Description of document:	First pages from the primary report document or memorandum resulting from the 51 specified Department of Transportation (DOT), Office of the Inspector General (OIG) investigations, 2007-2012
Request date:	01-September-2013
Released date:	25-November-2014
Posted date:	06-April-2015
Source of document:	Department of Transportation Office of the Inspector General FOIA Requester Service Center 1200 New Jersey Avenue, S.E., 7th Floor Washington, DC 20590 Fax: 202-366-1975 (Attn: FOIA Requester Service Center)

U.S. Department of Transportation
Office of the Secretary of Transportation

Office of Inspector General
Washington, D.C. 20590

November 25, 2014

RE: FOIA Control No: FI-2013-0123

This letter is in response to your Freedom of Information Act (FOIA) request sent to the U.S. Department of Transportation (DOT), Office of the Inspector General (OIG) dated September 1, 2013. You requested the following:

> "The Executive Summary only of each of the following documents: the Closing Memo, the Report of Investigation, the Final Report, and the Referral Memo"

During your September 27, 2013 discussion with FOIA Officer Angel Simmons, you narrowed your FOIA request to include only "the first 10 pages from the primary report document or memorandum resulting from the 51 investigations" in your earlier request.

Enclosed you will find documents responsive to your request. Please note that some information was redacted or withheld pursuant to exemptions provided by the Freedom of Information Act (5 U.S.C. § 552(b)(5), (6) and (7)(C)).[1] As a courtesy, in a few instances where the resolution of the case was not mentioned within the first 10 pages, we included the additional pages. In these situations, the interim pages above 10 but before the final page were redacted. A total of 260 pages were responsive to your request. We are producing the 260 pages, with redactions.

We consider this matter closed. The FOIA gives you the right to appeal adverse determinations to the appeal official for the agency. The appeal official for the OIG is

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[1]Exemption 5 protects attorney-client communications and documents that are pre-decisional and a direct part of the deliberative process.

Exemption 6 protects names and any data identifying individuals if public disclosure would be a clearly unwarranted invasion of privacy.

Exemption 7(C) protects personal information in law enforcement records. It prevents the disclosure of law enforcement information which could reasonably be expected to constitute an unwarranted invasion of personal privacy.

the Assistant Inspector General, Brian A. Dettelbach. Any appeal should contain all facts and arguments that you propose warrant a more favorable determination. Please reference the file number above in any correspondence.

Appeals to Mr. Dettelbach should be prominently marked as a "FOIA Appeal" addressed to: U.S. Department of Transportation, Office of Inspector General, 7th Floor West (J3), 1200 New Jersey Avenue, SE, Washington, DC 20590. If you prefer, your appeal may be sent via electronic mail to FOIAAPPEALS@oig.dot.gov. An appeal must be received within 45 days of the date of this determination and should contain any information and arguments you wish to rely on. The Assistant Inspector General's determination will be administratively final.

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

If you have any questions regarding this message, please contact me at either (202) 366-1406 or by email at Barbara.Hines@oig.dot.gov and reference the FOIA control number above. You may also contact our FOIA Public Liaison, David Wonnenberg, at either (202)366-1544 or david.wonnenberg@oig.dot.gov to discuss any aspect of your request.

Sincerely,

Barbara A. Hines
Associate Counsel

Enclosures

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I05A0002720200	JAN 3 1 2012
TITLE		STATUS
PLATINUM JET MANAGEMENT 1621 South Perimeter Road Fort Lauderdale, FL	(b)(6), (b)(7)a	Final
	DISTRIBUTION	rmm 1/7
	JRI-2 (1)	
Destruction of an Aircraft		(b)(6), (b)(7)a

DETAILS

This investigation was based upon information received from the Federal Aviation Administration (FAA), Teterboro Flight Standards District Office (FSDO-25), Saddle Brook, NJ, that PLATINUM JET MANAGEMENT (PLATINUM), 1621 South Perimeter Road, Fort Lauderdale, FL, was operating an illegal Federal Aviation Regulations (FAR) Part 135 charter operation. On February 2, 2005, a PLATINUM operated Canadair Challenger 600 jet aircraft, (N370V), crashed during takeoff on a charter flight from Teterboro Airport, Teterboro, NJ, to Chicago Midway Airport.

Post accident investigation by FSDO-25 and the National Transportation Safety Board (NTSB) concluded that the crew of the flight was not qualified to operate the charter flight, that the aircraft was imbalanced and overweight, and was too heavy up front for proper rotation during take-off, thus causing the crash. It was also found that the crew had not properly configured the center of gravity for N370V before the flight.

DOT-OIG's investigation found that PLATINUM not only operated the accident flight as an illegal charter flight but had also done so on numerous flights well before and after the accident flight. During this time period, PLATINUM management routinely instructed pilots to indicate on flight manifests that these charter flights were operated as FAR Part 91 (general aviation) flights, to avoid the more stringent requirements of FAR Part 135 regulations (charter operation).

DOT-OIG's investigation also found that pilots for PLATINUM routinely altered the basic operating weight of the Challenger CL 600 aircraft operated by PLATINUM by 500 to 1000 pounds in calculations while configuring the center of gravity for proper and safe take off. The pilots were

instructed by PLATINUM management to reduce the basic operating weight of the aircraft to make it appear to be within legal center of gravity limits for take off. This was done to add as much fuel as possible on the aircraft at Fixed Base Operator locations where PLATINUM management had discount fuel agreements.

On January 23, 2009, an indictment was filed in U.S. District Court (USDC), District of New Jersey (DNJ), Newark, NJ, those charged included:

1. Michael F. BRASSINGTON, President, PLATINUM, with one count in violation of Title 18, United States Code, 371, Conspiracy; five counts in violation of Title 18, United States Code, 1001, False Statements; and one count in violation of Title 18, United States Code, 32, Destruction of Aircraft or Aircraft Facilities.

2. Paul BRASSINGTON, Vice President, PLATINUM, with one count in violation of Title 18, United States Code, 371, Conspiracy.

3. Andre D. BUDHAN, Manager, PLATINUM, with one count in violation of Title 18, United States Code, 371, Conspiracy.

4. Joseph K. SINGH, Charter Manager, PLATINUM, with one count in violation of Title 18, United States Code, 371, Conspiracy and four counts in violation of Title 18, United States Code, 1001, False Statements.

5. Brian L. MCKENZIE, Director of Maintenance, PLATINUM, with one count in violation of Title 18, United States Code, 371, Conspiracy.

6. Francis A. VIEIRA, First Officer, PLATINUM, with one count in violation of Title 18, United States Code, 371, Conspiracy and sixteen counts in violation of Title 18, United States Code, 1001, False Statements. (Attachment 1)

On February 4, 2009, Michael F. BRASSINGTON, Paul BRASSINGTON, BUDHAN, and MCKENZIE, were arrested at their residences by U.S. DOT-OIG and Federal Bureau of Investigation special agents. Michael F. BRASSINGTON, Paul BRASSINGTON, BUDHAN, and MCKENZIE, were all remanded as a result of their initial appearances before Robin S. ROSENBAUM, United States Magistrate Judge (USMJ), USDC, Southern District of Florida (SDFL), Fort Lauderdale, FL, and placed into the custody of the United States Marshals Service (USMS), SDFL, Fort Lauderdale, FL.

On February 25, 2009, SINGH was arrested upon entry into the United States at Miami International Airport (MIA) by officers of the U.S. Customs and Border Patrol. U.S. DOT-OIG special agents took

SINGH into custody after the arrest. On February 26, 2009, SINGH had his initial appearance before Barry S. SELTZER, USMJ, USDC-SDFL, Fort Lauderdale, FL, and was released on bond.

On March 2, 2009, VIEIRA surrendered to the USMS, SDFL, Fort Lauderdale, FL. VIEIRA had his initial appearance before Lurana SNOW, USMJ, USDC-SDFL, Fort Lauderdale, FL, and was released on bond.

On June 22, 2009, BUDHAN pled guilty in USDC, DNJ, Newark, NJ, to count one of the indictment charging him with Title 18, United States Code, 371, Conspiracy. (Attachment 2)

On July 07, 2009, SINGH pled guilty in USDC, DNJ, Newark, NJ, to count one of the indictment charging him with Title 18, United States Code, 371, Conspiracy. (Attachment 3)

On November 13, 2009, a superseding indictment was filed in USDC, DNJ, Newark, NJ, those charged included:

1. Michael F. BRASSINGTON, President, PLATINUM, with one count in violation of Title 18, United States Code, 371, Conspiracy; twenty-two counts in violation of Title 18, United States Code, 1001, False Statements; and one count in violation of Title 18, United States Code, 32, Destruction of Aircraft or Aircraft Facilities.

2. Paul BRASSINGTON, Vice President, PLATINUM, with one count in violation of Title 18, United States Code, 371, Conspiracy and sixteen counts in violation of Title 18, United States Code, 1001, False Statements.

3. MCKENZIE with one count in violation of Title 18, United States Code, 371, Conspiracy; and eleven counts in violation of Title 18, United States Code, 1001, False Statements.

4. VIEIRA with one count in violation of Title 18, United States Code, 371, Conspiracy; and sixteen counts in violation of Title 18, United States Code, 1001, False Statements.

5. John KIMBERLING, Captain, PLATINUM, with one count in violation of Title 18, United States Code, 371, Conspiracy and four counts in violation of Title 18, United States Code, 1001, False Statements. (Attachment 4)

On September 27, 2010, VIEIRA, pled guilty in USDC, DNJ, Newark, NJ, to count one of the superseding indictment charging him with Title 18, United States Code, 371, Conspiracy. (Attachment 5)

On October 14, 2010, Michael F. BRASSINGTON, Paul BRASSINGTON, and MCKENZIE, went to trial in front of Dennis M. CAVANAUGH, United States District Judge (USDJ), USDC-DNJ, Newark, NJ, in response to the November 13, 2009 superseding indictment.

On November 12, 2010, Judge CAVANAUGH dismissed all charges against MCKENZIE pursuant to a Rule 29 motion related to the superseding indictment. (Attachment 6)

On November 15, 2010, Michael F. BRASSINGTON and Paul BRASSINGTON, were convicted by a federal jury in USDC-DNJ , Newark, NJ, on charges related to the superseding indictment.

Michael F. BRASSINGTON was found guilty of the following charges:

1. One count in violation of Title 18, United States Code, 371, Conspiracy.

2. Seven counts in violation of Title 18, United States Code, 1001, False Statements.

3. One Count in violation of Title 18, United States Code, 32, Destruction of Aircraft or Aircraft Facilities.

Paul BRASSIGNTON was convicted of one count in violation of Title 18, United States Code, 371, Conspiracy.

On July 22, 2011, KIMBERLING was placed on six months pre-trial diversion by William J. ZLOCH, USDJ, USDC, SDFL, as a result of a joint motion between the United States of America and KIMBERLING. (Attachment 7)

On August 16, 2011, SINGH was sentenced by Judge CAVANAUGH to twelve months probation, restitution in the amount of $200,000.00, a $5,000.00 fine, and a special assessment fee of $100.00. (Attachment 8)

On August 22, 2011, VIEIRA was sentenced by Judge CAVANAUGH to serve six months in the custody of the United States Bureau of Prisons, six months home confinement, three years of supervised release, and a special assessment fee of $100.00. (Attachment 9)

On September 20, 2011, Michael F. BRASSINGTON was sentenced by Judge CAVANAUGH to serve thirty months in the custody of the United States Bureau of Prisons, three years of supervised release, and a special assessment fee of $900.00. (Attachment 10)

On September 20, 2011, Paul BRASSINGTON was sentenced by Judge CAVANAUGH to serve eighteen months in the custody of the United States Bureau of Prisons, three years of supervised release, and a special assessment fee of $100.00. (Attachment 11)

On November 22, 2011, BUDHAN was sentenced by Judge CAVANAUGH to twenty-four months probation, restitution in the amount of $1,000,000.00, and a special assessment fee of $100.00. (Attachment 12)

This investigation is closed.

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Index of Attachments

No.	Description
1	Indictment and Arrest Warrants - Michael F. Brassington, Paul Brassington, Andre D. Budhan, Joseph K. Singh, Brian L. McKenzie, Francis A. Vieira Dated: January 23, 2009
2	Plea Agreement - Andre D. Budhan Dated: June 22, 2009
3	Plea Agreement - Joseph K. Singh Dated: July 07, 2009
4.	Superseding Indictment - Michael F. Brassington, Paul Brassington, Brian L. McKenzie, Francis A. Vieira, John Kimberling Dated: November 13, 2009
5	Plea Agreement - Francis A. Vieira Dated: September 27, 2010
6	Rule 29 Motion - Brian L. McKenzie Dated: November 12, 2010
7	Pre-Trial Diversion Motion - John Kimberling Dated: July 22, 2011
8	Judgment in a Criminal Case - Joseph K. Singh Dated: August 16, 2011
9	Judgment in a Criminal Case - Francis A. Vieira Dated: August 22, 2011
10	Judgment in a Criminal Case - Michael F. Brassington Dated: September 20, 2011
11	Judgment in a Criminal Case - Paul Brassington Dated: September 20, 2011

Index of Attachments

No.	Description
12	Judgment in a Criminal Case - Andre D. Budhan Dated: November 22, 2011

U.S. Department of Transportation
Office of Inspector General

REPORT OF INVESTIGATION	INVESTIGATION NUMBER #I06E000048SINV	DATE Nov. 26, 2010
TITLE Post-Employment Restrictions for (b)(6), (b)(7)c	PREPARED BY: (b)(6), (b)(7)c Special Investigations, JI-3	STATUS FINAL
	DISTRIBUTION	APPROVED BY: JI-3 (b)(6), (b)(7)c

BACKGROUND

served as the U.S. Department of Transportation (DOT) from . then left federal service and, between approximately , served as In approximately June 2006, , then for the DOT Office of Inspector General (OIG), witnessed while a employee, in DOT facilities and, apparently, in possession of a DOT-issued contractor security badge.

Pursuant to statutory post-employment restrictions, may not:

(1) For one year following DOT employment, knowingly make, with the intent to influence, any communication to or appearance before any official within DOT concerning a matter for which seeks official action from DOT. 18 U.S.C. § 207(c).

(2) For two years following DOT employment, knowingly make, with the intent to influence, any communication to or appearance before any federal agency official on behalf of a specific party involved in a particular matter that was pending under official responsibility within the last year of federal employment. 18 U.S.C. § 207(a)(2).

(3) Permanently following DOT employment, knowingly make, with the intent to influence, any communication to or appearance before any federal agency official on behalf of a specific party involved in a particular matter in which participated personally and substantially as a federal employee. 18 U.S.C. § 207 (a)(1).

Given presence at DOT facilities while a employee, the OIG investigated whether violated these post-employment restrictions.

SYNOPSIS

Subsequent to federal service and while an employee of met with DOT officials and visited DOT facilities on several occasions. Most notably, met with Federal Aviation Administration (FAA) at FAA headquarters on April 14, 2006, and had lunch with successor at the DOT Office of the CIO, , in late April 2006. There is insufficient evidence, however, that actions violated the post-employment restrictions found at 18 U.S.C. § 207.

Additionally, OIG confirmed that in March 2006, received a contractor security badge from the to work on the program, which FAA contracted to The evidence indicates, however, that did not, in fact, work as a contractor on the

(b)(6), (b)(7)c program, and neither the (b)(6), (b)(7)c Contracting Officer nor the (b)(6), (b)(7)c (b)(6), (b)(7)c could locate a written request from (b)(6), (b)(7)c seeking the badge for (b)(6), (b)(7)c

The (b)(6), (b)(7)c terminated the employee who issued (b)(6), (b)(7)c the badge because, among other reasons, the employee failed to ensure the appropriate (b)(6), (b)(7)c (b)(6), (b)(7)c official signed (b)(6), (b)(7)c security badge application form. According to FAA (b)(6), (b)(7)c , (b)(6), (b)(7)c contractor badge associated with (b)(6), (b)(7)c expired on (b)(6), (b)(7)c 2009. (b)(6), (b)(7)c left (b)(6), (b)(7)c in approximately March 2010 to begin employment with (b)(6), (b)(7)c On (b)(6), (b)(7)c 2010, the (b)(6), (b)(7)c issued (6), (b)(a new contractor security badge, as an employee of (b)(6), (b)(7)c that is valid for one year.

DETAILS

Finding 1: Although (b)(6), (b)(7)c met with several DOT officials and visited DOT facilities after 3), (b) federal employment, there is insufficient evidence 3), (b) violated the post-employment restrictions of 18 U.S.C. § 207.

(b)(6), (b)(7)c *Handled a Particular* (b)(6), (b)(7)c *Matter*

According to then (b)(6), (b)(7)c , in summer)(6), (b)(7) (b)(6), (b)(7)c DOT (b)(6), (b)(7)c reviewed and submitted to the Office of Management and Budget (OMB) for approval DOT's annual "business cases," which included (b)(6), (b)(7)c a program (b)(6), (b)(7)c . (A business case is contract or program-specific and is used by management as a tool to determine and document the costs and benefits of potential functional improvements and related investments in information technology.) Therefore, the two-year post-employment restriction of 18 U.S.C. § 207(a)(2) applied to (b)(6), (b)(7)c concerning (b)(6), (b)(7)c because it was pending under 3), (b) authority during the last year of 3), (b) federal service.)(6), (b)(7 however, stated that 3), (b) rather than (b)(6), (b)(7)c signed off on the (b)(6), (b)(7)c business cases, and (6), (b)(did not recall any specific involvement by (b)(6), (b)(7)c concerning (b)(6), (b)(7)c Thus, we found insufficient evidence to demonstrate that (b)(6), (b)(7)c involvement with (b)(6), (b)(7)c was "personal and substantial" so as to trigger the permanent restriction of 18 U.S.C. § 207(a)(1) concerning the program.

Instead, (6), (b)(stated that in 2005 (b)(6), (b)(7)c reviewed and was heavily involved with the business cases for the (b)(6), (b)(7)c (b)(6), (b)(7)c (b)(6), (b)(7)c , and (b)(6), (b)(7)c (b)(6), (b)(7)c programs. According to news articles, although (b)(6), (b)(7)c bid for the (6), (b)(contract, FAA awarded it to another company in (b)(6), (b)(7)c . Therefore, because the contract was not awarded to (b)(6), (b)(7)c and occurred prior to (b)(6), (b)(7)c becoming DOT)(6), (b)(7 3), (b) work on (6), (b)(in 2005 would not trigger the two year or permanent post-

employment restrictions concerning any (6), [redacted]-related communications and appearances, if any, (b)(6), (b)(7)c later had with federal officials on behalf of (b)(6), (b)(7)c

Further, (6), (b)(had no information that (b)(6), (b)(7)c was involved in the (b)(6), (b)(7)c and (b)(6), (b)(7)c programs while (b)(6), (b)(7)c served as (b)(6), (b)(7)c . News articles from 2007 indicate that the company wished to bid for contracts associated with those two programs, and (b)(6), (b)(7)c website and more recent articles indicate that FAA is still, to date, receiving bids for and awarding those contracts. Therefore, because the contracts for (b)(6), (b)(7)c and (b)(6), (b)(7)c were not awarded to (b)(6), (b)(7)c while [redacted] served as (b)(6), (b)(7)c , the two-year and permanent post-employment restrictions would not apply to communications to and appearances before federal officials, if any, (b)(6), (b)(7)c later had on behalf of (b)(6), (b)(7)c concerning those two programs.

(b)(6), (b)(7)c ***Visited DOT Facilities While Employed by*** (b)(6), (b)(7)c

On (b)(6), (b)(7)c 2006, (b)(6), (b)(7)c met with (b)(6), (b)(7)c for approximately one hour at FAA headquarters. (b)(6), (b)(7)c stated (b)(6), (b)(7)c initiated the meeting to introduce (b)(6), (b)(7)c and convey governmental (6), (b)(information to the newly-appointed (b)(6), (b)(7)c (b)(6), (b)(7)c said that (b)(6) spoke with (b)(6), (b)(7)c to (b)(6), (b)(7)c and discuss (b)(6), (b)(7)c (b)(6), (b)(7)c, of which (b)(6), (b)(7)c is a member. According to (b)(6), (b)(7)c the meeting was not about the services (b)(6), (b)(7)c provides to (b)(6) [redacted] and [redacted] did not recall them discussing (b)(6), (b)(7)c Moreover, both (b)(6), (b)(7)c stated that (b)(6), (b)(7)c did not attempt to promote or sell (b)(6), (b)(7)c programs or services during the meeting.

In late (b)(6), (b)(7 2006, (b)(6), (b)(7)c had lunch with (b)(6), (b)(7)c, who had been selected to replace (b)(6), (b)(7)c as (b)(6), (b)(7)c . (b)(6), (b)(7) did not recall who initiated the meeting, but stated [redacted] met with (b)(6), (b)(7)c to learn how the (b)(6), (b)(7)c functions. According to [redacted] (b)(7)c however, the meeting occurred before (b)(6), (b)(7)c 2006, the date on which [redacted] federal service and became (b)(6), (b)(7)c In any event, both (b)(6), (b)(7)c claimed they did not discuss (b)(6), (b)(7)c matters.

We also found evidence that (b)(6), (b)(7)c made other visits to (b)(6), (b)(7)c . (6), (b)(stated that approximately one week after (b)(6), (b)(7)c left for (b)(6), (b)(7)c returned

(b)(6), (b)(7)c

There is Insufficient Evidence (b)(6), (b)(7)c ***Violated the Restrictions of 18 U.S.C. § 207***

Although (b)(6), (b)(7)c admitted to meeting with federal officials after leaving DOT, we found insufficient evidence indicating [redacted] violated the post-employment restrictions

during those visits. Additionally, the one-year and two-year post-employment restrictions mentioned above have expired.

First, because (b)(6), (b)(7)c met with (b)(6), (b)(7)c less than five months after), (b resigned as)(6), (b)(7)(6), (b)(7 the two year restriction of 18 U.S.C. § 207(a)(2) applied to their meeting concerning (b)(6), (b)(7)c (b)(6), (b)(7)c however, said the meeting was not about (b)(6), (b)(7)c and both (b)(6), (b)(7)c and (b)(6), (b)(7)c stated that (b)(6), (b)(7)c did not attempt to sell or promote (b)(6), (b)(7)c products or services. Thus, the evidence fails to demonstrate that (b)(6), (b)(7)c attempted to influence (b)(6), (b)(7)c in violation of the statute on (b)(6), (b)(7)c 2006. Further, even if (b)(6), (b)(7)c was "personally and substantially" involved in (b)(6), (b)(7)c or any other particular (b)(6), (b)(7)c matter, such as (b)(6), (b)(7)c, the lack of evidence regarding his intent to influence during the meeting with (b)(6), (b)(7)c does not allow us to conclude that), (b violated the permanent restriction of 18 U.S.C. § 207(a)(1).

Second, (b)(6), (b)(7)c met with (b)(6), (b)(7)c became a (b)(6), (b)(7)c. Consequently, none of the aforementioned post-employment restrictions applied to the meeting.

Third, there is insufficient evidence that (b)(6), (b)(7)c violated the post-employment restrictions during the other visits), (b made to DOT facilities. According to)(6), (b)(7 these were public events, and we found no evidence demonstrating (b)(6), (b)(7)c intent in attending them was to influence any DOT official on any particular matter.

Finding 2: (b)(6), (b)(7)c received a security badge in (b)(6), (b)(7)c 2006 to work on the (b)(6), (b)(7)c program even though), (b did not work as an (b)(6), (b)(7)c, and)(6), (b)(7 officials could not produce a written request from (b)(6), (b)(7)c seeking the security badge.

)(6), (b)(7 ***Issued*** (b)(6), (b)(7)c ***a Contractor Security Badge in*** (b)(6), (b)(7)c ***2006***

(b)(6), (b)(7)c resigned as (b)(6), (b)(7)c effective (b)(6), (b)(7)c, 2005, and began), (b) employment at (b)(6), (b)(7)c within approximately one month.

In (b)(6), (b)(7)c 2006, (b)(6), (b)(7)c called the (b)(6), (b)(7)c to request their assistance in obtaining a contractor badge that would allow (6), (b)(access to DOT facilities. The (b)(6), (b)(7)c contacted the (b)(6), (b)(7)c, which responded that (b)(6), (b)(7)c would have to follow normal security procedures for obtaining a badge. However, the (b)(6), (b)(7)c office did not follow-up with (b)(6), (b)(7)c concerning), (b) request and took no further action regarding the matter.

Sometime during the first three weeks of (b)(6), (b)(7)c 2006, an unknown individual at (b)(6), (b)(7)c telephoned the (b)(6), (b)(7)c to request a contractor badge for (b)(6), (b)(7)c Pursuant to that request, the (b)(6), (b)(7)c conducted a security

screening of (b)(6), (b)(7)c Upon completion of the screening process, the (b)(6), (b)(7)c (b)(6), (b)(7)c contacted (b)(6), (b)(7)c to inform the company that (b)(6), (b)(7)c could now obtain a security badge.

On (b)(6), (b)(7)c, 2006, (b)(6), (b)(7)c went to the (b)(6), (b)(7)c, submitted an application to obtain a contractor badge (Form 1681), and received the badge.

(b)(6), (b)(7)c ***Received the Badge to Work on*** (b)(6), (b)(7)c

(b)(6), (b)(7)c Form 1681 listed the (b)(6), (b)(7)c contract number as the justification for the badge. The (b)(6), (b)(7)c for (b)(6), (b)(7)c stated that when a (b)(6), (b)(7)c employee requires a badge to work on (b)(6), (b)(7)c (b)(6), (b)(7)c security officials provide, upon completion of the screening process, (b)(6), (b)(7)c contact information to the employee. The (b)(6), (b)(7)c employee then contacts (b)(6), (b)(7)c to arrange a meeting at the (b)(6), (b)(7)c and telephones (b)(6), (b)(7)c upon arrival. (b)(6), (b)(7)c immediately meets the (b)(6), (b)(7)c employee at the (b)(6), (b)(7)c and signs the employee's Form 1681 after examining his/her (b)(6), (b)(7)c identification and verifying he/she works for the contractor.

According to (b)(6), (b)(7)c and (b)(6), (b)(7)c second-line supervisor, (b)(6), (b)(7)c contracting officers rely on (b)(6), (b)(7)c to determine which of the contractor's employees require badges. Moreover, the (b)(6), (b)(7)c contract requires (b)(6), (b)(7)c to provide the (b)(6), (b)(7)c and the contracting officer a memorandum requesting a contractor badge. (b)(6), (b)(7)c failed to do this in (b)(6), (b)(7)c case.

Nonetheless, (b)(7)c sponsored (b)(6), (b)(7)c receipt of a contractor badge by going to the (b)(6), (b)(7)c on (b)(6), (b)(7)c 2006, and signing (b)(6), (b)(7)c Form 1681. However, both (b)(6), (b)(7)c testified to not knowing the other and denied having any contact aside from that brief meeting at the (b)(6), (b)(7)c on (b)(6), (b)(7)c 2006.

The Evidence Indicates (b)(6), (b)(7)c ***Did Not Work on*** (b)(6), (b)(7)c

It is unclear why the (b)(6), (b)(7)c contract number appears on (b)(6), (b)(7)c Form 1681. Although (b)(6), (b)(7)c did not recall meeting (b)(6), (b)(7)c wrote the (b)(6), (b)(7)c contract number on (b)(6), (b)(7)c Form 1681 and testified (b)(6), (b)(7)c would have done so only after seeing (b)(6), (b)(7)c at the (b)(6), (b)(7)c and checking (b)(6), (b)(7)c identification. Moreover, (b)(6), (b)(7)c stated the "only reason" (b)(6), (b)(7)c would have used the (b)(6), (b)(7)c contract number on (b)(6), (b)(7)c Form 1681 was if (b)(6), (b)(7)c or a (b)(6), (b)(7)c official contacted (b)(6), (b)(7)c to sign the form and mentioned (b)(6), (b)(7)c

Further, (b)(6), (b)(7)c Contracting Officer's Technical Representative (COTR) (b)(6), (b)(7)c,

told us [redacted] does not know of or work with [redacted] also stated that [redacted] Program Manager for [redacted], told [redacted] does not work on [redacted]

When asked numerous times about [redacted] involvement with [redacted] provided vague and nonresponsive answers, stating [redacted] involvement "[redacted]" and "[redacted]" [redacted] claimed, however, [redacted] is not in sales or employed to encourage the government to use [redacted] services. Instead, [redacted] stated [redacted] interaction with the federal government would involve asking federal officials "[redacted]." [redacted] noted, however, that such discussions have not yet taken place.

[redacted] told us [redacted] did not know why the [redacted] contract number appeared on [redacted] Form 1681, but believed someone from [redacted] involved with the [redacted] contract decided to put the number on the form. Although [redacted] knew the contract number on [redacted] Form 1681 concerned [redacted] and claimed [redacted] is involved with [redacted] because it is "[redacted]" [redacted] told us [redacted] did not have any specific involvement or duties concerning [redacted]

Finding 3: The [redacted] terminated the employee responsible for issuing [redacted] the contractor security badge, which has since expired.

The [redacted] Terminated the Employee Who Issued [redacted] the Badge

According to [redacted], [redacted] office terminated the employee who issued [redacted] the contractor security badge in [redacted] 2006. [redacted] stated they terminated the employee because, among other reasons, the employee approved [redacted] Form 1681 even though it lacked the appropriate [redacted] official's signature.

As stated above, [redacted]-related contractor badge expired on [redacted] 2009, [redacted] no longer works for [redacted] and the [redacted] issued [redacted] a new contractor badge on [redacted], 2010. According to [redacted] [redacted] before issuing [redacted] the badge, the [redacted] verified that [redacted] passed the required background investigation.

ATTACHMENT 1: METHODOLOGY OF INVESTIGATION

This investigation was conducted by an OIG Senior Attorney-Investigator with assistance from an OIG Investigator. We interviewed the following individuals:

- (b)(6), (b)(7)c
- (b)(6), (b)(7)c
- (b)(6), (b)(7)c
- (b)(6), (b)(7)c
- (b)(6), (b)(7)c
- (b)(6), (b)(7)c
- (b)(6), (b)(7)c
- (b)(6), (b)(7)c
- (b)(6), (b)(7)c
- (b)(6), (b)(7)c
- (b)(6), (b)(7)c
- (b)(6), (b)(7)c
- (b)(6), (b)(7)c
- (b)(6), (b)(7)c

In addition, the OIG investigative team obtained and reviewed numerous records and documents, including (b)(5), (b)(7 contracts, security forms, news articles and releases, and applicable federal statutes and regulations.

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I07A0002440600	1/30/2012
TITLE (b)(6), (b)(7)c	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Final
ALLEGATIONS 18 USC § 1001 - False Statement	DISTRIBUTION JRI-6	(6), (b)(1/2 (b)(6), (b)(7)c

SYNOPSIS

This investigation was jointly investigated by the U.S. Department of Transportation, Office of Inspector General (DOT-OIG), the U.S. General Services Administration-Office of Inspector General (GSA-OIG) and the U.S. Department of Defense-Office of Inspector General, Defense Criminal Investigative Service (DCIS). The investigation was initiated based on information received from GSA-OIG concerning Darryl Glen REYNOLDS. On January 10, 2006, GSA-OIG received information that REYNOLDS, through an entity he controlled, the TEXAS FIREBIRDS VOLUNTEER FIRE DEPARTMENT Incorporated (TFVFD), had acquired surplus federal property including nine aircraft that were allegedly being utilized in his personal aviation business, REYNOLDS AVIATION.

A lengthy joint investigation was conducted by DOT-OIG, GSA-OIG, and DCIS and determined that REYNOLDS made multiple false statements in documents submitted to GSA as well as to the Federal Aviation Administration (FAA).

DETAILS

As a result of the criminal investigation, REYNOLDS was indicted on 25 counts of making false statements to GSA and the FAA in violation 18 USC § 1001, as well as one count of violating 18 USC § 641, theft of government property in the U.S. District Court for the Eastern District of Texas, Tyler.

On June 10, 2010, in the U.S. District Court for the Eastern District of Texas, Tyler, REYNOLDS entered a guilty plea to one count a violation of 18 USC § 1001. REYNOLDS admitted to making a material false statement to the Federal Aviation Administration in violation of 18 USC § 1001 in aircraft registration documents submitted to the FAA. The false statement was made concerning an aircraft acquired through the GSA Surplus Property Program.

On June 7, 2011, in the U.S. District Court for the Eastern District of Texas, Tyler, REYNOLDS was sentenced to five months imprisonment in the custody of the United States Bureau of Prisons, three years supervised release, to pay a $10,000 fine and $100 special assessment, and to return to government custody the former nine government aircraft.

The nine aircraft were returned to government custody and the current recovered value of the aircraft was $1,872,454as estimated by General Service Administration (GSA)

The investigation will be closed with no further action.

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U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER **I07Z0002590902**	DATE 10/30/12
TITLE **Yokohama Trading, LLC** Woodburn, Oregon	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Final
18 U.S.C. § 1001 - False Statements	DISTRIBUTION JRI-9 Los Angeles	1/3
		APPROVED (b)(6), (b)(7)c

DETAILS

This investigation was initiated in response to a referral from (b)(6), (b)(7)c (b)(6), (b)(7)c National Highway Traffic Safety Administration (NHTSA). On or about March 29, 2007, (b)(6), (b)(7) contacted the U.S. Department of Transportation (DOT), Office of Inspector General (OIG), and alleged that Yokohama Trading, LLC (Yokohama) was violating DOT regulations by submitting fraudulent DOT documents to U.S. Customs in order to import right-hand drive (RHD) vehicles that did not conform to Federal Motor Vehicle Safety Standards (FMVSS).

A Los Angeles area customs broker subsequently contacted U.S. DOT-OIG regarding similar issues and provided (b)(6), (b)(7)c NHTSA, with a letter (b)(6), (b) received from (b)(6), (b)(7)c Operations Manager, which stated three Jeep Cherokee vehicles that had been detained at the port in Savannah, GA, conformed to FMVSS. The letter, dated November 15, 2006, purported to be from the NHTSA Equipment and Importation Division (EID). (b)(6), (b)(7)c advised the letter was fraudulent and that EID had not existed at NHTSA for at least the past four years. (b)(6), (b)(7)c also informed that the vehicles did not meet FMVSS (Attachments 1 & 2).

Since being denied entry into Savannah, GA, Yokohama attempted to import Jeep Cherokee vehicles into the port at Portland, OR, as off-road vehicles. NHTSA does not regulate off-road vehicles; however, vehicles that are not manufactured for primarily off-road use cannot be imported as off-road vehicles. These vehicles were also detained by U.S. Customs. Again, Yokohama responded to U.S. Customs stating the vehicles conformed to FMVSS (Attachment 3).

On or about April 12, 2007, three Jeep Cherokee vehicles that were previously denied entry in Savannah, GA, arrived at the Long Beach, CA port. The export vehicle labels had been torn off of the left side doors of the vehicles. These labels were placed on the vehicles by Chrysler at the time they were manufactured to indicate that the vehicles were to be exported and were not for the U.S. market (Attachment 4).

On May 16, 2007, a search warrant was executed on Yokohama in Oregon. The fraudulent NHTSA letter with a fraudulent NHTSA mailing envelope was found. Additionally, a fraudulent DaimlerChrysler Japan letter was found stating that the three vehicles that were denied entry into Savannah, GA, and detained in Long Beach, CA, conformed to FMVSS. The letter was identified as fraudulent by DaimlerChrysler (Attachment 5).

On May 18, 2012, the statute of limitations expired for all viable criminal charges, and on May 24, 2012, Assistant United States Attorney (b)(6), (b)(7)c informed that the case would not be prosecuted based on lapse of the statute of limitations due to lack of prosecution resources (Attachment 6).

INDEX OF ATTACHMENTS

1. Copy of fraudulent NHTSA letter, dated November 15, 2006
2. Correspondence from NHTSA, dated November 22, 2006
3. Letter from Yokohama Trading, LLC, dated March 7, 2007
4. Photographs of Jeep Cherokees with labels removed, dated April 13, 2007
5. Copy of fraudulent DaimlerChrysler letter, dated November 21, 2006
6. Memorandum of Activity: USAO Declination of Prosecution, dated September 20, 2012

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

`REPORT OF INVESTIGATION TITLE	INVESTIGATION NUMBER	DATE
FAA Northwest Mountain Region Renton, WA Employee Ethics Misconduct	I08A00035000903	JAN 6 2010
	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Supplemental
	DISTRIBUTION JRI-9 (1)	1/2
VIOLATION(s): Title 5 C.F.R. § 2635		APPR(b)(6), (b)(7) HWS

DETAILS:

This investigation is based on information obtained during OIG's investigation of PCL, et al, (case number 02IH452S001) regarding Federal Aviation Administration, Northwest Mountain Region employees who may have accepted gratuities from PCL, in violation of Title 5, CFR 2635.201-205. The gratuities may have included baseball tickets, clothing, meals, and golf outings. The employees were (b)(6), (b)(7)c (b)(6), (b)(7)c.

This was an administrative investigation and employees were administered Kalkines warning prior to being interviewed. (b)(6), (b)(7)c (b)(6), (b)(7)c asked that the results of the interviews be forwarded to him for review.

In September 2008, the (b)(6), (b)(7)c, (b)(5) (b)(6), (b)(7)c, (b)(5) (b)(6), (b)(7)c, (b)(5)

On August 6, 2009, FAA advised the following administrative action had been taken:

1.
2.
3.
4. (b)(6), (b)(7)c
5.
6.

7.
8. (b)(6), (b)(7)c
9.
10.

The FAA also advised that no action was taken against employee (b)(6), (b)(7)c as the items (b)(6), (b)(7)c accepted from PCL did not surpass the annually acceptable amount. The remaining employee, (b)(6), (b)(7)c was referred to the (b)(6), (b)(7)c, (b)(5) for criminal prosecution. (b)(6), (b)(7)c, (b)(5) and the matter has since been referred to the FAA for administrative action.

OIG is closing its case, with no further action anticipated. This investigation is closed.

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U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER I08A0003630500	DATE 5-8-2012
TITLE WEBCO AVIATION COMPANY Robert WEBER 1134 North Oliver Road, Hanger G Newton, Kansas 67114 VIOLATION(S): 18 USC 38, and 49 U.S.C. 46306	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c DISTRIBUTION JRI-5 (1)	STATUS Final (b)(6), (b)(7)c APPROVED (b)(6), (b)(7)

DETAILS:

This investigation was initiated as a result of a referral from the Federal Aviation Administration (FAA), alleging that Robert Weber, Owner, Webco Aviation Company (Webco), knowingly sold unapproved aircraft parts and certified the paperwork. In October 2008, the National Transportation Safety Board (NTSB) investigated a plane crash in which two applicants were killed. The aircraft had been repaired with parts sold by Webco. In December 2008, OIG executed a search warrant at Webco and seized various business records and parts.

Many Webco employees and former employees were interviewed, in which Webco's business practices were described. Most all of the Webco employees were not FAA certified as aircraft mechanics. Webco fuel selector valves were analyzed through part teardowns and findings of FAA non-conformance to regulations was documented by the repair facilities who prepared the teardowns. (b)(6), (b)(7)c, (b)(5)

(b)(6), (b)(7)c, (b)(5)

The FAA pursued civil charges against Webco, Robert Weber and Jonathan Regier, Webco office manager, regarding falsified certificates of conformance. In April 2010, an administrative trial took place in front of an NTSB judge. Upon conclusion, the judge found Robert Weber guilty of falsifying the certificates of conformance, but did not believe Robert Weber was guilty of fraud. Johnathan Reigier settled the FAA complaint by agreeing to no further action against

the FAA. The NTSB judge did not concur with FAA's proposal of lifetime revocation of Robert Weber's Airframe and Power plant (A&P) mechanics license, instead, Webco was ordered to pay a $50,000 fine and Weber's aircraft mechanic's license was suspended for a period of one year. The FAA was initially planning to appeal the ruling, but ended up accepting the decision. Reference is made to the settlement agreement reached between the FAA and Webco. (See Attachment 1).

(b)(6), (b)(7)c, (b)(5)

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INDEX OF ATTACHMENTS

No.	Description
1.	Settlement agreement, dated 3-15-2011.

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION TITLE	INVESTIGATION NUMBER	DATE
Port of Seattle -Public Corruption Seattle, WA	I080003220903 (b)(6), (b)(7)c	March 17, 2011 **STATUS** Final
	DISTRIBUTION JRI-9 (1)	1/2
VIOLATION(s): 18 U.S.C 666: Theft or bribery concerning programs receiving Federal funds		**APPROVED** (b)(6), (b)(7)

DETAILS:

On December 21, 2007, OIG was advised that an audit of the Port of Seattle (POS) conducted by the Washington State Auditor's Office (SAO) revealed deficiencies in POS' management of its construction projects, including projects related to the construction of a third runway at Sea-Tac International Airport. According to the audit, these deficiencies (e.g., a lack of cost controls and accountability, poor record keeping, and a failure to enforce basic contract requirements) resulted in more than $97M in unnecessary, wasteful spending by POS, and left the Port "vulnerable to fraud, waste and abuse." The audit also found that POS frequently circumvented its own public bidding requirements, sometimes in violation of state law; and that its policies and practices resulted in a lack of transparency and thwarted oversight by the publically-elected POS commission.

OIG, along with the Federal Bureau of Investigation (FBI) and Internal Revenue Service (IRS), Criminal Investigations Division, subsequently opened an investigation of POS in order to determine if any of the SAO's findings were indicative of criminal activity. The investigation later grew to include other issues, not related to the SAO audit, which were alleged and/or discovered during the investigation.

OIG and FBI's investigation focused on two contracts POS awarded to (b)(6), (b)(7)c Seattle, WA, to build an embankment needed for the (b)(6), (b)(7)c both of which were substantially funded by grant money POS received from the Federal Aviation Administration. OIG and FBI also looked into former POS (b)(6), (b)(7)c attempt to get approximately $330K in severance-type benefits from POS, despite the fact that (b)(6), (b)(7)c from POS voluntaril

Meanwhile, IRS-CID examined an alleged sweetheart land deal involving the sale of POS-owned land to a company named (b)(6), (b)(7)c Seattle.

(b)(6), (b)(7)c, (b)(5) No charges were filed related to the third-runway embankment contracts because no evidence was developed that any of the POS employees involved with those contracts had been bribed by or received kickbacks from TTI. No charges were filed with respect to DINSMORE's attempt to obtain severance-type benefits from POS, because there was no evidence that DINSMORE actually received the any of the benefits before they were cancelled. Finally, IRS' investigation of the sweetheart land deal did not disclose any evidence of criminal wrongdoing.

This case is hereby closed with no further investigative activity anticipated.

U.S. Department of Transportation
Office of Inspector General

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	07HR006H001	11/2/2007
TITLE	(b)(6), (b)(7)c	**STATUS**
(b)(6), (b)(7)c		Final
Federal Motor Carrier Safety Administration	**DISTRIBUTION**	**APPROVED BY:**
	FMCSA (1), JRI-3 (1)	(b)(6), (b)(7)c

I. PREDICATION

On November 13, 2006, investigators from the U.S. Department of Transportation's (DOT) Office of Inspector General (OIG) met with the Federal Motor Carrier Safety Administration (FMCSA) (b)(6), (b)(7)c request. **(Attachment 1.)** (b)(6), (b)(7)c alleged to OIG that FMCSA (b)(6), (b)(7)c (b)(6), (b)(7)c unauthorized procurements and improperly approved travel claims for (b)(6), (b)(7) employees. **(Attachment 1, lines 8-12.)** During the course of OIG's investigation into these allegations, witnesses told OIG that (b)(6), (b)(7)c

(A) Ordered or approved prohibited "split purchases" by (b)(6), (b)(7) employees on (b)(6), (b)(7) purchase cards;[2]

(b)(6), (b)(7)c

[2] According to Directive 4200.1, a DOT Order that governs the use of purchase cards by FMCSA employees, a "split purchase," which is expressly prohibited, is "the process of separating a purchase that exceeds a Cardholder's single purchase limit or a threshold into multiple lower cost purchases." **(Attachment 3, p. 3, ¶ 6.m.)** The Directive defines the single purchase limit as the "spending limit imposed on a Cardholder for an individual purchase card transaction." **(Id., p. 3, ¶ 6.l.)**

(B) Ordered and/or approved the purchase of briefcases by (b)(6), (b)(7)c (b)(6), (b)(7)c from (b)(6), (b)(7)c using another (b)(6), (b)(7 employee's purchase card without the employee's approval;

(C) Approved (b)(6), (b)(7)c claims for reimbursement of official travel, despite the lack of corresponding receipts;[3] and

(D) Took cigar breaks, almost daily, during (b)(6), (b)(7 business hours.[4]

II. METHODOLOGY

In addition to sworn interviews of (b)(6), (b)(7)c and (b)(6), (b)(7)c OIG also interviewed, among others:

- (b)(6), (b)(7)c

(b)(6), (b)(7)c

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

(b)(6), (b)(7)c

OIG also reviewed, among other things, purchase card records, travel documents, and emails.

III. SUMMARY OF FINDINGS

OIG found that, while serving as [redacted] (b)(6), (b)(7)c [redacted], in violation of FMCSA Directive 4200.1 and the Transportation Acquisition Manual (TAM):[6]

(A) Directed and approved (b)(6), (b)(7)c split purchase of furniture from OFFICE DEPOT;

(B) Approved (b)(6), (b)(7)c split purchase of books from LABELMASTER;

(C) Directed and approved (b)(6), (b)(7)c split purchase of portfolios from SOLUTIONS UNLIMITED;

(D) Approved (b)(6), (b)(7)c and [redacted] (b)(6), (b)(7)c split purchase of license plate charts from Interstate Directory Publishing Company (IDPUBCO); and

(E) Approved the unauthorized use of (b)(6), (b)(7)c purchase card to buy briefcases from SALLY'S COP SHOP.

OIG also found (b)(6), (b)(7)c

(F) Approved, in violation of the Federal Travel Regulation (FTR), payment of travel claims submitted by (b)(6), (b)(7)c that lacked receipts; and

[6] The TAM establishes uniform acquisition procedures in accordance with the Federal Acquisition Regulation (FAR) and the Transportation Acquisition Regulation. **(Attachment 7.)**

(G) Took, almost daily, cigar breaks during (b)(6), (b)(7 business hours, which implicates a violation of the Standards of Ethical Conduct at 5 C.F.R. § 2635.

IV. DETAILED FINDINGS

A. Split Purchases

Directive 4200.1 and TAM Subchapter 1213.7100, Appendix B, prohibit a FMCSA purchase card cardholder from dividing a single purchase into two or more transactions to stay within the cardholder's single purchase limit. **(Attachment 3, p. 5, ¶ 7.d.(3); Attachment 7, p. 9, ¶ V.E.3.a.(1).)** The Directive also states: (1) purchases cannot be made without obtaining required approval; (2) the cardholder cannot approve a purchase; and (3) the Approving Official is responsible for reviewing and approving the cardholder's monthly billing statements "to ensure that the statements are complete, accurate, and reflect authorized purchases[.]" **(Attachment 3, p. 4, ¶ 7.c.)** The TAM states that the Approving Official is responsible for "[v]erifying that all purchases by cardholders were authorized purchases[.]" **(Attachment 7, p. 12, ¶ VI.D.4.)**

OIG identified four possible split purchases that occurred while (b)(6), (b)(7)c served as (b)(6), (b)(7 (b)(6), (b)(7)c

(1) A December 2005 purchase of office furniture by (b)(6), (b)(7)c for $4,610.16 from OFFICE DEPOT, split into four transactions **(attachment 8)**;

(2) An August 3, 2005, purchase of books by (b)(6), (b)(7)c for $2,533.74 from LABELMASTER, split into two transactions **(attachment 9)**;

(3) Two January 2006 transactions – one for $2,309.00 and another for $2,314.00 – by (b)(6), (b)(7)c for identical portfolios from SOLUTIONS UNLIMITED **(attachment 10)**; and

(4) Two transactions of $2,450.00 in April and May 2006 – one each by (b)(6), (b)(7)c and (b)(6), (b)(7)c made within a week of one another – for license plate identification charts from IDPUBCO **(attachment 11)**.

OIG's investigation determined that each of the four instances described above constituted a split purchase and (b)(6), (b)(7)c in violation of Directive 4200.1 and the TAM, directed and/or

approved them. Additionally, OIG determined that (b)(6), (b)(7)c knew or should have known these split purchases violated Directive 4200.1 and the TAM.[7]

1. OFFICE DEPOT Split Purchase

OIG's review of documents obtained from FMCSA, including Credit Card Purchase Forms, invoices, and receipts, demonstrates that, on (b)(6), (b)(7)c, 2005, (b)(6), (b)(7)c used 6), (b) U.S. BANK-issued purchase card to conduct four transactions with OFFICE DEPOT. The four transactions, which totaled $4,640.16, were for the purchase of:

(a) Three two-drawer file cabinets, three 48-inch office hutches, three 48-inch office desks, and three corner office hutches for $2,471.88 ordered on December 3), (b) 2005;

(b) Three corner office desks, three 36-inch hutches, and three 36-inch desks for $1,439.91 ordered on December 3), (b) 2005;

(c) An office file and a peninsula worktable for $428.38 ordered on December 3), (b) 2005; and

(d) An adjustable file trolley for $269.99 ordered on December 3), (b) 2005.[8] **(Attachment 8.)**

The single purchase limit for (b)(6), (b)(7)c purchase card was $2,500. **(Attachment 13.)** Thus, the evidence demonstrates (b)(6), (b)(7)c transactions constitute a split purchase. The

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[7] FMCSA Directive 4200.1 also requires the use of FAR section 8.002, "Required Sources of Supplies," for purchase card acquisitions. **(Attachment 3, pp. 5-7; Attachment 12.)** The Required Sources of Supplies constitutes a list of eight sources, which begin with "FMCSA inventories" and end with "[c]ommercial sources," that the Directive states FMCSA cardholders must "consider" in descending order of priority when making a purchase. **(Attachment 3, p. 6, ¶ 7.d.(10).)** Although (6), (b)(7 staff contended they were aware of FAR section 8.002 and considered it before making the four split purchases, OIG found no corroborating documentation. However, for purchases under $2,500, the Directive does not require the use of a Cardholder's Vendor Quote Sheet documenting quotes received from vendors. **(Id., p. 7, ¶ 7.e.(2).)** Moreover, OIG is unable to determine the price and availability, at the time of the four split purchases, of comparable items offered by the sources that supersede commercial sources, such as Office Depot and IDPUBCO, within the Required Sources of Supplies. Thus, OIG is unable to determine whether the split purchases also violated the Directive as it relates to FAR section 8.002.

[8] Although (b)(6), (b)(7)c purchased the adjustable file trolley on December 3), (b) 2005, i.e., two days after the first three transactions, OIG considers all four transactions part of the same split purchase because of the closeness in time of the transactions, all four transactions were for the purchase of office furniture from the same vendor, and, as shown below, (b)(6), (b)(7)c characterized the transactions as a split purchase. However, even if the December 3), (b) 2005, transaction is not included, the three December 3), (b) 2005, transactions are sufficient to demonstrate the OFFICE DEPOT split purchase occurred.

transactions were conducted within three days, with the same vendor, for the same type of item and, but for the single purchase limit, could have been made in a single transaction. Instead, the furniture purchase totaling $4,610.16 was separated into multiple lower cost purchases to circumvent (b)(6), (b)(7)c single purchase card limit of $2,500.

