS OF THE FEDERAL TRADE COMMISSION ACT - SUSPENSION

File No. I1172306

This is to advise you that the above-captioned investigation was officially closed on this date.

On March 23, 2011, the Southwest Regional Investigations Office (JI-7) recommended to Joseph Neurauter, the Suspension and Debarment Official, that Intel Corporation be suspended from contracting with the government. The recommendation was based on a Federal Trade Commission release that included the following statement:

> The Federal Trade Commission approved a settlement with INTEL CORP. that resolves charges the company illegally stifled competition in the market for computer chips. INTEL has agreed to provisions that will open the door to renewed competition and prevent INTEL from suppressing competition in the future.

On May 30, 2012, the Suspension and Debarment Official sent our office a copy of a memorandum that recommended no action be taken against Intel Corporation. Our office closed the investigation based on this memorandum.

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

NATIONAL CAPITAL REGION

June 14, 2011

MEMORANDUM FOR: (b) (7)(C)
SPECIAL AGENT-IN-CHARGE
NATIONAL CAPITAL REGIONAL
OFFICE OF INVESTIGATIONS (JI-W)

FROM: (b) (7)(C)
SPECIAL AGENT
NATIONAL CAPITAL REGIONAL
OFFICE OF INVESTIGATIONS (JI-W)

SUBJECT: Closing Memorandum
File No.: Z10W-2339

The above reference case has been evaluated and determined that there is no investigative merit and no further action is required. This case is closed in our files.

On August 11, 2010, the Reporting Agent interviewed (b) (7)(C), (b) (7)(C) Financial Management and Analysis Division. (b) (7)(C) made numerous allegations against the Office of Chief Financial Officer (CFO) for acting inappropriately toward the Controller's Office and the award of the Pegasys contract. (b) (7)(C) (b) (7)(C). (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C)

In October 2010, the General Services Administration (GSA), Office of Inspector General (OIG), Audits and Counsel conducted an intensive review of the allegations made by (b) (7)(C)

On April 13, 2011, GSA, OIG Audits and Counsel concluded the allegations seemed to indicate the existence of management and interpersonal dynamics issues between the Chief Financial Officer and the Controller's Office, however no evidence of fraud or misconduct was substantiated.

For a more detailed explanation of the allegations and findings, please review the attached report submitted to management. (Attachment 1)

U.S. General Services Administration
Office of Inspector General

Special Report Regarding Allegations of Mismanagement
General Services Administration
Office of Chief Financial Officer

April 13, 2011

Submitted by

(b) (7)(C), (b) (6) **(JC)**
(b) (7)(C), (b) (6) **(JA)**

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TABLE OF CONTENTS

I. EXECUTIVE SUMMARY

We reviewed numerous allegations made against the Office of Chief Financial Officer (OCFO), including several assertions that the CFO was acting to benefit the OCFO over other organizations and was acting inappropriately toward the Controller's Office. Our review did not disclose any misconduct. Rather, these allegations primarily indicated disagreement with some CFO decisions or actions. In particular, the allegations seemed to focus on marginalization of the Controller's Office and CFO fiscal "self-dealing." We note in this regard that all but one of these allegations relate to the former CFOs, not the current CFO. Regardless, we found that these actions generally were within the CFO's authority and discretion. We did not find fraud or misconduct, and we are providing this information to GSA management for information and any action deemed appropriate.

The background and a summary of the allegations are included at the end of this report. Briefly, the OCFO consists of six offices, including the CFO and the Controller (BE). Most of the allegations center upon the OCFO's operation and control of the Working Capital Fund (WCF), a revolving fund. The allegations fall into four basic groups – potential fraud, mismanagement, inconsistent business practices, and interfering with reviews conducted by the Controller's Office. Below we summarize our finding regarding each allegation.

II. FINDINGS

Our review did not disclose any misconduct. Rather, these allegations seem to indicate the existence of management and interpersonal dynamics issues between the CFO and the Controller's Office. Below we summarize our finding regarding each allegation. For convenience, the allegations are sub-labeled as initially raised to the OIG; the attached exhibits reflect this labeling scheme.

A. Allegation 1 (Issue 2B) – Retention of Funds

Allegation: The Office of Governmentwide Policy (OGP) improperly retained approximately $921,000 in FY 2010 unexpended funds that should have been returned to the Office of Management and Budget (OMB). (Exh. 1).

Finding: Documents submitted with the allegation generally indicated there was an early October debate between OGP and the OCFO regarding whether the remaining $921,000 should and could be retained, rather than being returned to OMB, in order to continue hiring for Government-wide Councils (GWAC) into FY 2011. (Exh. 2B-1, 2B-2, 2B-3, 2B-4, 2B-5). The latest document, a two-page "Memo for the Record," signed on October 19, 2010, by employees of OGP and the Office of Technology Strategy, stated that severe delays had been incurred in hiring the new staff, and that "the service being funded is considered to be non-severable. Funds must be available in FY 2011 to meet the original required needs of the government." (Exh. 2B-6).

In FY 2010, OMB transferred approximately $1.08 million to GSA's WCF in order to fund staff hiring for GWACs. By September 30, 2010, GSA's Office of Governmentwide Policy had spent approximately $161,000 of this amount, leaving an outstanding amount of $921,000. Contrary to the allegation, we determined that GSA properly deobligated these funds.

(b) (5) (Exh. 2B-17). The money was properly withdrawn at the end of FY 2010, and was not made available to anyone. (b) (5) also provided other documents, including a July 20, 2010, letter from the Director of OMB, notifying Congress of the GWAC spend plan. (Exh. 2B-8). We believe the October 19, 2010, memorandum was simply in error and without force, as the evidence shows GSA did not act in accordance with that memorandum.

B. Allegation 2 (Issue 2C) – Retroactive Alteration of Workload Data

Allegation: (b) (7)(C), (b) (6), as Acting CFO, improperly influenced the Office of Financial Policy and Operations (BC) and the Office of Financial Management Systems (BD) to retroactively alter certain workload data in order to make funds available to be re-programmed to the Office of Communications and Marketing to fund eleven Regional Public Affairs Officers (PAOs). (Exh. 1).

Finding: The evidence shows that (b) (7)(C), (b) (6) influenced the Office of Financial Policy and Operations, but not the Office of Financial Management Systems, to alter its workload data. As a result, BC revised workload data for FY 2011. However, we found nothing improper in this action. (b) (7)(C), (b) (6) in an email dated October 22, 2010, contended that correcting identified overcharges and recapturing these funds would result in more than enough money to re-program to Office of Communications and Marketing in order to fund the Public Affairs Officer positions.[1] (Exh. 2C-1). As the Acting CFO, this was clearly within (b) (7)(C) authority and discretion.[2] (Exh. 6H, Ch. 9, (1.e.), (2.a.)(4.a.)). Moreover, the OIG Team was advised by the Controller that the CFO is not pursuing funding the Public Affair Officers out of the 142 account; the current plan is for PBS to fund these positions out of Fund 192 (appropriated). (Exh. 6-A).

[1] Unlike most of the allegations, which dealt with the WCF revolving fund, or the X262 account, this allegation relates to financial management of the 142 account, which consists of annually appropriated funds.

[2] The document at Exh. 2C-6 is an analysis of (b) (7)(C), (b) (6) calculations. The BE accountant who prepared the billing and wrote the analysis (Exh. 2C-6) states (b) (7)(C), (b) (6) analysis was viable, but (b) (7) had (apparently inadvertently) combined FY10 and FY11 data in (b) (7)(C) recalculations (Exh. 2C-1), causing (b) (7)(C) to "discover" extra funds that actually did not exist.

C. Allegation 3 (Issue 3A) – Accuracy of Unobligated Balance Number

Allegation: In February 2010, the former CFO directed the Controller's Office to prepare a report for the Administrator showing an unobligated balance of approximately $24.8 million in the WCF, while the true amount of unobligated funds was approximately $51.8 million. Complainants allege that the former CFO had directed the obligation of the remaining funds of approximately $26.9 million to support the OCFO's "enterprise-wide mission support initiatives." (Exh. 1).

