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Description of document: Closing documents for eleven (11) separate Department of the Interior Office of Inspector General (OIG) investigations, 2008, 2010-2013

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OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

VIA EMAIL

September 10, 2014

Re: OIG-2014-00084

This is in response to your FOIA request dated May 21, 2014, which was received by the Office of Inspector General (OIG) on May 27, 2014. You request the following information under the Freedom of Information Act (FOIA), 5 U.S.C. § 552: the closing memo, final report, report of investigation, referral memo and referral letter as applicable for 11 separate investigations.

A search was conducted and enclosed are copies of the requested ROIs. There are 72 pages responsive to your request and all pages contain some information that is being withheld.

Deletions have been made of information that is exempt from release under the provisions of 5 U.S.C. §§ 552(b)(6) and (b)(7)(C). These sections exempt from disclosure are items that pertain to: (1) personnel and other similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy and (2) records of information compiled for law enforcement purposes, but only to the extent that the production of such law enforcement records or information could reasonably be expected to constitute an unwarranted invasion of personal privacy. Exemptions (b)(6) and (b)(7)(C) were used to protect the personal privacy interests of witnesses, interviewees, middle and low ranking federal employees and investigators, and other individuals named in the investigatory file.

If you disagree with this response, you may appeal this response to the Department's FOIA/Privacy Act Appeals Officer. If you choose to appeal, the FOIA/Privacy Act Appeals Officer must receive your FOIA appeal **no later than 30 workdays** from the date of this letter if Appeals arriving or delivered after 5 p.m. Eastern Time, Monday through Friday, will be deemed received on the next workday.

Your appeal must be made in writing. You may submit your appeal and accompanying materials to the FOIA/Privacy Act Appeals Officer by mail, courier service, fax, or email. All communications concerning your appeal should be clearly marked with the words: "FREEDOM OF INFORMATION APPEAL." You must include an explanation of why you believe the OIG's response is in error. You must also include with your appeal copies of all correspondence between you and the OIG concerning your FOIA request, including your original FOIA request

and the OIG's response. Failure to include with your appeal all correspondence between you and the OIG will result in the Department's rejection of your appeal, unless the FOIA/Privacy Act Appeals Officer determines (in the FOIA/Privacy Act Appeals Officer's sole discretion) that good cause exists to accept the defective appeal.

Please include your name and daytime telephone number (or the name and telephone number of an appropriate contact), email address and fax number (if available) in case the FOIA/Privacy Act Appeals Officer needs additional information or clarification of your appeal. The DOI FOIA/Privacy Act Appeals Office Contact Information is the following:

Department of the Interior
Office of the Solicitor
1849 C Street, N.W.
MS-6556 MIB
Washington, DC 20240
Attn: FOIA/Privacy Act Appeals Office

Telephone: (202) 208-5339
Fax: (202) 208-6677
Email: FOIA.Appeals@sol.doi.gov

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of FOIA. *See* [5 U.S.C. 552\(c\)](#). This response is limited to those records that are subject to the requirements of 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.

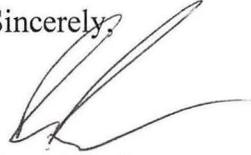
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Telephone: 202-741-5770
Facsimile: 202-741-5769
Toll-free: 1-877-684-6448

Please note that using OGIS services does not affect the timing of filing an appeal with the Department's FOIA & Privacy Act Appeals Officer.

However, should you need to contact me, my telephone number is 202-208-6742 and the email is foia@doioig.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ryan Mock', with a long horizontal flourish extending to the right.

Ryan Mock
Law Clerk

Enclosure



**OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR**

REPORT OF INVESTIGATION

| | |
|--|--------------------------------------|
| Case Title [REDACTED] | Case Number [REDACTED] |
| Reporting Office Sacramento CA | Report Date 16 March, 2012 |
| Report Subject Closing Report of Investigation | |

SYNOPSIS

We began our investigation on June 23, 2011, after the office of U.S. Senator Dianne Feinstein forwarded an email that contained information suggesting that [REDACTED], a National Park Service (NPS) Ecologist, may have inappropriately assisted the environmental advocacy group, Save Our Seashores, to draft a document that detailed a strategy opposing continued fishing operations by Drake's Bay Oyster Company, Inverness, CA.

Our investigation focused on the contents of the email [REDACTED] received and whether he wrongfully disclosed proprietary Government information or information of a confidential nature to Save Our Seashores.

We found that the email [REDACTED] received did not disclose information beyond references to publications he produced as a part of his duties as an ecologist with NPS. The information in the email did not indicate that [REDACTED] assisted Save Our Seashores in the drafting of documents that opposed continued fishing operations by Drake's Bay Oyster Company. Moreover, a review of [REDACTED] official NPS email account found no additional communication with Save Our Seashores or other environmental advocacy groups.

This investigation is complete and no further action is required. The results of this investigation will be provided to the office of Senator Feinstein and to NPS.

DETAILS OF INVESTIGATION

On June 23 2011, we received an email from a constituent of U.S. Senator Dianne Feinstein, which revealed communications between [REDACTED] Save Our Seashores, and the Marine Mammal Commission.

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| Reporting Official/Title [REDACTED] / Special Agent | Signature |
| Approving Official/Title [REDACTED] / Special Agent in Charge | Signature |

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Case Number: [REDACTED]

An initial review of the email suggests that [REDACTED] may have assisted Save Our Seashores draft and edit a document detailing a strategy to oppose the impact of [REDACTED] ([REDACTED] of Drake's Bay Oyster Company) fishing methods on the harbor seals prevalent in Drakes Estero.

The email, dated June 15, 2011, was titled "Harvest Email" (**Attachment 1**) and included a PDF attachment titled "11-06-SOS to MMC Corrected" (**Attachment 2**). The email and PDF were circulated among environmental groups working together to oppose continued fishing operations by Drake's Bay Oyster Company, a local seafood company in the Drakes Estero area. The correspondence allegedly presents a strategy to oppose the company's operations by showing the environmental impact current and past fishing operations had on Drakes Estero's harbor seals.

The email was originally sent by [REDACTED], [REDACTED] of Save Our Seashores, to [REDACTED], [REDACTED] of the Marine Mammal Commission, and to several CC recipients. One of these recipients was [REDACTED] an NPS employee, who received it via his personal email account. We opened the investigation to determine if [REDACTED] contact with Save Our Seashores was inappropriate, because it appeared from the email that [REDACTED] assisted the environmental group in its cause against Drake's Bay Oyster Company. One of the other recipients of [REDACTED] email was [REDACTED] (No Further Information), who unintentionally received the email and in turn forwarded it to his girlfriend [REDACTED] (No Further Information); [REDACTED] forwarded the email to [REDACTED], [REDACTED] of Drake's Bay Oyster Company. [REDACTED] subsequently forwarded the information to Senator Feinstein's office for review and action.

Our review of the email and PDF attachment from [REDACTED] revealed that [REDACTED] received the email on June 14, 2011, at 1:58 pm. The email addressed how decreased seal counts in Drakes Estero were related to Drake's Bay Oyster Company's fishing methods. [REDACTED] email referenced a scientific study authored by [REDACTED] which the email referred to as "[REDACTED] et al, 2011" or "[REDACTED] 11," addressing oyster harvesting and its effect on seal counts; the study was subsequently used by NPS to manage Drakes Estero and regulate fishing practices.

The "[REDACTED] 11" references in [REDACTED] email to [REDACTED] appear to be the only correlation between the environmental groups and [REDACTED]. The email makes no reference to input or data provided by [REDACTED] nor does it implicate [REDACTED] as drafting or editing any documents for the environmental group. [REDACTED] report was referred to as being "the best science that NPS has to guide its management of the Estero." The study appeared to be referenced based on its relevance, timeliness, and the lack of other similar scientific studies on Drakes Estero.

We also reviewed the PDF attachment and found a document addressed to "[REDACTED] from [REDACTED]" which referred to historical scientific studies from 1991 and 1992 regarding oyster harvesting methods and oyster bars' close proximity to seal haul-outs. The PDF contained no reference to [REDACTED] or to subsequent studies by [REDACTED]. A review of the properties of the PDF revealed the document was authored by "[REDACTED]" created on "6/14/2011 12:31:46PM," and subsequently signed by [REDACTED]. The PDF format used by [REDACTED] does not allow future editing or corrections to be performed by the author or viewers.

A review of [REDACTED] Government email account revealed no evidence of wrongful disclosure or information; all observed correspondence fell within the scope of the NPS employee's routine duties. The review disclosed no communications between [REDACTED] and environmental advocacy group members beyond the normal scope of his duties with NPS, and there was no evidence that [REDACTED] assisted in the drafting of the PDF attached to the email opposing continued fishing operations.

SUBJECT

[REDACTED]
Ecologist-GS12

DISPOSITION

The results of this investigation will be provided to the office U.S. Senator Dianne Feinstein of California and NPS.

ATTACHMENTS

1. Email, prepared by [REDACTED], addressed to multiple recipients, dated 15 June 2011.
2. PDF document titled "11-06-SOStoMMC Corrected," (undated) signed by [REDACTED].



**OFFICE OF
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U.S. DEPARTMENT OF THE INTERIOR**

REPORT OF INVESTIGATION

| | |
|--|-------------------------------------|
| Case Title [REDACTED] | Case Number [REDACTED] |
| Reporting Office Sacramento, CA | Report Date April 2, 2012 |
| Report Subject Closing Report of Investigation | |

SYNOPSIS

It was alleged that U.S. Geological Survey (USGS), Western Fisheries Center (WFRC), Research Microbiologist, [REDACTED], misused his official position and affiliate status, which were established between USGS with state universities, to acquire federal research grants and subsequently conducted unauthorized research.

Additionally, [REDACTED] allegedly violated USGS's ethical and nepotism policies as well as 5 U.S.C. §3110(b) Employment of Relatives, by influencing the hiring of and supervising his spouse ([REDACTED]) as a paid volunteer on research grant programs for WFRC and its research affiliates University of Washington (UW) and Montana State University (MSU). [REDACTED] allegedly personally benefited from [REDACTED] employment and subsequently failed to report her income on his Office of General Ethics (OGE) Form 450, "Confidential Financial Disclosure Report", a violation of USGS policy and 18 U.S.C. §208, Acts Affecting a Personal Financial Interest.

[REDACTED] conduct/ research was internally audited by USGS, which revealed he submitted false documents to WFRC declaring he terminated his affiliate statuses with UW and MSU, as directed in a 2004 WFRC corrective action; the false submission was an alleged attempt to obstruct a federal audit (18 U.S.C. §1516).

Our investigation and information obtained by a private investigator contracted by USGS yielded there was evidence to support the claims [REDACTED] misused his position, circumvented WFRC's grant process, obstructed USGS's audit and violated USGS ethical policy by directly supervising his spouse. The information also clarified [REDACTED] was a UW faculty member and occasionally served as a paid volunteer for USGS on grant programs; however, [REDACTED] was never granted a position with USGS and therefore there was no violation of nepotism statutes. USGS declared [REDACTED] was never

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| Reporting Official/Title [REDACTED] / Special Agent | Signature |
| Approving Official/Title [REDACTED] Special Agent in Charge | Signature |

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notified of his obligation to declare [REDACTED] income; therefore he did not violate the OGE filing requirements. Based on a review of the contractor's inquiry, there was no evidence to support [REDACTED] influenced or negotiated in favor of hiring [REDACTED] as a paid USGS volunteer, nor was it deemed that his actions resulted in a personal financial gain.

This matter was reviewed by an Assistant U.S. Attorney, District of Washington, who decided not to pursue the matters based on the USGS administrative action and the lack of harm to a federal agency.

DETAILS OF INVESTIGATION

[REDACTED], Employee Relations, USGS, forwarded a complaint and supporting documents to the Department of Interior (DOI), Office of Inspector General (OIG), that [REDACTED] allegedly misused his official and affiliate positions in conjunction with UW and MSU between 2004 and 2010 to conduct unauthorized research. [REDACTED] was subsequently interviewed (**Attachment 1**) and explained that [REDACTED] misconduct began in 2004 and was discovered after the Center Director for the WFRC, Division of Biological Resources, Seattle, WA, conducted a project administrative review (**Attachment 2**) of [REDACTED] research, which revealed misconduct revolving around grant applications on behalf of UW and MSU. In addition to the grant misconduct, allegations of nepotism, misuse of USGS resources and failure to report the financial gain of a family member working for [REDACTED] on WFRC grant programs surfaced. [REDACTED] explained the 2004 findings of misconduct were addressed to [REDACTED] by the Center Director via an unofficial counseling, which directed him to terminate affiliate statuses with all universities, terminate his spouse ([REDACTED] as a paid volunteer and discontinue his research on unauthorized grant projects among other corrective actions; [REDACTED] provided a written response to these findings and declared he complied with all WFRC directives requiring him terminate his affiliate status and his spouse as a volunteer.

[REDACTED] said in the fall of 2010, WFRC management discovered two unapproved research grants on [REDACTED] Curriculum Vitae (**Attachment 3**) and other acts of misconduct similar to those identified during the 2004 administrative review, which led WFRC management to believe [REDACTED] failed to follow the correction actions set forth in 2004. [REDACTED] emphasized that these discoveries by WFRC management prompted an internal audit of [REDACTED] research and grants awarded to UW and MSU under his affiliate status. [REDACTED] related after a preliminary audit, USGS contracted [REDACTED] a private investigator, to inquire about [REDACTED] alleged misconduct, who upon completion of his inquiry provided USGS with an Administrative Inquiry Report (**Attachment 4**).

[REDACTED] indicated that between June 29 to September 6, 2011, [REDACTED] interviewed several witness at WFRC, UW and MSU staff, as well as reviewed volunteer budget sheets, research grants applications and grants programs that [REDACTED] oversaw on behalf of UW and MSU. [REDACTED] inquiry revealed [REDACTED] circumvented WFRC's grant review procedures, misused his affiliate statuses to conduct unauthorized research, failed to terminate his affiliate status in 2004 as directed by WFRC management and supervised [REDACTED] on the grant research programs he managed. [REDACTED] subsequently received in excess of \$31,000 for her contributions to research grant programs between February 2010 and March 2011. [REDACTED] said [REDACTED] allegedly failed to notify USGS or declare [REDACTED] income on the OGE Form 450; records indicate [REDACTED] terminated [REDACTED] in 2004, but later solicited approval for her to serve as a volunteer from the USGS Ethics Office, which was granted with the exception that he not supervise [REDACTED]

[REDACTED] related one issue that arose during both the 2004 and 2011 inquiries was how [REDACTED] used his affiliate status on applications for grants on behalf of UW and MSU. [REDACTED] explained during

Case Number: [REDACTED]

[REDACTED] inquiry, [REDACTED] made statements that federal agencies were ineligible from applying for the grants he applied for on behalf of UW and MSU, and according to his interpretation of the WFRC guidance, he was not required to follow USGS's grant procedures or review process. [REDACTED] said that [REDACTED] involvement and his man-hours logged against the research grants with UW and MSU were supposed to be limited and his involvement was required to align with his official USGS research/ mission. [REDACTED] explained UW allowed [REDACTED] to use his affiliate status to apply for the grants and subsequently allowed him to be the Principal Investigator; however, UW was ultimately responsible for managing their awarded grants and further explained that the role of Principal Investigator over the grant research should have been a UW staff member since that position supervises university staff and volunteers.

Regarding [REDACTED] failure to report [REDACTED] income as a paid volunteer, [REDACTED] related that neither WFRC Science Center directors nor USGS Regional Executives identified [REDACTED] as a mandatory financial filer. [REDACTED] advised that based on [REDACTED] grade and position, he should have been a mandatory financial filer, but USGS never identified nor notified him of his responsibility to file all sources of income annually on the OGE Form 450.

[REDACTED] explained that based on [REDACTED] inquiry and USGS's findings, [REDACTED] was served with an employment removal proposal (**Attachment 5**) on January 24, 2012, and was subsequently placed on administrative leave. [REDACTED] related [REDACTED] was given a deadline of February 21, 2012, to rebut the proposed removal. Before the conclusion of the investigation, [REDACTED] responded to USGS's removal package, and after deliberations between the USGS's legal division and [REDACTED] legal representative, a settlement was reached (**Attachment 6**). [REDACTED] agreed to resign from his current position effective May 19, 2012. [REDACTED] subsequently waived all future rights to file appeals, grievances, court action or any other proceedings challenging his resignation.

SUBJECTS

[REDACTED]
Microbiologist, GS-14

[REDACTED]
Research Scientist

DISPOSITION

The aforementioned matters were reviewed by Assistant U.S. Attorney, [REDACTED] Western District of Washington, who decided not to pursue the matters at this time based on the finalized USGS administrative action and the lack of harm to a federal agency.

ATTACHMENTS

1. Investigative Activity Report dated January 31, 2012, Interview of [REDACTED]
2. WFRC's 2004 Program Administrative Review
3. [REDACTED] Curriculum Vitae
4. [REDACTED] Summary of Report
5. USGS Removal Letter to [REDACTED]
6. [REDACTED] Settlement/ Resignation Package



**OFFICE OF
INSPECTOR GENERAL**
U.S. DEPARTMENT OF THE INTERIOR

Memorandum

JUL 23 2010

To: Robert V. Abbey
Director, Bureau of Land Management

From: *for* John E. Dupuy [REDACTED]
Assistant Inspector General for Investigations

Subject: Environmental Systems Research Institute, Inc.
Case No. OI-CO-09-0724-I

The Office of Inspector General concluded an investigation requested by the Bureau of Land Management concerning [REDACTED] and [REDACTED] administration of an almost \$28 million procurement and development project involving the National Integrated Land System (NILS). The contract to develop NILS was initially awarded to Environmental Systems Research Institute, Inc. (ESRI) in 1999 and a follow on contract was awarded to ESRI in 2004. Cone, the NILS [REDACTED] and contracting officer's technical representative, and [REDACTED] the NILS contracting officer, managed the project, which has been ongoing for 10 years.

Our investigation revealed that [REDACTED] did not sufficiently review ESRI's employees' travel expense reports that contained excessive expenses, including a handling fee totaling approximately 55 percent under the NILS contract. [REDACTED] maintained that it was not her responsibility to review travel expense reports to determine if excessive expenses were claimed.

We did not identify any criminal violations or conflicts of interest associated with [REDACTED] or [REDACTED] administration of the NILS contract.

We are providing this report to you for whatever administrative action deemed appropriate. Please provide a written response with a completed Investigative Accountability Form (attached) within 90 days advising us of the results of your review and actions taken. Should you need additional information concerning this matter, please do not hesitate to contact me at (202) 208-6752.

Attachment



**OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR**

REPORT OF INVESTIGATION

| | |
|---|---------------------------------------|
| Case Title Environmental Systems Research Institute, Inc. (ESRI) | Case Number OI-CO-09-0724-I |
| Reporting Office Lakewood, CO | Report Date July 23, 2010 |
| Report Subject Report of Investigation | |

SYNOPSIS

In September 2009, the OIG initiated an investigation requested by the Bureau of Land Management (BLM) concerning [REDACTED] and [REDACTED] administration of an almost \$28 million procurement and development project involving the National Integrated Land System (NILS). The contract to develop NILS was initially awarded to Environmental Systems Research Institute, Inc. (ESRI) in 1999 and a follow on contract was awarded to ESRI in 2004. [REDACTED] the NILS [REDACTED] [REDACTED] and contracting officer's technical representative, and [REDACTED] the NILS contracting officer, managed the project, which has been ongoing for 10 years. According to at least four studies conducted by or contracted for BLM, the project failed to meet procedural, production, and operational requirements. As a result of these studies, BLM has proposed that the system be decommissioned and retired.

Our investigation revealed that [REDACTED] did not sufficiently review the ESRI employees' travel expense reports that contained excessive expenses, including a handling fee totaling approximately 55 percent under the NILS contract. We did not identify any criminal violations or conflicts of interest associated with [REDACTED] or [REDACTED] administration of the NILS contract. The OIG's Office of Audits, Inspections, and Evaluations is conducting additional reviews of ESRI's travel expenses, which will be addressed in a separate report.

BACKGROUND

The National Integrated Land System (NILS) is a joint project of BLM and the U.S. Forest Service in partnership with states, counties, and private industry to provide business solutions for the management of surveys and documents (cadastral data) that create, mark, define, retrace, or reestablish

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| Reporting Official/Title [REDACTED]/Special Agent | Signature |
| Approving Official/Title [REDACTED]/Special Agent in Charge | Signature |

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the boundaries and subdivisions of the public lands of the United States in a geographic information system. A geographic information system captures, stores, analyzes, manages, and presents data that are linked to location. NILS was designed to provide a process to collect, maintain, and store parcel-based land and survey information that met the shared business needs of land title and land resource management.

Between January 2008 and July 2009, four reviews were conducted concerning the functionality and financial aspects of NILS. A report was prepared outlining the findings and recommendations for each review.

In September 2009, BLM placed [REDACTED] on administrative paid leave, restricted access to her office, and seized her laptop computer, BlackBerry, U.S. Department of the Interior identification, and office and pass keys. BLM subsequently provided copies of the four NILS project reviews to the OIG and requested an investigation concerning [REDACTED] and [REDACTED] administration of the NILS contract. Management removed [REDACTED] as the NILS contracting officer, and BLM's Supervisory Contract Specialist secured the NILS contract file and provided it to the OIG. [REDACTED] returned to duty on November 2, 2009, in a position unrelated to the NILS project.

In consideration of the reviews conducted, we focused on potential criminal conflicts of interest, bribes, and financial irregularities associated with the review, approval, and payment of invoices submitted by ESRI to BLM.

DETAILS OF INVESTIGATION

In September 2009, the OIG initiated an investigation concerning [REDACTED] and [REDACTED] administration of the NILS contract. We obtained and reviewed contract files, program files, Federal Financial System and Financial and Business Management System records, and analyzed [REDACTED] and [REDACTED] emails. [REDACTED] and [REDACTED] voluntarily participated in interviews, and [REDACTED] provided her personal financial records for review.

BLM provided copies of the NILS project reviews, as well as [REDACTED] responses to two of the reports, which were examined and evaluated by the OIG for findings indicative of potential criminal misconduct. We did not review the effectiveness or efficiency of the NILS Project but did refer issues concerning BLM's contracting procedures and irregularities associated with ESRI's invoiced travel expense reports to the OIG's Office of Audits, Inspections, and Evaluations.

I. Reviews of the NILS Project and [REDACTED] Responses

National Integrated Land System Project Review Final Report

This report was completed after a team of BLM, U.S. Forest Service, and U.S. Geological Survey employees reviewed the NILS project from January 29, 2008 to March 29, 2008 (**Attachment 1**). The review focused on the effectiveness and efficiency of NILS based upon perceived issues and concerns from the field. The team concluded that NILS needed significant and immediate revision and provided a list of recommendations.