OIG found that (b)(6), (b)(7)c twice approved each of the four transactions that comprised this split purchase. First, (b)(6), (b)(7)c and (b)(6), (b)(7)c signed a hand-written Credit Card Purchase Form for each transaction.[9] **(Attachment 8.)** Second, a copy of the "Transaction Detail Summary" for (b)(6), (b)(7)c U.S. BANK-issued purchase card, which memorializes all of (b)(6), (b)(7)c purchases between June 2005 and June 2006, shows (b)(6), (b)(7)c final approval on January (b)(6), (b)(7)c 2006 at 2:59 P.M. – and (b)(6), (b)(7)c earlier approval – of the four transactions.[10] **(Attachment 14.)**

a. (b)(6), (b)(7)c September (b)(6), (b)(7)c 2006, memorandum

Because FMCSA's Office of Financial Management and Acquisitions conducted a July 2006 audit of (b)(6), (b)(7)c purchase card activity, (b)(6), (b)(7)c previously provided FMCSA with documents in which (b)(6), (b)(7)c explained why (b)(6), (b)(7)c believes the OFFICE DEPOT split purchase was appropriate.

First, (b)(6), (b)(7)c said the office furniture was necessary. In a September [redacted] 2006, memorandum to (b)(6), (b)(7)c, then-FMCSA (b)(6), (b)(7)c wrote that (b)(6), (b)(7)c received new contract positions in November 2005 to support its Administration and (b)(6), (b)(7)c and, therefore, would have to purchase new workstations for the persons filling those positions. **(Attachment 15, pp. 1-2.)**

Second, (b)(6), (b)(7)c said it was necessary to purchase the furniture. According to (b)(6), (b)(7)c September (b)(6), (b)(7)c memorandum, before the OFFICE DEPOT purchase, (b)(6), (b)(7)c first checked with "DOT facilities and they did not have any extra workstations." **(Attachment 15, p. 1, ¶ 3.)** However, (b)(6), (b)(7)c was unable to provide OIG with any evidence, such as an email or other document, from "DOT facilities" corroborating this claim.

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[9] A Credit Card Purchase Form, which is designated Form MCSA-157, must be completed by hand and signed by the cardholder and her supervisor when using a purchase card. The information provided on the form should include the date of order, vendor name, description of the item, unit price, quantity, total dollar amount, cardholder's name, cardholder's signature and date signed, and supervisor's signature and date signed.

[10] The Transaction Detail Summary memorializes the approval of purchases using U.S. BANK's electronic approval system. The system allows each (b)(6), (b)(7)c cardholder to review and approve his or her monthly billing statement before electronically forwarding the statement to [redacted] for final approval.

Third, according to (b)(6), (b)(7)c memorandum to (b)(6), (b)(7)c Division officials approved splitting the purchase of the office furniture. (b)(6), (b) wrote:

> (b)(6), (b)(7)c [whom he believed was a federal contracting officer] and [former FMCSA Senior Contract Specialist Theodore (b)(6), (b)(7)c in the Office of Acquisitions and explained that NTC needed to immediately purchase 3-4 workstations since we had contract employees who had nowhere to work and we were in violation of the terms of our support contract. [JONES] reviewed the contract and recommended that furniture would have to be purchased or the contractors could stop operations. I also spoke with [WALLACE] that afternoon to confirm. Both stated that NTC could do a split-purchase through "Emergency Procurement" providing that the Emergency needs met the requirements as set forth by the regulations.

(Attachment 15, p. 2, ¶ 1.) (b)(6), (b)(7)c added in (b)(6), (b) memorandum that (b)(6), (b)(7)c (b)(6), (b)(7)c officials informed (b)(6), (b)(7 that if an audit was conducted, (b)(6), (b)(7 would need to justify why a split purchase was necessary as an "'Emergency Procurement.'" **(Id., p. 2, ¶ 2.)**

b. (b)(6), (b)(7)c September (b)(6), (b)(7 2006, emails

(b)(6), (b)(7)c in a September (b)(6), (b)(7 2006, email response to (b)(6), (b)(7)c memorandum, advised (b)(6), (b)(7)c that (b)(6), (b)(7)c " in the (b)(6), (b)(7)c and asked for emails between (b)(6), (b)(7 and (b)(6), (b)(7)c regarding the approval of the OFFICE DEPOT split purchase. **(Attachment 16.)** In (b)(6), (b) September (b)(6), (b)(7 2006, email reply to (b)(6), (b)(7)c wrote that, although (b)(6), (b) could not locate the (b)(6), (b)(7)c email because " (b)(6), (b)(7)c (b)(6), (b)(7)c (b)(6), (b)(7)c **(Id.)** (b)(6), (b) added, " (b)(6), (b)(7)c (b)(6), (b)(7)c

c. (b)(6), (b)(7)c October (b)(6), (b)(7 2006, email to (b)(6), (b)(7)c

OIG also obtained an October (b)(6), (b)(7 2006, email from (b)(6), (b)(7)c in which (b)(6), (b)(7)c responded to (b)(6), (b)(7)c allegation that (b)(6), (b)(7)c approved the OFFICE DEPOT split purchase. **(Attachment 17.)** In (b)(6), (b) email, (b)(6), (b)(7)c stated: (1) because (b)(6), (b) was a FMCSA (b)(6), (b)(7)c employee supporting the (b)(6), (b)(7)c , and not a contracting officer, (b)(6), (b) could not authorize procurements; (2) cardholders may not split purchases exceeding

the single purchase limit; and (3) (b) did not have a conversation with (b)(6), (b)(7)c about the split purchase. **(Id.)**

d. (b)(6), (b)(7)c statements to OIG

OIG asked (b)(6), (b)(7)c about (b)(6), (b)(7)c claim that (b) received, pursuant to an emergency procurement, permission from " (b)(6), (b)(7)c and (b)(6), (b)(7)c to split the purchase of the OFFICE DEPOT furniture. **(Attachment 18.)** (b)(6), (b)(7)c told OIG that (b) alleged conversation with (b)(6), (b)(7)c (b)(6), (b)(7)c **(Id., pp. 16-18, lines 377-436.)** (b) added, " (b)(6), (b)(7)c (b)(6), (b)(7)c **(Id., pp. 17-18, lines 414-430.)**

e. (b)(6), (b)(7)c August (b), 2006, email to (b)(6), (b)(7)c

OIG also obtained an August (b) 2006, email from (b)(6), (b)(7)c (b)(6), (b)(7)c to (b)(6), (b)(7)c concerning the OFFICE DEPOT split purchase. **(Attachment 19.)** In the email, (b)(6), (b)(7)c told [redacted] that, in Fall 2005, (b) was eating breakfast with (b)(6), (b)(7)c (b)(6), (b)(7)c and either (b)(6), (b)(7) employee (b)(6), (b)(7)c or (b)(6), (b)(7)c when (b)(6), (b)(7)c mentioned ordering furniture for (b)(6), (b)(7) **(Id.)** (b) then wrote, (b)(6), (b)(7)c

(b)(6), (b)(7)c

f. (b)(6), (b)(7)c statements to OIG

(b)(6), (b)(7)c statements to OIG were consistent with his August (b) 2006, email to (b)(6), (b)(7)c According to (b)(6), (b)(7)c during the breakfast conversation:

(b)(6), (b)(7)c

* * *

	(b)(6), (b)(7)c

(Attachment 20, pp. 13-14, lines 312-329.)

g. (b)(6), (b)(7)c statements to OIG

	(b)(6), (b)(7)c

h. (b)(6), (b)(7)c statements to OIG

	(b)(6), (b)(7)c

[11] Directive 4200.1 also requires that (b)(6), (b)(7)c as the (b)(6), (b)(7)c, complete initial and annual purchase card training. **(Attachment 3, pp. 3-4, ¶ 7.b.)** According to (b)(6), (b)(7)c however, (b)(6), (b)(7)c did not receive such training. **(Attachment 22, p. 11, lines 261-268.)** (b)(6), (b)(7)c (b)(6), (b)(7)c could not confirm whether (b)(6), (b)(7)c received purchase card training because (b)(6), (b)(7)c could not locate the file that would contain [redacted] purchase card training records. **(Attachment 23.)**

(b)(6), (b)(7)c **(Attachment 25, pp. 107-109, lines 2661-2712, pp. 111-112, lines 2769-2776, pp. 114-116, lines 2835-2892; Attachment 26, p. 44, lines 1075-1096.)** (b)(6), (b)(7)c told OIG:

(Attachment 25, p. 108, lines 2691-2698, p. 109, lines 2711-2712.)

(b)(6), (b)(7)c also repeated to OIG (b) claim that (b) received an email from (b)(6), (b)(7)c memorializing the (b)(6), (b)(7)c approval of the split purchase of the OFFICE DEPOT furniture. **(Attachment 25, p. 108, lines 2687-2698; pp. 114-115, lines 2835-2854.)** When OIG asked (b) for a copy of the email, (b)(6), (b)(7)c repeated (b) claim that it was lost during a DOT "data migration." **(Id., p. 109, lines 2713-2718.)**

i. (b)(6), (b)(7)c **July (b), 2007, memorandum to OIG**

On July (b), 2007 – subsequent to (b) two sworn interviews with OIG – (b)(6), (b)(7)c submitted to OIG a two-page memorandum purportedly clarifying the alleged conversations (b) had with (b)(6), (b)(7)c officials concerning the OFFICE DEPOT split purchase. **(Attachment 27.)** In the memorandum, (b) wrote:

> [T]he split purchase in December 2005 was based upon *contingency of operations* at [(b)(6), (b)(7)c If the contractors onboard did not have a desk to work from, we would had [sic] to send them home or pay for their wages during the waiting period to purchase furniture. This would have been a breach to NTC's contract. Per my discussion with the Office of Acquisitions, they approved the split purchase under [FAR] 13.306.

(Id., emphasis added.) (b)(6), (b)(7)c attached to (b) memorandum copies of FAR subparts 18.2 **(attachment 28)** and 13.3 **(attachment 29)** and highlighted subsections 18.201(d) and 13.306(a)(1). **(Attachment 27.)** Section 18.201 is titled "Contingency Operation," and subsection 18.201(d) concerns Standard Form 44 (SF 44), a "Purchase Order-Invoice-Voucher" **(attachment 30).**

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I08E0000070300	1/21/10
TITLE Identity Theft Scheme WEATHERS, Stefanie Former Human Resources Specialist Maritime Administration (MARAD)	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS FINAL
	DISTRIBUTION JRI-3	APPROVED BY (b)(6), (b)(7)a

PREDICATION:

This investigation was predicated upon receipt of a complaint on September 18, 2007 from (b)(6), (b)(7)c (b)(6), (b)(7)c Maritime Administration (MARAD), alleging that Stefanie WEATHERS, Human Resources Specialist, MARAD, was accessing and improperly using the personally-identifiable information (PII) of unsuspecting individuals to make purchases and/or obtain loans.

SUMMARY:

In brief, our investigation substantiated that WEATHERS engaged in an ongoing identity theft scheme in which she used the personally-identifiable information (PII) of unsuspecting individuals without authorization to obtain payday loans via the Internet. Our investigation further disclosed that WEATHERS conducted a portion of these loan transactions using her government-issued computer and government email account during regular work hours.

(b)(5), (b)(6), (b)(7)c

(b)(6), (b)(7)c

A Federal Search Warrant issued to Yahoo! Inc. for the production of email content related to several of WEATHERS' personal email addresses yielded numerous messages from various internet payday loan companies confirming the deposit of loan proceeds into WEATHERS' bank account. These loans were obtained using the identities of individuals other than WEATHERS and without their authorization.

A Federal Search Warrant executed at WEATHERS' residence in Summerville, South Carolina also revealed additional payday loan documents, various paystubs and a fraudulent driver's license related to her scheme. WEATHERS and Joey TURNER, her significant other, were also arrested on local drug charges by the Dorchester County, South Carolina Sheriff's Office as a result of cocaine found in their residence during the search. It was later discovered that WEATHERS had absconded from Probation supervision stemming from a Burglary charge and she was subsequently extradited back to Texas. WEATHERS was convicted of a Probation Violation and was sentenced to 5 years incarceration, of which she served 15 months. WEATHERS was released on Parole supervision from the State of Texas in September 2009.

In total, our investigation disclosed that WEATHERS fraudulently obtained paydays loans via various internet websites between approximately November 2006 to February 2008 for a total of $13,250.

IDENTIFICATION:

Name: Stefanie WEATHERS

Grade:

Date of Birth:

SSN:

(b)(6), (b)(7)c

Current Title:

Post of Duty:

Criminal History:

DETAILS:

ALLEGATION – MARAD HR Specialist Stefanie Weathers accessed and used the personally-identifiable information of individuals without authorization to make purchases and/or obtain loans.

(b)(5), (b)(6), (b)(7)c

(b)(5), (b)(6), (b)(7)c

Review of Stefanie Weathers' official MARAD email for the period July 30 to October 2007 (Attachment 4)

(b)(5), (b)(6), (b)(7)c

From: Weathers, Stefanie <MARAD>
Sent: Thursday, July 05, 2007 10:28 AM
To: (b)(6), (b)(7)c
Subject: loan info

(b)(5), (b)(6), (b)(7)c here is the info you will need for the loans

Name:

Driver's

Birthday:

(b)(6), (b)(7)c

Address

Home Pl

Work: Maritime Administration
1200 New Jersey Avenue SE
Washington, DC 20590

Work Phone

Supervisor (b)(6), (b)(7)c

Next Pay day:

Bank:

(b)(6), (b)(7)c

Routing

Account

Stefanie G. Weathers
Stefanie G. Weathers
HR Specialist
MARAD
Dept of Transportation
1200 New Jersey Ave SE
Washington, DC 20590
(Attachment 1)

(b)(5), (b)(6), (b)(7)c

Review of Stefanie Weathers' official MARAD email for the period November 10, 2007 to January 22, 2008 (Attachment 5)

(b)(5), (b)(6), (b)(7)c

(b)(7)c, (b)(6), (b)(5)

Review of WEATHERS' personal email accounts obtained from Yahoo! Inc. via Federal Search Warrant (Attachment 6)

(b)(7)c, (b)(6), (b)(5)

(b)(5), (b)(6), (b)(7)c

(b)(5), (b)(6), (b)(7)c

Federal Search Warrant executed at Weathers' residence in Summerville, South Carolina (Attachment 7)

(b)(7)c, (b)(6), (b)(5)

(b)(5), (b)(6), (b)(7)c

(b)(7)c, (b)(6)

JUDICIAL REFERRAL:

(b)(5)

On October 30, 2009, WEATHERS entered a guilty plea to one count of 18 USC § 1028 Fraud and related activity in connection with identification documents, authentication features, and information at U.S. District Court, Washington, DC.

On January 14, 2010, WEATHERS appeared at U.S. District Court, Washington, D.C. for sentencing on one count of 18 USC § 1028 Fraud and related activity in connection with identification documents, authentication features, and information. WEATHERS received 15 months incarceration with 36 months supervised release. WEATHERS must also pay $13,250 in restitution and a $100 special assessment.

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION TITLE	INVESTIGATION NUMBER	DATE
SMITH, Steven B. GARNER, Bradley A.G.	I08E0003330903	February 21, 2011
	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Final
	DISTRIBUTION JRI-9 (1) FAA (1)	1/3
VIOLATION(s): 18 USC 1346, Theft of Honest Services 18 USC 1343, Wire Fraud		APPROVED (b)(6), (b)(7)

DETAILS:

This investigation was based on information from General Services Administration (GSA), Office of Inspector General (OIG) that Steven B. SMITH, an Air Traffic Systems Specialist with the Federal Aviation Administration (FAA) was using a GSA Internet site called GSAxcess to obtain excess Federal property without authorization. In so doing, SMITH made unauthorized use of Activity Address Codes (ACC) assigned to the FAA as well as ACCs assigned to other Government agencies for which he did not even work.

A multi-agency investigation revealed SMITH and his half-brother, Bradley A. G. GARNER conspired to steal more than $3M (acquisition value) in excess Federal property over a period of several years. The scheme consisted of SMITH using the GSAxcess website to place holds on items of interest under the pretense that these items were to be utilized by Government agencies in accordance with the intent of the GSAxcess website. SMITH and/or GARNER would then pick up the items from various locations across the country either affirmatively representing that they were acting on behalf of the Government or ensuring that they did not reveal otherwise. Over the course of the scheme, the brothers managed to purloin an airplane; two yachts; a sail boat; a speed boat; numerous trucks and pieces of construction equipment; and various other items.

More than $1M in stolen property was recovered during the investigation.

On February 4, 2009, a Federal Grand Jury in the Western District of Washington indicted SMITH and GARNER on charges of Wire Fraud and Theft of Honest Services. (Attachment 1.)

On March 19, 2009, a Federal Grand Jury in the Western District of Washington returned a superseding indictment charging SMITH and GARNER with additional wire and mail fraud counts as well as a count of engaging in an unlawful money transaction. (Attachment 2.)

On June 29, 2009, after a three week jury trial in U.S. District Court in Tacoma, WA, GARNER was convicted on all counts charged in the superseding indictment. (Attachment 3.)

On February 25, 2010, in U.S. District Court, Tacoma, GARNER was sentenced to 54 months incarceration with restitution to be determined at a later date. (Attachment 4.)

On March 22, 2010, SMITH entered into a plea agreement with the United States wherein he agreed to plead guilty to Theft of Honest Services/Wire Fraud as charged in Count 1 of the superseding indictment. Per the agreement, the United States agreed to dismiss the remaining counts in the indictment. (Attachment 5.)

On June 30, 2010, in U.S. District Court in Tacoma, SMITH was sentenced in accordance with his earlier plea agreement to 42 months in prison and approximately $186K in restitution. (Attachment 6.)

On July 2, 2010, in U.S. District Court in Tacoma, GARNER was ordered to pay approximately $240K in restitution. (Attachment 7.)

On February 24, 2011, SMITH was debarred by GSA. (Attachment 8.)

On August 15, 2011, GARNER was debarred by GSA. (Attachment 9.)

On August 15, 2011, GARNER's business, ROYAL LIMOUSINE SERVICE was debarred by GSA. (Attachment 10.)

This case is hereby closed with no further investigative activity anticipated.

INDEX OF ATTACHMENTS

Number	Description
1.	Indictment, February 4, 2009
2.	Superseding Indictment, March 19, 2009
3.	Jury Verdict, June 29, 2009
4.	GARNER Sentencing, February 25, 2010
5.	SMITH Plea Agreement, March 22, 2010
6.	SMITH Sentencing, June 30, 2010
7.	GARNER Restitution Order, July 2, 2010
8.	SMITH Debarment, On February 24, 2011
9.	GARNER Debarment, August 15, 2011
10.	ROYAL LIMOUSINE Debarment, August 15, 2011

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I08E0003350200	SEP 29 2010
TITLE	PREPARED BY SPECIAL AGENT	STATUS
(b)(6), (b)(7)c Nuisance Telephone Calls Federal Aviation Administration Eastern Region Ronkonkoma, New York Standards of Conduct	(b)(6), (b)(7)c	Final
	DISTRIBUTION	mf 1/2
	JRI-2 (1)	APPROVED (b)(6), (b)(7)c

DETAILS

The initial aspects of this investigation are detailed in the Interim Report of Investigation, dated August 13, 2009. That report was provided to the Federal Aviation Adminstration (FAA) for its information and appropriate action.

On (b)(6), (b)(7)c 2010, (b)(6), (b)(7)c, issued a decision that (b)(6), (b)(7)c, be suspended without pay for three days. (b)(6), (b)(7)c served (b)(6), (b) suspension on (b)(6), (b)(7)c 2010. (b)(6), (b)(7)c grieved the suspension and on June 11, 2010, that suspension was reduced to two days (Attachments 1 and 2).

In light of the foregoing, this investigation is closed.

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U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I08G0002660200	JAN 04 2012
TITLE	PREPARED BY SPECIAL AGENT	STATUS
(b)(6), (b)(7)c	(b)(6), (b)(7)c	Final
		dmh 1/4
Kick-Backs	JRI-2 (1)	(b)(6), (b)(7)c

DETAILS

This investigation is based upon a March 27, 2008 referral from the Port Authority of NY & NJ - Office of Inspector General (PANY&NJ-OIG). The PANY&NJ-OIG advised of an on-going investigation being conducted by their office and the U.S. Department of Labor - Office of Inspector General (DOL-OIG) concerning allegations that (b)(6), (b)(7)c in the PANY&NJ's World Trade Center (WTC) Site Construction Department, was engaged in procurement fraud

(b)(6), (b)(7)c

Subsequent investigation, (b)(7)e, (b)(5), (b)(6), (b)(7)c

(b)(5), (b)(6), (b)(7)c, (b)(7)e

(b)(5), (b)(6), (b)(7)c, (b)(7)e failed to establish that (b)(6), (b)(7)c was engaged in the alleged fraud. (b)(5)

(b)(5)

(b)(5) However, (b)(5), (b)(7)e indicated that IORIO was engaging in possible criminal activity and the investigation thereafter shifted to IORIO.

IORIO's duties at YONKERS included the collection of bids and price proposals for selection by YONKERS. In 2008, YONKERS had explored prospects of obtaining work on three New York State Metropolitan Transportation Authority (MTA)-related construction projects in New York City, to wit: the Atlantic Yards Arena Project[1] in Brooklyn, the Hudson Yards Project in Manhattan, and the Bronx-Whitestone Bridge Project in Queens.

[1] The Atlantic Yards Arena Project received $2,000,000 in Federal Highway Administration (FHWA) funding. (Attachment 1)

(b)(5), (b)(6), (b)(7)c, (b)(7)e

On November 13, 2008, IORIO was arrested by a team of DOT-OIG and DOL-OIG agents pursuant to a federal arrest warrant issued in the EDNY. On same date, IORIO waived his Miranda warnings and was interviewed by the reporting agent, among others. IORIO made a series of admissions in regard to his solicitation of kick-backs from(b)(6), (b)(7)cin connection with the Atlantic Yards Arena Project, Hudson Yards Project, and the Bronx-Whitestone Bridge Project. (Attachments 5 & 6)

On April 28, 2010, a federal grand jury in the EDNY returned a True Bill in connection with an Indictment charging IORIO with three counts of Mail Fraud/Honest Services Mail Fraud (18 USC 1341/1346) and one count of Bribery (18 USC 666(a)(1)(B)). (Attachment 7)

On July 14, 2010, a federal grand jury in the EDNY issued a Superseding Indictment charging IORIO with three counts of Mail Fraud/Honest Services Mail Fraud (18 USC 1341/1346) and one count of Bribery (18 USC 666(a)(1)(B)). (Attachment 8)

On September 2, 2010, a federal grand jury in the EDNY issued another Superseding Indictment charging IORIO with three counts of Mail Fraud/Honest Services Mail Fraud (18 USC 1341/1346), two counts of Wire Fraud (18 USC 1343), and one count of Bribery (18 USC 666(a)(1)(B)). (Attachment 9)

On September 20, 2010, a federal jury trial began in the U.S. District Court (EDNY-Brooklyn) before U.S. District Court Judge Carol Amon. On September 23, 2010, the jury returned guilty verdicts on Counts One through Five and a not guilty verdict on Count Six of the Superseding Indictment (9/2/2010). (Attachment 10)

On January 21, 2011, IORIO was sentenced to serve three (3) months home confinement to be followed by five (5) years probation. He was also ordered to perform five hundred (500) hours of community service and pay a $500.00 special court assessment. (Attachment 11)

On July 14, 2011, FHWA instituted an administrative suspension against IORIO with a proposed debarment. (Attachment 12)

On November 17, 2011, FHWA instituted an administrative debarment against IORIO. (Attachment 13)

This case is closed.

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Index of Attachments

No.	Description
1	P.L. 109-59 [8/10/05], Highway Project (Grants), No. 2441 "Study and Improve Traffic Flow Improvement at Atlantic Yard Arena Development".
2	
3	(b)(6), (b)(7)c
4	
5	Arrest Warrant, U.S.A. v. JOSEPH IORIO, Mag. No. M08-1019, dated November 12, 2008.
6	Affidavit in Support of Arrest Warrant, U.S.A. v. JOSEPH IORIO, Mag. No. M08-1019, dated November 12, 2008.
7	Indictment, U.S.A. v. JOSEPH IORIO, No. CR 10-0340, dated April 28, 2010.
8	Superseding Indictment, U.S.A. v. JOSEPH IORIO, No. CR 10-0340, dated July 14, 2010.
9	Superseding Indictment, U.S.A. v. JOSEPH IORIO, No. CR 10-0340, dated September 2, 2010.
10	Verdict Sheet, U.S.A. v. JOSEPH IORIO, No. CR 10-0340, dated September 23, 2010.
11	Judgment in a Criminal Case, U.S.A. v. JOSEPH IORIO, No. CR 10-0340, dated January 21, 2011.
12	FHWA Notice of Nonprocurement Suspension & Proposed Debarment, effective date July 14, 2011.
13	Excluded Parties List System History Record for JOSEPH IORIO (reflecting both suspension [S] and debarment [R]), dated December 13, 2011.

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER I08Z0002970902	DATE 10/30/12
TITLE **JDM EVOLUTION, INC.** **Franz TISSERA** Anaheim, California	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Final
18 U.S.C. § 545, Smuggling of Goods into the United States **19 U.S.C. § 1304 (a), (1), Removal of Marking from Imported Article**	DISTRIBUTION JRI-9 Los Angeles	1/3 APPROVED (b)(6), (b)(7)c

DETAILS

This case was initiated in response to a referral from U.S. Customs and Border Protection (CBP) alleging that on January 8, 2008, a container shipped into Long Beach, California, contained four complete right-hand drive Japanese cars, while the invoice listed the contents as used auto parts and engines valued at $4017.00. The cars were imported by Cecilia FERNANDO, 1911 Cerritos Avenue, Anaheim, California. Information provided on the documents and from the customs broker lead to an individual named Franz TISSERA, who operated a company named JDM EVOLUTION, INC. (JDM).

(b)(5), (b)(6), (b)(7)c

(b)(5), (b)(6), (b)(7)c

On March 18, 2008, a search warrant was conducted at JDM and multiple items of evidence were seized.

On November 17, 2008, an Information for TISSERA was filed in the Central District of California. The Information charged TISSERA with one count of 18 U.S.C. § 545, Smuggling Goods into the United States, for clandestinely bringing three Nissan Skylines and one Nissan Silvia into the United States without invoicing the vehicles (Attachment 1).

On December 17, 2008, a plea agreement for TISSERA was filed in the Central District of California, and on February 2, 2009, TISSERA plead guilty to one count of 18 U.S.C. § 545, Smuggling Goods into the United States (Attachments 2 & 3).

On March 31, 2011, a Superseding Information was filed charging JDM with one count of 18 U.S.C. § 545, Smuggling Goods into the United States, and charging TISSERA with one count of 19 U.S.C. § 1304 (a), (1), Removal of Marking from Imported Article (Attachment 4).

On April 4, 2011, a plea agreement for TISSERA was filed, and on May 24, 2011, TISSERA plead guilty to one count of 18 U.S.C. § 545, Smuggling Goods into the United States (on behalf of JDM), and one count of 19 U.S.C. § 1304 (a), (1), Removal of Marking from Imported Article (Attachments 5 - 7).

On August 22, 2011, JDM was sentenced to one year of probation and ordered to pay a special assessment of $400 (Attachment 8).

On October 24, 2011, TISSERA was sentenced in federal court to three years probation and ordered to pay a special assessment of $25 (Attachment 9).

This investigation was worked jointly with U.S. Immigration and Customs Enforcement, Environmental Protection Agency, and the California Air Resources Board with assistance from CBP and NHTSA.

INDEX OF ATTACHMENTS

Number	Description
1)	Information for TISSERA, dated November 17, 2008
2)	Plea Agreement for TISSERA, dated December 17, 2008
3)	Change of Plea for TISSERA, dated February 2, 2009
4)	Superseding Information for TISSERA and JDM EVOLUTION, dated March 31, 2011
5)	Plea Agreement for TISSERA, dated April 4, 2011
6)	Change of Plea Minutes for TISSERA, dated May 24, 2011
7)	Change of Plea Minutes for JDM EVOLUTION, dated May 24, 2011
8)	Judgment and Probation/Commitment Order for JDM EVOLUTION, dated August 22, 2011
9)	Judgment and Probation/Commitment Order for TISSERA, dated October 24, 2011

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I08Z0003510100	4/16/2012
TITLE	PREPARED BY SPECIAL AGENT	STATUS
LEE, Gar Loon (b)(6), (b)(7)c	(b)(6), (b)(7)c	Final
	DISTRIBUTION	
18 USC 545	JRI-1	APPROVED (b)(6), (b)(7)c

DETAILS

This investigation was initiated based on a referral from the U.S. Department of Homeland Security (DHS), Customs and Border Protection (CBP). On September 24, 2009, Gar Loon LEE arrived at the Highgate Springs, VT Port of Entry. Based on suspicions about the registration for the vehicle LEE was driving, he was detained and Immigration and Customs Enforcement (ICE), RAC Burlington was contacted. During a subsequent interview with ICE agents, LEE admitted to illegally importing vehicles into the United States at least 11 times. LEE admitted that he repeatedly traveled to Canada, purchased Canadian vehicles, falsified the registration and placed Vermont license plates on the vehicles. LEE then drove the vehicles to the United States with Vermont license plates and fraudulent registrations attempting to pass the vehicles off as his own. The investigation was worked jointly with ICE.

Vehicles imported into the U.S. must comply with the National Highway Traffic Safety Administration (NHTSA) Federal Motor Vehicle Safety Standards (FMVSS) prior to being offered for sale and must be imported by or through a Registered Importer that is recognized by NHTSA. LEE failed to submit USDOT Form HS-7 and USDOT Form HS-474.

LEE was neither a Registered Importer nor worked through a Registered Importer. The investigation identified four Nissan automobiles that LEE purchased in Canada and with which LEE illegally entered Vermont at various ports of entry during 2009 using borrowed New York dealer plates. LEE failed to declare the vehicles as imports and did not complete the required importation documents with CBP. None of the four vehicles complied with the FMVSS or emissions standards imposed by EPA regulations.

(b)(5), (b)(6), (b)(7)c

(b)(5), (b)(6), (b)(7)c

On May 5, 2011, a Federal Grand Jury in Burlington, Vermont, indicted LEE on one count in violation of 18 USC 545 for the illegal importation of four passenger vehicles from Canada to Vermont in 2009.

(b)(5)

On November 18, 2011, LEE was charged in an Information that during the calendar year 2009, LEE had received a significant gross income and failed on or about April 15, 2010, to make an income tax return in violation of 26 USC 7203. The information superseded the May 5, 2011, indictment of LEE for violation of 18 USC 545. On November 21, 2011, LEE pleaded guilty in U.S. District Court, Burlington, VT to the one count information noted above.

On March 19, 2012, LEE was sentenced in U.S. District Court, Burlington, Vermont, to 30 months probation, payment of a $25,000 fine and payment of taxes and penalties in the amount of $13,879 for failing to report the receipt of significant taxable gross income from the illegal importation of four passenger vehicles from Canada to Vermont in 2009.

This investigation is closed.

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U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I09A0000020300	June 11, 2012
TITLE **Counterfeit Microprocessors** S.U.P Parts-Manufacturing	PREPARED BY INVESTIGATOR (b)(6), (b)(7)c	STATUS FINAL
18 USC § 371. Conspiracy to commit offense or to defraud the United States **18 USC § 2320.** Trafficking in counterfeit goods or services **18 USC § 1341.** Mail Fraud	DISTRIBUTION FAA (1), JRI-3 (1)	APPROVED BY (b)(6), (b)(7)c

PREDICATION:

On October 08, 2008, this investigation was initiated pursuant to a referral from Assistant United States Attorney (AUSA) Sherri Schornstein, United States Attorney's Office District of Columbia. AUSA Schornstein advised that MVP Micro, a California-based company, was providing counterfeit integrated circuits to various defense contractors and others. AUSA Schornstein requested the United States Department of Transportation, Office of Inspector General and Federal Aviation Administration to participate in the investigation.

IDENTIFICATION:

The following is identifying information regarding the subject(s) of investigation:

Name: **Aljaff, Mustafa Abdul**

(b)(6), (b)(7)c

Name: **Felahy, Neil**

(b)(6), (b)(7)c,

SUMMARY OF FINDINGS:

Our investigation discovered that Mustafa Abdul Aljaff, owner of MVP Micro was the mastermind and leader of the highly sophisticated fraud scheme to import, sell, manufacture and distribute, in interstate and international commerce, counterfeit integrated circuits. The conspiracy took place between September 2007 and August 2009 in Irvine, California. As the operations manager for MVP Micro, Neil Felahy, Aljaff's brother-in-law, ran the day-to-day operations that enabled the conspiracy.

MVP Micro and related companies sold and distributed counterfeit integrated circuits to approximately 420 buyers in the United States and abroad, including the U.S. Department of the Navy, defense contractors, other broker/distributors, and numerous industry sectors, including transportation, medical services, and aerospace.

Felahy and Aljaff agreed that on more than 20 separate occasions, they and others imported into the United States from China and Hong Kong, approximately 13,073 integrated circuits bearing counterfeit trademarks, including military-grade markings, valued at about $140,835. Those counterfeit integrated circuits bore the purported trademarks of a number of legitimate semiconductor manufacturers.

They also obtained trademark-branded integrated circuits from unknown sources, and then scraped, sanded, or ground off the original markings, repainted the devices in a process referred to as "black topping," and remarked the devices with another trademark thereby fraudulently indicating, among other things, that the devices were of a certain brand, newer, higher quality, or were of military grade.

Additionally, Felahy and Aljaff operated the conspiracy through a number of California companies: MVP Micro, Inc., BeBe Starr, Consulting, Inc., Red Hat Distributors, Inc. (also known as "RH Distributors", and "Red Hot Distributors"), Force-One Electronics, Inc., Labra, Inc., subsequently renamed Labra Electronics, Inc., then Becker Components, Inc., and Pentagon Components, Inc. They also operated websites related to those companies, including: www.mvpmicro.com, www.labrainc.com, www.rhdistributors.com, and www.pentagoncomponents.com.

DETAILS:

Department of Justice Referral

(b)(5)

Indictment

On October 08, 2009, the eleven count indictment was unsealed charging Aljaff, his sister Marwah Felahy (formerly Aljaff), and her husband Neil Felahy, with Conspiracy, Trafficking in Counterfeit Goods or Services, and Mail Fraud, in connection with their sale of counterfeit integrated circuits to the United States Government. **(Attachment 1)**

Search Warrant & Initial Appearance

On October 8, 2009, the government executed search warrants at three business locations, two residences, and a storage facility in California connected to the case. On October 8, 2009, the defendants were arrested by federal agents in California and arraigned in federal court.

Court Adjudications

On November 20, 2009, Felahy pled guilty to Conspiracy to Traffic in Counterfeit Goods and defrauding the United States. The guilty plea was entered before U.S. Magistrate Judge Alan Kay, United States District Court for the District of Columbia. **(Attachments 2, 3)**

On January 13, 2010, Aljaff pled guilty to Conspiracy to Traffic in Counterfeit Goods and defrauding the United States. The guilty plea was entered before U.S. Magistrate Judge Deborah Robinson, United States District Court for the District of Columbia. As part of the plea agreement, Aljaff agreed to forfeit industrial machinery which is designed to be used in the examination, testing, packaging, de-marking, and marking of integrated circuits, computer network servers, and his integrated circuit inventory, all of which was seized from his business location.
(Attachments 4,5)

On February 15, 2009, Aljaff was sentenced to 30 months in prison, three years supervised release and must perform 250 hours of community service. **(Attachments 6,7)**

On February 22, 2012, Felahy was sentenced to 20 months in prison, three years of supervised release and must perform 500 hours of community service.. Felahy agreed to pay, jointly and severally with Aljaff, $184,612 in restitution to the semiconductor companies whose trademarks were infringed as a result of their criminal acts. **(Attachments 8,9)**

On February 22, 2012, all criminal charges against Marwah Felahy were dismissed by the United States Attorney's Office for the District of Columbia and accepted by the Honorable Emmet G. Sullivan, U.S. District Court for the District of Columbia. **(Attachment 10)**

INDEX OF ATTACHMENTS

No.	DESCRIPTION
1.	Indictment
2.	Neil Felahy's Plea Agreement & Statement of Facts
3.	Press Release – Neil Felahy's Guilty Plea
4.	Aljaff's Plea Agreement & Statement of Facts
5.	Press Release – Aljaff's Guilty Plea
6.	Aljaff's Judgment in a Criminal Case (Judicial Records)
7.	Press Release – Aljaff's Sentencing
8.	Neil Felahy's Judgment in a Criminal Case (Judicial Records)
9.	Press Release – Neil Felahy's Sentencing
10.	Marwah Felahy's Charges Dismissed

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U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I09C0000200902	10/24/12
TITLE **CALTRANS** San Diego, CA	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Final
18 § USC 666 – Theft or Bribery Concerning Programs Receiving Federal Funds	DISTRIBUTION JRI-9 Cerritos	1/1
		APPROVED (b)(6), (b)(7)c

DETAILS

This case was predicated on (b)(6), (b)(7)c CALTRANS employees alleging possible corruption and fraud within the San Diego District of CALTRANS by upper management, including (b)(6), (b)(7)c, and (b)(6), (b)(7)c The allegations included payments to contractors for extra work orders and questionable claims without proper documentation, inside information being passed on to a contractor, thereby allowing them to win six straight bids for contracts, double and triple billing, and substandard concrete.

The investigation did not substantiate the allegations. Interviews were conducted, including the complainants, and financial records were reviewed, however, none of the allegations could be corroborated.

Based on the above, this case is closed.

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I09E0003070200	MAR 1 4 2011
TITLE	PREPARED BY SPECIAL AGENT	STATUS
(b)(6), (b)(7)c Federal Aviation Administration National Airways Engineering Division (AJW-145) Atlantic City, New Jersey Standards of Conduct	(b)(6), (b)(7)c	FINAL
	DISTRIBUTION	(b)(6), (b)(7) 1/2
	JRI-2 (1)	APPROVED (b)(6), (b)(7)c

This investigation was initiated based upon information received from the Federal Aviation Administration (FAA). It was alleged that (b)(6), (b)(7)c (b)(6), (b)(7)c National Airways Engineering Division, AJW-145, violated FAA rules of conduct by accepting outside employment with (b)(6), (b)(7)c (b)(6), (b)(7)c an FAA contractor, without the FAA's knowledge or approval. (b)(6), (b)(7)c post of duty was on-site at the FAA's William J. Hughes Technical Center, Atlantic City, New Jersey.

It was also alleged that in (b)(6), (b)(7)c 2008, (b)(6), (b)(7)c requested advanced annual leave under false pretenses in order to work for (b)(6), (b)(7)c for the (b)(6), (b)(7)c. (b)(6), (b)(7)c as an employee of (b)(6), (b)(7)c reportedly assisted in the installation of a Mode-S navigational beacon at the (b)(6), (b)(7)c (b)(6), (b)(7)c. This beacon had been loaned to the (b)(6), (b)(7)c (b)(6), (b)(7)c by the FAA. It was further alleged that while working for (b)(6), (b)(7)c, (b)(6), (b)(7)c installed FAA proprietary prototype software, which was still under development, without FAA authorization.

The results of the OIG investigation are detailed in the Interim Report of Investigation (ROI) dated (b)(6), (b)(7)c, 2009. That ROI was provided to the FAA for its information and any appropriate action. (Attachment 1)

On (b)(6), (b)(7)c 2010, the FAA removed (b)(6), (b)(7)c from employment. (Attachments 2 and 3)

This investigation is closed.

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ATTACHMENTS

1. DOT-OIG Transmittal Mememorandum, dated (b)(6), (b)(7)c 2009.
2. FAA Letter, Subject: Decision on Notice of Proposed Removal, dated (b)(6), (b)(7)c, 2010.
3. Notification of Personnel Action, SF-50, (b)(6), (b)(7)c, dated (b)(6), (b)(7)c, 2010.

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U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I09E0003220200	April 16, 2012
TITLE	PREPARED BY SPECIAL AGENT	STATUS
[redacted] United States Merchant Marine Academy Kings Point, NY	[redacted]	Final
	DISTRIBUTION	[redacted] 1/2
	JRI-2 (1)	APPROVED
Ethics - Gifts (5 CFR Part 2635)		[redacted]

DETAILS

This Final Report of Investigation (ROI) describes actions taken by the Maritime Administration (MARAD) in response to the OIG's initial ROI, dated February 14, 2011, which outlined the allegations and investigative steps taken in this matter and incorporated here by reference.

On [redacted] 2012 [redacted] U.S. Merchant Marine Academy (USMMA), responded, in writing, to the aforementioned initial ROI. [redacted] advised that the ethics regulations applicable to executive-branch Federal employees have been reviewed and that it was determined the activity in question (i.e. acceptance of private yacht club memberships by USMMA employees) was prohibited. As a remedial action, [redacted] issued e-mails to all Academy faculty and staff reiterating the general prohibition on accepting gifts because of one's official position, or from a prohibited source, and cited the gift of courtesy memberships from a yacht club as an example of said prohibition. In addition, e-mails were sent to the [redacted] MARAD employees, who were identified in the investigation as having received such memberships, to confirm that they no longer held such memberships. These employees have confirmed same. (Attachments 1 & 2)

This investigation is closed.

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Index of Attachments

No.	Description
1	Memorandum from [redacted] 2012.
2	USMMA email, Ethics Guidance at the USMMA [redacted] 2012.

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I09G0000130401	03/22/12
TITLE (b)(6), (b)(7)c	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Final
VIOLATION(S) Title 18 United States Code, Section 371 Title 31 United States Code, Section 3729, Civil False Claims	DISTRIBUTION JRI-4	sr 1/14 APPR (b)(6), (b)(7)c

SYNOPSIS:

This complaint is based on information from the U.S. Department of Defense (DOD). On (b)(6), (b)(7)c, 2008, the DOD received a hotline complaint from (b)(6), (b)(7)c (b)(6), (b)(7)c (b)(6), (b)(7)c who alleged that (b)(6), (b)(7)c (b)(6), (b)(7)c, and (b)(6), (b)(7)c employees hired work on and paid by two grants issued by the U.S. Department of Transportation (USDOT), National Highway Traffic Safety Administration (NHTSA) and DOD, have diverted those grant funds to their privately-owned (b)(6), (b)(7)c businesses.

The two NHTSA grants issued to (b)(6), (b)(7)c were: (1) grant titled (b)(6), (b)(7)c," in the amount of (b)(6), (b)(7)c for the periods (b)(6), (b)(7)c, and (2) a grant which was a part of the NHTSA Crash Injury Research and Engineering Network (CIREN), in the amount of (b)(6), (b)(7)c, for the periods (b)(6), (b)(7)c.

According to (b)(6), (b)(7)c (b)(6), (b)(7)c and (b)(6), (b)(7)c employees performed private consultation work during the time they were supposed to be performing the federally-funded grant work. During the grant period, little work was performed under the grant. The grant-related work that was completed was itself substandard since (b)(6), (b)(7)c and the complicit (b)(6), (b)(7)c employees focused on their more profitable private enterprises. (b)(6), (b)(7)c contacted the USDOT, Office of Inspector General (OIG) Complaint Center reporting (b)(6), (b)(7)c and other (b)(6), (b)(7)c employees provided private consulting services while being paid through a NHTSA grant. The focus of the investigation was to determine whether (b)(6), (b)(7)c and/or (b)(6), (b)(7)c personnel fraudulently claimed to have worked on the grants while performing non-grant work; in the process making material false statements to the U.S. Government.

This matter was investigated jointly between the USDOT/OIG, Sunrise Field Office, FL; Defense Criminal Investigative Service (DCIS), and U.S Army, Criminal Investigation Command (USACIDC) and support provided by the USDOT/NHTSA. Initially, this

(b)(6), (b)(7)c

IDENTIFICATION

1. Subject:
   SSN:
   DOB:
   Gender:
   Address:
   Employer:
   Position:

(b)(6), (b)(7)c

2. Subject:
   SSN:
   DOB:
   Gender:
   Address:
   Employer:
   Position:

(b)(6), (b)(7)c

3. Company Name:

   Address:

(b)(6), (b)(7)c

BACKGROUND

1) Criminal Statutes Affected:

1. 18 USC § 371, Conspiracy to Commit Offense or to Defraud United States

If two or more persons conspire either to commit any offense against the United States, or to defraud the United States, or any agency thereof in any manner or for any purpose, and one or more of such persons do any act to effect the object of the conspiracy, each shall be fined under this title or imprisoned not more than five years, or both. If, however, the offense, the commission of which is the object of the conspiracy, is a misdemeanor only, the punishment for such conspiracy shall not exceed the maximum punishment provided for such misdemeanor.

2) Civil Statutes Affected:

1. 31 USC § 3729, Civil False Claims

Any person who—

(A) knowingly presents, or causes to be presented, a false or fraudulent claim for payment or approval;
(B) knowingly makes, uses, or causes to be made or used, a false record or statement material to a false or fraudulent claim;
(C) conspires to commit a violation of subparagraph (A), (B), (D), (E), (F), or (G);
(D) has possession, custody, or control of property or money used, or to be used, by the Government and knowingly delivers, or causes to be delivered, less than all of that money or property;
(E) is authorized to make or deliver a document certifying receipt of property used, or to be used, by the Government and, intending to defraud the Government, makes or delivers the receipt without completely knowing that the information on the receipt is true;
(F) knowingly buys, or receives as a pledge of an obligation or debt, public property from an officer or employee of the Government, or a member of the Armed Forces, who lawfully may not sell or pledge property; or
(G) knowingly makes, uses, or causes to be made or used, a false record or statement material to an obligation to pay or transmit money or property to the Government, or knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the Government, —

is liable to the United States Government for a civil penalty of not less than $5,000 and not more than $10,000, as adjusted by the Federal Civil Penalties Inflation Adjustment

Act of 1990 (28 U.S.C. 2461 note ; Public Law 104-410 [1]), plus 3 times the amount of damages which the Government sustains because of the act of that person.

DETAILS

On (b)(6), (b)(7)c 2008, (b)(6), (b)(7)c contacted the USDOT/OIG Complaint Center via electronic mail (e-mail) message (Contractor, NHS Report # (b)(6), (b)(7)c) reporting (b)(6), (b)(7)c and other (b)(6), (b)(7)c employees provided private consulting services while being paid through a NHTSA grant. (ATTACHMENT 1)

On (b)(6), (b)(7)c 2009, Special Agent (SA) (b)(6), (b)(7)c contacted (b)(6), (b)(7)c, USDOT/NHTSA, (b)(6), (b)(7)c regarding the two cooperative agreements between NHTSA and UM for (b)(6), (b)(7)c " for the periods (b)(6), (b)(7)c in the amount of (b)(6), (b)(7)c, and (b)(6), (b)(7)c in the amount of $ (b)(6), (b)(7)c. The latter was a (b)(6), (b)(7)c cooperative agreement, number (b)(6), (b)(7)c. The former cooperative agreement was number (b)(6), (b)(7)c. (b)(6), (b)(7)c verified both cooperative agreements were inactive; the former agreement having been terminated approximately one year earlier due to conflicts with the (b)(6), (b)(7)c and their management of the funds. No other cooperative agreements and/or grants were forthcoming to the (b)(6), (b)(7)c

On (b)(6), (b)(7)c, 2009, SAs (b)(6), (b)(7)c, interviewed (b)(6), (b)(7)c regarding (b)(6), (b)(7)c knowledge of potentially fraudulent activity by (b)(6), (b)(7)c and other former colleagues at the (b)(6), (b)(7)c (b)(6), (b)(7)c, formerly with the (b)(6), (b)(7)c for (b)(6), (b)(7)c years; (b)(6), (b)(7)c of which serving as (b)(6), (b)(7)c, stated [redacted] did some work with (b)(6), (b)(7)c cooperative agreements prior to that grant program being halted. (ATTACHMENT 2)

(b)(6), (b)(7)c stated former co-worker (b)(6), (b)(7)c attempted to convince (b)(6), (b)(7)c to obtain information on (b)(6), (b)(7)c (b)(6), (b)(7)c side business, (b)(6), (b)(7)c, the (b)(6), (b)(7)c and close colleague of (b)(6), (b)(7)c (b)(6), (b)(7)c, and (b)(6), (b)(7)c business (b)(6), (b)(7)c However, (b)(6), (b)(7)c claimed (b)(6), (b)(7)c generally refused (b)(6), (b)(7)c requests, only doing so infrequently as a safeguard to protect against any threats or negative actions by [redacted]

(b)(6), (b)(7)c claimed (b)(6), (b)(7)c observed (b)(6), (b)(7)c work being performed over 50 percent of the time at the (b)(6), (b)(7)c On more than one occasion, [redacted] witnessed the repeated use of a (b)(6), (b)(7)c car (b)(6), (b)(7)c to generate reports of grant research being performed. (b)(6), (b)(7)c confirmed that work done by [redacted] cannot be used for grant research considering it a conflict of interest.

(b)(6), (b)(7)c stated, through an arrangement between (6), (b)(and the center, any monies received any (b)(6), (b)(7)c employees, including (b)(6), (b)(7)c were suppose to go to the)(6), (b)(7 s bank account. (b)(6), (b)(7)c claimed that almost all consulting money was sent directly to)(6), (b)(7 and not (b)(6), (b)(7)c According to (b)(6), (b)(7)c , there were issues with the (b)(6), (b)(7)c employee's time sheets, known as)(6), (b)(7) reports. Namely, the (b)(6), (b)(7)c accountant, (b)(6), (b)(7)c , made up time sheets with workers hours pre-compiled and ordered each employee to sign it, against their will, as proof of grant work. This included (b)(6), (b)(7)c , but 6), (b)(salary was paid through non-grant funds. Regarding the internal audit of the (b)(6), (b)(7)c (b)(6), (b)(7)c attempted to dispose of documents subject to review, but was stopped from doing so.

On (b)(6), (b)(7)c 2009, SAs (b)(6), (b)(7)c interviewed (b)(6), (b)(7)c regarding 6), (b)(complaint against 6), (b)(former colleagues at the (b)(6), (b)(7)c (b)(6), (b)(7)c opined various grant monies that were brought into (6), (b)(by (b)(6), (b)(7)c were used to pay employees of private companies. Those employees, hired to work, manage and research the various grant programs within the (b)(6), (b)(7)c were instead tasked to provide assistance to (b)(6), (b)(7)c and (b)(6), (b)(7)c s companies)(6), (b)(7 and (b)(6), (b)(7)c a firm operated by (b)(6), (b)(7)c (ATTACHMENT 3)

According to (b)(6), (b)(7)c (b)(6), (b)(7)c time)(6), (b)(7) reports, managed by (b)(6), (b)(7)c were being signed fraudulently since the employees were claiming grant work on the reports while spending a majority of their time assisting with the private consulting businesses. (b)(6), (b)(7)c advised (b)(6), (b)(7)c to continue to fill out the reports and forced the employees to sign them regardless if they agreed with the hours listed or not. (b)(6), (b)(7)c further claimed all of 6), (b)( )(6), (b)(7) reports were accurate.