Finding: Our document review accounted for the $51.8 million. While those documents show the Administrator approved some of the obligations, we did not resolve whether the Administrator was fully aware of all the obligations. Because of the lack of evidence of wrongdoing, we decided not to interview the former CFO or the Administrator to determine the extent of their communications. Below we summarize the evidence we reviewed.

On form SF-133 for the WCF, *Report on Budget Execution*, the unobligated balance as of October 1, 2009, the first day of FY 2010, was listed as $126,431,578.57. (Exh. 3A-12). Exhibits 3A-1, 2, and 3 show there were discussions within OCFO regarding the unobligated balances in February 2010. Because the complainants concern was with the difference between the $51.8 and $24.8 million numbers, we limited our review to those numbers. The complainants provided documents which reported different unobligated balance in the WCF as of the first day of the fiscal year, as follows.

- Document dated December 4, 2009, reported the balance as $51,760,558 (Exh. 3A-4, 3A-10);

- Document dated February 16, 2010, also reported the balance as $51,760,558 (Exh. 3A-5);

- Document dated February 23, 2010, reported the balance as only $24,940,000 (Exh. 3A-8) – a difference of approximately $26.9 million.

Documentation provided by the complainants indicates that on March 5, 2010, the Administrator had been briefed on, and had approved, $22.8 million in obligations for the OCFO, OCPO (formerly CHCO) and OCIO enterprise initiatives. (Exh. 3A-6, 3A-7). These documents do not establish whether the Administrator expressly approved <u>all</u> the OCFO enterprise initiatives allegedly obligated by the former CFO prior to March 5. Neither do these records of the meeting establish what dollar amount the Administrator believed remained unobligated in the WCF. However, the former CFO writes in a March 4 email that "[i]n a meeting yesterday with Ms. Johnson I discussed the $24 million and our desire to apply it to projects that would be presented Friday [March 5]." (Exh. 3A-1).[3]

[3] In alleging that the former CFO acted improperly by failing to report the correct amount of unobligated WCF funds to the Administrator, one of the complainants relied upon 40 U.S.C. § 3173(b)(2), a statute which requires the Administrator to determine cost and capital requirements for the WCF "in consultation with CFO." (Exh. 3A-9).

The OIG Team was not provided with any evidence that establishes that the former CFO briefed the Administrator on the "true" $51.8 million unobligated balance before she obligated funds for the OCFO initiatives. Nor has the OIG Team uncovered evidence that the Administrator, recently appointed in February, had given the former CFO instructions, authority, or permission to set apart that money. However, we did account for the entire $51.76 million. Documentation established that $21.3 million of this difference had been obligated to a number of CFO initiatives, while the remaining funds were reserved for inclusion in the FY 2011 WCF budget. (Exh. 3A-13).

To pursue this matter further, we would have to interview the former CFO and Administrator. In the absence of any other evidence of wrongdoing, we decided not to take that step. Rather, we leave it to the Administrator to determine whether any further action in this area is warranted.

D. Allegation 4 (Issue 3B) – Retention of Credit Card Rebates

Allegation: The OCFO kept credit card rebates paid by Citibank to GSA, even for rebates earned by the credit card usage of FAS and PBS employees. Consequently, FAS and PBS were "dissatisfied" with this policy. (Exh. 1).

Finding: The evidence supporting the allegations included unsigned Memorandums of Understanding (MOUs) for FYs 2008, 2009, and 2010, that showed the former CFO had established MOUs with PBS and FAS clearly stating its policy regarding the distribution of Citibank rebates. (Exh. 3B-1, 3B-3, 3B-4). In each of these MOUs, the former CFO stated how the rebates would be applied, such as using the funds to support the reimbursement of payment to the Government-wide Councils, Financial System Improvements, and Credit Worthiness Checks. None of these MOUs stated that PBS and FAS would receive the rebates.[4] Other documents indicated how the rebates were to be distributed. (Exh. 3B-4, 3B-5).

The only evidence provided showing that PBS and FAS were "dissatisfied" with this policy was an email dated October 1, 2010, in which PBS claims "vehement opposition" to OCFO having kept the rebates in past. (Exh. 3B-8). However, in an email dated September 29, 2010, Acting CFO [redacted] stated the Citibank rebates should be returned to the appropriations that earned them, as additional research showed this is what the FAS Charge Card management program recommended to all federal agencies. (Exh. 3B-8). Effective FY 2011, the services are receiving the rebates earned through use of their employees' Citibank cards. (Id.).

There is no evidence of misconduct or impropriety in connection with this issue. While opinions may differ as to the proper use of the credit card rebates, as shown by the change in policy, the decision regarding distribution of credit card rebates was within the CFO's authority and discretion. (Exh. 6H, Ch. 9, (1.a.), (1.e.), (2.a.)(4.a.)). Moreover, the former CFO apparently established MOUs with PBS and FAS specifying how the rebates would be used.

[4] The complainants were unable to produce signed copies of these MOUs.

E. Allegation 5 (Issue 3C) – Legislative Change re WCF

Allegation: The former CFO directed a proposed change in legislation, adopted by Congress, which constrained the use of GSA WCF unobligated balances to projects that would benefit the OCFO. (Exh. 1).

Finding: The original language in Public Law 103-123, September 30, 1994, as stated in a summary of the WCF, provided that GSA could retain unobligated balances in the WCF for certain purposes, as follows:

> [U]nobligated balances….available to GSA during such a fiscal year may be transferred and merged into the "Major equipment acquisitions and development activity" of the Salaries and expenses, General Management and Administration appropriation account for agency-wide acquisition of capital equipment, automated data processing systems, and for financial management and management information systems needed to implement the Chief Financial Officers Act, Public Law 101-576[7] [sic], and any other laws or regulations (emphasis added). (Exh. 3C-1).

According to the allegation, the new language, found in Public Law 111-8, March 11, 2009, further narrowed the purposes for which unobligated balances may be spent:

> [U]nobligated balances….made available to the General Services Administration for operating expenses and salaries and expenses may be transferred and merged into the 'Major equipment acquisitions and development activity' of the working capital fund of the General Services Administration for agency-wide acquisition of capital equipment, automated data processing systems and financial management and management information systems: *Provided,* That acquisitions are limited to those needed to implement the Chief Financial Officers Act of 1990 (Public Law 101-576,104 Stat. 2838) and related laws or regulations (emphasis added). (Exh. 3C-2).

While the new language does appear more restrictive, there was no evidence or suggestion that anyone involved in the legislative process conducted themselves illegally or improperly. Even if, as alleged, this narrow language benefits the OCFO at the expense of GSA and was drafted without consultation with BE, nonetheless the CFO has the authority and discretion to review and provide advice to the Administrator on legislation. (Exh. 6H, Ch. 9, (4.c.)). That someone may disagree with the proposal does not indicate any inappropriate conduct.

F. Allegation 6 (Issue 4A) – Personnel Hire Approval Process Under WCF

Allegation: Over the past several years, any GSA Program Office which sought to hire personnel using WCF money was required to submit a justification and description to the OCFO Controller's Office, in order to verify fund availability and FTE (full-time equivalent) certification. The Controller's Office would then submit the request to the CFO, who would

approve the request and then send it to the Chief People Officer for hiring action. Beginning in FY 2011, the new CFO delegated OCFO hiring approval authority to [redacted] office-level managers. However, as of March 2011, this delegation had not been expanded outside the OCFO.[5] Further, eliminating the hiring exception process was unwise and represents poor policy, because this exception hiring process is essential in order for the Controller's Office to ensure that WCF funds are available to cover new hiring. (Exh. 1).

Finding: Our review indicated that GSA's process for hiring personnel using WCF money did require submission of a justification and description to the Controller's Office, OCFO, in order to verify fund availability and FTE certification. The Controller's Office would then submit the request to the CFO, who would approve the request and then send it to the Chief People Officer.