We examined [REDACTED] response to the team's conclusions, which stated that the BLM National Applications Office did not believe that the review was based on documented facts, and that their

office's input was not solicited or included in the NILS Project Review (**Attachment 2**). The NILS Project Review and [REDACTED] response primarily addressed the operational aspects of NILS.

National Integrated Land System Management Review for the Bureau of Land Management

A second report, issued on January 13, 2009, was prepared by Kforce Government Solutions (Kforce) at the request of BLM's Office of the Chief Financial Officer (**Attachment 3**). Kforce was contracted to perform an independent management review of the acquisition and development and operation and maintenance costs of NILS. Kforce determined that while BLM received the system for which it contracted, NILS met only some business needs and mission requirements. Kforce recommended that BLM senior management review the internal controls and practices of the National Applications Office and its use of contracting, budgeting, accounting functions, and the Systems Development Life Cycle to ensure that internal controls are executed as intended and remain intact as effective checks and balances.

Kforce determined that procedural and operational conditions associated with the NILS project's internal controls and contracting functions were subject to the potential of being dominated or having the appearance of being largely driven by an individual, instead of by the needs of the user community. They also determined that BLM failed to use "separation of duties" as an internal control of the contracting and procurement process. Kforce reviewers said that inadequate separation of duties could foster an environment that could permit inappropriate collaboration with contractors and questionable acceptance and payment authorizations for contractor-driven deliverables.

In an April 24, 2009 memorandum, [REDACTED] stated that this was another review commissioned by BLM senior management that does not meet quality control review standards, contains factual inaccuracies, does not provide documentation to support findings and conclusions, and is based on personal interviews or perceptions (**Attachment 4**). [REDACTED] said that Kforce did not provide supporting artifacts of the conclusion that there is "inadequate execution of the intent of separation of duties."

National Integrated Land System Gap Analysis

BLM issued a third report on July 22, 2009, following the conclusion of testing efforts, which evaluated whether or not the NILS application complied with BLM's business requirements (**Attachment 5**). The Gap Analysis Team concluded that NILS was not ready for production and considering the volume and magnitude of the deficiencies identified in the analysis, the only alternative was to retire the system.

ESRI Contract Summary

[REDACTED], BLM Supervisory Contract Specialist, initiated a review of the ESRI contract in June 2009. This report was limited to a review of the ESRI contract file and associated documentation maintained in the contracting office (**Attachment 6**). [REDACTED] told us that the contract file lacked documentation concerning the contract's award to ESRI, government cost estimates, and legal review (**Attachment 7**). [REDACTED] said that she requested that the Office of the Solicitor conduct a file review in July 2009, and she later received an opinion from the Solicitor that all work under the contract should be stopped immediately and a full audit of the contract should be conducted (**Attachment 8**).

II. Reconstruction and Evaluation of the NILS Contract File

Our preliminary review of the contract file determined that [REDACTED] maintained many of the contract's supporting documents in the NILS project file but that [REDACTED] did not maintain these documents in the contract file. A review of the NILS contract file disclosed that three separate task orders were awarded to ESRI for NILS support:

- Task order #NBP990038 to ESRI against General Services Administration (GSA) Federal Supply Schedule Number GS35F5086H. The contract file reflected that between July 1999 and April 2004, ESRI submitted 60 invoices to BLM and the Federal Financial System documented 60 payments from the BLM finance office to ESRI totaling \$1,509,238.24 (**Attachment 9**).
- Task order #NBP990041 to ESRI against GSA Federal Supply Schedule Number GS35F5086H. The contract file reflected that between August 1999 and September 2004, ESRI submitted 60 invoices to BLM and Federal Financial System documented 60 payments from the BLM finance office to ESRI totaling \$7,679,336.78 (See Attachment 9).
- Task order #NBD040080 to ESRI under the terms of ESRI's GSA Smart Buy agreement. The contract file reflected that between June 2004 and September 2009, ESRI submitted 74 invoices to BLM, and the Federal Financial System and Financial and Business Management System documented 74 payments, totaling \$18,782,418.90, from the BLM finance office to ESRI that reconciled with the invoices submitted by ESRI (**Attachment 10**).

We analyzed the invoices submitted by ESRI, reviewed the certificates for contract payment that [REDACTED] and [REDACTED] approved, reconciled the ESRI invoices with payments made by the BLM finance office, and reconciled payments to their corresponding modifications and purchase requisitions (See Attachments 9 and 10). OIG investigators reviewed all three task orders but looked most in-depth at task order #NBD040080 (**Attachment 11**). We did not identify any misapplication of funds.

Further review of task order #NBD040080 identified several irregularities relating to the monthly invoices that ESRI submitted to BLM (See Attachment 10):

- ESRI invoices lacked adequate supporting documentation for individual hours charged by ESRI personnel against the NILS contract. ESRI's monthly invoice schedules identified position descriptions, number of hours invoiced by position, and hourly wages associated with each position. The number of hours invoiced by ESRI exceeded the number of hours an individual employee could accrue within a one month period, and ESRI did not provide supporting documentation that identified the number of employees submitting billable hours under a position description.

Agent's Note: [REDACTED] explained in her interviews that each of the BLM project managers was responsible for reviewing the number of billable hours invoiced by ESRI and confirming that the billed hours were equal to hours worked on the project. [REDACTED] received the BLM project manager's reviews and monthly status reports from ESRI prior to her approval of ESRI's invoices.

- Review of ESRI invoice #91118266 revealed that in May 2005, ESRI charged BLM \$2,380.87 for a trip to Cairo, Egypt, taken by ESRI [REDACTED] [REDACTED]. Documentation was not included with the invoice to justify the travel expense.

Agent's Note: [REDACTED] explained in her interviews that the BLM was requested to assist Egypt's government on a project to update and modernize their survey system. The Egyptian government asked the BLM and ESRI to demonstrate the software developed in conjunction with the NILS project and its applicability to Egypt's survey update. [REDACTED] determined that [REDACTED] could better discuss the aspects of the software's survey functionality and authorized [REDACTED] travel to the conference

- The review also identified 16 occasions on which [REDACTED] rented vehicles in California before, after, or before and after travel associated with the NILS task order which was charged to BLM.

Agent's Note: This matter has been referred to the OIG's Office of Audits, Inspections, and Evaluations.

- Review of the travel expense reports submitted in support of ESRI's monthly invoices to BLM revealed that ESRI employees frequently charged full per diem during their entire period of travel, rather than ¾ per diem on the first and last day of travel.

Agent's Note: This matter has been referred to the OIG's Office of Audits, Inspections, and Evaluations.

- Review of ESRI's travel expense reports also identified that ESRI included a handling fee totaling approximately 55 percent on all travel expenses incurred by ESRI personnel under the NILS contract. Actual travel expenses identified between June 2004 and September 2009 totaled approximately \$173,000, while the travel handling fees exceeded \$94,000 for the same period of time.

Agent's Note: This matter has been referred to the OIG's Office of Audits, Inspections, and Evaluations.

III. [REDACTED]

[REDACTED] stated that she has been employed by BLM for over 36 years and became a BLM project manager in 1998 or 1999. She was assigned to a joint BLM/U.S. Forest Service project that eventually developed into NILS (**Attachment 12**). [REDACTED] told us that she served as the NILS contracting officer's technical representative (COTR) and received certification and training as a project manager.

[REDACTED] provided a detailed explanation of the budget process and said that NILS had been subject to numerous independent verifications and validations. She told us that all of the NILS budgets were approved and entered into the exhibit 300s associated with the project. The exhibit 300s profile individual projects and contain the project's description, summarize spending for each project stage, and identify performance goals and objectives. [REDACTED] stated that the exhibit 300s were submitted to the Information Technology Investment Board and were approved every year and updated on a quarterly basis.

[REDACTED] stated that within the ESRI contract structure there was a work breakdown structure used to divide funding and task orders based on individual tasks. [REDACTED] confirmed that she was responsible for reviewing the deliverables from ESRI, which were identified in monthly status reports and

subsequently entered into the NILS project library. [REDACTED] confirmed that she received and reviewed billable hours claimed on ESRI's invoices. She explained that ESRI sent the invoices to the contracting officer ([REDACTED]) who then forwarded the invoices to [REDACTED] for review. [REDACTED] stated that her staff reviewed the deliverables for technical adequacy, and she further explained that each of the BLM project managers of ESRI's projects was responsible for reviewing the number of billable hours invoiced by ESRI and confirming that the billed hours were equal to hours worked on the project. [REDACTED] received the project manager's reviews prior to her approval of an invoice. She told us that she signed the invoices and faxed them back to [REDACTED] for payment (Attachment 13). [REDACTED] stated that ESRI kept a master schedule and provided documentation of the deliverables. She identified [REDACTED] as ESRI's project manager and her main point of contact (See Attachment 12).

[REDACTED] stated that in addition to the project manager's reviews of the contract deliverables, she received monthly status reports from ESRI (See Attachment 13). [REDACTED] told us that all of the contractor's deliverables were entered into the contract library. She said that the number of personnel assigned to ESRI's projects and their billable hours were documented in the NILS project schedule and maintained in Microsoft Project.

[REDACTED] explained that following her review and approval, [REDACTED] received the invoice for review. [REDACTED] said that the majority of the ESRI invoices submitted during the NILS contract were processed through the Federal Financial System using paper documents. [REDACTED] confirmed that BLM transitioned to the Financial and Business Management System sometime in October 2008, which allows for electronic processing of invoices.

[REDACTED] explained that the responsibilities of the contracting officer and the COTR vary greatly. [REDACTED] stated that as the NILS COTR, she was not involved in financial negotiations of the contract. [REDACTED] the NILS contracting officer, was responsible for negotiating the terms and conditions of the contract and ensuring ESRI's compliance with those terms and conditions. [REDACTED] said that her responsibilities included tracking contract dollars, ensuring the contractor was providing the required work product, and approving necessary contractor travel. She said that she was required to approve ESRI travel requests prior to personnel engaging in contract-related travel. [REDACTED] confirmed that ESRI's travel expense reports were submitted with ESRI's monthly invoices. She said that the policies governing ESRI's authorized travel reimbursement rates would have been addressed in the GSA schedule or in the NILS task orders.

[REDACTED] stated that it was not her responsibility to review travel expense reports. She said that it was her responsibility to determine if travel was necessary for contractors and to authorize approved travel. [REDACTED] stated that evaluating ESRI's adherence to travel regulations would have been the contracting officer's responsibility.

[REDACTED] said that she assumed that [REDACTED] reviewed the invoices to ensure the contractor's travel was in compliance with the terms of the contract and added that she was unaware of contractual terms governing ESRI's travel. [REDACTED] stated that she was unaware that ESRI charged a 55 percent handling fee for travel incurred by their employees under the NILS contract and advised that if she had noticed the excessive handling fee that ESRI charged, she would have asked [REDACTED] if the rate complied with the contract. [REDACTED] stated that she was unaware of the administrative rate that NILS contractors charged to the contract, nor did she know an appropriate percentage for a handling fee. [REDACTED] said that she did not have any conversations with [REDACTED] or anyone at ESRI concerning ESRI's travel handling fee.

When asked about a \$2,380.87 trip to Cairo, Egypt, taken by ESRI [REDACTED] [REDACTED] that ESRI charged to BLM, [REDACTED] explained that BLM was asked to assist Egypt's government on a project to update and modernize their survey system. [REDACTED] stated that her supervisor, [REDACTED], traveled to Egypt with several BLM surveyors prior to the international geographic information system conference held in Cairo, Egypt.

[REDACTED] said that BLM and ESRI were asked to demonstrate the software developed in conjunction with the NILS project and its applicability to Egypt's survey update. [REDACTED] stated that she was invited to deliver the presentation, but she determined that [REDACTED] could better discuss the aspects of the software's survey functionality. [REDACTED] recalled that the expense associated with the trip was divided between BLM and ESRI, and [REDACTED] was aware that BLM authorized [REDACTED] travel to the conference.

[REDACTED] confirmed that she receives annual ethics training and is required to complete Office of Government Ethics Standard Form 450, which identifies her personal investment and financial interests (See Attachment 12). [REDACTED] stated that she has never accepted anything of value from contractors providing services associated with the NILS contract. [REDACTED] stated that ESRI never paid for any of her expenses related to attendance at ESRI's annual user's conference. [REDACTED] stated that she delivered a presentation in October 2008 that was paid for by a private company, but she received approval from the BLM ethics office prior to accepting travel expenses from the company.

A review of [REDACTED] ethics file identified an October 21, 2008 *Report of Payments Accepted from Non-Federal Sources* that [REDACTED] had filed. The report confirmed that [REDACTED] received approval from BLM ethics officials prior to accepting travel expenses totaling \$1,384.33 from the 1105 Government Information Group (**Attachment 14**).

[REDACTED] stated that she has neither worked for ESRI nor pursued outside employment or post-government employment opportunities with ESRI (See Attachment 12). [REDACTED] told us that she has no ownership interest in ESRI. She said that she has no knowledge of any false claims submitted by ESRI, and she has never received kickbacks from ESRI.

[REDACTED] stated that she did not do anything wrong while serving as the NILS project manager and would cooperate completely with the OIG during the investigation. [REDACTED] provided the passwords to her seized electronic devices and volunteered to provide her personal financial records to the OIG for investigative review. [REDACTED], [REDACTED] attorney, subsequently provided digital copies of bank statements for five bank accounts on which [REDACTED] was a signatory. A review of the bank statements identified 14 financial transactions which required additional analysis (**Attachment 15**).

In her second interview, [REDACTED] voluntarily provided copies of the supporting deposit tickets and items relating to the 14 questioned financial transactions identified during review of her personal bank statements (See Attachment 13). We did not identify any transactions that reflected [REDACTED] receipt of any payments, gratuities, or kickbacks from ESRI or any other contractor.

Agent's Note: [REDACTED] stated in her initial interview that she had been falsely accused of improprieties by BLM officials in the past. Review of her personal financial records supported [REDACTED] assertions that she had not accepted any gratuities from BLM contractors.

We asked [REDACTED] to explain her involvement in a group within her office known as the "Care Bears" and

she told us that the Care Bear group was created to foster team building between BLM and contract employees. [REDACTED] stated that the group collected a \$5 fee from employees to purchase refreshments for monthly meetings and office events. [REDACTED] explained that she collected donations from employees on a few occasions, but she turned the money over to the committee that handled the finances. [REDACTED] stated that she was aware that NexGen, a support services contractor on the NILS contract, made a donation to the Care Bear group on behalf of their employees, but she said that she neither solicited NexGen for the donation, nor was she involved in the financial aspects of the transaction.

IV. [REDACTED]

[REDACTED] told OIG investigators that he has been a Federal contracting officer for 24 years, 16 of which were with BLM (Attachment 16). [REDACTED] currently works in BLM's Supply Services and information technology contracting branch. [REDACTED] stated that he has a Professional Contracts Manager certification, and maintains a Level 3, Unlimited Warrant.

[REDACTED] stated that he became the ESRI contracting officer in 2002 when he took over for [REDACTED]. [REDACTED] stated that in 2004, he did a follow-on single source award to ESRI against their GSA schedule for a term of 5 years. [REDACTED] confirmed that [REDACTED] served as the NILS project manager and COTR. [REDACTED] stated that [REDACTED] was the lead overseeing the technical progress of the project. He said that [REDACTED] office maintained a contract document library and did a good job of tracking monies, getting purchase requests submitted, and keeping a contract file.

[REDACTED] told us that his primary contracting administrative duties involved delivery issues or performance issues associated with the NILS project. [REDACTED] explained that the NILS project was incrementally funded, so if the Statement of Work needed revision, he would contact the vendor for a quote and negotiate the cost of the change. [REDACTED] stated that a lot of his actions included adding funding to continue work under the contract. He said that he was involved with reviewing invoices, getting the appropriate approvals for payments, and facilitating payments to the vendor.

[REDACTED] stated that the ESRI follow-on contract did not need to be advertised because it was off the GSA schedule. He said that [REDACTED] prepared the ESRI contract's Statement of Work and purchase request. [REDACTED] told us that the ESRI contract was not a sole-source determination but a single source from the GSA schedule. [REDACTED] stated that there should have been a legal review from the Solicitor's Office because of the requirement that any acquisition over \$5000 is subject to legal review. He said that a legal cover sheet approving the contract for legal sufficiency or an approval with recommendations should have been included in the contract file. [REDACTED] told us that the GSA schedule and Statement of Work specified the contract with ESRI as a Time and Materials contract.

Agent's Note: Review of the NILS contract file did find any evidence that a legal review of the contract had been conducted prior to [REDACTED] referral to the Office of the Solicitor in July 2009.

[REDACTED] stated that the program office prepared the task orders and that the contracting officer was responsible for determining if a task order was within the scope of the initial project. [REDACTED] could not recall if there were any specific problems involving the scope of the task orders nor could he recall if the Solicitor's Office conducted a legal review.

[REDACTED] told us that it was [REDACTED] responsibility to ensure that BLM received quality deliverables from ESRI. He added that the contracting officer does not assume responsibility for accepting the

technical deliverables. [REDACTED] further added that in a Time and Materials contract, the COTR reviews the hours and received deliverables required and determines if they were commensurate. [REDACTED] stated that [REDACTED] stored the deliverables in her document library but not in his contract file. He said that he did not observe any inappropriate actions regarding the administration of the NILS contract. [REDACTED] opined that [REDACTED] fulfilled her duties as the contracting officer's representative during the administration of the contract and he never witnessed any inappropriate behavior.

[REDACTED] stated that he received ethics training annually and was required to submit an Office of Government Ethics Standard Form 450. [REDACTED] stated that he never received anything of value from ESRI or any other contractor and had no knowledge of [REDACTED] receiving anything of value from a contractor. [REDACTED] told us that he never attended any conferences sponsored by ESRI. He said that he did not have a financial interest in any of the contractors conducting business with BLM.

During his second interview, [REDACTED] reiterated that he was the contracting officer on the 2004 NILS follow-on contract between BLM and ESRI, which was a delivery order issued against ESRI's GSA Schedule (**Attachment 17**). [REDACTED] could not specifically recall discussing the rate invoiced by ESRI for administrative fees associated with ESRI's travel required under a Government contract. [REDACTED] characterized the administrative fees as reimbursable and a cost of doing business, but he added that if he were aware of a contractor who added profit in their handling fee, he would disallow the profit.

[REDACTED] stated that the ESRI contract operated under fixed labor rates determined by their GSA Schedule. [REDACTED] added that ESRI's travel is considered an other direct cost and that their administrative fee, or handling fee, would be considered an indirect cost. [REDACTED] explained that other direct costs and indirect costs were not included in ESRI's GSA Schedule hourly rate determination and added that ESRI would be entitled to a reasonable handling fee for the administrative expense associated with travel. He further explained that the handling fee could also include "the cost of money," which is the expense incurred by a contractor when the contractor's funds are obligated for travel until the contractor receives reimbursement from the Government.

[REDACTED] could not recall the indirect cost rate that ESRI received and identified 10 percent or lower as a reasonable percentage for ESRI's travel handling rate. He said that if an administrative expense rate was not identified in ESRI's GSA Schedule and travel was required under the NILS Statement of Work, ESRI should have submitted their administrative rate in their cost proposal. [REDACTED] did not know if the administrative rate was included in ESRI's cost proposal or if the rate was included in the 2004 NILS task order.

[REDACTED] stated that one of his responsibilities as a contracting officer was to review ESRI's invoices and ensure that the expenses, including travel vouchers, were reasonable. [REDACTED] said that ESRI's GSA Schedule required them to comply with the Federal travel regulations, and he recalled spot checking the expenses submitted on travel vouchers. [REDACTED] confirmed that he received and reviewed the original invoices and their supporting documentation, which included travel vouchers. [REDACTED] said that although he reviewed the travel vouchers, he "missed" the handling fee calculation and had no idea that ESRI was charging excessive travel handling fees under the NILS contract. [REDACTED] agreed that ESRI charged an excessive handling fee percentage and said that he would have negotiated a lower rate and modified the contract if he had noticed the rate that ESRI charged.

[REDACTED] stated that he did not have any conversations with ESRI concerning their handling fee percentage and was not provided with any justification for the rate. [REDACTED] did not recall having any

conversations with [REDACTED] about ESRI's handling fee.

V. Review of [REDACTED] and [REDACTED] Email

We reviewed messages to and from [REDACTED] Government email address for the period beginning October 2003 through October 2009 and messages to and from [REDACTED] Government email address for the period beginning May 2003 through October 2009. The review focused on messages pertaining to administration of the NILS contract and correspondence between [REDACTED] [REDACTED] and ESRI concerning the NILS contract (**Attachments 18 and 19**).

The review specifically sought emails relating to the excessive handling fees that ESRI charged to BLM. We did not identify any emails related to ESRI's handling fees prior to or during the term of the 2004 NILS follow-on contract between ESRI and BLM, nor did we identify any emails that reflected inappropriate actions taken by [REDACTED] or [REDACTED].

VI. [REDACTED]

[REDACTED] former BLM contracting specialist, discussed the problems he encountered during his administration of the NILS contract and his perceptions concerning the general administration of contracts within BLM (**Attachment 20**).

[REDACTED] stated that he assumed the administration of the NILS contract on December 10, 2009, and determined the contract was scheduled to expire on December 31, 2009. [REDACTED] recalled BLM's Information Resource Management Division (IRM) provided a requirements package and a limited source justification to facilitate the extension of ESRI's contract, which [REDACTED] found to be invalid under the terms of Part 8 of the Federal Acquisition Regulations. [REDACTED] explained that the previous contract with ESRI was sole-sourced, which prohibited an additional follow-on contract to ESRI. [REDACTED] sent the justification back to IRM and advised that the justification needed to explain why ESRI was the only firm able to provide the services required by BLM. [REDACTED] stated that IRM resubmitted a sole-source justification based on ESRI's proprietary ownership of the software used by BLM. [REDACTED] subsequently received a Statement of Work and a Purchase Request which enabled him to prepare ESRI's sole-source solicitation.

[REDACTED] experienced other issues throughout his tenure on the NILS contract, including excessive cost proposals from ESRI. IRM also missed deadlines to submit Statements of Work regarding bridge contracts, which resulted in two additional 30-day contract extensions.

[REDACTED] stated that he worked for BLM for only 9 months prior to accepting a contracting specialist position with the U.S. Fish & Wildlife Service. He said that he left BLM because of the manner in which the BLM Contracting Division conducted business. Prior to leaving BLM, [REDACTED] sent an email to his supervisors, [REDACTED] and [REDACTED], addressing 14 of his observations concerning deficiencies within the Contracting Division (**Attachment 21**). [REDACTED] indicated that most, if not all, of the compelling and pressing issues within the Contracting Division could be avoided by explaining the procurement process to their customers and requiring their customers to submit timely, complete, and properly developed packages.