On (b)(6), (b)(7)c 2009, (b)(6), (b)(7)c was interviewed by SAs (b)(6), (b)(7)c . (b)(6), (b)(7)c a (b)(6), (b)(7)c , was formerly employed at the (b)(6), (b)(7)c from (b)(6), (b)(7)c . As part of 3), responsibilities, (b)(6), (b)(7)c and the (b)(6), (b)(7)c team was to enter (b)(6), (b)(7)c (b)(6), (b)(7)c in a computer system set-up by NHTSA to collect such data. However, (b)(6), (b)(7)c also entered the same data in another system named " (b)(6), (b)(7)c " which was developed by (b)(6), (b)(7)c and 6), (b) own team prior to (b)(6), (b)(7)c employment at (b)(6), (b)(7)c NHTSA was concerned the inputting of data paid through their grant into both databases could be a conflict of interest. (ATTACHMENT 4)

(b)(6), (b)(7)c was not very involved with the (b)(6), (b)(7)c team; nor did (b) provide much input to the team. Instead, (b)(6), (b)(7)c focused in getting grant monies for)(6), (b)(7 (b)(6), (b)(7)c also performed (b)(6), (b)(7)c using the data collected during the)(6), (b)(7

(b)(6), (b)(7)c and inputted into (b)(6), (b)(7)c . (b)(6), (b)(7)c was not involved in that scope of work. However, other (b)(6), (b)(7)c staff were involved with (b)(6), (b)(7)c including (b)(6), (b)(7)c whom (b)(6), (b)(7)c described has having been (b)(6), (b)(7)c " (b)(6), (b)(7)c ." While employed by (b)(6), (b)(7)c (b)(6), (b)(7)c also owned and operated (b)(6), (b)(7)c (b) and several (b)(6), (b)(7)c employees worked on (b)(6), (b)(7)c " matters at (b)(6), (b)(7)c and/or (b)(6), (b)(7)c request. (b)(6), (b)(7)c clarified the expert witness work was not part of the grant, but private work for law firms. NHTSA was concerned this represented a conflict of interest, demanding the (b)(6), (b)(7)c team give annual presentations of all the cases in the (b)(6), (b)(7)c database and informing (b)(6), (b)(7)c and (b) staff could no longer do any private crash expert witness work since they were concerned with conflicts of interest with the grants' crash study efforts.

(b)(6), (b)(7)c did not think there was any misappropriation or theft of items purchased under the grants. (b) opined the only misappropriation of grant monies were unusual salaries paid to employees; however, (b) did not have any specific examples of this. (b) also reiterated having ethical concerns regarding the expert witness work, reiterating that work was probably a conflict of interest with the government grant work.

On (b)(6), (b)(7)c 2009, SA (b)(6), (b)(7)c interviewed (b)(6), (b)(7)c regarding (b) knowledge of DOD and USDOT grants awarded to the (b)(6), (b)(7)c (b)(6), (b)(7)c with the (b)(6), (b)(7)c was employed at (b) from (b)(6), (b)(7) until (b)(6), (b)(7)c , mostly collecting traffic accident data. However, (b) was also essentially the "pseudo" office manager for a non-(b) affiliated company, (b)(6), (b)(7) which was owned by (b)(6), (b)(7)c (ATTACHMENT 5)

According to (b)(6), (b)(7)c 50 percent of (b) time was spent on government grant work; specifically for USDOT. The other 50 percent of [redacted] effort was spent working for (b)(6), (b)(7) and [redacted] The later company was owned by a former (b)(6), (b)(7)c . That company, just as (b)(6), [redacted] with, only existed so (b)(6), (b)(7)c could provide (b)(6), (b)(7)c (b)(6), (b)(7)c

In 2007, an audit of (b)(6), (b)(7)c government grant work and (b) associations with (b)(6), (b)(7) and (b)(6), (b)(7) was initiated by (b)(6), (b)(7)c (b)(6), (b)(7)c informed (b)(6), (b)(7)c that money was paid back to (b)(6), (b)(7) by (b)(6), (b)(7)c and (b)(6), (b)(7)c (b)(6), (b)(7)c was unaware if the audit uncovered any activities by (b)(6), (b)(7)c and/or (b)(6), (b)(7)c However, a consequence of (b)(6), (b)(7)c actions was the cancellation of the USDOT grants since they were unhappy with (b)(6), (b)(7)c work. Finally, (b)(6), (b)(7)c stated the government grants served as a front for (b)(6), (b)(7)c non-(b) related business dealing with (b)(6), (b)(7)c

On (b)(6), (b)(7)c 2009, SA (b)(6), (b)(7)c spoke to (b)(6), (b)(7)c to clarify several issues related to the investigation to-date. Namely, whether (b)(6), (b)(7)c employees were authorized to input (b)(6), (b)(7)c and/or (b)(6), (b)(7)c obtained under the cooperative agreements in a private database as long as the same data was entered in the NHTSA database. (b)(6), (b)(7)c replied (b)(6), (b)(7)c data was not releasable to private entities as it was a violation of NHTSA regulations, but NHTSA was unable to prevent the (b)(6), (b)(7)c from entering the data into non (b)(6), (b)(7)c and/or NHTSA-authorized databases.

On (b)(6), (b)(7)c 2009, (b)(6), (b)(7)c was interviewed by (b)(6), (b)(7)c regarding (b)(6), (b)(7)c knowledge of the (b)(6), (b)(7)c cooperative agreements awarded to the (b)(6), (b)(7)c (ATTACHMENT 6). (b)(6), (b)(7)c responsibilities included obtaining (b)(6), (b)(7)c and interacting with various officials regarding (b)(6), (b)(7)c The data obtained during the course of the (b)(6), (b)(7)c research was entered into a database called the " (b)(6), (b)(7)c " system. According to (b)(6), (b)(7)c the (b)(6), (b)(7)c was extremely disorganized and a "front" for the accumulation of data just for appearance sake in support and justification of government grants. The "front" was perpetuated by the use of non-experts, including the friends and family of (b)(6), (b)(7)c, in the study of crash study data.

As (b)(6), (b)(7)c "(b)(6), (b)(7)c," (b)(6), (b)(7)c was allowed by the (b)(6), (b)(7)c to do anything (b)(6), (b)(7)c pleased. Additionally, (b)(6), (b)(7)c allowed (b)(6), (b)(7)c to operate (b)(6), (b)(7)c within the (b)(6), (b)(7)c (b)(6), (b)(7)c claimed (b)(6), (b)(7)c and (b)(6), (b)(7)c did not do any work they were supposed to do under the NHTSA grant, but were still paid by USDOT. Despite being paid under the (b)(6), (b)(7)c grant, (b)(6), (b)(7)c worked heavily on (b)(6), (b)(7)c tasks. (b)(6), (b)(7)c never compensated (b)(6), (b)(7)c for (b)(6), (b)(7)c for (b)(6), (b)(7)c work. (b)(6), (b)(7)c stated no one outside of the (b)(6), (b)(7)c "circle" knew what was going on regarding (b)(6), (b)(7)c and their work. In fact the time cards, known as (b)(6), (b)(7)c reports, representing (b)(6), (b)(7)c work, typically showed grant work including under (b)(6), (b)(7)c but did not show (b)(6), (b)(7)c work for (b)(6), (b)(7)c despite the fact (b)(6), (b)(7)c was so heavily committed to (b)(6), (b)(7)c-related activities. Further, (b)(6), (b)(7)c salary did not reflect (b)(6), (b)(7)c (b)(6), (b)(7)c work. One time, (b)(6), (b)(7)c challenged the preparer of the (b)(6), (b)(7)c reports, (b)(6), (b)(7)c about (b)(6), (b)(7)c (b)(6), (b)(7)c report stating (b)(6), (b)(7)c worked exclusively on (b)(6), (b)(7)c-related tasks, which was not reflected in that particular report. (b)(6), (b)(7)c insisted (b)(6), (b)(7)c sign the (b)(6), (b)(7)c report as directed by (b)(6), (b)(7)c If (b)(6), (b)(7)c did not sign it, someone would sign for (b)(6), (b)(7)c anyway.

Finally, prior to (b)(6), (b)(7)c resignation to (b)(6), (b)(7)c USDOT terminated the (b)(6), (b)(7)c grant. (b)(6), (b)(7)c wondered why USDOT did not do anything to the (b)(6), (b)(7)c other than terminate the grant. Further, (b)(6), (b)(7)c did not know whether anyone committed acts of fraud at the (b)(6), (b)(7)c

On (b)(6), (b)(7)c, 2009, SAs (b)(6), (b)(7)c, met with AUSA (b)(6), (b)(7)c,

(b)(6), (b)(7)c, to discuss the criminal investigation against (b)(6), (b)(7)c and (b)(6), (b)(7)c In addition to the facts known-to-date by the agents, as well as the major figures in this investigation, SA (b)(6), (b)(7)c highlighted the fact that USDOT criminal nexus would cease with the reaching of the statute of limitations in 2010, due to the age of the two cooperative agreements. AUSA (b)(5), (b)(6), (b)(7)c (b)(5), (b)(6), (b)(7)c The agents clarified the focus of the investigation would be the false employee hours claimed in the (b)(6), (b)(7) reports and falsely reported to USDOT and DOD. Finally, the agents informed AUSA (b)(6), (b)(7)c about (b)(6), (b)(7)c complaints to (b)(6), (b)(7) which triggered an audit by (b)(6), (b)(7)c.

On or about (b)(6), (b)(7)c 2009, the (b)(6), (b)(7)c accepted the investigation for criminal prosecution.

On (b)(6), (b)(7)c, 2009, SAs (b)(6), (b)(7)c interviewed (b)(6), (b)(7)c regarding (b)(6), (b) audit of (b)(6), (b)(7)c. Present at the interview were (b)(6), (b)(7)c (b)(6), (b)(7)c (b)(6), (b)(7)c. (ATTACHMENT 7)

In (b)(6), (b)(7)c 2007, (b)(6), (b)(7)c office received an allegation that funds had been potentially diverted. The four or five complainants, two of whom were (b)(6), (b)(7)c employees (b)(6), (b)(7)c and (b)(6), (b)(7)c claimed (b)(6), (b)(7)c and (b)(6), (b)(7)c diverted funds to (b)(6), (b)(7)c " work, monies were sent to private banking accounts established by (b)(6), (b)(7)c and/or (b)(6), (b)(7)c unnecessary charges were made against Federal grants, and people were brought in to work on the government projects but instead worked on private matters. Two other employees also complained they were coerced into signing (b)(6), (b)(7) reports by (b)(6), (b)(7)c and (b)(6), (b)(7)c Based on the complaints, (b)(6), (b)(7)c initiated the audit of the (b)(6), (b)(7)c in (b)(6), (b)(7)c 2007 with the object of performing a comprehensive review of (b)(6), (b)(7)c books and records dated 2000 to 2007 relating to Federal grants, and between 2004 and 2007 relating to concerns that (b)(6), (b)(7)c and (b)(6), (b)(7)c violated internal (b)(6), (b)(private consulting work requirements. The subjects of the internal audit were (b)(6), (b)(7)c and (b)(6), (b)(7)c With that, (b)(6), (b)(7)c documents and computers were seized, including private bank records in the name of (b)(6), (b)(7)c and several (b)(6), (b)(7)c personnel interviewed.

During the seizing of documents, (b)(6), (b)(7)c did not surrender all pertinent records, including those for (b)(6), (b) private business venture, (b)(6), (b)(7)c and personal bank accounts. However, through a reconstruction of the bank records, it was revealed that monies obtained by (b)(6), (b)(7) were deposited

into (b)(6), (b)(7)c private account and then transferred to the (b)(6), (b)(7)c account. (b)(6), (b)(7)c also recounted the invoices revealed the billing of (b)(6), (b)(7)c and support staff's time and effort, as well as the use of any insurance companies and/or lawyers. Payments submitted for that work were separated; some payments submitted to)(6), (b)(7) account; others to)(6), (b)(7) account, all contrary to)(6), (b)(7) regulations as only a portion of the money derived from the private contractor work went to (6), (b)(instead of the entire amount.

(b)(6), (b)(7)c interjected between 2004 and 2007, (b)(6), (b)(7)c earned $400,000 for)(6), (b)(7) However,)(6), (b)(7) made $1.4 million. As such, it was their contention (b)(6), (b)(7)c and (b)(6), (b)(7)c diverted all of the monies obtained through)(6), (b)(7) into private accounts and only gave a portion to the university. (b)(6), (b)(7)c estimated 90% of the (b)(6), (b)(7)c dispute with (b)(6), (b)(7)c was this diversion. The diversion of the government grants/cooperative agreement monies was a secondary consideration. (b)(6), (b)(7)c further stated (b)(6), (b)(7)c "confessed" to the diversion of the government monies.

(b)(6), (b)(7)c also attempted to ascertain the amount by percentage of private expert witness work that was accomplished by the (b)(6), (b)(7)c staff by reviewing the employee's time and attempted to ascertain what percentage of work was reasonably private expert witness work, as opposed to work applicable to the federal grants. Through the assistance of (b)(6), (b)(7)c it was estimated approximately 15% of the time, applicable under the federal grants but spent during private expert witness work, was reimbursed to the government. The reimbursement amount was approximately $250,000 which was paid in the form of checks to USDOT and DOD. (b)(6), (b)(7)c stated his findings substantiated (b)(6), (b)(7)c complaint.

On (b)(6), (b)(7)c, 2009, SAs (b)(6), (b)(7)c met with AUSAs (b)(6), (b)(7)c (b)(6), (b)(7)c, to discuss the investigation to-date against (b)(6), (b)(7)c. AUSA (b)(6), (b)(7)c was present to determine whether), (b) office could pursue a parallel civil proceeding against)(6), (b)(7) The facts of the investigation were outlined, including the results of the interview of (b)(6), (b)(7)c which uncovered the admission by (6), (b)(that (b)(6), (b)(7)c diverted federal funds and monies that should have gone straight to the university into private funds after doing contract expert witness work. (b)(5), (b)(6), (b)(7)c (b)(5), (b)(6), (b)(7)c

On (b)(6), (b)(7)c, 2009, SAs (b)(6), (b)(7)c interviewed (b)(6), (b)(7)c (b)(6), (b)(7)c regarding payments made to the U.S. Government subsequent to an audit of (6), (b)(

(b)(6), (b)(7)c Present at the interview were (b)(6), (b)(7)c. (ATTACHMENT 8)

(b)(6), (b)(7)c stated (b)(6), (b)(7)c first became aware of (b)(6), (b)(7)c problems on about (b)(6), (b)(7)c 2007 after (b)(6), (b)(7)c informed (b)(6), (b)(7)c was undertaking an internal audit review of several Federal grants after receiving complaints against (b)(6), (b)(7)c After the end of the internal audit, on or about the end of [redacted] 2008, (b)(6), (b)(7)c informed (b)(6), (b)(7)c money needed to be returned to the government. The refunded monies, (b)(6), (b)(7)c continued, reflected direct charge disallowances. Monies due open U.S. Army grants were refunded back to the grant; monies due the closed USA and USDOT were reimbursed in the form of checks. To facilitate getting the monies back to the respective federal agencies, (b)(6), (b)(7)c contacted (b)(6), (b)(7)c from USDOT on (b)(6), (b)(7)c, 2008 and her USA counterpart. Finally, (b)(6), (b)(7)c stated on (b)(6), (b)(7)c 2008, a check in the amount of $147,053 was issued to the USDOT for the cost disallowance.

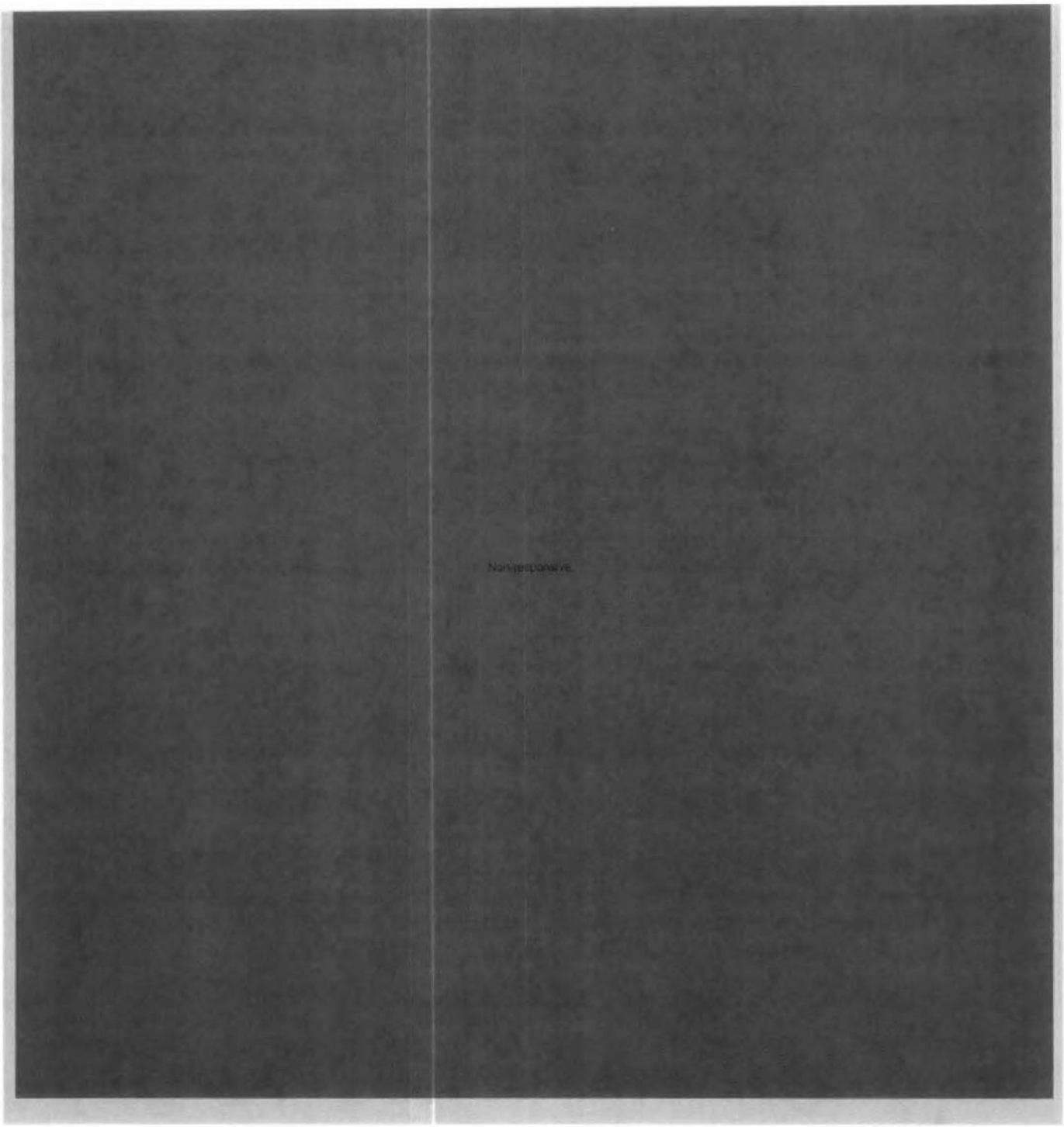
On (b)(6), (b)(7)c, 2009, SA (b)(6), (b)(7)c contacted (b)(6), (b)(7)c (b)(6), (b)(7)c Washington, D.C., regarding (b)(5), (b)(6) knowledge of a payment made for reimbursement of NHTSA cooperative agreement "cost disallowances" by [redacted] (b)(6), (b)(7) confirmed there were three [redacted] entries in (b)(5), (b)(6) system, representing three different contracts. (b)(5), (b)(7) could not recall any further details of [redacted] communication with (b)(6), (b)(7

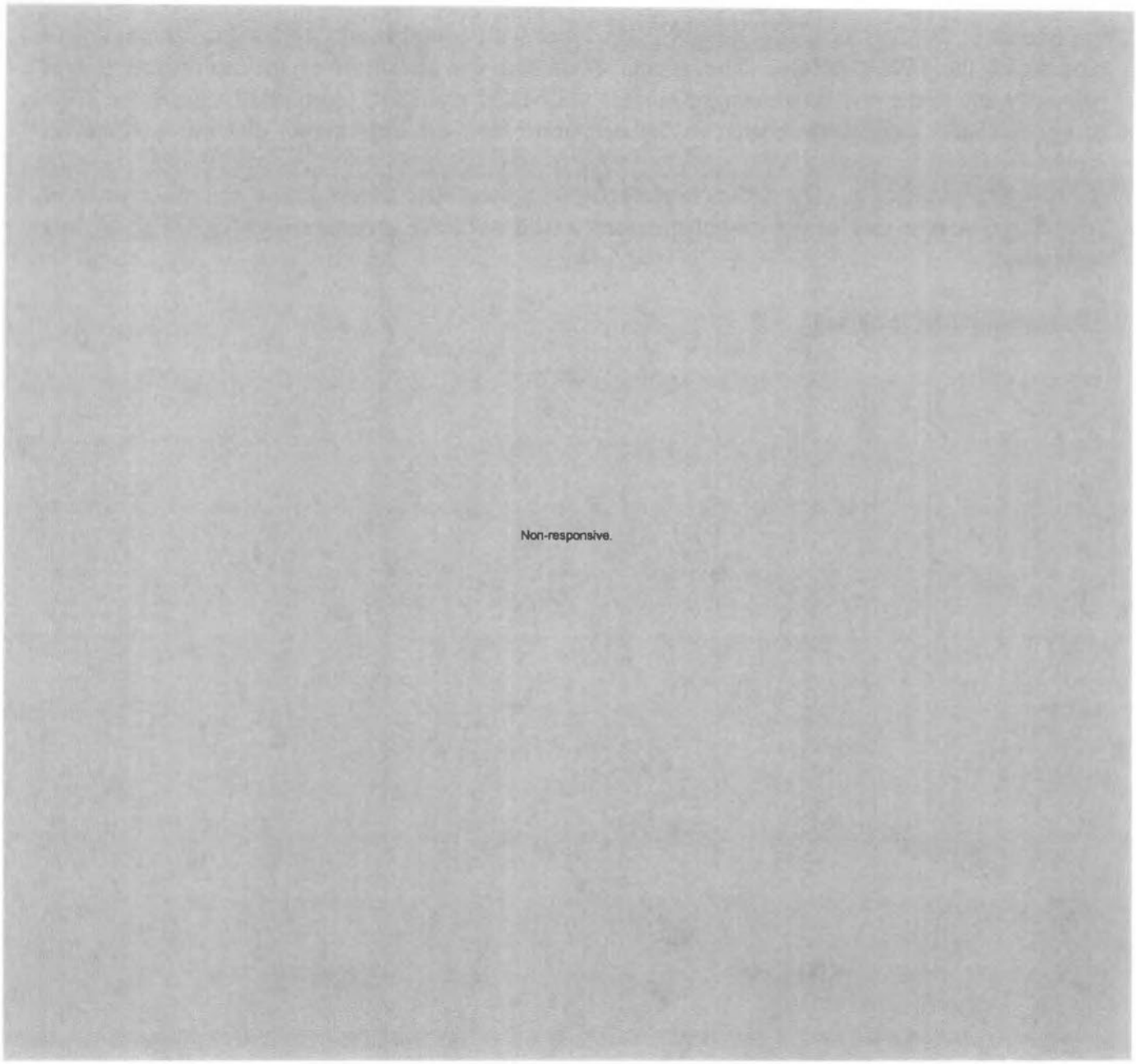
(b)(5), (b)(6), (b)(7)c

On (b)(6), (b)(7)c, 2010, AUSA (b)(6), (b)(7)c accepted the investigation for civil prosecution.

On (b)(6), (b)(7)c, 2010, SAs (b)(6), (b)(7)c, served an IG supboena to (b)(6), (b)(7)c. Upon service of the IG subpoena, 15 boxes were turned over to the agents in compliance with the subpoena. The documents were subsequently transferred to the custody of Defense Contract Audit Agency Regional Investigative Support Division (b)(6), (b)(7)c for (b)(5), (b)(6) review.

On (b)(6), (b)(7)c, 2011, SA (b)(6), (b)(7)c contacted AUSA (b)(6), (b)(7)c regarding the status of the investigation to-date. (b)(5), (b)(6) informed the AUSA that the (b)(5), (b)(6) documents obtained via an IG subpoena were still under review by an auditor from the DCAA.





Based upon (b) review of the documents, the untimely death of (b)(6), (b)(7)c and reimbursement to USDOT and DOD of those "disallowed costs," (b)(6), (b)(7)c, (b)(5) declined civil prosecution of this matter.

On March 9, 2012, SAs (b)(6), (b)(7)c met with complainant (b)(6), (b)(7)c to inform 6), (b)(of closure of the investigation. The agents explained the cessation of the investigation was primarily due to the reimbursement of monies to USDOT and DOD; secondarily due to the death of (b)(6), (b)(7)c (b)(6), (b)(7)c objected to the decision citing 6), (b)(expectation that the government would (b)(6), (b)(7)c (b)(6), (b)(7)c . The agents explained that a successful investigation and prosecution of (b)(6), (b)(7)c and/or any of 3), (b) co-conspirators would not have guaranteed (b)(6), (b)(7)c any restitution.

The investigation is closed.

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Index of Attachments

No.	Description
1.	USDOT/OIG Hotline Complaint; Dated December 18, 2008
2.	Interview of (b)(6), (b)(7)c, Dated January 14, 2009
3.	Interview of (b)(6), (b)(7)c, Dated January 16, 2009
4.	(b)(6), (b)(7)c Memorandum of Activity (MOA), Dated February 1, 2010
5.	(b)(6), (b)(7)c Agent's Investigation Report (AIR), Date January 26, 2009
6.	(b)(6), (b)(7)c MOA, Dated March 20, 2009
7.	(b)(6), (b)(7)c MOA, Dated October 1, 2009
8.	(b)(6), (b)(7)c MOA, Dated October 23, 2009
9.	Selected IG Subpoenaed Documents (Copies)
10.	E-Mail from (b)(6), (b)(7)c, Dated February 14, 2012

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I09M0000170202	9/26/2012
TITLE	PREPARED BY SPECIAL AGENT	STATUS
(b)(6), (b)(7)c	(b)(6), (b)(7)c	Final
	DISTRIBUTION	(b)(6), (b)(1/4
	JRI-2	(b)(6), (b)(7)c
Bid Rigging/Collusion		

Details:

On (b)(6), (b)(7)c, 2008, the Defense Criminal Investigative Service (DCIS) referred an allegation of possible collusion and bid rigging between (b)(6), (b)(7)c and (b)(6), (b)(7)c) on a $21 million contract to dredge a portion of the (b)(6), (b)(7)c (b)(6), (b)(7)c funded by the Department of Defense and administered by the US Army Corps of Engineers (USACE). The contract involved the excavation, transportation and disposal of dredged materials from the (b)(6), (b)(7)c located in (b)(6), (b)(7)c (b)(6), (b)(7)c). This contract is a part of the larger (b)(6), (b)(7)c ("the Project"), estimated at more than $300 million, to deepen the (b)(6), (b)(7)c from 40 to 45 feet from the (b)(6), (b)(7)c to the ocean. The Project is being conducted jointly by the USACE and the (b)(6), (b)(7)c in order to make the (b)(6), (b)(7)c (b)(6), (b)(7)c more efficient and competitive. The (b)(6), (b)(7)c a grantee of the Maritime Administration (MARAD), is an independent agency of the Commonwealth of Pennsylvania, which has as its primary mission the enhancement of water-borne trade and commerce through the (b)(6), (b)(7)c (b)(6), (b)(7)c

Additionally, on (b)(6), (b)(7)c, 2009, the EPA-CID referred an allegation that (b)(6), (b)(7)c (b)(6), (b)(7)c falsified FMCSA regulated logbooks and records while hauling dredged materials related to this dredging project. More specifically, the complainant alleged that the proprietors of (b)(6), (b)(7)c instructed the drivers to falsify their timesheets in order to conceal their true hours of service. Preliminary investigation revealed that (b)(6), (b)(7)c was hired by (b)(6), (b)(7)c to haul and transport the dredge materials from the (b)(6), (b)(7)c job sites to the designated dump site at (b)(6), (b)(7) (b)(6), (b)(7)c.

This joint investigation with the Defense Criminal Investigative Service (DCIS) and Army Criminal Investigative Demand (CID) focused on whether, (b)(6), (b)(7)c of (b)(6), (b)(7)c conspired to rig their bids on an (b)(6), (b)(7)c USACE contract to transport and store dredge material. The USACE declared (6), (b)(the low bidder with a bid of $19,250,000, just under the government estimate of $19,525,000. (b)(6), (b)(7)c subsequently withdrew 3), (b) bid claiming an inability to obtain a bid bond. The award then went to the second low bidder, (b)(6), (b)(7)c for $21,000,000. (b)(6), (b)(7)c then did substantial work for (b)(6), (b)(7)c as a subcontractor on the job.

On (b)(6), (b)(7)c , 2010, federal search warrants were executed on the business of (b)(6), (b)(7)c the business of (6), (b)(7 and the residence of (b)(6), (b)(7)c On (b)(6), (b)(7)c, 2011, federal search warrants were executed on the business of (b)(6), (b)(7)c and the residence of (b)(6), (b)(7)c for typewriters and typewriter instruments. In addition, approximately seventy duces tecum subpoenas were issued during the course of this investigation. In total, the physical evidence collected included 60 boxes of records; two typewriters; 40,000 electronic records; and dozens of boxes of subpoenaed documents. (Attachment 1)

The investigation produced circumstantial evidence of bid rigging between (b)(6), (b)(7)c . (b)(6), (b)(7)c ran a small excavating company whose majority of income came from subcontracts on various (b)(6), (b)(7)c projects. There were indications that (b)(6), (b)(7)c and others at (b)(6), (b)(7)c helped (b)(6), (b)(7)c put 3), (b) bid package together. An Army CID typewriter concluded that both (b)(6), (b)(7)c bid and (6), (b)(7) bid were typed on the same typewriter. The investigation produced evidence that (b)(6), (b)(7)c really made no serious attempts to procure a bond. This provided a strong indication that withdrawing his bid was pre-arranged and part of the overall bid rigging scheme.

(b)(6), (b)(7)c a former employee of (b)(6), (b)(7)c claimed to have overheard a conspiratorial meeting between (b)(6), (b)(7)c (b)(6), (b)(7)c claimed that (b)(6), (b)(7)c (b)(6), (b)(7)c

As part of the falsified log book investigation concerning (b)(6), (b)(7)c the OIG conducted interviews of (b)(6), (b)(7)c employees. The OIG investigation revealed that the alleged conduct occurred during intrastate commerce and without hauling hazardous materials requiring a placard, therefore the Federal regulations did not apply in this case.

On (b)(6), (b)(7)c , 2012, the Antitrust Division advised that they would not seek an indictment in this investigation and they recommended that the matter be closed (Attachments 2 & 3). On (b)(6), (b)(7)c

3), (b) 2011, the United States Attorney's Office for the Middle District of Pennsylvania also declined to pursue this matter (Attachment 4).

Accordingly this case is closed.

Index of Attachments

No.	Description
1.	Three applications for federal search warrants, dated (b)(6), (b)(7)c 2010. Two applications for federal search warrants, dated (b)(6), (b)(7)c 2011.
2.	Declination e-mail from United States Department of Justice – Antitrust Division, dated (b)(6), (b)(7)c , 2012.
3.	United States Department of Justice – Antitrust Division, Recommendation to Close Grand Jury Investigation, dated (b)(6), (b)(7)c 2012.
4.	Declination letter from United States Attorney's Office, Middle District of Pennsylvania, dated (b)(6), (b)(7)c , 2011.

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Memorandum

U.S. Department of Transportation
Office of the Secretary of Transportation
Office of Inspector General

Subject: **ACTION**: OIG Investigation #I09Z000021SINV, Re: Air Traffic Management at Detroit Wayne County Metropolitan Airport

Date: February 22, 2010

Reply to Attn. of: R. Engler x6-4189

From: Robert A. Westbrooks
Acting Assistant Inspector General
for Special Investigations and Analysis, JI-3

To: Hank Krakowski
Chief Operating Officer
Air Traffic Organization, AJO-1

This report describes the findings of our investigation of various procedural irregularities at Detroit Metropolitan Wayne County Airport (DTW). These concerns were first reported to the U.S. Office of Special Counsel (OSC) in March 2009 by a whistleblower, and were subsequently referred to the Office of Inspector General for investigation. By law, we are required to provide a copy of our Report of Investigation and FAA's response to the Secretary, and the Secretary is required to submit the report and response to OSC.

Please review this report and respond to us in writing by March 8, 2010. Your response should include any comments, a statement of corrective action planned or taken as a result of our investigation, and your timeframe for implementation of any planned corrective action.

If you have any questions or concerns about this report, please contact me at (202) 366-1415, or the Director of Special Investigations, Ronald Engler, at (202) 366-4189.

U.S. Department of Transportation
Office of Inspector General

REPORT OF INVESTIGATION	INVESTIGATION NUMBER #I09Z000021SINV	DATE Feb. 22, 2010
TITLE Air Traffic Management at Detroit Wayne County Metropolitan Airport	PREPARED BY: (b)(6), (b)(7)c (b)(6), (b)(7)c Special Investigations and Analysis, JI-3 U.S. Department of Transportation Office of Inspector General	STATUS FINAL
	DISTRIBUTION	APPROVED BY: JI-3

TABLE OF CONTENTS

BACKGROUND

On March 19, 2009, U.S. Department of Transportation Secretary Ray LaHood received an investigative referral from the U.S. Office of Special Counsel (OSC). A whistleblower who served as a (b)(6), (b)(7)c at the D21 Terminal Radar Approach Control (TRACON), Detroit Metropolitan Airport (DTW or Detroit Metro), reported aviation safety concerns to the OSC. The whistleblower alleged numerous procedural irregularities at DTW, including the violation of FAA orders and directives, the failure to follow airport procedures, and the lack of adequate procedures. The whistleblower's specific concerns relate to missed approaches at nearby satellite airports, failure to maintain required boundary separation, a lack of controller understanding regarding alternative radar sites, failure to report and investigate operational errors or deviations, and other related issues. (b), (b) claims (b), (b) attempts to bring these safety concerns to the attention of management officials at the airport during the last six years have been met with considerable resistance.

The Secretary delegated investigative responsibility jointly to the Office of Inspector General (OIG) and the FAA Air Traffic Safety Oversight Office (AOV). AOV concurs with this report. Attachment 1 describes the methodology of our investigation.

DTW has six runways. There are four parallel runways, which are designated Runways 21R, 21L, 22R, 22L, when operating to the south. There are also two intersecting runways. Runway 27R runs east to west, and intersects Runways 21L, 21R, and 22L. Runway 27L intersects 21L, and intersects the flight path of aircraft on Runway 21R.

The Detroit Air Traffic Control Tower is responsible for the airspace within approximately five miles of the airport. It manages takeoffs and landings for Detroit Metro's six runways, as well as aircraft and surface vehicles on taxiways and service roads. The Detroit TRACON controls airborne aircraft beyond that approximate five-mile radius and up to approximately 40 miles from the airport.

Several smaller, satellite airports are located within the Detroit TRACON's airspace. Some, such as Detroit City airport and Oakland County International airport are "controlled," meaning they have their own air traffic control tower. Others, such as Oakland/Troy airport and Monroe Custer airport, lack a control tower and are considered "uncontrolled." The TRACON is responsible for ensuring the safe arrival and departure of aircraft using the uncontrolled satellite airports, as there is no control tower staff to manage takeoffs and landings at those airports.

A missed approach occurs when an aircraft, at the pilot or controller's discretion, aborts a landing during final approach and climbs in altitude. The aircraft must follow a published missed approach procedure, which typically turns it away from its arrival runway and attempts to keep the aircraft a safe distance from other aircraft and ground obstacles in the area. The controller also may issue the aircraft a published alternate

missed approach procedure if he/she wishes the aircraft to execute something other than the missed approach procedure.

The Instrument Landing System (ILS) provides precision guidance to an aircraft as it approaches and lands on the runway. The system is located at the airport and uses a "localizer," which emits radio signals providing lateral guidance, and a "glideslope," which emits radio signals providing vertical guidance. Instruments within the cockpit receive the radio signals and notify the pilot if the aircraft is following the appropriate approach path.

Dual ILS approaches occur when aircraft simultaneously arrive at, for example, Runways 27L and 27R or Runways 22R and 21L. To date, Detroit Metro has not conducted triple ILS approaches, although the facility has submitted a waiver to FAA to do so and is awaiting a response.

SYNOPSIS

We were unable to substantiate by a preponderance of the evidence that that the Detroit TRACON's missed approach procedures may, in violation of FAA Order 7110.65, *Air Traffic Control*, result in aircraft occupying the same airspace. (Allegation 1)

We substantiated that the Detroit TRACON has not identified which part of FAA Order 7110.65 authorizes five nautical miles of Miles-In-Trail separation between successive arrivals into three of Detroit Metro's controlled satellite airports. Consequently, Detroit TRACON air control staff does not know which separation requirements to follow regarding those arrivals. (Allegation 2)

We substantiated the allegation that Detroit TRACON controllers have, in violation of FAA Order 7110.65, allowed aircraft to come within 1.5 nautical miles of the adjacent airspace boundary without prior coordination or documented coordination procedures. (Allegation 3)

We substantiated the allegation that Detroit TRACON controllers have operated dual ILS approaches in violation of FAA Order 7110.65. However, we were unable to substantiate by a preponderance of the evidence that such violations resulted in operational errors or deviations, or that Detroit Metro management officials improperly treated such violations as performance issues. (Allegation 4)

We were unable to substantiate by a preponderance of the evidence that Detroit TRACON officials certified a controller-in-training before 5; (b) performance justified it. (Allegation 5)

We were unable to substantiate by a preponderance of the evidence that a Detroit TRACON Operations Manager manipulated a March 2008 Runway Occupancy Time

(ROT) survey to produce results that would allow the TRACON to reduce separation minima between aircraft on final approach. (Allegation 6)

We substantiated that Quality Assurance Review procedures and investigations into operational errors and deviations at Detroit Metro have been inadequate. However, we were unable to substantiate by a preponderance of the evidence that Detroit TRACON officials purposely failed to detect, report, investigate, and address operational errors or deviations or discouraged employees from reporting such events. (Allegation 7)

Below are the details of our investigation.

DETAILS:

Allegation 1: The Detroit TRACON's procedures do not safely ensure that an aircraft conducting a missed approach from an uncontrolled satellite airport will not occupy the same airspace as aircraft departing other local airports. As a result, losses of separation may occur, in violation of FAA Order 7110.65.

FINDINGS

We were unable to substantiate this allegation.

In support of [redacted] claim, the whistleblower cited the Detroit TRACON's procedure for aircraft having missed a "VOR/GPS-A" approach to uncontrolled Oakland/Troy airport. Under this procedure, a TRACON controller instructs the aircraft to conduct a climbing left turn to 3,000 feet and hold position at a navigational aid approximately seven miles northwest of Oakland County International airport (approximately 15 miles northwest of Oakland/Troy airport). The whistleblower claims that because the TRACON controller releases the aircraft from radar coverage services upon final approach to Oakland/Troy, this missed approach procedure takes the aircraft directly over Oakland County International without radar coverage services.

According to the whistleblower, an aircraft departing Oakland County International would not immediately appear on the TRACON controller's radar scope because the radar does not capture images close to the ground. Therefore, the departing aircraft could occupy the same airspace as the missed approach aircraft from Oakland/Troy without being seen by the controller. The whistleblower also alleges that the alternate missed approach procedure for uncontrolled Monroe Custer airport may also result in violations of FAA Order 7110.65, because the procedure may direct an aircraft into the airspaces of Detroit City and Windsor, Ontario airports.

We reviewed the relevant missed approach procedure for Oakland/Troy airport and the alternate missed procedure for Monroe Custer airport and found they were flight-checked, as required under FAA Order 7110.65, to ensure missed approach aircraft safely avoid ground obstacles, such as antennae. We interviewed five current and former Frontline Managers who worked with the whistleblower at the Detroit TRACON, and none recalled a missed approach at any of Detroit Metro's satellite airports that resulted in a loss of separation. Although some of the Frontline Managers we interviewed did not demonstrate adequate knowledge of requirements for separating non-radar aircraft from radar identified aircraft, we have not received, nor did we find, any other information demonstrating a loss of separation during the execution of a missed approach procedure.[1]

Allegation 2: It is unclear under which FAA authority the Detroit TRACON is providing Miles-in-Trail separation for successive arrivals into certain controlled satellite airports.

FINDINGS

We substantiated this allegation.

Although the Detroit TRACON currently provides five nautical miles of Miles-In-Trail separation between successive arrivals into three of its controlled satellite airports, the TRACON has not identified which part of FAA Order 7110.65 requires such separation. Consequently, Detroit TRACON air traffic control staff do not understand why they are required to provide five miles separation and may inadvertently apply less than what is required. Although this may have resulted in violations of FAA Order 7110.65, we could not identify any specific violations because relevant electronic data no longer exists.

The Detroit TRACON has two primary radar sites for tracking aircraft within its airspace, "DTW-A," which is located at Detroit Metro, and "DTW-C," which is located approximately 25 miles northwest of the airport. The DTW-A radar site is the primary radar source for Detroit Metro, Detroit City, and Willow Run airports, while the DTW-C site is the primary radar source for Oakland County International and Ann Arbor airports. According to the Coordinator for the Radar Unit at Detroit Metro, the DTW-C site was established to provide better radar coverage at Oakland County International and to serve as a back-up for the DTW-A site.

[1] On (b)(6), (b)(7)c, 2010, the whistleblower provided us with information concerning a possible loss of separation during a missed approach at Oakland/Troy airport. AOV is reviewing the data from this event.

The applicable separation standards for successive arrivals at Detroit Metro's controlled airports are provided in the Detroit TRACON's Standard Operating Procedures (SOP) or the Letter of Agreement (LOA) the TRACON has with each airport. According to the TRACON, the separation for successive arrivals at each airport is based on the sufficiency of radar coverage that is provided.

The required separation at Willow Run airport is three nautical miles, regardless of the radar site in use. Because of less radar coverage, the minimum separation at Ann Arbor and Detroit City airports is five nautical miles, regardless of the radar site used. The separation for Oakland County International is three miles when using the DTW-C radar site and five miles when using the DTW-A site. Therefore, in the event of an outage at the DTW-C radar site, Oakland County International would rely on the DTW-A site, and the Detroit TRACON would, accordingly, increase the separation between successive arrivals to five miles.

The whistleblower contends that the Detroit TRACON has not identified the FAA authority on which the facility relies to require the increased five-mile separation at Ann Arbor, Detroit City, and Oakland County International airports. Therefore, according to the whistleblower, Detroit TRACON controllers do not know which separation requirements to follow when controlling successive arrivals into those airports. For example, the whistleblower contends that controllers have reduced the separation for successive arrivals into Ann Arbor and Detroit airports from five to three nautical miles because the TRACON controllers mistakenly believed the increased, five-mile separation was merely a request from the tower controllers at the two airports. As explained below, this would constitute a violation of FAA Order 7110.65.

According to the whistleblower, if the increased five-mile separation at Ann Arbor, Detroit, and Oakland County International airports is based on insufficient radar coverage, then the Detroit TRACON must provide a form of non-radar separation called a "timed approach," or the respective air traffic control tower needs to provide visual separation for the successive arrivals. The whistleblower believes that the TRACON is, in fact, conducting a timed approach because such approaches require a minimum separation of five miles between successive arrivals. According to the whistleblower, if the TRACON is conducting timed approaches when providing the five-mile separation, it is not following all of the conditions required to conduct those approaches as provided in FAA Order 7110.65, Paragraph 6-7-1.

FAA Order 7110.65, Paragraph 5-5-4, states the standard minimum separation that the Detroit TRACON must provide for successive arrivals at Detroit Metro's controlled satellite airports is three nautical miles. The order also provides, however, that a TRACON cannot provide the three-mile separation if radar coverage does not extend within ½ mile from the end of a runway. According to the (b)(6), (b)(7)c (b)(6), (b)(7)c such lack of radar coverage at Ann Arbor, Detroit, and Oakland County

International (while using the DTW-A site) is why the standard three-mile separation cannot be used at those airports.

It is unclear, however, which portion of FAA Order 7110.65 authorizes the *five*-mile minimum the Detroit TRACON has chosen. For example, during the week of March 30, 2009, the FAA Air Traffic Office of Safety, Quality Assurance Division, (ATO-Safety) conducted an on-site investigation of the TRACON to assess the facility's progress after a February 2009 review of the TRACON conducted by the FAA Central Service Area Safety Assurance Group. According to ATO-Safety, the TRACON was unable to explain why the increased five-mile separation for successive arrivals was required at Ann Arbor and Detroit City airports.

Additionally, during our interview with the (b)(6), (b)(7)c could not identify a part of FAA Order 7110.65 authorizing this five mile separation. Instead, 6), (b) stated that the increased separation at Ann Arbor, Detroit City, and Oakland County International airports has always been required by each airport's LOA or the TRACON SOP. Although the (b)(6), (b)(7)c stated the TRACON does not, as the whistleblower believes, conduct timed approaches, 6), (b) also stated that the five-mile minimum indeed derives from the part of FAA Order 7110.65 dealing with timed approaches. According to the (b)(6), (b)(7)c, the facility uses the five-mile standard of the timed approach without adhering to all of the conditions required to conduct a timed approach. Thus, it is unclear what part of FAA Order 7110.65 authorizes the five mile separation for Detroit Metro's controlled satellite airports.

If the Detroit TRACON is, in fact, conducting timed approaches by providing the five-mile separation for successive arrivals, we find that the facility is indeed not meeting all of the conditions required by FAA Order 7110.65, Paragraph 6-7-1, for conducting those approaches. Moreover, the interviews we conducted indicate that Detroit TRACON staff or controllers have not been trained on how to conduct timed approaches. Thus, even if the conditions for conducting timed approaches exist, the evidence indicates Detroit TRACON air traffic control staff does not know how to conduct such approaches in accordance with FAA Order 7110.65.

ATO-Safety also found that the Detroit TRACON applies the five-mile separation requirement inconsistently, and corroborated the whistleblower's allegation that controllers have coordinated with the air traffic control towers at Ann Arbor and Detroit City airports to reduce the separation between successive arrivals to three miles. During our on-site interviews, Detroit Metro staff corroborated ATO-Safety's findings. Under certain circumstances, controllers may coordinate to provide less separation for successive arrivals than is called for in an LOA. As stated above, however, the radar coverage at those two airports does not meet the criteria for applying the standard three-mile separation. Thus, if the TRACON controllers applied three-miles of separation, they would have violated FAA Order 7110.65. We cannot, however, independently verify that

this has occurred, as we are not aware of any existing electronic data portraying such events.

In any event, in response to ATO-Safety's investigation, the Detroit TRACON (b)(6), (b)(7)c (b)(6), (b)(7)c issued a memorandum on May 27, 2009, to all TRACON personnel explaining that "due to inconsistencies in radar coverage," the respective LOAs for Ann Arbor and Detroit City airports require five nautical miles of separation for successive arrivals. The memorandum stated Detroit TRACON staff would be verbally briefed on this information, and training records indicate this occurred in May and June 2009. However, the (b)(6), (b)(7)c memorandum still did not identify a part of FAA Order 7110.65 authorizing five miles of separation.

Allegation 3: Detroit TRACON controllers have allowed aircraft to come within 1.5 nautical miles of the adjacent airspace boundary without prior coordination or documented coordination procedures, in violation of FAA Order 7110.65.

FINDINGS

We substantiated this allegation.

The Safety Assurance Group conducted a Quality Control Review (QCR) in February 2009 and found instances of controllers violating the 1.5 nautical mile adjacent airspace boundary separation requirement. In response to the Safety Assurance Group's findings, the Director of Terminal Operations for the Central Terminal Service Area required Detroit Metro senior management officials to formulate a plan to address the findings of the QCR Report and provide periodic updates on the facility's progress. The Director also required the facility to provide weekly audits that include reviewing sample data replays for compliance with the 1.5 nautical mile boundary separation requirement.

The interviews we conducted during our September 2009 site visit, however, confirmed that controllers still occasionally fail to maintain the 1.5 nautical mile adjacent airspace boundary separation. According to the Frontline Managers we interviewed, violations of FAA Order 7110.65, Paragraph 5-5-10, occur despite reminders to controllers about the separation requirement. Further, the Director of Terminal Operations confirmed during her January 29, 2010, interview that this non-compliance remains an issue, as it has been detected during weekly audits.

Nonetheless, we found that Detroit TRACON management is making an ongoing effort to eliminate violations of the 1.5 nautical mile boundary separation minimum. As part of this effort, the Director of Terminal Operations recently asked for monthly briefings from the Safety Assurance Group about the progress on safety issues, including controller non-compliance with the 1.5 nautical mile boundary separation minimum, at Detroit Metro.

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER **I09Z0000350902**	DATE [redacted] 2017
TITLE **Kaizo Industries, Inc. and Daryl R. Alison** Orange County, CA **42 U.S.C. § 7413(c)(2) - Failure to file application required by Clean Air Act** **19 U.S.C. §§ 1304(a), (1) - Removal of Marking from Imported Article**	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c DISTRIBUTION JRI-9 Los Angeles	STATUS Final 1/2 APPROVED (b)(6), (b)(7)c

DETAILS

On December 5, 2008, information was received from the U.S. Department of Homeland Security – Homeland Security Investigations (DHS – HSI) alleging that Daryl R. Alison, a former Orange County Deputy Sheriff, and his company, Kaizo Industries, Inc. (Kaizo) were illegally importing and selling non-conforming Nissan Skyline vehicles since at least 2005. Alison was allegedly importing these vehicles into the United States by disassembling the vehicles and importing them in two different shipments in order to bypass U.S. Department of Transportation (Federal Motor Vehicles Safety Standards) and U.S. Environmental Protection Agency (EPA) reporting requirements.

On October 22, 2010, an Information was filed in the Central District of California charging Kaizo with one count of 42 U.S.C § 7413(c)(2) - Failure to File Application Required by Clean Air Act, and Alison with one count of 19 U.S.C. §§ 1304(a), (1) - Removal of Marking from Imported Article (Attachment 1).

Also on October 22, 2010, a plea agreement was filed in the Central District of California for both Kaizo and Alison (Attachment 2).

On March 7, 2011, Kaizo and Alison were sentenced to pay a $100 special assessment and serve two years on probation, and to pay a $100 fine, a $25 special assessment and serve two years on probation, respectively. Additionally, the court determined that the property (vehicles) included in a previously filed order of forfeiture were subject to forfeiture (Attachment 3).

(b)(5)

This was a joint investigation with U.S. DHS – HSI and the U.S. EPA – Criminal Investigations Division.

Memorandum

U.S. Department of Transportation
Office of the Secretary of Transportation
Office of Inspector General

Subject: **ACTION**: OIG Investigation # I10A000073SINV, Re: FAA Transport Airplane Directorate, Seattle, WA

Date: June 22, 2012

From: Ronald C. Engler
Director, Special Investigations (JI-3)

Reply to Attn. of:

To: H. Clayton Foushee
Director, FAA Office of Audit and Evaluation (AAE-1)

The OIG's Complaint Analysis Center received a referral from our Aviation and Special Programs Audit office regarding the negative atmosphere at the FAA Transport Airplane Directorate (TAD) and its potential impact on the oversight of Boeing aircraft certification. Our investigation substantiated employee allegations that TAD and FAA headquarters managers have not always supported TAD employee efforts to hold Boeing accountable and this has created a negative atmosphere within the TAD.

Of particular note, our interviews of 15 employees found that 9 feared retaliation and 7 requested confidentiality (including some who requested to be interviewed offsite) because of a fear of retaliation. Given the potential implications to national FAA policies and aviation safety, our Report of Investigation is attached for your review and any action deemed appropriate. If you would like additional details on our investigation, we would be pleased to provide an oral briefing.