In an email dated October 27, 2010, however, the new CFO delegated the CFO hiring exception approval authority in OCFO to the Office of Budget, the Office of Financial Policy and Operations, the Office of Financial Management Systems, and directors within the Controller's Office. (Exh. 4A-2). In that email, the new CFO reported that the "idea of eliminating the exception hiring request process was extremely popular at the C Suite meeting with the Administration this morning.[6]" That email further stated the new CFO "told them that we had eliminated [the exception hiring request process] in CFO and are working on its elimination throughout the C-suite."

Paragraph 83 (FTE Administration) of GSA Order CFO P 4251.4A, Budget Administration Handbook, specifically states that "[i]n GSA, the responsibility for administration and control of FTE ceilings is delegated to the CFO. . . .[t]he CFO may allocate FTE on allotments and allowances, by memorandum, or by other less formal methods when internal employment policies are in force that will make sure that ceiling is not exceeded." (Exh. 6J). Based on the above, we conclude that the former CFO acted within [redacted] discretion and authority when [redacted] changed the hiring exception process for OCFO, including withholding the delegation from one director.

G. Allegation 7 (Issue 4B) – Carryover of Unobligated Balances

Allegation: The former CFO historically carried unobligated funds in the WCF over from year to year, and continued to do so even after being advised by OIG (b) (5) that this practice is "inconsistent with appropriations law." According to the allegation, unobligated balances from one year to the next should be returned to customers in the same year as collected. The

[5] One allegation was that the current CFO verbally informed the Controller that this delegation of authority did not apply to BE, and that the Controller would still need to present hiring requests to the CFO for review and approval. However, no documentary evidence was provided to show this BE-only policy, as BE has not performed any hiring recently. For example, BE had a vacancy in the Budget Director position for the last two years, but they did not prepare any paperwork, according to the allegation, because they were told verbally that the hire would not be approved. Regardless, delegations within the OCFO fall within the CFO's authority and discretion.

[6] The "C-suite" is shorthand for the Administrator and the heads of staff offices (i.e., CFO, CPO, CIO).

allegations also criticized OCFO for not granting other Program Offices' requests to carry over funds. (Exh. 1).

Finding: To support this allegation, the complainants provided several memos from the former CFO, asking BE to fence in and carryover certain funds from FY 2009 to FY 2010. (Exh. 4B-4, 4B-2, and 4B-5). The most recent memo, dated September 30, 2010, and signed by the new CFO, approved carryovers for OCFO programs. (Exh. 4B-2). In an email written one week earlier, however, on September 24, 2010, BE advised the Director of GSA's Identity, Credential & Access Management Division (OCIO), that funds for OCIO cannot be rolled over because "[t]he budget for FY11 has already been submitted to OMB …." (Exh. 4B-6).

The evidence confirms that the former CFO carried over unobligated funds in the WCF from year to year. (Exh. 4B-2, 4B-4, 4B-5). (b) (5) [redacted]

The 2008 OIG audit referenced by the allegation recommended that the former CFO seek a legal opinion from OGC, (b) (5) [redacted] (b) (5) [redacted] Exh. 4B-1). Statutory authority authorizing the WCF states, "Amounts received for administrative support services . . . shall be credited to and merged with the fund, to remain available until expended, for operating costs and capital outlays of the fund." Pub. L. No. 103-329; Title IV, 108 Stat. 2382, 2403 (1994). Further, where statutory authority exists, such as in the WCF, an agency may pool resources across appropriations to provide common services, so long as each benefitting office is charged an amount commensurate with the value it receives. The decision to carry over funds in the WCF falls within the CFO's authority and discretion.

With regard to the allegation that the former CFO treated other organizations differently, the allegation does not suggest any misconduct. In the absence of some evidence of misconduct, we will not examine the former CFO's rationale for each decision made within [redacted] discretion.

H. Allegation 8 (Issue 4C) – Personnel Costs and Benefits Pull Back

Allegation: At mid-year, the Controller "pulls back" from other GSA Program Offices those Personnel Costs and Benefits (PC&Bs) funds which are "made superfluous by changed hiring plans and separations." Unless a request to realign the funds is received, the Controller pulls the unused portion of vacancy funds from the Program Offices without requesting. However, the former CFO required that the Controller get [redacted] permission before pulling back any superfluous PC&B funds from OCFO. Charts provided with the allegations showed the former CFO -- unlike other organizations -- did not pull back its projected lapsed PC&B funds in FYs 2009 and 2010.[7] (Exh. 1).

Finding: An April 15, 2009, memo, titled "FY 2009 Budget Mid-year Realignment," stated, for Fund 262X, that all unused PC&B funds would be pulled back into a central 262X fund. That

[7] Another allegation suggested the former CFO placed OCFO superfluous funds into the "CST4" account as a slush fund. We judgmentally reviewed a few transactions in that account and saw no evidence of impropriety.

memo further provided a process for requesting a realignment of funds from PC&B to cover one-time requirements. (Exh. 4C-1). The provided charts for FYs 2009 and 2010 indicated that the OCFO was the only organization that was able to keep some of its projected PC&B lapsed funding. Because there is no indication of misconduct in connection with this realignment, which is within the CFO's authority and discretion, we did not pursue this issue further. (Exh. 6H, Ch. 9, (1.a.), (1.e.), (3.f.), (4.a.); Exh. 6I, ¶11, (a.1.), (a.2.), (a.4.), (a.7.)).

I. Allegation 9 (Issue 5A) – Controller Review of Pegasys

Allegation: In 2008, the former CFO instructed the Controller's Office to cease all further work in performing a review of the Pegasys contract after the initial limited review reported "irregularities and errors." This allegation questions the former CFO's motives in deciding not to further pursue or investigate the reported irregularities and errors. (Exh. 1).

Finding: Pegasys is a GSA core financial system, supporting GSA's funds management (budget execution and purchasing), credit cards, accounts payable, disbursements, and standard general ledger and reporting. At the former CFO's request, the Controller's Office conducted a "limited review" of the Pegasys contract in order to determine if OCFO had received the services for which they paid, and whether the terms and conditions of the contract were favorable to GSA. The resulting October 2008 report did not find problems with the Pegasys system, per se, but rather with the GSA administration of the contract. (Exh. 5A-1).

According to the allegation, the former CFO was not pleased with the report. While there was no documentary evidence regarding the former CFO's reaction to the report, there were allegations regarding a few confrontational conversations between the report's author, the Director, Financial Analysis and Management Division (BEF), and the OCFO Chief of Staff at that time. In one instance, the OCFO Chief of Staff allegedly returned the report to the BEF Director, telling [redacted] that to go forward with the report would be "equivalent to putting the [Director of the Office of Financial Management Systems] on report." (Exh. 6-A, 6-B). In later conversations, according to the allegation, the OCFO Chief of Staff told the BEF Director to "take [the report] back." When the BEF Director refused, the OCFO Chief of Staff told [redacted] to "file it." (Exh. 6-A).

As with many of the previous allegation, the allegations center on the relationship between the Controller's Office and the CFO, in this case suggesting that the former CFO may have terminated Controller review prematurely, and possibly covered up adverse findings regarding the Pegasys contract. However, as with many of the prior allegations, the CFO has the authority and discretion to determine how to use OCFO resources. (Exh. 6H, Ch. 9, (1.e.), (2.a.)) In a follow-up discussion with the Controller, we were advised that none of the recommendations made in the report were adopted by the OCFO. We reviewed the report and we found no evidence of any misconduct in connection with how the former CFO handled this issue.[8]

[8] We express no opinion on the merits of any of the issues raised in that report.

J. Allegation 10 (Issue 5B) – Revisions to Centralized Charges Program Memo

Allegation: The former CFO exerted improper influence on the Controller's Office by directing BE to revise its analysis on the efficiency and effectiveness of GSA's Centralized Charges program, in order to select a third option proposed in an April 28, 2010, memorandum on the results of that review. (Exh. 1).