[REDACTED] stated that [REDACTED] lack of diligence and the 14 issues identified in his email contributed substantially to the BLM's poor administration of the NILS project.

Agent's Note: These matters were documented with the OIG's Office of Audits, Inspections, and Evaluations for consideration during their examination.

SUBJECT(S)

Environmental Systems Research Institute, Inc. (ESRI)
380 New York Street
Redlands, CA 92373
(909) 793-2853

[REDACTED]
GS-15, BLM Project Manager

[REDACTED]
GS-13, BLM Contract Specialist

DISPOSITION

This investigation is being forwarded to the Director of the Bureau of Land Management for any action deemed appropriate.

The OIG's Office of Audits, Inspections, and Evaluations is conducting additional review of [REDACTED] compliance with the provisions of FAR and ESRI's travel expenses.

ATTACHMENTS

1. BLM's National Integrated Land System Project Review Final Report.
2. [REDACTED] August 25, 2008 response to the National Integrated Land System Project Review Final Report.
3. Kforce Government Solution's National Integrated Land System Management Review dated January 13, 2009.
4. [REDACTED] April 24, 2009 response to the Kforce National Integrated Land System Management Review.
5. National Integrated Land System GAP Analysis dated July 22, 2009.
6. ESRI Contract Summary prepared by [REDACTED].
7. IAR-Interview of [REDACTED] dated October 15, 2009.
8. [REDACTED] transmittal dated July 6, 2009, to the Office of the Solicitor and the Office of the Solicitor's July 27, 2009 email response.
9. IAR-Review of ESRI Invoices and BLM Funding Documents for Contracts #NBP990038 and #NBP990041 dated February 16, 2010.
10. IAR-Review of ESRI Invoices and BLM Funding Documents for Task Order #NBD040080

dated March 18, 2010.

11. Task Order #NBD040080 Summary Schedule.
12. IAR-Interview of [REDACTED] dated November 16, 2009.
13. IAR-Second Interview of [REDACTED] dated March 30, 2010.
14. IAR- Review of [REDACTED] Ethics File dated May 17, 2010.
15. IAR-Document Review of [REDACTED] Financial Records dated December 28, 2009.
16. IAR- Interview of [REDACTED] dated November 30, 2009.
17. IAR- Interview of [REDACTED] regarding NILS Contract Travel Expense dated January 11, 2010.
18. IAR-Document Review-[REDACTED] Zantaz Search dated April 9, 2010.
19. IAR- Document Review-[REDACTED] Zantaz Search dated February 1, 2010.
20. IAR-Meeting with [REDACTED] dated March 23, 2010.
21. Email from [REDACTED] to [REDACTED] dated February 26, 2010.



**OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR**

REPORT OF INVESTIGATION

| | |
|--|---|
| Case Title [REDACTED] | Case Number [REDACTED] |
| Reporting Office Albuquerque, NM | Report Date September 7, 2010 |
| Report Subject Final Report of Investigation | |

SYNOPSIS

This investigation was initiated in March 2010, after the Office of Inspector General (OIG) received information that [REDACTED], Supervisory Trust Reform Officer for Re-engineering, Trust Accountability, Office of the Special Trustee for American Indians (OST), fraudulently used his government charge card to lease vehicles from Enterprise Rental Car (Enterprise) for personal use.

During our investigation, we conducted interviews of OST and Enterprise personnel and reviewed charge card, Enterprise, and agency records. Our investigation found that between July 2009 and March 2010, [REDACTED] knowingly and willfully made \$7,900 in unauthorized charges on his government charge card. We determined that he fraudulently charged for rental cars in Albuquerque, NM and Minneapolis, MN; a traffic ticket, and airport parking in Albuquerque.

We learned that when [REDACTED] was initially confronted by agency officials, he falsely told them he had used his government charge card to hold a personal rental car reservation at Enterprise and that Enterprise had erroneously charged the cost to his government card. In support of this lie, [REDACTED] later provided three altered Enterprise receipts to OST officials falsely showing that rental car charges had been credited to his government card. After agency officials contacted Enterprise to verify [REDACTED] claims, he reluctantly admitted to agency officials that the rental charges had not been reversed and that he had altered the receipts. Agency officials subsequently revoked [REDACTED] government issued charge card and initiated disciplinary action to terminate his OST employment. However, prior to effective date of his termination, [REDACTED] voluntarily resigned stating "personal reasons." The agency subsequently had the fraudulent charges individually billed to [REDACTED], which he paid in July 2010.

This matter was presented to the U.S. Attorney's Office (USAO) for the District of New Mexico for prosecutorial consideration. The USAO has requested a Report of Investigation. Case remains pending.

| | |
|--|------------------|
| Reporting Official/Title [REDACTED] / Resident Agent-In-Charge | Signature |
| Approving Official/Title [REDACTED] / Special Agent-In-Charge | Signature |

Authentication Number: E48E394865B8748532ACA3F358114690

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BACKGROUND

Relevant Criminal Violations

The following United States Codes (U.S.C.) were determined to be relevant to this investigation:

- 18 U.S.C. § 1001 – False statements
- 18 U.S.C. § 641 – Embezzlement and theft of public money, property or records
- 18 U.S.C. § 1343 – Fraud by wire, radio or television
- 18 U.S.C. § 1029 – Fraud and related activity in connection with access devices
- 18 U.S.C. § 287 – False, fictitious or fraudulent claims

DETAILS OF INVESTIGATION

On January 7, 2010, the Office of Inspector General (OIG) received a complaint from the Office of Special Trustee for American Indians (OST) that [REDACTED], Supervisory Trust Reform Officer for Re-engineering, Trust Accountability, OST, had misused his government issued charge card (**Attachment 1**). On January 22, 2010, OIG referred the matter back to OST for appropriate action (**Attachment 2**). On March 10, 2010, OIG initiated an investigation after receiving additional information about the matter from [REDACTED], [REDACTED] – Trust Accountability, OST (**Attachment 3**).

Record Reviews

Review of JP Morgan Charge Card Activity – [REDACTED]

As part of this investigation, we conducted a review of the JP Morgan activity for the government charge card assigned to [REDACTED] (**Attachment 4**). The documents disclosed that [REDACTED] had both travel and procurement purchase authority. The review confirmed multiple rental car charges to Enterprise in Albuquerque, NM; a charge to Hertz in Minneapolis, MN; a traffic ticket; and an airport parking charge in Albuquerque. The chart below shows the charges, totaling \$7,980.34, which were centrally billed to the federal government:

| Amount | Transaction Date | Posting Date | Merchant Name | Merchant City | Transaction Description |
|------------|------------------|--------------|------------------------|---------------|-------------------------|
| \$407.23 | 3/4/2010 | 3/5/2010 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |
| \$783.79 | 2/23/2010 | 2/24/2010 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |
| \$10.00 | 1/27/2010 | 1/29/2010 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |
| \$1,328.66 | 1/26/2010 | 1/27/2010 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |
| \$706.35 | 12/3/2009 | 12/4/2009 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |
| \$706.35 | 12/3/2009 | 12/4/2009 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |
| \$706.35 | 12/3/2009 | 12/4/2009 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |
| \$240.93 | 10/14/2009 | 10/15/2009 | HERTZ RENT-A-CAR | MINNEAPOLIS | Hertz Rent-A-Car |
| \$301.00 | 8/27/2009 | 8/28/2009 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |
| \$500.00 | 8/24/2009 | 8/25/2009 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |
| \$4.00 | 8/24/2009 | 8/25/2009 | CITY OF ALB AVIATION P | ALBUQUERQUE | Automobile Parking Lots |
| \$500.00 | 8/11/2009 | 8/12/2009 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |

Case Number: [REDACTED]

| | | | | | |
|------------|-----------|----------|-----------------------|-------------|-----------------------|
| \$1,000.00 | 8/3/2009 | 8/4/2009 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |
| \$785.68 | 7/31/2009 | 8/3/2009 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |
| \$7,980.34 | | | | | |

Charge card activity, between August 2009 and January 2010, indicated that Enterprise issued two refunds totaling \$1,725.84. The following are details related to the refunds issued to the government charge card assigned to [REDACTED]

| Amount | Transaction Date | Posting Date | Merchant Name | Merchant City | Transaction Description |
|-------------|------------------|--------------|-----------------------|---------------|-------------------------|
| -\$600.00 | 1/27/2010 | 1/28/2010 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |
| -\$1,125.84 | 8/25/2009 | 8/26/2009 | ENTERPRISE RENT-A-CAR | ALBUQUERQUE | Enterprise Rent-A-Car |
| -\$1,725.84 | | | | | |

Upon speaking with Enterprise staff, we were provided additional information about the above refund amounts (**Attachment 5**). The first refund, in the amount of \$1,125.84, was due to a mistake made by Enterprise during the rental period. Specifically, Enterprise will typically secure a deposit of 120% of the total rental cost. Yet, in this instance, Enterprise mistakenly secured and charged the aforementioned amount, causing a refund. The second refund, in the amount of \$600.00, was the discount of renting the vehicle at the government rate, since it was portrayed by [REDACTED] as being for official government travel.

Review of OST Personnel Documents – [REDACTED]

During our investigation, we reviewed [REDACTED] Official Personnel Folder (OPF) and relevant personnel documents provided by OST (**Attachments 6, 7, 8, 9 and 10**). The documents revealed multiple disciplinary actions taken against [REDACTED] between 2006 and 2010, to include the following:

- On November 30, 2006, [REDACTED] received a reprimand for failure to pay the full balance on his government-issued charge card (See Attachment 7).
- On September 10, 2008, [REDACTED] received a Letter of Reprimand for failure to maintain account records; reconcile his account each month; verify charges; pay all undisputed individually billed items on time; and sign and date the last page of the account statement for his government issued travel charge card (See Attachment 8).
- On July 25, 2009, [REDACTED] was suspended for three days for “leave misuse, falsification of timesheet, and insubordination” (See Attachment 6).
- On October 30, 2009, [REDACTED] received a Leave Restriction Memorandum for his inability to comply with leave usage requirements (See Attachment 9).
- On March 1, 2010, [REDACTED] was detailed to “unclassified duties,” not to exceed June 28, 2010 (See Attachment 6). *Agent’s Note: OST officials advised that the detail was in response to the misuse of the government charge card by [REDACTED] and that [REDACTED] supervisory duties were revoked.*
- Also, the review disclosed that on March 31, 2008, [REDACTED] completed the required Government Cardholder training for ‘Travel/Purchase Business Lines’ (See Attachment 10).

Review of Accurant Data

During the investigation, Accurant data, related to [REDACTED] was obtained and reviewed (**Attachments 11 and 12**). The report disclosed several liens and judgments during 1995, 2002, 2006, 2008 and 2009;

totaling \$22,849. Additionally, several associated residences in the state of New Mexico and Minnesota were reported.

Interviews

We interviewed [REDACTED] [REDACTED] – Trust Accountability, OST, to ascertain the details of the alleged employee misconduct by [REDACTED] (See Attachment 3). In December 2009, [REDACTED] reported that she was notified by [REDACTED], [REDACTED] Office of Budget, Finance and Administration (BFNA), OST, of suspicious charges on [REDACTED] government charge card. Specifically, three months of Enterprise rental car charges were noted during [REDACTED] review (i.e. September, October, and November 2009) (Attachment 13). When confronted by [REDACTED] [REDACTED] initially claimed that he had used his government charge card to hold a personal rental car reservation and that Enterprise had erroneously charged his government charge card. [REDACTED] reportedly told [REDACTED] that he would have the charges reversed. On January 14, 2010, [REDACTED] sent a follow-up e-mail to [REDACTED] requesting the status of the supporting documentation related to the unauthorized charges (Attachment 14). Reportedly, on January 15, 2010 [REDACTED] provided [REDACTED] with three Enterprise receipts; each receipt had a remarks box on the bottom, which stated “Charges made in error on MasterCard number ending in 8179 were corrected and reversed on 01/14/2010” (Attachment 15).

In February 2010, [REDACTED] learned that the previous unauthorized charges had not been reversed and additional unauthorized expenses (e.g. rental car charges) had been placed on [REDACTED] charge card (See Attachment 3). On February 26, 2010, a meeting was held between [REDACTED], [REDACTED] [REDACTED] OST, [REDACTED] and [REDACTED] to discuss the charges. During the meeting, Enterprise was contacted and the receipts provided by [REDACTED] were faxed to Enterprise. After reviewing the faxed documents, Enterprise denied that the original receipts they had provided to [REDACTED] had the rectangular ‘remarks’ boxes at the bottom of the receipts, suggesting that the receipts had been altered. In order to reverse the charges, [REDACTED] provided his personal ATM debit card number over the phone during the conference call, which was declined. Upon further questioning, [REDACTED] admitted that he had provided falsified documents to OST by altering the receipts with the addition of the ‘remarks’ section reporting that the charges had been reversed. [REDACTED] subsequently revoked [REDACTED] government charge card; notified Enterprise that [REDACTED] lease of rental vehicles with his government charge card was not authorized, and advised that the agency would not pay for outstanding rental car charges.

During our interview of [REDACTED] she confirmed the details of the meeting held on February 26, 2010 (Attachment 16). Initially, [REDACTED] told [REDACTED] and [REDACTED] that he did not know that the rental car charges had not been reversed and charged to his personal card rather than his government issued charge card. When questioned further, he admitted to [REDACTED] and [REDACTED] that he knew the charges weren’t reversed; that the monies had not been taken from his personal account, and that the charges were still charged to his government charge card. [REDACTED] went onto tell [REDACTED] and [REDACTED] that he was having financial and marital problems and supporting his brother who had been in a serious car accident. [REDACTED] specifically asked [REDACTED] how much he had inappropriately charged on his government charge card, which he replied around \$2,000.

During our investigation, we interviewed multiple Enterprise officials about [REDACTED] car rentals (Attachments 17, 18, 19 and 20). Enterprise officials confirmed [REDACTED] lease of vehicles in Albuquerque between June 2009 and March 2010. On February 27, 2010, after numerous attempts to reach [REDACTED] for non-payment, Enterprise officials attempted to retrieve their vehicle from [REDACTED] address in Albuquerque (See Attachment 18). However, [REDACTED] self-reported home address proved to

Case Number: [REDACTED]

be fictitious. On March 1, 2010, after [REDACTED] refusal to return the rental vehicle, Enterprise [REDACTED] [REDACTED] repossessed the vehicle from OST's parking lot in Albuquerque, NM (See Attachment 19). During the repossession, [REDACTED] told [REDACTED] that he would pay Enterprise \$2,000 the following week; however, [REDACTED] never paid Enterprise and had no further contact with them.

During a follow-up interview with [REDACTED] she disclosed that [REDACTED] had admitted to her that he suffered from alcoholism; financial problems due to supporting his injured brother, and marital problems (Attachment 21). [REDACTED] also advised that on April 26, 2010, she provided him with written notice that she intended to terminate his OST employment (Attachment 22). [REDACTED] was provided 15 days to respond to the termination letter, unless an extension was granted from the agency's human resources (HR) department. Additionally, [REDACTED] provided a copy of a BFNA report summarizing the agency's review of [REDACTED] government assigned charge card (Attachments 23). [REDACTED] reported that JP Morgan intended to pursue collection action against [REDACTED] for his unauthorized charges. Additionally, [REDACTED] reported that the Internal Revenue Service was pursuing wage garnishment through OST's HR department.

On August 3, 2010, [REDACTED], Bureau of Oceans Energy Management (BOEM), advised that [REDACTED] voluntarily resigned from OST on May 26, 2010 for "personal reasons" (Attachment 24). [REDACTED] resignation was subsequently processed with a Notification of Personnel Action (SF-50), effective the same date (Attachment 25).

Agent's note: BOEM (formerly the Minerals Management Service) provides HR services to OST, under an interagency agreement, since OST does not have their own HR office.

We interviewed [REDACTED], [REDACTED] about [REDACTED] fraudulent use of a government issued charge card (Attachment 26). She confirmed that after discovering unusual activity on [REDACTED] card in February 2010, she reported it to [REDACTED] [REDACTED] card was subsequently suspended and revoked. In March 2010, [REDACTED] asked [REDACTED] to recoup the fraudulent charges by having the centrally billed charges individually charged to [REDACTED] Chase account. In June 2010, [REDACTED] received a bill from Chase for \$6,254.50 – the amount of his fraudulent charges. On July 6, 2010, [REDACTED] paid Chase the full amount. [REDACTED] advised that with [REDACTED] payment, there was no longer a loss to the government.

SUBJECT

Name: [REDACTED]
Position: Supervisory Trust Reform Officer- Re-engineering, Trust Accountability, Office of the Special Trustee for Indian Americans, Albuquerque, NM
Grade: GS-15, step 6
SSN: [REDACTED]
DOB: [REDACTED]
Address: [REDACTED]

DISPOSITION

On April 29, 2010, this matter was discussed with an Assistant U.S. Attorney for the District of New Mexico and a Report of Investigation was requested. This investigation remains pending a decision from the USAO.

ATTACHMENTS

- 1) Complaint dated January 7, 2010.
- 2) OIG Referral Memo to OST dated January 22, 2010.
- 3) IAR – Interview of [REDACTED], dated March 23, 2010.
- 4) Document Review- JP Morgan Charge Card Activity, [REDACTED], dated April 30, 2010.
- 5) IAR – Telephone Call with [REDACTED], dated May 7, 2010.
- 6) Document Review- Official Personnel Folder, [REDACTED], dated March 26, 2010.
- 7) Reprimand memorandum issued to [REDACTED], dated November 30, 2006.
- 8) Letter of Reprimand memorandum issued to [REDACTED], dated September 10, 2008.
- 9) Leave Restriction memorandum issued to [REDACTED], dated October 30, 2009.
- 10) Training Certification – Cardholder - Travel/Purchase Business Lines, dated March 31, 2008.
- 11) IAR – FPPS, Accurant and NCIC Results, dated March 30, 2010.
- 12) Accurant Comprehensive Report for [REDACTED].
- 13) E-mail from [REDACTED] to [REDACTED] and [REDACTED] dated December 29, 2009.
- 14) E-mail Correspondence between [REDACTED] and [REDACTED] dated January 14, 2010.
- 15) Enterprise Receipts submitted to the OST by [REDACTED].
- 16) IAR – Interview of [REDACTED], dated April 16, 2010.
- 17) IAR – Meeting with [REDACTED], dated April 16, 2010.
- 18) IAR – Meeting with [REDACTED], dated April 17, 2010.
- 19) IAR – Meeting with [REDACTED], dated April 18, 2010.
- 20) IAR – Meeting with [REDACTED] and [REDACTED], dated April 24, 2010.
- 21) IAR – Interview of [REDACTED] dated July 26, 2010.
- 22) Notice of Proposal to Remove from Federal Service, issued to [REDACTED], dated April 26, 2010.
- 23) Office of Budget, Finance and Administration – [REDACTED] - Charge Card Review, dated March 30, 2010.
- 24) Copy of letter of resignation from [REDACTED] to OST Chief of Staff [REDACTED], dated May 26, 2010.
- 25) Copy of Notification of Personnel Action, documenting [REDACTED] resignation, effective May 26, 2010.
- 26) IAR – Interview of [REDACTED], dated September 2, 2010.



**OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR**

November 30, 2011

To: Jonathan B. Jarvis, Director
National Park Service

Attention: [REDACTED] Human Resources Specialist
Branch of Labor and Employee Relations

From: [REDACTED]
Special Agent in charge

Subject: Referral – For Bureau Action as Deemed Appropriate
Response Required

Re: [REDACTED] Case File No. [REDACTED]

This office recently completed an investigation pertaining to allegations that National Park Service employee [REDACTED] allowed a pornographic picture to be shown to high school students prior to a power point presentation he gave at a symposium hosted by Encana Oil and Gas, Inc., in Denver on May 2, 2011.

In an interview, [REDACTED] confirmed to us that an inappropriate sexual photograph on his thumb drive was briefly and inadvertently displayed at the symposium for high school students. Further investigation revealed that [REDACTED] has used his NPS issued computer equipment to view adult pornographic images. During an interview with OIG special agents, [REDACTED] admitted to this activity, which was corroborated by a forensic search and analysis of his NPS computer equipment. The forensic review confirmed that a program called "CCleaner" had been installed on [REDACTED] NPS laptop. CCleaner is used to securely delete files and wipe all evidence of those files from a computer's hard drive. According to the forensic review, there were 281 pornographic images on [REDACTED] NPS desktop computer. [REDACTED] told OIG special agents that he would access adult pornographic images at home on the Internet, save them to his thumb drive and then view them using his government computer. Also during his interview, [REDACTED] admitted to periodically wiping the hard drive of his NPS computers.

We are providing this report to you for your review. Upon completion of your review, please provide a written response with a completed Accountability Form (attached) within 90 days of the date of this memorandum, to Office of Inspector General, Office of Investigations, Attn: [REDACTED] 1849 C Street N.W., MS 4428, Washington, D.C. 20240.

NOTE: We are excluding Attachment 4 to our report due to the sensitivity of the pornographic images contained on the CD. Should you need to examine the images as part of your decision-making with regard to possible adverse action, please contact Assistant Special

Unless otherwise noted all redactions are pursuant to B(6) and B(7)(c)

Agent in Charge [REDACTED] at [REDACTED] and he will provide the CD directly to the reviewing official with your office.

If you have any questions regarding this matter, please feel free to contact me at [REDACTED]
[REDACTED]

Attachments

1. ROI dated October 12, 2011, with attachments.
2. Accountability Form



**OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR**

REPORT OF INVESTIGATION

| | |
|--|--|
| Case Title [REDACTED] | Case Number [REDACTED] |
| Reporting Office Lakewood, CO | Report Date October 12, 2011 |
| Report Subject Report of Investigation | |

SYNOPSIS

We initiated this investigation in May 2011 based on a referral from the National Park Service (NPS) in Lakewood, CO. NPS informed our office that [REDACTED], an NPS chemist, had allegedly allowed a pornographic picture to be shown prior to a power point presentation he gave at a symposium hosted by Encana Oil and Gas, Inc., in Denver on May 2, 2011.

In an interview, [REDACTED] confirmed to us that an inappropriate sexual photograph on his thumb drive was briefly and inadvertently displayed at the symposium for high school students. He said the Encana employee coordinating the power point presentation accessed the picture, but [REDACTED] was unsure how or why.

Further investigation revealed that [REDACTED] has used his NPS issued computer equipment to view adult pornographic images. During an interview with OIG special agents, [REDACTED] admitted to this activity, which was corroborated by a forensic search and analysis of his NPS computer equipment. The forensic review confirmed that a program called "CCleaner" had been installed on [REDACTED] NPS laptop. CCleaner is used to securely delete files and wipe all evidence of those files from a computer's hard drive. According to the forensic review, there were 281 pornographic images on [REDACTED] NPS desktop computer. [REDACTED] told OIG special agents that he would access adult pornographic images at home on the Internet, save them to his thumb drive and then view them using his government computer. Also during his interview, [REDACTED] admitted to periodically wiping the hard drive of his NPS computers.

