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Description of document: Closed Defense Criminal Investigative Service (DCIS) investigations listed in the Defense Central Index of Investigations (DCII) concerning Booz Allen Hamilton, 1987-2012

Requested date: 31-March-2013

Released date: 30-December-2013

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Source of document: Department of Defense Office of Inspector General  
DoD IG FOIA Requester Service Center  
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Alexandria, VA 22350-1500  
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**INSPECTOR GENERAL**  
**DEPARTMENT OF DEFENSE**  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

**DEC 30 2013**  
FOIA-2013-00380

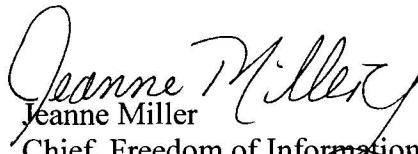
OCCL

This is the final response to your electronic Freedom of Information Act (FOIA) request dated March 31, 2013, seeking "a copy of any closed DCIS investigations in the Defense Central Index of Investigations (DCII) concerning Booz Allen Hamilton." We received your request on April 10, 2013, and assigned it FOIA case number FOIA-2013-00380.

The Defense Criminal Investigative Service conducted a search and located the enclosed responsive documents. I determined that the redacted portions are exempt from release pursuant to 5 U.S.C. § 552(b)(6), which pertains to information, the release of which would constitute a clearly unwarranted invasion of personal privacy; and 5 U.S.C. § 552(b)(7)(C), which pertains to records or information compiled for law enforcement purposes, the release of which could reasonably be expected to constitute an unwarranted invasion of personal privacy.

If you are not satisfied with this action, you may submit an administrative appeal to the Department of Defense, Office of the Inspector General, Office of Communications and Congressional Liaison, ATTN: FOIA Appellate Authority, Suite 17F18, 4800 Mark Center Drive, Alexandria, VA 22350-1500. Your appeal should be postmarked within 60 days of the date of this letter, should cite to case number FOIA-2013-00380, and should be clearly marked "Freedom of Information Act Appeal."

Sincerely,

  
Jeanne Miller  
Chief, Freedom of Information and  
Privacy Office

Enclosure(s):  
As stated

**N8710078A – BOOZ, ALLEN & HAMILTON, INC**



DEPARTMENT OF DEFENSE INSPECTOR GENERAL  
OFFICE OF ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS  
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

WASHINGTON FIELD OFFICE  
900 SOUTH WASHINGTON STREET, SUITE 204  
FALLS CHURCH, VIRGINIA 22046-4020

DCIS REPORT OF INVESTIGATION

CONTROL : 8710078A-31-OCT-86-01DC-E3C/F

May 22, 1987

TITLE : BOOZ, ALLEN & HAMILTON, INCORPORATED  
Vienna, VA

REPORT BY: (b) (6), (b) (7)(C)  
Phone: (202) 746-(b) (6),  
(b) (7)(C)

MADE AT : Washington, D.C.

STATUS : Closed

PURPOSE : Final Report of Investigation  
DETAILS

SYNOPSIS

1. Investigation was initiated after this office received a referral from Defense Logistics Agency (DLA) alleging BOOZ, ALLEN & HAMILTON, Inc. (BOOZ), fraudulently billed the Department of Defense (DoD) for unauthorized charges relative to a contract at ROME AIR DEVELOPMENT CENTER (ROME), Griffiss AFB, NY. The investigation determined ROME personnel issued changes to the contract that mandated cost increases to the contract. However, BOOZ started using the new charges prior to receiving approval of the Contracting Officer (CO). On March 6, 1987, BOOZ agreed to a reduction of \$198,814 to the cost of the modified contract which was executed April 27, 1987. This investigation has been closed after receiving concurrence from the Department of Justice, Defense Procurement Fraud Unit (DPFU).

STATUTES

2. The applicable criminal violations involved in this matter were 18 USC 1001, False Statements and 18 USC 287, False Claims.

BACKGROUND

3. Investigation was initiated after Defense Logistics Agency (DLA), Defense Contract Administration Services Region (DCASR), (b) (6), (b) (7)(C) referred a Defense Contract Administration Services Management Area (DCASMA), Baltimore, MD, "request for criminal investigation" dated October 15, 1986, to this office for appropriate action. It was alleged that BOOZ improperly billed the DoD for inflated costs and received progress payments based on unapproved costs. The

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8710078A-31-OCT-01DC-E3C/F

DATE: May 22, 1987

Administrative Contract Officer (ACO) referred the matter to (b) (6), (b) (7) after his review of an estimated \$519,000 overcharge to a ROME, Griffiss AFB, NY, contract number F-30602-83-C-0164.

# NARRATIVE

## COMPARISON OF RESULTS WITH PROGRESS PAYMENTS

4. (b) (6), (b) (7)(C) received BOOZ's "Cost/Schedule Status Report" (C/SSR), dated April 17, 1986, and attempted to compare the results with progress payments. Both reports showed an estimated cost completion as of March 31, 1986. However, the C/SSR showed an additional estimated cost of \$518,814. Based upon discussions with (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) BOOZ and (b) (6), (b) (7)(C) DCASMA, Baltimore, the ACO believed that (b) (6), (b) (7)(C) knowingly charged the increase costs against subject contract and received progress payments without authorization of the CO, or the Contracting Officers Technical Representative (COTR).

## CONTACT WITH (b) (6), (b) (7)(C)

5. (b) (6), (b) (7)(C), United States Air Force, ROME, was contacted on several occasions to determine the exact amount of any overcharge and the posture being taken by ROME concerning this matter. (b) (6), (b) (7)(C) advised that BOOZ had entered into negotiations to resolve the dispute between ROME and the Company. (b) (6), (b) (7)(C) stated the charges were technically unallowable; however, the USAF at ROME did mandate the charges to the contract in mid-stream. (b) (6), (b) (7)(C) provided copies of "Amendment of solicitation/modification of contract" (MOD) dated and executed April 22, 1987, and the "Price Negotiation Memorandum" dated and executed March 6, 1987. The net result of the "MOD" was a cost savings (recovery) of \$198,814.

## CONTACT WITH DCASR-COUNSEL

6. The DCASR-Counsel was contacted on several occasions to review the ongoing investigation and to review the posture his office was assuming. (b) (6), (b) (7)(C) stated:

While I am referring this matter to you for investigation I was, at first, very hesitant to do this. My hesitancy was based on certain questions which neither the report, nor my conversations with the ACO seem to answer. Initially, while it is obvious that the submission of the progress payment requests constitutes false claims, since they are based on costs of a proposal not yet accepted by the Government, I have been unable to ascertain the exact status of the proposal. Personnel at RADC indicate that at least some of the proposal will be accepted since it is based on a requirement change in program language.

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8710078A-31-OCT-01DC-E3C/F

DATE: May 22, 1987

CONTACT WITH (b) (6), (b) (7)(C)

7. (b) (6), (b) (7)(C) DCASMA, Baltimore, was contacted on several occasions to review his "Request for Criminal Investigation" dated October 15, 1986. (b) (6), (b) (7)(C) advised he was the (b) (6), (b) (7)(C) and he had reviewed the ROME contract F-30602-83-C-0164 and determined an overcharge of \$518,814. (b) (6), (b) (7)(C) acknowledged the apparent need for the contractor, BOOZ, to increase costs; however, to do so without authority was in violation of the law.

CONTACT WITH BOOZ

8. On October 31, 1986, (b) (6), (b) (7)(C), BOOZ, was contacted concerning this inquiry. (b) (6), (b) (7)(C) stated BOOZ had entered into negotiations with ROME to resolve any dispute in the pricing and/or changes of alleged unallowable costs.

STATUS OF PROSECUTION

9. On May 26, 1987, (b) (6), (b) (7)(C), Department of Justice, Defense Procurement Fraud Unit, declined prosecution in this matter.

STATUS OF INVESTIGATION

10. Investigation is complete. No further activity is planned.

COMMAND NOTIFICATION

11. A copy of this report will be forwarded to ROME and DCASR-Philadelphia.

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8710078A-31-OCT-01DC-E3C/F

DATE: May 22, 1987

## EXHIBITS (ATTACHMENTS)

1. Referral to DCIS from DCASR dtd Oct 23, 1986
2. Amendment of solicitation/modification of contract dtd Apr 22, 1987
3. Price Negotiation Memorandum dtd Mar 6, 1987
4. Letter from BOOZ to ROME dtd Oct 31, 1986



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

DISTR: 0003/DCASR-PHI-G/10NY/10SY

APPR

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**N8710456I – BOOZ, ALLEN & HAMILTON, INC**



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



DEPARTMENT OF DEFENSE INSPECTOR GENERAL  
OFFICE OF ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS  
DEFENSE CRIMINAL INVESTIGATIVE SERVICE  
DAYTON FIELD OFFICE  
C/O GENTILE STATION  
1000 FRANKLIN STREET, SUITE 2  
DAYTON, OHIO 45444-5330

8710456I-05-MAY-87-35DY-E4C/F

August 17, 1993

BOOZ ALLEN & HAMILTON INC., Bethesda, MD

BOOZ ALLEN & HAMILTON, INCORPORATED  
Applied Science Division  
4330 East-West Highway  
Bethesda, MD 20814-4455

