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Requested date: 29-January-2017

Released date: 20-December-2017

Posted date: 26-March-2018

Source of document: FOIA Request
National Reconnaissance Office
Attn: OCIO/Information Review and Release Group
14675 Lee Road
Chantilly, VA 20151-1715
Fax: 703-227-9198
[On-Line Form](#)

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NATIONAL RECONNAISSANCE OFFICE

14675 Lee Road
Chantilly, VA 20151-1715

20 December 2017

REF: NRO Case Number F-2017-00061
Request Control Number 894

This is in response to your request dated 29 January 2017 and received in the National Reconnaissance Office (NRO) on 30 January 2017. Pursuant to the Freedom of Information Act (FOIA), you requested, ***"a copy of the final report, report of investigation, closing memo, closing report, referral memo, referral letter and other final reporting document associated with each of the following NRO Office of Inspector General Investigations: 09-0128-I, 10-0081-I, 11-0010-I, 11-0031-I, 11-0035-I, 11-0075-I, 11-0085-I, 12-0006-I, 12-0017-I, 12-0031-I, 12-0056-I, 12-0080-I, 12-0085-I, 12-0097-I, 12-0105-I, 13-0005-I, 13-0054-I, 14-0009-I, 14-0020-I, 14-0021-I, 15-0005-I, 15-0010-I, 15-0012-I, 15-0017-I, 15-0021-I, 15-0027-I, 16-0028-I, 16-0039-I."***

We have processed your request in accordance with the FOIA, 5 U.S.C. § 552, as amended. A thorough search of our records and databases located thirty-seven documents comprising 117 pages responsive to your request. These records are being released to you in part.

Information withheld from release is denied pursuant to FOIA exemptions:

(b) (1), which applies to properly classified information under Executive Order 13526, Section 1.4(c);

(b) (3), which is the basis for withholding information exempt from disclosure by statute. The relevant withholding statutes are 10 U.S.C. § 424, 50 U.S.C. § 3507, and P.L. 114-317 (Inspector General Act);

(b) (4), which applies to proprietary information;

(b) (5), which allows withholding of information that is predecisional and deliberative in nature, or represents attorney-client privileged information;

(b) (6), which applies to information that, if released, would constitute a clearly unwarranted invasion of the personal privacy of individuals;

(b) (7) (c), which applies to records or information compiled for law enforcement purposes and that, if released, could reasonably be expected to constitute an unwarranted invasion of the personal privacy of others; and

(b) (7) (d), which applies to records or information compiled for law enforcement purposes and that could disclose the identity of a confidential source.

You have the right to appeal this determination to the NRO Appellate Authority, 14675 Lee Road, Chantilly, VA 20151-1715, within 90 days of the above date. You may also submit an appeal electronically by completing the form available on the NRO's public web site at <http://www.nro.gov/foia/AppealInput.aspx>. Please include an explanation of the reason(s) for your appeal as part of your submission. The FOIA also provides that you may seek dispute resolution for any adverse determination through the NRO FOIA Public Liaison and/or through the Office of Government Information Services (OGIS). Please refer to the OGIS public web page at <https://ogis.archive.gov/> for additional information.

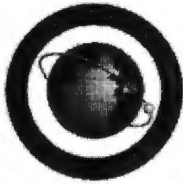
If you have any questions, please call the Requester Service Center at (703) 227-9326 and reference case number **F-2017-00061**.

Sincerely,



Patricia B. Cameresi
FOIA Public Liaison

Enclosures: Final Reports, closure memorandums, and/or referral memorandums for the specified OIG case numbers

**NATIONAL RECONNAISSANCE OFFICE**

*Office of Inspector General
14675 Lee Road
Chantilly, VA 20151-1715*



29 December 2015

MEMORANDUM FOR DIRECTOR, OFFICE OF CONTRACTS
EXECUTIVE OFFICER, OFFICE OF SECURITY AND
COUNTERINTELLIGENCE

SUBJECT: (U) Summary Report of Investigation: Cost Mischarging
(Case Number 12-0031 I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) received information alleging [redacted] mischarged time on an NRO contract. The attached Summary Report of Investigation details the investigation results.

(b)(3)
(b)(7)(c)

(U//~~FOUO~~) We request that the Director, Office of Contracts determine whether debarment of the employee, pursuant to the Federal Acquisition Regulation 9.406, is in the government's interest and report the determination to the OIG. In addition, we request that the Executive Officer, Office of Security and Counterintelligence place a copy of this report in the appropriate security file and annotate security databases. All other copies are for informational purposes only and should be returned to the OIG.

(U//~~FOUO~~) OIG investigation reports are to be read only by the individuals to whom the OIG provides them, or to whom the OIG specifically authorizes their release. Please let me know if there are other persons who require access as part of their official duties. Questions regarding this summary may be directed to Special Agent in Charge [redacted] (secure) or to the undersigned at [redacted] (secure).

(b)(3)

Assistant Inspector General
for Investigations

Attachment:

(U) Summary Report of Investigation
(Case Number 12-0031 I) (U//~~FOUO~~)

cc:

General Counsel

SUBJECT: (U) Summary Report of Investigation: Cost Mischarging
(Case Number 12-0031 I)

OIG/ [REDACTED] 29 Dec 15

(b)(3)

DISTRIBUTION:

Hard Copy

Director, Office of Contracts

General Counsel

Executive Officer, Office of Security and Counterintelligence

OIG Official Record [REDACTED]

(b)(3)

*(U) National Reconnaissance Office
Office of Inspector General
Investigations Staff*

(U) SUMMARY REPORT OF INVESTIGATION

(U) (12-0031 I)

29 DECEMBER 2015

(U) Section A – Subject:

1. ~~(U//FOUO)~~ Full Name:

(b)(3)
(b)(7)(c)

Employer: Boeing Space and Intelligence Systems

Current Contract Number

(b)(7)(c)

Previous Contract Numbers: N/A

Job Title:

(U) Section B – Predication:

2. (U//~~FOUO~~) On 8 December 2011, Boeing Space and Intelligence Systems (BS&IS) notified the National Reconnaissance Office (NRO) Office of Inspector General (OIG) that it had initiated an internal investigation regarding [redacted] a BS&IS [redacted] [redacted] charging to NRO contracts. The notification stated that [redacted] fraudulently recorded the hours she claimed to have worked on NRO contracts/ [redacted] at BS&IS in [redacted] As reported by BS&IS, [redacted] alleged actions potentially violated 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*, which makes it unlawful for anyone to make any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent.

(b)(7)(c)

(b)(3)
(b)(7)(c)**(U) Section C – Investigative Findings:**

3. (U//~~FOUO~~) BS&IS's initial examination of [redacted] activity on a company computer network revealed that she mischarged approximately 2.5 hours per day between 21 and 26 September 2011 for non-work-related activities. BS&IS expanded its investigation to include a review of [redacted] timekeeping records for the period of 1 June 2011 through 29 September 2011. Based on its investigation, BS&IS concluded that [redacted] mischarged a total of 188 hours to the relative NRO contracts. The OIG found no additional information to dispute BS&IS's investigative findings in this matter.

(U) Section D – Conclusion:

4. (U//~~FOUO~~) The United States Attorney's Office, Central District of California subsequently declined prosecution. The OIG briefed the details to the cognizant NRO contracting officers who subsequently reached an administrative settlement with BS&IS. BS&IS gave [redacted] a Letter of Reprimand and credited [redacted] [redacted] This investigation is closed.

(b)(3)

(b)(3)
(b)(7)(c)**(U) Section E – Recommendation:**

5. (U//~~FOUO~~) The OIG requests that the Director, Office of Security and Counterintelligence place a copy of this report in the security file of the individual identified within, along with a notation in the appropriate security databases.

6. ~~(U//FOUO)~~ The OIG recommends that the Director, Office of Contracts determine whether debarment of [redacted] pursuant to the Federal Acquisition Regulation 9.406, is in the Government's interest. The Director, Office of Contracts should report the result of his determination as well as any action taken or anticipated to the OIG within 45 days from the date of this report.



(b)(3)

Assistant Inspector General
for Investigations

~~SECRET//TK//NF~~**Closure Memorandum**

Case Number: 14-0020-I	Date of Entry: 04 June 2014	(b)(3)
Primary Investigator:		(b)(3) (b)(7)(c)

Allegation Information**Narrative:**

(S//~~FOUO~~) Subject is [redacted] employed by Northrop Grumman Space and Mission Systems in Redondo Beach, CA. [redacted] has held NRO access since [redacted] 1995. During a periodic reinvestigation polygraph examination on 5 August 2013, [redacted] provided the following:

(U//~~FOUO~~) [redacted] reported that from 2010 until early July 2013, he downloaded and viewed pornographic images of females between the ages of 12 and 16 engaging in sexual activity [redacted] stated that he did this no more than five times per week.

Last Investigative Step:

04 June 2014

Resolution:

Unsubstantiated (b)(6)
IG Act

(b)(3)
(b)(7)(c)

Case Closure Justification**Additional Information:**

(S//~~FOUO~~) On 18 November 2013, [redacted] U.S. Department of Homeland Security, Homeland Security Investigations, Immigration and Customs Enforcement, Child Exploitation Group (ICE) was emailed a redacted copy of an NRO Office of General Counsel Crime Referral Letter. The letter was addressed to the Department of Justice and dated 30 August 2013. The letter contained self-incriminating information provided by [redacted] regarding his possession and viewing of child pornography.

[redacted] on an NRO program. Because of classification issues, the letter was (b)(6)ted and reclassified before it was presented to [redacted] IG Act

(U//~~FOUO~~) On 27 November 2013, [redacted] reported that he was successful in obtaining a Federal search warrant to search the premises of [redacted] for child pornography. [redacted] said he would provide the cover page of the sealed warrant, which could be shared with Northrop. [redacted] suggested that Northrop electronically lock [redacted] work computers to prevent Hughes from destroying any potential evidence.

(U//~~FOUO~~) On 02 December 2013 [redacted] provided [redacted] a copy of Case No. M1303084, United States District (b)(3) Court Search and Seizure Warrant with Attachments A and B. It was agreed that the cover page of the warrant could be (b)(3) shared with Northrop. [redacted] met with Northrop legal counsel [redacted] on 05 December 2013 [redacted] and [redacted] (b)(6) discussed the possibility of child pornography at [redacted] work site as well as prevention of any destruction of evidence by [redacted] On 05 December 2013, [redacted] executed the search warrant at [redacted]

(U//~~FOUO~~) [redacted] was present while the search warrant took place [redacted] told [redacted] that he [redacted] might have (b)(6) (b)(7)(c) (b)(6) (b)(7)(c)

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~

viewed and saved some child pornography on his computer by mistake. [redacted] said he did not view pornography at work. The ICE team seized [redacted] computer media in order to perform a forensic examination for the presence of child pornography. Northrop performed a forensic examination for child pornography on [redacted] unclassified work computer.

(U//~~FOUO~~) On 21 February 2014, [redacted] reported that no child pornography was found on computer media seized from the search warrant of [redacted] home. On 27 February 2014, [redacted] reported that no child pornography was found on [redacted] unclassified work computer. [redacted] stated that at the request of the customer [redacted] was debriefed on 28 January 2014. [redacted] was terminated from employment at Northrop on [redacted] 2014. ICE has closed their investigation (b)(3) because no contraband was discovered during the examination of [redacted] computer media. No further OIG action; dos (b)(7)(c) investigation.