If you have any questions or concerns, please feel free to contact me at (202) 366-4189.

U.S. Department of Transportation
Office of Inspector General

REPORT OF INVESTIGATION	INVESTIGATION NUMBER #I10A000073SINV	DATE June 22, 2012
TITLE FAA Transport Airplane Directorate, Seattle, Washington	PREPARED BY: (b)(6), (b)(7)c Special Investigations and Analysis, JI-3	STATUS Final
	DISTRIBUTION AAE-1	APPROVED BY: JI-3 (b)(6), (b)(7)c

BACKGROUND

The OIG's Complaint Analysis Center received a referral from our Aviation and Special Programs Audit office regarding the FAA Transport Airplane Directorate's (TAD's) oversight of Boeing aircraft certification. During the course of an on-going audit, our auditors received an allegation from TAD employees that TAD and FAA headquarters managers have not always supported TAD employee efforts to hold Boeing accountable. TAD employees also alleged that the failure to always hold Boeing accountable has created a "bad atmosphere" within the TAD. We reviewed the TAD employees' allegations and present our findings below.

The TAD, located in Seattle, Washington, is responsible for overseeing the development and manufacturing of large transport aircraft, including Boeing aircraft. FAA does not have the resources to oversee all development and manufacturing processes. Thus, per FAA's Organization Designation Authorization (ODA) program, it has delegated some oversight functions to aircraft manufacturers. At Boeing, the ODA organization is the Regulatory Administration, formerly known as the Boeing Delegated Compliance Organization. The TAD's Boeing Aviation Safety Oversight Office (BASOO) is responsible for overseeing the Regulatory Administration to ensure it complies with the requirements of the ODA program and safety regulations. Other offices within the TAD that also have operational contact with Boeing include the Aircraft Certification Offices (Seattle, Los Angeles, and Denver), Manufacturing Inspection Office (MIO) and Transport Standards Staff.

METHODOLOGY

See attachment.

SYNOPSIS

1. TAD and FAA headquarters managers have not always supported TAD employee efforts to hold Boeing accountable:

   a. TAD managers have not, as required by FAA guidance, documented Boeing appeals of decisions made by TAD staff to TAD or FAA headquarters managers. As a result, TAD employees believe there is a lack of transparency in decisions made by their managers.

   b. TAD management overturned its staff's recommendation to remove Boeing's ODA Authorized Representative Administrator, and has not adequately addressed employees concerns regarding potential ODA conflict of interests. As a result, TAD employees view this as evidence of TAD management having too close a relationship with Boeing officials.

c. TAD managers have not taken timely action to issue airworthiness directives for cargo and pre-1992 passenger aircraft that would require Boeing to address safety issues related to the fuel quantity indicating system (FQIS) wiring.

d. FAA headquarters managers have not addressed TAD employee and FAA regional counsel concerns arising from implementation of the "changed product" rule.

2. As a result of TAD and FAA headquarters managers having not always supported TAD employee efforts to hold Boeing accountable, a negative work environment exists for TAD employees. TAD employees fear their managers will retaliate against them for attempting to hold Boeing accountable.

DETAILS

Allegation 1: TAD and FAA headquarters managers have not always supported TAD employee efforts to hold Boeing accountable.

FINDINGS

a. TAD managers have not, as required by FAA guidance, documented Boeing appeals of decisions made by TAD staff to TAD or FAA headquarters managers. As a result, TAD employees believe there is a lack of transparency in decisions made by their managers.

FAA Aviation Safety's (AVS's) Quality Management System (QPM Number AVS-001-013) requires offices within AVS to establish a "Consistency and Standardization Initiative" (CSI) process. The CSI process provides a way for stakeholders to appeal or request reconsideration of an aviation safety decision made by an AVS office in performing their regulatory and policy responsibilities. The goal of the CSI process is to: (1) document aviation safety decisions, (2) promote early resolution of disagreements, and (3) promote consistency and fairness in applying FAA regulations and policies.

Aircraft Certification Service's (AIR) guidance for the CSI is contained in its Quality Management System work instructions (QPM AIR-001-013). AIR guidance requires: (1) stakeholder appeals be tracked through an electronic workflow system, (2) appeals "must" start at the office level from which the stakeholder received the FAA position, and (3) may not go to another office (e.g. the Director's) to initiate an appeal. The process provides a means for tracking and documenting each side of the issue at each level of review, from the field office level up to AVS at FAA headquarters. AIR requires the use of the CSI module to document its appeals.

TAD employees alleged that when Boeing appeals a TAD technical specialist's decision, the appeal goes directly to TAD management or FAA headquarters and is not, as

required, documented in the CSI module. We were provided two examples of appeals not being documented, including one where a staff decision was appealed to senior AIR officials in FAA headquarters. We found that neither appeal was recorded in AIR's automated CSI module. TAD employees indicated that there were numerous such appeals; however, since FY 2008, only two have been recorded in AIR's CSI module. Because these appeals are not documented in the CSI system, TAD employees believe there is a lack of transparency in decisions made by FAA management.

b. TAD management overturned its staff's recommendation to remove Boeing's ODA (b)(6), (b)(7)c, and has not adequately addressed employees concerns regarding potential ODA conflict of interests. As a result, TAD employees view this as evidence of TAD management having too close a relationship with Boeing officials.

First, by March 2010, TAD employees had submitted five negative supervision reports against Boeing's (b)(6), (b)(7)c including one report indicating (b) falsely documented that a unit member left voluntarily (instead of for a "lack of integrity.") At that time, the BASOO planned to issue a letter to the ODA requesting corrective action in response to the five negative supervisor reports, but the letter was never sent. By March 2011, another five negative supervisions records were filed against the (b)(6), (b)(7)c, primarily related to (b) inability to effectively advocate FAA's position.

After consulting with AIR's Delegation and Airworthiness Programs Branch, the BASOO staff drafted a letter recommending the (b)(6), (b)(7)c be removed from (b) appointed position. Over TAD employee objections, however, the BASOO (b)(6), (b)(7)c rejected the staff's removal recommendation and, in April 2011, requested the ODA take other corrective action. Internal records (created one month later) indicate the reason for the change in action was the need for "due process," i.e., no formal notice of the proposed removal was sent to the (b)(6), (b)(7)c. In addition, the (b)(6), (b)(7)c removal had not been first discussed with the (b)(6), (b)(7)c.

In July 2011, the ODA (b)(6), (b)(7)c responded to the BASOO indicating only that the (b) had coached the (b)(6), (b)(7)c, but did not address the BASOO's instructions to initiate a corrective action plan. Nonetheless, because the TAD manager did not believe the Boeing ODA's response to the BASOO's request for corrective action was adequate, in August 2011, he directed the BASOO manager to request the ODA (b)(6), (b)(7)c to remove the (b)(6), (b)(7)c from [redacted] appointed position. In the ODA's (b)(6), (b)(7)c response to the BASOO (b)(6), (b)(7)c (b) expressed disappointment in the (b)(6), (b)(7)c decision given, (b) said, (b) July 2011 letter proposing corrective action was "reviewed by BASOO management prior to its submission." Despite the TAD management's ultimate decision to remove the (b)(6), (b)(7)c, TAD staff contend the original rejection of their recommendation to remove the [redacted] and the [redacted] consultation with the BASOO [redacted] prior

to presenting the ODA's proposed corrective action is evidence of a relationship between FAA and Boeing that is "too close."

Second, TAD employees expressed concerns regarding a recent re-organization that merged Boeing's Certification Office with the ODA. In particular, TAD employees did not believe employees from the former Boeing Certification Office, given their previous role was to deliver airplanes, would effectively advocate FAA's position. In particular, employees were concerned that former Certification Office employees (who are now in the ODA) and the ODA Lead Administrator may have "delivery of airplanes" as part of their performance standards, which may conflict with advocating FAA's position. TAD employees assert that such performance measures violate FAA Order 8100 paragraph 3-4b(3), which states: "An ODA unit member must have no conflicting restraints while performing authorized functions. Additionally, an ODA unit member must not have responsibilities that conflict with those of the ODA unit."

In an attempt to address this issue (along with other re-organization questions), BASOO management wrote to Boeing asking what performance measures are in place for individuals in key leadership positions. Boeing, however, did not specifically answer the question. And, BASOO management did not follow-up to verify if former Certification Office employees or the ODA (b)(6), (b)(7)c have delivery of airplanes in their performance standards.

c. TAD has not taken timely action to issue airworthiness directives for cargo and pre-1992 passenger aircraft that would require Boeing to address safety issues related to the fuel quantity indicating system (FQIS) wiring.

In 2008, FAA issued the Fuel Tank Flammability Reduction (FTFR) rule. To prevent electrical energy from entering the fuel tank via the FQIS wiring, this rule requires aircraft operators and manufacturers to install, by 2017, a flammability reduction means (FRM) retrofit into passenger aircraft manufactured after January 1, 1992. (This unsafe condition was identified during Special Federal Aviation Regulation 88 safety reviews.) The rule excludes all-cargo and pre-1992 passenger aircraft because they did not meet cost/benefit requirements and, since the average life of a passenger jet is 25 years, would likely not be in service by 2017. FAA recognized that separate airworthiness actions would need to be initiated to address these aircraft.

TAD employees alleged that TAD management was not holding Boeing accountable for providing service information to address this unsafe condition for aircraft excluded from the FTFR rule. Specifically, in August 2009, the TAD requested Boeing develop design changes and provide service instructions to support the TAD's issuance of airworthiness directives to correct the unsafe condition for aircraft not covered by the FTFR rule. Boeing refused to provide the service information and instead proposed applying the FRM retrofit to these aircraft. FRM retrofitting, however, is not required until 2017 and is more expensive than other methods such as a transient suppression device. And,

according to FAA legal counsel, FAA cannot require Boeing provide the service information until it issues an airworthiness directive.

On March 1, 2012, about 2½ years after first requesting service instructions from Boeing, FAA issued a notice of proposed rulemaking (NPRM) for an airworthiness directive on the Boeing 757 to address the FQIS issue. Because FAA took 2½ years to issue the NPRM for one aircraft and has not yet addressed other aircraft models, TAD employees believe that TAD management has not held Boeing accountable.

d. FAA headquarters personnel have not addressed TAD employee and FAA regional counsel concerns arising from implementation of the "changed product" rule.

FAR 21.97, "Approval of Major Changes to Type Designs," the "changed product" rule, governs the certification of aircraft with major changes to specific areas that use a previously approved aircraft "type design" as the baseline. The April 2011 changes to FAR 21.97 added language that require the applicant to "show that the changed product complies with the applicable requirement" (i.e., FAR Part 25 airworthiness standards) and that the applicant provide a statement certifying the applicant has complied with these requirements. FAR 21.20, "Compliance with Applicable Requirements," also requires the applicant provide a "statement certifying that the applicant has complied with applicable requirements." With this new certification statement requirement, FAA can hold an applicant accountable for submitting a false certification by subjecting the applicant to enforcement action.

TAD and FAA regional counsel employees identified four concerns related to Boeing compliance with FARs 21.97 and 21.20. They view the lack of FAA and TAD action to timely address these issues as other examples of not holding Boeing accountable.

Concern 1: FAA headquarters has not initiated formal rulemaking to make clear that the intent of FAR 21.97 is to require only that "changes" to aircraft certified under this rule meet current airworthiness standards, not the entire aircraft.

According to FAA (b)(6), (b)(7)c deputy regional counsel, as currently written,

(b)(5), (b)(6), (b)(7)c

However, Aircraft Engineering Division (AIR-100) officials indicated that the intent of FAR 21.97 is that only those areas of the aircraft affected by a major change must meet

current airworthiness standards as allowed by FAR 21.101. (FAR 21.101(b)(2) allows those areas not affected by the change to meet airworthiness standards in effect at the time the original aircraft basis was certified.) In August 2011, FAA issued an Advisory Circular to clarify the intent of FAR 21.97 and indicated it plans to issue a rulemaking to formalize the intent as described by AIR-100 officials. However, as December 2011, FAA had not initiated the formal rulemaking process.

Concern 2: FAA headquarters has not required Boeing to correct non-compliant designs that do not result in an unsafe condition and has not tracked the impact of these non-compliances. These failures may expose FAA to liability if it was determined they contributed to an accident.

At the time of our investigation, Boeing and FAA ODA procedures did not require non-compliant designs, which do not result in an unsafe condition, to be corrected. Prior to the establishment of the Boeing ODA, the TAD had a procedure referred to as the ACE chart (Aircraft Certification – Eligibility) that required the applicant to correct all non-compliances. If the non-compliant design was not an unsafe condition, TAD allowed an applicant to come into compliance within a reasonable period of time so as to not disrupt aircraft production.

As Boeing developed its ODA procedures manual, however, it did not include the ACE procedures. Instead, its procedures indicate that correction of a non-compliance that does not result in unsafe conditions is "voluntary." Boeing believes that correction of a non-compliance is voluntary because FAA Order 8100.15 (Organization Designation Authorization Procedures) does not explicitly require correction. A note to Paragraph 5-6.b.(2) states:

> The FAA uses the [airworthiness directive] process to mandate product changes or repairs for unsafe conditions. If a non-compliant condition in a product does not result in an unsafe condition, the OMT may ask the organization to correct the condition. The OMT must document when the ODA holder does not take corrective action for noncompliant conditions. The OMT will consider this when assessing the ODA holder's performance.

In fact, Boeing included this note in its ODA procedures manual. We believe, as was suggested by the regional counsel staff, that the original intent of the note was meant to address aircraft already in operation (which would require an AD to correct) and not the aircraft's design.

FAA headquarters personnel did not support the TAD staff's attempts to require the ODA procedures be changed so that all non-compliances are corrected. Further, according to TAD staff, no one has assessed the cumulative effect that the uncorrected non-compliances might have on safety; and, according to (b)(6), (b)(7)c staff, FAA may be exposed to liability if an accident is attributed to the non-compliances. Further, as

required by FAR 21.97 and 21.101, the applicant must provide a statement certifying it has complied with applicable standards. If these non-compliances are not corrected in the design, Boeing would not be able to make this certification.

Concern 3: For aircraft certified under FAR 21.97, FAA headquarters has not required Boeing to provide a statement certifying that the entire aircraft meets airworthiness standards. Instead, Boeing certifies only that the changes meet current standards.

At the time of our review, Boeing certified only that the project meets airworthiness standards, i.e., that only the change(s) meet current standards. When TAD staff asked AIR-100 if Boeing acted appropriately, they replied that Boeing met the intent of FAR 21.97. However, according to FAA (b)(6), (b)(7)c, Boeing's certifications do not comply with FAR 21.20, which applies to the entire product. Therefore, Boeing should also certify that those parts of the aircraft not affected by the changes meet airworthiness standards in effect at the time of original certification.

Concern 4: Contrary to the intent of FAR 21.20, Boeing has made its statement of compliance *after* the ODA (on FAA's behalf) has completed its review and approval of the certification package.

Under the Boeing Process Instructions (BPI-7716) for "Completing a BCA Regulatory Administration Certification Phase and Project," the statement of compliance is not prepared until *after* the ODA representatives have reviewed and approved all certification deliverables and the project is ready for type certification or project completion, i.e. the ODA has found the certification package compliant. According to the final rule comments (74 FR 53378, para. 8), this "rule is intended to expedite the type certification approval process by ensuring that an applicant's submission package is complete prior to the FAA making the compliance determination." In addition, according to the proposed rule (71 FR 58922), this "proposal would allow the FAA to exercise greater discretion in prioritizing its review of applications, to more effectively assign resources supporting the application process, and to select which aspects of an application to review more closely." TAD employees believe that, if FAA or its designees have already done the compliance work, FAA's opportunities to use its discretionary authority may be limited.

Allegation 2: As a result of TAD and FAA headquarters managers having not always supported TAD employee efforts to hold Boeing accountable, a negative work environment exists for TAD employees.

FINDINGS

In order to assess the workplace environment of the TAD, we interviewed 15 current or former TAD employees from four of the six (operational) Divisions within TAD: the BASOO, Manufacturing Inspection Office, Seattle Aircraft Certification Office, and

Transport Standards Staff. When asked to rate the working environment of the TAD as a whole on a scale of 1 to 5 (1 – very good/positive atmosphere and 5 – very bad/negative atmosphere), 57 percent (8) rated it greater than 3, i.e., on the negative side of the scale.

When asked about retaliation (e.g., lost job opportunities, lowered performance appraisals) for attempting to hold Boeing accountable, 60 percent (9) of TAD employees were fearful of it, almost half indicated that they had experienced it, and 47 percent (7) indicated they know of others who had experienced retaliation. For example, one interviewee said (b)(6), (b)(7)c was retaliated against after (b)(6), (b)(7)c submitted a report on (b)(6), (b)(7)c, and (b)(6), (b)(7)c

(b)(6), (b)(7)c

(b)(6), (b)(7)c Finally, because of the fear of retaliation, 47 percent (7) of those employees interviewed requested confidentiality, including some who requested to be interviewed offsite.

ATTACHMENT–METHODOLOGY

The OIG investigation included interviews and discussions with the TAD employees and senior management, Northwest Mountain's Deputy (b)(6), (b)(7)c, staff from Aircraft Engineering Division (AIR 100), former TAD staff, and union representatives. In addition, we reviewed numerous documents related to FAA certification oversight of the ODA and Boeing, including internal/external memorandum, FAA e-mails, ODA supervision records, enforcement records, issue papers, and internal/external briefing documents. We also reviewed applicable federal regulations, rulemaking documents, FAA SIR reports, FAA orders, and FAA quality management system guidance and reports.

In order to assess the environment of the TAD, we interviewed 15 current or former TAD employees from four of the six operational divisions within TAD: the BASOO, the Manufacturing Inspection Office, Seattle Aircraft Certification Office (ACO), and Transport Standards Staff. We did not interview staff from the Denver and Los Angeles ACO's.

We also interviewed three senior FAA officials: the (b)(6), (b)(7)c (b)(6), (b)(7)c In addition, we interviewed the (b)(6), (b)(7)c (b)(6), (b)(7)c,)(6), (b)(7 other TAD employees, 6), (b)(union officials, and 6), (b)(FAA Southwest Region official responsible for investigating the (b)(6), (b)(7)c b)(6), (b)(7)c We also considered allegations made in 6), (b)(anonymous faxes sent to the OIG.

Memorandum

U.S. Department of Transportation
Office of the Secretary of Transportation
Office of Inspector General

Subject: **INFORMATION**: OIG Investigation # I10E000072SINV, Re: Workplace Environment Review - M-60 *et al.*

Date: August 31, 2010

From: Robert A. Westbrooks
Acting Assistant Inspector General for Special Investigations and Analysis, JI-3

Reply to Attn. of:

To: Brodi Fontenot (M-1)
Acting Deputy Assistant Secretary for Administration (M-1)

As discussed, the Office of Inspector General (OIG) is closing the workplace environment review of OST-Administration, as no further investigative attention is warranted at this time. This memorandum contains a summary of information gathered and our preliminary findings. This is not a Report of Investigation. Some of the information below is unsubstantiated (i.e., second-hand and uncorroborated by other witnesses). It is provided as information only. If you have any questions or concerns, please feel free to contact me at (202) 366-1415.

BACKGROUND

Beginning in January 2010, the OIG Hotline received a number of complaints from various confidential and anonymous sources alleging mismanagement by (b)(6), (b)(7)c, contract improprieties, and a general hostile workplace environment within . These allegations came shortly after the departure of the (b)(6), (b)(7)c. The OIG conducted a preliminary review at that time, but was unable to substantiate a specific allegation that (b)(6), (b)(7)c ordered (b)(6), (b)(7)c to steer a sole source contract. We closed out that hotline complaint. In April, we received additional hotline complaints involving (b)(6), (b)(7)c. On April 23, a complainant contacted the OST-Chief of Staff raising similar issues. Two complainants also contacted the minority staff of the House

Transportation & Infrastructure committee about these issues on April 27. Based on these complaints and a request from S-1 through the Chief of Staff, the OIG conducted a Workplace Environment Review. The review was designed to determine whether workplace environment issues are present in [redacted] warranting management attention, and whether [redacted] have engaged in any specific actionable misconduct or illegal acts. During the course of this review, the Deputy Chief of Staff contacted the OIG with additional information regarding three specific procurements (transit benefits, EDR, and parking garage) and requested that the review be expanded to include these items. We expanded the scope of our review to the larger M organization when we determined that some mismanagement and abuse allegations related to the larger M organization.

ALLEGATIONS

- [redacted] ordered [redacted] to improperly deposit a $14 million cashier's check
- [redacted] have given preferential treatment to [redacted]
- [redacted] are abusive to staff resulting in high turnover of [redacted] staff
- Unjustified sole source contracts

OIG ACTIONS

We conducted 24 witness interviews and gathered documents and large data sets.

PRELIMINARY FINDINGS

- ***No possible criminal violations identified to date***
- ***$14 million cashier's check*:** We found that the $14 million cashier's check was a performance bond from a Transit Benefit contractor. According to the Office of General Counsel, a cashier's check is an acceptable form of surety even if unusual. Further, it was lawful for [redacted] to order the [redacted] to open an escrow account in [redacted] official capacity and to deposit the check into this account.
- ***Workplace incivility:*** We gathered anecdotal evidence of a consistent pattern of workplace incivility and insensitivity by [redacted]. [redacted] demeanor was uniformly described as "loud." One witness said [redacted] "liked to humiliate and embarrass" staff in front of peers. One senior executive told the OIG [redacted] "creates a hostile work environment in a way that is

calculating and deliberate." One witness alleged that when (b)(6), (b)(7)c had a problem with [redacted] leave balance, [redacted] called a few staff together and berated the staff saying words to the effect "if this was the way you treat your customers M should be out of business." (b)(6), (b)(7)c allegedly told the staff if they did not fix the problem that day, they "better not come to work [the next day]." (b)(6), (b)(7)c allegedly complained in one meeting about Americans with Disabilities Act accessibility requirements, saying words to the effect: "how far do we have to go? This is ridiculous. We have to widen the bathroom just because someone has a Hummer scooter?" In one meeting, (b)(6), (b)(7)c allegedly attempted to assuage staff concerns about rotation of assignments by saying "it's like the Rabbi in the synagogue-even women are now allowed to teach." (b)(6), (b)(7)c allegedly complained to a male employee about a female employee's "bitching." One African-American employee told the OIG that [redacted] took offense when (b)(6), (b)(7)c told [redacted] that (b)(6), (b)(7)c (b)(6), (b)(7)c In one meeting, (b)(6), (b)(7)c allegedly told a joke which involved [redacted] asking how many meeting attendees were Catholic and asked the Catholics to stand up. Mr. Columbia allegedly belittled Office of General Counsel (OGC) attorneys with a partly-in-jest comment that "lawyers who work for the government are the ones that graduated at the bottom of their class."

- ***Staff Turnover***: During course of the review, a number of M staff (and (b)(6), (b)(7)c) transferred to other agencies in part due to management issues. OIG was told "it is not a secret" that if a staff member was viewed as not fully performing, they would be detailed to (b)(6), (b)(7)c and given projects which set them up for failure. From October 2009 to June 2010, [redacted] lost 9 of 22 employees for a 40.9 percent attrition rate. Six of the nine held (b)(6), (b)(7)c .
- ***Favorable Treatment:*** Our review identified the appearance of a pattern of favorable treatment of (b)(6), (b)(7)c by (b)(6), (b)(7)c . OIG was told that this issue may have contributed to the departure of two (b)(6), (b)(7)c : (b)(6), (b)(7)c (b)(6), (b)(7)c allegedly objected after (b)(6), (b)(7)c (b)(6), (b)(7)c even though (b)(6), (b)(7)c requirements. (b)(6), (b)(7)c . On (b)(6), (b)(7)c signed a memo waiving the education and training requirements for (b)(6), (b)(7)c to progress to a (b)(6), (b)(7)c position. In October 2009, (b)(6), (b)(7)c

(b)(6), (b)(7)c

(b)(6), (b)(7)c

(b)(6), (b)(7)c allegedly bypassed the normal process for issuing contract warrants when (b)(6), (b)(7)c went into an employee's office while (b)(6), (b)(7)c was on leave and took a blank warrant form without (b)(6), (b)(7)c knowledge or consent. On (b)(6), (b)(7)c was given a $5,000 individual cash award, the second largest for GS employees in Administration. By comparison, of the 139 Administration General Schedule employees who received awards, the average award was $1,400; the median award was $1,200; and the most common award (mode) was $750.

- ***Retaliation:*** Our review found an appearance of retaliation by (b)(6), (b)(7)c (b)(6), (b)(7)c Specifically, (b)(6), (b)(7)c reassigned the cafeteria contract to (b)(6), (b)(7)c in February 2010, after an (b)(6), (b)(7)c employee left DOT. (b)(6), (b)(7)c reviewed the file and found a January 2010 letter from the contractor, Sodexho, demanding payment for services provided in the executive dining room. (b)(6), (b)(7)c reviewed the contract and found that the executive dining room was not even mentioned in the contract. According to (b)(6), (b)(7)c, the contracting officer's technical representative told (b)(6), (b)(7)c that they had to physically track down executives on a monthly basis to collect payment. Some senior executives have since left DOT with an open account. (b)(6), (b)(7)c (b)(6), (b)(7)c said (b)(6), (b)(7)c raised (b)(6), (b)(7)c concerns to (b)(6), (b)(7)c that the cafeteria contract was in essence subsidizing the executive dining room. (b)(6), (b)(7)c reported (b)(6), (b)(7)c concerns to an OGC attorney, who was unsuccessful in securing a meeting with (b)(6), (b)(7)c Washington. By March 1, (b)(6), (b)(7)c had taken the contract away from (b)(6), (b)(7)c without explanation and assigned it to another contracting officer. (b)(6), (b)(7)c subsequently met with an OGC attorney stating words to the effect "there is no issue here." A cash register and card reader were installed in the executive dining room and Sodexho withdrew their claim.
- ***Sole Source Contracts:*** We uncovered no specific evidence of illegal sole source contracts. We examined contracting information from the Federal Procurement Data System for the fiscal years 2008 and 2009, and found that (b)(6), (b)(7)c was responsible for the most sole source contracts with 118 total out of the universe of 516 contracts.

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER **I10G0000320400**	DATE 7/25/2012
TITLE (b)(6), (b)(7)c	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Final ROI
Title 18 USC - 666 Theft or Bribery concerning Federal Funds	DISTRIBUTION FILE - 1	(b)(6), (b)(7)c 1/11 APPROVED SAC Marlies Gonzalez

SYNOPSIS:

On February 17, 2010, this investigation was predicated on leads developed from the LU, INC. investigation (I05C0000010400). The LU investigation established Novice Cole, owner of LU, a guardrail, fence, sign and roadway safety device installation company, provided James Douglas Hagar, former Operations Specialist, Tennessee Department of Transportation (TDOT), with $30,000 in return for his approval of the installation of additional impact attenuators by a sub-contractor on the project. The additional installations were over and above the number authorized in the original contract; contract number CN 1500, a Federal-aid project. Due to Hagar's actions, TDOT paid the subcontractor an additional $272,000.

Cole and Hagar admitted that Cole wrote eight checks out to cash totaling $30,000, then provided the checks to Hagar, who Cole introduced to a teller at his bank and asked her to cash the checks for Hagar. Hagar then deposited the money into his bank accounts.

The investigation further established Hagar solicited money from Cole and other TDOT contractors for his personal benefit. Hagar received money for hunting and fishing trips, four wheelers, a tractor, and fence material. Additionally, Hagar received hay on a yearly basis, a hay trailer, sporting event tickets, gravel, cement for driveways and barns, repairs on vehicles, hotel rooms, a saddle, beef from a cow and a gas card.

(b)(5)

On January 18, 2011, an information was filed in U.S. District Court, Middle District of TN, Nashville, charging Hagar with one count of 18 USC 666 (a)(1)(B) Theft or Bribery of Federal Funds for soliciting and accepting $30,000 from a subcontractor.

On April 5, 2011, Hagar pled guilty to one count information for 18 USC 666. The plea agreement is under seal.

On August 15, 2011, James D. Hagar was sentenced by Judge Aleta Trauger, U.S. District Judge, Middle District of TN, to six months incarceration, $30,000 restitution, a $4,000 fine, special assessment of $100 and two years of supervised release.

IDENTIFICATION:

Name:
Address:
Position:
Status:
Telephone:
DOB:
SSN:

Name:
Address:
Position:
Telephone:
DOB:
SSN: (b)(6), (b)(7)c

Name:
Address:
Position:
Telephone:
DOB:
SSN:

Name:
Address:
Description:
Owner:
Telephone:

BACKGROUND:

Title 18 USC 666(a)(1)(B), Theft or bribery concerning programs receiving Federal funds states: (a)Whoever, if the circumstances described in subsection (b) of this section exists-(1) being an agent of an organization, or of a State, local, or Indian tribal government, or any agency thereof-(B) corruptly solicits or demands for the benefit of any person, or accepts or agrees to accept, anything of value from any person, intending to be influenced or rewarded in connection with any business, transaction, or series of transactions of such organization, government, or agency involving anything of value of $5,000 or more shall be fined and or imprisoned not more than 10 years.

An impact attenuator, also known as a crash cushion or crash attenuator and is a device intended to reduce the damage done to structures, vehicles, and motorists resulting from a motor vehicle collision. Impact attenuators are designed to absorb the errant vehicle's kinetic energy and/or redirect the vehicle away from the hazard, and from roadway machinery or workers. Impact attenuators are typically composed of sand or water-filled barrels or modules and are usually placed in front of fixed structures near freeway introductions or supports.

From 2001 through 2005, TDOT oversaw a federally funded roadway construction project (CN1500) and Doug Hagar was the Project Supervisor. In 2001, Rogers Group, INC. (RGI) was awarded a prime contract by TDOT for $47 million to widen a stretch of Interstate 65, between Dickerson Pike and Old Hickory Boulevard, Davidson County, TN. LU was awarded a subcontract in the amount of $239,000 by RGI to install guardrail and attenuators. When the project was completed in 2005, RGI had submitted invoices to TDOT totaling $57.7 million and LU's invoices to RGI had increased in excess of $272,000 for additional attenuators. The original subcontract between RGI and LU called for 5 attenuators and pieces of 22 were ultimately installed by the end of the contract. LU received $15,000 for each attenuator and RGI received an additional $1,000 in mark up as the prime contractor. The material certifications were submitted by LU to Hagar.

Hagar was employed by TDOT for 40 years and he was in the position to approve payment for contract items that included contractors.

(b)(5), (b)(6), (b)(7)c

(b)(5), (b)(6), (b)(7)c

REDACTED FOR DISCLOSURE

(b)(5), (b)(6), (b)(7)c

(b)(5), (b)(6), (b)(7)c

(b)(5), (b)(6), (b)(7)c

(b)(5), (b)(6), (b)(7)c

On January 18, 2011, an information was filed in U.S. District Court Middle District of TN, Nashville, charging James Douglas Hagar, former TDOT employee with one count of 18 USC 666(a)(1)(B). The information charged that James Douglas Hagar knowingly and corruptly solicited and accepted $30,000 from a subcontractor on contract CN1500 in the form of eight checks in connection with Hagar's recommendations that TDOT approve the installation of additional impact attenuators by the subcontractor.

On April 5, 2011, James Douglas Hagar pled guilty to one count of 18 USC 666(a)(1)(B). The plea agreement is under seal. On April 27, 2011, Hagar identified the parties in an affidavit.

On May 3, 2011, Hagar made restitution to the Federal Highway Administration in the amount of $30,000.

On August 15, 2011, Hagar was sentenced by Judge Aleta Trauger, U.S. District Judge, Middle District of TN, to six months incarceration, $30,000 restitution, a $4,000 fine, special assessment of $100 and two years of supervised release. Additionally, Hagar received special conditions that exclude him from holding any position where he has decision-making authority over the expenditure of government funds and he has to continue to cooperate with authorities in any civil and criminal matters about which he has provided information.

On August 23, 2012, the results of the investigation were referred to the Federal Highway Administration who suspended Hagar on October 27, 2011 from contracting with or participating in federally-funded programs and projects. (Attachments 21, 22, 23, 25, 26, 27, 28 and 29)

OTHER POTENTIAL TARGETS

(b)(5), (b)(6), (b)(7)c

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INDEX OF ATTACHMENTS

No.	Description	Dated
1.	Lexus of Nashville Buyer's Order and Purchase Check	January 19, 2007
2	Interview of (b)(6), (b)(7)c	January 22, 2007
3.	E-Mail between (b)(6), (b)(7)c	April 2, 2008
4.	Interview of James Douglas (Doug) Hagar	November 10, 2009
5.	Interview of '	November 10, 2009
6.	Interview of . (b)(6), (b)(7)c	November 10, 2009
7.	Interview of '	November 10, 2009
8.	Interview of Doug Hagar	December 8, 2009
9.	Interview of Doug Hagar	December 16, 2009
10.	Interview of Doug Hagar	February 9, 2010
11.	Interview of (b)(6), (b)(7)c	February 11, 2010
12.	Telephonic Conversation with Hagar	February 23, 2010
13.	Interview of (b)(6), (b)(7)c	February 25, 2010
14.	Interview of	May 17, 2010
15.	Interview of Doug Hagar	July 27, 2010
16.	Interview of	July 27, 2010
17.	Interview of (b)(6), (b)(7)c	July 28, 2010
18.	Interview of	July 28, 2010
19.	(b)(5)	August 4, 2010

20.	Doug Hagar Information	January 18, 2011
21.	(b)(5)	April 5, 2011
22.	Doug Hagar Plea Agreement	April 5, 2011
23.	(b)(5)	April 27, 2011
24.	Hagar Affidavit Information	April 27, 2011
25.	Restitution Payment	May 3, 2011
26.	Judgement and Commitment	August 15, 2011
27.	Referral to FHWA	August 23, 2011
28.	FHWA Suspension Notice	October 27, 2011

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U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I10G0000440300	05/09/2012
TITLE	PREPARED BY SPECIAL AGENT	STATUS
	(b)(6), (b)(7)c	Final
Norfolk Light Rail	DISTRIBUTION	(b)(6), (b)(1/2
Grant Fraud	JRI-3	APPROVED (b)(6), (b)(7)c

DETAILS:

Pursuant to a referral from the OIG Complaint Center Operations (HOTLINE 101H-B02-I-000), and subsequent discussions with (b)(6), (b)(7)c ((b)(6), (b)(7)c allegations have been made concerning possible fraud and corruption involving the Norfolk Light Rail Project. Specific allegations include possible false statements to the Federal Transit Administration concerning the actual costs of this project and the possible improper selection of a consultant contractor by the former (b)(6), (b)(7)c. Additionally, (b)(6), (b)(7)c resigned from (b)(6), (b) position as (b)(6), (b)(7)c due, in part, to cost overruns on the Norfolk Light Rail Project. This investigation was conducted jointly with the FBI.

As part of this investigation, DOT/OIG issued an IG subpoena for all (b)(6), (b)(7 project records and a search warrant was obtained and executed for (b)(6), (b)(7 computer records. Additionally, DOT/OIG requested and obtained project records maintained by the FTA Region III office. Further, DOT/OIG and the FBI conducted interviews of current and former [redacted] officials and FTA Region III officials to include the FTA Region III Administrator.

This investigation found evidence that FTA Region III personnel, to include the Region III Administrator, were aware from the beginning of this project that cost overruns were likely to occur. Additionally, based on interviews with FTA Region III personnel, this information was not provided in a timely manner to FTA HQ officials. However, based on information obtained from interviews and review of project files, no evidence was found indicating violations of Federal criminal statutes.

This investigation was presented to the United States Attorney's Office in Norfolk, VA. Based on the lack of criminal intent, the case was declined for criminal prosecution.

Based in part on the evidenced obtained in this investigation, the FTA Administrator took action to reassign the Region III Administrator. In response, the Region III Administrator requested to retire from Federal service, which occurred on October 31, 2011.

No further investigative activity is required. This case is closed.

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I10G0000700500	09/05/2012
TITLE	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS
(b)(6), (b)(7)c		Final
	DISTRIBUTION	AQS 1/7
18 USC 666 - Theft from Programs Receiving Federal Funds	JRI-5	APPROVED (b)(6), (b)(7)c

SYNOPSIS

This case was opened based upon a referral from the Kansas Bureau of Investigation (KBI) and KBI's inquiry into a National Highway Transportation Safety Administration (NHTSA) grant program that funded an initiative of approximately $180,000 to educate people on racial profiling through the Highway Safety Office and the Governor's Office. Over a 14 month period, approximately $142,000 in grant funds were spent. The Governor's auditors uncovered approximately $30,000 in questionable expenses that included developing a website that they could not find. (b)(6), (b)(7)c (b)(6), (b)(7)c was responsible for the administration of the grant funds. (b)(6), (b)(7)c was eventually terminated for actions related to the administration of the grant. The KBI shared the information with the FBI who opened a public corruption case.

DETAILS

On approximately May 1, 2008, KDOT approved a federal grant to (b)(6), (b)(7)c (b)(6), (b)(7)c (b)(6), (b)(7)c who (b)(6), (b)(7)c the (b)(6), (b)(7)c (b)(6), (b)(7)c). The grant was for $22,175 to cover the time period of July 1, 2008, to September 30, 2008, and $159,800 to cover the time period of October 1, 2008, to September 30, 2009, totaling $181,975 (Attachment 1). Included in the

document was the budget along with the contractual agreement pertaining to the project.

On approximately (b)(6), (b)(7)c, 2009, (b)(6), (b)(7)c (b)(6), (b)(7)c who replaced (b)(6), (b)(7)c after (b)(6), (b)(7)c was terminated, contacted (b)(6), (b)(7)c (b)(6), (b)(7)c to report a possible occurrence of waste, fraud, and abuse associated with the racial profiling grant. The (b)(6), (b)(7)c (b)(6), (b)(7)c conducted an internal audit of the program and discovered many questionable and unallowable expenditures charged to the grant (Attachment 2).

An external audit was conducted on the program by the Certified Public Accounting firm of (b)(6), (b)(7)c In a letter to the Kansas Bureau of Investigation (KBI), dated April 2, 2010, (b)(6), (b)(7) presented the results of the audit indicating possible occurrences of waste, fraud, and abuse reported to (b)(6), (b)(7)c (b)(6), (b)(7) provided their findings and in summary they determined there were approximately $6,000 in unallowable expenditures and approximately $56,000 in questionable expenditures charged to the grant (Attachment 3). KBI initiated an investigation and contacted the Federal Bureau of Investigation (FBI) and the DOT-OIG to collaborate on the investigation.

Initially the following people were under suspicion for their roles in the improper administering of the grant money:

- (b)(6), (b)(7)c

The following people were under suspicion for improperly receiving grant money:

- (b)(6), (b)(7)c

During the course of the investigation several witnesses and subjects were interviewed. It was determined that although the (b)(6), (b)(7)c was responsible for the

grant, the (b)(6), (b)(7)c through (b)(6), (b)(7)c and the (b)(6), (b)(7)c through (b)(6), (b)(7)c were delegated with the actual running and oversight of the program. Although (b) was actually employed by the Governor's office, (b)(6), (b)(7)c reported to (b)(6), (b)(7)c and [redacted] (who replaced (b)(6), (b)(7)c after (b) departure). There was little to no close supervision of (b)(6), (b)(7)c and (b) practically had free reign to make changes and push through vouchers even though (b) had no signatory authority (Attachments 4-18).

In an effort to promote minority and female owned business participation, (b)(6), (b)(7)c (b)(6), (b)(7) was given a sole source contract to do the original work on the website. However, in approximately March 2009, (b)(6), (b)(7)c removed (b) from doing any further work on the website stating unsatisfactory work as the reason. Subsequently, (b) hired (b)(6), (b)(7)c of (b)(6), (b)(7)[redacted], and [redacted] of (b)(6), (b)(7)c, to do work on the website. Both (b)(6), (b)(7) were friends of (b)(6), (b)(7)c and there was no indication that either of them had any justifiable experience in web design nor was there any documentation to support that the work was competitively bid out or sole source contracts given. There was supporting documentation that suggested (b)(6), (b)(7)c knew that $2,000 was the threshold for having vendors to submit competitive bids (Attachment 19). Eventually, both businesses' federal employer identification numbers (FEINs) were added to the state's vendors list (Attachments 20-21). However, subsequent verification inquiries of those FEINs revealed that neither of them were valid (Attachments 22-23).

Around the time period when (b)(6), (b)(7)c and (b)(6), (b)(7)c were hired, (b)(6), (b)(7)c (b)(6), (b)(7)c began to make e-mail inquiries to (b)(6), (b)(7)c about the validity of some of the vouchers that came across (b) desk, to which (b)(6), (b)(7)c would provide (b) rationale (Attachments 24-27). Also during this time period, [redacted] would occasionally inquire about and personally pick up the payment checks for (b)(6), (b)(7)c and [redacted] (Attachments 28-30).

The original budgeted amount for website design and maintenance was $1,000 per fiscal year for a total of $2,000. Between March 11, 2009, and November 6, 2009, (b)(6), (b)[redacted] submitted 16 invoices totaling $20,710 to the [redacted] for payment of website services. None of (b)(6), (b)(7)c individual invoices totaled more than $1,540 (Attachment 31). Between June 10, 2009, and November 5, 2009, (b)(6), (b)(7)c submitted 12 invoices totaling $15,700 to the (b)(6), (b)(7)c for payment of services. None of (b)(6), (b)(7)c individual invoices totaled more than $1,500 (Attachment 32).

)(6), (b)(7 stated that 6), (b)(performed the initial website set-up work; therefore, neither (b)(6), (b)(7)c nor (b)(6), (b)(7)c would have had access to it to be able to do any website related work on it.

The (b)(6), (b)(7)c was deactivated from approximately the spring of 2009 to approximately October 2009 and did not meet during that time. Therefore, there should not have been any significant work or expenditures being charged to the grant during that time period.

The findings of the investigation were reported to the U.S. Attorney's Office, District of Kansas, including KDOT's administrative actions. The administrative actions included the termination of (b)(6), (b)(7)c and (b)(6), (b)(7)c and (b)(6), (b)(7)c implementation of a new financial management system. The system provided improved oversight and tracking mechanisms for all fiscal actions. Based on (b)(6), (b)(7)c actions and the potential loss amount to the government, the U.S. Attorney's Office declined federal prosecution (Attachments 33 – 34).

Due to the declination, there will be no further investigation into this matter and this investigation is closed.

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INDEX OF ATTACHMENTS

No.	Description
1.	(b)(6), (b)(7)c Grant Approval Letter, dated May 1, 2008.
2.	(b)(6), (b)(7)c Internal Audit Results, dated January 13, 2010.
3.	(b)(6), (b)(7)c External Audit Results, dated April 2, 2010.
4.	Record of Conversation with (b)(6), (b)(7)c.
5.	Record of Conversation with (b)(6), (b)(7)c.
6.	Record of Conversation with (b)(6), (b)(7)c.
7.	Interview of (b)(6), (b)(7)c #1.
8.	Interview of (b)(6), (b)(7)c #2.
9.	Interview (b)(6), (b)(7)c.
10.	Interview (b)(6), (b)(7)c.
11.	Interview of (b)(6), (b)(7)c
12.	Interview of (b)(6), (b)(7)c
13.	Interview of (b)(6), (b)(7)c
14.	Interview of (b)(6), (b)(7)c
15.	Interview of (b)(6), (b)(7)c
16.	Interview of (b)(6), (b)(7)c

17. Interview of (b)(6), (b)(7)c

18. Memorandum of Activity for (b)(6), (b)(7)c

19. E-mail Stream between (b)(6), (b)(7)c, dated March 11, 2009.

20. Request to Add (b)(6), (b)(7)c to the State's Vendors List, dated March 12, 2009.

21. Request to Add (b)(6), (b)(7)c to the State's Vendors List, dated June 11, 2009.

22. Verification of FEIN (b)(6), (b)(7)c.

23. Verification of FEIN (b)(6), (b)(7)c.

24. E-mail Stream between (b)(6), (b)(7)c, dated May 5-6, 2009.

25. E-mail Stream between (b)(6), (b)(7)c, dated June 24-27, 2009.

26. E-mail Stream between (b)(6), (b)(7)c, dated August 3-11, 2009.

27. E-mail Stream between (b)(6), (b)(7)c, dated August 26-27, 2009.

28. E-mail Stream between (b)(6), (b)(7)c, dated March 13-16, 2009.

29. E-mail Stream between (b)(6), (b)(7)c, dated March 25-31, 2009.

30. E-mail Stream between [redacted], dated July 15-16, 2009.

31. [redacted] Invoices, Payment Vouchers, & Check Images, between March 11 – November 16, 2009.

32. [redacted] Invoices, Payment Vouchers, & Check Images, between June 10 – November 12, 2009.

33. Administrative Actions by Kansas Dept. of Administration, dated February 3, 2012.

34. Declination Letter from the United States Attorney's Office for the District of Kansas.

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
(b)(6), (b)(7)c	I10G0000720500	02/24/2012
	PREPARED BY SPECIAL AGENT: (b)(6), (b)(7)c	STATUS: Final
	JRI-5 (1) FBI (1) FTA (1)	(b)(6), (b)(7)c 1/14
18 USC § 666 Bribery or Theft		APPROVED: (b)(6), (b)(7)c

SYNOPSIS

On May 5, 2010, an investigation was opened based on information from the Federal Transit Administration (FTA) regarding the recent suspension of (b)(6), (b)(7)c (b)(6), (b)(7)c It was alleged that (b)(6), (b)(7)c was involved in serious official misconduct and financial improprieties. The CHICAGO TRIBUNE reported that (b)(6), (b)(7)c allegedly received an unauthorized $56,000 "bonus" on top of his $269,000 annual salary. The (b)(6), (b)(7)c Board of Directors hired an outside special counsel to investigate the allegations. Based on the alleged financial improprieties, FTA provided (b)(6), (b)(7)c with a formal notice of Restriction on Draw Downs of Federal funds while their investigation continued. The (b)(6), (b)(7)c of the (b)(6), (b)(7)c Board of Directors provided a response letter to FTA explaining that the Board would conduct a top to bottom review of (b)(6), (b)(7)c financial policies and procedures. Senator Richard DURBIN requested that the OIG conduct an investigation into these allegations. He requested that the OIG investigate whether any federal funds were misused or spent in an unauthorized way. He also suggested that additional oversight of past and future federal funding was necessary.

The U.S. Attorney's Office, Chief of Public Corruption, Northern District of Illinois, and the Federal Bureau of Investigation (FBI) agreed to jointly pursue this matter at the federal level for potential violations of 18 USC § 666. [redacted] hired Attorney (b)(6), (b)(7)c to conduct an internal investigation; however, (b) did not provide Garrity warnings to the employees; therefore, none of the information obtained could be used in the OIG investigation. On May 7, 2010, (b)(6), (b)(7)c

OIG interviewed numerous current and former (b)(6), (b)(7)c executives and employees regarding their knowledge of (b)(6), (b)(7)c alleged actions. Prior to (b)(6), (b)(7)c admitted to falsifying the signature of (b)(6), (b)(7)c on documents to cash out vacation time that (b) had not earned. The admissions made by (b)(6), (b)(7)c were made to (b)(6), (b)(7)c and others, as well as in one of the (b)(6), (b)(7)c left behind. Further, upon conducting a consent search of (b)(6), (b)(7)c office at (b)(6), (b)(7)c agents found numerous drafts of the forgeries.

The cashing out of vacation time by (b)(6), (b)(7)c and others seemed to be a deviation from (b)(6), (b)(7)c Handbook which authorizes such cashing out of vacation time in extraordinary circumstances. Further, a signed memo apparently issued by former (b)(6), (b)(7)c (b)(6), (b)(7)c referred to as the " (b)(6), (b)(7)c " giving (b)(6), (b)(7)c the ability to cash out such vacation time was never found. Additionally, (b)(6), (b)(7)c , assisted (b)(6), (b)(7)c in reporting false information on (b) timesheets. (b)(6), (b)(7)c , (b)(6), (b)(7)c , who approved (b)(6), (b)(7)c timesheets, served essentially no useful function in the process.

During the investigation, OIG learned that despite an appearance of living within (b) means, (b)(6), (b)(7)c had financial problems and had leveraged (b) various benefit accounts at (b)(6), (b)(7)c to obtain significant amounts of money. Information learned during the course of the investigation indicated that (b)(6), (b)(7)c spent significant amounts of money on (b)(6), (b)(7)c and was involved in (b)(6), (b)(7)c .

Throughout the OIG's investigation, allegations of misconduct and mismanagement at (b)(6), (b)(7)c were received from various sources. Specifically, information was obtained that former (b)(6), (b)(7)c , was hired by a lobbyist firm working for (b)(6), (b)(7)c Upon further investigation, it was learned that despite the questionable appearance, (b)(6), (b)(7)c was hired by the [redacted](b)(6), (b)(7)c to work on non- (b)(6), (b)(7)c matters only after (b) employment with the firm was discussed with attorneys to ensure there was not an ethical or conflict issue present. (b)(6), (b)(7)c does not work on transportation matters at the (b)(6), (b)(7)c (b)(6), (b)(7)c but rather focuses on lobbying associated with education and healthcare.

During the course of the investigation it was learned that (b)(6), (b)(7)c did not maintain selection criteria for the lobbyist firms that it hired as professional consultants. Further, (b)(6), (b)(7)c failed to file lobbyist disclosure forms (Standard Form LLL) as required. According to information from the FTA, the last Standard Form LLL (b)(6), (b)(7)c filed was in 2003. As a result of (b)(6), (b)(7)c failure to file the required Standard Form LLLs, the FTA fined (b)(6), (b)(7)c $90,000.

The investigation substantiated allegations that (b)(6), (b)(7)c forged signatures to improperly receive monies. Based upon (b)(6), (b)(7)c, declination by the U.S. Attorney's Office, and administrative action by FTA, it is hereby recommended the investigation be closed.

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BACKGROUND

In 1984, the Regional Transit Authority (RTA) Act was amended to create a commuter rail entity, currently known as the NORTHEAST ILLINOIS COMMUTER RAIL SERVICE d/b/a (b)(6), (b)(7)c The RTA's role with (b)(6), (b)(7)c consists of oversight to include reviewing its respective capital plans, finances, and operations. (b)(6), (b)(7)c operates as a local public agency (LPA) providing commuter rail service to the greater Chicago area and is an independent entity that receives public funds.

Since 2003, (b)(6), (b)(7)c has received over $1.6 Billion in federal grant funds from the federal Transit Administration (FTA). Included in this funding is $140 Million is Federal Stimulus funds.