(b) (6), (b) (7)(C) SSN: (b) (6), (b) (7)(C)  
DPOB: (b) (6), (b) (7) (b) (6), (b) (7)(C)  
(b) (6), (b) (7)(C), Booz Allen & Hamilton

(b) (6), (b) (7)(C) SSN: (b) (6), (b) (7)(C)  
DPOB: (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)  
(b) (6), (b) (7)(C) Booz Allen & Hamilton

(b) (6), (b) (7)(C) SSN: (b) (6), (b) (7)(C)  
DPOB: (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)  
(b) (6), (b) (7)(C) SURVIAC Center, Booz Allen & Hamilton

**CASE TERMINATION:** On May 5, 1987, this investigation was initiated following receipt of information alleging that officials of Booz Allen & Hamilton had mischarged employee labor hours for operation of the SURVIAC Center, a cost plus fixed fee contract sponsored by the Defense Electronics Supply Center, to numerous cost type projects sponsored by other Department of Defense activities under the same contract, DLA900-85C-0395. The investigation established that (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) officials of Booz Allen & Hamilton, had directed artificial inflation of cost proposals submitted for four Special Tasks, and then had directed employees of the SURVIAC Center, Dayton, OH to mischarge their labor to these Special Tasks. The investigation also established that (b) (6), (b) (7)(C) had directed employees of other Booz Allen & Hamilton work sites to mischarge labor hours to accounts of the SURVIAC Center. The total value of these mischarged labor hours was \$209,699.72. Booz-Allen made partial restitution of \$96,178.75 on May 1, 1988. A Report of Investigation was issued on September 3, 1991.

On September 21, 1992, the case was declined for criminal prosecution and was referred for evaluation of civil remedies.

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August 17, 1993

BOOZ ALLEN &amp; HAMILTON INC., Bethesda, MD (et al)

Page 2

On June 11, 1993, Booz Allen & Hamilton and the United States entered into a settlement agreement under which Booz Allen & Hamilton paid an additional \$261,000 in restitution of all claims. Under that settlement, the government agreed not to pursue debarment of the company, and not to seek civil or criminal prosecution of the company or it's officers and employees. The company agreed to modify it's time charging practices, perform internal reviews of time-keeping procedures, and accomplish various other internal programs to prelude future mischarging practices.

All investigative reports and other documents prepared in the course of this investigation were previously submitted, and this investigation is closed.

Prepared (b) (6), (b) (7)(C) Dayton FO  
DISTR: 03B/DESC-G

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

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**N8810603T – BOOZ, ALLEN & HAMILTON, INC**



DEPARTMENT OF DEFENSE INSPECTOR GENERAL  
OFFICE OF ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS  
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

WASHINGTON FIELD OFFICE  
900 SOUTH WASHINGTON STREET, SUITE 204  
FALLS CHURCH, VIRGINIA 22046-4020

DCIS CASE ACTION

CONTROL : 8810603T-24-JUN-88-01DC-A1W/R

July 6, 1988

TITLE : BOOZ ALLEN & HAMILTON, INCORPORATED, et al.  
Arlington, Virginia

TITLE

CONT

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

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

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

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

USN, SSN: UNK

Birth : UNK

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

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

SSN: UNK

Birth : UNK

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

REPORT BY: (b) (6), (b) (7)(C)

Phone: (202) 746-(b) (6), (b) (7)(C)

MADE AT : Washington, D.C.

STATUS : Open/Closed

PURPOSE : Referral of Hotline Complaint

DETAILS :

DoD Hotline Complaint 88-T44293

On June 17, 1988, an anonymous caller to the DoD Hotline alleged that (b) (6), (b) (7)(C) USN, and (b) (6), (b) (7)(C) had met on April 21, 1988, for the purpose of influencing the award of Contract No. N00019-87-R-0122 to BOOZ ALLEN. (b) (6), (b) (7)(C) has been identified in the joint Federal Bureau of Investigation (FBI) and the Naval Investigative Service (NIS) investigation called "ILLWIND" as having been involved in the selling of procurement sensitive information to various DoD contractors. On June 24, 1988, the attached DoD Hotline complaint was referred to (b) (6), (b) (7)(C) NIS, and Joseph Aronica, Assistant United States Attorney, Eastern District of Virginia, for action deemed appropriate. (b) (6), (b) (7)(C)

DISTR: 0003/NIS/HL

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

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**N9010852R – BOOZ, ALLEN & HAMILTON, INC**



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
DEFENSE CRIMINAL INVESTIGATIVE SERVICE  
Washington Field Office  
1111 Jefferson Davis Highway, Suite 108  
Arlington, Virginia 22202-4306

9010852R-12-JUL-90-01DC-E3A/R

July 12, 1990

BOOZ, ALLEN & HAMILTON, Inc.  
4330 East West Highway  
Bethesda, MD 20814-4455

CASE INITIATION/REFERRED: This investigation was initiated upon receipt of a Suspected Irregularity Referral Form (DCAAF 2000.0) from the Defense Contract Audit Agency (DCAA) alleging that Booz, Allen & Hamilton (BAH) Inc., a subcontractor to McDonnell Douglas, INCO, Inc., had provided false billing information which resulted in excessive billings paid by the U.S. Government. On July 11, 1990, Reporting Agent (RA), accompanied by (b) (6), (b) (7)(C) Air Force Office of Special Investigations (AFOSI) met with (b) (6), (b) (7)(C) Defense Contract Audit Agency (DCAA), Beltway Branch Office, Germantown, Maryland. The purpose of the meeting was to discuss the DCAAF 2000.0 he had recently completed and submitted to DCIS. (b) (6), (b) (7)(C) had recently completed an audit of a Firm Fixed Price Level of Effort BAH subcontract valued at approximately \$3 million to provide technical services.

(b) (6), (b) (7)(C) stated that from the results of his audit, BAH fraudulently committed labor substitution in the amount of approximately \$124,871 by substituting Program Manager (PM) rates as secretarial support rates in order to meet final requirements which were target hours. Grant stated that the PM rates are approximately \$60.07 per hour versus secretarial support rates at approximately \$18.94 per hour.

A review of all records and related materials disclosed that the prime contract was awarded and administered by Rome Air Development Center, Griffiss Air Force Base, New York. Based on the above information, this matter is referred to AFOSI Detachment 411, Bolling Air Force, Washington, D.C. for final disposition.

Attachment:

DCAAF 2000.0 dated June 8, 1990

Prepared by (b) (6), (b) (7)(C)  
DISTR: 03B/AFOSI

Washington FO

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

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**N91112090 – BOOZ, ALLEN & HAMILTON, INC**



**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
DEFENSE CRIMINAL INVESTIGATIVE SERVICE  
Washington Field Office  
1111 Jefferson Davis Highway, Suite 108  
Arlington, Virginia 22202-4306**

**REPORT OF INVESTIGATION**

91112090-29-MAY-91-01DC-EOS/U

December 18, 1991

**BOOZ, ALLEN AND HAMILTON, INC.**  
4330 East West Highway  
Bethesda, MD 20814-4455

**DISTRIBUTION:**

DCIS Headquarters (003B)  
US Army Laboratory Command, Office of Counsel

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91112090-29-MAY-91-01DC-EOS\U

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91112090-29-MAY-91-01DC-EOS\U

Narrative

1. This investigation was initiated on May 9, 1991 following the receipt of information from the Office of Chief Counsel, U. S. Army Laboratory Command (LABCOM), Adelphi, MD, which implicates Booz, Allen and Hamilton, Inc. (Booz), 4330 East West Highway, Bethesda, MD 20814-4455 in a procurement irregularity.

2. On May 9, 1991, (b) (6), (b) (7)(C) [REDACTED], LABCOM, advised that review of contract DAAL02-90-C-0075 (C-0075), Task Order P00006, revealed that the direct labor costs proposed by Booz were identical to the direct labor costs on the Independent Government Cost Estimate (IGCE). In addition, the origin of the IGCE was questionable in that it was unsigned and had no indication of its source. Normally, the IGCE should be signed by the government Requestor, and accompanied by the Statement of Work (SOW) when forwarded to the Government contracting office. Exhibit A sets forth details of the Emery interview.

3. On May 9, 1991, (b) (6), (b) (7)(C) [REDACTED] Office of Chief Counsel, LABCOM, advised that C-0075, Task Order P00006 was requested by the Office of the Director of Net Assessments (DNA), Office of the Under Secretary of Defense for Policy (OUSD(P)), in support of Operation Desert Storm. C-0075 is a Time and Materials contract in support of a Technology Base, and was awarded on July 25, 1990 with a ceiling price of \$50,000. The costs on C-0075 were determined by a line item schedule which established hourly rates based on labor category. The costs represented on both the Booz proposal and on the IGCE in question are accurate as compared to the established labor rates. Exhibit B sets forth details of the Spitza interview.

4. On June 4, 1991, (b) (6), (b) (7)(C) [REDACTED], advised that in the Fall of 1990 Booz presented an unsolicited proposal for the Economic, Military, and Demographic Enhancement of the Regional Assessment Methodology (RAM). DNA, OUSD(P) initially rejected this proposal. Following the initiation of Operation Desert Storm,

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DNA, OUSD(P) developed a need for the RAM, but wanted the SOW in support of the Operation. It was determined that a sole source procurement effort would take up to three months, however, the need required immediate action. LABCOM contract C-0075 was subsequently identified as an appropriate contract vehicle. Exhibit C sets forth details of the (b) (6), (b) (7) interview.