Finding: We reviewed the original introductory memo for the review (Exh. 5B-1) and two versions of the April 28 memorandum – one with two options and one with three options. (Exh. 5B-2 and 5B-3). In addition, we reviewed an April 29, 2010, email from the former CFO that stated [redacted] was "perplexed by this paper," and that directed revision of the paper to include the third option – "the one we are going to go with." (Exh. 5B-4). There was no evidence of any impropriety in connection with this incident. The CFO acted within [redacted] authority in returning a paper to a subordinate office and directing that a third course of action be added to the paper.[9] (Exh. 6H, Ch. 9, (1.a.), (1.e.), (2.a.), (3.f.), (4.a.); Exh. 6I, ¶11, (a.1.), (a.2.), (a.4.), (a.8.)).

V. Conclusion

The evidence did not show any misconduct. Those allegations that were supported primarily indicated disagreement with some management decision or action that fell within the CFO's authority and discretion. We note, but did not investigate, that the major themes of the allegations seemed to be marginalization of the Controller's Office and CFO fiscal "self-dealing." In the absence of some evidence indicating fraud or misconduct, we leave these management issues to GSA.

[9] The former CFO transferred to the Office of Governmentwide Policy shortly after this action, and, according to the allegation, no action was taken in response to this memorandum.

IV. BACKGROUND

A. OCFO Organizational Structure and Personnel

The OCFO, which provides GSA with policy leadership in strategic planning, budgeting and financial management, consists of six offices: (1) the Office of the Chief Financial Officer (CFO) (B); (2) the Office of Budget (BB); (3) the Office of Financial Policy and Operations (BC); (4) the Office of Financial Management Systems (BD); (5) the Office of the Controller (BE); and (6) the Federal Integrated Solutions Center.

Key personnel in OCFO, as related to these allegations, include:

- (b) (7)(C), (b) (6): CFO from 2002 through May 2, 2010; currently Associate Administrator, Office of Governmentwide Policy (OGP)
- (b) (7)(C), (b) (6), Acting CFO May 2, 2010 through September 26, 2010; currently Director, Office of Budget
- (b) (7)(C), (b) (6), CFO since September 26, 2010
- (b) (7)(C), (b) (6), Controller (BE) since 2007 (Served as Acting Controller 2005-2007)

B. CFO Authority

Section 902 of the Chief Financial Officers Act of 1990 provides statutory authority for certain CFO functions, which include overseeing all financial management activities relating to the programs and operations of the agency; developing and maintaining an integrated agency accounting and financial management system (including financial reporting and internal controls); and directing, managing, and providing policy guidance and oversight of agency financial management personnel, activities, and operations. 31 U.S.C. § 902. Agency delegations to the CFO are contained in the GSA Delegations of Authority Manual (ADM P 5450.39C). Those delegations include "serv[ing] as both chief financial management policy officer of GSA and chief financial management advisor to the agency head." (Exh. 6H).

C. GSA Working Capital Fund (WCF)

Most of the allegations center upon the OCFO's operation and control of the WCF, one of GSA's "revolving fund" accounts. A revolving fund amounts to "a permanent authorization for a program to be financed, in whole or in part, through the use of its collections to carry out future operations."[10] Funding in a revolving fund is not tied to a particular fiscal year (FY), but rather "monies are paid in and out over and over again for the same purpose."[11]

The WCF (often referred to as the 262X fund) is used to fund the necessary expenses of administrative support services including accounting, budget, personnel, legal support and other

[10] *Disclosure Needed for Better Congressional Control*, GAO/PAD-77-25 at 47.

[11] Comptroller General B-75345, May 20, 1948.

related services; and the maintenance and operation of printing and reproduction facilities in support of the functions of GSA, other federal agencies, and other entities. The WCF is also used to fund other such administrative and management services as the Administrator of GSA deems appropriate and advantageous (subject to prior notice of the Office of Management and Budget). The WCF is authorized by Pub. L. 111-8, § 518 (March 11, 2009) and codified at 40 U.S.C. § 3173.

V. ALLEGATIONS

We identified ten original allegations, separated into four groups labeled as follows:

- "Tab 2" -- potential fraud, consisting of two allegations (Tabs 2B and 2C);[12]
- "Tab 3" – mismanagement, consisting of three allegations (Tabs 3A, 3B and 3C);
- "Tab 4" -- inconsistent business practices, consisting of three allegations (Tabs 4A, 4B, and 4C) ; and
- "Tab 5" – altering/interfering with program reviews conducted by the Controller's Office, consisting of two allegations (Tabs 5A and 5B).

Additional allegations were raised and addressed during the course of this review; they all fell within the original ten allegations and are discussed in those sections, where germane.

We have organized the exhibits to follow this same approach. We have included five tabs. The first four, labeled Tab 2 through Tab 5, contain the documents originally provided to us and supplemental documents relating to the specific allegation. We have included in the exhibits all the documents provided to us, but in the report we cite only those documents relevant to our findings. Tab 6 contains interview write-ups and other documents cited in this report.

[12] Tab 2A is not an allegation, but in fact an aspirational statement which the complainants regarded as being violated by the allegations which followed this brief section.

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

November 7, 2012

MEMORANDUM FOR: THE FILE

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT IN CHARGE (JI-3)

SUBJECT: Science Applications International Corp (SAIC) & Jullien
GSA OIG Case No.: Z0930606

On May 6, 2009, the General Services Administration Office of Inspector General (GSA OIG) Mid-Atlantic Office of Audits informed JI-3 that they received information from (b) (6), (b) (7)(C), Contracting Specialist, GSA Federal Acquisition Service (FAS), Philadelphia, PA, regarding possible contract irregularities with GSA Multiple Award Schedule (MAS) GS-03F-0008K. According to (b) (6), (b) (7)(C) was contacted by (b) (6), (b) (7)(C) (b) (6), (b) (7)(C), SAIC, Chantilly, VA, who administered the contract for SAIC, and stated there were many irregularities with the contract. (b) (6), (b) (7)(C) informed (b) (6), (b) (7)(C) that (b) (6) was directed by SAIC to cancel the contract and was (b) (6), (b) (7) from SAIC when (b) (6), (b) was unsuccessful in getting the contract cancelled.

On May 18, 2009, (b) (6), (b) (7)(C) was interviewed by JI-3 and provided the following information.

- (b) (6), (b began working for SAIC in 2004 and was assigned to the SAIC Thomas Business Unit (TBU) in Reston, VA, in 2008, at which time (b) (6), (b) was assigned the contract in question.
- This contract was originally awarded to a company called Jullien Enterprises LTD (JEL), Chantilly, VA, and was transferred to SAIC when SAIC acquired JEL.
- (b) (6), (b) (7)(C) was instructed to get GSA to cancel the contract. However, (b) (6), (b) (7)(C) would not agree to cancel the contract because there was an outstanding task order still open under the contract.
- (b) (6), (b) (7)(C) reached out to (b) (6), (b) (7)(C), Industrial Operations Analyst, GSA, regarding a scheduled Contractor Assistance Visit (CAV) (b) (6), (b) (7)(C) was going to conduct pursuant to the contract. After this phone call to (b) (6), (b) (7)(C) was instructed by (b) (6), (b supervisor, (b) (6), (b) (7)(C), not to have any more contact with GSA without SAIC's attorneys being involved. (b) (6), (b) (7)(C) stated (b) (6), (b) (7)(C) was concerned that (b) (6), (b) (7)(C) would uncover SAIC's possible lack of contract files/records and GSA would institute financial penalties against SAIC.
- According to (b) (6), (b) (7)(C) was (b) (6), (b) (7)(C) from SAIC on May 5, 2009, because (b) (6), (b could not get GSA to immediately terminate the contract.
- (b) (6), (b) (7)(C) indicated that SAIC may be using GSA Advantage to sell non-contract items to government agencies.

On June 15, 2009, (b) (6), (b) (7)(C) provided JI-3 with several emails from (b) (6), (b) (7 employment with SAIC discussing the contract. The following excerpts were taken from these emails.