18 USC § 666 Bribery or Theft: Theft or bribery concerning programs receiving federal funds:

Whoever, if the circumstance described in subsection (b) of this section exists—
(1) being an agent of an organization, or of a State, local, or Indian tribal government, or any agency thereof—
(A) embezzles, steals, obtains by fraud, or otherwise without authority knowingly converts to the use of any person other than the rightful owner or intentionally misapplies, property that—
(i) is valued at $5,000 or more, and
(ii) is owned by, or is under the care, custody, or control of such organization, government, or agency; or
(B) corruptly solicits or demands for the benefit of any person, or accepts or agrees to accept, anything of value from any person, intending to be influenced or rewarded in connection with any business, transaction, or series of transactions of such organization, government, or agency involving any thing of value of $5,000 or more; or
(2) corruptly gives, offers, or agrees to give anything of value to any person, with intent to influence or reward an agent of an organization or of a State, local or Indian tribal government, or any agency thereof, in connection with any business, transaction, or series of transactions of such organization, government, or agency involving anything of value of $5,000 or more;
shall be fined under this title, imprisoned not more than 10 years, or both.
(b) The circumstance referred to in subsection (a) of this section is that the organization, government, or agency receives, in any one year period, benefits in excess of $10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance, or other form of Federal assistance.
(c) This section does not apply to bona fide salary, wages, fees, or other compensation paid, or expenses paid or reimbursed, in the usual course of business.
(d) As used in this section—

(1) the term "agent" means a person authorized to act on behalf of another person or a government and, in the case of an organization or government, includes a servant or employee, and a partner, director, officer, manager, and representative;
(2) the term "government agency" means a subdivision of the executive, legislative, judicial, or other branch of government, including a department, independent establishment, commission, administration, authority, board, and bureau, and a corporation or other legal entity established, and subject to control, by a government or governments for the execution of a governmental or intergovernmental program;
(3) the term "local" means of or pertaining to a political subdivision within a State;
(4) the term "State" includes a State of the United States, the District of Columbia, and any commonwealth, territory, or possession of the United States; and
(5) the term "in any one-year period" means a continuous period that commences no earlier than twelve months before the commission of the offense or that ends no later than twelve months after the commission of the offense.

49 CFR § 20 - Lobbying - Certification and disclosure:

The use of federal funds for lobbying is prohibited. If lobbying services are procured with non-federal funds, the grantee is required to submit the disclosure form, Standard Form LLL. Updates to Standard Form LLL are required for each calendar quarter in which any event occurs that requires disclosure, or that materially affects the accuracy of the information contained in any disclosure form previously filed by the entity. Those events may include: a cumulative increase of $25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a "covered federal action"; a change in the person(s) attempting to influence such action; or a change in the officer(s), employee(s), or member(s) contacted to attempt to influence such action.

DETAILS:

On April 22, 2010, (b)(6), (b)(7)c recalled learning a tip came to (b)(6), (b)(7)c from a person who was a well informed source that (b)(6), (b)(7)c received $56,000 in the summer of 2009. She attempted to get information from (b)(6), (b)(7)c however, was on a vacation in Florida with (b)(6), (b)(7)c at the time. (b)(6), (b)(7)c went to (b)(6), (b)(7)c, who in turn told (b)(6), (b)(7)c to speak with (b)(6), (b)(7)c (b)(6), (b)(7)c informed (b)(6), (b)(7)c that (b)(6), (b)(7)c had authorized payment as (b)(6), (b)(7)c had documents featuring (b)(6), (b)(7)c signature. (b)(6), (b)(7)c emailed (b)(6), (b)(7)c three documents that purported to authorize cashing out vacation time that was not earned. (b)(6), (b)(7)c advised that one document dated June 12, 2009, authorized the cashing out of vacation time for the year 2010. Another document dated January 11, 2010, authorized the cashing out of vacation time for the year 2011. The third document was an undated document permitting the cashing out of vacation time at the discretion of the Executive Director. (b)(6), (b)(7)c explained that the undated document was similar to a prior certificate that was commonly referred to as the "(b)(6), (b)(7)c." The (b)(6), (b)(7)c" was allegedly issued by the (b)(6), (b)(7)c which permitted (b)(6), (b)(7)c to cash out vacation time. To date, no one has been able to produce a signed copy of the "(b)(6), (b)(7)c." (b)(6), (b)(7)c stated that did not remember signing the three documents. (b)(6), (b)(7)c explained that (b)(6), (b)(7)c keeps copies of documents (b)(6), (b)(7)c has signed for (b)(6), (b)(7)c

On April 27, 2010, (b)(6), (b)(7)c met with (b)(6), (b)(7)c about the documents and informed (b)(6), (b)(7)c that (b)(6), (b)(7)c did not recall signing the documents. (b)(6), (b)(7)c told (b)(6), (b)(7)c that (b)(6), (b)(7)c did not sign the documents and stated that this (situation) has made him sick and claimed to have done it (forged (b)(6), (b)(7)c signature) because of a family member's illness. (b)(6), (b)(7)c offered to take out a loan against (b)(6), (b)(7)c 401(k) account to repay (b)(6), (b)(7)c and asked how (b)(6), (b)(7)c could resolve the situation. (b)(6), (b)(7)c informed (b)(6), (b)(7)c that (b)(6), (b)(7)c could not think of how to resolve this and was going to call a special Board meeting. (b)(6), (b)(7)c explained that (b)(6), (b)(7)c wanted to conduct regular business and was in denial of the severity of the situation.

During the April 30, 2010 Board meeting, (b)(6), (b)(7)c came in at the beginning and gave a statement to the Board. (b)(6), (b)(7)c gave a general statement that (b)(6), (b)(7)c had done something wrong and apologized. (b)(6), (b)(7)c offered to work for free and do anything (b)(6), (b)(7)c could to make it right. According to (b)(6), (b)(7)c statement to the Board, (b)(6), (b)(7)c need for money was not for drugs, alcohol, or gambling. Although (b)(6), (b)(7)c admitted wrongdoing, (b)(6), (b)(7)c did not say what (b)(6), (b)(7)c had done or what (b)(6), (b)(7)c needed the money for (Attachments 1-2).

On May 14, 2010, (b)(6), (b)(7)c advised that (b)(6), (b)(7)c was contacted by (b)(6), (b)(7)c about (b)(6), (b)(7)c knowledge of the situation. (b)(6), (b)(7)c was aware of (b)(6), (b)(7)c cashing out vacation time and (b)(6), (b)(7)c scanned and forwarded the documents via email to (b)(6), (b)(7)c (b)(6), (b)(7)c explained that (b)(6), (b)(7)c did not recall signing the documents and (b)(6), (b)(7)c informed (b)(6), (b)(7)c that if (b)(6), (b)(7)c authorized (b)(6), (b)(7)c to do what the documents indicated, (b)(6), (b)(7)c was prepared to resign. (b)(6), (b)(7)c related that in addition to cashing out vacation time, (b)(6), (b)(7)c borrowed approximately $765,000 (plus interest) from (b)(6), (b)(7)c differed compensation account (Attachment 3).

On May 20, 2010, (b)(6), (b)(7)c stated (b)(6), (b)(7)c was aware of (b)(6), (b)(7)c cashing out vacation time at (b)(6), (b)(7)c (b)(6), (b)(7)c explained that (b)(6), (b)(7)c requested supporting documentation approving the advanced cashing out of vacation time from (b)(6), (b)(7)c (b)(6), (b)(7)c informed [redacted] would get it to (b)(6), (b)(7)c however, failed to produce it. (b)(6), (b)(7)c followed up with (b)(6), (b)(7)c until (b)(6), (b)(7)c eventually provided the documentation supporting the cashing out of 2010 vacation time. In addition to (b)(6), (b)(7)c providing the documentation for the cashing out of 2010 vacation time, (b)(6), (b)(7)c also provided documentation approving (b)(6), (b)(7)c to cash out 2011 vacation time.

(b)(6), (b)(7)c advised that (b)(6), (b)(7)c borrowed heavily against (b)(6), (b)(7)c benefit plans and owed approximately $838,000 (with accrued interest) in loans against (b)(6), (b)(7)c differed compensation account. At the time, the value of the differed compensation account was about $712,000 (Attachment 4).

On June 9, 2010, (b)(6), (b)(7)c, advised that (b)(6), (b)(7)c approved (b)(6), (b)(7)c timesheets but did not question how much time [redacted] (b)(6), (b)(7)c took off or what was on (b)(6), (b)(7)c timesheet. Additionally, (b)(6), (b)(7)c was not aware of (b)(6), (b)(7)c cashing in (b)(6), (b)(7)c vacation time (Attachment 5).

On June 9, 2010, (b)(6), (b)(7)c, stated that (b)(6), (b)(7)c would complete [redacted] timesheet. (b)(6), (b)(7)c estimated (b)(6), (b)(7)c took three to four weeks of vacation a year. On [redacted] calendar, there would be lines and when (b)(6), (b)(7)c inquired, (b)(6), (b)(7)c would often state "I'm out." There were times when (b)(6), (b)(7)c told (b)(6), (b)(7)c to record [redacted] time as "regular earnings" when (b)(6), (b)(7)c was actually on vacation (Attachment 6).

On June 9, 2010, (b)(6), (b)(7)c, (b)(6), (b)(7)c (b)(6), (b)(7)c advised that (b)(6), (b)(7)c was a man of brief words and instructions. (b)(6), (b)(7)c stated that (b)(6), (b)(7)c had a very busy schedule and seemed focused. (b)(6), (b)(7)c explained that at times, (b)(6), (b)(7)c would call on (b)(6), (b)(7)c behalf as (b)(6), (b)(7)c was too busy and might have forgotten to tell (b)(6), (b)(7)c about a family event. (b)(6), (b)(7)c described (b)(6), (b)(7)c as a very private person, but did not

elaborate. (6), (b)(was aware of (b)(6), (b)(7)c having friends that were business associates; however, was not sure of their names or their respective companies (Attachment 7).

On May 19, 2010, OIG conducted a consent search of the (b)(6), (b)(7)c. During the consent search, numerous items were identified and voluntarily provided including such items as drafts of the alleged forged documents and financial documents. During the search, detailed letters from (b)(6), (b)(7)c were identified. Further, several of the financial documents located indicated that cashier's checks of significant amounts were drawn on (b)(6), (b)(7)c bank account for identified and previously unidentified (b)(6), (b)(7)c Follow-up interviews of several (b)(6), (b)(7)c identified were conducted. Those interviews revealed that (b)(6), (b)(7)c had engaged in numerous (b)(6), (b)(7)c and maintained an (b)(6), (b)(7)c. One (b)(6), (b)(7)c related that (b)(6), (b)(7)c would go as far as traveling to Wisconsin to be with 6), (b) during workdays and would drive to meet 6), (b) in a (b)(6), (b)(7)c -owned vehicle. The (b)(6), (b)(7)c interviewed stated that (b)(6), (b)(7)c would treat them very well and buy them various gifts and give them money. Additionally, several of the (b)(6), (b)(7)c indicated that (b)(6), (b)(7)c had initially told them that (b)(6), (b)(7)c. Despite ultimately learning the truth, that (b)(6), (b)(7)c was still (b)(6), (b)(7)c and had lied, they still continued to maintain (b)(6), (b)(7)c (Attachment 8-12).

On June 29, 2010, former (b)(6), (b)(7)c advised 3), (b did not recall issuing the (b)(6), (b)(7)c " permitting the cashing out of vacation time at the discretion of the (b)(6), (b)(7)c. 3), (b) couched 3), (b) statement by saying that if such a certificate, or policy, was issued it would have to have been approved by the (b)(6), (b)(7)c Board. Additionally, (b)(6), (b)(7)c added that 3), (b did not type documents and would not have kept such a document in 3), (b) own personal files. Further, (b)(6), (b)(7)c thought that (b)(8), (b)(7)c did have a policy outlining the cashing out of vacation time. (b)(6), (b)(7)c did not recall any memo allowing (b)(6), (b)(7)c to cash in 3), (b) vacation time and then still use it. (b)(6), (b)(7)c could not imagine (b)(6), (b)(7)c allowing this to occur, but if 3), (b had, the (b)(6), (b)(7)c Board would have known about it. (b)(6), (b)(7)c did not recall (b)(6), (b)(7)c receiving an extra 5 weeks' vacation above the 8 weeks he normally received.

(b)(6), (b)(7)c stated that 3), (b knew some contracts at (b)(6), (b)(7)c went out for bid, and others, like professional services contracts, including hiring lobbyists, lawyers, and politicians, were not bid. (b)(6), (b)(7)c was intimately involved with contracting for a lobbyist in Washington, DC. The Board interviewed several companies before selecting (b)(6), (b)(7)c. (b)(6), (b)(7)c was selected prior to (b)(6), (b)(7)c becoming the (b)(6), (b)(7)c. The (b)(6), (b)(7)c (b)(6), (b)(7)c was subsequently purchased by the (b)(6), (b)(7)c. Several years later, (b)(6), (b)(7)c (b)(6), (b)(7)c told (b)(6), (b)(7)c that 3), (b was going to hire (b)(6), (b)(7)c. (b)(6), (b)(7)c (b)(6), (b)(7)c had previously worked together on several different issues. (b)(6), (b)(7)c wanted to ensure

it was okay to do business with the (b)(6), (b)(7)c if (b)(6), (b)(7)c was hired, and that it would not violate state or federal law. (b)(6), (b)(7)c attorneys, including (b)(6), (b)(7)c told (b)(6), (b)(7)c that it would be permissible for (b)(6), (b)(7)c to work at the (b)(6), (b)(7)c . (b)(6), (b)(7)c was not aware of (b)(6), (b)(7)c working on anything involving (b)(6), (b)(7)c Rather, (b)(6), (b)(7)c works on education and healthcare matters for the firm (Attachment 13).

On July 29, 2010, (b)(6), (b)(7)c (b)(6), (b)(7)c , explained that [redacted] has a long-standing business relationship with the (b)(6), (b)(7)c . (b)(6), (b)(7)c maintains contract files, which would include service agreements with any outside lobbying firm or government consulting firms. (b)(6), (b)(7)c receives invoices for services provided by lobbying and consulting firms. Standard business practice is for (b)(6), (b)(7)c to review the invoices and forward them to (b)(6), (b)(7)c General Counsel, which at the time was (b)(6), (b)(7)c

(b)(6), (b)(7)c was not familiar with the reporting and disclosure requirements for the use of outside lobbying firms. (b)(6), (b)(7)c was aware that (b)(6), (b)(7)c stopped filing lobbying disclosure forms in approximately 2003. (b)(6), (b)(7)c advised that (b)(6), (b)(7)c legal department, and (b)(6), (b)(7)c assumed (b)(6), (b)(7)c handled (b)(6), (b)(7)c reporting and disclosure requirements (Attachment 14).

On September 10, 2010, (b)(6), (b)(7)c was interviewed and identified (b)(6), (b)(7)c primary (b)(6), (b)(7)c points of contact as (b)(6), (b)(7)c (b)(6), (b)(7)c . [redacted] had regular dealings with (b)(6), (b)(7)c over the years. (b)(6), (b)(7)c said that (b)(6), (b)(7)c was a friend from [redacted] days at the (b)(6), (b)(7)c (b)(6), (b)(7)c

(b)(6), (b)(7)c stated that (b)(6), (b)(7)c relationship with (b)(6), (b)(7)c was "strictly business." (b)(6), (b)(7)c said that while (b)(6), (b)(7)c saw (b)(6), (b)(7)c often in business settings, the only non-business encounter (b)(6), (b)(7)c had was when they both played in a charity golf tournament for the GIRL SCOUTS. (b)(6), (b)(7)c said (b)(6), (b)(7)c was "very nice" most of the time but had an odd side. (b)(6), (b)(7)c said (b)(6), (b)(7)c used to boast about playing golf with President William CLINTON, which (b)(6), (b)(7)c did not believe was true. (b)(6), (b)(7)c also said (b)(6), (b)(7)c acted as if former Senator Alfonse Marcello "Al" D'AMATO was a close acquaintance, even though he routinely mispronounced his name.

(b)(6), (b)(7)c first met (b)(6), (b)(7)c when (b)(6), (b)(7)c was working on (b)(6), (b)(7)c campaign for (b)(6), (b)(7)c . They worked on a couple of projects together before asking the (b)(6), (b)(7)c Board to approve (b)(6), (b)(7)c being hired at the (b)(6), (b)(7)c . (b)(6), (b)(7)c said [redacted] (b)(6), (b)(7)c does not work on (b)(6), (b)(7)c issues at the (b)(6), (b)(7)c and that this is "scrupulously" adhered to.

described contacts with in the days before took . stated that when the financial issues began receiving press, received a call from . According to said took some advanced vacation time that was entitled to. said the issue was being mischaracterized, but was being put on leave while it was being looked at.

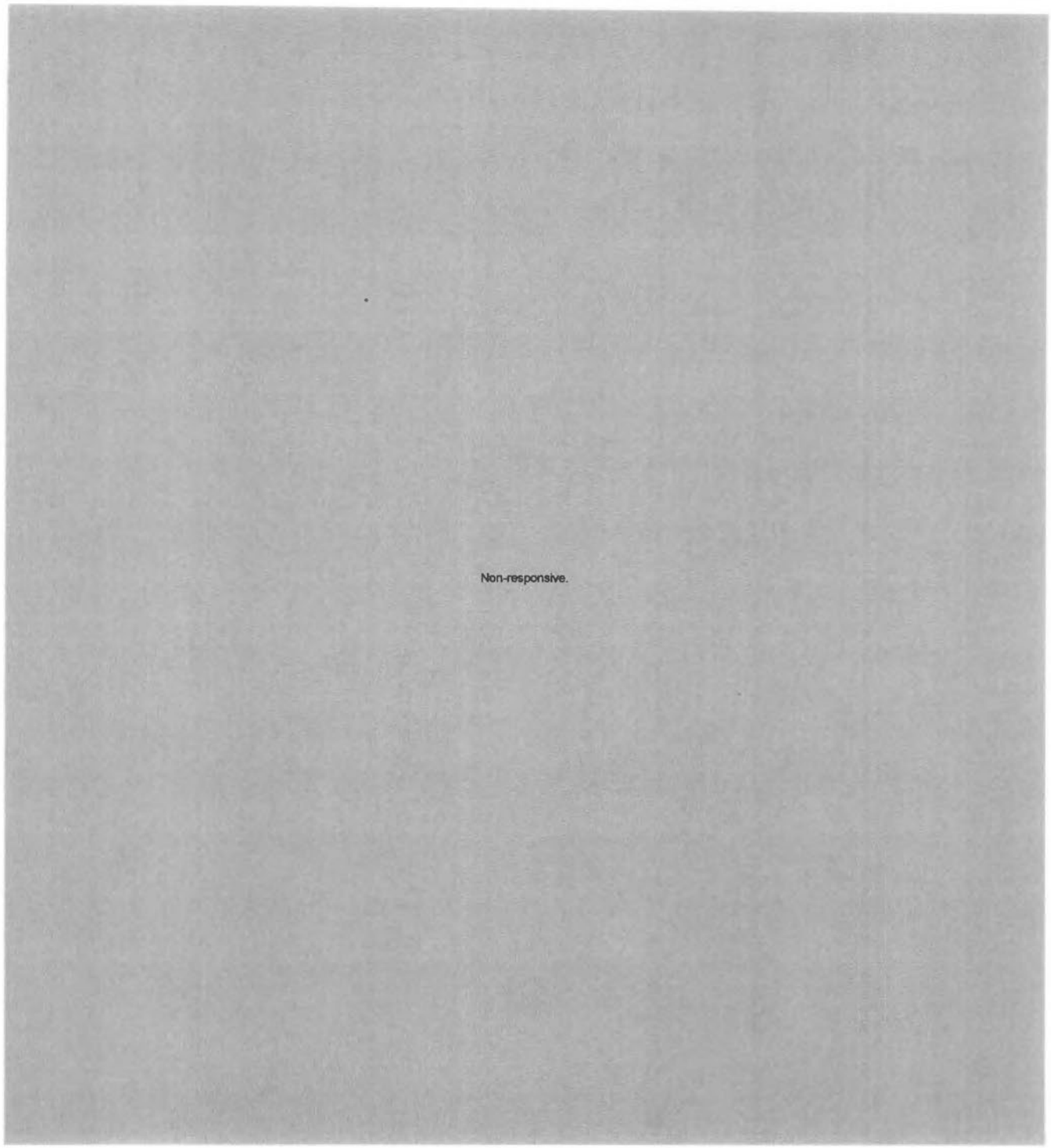
next had contact with who asked how handled a similar situation while was serving on the . wrote a memo to explaining that the issue would accelerate people's expectations of the Board, particularly concerning any deals regarding pension. advised to take four steps including adopting all open recommendations from the FTA, requiring Board training, and giving close consideration to pension. According to this conversation somehow got back to

stated that he next received a call from who asked if it was okay to provide cell number to That night, received a voice mail from attorney. returned the phone call the next morning. said the lawyer asked flat out about the pension. stated that the fact pattern with situation was different from the matter previously handled at .

was unaware of any financial problems with (Attachment 15).

Information was obtained from the via administrative subpoena. The information provided included internal and external correspondence regarding employment with the firm. The correspondence supported statements that was not involved in matters. Further, was hired by the to work on non- matters after his employment with the firm was discussed with attorneys to ensure there was not an ethical or conflict issue present. Additionally, does not work on transportation matters, but rather focuses on lobbying associated with education and healthcare (Attachment 16).

During the course of the investigation, it was learned that did not maintain any selection criteria for the lobbyist firms that it hired as professional consultants. Further, failed to file lobbyist disclosure forms (Standard Form LLL) as required. According to information from FTA, the last Standard Form LLL filed was in 2003. On May 17, 2011, the FTA fined $90,000 for its failure to file the Standard From LLL (17-19).



Non-responsive.

Non-responsive.

During the course of the investigation, METRA implemented various corrective actions upon discovering possible problems within its organization. Some of the actions ranged from disciplining certain employees to risk assessment and the creation of Board committees for oversight (Attachment 24).

The investigation substantiated that PAGANO misused his authority in order to obtain financial benefit by cashing in vacation time in advance of accruing such time. Further, on at least two occasions, PAGANO forged the signature of (b)(6), (b)(7)c to receive those payments. There was no evidence that the (b)(6), (b)(7)c was a legitimate document. The investigation did not find evidence of individuals bribing PAGANO to receive contracts. It appears that PAGANO was living multiple lives and constantly lying to cover his actions. Additionally, it appears that a significant amount of money was being spent on (b)(6), (b)(7)c (b)(6), (b)(7)c

Based upon PAGANO committing suicide, declination by the U.S. Attorney's Office, and administrative action by FTA, it is hereby recommended the investigation be closed.

-#-

Attachments

Attachment No.

1) Interview of (b)(6), (b)(7)c
2) Documents identified by (b)(6), (b)(7)c as forgeries/questioned documents
3) Interview of (b)(6), (b)(7)c
4) Interview of (b)(6), (b)(7)c
5) Interview of (b)(6), (b)(7)c
6) Interview of (b)(6), (b)(7)c
7) Interview of (b)(6), (b)(7)c
8) Consent search authorization
9) Listing of items obtained pursuant to consent search
10) Interview (b)(6), (b)(7)c
11) Interview of (b)(6), (b)(7)c
12) Interview of (b)(6), (b)(7)c
13) Interview of (b)(6), (b)(7)c
14) Interview of (b)(6), (b)(7)c
15) Interview of (b)(6), (b)(7)c
16) Records Review of (b)(6), (b)(7)c documents
    a. Specific documents related to (b)(6), (b)(7)c recusal on METRA matters
17) METRA Standard Form LLL filings and related response.
18) Email from (b)(6), (b)(7)c re: METRA's lobbyist selection documents
19) FTA letter concerning administrative fine
20) Interview of (b)(6), (b)(7)c
21) Suicide Note left behind by Philip PAGANO
22) Interview of (b)(6), (b)(7)c
23) Interview of (b)(6), (b)(7)c
24) Correspondence from (b)(6), (b)(7)c re: METRA's Correspondence Action

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I10G0001170300	1/27/2012
TITLE	PREPARED BY SPECIAL AGENT	STATUS
Right of Way Property Acquisitions by DELDOT (b)(6), (b)(7)c	(b)(6), (b)(7)c	FINAL
	DISTRIBUTION	APPROVED BY
	JRI-3	(b)(6), (b)(7)c

PREDICATION:

On May 25, 2010, (b)(6), (b)(7)c received an allegation from FBI SA (b)(6), (b)(7)c regarding alleged corruption involving former Delaware (b)(6), (b)(7)c, (b)(6), (b)(7)c, (b)(6), (b)(7)c and local [redacted]. Specifically, the investigation was predicated upon numerous articles that began appearing in the Delaware News Journal in (b)(6), (b)(7) 2010, alleging while in office, (b)(6), (b)(7)c gave preferential treatment to (b)(6), (b)(7)c and may have received gifts from (b)(6), (b)(7) One of the allegations raised by the News Journal was (b)(6), (b)(7)c got (b)(6), (b) office involved in leasing state-owned property to (b)(6), (b)(7)c for substantially less than fair market value and then allowed payment for this property to go into arrears with one payment made in two years and no penalties assessed.

FHWA officials disclosed federal funds were used by DELDOT in the initial purchase of three parcels of land in question in 1970 as part of Federal Aid Right-of-Way Project #0196(002) to construct a 3-mile section of SR1 (also known as the Milford By-Pass). The total authorized cost for the Right-of-Way project was $903,485 of which $471,340 were Federal funds. The subsequent construction was authorized as Federal Aid Project #0196(003) at a total cost of $6,008,933 of which $3,004,466 were Federal dollars. After construction of this project, excess land parcels were left unused, referred to as parcels K-34 A, B &C. In 2006, (b)(6), (b)(7)c signed a 66-year lease with DELDOT with an option of five additional years for parcels K-34 A and B.

(b)(6), (b)(7)c, was subsequently arrested by the FBI for making illegal campaign contributions to (b)(6), (b)(7)c (b)(6), (b)(7)c. (b)(6), (b)(7)c plead guilty to charges of making illegal campaign contributions in U.S. District Court, District of Delaware. SA (b)(6), (b)(7)c received further information that another land deal in Delaware may have been influenced by the (b)(6), (b)(7)c office. This information changed the focus of the investigation to the Pleasanton property, Route 301 project.

SUMMARY:

In regards, to the Pleasanton property acquisition for Route 301 Project, DELDOT paid (b)(6), (b)(7)c (b)(6), (b)(7)c $10,000,000.00 for the land when it was appraised at $4,000,000.00. DELDOT lacked documentation to support its decision to pay (b)(6), (b)(7)c this amount. Our investigation found DELDOT received no political pressure to ensure this deal was made.

Even though federal money was used in the purchase and acquisition of the land projects, no additional criminal violations were detected as a result of DOT-OIG's investigation.

DETAILS:

ALLEGATION – DelDOT purchased land from (b)(6), (b)(7)c at costs significantly higher than fair market value.

Interview of (b)(6), (b)(7)c , Federal Highway Administration

(b)(6), (b)(7)c , Federal Highway Administration (FHWA), Delmar Division, 300 South New Street, Suite)(6), (b)(7, Dover, Delaware (DE) 19904, (b)(6), (b)(7)c)(6), (b)(7) work telephone number (b)(6), (b)(7)c , cellular telephone number (b)(6), (b)(7)c was interviewed at), (b) place of employment. The interview pertained to issues surrounding Delaware Department of Transportation's (DELDOT) purchase of land owned by (b)(6), (b)(7)c (b)(6), (b)(7)c in the Middletown, Delaware area as part of DELDOT's Route 301 bypass project. Also present during the interview were (b)(6), (b)(7)c , FHWA; (b)(6), (b)(7)c , FHWA; (b)(6), (b)(7)c (b)(6), (b)(7)c , FHWA; (b)(6), (b)(7)c , Department of Transportation, Office of Inspector General (DOT-OIG) and (b)(6), (b)(7)c , DOT-OIG. (b)(6), (b)(7)c was advised of the identity of the undersigned agents, the nature of the interview and then provided the following information:

State Route 1 (SR 1) Property Leased/Sold by DELDOT (b)(6), (b)(7)c reported the appraisals of the (b)(6), (b)(7)c properties leased to (b)(6), (b)(7)c and the property sold to (b)(6), (b)(7)c (b)(6), (b)(7)c have been completed. According to (b)(6), (b)(7)c the current appraised value of the (b)(6), (b)(7)c was estimated at $90,000 per year with access to the SR 1 access road adjacent to the property. The value of the lease assuming the property is fully developed commercially is approximately $200,000 per year. (b)(6), (b)(7)c noted FHWA has the option to prohibit access of the leased land to the SR 1 access road which would have the effect of decreasing the value of the

leased land. With respect to the 2.2 acres DELDOT sold to (b)(6), (b)(7)c TO for $1, (b)(6), (b)(7)c advised the land was appraised at $7,900 with a current market value of approximately $680,000 per acre. DELDOT's justification for selling the property for $1 was that fair compensation was made by (b)(6), (b)(7)c when (b) transferred the property used for the service road to DELDOT. According to (b)(6), another suspicious issue associated with (b)(6) development of his property, which includes the DELDOT 2.2 acres, is (b) should have built the retention pond which benefits (b) development project on (b) land and not on the (6), (b)(7 leased property where it was actually constructed. (b)(6), (b)(7)c estimated the value to (b)(6), (b)(7)c TO for not building the retention pond on (b) property to be $3 million.

(b)(6), (b)(7)c indicated there are three options at FHWA's disposal in order for it to sanction DELDOT for not selling (b)(6), (b)(7)c the 2.2 acres at the appraised value of $7,900: (1) FHWA could ask for payment by DELDOT of the $7,900 appraised value; (2) FHWA could ask for payment by DELDOT of $680,000, the current fair market value of the property or (3) FHWA could make the property ineligible thereby effectively shutting down the SR 1 access road. (b)(6), (b)(7)c and (b) supervisors at FHWA headquarters will make the decision as to which option will be pursued. Route 301 (Rt 301) Bypass Project (b)(6), (b)(7)c advised that in light of the issues surrounding the DELDOT SR 1 properties leased to [redacted] and sold to (b)(6), (b)(7)c TO respectively, FHWA began a review of other land related transactions engaged in by DELDOT. (b)(6), (b)(7)c stated the review primarily focused on DELDOT's Rt 301 bypass project. (b)(6), (b)(7)c described the Rt 301 project as a full oversight project meaning FHWA exercises full oversight over the project. The cost of the project is $700 million, 80% of which is funded by the FHWA. (b)(6), (b)(7)c reported that many discrepancies were found during the review. The major discrepancy discovered by FHWA involved DELDOT paying (b)(6), (b)(7)c (b)(6), (b)(7)c a (b)(6), (b)(7)c in the proposed area of the Rt 301 bypass, approximately $10.4 million for his property. The property consisted of approximately 236 acres known as the (b)(6), (b)(7)c parcel.

In 2001, (b)(6), (b)(7)c entered into purchase agreements with the existing land owners of said property consisting of a grand total of between 400 and 500 acres. Documentation I the project file indicated (b)(6), (b)(7)c property was appraised for only $4.1 million. The $4.1 million appraisal was conducted in 2007 by (b)(6), (b)([redacted] on behalf of DELDOT and was composed of a total of $8.1 million for 33.3 acres with $4.1 attributed to the value of the land itself and $4.0 million attributed to development rights associated with the property. (b)(6), (b)(7)c added that I 2008 upon review by a DELDOT attorney it was determined a total purchase price of $4.5 million could be justified. (b)(6), (b)(7)c explained that of the 236 acres purchased by DELDOT, approximately 33 acres were assumed to be directly necessary for the project while the balance of the acreage was needed only for mitigation purposes and therefore was assumed to be of minimal value. The DELDOT purchase

occurred in two transactions, approximately $9.6 was paid in March 2009 and approximately $700,000 was paid in May 2010 as a final settlement which likely represented the purchase of the remaining 200 acres. Sometime prior to September 2008, (b)(6), (b)(7)c transferred the development rights associated with the (b)(6), (b)(7)c property and consequently the $4.0 million in value, to other developments owned by (b)(6), (b)(7)c (b)(6), indicated there was some question as to whether (b)(6), (b)(7)c or (b)(6), (b)(7)c, made misrepresentations concerning the timing of the transfer of the development rights when negotiating with DELDOT.

On September 22, 2008, DELDOT and (b)(6), (b)(7)c through (b)(6), (b)(7)c, entered into a Memorandum of Understanding (MOU) concerning DELDOT's purchase of (b)(6), (b)(7)c (b)(6), (b)(7)c The MOU was approved by (b)(6), (b)(7)c (b)(6), (b)(7)c (b)(6), (b)(7)c explained it appeared as if (b)(6), (b)(7)c wanted to lock DELDOT into a deal to purchase (b)(6), property before a (b)(6), (b)(7)c and the administration changed. (b)(6), (b)(7)c advised that a few months after the signing of the MOU, DELDOT approved the purchase of (b)(6), (b)(7)c property for $9.6 million even though the property appeared to be appraised for only $4.1 million. FHWA's Inquiry into DELDOT Land Purchase On August 15, 2011, (b)(6), (b)(7)c sent a letter to current (b)(6), (b)(7)c, requesting additional documentation supporting the $10.4 million purchase of the (b)(6), (b)(7)c property with a return date of September 1, 2011. On October 7, 2011, DELDOT provided a letter which documented a seven point response to FHWA's inquiry. (b)(6), (b)(7)c advised DELDOT's response was not satisfactory and FHWA will again request further justification from DELDOT.

DELDOT's Other Dealings with (b)(6), (b)(7)c

(b)(6), (b)(7)c had prior dealings with DELDOT including a 2003 project involving a Walmart in Camden, Delaware and the related attempted condemnation of a liquor store property in the physical area of the Walmart. (b)(6), (b)(7)c represented the liquor store at the time. (b)(6), (b)(7)c also owns other development projects in the Middletown, Delaware area. (b)(6), (b)(7)c noted (b)(6), (b)(7)c has political ties with (b)(6), (b)(7)c, (b)(6), (b)(7)c and (b)(6), (b)(7)c (b)(6), (b)(7)c added (b)(6), believes DELDOT has been receiving significant pressure to make progress on the Rt 301 project.

Political Influences

(b)(6), (b)(7)c provided an example of how political influences affect DELDOT decisions. Current DELDOT (b)(6), (b)(7)c, cited reasons why the (b)(6), (b)(7)c

Bridge related project was not in the best interest of the community and then added that because of the political influence/connections of the individuals supporting the project, it will likely gain approval.

Recent Dealings with DELDOT (b)(6), (b)(7)c

(b)(6), (b)(7)c indicated FHWA headquarters in Washington, D.C. requested (b)(6), (b)(7)c meet with the new DELDOT (b)(6), (b)(7)c and (b)(6), (b)(7)c. (b)(6), (b)(7)c noted (b)(6), (b)(7)c had worked for FHWA for over 30 years before quitting to became (b)(6), (b)(7)c (b)(6), (b)(7)c one week later after leaving FHWA. The aforementioned meeting was arranged and took place on September 28, 2011. At the meeting the FHWA representatives were (b)(6), (b)(7)c (b)(6), (b)(7)c. Only (b)(6), (b)(7)c was present for DELDOT. It was anticipated (b)(6), (b)(7)c would attend, but (b)(6), (b)(7)c did not show. (b)(6), (b)(7)c stated FHWA is attempting to develop a new stewardship agreement with DELDOT, but DELDOT is not cooperating. (b)(6), (b)(7)c advised that during the meeting (b)(6), (b)(7)c came on strongly, was trying to intimidate (b)(6), (b)(7)c and was communicating a message that (b)(6), (b)(7)c should be more agreeable in terms of FHWA working with DELDOT to resolve DELDOT's problems. (b)(6), (b)(7)c stressed FHWA should take it easy on DELDOT while it attempts to fix its problems in house. With respect to (b)(6), (b)(7)c attempting to intimidate (b)(6), (b)(7)c explained (b)(6), (b)(7)c told him (b)(6), (b)(7)c was chosen as (b)(6), (b)(7)c because (b)(6), (b)(7)c received a call from the (b)(6), (b)(7)c. (b)(6), (b)(7)c added that (b)(6), (b)(7)c and FHW (b)(6), (b)(7)c, are close friends. (b)(6), (b)(7)c told (b)(6), (b)(7)c "If you are speaking to (b)(6), (b)(7)c you are speaking to your (b)(6), (b)(7)c implying (b)(6), (b)(7)c may have some influence over (b)(6), (b)(7)c through (b)(6), (b)(7)c (b)(6), (b)(7)c also commented about (b)(6), (b)(7)c believing (b)(6), (b)(7)c was "being disrespectful to (b)(6), (b)(7)c" during a recent DELDOT ceremony. (b)(6), (b)(7)c noted [redacted] was attempting to set up a meeting with (b)(6), (b)(7)c (b)(6), (b)(7)c the FHWA (b)(6), (b)(7)c after (b)(6), (b)(7)c meeting with (b)(6), (b)(7)c speculated (b)(6), (b)(7)c was attempting to somehow influence the FHWA's stance towards DELDOT through (b)(6), (b)(7)c According to (b)(6), (b)(7)c had worked for (b)(6), (b)(7)c while they were both employed by FHWA. (b)(6), (b)(7)c stated (b)(6), (b)(7)c reports to (b)(6), (b)(7)c (b)(6), (b)(7)c of the FHWA who works at FHWA headquarters in Washington, D.C.

Various supporting documents related to the Rt 301 project, including a background and time line for the Rt 301 project, letter and e-mail correspondence between (b)(6), (b)(7)c and DELDOT, a copy of the appraisal, the MOU between (b)(6), (b)(7)c and DELDOT and correspondence between DELDOT and FHWA were provided by (b)(6), (b)(7)c. These documents are included in an FD-340.

Interview of (b)(6), (b)(7)c, Federal Highway Administration

(b)(6), (b)(7)c, Federal Highway Administration (FHWA), Delmar Division, 300 South New Street, Suite (b)(6), (b)(7) Dover, Delaware (DE) 19904, was contacted and interviewed at the (b)(6), (b)(7)c (b)(6), (b)(7)c voluntarily provided the following information: (b)(6), (b)(7)c stated that (b), (b) is going to (b)(6), (b)(7)c (b)(6), (b)(7)c with the FHWA and (b), (b) counterpart in Maryland (b)(6), (b)(7)c will be the (b)(6), (b)(7)c for Delaware on a temporary basis with assistance from (b)(6), (b)(7)c, who is currently (b)(6), (b)(7)c. (b)(6), (b)(7)c stated that (b), (b) should have (b), (b) same position when (b)(6), (b)(7)c from the (b)(6), (b)(7) but suspects that they will probably move him to a different position because of his recent disagreements with various Officials from the Delaware Department of Transportation (DELDOT).

(b)(6), (b)(7)c commented that (b)(6), (b)(7)c is very "junior" and may have a difficult time following through with DELDOT on (b)(6), (b)(7)c recommendations. (b)(6), (b)(7)c added that (b)(6), (b)(7)c used to work at the FHWA with (b)(6), (b)(7)c, who is the (b)(6), (b)(7)c DELDOT, (b)(6), (b)(7)c, and is probably going to be more accommodating to DELDOT based on their prior relationship. Again, (b)(6), (b)(7)c reiterated that (b)(6), (b)(7)c used to work for the FHWA and is very friendly with the current Federal Highway Administrator, (b)(6), (b)(7)c. As an example of their friendship, (b)(6), (b)(7)c recalled that (b)(6), (b)(7)c attended (b)(6), (b)(7)c swearing in ceremony and no other employees from the FHWA in Delaware were invited. (b)(6), (b)(7)c stated that it is very rare for the (b)(6), (b)(7)c to attend the swearing in ceremony for a Secretary of Transportation on the state level.

(b)(6), (b)(7)c

(b)(6), (b)(7)c advised that (b), (b) recommended to (b)(6), (b)(7)c that they instruct DELDOT to refund between $4,000,000 and $5,000,000 of the aforementioned project, due to the lack of documentation in the file that justified the amount given. (b)(6), (b)(7)c claimed that (b)(6), (b)(7)c agreed with all the recommendations he proposed. [(b)(6), (b)(7)c added that (b)(6), (b)(7)c is the (b)(6), (b)(7)c (b)(6), (b)(7)c of the FHWA and as such is the highest civil servant in their agency.]

(b)(6), (b)(7)c explained that DELDOT only completed one appraisal of the land in question, which was appraised at $4,000,000, but eventually paid (b)(6), (b)(7)c approximately $10,000,000. (b)(6), (b)(7)c further explained that the FHWA will most likely just debit that amount from the funds that have already been allocated to DELDOT and place the funds back into a general account. DELDOT will still have the opportunity to recover the aforementioned funds, but will have to justify receiving

those funds via a project separate from the (b)(6), (b)(7)c added that there will have to be follow-up on his recommendations to confirm that they are actually being implemented.

(b)(6), (b)(7)c then relayed that (b)(6), (b)(7)c has recently refused to meet with him, but was telephonically contacted by (b)(6), (b)(7)c last week and agreed to a meeting with [redacted] on Wednesday (11/30/2011) to hear his recommendations. (b)(6), (b)(7)c doesn't believe that (b)(6), (b)(7)c is serious about following through on his recommendations and just agreed to attend the meeting for "appearances".

(b)(6), (b)(7)c LAND DEAL

(b)(6), (b)(7)c stated that he also recommended that DELDOT commit approximately $700,000 to a future FHWA project to account for the $1 sale of approximately 2 acres of land off of State Route (SR) 1 in Milford and the low lease amount that was given to [redacted] for the adjacent property. (b)(6), (b)(7)c added that they could have requested that DELDOT close the access road off of SR I, but believed that it would have caused more legal issues then it was worth with the (b)(6), (b)(7)c (b)(6), (b)(7)c will also raise an issue with DELDOT regarding the lease period of 66 years and recommend that they move it back to 5 year periods. (b)(6), (b)(7)c stated that he is unsure what will happen if DELDOT appeals his recommendations, mainly because he will probably still be on (b)(6), (b)(7)c and won't be here to defend them. In the end analysis, the FHWA may only get back the approximately $20,000 that they originally allocated to DELDOT in the 1970's to purchase the land.

TOLL AGREEMENT

(b)(6), (b)(7)c then stated that the FHWA previously entered into an agreement with DELDOT wherein all toll receipts collected on Interstate 95 were to be used for the proper operation and maintenance of that Interstate and any other major roads in the State of Delaware that were constructed with federal funds, i.e. US 113 & 13, SR 1, etc. (b)(6), (b)(7)c provided two letters that (b)(6), (b)(7)c sent to (b)(6), (b)(7)c on November 10, 2011 that explain said agreement. Both letters are hereto attached and made a part of this document. (b)(6), (b)(7)c explained that DELDOT collected between $115,000,000 and $120,000,000 through tolls collected on 95 in 2010 and only used approximately $20,000,000 on 95 with the remaining funds going directly into the Transportation Trust Fund (TTF) . [redacted] claimed that (b)(6), (b)(7)c has asked for an audit of the funds that went into TTF over the last four years, but has not received an audit or information on how those funds were used. (b)(6), (b)(7)c contends that Title 23 of the Code of Federal Regulations (CFR) specifically states how these funds are to be used.

DELDOT RIGHT-OF-WAY MANUAL

(b)(6), (b)(7)c then advised that (b)(6), (b)(7)c, the (b)(6), (b)(7)c, agreed to make numerous changes to DELDOT's Right-of-Way Manual, but (b)(6), (b)(7)c has refused to make those changes and is "dragging (b), (b) feet". Lastly, (b)(6), (b)(7)c provided a letter that (b), (b) sent to (b)(6), (b)(7)c on November 14, 2011 which detailed the changes that had previously been agreed upon. That letter is also hereto attached and made a part of this document.

Interview of (b)(6), (b)(7)c former DelDOT employee

(b)(6), (b)(7)c date of birth (b)(6), (b)(7)c social security account number (b)(6), (b)(7)c, home address (b)(6), (b)(7)c home telephone (b)(6), (b)(7)c cellular telephone (b)(6), (b)(7)c was contacted and interviewed at (b), (b) residence regarding (b), (b) role in the Delaware Department of Transportation (DELDOT) purchase of land owned by a (b)(6), (b)(7)c 2nd in the (b)(6), (b)(7)c, Delaware area. Also present and participating in the interview was Special Agent (SA) (b)(6), (b)(7)c, United States Department of Transportation, Office of Inspector General. After being advised of the identity of the interviewing agents and the purpose of the interview, (b)(6), (b)(7)c voluntarily provided the following information:

(b)(6), (b)(7)c advised that soon after (b), (b) retirement from DELDOT (b), (b) started doing part-time consulting work for (b)(6), (b)(7)c recalled that DELDOT received a "Record of Decision" from the Federal Highway Administration (FHWA) well in advance of the project plans on the Route (RT) (b)(6), (b)(7)c in the (b)(6), (b)(7)c area. The "Record of Decision" from FHWA allowed DELDOT to start purchasing lands that would be needed for the eventual project. (b)(6), (b)(7)c believed that (b)(6), (b)(7)c) probably met with (b)(6), (b)(7)c, the RT (b)(6), (b)(7)c, and determined that DELDOT needed a portion or all of (b)(6), (b)(7)c property (also known as the (b)(6), (b)(7)c Property) for the Project. (b)(6), (b)(7)c then recalled that at one point (b), (b) became involved in the negotiations at the request of (b)(6), (b)(7)c (b)(6), (b)(7)c

(b)(6), (b)(7)c speculated that (b)(6), (b)(7)c probably wanted (b), (b) involved in the negotiations because of (b), (b) tenure with DELDOT and reasonable negotiation skills.

MEMORANDUM OF UNDERSTANDING (MOU)

(b)(6), (b)(7)c stated that it was not a common practice within DELDOT to enter into a Memorandum of Understanding (MOU) regarding the future purchase of land needed for any specific project. (b)(6), (b)(7)c

stated that DELDOT may have entered into a "handful" of MOUs during the course of his career, but was unable to provide specific examples. RIZZO explained that the Early Acquisition Program within DELDOT is a program where land owners petition DELDOT to purchase their property in advance of a planned project trying to show a hardship with the ownership (i.e.: financial, etc) This program, RIZZO believes, is a "flaw" in the system partially because he feels DELDOT is too nice about making future plans public well in advance of when the project is finalized and construction will eventually begin. (b)(6), (b)(7)c added that the Early Acquisition Program usually causes more problems in the end than it solves.

(b)(6), (b)(7)c then explained that in (b)(6), (b)(7)c case they probably requested the MOU because they were concerned that any (b)(6), (b)(7)c) could potentially not make the (b)(6), (b)(7)c a priority. In addition, (b)(6), (b)(7)c speculated that (b)(6), (b)(7)c may have been concerned that (b) wouldn't have the ability to call the (b)(6), (b)(7)c and have him/her call DELDOT if (b) needed help. (b)(6), (b)(7)c recalled that the (b)(6), (b)(7)c) ordered that DELDOT not enter into any further MOUs after the (b)(6), (b)(7)c Deal, because (b) felt that it just "tied our hands" if any further negotiations were needed.

TRANSFER OF DEVELOPMENT RIGHTS (TORs)

(b)(6), (b)(7)c explained that the Transfer of Development Rights (TDRs) was a new concept within DELDOT when the deal with (b)(6), (b)(7)c was being discussed. (b)(6), (b)(7)c recalled that it was initially believed within DELDOT that the TDRs were a much more valuable asset than was later learned. (b)(6), (b)(7)c claimed that this was the main reason for the disparity in the appraisals on the (b)(6), (b)(7)c property. (b)(6), (b)(7)c recalled that (b) had (b)(6), (b)(7)c [redacted], who worked underneath (b) in the (b)(6), (b)(7)c (b)(6), (b)(7)c , research TDRs after it became an issue and (b) ascertained that they had little to no value. (b)(6), (b)(7)c is uncertain as to whether there is any documentation supporting the assumption that the TDRs are basically worthless. It is (b)(6), (b)(7)c understanding that (b)(6), (b)(7)c transferred the TDRs for the property in question after (b) signed the MOU with DELDOT.

POLITICAL PRESSURE

(b)(6), (b)(7)c had no knowledge that DELDOT received any pressure from (b)(6), (b)(7)c (b)(6), (b)(7)c or from any other (b)(6), (b)(7)c on the (b)(6), (b)(7)c deal, but added that they would of called (b)(6), (b)(7)c instead of (b)(6), (b)(7)c (b)(6), (b)(7)c then stated that (b) felt that the eventual deal was fair and equitable for both (b)(6), (b)(7)c and DELDOT.

(b)(6), (b)(7)c commented that (b) found (b)(6), (b)(7)c to be "straight-up" in their dealings and he couldn't recall that (b) mentioned the name of any (b)(6), (b)(7)c to influence their dealings. (b)(6), (b)(7)c commented

that (b) first contact with (b)(6), (b)(7)c was during the construction of the Walmart and associated properties in Camden. (b)(6), (b)(7)c believed that (b)(6), (b)(7)c probably hired (b)(6), (b)(7)c to represent (b)(6), (b)(7)c with the RT (b)(6), (b)(7)c Property because (b)(6), (b)(7)c advocated successfully for a client (b)(6), (b)(7)c (b)(6), (b)(7)c) who was in opposition to (b)(6), (b)(7)c during the Walmart et al Project. (b)(6), (b)(7)c described (b)(6), (b)(7)c as very competent but was frustrating to work with as was a "hot-head". (b) noted that (b)(6), (b)(7)c previously worked for the (b)(6), (b)(7)c (b)(6), (b)(7)c who was responsible for handling DELDOT's land acquisitions for approximately 35 years. In and around 1998 when the News Journal reported that (b)(6), (b)(7)c was the sole (b)(6), (b)(7)c handling any and all land acquisitions for DELDOT, the contract was divided among two (b)(6), (b)(7)c : (b)(6), (b)(7)c . Within approximately six months of this taking place, (b)(6), (b)(7)c went under. Consequently, (b)(6), (b)(7)c believes that (b)(6), (b)(7)c may harbor some animosity towards DELDOT. (b)(6), (b)(7)c commented that (b) has not spoken to (b)(6), (b)(7)c since February or March of this year(2011) when (b)(6), (b)(7)c asked for permission to give (b)(6), (b)(7)c phone number to (b)(6), (b)(7)c of (b)(6), (b)(7)c (b)(6), (b)(7)c added that (b) gave (b)(6), (b)(7)c permission to give (b)(6), (b)(7)c number, but (b) never called.

(b)(6), (b)(7)c offered that (b)(6), (b)(7)c could also provided additional details .surrounding DELDOT' s purchase of the (b)(6), (b)(7)c property. (b)(6), (b)(7)c recalled handling the DELDOT file for the (b)(6), (b)(7)c deal and described it as being composed of two or three accordion files, which mainly consisted of the settlement papers for the deal. Per a decision by the Public Integrity Commission (PIC) approximately 10 years ago, (b)(6), (b)(7)c (b)(6), (b)(7)c for DELDOT, cannot be involved in any administrative decisions involving (b) (b)(6), (b)(7)c who is an (b)(6), (b)(7)c described (b)(6), (b)(7)c as one of the better appraisers in the area. (b)(6), (b)(7)c can assign (b)(6), (b)(7)c to do an appraisal, however, (b)(6), (b)(7)c is not permitted to make any administrative decisions based on (b)(6), (b)(7)c work.

(b)(6), (b)(7)c

The current (b)(6), (b)(7)c) was hired by (b)(6), (b)(7)c before (b)(6), (b)(7)c as a result of the press regarding various land deals in DELDOT. (b)(6), (b)(7)c is unaware if (b)(6), (b)(7)c is "political", but knows that (b) is a "chart and graph" type of (b)(6), (b)(7)c and is over (b) head in (b) current position. (b)(6), (b)(7)c is of the belief that (b)(6), (b)(7)c is still in a position where (b) is making or contributing to decisions within DELDOT.

(b)(6), (b)(7)c LAND DEAL

(b)(6), (b)(7)c commented that he found it suspicious that (b)(6), (b)(7)c placed a storm management pond on DELDOT's property off of State Route (SR) 1 and not on (b)(6), (b) own property. (b)(6), (b)(7)c explained that (b)(6), (b)(7)c) had previously told (6), (b)(that the aforementioned pond wouldn't benefit DELDOT's eventual overpass in that area and would just be for the benefit or use of the adjacent properties that are owned by (b)(6), (b)(7)c stated that the net effect is that (b)(6), (b)(7)c TO had more land to sell to a perspective buyer.