5. On June 19, 1991, (b) (6), (b) (7)(C) [REDACTED] Booz advised that the RAM was an analytical methodology developed by Booz under contract to DNA. The RAM was developed prior to C-0075. In the Fall of 1990 (b) (6), (b) (7)(C) [REDACTED] presented an unsolicited proposal to DNA, OUSD(P) for the RAM specific to Economic, Military and Demographic Enhancement. This proposal was essentially a SOW with cost figures attached. (b) (6), (b) (7)(C) [REDACTED] was subsequently contacted by DNA, OUSD(P) and asked for a level of effort estimate tailored to be in support of Operation Desert Storm. OUSD(P) personnel next contacted him requesting that his cost estimates be converted into specific labor categories. (b) (6), (b) (7)(C) [REDACTED] provided the same information to Booz's contract office, which submitted a formal cost estimate to LABCOM for Task Order P0006. Exhibit D sets forth details of the (b) (6), (b) (7)(C) [REDACTED]

6. On August 15, 1991, (b) (6), (b) (7)(C) [REDACTED] OUSD(P) advised that, concerning the RAM, DNA would normally have issued a sole source contract to Booz. Time constraints stemming from the war effort required that OUSD(P) find an alternative procurement source. Her office subsequently made a Military Interdepartmental Purchase Request (MIPR) to LABCOM. The RAM effort was added to contract C-0075 as Task Order P00006. The SOW was taken directly from Booz's original unsolicited proposal. (b) (6), (b) (7)(C) [REDACTED] provided (b) (6), (b) (7)(C) [REDACTED] (supra) with a break out of the required labor categories, and requested an estimate based on specific categories. The IGCE was then established by comparing (b) (6), (b) (7)(C) [REDACTED] labor hour estimate to the labor category rate schedule for C-0075. Exhibit E sets forth details of the (b) (6), (b) (7)(C) [REDACTED] interview.

7. Since no criminal activity has been uncovered, this case is closed. No judicial action will occur. There is no known loss to the Government.

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91112090-29-MAY-91-01DC-EOS\U

Identity of Subjects

BOOZ, ALLEN AND HAMILTON, INC.  
4330 East West Highway  
Bethesda, MD 20814-4455

Commodity: Booz, Allen and Hamilton provides computer software packages to the Department of Defense.

-B-

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91112090-29-MAY-91-01DC-EOS\U

EXHIBITS

A - DCIS Form 1; Interview of (b) (6), (b) May 29, 1991  
B - DCIS Form 1; Interview of (b) (6), (b) (7) May 9, 1991  
C - DCIS Form 1; Interview of (b) (6), (b) (7)(C) June 6, 1991  
D - DCIS Form 1; Interview of (b) (6), (b) June 11, 1991  
E - DCIS Form 1; Interview of (b) (6), (b) August 22, 1991

Prepared by (b) (6), (b) (7)(C) Washington FO

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

-C-

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DEPARTMENT OF DEFENSE  
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Arlington, Virginia 22202-4306

9210122A-22-OCT-91-01BT-E3ZZ/U

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

6/10/92  
May 26, 1992

TELECOMMUNICATIONS SYSTEMS, INCORPORATED, Annapolis, MD

CASE TERMINATION: This case was initiated upon a referral from (b) (6), (b) (7)(C), Defense Contract Management District Mid-Atlantic (DCMDM-G), Philadelphia, PA. (b) (6), (b) (7)(C) indicated that she had received a Department of Defense (DoD) Hotline complaint (No. 91-L-49312) from an individual identified as (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) Annapolis, MD, Booze, Allen and Hamilton (BAH), Bethesda, MD and ESA, Tampa, FL. (b) (6), (b) (7)(C) related a scheme by TCS and BAH that consisted of fraudulent mischarging on DoD contracts. The allegations alleged that officers of TCS and BAH provided approval for charging non-allowable costs as direct expenses to cost reimbursable contracts. Allegedly, these costs included things such as bid and proposal (B&P) man hours, rental cars provided to consultants for their personal use, industry conferences being charged to reimbursable contracts, and personal vacation trips charged to direct contracts. This was a joint investigation with the Naval Investigative Service (NIS), Baltimore, MD and the U.S. Air Force, Office of Special Investigation (AFOSI), Baltimore, MD. NIS was considered the lead agency in this investigation and is responsible for the final Report of Investigation (ROI). A copy of NIS ROI will be filed upon its receipt.

On November 12, 1991, (b) (6), (b) (7) was interviewed at his place of residence by agents. (b) (6), (b) (7) identified that the majority of the allegations against TCS, BAH, as well as new allegations against ESA were based upon assumptions that he made while (b) (6), (b) (7)(C). When confronted by agents, (b) (6), (b) (7) admitted that he did not have any direct knowledge that TCS, BAH or ESA had performed any wrong doings. (b) (6), (b) (7) also advised agents that he had not given a sworn statement to his attorney, (b) (6), (b) (7)(C). In addition, (b) (6), (b) (7) notified agents that he originally had filed a qui-tam suit

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9210122A-22-OCT-91-01BT-E3ZZ/U

May 26, 1992

against ESA in the Southern District of Ohio, Western Division, Dayton, Ohio. However, this suit was thrown out because it had been filed improperly. (b) (6), (b) (7) said that he had no intentions of re-filing the suit.

It appears that the majority of the complainant's allegations were based solely on assumptions and that very few of the allegations, if any, could be substantiated. In addition, the U.S. Attorney's Office (USAO), Baltimore, MD has shown minimal prosecutive interest in this case at this time. Accordingly, this investigation is closed.

Prepared by (b) (6), (b) (7)(C) Baltimore RA  
DISTR: 003B/01DC/250R/NIS (b) (6), (b) (7)(C) /AFOSI (b) (6), (b) (7)(C) APPR: (b) (6), (b) (7)(C)

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**N9610559D – BOOZ-ALLEN & HAMILTON, INCORPORATED**

9610559D-18-APR-96-60DC-J1ZX/D

July 2, 1996

REPORT OF INVESTIGATION

BOOZ-ALLEN AND HAMILTON, INCORPORATED  
SKY ONE STORAGE, INCORPORATED  
5302 Leesburg Pike  
Falls Church, VA 22041

DISTRIBUTION

DCIS Headquarters  
Department of Transportation IG  
U.S. Coast Guard

9610559D-18-APR-96-60DC-J1ZX/D

NARRATIVE:

1. This investigation was initiated based on a complaint from the U.S. Department of Transportation (DOT), United States Coast Guard (USCG), Washington, D.C., that the USCG was storing a Sun Sparc-20 Central Processing Unit (CPU) system with Booze, Allen, and Hamilton, Inc. (BAHI), 5203 Leesburg Pike, Suite 509, Falls Church, VA, and it was discovered missing and presumed stolen. (Exhibit 1)

2. The USCG received the Department of Defense (DoD) purchased CPU, which was destined for the DoD Joint Drug Task Force (JDTF) in September 1994. The CPU was to be placed in the JDTF classified facility but, at that time there was no room for the item. The USCG utilized BAHI under an existing U.S. Navy contract to provide services to the JDTF. The USCG received permission to store under the CPU under the Navy contract. The item, consisting of 12 boxes, was placed in storage at Sky One Storage, Inc. In March 1995 when the USCG returned to pick up the CPU system, it was discovered that several of the boxes were missing from the storage facility. In May 1995, an inventory taken by the USCG at BAHI confirmed the boxes were missing. Contact with the BAHI facilities manager by the USCG revealed that BAHI checked their own inventory but could not find the missing items. The BAHI offered no explanation for the loss nor would it accept responsibility for the loss.

3. The USCG reviewed its own inventory at its classified work sites and failed to find the missing CPU's.

4. Interviews of USCG and BAHI personnel by the reporting agent verified the facts reported in the aforementioned paragraphs but offered no leads as to the circumstances surrounding the CPU's disappearance. (Exhibits 2, 5, 6, 9, 10 and 11)

5. (b) (6), (b) (7)(C) [REDACTED], claimed that BAHI notified his building's security office, the building landlord, the local police and the manufacturer of the CPU. (Exhibit 3)

6. Contact with the building landlord, building security and the local police failed to verify (b) (6), (b) (7)(C) claims. (Exhibits 7, 8 and 12)

9610559D-18-APR-96-60DC-J1ZX/D

7. Contact with the CPU manufacturer confirmed they had been contacted by BAH I but there is no program in place to recover the item if the item was later serviced by them under warranty. They further verified they had no record of servicing the CPU in the past. (Exhibit 4)

8. Contact with all these aforementioned parties revealed no leads as explain the CPU's loss.

9. (b) (6), (b) (7)(C) [REDACTED], denied responsibility for the loss of the computer in written correspondence citing BAH I they had no contractual obligation to store the missing items. He explained there was no police report because there were no signs of a break-in and the loss was discovered during a routine inventory. This was contrary to the USCG statements that the items were discovered missing when they went to pick up the items from BAH I's storage. (b) (6), (b) (7)(C) further cited that BAH I had a verbal agreement with the USCG that BAH I would not be responsible should something happen to items while in BAH I's storage facility. This is also contrary to statements by the USCG and (b) (6), (b) (7)(C) [REDACTED]. (b) (6), (b) (7)(C) also cited the manufacturer had been notified that if the missing item is serviced to notify BAH I. This also is contrary to information the reporting agent received from the manufacturer which acknowledged contact with BAH I and the fact it had no record of servicing the missing item. (Exhibits 6, 10 and 13)

10. The USCG denied any such agreement, but acknowledged there was no contractual obligation with which they could force BAH I to make good the Government's loss. (Exhibit 6)

11. The BAH I counsel further claimed it had taken all steps necessary to both safeguard the CPU and to recover the missing item upon discovery of its loss. (Exhibit 10)

12. The case was presented to Connie Frogale, Assistant U.S. Attorney, Department of Justice, Civil Division, Eastern District of Virginia, Alexander, VA, who declined to take further action citing the Government would be hard pressed to take BAH I to task for the loss of the CPU.