(b)(7)(d)
IG Act

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~**Closure Memorandum**

Case Number: 12-0080-I

Date of Entry: 20 March 2015

Primary Investigator: [REDACTED]

(b)(3)

Allegation Information

(U//~~FOUO~~) On 19 December 2011, the National Reconnaissance Office (NRO), Office of Inspector General (OIG), received information from [REDACTED] that [REDACTED] an Air Force civilian who worked as the [REDACTED] ADF-SW in Las Cruces, New Mexico, used unclassified government computer systems to view pornographic images and engage in inappropriate online activity. If the activity occurred during work hours, Subject's actions constitute a violation of 18 U.S.C. § 287, False, Fictitious, Fraudulent Claims. (b)(3)(c)

Last Investigative Step:

The OIG received memo for an indefinite suspension of Subject from [REDACTED] on 2 July 2012. (b)(3)

Resolution:

Unresolved

Case Closure Justification

(U//~~FOUO~~) On 15 December 2011, the NRO Office of Security suspended [REDACTED] accesses to NRO programs based in ICD 704 guidelines pertaining to the Use of Information Technology and Person Conduct. The OIG verified this fact via the [REDACTED] database. The Air Force placed Subject on administrative leave. The OIG reviewed badge records and time cards for Subject for the period 1 September to 15 December 2011. During this period, Subject had 64.68 (13.8%) hours of 469.5 hours reviewed of unaccounted for time. (b)(3)

(S//~~NE~~) The OIG received information from NRO OS&CI, [REDACTED] regarding Subject's unclassified computer usage. During the time in question, Subject spent on average over one hour per day on the unclassified system. However [REDACTED] could not provide the OIG with "logged on" versus "active" time; therefore, it could not be determined how much time Subject actually spent using the internet. According to [REDACTED] an individual can be inactive, but showing logged on to the system.

(U//~~FOUO~~) The OIG interviewed [REDACTED] Subject went to (b)(3) on several days a week. Subject's job duties required him to be outside the facility, but not for extended periods and (b)(7)(d) did not attend regularly scheduled meetings outside the facility. Subject spent a lot of time on the phone outside the facility. (b)(3)

(U//~~FOUO~~) Based on information from [REDACTED] the OIG validated that Subject did not claim time on his time card for time at the gym. Due to Subject's position as [REDACTED] the OIG could not determine whether Subject's time out of the facility was job-related or for personal reasons.

(U//~~FOUO~~) Due to limited resources the OIG did not interview Subject. As of the date of this report, Subject is still appealing the decision with the Department of Defense for his indefinite suspension. Based on the aforementioned, the allegation of false claims could not be resolved. Investigator recommends case closed as unresolved.

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~

Closure Memorandum

Case Number: 2012-105

Date of Entry: 11/07/2012

Investigator: [REDACTED]

(b)(3)

Allegation Information**Narrative:**

(U//~~FOUO~~) On 10 April 2012, the National Reconnaissance Office (NRO), Office of Inspector General (OIG), Denver Office, received information from source reporting that proceeds collected from recycling materials under the CFOAM contract (NRO000-09-C-0384) at ADF-SW are being used to purchase equipment for the site instead of being used to fund other "green projects".

(b)(3)
(b)(7)(d)
IG Act

Last Investigative Step:

Resolution: ☐ Substantiated ☐ Unresolved ☒ Unsubstantiated ☐ Referred**Case Closure Justification****Additional Information:**

(U//~~FOUO~~) In April 2012, [REDACTED] Chief of Finance Policy, confirmed with Source that there is no NRO official policy for the handling of proceeds from recycled materials, however, the CFOAM COTR has oversight into how the funds are collected and utilized. [REDACTED] referenced Federal Management Regulation, 41 CFR Part 102-38.295 which enables Federal agencies to retain all sales proceeds from the sale of "property related to waste prevention and recycling programs." Additionally, [REDACTED] provided guidance from Public Law 107-67, Sec 607, that states all Federal agencies are authorized to receive and use funds resulting from the sale of materials, including Federal records disposed of pursuant to a records schedule recovered through recycling or waste prevention programs. (b)(3)

(U//~~FOUO~~) In August 2012, [REDACTED] was tasked with developing a NRO policy for a Qualified Recycling Program (QRP) that would encompass [REDACTED] sites involved in recycling materials. [REDACTED] stated she received information from [REDACTED] CFOAM COTR, that funds at HQ, ADF-E, and ADF-SW have been frozen pending final policy and specific direction with regards to how the funds can be expended and for what purposes.

(U//~~FOUO~~) On 18 October 2012 [REDACTED] provided a synopsis of the recycling process that is being used at HQ, ADF-E, and ADF-SW. Once the precious and scrap metals are collected at a specific location, the materials are weighed and graded which generates a ticket containing the appropriate information with regards to weight and price per pound. The recycling company provides a check that is made out to [REDACTED] (b)(3)

[REDACTED] CFOAM [REDACTED] maintains documentation regarding the funds collected from [REDACTED]

[REDACTED] provided the levels of the funds at of the beginning of October 2012 as follows: [REDACTED] (b)(3)

[REDACTED] For a short time, some of the funds were expended on green cleaning supplies which is allowable, but no funds were expended on any other items. (b)(3)

(U) The OIG investigation did not find any evidence that proceeds from the recycling program were spent on items not allowed by Federal Law nor was there evidence of a violation of 40 U.S.C. § 545, Procedure for Disposal, and/or 41 CFR Part 102-38.295, Disposition of Proceeds, and/or Public Law 107-67 Section 607, Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999. Investigator recommends closure with no further action.

OIG Management Approval

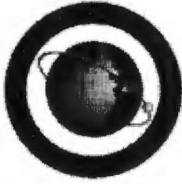
Effective Date	Signature	Notes

OIG Management Approval

Effective Date	Signature	Notes

IG Counsel Approval

Effective Date	Signature	Notes

**NATIONAL RECONNAISSANCE OFFICE**

*Office of Inspector General
Investigations Division
14675 Lee Road
Chantilly, VA 20151-1715*



21 March 2016

MEMORANDUM FOR DIRECTOR, OFFICE OF CONTRACTS
EXECUTIVE OFFICER, OFFICE OF SECURITY AND
COUNTERINTELLIGENCE

SUBJECT: (U) Summary Report of Investigation: Cost Mischarging
(Case Number 11-0031 I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation based on information alleging that [redacted] mischarged time on an NRO contract. The attached Summary Report of Investigation details the investigation results.

(b)(3)
(b)(7)(c)

(U//~~FOUO~~) The OIG requests that the Executive Officer, Office of Security and Counterintelligence, place a copy of this report in the appropriate security file, along with a notation in the appropriate security databases. All other copies are for informational purposes only and should be returned to the OIG.

(U//~~FOUO~~) The OIG recommends that the Director, Office of Contracts (D/OC) determine whether debarment of [redacted] pursuant to the Federal Acquisition Regulation 9.406, is in the government's interest. The D/OC should report the result of his determination as well as any action taken or anticipated to the OIG within 45 days from the date of this report.

(U//~~FOUO~~) OIG investigation reports are to be read only by the individuals to whom the OIG provides them, or to whom the OIG specifically authorizes their release. If there are other persons who you believe require access as part of their official duties, please let us know, and we will promptly review your request. Questions regarding this summary may be directed to Special Agent in Charge

[redacted] (secure) or to the undersigned at secure

(b)(3)

[redacted]
Eric Beatty
Assistant I [redacted] General
for Investigations

Attachment:

(U) Summary Report of Investigation
(Case Number 11-0031 I) (U//~~FOUO~~)

cc:
GC

SUBJECT: (U) Summary Report of Investigation: Cost Mischarging
(Case Number 11-0031 I)

OIG [REDACTED] 21 March 2016

(b)(3)

DISTRIBUTION:

Hard Copy

Director, Office of Contracts

General Counsel

Executive Officer, Office of Security and Counterintelligence

OIG Official Record [REDACTED]

(b)(3)

*(U) National Reconnaissance Office
Office of Inspector General
Investigations Division*

(U) SUMMARY REPORT OF INVESTIGATION

(U) (11-0031 I)

22 March 2016

(U) Section A – Subject:

1. (U//~~FOUO~~) Full Name:

Employer: Boeing Corporation

Contract Number: NRO00-08-C-0120

Job Title:

(b)(3)
(b)(7)(c)

(b)(3)
(b)(7)(c)**(U) Section B – Predication:**

2. (U//~~FOUO~~) On 23 August 2010, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) received a complaint alleging [redacted] was fraudulently recording the hours she claimed to have worked. At the time of the complaint, [redacted] was a staff analyst for Boeing Corporation (Boeing) at the [redacted] in Springfield, Virginia. As reported by the source, [redacted] alleged actions potentially violated 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*, which makes it unlawful for anyone to make any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent.

(b)(3)

(U) Section C – Investigative Findings:(b)(3)
(b)(7)(c)

3. (U//~~FOUO~~) The OIG analyzed relevant, available records that pertained to [redacted] time and attendance from [redacted] through 30 June 2011. That analysis revealed that [redacted] recorded 2177 hours that she did not work as claimed. The evidence illustrated that [redacted] routinely arrived late, departed early, took extended mid-day breaks out of the [redacted] facility, and kept irregular work hours without making up the time. Furthermore, the evidence illustrated that [redacted] only satisfied the daily hours she claimed to the contract on four work days during the relevant period.

(b)(3)

4. (U//~~FOUO~~) During her OIG interview, [redacted] claimed that she always worked the hours she recorded. She explained to the OIG that the hours not reflected in the available records were attributable to times when she worked at home.¹ [redacted] claimed she had obtained her Boeing supervisor's verbal consent to work from home, and therefore worked on various projects at her residence.²

(b)(3)
(b)(7)(c)

5. (U//~~FOUO~~) The OIG examined the NRO00-08-C-0120 contract Statement of Work and found that the contract place of performance was limited to [redacted]. No other locations were identified. Subsequently, the OIG confirmed with the NRO Office of Contracts that under the terms of the contract [redacted] could not be given credit for work she and Boeing claimed was performed at her residence.

(b)(3)

(b)(3)
(b)(7)(c)**(U) Section D – Conclusion:**

6. (U//~~FOUO~~) The United States Attorney's Office, Eastern District of Virginia declined prosecution. The OIG briefed the facts of this case to the Office of Contracts who agreed to an administrative settlement with Boeing. Boeing reimbursed the NRO \$175,979.30 on 24 February 2016 for the full amount of [redacted] mischarging. Boeing subsequently re-assigned [redacted] to an unclassified program outside of the NRO. All investigative steps are complete.

¹ (U//~~FOUO~~) [redacted] assertion would account for approximately 45 percent of her billable hours.

² (U//~~FOUO~~) [redacted] Boeing supervisor confirmed [redacted] assertion that she had permission to work from home. However when presented with the badge evidence, [redacted] supervisor acknowledged that the amount of time she claimed to have worked from home not justifiable.

(U) Section E – Recommendation:

7. (U//~~FOUO~~) The OIG requests that the Executive Officer, Office of Security and Counterintelligence place a copy of this report in [] security file, along with a notation in the appropriate security databases. All other copies are for informational purposes only and should be returned to the OIG.