JUDICIAL REFERRAL:

This investigation was not referred to the U.S. Attorney's Office due to the administrative nature.

ADMINISTRATIVE ACTION:

On December 8th, 2011 FHWA (b)(6), (b)(7)c sent a memorandum to (b)(6), (b)(7)c (b)(6), (b)(7)c requesting the repayment of $4,967,600.00 which is the difference between the acquisition cost and appraised value of the Route 301 project.

FHWA will continue to work with DELDOT on improving its procedures.

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U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER I10Z0000270900	DATE 08/10/12
TITLE (b)(6), (b)(7)c	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Final
18 U.S.C. § 641 – Public money, property or records	DISTRIBUTION JRI-9 (1) FHWA (1)	1/5
		APPROVED (b)(6), (b)(7)c

SYNOPSIS

This case was predicated upon a referral from the Federal Bureau of Investigation (FBI). On April 23, 2010, the FBI advised the U.S. Department of Transportation (DOT), Office of Inspector General (OIG), that their office in Anchorage, AK, received a complaint that the (b)(6), (b)(7)c and the (b)(6), (b)(7)c allegedly participated in a scheme to defraud the Federal Highway Administration (FHWA) and U.S. Department of Interior (DOI), Bureau of Indian Affairs (BIA) through a project identified as the (b)(6), (b)(7)c (b)(6), (b)(7)c received approximately $10 million in federal funding to build a ferry to transport passengers, vehicles, and light cargo between (b)(6), (b)(7)c; but instead, (b)(6), (b)(7)c changed the scope of project and built a smaller ferry to transport only passengers and light cargo to and from (b)(6), (b)(7)c AK to (b)(6), (b)(7)c AK. This was a joint investigation with the FBI and DOT.

In January 2009, DOI and DOT conducted an investigation on similar allegations relating to the (b)(6), (b)(7)c. The investigation found no violation of federal laws, evidence showed that BIA was aware of the changes that (b)(6), (b)(7)c made in building the passenger and light cargo ferry rather than what was originally proposed in the ferry project.

In February/March 2012, the Federal Transit Administration (FTA) conducted a records review on two FTA federal grants totaling $675,000 that were awarded to (b)(6), (b)(7 in 2010 for operating expenses and dock improvements on the (b)(6), (b)(7)c. The FTA review concluded that (b)(6), (b)(7 did incur enough eligible costs to fully account for the grant disbursements.

In July 2011, the Government Accountability Office (GAO) conducted an audit on the (b)(6), (b)(7)c and found that (b)(6), (b)(7)c federally funded ferry was different from its original proposal. In 2002,)(6), (b)(7 proposed a vehicle and passenger ferry with year-round service between (b)(6), (b)(7)c locations; but instead, they built a passenger and light cargo ferry providing service to (b)(6), (b)(7)c, AK.)(6), (b)(7 provided DOI with quarterly project status reports, but DOI did not provide any guidance to)(6), (b)(7 in response to the changes that)(6), (b)(7 made in regards to the type of ferry the)(6), (b)(7 was going to build. After the funds were transferred from the Federal Highway Administration (FHWA) to DOI-BIA, FHWA did not provide any oversight for the ferry project.

The investigation determined that there was not sufficient evidence to substantiate the allegations. As a result of the investigation, the U.S. Attorney's Office in Anchorage, AK, declined the case.

DETAILS

In January 2009, DOI and DOT conducted an investigation on a complaint relating to the (b)(6), (b)(7)c. The complaint alleged that the "pass through" funding from FHWA in the amount of approximately $10 million of a planned $14 million project, which was supposed to be overseen by DOI-BIA, was not spent per the stated purpose. Instead, (b)(6), (b)(7)c used the funding to build a passenger and light cargo ferry, what had been described as a tour boat, without the capability to haul vehicles, and traveling only between (b)(6), (b)(7)c and (b)(6), (b)(7)c AK. Secondly, the complaint questioned the propriety of the (b)(6), (b)(7)c (b)(6), (b)(7)c retiring and becoming (b)(6), (b)(7)c representative to the boat builder after the)(6), (b)(7 had been a major participant in obtaining the funding and negotiating the boat building contract. Finally, the complaint questioned whether)(6), (b)(7 violated procurement regulations by awarding the building contract to a boat builder for a boat that did not meet the specifications of the original Request for Proposals (RFP).

The 2009 investigation determined that (b)(6), (b)(7)c did change the scope of the project by selecting a style boat that varied significantly from the original stated intent and from the specifications of the RFP; however, DOI found a clause in the Annual Funding Agreements (AFA) between BIA and (b)(6), (b)(7)c which allowed a change in scope. DOI also found instances where)(6), (b)(7 indicated their intent to the government to depart from the original specifications prior to the actual departure. Furthermore, the acquisition policy for [redacted] was solely based upon the word of the [redacted] on a case by case basis, and the Federal Acquisition Regulations (FAR) were not placed into AFA's between (b)(6), (b)(7)c; therefore, it appeared that)(6), (b)(7 could not be held to the FAR requirement concerning changes in the project's scope, departure from the RFP or any apparent conflict of interest pertaining to the former)(6), (b)(7 (b)(6), (b)(7)c. The results of the investigation detected a lack of sufficient controls and

oversight over federal funding which would have prevented these funds from being spent contrary to the intended use. (Attachment 1)

On February 9, 2010, the FBI received a complaint on the (b)(6), (b)(7)c from the (b)(6), (b)(7)c , AK, who alleged that (6), (b)(7 and (6), (b)(7 participated in a scheme to defraud the FHWA and DOI-BIA through a project identified as the (b)(6), (b)(7)c (b)(6), (b)(7)c . (b)(6), (b)(7)c originally requested federal funding to build a ferry to transport passengers, vehicles, and light cargo between (b)(6), (b)(7)c communities; but instead, (b)(6), (b)(7)c built a passenger and light cargo ferry that only traveled from (b)(6), (b)(7)c , AK. (6), (b)(7 received approximately $10 million dollars of federal and state monies for the ferry project. Approximately $2 million dollars was allocated for design and development, and $8 million dollars was allocated for construction and engineering. After conducting numerous interviews and reviewing records, the allegations in the investigation could not be substantiated. The allegations in this complaint were very similar to the first complaint that was investigated by DOI and DOT in March 2009. (Attachment 2)

On December 7, 2011, FTA requested documentation from (6), (b)(7 relating to the (b)(6), (b)(7)c (b)(6), (b)(7)c to review. FTA awarded (6), (b)(7 two federal grants in 2010 for the (b)(6), (b)(7)c (b)(6), (b)(7)c (b)(6), (b)(7)c . The first grant (Grant (b)(6), (b)(7)c) was in the amount of $475,000 of American Recovery and Reinvestment Act funds which paid for improvements at the (b)(6), (b)(7)c dock to serve the (b)(6), (b)(7)c . The second grant (Grant (b)(6), (b)(7)c) was in the amount of $200,000 of Tribal Transit Program funds which paid for operating expenses of the (b)(6), (b)(7)c between (b)(6), (b)(7)c , AK from May 1, 2010 through October 1, 2010. FTA conducted a records review to verify that (6), (b)(7 incurred enough eligible costs in constructing the (b)(6), (b)(7)c dock and in operating the ferry in 2010 to fully account for the disbursements taken from the FTA grants. On April 5, 2012, FTA concluded that (6), (b)(7 did incur enough eligible costs to fully account for the grant disbursements. (Attachments 3 and 4)

On June 27, 2012, GAO published a report relating to an audit they conducted on the (b)(6), (b)(7)c (b)(6), (b)(7)c . GAO found that (6), (b)(7's federally funded ferry was different from its original proposal. In 2002, (6), (b)(7 proposed a vehicle and passenger ferry with year-round service between (b)(6), (b)(7)c locations; but instead, they built a passenger and light cargo ferry that would go from (b)(6), (b)(7)c , AK. (6), (b)(7 provided DOI with quarterly project status reports, but DOI did not provide any guidance to (6), (b)(7 in response to the changes that (6), (b)(7 made in regards to the type of ferry the tribe was going to build. After the funds were transfered from FHWA to DOI-BIA, FHWA did not provide any oversight for the ferry project. No criminal violations were reported. (Attachment 5)

After conducting numerous interviews and records reviews, the investigating agencies determined that there was not sufficient evidence to substantiate the allegations; therefore,

requested that the case be declined. On July 5, 2012, (b)(5), (b)(6), (b)(7)c ,

(b)(5), (b)(6), (b)(7)c

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INDEX OF ATTACHMENTS

Number	Description
1.	DOI Report of Investigation dated July 27, 2009
2.	FBI Report dated February 9, 2010
3.	FTA Letter dated December 7, 2011
4.	FTA Letter dated April 5, 2012
5.	GAO Report dated June 27, 2012
6.	Declination E-mail dated July 5, 2012

U.S. Department of Transportation
Office of Inspector General

REPORT OF INVESTIGATION	INVESTIGATION NUMBER #I11A001SINV	DATE Aug. 26, 2011
TITLE Air Traffic Management at Detroit Metropolitan Wayne County Airport	PREPARED BY: (b)(6), (b)(7)c Special Investigations, JI-3	STATUS FINAL
	DISTRIBUTION AJO-1, AAE-1	APPROVED BY: (b)(6), (b)(7)c

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BACKGROUND

On approximately February 28, 2011, U.S. Secretary of Transportation Ray LaHood received a letter from the U.S. Office of Special Counsel (OSC) referring for investigation several disclosures made by an (b)(6), (b)(7)c at Detroit Metropolitan Wayne County Airport (DTW). The complainant alleged a violation of Federal Aviation Administration (FAA) regulation, as well as on-going aviation safety concerns previously investigated by the Office of Inspector General (OIG). The Secretary delegated investigative responsibility to OIG. We conducted this investigation jointly with FAA's Air Traffic Safety Oversight Service (AOV). **Attachment 1** describes the methodology of our investigation.

Previously, in a letter dated December 19, 2008, OSC referred two complaints (DI-08-2777 and DI-08-3157) to OIG for investigation. Secretary LaHood issued a response dated January 14, 2010, that contained OIG's Report of Investigation dated December 14, 2009. The Department of Transportation Office of General Counsel provided supplemental responses to OSC dated May 21, 2010, and June 25, 2010. Among other things, the December 14 report and May 21 response found that a national order must be violated for a controller to receive an operational error or deviation. The complainant presently contends that between 2007 and November 2010, FAA improperly attributed operational errors and deviations to DTW controllers for violating local orders, while a DTW (b)(6), (b)(7)c was not similarly attributed an operational deviation for violating a local order on July 21, 2008.

Our December 2009 report also provided findings responding to the complainant's allegation that the two main wind speed measuring devices at DTW, the Automated Surface Observing System (ASOS) and Terminal Doppler Weather Radar (TDWR), reported significantly different wind measurements. DTW officials have assigned the ASOS as the facility's primary wind instrument for air traffic control purposes; the Wind Measuring Equipment (WME) serves as the secondary instrument. The TDWR, which is referenced in the complaints as the secondary wind instrument, is primarily responsible for reporting microbursts and wind shears. Although the TDWR-Integrated Terminal Weather System display screen in the DTW Air Traffic Control Tower shows wind speed measurements, the WME, a mechanical anemometer, provides those measurements. Consequently, this report will refer to the secondary wind instrument as the WME.

Although DTW Technical Operations personnel replaced the WME in March 2009, the complainant reported a continued disparity in the wind measurements provided by the ASOS and WME. As stated in the June 2010 supplemental response, FAA advised that, despite the continued discrepancy, the ASOS and WME were operating properly and that FAA would not fund DTW's Needs Assessment Program request attempting to address the discrepancy. The complainant presently alleges the disparate measurements continue

and cites a December 6, 2010, report from an FAA Technical Operations Weather Sensors Meteorologist that nearby buildings are affecting the ASOS's measurements.

Additionally, during an OIG investigation conducted pursuant to letters from OSC dated March 12 (DI-08-0591) and May 20, 2008 (DI-08-1696), the complainant alleged DTW's inability to electronically provide aircraft departing to certain Ohio airports with Standard Instrument Departure (SID) information increased the risk to safety. A SID contains flight information, such as headings and waypoints, for departing aircraft. When electronically transmitted using the FAA Pre-Departure Clearance (PDC) system, the SID information is displayed in the aircraft's cockpit. In a May 18, 2009, Report of Investigation, OIG found that the inability of DTW to electronically provide SID information via the PDC system was not unsafe. Nonetheless, OIG reported that DTW personnel were developing a procedure to ensure, among other things, all departing aircraft, including those traveling to the Ohio airports, receive SIDs electronically using the PDC system.

In the present case, the complainant again contends that the lack of SIDs for departures to certain Ohio airports – and the corresponding inability to transmit that departure information using the electronic PDC system – creates a safety risk because the resultant verbal instructions between the tower and pilot could be misunderstood or copied in error by the pilot.

SYNOPSIS

In our opinion, complainant's allegation that FAA officials improperly attributed operational errors and deviations to DTW controllers for violating local orders or directives is unfounded. The evidence indicates the facility issued the operational errors and deviations based on definitions provided in FAA Order 7210.56C, a national order. Additionally, this report clarifies what constitutes an operational deviation when local orders or directives are implicated.

Although the ASOS and WME, at times, continue to provide disparate wind measurements, we were unable to substantiate the allegation that these disparities resulted in an "unsafe and untenable situation for controllers and the flying public."

Finally, we were unable to substantiate the allegation that the lack of SIDs for departures to certain Ohio airports constitutes a substantial and specific threat to public safety. Although the issuance of SIDs and use of the PDC system may increase the safety and efficiency of providing aircraft with departure information, providing such information verbally is not unsafe and remains an approved FAA procedure.

Below are the details of our investigation.

DETAILS:

Allegation 1: Federal Aviation Administration officials improperly attributed operational errors and deviations to air traffic controllers at Detroit Metropolitan Wayne County Airport for violating a local order.

FINDINGS

We found this allegation to be unfounded.

The complainant contends that if a violation of a national order is, as we previously reported, required for an operational error or deviation, on dozens of occasions from 2007 to 2010, FAA officials improperly attributed operational errors and deviations to DTW controllers for violating local order or directives. (b)(6), (b)(7)c noted that in each incident, the FAA Form 7210-3, "Final Operational Error/Deviation Report," used to memorialize operational errors and deviations, indicated the violation of a local order. (*See*, **Attachment 2**, Block 48) Because DTW allegedly attributed operational errors and deviations to controllers for violating local orders, the complainant maintains these events should be reclassified. The DTW (b)(6), (b)(7)c, in a September 28, 2010, memorandum, previously denied complainant's request to reclassify as non-events all operational errors and deviations stemming from local orders.

In our December 14, 2009, report, we stated that an operational error or deviation must be a violation of the "national, not local, standard." The "national standard" is FAA Order JO 7110.65, "Air Traffic Control," frequently referred to as the "Controller's Handbook." Paragraph 2-1-14.a. of this Order requires controllers to, "Ensure that the necessary coordination has been accomplished before you allow an aircraft under your control to enter another controller's area of jurisdiction." **(Attachment 3)**

What constitutes "necessary coordination" is generally found in the specific requirements of FAA Order JO 7110.65. In some cases, however, the "necessary coordination" is found in FAA Order 7210.56C, "Air Traffic Quality Assurance." Paragraph 5-1-1.d.(3) of this Order, for example, defines the coordination as "direct coordination or as specified in a [letter of agreement], pre-coordination, or internal procedure" involved in a specific aircraft operation. **(Attachment 4)** Such a letter of agreement exists between the Detroit Air Traffic Control Tower and the Detroit Terminal Radar Approach Control (TRACON) facility, and it imposes requirements on controllers in both facilities. The letter of agreement states that under certain specific conditions, Detroit Tower controllers will assign specific headings to aircraft departing DTW. If a Detroit Tower controller failed to assign the departure heading required by the letter of agreement to an aircraft, and if that aircraft subsequently entered Detroit TRACON jurisdiction without the TRACON controller knowing the heading was not assigned, an operational deviation, as defined by FAA Order 7210.56C, would have occurred.

U.S. Department of Transportation
Office of Inspector General

REPORT OF INVESTIGATION	INVESTIGATION NUMBER I11A002SINV	DATE Aug. 25, 2011
TITLE Foreign Facility Deviations, San Juan Combined En-Route Radar Approach Control	PREPARED BY: (b)(6), (b)(7)c Investigator, JI-3	STATUS FINAL
	DISTRIBUTION AJO-1, AAE-1	APPROVED BY: JI-3 (b)(6), (b)(7)c

REDACTED FOR DISCLOSURE

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ATTACHMENTS

1. OSC Referral for Investigation, May 10, 2011
2. Methodology of Investigation
3. OSC Referral for Investigation, November 24, 2008
4. OIG Report of Investigation, August 6, 2009 (Includes FAA response)
5. Summary List of San Juan CERAP Foreign Facility Deviations
6. Letter of Agreement, September 24, 2009

BACKGROUND

On May 10, 2011, the U.S. Office of Special Counsel (OSC) referred to U.S. Department of Transportation Secretary Ray LaHood a whistleblower disclosure for investigation. The Secretary delegated investigation of the disclosure to the Office of Inspector General (OIG). The whistleblower, a Federal Aviation Administration (FAA) (b)(6), (b)(7)c (b)(6), (b)(7)c at the San Juan, Puerto Rico Combined En-Route Radar Approach Control (CERAP) facility, disclosed that FAA's failure to effectively address Foreign Facility Deviations (FFDs) creates a substantial and specific danger to public safety. **(Attachment 1)** As described below, OIG previously reported to OSC on a similar allegation made by the whistleblower. This report of investigation (ROI) presents FAA's action since our prior report. **Attachment 2** describes the methodology of our investigation.

In 2008, the whistleblower disclosed to OSC that FAA failed to adequately respond to the public safety risk associated with FFDs committed by aircraft departing a foreign facility and entering U.S. airspace without authorization from U.S. air traffic controllers. **(Attachment 3)** That disclosure was referred by OSC directly to OIG for investigation. OIG substantiated the whistleblower's allegation about the number of FFDs occurring within U.S. airspace near Puerto Rico.

OIG reported its findings and made recommendations to address FFDs to the (b)(6), (b)(7) (b)(6), (b)(7)c for FAA's Air Traffic Organization. OIG recommended FAA: (1) schedule a meeting between the San Juan CERAP and the Santo Domingo, Dominican Republic air traffic facilities to discuss the FFDs and develop corrective actions, (2) develop a national database to track FFDs and conduct a quarterly review and analysis to identify trends and potential safety risks, and (3) establish a formal protocol to allow managers of air traffic facilities to engage in dialogue with foreign facilities. FAA concurred with OIG's first two recommendations. FAA did not concur with the third recommendation on the ground that "protocols are already in place for managers of air traffic facilities to engage in dialogue with a foreign facility should safety concerns arise." In August 2009, OIG provided the ROI to OSC. **(Attachment 4)**

SYNOPSIS

We found evidence that FFDs continue to occur in San Juan CERAP airspace. FAA reported nine FFDs during the first half of 2011. This, however, is a significant reduction in FFDs from the same period last year. In addition, since the previous OIG report only one FFD may have resulted in a loss of aircraft separation. Because of the significant reduction in the number of reported FFDs and only one FFD may have resulted in a loss of separation, we cannot conclude FFDs in San Juan CERAP airspace present a substantial and significant threat to aviation safety. Given FFDs in San Juan CERAP

airspace continue to occur, the issue remains a safety concern for FAA. As discussed below, since OIG's August 2009 report and recommendations, FAA has taken, and continues to take, steps to address this issue.

Below are the details of our investigation.

DETAILS

Allegation: Despite FAA's promised actions, Foreign Flight Deviations into San Juan CERAP airspace continue to pose a substantial and specific danger to aviation safety.

FINDINGS

We were unable to substantiate the allegation that FFDs pose a substantial and specific danger to aviation safety. In 2009, there were 52 reported FFDs and, in 2010, there were 76 reported FFDs within San Juan CERAP airspace. Between January and June 2011, there have been nine reported FFDs. The nine FFDs in 2011 involved aircraft that either entered San Juan CERAP airspace on a heading not in accordance with a Letter of Agreement or, without prior coordination, utilized a different route, altitude or time than coordinated. **(Attachment 5:** Summary List of San Juan CERAP Foreign Facility Deviations) The nine FFDs for the first six months of 2011, compared to 52 reported FFDs for the first six months of 2010, represent a reduction of 83 percent. Moreover, San Juan CERAP officials reported that only one FFD, which occurred on May 23, 2010, may have resulted in the loss of minimum radar separation between aircraft. That event is still under review by FAA.

Because of the significant reduction in the number of reported FFDs and only one FFD may have resulted in a loss of separation, we cannot conclude FFDs in San Juan CERAP airspace present a substantial and significant threat to aviation safety. Given FFDs in San Juan CERAP airspace continue to occur, however, the issue remains a safety concern for FAA. As discussed below, since OIG's August 2009 report and recommendations, FAA has taken, and continues to take, steps to address this issue.

Cooperation between FAA and the Dominican Republic

In September 2009, San Juan CERAP's Air Traffic (b)(6), (b)(7)c met with representatives from the Dominican Republic to address FFDs originating from Dominican airspace. The Dominican Republic is the source of the greatest number of FFDs. On September 24, 2009, San Juan CERAP and Santo Domingo Area Control Center (ACC) officials signed a Letter of Agreement (LOA) that established coordination and routing of air traffic between the two facilities. **(Attachment 6)** Since then, when an FFD has occurred, San Juan CERAP officials have immediately notified the Santo Domingo ACC.

National Database to Track FFDs

FAA's promise to develop a national database to track FFDs and to publish a quarterly report of analysis and safety trends has not yet materialized. According to an official from FAA's (b)(6), (b)(7)c for the Eastern Service Center, FAA is in the process of adapting an existing database, the Comprehensive Electronic Data Analysis and Report (CEDAR) system, to capture all errors and deviations, including FFDs. The FAA's Eastern Service Center Quality Control Group will provide support to the San Juan CERAP to document events, analyze FFD causal factors for each of the foreign facilities within its area of responsibility, including the Santo Domingo ACC, and assist with hazard mitigation. The data also will be used to address FFDs during meetings between the San Juan CERAP and Santo Domingo air traffic representatives. However, there is no estimated time of completion for the national database. We will ask FAA's Office of Audit and Evaluation (AAE) to track completion of the national database and report back to OIG.

FAA is also developing new Quality Assurance, Quality Control and Occurrence Reporting policies which will form the foundation for reporting and tracking FFDs. The policies will require air traffic controllers to file a Mandatory Occurrence Report (MOR) in the CEDAR system when they encounter an FFD. FAA is consulting the National Air Traffic Controllers Association on these policies and expects to finalize them before the end of 2011. We will ask AAE to track completion of these policies and report back to OIG.

Additional Mitigations

We found that FAA is in the process of installing a "shout-line" between the San Juan CERAP and the Santo Domingo air traffic facilities. A shout-line is an open communication system that allows an air traffic controller at one facility to talk directly into a microphone and instantly be heard by air traffic controllers at a different facility without having to dial a telephone number and wait for a controller at the other facility to answer. The shout-line will be used by the two facilities when a FFD is encountered to quickly coordinate and mitigate the deviation. FAA estimates completion of the San Juan CERAP/Santo Domingo shout-line in early 2012. We will ask AAE to track completion of the shout-line and report back to OIG.

In addition to the shout-line, FAA has requested the U.S. State Department approve an agreement between the San Juan CERAP and Santo Domino ACC to share radar data. FAA expects State Department approval by November 2011. Sharing radar data will allow each facility to view the other's radar contacts at a greater distance, thereby increasing the ability to identify a possible FFD before it reaches U.S. airspace. FAA is also finalizing a similar agreement with the Netherland's island of St. Maarten. We will

ask AAE to track approval of the sharing of radar data between the San Juan CERAP and Santo Domingo ACC and the San Juan CERAP and St. Maarten and report back to OIG.

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U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I11A0020100	5/4/12
TITLE	**PREPARED BY SPECIAL AGENT**	**STATUS**
(b)(6), (b)(7)c	(b)(6), (b)(7)c	
	DISTRIBUTION	
18 USC 1001	JRI-1	**APPROVED** (b)(6), (b)(7)c

DETAILS

This investigation was initiated based on a referral from the Federal Aviation Administration (FAA), New England Region (NER), Security and Hazardous Materials Division (SHMD). The SHMD had been advised by FAA NER (b)(6), (b)(7)c that it had been discovered that (b)(6), (b)(7)c was issuing FAA airman medical certificates without authorization. (b)(6), (b)(7)c had been designated as an (b)(6), (b)(7)c in October 2005 as FAA (b)(6), (b)(7)c (b)(6), (b)(7)c was terminated as of December 1, 2008 for failing to complete required training as ordered by the FAA. The FAA issued a letter via certified mail to (b)(6), (b)(7)c reflecting that (b)(6), (b)(7)c was terminated as an (b)(6), (b)(7)c due to a training deficiency.

(b)(6), (b)(7)c discovered that (b)(6), (b)(7)c had issued an FAA (b)(6), (b)(7)c via Form 8500-8 dated June 3, 2010 to a pilot named (b)(6), (b)(7)c. (b)(6), (b)(7)c had come to (b)(6), (b)(7)c office due to (b)(6), (b)(7)c need for a (b)(6), (b)(7)c l issues. (b)(6), (b)(7)c was required to be examined biannually for a medical certificate and see (b)(6), (b)(7)c annually for the (b)(6), (b)(7)c. (b)(6), (b)(7)c told (b)(6), (b)(7)c that [redacted] had received a (b)(6), (b)(7)c the previous year. (b)(6), (b)(7)c checked the online FAA system, Aerospace Medical Certification Subsystem (AMCS), and saw that (b)(6), (b)(7)c information had not been input into AMCS since 2008. (b)(6), (b)(7)c told (b)(6), (b)(7)c that (b)(6), (b)(7)c was not active in AMCS and that (b)(6), (b)(7)c could therefore not provide the (b)(6), (b)(7)c.

According to FAA records, upon being terminated as an AME as of November 2008, both (b)(6), (b)(7)c and (b) then office assistant's access to AMCS was terminated as of December 10, 2008. The last log-in to AMCS from (b)(6), (b)(7)c username was July 25, 2008.

Correspondence with the FAA revealed that (b)(6), (b)(7)c office was issued a total of 150 FAA Forms 8500-8 in three batches of 50 throughout (b) entire tenure as a certified (b)(6), (b)(7)c

The United States Attorney's Office (USAO) for the District of Massachusetts was contacted and Assistant United States Attorney (AUSA) (b)(6), (b)(7)c was advised of the investigation and provisionally accepted it for prosecution.

(b)(6), (b)(7)c was interviewed and stated that (b) was certified as an (b)(6), (b)(7) in October 2005. For an (b)(6), (b)(7)c (b)(6), (b)(7)c would complete the examination and provide the results to (b) secretary to input into the FAA web-based computer system. (b)(6), (b)(7)c never used the FAA web-based system. (b) said that the number of examinations had been pretty steady until recently when the (b)(6), (b)(7) business started to decrease. (b) stated that (b) was aware of FAA training requirements and was waiting on the FAA to inform (b)(6), (b)(7)c of training requirements. [redacted] secretary was responsible for opening the mail and providing it to (b)(6), (b)(7)c (b)(6), (b)(7)c worked at (b)(6), (b)(7)c from approximately 1998 through 2008 or 2009. (b)(6), (b)(7)c replaced (b)(6), (b)(7)c in 2008 or 2009 and worked up until early November 2011. (b)(6), (b)(7)c was fired by (b)(6), (b)(7)c for not doing (b) job and purportedly stealing.

(b)(6), (b)(7)c gave (b) consent to a search of (b) files in lieu of furnishing the documents pursuant to subpoena. The reporting agent conducted a consent search of (b)(6), (b)(7)c files which accounted for 48 of the first 50 Forms 8500-8 (completed examinations) that (b)(6), (b)(7)c had been issued; 15 of the second 50 Forms 8500-8 (completed examinations) that had been issued; and 25 of the final 50, 19 relating to completed examinations and six of which were blank.

During the course of the consent search, two prescriptions, one for Xanex and one for Vicodin, were discovered that were apparently forged and uttered without (b)(6), (b)(7)c consent. The prescriptions were for (b)(6), (b)(7)c and (b)(6), (b)(7)c, who was identified as (b)(6), (b)(7)c.

(b)(6), (b)(7)c was interviewed and stated that (b) was employed by (b)(6), (b)(7)c from approximately 1998 through 2008. One of (b) duties at (b)(6), (b)(7)c office included participating in the pilot examinations by inputting the pilot's information into the online FAA system upon completion of the examination. [redacted] would then provide the pilot the corner piece of the Form 8500-8 and retain the remainder of the form for (b)(6), (b)(7)c records. (b)(6), (b)(7)c did not use the computer located in the office at all as (b) was not computer savvy. (b) used (b) own identification number to access the FAA online database. [redacted] trained [redacted] replacement, (b)(6), (b)(7)c LNU (Last

Name Unknown), on how to handle the examinations. (b)(6), (b)(7)c instructed (b)(6), (b)(7)c LNU to contact the FAA to obtain a unique identification number to access the online FAA system.

A criminal records check of (b)(6), (b)(7)c indicated an active arrest warrant out of Cambridge, Massachusetts relating to defaulting on paying fines related to various Massachusetts Chapter 90 offenses dating back to March of 2006. The matter was referred to the Cambridge Police Department (CPD) by the reporting agent and (b)(6), (b)(7)c was arrested by the CPD at (b)(6), (b)(7)c residence in (b)(6), (b)(7)c Massachusetts with assistance from the Cambridge Police Department (CPD).

(b)(6), (b)(7)c was interviewed in custody at the CPD and advised of (b)(6), (b)(7)c Miranda rights, which (b)(6), (b)(7)c waived verbally and in writing. (b)(6), (b)(7)c advised that when (b)(6), (b)(7)c started working at (b)(6), (b)(7)c office, (b)(6), (b)(7)c had attempted to log into the online FAA system numerous times and had no luck. (b)(6), (b)(7)c believed that [redacted] had used (b)(6), (b)(7)c username when trying to log into the system. (b)(6), (b)(7)c did not bring the issue to (b)(6), (b)(7)c attention. For the first six months of (b)(6), (b)(7)c employment, (b)(6), (b)(7)c mailed out the Forms 8500 to the FAA in Oklahoma City, Oklahoma, but then simply stopped. (b)(6), (b)(7)c admitted that (b)(6), (b)(7)c would occasionally steal copayments as well as the fees for the pilot examinations and medical certificates. (b)(6), (b)(7)c also admitted to uttering false prescriptions for Xanex and Vicodin by utilizing legitimate prescription forms (b)(6), (b)(7)c had issued.

The matter involving the prescription was referred to the MPD and (b)(6), (b)(7)c was charged by the MPD in state district court with two counts of Uttering False Prescriptions and one count of Insurance Fraud. The matter is currently pending.

(b)(5), (b)(6), (b)(7)c

Pertinent FAA personnel were briefed on the results of the investigation.

This investigation is closed.

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U.S. Department of Transportation
Office of Inspector General

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I11E005SINV	Nov. 8, 2011
TITLE	PREPARED BY:	STATUS
(b)(6), (b)(7)c	(b)(6), (b)(7)c Investigator, Special Investigations, JI-3	
	DISTRIBUTION	APPROVED BY:
	NHTSA NPO-510, NPO-012, OST C-4	(b)(6), (b)(7)c

REDACTED FOR DISCLOSURE

BACKGROUND

In May 2011, the U.S. Department of Transportation (DOT), Office of Inspector General (OIG), received a referral from (b)(6), (b)(7)c, National Highway Traffic Safety Administration (NHTSA), reporting time and attendance irregularities and failure to disclose outside employment and income by (b)(6), (b)(7)c (b)(6), (b)(7)c a (b)(6), (b)(7)c (b)(5), (b)(7)c . (b)(5), (b)(7)c has been employed as a (b)(6), (b)(7)c (b)(6), (b)(7)c with NHTSA since March 1999.

These allegations were reported to the OIG following a review of a Family and Medical Leave Act (FMLA) request submitted by (b)(6), (b)(7)c. NHTSA learned that during FMLA leave, (b)(6), (b)(7)c made entries into the CASTLE time keeping system and adjusted (b)(6), (b)(7)c time in a way that was financially beneficial to [redacted]. Based on inconsistencies in (b)(6), (b)(7)c time and other factors, NHTSA conducted a preliminary analysis of DOT headquarters building electronic records which showed that between April 2010 and December 2010, there were numerous days for which there was no record of (b)(6), (b)(7)c (b)(6), (b)(7)c entering or exiting the headquarters building. In addition, there were no leave entries for (b)(6), (b)(7)c in the CASTLE time keeping system for those days. The records also showed a pattern of (b)(6), (b)(7)c entering the building one hour or more after (b)(6), (b)(7)c scheduled arrival and or one hour or more before (b)(6), (b)(7)c scheduled departure.

Based on this information, OIG conducted an investigation during which we: interviewed numerous witnesses, including several NHTSA employees and (b)(6), (b)(7)c; gathered and analyzed numerous records, including CASTLE time keeping and DOT Headquarters building entry and exit records; conducted a forensic review of (b)(6), (b)(7)c computer records and activity; and obtained records from (b)(6), (b)(7)c outside employer.

SYNOPSIS

We found substantial credible evidence that since at least 2006, (b)(6), (b)(7)c failed to report an outside position and income related to the syndicated weekly real estate column *Smart Moves*. We also found substantial credible evidence that (b)(6), (b)(7)c was absent without leave on 16 days, on other days failed to work during her scheduled duty hours for a total of 70.64 hours, and regularly conducted outside employment activities while on official duty.

Below are the details of our investigation.

DETAILS:

ALLEGATION 1: (b)(6), (b)(7)c failed to disclose an outside source of income and outside position on Confidential Financial Disclosure Reports and denied having the outside source of income and position when questioned by NHTSA ethics officials.

FINDINGS

We found substantial credible evidence that since at least 2006, (b)(6), (b)(7)c did not disclose an outside source of income and an outside position on (b)(6), (b)(7)c Confidential Financial Disclosure Reports, OGE Form 450. Further, when asked by NHTSA ethics officials to include (b)(6), (b)(7)c outside writing on her OGE Form 450, (b)(6), (b)(7)c denied doing any outside writing.

Smart Moves

According to records obtained from (b)(6), (b)(7)c (b)(6), (b)(7)c entered into an agreement in 1991 with Universal Press Syndicate (predecessor to (b)(6), (b)(7)c in which (b)(6), (b)(7)c would write a weekly real estate and housing column, (b)(6), (b)(7)c, which (b)(6), (b)(7)c would syndicate nationally. (b)(6), (b)(7)c pays (b)(6), (b)(7)c 50 percent of the net proceeds collected from the sale of (b)(6), (b)(7)c weekly column. **(Attachment 1)** (b)(6), (b)(7)c pays (b)(6), (b)(7)c monthly. From January 2011 to September 2011, (b)(6), (b)(7)c has syndicated 43 articles written by (b)(6), (b)(7)c. (b)(6), (b)(7)c syndicated 51 articles in 2010 written by (b)(6), (b)(7)c. An archive of (b)(6), (b)(7)c articles can found at (b)(6), (b)(7)c *(last accessed November 4, 2011)*

According to records, this calendar year (b)(6), (b)(7)c has received $12,449.58 in royalty payments (through September 2011). In 2010, she was paid $19,887.08. For years 2006 through 2009, [redacted] received cumulative royalties of $109,629.14. (b)(6), (b)(7)c issued Internal Revenue Service Form-1099-MISC for these payments to (b)(6), (b)(7)c [redacted]. **(Attachment 2)**

Confidential Financial Disclosure Reports (OGE Form 450)

On her 2007 OGE Form 450 (dated January 28, 2007), (b)(6), (b)(7)c reported assets and income from "student tutoring on writing, writing, editing, tutoring on English grammar (unrelated to transportation or govt)." For outside positions, [redacted] originally reported, "N/A." As indicated by a plus sign, a NHTSA ethics official added, "D.C. schools, Education, tutor." **(Attachment 3)**

On her 2008 and 2009 disclosure forms (dated February 5, 2008 and February 12, 2009), for assets and income and outside positions, (b)(6), (b)(7)c declared no new interests for assets, income and outside positions. In lieu of OGE Form 450, she filed OGE Optional Form 450-A for these years. **(Attachment 4)**

On her 2010 disclosure form (dated February 12, 2010), (b)(6), (b)(7)c did not report any income for (b)(6), (b)(7)c but reported (b)(6), (b)(7)c salary. (b)(6), (b)(7)c also reported (b)(6), (b)(7)c Roth IRA as an asset. For outside positions, (b)(6), (b)(7)c reported, "student tutoring on English, writing, editing, tutoring on grammar, (unrelated to transportation or government), student program." **(Attachment 5)**

On (b)(6), (b)(7)c 2011 disclosure form (dated March 25, 2011), for assets and income, (b)(6), (b)(7)c reported "student tutoring on English, writing, editing and tutoring on grammar (unrelated to transportation or government)." For outside positions, (b)(6), (b)(7)c reported, "student tutoring on English; writing, editing, tutoring on grammar, independent and unrelated to transportation or government, (unpaid volunteer)." **(Attachment 6)**

Following an extended FMLA leave in 2011, (b)(6), (b)(7)c filed another OGE Form 450 on March 25, 2011. A review of the form by (b)(6), (b)(7)c in NHTSA's Chief Counsel's Office and the agency's (b)(6), (b)(7)c, prompted additional inquiry by (b)(6), (b)(7)c and NHTSA (b)(6), (b)(7)c. **(Attachment 7)** (b)(6), (b)(7)c was aware that (b)(6), (b)(7)c had recently (b)(6), (b)(7)c and had known for years that (b)(6), (b)(7)c wrote the (b)(6), (b)(7)c column. However, assets and income or outside positions related to (b)(6), (b)(7)c or (b)(6), (b)(7)c were not reported on the OGE 450. As a result, (b)(6), (b)(7)c instructed (b)(6), (b)(7)c to report any applicable information pertaining to (b)(6), (b)(7)c and specifically instructed (b)(6), (b)(7)c to report any outside writing. In addition, (b)(6), (b)(7)c who was not aware of any outside writing by (b)(6), (b)(7)c but was acting at the direction of (b)(6), (b)(7)c, also asked (b)(6), (b)(7)c if (b)(6), (b)(7)c had any performed any "other writing." (b)(6), (b)(7)c denied there was any other outside writing to report. Although (b)(6), (b)(7)c questioned (b)(6), (b)(7)c about outside writing, (b)(6), (b)(7)c was not specifically asked by either about writing the (b)(6), (b)(7)c column.

(b)(6), (b)(7)c resubmitted (b)(6), (b)(7)c OGE Form 450 on April 28, 2011. Information pertaining to (b)(6), (b)(7)c income and assets was included, but (b)(6), (b)(7)c did not disclose that (b)(6), (b)(7)c wrote the (b)(6), (b)(7)c column. Because of this omission, (b)(6), (b)(7)c did not certify (b)(6), (b)(7)c OGE 450 and referred the matter to OIG for investigation.

When interviewed by OIG investigators, (b)(6), (b)(7)c acknowledged (b)(6), (b)(7)c has been writing (b)(6), (b)(7)c prior to employment with NHTSA and receives monthly royalty payments from (b)(6), (b)(7)c Initially, (b)(6), (b)(7)c stated that (b)(6), (b)(7)c did not disclose the income from this writing because (b)(6), (b)(7)c did not consider it income from "employment." (b)(6), (b)(7)c also stated that (b)(6), (b)(7)c reference to "writing, editing" in the 2011 OGE 450 Form addressed (b)(6), (b)(7)c articles. **(Attachment 8)**

ALLEGATION 2: (b)(6), (b)(7)c was (a) absent without leave, (b) failed to work during (b)(6), (b)(7)c scheduled duty hours, and (c) conducted outside employment activities during official duty hours.

FINDINGS

We found substantial credible evidence that (b)(6), (b)(7)c was absent without leave, failed to work during (b)(6), (b)(7)c scheduled duty hours, and conducted outside employment activities during official duty hours.

(b)(6), (b)(7)c is on an alternate work schedule (5/4/9), wherein (b)(6), (b)(7)c regular day off (RDO) is scheduled as the first Thursday in the pay period and (b)(6), (b)(7)c 8 hour day as the second Thursday. (b)(6), (b)(7)c scheduled duty hours are 0730 to 1700 on her 9 hour workdays, and 0730 to 1600 on (b)(6), (b)(7)c 8 hour workday. NHTSA employees are responsible for creating their leave request in CASTLE, submitting it to their supervisor and completing their individual timecards. They are responsible for ensuring that all their leave and other schedule deviation are notated on the timecard.

Absent without leave

We analyzed DOT headquarters turnstile entry and exit scans of (b)(6), (b)(7)c DOT Personal Identification Verification (PIV) card, email records concerning (b)(6), (b)(7)c leave, CASTLE time and attendance records, and records from (b)(6), (b)(7)c assigned work computer from July 2010 through December 2010. The records reflect that on the following 16 dates (b)(6), (b)(7)c was not at DOT headquarters, on approved leave, or logged on to (b)(6), (b)(7)c computer. Several of these dates coincide with the day after [redacted] (b)(6), (b)(7)c RDO.

- Friday, July 9, 2010 (9 hour workday)
  Additional Information: An email dated July 7, 2010, addressed to (b)(6), (b)(7)c [redacted] (b)(6), (b)(7)c, by (b)(6), (b)(7)c states (b)(6), (b)(7)c would be on leave July 9, 2010.
- Friday, July 30, 2010 (9 Hour workday)
  Additional Information: An email dated July 29, 2010, addressed to (b)(6), (b)(7)c [redacted] (b)(6), (b)(7)c indicated (b)(6), (b)(7)c was sick and would be taking leave the following day July 30, 2010 (a 9 hour workday). (b)(6), (b)(7)c also indicated she would "send [redacted], NHTSA (b)(6), (b)(7)c [redacted] (b)(6), (b)(7)c] an electronic leave form."
- Friday, August 12, 2010 (9 hour workday)
- Thursday, August 26, 2010 (8 hour workday)
- Friday, August 27, 2010 (9 hour workday)
- Monday, August 30, 2010 (9 hour workday)

- Tuesday, August 31, 2010 (9 hour workday)
- Wednesday, September 1, 2010 (9 hour workday)
- Friday, September 3, 2010 (9 hour workday)
  Additional Information: In an email dated Thursday, August 26, 2010, addressed to (b)(6), (b)(7)c states that (b)(6), (b)(7)c "will be away from the office for several days, returning after Labor Day." A review of the turnstile scans indicates (b)(6), (b)(7)c did not enter the building from Thursday, August 26, 2010, through Tuesday, September 7, 2010.
- Monday, September 13, 2010 (9 hour workday)
- Friday, September 17, 2010 (9 hour workday)
- Friday, September 24, 2010 (9 hour workday)
  Additional Information: Email correspondence from (b)(6), (b)(7)c reflects that (b)(6), (b)(7)c was not at work on Friday, September, 24, 2010.
- Monday, September 27, 2010 (9 hour workday)
- Thursday, October 7, 2010 (8 hour workday)
- Thursday, November 18, 2010 (8 hour workday)
- Thursday, December 28, 2010 (9 hour workday)

During her OIG interview, (b)(6), (b)(7)c stated (b)(6), (b)(7)c would not knowingly be absent without leave. Instead, (b)(6), (b)(7)c blamed administrative staff for not entering (b)(6), (b)(7)c sick leave into the CASTLE system. (b)(6), (b)(7)c attributed the above listed days to being sick or possibly teleworking. (b)(6), (b)(7)c acknowledged (b)(6), (b)(7)c was responsible for entering (b)(6), (b)(7)c own time into CASTLE, but claimed to have a "phobia" about using the CASTLE system. **(Attachment 8)**

CASTLE timecard changed to reflect (b)(6), (b)(7)c was on duty when (b)(6), (b)(7)c was on FMLA leave

(b)(6), (b)(7)c was on FMLA leave between Wednesday, December 29, 2010, and Monday, March 28, 2011. (b)(6), (b)(7)c was advised that during this period, (b)(6), (b)(7)c time and attendance would be entered by (b)(6), (b)(7)c. While coding (b)(6), (b)(7)c time, (b)(6), (b)(7)c noticed time entries for pay period 201104 which showed (b)(6), (b)(7)c (b)(6), (b)(7)c on duty days 06 and 13, coded "03" (Holiday Leave) and on days 11 and 12, coded "01" (Annual Leave). The CASTLE system reflects who accessed the system and records the person's name on the "entered by" line. In this instance, (b)(6), (b)(7)c was listed as having made changes to (b)(6), (b)(7)c record. (b)(6), (b)(7)c then notified (b)(6), (b)(7)c, (b)(6), (b)(7)c immediate (b)(6), (b)(7)c of the entries. (b)(6), (b)(7)c indicated (b)(6), (b)(7)c was directed by (b)(6), (b)(7)c the (b)(6), (b)(7)c to correct the entry and submit the corrected time sheet for approval. **(Attachment 9)**

(b)(6), (b)(7)c sent an email to (b)(6), (b)(7)c on February 10, 2011, advising (b)(6), (b)(7)c that they are aware of (b)(6), (b)(7)c making changes to (b)(6), (b)(7)c time card and to reiterate instructions that all

timesheet entries during (b)(6), (b)(7)c FMLA leave would be recorded by the appropriate officials. (b)(6), (b)(7)c responded by denying the allegation.

During her OIG interview, (b)(6), (b)(7)c told investigators that (b)(6), (b)(7)c did not give (b)(6), (b)(7)c password or login information to anyone. (b)(6), (b)(7)c denied making the change to (b)(6), (b)(7)c CASTLE timesheet and stated the changes must have been made by the administrative staff. (b)(6), (b)(7)c repeatedly asked the investigators to believe (b)(6), (b)(7)c over the computer evidence. ***(See, Attachment 8)***

Failure to work during scheduled duty hours

We analyzed (b)(6), (b)(7)c DOT PIV building entry and exit records for August 1, 2010, through August 3, 2011. We found that, on a routine basis, (b)(6), (b)(7)c first entered the DOT headquarters to begin (b)(6), (b)(7)c work day 30 or more minutes after (b)(6), (b)(7)c scheduled start time and exited the building to end (b)(6), (b)(7)c work day 30 or more minutes before (b)(6), (b)(7)c scheduled departure time. **(Attachment 10)** (b)(6), (b)(7)c either arrived late or left early, and there was no corresponding leave in CASTLE, for 70.64 hours.

During (b)(6), (b)(7)c interview, (b)(6), (b)(7)c stated that (b)(6), (b)(7)c never came to work by (b)(6), (b)(7)c scheduled time. (b)(6), (b)(7)c stated (b)(6), (b)(7)c was a "professional" and was not a "time clock" person. As an example, (b)(6), (b)(7)c indicated (b)(6), (b)(7)c does not request compensatory time or overtime when (b)(6), (b)(7)c works beyond (b)(6), (b)(7)c scheduled work hours. ***(See, Attachment 8)***

Conducting outside employment activities during official duty hours

A forensic analysis of (b)(6), (b)(7)c NHTSA computer by OIG uncovered substantial evidence to conclude that (b)(6), (b)(7)c repeatedly used (b)(6), (b)(7)c government computer during government time to work on (b)(6), (b)(7)c outside employment. **(Attachment 11)** Specifically, a manual review of the 7,922 ".doc" files, as well as the 466 ".docx" files revealed that a total of 192 ".doc" files relate to (b)(6), (b)(7)c outside employment activities, specifically the writing of the (b)(6), (b)(7)c column.

The OIG also analyzed the "most recently used" files, which are limited by the computer's imaging and ability, to retain and retrieve these documents. According to these files, (b)(6), (b)(7)c routinely worked on documents for (b)(6), (b)(7)c outside real estate column on the government computer during (b)(6), (b)(7)c scheduled duty hours between June 22, 2011, and August 3, 2011.

The analysis further indicates that during the above time frame at least 11 days were spent working on (b)(6), (b)(7)c outside employment activities. On 6 of the 11 days identified (June 29, July 6, July 13, July 20, July 27, and August 3), (b)(6), (b)(7)c spent the majority of (b)(6), (b)(7)c workday on documents related to (b)(6), (b)(7)c outside employment. The (b)(6), (b)(7)c (b)(6), (b)(7)c column is published on Wednesdays.

During her OIG interview, (b)(6), (b)(7)c stated 6), (b) wrote (b)(6), (b)(7)c during 6), (b) down time, when "there was no other work to be done" (e.g. there were no media calls to field). 6), (b) said 6), (b) NHTSA work is "sporadic." (b)(6), (b)(7)c did not quantify the time 6), (b) spend during 6), (b) workday writing (b)(6), (b)(7)c but confirmed 6), (b) spends part of each week at NHTSA on the column.

ADDITIONAL INFORMATION:

At the conclusion of 6), (b) interview, (b)(6), (b)(7)c was asked to provide OIG a written statement concerning the allegations. On October 31, 2011, 6), (b) submitted the following one sentence statement: "At no time have I knowingly violated any rules, regulations or guidelines in my work here at the U.S. Department of Transportation." **(Attachment 12)**

ATTACHMENTS

1. (b)(6), (b)(7)c Agreement
2. Record of royalty payments and IRS Form 1099-MISC
3. OGE Form 450, January 28, 2007
4. OGE Form 450, February 5, 2008 and February 12, 2009
5. OGE Form 450, February 12, 2010
6. OGE Form 450, March 25, 2011 and corrected/revised versions
7. Memorandum of Interviews, (b)(6), (b)(7)c
8. Memorandum of Interview, (b)(6), (b)(7)c
9. Emails and CASTLE records related to change in system
10. DOT HQ (b)(6), (b)(7)c PIV scans
11. Excerpts of OIG forensic computer analysis report
12. October 31, 2011, Written Statement of (b)(6), (b)(7)c

U.S. Department of Transportation
Office of Inspector General

REPORT OF INVESTIGATION	INVESTIGATION NUMBER I11E010SINV	DATE 06/13/2012
TITLE (b)(6), (b)(7)c FMCSA Illinois Division	PREPARED BY: (b)(6), (b)(7)c Special Investigations, JI-3	STATUS FINAL
	DISTRIBUTION File FMCSA	APPROVED BY: (6), (b)(7 rce

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ATTACHMENTS:

1. FMCSA Memorandum for Recording or Monitoring Conversations
2. DOT Order 1600.17C
3. Illinois Compiled Statutes regarding Eavesdropping
4. (b)(6), (b)(7)c Interview Memorandum of Activity
5. (b)(6), (b)(7)c Interview Memorandum of Activity
6. (b)(6), (b)(7)c email to (b)(6), (b)(7)c about recording conversations
7. (b)(6), (b)(7)c Meeting Memorandum of Activity
8. (b)(6), (b)(7)c Interview Memorandum of Activity
9. Forensic Media Analysis Report (partial - Background and Summary pages only)

BACKGROUND

This case involved the investigation of reported misconduct by a DOT/FMCSA employee suspected of recording workplace conversations in violation of DOT policy and state law. The investigation also identified federal statutes that were potentially applicable to the case. The following policies and laws are relevant to the investigation.