This investigation is being referred to the NPS for its review.

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| Reporting Official/Title [REDACTED]/Special Agent | Signature |
| Approving Official/Title [REDACTED]/Special Agent in Charge | Signature |

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DETAILS OF INVESTIGATION

Interview of [REDACTED]

In a June 10, 2011 interview with OIG special agents, [REDACTED] explained that on May 2, 2011, he was a presenter at the GO3 Symposium, hosted by Encana (**Attachments 1 and 2**). The purpose of the conference was to expose high school students to the field of ozone research. [REDACTED] was invited to present information during a breakout session about careers in atmospheric science. Prior to making his presentation, he provided his personal red thumb drive, which he believed contained the power point presentation, to an Encana employee who then inserted it into an Encana computer used for the presentation. [REDACTED] said he used this red thumb drive for both personal purposes and NPS business.

[REDACTED] recalled that an “inappropriate” image then appeared on the overhead screen. Specifically, it displayed “two people partially clothed; sort of an erect penis; and a woman bent over.” [REDACTED] said the individuals in the photograph were adults. He said he did not know how or why the Encana employee accessed this image. After quickly removing the picture from the overhead screen, [REDACTED] then continued with his planned presentation. He said that when he returned home that day, he wiped the data from his thumb drive.

Agents asked [REDACTED] if he ever saved pornographic images to his thumb drive at his home and then viewed the images on any of his NPS computer equipment. Initially, [REDACTED] denied doing so. Later in the interview, however, [REDACTED] changed his statement and admitted that he had in fact downloaded pornographic images to his thumb drive at home and then used his NPS computer to access those images.

[REDACTED] also said that he periodically wipes the hard drive on his NPS computer. *Agent’s Note: [REDACTED] did not specify on which of his NPS computers he used wiping software.* When initially asked why he would wipe his NPS equipment, [REDACTED] said, “Um, it’s just something I do along with defragging and taking stuff off, so that I have room... bumping up against the capacity of the computer.” After further questioning, [REDACTED] acknowledged that, in part, he wiped his government hard drive to obliterate evidence of his viewership of pornography on government equipment. “I guess I was concerned that there might be some photographs on there,” he said during his interview. [REDACTED] also said he had used his NPS laptop to view pornography, although not during duty hours.

Forensic Review of [REDACTED] Assigned NPS Computer Equipment

The OIG Computer Crimes Unit (CCU) conducted a digital forensic analysis of [REDACTED] NPS computer equipment, as well as the red thumb drive [REDACTED] brought to Encana (**Attachment 3 and 4**).

The review confirmed that [REDACTED] had installed CCleaner on his NPS Sony laptop. As previously noted CCleaner is used to securely delete files and wipe all evidence of those files from the hard drive. No pornographic images were found on [REDACTED] NPS laptop.

A review of [REDACTED] NPS assigned desktop computer did reveal one directory which contained 281 pornographic images. The name of the directory was: \\DATA\Red flashdrive\laptop work\110308A. Some examples of file names contained in this directory are:

- 2004-11-15-ass-voyeur.jpg
- Amatuerpisslovers.com_1011.jpg
- Anal-fingering-008.jpg
- Cute_teen_15.jpg
- Publicsluts_exclusive_sample_1507.jpg

In the review of [REDACTED] red thumb drive, CCU found that approximately 2,300 graphic images had at one time been present, but few actual images existed at the time of the receipt and review of the drive. Most of the graphic images appeared to have been deleted, and the unallocated space of the red thumb drive had been wiped. Although the images themselves were unavailable for review, CCU was able to locate the file names for numerous images that appeared to be pornographic. Some examples of the file names are:

- Anal-teen-lesbian-dildo-4.jpg
- Mommy-sex-anal-08.jpg
- Teen-porn-10anlw5.jpg
- Teen-sex-blowjob-01.jpg

SUBJECT

[REDACTED]
Chemist
National Park Service
Lakewood, CO

DISPOSITION

This investigation is being referred to NPS for its review.

ATTACHMENTS

1. IAR – Interview of [REDACTED]
2. Transcript of recorded interview of [REDACTED]
3. IAR – Digital Forensics Report and Analysis of [REDACTED] NPS System and Personal Thumb Drive
4. CD-ROM containing CCU findings



**OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR**

November 8, 2011

To: Robert V. Abbey, Director
Bureau of Land Management

Attention: Thomas E. Huegerich, Chief
Internal Affairs, Office of Law Enforcement and Security

From: [REDACTED]
Special Agent in charge

Subject: Referral – For Bureau Action as Deemed Appropriate
Response Required

Re: [REDACTED] DOI-OIG, Case File No. [REDACTED]

This office recently completed an investigation pertaining to allegations that Bureau of Land Management employee, [REDACTED] used his government assigned computer to access inappropriate websites which contained pornographic material to include possible child pornography.

This office conducted interviews and a forensic analysis of [REDACTED] government computer. We determined that [REDACTED] was routinely accessing pornographic websites from his government assigned computer during work hours. Our analysis revealed over 12,000 logical graphic files and 11,000 graphic files on the unallocated space on the hard drive. Of these, six images were identified as possible child pornographic images. Our Computer Crimes Unit (CCU) submitted the six images for analysis and comparison to known images of child pornography maintained by the National Center for Missing & Exploited Children (NCMEC). The NCMEC was unable to verify that the images involved child pornography.

We are providing this report to you for your review. Upon completion of your review, please provide a written response with a completed Accountability Form (attached) within 90 days of the date of this memorandum, to Office of Inspector General, Office of Investigations, Attn: [REDACTED] 1849 C Street N.W., MS 4428, Washington, D.C. 20240.

If you have any questions regarding this matter, please feel free to contact me at [REDACTED]

Attachments

1. ROI dated October 28, 2011
2. IT Security Incident Report dated October 4, 2011
3. IAR Interview of [REDACTED]
4. Accountability Form



**OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR**

REPORT OF INVESTIGATION

| | |
|--|----------------------------------|
| Case Title [REDACTED] | Case Number [REDACTED] |
| Reporting Office Lakewood, Colorado | Report Date 10-28-2011 |
| Report Subject Closing Report of Investigation | |

SYNOPSIS

This investigation was initiated on October 5, 2011 based on allegations that [REDACTED], Budget Officer, Bureau of Land Management (BLM), U.S. Department of the Interior (DOI), used his assigned government computer to access inappropriate websites which contained pornographic material to include possible child pornography.

Our investigation disclosed that [REDACTED] routinely used his government computer to access the Internet during work hours to view inappropriate websites, which contained adult pornographic images and erotic stories. An analysis of a forensic image of data recovered from [REDACTED] government computer revealed thousands of existing and deleted graphic files on the hard drive. Of these files, six images were identified as containing possible child pornographic images. Our Computer Crimes Unit (CCU) submitted these six images for analysis and comparison to images maintained by the National Center for Missing & Exploited Children (NCMEC). The NCMEC was unable to identify any of the images as child pornography.

[REDACTED] was interviewed and admitted to accessing pornographic websites, but denied deliberately viewing child pornography. [REDACTED] also admitted to being addicted to adult pornography.

DETAILS OF INVESTIGATION

On October 5, 2011, the BLM National Operations Center (NOC) in Denver sent an IT Security "Inappropriate Internet Use Report" to BLM Human Resources (HR) Specialist [REDACTED] relating to [REDACTED]. The report documented that between September 12, 2011 and October 3, 2011, [REDACTED] spent an average of 3.3 hours a day viewing inappropriate websites on his government computer. The report indicated that [REDACTED] viewed numerous pornographic images on Flickr.com, 546

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| Reporting Official/Title [REDACTED], Special Agent | Signature |
| Approving Official/Title [REDACTED], Special Agent in Charge | Signature |

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[REDACTED] pornographic blogs on Tumblr.com and a variety of erotic stories on writing.com (See Attachment 1).

[REDACTED] contacted BLM [REDACTED] due to the possibility that some of the images could contain child pornography. Based on the content of the images and erotic stories, [REDACTED] [REDACTED] directed that [REDACTED] government computer be seized. [REDACTED] government computer was subsequently transferred to the DOI Office of Inspector General (OIG) in Lakewood, Colorado for forensic analysis.

On October 11, 2011, DOI-OIG Special Agents (SA) interviewed [REDACTED] at the BLM State Office in Salt Lake City, Utah. [REDACTED] admitted using his government computer while on duty to access pornographic websites that contained graphic images and erotic stories. [REDACTED] told investigators he was addicted to adult pornography and needed professional help. [REDACTED] informed investigators that prior to his employment with BLM he was employed by the Federal Aviation Administration (FAA) and he was suspended for three days for using his government computer to view pornography. [REDACTED] told investigators he had sought help for his addiction through counseling, but had stopped attending counseling approximately two years ago (See Attachment 2).

After [REDACTED] consented to the release of medical information, we contacted LDS Family Counseling Services in Tulsa, Oklahoma. The case agent spoke to Administrative Assistant [REDACTED]. [REDACTED] confirmed [REDACTED] attended counseling 5 times in 2008 for problems relating to an addiction to adult pornography. [REDACTED] confirmed, after reviewing the file, that there was no mention of issues relating to child pornography in [REDACTED] case file.

On October 14, 2011, OIG CCU Information Technology [REDACTED] created a forensic image of data on [REDACTED] government computer and subsequently conducted a forensic analysis. The analysis reviewed over 12,000 logical graphic files and over 11,000 graphic files recovered from the unallocated space on the hard drive. Of these files, six images were determined to be possible child pornography. The six images were submitted for review and comparison to files maintained by the National Center for Missing & Exploited Children (NCMEC). The NCMEC was unable to verify that any of the images were child pornography. (See Attachment 3)

On October 14, 2011, HR Specialist, [REDACTED] was contacted and informed of the results of our investigation.

SUBJECT

Name: [REDACTED]
DOB: [REDACTED]
SSN: [REDACTED]
Title: Budget Officer
Agency: Bureau of Land Management
Address: [REDACTED]

DISPOSITION

Based on our analysis and the NCMEC's determination that no child pornography was found on [REDACTED] computer, no further investigative activity is warranted. This case will be referred to the Bureau of Land Management for administrative action.

ATTACHMENTS

1. NOC IT Security Inappropriate Internet Report
2. IAR-Interview of [REDACTED]
3. IAR- Computer Analysis of [REDACTED] Government Computer



**United States Department of the Interior
Office of Inspector General**

REPORT OF INVESTIGATION

| | |
|---|-------------------------------------|
| Case Title [REDACTED] | Case Number [REDACTED] |
| Reporting Office Lakewood, Colorado | Report Date April 2, 2008 |
| Report Subject Final Report | |

SYNOPSIS

This investigation was initiated in April 1999 based upon allegations that [REDACTED], Economist, Office of Policy Analysis (OPA), U.S. Department of the Interior (DOI), Washington, D.C., and [REDACTED], former Economist, Office of Oil and Natural Gas Policy, U.S. Department of Energy (DOE), Washington, D.C., each received a \$383,600 payment from the Project on Government Oversight (POGO), a government watchdog group, in exchange for proprietary information. It was also alleged that POGO's [REDACTED] made the payments to [REDACTED] and [REDACTED] from proceeds that POGO received as a qui tam relator in a civil False Claims Act (FCA) settlement between the U.S. Government and Mobil Oil Corporation (Mobil) in August 1998. In the settlement, Mobil paid \$45 million to resolve allegations that it undervalued oil produced and sold from federal and Indian leases between January 1, 1980 and December 31, 1997.

As part of our investigation, we interviewed various DOI officials, Department of Justice (DOJ) attorneys, and a qui tam relator. We also examined depositions and other documents obtained through the qui tam proceedings. Our investigation revealed that [REDACTED] and [REDACTED] received the \$383,600 payments from proceeds that POGO received as a relator in the Mobil settlement. Further, investigation revealed that the payments were based on an undisclosed agreement that [REDACTED] and [REDACTED] had with POGO to equally share the proceeds of any settlements resulting from the litigation.

DOJ's Public Integrity Section (PIS) declined to prosecute this matter criminally; however, DOJ's Commercial Litigation Branch pursued this matter civilly. On February 11, 2008, [REDACTED] and POGO were prosecuted in a civil jury trial held in the U.S. District Court, District of Columbia, for unlawfully supplementing the salary of a federal official. [REDACTED] was not pursued civilly by DOJ in this matter. This report will be provided to the OPA Director for review and consideration of administrative action.

| | |
|--|------------------|
| Reporting Official/Title [REDACTED] Special Agent | Signature |
| Approving Official/Title [REDACTED], Special Agent in Charge | Signature |

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BACKGROUND

POGO maintains an internet website, www.pogo.org, which provides information concerning the FCA, the oil industry, whistleblowers, and a list of attorneys who provide legal assistance to whistleblowers for False Claims and Qui Tam activity. The website describes POGO as a nonpartisan nonprofit government watchdog, and states that POGO's mission is to investigate, expose, and remedy abuses of power, mismanagement, and government subservience to special interests by the Federal government. The website indicates that POGO works with government whistleblowers inside the system who risk retaliation and recommends anonymity as a whistleblower's most effective way to expose fraud.

The payments made by POGO to [REDACTED] and [REDACTED] stemmed from a separate investigation (OIG Case Number 1996-I-453-CCO) that OIG initiated on March 25, 1996 based on a letter received from the DOJ's Civil Division requesting investigative assistance. The letter transmitted a copy of a sealed qui tam complaint filed on February 16, 1996 by [REDACTED], Summit Resources Management, Inc. (Summit), a crude oil marketing and consulting firm in Dallas, Texas. The complaint, United States of America ex rel. J. Benjamin Johnson, Jr., et al. v. Shell Oil Company, et al. Civil Action No. 9:96 CV 66, alleged that Mobil Oil Corporation (Mobil) and 24 other major United States oil companies violated the FCA, Title 31, U.S. Code, Sections 3729-3733, by underpaying royalties owed the Federal Government for oil extracted from leases on Federal and Indian lands nationwide. [REDACTED] filed the complaint in the U.S. District Court for the Eastern District of Texas, Lufkin, Texas.

On August 2, 1996, during the qui tam investigation, a second qui tam complaint alleging similar violations by 143 United States oil companies, including Mobil, was filed by [REDACTED] [REDACTED] Houston, Texas in U.S. District Court, Texarkana, Texas. [REDACTED] complaint included additional allegations that both oil and natural gas produced and sold from leases on Federal and Indian lands was undervalued for royalty purposes.

Finally, on June 9, 1997, and June 13, 1997, POGO, [REDACTED] and [REDACTED] filed third and fourth qui tam complaints, respectively, in the U.S. District Court in Lufkin, Texas alleging that Mobil and about 284 United States oil companies underpaid royalties for oil produced and sold from Federal and Indian lands nationwide. On July 24, 1997, the Court consolidated all four qui tam complaints during the pendency of the investigation.

On October 24, 1997, the relators and their attorneys entered into a confidential attorney-client agreement that provided for the distribution of settlement funds among the relators. Ultimately, DOJ pursued Mobil and approximately 17 other major United States oil companies in the litigation. Mobil was the first company to settle, and on August 21, 1998, entered into a Settlement Agreement to pay \$45 million to resolve the allegations that it undervalued oil and underpaid royalties.

On April 30, 1999, POGO posted an article on its website titled, "Statement of Danielle Brian Stockton Regarding Proceeds POGO Received from False Claims Act Settlement with Mobil." In the article, POGO said that it shared proceeds received from the U.S. Government's \$45 million settlement from Mobil in the fall of 1998 with two government whistleblowers. The article said that POGO approached the two whistleblowers in December 1996 to see if they were interested in joining their lawsuit against oil companies for undervaluing oil, but despite the possible financial reward, the two whistleblowers elected not to join POGO for fear of retaliation and losing their jobs. The article indicated, however, that POGO decided they would still share any proceeds received in their lawsuit

with the two male whistleblowers should any settlement proceeds be received. The article said that it seemed only fair to compensate the two "unsung heroes." The article further said that POGO notified the government of its intention to split the settlement proceeds with the two whistleblowers and then awarded them each about \$350,000.

DETAILS OF INVESTIGATION

On April 5, 1999, [REDACTED], PIS, Washington, D.C., contacted OIG Headquarters officials and requested investigative assistance. [REDACTED] informed that her office had received allegations that [REDACTED] and POGO made payments of about \$380,000 each to [REDACTED] and [REDACTED] from proceeds that [REDACTED] and POGO received as relators in a FCA settlement with Mobil for \$45 million in August 1998. OIG subsequently initiated its investigation on April 7, 1999.

A review of [REDACTED] Official Personnel File (OPF) maintained by the Minerals Management Service (MMS), DOI, was conducted. The OPF reflected that [REDACTED] was hired by DOI in the early 1980s, and was promoted to a GS-15 Economist, OPA, on January 29, 1986. [REDACTED] Position Description reflected that his major duties required participation in and responsibility for agency wide economic studies; analysis of major program issues; analysis of the effectiveness of existing and proposed programs; and development of methodology and technical guidance for economic and program analysis. [REDACTED] was required to advise and assist in the design of economic studies to be executed by other bureaus and offices, assess them for adequacy of method and relevance of policy, criticize their results, and advise the Secretary, Under Secretary, and Assistant Secretary - Policy Management and Budget as to alternatives and their consequences as may be indicated (**Attachment 1**).

On April 19, 1999, [REDACTED] was interviewed by investigators and said he received a telephone call from [REDACTED] and [REDACTED], attorneys representing [REDACTED] and POGO in the qui tam. The [REDACTED] told [REDACTED] that POGO was contemplating providing payments from the settlement proceeds in the qui tam to [REDACTED] and [REDACTED] who were whistleblowers to POGO and had furnished information about oil royalties. [REDACTED] later telephoned [REDACTED] to advise him that he informed [REDACTED], the lead DOJ attorney in the litigation, of POGO's intentions to make the payments. [REDACTED] told [REDACTED] that [REDACTED] had already made the payments, but that [REDACTED] had not represented [REDACTED] in connection with the payments. [REDACTED] further advised [REDACTED] that [REDACTED] had consulted with and received advice from outside counsel regarding payments to the employees.

[REDACTED] said that prior to his conversations with the [REDACTED] he also had a brief conversation regarding the payments with [REDACTED] in August 1998, at the time of a deposition that [REDACTED] was providing in her role as a relator in the qui tam. [REDACTED] told [REDACTED] that she wanted to provide a monetary award to Federal employees who had called attention to the problem of royalty underpayments by oil companies. [REDACTED] responded by saying "[REDACTED] . . . you don't need to be giving this money away to Federal employees," and then gave [REDACTED] a hypothetical illustration of why she should not provide the payments. [REDACTED] also told [REDACTED] that she should not provide payments to Federal employees for doing or not doing their jobs. The conversation ended shortly thereafter with no further discussion of the payments (**Attachment 2**).

[REDACTED] testimony in the qui tam litigation regarding the payments

Pursuant to a civil subpoena directed to [REDACTED] by the defendants during the qui tam litigation, [REDACTED] was deposed on August 6, 1998, June 23, 1999, and September 13, 1999, and testified

concerning payments made to [REDACTED] and [REDACTED] from proceeds that she and POGO received as relators in the federal government's August 1998 settlement with Mobil. [REDACTED] also provided copies of POGO documents relating to the payments, including two POGO checks dated November 2, 1998, payable to [REDACTED] and [REDACTED] for \$383,600 each. The checks were accompanied by letters from [REDACTED] to both [REDACTED] and [REDACTED] stating that the Board and staff of POGO were providing the checks as "awards" for their work to expose and stop the underpayment of oil royalties (**Attachments 3-4**). *Agent's Note: A similar letter and check that POGO provided to [REDACTED] are not provided as attachments in this report.*

In her deposition on August 6, 1998, [REDACTED] said that her knowledge of oil valuation was based, in part, on discussions with [REDACTED]. [REDACTED] also said that her knowledge of oil undervaluation was also based, in part, on specific memorandums and reports authored by [REDACTED] that she received anonymously (**Attachment 5**).

In her deposition on June 23, 1999, [REDACTED] said that [REDACTED] never provided her with any documents in connection with oil valuation and the qui tam litigation. Further, in early December 1996, [REDACTED] contacted [REDACTED] and [REDACTED] and asked them to attend a meeting with her and [REDACTED], POGO, at [REDACTED] Washington, D.C. office, to discuss joining POGO and her as relators in a lawsuit against oil companies for oil undervaluation. [REDACTED] and [REDACTED] attended the meeting, but both declined joining as relators because they were concerned about retaliation from their agencies and felt that the likelihood of a successful lawsuit was remote. [REDACTED] verbally agreed during the meeting to share any proceeds received from the lawsuit equally with [REDACTED] and [REDACTED] and on December 9, 1996 notified the POGO Board of Directors of the agreement.

[REDACTED] further testified that on January 5, 1998, after it became evident that Mobil would settle in the qui tam litigation, [REDACTED] and [REDACTED] each signed a written agreement with her to share equally, thirty-three and one-third percent, all proceeds that came to [REDACTED] or POGO in the litigation. On October 8, 1998, [REDACTED] prepared and sent a memorandum to [REDACTED] after [REDACTED] contacted her to inquire of her intentions in connection with the Mobil settlement. The memorandum to [REDACTED] confirmed her commitment to share all past and future settlement amounts received through the litigation, and provided notice to [REDACTED] that POGO would distribute the shares already received, as well as the accrued interest, on or before November 2, 1998. [REDACTED] later notified the POGO Board Members during a meeting on October 27, 1998, of the Mobil settlement and that POGO would provide the two whistleblowers each with a check for about \$383,000 within the week.

[REDACTED] maintained throughout her deposition on June 23, 1999 that the payments were made to [REDACTED] and [REDACTED] as an "award" for their decade-long efforts within their respective agencies to expose the oil undervaluation. [REDACTED] told [REDACTED] and [REDACTED] prior to making the payments that they should consult with their attorneys to determine if they could accept the payments. [REDACTED] told [REDACTED] that he had consulted his ethics officer on the propriety of the payment and was told he could accept the money. During her deposition on August 6, 1998, [REDACTED] denied having any discussion with [REDACTED] concerning payments to government employees. [REDACTED] maintained during her deposition that [REDACTED] and [REDACTED] could have joined as relators in the lawsuit, but chose not to because they were afraid of the likely retaliation by their employers (**Attachments 6-10**).