(b)(3)
(b)(7)(c)

8. (U//~~FOUO~~) The OIG recommends that the Director, Office of Contracts, determine whether debarment of [] pursuant to the Federal Acquisition Regulation 9.406, is in the government's interest. The Director, Office of Contracts should report the result of his determination as well as any action taken or anticipated to the OIG within 45 days from the date of this report.

(b)(3)

[]
Assistant Inspector General
for Investigations

(b)(3)

From: [REDACTED]
Sent: Thursday, November 20, 2014 7:43 AM
To: [REDACTED]
Subject: FW: Referral [REDACTED]

(b)(3)

From: [REDACTED]
Sent: Monday, November 10, 2014 10:55 AM
To: [REDACTED]
Subject: Referral [REDACTED]

(b)(3)

(b)(3)

(b)(3)
(b)(7)(c)

Good morning [REDACTED]

As we discussed last week, I am providing you with as much information as possible in the hopes you all can conduct a knock-and-talk at [REDACTED] home and hopefully, get consent to view his home computer(s). Below is what I have so far:

(b)(7)(c)

(b)(7)(c)

On 29 Set 14, Subject was observed to access his Bing search history and delete various websites that he had visited; the history was unrelated to the illicit material previously identified. Immediately after he cleared the websites, Subject accessed Internet Explorer's Internet Options and again tried to delete the browser history.

I am working to obtain a list of ISP addresses or specific websites Subject has visited so once I get that, I will send to you. Our computer person wasn't sure how much could be obtained as Subject appears to be pretty savvy in viewing things without actually going to the sites.

Please let me know if you have questions and I will try to obtain answers.

Thank you!

Investigator
Office of Inspector General

(b)(3)

(b)(3)

(b)(3)

INSPECTOR GENERAL SENSITIVE INFORMATION - The information contained in this e-mail and any accompanying attachments may contain Inspector General sensitive information, which is protected from mandatory disclosure under the Freedom of Information Act (FOIA), 5 USC §552. Do not forward or release to anyone else without contacting the OIG staff member who sent this to you. If you are not the intended recipient of this information, any disclosure, copying, distribution, or the taking of any action in reliance on this information is prohibited. If you received this e-mail in error, please notify the OIG immediately by return e-mail.

~~SECRET//TALENT KEYHOLE//REL TO USA, FVEY~~**Closure Memorandum**

Case Number:	13-0054-I	Date of Entry:	14 May 2015
Primary Investigator:			

(b)(3)

Allegation Information**Narrative:**

(U//~~FOUO~~) On 21 May 2013, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) received an allegation that [] a technician employed by Eaton Corporation, provided defective parts and/or service of a quality less than agreed to by the NRO that caused an electrical malfunction resulting in a fire at the Aerospace Data Facility-Southwest (ADF-SW). The NRO OIG initiated an investigation since the alleged actions by [] potentially violated 18 United States Code (U.S.C.) § 287, *False, Fictitious, and Fraudulent Claims*.

(b)(3)
(b)(7)(c)**Last Investigative Step:**

Closure memo drafted

Resolution:

Unsubstantiated

Case Closure Justification

(U//~~FOUO~~) On 17 May 2013, an Uninterruptable Power System (UPS) in [] at the ADF-SW experienced an electrical failure that caused a fire. As a result of the fire, the fire suppression system was activated within []. The heat and smoke activated smoke detectors and sprinkler heads. The automated emergency notification from [] to the 24 hour Security Operations Center (SOC) did not occur because the fire alarm was disconnected (see below discussion). This caused a delayed notification to the on-site NASA fire department. Security contacted the NASA fire department only after an employee reported signs of fire in []. There were no injuries or loss of life; however, the fire caused damage to equipment and facilities.

(b)(3)

(U//~~FOUO~~) The point of origin of the fire was [] was manufactured and maintained by Eaton, a third-tier sub-contractor on the CFOAM contract. On 17 May 2013, [] completed a service call [] to replace a recalled part. According to the Eaton fire forensics report, [] failed to properly reconnect the positive lead from the DC filter assembly to the inductor after he completed the service of []. Energy built up within the filter assembly causing capacitors to fail resulting in an oil spill which caused the insulation on cabling in [] to ignite and subsequently starting the fire. There was no evidence to suggest that defective parts were utilized or that [] intended to cause the fire.

(b)(3)

(b)(3)

(b)(3)

(b)(3)
(b)(7)(c)~~SECRET//TALENT KEYHOLE//REL TO USA, FVEY~~

~~SECRET//TALENT KEYHOLE//REL TO USA, FVEY~~

~~(S//TK//REL)~~ The fire incident resulted in [REDACTED]

(b)(1)
(b)(3)

~~(S//TK//REL)~~ Boeing completed recovery activities under the NRO000-09-C-0384 (CFOAM) contract. (b)(1)

Repaired or replaced critical infrastructure equipment included [REDACTED] (b)(3)

[REDACTED] The total cost also included the rental of a 750-1,000 kilowatt transportable generator from Hobbs, New Mexico for [REDACTED] and a transportable 500 ton air-cooled chiller from Dallas, Texas for [REDACTED]. The cost to run and maintain the rented equipment until repairs were completed was [REDACTED]. Eaton replaced [REDACTED] at no cost to the Government. (b)(3)

(U//~~FOUO~~) In addition to investigating [REDACTED] potential violation of 18 U. S. C. § 287, the OIG reviewed Boeing's involvement regarding the fire alarm outage. As the prime for the CFOAM contract, Boeing is responsible for testing and maintaining the fire alarm system at ADF-SW. On 15 August 2012, a subcontractor working on a security system upgrade project disconnected the fire alarm connectivity from [REDACTED] to the 24 hour SOC. The subcontractor reported the disconnection to Boeing. Although the issue was discussed amongst Boeing management, Boeing failed to notify government personnel that the alarm had been disconnected and never took action to correct the situation. Boeing reconnected the fire alarm nine months later and after the fire event. The failure on Boeing's part to reconnect the alarm resulted in additional burn time before the fire department was called. (see IARs and UPS Fire Incident Review) (b)(3)
(b)(7)(c)

(U//~~FOUO~~) The OIG concluded that since the fire was caused by [REDACTED] mistake during service and there is no evidence to suggest that he intended to cause harm to the Government; there is no evidence that [REDACTED] violated 18 U.S.C. § 287. According to Boeing legal counsel [REDACTED] being insurance does not cover loss related to the fire based on the premise that the government is self-insured and therefore Boeing could not be held directly accountable. The NRO AIGI raised this question to NRO OGC, but was unsuccessful in resolving the issue. (b)(6)

(U//~~FOUO~~) The final cost of the ADF-SW [REDACTED] fire recovery effort was [REDACTED]. Boeing's fee was 8% or approximately [REDACTED]. The OIG briefed the CFOAM Contracting Officer on the facts of the case including the delayed fire response due to Boeing's failure to properly manage the fire safety system. As a result of the facts developed by the OIG, the CO reviewed Boeing's prior earned award fee and reduced the subsequent award fee by the 8% or [REDACTED] Boeing previously received. No additional OIG actions required. (b)(3)

(U//~~FOUO~~) On 17 June 2013, shortly after the fire at ADF-SW, there was an electrical incident in the Uninterruptible Power System (UPS) at ADF-C, causing activation of sprinklers and fire alarms. OIG looked into the matter to determine if the two instances were related and if not, were there potential violations. OIG found that an outdated drawing was being used which caused the incorrect wiring (see [REDACTED] email in docs tab). There appears to be no connection between the two incidences and no potential violations. Therefore, OIG took no additional action on this matter. (b)(3)

~~SECRET//TALENT KEYHOLE//REL TO USA, FVEY~~

~~SECRET//TK//NF~~**Closure Memorandum****Case Number:** 12-0097-I**Date of Entry:** 29 May 2014**Primary Investigator:** [redacted]

(b)(3)

Allegation Information**Narrative:**

(U//~~FOUO~~) On 27 April 2012, the National Reconnaissance Office (NRO), Office of Inspector General (OIG), [redacted] received information from an anonymous source reporting protocol funds designated specifically for distinguished visitor events supported a [redacted] This may violate Title 18 U.S.C. §663 *Solicitation or Use of Gifts*.

Last Investigative Step:

(U//~~FOUO~~) On 7 January 2014, the OIG received the signed copy of ADF-C Standard Operating Procedure for the "ADF-C Distinguished Visitor Cash Fund".

Resolution:

Unsubstantiated

Case Closure Justification

(U//~~FOUO~~) This closure memorandum summarizes the action taken during the investigation into the allegation regarding the misuse of DV Host account funds by [redacted] Air Force Civilian.

(b)(3)

(b)(6)

(U//~~FOUO~~) On 6 July 2012, the OIG interviewed [redacted] (b)(7)(c)

[redacted] Circa 2008, [redacted] created an Operating Instruction (OI) outlining the use of funds within the protocol office. [redacted] and [redacted] who are both government employees, have primary oversight of the DV Host account. [redacted] maintained spreadsheets showing expenditures within the account and then provided them to [redacted] maintained copies of receipts for monies spent on Distinguished Visitor (DV) visits.

(U//~~FOUO~~) On several occasions [redacted] expressed concern about the balance in the account and believed the balance to be \$4,000 when she believed there should only be \$1500. [redacted] stated she and [redacted] balanced the account in the past, but believed [redacted] currently completed this task alone [redacted] previously performed audits of the account, but [redacted] is unsure of the last audit conducted.

(U//~~FOUO~~) On 26 April 2012, the [redacted] held a social at Newtch's Den, but as no DV's attended, Protocol's only involvement included expending funds requested by the front office. According to [redacted] an unwritten rule allowed for expending funds from the DV Host account for events such as Family Day, the 40th Anniversary, and Change of Command ceremonies, in addition to DV events.