- A memorandum issued by the (b)(6), (b)(7)c FMCSA (b)(6), (b)(7)c on August 1, 2002, to all FMCSA employees established policy regarding recording or monitoring conversations. **(Attachment 1)** The memorandum specified that under no circumstances shall an FMCSA employee or contractor use any electronic or mechanical device to overhear, transmit, or record conversations in the course of official business. An exception to the recording prohibition was allowed in instances where there was a specific request to record or monitor and specific consent was given by each individual who was a part of the conversation. Monitoring or recording was prohibited if one individual involved in the communication does not specifically consent.

- DOT Order 1600.17C, dated August 27, 2003, prescribes policy regarding the use of electronic recording or monitoring equipment within the Department. **(Attachment 2)** The order directs that DOT employees shall not engage in the clandestine, surreptitious, or other covert use of recording or monitoring devices, except as provided for in the order. For non-telephone audio recordings, the order permits recordings of two or more persons by DOT employees, to include supervisor and employee, if the intention to record is announced at the beginning of a meeting or there is a requirement to maintain a record of a proceeding.

- The Illinois Criminal Code provides that an eavesdropping device cannot be used to record or overhear a conversation without the consent of all parties to the conversation. **(Attachment 3)** Violations of the eavesdropping law are punishable as felonies and civil liability for actual and punitive damages is also authorized.

- Federal statutes specify criminal penalties for the interception of oral communications in certain instances (18 USC § 2511) and for the removal of property to prevent seizure by government officials authorized to take such property (18 USC § 2232).

SYNOPSIS

This investigation was initiated in response to a referral from FMCSA regarding allegations of misconduct by (b)(6), (b)(7)c, FMCSA (b)(6), (b)(7)c, involving suspected violations of FMCSA and DOT policies, as well as state wiretapping laws. According to the referral, (b)(6), (b)(7)c was granted one-time permission by (b)(6), (b)(7)c supervisor, (b)(6), (b)(7)c, to record a telephone conversation between the two regarding program

assignments. (b)(6), (b)(7)c reported (b)(6), (b)(7)c indicated recorded many conversations between them. (b)(6), (b)(7) and Illinois Division (b)(6), (b)(7)c reported they engaged in conversations with (b)(7)c where (b)(6), (b)(7)c advised them was recording the conversations. Both (b)(6), (b)(7)c and (b)(6), (b)(7)c described behavior by (b)(6), (b)(7)c suggesting (b) may have used (b) government-owned laptop to record the conversations.

OIG coordinated with FMCSA staff to retrieve for forensic analysis the government-owned computer assigned to The coordination included making arrangements for OIG to meet (b)(6), (b)(7)c at FMCSA's Midwestern Service Center (MSC) to retrieve the computer. OIG recovered the computer from at the MSC in November 2011.

OIG's forensic analysis of the computer did not locate any evidence of audio files or other indications of (b)(6), (b)(7)c recording conversations; nor did it yield any information suggesting (b) tampered with data on the computer after OIG initiated contact with However, statements made by (b)(6), (b)(7)c to superiors and a coworker, (b) email communication, and conduct when contacted by OIG provided credible evidence that (b) created a situation that would lead a reasonable person to believe recorded workplace conversations.

Below are the details of this investigation.

DETAILS

Allegation 1: (b)(6), (b)(7)c recorded workplace conversations in violation of DOT policies and state law.

FINDINGS

DOT/OIG interviewed (b)(6), (b)(7)c and (b)(6), (b)(7)c regarding information they had about (b)(6), (b)(7)c reported recording of workplace conversations. During (b) interview with OIG, (b)(6), (b)(7)c advised that, in May 2011, (b) met with (b)(6), (b)(7)c regarding an inspection report (b)(6), (b)(7)c prepared. During the meeting, (b)(6), (b)(7)c informed (b)(6), (b)(7)c (b) was recording the conversation. found the situation uncomfortable and awkward, yet (b) did not respond directly to (b)(6), (b)(7)c notice of recording the conversation. (b)(6), (b)(7)c commented that (b)(6), (b)(7)c had government-issued laptop with (b) at the meeting and, based on (b)(6), (b)(7)c actions with the computer, believed (b)(6), (b)(7)c was using the computer to record the conversation. **(Attachment 4)**

During (b)(6), (b)(7)c interview, informed OIG that (b) met with (b)(6), (b)(7)c following the May 2011 meeting (b)(6), (b)(7)c had with (b)(6), (b)(7)c (b)(6), (b)(7)c came to (b)(6), (b)(7)c because (b) was upset and complained about (b)(6), (b)(7)c About five minutes into their conversation (b)(6), (b)(7)c told (b)(6), (b)(7)c (b) was taping the conversation. (b)(6), (b)(7)c said that during their conversation (b)(6), (b)(7)c had (b) assigned government-owned laptop computer on (b)(6), (b)(7)c

desk. (b)(6), (b)(7)c could not see what was on the computer, but (b) said (b)(6), (b)(7)c was "messing" with it throughout their conversation. (b) spoke with (b)(6), (b)(7)c after the meeting and concluded (b)(6), (b)(7)c could have used the government laptop as the recording device. (b)(6), (b)(7)c did not address the issue of recording conversations in the workplace with (b)(6), (b)(7)c rather (b) just took it as (b)(6), (b)(7)c was in an angry mood and let it go at that. **(Attachment 5)**

In addition to the statements (b)(6), (b)(7)c made to (b) superiors about recording workplace conversations, FMCSA provided OIG with a copy of an email wherein (b)(6), (b)(7)c acknowledged recording Armstrong. In an email dated September 15, 2011, (b)(6), (b)(7)c wrote to (b)(6), (b)(7)c "I did not say I recorded most other federal employees, **just you**; I will let you hear the recording." **(Attachment 6, emphasis in original)**

When OIG special agents went to recover FMCSA's computer from (b)(6), (b)(7)c (b) held up what appeared to be a cell phone, pointed it at the agents, and declared (b) was recording the encounter. (b)(6), (b)(7)c demonstrated the behavior again when (b) returned to the FMCSA office a second time and spoke to OIG special agents. And at a third encounter with OIG special agents, (b)(6), (b)(7)c advised (b) wanted to record the conversation. OIG agents, however, told (b) they did not consent to the conversation being recorded. **(Attachment 7)**

In February 2012, (b)(6), (b)(7)c met with FMCSA IT Specialist (b)(6), (b)(7)c at the MSC for a password reset. According to (b)(6), (b)(7)c while talking outside, (b)(6), (b)(7)c told (b) that (b) wanted to show (b)(6), (b)(7) the video recording of what (b)(6), (b)(7)c characterized as an "assault" by OIG. (b)(6), (b)(7) said the video was on (b)(6), (b)(7)c personal cell phone, but (b)(6), (b)(7) refused to view the video because (b) thought it was outside the bounds of a professional relationship. **(Attachment 8)**

OIG's forensic analysis of the FMCSA computer turned-in by (b)(6), (b)(7)c resulted in no identification of pertinent audio files or files containing evidence of recorded conversations. **(Attachment 9)** Although no audio files or recordings were found on the computer, (b)(6), (b)(7)c statements and conduct at the time reasonably led officials to believe (b) recorded workplace conversations in a manner not consistent with DOT policies and potentially in violation of state and federal laws.

Allegation 2: (b)(6), (b)(7)c intercepted oral communications and removed property to prevent seizure.

FINDINGS

When OIG special agents contacted (b)(6), (b)(7)c at the MSC to retrieve (b)(6), (b)(7)c FMCSA-issued computer, they identified themselves to (b)(6), (b)(7)c and asked if the computer in (b) possession was the one assigned to him by FMCSA. (b)(6), (b)(7)c acknowledged it was. OIG

agents directed (b)(6), (b)(to surrender the computer as evidence in an OIG investigation. (b)(6), (b)(7)c refused to surrender it without "proper paperwork." (b)(6), (b)(7)c left the MSC with the computer, returned a short while later, met with the OIG agents, and again refused to surrender the computer. (**Attachment** 7)

ADDITIONAL INFORMATION

(b)(6), (b)(7)c was not interviewed as part of this investigation because (b)(6), (b)(7)c insisted on recording a proposed interview when OIG contacted [redacted] at the MSC in November 2011. OIG agents did not agree to (b)(6), (b)(7)c recording the interview. OIG subsequently proposed interviewing (b)(6), (b)(7)c at DOT Headquarters (HQ); however, FMCSA advised based on (b)(6), (b)(7)c past conduct at DOT HQ they did not agree with this proposal.

The statements (b)(6), (b)(7)c made to (b)(6), (b)(7)c superiors and OIG special agents that (b)(6), (b)(7)c was recording conversations with them [in the workplace] served as the basis for the allegation (b)(6), (b)(7)c intercepted oral communications in violation of federal law. (b)(6), (b)(conduct when contacted by OIG at the MSC in November 2011 raised concerns about the removal or destruction of property to prevent seizure in violation of federal law.

The findings of OIG's forensic review and details of [redacted] conduct were referred to the U.S. Attorney's Office in Chicago for prosecution consideration. The case was not accepted for prosecution. Based largely on the lack of direct evidence that (b)(6), (b)(7)c actually made any recordings of workplace conversations the results of this investigation were not referred to a state prosecutor for review.

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U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I11E0010300	7/18/11
TITLE (b)(6), (b)(7)c-Conflict of Interest (Public Corruption, Current Employee) I11E0010300 (b)(6), (b)(7)c	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS FINAL
	DISTRIBUTION JRI-3	APPROVED BY (b)(6), (b)(7

PREDICATION:

This case was referred to U.S. Department of Transportation, Office of Inspector General (DOT OIG), by the Office of General Counsel, Office of the Secretary (OST), DOT. It was alleged that (b)(6), (b)(7)c OST, DOT, steered a task order under the blanket purchase agreement that DOT has with (b)(6), (b)(7)c to (b)(6), (b)(7 (b)(6), (b)(7)c was employed as the (b)(6), (b)(7)c

Based on the information provided from OST, (b)(6), (b)(7 intended to use (b)(6), (b)(7)c proprietary (b)(6), (b)(7)c (b)(6), (b)(7)c business intelligence tool to assist DOT with data management and data cleanup activities. It was estimated that (b)(6), (b)(7)c work under this task order was approximately $300,000. The (b)(6), (b)(7 representative believed that DOT wanted the (b)(6), (b)(7)c tool after the representative had discussions with (b)(6), (b)(7)c ; it is alleged she suggested the (b)(6), (b)(7 product to (b)(6), (b)(7

DOT ultimately did not enter into a subcontract with (b)(6), (b)(7 as a result of the potential conflict of interest between (b)(6), (b)(7 and (b)(6), (b)(7) and this matter was referred to OIG for further investigation.

On October 10, 2010, (b)(6), (b)(7)c service to DOT ended, and (b)(6), (b)(is currently employed by the U.S Department of the Treasury.

SUMMARY:

This investigation did not substantiate Laurie Park using her position as the Director of Finance to gain a financial interest from her spouse' business at SRA, nor did this investigation substantiate Park knowingly and willfully making false statements to Government agents.

A CSC program manager reported to DOT that Park wanted the One View Fusion tool, and Park suggested the SRA product to CSC to be used through DOT's blanket purchase agreement. DOT ultimately did not enter into a subcontract with SRA as a result of the potential conflict of interest between Park and SRA.

Interviews of DOT employees and a review of Park's e-mails provided information that Park violated of her recusal by meeting with SRA staff regarding the work on the CSC task order.

A DOT ethics advisor contacted Park and communicated with Park regarding the SRA recusal. The DOT ethics advisor could not recall what he discussed with Park during these communications.

On March 30, 2011, this matter was referred to Kevin Driscoll, Trial Attorney, Public Integrity Section of the Criminal Division, U.S. Department of Justice, for violations related to 18 USC 208-Acts affecting a personal financial interest. The case was ultimately declined by Jack Smith, Chief, Public Integrity Section, Criminal Division, U.S. Department of Justice, on March 28, 2012.

IDENTIFICATION:

Name:

Date of Birth:

SSN:

Title:

DETAILS:

ALLEGATION – It has been alleged that (b)(6), (b)(7)c, while working as (b)(6), (b)(7)c of (b)(6), (b)(7)c U.S. Department of Transportation (DOT), attempted to steer business to (b)(6), (b)(7)c (b)(6), (b)(7)c in violation of ethical guidelines. (b)(6), (b)(7 was investigated by, DOT OIG, U.S. Treasury OIG and the U.S. Department of Justice, Public Integrity Section, for violations 18 USC § 208 Acts Affecting a Personal Financial Interest. And 18 USC § 1001 False Statements.

Interview of (b)(6), (b)(7)c, DOT (Attachment 1)

On November 17, 2010, (b)(6), (b)(7)c, OST, DOT, stated that (b)(6), (b)(7)c and (b)(6), (b)(7)c (b)(6), (b)(7)c, were friends possibly because (b)(6), (b)(7)c worked for (b)(6), (b)(7 with (b)(6), (b)(7)c before working for (b)(6), (b)(7) (b)(6), (b)(7 reported that (b)(6), (b)(7)c, OST, came to (b)(6), (b) in early August 2010, to discuss a matter regarding the (b)(6), (b)(7 contract. (b)(6), (b)(7)c told (b)(6), (b)(7 to look into the task order performed by (b)(6), (b)(7 because (b)(6), (b)(7 was planning to use (b)(6), (b)(7 as a (b)(6), (b)(7)c and (b)(6), (b)(7)c worked for (b)(6), (b)(7) (b)(6), (b)(7 said that (b)(6), (b) was unaware that (b)(6), (b)(7)c was connected to (b)(6), (b) contract, and (b)(6), (b)(7 did not mention this matter to (b)(6), (b)(7) (b)(6), (b)(7 said (b)(6), (b) needed to report this matter to management, but did not want to discuss this issue with (b)(6), (b)(7 because (b)(6), (b)(7 was (b)(6), (b)(7)c [redacted]. Therefore, (b)(6), (b)(7 reported the conflict of interest matter to (b)(6), (b)(7)c. The overall contract for (b)(6), (b)(7 was just under one million dollars at $991,421.59. (b)(6), (b)(7 would have provided services valued at $302,437.57. (b)(6), (b)(7)c was further disturbed by (b)(6), (b)(7)c persistent contact with the OST staff. (b)(6), (b)(7 received complaints from OST staff members stating that (b)(6), (b)(7)c was trying to contact the office staff to promote (b)(6), (b)(7)c business intelligence tool that (b), (b) claimed would assist DOT with data management and data cleanup activities. (b)(6), (b)(7 believed that DOT did not need (b)(6), (b)(7)c, and this project was an added expense to the budget, but with (b)(6), (b)(7)c help, (b), (b) office would be forced to purchase it.

Interview of (b)(6), (b)(7)c (Attachment 2)

On February 14, 2011, (b)(6), (b)(7)c (b)(6), (b)(7)c reported that (b), (b) knew (b)(6), (b)(7)c because they worked together at (b)(6), (b)(7 (b)(6), (b)(7)c said that (b)(6), (b)(7)c contacted (b), (b) in late April 2010, regarding the (b)(6), (b)(7 between (b)(6), (b)(7 and DOT. (b)(6), (b)(7)c said that [redacted] was "emphatic" about using the (b)(6), (b)(7)c business tool offered by (b)(6), (b)(7) (b)(6), (b)(7)c thought that it was odd that (b)(6), (b)(7)c was pushing for this business tool for (b)(6), (b)(7)c. (b), (b) said that once (b), (b) learned about the conflict of interest (b), (b) felt "used" by (b)(6), (b)(7)c because of this task order.

Subject Interview: (b)(6), (b)(7)c **(Attachment 3)**

On March 2, 2011, (b)(6), (b)(7)c reported that no one told (b)(6), (b)(7)c that (b)(6), (b)(7)c was the sub contractor for the (b)(6), (b)(7)c contract, and (b)(6), (b)(7)c never told (b)(6), (b)(7)c that (b)(6), (b)(7)c wanted the tool. Park said although (b)(6), (b)(7)c, worked for (b)(6), (b)(7)c (b)(6), (b)(7)c did not communicate with the (b)(6), (b)(7)c staff. (b)(6), (b)(7)c stated that (b)(6), (b)(7)c does not receive stock benefits with the company, (b)(6), (b)(7)c and (b)(6), (b)(7)c did not believe [redacted] would receive commission for the [redacted] contract with DOT. (b)(6), (b)(7)c stated that (b)(6), (b)(7)c knows two people at (b)(6), (b)(7)c; and (b)(6), (b)(7)c, a salesman for the (b)(6), (b)(7)c tool, and a (b)(6), (b)(7)c.

(b)(6), (b)(7)c reviewed an e-mail from (b)(6), (b)(7)c that was addressed to (b)(6), (b)(7)c (b)(6), (b)(7)c said (b)(6), (b)(7)c was not sure when the contract was awarded, and (b)(6), (b)(7)c could not remember the e-mail or any communication with (b)(6), (b)(7)c. After reviewing e-mails, (b)(6), (b)(7)c stated that [redacted] recalled a meeting that [redacted] and [redacted] staff had with (b)(6), (b)(7)c This meeting was with (b)(6), (b)(7)c on August 5, 2010-- after the contract was awarded. (b)(6), (b)(7)c recalled a presentation on the (b)(6), (b)(7)c Tool by (b)(6), (b)(7)c (b)(6), (b)(7)c said (b)(6), (b)(7)c was at the meeting along with (b)(6), (b)(7)c, FAA, DOT. (b)(6), (b)(7)c said [redacted] never told (b)(6), (b)(7)c that (b)(6), (b)(7)c wanted to use (b)(6), (b)(7)c

(b)(6), (b)(7)c stated that (b)(6), (b)(7)c sent a recusal letter to DOT counsel in August 2009. (b)(6), (b)(7)c said that (b)(6), (b)(7)c told counsel that (b)(6), (b)(7)c met with (b)(6), (b)(7)c staff members regarding the (b)(6), (b)(7)c contract, and a recusal was in place. (b)(6), (b)(7)c stated that the lawyer told [redacted] that this matter was not a "big deal" since [redacted] was leaving the agency.

Review of Documents (Attachment 4)

On March 9, 2011, (b)(6), (b)(7)c OST, DOT reviewed documents regarding (b)(6), (b)(7)c OST, DOT. [redacted] and (b)(6), (b)(7)c provided seven sets of documents to review with OIG.

Document 1:
(b)(6), (b)(7)c provided an e-mail, dated Thursday, July 29, 2010; this document is significant because CSC informed the staff that (b)(6), (b)(7)c was going to be used as a contractor. [redacted] was knowledgeable of this agreement and was involved in the process.

Document 2:

(b)(6), (b)(7)c provided an electronic appointment reminder, from (b)(6), (b)(7)c, dated Thursday, August 2, 2010. The meeting took place at (b)(6), (b)(7)c office with (b)(6), (b)(7)c

Document 3:
(b)(6), (b)(7 provided an e-mail dated, Friday August 6, 2010. The e-mail included (b)(6), (b)(7)c attachments and (b)(6), (b)(7)c confirmed meeting with (b)(6), (b)(7 and confirmed discussing the capabilities of (b)(6), (b)(7)c

Document 4:
(b)(6), (b)(7 provided an electronic appointment reminder for Tuesday, August 10, 2010. This meeting took place in a meeting room at DOT headquarters with (b)(6), (b)(7)c and others.

Document 5:
(b)(6), (b)(7 provided an e-mail dated, Monday, August 23, 2010, which contained the following envelope information: to (b)(6), (b)(7)c carbon copy to (b)(6), (b)(7 and from (b)(6), (b)(7)c It was around this time that (b)(6), (b)(7 spoke to (b)(6), (b)(7 and informed (b)(6), (b)(7 about the conflict of interest regarding (b)(6), (b)(7

Documents 6 and 6A:
(b)(6), (b)(7 provided an e-mail, dated Wednesday, August 25, 2010. This document is significant because (b)(6), (b)(7 was intimately involved in all facets of the budget and controlled all financial matters on this and other contracts under her control. (b)(6), (b)(7 also included an official document, Enclosure 6A, dated September 10, 2010, that nominated (b)(6), (b)(7 as the (b)(6), (b)(7)c for this contract.

Document 7:
(b)(6), (b)(7 provided an e-mail, dated Tuesday, October 5, 2010. (b)(6), (b)(7 stated that this document contains additional e-mail traffic from a variety of people. (b)(6), (b)(7 said once (b)(6), (b) received the e-mail that (b)(6), (b)(7)c left DOT, (b)(6), (b)(7 asked (b)(6), (b)(7 if the (b)(6), (b)(7)c tool was needed for (b)(6), (b) office; (b)(6), (b)(7)c told [redacted] no.

(b)(6), (b)(7 stated that (b)(6), (b)(7 had the final authority over this contract. (b)(6), (b)(7 solicited business from (b)(6), (b)(7) and this was documented on June 29, 2010. (b)(6), (b)(7 knew that a sole-source contract would not have worked for (b)(6), (b)(7) Therefore, (b)(6), (b) used the blanket purchase agreement as a vehicle to utilize the (b)(6), (b)(7)c tool offered by (b)(6), (b)(7)

Interview of (b)(6), (b)(7)c, DOT (Attachment 5)

On November 9, 2011, (b)(6), (b)(7)c, Office of General Counsel (OGE), Office of the Secretary of Transportation (OST), DOT, reported that [redacted] never met [redacted] in person. [redacted] initiated communication with [redacted] because [redacted] was assigned to review [redacted] SF-278 forms. On [redacted] SF-278 form for calendar year 2009, [redacted] indicated that [redacted] received additional income from [redacted] (b)(6), (b)(7)c salary from [redacted] and [redacted] had a recusal on file for working on [redacted] projects. [redacted] (b)(6), (b)(7)c could not recall if [redacted] knew about [redacted] recusal at the time [redacted] communicated with [redacted] on August 30, 2010.

Declination for Prosecution, (b)(6), (b)(7)c DOJ (Attachment 6)

On March 28, 2012, (b)(6), (b)(7)c Criminal Division, U.S. Department of Justice declined prosecution of this matter for violations related to 18 USC 208- Acts affecting a personal financial interest.

JUDICIAL REFERRAL:

On March 30, 2011, this matter was accepted for criminal prosecution by (b)(6), (b)(7)c (b)(6), (b)(7)c U.S. Department of Justice, for violations related to 18 USC § 208- Acts affecting a personal financial interest. The case was ultimately declined by (b)(6), (b)(7)c Criminal Division, U.S. Department of Justice, on March 28, 2012.

CITATIONS:

Statute: 18 USC § 208 – ACTS AFFECTING A PERSONAL FINANCIAL INTEREST

(a) Except as permitted by subsection (b) hereof, whoever, being an officer or employee of the executive branch of the United States Government, or of any independent agency of the United States, a Federal Reserve bank director, officer, or employee, or an officer or employee of the District of Columbia, including a special Government employee, participates personally and substantially as a Government officer or employee, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in a judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy,

charge, accusation, arrest, or other particular matter in which, to his knowledge, he, his spouse, minor child, general partner, organization in which he is serving as officer, director, trustee, general partner or employee, or any person or organization with whom he is negotiating or has any arrangement concerning prospective employment, has a financial interest—
Shall be subject to the penalties set forth in section 216 of this title.
(b) Subsection (a) shall not apply—
(1) if the officer or employee first advises the Government official responsible for appointment to his or her position of the nature and circumstances of the judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, charge, accusation, arrest, or other particular matter and makes full disclosure of the financial interest and receives in advance a written determination made by such official that the interest is not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect from such officer or employee;
(2) if, by regulation issued by the Director of the Office of Government Ethics, applicable to all or a portion of all officers and employees covered by this section, and published in the Federal Register, the financial interest has been exempted from the requirements of subsection (a) as being too remote or too inconsequential to affect the integrity of the services of the Government officers or employees to which such regulation applies;
(3) in the case of a special Government employee serving on an advisory committee within the meaning of the Federal Advisory Committee Act (including an individual being considered for an appointment to such a position), the official responsible for the employee's appointment, after review of the financial disclosure report filed by the individual pursuant to the Ethics in Government Act of 1978, certifies in writing that the need for the individual's services outweighs the potential for a conflict of interest created by the financial interest involved; or
(4) if the financial interest that would be affected by the particular matter involved is that resulting solely from the interest of the officer or employee, or his or her spouse or minor child, in birthrights—
(A) in an Indian tribe, band, nation, or other organized group or community, including any Alaska Native village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians,
(B) in an Indian allotment the title to which is held in trust by the United States or which is inalienable by the allottee without the consent of the United States, or
(C) in an Indian claims fund held in trust or administered by the United States,
if the particular matter does not involve the Indian allotment or claims fund or the Indian tribe, band, nation, organized group or community, or Alaska Native village corporation as a specific party or parties.
(c)

(1) For the purpose of paragraph (1) of subsection (b), in the case of class A and B directors of Federal Reserve banks, the Board of Governors of the Federal Reserve System shall be deemed to be the Government official responsible for appointment.
(2) The potential availability of an exemption under any particular paragraph of subsection (b) does not preclude an exemption being granted pursuant to another paragraph of subsection (b).
(d)
(1) Upon request, a copy of any determination granting an exemption under subsection (b)(1) or (b)(3) shall be made available to the public by the agency granting the exemption pursuant to the procedures set forth in section 105 of the Ethics in Government Act of 1978. In making such determination available, the agency may withhold from disclosure any information contained in the determination that would be exempt from disclosure under section 552 of title 5. For purposes of determinations under subsection (b)(3), the information describing each financial interest shall be no more extensive than that required of the individual in his or her financial disclosure report under the Ethics in Government Act of 1978.
(2) The Office of Government Ethics, after consultation with the Attorney General, shall issue uniform regulations for the issuance of waivers and exemptions under subsection (b) which shall—
(A) list and describe exemptions; and
(B) provide guidance with respect to the types of interests that are not so substantial as to be deemed likely to affect the integrity of the services the Government may expect from the employee.

18 USC § 1001 - STATEMENTS OR ENTRIES GENERALLY

(a) Except as otherwise provided in this section, whoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully—
(1) falsifies, conceals, or covers up by any trick, scheme, or device a material fact;
(2) makes any materially false, fictitious, or fraudulent statement or representation; or
(3) makes or uses any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry;
shall be fined under this title, imprisoned not more than 5 years or, if the offense involves international or domestic terrorism (as defined in section 2331), imprisoned not more than 8 years, or both. If the matter relates to an offense under chapter 109A, 109B, 110, or 117, or section 1591, then the term of imprisonment imposed under this section shall be not more than 8 years.
(b) Subsection (a) does not apply to a party to a judicial proceeding, or that party's counsel, for statements, representations, writings or documents submitted by such party or counsel to a judge or magistrate in that proceeding.

(c) With respect to any matter within the jurisdiction of the legislative branch, subsection (a) shall apply only to—
(1) administrative matters, including a claim for payment, a matter related to the procurement of property or services, personnel or employment practices, or support services, or a document required by law, rule, or regulation to be submitted to the Congress or any office or officer within the legislative branch; or
(2) any investigation or review, conducted pursuant to the authority of any committee, subcommittee, commission or office of the Congress, consistent with applicable rules of the House or Senate.

INDEX OF ATTACHMENTS

No.:	Description
1.	**Interview of** (b)(6), (b)(7)c **(Attachment 1)**
2.	**Interview of** (b)(6), (b)(7)c **(Attachment 2)**
3.	**Subject Interview—** (b)(6), (b)(7)c **(Attachment 3)**
4.	**Review of Documents (Attachment 4)**
5.	**Interview of** (b)(6), (b)(7)c **, DOT (Attachment 5)**
6.	**Declination for Prosecution,** (b)(6), (b)(7)c **, DOJ (Attachment 6)**

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I11E0020600	09/08/2011
TITLE (b)(6), (b)(7)c	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Final
	DISTRIBUTION	(b)(6), (b)(7)c 1/3
ALLEGATIONS 5 CFR Part 2635.703 -- Use of Nonpublic Information	JRI-6	APPROVED (b)(6), (b)(7)

SYNOPSIS

This case was initiated based on information received from Federal Motor Carrier Safety Administration (FMCSA), (b)(6), (b)(7)c, regarding concerns brought to [redacted] attention as the [redacted] that FMCSA (b)(6), (b)(7)c of the (b)(6), (b)(7)c office had a potential conflict of interest due to a relationship (b)(6), (b)(7)c had with (b)(6), (b)(7)c. (b)(6), (b)(7)c is the owner of (b)(6), (b)(7)c a company located near (b)(6), (b)(7)c.

(b)(6), (b)(7)c is a group of (b)(6), (b)(7)c who associate with each other to conduct business activities in and around the (b)(6), (b)(7)c area which are subject to FMCSA regulatory oversight and inspections.

DETAILS

OIG telephonically interviewed [redacted] (b)(6), (b)(7)c who stated there were concerns about an alleged relationship between (b)(6), (b)(7)c and (b)(6), (b)(7)c (ATTACHMENT 1).

OIG met with (b)(6), (b)(7)c with FMCSA to obtain a copy of the review conducted by (b)(6), (b)(7)c into allegations that (b)(6), (b)(7)c was having an improper relationship with (b)(6), (b)(7)c (ATTACHMENT 2). (b)(6), (b)(7)c advised [redacted] felt (b)(6), (b)(7)c was evasive about [redacted] relationship with (b)(6), (b)(7)c and wrote up a letter of counseling (ATTACHMENT 3).

INDEX OF ATTACHMENTS

1. MOA of Federal Motor Carrier Safety Administration, (b)(6), (b)(7)c
2. Copy of the review conducted by (b)(6), (b)(7)c into allegations that (b)(6), (b)(7)c was having an improper relationship with (b)(6), (b)(7)c.
3. MOA of Federal Motor Carrier Safety Administration, (b)(6), (b)(7)c.
4. MOA of (b)(6), (b)(7)c, owner of (b)(6), (b)(7)c.
5. MOA of Federal Motor Carrier Safety Administration, (b)(6), (b)(7)c.

OIG interviewed (b)(6), (b)(7)c, and (b)(6), (b)(7)c with FMCSA, to gather details of the alleged relationship. (b)(6), (b)(7)c (b)(6), (b)(7)c and (b)(6), (b)(7)c stated they did not have any first-hand knowledge of the relationship but had heard rumors of the relationship.

OIG interviewed (b)(6), (b)(7)c who stated [redacted] had a relationship with (b)(6), (b)(7)c outside of work, but [redacted] company did not receive any special treatment or benefits. (b)(6), (b)(7)c denied receiving any prior information about a DOT audit from (b)(6), (b)(7)c (ATTACHMENT 4).

OIG interviewed (b)(6), (b)(7)c who said [redacted] had an affair with (b)(6), (b)(7)c, but [redacted] company did not receive any special treatment or benefits. (b)(6), (b)(7)c acknowledged lying about [redacted] relationship with (b)(6), (b)(7)c when questioned by (b)(6), (b)(7)c (ATTACHMENT 5).

This investigation revealed no information of evidentiary value that (b)(6), (b)(7)c used [redacted] position at FMCSA to provide (b)(6), (b)(7)c or (b)(6), (b)(7)c any benefits or special treatment. This investigation is closed with no further action from DOT-OIG, JRI-6.

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REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I11E0020600	09/08/2011
TITLE (b)(6), (b)(7)c	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Final
	DISTRIBUTION JRI-6	jrw 1/3
ALLEGATIONS 5 CFR Part 2635.703 -- Use of Nonpublic Information		APPROVED (b)(6), (b)(7)

SYNOPSIS

This case was initiated based on information received from Federal Motor Carrier Safety Administration (FMCSA), (b)(6), (b)(7)c, regarding concerns brought to his attention as the local union president that FMCSA (b)(6), (b)(7)c of the Brownville, Texas office had a potential conflict of interest due to a relationship (b)(6), (b)(7)c had with (b)(6), (b)(7)c. (b)(6), (b)(7)c is the owner of (b)(6), (b)(7)c a company located near Brownsville, Texas.

(b)(6), (b)(7)c is a group of (b)(6), (b)(7)c who associate with each other to conduct business activities in and around the Brownsville area which are subject to FMCSA regulatory oversight and inspections.

DETAILS

OIG telephonically interviewed (b)(6), (b)(7)c who stated there were concerns about an alleged relationship between (b)(6), (b)(7)c and (b)(6), (b)(7)c (ATTACHMENT 1).

OIG met with (b)(6), (b)(7)c with FMCSA to obtain a copy of the review conducted by (b)(6), (b)(7)c into allegations that (b)(6), (b)(7)c was having an improper relationship with (b)(6), (b)(7)c (ATTACHMENT 2). (b)(6), (b)(7)c advised felt (b)(6), (b)(7)c was evasive about (b) relationship with (b)(6), (b)(7)c and wrote up a letter of counseling (ATTACHMENT 3).

Allegation 4: (b)(6), (b)(7)c made false written statements to have employees [redacted] is friends with exempted from the FAA mandated furloughed.

(b)(6), (b)(7) alleged [redacted] falsified four employees' job descriptions and responsibilities to ensure they were not furlough when the FAA directed the reduction in workforce. [redacted] contention is that when the request was initially submitted it was denied and because (b)(6), (b)(7)c resubmitted the request and it was approved it must contain some falsehoods. (b)(6), (b)(7) indicated that [redacted] (b)(6), (b)(7)c is aware of the request for exemption made by (b)(6), (b)(7)c and didn't take any action against (b)(6), (b)(7

The investigation revealed (b)(6), (b)(7) has no proof of the allegation just a suspicion based on the exemption request not being granted to other department heads and the exemption request being submitted twice.

Allegation 5: (b)(6), (b)(7)c failed to properly follow Veterans Preference protocol in hiring for an engineer position.

(b)(6), (b)(7) alleged a recently hired veteran was given a position at a lower grade and salary in favor of another employee who is somehow related to or friends with (b)(6), (b)(7)c

A preliminary review of the eOPF for the two employees revealed an educational and experience variation between the two employees, which explained the salary differential. There was no differential in the employees' grade.

Allegation 5: (b)(6), (b)(7)c improperly used (b)(6), (b)(position to hire friends and or relatives and allow other employees improper access to (b)(6), (b)(7)c assets.

(b)(6), (b)(7) alleged that a recently hired employee is related to or friends with [redacted] either personally or through marriage. This allegation is based on rumors that [redacted] (b)(6), (b)(7)c, who also works at [redacted] had photos of the employee in [redacted] office with other family members.

[redacted] contends that during a visit to (b)(6), (b)(office [redacted] did not see any photos of the employee only boxes that contained several photos which were not visible. This assertion revealed no actionable allegation.

During the interview [redacted] further alleged (b)(6), (b)(7)c allowed/authorized several management employees to establish an illegal account where the funds from recycling are deposited. The employees' with signatory access to the deposited funds were allegedly using the monies for landscape enhancements around the (b)(6), (b)(7)c facility. The illegal aspect of these actions was that the account was established with the federal credit union.

DETAILS

Allegation 1: (b)(6), (b)(7)c had an employee's spouse perform work for (b)(6), (b)(7) and used preferential treatment and annual bonus as payment for these services.

FINDINGS

During (b) interview on February 25, 2012, (b)(6), (b)(7) alleged (b)(6), (b)(7)c (b)(6), (b)(7)c did (b)(6), (b)(7 work for (b)(6), (b)(7)c (b)(6), (b)(7) further alleged (b)(6), (b)(7)c received bonuses or other preferential treatment as compensation for (b)(6), (b)(7 work done by (b)(6), (b)(7)c .

The investigation revealed (b)(6), (b)(7) has no specific knowledge or proof of either allegation and only became aware of the bonus via a FOIA website regarding federal employee salaries.

Allegation 2: [redacted] took no action on an allegation of sexual harassment.

(b)(6), (b)(7) revealed that a (b)(6), (b)(7)c confided to (b)(6), (b)(that (b), (b)(was being (b)(6), (b)(7)c [redacted] by a member of management which is the bases for (b), (b) allegation that (b)(6), (b)(7)c none action is a form of payment or preferential treatment to the member of management.

The preliminary investigation revealed (b)(6), (b)(7) had no proof of the allegation beyond providing contact information for the alleged victim. Although this may be an actionable allegation it is outside the purview of this office.

Allegation 3: [redacted] showing preferential treatment to specific employees.

(b)(6), (b)(7) alleged improper and preferential treatment in disciplinary practices. (b), (b) alleged two employees violated the same policy specifically for sending/forwarding prohibited email using their government computer and received significantly different penalties for the violations. (b)(6), (b)(7) was unaware of the specifics of the alleged violations only that one employee received a suspension while the other employee a member of the management staff did not receive any disciplinary action. The preliminary investigation revealed (b)(6), (b)(7) did not have access to or could not provide copies of either email.

BACKGROUND

On August 30, 2011 (b)(6), (b)(7)c filed a complaint with the Office of Inspector General via email alleging misconduct by (b)(6), (b)(7)c Federal Aviation Administration, Mike Monroney Aeronautical Center, (MMAC). Specifically, [redacted] alleged [redacted] improperly used [redacted] position as (b)(6), (b)(7)c (b)(6), (b)(7)c to falsify manpower requirements and responsibilities for four employees to prevent them from being furloughed with other FAA employees. (b)(6), (b)(7)c further alleged (b)(6), (b)(7)c irresponsibly managed government funds allowing excessive contractor overtime and year end spending. (b)(6), (b)(7)c further contends that [redacted] improperly gave out cash awards while furloughing O&M contractors and reducing hours for the janitorial contractors.

(b)(6), (b)(7)c alleged (b)(6), (b)(7)c failed to take action on hostile work environment and sexual harassment complaints filed by [redacted] and (b)(6), (b)(7)c (b)(6), (b)(7)c is also alleging (b)(6), (b)(7)c has on multiple occasions improperly accepted services from [redacted] employees' and their spouses in direct violation of FAA ethics policies. (b)(6), (b)(7)c contention is that because of (b)(6), (b)(7)c repeated violations of FAA policies, [redacted] has created an environment where several other senior staff members are also acting inappropriately.

A preliminary investigation conducted by the OIG concluded that the allegations against (b)(6), (b)(7)c were not criminal and the investigation was transferred to JI3 for further action.

SYNOPSIS

The investigation revealed that several of the allegations of misconduct filed against [redacted] could not be substantiated by any investigable evidence. Although one of the misconduct allegations appeared to be actionable, the nature and scope of that allegation was outside the purview of this office.

Below are the details of our investigation.

U.S. Department of Transportation
Office of Inspector General

REPORT OF INVESTIGATION	INVESTIGATION NUMBER I11E0080600	DATE May 18, 2012
TITLE Conduct of (b)(6), (b)(7)c (b)(6), (b)(7)c	PREPARED BY: (b)(6), (b)(7)c Special Investigations, JI-3	STATUS 7/5/2012 X (b)(6), (b)(7)c
	DISTRIBUTION FAA	APPROVED BY: JI-3

REDACTED FOR DISCLOSURE

INDEX OF ATTACHMENTS

1. MOA of Federal Motor Carrier Safety Administration, (b)(6), (b)(7)c
2. Copy of the review conducted by (b)(6), (b)(7)c into allegations that (b)(6), (b)(7)c was having an improper relationship with (b)(6), (b)(7)c.
3. MOA of Federal Motor Carrier Safety Administration, (b)(6), (b)(7)c.
4. MOA of (b)(6), (b)(7)c, owner of (b)(6), (b)(7)c.
5. MOA of Federal Motor Carrier Safety Administration, (b)(6), (b)(7)c.

OIG interviewed (b)(6), (b)(7)c, and (b)(6), (b)(7)c and (b)(6), (b)(7)c, (b)(6), (b)(7)c with FMCSA, to gather details of the alleged relationship. (b)(6), (b)(7)c (b)(6), (b)(7)c and (b)(6), (b)(7)c stated they did not have any first-hand knowledge of the relationship but had heard rumors of the relationship.

OIG interviewed (b)(6), (b)(7)c who stated (b)(6), (b)(7)c had a relationship with (b)(6), (b)(7)c outside of work, but [redacted] company did not receive any special treatment or benefits. (b)(6), (b)(7)c denied receiving any prior information about a DOT audit from (b)(6), (b)(7)c (ATTACHMENT 4).

OIG interviewed (b)(6), (b)(7)c who said (b)(6), (b)(7)c had an affair with (b)(6), (b)(7)c, but (b)(6), (b)(7)c company did not receive any special treatment or benefits. (b)(6), (b)(7)c acknowledged lying about (b)(6), (b)(7)c relationship with [redacted] when questioned by (b)(6), (b)(7)c (ATTACHMENT 5).

This investigation revealed no information of evidentiary value that (b)(6), (b)(7)c used his position at FMCSA to provide (b)(6), (b)(7)c or (b)(6), (b)(7)c any benefits or special treatment. This investigation is closed with no further action from DOT-OIG, JRI-6.

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According to (b)(6), (b)(7)c as of the date of this interview the account has been closed and the funds were deposited or transferred into the (b)(6), (b)(7)c facilities general funds budget which is in accordance with the accounting policy.

During (b)(6), (b)(7)c interview, (b)(6), (b)(7)c also made various allegations against (b)(6), (b)(7)c (b)(6), (b)(7)c which included accusations of physical violence against contractors, as well as improper, derogatory, and offensive remarks towards other employees and various contractors. These allegations may have represented some actionable violations; however (b)(6), (b)(7)c is no longer employed at the (b)(6), (b)(7)c and therefore no longer subject to any disciplinary or corrective actions.

(b)(6), (b)(7)c reasoned that based on (b)(6), (b)(7)c leadership practices midlevel managers treat employees in an inappropriate and derogatory manner. [redacted] added that corrective action is unfairly dispensed, and only the people considered to be part of the favored group would receive fringe benefits.

City of Phoenix

Closing Reporting of Investigation (REDACTED)

Grand Jury Material has been redacted from the attached ROI. The original ROI containing Grand Jury Material will be stored appropriately and the distribution will be restricted in accordance with Federal Rule 6(e).

REDACTED FOR DISCLOSURE

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
TITLE	I11G0020902	AUG 23 2012
City of Phoenix Phoenix, Arizona	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Interim
18 U.S.C. § 666 **Theft or Bribery concerning programs receiving Federal funds**	DISTRIBUTION JRI-9 Los Angeles USAO Phoenix (AUSA (b)(6), (b)(7)c)	1/5 APPROVED (b)(6), (b)(7)c

[redacted]

SYNOPSIS

On March 2, 2011, (b)(6), (b)(7)c Federal Transit Administration (FTA), Washington, DC, contacted the U.S. Department of Transportation, Office of Inspector General, to report that a local newspaper in Phoenix, AZ, had published an article alleging that the (b)(6), (b)(7)c, assisted (b)(6), (b)(7)c in obtaining a $27 million contract while (b)(6), (b)(7)c was an employee of the company.

The allegations were related to two (b)(6), (b)(7)c contracts with the City of Phoenix for bus operations and maintenance services. The initial contract term was from July 1, 2002 to June 30, 2007. There was a three-year extension from July 1, 2007 to June 30, 2010, which did not include any federal funding. A subsequent contract, from July 1, 2010 to June 30, 2015, was also awarded to [redacted]. The contract amount for 2010/2011 was $69,641,478 with FTA funding of $15,600,385.

At the request of FTA, a review of the latest contract with (b)(6), (b)(7)c was conducted. The review found no organizational conflict of interest; however, items related to (b)(6), (b)(7)c (b)(6), (b)(7)c were included in a section entitled "Other Matters." According to FTA, the clear winner of the project was (b)(6), (b)(7)c and the process was fair. FTA considered the issue closed.

To date, interviews have been conducted and have not provided information to support the allegations. Additionally, records have been reviewed and do not appear to support the allegations.

Investigative information will be provided to the United States Attorney's Office in Phoenix, AZ, for a final determination concerning prosecution.

IDENTIFICATION

Name – N/A
DOB – N/A
SSN – N/A
Address – (b)(6), (b)(7)c

BACKGROUND

In 2002, (b)(6), (b)(7)c was awarded a multi-year contract from 2002 to 2007 for bus operations and maintenance services for the City of Phoenix. At the conclusion of the contract, b)(6), (b)(7)c was awarded a three-year extension from July 1, 2007 to June 30, 2010, which did not include any federal funding. A subsequent contract for bus services from July 1, 2010 to June 30, 2015 was advertised, and during the award process, a disagreement occurred between b)(6), (b)(7)c and the City of Phoenix concerning costs for the previous contract (July 1, 2007 to June 30, 2010). In the end, the City of Phoenix signed a settlement agreement with b)(6), (b)(7)c addressing the issues.

DETAILS

On March 2, 2011, (b)(6), (b)(7)c, Federal Transit Administration (FTA), Washington, DC, contacted the U.S. Department of Transportation, Office of Inspector General, to report that a local newspaper in Phoenix, AZ, had published an article detailing allegations that the (b)(6), (b)(7)c (b)(6), (b)(7)c assisted (b)(6), (b)(7)c in obtaining a $27 million contract while (b)(6), (b)(7)c, was an employee of the company.

The allegations were related to two (b)(6), (b)(7)c contracts with the City of Phoenix for bus operations and maintenance services. The initial contract term was from July 1, 2002 to June 30, 2007. There was a three-year extension from July 1, 2007 to June 30, 2010, which did not include any federal funding. A subsequent contract, from July 1, 2010 to June 30, 2015, was also awarded to (b)(6), (b)(7)c The contract amount for 2010/2011 was $69,641,478 with FTA funding of $15,600,385 (Attachment 1).

On May 20, 2011, (b)(6), (b)(7)c, FTA, provided a review checklist associated with an audit/review of the contract awarded to [redacted] for bus operations and maintenance services from July 1, 2010 to June 30, 2015. The checklist noted that organizational conflict of interest was "not deficient." Also included in the checklist was a section entitled "Other Matters," which listed two potential concerns related to contracting process influence and a settlement and a resolution agreement (Attachment 2).

On August 26, 2011, [redacted] provided a copy of the Settlement Agreement and Release, dated May 27, 2010, between the City of Phoenix and (b)(6), (b)(7)c The Agreement addressed pension funding, sick pay, other obligations, and other terms of settlement. Additionally, the Agreement was not federally funded (Attachment 3).

On September 20, 2011, a conference telephone call was conducted with (b)(6), (b)(7)c to discuss the results of the audit/review of the most recent contract awarded to (b)(6), (b)(7)c During the conversation, (b)(6), (b)(7)c stated it "was a stretch to say that the (b)(6), (b)(7)c relationship with (b)(6), (b)(7)c was a conflict of interest because there was no document that tied the two together as decision makers." Additionally, (b)(6), (b)(7)c advised that (b)(6), (b)(7)c had recused (b)(6), (b)(7)c from the (b)(6), (b)(7)c situation and another individual was assigned to handle the situation. (b)(6), (b)(7 stated [redacted] was not sure how the [redacted] could have influenced the contract process because of the evaluators who assessed the applicants' qualifications (Attachment 4).

Also on September 20, 2011, (b)(6), (b)(7)c provided a copy of the City of Phoenix Public Transit Procurement Follow-up Data Requests. The report stated that the three-year

contract extension from July 1, 2007 to June 30, 2010, did not use any federal funds (Attachment 5).

On September 28, 2011, [redacted] City of Phoenix, was interviewed and stated [redacted] had concerns regarding discussions that took placed in executive sessions; however, business conducted during the sessions was privileged and [redacted] could not provide specific information (Attachment 6).

[redacted]

This report and attachments are being provided the Assistant United States [redacted] United States Attorney's Office, Phoenix, AZ, for determination of prosecutorial merit.

INDEX OF ATTACHMENTS

1. Copy of opening case documents, various dates
2. Copy of Review Findings Checklist, undated
3. Settlement Agreement and Release, May 27, 2010
4. Memorandum of Activity: Record of Conversation with (b)(6), (b)(7)c (b)(6), (b)(7)c, dated January 3, 2012
5. City of Phoenix Public Transit Procurement Follow-up Data Requests, undated
6. Federal Bureau of Investigation FD-302: Interview of (b)(6), (b)(7)c, dated October 3, 2011
7. [redacted] (RESTRICTED DISTRIBUTION – FEDERAL RULE 6(e) APPLIES)

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER **I11G0070902**	DATE
TITLE (b)(6), (b)(7)c	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Final
18 U.S.C. § 666 **Theft or Bribery concerning programs receiving Federal funds**	DISTRIBUTION JRI-9 Los Angeles	1/3 APPROVED (b)(6), (b)(7)c

DETAILS

On May 18, 2011, the Federal Bureau of Investigation (FBI), Riverside, California, provided information concerning an allegation of fraud involving approximately $51 million in Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants to the (b)(6), (b)(7)c (b)(6), (b)(7)c and the (b)(6), (b)(7) Authority, which operates the airport. (b)(6), (b)(7) is in the process of being converted from a former military base ((b)(6), (b)(7)c into a commercial airport. The FBI has received preliminary information from an audit to indicate that there may be criminal activity related to the (b)(6), (b)(7) improvements (Attachment 1).

An individual named (b)(6), (b)(7)c was hired to work on the airport conversion and was reportedly awarded two no-bid contracts for millions of dollars (non-AIP funds) by the (b)(6), (b)(7) Authority. The U.S. Department of Transportation has issued a permanent injunction prohibiting (b)(6), (b)(7)c from working in the aviation industry; however, (b)(6), (b)(7)c is appealing the decision (Attachment 2).

In summer 2011, several former (b)(6), (b)(7) Authority employees were interviewed concerning the FAA AIP funds awarded to the airport, among other things. Two former employees advised that the FAA AIP funds were not accessible to Spencer or were not utilized improperly (Attachment 3 & 4).

Documents related to the FAA AIP grants to the (b)(6), (b)(7) Authority were reviewed, as well as single audits for 2009 and 2010. Single audits from 2007 – 2009 reportedly had no findings.

During the course of the investigation, an additional allegation involving fraudulent paperwork for repairs at (b)(6), (b)(7)c, an FAA certificated repair station reportedly

owned by (b)(6), (b)(7)c was reported. A former employee of (b)(6), (b)(7)c (later identified as (b)(6), (b)(7)c - located at (b)(6), (b)(7)c was interviewed concerning the allegations, but did not provide specific instances of fraudulent paperwork and/or repairs during the interview. Additionally, multiple letters sent to the FAA alleging similar malfeasance at (b)(6), (b)(7)c were reviewed. The FAA investigated the allegations and responded to the complainant via letter detailing their investigation (Attachment 5).

This investigation is being closed based on lack of evidence to support the allegations listed above. Assistant United States Attorney (b)(6), (b)(7)c was contacted and had no objections to U.S. DOT-OIG closing the investigation.

INDEX OF ATTACHMENTS

1) Performance Audit of San Bernardino International Airport Operations, Development and Construction Activities, dated June 6, 2011

2) U. S. Department of Transportation Order Entering Default Judgement ((b)(6), (b)(7)(b)(6), (b)(7)(C) dated August 23, 2005

3) Federal Bureau of Investigation 302: Interview of (b)(6), (b)(7)(C), dated August 4, 2011

4) Federal Bureau of Investigation 302: Interview of (b)(6), (b)(7)(C), dated September 2, 2011

5) Various letters from the Federal Aviation Administration addressing complaints, various dates

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

[redacted]

TITLE	[redacted]
Weyand Brothers, Inc.	DISTRIBUTION JRI-5 (1)
VIOLATION: 18 USC 1001 (False Statements)	[redacted]

DETAILS

In 2007, a Weyand Brothers, Inc. (Weyand), employee contacted the Michigan Department of Transportation (MDOT) alleging that Weyand falsified its weekly certified payroll reports. MDOT Office of Commission of Audits (OCA) received several complaints from former and current employees of Weyand and interviewed some of these employees to obtain background information.