13. The loss to the Government for the missing CPU system is \$25,445. The investigation did not identify deficiencies

9610559D-18-APR-96-60DC-J1ZX/D

sufficient enough to warrant a Management Control Deficiency Report. However, the contractor's lack of ability to safeguard U.S. Government property and its further insistence that it was not responsible for the Government's loss, suggests a review by the contract administrator as to the contractor's ability to perform future Government work.

9610559D-18-APR-96-60DC-J1ZX/D

IDENTITY OF SUBJECTS

BOOZ-ALLEN AND HAMILTON, INCORPORATED  
SKY ONE STORAGE, INCORPORATED  
5302 Leesburg Pike  
Falls Church, VA 22041

Commodity: The Configuration computers for U.S. Coast  
Guard. BAHI is a Top 100 DoD Contractor.

9610559D-18-APR-96-60DC-J1ZX/D

EXHIBITS:

- 1 - U.S. Coast Guard Report of Investigation, dated September 10, 1995.
- 2 - DCIS Form 1; Interview of BAHI employee, April 18, 1996.
- 3 - DCIS Form 1; Interview of BAHI (b) (6), (b) (7)(C), April 18, 1996.
- 4 - DCIS Form 1; Interview of Manufacturer, April 18, 1996.
- 5 - DCIS Form 1; Interview of BAHI employee, April 18, 1996.
- 6 - DCIS Form 1; Interview of (b) (6), (b) (7)(C) USCG, April 18, 1996.
- 7 - DCIS Form 1; Contact with BAHI (b) (6), (b) (7)(C), April 18, 1996.
- 8 - DCIS Form 1; Contact with Building Security, April 18, 1996.
- 9 - DCIS Form 1; Interview of BAHI Security, April 18, 1996.
- 10 - DCIS Form 1; Interview of (b) (6), (b) (7)(C), April 18, 1996.
- 11 - DCIS Form 1; Interview of BAHI (b) (6), (b) (7)(C), April 18, 1996.
- 12 - DCIS Form 1; Contact with Local Police, April 18, 1996.
- 13 - DCIS Form 1; Contact with BAHI (b) (6), (b) (7)(C), May 28, 1996.

Prepared by (b) (6), (b) (7)(C) Mid-Atlantic FO

APPR:

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

**N9710198W – BOOZ ALLEN & HAMILTON, INC**



9710198W-24-DEC-96-60DC-E3W/U

August 9, 1998

SPECIAL INTEREST CASE  
DOD HOTLINE NO. 96-T63927  
TOP 100 CONTRACTOR

BOOZ, ALLEN & HAMILTON, INCORPORATED  
McLean, Virginia

DISTRIBUTION:

DCIS Headquarters (03FB)  
DoD Hotline  
Defense Contract Audit Agency, Ft. Belvoir, VA

NARRATIVE

1. This investigation was initiated based on the receipt of Department of Defense (DoD) Hotline complaint number 96-T63927, alleging that Booz, Allen & Hamilton, Incorporated (BAH), had overcharged labor and related costs on its DoD and other Federal Government contracts. (EXHIBIT 1) On December 12, 1996 the complainant further alleged that BAH is billing unallowable costs as allowable; has ghost employees; is billing at different overhead and general and administrative rates than agreed; is billing fringe benefits with no associated direct labor, and has "hidden" costs in their accounting system.

2. It was determined that the same complainant had filed similar allegations in March 1996 and August 1996, with the Defense Contract Audit Agency (DCAA), the Federal Bureau of Investigation (FBI) and the Agency for International Development Office of Inspector General (AID-IG). Some of the issues addressed in the DoD Hotline complaint dated October 1996, had been addressed in the previous complaints. Some of the allegations had been reviewed and resolved during the course of DCAA audits at BAH. Other issues related specifically to an AID contract with BAH, number 09001010179, which AID-IG and the FBI were already investigating, with the support of DCAA.

3. A review was conducted of a sampling of BAH/DoD contracts, and the related DoD contract administrators were interviewed, to determine whether the mischarging found on the AID contract could occur on the DoD contracts. (EXHIBITS 2 & 3) It was determined that due to the language used in the DoD contracts, acts of mischarging similar to those occurring on the AID contract could not and did not occur on the DoD contracts. DCAA further confirmed that they had not seen this type of mischarging on DoD contracts.

4. AID-IG and the FBI are pursuing civil remedies pertaining to the AID contract, through the United States Attorney's Office, Eastern District of Virginia.

5. Numerous meetings were held with DCAA wherein completed and ongoing audits at BAH were discussed and reviewed as they related to the remaining allegations. (EXHIBITS 4 & 5) DCAA was not able to corroborate any of the DoD related allegations made by the complainant nor were there any audit findings that were not immediately noted and corrected during their audits, with respect to DoD contracts and billings. Furthermore, DCAA was in the process of completing contract audit closing reviews for the time period in question and did not find any deficiencies nor questioned costs during these reviews.

6. (b) (6), (b) (7)(C) BAH, and (b) (6), (b) (7)(C) of the Hotline complainant, was interviewed. (EXHIBIT 6) He provided information that further clarified the allegations. He also provided copies of a briefing package he had created pertaining to findings of the complainant, during his employment at BAH. This briefing package had been presented to the executives at BAH by (b) (6), and the complainant, which resulted in an outside accounting firm being hired by BAH to review the issues. (b) (6), believed the issues had been resolved through the review and follow-up of the outside firm, in coordination with DCAA.

7. (b) (6), (b) (7)(C) for BAH was interviewed. (EXHIBIT 7) He confirmed (b) (6), (b) observation that the issues were presented, reviewed and corrected in coordination with DCAA. He further confirmed that due to the automated accounting system BAH is currently using, it is impossible for many of the issues raised in the allegations to re-occur.

8. Additional meetings with DCAA further confirmed the fact that the issues raised in the allegations had been addressed and corrected, and that checks and balances within the current BAH automated accounting system meet with DCAA's satisfaction.

9. Since no criminal activity related to DoD contracts has been uncovered, this investigation is closed as "unfounded." No judicial or administrative action will occur related to DoD contracts. There is no loss to the Department of Defense.

10. No management control deficiencies were identified during the course of this investigation.

IDENTITY OF SUBJECTS

BOOZ, ALLEN & HAMILTON, INCORPORATED  
8283 Greensboro Drive  
McLean, Virginia 22102

Commodity: Booz, Allen & Hamilton, Inc. is a consulting company.

Booz, Allen & Hamilton, Inc. is considered a Top 100  
Department of Defense contractor.

# EXHIBITS

1. Hotline complaint number 96-T-63927, dated October 10, 1996
2. Report of contract review, dated January 7, 1998
3. Report of contract review, dated January 8, 1998
4. Report of meeting with DCAA, dated June 18, 1998
5. Report of meeting with DCAA, dated June 19, 1998
6. Report of interview with (b) (6), dated August 20, 1997
7. Report of interview with (b) (6), dated August 9, 1998

Prepared by (b) (6), (b) (7)(C) MAFO

APPR: (b) (6), (b)

**N9810289Y – SCIENCE APPL INTER CORP (ET AL)**



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
DEFENSE CRIMINAL INVESTIGATIVE SERVICE  
Mid-Atlantic Field Office  
1111 Jefferson Davis Highway, Suite 712  
Arlington, Virginia 22202-4306

9810289Y-18-FEB-98-60DC-E0G

March 22, 2000

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION (et al)

SPECIAL INTEREST CASE  
TOP 100 DoD CONTRACTOR

CASE SUMMARY/CLOSED: The National Imagery and Mapping Agency (NIMA) Office of General Counsel (OGC) furnished a complaint that was received via Intelligence Community channels from TRW, Incorporated. The TRW complaint alleged violations of the Procurement Integrity Act [41 USC 423(a)(3)] relative to a NIMA Request for Proposal (RFP) NMA202-97-R-0001 for the NIMA Systems Engineering Services (NSES) by competitors Science Applications International Corporation (SAIC), and Booz-Allen & Hamilton, Incorporated (BAH). During the NSES competition, SAIC and BAH were teamed together against TRW, and ultimately the NSES contract was awarded to the SAIC/BAH team.

The TRW complaint alleged that BAH representatives were aware of a NIMA source selection decision regarding a request for a Best and Final Offer (BAFO) on or about October 20, 1997, though the NIMA Procurement Contracting Officer (PCO) had not announced a decision requiring a BAFO submission from the competitors until November 9, 1997. Additionally, TRW alleged that SAIC knew that they were awarded the NSES contract on or about December 16, 1997, even though the official notification of the winner of the NSES competition was not to have occurred until January 9, 1998.