(U//~~FOUO~~) On 4 June 2012, the OIG interviewed [redacted], FSLs. The

(b)(3)

IG Act

(b)(7)(c)

P(b)(3)

(b)(7)(c)

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~

DV Host account should be a "break-even" account. The protocol office provided support for DV events and helped with conferences hosted by the site. During conferences, the protocol office typically ended up with considerable excess funds deposited into the DV Host account. The Protocol office established a specific process to collect cash for events. [redacted] and [redacted] had access to the DV Host account and Petty Cash box containing funds. The protocol office (b)(3) collected funds during conferences, placed all money in envelopes, and then verified funds by the Government POC (GP(b)(7)(c) According to [redacted] the front office requested and approved the use of all funds. When the protocol office moved under [redacted] control, there appeared to be more oversight of the account. [redacted] previously conducted audits of the DV Host account, but is unsure of the current audit process. [redacted] relayed to [redacted] (b)(3) her concern regarding the amount of money in the DV Host account. Although not in writing, if an event benefits every (b)(7)(d) financial support may come from DV Host account. (b)(3) IG Act

(U//~~FOUO~~) On 9 July 2012, the OIG interviewed [redacted] Public Affairs Officer. [redacted] previously worked in the Protocol office during which time Protocol employees collected and expended funds. [redacted] prior Contracting Officer on the [redacted] contract, stated contractors should not be handling funds and suggested the process change. Following the change in policy, [redacted] both government employees, took control of the DV Host acco (b)(3) When protocol moved from [redacted] under the Director of Staff in approximately August 2011, [redacted] became the (b)(7)(c) primary on the account with [redacted] as the backup. [redacted] stated the balance in the account should be around \$2,000, but believed the balance to be closer to \$4,000. Although the primary on the account, [redacted] stated [redacted] handled all aspects of the account since approximately April of 2012. [redacted] knew of the [redacted] social in April 2012, but did not attend. Funds expended for this event should not have come from the DV Host account. (b)(3)

(U//~~FOUO~~) On 26 July 2012, the OIG interviewed [redacted] Lead, Protocol Office, [redacted] worked in the (b)(7)(c) protocol office since December 2008 and became the lead over the other Lockheed Martin protocol employees. When questioned about the Standard Operating Procedure (SOP), "Resource Management Process", dated September 2010, [redacted] stated she did not create the document and merely signed it. According to [redacted] funds from the DV Host account supported DV visits only. The protocol office established an account for funds at [redacted] with an additional petty cash box maintained in the Command Section. [redacted] believed the DV Host account to be a "break-even" account; however, [redacted] heard there is approximately \$6,000 in the account and no one knew what to do with the excess money. The majority of funds in the account came from an Army conference in January 2010 and two big conferences held back-to-back in March 2012. [redacted] and [redacted] dealt with petty cash maintained in the Command Section. [redacted] used the (b)(3) petty cash for the purchase of consumable/perishable items for DV visits. [redacted] and [redacted] reconciled the (b)(7)(d) cash box monthly. When protocol moved underneath the Command Staff [redacted] and [redacted] became IG Act responsible for the DV Host account. [redacted] is unaware of the last audit conducted on the DV Host account. DV Host account funds helped pay for Col Saltzman's change of command ceremony. (U//~~FOUO~~) On 30 July 2012, the OIG reviewed the, "2012 ADF Funds Distinguished Visitors (DV)" financial spreadsheet for the period 10 January-12 July 2012. In April 2012, \$265 expended for the [redacted] Social and in July 2012, \$1,320.50 expended for the ADF-C Change of Command. The protocol office and front office staff discussed where the funds should come from for both of these events and the Director of Staff approved funds from the DV Host account.

(U//~~FOUO~~) On 28 January 2013, [redacted] provided a copy of the check issued to the U.S. Treasury in (b)(3) amount of (b)(7)(d) \$5,102.47 for conference fee overage from 2005-2012. IG Act

(U//~~FOUO~~) The ADF Operating Instruction for ADF Distinguished Visitor Host Account (ADF-OI-1011), dated 16 January 2008, states that the ADF DV Host Account will operate as a "break-even" account, the account balance will not exceed an average of \$1500 and quotes from to BPO Note dated 28 Nov 07 which states cash collections which exceed actual costs must be turned over to BPO for deposit to Treasury, and cannot be retained or applied towards other functions/activities. However, the lower level SOP, Resource Management Process dated September 2010 contained no instruction on returning excess funds to BPO.

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~

(U//~~FOUO~~) On 6 January 2014, the protocol and front staff office implemented ADF-C SOP, "ADF-C Distinguished Visitor Cash Fund", signed by the Chief of Staff. The SOP defined roles and responsibilities for both the protocol and front office staff regarding the expenditure of funds supporting DV visits and conferences. If the DV Funds account exceeds \$2,800 over a three-month period, the [redacted] sends a check to BPO in the form of a Treasury check. (b)(3) Additional internal controls such as quarterly audits by [redacted] ensure the completeness and accuracy of account records.

(U//~~FOUO~~) There is no evidence to support a violation of Title 18 U.S.C. §663 *Solicitation or Use of Gifts*, therefore there are no further actions required of this office. Investigator recommends case closed as unsubstantiated.

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~**Closure Memorandum**

Case Number:	10-0081-I	Date of Entry:	29 Jan 2015
Primary Investigator:			(b)(3)

Allegation Information**Narrative:**

NRO OIG proactive initiative identified individuals who, during the 12 week period from 11 May through 2 Aug 2009, were in the facility less than 25 hrs per week for 5 weeks or more. We eliminated part time employees. We then summarized time in the facility for the entire 12 week period and identified those with the largest percentage of time out of the facility, therefore requiring further analysis. Subject was out of the facility 70% of the time.

Last Investigative Step:

Attempted communication with Raytheon requesting details of their investigation and follow-up to their 3 Oct 11 letter concluding a "lack of evidence substantiating the allegations."

Resolution:

Substantiated

(b)(3)
(b)(7)(c)

Case Closure Justification**Summary**

(U//FOUO) The NRO OIG initiated the investigation based on results from the proactive initiative which indicated [redacted] was out of the facility 70% of the time. The OIG investigation revealed from 1 August 2009 through 14 March 2010 [redacted] charged 221 hours to NRO contracts that he did not work as claimed. This was discovered through an analysis of [redacted] timecard submissions compared to mostly badge records from the ADF-C and a Raytheon facility. According to [redacted] supervisor, [redacted] duties required him to spend the majority of his time inside these facilities.

(U//FOUO) During an interview in March 2011, [redacted] informed OIG investigators that he was made aware of the investigation through his supervisor which the OIG had previously interviewed. [redacted] asserted that most of his work time during the period in question was spent outside the ADF-C, although the investigative facts disclosed an opposing view. The investigation disclosed that [redacted] constantly had gaps of unaccounted time away from the ADF-C and the Raytheon facility. [redacted] advised he typically worked out daily at the ADF-C fitness center for approximately 1-1 1/2 hours. The gaps of unaccounted time mostly correlate with [redacted] fitness time and consistently charging 4.5 hours on Sundays, but with minimal, if any, time present at any facility. [redacted] advised that on Sundays he occasionally worked at the ADF-C and would also work from his home. [redacted] did not have any documentation or bona fide justification which authorized him to work from home. (b)(3)

(U//FOUO) A [redacted] ethics and compliance officer conducted an independent investigation to include an analysis of [redacted] badge records and timecards. The investigation disclosed hours that were unaccounted similar to that of the OIG investigation. The Raytheon investigation also included witness interviews to include Raytheon senior managers which advised that [redacted] potentially made up the hours by working at other facilities or from home. The OIG

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~~SECRET//TK//NF~~

requested specifics of Raytheon's investigation but those requests went unanswered. The OIG opines that given the surrounding facts of this investigation, the likelihood that [REDACTED] engaged in cost mischarging is more probable than not. If so, total monetary damage to NRO contracts based on a fully burdened rate would be \$24,170. (b)(3)(b)(7)(c)

(U//~~FOUO~~) The government program office was informed, but elected not to pursue the issue. RI&IS Ethics and General Counsel offices advised the OIG that [REDACTED] would be placed in a Raytheon facility in order to allow for closer scrutiny of his work hours. Based on the ADF-C [REDACTED] database, it appears [REDACTED] (b)(3)

[REDACTED] has not been issued a ADF-C permanent badge since early Jan of 2012.

(U//~~FOUO~~) OIG policy requires notification to Office of Security for substantiated investigations. OIG Investigations believed the allegation to be substantiated. However the contractor disagreed, but refused to provide supporting information. Further the government program office elected not to pursue. Due to other priorities OIG counsel was unable to provide timely guidance regarding notification to Office of Security. Due to the passage of time, this case is closed as substantiated, but with no notification to Office of Security.

~~SECRET//TK//NF~~

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Closure Memorandum

Case Number:	12-0006-I	(b)(3)	Date of Entry:	20 May 2011	(b)(3)
Primary Investigator:					(b)(6) (b)(7)(c)

Allegation Information**Narrative:**

The OIG received information from a contractor employee regarding concerns that Subject, a Scitor contractor working in the [redacted] appeared to be operating a personal business from his assigned work location at NRO Westfields. The source stated that Subject is very overt about his [redacted] business. However, he speaks to her about business operations over the phone from his desk on almost a daily basis and keeps business cards for the [redacted] business displayed on his desk.

(b)(6)

(b)(7)(c)

Resolution: Unsubstantiated**Case Closure Justification****Summary:**

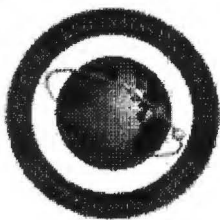
[redacted] was the subject of OIG Case No. 11-0001-I. In this case, OIG substantiated that [redacted] had charged 44 hours not worked. Scitor credited the NRO with \$4,575.12 and gave [redacted] a performance improvement plan. The case was closed on 6 January 2012. The OIG received the above new complaint on 2 November 2011 that was initially closed with no action due to lack of resources. The OIG reopened the investigation once resources were available to determine whether [redacted] had engaged in any cost mischarging while working for ManTech SRS Technologies, Inc. in the Mission Integration Directorate supporting NRO000-13-C-0608.

The OIG reviewed [redacted] time and attendance from April 2014 through April 2015. The OIG compared NRO badge records, which reflected the dates and times [redacted] entered or exited NRO facilities, to his ManTech charge records. [redacted] was credited for all time in NRO buildings regardless of his activities and hours charged travel outside of the aforementioned facilities. From this evidence, the OIG concluded that during the relevant period [redacted] worked approximately 100 hours more than what he charged on the contract.

In addition, the OIG reviewed [redacted] computer records on the classified and unclassified NRO computers systems, along with his unclassified phone records. There was no evidence to indicate he was spending excessive time on the phone or emailing others regarding [redacted] business.

(b)(6)
(b)(7)(c)(b)(3)
(b)(7)(c)

UNCLASSIFIED//FOR OFFICIAL USE ONLY

~~SECRET~~

NATIONAL RECONNAISSANCE OFFICE

30 August 2013

[redacted]
Acting Assistant Attorney General
National Security Division
Washington, D.C. 20530

(b)(6)

ATTENTION: [redacted]
Deputy Assistant Attorney General

(b)(6)

Dear [redacted]

(b)(6)

(U//~~FOUO~~) I am writing you pursuant to Section 1.6(b) of Executive Order 12333 to report possible violations of federal criminal law.

(S) Subject, [redacted] Social Security Number
[redacted] Date of Birth [redacted] Place of Birth
[redacted] employed by Northrop
Grumman Space and Mission Systems in Redondo Beach, CA. Subject
has held NRO access since [redacted] During his periodic
reinvestigation processing, Subject provided the following
information during a polygraph examination on 5 August 2013.

(b)(3)

(b)(7)(c)

(b)(7)(c)

~~SECRET~~

~~SECRET~~

denied obtaining the images via file sharing and denied sharing his own images with others. Subject was asked if he still [redacted] He claimed every few months he feels guilty and deletes most of his saved files, only to start storing them again later. He stated he likely has a few images on his computer at this time. Subject said he has hidden these files through multiple layers of security and they would be difficult for the average person to find.

(b)(7)(c)

(U) Subject stated when he was 20 years old (1977), he solicited a prostitute in [redacted] and paid her \$20.00 for [redacted]

(b)(7)(c)

(U) Subject stated in 1976, he purchased one pound of marijuana from a friend for \$225.00 and sold 11 ounces of it at \$25.00 an ounce over a three month period.

(U//~~FOUO~~) We have designated this case as [redacted] Information concerning possible violations of State criminal law may be passed to local authorities for lead purposes only, without attribution to NRO. Please contact [redacted] with the NRO OIG at [redacted] if you require other information regarding this matter.