- "No letters were sent to GSA to shut the Schedule down. The plan was to let it lapse and not take any new orders to avoid attracting any attention."

- "Do not contact anyone at GSA by phone or email unless the strategy has been authorized…… Any calls to GSA could get you linked to the Inspector which we do not want that conversation to occur yet."
- "Reference topics for discussion below:
  - Known Issues
    - Sales to non-authorized customers (commercial, state *& local)
    - Sale of non-scheduled items and out of scope items (keyboards, security assessments, installation of Govt Furnished Barriers, windows install, etc.)
    - Sales Reporting & IFF Remittance (tracking and reporting of sales and late payments and over payments)
  - Potential Issues
    - TAA Compliance (are items compliant; do we have vendor/supplier certifications; are components/widgets significantly transformed)
    - Price Reduction clause (who are the basis of award customers and have they been monitored to ensure PRC hasn't been triggered)
    - Subcontractor (Nice) Compliance (have sales, products and prices been monitored for compliance, decreases/increases and changes)"

During 2010, JI-3 Agents interviewed the following current and former SAIC employees regarding the SAIC contract.

- On February 18, 2010, (b) (6), (b) (7)(C), (b) (6), (b) (7)(C) of JEL provided the following information.
  - JEL was awarded the contract by GSA in 2000.
  - JEL was purchased by SAIC in October 2003 and (b) (6), (b) (7)(C) became a SAIC employee. The contract remained with JEL until 2004 at which time the contract was transferred to SAIC.
  - (b) (6), (b) (7)(C) stopped working for SAIC in the summer of 2005.
  - The only products on JEL's contract were Nice Systems (NICE) brand audiovisual and digital recorder equipment. NICE was an Israeli manufacturer and JEL was the only company to offer NICE products through GSA schedule.
  - After complaining to (b) (6), (b) (7)(C), Contracting Officer, GSA FAS, about losing a bid to a vendor who offered non-scheduled items on their proposal, (b) (6), (b) (7)(C) explained to (b) (6), (b) (7)(C) that (b) (6), (b) (7)(C) could do this by using a sales package called a "heep." (b) (6), (b) (7)(C) stated if a company needed to add non-schedule items in order to provide the customer with the required end-product, the non-scheduled items were permitted to be added under the heep.
  - (b) (6), (b) (7)(C) requested to be allowed to use a heep under the contract and (b) (6), (b) (7)(C) allowed JEL to use a "Solutions Package" (SP) to add non-scheduled items to an order.
  - Just about all of JEL's sales to government customers were done through the SP. (b) (6), (b) (7)(C) acknowledged that this practice did not seem like it was done in the spirit of the contract, but it was approved by GSA and (b) (6), (b) (7)(C) competitors were doing it. (b) (6), (b) (7)(C) stated all sales, including SP sales, were reported to GSA and IFF was paid.
  - (b) (6), (b) (7)(C) opined that JEL probably over paid IFF rather than underpaid it because some sales were counted twice when sales were modified and the original was not correctly deleted out of the system.
- On February 17, 2010, (b) (6), (b) (7)(C), former SAIC employee, provided the following information.
  - (b) (6), (b) (7)(C) worked at SAIC from 2003 until March 2008, during which time (b) (6), (b) (7)(C) helped manage the JEL contract.

- SAIC had problems with tracking and reporting sales made under the contract. The computer system SAIC was using to track government sales had a glitch which caused some of the contract sales to not show up. [redacted] and [redacted] worked together to manually gather the sales data and configure owed IFF. SAIC was not trying to defraud the government, but was just doing a poor job of keeping accurate records.
- [redacted] explained that the SP was a GSA approved mechanism used for some sales and was on the GSA schedule. [redacted] assumed the SP contained GSA-approved and open market products. The open market products were used to create a customized solution for the customer. GSA allowed companies to add some non-schedule items so long as the amount of these items was not a "substantial" portion of the end product.
- (b) (6), (b) (7)(C) stated JEL/SAIC did purchase many parts or items from other vendors that may have been used in a SP, so it was possible some of these items were not TAA-compliant. However, if this occurred, this was not done intentionally.

- On February 17, 2010, (b) (6), (b) (7)(C), former JEL salesman, provided the following information.
  - [redacted] began working for JEL in April 2002 as a parts salesman. After JEL was acquired by SAIC, [redacted] became a Facilities Security Officer for the [redacted] Division within SAIC. (b) (6), (b) (7)(C) left SAIC in June 2008.
  - [redacted] used the SP to sell items to the government that were not on the JEL contract. Security or access systems had to be customized for a particular customer and there was not one system that would suit the needs of multiple customers. Therefore, the SP allowed JEL flexibility in creating a practical product for the customer.
  - The SP could be used for sales over $3,000. Most of JEL sales under the contract were made using the SP. All sales made by (b) (6), (b) (7)(C) were under the SP. (b) (6), (b) (7)(C) stated that to [redacted] knowledge, GSA was aware and approved the SP.
- On September 16, 2010, (b) (6), (b) (7)(C), (b) (6), (b) (7)(C) [redacted], SAIC, provided the following information.
  - [redacted] began overseeing the JEL contract after the [redacted] Division dissolved and SAIC took over the administration of the contract. After SAIC purchased JEL, they retained [redacted] as an employee and created the [redacted] Division, which continued to administer the contract for a period of time.
  - [redacted] did not recall any major issues with IFF payment, but did recall being told that SAIC overpaid IFF on one occasion.
  - Items that were not on schedule could be sold legitimately through a SP, which was a contracting vehicle that allowed SAIC to make open market purchases for such items if they were necessary to build a certain security system. The SP provided SAIC the flexibility when constructing a specific system.
  - [redacted] was not happy with [redacted] job performance and was not comfortable allowing [redacted] to contact GSA or other customers directly because of [redacted] poor performance. [redacted] wanted all contacts with GSA in writing and pre-approved because [redacted] had misinterpreted directives given to [redacted] in the past by [redacted] or other SAIC supervisors and then relayed inaccurate information to the customers.
- On December 21, 2010, (b) (6), (b) (7)(C), (b) (6), (b) (7)(C) [redacted], SAIC, provided the following information.
  - [redacted] was asked to review the JEL contract sometime after SAIC took over the contract. [redacted] review was completed in December 2008 and consisted of reviewing the contract, sales records and the terms and conditions of the contract.

- The review disclosed SAIC never underpaid the IFF; but instead, found that SAIC most likely overpaid the IFF.
- The review did show that SAIC sold items under the contract that were not listed on the contract schedule. However, [redacted] learned that GSA had issued a contract modification which created a SP that allowed SAIC to sell "anything which was needed to complete the job."
- [redacted] explained that when [redacted] first saw products being sold under the contract that were not on schedule, "alarms went off." However, after reporting [redacted] concerns to the SAIC legal department, [redacted] found the aforementioned modification to the contract, which in [redacted] opinion authorized these sales.
- [redacted] stated [redacted] review found no violations of the TAA or the Price Reduction Clause. [redacted] stated none of her findings warranted a voluntary disclosure to GSA.

- On December 23, 2010, (b) (6), (b) (7)(C), (b) (6), (b) (7)(C), SAIC, provided the following information.
  - In 2008, SAIC initiated a due diligence effort to review overlapping contracts and the JEL contract was one of them. [redacted] was tasked to work on the review of the contract. The results of this review were never formalized in an official report, but were merely relayed to the SAIC Thomas Business Unit (TBU), which administered the JEL contract.
  - The review disclosed that SAIC did make some sales under the contract to non-authorized customers, such as non-federal entities, but these sales were minimal. [redacted] did not know if SAIC paid IFF on these sales.
  - The review disclosed that SAIC did sell non-scheduled items under the contract. According to the contract, the only products listed on schedule were NICE products. When [redacted] noticed products that were not manufactured by NICE were being sold under the contract, [redacted] informed the TBU.
  - TBU contacted the GSA contracting officer for the contract regarding the issue of non-schedule items being sold. According to [redacted] the contracting officer informed TBU that there was a modification to the contract adding SPs, which allowed SAIC to sell any item which it felt was needed to properly complete the system.
  - [redacted] opined the use of SPs was "odd" and "perplexing" and felt the SP could not be carried out in accordance with the "general schedules concept" and SAIC should only have been allowed to sell approved items that were on schedule. [redacted] felt that allowing SAIC to sell any item "carte blanche" opened up several possible problems, such as selling items that were non-TAA compliant and that were not the best value for the government. [redacted] recommended that the TBU stop using the SP.
  - [redacted] opined that none of [redacted] findings from the review of the contract warranted a voluntary disclosure to GSA.