In her deposition on September 13, 1999, [REDACTED] said when she made her oral agreement with [REDACTED] and [REDACTED] in December 1996 to share the proceeds of any settlement, she did so with the understanding that [REDACTED] had been taken off the issue of oil royalty underpayments. Further,

[REDACTED] suggested to her that she contact [REDACTED] to discuss oil valuation issues. [REDACTED] subsequently telephoned [REDACTED] in December 1996 and discussed the possibility of filing a lawsuit against the oil companies. [REDACTED] denied knowing, as of the December 1996 conversation with [REDACTED] that [REDACTED] was a relator and had already filed a qui tam lawsuit over the oil royalty issue. [REDACTED] had her attorney notify [REDACTED] that POGO made the payments to make sure that DOJ knew that certain individuals had a financial interest in the case (**Attachment 11**).

On July 20, 1999, [REDACTED] was interviewed by investigators with his attorney, [REDACTED] of the Provost and Umphrey Law Firm, L.L.P. (Provost & Umphrey), Beaumont, Texas. [REDACTED] said that his telephone conversation with [REDACTED] concerning a qui tam lawsuit took place on September 23, 1996. During that conversation, [REDACTED] told [REDACTED] she was aware that [REDACTED] was involved in a qui tam lawsuit and wanted him to know that some other people were planning to file a similar qui tam. [REDACTED] also wanted to know if [REDACTED] lawsuit included California. [REDACTED] told [REDACTED] that the new relators were government people who had worked on oil pricing for some time and these individuals could predate [REDACTED]. [REDACTED] did not acknowledge the existence of his lawsuit during their telephone conversation.

[REDACTED] further said that between April 1996 and June 1997, he received a series of telephone calls from [REDACTED] to discuss oil valuation. During the first telephone conversation on April 12, 1996, [REDACTED] told [REDACTED] that he was a "watchdog" over DOI matters. [REDACTED] told [REDACTED] that he was not with the MMS, but was with DOI and assigned to oversee the MMS. [REDACTED] also told [REDACTED] that he worked on California oil undervaluation issues in the past. Based on [REDACTED] comments, [REDACTED] believed that [REDACTED] was investigating the undervaluing of oil for royalty purposes. After several telephone calls, [REDACTED] attorney, then [REDACTED] of Provost & Umphrey, wrote letters in May 1996 and July 1996 notifying the DOJ Civil Division of [REDACTED] telephone calls and requested advice on handling the calls. [REDACTED] continued calling [REDACTED] following the notification to DOJ.

[REDACTED] received a final telephone call from [REDACTED] on June 2, 1997. During this conversation, [REDACTED] talked with [REDACTED] about a court ruling in California that was overturned, and [REDACTED] made comments about problems with the Independent Producers Association not being independent. [REDACTED] subsequently learned that within a few days of his final conversation with [REDACTED], a qui tam complaint similar to [REDACTED] was filed by [REDACTED] POGO, and [REDACTED] in the Eastern District of Texas (**Attachments 12**).

On April 9, 1999 and November 4, 1999, [REDACTED], Commercial Litigation Branch, DOJ, assigned to the qui tam, was interviewed by investigators. [REDACTED] said that in April 1999 she conducted a witness interview of [REDACTED], accompanied by his attorney, in connection with the qui tam. [REDACTED] attorney did not allow [REDACTED] to provide much information during the interview, and said that their approach would be that since [REDACTED] could have filed a similar qui tam on his own behalf, [REDACTED] was therefore entitled to accept the payment (**Attachment 13**).

On May 6, 1999, [REDACTED], Assistant Director for Economic Analysis, OPA, was interviewed by investigators and said that he was [REDACTED] immediate supervisor. [REDACTED] relationship with [REDACTED] started when [REDACTED] was hired as an economist with the Economics Staff, OPA, in the 1980s. One of [REDACTED] area of responsibilities was the policy and procedures used for the collection of royalties on oil and gas leases issued by DOI. [REDACTED] was assigned to work on royalty issues because of [REDACTED] general familiarity with the operation of oil markets, a background

that [REDACTED] believed [REDACTED] developed in a private consulting firm prior to [REDACTED] employment with OPA. During the 1980s, [REDACTED] was OPA's lead analyst on the rule makings which the MMS, DOI, conducted on oil and gas valuation for royalty collection. In that function, [REDACTED] gathered information from the MMS and various nongovernmental sources on the structure and operation of oil and gas markets. [REDACTED] believed that the oil valuation procedures used for collection of royalties resulted in lower payments to the government. [REDACTED] subsequently prepared memorandums and reports supporting the use of market prices for valuation of oil and collection of royalties on Federal leases.

[REDACTED] learned through another OPA employee on April 30, 1999 that [REDACTED] allegedly accepted a payment related to information that [REDACTED] developed regarding oil valuation. The OPA employee showed [REDACTED] a letter dated April 22, 1999 from [REDACTED], DOJ, to an individual named [REDACTED] advising that [REDACTED] accepted a payment from POGO from its settlement with Mobil. [REDACTED] was discovered to be an attorney representing Amoco Production Company in the qui tam litigation. The OPA employee also showed [REDACTED] a page printed from POGO's website regarding payments to two unnamed individuals from its settlement with Mobil. This was the first that [REDACTED] had ever heard of the Mobil settlement or of the payment to [REDACTED]. [REDACTED] did not know [REDACTED] and [REDACTED] never discussed the payments with him. Had [REDACTED] informed [REDACTED] of the possibility of such a payment, [REDACTED] would have told [REDACTED] to seek a review by the DOI ethics counselor (**Attachments 14-16**).

On May 5 and 6, 1999, [REDACTED], Assistant Director for Program Coordination, OPA, was interviewed by investigators. [REDACTED] said he has been in a second-level supervisory position or the deputy to the second-level supervisor with regard to [REDACTED] since [REDACTED] joined OPA in 1993. [REDACTED] first met [REDACTED] in about the mid-to-late 1980s when [REDACTED] was the Director of MMS. At the time, [REDACTED] was proposing revision of some standards used in valuation for oil royalties collected by the MMS. [REDACTED] also heard one or more of [REDACTED] presentations of the subject and referred [REDACTED] paper or papers to MMS' Royalty Management staff.

[REDACTED] said that during his tenure with OPA, [REDACTED] was a leading exponent that market prices are a more accurate index of oil value for royalty valuation purposes. During the period 1993 to 1996, [REDACTED] was the leading analyst in OPA on oil royalty valuation issues and felt strongly that more representative valuation measures would lead to higher and more appropriate payments to the MMS by the industry. In his role as an OPA economist working on royalty issues, [REDACTED] developed papers and provided written comments to OPA on some MMS regulatory proposals regarding royalty valuation. [REDACTED] told [REDACTED] that some of the information [REDACTED] received was from confidential industry sources that provided [REDACTED] with copies of documents regarding industry practices that reflected higher valuations than were used by the industry in submitting royalties to MMS.

On April 30, 1999, [REDACTED] first became aware that [REDACTED] allegedly received a large sum of money from an oil valuation settlement. At that time, an employee at OPA provided him with the April 22, 1999 letter from [REDACTED] to [REDACTED] regarding a deposition scheduled for [REDACTED] on April 27, 1999 and a copy of a web page printout dated April 30, 1999 of [REDACTED] statement regarding the distribution of proceeds of the settlement. [REDACTED] had no knowledge of [REDACTED] or POGO, or whether [REDACTED] provided proprietary information to POGO. [REDACTED] said that after he learned of the payment, he contacted [REDACTED] of the DOI Ethics Office and provided her with the documents. [REDACTED] also discussed the payment with [REDACTED], Director, OPA, and told [REDACTED] he was appalled that [REDACTED] had not advised the office that POGO was providing the payment, that he

was accepting the payment, and that he was providing a deposition in the matter. Had [REDACTED] reported the payment, [REDACTED] would have insisted that each step be reviewed by the DOI Office of the Solicitor and the DOI Ethics Office for legality and propriety (**Attachment 17**).

[REDACTED] was re-interviewed on November 1, 2000, regarding her contact with [REDACTED]. [REDACTED] said that in April 1999, [REDACTED] provided her with a copy of a December 1996 memorandum, via facsimile, in response to a request that [REDACTED] made to [REDACTED] to provide documents relevant to the qui tam litigation. Prior to [REDACTED] receiving this memorandum from [REDACTED], [REDACTED] in her capacity as a DOJ Trial Attorney assigned to pursue the qui tam litigation, questioned [REDACTED] concerning any role that he might have had in developing the new regulations for oil valuation based on the New York Mercantile Exchange. [REDACTED] told [REDACTED] about a meeting that [REDACTED] had with a group of high-level DOI officials in December 1996, regarding the proposed rulemaking. [REDACTED] told [REDACTED] that following the meeting, [REDACTED] prepared a draft memorandum, but revised the language to be used in the preamble in such a manner that the rulemaking would not preclude DOJ from collecting the unpaid royalties in the litigation that was then occurring.

[REDACTED] said that much of her discussion with [REDACTED] focused on the Interagency Task Force (IATF) that was assembled by DOI to examine California oil undervaluation. [REDACTED] stated that buy/sell agreements associated with oil transactions were a significant issue addressed by the IATF. [REDACTED] said that without consideration given to buy/sell agreements there would have been virtually nothing to collect in the litigation. [REDACTED] provided a copy of the documents she received from [REDACTED] (**Attachments 18-20**).

[REDACTED] was re-interviewed by investigators on December 5, 2000 regarding [REDACTED] role in drafting the December 1996 memo regarding the proposed rulemaking for oil valuation. [REDACTED] said that he and [REDACTED] edited the memorandum following the meeting in order to incorporate several changes to the oil valuation regulations before they were issued. [REDACTED] stated that [REDACTED] was the primary person at OPA that edited the memorandum. [REDACTED] recalled that at the time of the memorandum, [REDACTED] was concerned that the oil royalty's litigation would be compromised and that principles found in the 1988 valuation rules were not abandoned. Therefore, in order to address these concerns, language reflecting that royalties would never be less than the lessees' gross proceeds was included in the memorandum.

[REDACTED] said had he known that [REDACTED] was involved in discussions with POGO officials over participation with POGO in a qui tam lawsuit regarding the underpayment of oil royalties, [REDACTED] would not have allowed [REDACTED] to work on the memorandum or any matter in which [REDACTED] may have had a financial interest. [REDACTED] stated that he would consider dismissal of [REDACTED], subject to legal review, if it were clearly shown that [REDACTED] had a financial interest in any matter on which [REDACTED] worked in his capacity as a DOI employee (**Attachment 21**).

On May 5, 1999, [REDACTED] Department Ethics Staff, Deputy Assistant Secretary-Human Resources, DOI, Washington, D.C., was interviewed by investigators and said that on May 3, 1999 [REDACTED] showed her the DOJ letter to [REDACTED] and the POGO web page statement [REDACTED] made concerning the payment to [REDACTED]. [REDACTED] said that if [REDACTED] had called the Ethics Office to inquire about the permissibility of accepting a payment from an outside source and had in any way indicated that the payment was related to his official duties, [REDACTED] would have been advised of the potential violation of Title 18, U.S.C., Section 209, which generally prohibits an employee from accepting money or anything of value from an outside source for doing or not doing

their government job properly. [REDACTED] would also have been advised of Executive Order 12674 (as amended) which requires employees to avoid any actions creating the appearance that they are violating the law or ethical standards promulgated pursuant to the order (**Attachment 22**).

A review of DOI Ethics Office training records conducted by investigators revealed that [REDACTED] notified OPA through a Departmental memorandum dated December 10, 1998 of the requirement for Annual Ethics Training. OPA subsequently provided certifications dated December 20, 1998 and February 1, 1999, stating that all covered employees, including [REDACTED], received the required ethics training for 1998. Further review was conducted of all the OGE Form 450s, Executive Branch Confidential Financial Disclosure Report, that [REDACTED] prepared and submitted to the DOI Ethics Office on a yearly basis since 1993. This review reflected that [REDACTED] did not disclose the payment he received from POGO until he completed and submitted an OGE Form 450 that was received in the DOI Ethics Office on October 28, 1999. On this OGE Form 450, [REDACTED] listed on page 2, under Part I: Assets and Income, that he received an "Award" from POGO (**Attachments 23-26**).

On October 26 and 27, 1999, [REDACTED], Ethics Office, DOI, Washington, D.C., was interviewed by investigators. [REDACTED] said that on October 8, 1998 he contacted [REDACTED] by telephone and asked about outside employment with Micropower Ltd., Vienna, Virginia, that [REDACTED] reported on his OGE Form 450 submitted to the Ethics Office on that same date. [REDACTED] determined that the outside employment did not conflict with [REDACTED] employment. To his knowledge, [REDACTED] never advised [REDACTED] or any other official at the Ethics Office of his agreement with [REDACTED] and POGO to accept payments, or that he had accepted a payment (**Attachments 27-28**).

Civil Trial - February 2008

On February 5-11, 2008, a jury trial was held before the Honorable John Bates, U.S. District Court Judge, District of Columbia, Washington, D.C. During the trial, DOJ trial attorneys presented a number of Government Exhibits obtained through the civil process. In addition, [REDACTED] testified regarding his acceptance of the \$383,600 payment from POGO and his work on oil valuation issues at the Department.

The following are relevant Government Exhibits admitted into the proceeding as evidence that reflect upon [REDACTED] involvement on oil-related matters at the Department. The Exhibits also reflect upon his assistance to DOJ on the oil qui tam litigation in the Eastern District of Texas, while he failed to inform the Department or DOJ that he had a personal financial interest in the litigation.

- Government Exhibit 23 - A letter dated August 19, 1996 that [REDACTED] provided to [REDACTED], a DOJ trial attorney assigned to qui tam litigation. In the letter, [REDACTED] informed [REDACTED] that she understood he was in the process of investigating the oil industry. [REDACTED] also wrote, "I have developed a number of reliable sources of documents as well as background information. These sources include government employees from several federal agencies..." (**Attachment 29**).
- Government Exhibit 15A - A memorandum dated December 18, 1996 drafted by [REDACTED] and signed by [REDACTED] regarding proposed rulemaking to amend regulations for valuing crude oil for royalty purposes (**Attachment 30**).

- Government Exhibit 25A – A memorandum dated September 16, 1998 that [REDACTED] provided to [REDACTED] a SOL attorney assigned to the qui tam litigation. In the memorandum, [REDACTED] expressed concerns to [REDACTED] about a recent request for relevant documents that [REDACTED] made in connection with the litigation. [REDACTED] suggested that [REDACTED] request was too limited and [REDACTED] should expand on exchange and buy-sell transactions (**Attachment 31**).

On February 6 and 7, 2008, under direct and redirect examination by DOJ trial attorneys, [REDACTED] testified in regard to the assistance he provided to [REDACTED] in the oil litigation, his assistance to [REDACTED] on drafting a memorandum regarding the proposed rule-making, and his response to [REDACTED] on documents relevant to the oil litigation. Specifically, [REDACTED] testified that he assisted [REDACTED] on formulating some questions for litigation involving oil valuation, in getting answers from oil companies, and on understanding what some of the mechanisms were for buying, selling, and trading oil in the markets. [REDACTED] also testified that he assisted [REDACTED] in drafting the December 1996 memorandum regarding the proposed rulemaking to amend the regulations for valuing crude oil, and he provided the September 1998 memorandum to [REDACTED] with suggestions regarding the oil royalty litigation.

[REDACTED] further testified that he did not inform anyone at the Department before he received the payment from POGO, and he did not contact the ethics officer before he deposited the payment. [REDACTED] testified that the payment was for his decade-long work to expose and stop the underpayment of royalties from crude oil production, and the payment he received from POGO was because he had tried to bring the undervaluation issue to the attention of officials within the Department (**Attachment 32**).

On February 11, 2008, the government and defense made their closing arguments and the case was submitted to the jury for a decision. After deliberation, the jury provided a verdict in this matter against [REDACTED] and POGO holding that the government had proven beyond a preponderance of the evidence that [REDACTED] and POGO received and made an unlawful contribution to or supplementation of salary in this matter (**Attachment 33**).

SUBJECT(S)

- [REDACTED], GS-15 Economist, Office of Policy Analysis, DOI, Washington, DC
- Project on Government Oversight, Washington, DC

DISPOSITION

DOJ's Public Integrity Section (PIS) declined to prosecute this matter criminally. However, DOJ's Commercial Litigation Branch pursued this matter civilly. On February 11, 2008, [REDACTED] and POGO were prosecuted in a civil jury trial held in the U.S. District Court, District of Columbia, for unlawfully supplementing the salary of a federal official, a violation of Title 18, U.S. Code, Section 209. [REDACTED] was not pursued civilly by DOJ in this matter.

This report will be provided to the Director of the Office of Policy Analysis, DOI, for review and consideration of any administrative action deemed appropriate. The amount of the monetary penalty in this matter for [REDACTED] and POGO will be decided by U.S. District Court Judge Bates.

ATTACHMENTS

1. Review of [REDACTED] Official Personnel File.
2. Interview - [REDACTED] dated April 19, 1999.
3. Letter dated November 2, 1998 from [REDACTED] to [REDACTED]
4. Check dated November 2, 1998 payable to [REDACTED]
5. Portions of Transcript of [REDACTED] deposition dated August 6, 1998.
6. Portions of Transcript of [REDACTED] deposition dated July 23, 1999.
7. Minutes of the Project on Government Oversight dated December 9, 1996.
8. Written agreement dated January 5, 1998 between [REDACTED], [REDACTED], and [REDACTED]
9. Memorandum dated October 8, 1998 from [REDACTED] to [REDACTED].
10. Minutes of the Project on Government Oversight dated October 27, 1998.
11. Portions of Transcript of [REDACTED] deposition dated September 13, 1999.
12. Interview - [REDACTED] dated July 20, 1999.
13. Interview - [REDACTED] dated April 9, 1999 and November 4, 1999.
14. Affidavit - [REDACTED] dated May 6, 1999.
15. Letter dated April 22, 1999 from [REDACTED] to [REDACTED].
16. Project on Government Oversight website article dated April 30, 1999.
17. Affidavit - [REDACTED] dated May 6, 1999.
18. Interview - [REDACTED] dated November 1, 2000.
19. Facsimile dated April 8, 1999 from [REDACTED] to [REDACTED] attaching a memorandum regarding the proposed rulemaking.
20. Facsimile dated April 12, 1999 from [REDACTED] to [REDACTED] attaching a paper on royalty valuation.
21. Interview - [REDACTED] dated December 5, 2000.
22. Affidavit - [REDACTED] dated May 5, 1999.
23. Memorandum dated December 10, 1998 from [REDACTED] to [REDACTED].
24. Ethics training certification dated December 20, 1998 from [REDACTED].
25. Ethics training certification dated February 1, 1999 from [REDACTED].
26. OGE Form 450, Executive Branch Confidential Financial Disclosure Report, dated October 28, 1999 for [REDACTED].
27. Affidavit - [REDACTED] dated October 27, 1999.
28. OGE Form 450, Executive Branch Confidential Financial Disclosure Report dated October 8, 1998 for [REDACTED].
29. Letter dated August 19, 1996 from [REDACTED] to [REDACTED]
30. Memorandum dated December 18, 1996, drafted by [REDACTED] and signed by [REDACTED] regarding the proposed rulemaking.
31. Memorandum dated September 16, 1998 from [REDACTED] to [REDACTED].
32. Portions of transcript of testimony of [REDACTED] dated February 6 and 7, 2008.
33. Verdict Form dated February 11, 2008.



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

Memorandum

To: Jonathan Jarvis, Director
National Park Service

Attention: [REDACTED] Human Resource Specialist
Branch of Labor and Employee Retention

From: [REDACTED]
Special Agent-in-Charge

Date: September 16, 2010

Subject: **Referral – Bureau Action as Deemed Appropriate – Response Required**

Re: DOI-OIG Case File No. [REDACTED]
[REDACTED] and [REDACTED]

The Office Inspector General recently completed an investigation involving allegations that [REDACTED] and [REDACTED] Superintendent, both of Christiansted National Historic Site (CNHS) in St. Croix, Virgin Islands, improperly retained the services of an information technology contractor from 2005 to 2008 by circumventing contract regulations. The complaint also alleged that the contractor did not have a proper security clearance and was a friend of [REDACTED]

It was determined that there was neither a formal contractual agreement between CNHS and Office Connection LLC (OC), nor a proper security background investigation conducted for [REDACTED] of OC. We found that [REDACTED] split purchases totaling \$72,527 into 40 individual micro-purchase transactions. [REDACTED] who was also the approving official, was aware of the repetitive services from OC, but was unaware that [REDACTED] split purchases that exceeded the micro-purchase threshold. Through numerous interviews we found that [REDACTED] and [REDACTED] appeared to be close friends.

Please provide a written response with a completed Accountability Form (attached) within 90 days of the date of this memorandum and mail it to:

U.S. Department of Interior
Office of the Inspector General
Office of Investigations
12030 Sunrise Valley Drive, Suite 350
Reston, VA 20191

In addition, please send an email to [REDACTED] to advise that your response has been mailed to us or, if necessary, to request an extension to the due date. The extension request should include a brief case status note with additional time needed for completion. If during the course of your review you develop information or questions that should be discussed with this office, please contact me at [REDACTED]



**OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR**

REPORT OF INVESTIGATION

| | |
|--|---|
| Case Title [REDACTED] | Case Number [REDACTED] |
| Reporting Office Atlanta, GA | Report Date September 7, 2010 |
| Report Subject Closing Report of Investigation | |

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SYNOPSIS

This investigation was initiated after the Office of Inspector General (OIG) received a complaint from [REDACTED], Special Agent in Charge (SAC), National Park Service (NPS), Cherokee, North Carolina. The complaint alleged that [REDACTED], Administrative Officer (AO), and [REDACTED], Superintendent, both of Christiansted National Historic Site (CNHS) in St. Croix, Virgin Islands (VI), improperly retained the services of an information technology (IT) contractor from 2005 to 2008. Specifically, it was alleged that [REDACTED] and [REDACTED] circumvented contracting and procurement regulations by utilizing split micro-purchases. The purchases were split into several micro-purchases to stay under the \$2,500 limit for services. In addition, the complaint alleged that a required security background investigation was never conducted before hiring the vendor and that the contractor and [REDACTED] might be related.

It was determined that there was neither a formal contractual agreement between CNHS and Office Connection LLC (OC), nor a proper security background investigation conducted for [REDACTED], [REDACTED] of OC. During fiscal year (FY) 2006 and 2007, [REDACTED] split purchases totaling \$72,527 into 40 individual micro-purchase transactions. Each payment was made by a convenience check for an amount less than \$2,500. [REDACTED] who was also the approving official, was aware of the

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| Reporting Official/Title [REDACTED], Special Agent | Signature |
| Approving Official/Title [REDACTED], Special Agent in Charge | Signature |

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repetitive services from OC, but he was unaware that [REDACTED] split purchases that exceeded the micro-purchase threshold. Through numerous interviews, we found that [REDACTED] and [REDACTED] appeared to be close friends.

We presented our findings to the U.S. Attorney's Office in the District of the Virgin Islands, which declined prosecution. We are providing a copy of this report to the NPS Director for any administrative action deemed appropriate.