(b)(3)
(b)(7)(c)

(b)(3)

Sincerely,



Lisa T. Miller
General Counsel

cc: NRO, OIG
NRO, OS&CI

[redacted] DOJ Criminal Division

(b)(6)

~~SECRET~~

~~SECRET//TK//NF~~**Closure Memorandum**

Case Number: 11-0010-I	Date of Entry: 30 June 2015
Primary Investigator: [redacted]	(b)(3)

Allegation Information**Narrative:**

On 21 Oct 2010 the NRO OIG received an allegation that [redacted] may not be working all of the hours she is claiming. (b)(3)
(b)(7)(c)

Last Investigative Step:

18 Mar 2015 USAF debarred [redacted] for one year effective 10 November 2014.

Resolution:

Substantiated; [redacted] Check for [redacted] (b)(3)
(b)(7)(c)

(b)(1)

(b)(3)

Case Closure Justification**Summary**

~~TS//TK//NF~~ [redacted] was a [redacted] employee working under NRO contract [redacted]. [redacted] was a sub-contractor [redacted] for work mostly supporting a program within the [redacted]. Due to classified relationships between the contracts and the NRO, (b)(3) the OIG partnered with AFOSI to investigate the allegation. Investigators conducted numerous interviews and reviewed many records including ingress and egress records for several facilities, time and attendance, travel and training records and emails. The investigation revealed 972 discrepant hours between [redacted] timecard claims and actual time at her assigned facilities for the period October 2008 to October 2010. These labor hours were inappropriately billed to the NRO. During interview with investigators, [redacted] admitted she committed time card fraud, but could understand the large difference between her timecards and the ingress/egress records.

(U//~~FOUO~~) On 19 August 2014, [redacted] paid the United States Treasury [redacted] to account (b)(1) for monetary loss attributed to [redacted] actions. On 18 March 2015, the Department of the Air Force, Office of (b)(3) the Deputy General Counsel debarred [redacted] for her actions. The debarment was effective from the date of (b)(3) proposed action which was 10 November 2014. (b)(7)(c)

(U//~~FOUO~~) The United States Attorney's Office [redacted] declined criminal and civil (b)(1) prosecution. The matter was settled administratively and no further investigative steps are required. (b)(3)

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~



~~SECRET//TK//NF~~

UNCLASSIFIED//~~FOUO~~**Closure Memorandum**

Case Number:	14-0009-I	Date of Entry:	11/30/2015
Primary Investigator:			(b)(3)

Allegation Information

(b)(3)

Narrative:

On 14 August 2013, the National Reconnaissance Office (NRO), Office of Inspector General (OIG), developed information from its audit of Federally Funded Research and Development Corporations (FFRDCs) regarding the acquisition and funding of the new Aerospace Corporation complex under construction in Chantilly, Virginia, located at the southern edge of the NRO Headquarters property. In aggregate, the OIG audit developed concerns that Aerospace and NRO

(b)(5)

Based on the information initially gathered by OIG auditors

the business need for the new Aerospace facility

(b)(5)

Given these concerns, the OIG Investigations Staff will initiate a case to test the premise (1.) that Aerospace may have made false claims and representations to the US Government or a financial institution to facilitate and fund the construction of its new building(s) in Chantilly, Virginia, (2.) that US Government officers may have been complicit in Aerospace's actions, and (3.) that the funding and construction of this facility was done in such a way as to hide it from Congress. Possible criminal violations include 18 §287, False, Fictitious, or Fraudulent Statements; 18 §1001, False Statements; and 18 §1344, Bank Fraud, among others.

Last Investigative Step:

Review Subpoena Responses

Resolution:

Unsubstantiated

(b)(3)

(b)(7)(d)

IG Act

Case Closure Justification**Summary**

Review of the subpoena documentation and the interview with [redacted] showed there was no false representation by Aerospace to the NRO or the banks from which it borrowed money to fund construction of the new Chantilly campus. Internal briefings to NRO and the loan paperwork to the banks both stated Aerospace's intention to repay the loans using depreciation on company assets and facilities capital cost of money.

There was also no withholding of information to Congress. NRO occupies space in the new Aerospace facility through a co-location agreement found in Aerospace's contract with the Government. As such, NRO had no new construction to report to Congress as required by law.

UNCLASSIFIED//~~FOUO~~

**NATIONAL RECONNAISSANCE OFFICE**

Office of Inspector General
14675 Lee Road
Chantilly, VA 20151-1715



17 June 2016

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE
PRINCIPAL DEPUTY DIRECTOR, NATIONAL
RECONNAISSANCE OFFICE
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE
DIRECTOR, IMAGERY INTELLIGENCE SYSTEMS ACQUISITION
DIRECTORATE
DIRECTOR, OFFICE OF CONTRACTS
GENERAL COUNSEL
EXECUTIVE OFFICER, OFFICE OF SECURITY AND COUNTERINTELLIGENCE

SUBJECT: (U) Report of Investigation: Conflict of Interest
(Case Number 15-0021 I)

(b)(3)
(b)(7)(c)

~~(S//TK//NF)~~ The National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation based on information alleging [redacted] created a criminal conflict of interest by violating his post-government employment restrictions on the [redacted] program. The attached Report of Investigation details the investigation results. (b)(1)
(b)(3)

~~(S//TK//NF)~~ The NRO OIG recommends that Office of Contracts [redacted] determine the appropriateness of hours charged [redacted] contract for [redacted] services, negotiate a recovery for any mischarged hours, determine whether debarment of Mr. Killoran is in the Government's interest, and provide status of any recovery results to the OIG within 45 days. In addition, the OIG requests that the Executive Officer, Office of Security and Counterintelligence, place a copy of this report in [redacted] security file, along with a notation in the appropriate security databases. (b)(1)
(b)(3)
(b)(3)
(b)(7)(c)

~~(U//FOUO)~~ You may share information contained within this report with those individuals you deem necessary to complete the requested actions. If individuals other than the addressees require a copy of this report, please notify the undersigned, and the OIG will promptly review the request. Upon completion of all requested actions, please return all copies of this Report of Investigation to the OIG, with the exception of any copy placed in [redacted] security file.

CL BY: [redacted]
DECL ON: 25X1, 20660617
DRV FROM: INCG 1.0, 13 February 2012

(b)(3)

~~SECRET//TALENT KEYHOLE//NOFORN~~

SUBJECT: (U) Report of Investigation: Conflict of Interest
(Case Number 15-0021 I)

(U//~~FOUO~~) If you have any questions concerning this report,
please contact Deputy Assistant Inspector General [redacted]
at [redacted] Assistant Inspector General
for Investigations, at [redacted]

(b)(3)

[redacted]
Acting Inspector General

Attachment:

(U) Report of Investigation

(Case Number 15-0021 I) (~~S//TK//NF~~)

SUBJECT: (U) Report of Investigation: Conflict of Interest
(Case Number 15-0021 I)

OIG [REDACTED] 17 Jun 16

(b)(3)

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Principal Deputy Director, National Reconnaissance Office
Deputy Director, National Reconnaissance Office
Director, Imagery Intelligence Systems Acquisition Directorate
Director, Office of Contracts
General Counsel
Executive Officer, Office of Security and Counterintelligence
OIG Official Record [REDACTED]

(b)(3)

*(U) National Reconnaissance Office
Office of Inspector General
Investigations Division*

(U) REPORT OF INVESTIGATION

(U) (15-0021 I)

17 June 2016

(U) Section A – Subject:

1. ~~(U//FOUO)~~ Full name:

(b)(3)
(b)(7)(c)

Employer: Self-Employed

Current Contract Number: N/A

Previous Contract Numbers:

(b)(3)

Job Title:

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

~~SECRET//TALENT KEYHOLE//NOFORN~~

(U) Section B – Predication:

2. (~~S//TK//NF~~) On 14 January 2014, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) received information alleging a criminal conflict of interest involving

[redacted] (b)(3)
[redacted] (b)(7)(c)
[redacted] was personally and substantially involved in particular matters (b)(1)
concerning [redacted] and the NRO [redacted] program. (b)(3)
[redacted] allegedly represented Boeing's interests to government officials on the [redacted] program. [redacted] alleged actions potentially violated his (b)(3)
permanent restriction under 18 U.S.C. § 207, *Restrictions on former officers, and elected officials of the executive and legislative branches.* (b)(7)(c)
(b)(3)
(b)(7)(c)

(U) Section C – Potential Violations:

3. (U) 18 U. S. C. § 207, *Restrictions on former officers, and elected officials of the executive and legislative branches* makes it unlawful for anyone after government employment to "knowingly make, with intent to influence, any communication to or appearance before any officer or employee of any department...on behalf of any other person in connection with a particular matter...in which the person participated personally and substantially as such officer or employee which involved a specific party or specific parties at the time of such participation."

(b)(3)
(b)(7)(c)

(U) Section D – Investigative Findings:

4. (~~U//FOUO~~) The OIG obtained records that revealed [redacted] retired from government service on [redacted] Immediately prior to retirement, [redacted] held the positions of [redacted]
[redacted] Per appropriate pre-retirement procedures, in approximately August 2008, [redacted] advised the NRO Office of General Counsel (OGC) of his plans to retire. In response, the OGC provided him written guidance which prohibited him from ever (lifetime ban) representing anyone before the government on any particular matter in which he participated personally and substantially while with the government.²

(b)(3)
(b)(7)(c)

5. (~~S//TK//NF~~) According to records obtained by the OIG, on 25 November 2008, [redacted] requested an opinion from the OGC regarding his employment [redacted] as an independent consultant. As a result, the OGC provided him additional instructions in a letter dated 8 January 2009. The letter specifically prohibited [redacted] from ever representing anyone [redacted] before the government on [redacted] since he participated personally

(b)(1)
(b)(3)

(b)(7)(c)

[redacted]
[redacted]

(b)(5)

(b)(1)
(b)(3)

and substantially on the [redacted] program.³ This letter outlined the basis for the OGC opinion and detailed [redacted] for the [redacted] contract and his involvement in decisions that resulted in more than \$10,000,000 in contract changes. Additionally, the letter stated [redacted] was involved in making significant [redacted]

(b)(3)
(b)(7)(c)

6. (U//FOUO) NRO contract records corroborated the OGC's findings. Documents listed [redacted] as the [redacted] for three award fee periods, and evidenced his [redacted] during that time. In addition, documents showed [redacted] performance between October 2007 and April 2008 as so poor that it received a score of zero, which would have equated to over [redacted] in lost fee for the period. (b)(1) However, on 16 April 2008 [redacted] (b)(3) that allowed [redacted] the opportunity to earn the [redacted] in lost award fees in subsequent award fee periods.

(b)(3)
(b)(7)(c)

7. (S//TK//NF) Records reflected that [redacted] for [redacted] shortly after his government retirement [redacted] On 27 February 2009, [redacted] assigned [redacted] to work on a consulting services contract with [redacted] [redacted] amended this contract on 1 March 2009, subsequent to [redacted] receipt of the (b)(1) aforementioned 8 January 2009 OGC instructional letter. One of the contract amendments (b)(3) included a task for [redacted] to participate on a Technical Advisory Board (TAB) in support of [redacted] program. The TAB encompassed face-to-face discussions with [redacted] government representatives to discuss technical matters and strategies for TOPAZ. Between March 2009 and May 2013 [redacted] participated in five TAB meetings on [redacted] behalf, with a resulting cost of \$33,370.13 [redacted] subsequently billed these costs to the [redacted] contract, and the NRO ultimately paid [redacted] as a result.