On June 29, 2010, (b) (6), (b) (7)(C), CO, GSA, was interviewed and stated [redacted] became the CO for the JEL contract in 2000. [redacted] explained the SP was a procedure used to combine multiple schedule items from multiple vendors into one single package. Open market items included in the SP must still be clearly designated and the purchase of the open market items must follow all standard open market rules. Items under $3,000 can be included without competition and items over $3,000 must be competitively bid. (b) (6), (b) (7)(C) never heard of the word heep as referenced by [redacted] but said [redacted] may have told [redacted] that non-GSA schedule items could have been added to an order if all the aforementioned rules were followed.

On December 21, 2010, JI-3 issued an Inspector General Subpoena to SAIC requesting all documents relating to the review of the JEL contract, GS-03F-0008K, by SAIC, to include any final reports detailing the review. On February 9, 2011, SAIC provided JI-3 with a thumb drive

containing over 39,000 documents in response to the IG subpoena. A review of these documents disclosed there were no final reports or drafts of a report detailing SAIC's internal review of the JEL contract. Additionally, SAIC submitted a privilege log consisting of 12 pages, which referenced hundreds of documents that SAIC claimed were protected by Attorney-Client privilege. A document bate-stamped, 71059-71092, was described by SAIC as a "Confidential report prepared on behalf of counsel." This was the only mention of a report in the privilege log provided by SAIC. (b) (6), (b) (7)(C) JC, advised that (b) (6), (b) (7)(C), (b) (5) [redacted]

The review of the documents provided by SAIC disclosed many sales were made under the JEL contract for products not manufactured by NICE. Many quotes and invoices referenced "SP" as a product on the document and listed several additional products not manufactured by NICE. On these documents (b) (6), (b) (7)(C) often listed their MAS contract number. On other quotes and invoices, JEL listed products manufactured by another company and referenced that company's GSA MAS contract number on the document. For example, on one quote listing all products manufactured by American Fibertek, JEL included the following language; (b) (6), (b) (7)(C) is an authorized reseller of American Fibertek products. The American Fibertek GSA FSS is GS-03F-4086B." Some quotes included the use of SP as well as referencing another company's GSA MAS contract. The sampling of quotes provided by SAIC did not disclose any sales made of NICE products. However, it should be noted that the IG subpoena did not request documents related to all sales made under the contract, but was instead limited to correspondences/documents related to SAIC's review of the contract and the use of SPs. Based on a review of several quotes, it appears SAIC may have used the line item "SP" to signify those items listed after or below the "SP" line item were open market items. None of the quotes that were reviewed listed the words "Open Market" anywhere on the quote; however, based on interviews of SAIC employees, open market items were sold under the SP.

On October 12, 2012, JI-3 received a FSS19-Online Report for GS-03F-0008K and copies of three CAV reports for visits that occurred on May 20, 2002, February 3, 2004 and May 8, 2009. According to the report, there was $48,131,455 in sales made under the contract from January 8, 2000 to approximately June 30, 2010. These sales were broken down into three SIN categories; 58-5 (Closed Circuit/Surveillance Equipment) ($37,200,414), 58-6 (Telecommunications Equipment/Fiber Optic) ($483,139) and 58-7 (Ancillary Services) ($10,447,902). A review of the CAV reports disclosed no serious negative findings. The CAV in 2004 did state that in addition to the products and services authorized under the JEL contract, JEL was also an authorized dealer representative of I.T. products for over a dozen other FSS MAS contractors.

On October 23, 2012, JI-3 reviewed the contract file for GS-03F-0008K, which was obtained from (b) (6), (b) (7)(C) Based on this review, it appears the contract may have only been limited to products manufactured by NICE Systems during the time period of August 15, 2006 to February 5, 2009. From contract award to August 15, 2006, hundreds of products manufactured by several vendors were included under the contract. These vendors consisted of; ATV, Designed Security, Ditek, Edco, Fiber Options, Hirsch, Inovonics, Nice Systems, Pathminder, Perimeter Products, Protection Technologies, Rainbow CCTV, Sanyo, Siedle, Silent Witness, Talk-A-Phone and Videolarm. On November 11, 2001, Solutions Packages were added to the contract and remained part of the price list until February 5, 2009. The language that was used to describe the SP on Modification 11 was limited to "Contents of package are determined by overall system requirements, and mutually agreed between Contractor and Customer." There were no documents or correspondences in the contract file that explained how Solutions Packages should be used or what products can be sold under them.

On October 23, 2012, a copy of JI-3's Memorandum of Activity detailing the review of the contract file was sent to a JA-3 auditor for review. Previously on October 9, 2012, the JA-2 auditor was advised of JI-3's investigative findings to date. It was determined during that meeting that it was necessary to obtain and review the actual contract file to identify any documents/correspondence clarifying how and when SPs can be used under the contract. The JA-2 auditor was advised that based on the FSS19-Online Report, $11,684,785 in sales under SIN 58-5 occurred after modification number #26, dated August 16, 2006. This appears to be the time at which only NICE products were authorized to be sold under the contract. Prior to this modification, hundreds of products from many vendors were listed under the contract. Based on the investigative findings thus far, the auditor advised that JA-3 would most likely not be interested in performing an audit or review of the contract. The auditor opined the ambiguity of the SP mechanism, relatively low dollar amount of the contract (more specifically the amount of sales after August 16, 2006) and the amount of effort/time that would be needed to identify open market items sold under the contract versus the likelihood of a substantial return for the government are factors that should be considered.

It was determined that this case will be closed and no further investigation warranted based on the following factors:

- The ambiguity of the language used in describing the SP in the contract;
- No documentation or correspondence in the contract file detailing how SPs were to be used;
- Initial allegations that only NICE products were authorized to be sold under the contract was determined to be inaccurate since hundreds of products manufactured by many different vendors were authorized to be sold under the contract from its inception up until August 16, 2006;
- JEL was an authorized dealer representative of I.T. products for over a dozen other FSS MAS contractors, which adds to the complexity in trying to determine what products are open market versus products covered under other vendors' MAS contracts;
- SAIC and JEL employees acknowledged selling open market items under the contract, but believed they were authorized to do so under the SP mechanism of the contract;
- The potential argument from SAIC that the line item or product description "SP" signified open market items were being sold on specific orders and therefore the wording of "open market" was not necessary on that same individual quote;
- No clear indication that TAA violations occurred or IFF was underpaid; in fact, interviews disclosed that IFF may have been overpaid during the life of the contract;
- Limited resources within JI-3 to dedicate to this case.

Additionally, in response to the IG subpoena, SAIC never provided a report or draft of the report detailing their review and findings of the subject contract. SAIC claimed Attorney-Client Privilege on hundreds of documents, one of which was a 32-page document listed as a "Confidential report prepared on behalf of counsel." If this was a report detailing SAIC's review of the JEL contract, then it would have been crucial in determining the amount of potential overbilling by SAIC pursuant to open market item sales under the contract. As previously stated, this office does not have the resources to obtain and analyze all sales under the contract (over $48 million) to determine what percentage is attributable to open market items, which arguably could be a moot point if it is determined that the use of the line item "SP" satisfies the requirement of identifying open market items on quotes and invoices. Additionally, the inclusion of hundreds of other products manufactured by several vendors under the contract and JEL's position as an authorized dealer representative of I.T. products for other MAS vendors further complicates the process of identifying open market items on individual sales.