On February 3, 1998, a review of the TRW allegations with TRW representatives was conducted. It was determined that TRW had some e-mail messages, and witnesses that support its allegations regarding the alleged illicit disclosures of the NSES BAFO, and NSES award decisions weeks in advance of the NIMA PCO's official notifications for each event. Furthermore, it was alleged that (b) (6), (b) (7)(C)

[REDACTED], had knowledge of the NSES procurement sensitive information regarding the BAFO, and contract evaluation/award that was supposed to have been known only to NIMA source selection authorities. The CES contract was a DMA "legacy" contract that

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the NSES contract was to replace in which TRW, BAH, and SAIC participated in providing support to DMA and NIMA. Additionally, the TRW representatives alleged that it had been rumored that (b) (6), (b) (7)(C) may have been having post-Government employment discussions with SAIC during the timeframe of the NSES procurement.

Approximately forty boxes of NIMA records regarding the NSES procurement have been sequestered by this investigation. On February 19, 1998, the Federal Bureau of Investigation (FBI) was briefed regarding this investigation, and thereafter the FBI joined the investigation.

**MAY 3, 1998, UPDATE:** During this period, (b) (6), (b) (7)(C) was interviewed regarding his involvement with (b) (6), (b) (7)(C)

No other investigative leads were conducted due to the non-availability of the FBI co-case agent, and other operational needs involving case agent.

**JULY 3, 1998, UPDATE:** During this period, interviews were conducted at NIMA, and TRW.

**SEPTEMBER 3, 1998, UPDATE:** During this period, NIMA records regarding the NSES procurement were reviewed. Additionally, this matter was reviewed with Assistant U.S. Attorney John Klein of the United States Attorney' Office for the Eastern District of Virginia (USAO-EDVA).

**NOVEMBER 3, 1998, UPDATE:** During this period, additional NIMA records were reviewed.

**JANUARY 3, 1999, UPDATE:** During this period, interviews were conducted of NIMA source selection team members.

**MARCH 3, 1999, UPDATE:** During this period, no investigative leads were conducted due to the non-availability of the FBI co-case agent, and other operational needs involving case agent. As a result of a supervisory case review conducted on February 24, 1999, it was decided that interviews of (b) (6), (b) (7)(C), and (b) (6), (b) (7)(C) should be conducted as soon as possible. Subsequently, this matter will be reviewed with the USAO-EDVA to determine if further investigative steps would be necessary.

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**MAY 3, 1999, UPDATE:** During this period, interviews were conducted with (b) (6), (b) (7)(C) ; and (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C). Additionally, discussions were conducted with the Office of General Counsel for both BAH, and SAIC, wherein they pledged to cooperate with this investigation. It is anticipated that an additional discussion with the BAH General Counsel will be required as a result of information learned during the aforementioned interviews. Moreover, it is anticipated that this matter will be briefed to the USAO-EDVA during the next reporting period prior to producing a report of investigation.

**JUNE 22, 1999, UPDATE:** During this period, an interview was conducted of BAH General Counsel. During the next period a Report of Investigation will be prepared.

**SEPTEMBER 22, 1999, UPDATE:** During this reporting period no investigative effort was expended. A Report of Investigation is being prepared, and should be completed within the next reporting period.

**DECEMBER 22, 1999, UPDATE:** During this reporting period no investigative effort was expended. Due to unrelated operational exigencies, and assignments, reporting agent was unable to complete preparation of the Report of Investigation during this period. A Report of Investigation is being prepared, and should be completed within the next reporting period.

**MARCH 22, 2000, UPDATE:** During this reporting period, a Report of Investigation was submitted. This case was closed as "declined."

Prepared by (b) (6), (b) (7)(C)  
DISTR: 03TO

Mid-Atlantic FO

APPR:

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DEPARTMENT OF DEFENSE  
DEFENSE CRIMINAL INVESTIGATIVE SERVICE  
Mid-Atlantic Field Office  
1111 Jefferson Davis Highway, Suite 712  
Arlington, Virginia 22202-4306

REPORT OF INVESTIGATION

9810289Y-18-FEB-98-60DC-E0G/D

January 31, 2000

SPECIAL INTEREST CASE

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION  
McLean, VA 22102

BOOZ-ALLEN, & HAMILTON, INCORPORATED  
McLean, VA 22103

DISTRIBUTION

DCIS Headquarters (03FB)  
Federal Bureau of Investigation  
National Imagery and Mapping Agency-OGC

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9810289Y-18-FEB-98-60DC-EOG/D

January 31, 2000

NARRATIVE

1. The National Imagery and Mapping Agency (NIMA) Office of General Counsel (OGC) furnished a complaint that was received via Intelligence Community channels from TRW, Incorporated. The TRW complaint alleged violations of the Procurement Integrity Act [41 USC 423(a)(3)] relative to a NIMA Request for Proposal (RFP) NMA202-97-R-0001 for the NIMA Systems Engineering Services (NSES) by competitors Science Applications International Corporation (SAIC), and Booz-Allen & Hamilton, Incorporated (BAH). During the NSES competition, SAIC and BAH teamed together against TRW, and ultimately the NSES contract was awarded to the SAIC/BAH team. The TRW complaint alleged that BAH representatives were aware of a NIMA source selection decision regarding a request for a Best and Final Offer (BAFO) on or about October 20, 1997, though the NIMA Procurement Contracting Officer (PCO) had not announced a decision requiring a BAFO submission from the competitors until November 9, 1997. Additionally, TRW alleged that SAIC knew that they were awarded the NSES contract on or about December 16, 1997, even though the official notification of the winner of the NSES competition was not to have occurred until January 9, 1998.

2. On February 3, 1998, a review of the TRW allegations with TRW representatives was conducted, attachment (1). It was determined that TRW had some e-mail messages and witnesses that support its allegations regarding the alleged illicit disclosures of the NSES BAFO, and NSES award decisions weeks in advance of the NIMA contracting officer's official notifications for each event. Furthermore, it was alleged that (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C) [REDACTED] had knowledge of the NSES procurement sensitive information regarding the BAFO, and contract evaluation/award that was supposed to have been known only to NIMA source selection authorities. Additionally, the TRW representatives alleged that it had been rumored that (b) (6), (b) (7)(C) [REDACTED] (b) (6), (b) (7)(C) [REDACTED] may have been having post-Government employment discussions with SAIC during the timeframe of the NSES procurement.

3. On February 19, 1998, the Federal Bureau of Investigation (FBI) was briefed on this investigation. The FBI Northern Virginia Resident Agency joined the investigation. The pertinent FBI case control number was 46A-WF-211297.

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4. On March 10, 1998, an interview was conducted of (b) (6), (b) (7)(C)

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

(2). (b) (6), (b) (7)(C)

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

He denied any post-Government employment discussions with SAIC; although he advised that he had visited with SAIC's president, retired Vice Admiral William Owens, in December 1997, in regard to

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

He stated that during his discussions with Vice Admiral Owens he never discussed any knowledge he had concerning the NSES procurement. He stated that he was not briefed as to which contracting team had won the NSES award until January 1998. He stated that it was only at that time that he was advised that the SAIC lead team had won the NSES contract.

5. Interviews were conducted of TRW employees who were involved with writing the letter of complaint on which this investigation was predicated, attachments (3) and (4). These interviews reiterated allegations detailed in paragraphs 1 and 2. Additionally, interviews were conducted of the NIMA contracting officer, and source selection team members who were responsible for the conduct of the NSES procurement, attachments (5) through (8).

6. On November 3, 1998, an interview was conducted of (b) (6), (b) (7)(C)

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

stated that due to an apparent conflict of interest involving the NSES procurement, NIMA required that he recuse himself from any source selection activity involving the NSES procurement. He denied that he had influenced the selection of SAIC as the winner of the NSES procurement.

7. On November 5, 1998, an interview was conducted of (b) (6), (b) (7)(C)

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

(b) (6), (b) (7)(C) stated (b) (6), (b) (7)(C) made the decision to award the NSES contract to SAIC, and its team of subcontractors based on the results of the NSES contract competition. He stated that

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9810289Y-18-FEB-98-60DC-E0G/D

January 31, 2000

the members of the NSES Source Selection Evaluation Board reviewed the contractor proposals that were submitted, and evaluated the competitors oral presentations. He advised that the decision to conduct a Best and Final Offer (BAFO) resulted from discussions with the NIMA Office of General Counsel, and the Procurement Contracting Officer in October 1997. He stated that he was unaware of anyone with access to the NSES source selection sensitive information providing insights to internal decision making regarding the NSES procurement. Moreover, until he was provided a copy of the TRW complaint, he was not knowledgeable that (b) (6), (b) (7)(C), or any other contractor had any advanced knowledge of the BAFO, and contract award decisions before these decisions were officially announced. Additionally, he defended the NIMA contract award to SAIC, since SAIC's skill mix, and cost provided the best value for NIMA. In regard to (b) (6), (b) (7)(C) involvement in NSES, he stated that (b) (6), (b) (7)(C) was recused from the NSES procurement due to an apparent conflict of interest. He stated that NIMA management made a conscious effort to ensure that (b) (6), (b) (7)(C) had no influence on the NSES source selection.