(b)(3)
(b)(7)(c)

8. (S//TK//NF) The OIG interviewed [redacted] on 18 February 2015. He acknowledged attending [redacted] TAB meetings on [redacted] and that NRO government representatives attended and chaired the meetings. He also acknowledged receipt of written guidance from the OGC outlining what he could and could not do with regard to his post-government employment. [redacted] claimed that he could represent [redacted] in meetings with government personnel regarding [redacted] because the OGC's instructions prohibited him from any activity involving the [redacted] He stated that the term [redacted] only referred to a contract awarded to [redacted] when the [redacted] (b)(3) [redacted] program was broken up into three separate contracts.⁴ He further stated that (b)(7)(c) since [redacted] contract number did not change, it was not a [redacted] As a result, [redacted] stated his ban only applied to the [redacted] contract and not to [redacted] matters involvin [redacted] Notwithstanding these assertions, the OGC's written guidance, which

(b)(1)
(b)(3)
(b)(7)(c)

³ (S//TK//NF) On page four of its 8 January 2009 letter to [redacted] the OGC defined the term [redacted] used in the letter as a "reference to certain classified contracts between the NRO and [redacted] Corporation." The [redacted] program is one of the classified contracts with [redacted] at the NRO.

⁴ (S//TK//NF) When the [redacted] new contracts were awarded to [redacted] to continue some of the work those companies were doing [redacted] continued effort was retained on its original contract vice being issued a new contract.

(b)(1)
(b)(3)

[redacted] acknowledged receiving, clearly articulated that the [redacted] refers
to "certain classified contracts between NRO and [redacted] (b)(1)
(b)(3)

(b)(3)
(b)(7)(c)

(U) Section E – Conclusion:

9. ~~(S//TK//NF)~~ The NRO OGC instructed [redacted] that his representation of [redacted]
to the government would result in a violation of his post-government prohibitions. Subsequent
to receipt of these instructions, [redacted] repeatedly represented [redacted] to the NRO on
[redacted] matters, all in violation of said post-government employment restrictions. All
investigative steps are complete to date.

(b)(1)
(b)(3)

10. ~~(U//FOUO)~~ The OIG briefed the United States Attorney's Office for the Eastern
District of Virginia, which subsequently declined the case in favor of administrative actions.

(b)(3)
(b)(7)(c)

(b)(3)
(b)(7)(c)

(b)(3)

[redacted]
Assistant Inspector General
for Investigations

(U) Section F – Recommendation:

11. (U//~~FOUO~~) The OIG requests that the Executive Officer, Office of Security and Counterintelligence, place a copy of this report in [] security file, along with a notation in the appropriate security databases.

(b)(1)

(b)(3)

12. (U//~~FOUO~~) The OIG recommends that the Director, Office of Contracts determine the appropriateness of hours charged by [] on the [] contract for [] services. negotiate a recovery for any mischarged hours, and determine whether debarment of [] pursuant to the Federal Acquisition Regulation 9.406, is in the government's interest. The Director, Office of Contracts should report the result of his determination as well as any action taken or anticipated to the OIG within 45 days from the date of this report.

(b)(3)

(b)(7)(c)

CONCUR:

[]
[] Acting Inspector General

17 June 2016

Date

(b)(3)

**NATIONAL RECONNAISSANCE OFFICE**

Office of Inspector General
14675 Lee Road
Chantilly, VA 20151-1715



19 September 2016

MEMORANDUM FOR DIRECTOR, OFFICE OF CONTRACTS
EXECUTIVE OFFICER, OFFICE OF SECURITY AND
COUNTERINTELLIGENCE

SUBJECT: (U//~~FOUO~~) Summary Report of Investigation: False Statement
(Case Number 16-0039-I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation based upon information alleging [redacted] falsified test results on an NRO program. The attached Summary Report of Investigation details the investigation results.

(b)(3)
(b)(7)(c)

(U//~~FOUO~~) The OIG requests that the Executive Officer, Office of Security and Counterintelligence place a copy of this report in [redacted] security file, along with a notation in the appropriate security databases.

(U//~~FOUO~~) The OIG recommends that the Director, Office of Contracts determine whether debarment of [redacted] pursuant to the Federal Acquisition Regulation 9.406, is in the government's interest. The Director, Office of Contracts should report the result of his determination as well as any action taken or anticipated to the OIG within 45 days from the date of this report.

(U//~~FOUO~~) You may share information contained within this report with those individuals you deem necessary to complete the requested actions. If individuals other than the addressees require a copy of this report, please notify the undersigned, and the OIG will promptly review the request. Upon completion of all requested actions, please return all copies of this ROI to the OIG, with the exception of any copy placed in [redacted] security file.

CL BY: [redacted]
DECL ON: 20410919
DRV FM: INCG 1.0, 13 February 2012

(b)(3)

~~SECRET//TALENT KEYHOLE//NOFORN~~

SUBJECT: (U//~~FOUO~~) Summary Report of Investigation: False Statement
(Case Number 16-0039-I)

(U//~~FOUO~~) Questions regarding this report may be directed to
Deputy Assistant Inspector [REDACTED]
or to me at [REDACTED]

(b)(3)

[REDACTED]
Assistant Inspector General
for Investigations

Attachment:

(U) Summary Report of Investigation
(Case Number 16-0039-I) (~~S//TK//NF~~)

cc:

General Counsel

SUBJECT: (U) Summary Report of Investigation: False Statement
(Case Number 16-0039-I)

OIG September 2016

(b)(3)

DISTRIBUTION:

Hard Copy

Director, Office of Contracts

General Counsel

Executive Officer, Office of Security and Counterintelligence

OIG Official Record

*(U) National Reconnaissance Office
Office of Inspector General
Investigations Division*

(U) SUMMARY REPORT OF INVESTIGATION

(U) (16-0039-I)

19 September 2016

(U) Section A – Subject:

1. ~~(S//TK//NF)~~ Full Name: (b)(3)
(b)(7)(c)

Employer:

(b)(1)
(b)(3)

Current Contract Number: None

(b)(1)
(b)(3)

Previous Contract Numbers:

Job Title:

CL BY:

DECL ON: 20410523

DRV FM: INCG 1.0, 13 February 2012

(b)(3)

~~SECRET//TALENT KEYHOLE//NOFORN~~

(U) Section B – Predication:

2. ~~(S//TK//NF)~~ On 21 August 2014, The National Reconnaissance Office (NRO), Office of Security and Counterintelligence (OS&CI) reported to the Office of Inspector General (OIG) that it had developed information that [redacted] a [redacted]

[redacted] employee assigned to contract [redacted] had falsified test results related to the contract at the company's facilities located in [redacted]

[redacted] The OS&CI reported that [redacted] knowingly conducted testing that was against the company's established protocols and then submitted the results to his management as if the results were legitimate. As reported, [redacted] actions violated 18 U.S.C. §1001, *False Statements*, which makes it unlawful for any person to knowingly falsify or conceal a material fact; or to make a materially false, fictitious, or fraudulent.

(U) Section C – Investigative Findings:

3. ~~(S//TK//NF)~~ The OIG obtained OS&CI records which evidenced that during [redacted] security processing on 7 August 2014, he reported that on approximately 9 July 2014 he conducted heat treatment processing on two different metal hardware parts, from two separate work-orders, using a single oven, thus exposing one of the parts to incorrect and unacceptable temperatures. [redacted] stated he subsequently altered the details of the corresponding processing certificate to make it appear that he had conducted the process within acceptable parameters and with a favorable outcome. He stated he performed these actions during the course of his assigned duties on an NRO program, which he knew to be [redacted] The OS&CI immediately communicated the details of [redacted] statement to the NRO [redacted]

4. ~~(S//TK//NF)~~ On 8 August 2014, [redacted] Security notified [redacted] of its concerns regarding [redacted] actions. During this notification, [redacted] responded that it was not aware of any reporting disclosures made by [redacted] or any of its employees. Security subsequently requested that [redacted] be removed from any NRO program related duties located at [redacted] After his removal from NRO programs, [redacted] provided the details noted herein of the incident to [redacted] Security.

5. ~~(S//TK//NF)~~ The OIG obtained records from [redacted] reflecting the company's response to the alleged incident. This "Disclosure of Misconduct by Employee" report contained [redacted] internal investigation and corrective measures regarding [redacted] actions associated with the NRO's [redacted] As set forth in the report [redacted] disclosed to [redacted] that despite the faulty testing process, he allowed the treatment to conclude, and then prepared an inaccurate record using time and temperature data from an older, previously completed heat treatment

[redacted]

procedure which reflected satisfactory results. The report further noted [] informed [] he falsified the report in an attempt to conceal his actions.

(b)(1)
(b)(3)

6. (U//~~FOUO~~) In response to its investigation of [] actions, [] took appropriate corrective action to identify and isolate the affected parts. [] provided assurances it did not install any of the affected parts into any flight hardware and notified the NRO of the incident and its corrective actions. The OIG investigation did not produce any information contrary to these findings.

(b)(1)
(b)(3)

(U) Section D – Conclusion:

(b)(3)
(b)(7)(c)

7. (S//~~TK//NF~~) [] knowingly submitted falsified test results for parts related to an NRO program. Due to the isolated nature of the event and the company's corrective actions, the United States Attorney's Office, Central District of California declined interest in the case. [] reported the incident and its corrective actions to the cognizant [] Contracting Officer, who subsequently requested and received a reimbursement on 7 January 2015 from [] in the amount of \$295.29 to account for the time associated with [] actions. [] resigned from [] prior to any administrative action taken against him by his employer. He was administratively removed from NRO access by virtue of his resignation.

(b)(1)
(b)(3)

(b)(1)
(b)(3)

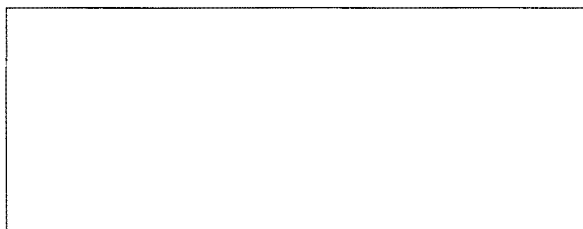
(U) Section E – Recommendations:

8. (U//~~FOUO~~) The OIG requests that the Executive Officer, Office of Security and Counterintelligence place a copy of this report in [] security file, along with a notation in the appropriate security databases.

(b)(3)
(b)(7)(c)

9. (U//~~FOUO~~) The OIG recommends that the Director, Office of Contracts determine whether debarment of [] pursuant to the Federal Acquisition Regulation 9.406, is in the government's interest. The Director, Office of Contracts should report the result of his determination as well as any action taken or anticipated to the OIG within 45 days from the date of this report.

(b)(3)



Assistant Inspector General
for Investigations

Closure Memorandum

Case Number: 11-00351

(b)(3)

Date of Entry: 10/31/2013

Investigator: [redacted]

(b)(1)

(b)(3)

Allegation Information**Narrative:**

(S//TK//NF) On 18 January 2011, the National Reconnaissance Office (NRO) initiated an investigation regarding potential labor mischarging by a Northrop Grumman employee [redacted]. A proactive survey identified individuals whose badge records reflected less than 25 hours per week on site for five weeks or more of a nine week period. From 26 July 2010 through 26 September 2010, [redacted] was out of the facility 49 percent of the time despite his status as a full-time employee [redacted] worked [redacted] and directly charged NRO contracts [redacted].