Therefore, this matter does not warrant any further investigation.

June 19, 2012

MEMORANDUM FOR THE FILE

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT-IN-CHARGE (JI-1)

SUBJECT: Case Closing Memorandum

GSA NEW ENGLAND REGION HOLIDAY PARTY

File Number: Z1010188

On December 11, 2009, the U.S. General Services Administration (GSA), Office of Inspector General (OIG), New England Regional Investigations Office (JI-1), received an email complaint alleging possible fraud, waste and abuse by GSA, Public Building Service (PBS), New England Region personnel attending a December 2009 "All Hands" meeting that coincided with a previously scheduled holiday party. The complainant stated this event occurred annually and was costing the taxpayers thousands of dollars each year and believes it was waste, fraud and abuse. According to the complainant, GSA New England Region employees were paid per diem for three days to attend an "All Hands" meeting and later stayed for the holiday party. Additionally, the complainant further states that the meeting was a "farce" and that it concluded at 2:00 p.m., giving the associates ample time to return to their duty locations or home.

JI-1 Special Agents reviewed relevant documents and interviewed GSA New England Region employees who authorized and coordinated the All Hands meeting and holiday party held on December 9, 2009. JI-1 Special Agents also interviewed a sample of GSA New England Region employees who attended both the All Hands meeting and holiday party held on December 9, 2009. All GSA employees interviewed stated the All Hands meeting served a legitimate purpose and need for the GSA employees who attended. According to those interviewed, the training began at 8:30 a.m. and concluded at approximately 3:30 p.m. Those who authorized and coordinated both functions advised the All Hands meeting was held in disregard for the holiday party. All GSA employees interviewed advised the GSA New England Region holiday party held on December 9, 2009, was attended voluntarily and absolutely no government funds were used to pay for the event. Those who attended the holiday party paid $30.00 each, which was used to cover all of the costs for the event. An interview was conducted of the non-GSA affiliated General Manager hosting the holiday party who provided a receipt/invoice and corroborated how payments were made for the event. Additionally, a review was conducted of all travel vouchers associated with and submitted by GSA New England Region employees for the All Hands meeting and holiday party. All vouchers appeared to be in accordance with GSA policies and regulations.

This investigation did not substantiate the claims made on December 11, 2009. This investigation is now closed.

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

GREATER SOUTHWEST REGION INVESTIGATIONS OFFICE

August 28, 2012

MEMORANDUM FOR FILE

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT IN CHARGE (JI-7)

SUBJECT: ALLEGATION OF CONFLICT OF INTERSET BETWEEN GSA EMPLOYEE AND GSA IT CONTRACTOR

RE: Z1173001

This is to advise that the above-captioned investigation was officially closed on this date.

This office initiated an investigation concerning the appearance of a conflict of interest between a GSA employee and a GSA IT contractor.

Our office interviewed the complainant, witnesses and subject; evaluated financial records, reviewed employment records, employee email; and the review and evaluation of a webinar sponsored by the IT Contractor showcasing the subject of the investigation. Based on the information yielded from the aforementioned investigative activities, there were no indications that an inappropriate relationship or a conflict of interest existed between the GSA employee and the GSA IT contractor.

If you have any questions, please contact Special Agent (b) (6), (b) (7)(C), (b) (7)(F) or me at 817/978-2589.

July 13, 2012

MEMORANDUM FOR RUTH F. COX
REGIONAL ADMINISTRATOR (9A)

CC: ANTHONY COSTA
CHIEF PEOPLE OFFICER (C)

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT IN CHARGE (JI-9)

SUBJECT: Report of Investigation re:
(b) (6), (b) (7)(C)
(b) (7)(C), (b) (6)
U.S. General Services Administration
Region 9 – Pacific Rim
Public Buildings Service
801 E. San Ysidro
San Diego, CA 92173

OIG Case File Number: Z1192932

This memorandum presents the findings of our investigation regarding the captioned matter and is furnished to you for whatever action you deem appropriate.

BASIS FOR INVESTIGATION

On June 15, 2011, the U.S. General Services Administration (GSA), Office of Inspector General (OIG) received information alleging that (b) (6), (b) (7)(C)), Project Manager, Public Buildings Service, Region 9, San Diego, CA, released contract information without proper authorization to (b) (6), (b) (7)(C), an employee of Magnaray International. The information (b) (6), (b) (7)(C) allegedly provided (b) (6), (b) (7) concerned an analysis of lighting options, to include products from (b) (6), (b) (7)(C) company and another company, for the San Ysidro Land Port of Entry (SYLPOE).

SUMMARY

The investigation determined that (b) (6), (b) (7)(C) did forward an email (b) (6) received from SYLPOE lighting designer (b) (6), (b) (7)(C)) to (b) (6), (b) (7)(C) of Magnaray International. The email contained an attached document entitled "Street Lighting Options Comparison." The document compared the characteristics of a Magnaray light fixture to a Beacon light fixture.

The Street Lighting Options Comparison document was not marked "For Official Use Only," and it was not marked with any other distribution prohibition.

The Street Lighting Options Comparison document did not contain proprietary information. (b) (6), (b) (7)(C) used information available to the public to create the comparison.

(b) (6), (b) (7)(C) felt the comparison may contain erroneous information so (b) (6) forwarded it to (b) (6), (b) (7) to verify the information related to the Magnaray light fixture.

PROSECUTORIAL COORDINATION

The OIG did not refer this matter to the U.S. Attorney's Office for prosecutorial consideration because the investigation found no evidence or information indicating (b) (6), (b) (7)(C) inappropriately benefited financially or personally by turning the document over to (b) (6), (b) (7)(C)

ADVISEMENT

You are advised this report is from a system of records known as "GSA/ADM 24, Investigation Case Files," which is subject to the provisions of the Privacy Act of 1974. Consequently, this report may be disclosed only to appropriate GSA officials who need to know its contents.

The forgoing is provided for whatever action you deem appropriate. Please furnish me within 30 days of receipt of this report the results of any administrative actions or management decision made in this matter by executing the attached Disposition Report. If administrative action is merely proposed, I request that you inform me of the anticipated date that final action will be taken. Please execute the Disposition Report only upon completion of management's final decision in this matter.

Your attention is invited to the protective markings on this report, which restrict its duplication. If this report or any part of it is to be duplicated, my office should be notified.

After the report has served its purpose, it must be returned to my office.

If you have any questions or require additional information concerning this matter, please contact me at (b) (6), (b) (7)(C) or the case agent, Special Agent (b) (6), (b) (7)(C), (b) (7)(F), at (b) (6), (b) (7)(C).

EXHIBITS

1. (b) (6), (b) (7)(C) E-Mail Referral – (b) (6), (b) (7)(C) – 06152011
2. MOI - (b) (6), (b) (7)(C) – 08022011
3. MOI – (b) (6), (b) (7)(C) - 02142012
4. MOI - (b) (6), (b) (7)(C) - 03092012
5. MOI – (b) (6), (b) (7)(C) – 040612
6. Area Lighting Matrix 03252011 (also known as Street Lighting Options Comparison)

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General
MIDWEST REGIONAL INVESTIGATIONS OFFICE
(816) 926-7214

April 20, 2012

Attn: (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C)

RE: FraudNet Hotline Complaint

Dear (b) (6), (b) (7)(C):

This is to advise you that we have completed our investigation of the Social Security Administration (SSA) leased property located at 8620 Green Hills Road, Kansas City, Missouri. This office was made aware that the U.S. General Services Administration (GSA) awarded a contract for a new SSA lease to NOAK, LLC. In your complaint, you claim former Congresswoman Patricia Danner's (b) (6), (b) (7)(C) was affiliated with NOAK, and it is further alleged that this lease was awarded to NOAK due to political influence.