8. On November 6, 1998, an interview was conducted of (b) (6), (b) (7)(C) NIMA (b) (6), (b) (7)(C) acquisition. He stated that he was unaware of (b) (6), (b) (7)(C) having any advanced knowledge of the BAFO, and contract award decisions before these decisions were officially announced. Additionally, he defended the NIMA contract award to SAIC, since SAIC's skill mix, and cost provided the best value for NIMA. He explained that SAIC's proposal had more accurately addressed the Government Estimate of 435 Full Time Equivalents (FTE), than the TRW proposal. He stated that though the Government Estimate was stated in the Request for Proposals, TRW appeared to have ignored the stated Government Estimate in its proposal. In regard to (b) (6), (b) (7)(C) involvement in NSES, he stated that (b) (6), (b) (7)(C) was recused from the NSES procurement due to an apparent conflict of interest.

9. On November 19, 1998, an interview was conducted of (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) NSES Source Selection Evaluation Board (SSEB). She stated that she coordinated the actions of the various members of the SSEB, and documented its activities. To her knowledge, no one received advanced access to the NSES source selection sensitive information that provided insights to

A-3

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internal decision making regarding the NSES procurement. In regard to (b) (6), (b) (7)(C) involvement in NSES, she stated that (b) (6), (b) (7)(C) was recused from the NSES procurement due to an apparent conflict of interest.

10. On March 15, 1999, an interview was conducted of (b) (6), (b) (7)(C), (b) (6), (b) (7)(C) NSES, attachment (9). He stated that he had no advanced knowledge of the NIMA decision to request a BAFO in the NSES procurement. He stated that he had no understanding of any of the internal NSES procurement decisions, and that he was not aware of any Government officials illegally providing such information to anyone on the SAIC/BAH team. He stated that though he knew (b) (6), (b) (7)(C) as a BAH employee, he was not aware that (b) (6), (b) (7)(C) had sent any e-mails to engineers at TRW in an attempt to recruit them.

11. On April 7, 1999, an interview was conducted of (b) (6), (b) (7)(C). He stated that he was not personally involved with the NSES procurement. He stated that he had no knowledge of whether or not (b) (6), (b) (7)(C) had been given advanced knowledge of the NIMA decision to request a BAFO. He stated that he was involved with the Defense Science Board (DSB) panel that recommended the establishment of NIMA, and that (b) (6), (b) (7)(C) had invited the members of the DSB to the NIMA Geospacial demonstrations; but there were never any discussions regarding the NSES procurement. He stated that it was true that he was (b) (6), (b) (7)(C) best man in (b) (6), (b) (7)(C) wedding, and that he is a personal friend of (b) (6), (b) (7)(C) but he has never discussed the NSES procurement with either (b) (6), (b) (7)(C), or (b) (6), (b) (7)(C) in the context of their friendships. He stated that SAIC has never received any advantage as a result of his personal relationships with (b) (6), (b) (7)(C).

12. On April 7, 1999, an interview was conducted with (b) (6), (b) (7)(C), (b) (6), (b) (7)(C) attachment (11). She stated that she had a (b) (6), (b) (7)(C). She stated that in March or April of 1997 when she became aware that she (b) (6), (b) (7)(C) that (b) (6), (b) (7)(C) (b) (6), (b) (7)(C), agreed to inform their employers of the potential

A-4

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9810289Y-18-FEB-98-60DC-E0G/D

January 31, 2000

appearance of conflict of interest. She stated that SAIC informed NIMA in writing as to her participation in the SAIC proposal effort for NSES, so that the appropriate mitigation could be undertaken. She stated that (b) (6), (b) (7)(C) avoided any discussions of work related matters in their personal life, and that they never had any discussions regarding the NSES procurement.

13. Approximately 40 boxes of NIMA records pertaining to the NSES procurement were reviewed during this investigation, attachment (12).

14. During this investigation, pertinent records maintained by the NIMA OGC were reviewed, attachment (13). This review noted that NIMA management properly addressed apparent conflict of interest situations involving (b) (6), (b) (7)(C), and (b) (6), (b) (7)(C). In each case the apparent conflict of interest was due to the imputed financial interest involving (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) at (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) at (b) (6), (b) (7)(C). These financial interests were properly reported to NIMA management via the Confidential Statements of Financial Interests (OGE-450) submitted by (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C). NIMA management removed (b) (6), (b) (7)(C) from any source selection activities relative to the NSES procurement. In the case of (b) (6), (b) (7)(C) NIMA management determined that (b) (6), (b) (7)(C) apparent conflict of interest was not substantial, and therefore a waiver by the head of the agency was granted.

15. Additionally, (b) (6), (b) (7)(C) furnished pertinent documents regarding his recusal from the NSES procurement, attachment (14).

16. Additionally, discussions were conducted with the Office of General Counsel for both SAIC, and BAH, attachments (15) and (16). SAIC counsel disclosed correspondence with NIMA dated April 1, 1997, wherein SAIC requested NIMA to assist SAIC in mitigating the apparent conflict of interest involving SAIC (b) (6), (b) (7)(C). NIMA (b) (6), (b) (7)(C). Moreover, SAIC counsel provided information regarding how SAIC decided that "435 FTE's" were the basis for the Government's estimate. In this regard a copy of section L-14 entitled "Government Estimate of Total Level of Effort" from the NSES RFP delineated the 435 full time equivalents (FTE) figure. BAH counsel disclosed BAH records

A-5

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January 31, 2000

7

that pertained to the termination of (b) (6), (b) (7)(C) BAH counsel explained that (b) (6), (b) (7)(C)

[REDACTED]

[REDACTED] BAH counsel advised that this was not a sanctioned BAH activity.

7. This matter was reviewed with Assistant U.S. Attorney (AUSA) John Klein of the United States Attorney for the Eastern District of Virginia (USAO-EDVA). AUSA Klein concluded that the EDVA had little interest in prosecuting allegations of violations of the Procurement Integrity Act (41 USC 423) unless it could be established that "something of value" had been used to impact the NIMA decision to award the NSES contract to the SAIC team. As no evidence of this nature has been discovered by this investigation, the EDVA has no interest in pursuing the allegations that predicated this case.

18. Since no criminal prosecution, or civil litigation has resulted from this investigation, this investigation is closed as "declined." Additionally, there were no management control deficiencies to report. There was no loss to the Government.

A-6

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9810289Y-18-FEB-98-60DC-E0G/D

January 31, 2000

IDENTITY OF SUBJECTS:

Science Applications International Corporation  
McLean, VA 22102

Commodity: Top 100 Department of Defense contractor with sales primarily involving research and development, integration of systems, and engineering services.

B-1

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IDENTITY OF SUBJECTS:

Booz, Allen, & Hamilton, Incorporated  
McLean, VA 22103

Commodity: Top 100 Department of Defense contractor with sales primarily involving research and development, systems integration, and engineering services.

B-2

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9810289Y-18-FEB-98-60DC-E0G/D

January 31, 2000

EXHIBITS

- (1) DCIS Form-1: TRW records, dated February 18, 1998
- (2) DCIS Form-1: Interview of (b) (6), (b) (7) dated March 10, 1998
- (3) FBI 302: Interview of (b) (6), (b) (7)(C) dated June 11, 1998
- (4) DCIS Form-1: Interview of (b) (6), (b) (7)(C) dated June 11, 1998
- (5) FBI FD-302: Interview of (b) (6), (b) (7)(C) dated November 3, 1998
- (6) FBI FD-302: Interview of (b) (6), (b) (7)(C) dated November 5, 1998
- (7) FBI FD-302: Interview of (b) (6), (b) (7)(C) dated November 6, 1998
- (8) DCIS Form-1: Interview of (b) (6), (b) (7)(C) dated November 19, 1998
- (9) DCIS Form-1: Interview of (b) (6), (b) (7)(C) dated April 6, 1999
- (10) DCIS Form-1: Interview of (b) (6), (b) (7)(C) dated April 7, 1999
- (11) DCIS Form-1: Interview of (b) (6), (b) (7)(C) dated April 7, 1999
- (12) DCIS Form-1: Review of NSES records, dated July 1, 1998
- (13) DCIS Form-1: Review of OGC records, dated September 22, 1998
- (14) DCIS Form-1: Review of Records, dated November 5, 1998
- (15) DCIS Form-1: Review of Correspondence from McKenna & Cuneo, dated April 12, 1999
- (16) DCIS Form-1: Review of Booz-Allen & Hamilton Records with Counsel, dated June 2, 1999

Prepared by (b) (6), (b) (7)(C)

Mid-Atlantic FO

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

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**N9810501R – ELECTRONIC DATA SYSTEMS CORPORATION**



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
DEFENSE CRIMINAL INVESTIGATIVE SERVICE  
MID-ATLANTICFO/WASHINGTON  
1111 JEFF DAVIS HWY, #712  
ARLINGTON, VA 22202-4306

(Investigations)

REPORT OF INVESTIGATION

9810501R-19-MAY-98-60DC-D0W/U

January 27, 2000

SPECIAL INTEREST CASE  
DoD HOTLINE NUMBER 00-L067872  
TOP 100 DoD CONTRACTOR

ELECTRONIC DATA SYSTEMS CORPORATION  
Herndon, VA

BOOZ, ALLEN & HAMILTON, INCORPORATED  
McLean, VA

DISTRIBUTION

DCIS Headquarters  
DoD Hotline

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## Narrative

1. This investigation was initiated upon the receipt of a letter sent to the Department of Defense (DoD) Hotline alleging that Booz, Allen & Hamilton, Incorporated (BAH) and Electronic Data Systems Corporation (EDS), engaged in conduct in violation of the Federal Acquisition Regulations (FAR) and federal law by colluding during the bid and award phase of a multi-million dollar National Guard Bureau procurement of a Distance Learning Network (DLN).