If [redacted] knowingly submitted false hours on his timecards, he would have violated 18 U.S.C. § 287, False, Fictitious, and Fraudulent Claims. (b)(3) (b)(7)(c)

(U//FOUO) The NRO examined [redacted] time at the facility for two full work years from 1 January 2009 through 31 December 2010. The NRO compared the hours [redacted] charged to NRO contracts with facility access records [redacted] and travel records, and access records for contractor facilities [redacted]. The comparison revealed 1,283 mischarged (b)(3) (b)(7)(d), IG Act.

(U//FOUO) On 24 January 2011, the NRO interviewed [redacted] supervised [redacted] from 2003 to the present. Mr. Gomez relayed [redacted] worked from 9:00AM to 5:00PM or 8:00AM to 4:00PM, five days a week with occasional shift work. As a salaried employee [redacted] recorded 80 hours every two weeks. Employees completed time cards daily and submitted them to their supervisor every two weeks. Mr. Gomez approved [redacted] time cards. (b)(3) (b)(7)(c)

(U//FOUO) The NRO provided Mr. Gomez a list of 24 days which [redacted] claimed hours on his timecard, but where no badge records existed. [redacted] verified that [redacted] claimed those hours, but provided no explanation for [redacted] whereabouts. [redacted] believed [redacted] smoked, but was unsure of the number of breaks allowed. [redacted] stated no issues existed with [redacted] time card accounting or hours worked. (b)(3) (b)(7)(c)

(U//FOUO) On 8 March 2011, the NRO interviewed [redacted] Northrop Grumman Technical Lead. [redacted] supervised [redacted] daily activities, but did not approve [redacted] timecards. [redacted] typically worked 7:00AM to 4:00PM Monday through Friday and occasionally worked at other contractor facilities.

(U//FOUO) On 26 May 2011, the NRO interviewed [redacted] who provided the following: (b)(3) [redacted] worked for Northrop Grumman from [redacted] to the present. [redacted] stated he arrived at work between 7:00AM and 8:00AM and left work between 3:00PM and 4:00PM and took lunch between 11:00AM and 1:00PM. [redacted] took breaks during the day to go to the deli for a snack, talk to the gate guards, or smoke. [redacted] averaged six smoke breaks per day lasting less than five minutes each. [redacted] worked 80 hours in a two week period and activities not directly supporting the contract could not be charged to the contract. [redacted] never charged time not worked, but claimed he did not accurately account for hours worked. In approximately January 2010, [redacted] received counselling for not properly charging time to the contract. Each year, [redacted] received computer based training (CBT) regarding time charging policies. [redacted] stated he had no intention of defrauding anyone for the time he worked and understood timecard fraud as charging time for hours he did not intend to work. [redacted] owned a [redacted] but claimed he never used work time to perform work related to his personal company. (b)(3) (b)(7)(c)

(U//FOUO) Early in the investigation the NRO NRO determined that at least some of [redacted] time was charged to contract line items funded by NSA. The NRO NRO notified NSA NRO and it was agreed that NRO NRO would continue to work the case. NRO NRO periodically informed NSA NRO of the status of the case. (b)(3)

(U//FOUO) On 6 July 2011 [redacted] NRO Ombudsman, contacted NRO and relayed that [redacted] informed that his last day with Northrop Grumman was [redacted]. The NRO verified in [redacted] that [redacted] was debriefed of all clearances on 1 July 2011. [redacted] clearances pending for [redacted] with no further information available. (b)(3)

(U//FOUO) On 24 August 2011, the NRO reviewed [redacted] work e-mail account. During the 2009 to 2010 time period, [redacted] sent 46 e-mails which discussed his personal business. [redacted] The amount of work time [redacted] spent on personal business emails was minimal, therefore this time was not included in the the total of mischarged hours. (b)(3) (b)(7)(c)

(U//FOUO) Northrop Grumman performed an independent analysis and disputed 30 of the 1,283 mischarged hours identified by the NRO. The NRO took no exception to Northrop Grumman's calculations resulting in 1,253 hours mischarged and a fully burdened loss of [redacted]. (b)(3)

(U//~~FOUO~~) [] attended [] indoctrination. Site Personnel Security verified [] attended as a new NSA civilian employee.

(U//~~FOUO~~) As a result of the OIG investigation, Northrop Grumman implemented [] (b)(4)
[] (b)(3)
[] (b)(7)(c)

(U//~~FOUO~~) On 9 November 2012, at the request of the United States Attorney's Office (USAO) [] the OIG analyzed badge records and the time cards for [] for the time period 12 May 2012 to 5 October 2012. The time period covered [] recent employment as an NSA civilian. Analysis revealed approximately 42 hours or 5.3% of unaccounted for time. The OIG presented the facts of this case to the USAO [] which declined prosecution due to Northrop Grumman's cooperation, full reimbursement to the government, improved internal controls, and no evidence of continued mischarging by [] as a government employee.

(S//~~TK~~//NF) The investigation revealed sufficient evidence to support the conclusion that [] actions constituted a violation of 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*, by mischarging 1,253 hours to NRO contracts, resulting in a loss to the government of [] Northrop Grumman reimbursed [] to contract [] and issued a Treasury check for [] for the (b)(3) loss to contract [] The NRO OIG completed a Report of Investigation dated 6 February 2014. There are no further actions required by this office. It is recommended that the case be closed as substantiated.

Last Investigative Step:

(b)(1)
(b)(3)

Resolution: ☒ Substantiated ☐ Unresolved ☐ Unsubstantiated ☐ Referred

Case Closure Justification

Additional Information:

OIG Management Approval

Effective Date	Signature	Notes
04/01/2014		(b)(3)

OIG Management Approval

Effective Date	Signature	Notes

IG Counsel Approval

Effective Date	Signature	Notes

~~SECRET//TK//NF~~**Closure Memorandum**

Case Number:	09-0128-I	Date of Entry:	16 Jul 14
Primary Investigator:			(b)(3)

Allegation Information

(b)(1)

(b)(3)

Narrative:

Allegation that [] employee, [] mischarged labor.

(b)(3)

(b)(7)(c)

Last Investigative Step:

Add Date

Resolution:

Substantiated. [] at the start of the investigation.

(b)(7)(c)

Case Closure Justification**Summary**

(U//FOUO) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation of [] for violation of 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*.

(b)(1)

(b)(3)

(S//TK//REL to USA, FVEY) [] was a [] employee working under NRO contract [] [] was a sub-contractor [] for work mostly supporting the []

(b)(1)

(b)(3)

[] The joint OIG and DCIS investigation revealed 1,920 discrepant hours between his time (b)(3) (b)(3) claims and actual time at his assigned facilities for the period January 2007 to June 2009. These labor hours were inappropriately billed to the NRO. On 1 May 2014, [] paid the United States Treasury [] account for the monetary loss attributed to [] actions. On 26 June 2009, [] retired from [] and was debriefed of NRO accesses.

(b)(1)

(b)(3)

(b)(1)

(b)(3)

(b)(1)

(b)(3)

(U//FOUO) The United States Attorney's Office for the District of Colorado declined prosecution. The NRO OIG considers the contractor's settlement payment sufficient and no further investigative steps are required. The OIG issued a Notification to NRO OS&CI on 16 Jul 14.

(b)(3)

(See DCIS ROI for additional investigative details.)

(b)(7)(c)

~~SECRET//TK//NF~~

[redacted]
From: [redacted]
Sent: Wednesday, July 16, 2014 3:21 PM
To: Courtney Martha K NRO USA CIV; [redacted]
Cc: [redacted]
Subject: Notification of Substantiated OIG Investigation: Case Number 2009-0128 I --- ~~SECRET//TK//REL TO USA, AUS, CAN, GBR, NZL~~

Classification: ~~SECRET//TK//REL TO USA, AUS, CAN, GBR, NZL~~

Classified By: [redacted]
Derived From: INCG dated 20120213 (b)(3)
Declassify On: 20391231
=====

Ms. Courtney and [redacted]

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation of [redacted] (Social)(b)(3)
Security [redacted], for violation of 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*. (b)(7)(c)

(S//~~TK//REL TO USA, FVEY~~) [redacted] was a [redacted] employee working under NRO contract [redacted] (b)(1)
was a sub-contractor to [redacted] for work mostly supporting the [redacted] The OIG investigation revealed 1,920 (b)(3)
discrepant hours between his timecard claims and actual time at his assigned facilities for the period January 2007 to June 2009. These labor
hours were inappropriately billed to the NRO. On 1 May 2014, [redacted] paid the United States Treasury [redacted] to account for the monetary
loss attributed to [redacted] actions. On 26 June 2009 [redacted] retired from [redacted] and was debriefed of NRO accesses. (b)(1)

(U//~~FOUO~~) The United States Attorney's Office for [redacted] declined prosecution. The NRO OIG considers the contractor's (b)(3)
settlement payment sufficient and no further investigative steps are required. (b)(1)

(U//~~FOUO~~) We request that your office place a copy of this notification in the individual's security file and update his status as appropriate in all
security databases. Please direct any questions regarding this case to Special Agent [redacted] or me. (b)(3)

Thank you,

[redacted] (b)(3)
Office of Inspector General
[redacted]

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=====
Classification: ~~SECRET//TK//REL TO USA, AUS, CAN, GBR, NZL~~

~~SECRET//TK//NF~~**Closure Memorandum**

Case Number:	12-0056-I	Date of Entry:	4 February 2015
Primary Investigator:			(b)(3)

(b)(3)

IG Act

Allegation Information (b)(7)(d)**Narrative:**

On 10 January 2011, [redacted], an auditor with the National Reconnaissance Office (NRO) Office of Inspector General (OIG) provided information to OIG Investigations indicating contract and payment irregularities within an NRO contract. During the course of [redacted] audit of the Consolidated Facilities Operations and Maintenance Pass-Through Contract (CFOAM), Contract Number NRO000-09-C-0383, with the Boeing Services Company (Boeing), [redacted] identified issues with the advanced funding arrangement made to Boeing. [redacted] explained that under a previous contract with Boeing, the NRO had provided [redacted] in advanced funding in order for Boeing to rapidly fulfill purchase requirements for the NRO. Under the current contract, NRO000-09-C-0383, the NRO is likewise providing advanced funding in order to expedite the purchases. Advanced funding is provided under a condition that any interest earned with the advanced funds must be returned to the NRO semi-annually. Further, monthly bank reconciliations of the interest bearing account must be provided to the NRO. The NRO OIG audit identified that, under the current contract, advanced funding is being provided to Boeing but the funding is first submitted to a [redacted] account and then transferred to a [redacted] account. Per the terms of the CFOAM contract Boeing is required to provide bank reconciliations to the NRO. The NRO has only been provided [redacted] reconciliation statements and has not received any of [redacted] statements. A review of [redacted] account shows that transfers of the advanced funds from [redacted] account to the [redacted] account has had significant lag time with some time as high as six months. Intake Database #: 506

Last Investigative Step:

[redacted] held discussion with [redacted] and former [redacted] —4
February 2014

(b)(3)

Resolution:

Unsubstantiated

Case Closure Justification**Summary**

This case is recommended for closure. Review of the invoicing and the related Boeing pass-through contract (NRO000-09-C-0383) documents provided no indication of transfer or conversion of the advanced funds. [redacted] determined that the [redacted] Account receiving the advanced payment amounts, [redacted] also received payments (b)(3)
from [redacted] other NRO/Boeing contracts. As the funds for these [redacted] contracts and the pass-through contract were combined into one aggregate amount and money is fungible, [redacted] could not determine if the delayed reimbursements to the [redacted] accounts were transferred to the other non-NRO accounts or converted to non-NRO uses.