BACKGROUND

Federal Acquisition Regulations and Department of the Interior Integrated Charge Card Policy Manual defined the micro-purchase threshold for services as \$2,500 (**Attachments 1 and 2**). They further state that convenience checks can be utilized for purchases only when the vendor will not accept the purchase card or for emergency response incidents. Convenience checks cannot be issued for amounts that exceed the micro-purchase threshold unless a written waiver is obtained from the Director of the Office of Acquisition and Property Management.

Federal regulations and agency charge card policy stipulate that agencies should not break down purchases aggregating more than the micro-purchase threshold, merely to avoid any regulation that applies to purchases exceeding the micro-purchase threshold (**Attachment 3**).

The US Department of the Interior National Business Center (DOI-NBC) Cardholder Training defined a split purchase as making two or more transactions to intentionally avoid exceeding the micro-purchase threshold (**Attachment 4**). The DOI-NBC Cardholder Training also stated that split purchases are recurring purchases from the same vendor, that exceed the annual micro-purchase threshold, if the purchaser knew at the beginning of the FY that the total annual requirements would exceed the micro-purchase threshold.

Federal regulations and agency charge card policies state that approving officials are responsible for oversight and monitoring of designated cardholders' compliance with applicable laws, regulations, and procedures (See Attachment 2). Approving Officials must review, sign, and date cardholder statements and supporting documentation within 30 calendar days of the statement dates. In addition, all cardholders and approving officials are required to complete the DOI Charge Card Training.

Executive Order 10450 states that "all persons privileged to be employed in the departments and agencies of the federal government shall be reliable, trustworthy, of good conduct and character, and of complete and unswerving loyalty to the United States" (**Attachment 5**). The appointment of each civilian employee or contractor in any department or agency of the government is subject to a background investigation. The scope of the investigation will vary, depending on the nature of the position and the degree of harm that an individual in that position could cause.

DETAILS OF INVESTIGATION

On August 18, 2008, [REDACTED] Special Agent in Charge (SAC), National Park Service (NPS),

Case Number: [REDACTED]

Cherokee, North Carolina, sent a complaint to the OIG, which alleged misconduct against [REDACTED] Administrative Officer (AO), and [REDACTED], Superintendent, both of Christiansted National Historic Site (CNHS) in St. Croix, Virgin Islands (VI). The complaint alleged that [REDACTED] and [REDACTED] improperly retained the services of Office Connection LLC (OC), an information technology (IT) contractor, from 2005 to 2008 (**Attachment 6**). Specifically, it alleged that [REDACTED] and [REDACTED] circumvented contractual and procurement regulations by splitting purchases to avoid regulations that applied to purchases that exceeded the micro-purchase threshold. In addition, the complaint alleged that a required security background investigation was not conducted before hiring the OC and that [REDACTED] may be related to the contractor.

We interviewed [REDACTED], a newly hired purchasing agent at CNHS, who said that [REDACTED] paid OC more than \$70,000, for IT services, by means of convenience checks (checks), over a two-year period (**Attachment 7**). [REDACTED] said all of the checks were for amounts “just under the \$2,500 threshold.” According to [REDACTED] there was no contractual agreement between CNHS and OC, nor was there any security background investigation conducted for [REDACTED]. [REDACTED] further stated that [REDACTED] and [REDACTED] appeared to be close friends. In addition, [REDACTED] stated that it was her impression that [REDACTED] defers to his managers in their areas of expertise.

[REDACTED] at CNHS, was also interviewed and stated that around June of 2008, she received complaints from CNHS personnel regarding IT work completed by [REDACTED] (**Attachment 8**). [REDACTED] said that CNHS personnel had constant problems with their email accounts after [REDACTED] worked on their computer. Additionally, CNHS personnel believed that [REDACTED] created issues to prolong her work. [REDACTED] stated that she discussed the “shoddy work” issues with [REDACTED] and [REDACTED] and told them she did not want [REDACTED] to work on computers issued to Law Enforcement personnel.

[REDACTED] said [REDACTED] told her that there was no contractual agreement between CNHS and OC, nor any indication of a background investigation conducted on OC. [REDACTED] did not believe [REDACTED] was involved in the split purchases to OC. She said [REDACTED] did not like confrontation and he trusted his management staff to have the knowledge to do the job in their respective profession. In addition, [REDACTED] said that [REDACTED] and [REDACTED] were very good friends.

When [REDACTED] at CNHS, was interviewed she explained she and [REDACTED] at CNHS, attended an Interior Department Electronic Acquisition System (IDEAS) training in January 2008 (**Attachment 9**). During the training, [REDACTED] recalled that [REDACTED] realized the method of payment used by [REDACTED] for the frequent IT services from OC was wrong. Additionally, [REDACTED] stated she did not believe that [REDACTED] was involved with the split purchases from OC. [REDACTED] explained that [REDACTED] was a “hands off manager who trusted his staff.”

We also interviewed [REDACTED] who said that CNHS did not have a contract with OC (**Attachment 10**). [REDACTED] recalled that during FY 2006 and 2007, she signed numerous checks payable to OC, totaling over \$70,000, for IT services. She explained that every check was under the \$2,500 threshold. [REDACTED] recognized that the method used to pay OC conflicted with her understanding of the procurement rules, but she said that [REDACTED] instructed her to make the payments despite her concerns. In addition, [REDACTED] said that [REDACTED] and [REDACTED] were close friends.

We reviewed documents from CNHS, including copies of 63 requisitions, 61 invoices, and 41 checks that supported the request for IT services, the correlated costs incurred by CNHS, and the amounts paid

to OC for FY 2006 through 2008 (**Attachment 11**). A review of the documents revealed that approximately two months into FY 2006, CNHS had already exceeded the micro-purchase threshold for services; however, [REDACTED] continued to make repetitive IT purchases from OC. Ultimately, in FY 2006, [REDACTED] split purchases totaling \$37,095 into 19 micro-purchases, all under the \$2,500 threshold.

Similarly, 18 days into FY 2007, CNHS exceeded the micro-purchase threshold for services, but they continued to make repetitive IT purchases from OC. CNHS split purchases totaling \$35,432 into 21 micro-purchases, all under the \$2,500 threshold.

In FY 2008, CNHS made a single IT purchase from OC in the amount of \$2,465.

[REDACTED] signed all 19 checks in FY 2006, 12 of the 21 used to pay OC in FY 2007, and a single check used to pay OC in FY 2008. [REDACTED] signed six checks and [REDACTED] signed the remaining three checks used to pay OC in FY 2007.

Agent's Note: [REDACTED] incorrectly stated in her interview that she signed all of the checks to OC.

We interviewed [REDACTED], who admitted that he was the Approving Officer at CNHS. [REDACTED] said he knew of the repetitive IT services from OC, but he was unaware of the split purchases (**Attachment 12**). [REDACTED] stated that in FY 2006, he was reassigned to Atlanta, Georgia. According to [REDACTED], he was not familiar with the Federal Acquisition Regulations (FAR). He admitted that he relied on [REDACTED] and the South East Regional Office (SERO) for guidance. In addition, [REDACTED] said that he empowered his managers to perform their duties to the fullest extent of their capabilities, and encouraged them to seek guidance from the SERO if needed.

[REDACTED] said that he was not sure if there was a contractual agreement between CNHS and OC or if a security background investigation was conducted for [REDACTED] prior to hiring OC. Additionally, [REDACTED] stated that [REDACTED] and [REDACTED] had a "business friendly relationship," but he did not know if the relationship extended outside of the CNHS workplace.

When [REDACTED] was interviewed, she stated that she was the [REDACTED] OC (**Attachment 13**). [REDACTED] confirmed that there was no contractual agreement between CNHS and OC, but she frequently provided IT services to CNHS as needed. [REDACTED] said that CNHS paid her by check every time she provided IT services.

[REDACTED] declined to participate in a voluntary interview (**Attachment 14**).

IG subpoenas were served on First Bank Puerto Rico and the Department of the Interior Federal Credit Union (DOI-FCU) to obtain bank records belonging to [REDACTED] for the period of October 1, 2005 through December 31, 2007.

Agent's Note: Both subpoenas were challenged by [REDACTED] but the United States District Court of the Virgin Islands granted enforcement of the subpoenas.

A review of the bank statements from First Bank Puerto Rico showed that three accounts were held in [REDACTED] name. There were 19 deposits (checks and cash), in the amount of \$11,500 where the origin of the funds were unknown. There was, however, no direct evidence to substantiate that [REDACTED]

received financial compensation from [REDACTED] (**Attachment 15**).

A review of the bank statements from [REDACTED] DOI-FCU account revealed that deposits originated from her government salary or transfers between two personal accounts (**Attachment 16**).

This case was presented to the U.S. Attorney's Office in the District of the Virgin Islands and subsequently declined for prosecution. With this declination, [REDACTED] was provided a Kalkines Warning. [REDACTED] again declined to participate in the interview, even though her testimony was compelled and administrative action could result in her refusal (**Attachment 17**).

SUBJECT(S)

[REDACTED], NPS, Christiansted National Historic Site

DISPOSITION

On July 9, 2010, U.S. Attorney's Office in the District of the Virgin Islands declined this case for prosecution (**Attachment 18**). This case is being referred to the Director of National Park Service for any action deemed appropriate.

ATTACHMENTS

1. Federal Acquisition Regulations subpart 2.101- Definitions.
2. Department of the Interior Integrated Charge Card Policy Manual November 2008 edition, sections 3.12.2, 3.12. 3, 1.4.6.3, and 1.4.6.4.
3. Federal Acquisition Regulations subpart 13.003 (c) (2) - Policy.
4. US Department of the Interior National Business Center Cardholder Training August 2007 edition.
5. Copy of Executive Order 10450- Security Requirements for Government Employment
6. Copy of an e-mail from [REDACTED] dated August 18, 2008.
7. IAR- interview of [REDACTED] on August 28, 2008.
8. IAR- interview of [REDACTED] on August 28, 2008.
9. IAR- interview of [REDACTED] on August 28, 2008.
10. IAR- interview of [REDACTED] on August 28, 2008.
11. IAR- review of payments made to Office Connection.
12. IAR- interview of [REDACTED] on November 5, 2008.
13. IAR- interview of [REDACTED] on November 6, 2008.
14. IAR- [REDACTED] declination of an OIG voluntary interview.
15. IAR- review of [REDACTED] First Bank records.
16. IAR- review of [REDACTED] DOIFCU records.
17. IAR - [REDACTED] declination of an OIG compelled interview.
18. Copy of the U.S. Attorney's declination letter, dated July 9, 2010.



**OFFICE OF
INSPECTOR GENERAL**
U.S. DEPARTMENT OF THE INTERIOR

Memorandum

To: Nancy Fischer
Human Resources Specialist
National Park Service

From: [REDACTED]
Special Agent in Charge
Eastern Region Investigations

Date: December 9, 2010

Subject: Referral – **Response Required**

Re: OI-GA-09-0307-I / Caribbean Remodeling & Consultants

The Office Inspector General recently completed an investigation of the Virgin Islands National Park and Caribbean Remodeling & Consultants. The investigation was predicated on allegations that the Virgin Islands National Park awarded a contract to Caribbean Remodeling & Consultants without full and open competition. It was also alleged that the company used National Park Service employees and equipment to conduct its work, and that company personnel received free lodging and meals from Virgin Islands National Park.

Please provide a written response with a completed Accountability Form (attached) within 90 days of the date of this memorandum and mail it to:

U.S. Department of Interior
Office of the Inspector General
Office of Investigations
12030 Sunrise Valley Drive, Suite 350
Reston, VA 20191

In addition, please send an email to [REDACTED] to advise that your response has been mailed to us or, if necessary, to request an extension to the due date. The extension request should include a brief case status note with additional time needed for completion. If during the course of your review you develop information or questions that should be discussed with this office, please contact me at [REDACTED]



**OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR**

REPORT OF INVESTIGATION

| | |
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| Case Title Caribbean Remodeling & Consultants | Case Number OI-GA-09-0307-I |
| Reporting Office Atlanta, Ga. | Report Date October 14, 2010 |
| Report Subject Closing Report of Investigation | |

SYNOPSIS

This investigation was initiated after the Office of Inspector General (OIG) received a telephone complaint on March 10, 2009, from [REDACTED], taxi driver, St. John, US Virgin Islands (VI). [REDACTED] alleged that the Virgin Islands National Park in St. John VI (VIIS) awarded a contract in the amount of \$580,000 to Caribbean Remodeling & Consultants (CRC), located in San Juan, Puerto Rico, without full and open competition. [REDACTED] also alleged that CRC used VIIS' employees and equipment to conduct the work, and CRC's employees received free room and board from VIIS.

The investigation disclosed that [REDACTED], NPS Contract Specialist/Contracting Officer (CO) at the Southeast Regional Office (SERO) awarded contract number C5361080059 as an 8(a) set-aside to CRC in the amount of \$480,000, but she was not involved in the contract negotiations nor was she certain that the government received the best value for their money. Additionally, the investigation did not find any information to substantiate that CRC's employees received free room and board, nor did CRC use VIIS' employees or equipment to conduct the work.

During the investigation, [REDACTED] CRC's [REDACTED] and several NPS' employees stated that [REDACTED] VIIS' Superintendent, verbally instructed [REDACTED] to proceed with repairs detailed in the change order prior to receiving notification from [REDACTED]. [REDACTED] denied verbally approving the repairs, but he said that he would have supported the approval because he thought the problems that were found were emergencies, hazards, and NEC violations. The cost of the three repairs including the Superintendent's government owned residence totaled \$27,650.

We presented the case to the US Attorney's Office in the District of the Virgin Islands, which declined prosecution. We are providing a copy of this report to the NPS Director for any administrative action deemed appropriate.

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| Reporting Official/Title [REDACTED], Special Agent | Signature |
| Approving Official/Title [REDACTED], Special Agent in Charge | Signature |

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BACKGROUND

Federal regulations authorized the Small Business Administration (SBA) to enter into all types of contracts with other agencies and let eligible subcontractors perform the contracts under a program known as the 8(a) program (**Attachment 1**). Contracts may be awarded to the SBA for performance by eligible 8(a) firms on either a sole source or competitive basis. Competition among other 8(a) firms are not required unless the contract exceeds \$3.5 million.

Federal regulations stipulate that only contracting officers (COs) can award and modify contracts on behalf of the government (**Attachment 2**). COs are also responsible for ensuring performance of all necessary actions for effective contracting, ensuring compliance with the terms of the contract, and safeguarding the interest of the United States in its contractual relationships.

DETAILS OF INVESTIGATION

This investigation was initiated after the Office of Inspector General (OIG) received a telephone complaint on March 10, 2009, from [REDACTED], taxi driver, in St. John, US Virgin Islands (VI) (**Attachment 3**). [REDACTED] alleged that the Virgin Islands National Park in St. John VI (VIIS) awarded a contract in the amount of \$580,000 to Caribbean Remodeling & Consultants (CRC), located in San Juan, Puerto Rico (PR), without full and open competition. [REDACTED] also alleged that CRC used VIIS' employees and equipment to conduct the work, and CRC's employees received free room and board from VIIS. The contract was awarded to replace emergency generators and add automatic transfer switches (ATS) in various areas within VIIS.

During an interview on April 9, 2009, [REDACTED] said he learned about the contract from a retired VIIS employee, whose name he did not disclose (**Attachment 4**). According to [REDACTED] the retired employee showed him a copy of the contract awarded to CRC with an original amount of \$480,000. He explained that an additional \$100,000 was later added, via change orders, as unforeseen costs. [REDACTED] stated that the retired employee knew the system and the technicalities of the contract; however, he was more interested in why Virgin Islands' vendors were not getting federal contracts. [REDACTED] said he would confirm the name of the retired employee and forward it to the OIG.

Agent's Note: [REDACTED] was contacted on several other occasions, but he has not confirmed the name of his source.

When asked about CRC using VIIS' employees and equipment to conduct the work, [REDACTED] stated that he saw [REDACTED] using a VIIS truck to transport the generators for CRC. [REDACTED] said it seemed as though [REDACTED] was assigned to CRC. [REDACTED] also said that VIIS' employees [REDACTED] and [REDACTED] told him that CRC's employees received free room and board from VIIS.

On May 6, 2009, [REDACTED], Contract Specialist, National Park Service (NPS), SERO, stated that during the 2008 year-end closeout, [REDACTED], VIIS Superintendent asked if she could assist him with procurement actions to purchase some generators for VIIS (**Attachment 5**). [REDACTED] said she told [REDACTED] that she did not have time to solicit offers or provide full and open competition for the contract before the end of the fiscal year. She explained that the only other alternative was to set it aside for an 8(a) contractor, Small Disadvantaged Business (SDB).

██████████ said ██████████, VIIS Purchasing Agent/Contracting Officer, told her there were no 8(a) contractors in the Virgin Islands and ██████████ told her that CRC was a qualified 8(a) contractor who had previously done some work at VIIS. ██████████ verified that CRC was registered under the Central Contractor Registration (CCR) and was qualified to do the work.

██████████ said that ██████████ negotiated the contract and determined that the price of the generators was "fair and reasonable." ██████████ also said she did not receive an independent government cost estimate IGCE or any documentation detailing the final negotiated price. She explained that she determined the contract price was fair and reasonable, and advantageous to the government based on an on-line price search of the generators, and the cost of delivery and installation. ██████████ admitted, in hindsight, she should have: Received an IGCE, issued a solicitation, obtained a scope of work (SOW), conducted negotiations with the contractor, and obtained technical information from an engineer before awarding the contract on October 28, 2008 (Attachment 6).

After awarding the contract, ██████████ said she learned that ██████████ and ██████████, CRC's ██████████ conducted negotiations that were not part of the contract. She stated that ██████████, Contracting Officer's Technical Representative (COTR), faxed a copy of a change order in which some of the repairs had already been completed by the contractor (Attachment 7). ██████████ also said that she was not aware of the change order when it was initiated. According to ██████████, on April 2, 2009, she received a letter from ██████████ stating that ██████████ verbally approved three completed repairs on the change order (Attachment 8). She explained that the COTR can approve work on a change order, but only the CO has authority to issue a change order.

According to ██████████, ██████████ also told her that in order to "offset the cost" the contractor received free room and board from VIIS. ██████████ said that in the aforementioned letter ██████████ stated that part of his negotiations with ██████████ was to allow CRC's employees to stay in VIIS' housing for a fee, and CRC was also allowed to use some of VIIS' equipment (See Attachment 8). ██████████ stated that ██████████, VIIS Administrator, confirmed that ██████████ paid to stay in VIIS' housing. When asked about CRC using VIIS' employees, ██████████ said ██████████ explained that certain job sites required a government presence.

A review of ██████████ government e-mails revealed that \$94,880 was approved to assist with replacing hurricane recovery emergency generators. In an e-mail dated January 26, 2009, ██████████, VIIS Administrator, submitted a RO-7 (request for funds form) to the SERO requesting an additional sum of \$94,880 to replace hurricane recovery emergency generators (Attachment 9). On January 30, 2009, ██████████ Budget Analyst, SERO, told ██████████ via e-mail, that the request was approved. Both emails were copied to ██████████.

On March 5, 2010, ██████████ explained that as the COTR for the Electrical Generators and ATS contract, he was responsible for inspecting all work performed by the contractor (Attachment 10). Additionally, he addressed issues and concerns related to the generators and housing, and reported issues to the CO. ██████████ said there were no issues relating to the initial contract. He stated that the SOW listed in the initial contract was completed to his satisfaction, and CRC was paid the entire amount due.

In addition to the initial contract, ██████████ said CRC submitted a change order totaling \$101,830 (Attachment 11). ██████████ confirmed that an additional funding of \$94,880 was approved to assist in replacing the emergency generators (See Attachment 9). He explained that the contractor discovered that rodents had cut into some electrical wires causing VIIS to replace some electrical pipes and wires.

██████████ said that ██████████ verbally approved three repairs detailed in the change order without his knowledge. ██████████ agreed that some of the repairs on the change order were valid, but he felt those associated with the "Lynne House Apartment # 1-██████████ residence" were invalid. ██████████ also disagreed with the removal of pipes and wires for the "Trunk Bay" entrance. He felt that the defective pipes and wires should have been discovered during the pre-award site visit, and the cost should have been included in the initial contract. ██████████ said he expressed his concerns about the change order to ██████████, VIIS' new facility manager, and ██████████.

██████████ said he and ██████████ reviewed the change order and compiled an IGCE of \$68,600 (Attachment 12). ██████████ stated that the contractor agreed to that amount and it was approved by ██████████. According to ██████████ with the exception of a 10% retainer fee, the final change order has been paid. He confirmed that the changes were completed to contract standards and the contract was closed-out. ██████████ also confirmed that ██████████ paid VIIS for housing CRC's employees, and VIIS employees did not perform any work for CRC. ██████████ explained that VIIS' employees accompanied CRC's employees on-site to learn the ATS' system. In addition, ██████████ said ██████████ allowed CRC's employees to use the VIIS' "Bobcat" trailer to transport the generators to the site.

On March 29, 2010, the OIG received a package from ██████████ containing the invoices that were submitted by CRC for payment, three versions of the change order including the final change order, VIIS' request for additional funds, five proposals from CRC for the initial contract, and ██████████ daily logs. A review of the proposals showed that on September 15, 2008, CRC submitted five separate proposals generated from the same SOW's, each proposal quoted a different price ranging from \$373,000 to \$656,000 (Attachment 13).

On July 20, 2010, ██████████ stated that he submitted an original proposal for approximately \$600,000 to \$700,000 for all of the work that was listed in the SOW (Attachment 14). He said that ██████████ was uncertain how much money would be approved, so ██████████ prioritized and removed some of the repairs from the SOW. ██████████ also said that as the anticipated funds increased, ██████████ added additional work to the SOW. ██████████ explained that every time ██████████ changed the SOW, he had to readjust his proposal price accordingly. ██████████ stated that they finally agreed to a contract price of \$480,000 and the contract was awarded on October 28, 2008.

██████████ confirmed that he negotiated with ██████████ for CRC's employees to stay in VIIS' housing. ██████████ explained that he paid VIIS a monthly fee for rent, electricity, water and phone. ██████████ did not remember the amount of the monthly fee, but he said he will provide copies of the checks he used as payment to support his statement. ██████████ also said that ██████████ assigned ██████████ to provide access and serve as a government presence on VIIS' properties. He explained that many of the properties were residential and the doors were locked. Finally, ██████████ stated that on one occasion CRC used VIIS' backhoe to dig a hole and VIIS' "Bob Cat trailer" to transport one of the generators. He explained that both pieces of equipment were operated by ██████████.