2. The complainant, (b) (6), (b) (7)(C) alleged that EDS was permitted to engineer the specific system to be purchased and to make special financial arrangements with the manufacturer prior to the release of the request for bid; that MCA Corporation, a company which PDI was a consultant to, was verbally advised that they had submitted the lowest bids, yet they were not awarded the contract and were subsequently told that they had overbid every item; that EDS was permitted to submit a best and final offer (BAFO), which won them the procurement, while the other bidders were not given the opportunity to submit a BAFO.

3. (b) (6), (b) (7)(C), General Services Administration, Federal Systems Integration and Management Center (FedSIM), Falls Church, VA, stated FedSIM contracted with BAH to handle the entire DLN for the National Guard. There were several steps to the DLN. One of the steps involved a Bill of Materials (BOM) for the DLN classroom and classroom network. BAH was hired by FedSIM to send out a Request for Bid (RFB) and award the BOM to the lowest bidder.

4. (b) (6), (b) (7)(C) BAH, was interviewed and explained the process leading up to the award of the contract. The BOM was developed through the National Guard Bureau Joint Systems Engineering and Integration Group (JSEIG). This group is comprised of members of the National Guard and several competing contractors throughout the project, including EDS and MCA. Each contractor had input as to what manufacturers would be used on the BOM and the specifications. It was a group effort with the National Guard making the final decision. After the BOM was developed, a RFB was sent out. The BOM was distributed to each contractor BAH had on its list of potential contractors.

5. Six contractors bid on the BOM. Three contractors were unable to bid completely, so they were disqualified. Of the three remaining contractors, EDS was the lowest bidder, not MCA as the complainant alleges. BAH took the EDS bid and returned it to EDS, asking them to lower their bid even further. EDS complied and lowered their bid, giving additional savings for the government.

6. Contract documents confirmed the legality of the process. The process was monitored by the JSEIG and the National Guard for accuracy and fairness. To confirm the process was accurate and fair, (b) (6), (b) (7)(C), was contacted concerning the process. (b) (6), stated he was in a position to know if there was a problem with the procurement or award of the contract. The entire acquisition process goes through several channels in the National Guard Bureau, and if there was a problem, they would have found it and notified the appropriate persons. (b) (6), was never notified, and since has not heard of a problem concerning BAH or EDS and the DLP.

7. Since no criminal activity has been uncovered, this investigation is closed. No judicial or administrative action will occur. There is no loss to the U.S. Government. No management control deficiencies were identified during the course of the investigation.

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Identity of Subjects

Electronic Data Systems Corporation  
13600 EDS Drive  
Herndon, Virginia 20171

Commodity: EDS performs government contracts mainly dealing with computer systems and hardware.  
EDS is considered a Top 100 DoD contractor.

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## Identity of Subjects

Booz, Allen & Hamilton, Incorporated  
8283 Greensboro Drive  
McLean, Virginia 22102

Commodity: BAH is a management and technology consulting firm focusing on business strategy and transformation. BAH is considered a Top 100 DoD contractor.

Prepared by (b) (6), (b) (7)(C) Mid-Atlantic FO

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

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**N9810637C – BOOZ ALLEN & HAMILTON INCORPORATED**



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
DEFENSE CRIMINAL INVESTIGATIVE SERVICE  
HARTFORD RESIDENT AGCY  
525 BROOK ST, STE 205  
ROCKY HILL, CT 06067-0167

(Investigations)

REPORT OF INVESTIGATION

9810637C-23-JUL-98-10HF-F8CA/E

November 15, 1999

BOOZ, ALLEN AND HAMILTON, INCORPORATED, New York, NY 10178

**DISTRIBUTION**

DCIS Headquarters  
Northeast Field Office

Narrative

1. This investigation was initiated based upon information provided by the Defense Contract Audit Agency (DCAA) to the Naval Criminal Investigative Service that suggested procurement irregularities relative to a consulting contract between Booz Allen and Hamilton (Booz Allen) and General Dynamics, Electric Boat Corporation (EB). The procurement irregularities alleged by DCAA were based upon the lack of audit oversight relative to a consulting contract, which increased to \$22 million over time from 1993 through 1998. A DCAA Suspected Irregularity Referral Form was issued on April 16, 1999. The receipt of information by NCIS coincided with an independent analysis that was ongoing by the reporting Agent as part of DCIS Project 9710390Q-24-MAR-97-10HF-E8P. NCIS agreed to open a joint investigation. The reporting Agent, as part of the analysis of 'maximum liability' contracts, had identified the consulting agreement with Booz Allen as having a high potential for abuse for the following reasons.

- Pricing of services was negotiated at the executive level of EB without the participation of the EB Purchasing Department.
- No competitive bids were solicited by EB.
- No pre-award or post-award audits were conducted.
- The initial award was priced at approximately \$2 million and was increased over time to its current value of \$23,210,000.
- Invoices submitted by Booz Allen were in round dollar figures.

2. EB Purchase Order No. SND124-022 is based upon a consulting agreement dated May 26, 1993. The contract cost is charged to overhead by EB and billed to the Government through the overhead rates.

9810637C-23-JUL-98-10HF-F8CA/E

3. On April 29, 1999, the reporting Agent and (b) (6), (b) (7)(C) of NCIS attended a meeting between DCAA and contracting officials from the Supervisor of

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Shipbuilding (SUPSHIP). The purpose of the meeting was to discuss the issues contained in the DCAA Form 2000. The consulting contract on which the DCAA Form 2000 was based essentially authorized Booz Allen to perform systems audits at Electric Boat which would be used to base a company reorganization aimed at reducing overhead rates. The contract consisted of a series of efforts, each of which was priced on a fixed price basis to be billed at a fixed monthly rate. Booz Allen was required by contract to submit periodic status reports, the form and content of which were not specified. DCAA determined that periodic status reports were not submitted by Booz Allen and individual billings provided no backup data detailing the effort expended by Booz Allen. As a result, many costs billed to the consulting contract could not be adequately supported by EB. It was also determined by DCAA that EB did not administer the contract in compliance with their own procurement guidelines or the FAR. Both DCAA and SUPSHIP officials agreed that Booz Allen expended a significant amount of effort in the performance of the contract and that their effort resulted in a significant reduction in EB's overhead rates. According to (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) SUPSHIP, the Government thus far has realized hundreds of millions of dollars in savings through reduced overhead rates which is why he is not prepared to take administrative action to withhold payment to EB lacking convincing evidence of over-billing by Booz Allen.

4. On May 28, 1999, the reporting Agent and (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) of NCIS interviewed (b) (6), (b) (7)(C) for EB. Leonard responded to DCAA's criticism by stating that meetings were held on a weekly basis between EB and Booz Allen officials during which the ongoing Booz Allen effort was discussed. (b) (6), (b) (7)(C) stated that the meetings could be considered satisfaction of the requirement that bi-weekly progress reports be submitted by Booz Allen. (b) (6), (b) (7)(C) further stated that the effort expended by Booz Allen is evidenced by the results achieved. (b) (6), (b) (7)(C) recognized that the FAR was not followed by EB but defended the way in which the contract was 9810637C-23-JUL-98-10HF-F8CA/E

handled. He stated that Booz Allen was the logical choice to perform the work because of their extensive knowledge of the business. (b) (6), (b) (7)(C) further stated that EB had no choice but to use the commercial division of Booz Allen because the commercial division specialized in corporate

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restructuring as opposed to the government division which specialized in the reorganization of Government entities.

5. Based upon information obtained from DCAA, SUPSHIP and EB, it appears unlikely that sufficient documentation exists either at EB or Booz Allen to determine Booz Allen's level of effort with specificity. Furthermore, since the consulting contract permits Booz Allen to submit pre-determined monthly bills based upon a fixed contract value, no finding of criminal or civil false claims could likely be made based upon Booz Allen's billings. It appears that SUPSHIP is unlikely to take administrative action against EB for failure to comply with the FAR based upon the benefit that the Government received from the reduced overhead rates. Based upon these factors, this investigation is closed. The reporting Agent has been advised by (b) (6), (b) (7)(C) of NCIS that NCIS will continue their investigation.

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9810637C-23-JUL-98-10HF-F8CA/E

Identity of Subjects

Booz Allen Hamilton  
New York, NY

Commodity: Consulting services to corporations and  
Government.

Prepared by (b) (6), (b) (7)(C) [REDACTED], Hartford RA

APPR: (b) (6), (b) [REDACTED]

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**N200200412J – BOOZ ALLEN & HAMILTON INC**



**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
DEFENSE CRIMINAL INVESTIGATIVE SERVICE  
LONG BEACH RESIDENT AGENCY  
501 W. OCEAN BLVD, SUITE 7300  
LONG BEACH, CA 90802**

**(Investigations)**

**REPORT OF INVESTIGATION**

200200412J-18-JAN-2002-50ES-EO/F

April 17, 2006

BOOZ ALLEN & HAMILTON, INC., Los Angeles, CA

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Western Field Office

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**NARRATIVE**

1. This case was initiated based upon information contained in a Qui Tam complaint filed against Booz Allen & Hamilton, Incorporated (BAH), Los Angeles, CA. The Relator alleged that BAH received from certain airlines, hotel chains, rental car providers, credit card issuers, and other entities, secret rebates of a significant percentage of the face amount of the underlying service provided to them. However, rather than disclosing the existence of such rebates, BAH allegedly concealed from the government and its contractors, the fact that the company received such rebates. BAH then billed the government and its contractors the full amount of such costs, without any direct reduction or credit for the rebates. The complaint asserted that BAH violated the False Claims Act by making false claims for the payments described above, and supported these false claims with false records and statements.