OCA requested payroll information from Weyand for various periods of work and audited the documentation provided to determine the amount of underpayment. OCA performed three separate reviews of Weyand over three years and concluded that Weyand owed approximately $98,422 in Davis-Bacon and Fair Labor Standards Act (FLSA) underpayments. In November 2009, Weyand was suspended from prequalification. For the period of June 2009 and December 2009, Weyand performed their own review of four projects and determined that they owed $77,132 in underpayment of Davis-Bacon wages.

MDOT requested that Weyand enter into an Agreed Upon Procedures engagement with an independent certified public accountant (CPA) to review Weyand's restitution calculations. OCA conducted a review of the CPA's Independent Accountants' Report on Applying Agreed-Upon Procedures and the CPA's working papers. OCA concluded that Weyand's Davis-Bacon restitution calculations were materially correct. Currently, MDOT is working with Weyand to obtain documentation to substantiate the payment of the restitution.

Weyand has been suspended from prequalification and have made efforts to correct the underpayment. The U.S. Attorneys Office, Eastern District of Michigan, has declined further investigation of this matter. It is hereby recommended that this investigation be closed.

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER I11Z0010900	DATE 10/4/12
TITLE Pinole-Rodeo Auto Wreckers Rodeo, CA 18 U.S.C. §§ 1018 and 2- Aiding and Abetting the Making and Delivery of a False Certificate	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Final
	DISTRIBUTION JRI-9 (1) NHTSA (1)	1/7

, (b)(6), (b)(7)c

SYNOPSIS

This case was predicated upon a referral from the California Highway Patrol (CHP). The U.S. Department of Transportation (DOT), Office of Inspector General (OIG), received information from CHP in December 2010 indicating that an individual named was trying to export two trade-in vehicles (aka cash-for-clunkers) to Nigeria by using a shipping company named (b)(6), (b)(7)c CHP received information from U.S. Customs (b)(6), (b)(7)c (b)(6), (b)(7)c CHP ran the identification information on both vehicles and found out that both vehicles were trade-ins from the DOT, National Highway Traffic Safety Administration (NHTSA) Car Allowance Rebate System program (aka Cash-for-Clunkers program). CHP found out from NHTSA that Pinole-Rodeo Auto Wreckers, Inc. (Auto Wreckers), located at 700 Parker Avenue, Rodeo, CA 94572, was the automobile disposal facility that was responsible for destroying the two cash-for-clunkers. It was alleged that Auto Wreckers was representing to car dealerships and NHTSA that cash-for-clunkers were being destroyed; when in fact, they were being sold and exported out of the country.

During the course of the investigation, numerous interviews were conducted and evidence was collected. On March 24, 2011, two federal search warrants were executed on the premises of Auto Wreckers and TFE. On May 29, 2012, a Criminal Information was filed in U.S. District Court, Northern District of California, Oakland, CA, charging James F. Taylor, owner of Auto Wreckers, with one misdemeanor count, in violation of 18 U.S.C. §§ 1018 and 2- Aiding and Abetting the Making and Delivery of a False Certificate.

As a result of the investigation, on June 8, 2012, Taylor pled guilty to the charge. On September 25, 2012, Taylor was sentenced in U.S. District Court, Northern District of California, by Honorable Judge Kandis A. Westmore to one year probation. He was also ordered by the Court to pay a fine of $3,500 and a special assessment of $25.

This was a multi-agency investigation with CHP, State of California, Department of Motor Vehicles (DMV) and the OIG.

IDENTIFICATION

Name of Defendant: James Franklin Taylor
Business Address:

(b)(6), (b)(7)c

DOB:
Position: Owner

BACKGROUND

NHTSA is an agency within DOT that administered the Cash-for-Clunkers program. On June 24, 2009, President Barack Obama signed the Consumer Assistance to Recycle and Save ("CARS") Act of 2009. The Act directed the Secretary of Transportation, acting through the NHTSA, to establish and administer a program in which owners of vehicles meeting statutorily specified criteria could receive a monetary credit or rebate for trading in a vehicle and purchasing or leasing a new, more fuel-efficient vehicle. The rebate was either $3,500 or $4,500 depending upon the improved fuel efficiency of the new vehicle. The CARS program was to reduce the emission of greenhouse gases by taking older, less fuel-efficient cars off of the street. The CARS program started in July 2009 and lasted to approximately August 24, 2009.

DETAILS

(b)(5)

(b)(5), (b)(6), (b)(7)c

(b)(5), (b)(6), (b)(7)c

During the search warrant at Auto Wreckers on March 24, 2011, the OIG identified 16 cash-for-clunker vehicles at Auto Wreckers and two cash-for-clunkers (2002 Isuzu Rodeo and 2000 Jeep Grand Cherokee) that were seized at TFE. According to NMVTIS records, the 18 cash-for-clunkers were reported crushed. On March 31, 2011, the OIG observed 16 of the cash-for-

clunkers being crushed at Auto Wreckers. The 2002 Isuzu Rodeo and 2000 Jeep Grand Cherokee were seized as evidence. (Attachment 6)

(b)(5), (b)(6), (b)(7)c

(b)(5), (b)(6), (b)(7)c

On May 29, 2012, a Criminal Information was filed in U.S. District Court, Northern District of California, Oakland, CA, charging Taylor with one misdemeanor count, in violation of 18 U.S.C. §§ 1018 and 2- Aiding and Abetting the Making and Delivery of a False Certificate. On June 8, 2012, Taylor pled guilty to one misdemeanor count, in violation of 18 U.S.C. §§ 1018 and 2- Aiding and Abetting the Making and Delivery of a False Certificate. (Attachments 13 and 14)

On September 25, 2012, Taylor was sentenced in U.S. District Court, Northern District of California, Oakland, CA, by Honorable Judge Kandis A. Westmore. Honorable Judge Westmore sentenced Taylor to one year probation. Taylor was also ordered by the Court to pay a fine of $3,500 and a special assessment of $25. (Attachment 15)

On October 2, 2012, the OIG observed the last two cash-for-clunkers (2002 Isuzu Rodeo and 2000 Jeep Grand Cherokee) being crushed by Auto Wreckers. As a result of Taylor's conviction and sentencing, OIG will close its investigative case file. (Attachment 16)

#

INDEX OF ATTACHMENTS

Number	Description
1.	(b)(5)
2.	Interview of
3.	Interview of
4.	Interview of (b)(6), (b)(7)c
5.	Interview of
6.	Photographs of 16 cash-for-clunkers dated March 31, 2011
7.	Interview of (b)(6), (b)(7)c dated April 12, 2011
8.	Interview of (b)(6), (b)(7)c dated April 12, 2011
9.	Interview of (b)(6), (b)(7)c dated April 12, 2011
10.	Interview of James F. Taylor dated May 5, 2011
11.	Interview of (b)(6), (b)(7)c dated June 9, 2011
12.	Interview of (b)(6), (b)(7)c dated September 7, 2011
13.	Criminal Information dated May 29, 2012
14.	Plea Agreement dated June 8, 2012
15.	Judgment and Sentencing dated September 25, 2012
16.	Photographs of 2 cash-for-clunkers dated October 2, 2012

U.S. Department of Transportation
Office of Inspector General

REPORT OF INVESTIGATION	INVESTIGATION NUMBER I12E005SINV	DATE March 20, 2012
TITLE Conduct of (b)(6), (b)(7)c FHWA (b)(6), (b)(7)c RITA Intelligent Transportation Systems Program Office	PREPARED BY: (b)(6), (b)(7)c Investigator Special Investigations, JI-3	STATUS Final
	DISTRIBUTION OST C-3, RTC-1, HOIT-1	APPROVED BY: (b)(6), (b)(7)c JI-3

REDACTED FOR DISCLOSURE

BACKGROUND

On December 28, 2011, the Office of the Secretary Deputy General Counsel and RITA Chief Counsel, contacted the Office of Inspector General regarding the conduct of (b)(6), (b)(7)c (b)(6), (b)(7)c assigned to the RITA Intelligent Transportation Systems (ITS) Joint Program Office. Specifically, they reported (b)(6), (b)(7)c appeared to have misused)), (b) position as a Department of Transportation employee to influence General Motors (GM) representatives to agree to buy back)), (b) Chevrolet Volt. The complaint against (b)(6), (b)(7)c originated in a call from GM's legal office to the NHTSA Administrator.

As reported in the media, the Chevrolet Volt was the subject of a NHTSA investigation after a post-crash fire involving a Volt's lithium-ion battery. In response to the fire, on December 1, 2011, GM offered to buy back Volts from purchasers. On December 3, 2011, (b)(6), (b)(7)c first contacted GM's Volt Customer Care Center about GM buying back)), (b) Volt. During conversations with GM officials,)), (b) allegedly represented)), (b) was a NHTSA employee.

(b)(6), (b)(7)c has been a DOT employee since)(6), (b)(7 Currently,)), (b) is an FHWA employee, working at RITA as a (b)(6), (b)(7)c ITS Architecture and Standards. In)), (b) position,)), (b) collaborates with vehicle manufacturers, including GM and NHTSA; however,)), (b) has had no work assignments associated with the Chevrolet Volt.

SYNOPSIS

In sum, we found substantial evidence that, during negotiations regarding the buy-back of)), (b) Volt, (b)(6), (b)(7)c told GM representatives)), (b) was a NHTSA employee, and)), (b) colleague was testing the Volt battery. And, on another occasion,)), (b) told GM representatives)), (b) would speak with a member of the press about GM's handling of the Volt buy-back process.

Specifically, three GM representatives said (b)(6), (b)(7)c identified himself as a NHTSA (b)(6), (b)(7)c or employee. Notes taken at the time of their conversations with (b)(6), (b)(7)c and email messages between GM representatives indicate they believed)), (b) was a NHTSA employee. (b)(6), (b)(7)c denied telling GM representatives)), (b) worked for NHTSA; however,)), (b) acknowledged telling them)), (b) was a DOT employee.)), (b) also could not deny with complete confidence that)), (b) told GM representatives)), (b) had spoken to a NHTSA employee about the Volt.

During buy-back negotiations, (b)(6), (b)(7)c contested the deduction of a federal tax credit from the buy-back price and a requirement to complete an IRS form that includes

personal information. Given (b) continued dissatisfaction with the offer proposed by GM, (b)(6), (b)(7)c told GM representatives that (b) might release unfavorable information about the negotiations to a contact in the media.

After continuing to be dissatisfied with GM's buy-back offer, (b)(6), (b)(7)c contacted (b) (b)(6), (b)(7)c a NHTSA (b)(6), (b)(7)c (b)(6), (b)(7)c conducts safety research of lithium-ion batteries used for automotive electric propulsion. According to (b)(6), (b)(7)c , (b)(6), (b)(7)c started the conversation by asking about the Volt. (b)(6), (b)(7)c said (b) told (b)(6), (b)(7)c that (b) would not discuss the open Volt investigation, but they did discuss the recommended safety enhancement for the battery.

DETAILS

Allegation: (b)(6), (b)(7)c used (b) position as a Department of Transportation employee to influence General Motors representatives to agree to buy back (b) Chevrolet Volt.

FINDINGS

Representations made by (b)(6), (b)(7)c *regarding* (b) *employment*

- (b)(6), (b)(7)c initial contact with a GM representative

On December 3, 2011, (b)(6), (b)(7)c contacted GM's Volt Customer Care Center. (b) spoke with a Volt team advisor and inquired about (b) legal rights in pursuing a buy-back of (b) Volt. The advisor said (b)(6), (b)(7)c told (b)(6), (b)(7)c was a NHTSA employee. (b) also said (b) (b) all mentioned (b) knew the NHTSA employee conducting the investigation of the Volt fire. (b) said (b)(6), (b)(7)c was only interested in an offer to buy back (b) Volt and would not consider other offers from GM. According to the advisor, (b)(6), (b)(7)c engaged (b) in a highly technical discussion about the vehicle's safety issues, which the advisor did not understand.

The content of the advisor's notes from the conversation included the following: "VA [Volt Advisor] started to go through the safety points but (b) stopped me and asked to know what (b) legal options are. I went on to speak about the Repurchase option and (b) was interested in that. I explained the process to (b) as outlined and we set a time of 9:30 on Wednesday Dec 7th to have (b) appointment. (b) went into great detail about how (b) is an engineer at NHTSA and (b) colleague is the one doing the testing and is not at all convinced that the Volt will pass the tests and wants to get out of the Volt." **(Attachment 1)**

OIG interviewed (b)(6), (b)(7)c twice, on January 30 **(attachment 2)** and on March 2, 2012 **(attachment 3)**, and also provided copies of)), (b) email correspondence with GM representatives **(attachment 4)**. During both interviews, (b)(6), (b)(7)c denied telling GM representatives)), (b was a NHTSA employee.

During the January 30 interview, (b)(6), (b)(7)c stated: " (b)(6), (b)(7)c

(b)(6), (b)(7)c

Additionally, (b)(6), (b)(7)c said)), (b did not think)), (b told the Volt advisor)), (b worked for DOT, RITA, or FHWA. (b)(6), (b)(7)c felt that in order to persuade 6), (b)(to not pursue a buyback, the advisor provided safety information about the vehicle (b)(6), (b)(7)c knew was untrue. As a result, (b)(6), (b)(7)c informed the advisor)), (b " (b)(6), (b)(7)c

(b)(6), (b)(7)c

(b)(6), (b)(7)c However, (b)(6), (b)(7)c then stated, " (b)(6), (b)(7)c

(b)(6), (b)(7)c

During the second OIG interview, (b)(6), (b)(7)c again stated)), (b did not represent (b)(6), (b)(7)c as a NHTSA employee to the advisor, but may have told the advisor)), (b was a DOT employee. (b)(6), (b)(7)c was asked if there was any reason GM would believe)), (b was a NHTSA employee: " (b)(6), (b)(7)c

(b)(6), (b)(7)c

- 6), (b)('s matter is transferred to the Volt Repurchasing Team

(b)(6), (b)(7)c matter was transferred to GM's Repurchasing Department. On December 7, 2011, during)), (b) first discussion with a repurchasing specialist, (b)(6), (b)(7)c provided information concerning)), (b) vehicle purchase and loan status. (b)(6), (b)(7)c was also requested to provide certain records for GM to process)), (b) request. According to the specialist, 6), (b)(6), (b)(made mention, in no particular context, of having some type of connection to NHTSA. The call was monitored by GM's Manager of Business Resources, who

recalled that (b)(6), (b)(7)c stated (b) was a NHTSA engineer. The manager also recalled (b)(6), (b)(6), (b) made unflattering comments about the vehicle and expressed a lack confidence in the Volt's safety. During (b) initial OIG interview, (b)(6), (b)(7)c indicated the conversation was, "

(b)(6), (b)(7)c

(b)(6), (b)(7)c

Representations made by (b)(6), (b)(7)c about having a colleague working the NHTSA investigation

The Volt advisor's notes of (b) conversation with (b)(6), (b)(7)c state: " (b)(6), (b)(7)c

(b)(6), (b)(7)c

During (b) initial OIG interview, Mr. Sill denied telling the advisor he had a NHTSA colleague working on the Volt fire investigation: " (b)(6), (b)(7)c

(b)(6), (b)(7)c

During (b) second OIG interview, (b)(6), (b)(7)c was asked if (b) told anyone at GM (b) had spoken to any NHTSA employee about the Volt, whether (b) actually had or not. (b)(6), (b)(7)c responded: (b)(6), (b)(7)c

(b)(6), (b)(7)c

(b)(6), (b)(7)c *contests GM's recovery of a tax credit associated with the Volt purchase and threatens to release information about the negotiations to the press*

According to the Volt re-purchasing specialist, on December 16, 2011, (b) presented GM's offer to (b)(6), (b)(7)c, which included a reduction of the vehicle price to account for a $7,500 federal tax credit to Volt owners. (b)(6), (b)(7)c would also be required to complete IRS Form W-9 (Request for Taxpayer Number and Certification). (b)(6), (b)(7)c rejected the offer. (b) was upset at GM's deduction of the tax credit because (b) had not claimed it and did not know the tax impact of it. (b)(6), (b)(7)c was also concerned about the release of personally identifiable information, required by the W-9, and stated (b) tax return was a private matter of no business of a "car company." **(Attachment 2, p. 52, line 1286)**

On December 20, 2011, (b)(6), (b)(7)c was informed by the re-purchase supervisor that 3), (b) concerns were "escalated" within GM. According to the supervisor, Mr. 6), (b)(reiterated 3), (b) concerns and was clearly upset with the offer. (b)(6), (b)(7)c indicated 3), (b had an "escalation" plan in place if GM continued to either include the tax credit deduction from the purchase price or require him to complete the W-9. **(Attachment 5)**

While addressing 3), (b) concerns, GM representatives and GM's legal department proceeded under the assumption that (b)(6), (b)(7)c was a NHTSA employee. This is evidenced by internal email traffic referring to (b)(6), (b)(7)c as, " (b)(6), (b)(7)c " or "6), (b)((b)(6), (b)(7)c (NHTSA)." **(Attachment 5)**

On December 21, 2011, the re-purchase supervisor advised (b)(6), (b)(7)c that GM could not rescind the requirement to complete an IRS W-9 form. (b)(6), (b)(7)c again rejected GM's re-purchase offer and indicated providing 3), (b) tax information to GM was an invasion of 3), (b) privacy.

An internal GM email detailed (b)(6), (b)(7)c objections. The email also summarized 6), (b)( ), (b)(7)c's assertion that GM and Chevrolet's decision to require a customer's personal tax information was problematic for GM's public relations. **(Attachment 5)** (b)(6), (b)(7)c described GM's offer as "abhorrent," and threatened to release information to a friend at one of the major newspapers. The representative said (b)(6), (b)(7)c, after repeating the threat a few times, ultimately backed-off it. **(Attachment 5)**

When asked during 3), (b) first OIG interview about 3), (b) assertion to release information to the press, (b)(6), (b)(7)c stated: " (b)(6), (b)(7)c

(b)(6), (b)(7)c

During the second OIG interview, (b)(6), (b)(7)c 's response to the same question was: "[(b)(6), (b)(7)c

(b)(6), (b)(7)c

(b)(6), (b)(7)c

On December 22, 2012, the re-purchasing supervisor sent (b)(6), (b)(7)c an email notifying (b)(6), (b)(that "(b)(6), (b)(7)c

(b)(6), (b)(7)c

On December 23, 2012, (b)(6), (b)(7)c received another email from the supervisor stating, Chevrolet was "actively evaluating the entire process to ensure they are following the letter of the law." (b)(6), (b)(7)c reiterated (b)(6), (b)(7)c believed (b)(6), (b)(7)c made sufficiently clear what (b)(6), (b)(7)c believed was an appropriate repurchase price/conditions. **(Attachment 7)**

(b)(6), (b)(7)c *discussed the Volt with a NHTSA engineer during negotiations with GM*

During (b)(6), (b)(7)c first interview with OIG, (b)(6), (b)(7)c was asked if (b)(6), (b)(7)c ever spoke to anyone at NHTSA regarding the Volt, its battery, or (b)(6), (b)(7)c safety concerns. (b)(6), (b)(7)c responded: "(b)(6), (b)(7)c

(b)(6), (b)(7)c

(b)(6), (b)(7)c told OIG (b)(6), (b)(7)c is responsible for NHTSA's safety research of the lithium-ion battery as it applies to automotive electric propulsion. (b)(6), (b)(7)c knew (b)(6), (b)(7)c was a high-level manager at RITA involved with "Standards." (b)(6), (b)(7)c contacted (b)(6), (b)(7)c by telephone on the morning of December 29, 2011, and started the conversation by asking about the Volt. (b)(6), (b)(7)c prefaced (b)(6), (b)(7)c response by advising (b)(6), (b)(7)c could not discuss the open investigation. According to (b)(6), (b)(7)c, (b)(6), (b)(7)c said that (b)(6), (b)(7)c wanted to discuss public information. **(Attachment 8)**

(b)(6), (b)(7)c said the conversation changed from professional to personal in nature. According to (b)(6), (b)(7)c : "

(b)(6), (b)(7)c

(b)(6), (b)(7)c

(b)(6), (b)(7)c said (b) allowed (b)(6), (b)(7)c to vent about GM's repair campaign, (b) negotiations with GM about the buy-back, and how (b) was being handled as a customer by GM. According to (b)(6), (b)(7)c said (b) did not trust GM to properly repair the battery problem. **(Attachment 8, p. 14, 21.)** (b)(6), (b)(7)c stated that, following (b) conversation with (b)(6), (b)(7)c , (b) notified (b) boss because of the unusual nature of the call. "

(b)(6), (b)(7)c

(b)(6), (b)(7)c

According to (b)(6), (b)(7)c , (b) manager advised (b) not to further address (b)(6), (b)(7)c . (b) (b)(6), (b)(7)c was asked if (b)(6), (b)(7)c had been a private citizen, would (b) have had that type of conversation. (b) responded, "

(b)(6), (b)(7)c

(b)(6), (b)(7)c

Index of Attachments

1. Internal GM activity record for December 3, 2011, call by (b)(6), (b)(7)c
2. Transcript of (b)(6), (b)(7)c interview on January 30, 2012.
3. Transcript of (b)(6), (b)(7)c interview on March 2, 2012.
4. All email correspondence between (b)(6), (b)(7)c and GM.
5. Internal GM emails regarding (b)(6), (b)(7)c on December 21, 2011.
6. Email correspondence between (b)(6), (b)(7)c and GM on December 22, 2011.
7. Email correspondence between (b)(6), (b)(7)c and GM on December 23, 2011.
8. Transcript of (b)(6), (b)(7)c interview on February 3, 2012.

U.S. Department of Transportation
Office of Inspector General

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I12E007SINV	07/09/2012
TITLE	PREPARED BY:	STATUS
(b)(6), (b)(7)c	(b)(6), (b)(7)c Senior Special Agent Special Investigations, JI-3	FINAL
	DISTRIBUTION	APPROVED BY:
	(b)(6), (b)(7)c	(6), (b)(

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ATTACHMENTS:

1. (b)(6), (b)(7)c Interview MOA
2. Document Review of (b)(6), (b)(7)c travel vouchers
3. Document Review of (b)(6), (b)(7)c prescription medication history
4. Document Review of (b)(6), (b)(7)c PD Call for Service reports
5. (b)(6), (b)(7)c County District Court Divorce Docket
6. Document Review of (b)(6), (b)(7)c Divorce Docket
7. Record of Conversation with (b)(6), (b)(7)c

BACKGROUND

This investigation was initiated based on information provided to OIG by FAA (b)(6), (b)(7)c (b)(6), (b)(7)c of the (b)(6), (b)(7)c Flight Standards District Office (FSDO). In January 2012, (b)(6), (b)(7)c received a telephone call from a (b)(6), (b)(7)c who identified (b)(6), (b)(7)c as (b)(6), (b)(7)c . (b)(6), (b)(7)c (b)(6), (b)(7)c made allegations against (b)(6), (b)(7)c that potentially involved criminal conduct, so (b)(6), (b)(7)c referred the information to OIG.

(b)(6), (b)(7)c is presently a (b)(6), (b)(7)c assigned to the (b)(6), (b)(7)c FSDO. 3), (b) and (b)(6), (b)(7)c are involved in divorce proceedings in (b)(6), (b)(7)c Court, (b)(6), (b)(7)c .

SYNOPSIS

According to (b)(6), (b)(7)c received a gratuity from a regulated entity, abused prescription medication, obtained reimbursements for family members to accompany (6), (b)(on temporary duty assignments, and misused 3), (b) FAA authority. The investigation did not substantiate these allegations. (b)(6), (b)(7)c was not interviewed because there was no corroboration of the allegations, other actionable leads and the allegations are stale.

DETAILS

Allegation 1: (b)(6), (b)(7)c sold a Porsche to a California-based jet aircraft operator for whom 3), (b) had oversight responsibilities.

FINDINGS

During an interview by OIG, (b)(6), (b)(7)c advised that back in 2002 6), (b)(saw a $10,000.00 check from (b)(6), (b)(7)c to (b)(6), (b)(7)c . (**Attachment 1**) (b)(6), (b)(7)c 6), (b)(said, operated jet aircraft out of the (b)(6), (b)(7)c , California. (b)(6), (b)(7)c allegedly told (b)(6), (b)(7)c the check was from the sale of a Porsche to (b)(6), (b)(7)c 3), (b) told her not to say anything to anyone because 3), (b) was not supposed to buy or sell anything from anyone 3), (b) had oversight responsibilities for. (b)(6), (b)(7)c said both (6), (b)(owned Porsche automobiles and they also associated with (b)(6), (b)(7)c who ran a Porsche repair shop in (b)(6), (b)(7)c CA. (6), (b)(said (b)(6), (b)(7)c were always dealing in Porsche parts between themselves.

(b)(6), (b)(7)c also advised that (b)(6), (b)(7)c sold a Dodge truck for (b)(6), (b)(7)c but 6), (b)(did not know what 3), (b) did with the money, nor did 6), (b)(have any additional details about this alleged transaction.

(b)(6), (b)(7)c allegation lacked sufficient detail to indicate wrongdoing by (b)(6), (b)(7)c (b)(6), (b)(7)c and is too stale to warrant additional investigative review or activity.

Allegation 2: [redacted] received a gratuity in exchange for issuing a [redacted] permit.

FINDINGS

During (6), (b) interview with OIG, (b)(6), (b)(7)c alleged that in 2003 (b)(6), (b)(7)c received an envelope containing $100 bills from a man with a British accent in exchange for providing (6), (b)(a)(6), (b)(7 permit. **(Attachment 1)** She could not provide any other details about this alleged transaction. This allegation lacks sufficient actionable information and is too stale to warrant additional investigative review or activity.

Allegation 3: (b)(6), (b)(7)c received travel reimbursements for (b)(6), (b)(7)c (b)(6), (b)(7)c to accompany (6), (b)(on temporary duty assignments.

FINDINGS

This allegation was not substantiated.

In 6), (b) interview with OIG, (b)(6), (b)(7)c bragged about having the government pay for (b)(6), (b)(7)c accompany (6), (b)(on temporary duty assignments. **(Attachment 1)** A review of (b)(6), (b)(7)c travel vouchers for the temporary duty assignments cited by (b)(6), (b)(7)c revealed), (b did not receive extra reimbursements for (b)(6), (b)(7)c to accompany)(6), (b)(7 **(Attachment 2)**

The travel vouchers showed that (b)(6), (b)(7)c was granted a reasonable accommodation that entitled him to receive actual mileage reimbursement for 3), (b) privately-owned vehicle to attend a (b)(6), (b)(7)c conference in (b)(6), (b)(7)c , FL. Details surrounding the reasonable accommodation were not provided in the travel records. The travel voucher did not indicate), (b received reimbursement for (b)(6), (b)(7)c to accompany)(6), (b)(7

Allegation 4: (b)(6), (b)(7)c abused prescription medications and exchanged medications with coworkers.

This allegation was not substantiated.

OIG contacted DEA's Diversion Group in Oklahoma City and obtained information related to (b)(6), (b)(7)c prescription medication history. **(Attachment 3)** A review of the records did not present any evidence that (b)(6), (b)(7)c may have abused

prescription medications. As such, no further investigative into this allegation is warranted.

Allegation 5: (b)(6), (b)(7)c used an FAA badge to convince police that guns are part of his FAA authority.

FINDINGS

The investigation did not substantiate this allegation.

OIG obtained copies of Call for Service reports from the (b)(6), (b)(7)c Police Department (b)(6), (b)(7)c **(Attachment 4)** The reports were prepared in December 2011 regarding (b)(6), (b)(7)c involving the (b)(6), (b)(7)c One of the reports indicated (b)(6), (b)(7) responded to a (b)(6), (b)(7)c incident at the (b)(6), (b)(7)c residence on December 23, 2011. The report indicated (b)(6), (b)(7)c surrendered a handgun to the (b)(6), (b)(7) for safekeeping. This information was consistent with what (b)(6), (b)(7)c told OIG during (b)(6), (b) interview and conflicted with (b)(6), (b) initial allegation that (b)(6), (b)(7)c attempted to convince police that guns were a part of (b)(6), (b)(7)c authority.

ADDITIONAL INFORMATION

During her interview (b)(6), (b)(7)c

(b)(6), (b)(7)c

(b)(6), (b)(7)c

This investigation is closed with no further action anticipated by OIG.

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U.S. Department of Transportation

Office of Inspector General

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	#I12E011SINV	May 22, 2012
TITLE	**PREPARED BY:**	**STATUS**
OIG Internal Investigation – Hatch Act Violation	(b)(6), (b)(7)c Senior Investigator Special Investigations, JI-3	FINAL
	DISTRIBUTION	**APPROVED BY:**
	(b)(6), (b)(7)c	JI-3

REDACTED FOR DISCLOSURE

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BACKGROUND

On (b)(6), (b)(7)c 2012, the OIG Complaint Analysis Center received a hotline complaint from a (b)(6), (b)(7)c federal employee alleging DOT/OIG employee (b)(6), (b)(7)c violated the Hatch Act when (b)(6), (b)(7)c posted the following comment to an article at (b)(6), (b)(7)c .com: (b)(6), (b)(7)c (b)(6), (b)(7)c (b)(6), (b)(7)c Attached to (b)(6), (b)(7)c comment was (b)(6), (b)(7)c place of employment and job title – "U.S. DOT Inspector General (b)(6), (b)(7)c ." **(Attachment 1)**

The Hatch Act (5 CFR Part 734 – "Political Activities of Federal Employees") prohibits federal employees from engaging in an activity directed at the success or failure of a political party, candidate for partisan political office, or partisan political group – while the employee is on duty, in any federal room or building.

The U.S. Office of Special Counsel, at its website (www.osc.gov), addresses employee restrictions related to posting comments that endorse a partisan political candidate:

> *Question: May I write a letter to the editor or post a comment on a blog endorsing a partisan political candidate?*
>
> *Answer: Yes, but with some limitations. Federal employees are permitted to express their opinions privately and publicly on political subjects and participate in political activities to the extent not expressly prohibited by the Hatch Act. The Act expressly prohibits federal employees (except certain employees appointed by the President with the advice and consent of the Senate and those paid from an appropriation for the Executive Office of the President) from engaging in political activity while on duty, in a federal building[.] ... Accordingly, a federal employee may write a letter to the editor or post a comment on a blog endorsing a candidate, provided he does not do so while on duty or in a federal building[.] Further, he must endorse the candidate in his personal capacity and may not identify his federal position or office.*

In investigating the complaint, OIG consulted with OIG (b)(6), (b)(7)c , obtained (b)(6), (b)(7)c time and attendance records, and interviewed (b)(6), (b)(7)c **(Attachments 2, 3 and 9)** Also, OIG's Computer Crimes Unit (CCU) conducted a forensic media analysis of (b)(6), (b)(7)c OIG computer to ascertain if (b)(6), (b)(7)c posted (b)(6), (b)(7)c .com comment from it, and when (b)(6), (b)(7)c posted it. **(Attachment 4)**

In addition, OIG investigators conducted web searches to determine if (b)(6), (b)(7)c posted other comments that may implicate the Hatch Act or ethics regulations. (For example, under 5 C.F.R. § 2635.704, "An employee has a duty to protect and conserve Government property and shall not use such property, or allow its use, for other than authorized purposes.") In consultation with the OIG ethics officer, we identified the following two emails attributed to (b)(6), (b)(7)c and sent from (b), (b) OIG computer that warranted further review:

- On (b)(6), (b)(7)c 2012, (b)(6), (b)(7)c forwarded an email to four OIG co-workers entitled, "makes ya say hmmmm." This email questioned the authenticity of President Obama's birth certificate. **(Attachment 5)**

- On (b)(6), (b)(7)c 2012, (b)(6), (b)(7)c sent an email to (b)(6), (b)(7)c com, entitled, "teachers." This email was sent to a newspaper reporter and made negative comments about the President, liberals, and Democrats. **(Attachment 6)**

SYNOPSIS

We found that (b)(6), (b)(7)c posted his (b)(6), (b)(7)c 2012, comment to (b)(6), (b)(7)c .com and sent the (b)(6), (b)(7)c , 2012, emails using (b), (b) OIG computer, while on duty at the (b)(6), (b)(7)c . (b)(6), (b)(7)c said was not aware that the name of (b), (b) federal employer and (b), (b) job title were attached to (b), (b) (b)(6), (b)(7)c posting or that *Facebook* (the site from which (b), (b) posted (b), (b) comment) automatically added this information. (b), (b) said (b), (b) is aware that posting the comment is a violation of the Hatch Act, but did not think about that at the time (b), (b) posted the comment. (b)(6), (b)(7)c training records indicate (b), (b) received ethics training, including Hatch Act training, in 2011.

We also found that (b)(6), (b)(7)c forwarded the (b)(6), (b)(7)c email using (b), (b) OIG computer while on duty at the (b)(6), (b)(7)c . (b), (b) sent it to four co-workers who, (b), (b) said, have the same political and economic views as (b)(6), (b)(7 Finally, (b)(6), (b)(7)c sent the (b)(6), (b)(7)c email using his OIG computer while on duty at the (b)(6), (b)(7)c (b)(6), (b)(7)c (b), (b) said (b), (b) was unaware that sending the (b)(6), (b)(7)c emails might violate federal ethics regulations.

DETAILS:

Allegation 1: On (b)(6), (b)(7)c , 2012, (b)(6), (b)(7)c posted a comment to an on-line newspaper article, in which (b) advocated against the President's re-election and identified (b)(6), (b)(7)c as a federal employee.

FINDINGS

The forensic analysis, time and attendance records, and (b)(6), (b)(7)c statements during (b) interview confirmed (b) was on duty in the (b)(6), (b)(7)c using a government computer when (b) posted (b) comment – (b)(6), (b)(7)c (b)(6), (b)(7)c to an article at (b)(6), (b)(7)c .com. (The article was sent to (b) by (b)(6), (b)(7)c . The (b)(6), (b)(7)c .com is the on-line site of (b) hometown newspaper.) (b) said (b) is aware that posting the comment is a violation of the Hatch Act, but did not think about it at the time he made the post. (b)(6), (b)(7)c training records indicate (b) received ethics training, including Hatch Act training, in 2011. **(*See*, attachments 3, 7 and 9)**

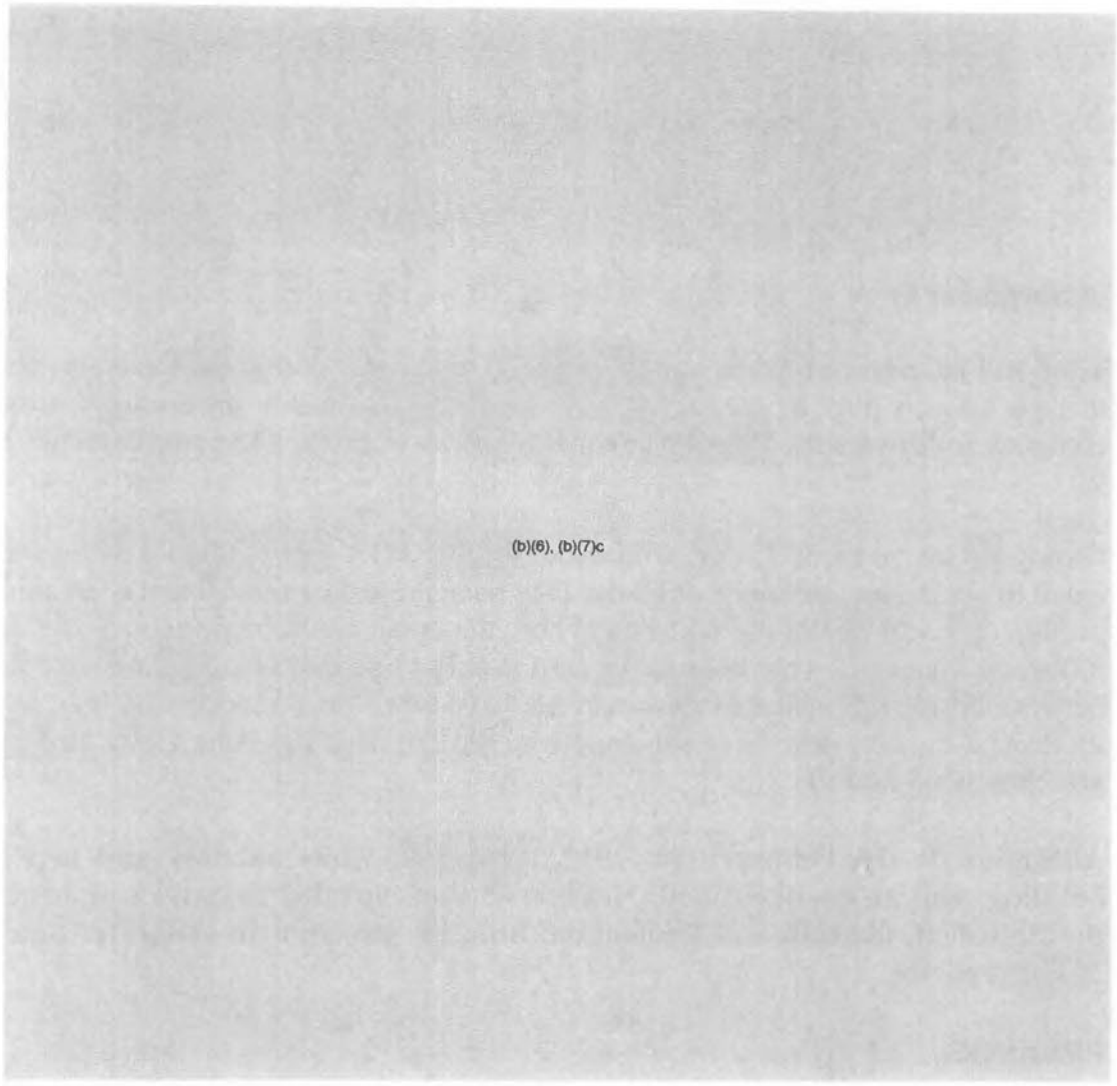
During (b) interview and in (b) (b)(6), (b)(7)c 2012, affidavit, (b)(6), (b)(7)c stated that prior to (b) OIG interview, (b) was not aware that the name of (b) federal employer and (b) job title – "DOT Inspector General (b)(6), (b)(7)c " – was attached to the posting. (b) stated (b) did not look at the posting after (b) made the comment. (b) said (b) posted the comment through *Facebook* and *Facebook* must have automatically added this information from (b) profile. **(*See*, attachments 3 and 9)**

Allegation 2: On (b)(6), (b)(7)c 2012, (b)(6), (b)(7)c while on duty in a federal building and using (b) government computer, forwarded an email to four co-workers entitled, "makes ya say hmmmm," that questioned the authenticity of the President's birth certificate.

FINDINGS

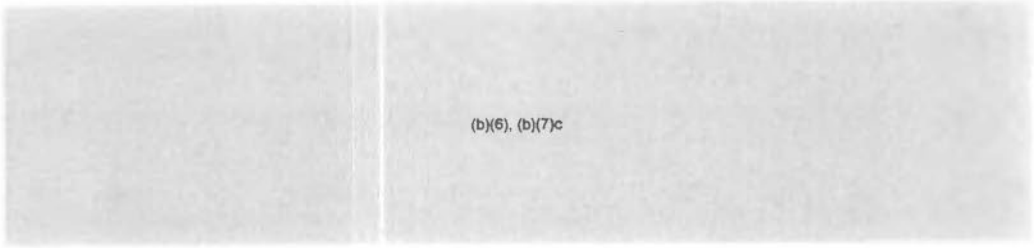
On (b)(6), (b)(7)c 2012 at 2:02 PM, (b)(6), (b)(7)c forwarded an email to four OIG co-workers: (b)(6), (b)(7)c that, among other things, questioned the authenticity of the President's birth certificate. It states, in part:

> How does Obama get away with this?



(*See*, attachment 5)

The email (b)(6), (b)(7)c forwarded also states:



(Attachment 5)

Time and attendance records and (b)(6), (b)(7)c statements during 3), (b) interview confirmed that 1), (b) was on duty in the (b)(6), (b)(7)c when 1), (b) used 3), (b) government computer to forward the (b)(6), (b)(7)c email to 3), (b) co-workers. **(*See,* attachments 2, 3 and 9)**

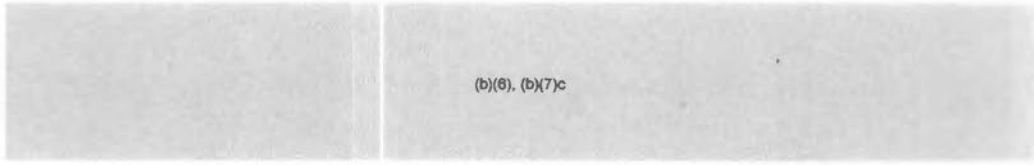
During 3), (b) interview and in 3), (b) affidavit of (b)(6), (b)(7)c 2012, (b)(6), (b)(7)c said 1), (b) forwarded the email to those four co-workers because they have the same political and economic beliefs as him. 3), (b) said 1), (b) did not understand how the email could be perceived as a means to influence someone's vote because 1), (b) sent it only to people who 1), (b) knew had the same beliefs as (b)(6), (b)(7 3), (b) indicated 1), (b) would not have sent it to someone who may have been influenced in some way or to someone who did not have the same views as (b)(6), (b)(7 **(*See,* attachments 3 and 9)**

Allegation 3: On February 10, 2012, (b)(6), (b)(7)c while on duty and in a federal building, sent an email entitled, "teachers," that included negative comments about the President, liberals, and Democrats, from his government computer to a (b)(6), (b)(7)c (b)(6), (b)(7)c reporter.

FINDINGS

Time and attendance records and (b)(6), (b)(7)c statements during 3), (b) interview confirmed that 1), (b) sent the February 10 email to a (b)(6), (b)(7)c reporter while on duty in the (b)(6), (b)(7 (b)(6), (b)(7)c, using 3), (b) government computer. **(*See,* attachments 2, 3 and 9)**

On February 10, 2012 at 12:35 PM, (b)(6), (b)(7)c sent an email to (b)(6), (b)(7)c .com." Our internet search indicates (b)(6), (b)(7)c is a reporter/blogger for the (b)(6), (b)(7)c . The emails states:



(b)(6), (b)(7)c

(*See*, attachment 6)

During (b) interview and in (b) affidavit of May 9, 2012, (b)(6), (b)(7)c stated that, because (b) did not believe (b) government email address would be visible and (b) was not trying to influence an election, (b) was not aware that sending the email could be a Hatch Act or ethics violation. **(*See*, attachments 3 and 9)**

ADDITIONAL INFORMATION

During (b) interview and in (b) affidavit, (b)(6), (b)(7)c stated (b) was not aware of any other internet postings or emails (b) has sent where (b) advocated for or against a political candidate. **(*See*, attachments 3 and 9)**

(b)(6), (b)(7)c said (b) does have conversations in the office with the four co-workers (b) sent the February 9, 2012 email to. (b) said their conversations are about only current events. (b) believes such conversations are permissible because (b) read an article in a federal newsletter about an employee who was fired for talking about the news at work, who later was returned to work after successfully suing (b) employer. **(*See*, attachments 3 and 9)**

On May 10, 2012, (b)(6), (b)(7)c emailed the OIG investigator to inform (b) that (b) had taken action to delete "DOT Inspector General" from (b)(6), (b)(7)c .com post and was in process of deleting any reference to (b) federal employer and job title from (b) Facebook profile. **(*See*, attachment 8)**

ATTACHMENTS

1. (b)(6), (b)(7)c, 2012, comment posted to an online newspaper article at (b)(6), (b)(7)c com
2. (b)(6), (b)(7)c time and attendance records
3. (b)(6), (b)(7)c affidavit
4. CCU Forensic Media Analysis Report
5. February 9, 2012, email forwarded to co-workers entitled, "makes ya say hmmmm."
6. February 10, 2012, email to (b)(6), (b)(7)c .com, entitled "teachers."
7. (b)(6), (b)(7)c 2011 ethics training record
8. (b)(6), (b)(7)c May 10, 2012, email to OIG investigator
9. Investigator's Memorandum of Activity

U.S. Department of Transportation
Office of the Secretary of Transportation

OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION	INVESTIGATION NUMBER	DATE
	I12E0020600	07/09/2012
Research and Innovative Technology Administration (RITA) (b)(6), (b)(7)c	PREPARED BY SPECIAL AGENT (b)(6), (b)(7)c	STATUS Final
	DISTRIBUTION JRI-6	1/3
ALLEGATIONS DOT Ethics Violations		APPROVED (b)(6), (b)(7)

DETAILS

This investigation was initiated in response to two separate complaints by two federal employees assigned to the Research and Innovative Technology Administration (RITA), Transportation Safety Institute, Oklahoma City, Oklahoma. (b)(6), (b)(7)c, RITA and (b)(6), (b)(7)c (b)(6), (b)(7)c RITA telephoned the OIG Complaint Center Operations and alleged (b)(6), (b)(7)c and (b)(6), (b)(7)c (b)(6), (b)(7)c Transportation Safety Institute abused their positions and created a conflict of interest when they directed a contractor to hire (b)(6), (b)(7)c, contract employee, away from another contractor in exchange for an incentive. The complainants reported (b)(6), (b)(7)c and (b)(6), (b)(7)c contacted a representative from (b)(6), (b)(7)c and promised the representative a monetary incentive if (b)(6), (b)(7)c was able to hire (b)(6), (b)(7)c away from (b)(6), (b)(7)c The complainants also reported (b)(6), (b)(7)c and (b)(6), (b)(7)c provided specific information regarding the budget allowed in hiring (b)(6), (b)(7)c for the position.

OIG interviewed (b)(6), (b)(7)c reference this investigation. During the interview, (b)(6), (b)(7)c stated (b)(6), (b)(7)c overheard (b)(6), (b)(7)c talking and it sounded like (b)(6), (b)(7)c told (b)(6), (b)(7)c, (b)(6), (b)(7)c if (b)(6), (b)(7)c hired (b)(6), (b)(7)c (b)(6), (b)(7)c would tell (b)(6), (b)(7)c what to bid on the contract with the (b)(6), (b)(7)c. (b)(6), (b)(7)c further stated (b)(6), (b)(7)c heard (b)(6), (b)(7)c say (b)(6), (b)(7)c

told (b)(6), (b)(7)c what to bid and)(6), (b)(7 still did not get the bid high enough. (b)(6), (b)(7)c stated)), (b overheard this by listening to parts of (b)(6), (b)(7)c and (b)(6), (b)(7)c conversations.

OIG interviewed (b)(6), (b)(7)c reference this investigation. During the interview, (b)(6), (b)(7)c stated (b)(6), (b)(7)c bragged to 6), (b) that 6), (b) was going to tell (b)(6), (b)(7)c the (b)(6), (b)(7)c contract was nearing an end and would be re-bid. (b)(6), (b)(7)c further stated (b)(6), (b)(7)c told (b)(6), (b)(7)c 6), (b) wanted (6), (b) to hire (b)(6), (b)(7)c away from (b)(6), (b)(7)c and 6), (b) would make sure)(6), (b)(7 got the contract if they hired (b)(6), (b)(7)c

OIG interviewed (b)(6), (b)(7)c reference this investigation. During the interview, (b)(6), (b)(7)c confirmed)), (b hired (b)(6), (b)(7)c and 6), (b) currently works as an administrative assistant with)(6), (b)(7 in the RITA office in (b)(6), (b)(7)c . (b)(6), (b)(7)c stated)), (b followed standard procedures in offering (b)(6), (b)(7)c the position and)), (b hired 6), (b) because 6), (b) had previous experience within the office. (b)(6), (b)(7)c stated)), (b was never approached by (b)(6), (b)(7)c or any other federal employee in RITA and asked to hire (b)(6), (b)(7)c

OIG interviewed (b)(6), (b)(7)c reference this investigation. During the interview, (b)(6), (b)(7)c stated the contract ended at the end of August 2011 and (6), (b)(along with (b)(6), (b)(7)c started to discuss hiring a new contractor because (b)(6), (b)(7)c did not fit their needs and they decided not to renew their contract. (b)(6), (b)(7)c stated several)(6), (b)(7 employees were working in the RITA office when they decided not to renew (b)(6), (b)(7)c contract. (b)(6), (b)(7)c further stated it was common practice to hire employees from other contractors because of their skill set.

(b)(6), (b)(7)c stated the contract was sole sourced to)(6), (b)(7 because they knew a lot about their division and how it worked. (b)(6), (b)(7)c stated it was up to the (b)(6), (b)(7)c , to fill the position once they were awarded the contract. (b)(6), (b)(7)c stated (b)(6), (b)(7)c previously told 6), (b))), (b knew how well (b)(6), (b)(7)c worked in 6), (b) position within RITA. (b)(6), (b)(7)c stated 6), (b) believes (b)(6), (b)(7)c was hired by)(6), (b)(7 because 6), (b) was a good employee.

(b)(6), (b)(7)c identified (b)(6), (b)(7)c as a disgruntled employee that could have lodged a complaint against (6), (b)(About one week prior to the interview with (b)(6), (b)(7)c stated it was announced in their office that (b)(6), (b)(7)c would not be returning to 6), (b) position within RITA. (b)(6), (b)(7)c stated 6), (b) did not have any specifics about (b)(6), (b)(7)c situation and if 6), (b) was terminated from 6), (b) position or resigned.

OIG met with (b)(6), (b)(7)c reference this investigation, however; (b)(6), (b)(7)c consulted with)), (b) attorney and advised)), (b was not interested in submitting to an interview.

OIG interviewed (b)(6), (b)(7)c reference this investigation. During the interview, (b)(6), (b)(7)c stated 6), (b) worked with (b)(6), (b)(7)c for about 3 ½ years and 6), (b) resigned in mid to late July 2011 because 6), (b) was very unhappy. (b)(6), (b)(7)c stated 6), (b) planned to take time off after leaving (b)(6), (b)(7)c however, 6), (b) received a

phone call from (b)(6), (b)(7)c regarding a position with)(6), (b)(7) (b)(6), (b)(7)c stated 6), (b)(was never promised anything regarding 6), (b)(employment with)(6), (b)(7 and did not have any additional information regarding the allegations against (b)(6), (b)(7)c .

This investigation is closed with no further action pending from JRI-6.

-#-

Memorandum

U.S. Department of Transportation
Office of the Secretary of Transportation
Office of Inspector General

Subject: **ACTION**: OIG Case #I09E000344CC, Conduct of (b)(6), (b)(7)c, et. al

Date: May 31, 2011

From: Ronald C. Engler
Director, Special Investigations and Analysis (JI-3)

Reply to attn. of:

To: File

On April 28, 2009, the OIG Complaint Center Operations (Contractor, NHS report # DOT090210-10CB2) received an anonymous letter reporting mismanagement and abuse of Department of Transportation and NHTSA telework policy. According to the complainant, (b)(6), (b)(7)c NHTSA, permitted (b)(6), (b)(7)c and (b)(6), (b)(7)c to abuse the agency telework policy. Allegedly, (b)(6), (b)(7)c office was converted into a storage room because (b)(6), (b)(7)c is never in the office and (b)(6), (b)(7)c is either in (b)(6), (b)(7)c while teleworking.

Our information is subject (b)(6), (b)(7)c is no longer employed by DOT. Further, issue of whether two NHTSA employees performed work while in telework status is more appropriately addressed by NHTSA management. Finally, case and actionable leads have grown stale due to investigative inactivity. For these reasons, this anonymous complaint will be closed.