In addition to the contract, ██████████ stated that on January 16, 2009, CRC submitted a proposed change order in the amount of \$101,830. ██████████ explained that after he opened the generators at the Biosphere Reserve location to disconnect the wires and install the ATS, he found that rats had eaten the insulation off of the copper wires. ██████████ said he immediately showed the problem to ██████████ who was also present. ██████████ said ██████████ and ██████████ observed the problem and agreed that they wanted him to prepare a change order to include the replacement of the damaged wires. ██████████ also said ██████████ requested that he inspect all of the sites at VIIS to make sure the situation was not prevalent. ██████████ claimed that the situation was rampant, so the wires had to be changed. He declared that the proposed

changes could not be detected during the pre-site visit.

According to [REDACTED] [REDACTED] verbally instructed him to proceed with repairs at Biosphere Reserve, Trunk Bay House, and Lyne House, prior to the change order being officially approved by [REDACTED]. [REDACTED] said that [REDACTED] told him the repairs were emergencies and needed to be completed immediately. [REDACTED] also said that he was not going to proceed with the repairs unless he had received approval from someone. He reiterated that [REDACTED] instructed him to proceed with the repairs prior to the change order being officially approved by [REDACTED].

Agent's Notes: Based on the change order with the initials [REDACTED] and [REDACTED] letter to [REDACTED] dated April 2, 2009, the three completed repairs totaled \$27,650 (See Attachment 7 and 8).

[REDACTED] said that the change order was further negotiated between him and [REDACTED]. [REDACTED] explained that the lower priority or non-emergency proposed changes were removed which caused a reduction to the change order price. He confirmed that the final change order was reduced to \$68,600 and eventually approved by [REDACTED]. [REDACTED] stated that CRC was paid in full and the contract was closed-out.

On July 21, 2010, [REDACTED] stated that during a tour of VIIS in September 2007, he discovered that VIIS had a serious maintenance backlog (Attachment 15). [REDACTED] explained that since the Virgin Islands Water and Power Authority (WAPA) did not service certain areas within the VIIS, the VIIS had to produce water, back up electricity, and pump/treat all the sewage treatments for public campground and commercial operations within the VIIS. [REDACTED] also said that many of the mechanical devices were barely operating and many of the safety devices were disconnected. [REDACTED] stated that Hartrampf & Associates, located in Atlanta, Georgia, conducted an assessment of the deficiencies for VIIS and found a number of safety issues in areas that were currently open to visitors.

[REDACTED] said that around September 2008, he contacted the SERO about available funding for the project. [REDACTED] confirmed that on October 28, 2008 the contract was awarded to CRC for \$480,000, the same amount that was approved by SERO. Contrary to [REDACTED]'s statement, [REDACTED] stated that [REDACTED] negotiated the contract (See Attachment 5). He admitted that the SOW was prepared by [REDACTED] and [REDACTED], both former acting Chief of Maintenance at VIIS, [REDACTED] and himself.

According to [REDACTED], [REDACTED] submitted approximately 10 proposals which started high. [REDACTED] said he removed a couple of the houses that were of a lower priority to reduce cost. He said that the first proposal was submitted on September 15, 2008 and the last one was on October 2, 2008. [REDACTED] explained that [REDACTED] did not change the date on his letter-head; therefore, all of the proposals reflected the same submittal date of September 15, 2008. [REDACTED] admitted that he negotiated for CRC's employees to stay in VIIS housing for a fee, which he believed help reduced the contract price by approximately \$40,000, but he maintained that he did not negotiate the contract. [REDACTED] said that at some point [REDACTED] contacted [REDACTED] "closed the gap," and negotiated the contract down to \$480,000.

[REDACTED] confirmed that the VIIS did not compile an IGCE. He explained that, when the VIIS was under the SERO, "things were less formal." Instead, [REDACTED] stated that the VIIS used the Project Management Information System (PMIS) and Regional Office 7 forms (RO7) which identified the SOW, justified the project, and requested the funds. Additionally, [REDACTED] confirmed that the VIIS

did not conduct a technical evaluation for CRC's proposal [REDACTED] said he believed that [REDACTED] was proposing a "better generator set with a little more capacity." [REDACTED] stated that he felt comfortable with the sizes of the generators that [REDACTED] recommended and he felt that [REDACTED] was able to negotiate the best value for the government.

In addition to the contract, [REDACTED] said that on January 16, 2009, [REDACTED] submitted a change order request for approximately \$94,000. [REDACTED] explained that the change order request outlined problems that CRC found while installing the ATS. [REDACTED] said that the connection wires for the ATS in most areas were undersized, which caused the VIIS not to meet the National Electric Code (NEC) standards. [REDACTED] also said that CRC found that rats had eaten the plastic insulation off of the copper wires at the Biosphere Reserve location. Additionally, [REDACTED] said that CRC had to conduct underground excavation to replace damaged electrical service to a house at the Lyne House location. [REDACTED] explained the condition of the wires could not be detected during pre-site visits because they were inside large conduits and were not accessible without removing the mechanical switch gears. [REDACTED] said that [REDACTED] bid on what he saw without going into a detailed diagnostic. In addition, he said that the changes were not visible and were unknown to VIIS staff.

[REDACTED] said that [REDACTED] approved the change order at the request of [REDACTED] and [REDACTED] who negotiated it down from \$94,000 to approximately \$74,000. According to [REDACTED], CRC made some repairs detailed in the change order prior to receiving written notification from [REDACTED]. [REDACTED] said when [REDACTED] found problems that required attention; he made the repairs on his own without receiving approval. He stated that the first unauthorized repairs occurred at the Biosphere Reserve, but [REDACTED], VIIS Building and Utility Supervisor, and [REDACTED] subsequently approved everything. [REDACTED] said that [REDACTED] made unauthorized repairs at three sites within VIIS. Contrary to statements made by several NPS employees and [REDACTED], [REDACTED] said he did not give [REDACTED] verbal approval to proceed with any repairs (See Attachments 8, 11, 14 and 17).

When we asked [REDACTED] about the notes on the January 16, 2009 change order stating verbally approved by [REDACTED] he said the notes were directed to VIIS staff not [REDACTED] (See Attachment 7). [REDACTED] said "he would have supported the approval because he thought the problems that were found were emergencies, hazards, and NEC violations." [REDACTED] explained that there were times when [REDACTED] showed him areas that needed repairs and he told him "that's something we need to get done," but he said he never instructed [REDACTED] to proceed with any repair. In addition, [REDACTED] said "he did not do anything that he knew was illegal or inappropriate; he was just trying to push the project forward to conclusion."

According to [REDACTED], [REDACTED] accompanied CRC to provide government assistance in areas that were not covered under the contract. [REDACTED] explained that [REDACTED] replaced dead batteries and maintained existing generators that needed ATS, so that CRC could test the equipment. [REDACTED] stated that [REDACTED] was responsible for learning the generator system for future maintenance. [REDACTED] said that the contract has been closed-out and that some of the generators were not working. In addition, [REDACTED] stated that there is still some warranty work to be completed, associated with the Red Hook generator.

On July 22, 2010, [REDACTED] stated that he did not know who negotiated the "Emergency Generator and ATS contract in the amount of \$480,000 (Attachment 16). [REDACTED] said that when he arrived at VIIS, the contract was approximately 45 to 50 percent completed. [REDACTED] confirmed that no one at VIIS compiled an IGCE for the contract. Contrary to [REDACTED] and [REDACTED] statements, [REDACTED] stated that he did not believe that the government received the best value for their money. [REDACTED]

thought that the cost of the generators and shipping were highly inflated. Nonetheless, ██████ stated that the contract was completed to contract standards.

In addition to the contract, ██████ stated that in February 2009 ██████ asked him to take over the negotiation of the change order. ██████ said that some of the repairs detailed in the change order should have been included in the original contract. ██████ explained that, without verifying the size of the wires, ██████ assumed that the existing wires were adequate to install the new generators and ATS. He said that ██████ ultimately discovered that the wires were undersized and had to be replaced.

According to ██████ nearly all of the work on the change order was completed prior to the change order being officially approved by ██████. ██████ admitted that ██████ once told him that ██████ verbally approved the repairs at Biosphere Reserve. Without verifying the information, ██████ said that he told ██████ to proceed with the repairs. Regarding the other repairs on the change order, ██████ stated that ██████ told him that ██████ instructed him "to continue working and VIIS would take care of it later." ██████ said ██████ denied instructing ██████ to proceed with the repairs.

██████ stated that he witnessed ██████ verbally instructing ██████ to install an electric power conditioner at the Lyne House, ██████ government residence. ██████ explained that it was difficult getting ██████ and ██████ in the same room to resolve the issues, which created a very uneasy situation. ██████ said he was more concerned with finishing the project and getting the best value for the government.

██████ stated that he was able to negotiate the cost of the change order from approximately \$120,000 to \$68,600. ██████ also stated that the repairs on the change order were completed to contract standards except at "Trunk Bay entrance" where the conduits were buried four or five inches instead of 18 inches as stipulated in the National Electric Code (NEC). In addition, ██████ stated that the contract was closed-out and CRC has been paid in full.

When asked if CRC's employees received a free stay at VIIS' housing and if CRC was allowed to use VIIS' equipment and employees, ██████ stated that CRC's employees did not receive free room and board from VIIS. He said that ██████, NPS Housing Assistant, has receipts to confirm that CRC paid \$1,045 monthly to stay in VIIS' housing. In addition, ██████ explained that prior to his arrival at VIIS, ██████ spent quite a bit of time assisting CRC with transporting equipment, and driving VIIS' trailer and backhoe. ██████ said that ██████ told him, as part of the original negotiations, ██████ granted CRC access to use VIIS' equipment and the assistance of ██████. ██████ said that ██████ denied making those statements as well. Nonetheless, ██████ stated that it was beneficial for ██████ to gain knowledge about the generators because VIIS may require him to repair them in the future.

On July 22, 2010, an OIG Agent received five rental receipts and a utility bill receipt from ██████. A review of the receipts validated that ██████ paid \$1,104.10 monthly, to VIIS, for temporary quarters rent from December 2008 to April 2009 (Attachment 17). In addition, ██████ paid an electrical bill of \$149.20, during his occupancy, for the period of November 30, 2008 thru December 13, 2008.

SUBJECT(S)

1. ██████ NPS Southeast Regional Office

OFFICIAL USE ONLY

2. [REDACTED], [REDACTED], NPS VIIS
3. [REDACTED] Caribbean Remodeling & Consultants

DISPOSITION

On September 13, 2010, U.S. Attorney's Office in the District of the Virgin Islands declined this case for prosecution (**Attachment 18**). This case is being referred to the Director of National Park Service for any action deemed appropriate.

ATTACHMENTS

1. Federal Acquisition Regulations Subpart 19.8 (a) (b) and Subpart 19.805(a) (2) (Contracting with the Small Business Administration (The 8(a) Program).
2. Federal Acquisition Regulations Subpart 1.601, 1.602-1 (a), and 1.602-2 (Contracting Officers authority and responsibilities).
3. IAR - interview of [REDACTED] on March 10, 2009.
4. IAR - interview of [REDACTED] on April 9, 2009.
5. IAR - interview of [REDACTED] on May 6, 2009.
6. Copy of contract number C5361080059 dated October 28, 2008.
7. Copy of change order no. 1 dated January 16, 2009, with approval instructions.
8. Copy of a letter from [REDACTED] to [REDACTED] dated April 2, 2009.
9. Copy of an e-mail from [REDACTED] to [REDACTED] dated January 26, 2009, requesting additional funding of \$94,880 to replace the emergency generators and the approval dated January 30, 2009.
10. IAR - interview of [REDACTED] on March 5, 2010.
11. Copy of change order in the amount of \$101,830 dated January 16, 2009.
12. Copy of change order dated April 17, 2009, in the amount of \$68,600.
13. An excel spreadsheet documenting five proposals submitted by CRC on September 15, 2008.
14. IAR - interview of [REDACTED] on July 20, 2010.
15. IAR - interview of [REDACTED] on July 21, 2010.
16. IAR - interview of [REDACTED] on July 22, 2010.
17. IAR - review of CRC's monthly rent receipts for temporary quarters at VIIS from December 2008 to April 2009, and an electrical bill from November 30, 2008 thru December 13, 2008.
18. Copy of the U.S. Attorney's declination letter, dated September 13, 2010.



**OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR**

Memorandum

To: Michael S. Black
Director, Bureau of Indian Affairs

From: [REDACTED]
Special Agent in Charge, Eastern Region

Subject: Referral – For Bureau Action as Deemed Appropriate
Response Required

Re: [REDACTED] – [REDACTED]

MAY 26 2011,

On June 3, 2009, the U.S. Department of the Interior (DOI), Office of Inspector General (OIG), received three e-mail complaints through the OIG Hotline. One complaint alleged that since 2007, [REDACTED] Bureau of Indian Affairs (BIA), Eastern Region, Nashville, Tennessee engaged in a sexual relationship with [REDACTED] WHPacific, Albuquerque, New Mexico. WHPacific is a Native American owned firm that has contracted with BIA to provide transportation planning services. The two other complaints listed numerous questionable contracts with WHPacific where [REDACTED] functioned as the contracting officer's technical representative (COTR) while [REDACTED] was responsible for WHPacific's BIA Eastern Region transportation planning.

This investigation found evidence of an improper sexual relationship between [REDACTED] and [REDACTED] to include the giving and receiving of gifts and meals. While [REDACTED] acknowledged the inappropriate nature of the relationship and the ethical guidelines it violated, he said he never gave [REDACTED] or WHPacific preferential treatment. [REDACTED], however, stated that WHPacific received "a lot of work" because "he [REDACTED] likes me."

The investigation confirmed that WHPacific received preferential treatment; specifically, [REDACTED] was allowed to rewrite scopes of work (SOW) and WHPacific was awarded an inordinately high amount of task orders through [REDACTED] office. The task orders were never put out for bid to the other contractors on the indefinite delivery/indefinite quantity (IDIQ) list, as required—an issue that was exacerbated by the fact that [REDACTED] region (Eastern) did not possess the legal authority to issue these task orders.

We are referring these findings to your office for your review and action deemed appropriate. Please provide a written response with a completed Accountability Form (attached) within 90 days of the date of this memorandum and mail it to: Office of Inspector General, Office of Investigations, 12030 Sunrise Valley Drive, Suite 350, Reston, VA 20191. In addition, please send an e-mail to [REDACTED] to advise that your response has been mailed to us or, if necessary, to request an extension to the due date. The extension request should include a brief case status note with additional time needed for completion. If during the course of your review you develop information or questions that should be discussed with this office, please contact Deputy Director [REDACTED]

Attachments



**OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR**

REPORT OF INVESTIGATION

| | |
|--|------------------------------------|
| Case Title [REDACTED] | Case Number [REDACTED] |
| Reporting Office Eastern Region, Herndon, VA | Report Date May 17, 2011 |
| Report Subject Report of Investigation | |

SYNOPSIS

On June 3, 2009, the U.S. Department of the Interior (DOI), Office of Inspector General (OIG) received three e-mail complaints via the OIG Hotline. One alleged [REDACTED] Bureau of Indian Affairs (BIA), Eastern Region, Nashville, Tennessee, has had a sexual relationship with [REDACTED], WHPacific, Albuquerque, New Mexico since 2007. Two other complaints listed numerous questionable contracts with WHPacific where [REDACTED] functioned as the contracting officer’s technical representative (COTR) while [REDACTED] was responsible for WHPacific’s BIA Eastern Region transportation planning.

This investigation uncovered evidence of an improper sexual relationship between [REDACTED] and [REDACTED] to include the giving and receiving of gifts and meals. While [REDACTED] acknowledged the inappropriate nature of the relationship and the ethical guidelines it violated, he said he never gave [REDACTED] or WHPacific preferential treatment. [REDACTED] however, stated that WHPacific received “a lot of work” because “he [REDACTED] likes me.”

This investigation also uncovered evidence of preferential treatment toward WHPacific, to include allowing [REDACTED] to rewrite scopes of work (SOW) for projects on which WHPacific planned to work, as well as WHPacific’s receipt of an inordinate amount of task orders through [REDACTED] office without having those orders put up for bid to the other contractors on the indefinite delivery/indefinite quantity (IDIQ) list, as required—an issue that is exacerbated by the fact that [REDACTED] region (Eastern) did not possess the legal authority to even issue these task orders.

BACKGROUND

WHPacific is a minority-owned business certified by the National Minority Supplier Development

| | |
|--|------------------|
| Reporting Official/Title [REDACTED] Special Agent | Signature |
| Approving Official/Title [REDACTED], Special Agent in Charge | Signature |

Authentication Number: 037443A5DCBD671BC1D9D949197DB6C9

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Council (NMSDC), whose parent company is NANA Development Corporation, a private for-profit corporation. A multidisciplinary firm, WHPacific specializes in all facets of building engineering, land development, water resources, architecture, and transportation. Their Native American ownership provides for Small Business (SB) and Small Disadvantaged Business (SDB) status under their subcontracting plans.

The BIA Division of Transportation's (DOT) website states that their mission is to provide and assist tribes to develop their capacity to plan, construct, and maintain safe and efficient transportation networks, as well as to promote tribal tourism. The BIA DOT accomplishes this mission through a variety of efforts to include contracting, funding, and engineering support.

DETAILS OF INVESTIGATION

The Office of Inspector General (OIG) launched this investigation pursuant to the receipt of three e-mail complaints via the OIG Hotline, alleging that [REDACTED], [REDACTED], Bureau of Indian Affairs (BIA), Eastern Region, Nashville, Tennessee, has had a sexual relationship with [REDACTED], WHPacific, Albuquerque, New Mexico, since 2007. The allegations further described the inappropriateness of this relationship and how [REDACTED] had provided WHPacific with information and an unfair advantage to task orders and steered tribal transportation planners to WHPacific.

In his complaint to DOI-OIG, [REDACTED], Aroostook Band of Micmac Indians, said he witnessed [REDACTED] and [REDACTED] kissing and hanging out together at every BIA conference he attended (**Attachment 1**). While at a conference in Florida, he witnessed two sets of feet in a restaurant restroom stall and notified a waiter. The waiter had the couple exit the restroom and [REDACTED] observed that the two individuals were [REDACTED] and [REDACTED]

[REDACTED], BIA, Eastern Region, Nashville, Tennessee corroborated [REDACTED] complaint and listed numerous other allegations in reference to [REDACTED] and [REDACTED] openly engaging in inappropriate activity (**Attachment 2**). In February 2008, during the United South and Eastern Tribes, Inc. (USET) conference in Washington, D.C., [REDACTED] and [REDACTED] were observed openly holding hands.

Moreover, [REDACTED] along with [REDACTED], Transportation Planner, BIA, Eastern Region, said something did not seem legitimate with WHPacific being awarded most of Eastern Region's task orders on an indefinite delivery/indefinite quantity (IDIQ) contract. [REDACTED] said there were only four companies on the list, of which one was WHPacific. [REDACTED] and [REDACTED] went to [REDACTED], [REDACTED] BIA, Eastern Region, who administered the task orders with WHPacific, to inquire about the awards. According to [REDACTED] [REDACTED] told them to mind their own business.

[REDACTED] believed [REDACTED] misinformed numerous tribes regarding transportation planning funds that the tribes could utilize to perform the work themselves. Instead, the tribes were informed by [REDACTED] that the only way to receive the funds was if WHPacific performed the work.

Specifically, [REDACTED] recalled a May 21, 2008 phone call with [REDACTED] where he asked her to overnight BIA Eastern Region's Transportation Improvement Plan (TIP) and bridge information to WHPacific. The BIA TIP is a complete listing of all current and future contracts to be opened. [REDACTED] believed this gave WHPacific a "huge" advantage over other contractors.

[REDACTED] and [REDACTED] Relationship

The DOI-OIG conducted several interviews of individuals who had witnessed or heard rumor of a romantic relationship between [REDACTED] and [REDACTED] (**Attachment 3**). An OIG Digital Forensic Examiner from the Computer Crimes Unit (CCU) also looked through [REDACTED] e-mails and noted there were 1600 e-mails from [REDACTED] to [REDACTED] many of which contained discussions of their sexual relationship (**Attachment 4**).

Subsequent to these findings, the DOI-OIG surveillance team deployed to Phoenix and established operations at the site of the National Tribal Transportation Conference, Pointe Hilton Tapatio Cliffs Resort, Phoenix, Arizona (**Attachment 5**). The team was to document the activities of [REDACTED] and [REDACTED] while they were attending a conference. From November 15 – 19, 2009, the surveillance team observed behaviors that corroborated allegations of a romantic relationship between [REDACTED] and [REDACTED] to include evenings spent in each other's hotel rooms, dancing together at a bar, and evenings out at restaurants. An undercover agent in the women's restroom overheard [REDACTED] speaking to another woman about her romantic relationship with [REDACTED] and how [REDACTED] had told her he was planning to leave his wife in 2010. Moreover, [REDACTED] was observed several times paying for meals and drinks while it never appeared [REDACTED] paid for anything.

[REDACTED] was interviewed to discuss her role in these allegations (**Attachment 6**). [REDACTED] stated she met [REDACTED] in early 2000 at a conference and they started working together in October or November 2006 when WHPacific received its first contract from BIA Eastern Region. [REDACTED] stated that she and [REDACTED] started an affair in March 2007. [REDACTED] described [REDACTED] as "an addiction" for her. [REDACTED] said the date of their last sexual encounter occurred in November 2009 at a tribal transportation conference in Phoenix, Arizona. When agents informed [REDACTED] that such information was not correct, [REDACTED] recanted her statement and stated she had been romantically involved with [REDACTED] in April 2010 while she and [REDACTED] were in Albuquerque working on a contract.

[REDACTED] discussed all of [REDACTED] extramarital affairs, to include [REDACTED] former transportation planner at Paiki, another contractor who'd been within [REDACTED] purview. [REDACTED] advised that [REDACTED] did the exact same job at Paiki that [REDACTED] did at WHPacific. [REDACTED] added that if the OIG investigated deeper, they would notice when [REDACTED] and [REDACTED] were together, Paiki was awarded more contracts and since [REDACTED] no longer works for Paiki, they ultimately stopped receiving the majority of transportation planning contracts.

Agent's Note: A phone call to Paiki's Albuquerque office revealed [REDACTED] had not worked for Paiki in approximately seven years, and therefore it did not seem necessary or pertinent to conduct an interview with her as part of this investigation.

When asked if her relationship with [REDACTED] was "quid pro quo" sex for work being awarded to WHPacific, [REDACTED] denied this allegation. She stated that the affair was personal and WHPacific's fees were fair. [REDACTED] did concede that WHPacific received "a lot of work" and stated: "I know we did, and I know it's because he likes me. I know that. I'm not stupid." In addition, [REDACTED] said, "He [REDACTED] did always say that he will make sure we always can work together. I mean, he did always say that, you know, even though I'm not working on the cost to construct, and I'm not doing this new construction management one. But no, he always did say that he'll make sure we're always working together and that we always see each other."