2 On April 10, 2002 a Department of Defense Inspector General Subpoena was issued to (b) (6), (b) (7)(C) for BAH. (b) (6), (b) (7)(C) accepted service of the Inspector General subpoena for BAH.

3. On December 17, 2002, the Defense Contract Audit Agency (DCAA) provided an audit report of BAH Revised 2002 Disclosure Statement. The results of the audit disclosed that BAH adequately describes its cost accounting practices, and the disclosed practices comply with applicable Cost Accounting Standards and Federal Acquisition Regulation (FAR) Part 31. BAH's response to DCAA's review of its accounting system cites a deficiency of BAH "Credit and Rebate" policy. BAH had no policy in place stating the procedures to be followed when entering rebates, allowances or miscellaneous credits in which the government is entitled to share. BAH states in their disclosure statement that credits are applied to their original cost. However, without procedures to segregate these costs, it is difficult to determine the amounts or types of credits the government has or should receive. DCAA recommended that BAH submit a formal credit policy, for management review and approval that outlines the procedures for coding, approving, entering, segregating and reporting rebates, allowances or miscellaneous credits in which the government is entitled to share.

4. On October 2, 2003 a teleconference was held with Assistant United States Attorney (b) (6), (b) (7)(C), Department of Justice, Washington D.C., and (b) (6), (b) (7)(C), Central District of California, and all Task Force special agents assigned to the various travel rebate investigations. Several members from DCAA who were participating in this investigation were also involved in the teleconference. The main topics of discussion were; verification of rebate credit application as submitted by target companies, full identification of all government contracts, confirmation if government received credit through G & A, contact with DCAA in Reston, VA pertaining to various Washington consulting segments, and the need to identify how BAH allocates refund credits to specific accounts.

5. On October 6, 2003, Army CID (b) (6), (b) (7)(C) interviewed (b) (6), (b) (7)(C) Defense Contract Management Agency (DCMA) (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) concerning the government's contracts with BAH. Brown advised that BAH has 1147 contracts administered by the DCMA Southeast Region, however, there were additional contracts at other regions in the United States. (b) (6), (b) (7)(C) provided (b) (6), (b) (7)(C) with a printout of all BAH government contracts administered by the DCMA Southeast Region.
6. On January 6, 2004 DCAA located in Rosemead, CA, provided a spreadsheet produced by BAH pursuant to the subpoena. The rebates included travel agency Rosenbluth International, seven airlines, two car rental agencies, Fidelity Investment, and American Express. DCAA advised that United Airlines by far paid the most rebates at \$12,206,806 and therefore was the focus of DCAA audit review. The BAH spreadsheet identified \$17,037,900.47 as total rebates received during fiscal years 1998 through 2002.
7. On December 22, 2005, BAH entered into a civil settlement agreement with the United States Government and agreed to pay \$3,365,664 in penalties to settle all claims concerning the Qui Tam complaint. Based upon this settlement, criminal prosecution was declined and the Qui Tam complaint was dismissed on January 3, 2006.
8. Since no criminal activity has been uncovered and because all civil claims have been resolved, this investigation is now closed. No judicial or administrative action will occur. There were no fraud vulnerabilities identified during the course of the investigation.

**N201001572J – PERVASIVE LABOR MISCHARGING BY  
CONTRACT EMPLOYEES OF THE NSA**



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
DEFENSE CRIMINAL INVESTIGATIVE SERVICE  
BALTIMORE RESIDENT AGENCY  
BANK OF AMERICA BUILDING, TOWER II,  
100 SOUTH CHARLES STREET, SUITE 401  
BALTIMORE, MARYLAND 21201

201001572J-06-MAY-2010-60BT-E3/F

October 31, 2012

PERVASIVE LABOR MISCHARGING BY CONTRACT EMPLOYEES OF THE  
NATIONAL SECURITY AGENCY

CACI INTERNATIONAL INC  
1100 North Glebe Road  
Arlington, VA 22201

NORTHROP GRUMMAN  
1840 Century Park East  
Los Angeles, California 90067

BOOZ ALLEN HAMILTON  
8283 Greensboro Drive  
McLean, Virginia 22102

NATIONAL INTEREST SECURITY COMPANY (NISC)  
3050 Chain Bridge Road, Suite 600  
Fairfax, VA 22030

SRA INTERNATIONAL  
4300 Fair Lakes Road  
Fairfax, VA 22033

BOEING  
100 N Riverside Ave,  
Chicago, IL 60606

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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DOD Contract Employee for Business Consulting Technologies LLC

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

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

### SPECIAL INTEREST CASE

**CASE TERMINATION:** This investigation was initiated based on information provided to DCIS by Charles McCullough III then the, Assistant Inspector General for Investigations, Office of the Inspector General (OIG), National Security Agency (NSA), that wide spread allegations of cost mischarging on cost reimbursable contracts were identified by the NSA OIG. The cost mischarging identified contract employees claiming thousands of hours of labor, when the personnel alleged to be performing work were never present at the NSA facility.

Through the review of NSA time records and the cooperation by the companies who employed the personnel identified during the investigation, the cases were worked jointly with the NSA OIG and the United States Attorney's Office, District of Maryland. (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) were the most egregious of the employees identified and were prosecuted for their actions.

On July 20, 2010, U.S. District Court Judge William M. Nickerson for the District of Maryland accepted the guilty plea of (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) plead guilty to one count of 18 U.S.C. 1001, False Statements, on her time sheets filed with the NSA. (b) (6), (b) (7)(C) claimed work hours on her time sheets even though she was not on the job working. (b) (6), (b) (7)(C) false statements caused \$81,859.00 in harm to the U.S. Government. On October 21, 2010, Judge Nickerson sentenced (b) (6), (b) (7)(C) to six months of home detention, three years of probation, and she was ordered to pay \$81,859 in restitution. Additionally, (b) (6), (b) (7)(C) was fined \$3,000 and a \$100 special assessment.

On May 6, 2011, U.S. District Court Judge William D. Quarles Jr. for the District of Maryland accepted the guilty plea of (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) plead guilty to one count of 18 U.S.C. 1001, False Statements, on her time sheets filed with Business Consulting Technologies LLC, a subcontractor who provided intelligence analyst services for the NSA. (b) (6), (b) (7)(C) claimed work hours on her time sheets even though she was not on the job working. (b) (6), (b) (7)(C) false statements caused \$108,780.00 in harm to the U.S. Government. On September 30, 2011, Quarles sentenced (b) (6), (b) (7)(C) to five years' probation with 10 months to be served in home detention with electronic monitoring, for making false statements in connection with the hours she worked on an NSA contract. Judge Quarles also entered an order requiring her to pay restitution of \$108,780.46.

On July 5, 2011, U.S. Magistrate Court Judge Susan Gauvey, District of Maryland, accepted the Plea of (b) (6), (b) (7)(C) on a one count information citing the violation of 18 U.S.C. 641 (Theft). (b) (6), (b) (7)(C) waived her right to a pre-sentence report and requested

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immediate sentencing in the matter. Judge Gauvey sentenced (b) (6), (b) (7)(C) to one year of probation and ordered her to pay \$18,962 in restitution and a special assessment fee of \$25. (b) (6), (b) (7)(C) was sentenced for committing theft of government funds through time card fraud, which was reflected on her time sheets filed with the NSA. (b) (6), (b) (7)(C) claimed work hours on her time sheets even though she was not on the job working.

On October 2, 2012, (b) (6), (b) (7)(C) met with Assistant United States Attorney Mark Crooks who stated it was the decision of the USAO not to prosecute any of the corporate entities for the isolated incidents carried out by their employees due to their cooperation with this investigation. The companies are Boeing, Booz Allen Hamilton, CACI International Inc., National Interest Security Company, Northrup Grumman, and SRA. Additionally, AUSA Crooks declined to prosecute the individuals who did not meet the minimum loss to the US Government threshold to justify prosecution and whose actions, while still illegal, were not of a particularly egregious nature. It was left to NSA to administratively handle action against these individuals: (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C).

With the imposition of judicial actions against (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) and the declination of all other subjects, all investigative effort is complete. This investigation is now closed. No civil action will occur. The Suspension and Debarment Official at NSA was provided the details of this investigation by the NSA OIG, however, none of the subjects have been suspended or debarred, to date. NSA OIG is responsible for the final Report of Investigation (ROI). The receipt of the NSA OIG ROI will be documented with a supplemental Form 1 and added to the official case file. Should further administrative action be taken by NSA, it will be documented in a supplemental Form 1.

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

Prepared by (b) (6), (b) (7)(C), Baltimore Resident Agency  
DISTR: NSA OIG (Gaskill)/60FO(ASAC)/03(MAFO DO)

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