Our office reviewed the contract files for the SSA lease in regard to these allegations. The contract files revealed that the initial advertisement for this procurement had been posted beginning in April, 2009. Bids were submitted, and in August 2009, GSA evaluated the bids of those that responded to the advertisement. A Market Survey was conducted in November, 2009, by GSA and SSA, to determine if these properties met the government's requirements. While SSA participated in the Market Survey process, they were sequestered after this point and were not involved in the actual selection of the property. The property selection was done by GSA.

In February, 2010, Solicitation for Offer letters were mailed out to each of the fifteen properties that met the SSA requirements, and all offers were due by March 8, 2010.

The offers were evaluated using present value analysis, which compiles all rental costs in order to determine each property's net value. The property selected was based upon its specification and price

While the complaint eludes to the NOAK property as being selected based upon political influence, our investigation shows no evidence to suspect GSA was politically influenced to award the contract to NOAK, and according to the selecting contracting officer, [redacted] was unaware of who even owned the property.

Based upon our review of this matter it appears GSA began solicitation for an SSA lease in April 2009 and this process ended in March 2010, when the 8620 Green Hills Road, Kansas City, Missouri, property was selected.

In your complaint, you acknowledge that it was not until August 2010 that you first informally offered your property to representatives of the SSA. This date was five months after the deadline for submission of offers to be received by GSA. Furthermore, at no time do you claim to have had any direct communications with GSA or involved yourself in the formal procurement process administered by GSA. It appears that all of your communications were with representatives of the SSA who were not directly involved in the solicitation and evaluation of offers for new leased space. We have found no evidence of any fraud or political influence.

If you have any questions, please call Special Agent in Charge [redacted], Midwest Regional Investigations Office at [redacted].

Sincerely,

[redacted]

Special Agent in Charge

From: [redacted]
To: [redacted]@gsa.gov; [redacted]@gsa.gov
Subject: OIG referral Fw: Kansas City North SSA Office
Date: 05/31/2012 10:29 AM
Attachments: [redacted]2.ltr.pdf
Letter to[redacted] Complainants - 4-20-12.pdf

[redacted], as you may recall a few months ago the OIG addressed a criminal complaint regarding the lease of an SSA space in north Kansas City. (b) (6), (b) (7)(C) and I agreed upon the attached response letter from the OIG to the [redacted]. As of this morning I received the below email from the (b) (6), (b) (7)(C). The OIG will not pursue this matter any further and I am referring the [redacted]'s letter to you. I also intend to tell the [redacted] the OIG will not be involved in this matter any longer and any further questions should be referred to you. [redacted]-

----- Forwarded by [redacted]/JI-6/R06/GSAIG on 05/31/2012 09:43 AM -----

From: [redacted].com
To: [redacted]@gsaig.gov
Date: 05/31/2012 09:32 AM
Subject: Kansas City North SSA Office

[redacted]:
Please see attached letter.
Thank you for your time.
Sincerely,
(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)
(b) (6), (b) (7)(C)
Telephone: (b) (6), (b) (7)(C)
Email: (b) (6), (b) (7)(C)

May 31, 2012

Office of Inspector General
Attn: (b) (6), (b) (7)(C), (b) (7)(F)
Special Agent in Charge
Heartland Regional Office
Email: (b) (6), (b) (7)(C), (b) (7)@gsaig.gov

Re: Kansas City, Platte County, Missouri SSA Office
8620 NW Green Hills Road
Kansas City, Missouri

Dear (b) (6), (b) (7)(C), (b) (7):

Thank you for your response addressing the SSA office relocation. You asked that if we had any additional questions that we contact you.

You state that the initial advertisement for this procurement was posted beginning in April 2009 and bids were submitted in August 2009. At that time, we had our property listed for lease with a broker on the public market.

OUR QUESTIONS:

Can you advise us of the publication, and dates of publication, of the initial advertisement for procurement?

Is it standard GSA procedure that the advertisement for procurement be done four (4) full years before the expiration of an existing SSA lease?

Is it standard procedure that the U.S. Representative for our district, when attempting to obtain information as to our request in August of 2010, concerning the SSA office location, that our U.S. Representative could not be advised that a Market Survey had already been conducted in November of 2009, and that a site had already been selected? The Regional SSA Director advised our U.S. Representative that there were no plans to relocate the Gladstone SSA office, as there were no funds available and the existing lease would not expire until 2013.

Is it standard procedure that the GSA enter into a contract for a lease on a site which the GSA contracting officer is unaware of who even owns the property? The records show that NOAK was not

the owner of the property until a full one and one-half years (1 ½ years) after the date you show the proposal was presented and the 8620 N. Green Hills Road property was selected.

We sincerely feel that our presentation to our U.S. Representative and the SSA Regional Director was given in a sufficient amount of time prior to the Gladstone SSA lease termination in 2013, so that we could be advised of the proper channels to take in order for our property to be considered.

We are just taxpaying citizens out here trying to hang on, and are confused and concerned about the timeframe of the Gladstone SSA transaction. We greatly appreciate your providing this information and answering our questions.

Thank you again for your response.

Sincerely,

(b) (6), (b) (7)(C)

FOR OFFICIAL USE ONLY

July 31, 2012

MEMORANDUM FOR (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT IN CHARGE (JI-9)

FROM: (b) (6), (b) (7)(C), (b) (7)(F)
SPECIAL AGENT (JI-9)

SUBJECT: Case Closing Memorandum

Case Title: Alleged Hiring Practice Improprieties – Network Services Division (NSD) – Region 9 – (b) (6), (b) (7)(C)
Case File Number: Z1293943

This memorandum serves as the Final Report of Investigation in this matter.

In June 2012, the Pacific Rim Region Investigations Office (JI-9), U.S. General Services Administration Office of Inspector General (GSA OIG), received an allegation via email from (b) (6), (b) (7)(C), Customer Service Representative, Federal Acquisition Service (FAS), Region 9, GSA. The email was directed to the attention of the Reporting Agent (RA) and Acting GSA Administrator Dan Tangherlini. The allegation claimed hiring improprieties by Region 9 Network Services Division (NSD) (b) (6), (b) (7)(C), FAS, GSA.

On June 5, 2012, the RA contacted (b) (6), (b) (7)(C), Human Resources (HR), Region 9, who disclosed that GSA initiated a non-competitive selection of (b) (6), (b) (7)(C) through the lateral transfer eligibility process under Title 5, CFR. (b) (6), (b) said GSA management also fulfilled the obligation of announcing the position to CTAP/ICTAP candidates prior to selecting a lateral transfer eligible.

On July 24, 2012, the RA contacted (b) (6), (b) (7)(C), HR Specialist, GSA OIG, concerning lateral transfer candidates. (b) (6), (b) (7)(C) confirmed management's hiring discretion under 5 CFR 315. 501 and the requirement related to CTAP/ICTAP candidates.

On July 24, 2012, the RA met with (b) (6), (b) (7)(C) and reviewed the recruitment file. During the review, the RA noted (b) (6), (b) (7)(C) signed (b) (6), (b) (7)(C) relocation approval memorandum in the signature block for approving official (b) (6), (b) (7)(C), HR, Central Office. (b) (6), (b) (7)(C) indicated (b) (6), (b) (7)(C) authorized (b) (6), (b) to sign in (b) (6), (b) (7)(C) signature block. All other documents appeared to conform with the CTAP/ICTAP announcement and lateral transfer eligibility.

On July 30, 2012, [redacted] advised the RA that [redacted] did not immediately recall specific details of the subject relocation memorandum. The RA provided the memorandum electronically to [redacted] for review and [redacted] again did not recall authorizing [redacted] to sign for [redacted] initially viewed the matter unusual and inconsistent with [redacted] standard practice.

On the same day, [redacted] conducted a review of [redacted] electronic files and shortly afterwards, re-engaged the RA with an email string confirming [redacted] did in fact authorize [redacted] to sign the relocation approval memorandum.

Based on the above referenced facts, no further investigative effort is warranted and this matter is closed.

Should you have any questions concerning this matter, please feel free contact me at [redacted] or [redacted]@gsaig.gov.