[REDACTED] also reported that she and [REDACTED] exchanged several gifts between one another during the course

Case Number: [REDACTED]

[REDACTED] of their personal relationship. [REDACTED] stressed that these gifts were exchanged in the context of a personal relationship and not related to their work at the BIA. [REDACTED] also reported that she and [REDACTED] purchased meals for one another while traveling together. She denied that her purchasing of meals for [REDACTED] was "one-sided," and explained that if she would have paid for lunch, [REDACTED] usually paid for dinner, or vice versa. She thought that [REDACTED] purchased as many meals for her as she purchased for him. She acknowledged that there were times when she expensed her meals with [REDACTED] to WHPacific; however, she would not have claimed per diem if she expensed meals, or she might subtract the cost of her meal in the expense report submitted to WHPacific. Thus, the company never paid [REDACTED] twice. She said that their meals together were much like a "husband and wife" dining out.

[REDACTED] was interviewed concerning these allegations (Attachment 7). [REDACTED] said BIA Eastern Region started contracting work with WHPacific in December 2006. The work involved planning, long-range transportation plans, and road inventories for the tribes. [REDACTED] said that he and [REDACTED] professional relationship developed "kind of into a personal relationship for a while" during the middle of 2007, and "it went farther than it should have." According to [REDACTED] the relationship was on and off for approximately two years. [REDACTED] said that whenever they were at the same meetings they would see each other. The sexual relationship ended approximately four to five months ago and now their relationship was strictly professional. [REDACTED] said, "I got caught by my wife, she got caught by her husband, and it was something that was very stupid. But we remain close friends but strictly work on a professional basis now."

OIG agents informed [REDACTED] that the information he provided in reference to the sexual relationship was incorrect and offered [REDACTED] an opportunity to clarify his statement. [REDACTED] recanted his previous statement and said, "I did have sex with her probably three weeks ago. I had to go the Albuquerque for a meeting with them [WHPacific] and the BIA DOT Office—and had sex. I went to the WHPacific office. It was a meeting between myself, [REDACTED] and [REDACTED]. We met a good part of the day on negotiating a contract administration contract with them to help us oversee the ARRA projects. Like I said, it was a back-and-forth negotiation. I didn't like their rates. We would negotiate them down to terms, what I thought was a reasonable number, and that's pretty much how the meeting went. We negotiated the fee. We left to go to lunch. It was [REDACTED] and me, and we went over to the hotel. We were there for a bit, and then I can't remember if I went back to her office or if I went straight to the BIA DOT Office. I think I went straight to BIA DOT from there."

[REDACTED] was asked if at any time during the affair he thought the relationship posed a conflict of interest. [REDACTED] said, "It did, and I tried to make sure every way I could that I didn't create a conflict of interest and that I made sure that all contracts were negotiated as cheap or as low as we could get them through any other vendor. I contracted more work out to other vendors. I never favored them in any way."

[REDACTED] also admitted to having a sexual relationship with [REDACTED], [REDACTED], Paiki. [REDACTED] said the affair occurred "a long time ago" and, according to [REDACTED] BIA was not "doing business" with Paiki at the time.

[REDACTED] said that he did not believe his relationship with [REDACTED] violated any administrative and/or ethical guidelines, even though he was aware it posed a conflict of interest. He said the ethics guidelines were unclear to him, though he never bothered to seek counsel from an ethics officer. OIG agents explained the regulations and advised [REDACTED] that even the appearance of impropriety is a violation in and of itself, and that having an affair with a contractor could certainly be viewed as an apparent conflict of interest. [REDACTED] agreed.

WHPacific's Alleged Unfair Advantage

According to documentation, [REDACTED] has been a certified COTR since 2003. He attended an eight-hour COTR refresher course on November 21, 2005, in Chickasha, Oklahoma and attended a 40-hour COTR course from May 7 to May 11, 2007 in Vienna, Virginia. A review of [REDACTED] 2005, 2007, and 2008 Office of Government Ethics (OGE) 450 forms determined that [REDACTED] did not disclose any gifts or gratuities. The documents also revealed a list of long-range planning contracts where [REDACTED] was the COTR and [REDACTED] was the CO. Under the name ASCG, WHPacific was awarded the majority of the contracts (**Attachment 8**).

OIG agents conducted multiple interviews in reference to allegations that [REDACTED] was providing WHPacific with an unfair advantage in the awarding of contracts and task orders. Among those interviewed was [REDACTED], Poarch Band of Creek Indians, at her office in [REDACTED], Alabama (**Attachment 9**). [REDACTED] had been the [REDACTED] for the Poarch Band of Creek Indians for approximately four years. During that time, she attended numerous conferences and training events sponsored by BIA. [REDACTED] was present at every event [REDACTED] attended. [REDACTED] was the only private contractor in attendance at these events. During the conferences, [REDACTED] had been allotted time for presentations demonstrating what WHPacific offers in transportation planning.

[REDACTED] was first introduced to [REDACTED] on an unknown date during a training conference after [REDACTED] informed all the Indian tribes in attendance that they must update their individual tribe's transportation plans. [REDACTED] said the money needed to update their transportation plans would not come from the tribes' contract money but from excess funds that were originally designated for contract over- or under-spending. [REDACTED] asked [REDACTED] for help in developing the transportation plan and [REDACTED] told [REDACTED] to look at WHPacific's presentation. [REDACTED] told [REDACTED] that WHPacific was an excellent company and had previously performed work for the Seminole Tribe of Florida. According to [REDACTED] highly recommended WHPacific. [REDACTED] met [REDACTED] after [REDACTED] presentation and informed [REDACTED] that she was interested in receiving help in developing a transportation plan. A WHPacific representative later came to the Poarch Creek Indian Reservation and stayed for approximately 45 minutes. [REDACTED] gave the representative her files and, after a few weeks, she received two binders with the tribe's transportation plan.

In a separate interview, [REDACTED] told OIG agents that [REDACTED] had given [REDACTED] some of the COTR responsibilities and [REDACTED] had started to question the process by which the contracts were issued. [REDACTED] the CO, informed [REDACTED] that unless the tribes specifically request a specific company, three proposals must be obtained before a contract was awarded. According to [REDACTED] none of the tribes' letters requested a specific company, only help in developing a transportation plan. [REDACTED] said it also appeared the four newest proposals for transportation plans were dated before the requisition order.

[REDACTED] was interviewed by OIG agents (**Attachment 10**). [REDACTED] stated that when she was initially assigned the duties of COTR for the three contracts that were ultimately awarded to WHPacific, she sought guidance from [REDACTED]. [REDACTED] instructed [REDACTED] to request bids from three separate companies. [REDACTED] said that once [REDACTED] learned of [REDACTED] instructions, [REDACTED] stopped the request for bids and instructed [REDACTED] to award the contracts to WHPacific since they were on the IDIQ list. According to [REDACTED] [REDACTED] said the IDIQ allowed for this; however, [REDACTED] said that unless the tribes specifically requested WHPacific in writing, the contracts should have been announced so that at least three bids could have been received.

This made [REDACTED] suspicious of [REDACTED] intentions due to his improper relationship with [REDACTED]. [REDACTED] stated that although she was the COTR for the latest planning contracts awarded to WHPacific, whenever she telephoned or e-mailed [REDACTED] in reference to one of the contracts, [REDACTED] only responded to [REDACTED].

During an interview with [REDACTED], [REDACTED], BIA, Eastern Region, [REDACTED] expressed his disapproval of [REDACTED] handling of the transportation contracts (**Attachment 11**). [REDACTED] said his office had the manpower and knowledge to help the individual tribes to accomplish the transportation planning tasks themselves. If [REDACTED] approved funding to the tribes, they could perform the tasks themselves or allow the tribes to award contracts and the BIA highway engineers could assist the tribes or small local companies. However, [REDACTED] would not allow the tribes to perform any of these tasks themselves, and would only allow the funds to be awarded primarily to WHPacific. Also, [REDACTED] stated that if a tribe complains and gives [REDACTED] a "hard time," he would not give the tribe any additional funding.

Furthermore, [REDACTED] questioned why [REDACTED] was the COTR for the years 2007 to 2009. He believed that it was the supervisory highway engineers' job to oversee and manage the highway engineers and not perform their duties along with the duties of the COTR. [REDACTED] stated that [REDACTED] does not allow the engineers or the new COTRs to travel to their assigned tribes to oversee the contracts awarded to WHPacific. When a problem arises or one of the COTRs attempts to contact [REDACTED], [REDACTED] intervenes. While [REDACTED] was the COTR, he would not advertise the contracts for bids but would wait until the very last minute that the contract could be awarded then push for the contract to be awarded to WHPacific since they were on the IDIQ list.

[REDACTED] said WHPacific had been given the edge over the other vendors. During the summit meetings [REDACTED] attended, WHPacific was the only vendor in attendance. In addition, by giving WHPacific copies of BIA Eastern Region's TIP, WHPacific was able to identify all of the region's current road planning and construction, as well as any future plans.

The OIG received an e-mail on February 22, 2010 from [REDACTED] detailing an Eastern Region staff meeting held on February 19, 2010. [REDACTED] informed, "He [REDACTED] intends to give WH Pacific construction management contract for all of our American Recovery and Reinvestment Act (ARRA) contracts. He is not giving a chance for anyone else." [REDACTED] opined that [REDACTED] should give all the firms in the IDIQ a chance for this kind of work. [REDACTED] asked [REDACTED] why didn't he hire a temporary engineer or inspector like he planned a long time ago and [REDACTED] said it took too long. According to [REDACTED], [REDACTED] had seven months to get this done, and another three months before the start of the construction season (**Attachment 12**). Then, in an e-mail dated March 8, 2010, [REDACTED] wrote to the OIG, "[REDACTED] told us that he gave the proposal for ARRA inspection management services for construction contracts for Eastern Region to WH Pacific already." [REDACTED] said he asked [REDACTED] why he didn't put it out competitively and, according to [REDACTED] e-mail, [REDACTED] replied, "there is no time," adding that, "Every other agency has been doing this, and why not the Eastern Region too?"

After a review of the Federal Procurement Data System (FPDS), it was determined that there were four companies awarded the IDIQ contract in reference to the National A-E /DOT-BIA Discipline VI award. This was the IDIQ contract used to award the task orders to WHPacific. Companies included WHPacific / ASCG; PAI of Kentucky (Paiki); Proudfoot Associates; and Red Plains Professional. Other than WHPacific, no other companies were awarded any task orders except PAI (one). It appeared that the CO who awarded the IDIQ contracts was [REDACTED], BIA, Southwest Region, Albuquerque, New Mexico. It also appears that all of the IDIQ awards have just been modified with

ARRA clauses (**Attachment 13**).

Concerning the allegation that [REDACTED] sent [REDACTED] proprietary information, which ultimately gave WHPacific an advantage over the other vendors on the IDIQ transportation-planning contract, [REDACTED] acknowledged receiving information from BIA Eastern Region's TIP, ARRA, and Indian Reservation Roads (IRR) funding, but denied this was "insider information." [REDACTED] said all of this information was public and WHPacific received this information because they asked for it.

[REDACTED] was shown an e-mail dated August 27, 2009 between her and [REDACTED] detailing justifications he wrote to ensure that WHPacific was awarded a task order (**Attachment 14**). [REDACTED] said, "There's also no doubt that he will do whatever so he could be with me." [REDACTED] said the motivation for the relationship was two-fold, "to see him" and "to keep my guys busy."

[REDACTED] was shown another e-mail, dated November 10, 2009, between [REDACTED], Department of Land Preservation and Planning, Mohegan Indian Tribe, and [REDACTED] seeking a road inventory, a TIP, a scope of work, a list of qualified firms, and any 2010 funding (**Attachment 15**). [REDACTED] was also shown a copy of the same e-mail from [REDACTED] that was forwarded to her from [REDACTED] and her reply stating that she owed [REDACTED] "reindeer bucks." [REDACTED] stated, "It looks horrible." [REDACTED] said WHPacific received the task order award for Mohegan through BIA approximately one month ago. [REDACTED] said the Mohegan Tribe was going to do a 638 contract for the TIP. [REDACTED] said she sent a fee proposal directly to [REDACTED] but due to the cost, [REDACTED] decided to allow BIA to facilitate the TIP. [REDACTED] said, "[REDACTED] probably did push that one. Of course, he [REDACTED] did tell us Mohegan is going to take the funds themselves, you know, and do the project themselves." [REDACTED] said that it was unlikely that any other vendors had the information that the Mohegan tribe was seeking a contractor to perform a long-range transportation plan.

Concerning [REDACTED] having allegedly provided proprietary information to [REDACTED] in regards to BIA Eastern Region's TIP, IRR, and ARRA funding breakout to the tribes, [REDACTED] said he provided the information to WHPacific because they asked for it and he did not see the information as being proprietary due to the information being provided on a website at a later date than when he furnished the information. [REDACTED] was asked if he provided the information to any of the other vendors on the IDIQ contract and he replied "no," because they did not ask for it.

[REDACTED] was questioned about the e-mail he received from [REDACTED] of the Mohegan Tribe, asking [REDACTED] for information in reference to updating Mohegan's TIP, how much funding they were allotted, and what company would he [REDACTED] recommend. [REDACTED] told OIG agents, "I steered him a little bit more towards WHPacific." In addition, [REDACTED] said that after the e-mail he contacted [REDACTED] letting her know that the Mohegan Tribe was seeking to update their TIP and informed her of the funding amount Mohegan would be allotted. [REDACTED] said that he only contacted [REDACTED] and did not contact any other vendors on the IDIQ contract to inform them that Mohegan was seeking a company to update their TIP.

[REDACTED] added that many of the tribes in Eastern Region sent letters asking for assistance with long-range transportation plans and road inventories. [REDACTED] insisted that a majority of the tribes specifically asked for WHPacific to perform their plans.

Agent's Note: After reviewing the letters sent by the tribes requesting assistance with updating long-term transportation plans, the majority of the letters only sought assistance from BIA and did not specifically ask for WHPacific to perform the work.

[REDACTED] reiterated that none of the information provided to [REDACTED] was confidential or proprietary, to include a spreadsheet of contractor information he'd given to [REDACTED] during the course of this investigation. [REDACTED] said he got much of the information off a website called Federal Business Opportunities (www.fbo.gov) which was accessible by anyone, and that he and [REDACTED] worked on it during government time. [REDACTED] said he also worked on it from home (**Attachment 16**).

Awarding Task Orders

During his interview, [REDACTED] admitted that he had not been authorized to issue task orders on the IDIQ contracts awarded to WHPacific (**Attachment 17**). He confirmed he received copies of the IDIQ contracts but he did not read them. [REDACTED] said that between 2004 and 2007, under the old IDIQ contracts, the regional contracting officers were authorized to award task orders. He said that when the new IDIQ contracts were established in 2007 he assumed the regional contracting officers retained the same authority. [REDACTED] stated it was not until September 29, 2010 that he became aware that the new IDIQ contracts were changed to give that authority solely to the Southwest Region.

Agent's Note: OIG agents learned that [REDACTED] resigned from BIA during the course of this investigation.

Preparing the Scope of Work

During [REDACTED] interview, she recalled a construction inspection contract for an ARRA-funded project where she did not like the SOW that was created by the BIA Eastern Region Transportation Office. According to [REDACTED] the SOW asked for "a lot of stuff" from WHPacific that should not have to be performed. [REDACTED] said they [she and [REDACTED]] "basically" rewrote the SOW then [REDACTED] created the task cost proposal and gave it to [REDACTED] to submit to [REDACTED]

She added that a reason for WHPacific's involvement in preparing SOWs was to renegotiate the SOW when it did not align with the amount allocated for the job. She acknowledged that for a few of the projects (i.e., Coughatta Road Design, Powell Bridge Construction Inspection, Catawba Road Construction Inspection, and Seminole Nation of Florida projects), she either helped write or rewrite (i.e., "tweak") the SOW. With respect to the Seminole project, she explained that another consultant had initially prepared a long-range transportation plan for the Seminole Tribe. According to [REDACTED] the work was "horrible," needed to be redone, and the BIA didn't have enough money to redo it. The BIA came to [REDACTED] asking for help and she helped re-write the SOW to complete the project.

[REDACTED] reported that WHPacific would occasionally revise the SOW and give it back to the BIA if the SOW was inadequate and/or if the government didn't know what they wanted. She explained that her office might return the edited SOW via e-mail, stating, "here's our understanding" of the SOW.

[REDACTED] reported that she typically dealt directly with [REDACTED] on such matters. [REDACTED] said that even though [REDACTED] had been the CO on most Eastern Region projects, she rarely had contact with him. Instead, most of her interaction was with [REDACTED] or [REDACTED] with respect to the SOW on projects in the Eastern Region.

[REDACTED] described her revisions to the SOW as "subtle." She explained that BIA officials never came to her and said, "I'm not going to do my job today. Can you write me a Scope of Work?" Instead, it was typically situations where "they may not have taken the time to write out specific task by task." She

[REDACTED] acknowledged that in some situations, BIA officials asked [REDACTED] assistance in preparing the SOW after [REDACTED] had identified specific deficiencies. In other situations, BIA officials already realized the problem(s) and asked her to help fix them.

[REDACTED] denied that her assistance in preparing SOWs for the BIA had been done to ensure WHPacific's award and the exclusion of competitors. She said she only helped write/rewrite a few SOWs in "unique or different" situations, and that the vast majority of SOWs had been in accordance with the Code of Federal Regulations (CFR). When asked whether this gave her company an unfair advantage in the procurement process, [REDACTED] said "no." She said no one ever raised an issue with her involvement in writing/rewriting SOWs. Additionally, she had been unaware of government restrictions that preclude contractors from preparing SOWs for contracts on which they intended to bid. [REDACTED] said that her assistance in writing/rewriting SOWs did not ensure that WHPacific would get the award.

When [REDACTED] was asked if [REDACTED] or anyone else from WHPacific had assisted in writing, rewriting, or editing the SOW on any project, [REDACTED] said, "They [WHPacific] didn't like some things in the scope of work, so we took some things out, added some things in."

Agent's Note: According to the Federal Acquisition Regulations (FAR), subpart 9.505-2, if a contractor prepares and furnishes complete specifications covering nondevelopmental items, to be used in a competitive acquisition, that contractor shall not be allowed to furnish these items, either as a prime contractor or subcontractor, for a reasonable period of time including, at least, the duration of the initial production contract.

SUBJECT(S)

[REDACTED] Regional Road Engineer, BIA, Eastern Region, 545 Marriott Drive, Suite 700, Nashville, TN, ph: [REDACTED].

DISPOSITION

This investigation uncovered evidence of an improper sexual relationship between [REDACTED] and [REDACTED] to include the giving and receiving of gifts and meals. While [REDACTED] acknowledged the inappropriate nature of the relationship and the ethical guidelines it violated, he said he never gave [REDACTED] or WHPacific preferential treatment. [REDACTED] however, stated that WHPacific received "a lot of work" because "he [REDACTED] likes me."

This investigation also uncovered evidence of possible preferential treatment toward WHPacific, to include allowing [REDACTED] to rewrite SOWs for projects on which WHPacific planned to work, as well as WHPacific's receipt of an inordinate amount of task orders through [REDACTED] office without having those orders put up for bid to the other contractors on the IDIQ list, as required. Moreover, following a review of the IDIQ contract by OIG agents, it appeared that the BIA Eastern Region did not even possess the authority to issue delivery orders. Section G.4.a. specifically identified the Administrative Contracting Officer (ACO) of the Southwest Regional Office as the contracting specialist authorized to issue orders on the contract, not Eastern Region. In this case, the ACO was [REDACTED].

Following several discussions with OIG management, Assistant U.S. Attorney [REDACTED], Middle District of Tennessee, agreed with the OIG's assessment of the findings, but has ultimately declined this case for criminal prosecution in lieu of administrative action.

ATTACHMENTS

1. Investigative Activity Report – Interview of [REDACTED], dated January 6, 2010
2. Investigative Activity Report – Interviews of [REDACTED], dated June 16, 2009; May 5, 2010
3. Investigative Activity Report – Interviews of [REDACTED], dated May 4, 2010; November 10, 2010; Interview of [REDACTED], dated May 5, 2010; Interview of [REDACTED], dated May 5, 2010; Interview of [REDACTED], dated May 5, 2010; Interview of [REDACTED], dated June 1, 2010; Interview of [REDACTED], dated August 26, 2010; Interview of [REDACTED], dated November 8, 2010
4. CCU Forensics
5. Surveillance documentation
6. Investigative Activity Report – Interviews of [REDACTED], dated April 21, 2010; May 6, 2010; May 12, 2010
7. Investigative Activity Report – Interviews of [REDACTED], dated May 4 and 5, 2010; December 14, 2010; March 11, 2011
8. [REDACTED] COTR and personnel documentation
9. Investigative Activity Report – Interview of [REDACTED], dated August 13, 2009
10. Investigative Activity Report – Interviews of [REDACTED], dated October 28, 2009; May 5, 2010
11. Investigative Activity Report – Interviews of [REDACTED], dated October 28, 2009; May 5, 2010
12. [REDACTED] e-mails
13. Review of contracts
14. E-mail between [REDACTED] and [REDACTED] dated August 27, 2009; review of e-mails
15. [REDACTED] e-mail, dated November 10, 2009
16. Information provided to the OIG by [REDACTED]
17. Investigative Activity Report – Interview of [REDACTED], dated November 10, 2010



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

Memorandum

To: Jonathan B. Jarvis, Director
National Park Service
1849 C Street, N.W.
Washington, D.C. 20240

NOV 07 2012

Attention: [REDACTED] Human Resource Specialist
Branch of Labor and Employee Relations
Washington Headquarters Office
National Park Service
1201 Eye Street, N.W., Room 1233
Washington, D.C. 20005

From: Peter Y. Kim
Special Agent in Charge

Subject: **Referral – For Bureau Action as Deemed Appropriate –
Response Required**

Re: DOI-OIG Case File No. OI-GA-12-0595-R

The Office Inspector General received notification from the Miami Beach Police Department that [REDACTED] GS-5, Forestry Technician, Everglades National Park was the suspect in three different rape cases that involved prostitutes as the victims. We further learned that subsequent to the conclusion of the criminal investigation, the case was declined for prosecution after the victims withdrew their cooperation.

We have determined that this complaint would be better addressed by your office; therefore, we are referring it to your office for review and action. Please provide a written response with a completed Accountability Form (attached) within 90 days of the date of this memorandum and mail it to: Office of Inspector General, Office of Investigations, 12030 Sunrise Valley Drive, Suite 350, Reston, VA 20191. In addition, please send an email to [REDACTED] to advise that your response has been mailed to us or, if necessary, to request an extension to the due date. The extension request should include a brief case status note with additional time needed for completion.

If during the course of your review you develop information or questions that should be discussed with this office, please contact me at [REDACTED]