A review of the delayed reimbursements to the [redacted] account from the [redacted] account illustrated no (b)(3)
pattern with timing nor amount. Interviews of the cognizant [redacted] and the [redacted] (b)(3)
revealed no additional red flags of conversion.

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~

UNCLASSIFIED//~~FOUO~~**Closure Memorandum**

Case Number:	14-0021-I	Date of Entry:	16 June 2015
Primary Investigator:			

Allegation Information**Narrative:**

(U//~~FOUO~~) On 18 October 2013, the National Reconnaissance Office (NRO), Office of the Inspector General (OIG) received a complaint from [] of the Office of Security and Counter Intelligence (OS&CI) and the Aerospace Data Facility Southwest (ADF-SW). [] believed that the NRO paid too much for blueprints for [] at ADF-SW. The basis for his complaint was a cost comparison between [] also located at ADF-SW.

Last Investigative Step:

Closure memo drafted

(b)(3)

Resolution:

Unsubstantiated

Case Closure Justification**Summary**

(U//~~FOUO~~) The NRO OIG reviewed relevant documents relating to the bidding, selection, and contract award for the [] design project. According to their proposal, Jacobs an Authorized Federal Supplier operating under General Services Administration contract [] would provide a "comprehensive design solution for a modular building to be installed at the ADF-SW facility, to house approximately [] personnel for a minimum of 10 years. The associated site work, including fence relocation, will be included in this design." The building was to be a SCIF with tech floor space. The purpose for [] was to make room for a data center in [] and free up swing space in []. No actual modular building purchase or installation was included in the project. The project was for the design phase of [] only.

(U//~~FOUO~~) Source Selection recommendation dated 8 May 2012, stated that discussions for the [] project were held on 10 February 2012. [] NRO COTR signed the team recommendation. Three firms were evaluated for the project, Jacobs, URS and Dewberry. Jacobs received the highest ranking of the three firms. The firms were judged on four FAR criteria.

- Qualifications FAR Para 36.602-1(a)(1)
- Specialized Skills FAR Para 36.602-1(a)(2)
- Capacity to Perform the Work in Time Required FAR Para 36.602-1(a)(3)
- Past Performance FAR Para 36.602-1(a)(4)

UNCLASSIFIED//~~FOUO~~

UNCLASSIFIED//~~FOUO~~

(U//~~FOUO~~) Upon selection, Jacobs provided to [redacted] NRO Contracting Negotiator, a detailed pricing proposal for their services. It was noted in the subsequent Price Negotiation Memorandum that "the proposed cost was higher than the Government estimate, yet found acceptable" and the COTR, [redacted] took no exception to the proposed hours or cost. The contract was Firm Fixed Price and awarded as new Deliver Order number 0013 on Basic Ordering Agreement NRO000-09-G-0412. The total value of the contract was [redacted]

(U//~~FOUO~~) All design requirements for [redacted] were met by October of 2013. Estimated costs for the actual building construction and fit out were [redacted]. However, the purchase and installation of the building was put on hold due to funding issues.

(U//~~FOUO~~) The allegation contended that the [redacted] project was overpriced based on a comparison to ADF-SW [redacted] construction costs. The available documentation for the [redacted] project was reviewed. The [redacted] project was a modular building completed in 2010. The [redacted] requirement was for temporary (less than 5 years) SCIF swing space to house personnel while renovations to ADF-SW [redacted] were completed. The building is smaller in size than [redacted]. It was built off-site and brought in on several trucks and assembled on-site. The majority of the work was completed with existing funding under the contracts that preceded CFOAM and using contractors already on-site.

(U//~~FOUO~~) Based on the documentation review, the [redacted] design project was fairly competed and the Government willingly and knowingly accepted Jacobs' proposal. In addition, the [redacted] projects are significantly different in their scope and can't be effectively used for cost comparison. There is no evidence that shows the Government over paid for the [redacted] design project as alleged. There is no further action required and recommend closing as unsubstantiated.

(b)(3)

(b)(3)
(b)(4)UNCLASSIFIED//~~FOUO~~

UNCLASSIFIED//FOR OFFICIAL USE ONLY//LAW ENFORCEMENT SENSITIVE

Closure Memorandum**Case Number:** 12-0085-I**Date of Entry:** 3 March 2015**Primary Investigator:**

(b)(3)

Allegation Information**Narrative:**

(U//~~FOUO~~//LES) On 7 June 2012, the National Reconnaissance Office (NRO), Office of Inspector General (OIG) received information that [redacted] a former contractor at the NRO was arrested for impersonating a (b)(3) enforcement officer. The case was opened as support to Law Enforcement for Howard County Police Department (b)(7)(c) in Maryland and Defense Criminal Investigative Service (DCIS).

Last Investigative Step:

2 March 2015

Resolution:

Substantiated

Case Closure Justification**Summary**

(U//~~FOUO~~//LES) The NRO OIG provided support and coordinated with Defense Criminal Investigative Service (DCIS). The Howard County Police Department in Maryland closed out the case and provided (b)(6) DCIS Special Agent, the badges, credentials, and ID cards to return to the appropriate Federal Offices. (b)(7)(d)

(U//~~FOUO~~//LES) [redacted] bought in two boxes of badges, credentials, ID cards and patches for review to identify what belonged to the NRO. A US DOD black Police badge, a DOD Uniformed Services ID and Privilege Card and a USA [redacted] Special Police Force badge was retrieved and provided to [redacted] Chief of Security at ADF-E and [redacted] for review. [redacted] identified the [redacted] badge belonging to ADF-E in which [redacted] retrieved and signed for to destroy. The other two badges were destroyed and placed in the burn bag by [redacted]

(U//~~FOUO~~//LES) I recommend closing this case since it has now been closed out by the Howard County Police Department and badges destroyed.

(b)(1)

(b)(3)

UNCLASSIFIED//FOR OFFICIAL USE ONLY//LAW ENFORCEMENT SENSITIVE

[redacted] (b)(3)

From: [redacted]
Sent: Friday, March 20, 2015 2:03 PM
To: [redacted]
Cc: Courtney Martha K NRO USA
Subject: Notification of Substantiated OIG Investigation: Case Number 2011-0010-I --- ~~SECRET//TK//NOFORN~~

Classification: ~~SECRET//TK//NOFORN~~

Classified By: [redacted] (b)(3)
Derived From: INCG dated 20120213
Declassify On: 20401231
=====

[redacted] (b)(3)
(U//FOUO) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation of [redacted] (b)(1)
(Social Security [redacted] for violation of 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*. (b)(3)

(S//TK//NF) [redacted] was a [redacted] employee working under NRO contract [redacted] was a [redacted] (b)(3)
contractor [redacted] for work mostly supporting a program within the [redacted] The OIG investigation revealed 97% (b)(1)
discrepant hours between [redacted] timecard claims and actual time at her assigned facilities for the period October 2008 to October (b)(3)
2010. These labor hours were inappropriately billed to the NRO. On 19 August 2014 [redacted] paid the United States Treasury [redacted] to (b)(7)(c)
account for the monetary loss attributed to [redacted] actions. On 18 March 2015, the Department of the Air Force, Office of the Deputy General (b)(1)
Counsel debarred [redacted] for her actions. The debarment was effective from the date of proposed action which was 10 November 2014. (b)(3)

(U//FOUO) The United States Attorney's Office [redacted] declined prosecution. The matter was settled administratively and (b)(1)
no further investigative steps are required. (b)(3)

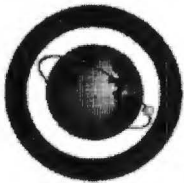
(U//FOUO) We request that your office place a copy of this notification in the individual's security file and update her status as appropriate in
all security databases. Please direct any questions regarding this case to Special Agent [redacted] or me.

Thank you,

[redacted] (b)(3)
Office of Inspector General
[redacted]

INSPECTOR GENERAL SENSITIVE INFORMATION – The information contained in this e-mail and any accompanying attachments may contain Inspector General sensitive information, which is protected from mandatory disclosure under the Freedom of Information Act (FOIA), 5 USC §552. Do not forward or release to anyone else without contacting the OIG staff member who sent this to you. If you are not the intended recipient of this information, any disclosure, copying, distribution, or the taking of any action in reliance on this information is prohibited. If you received this e-mail in error, please notify us immediately by return e-mail.

=====
Classification: ~~SECRET//TK//NOFORN~~

**NATIONAL RECONNAISSANCE OFFICE**

*Office of Inspector General
14675 Lee Road
Chantilly, VA 20151-1715*



05 February 2016

MEMORANDUM FOR DIRECTOR, OFFICE OF CONTRACTS
EXECUTIVE OFFICER, OFFICE OF SECURITY AND
COUNTERINTELLIGENCE

SUBJECT: (U) Summary Report of Investigation: Theft
(Case Number 15-0017 I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation based on information alleging [redacted] appropriated property possibly belonging to the NRO and converted it to his personal use without authorization. The attached Summary Report of Investigation details the investigation results.

(b)(3)
(b)(7)(c)

(U//~~FOUO~~) The OIG requests that the Executive Officer, Office of Security and Counterintelligence place a copy of this report in the appropriate security file, along with a notation in the appropriate security databases. All other copies are for informational purposes only and should be returned to the OIG.

(U//~~FOUO~~) The OIG recommends that the Director, Office of Contracts (D/OC) determine whether debarment of [redacted] pursuant to the Federal Acquisition Regulation 9.406, is in the government's interest. The D/OC should report the result of his determination as well as any action taken or anticipated to the OIG within 45 days from the date of this report.

(U//~~FOUO~~) OIG investigation reports are to be read only by the individuals to whom the OIG provides them, or to whom the OIG specifically authorizes their release. If there are other persons who you believe require access as part of their official duties, please let us know, and we will promptly review your request. Questions regarding this summary may be directed to Special Agent in Charge [redacted] at [redacted] (secure) or to the undersigned at secure [redacted] (secure).

(b)(3)

Assistant Inspector General
for Investigations

Attachment:

(U) Summary Report of Investigation
(Case Number 15-0017 I)

SUBJECT: (U) Summary Report of Investigation: Theft
(Case Number 15-0017 I)

OIG/ [REDACTED] 5 Feb 16

(b)(3)

DISTRIBUTION:

Director, Office of Contracts

General Counsel

Executive Officer, Office of Security and Counterintelligence

OIG Official Record [REDACTED]

(b)(3)

*(U) National Reconnaissance Office
Office of Inspector General
Investigations Division*

(U) SUMMARY REPORT OF INVESTIGATION

(U) (15-0017 I)

05 February 2016

(U) Section A – Subject:

1. ~~(U//FOUO)~~ Full name:

Employer: Aerospace Corporation

Current Contract Number: None

Previous Contract Numbers: None

Job Title:

(b)(3)
(b)(7)(c)

(U) Section B – Predication:

2. (U//~~FOUO~~) On 24 April 2015, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) received information alleging that [] appropriated property possibly belonging to the NRO and converted it to his personal use. At the time of the allegation, [] was an Aerospace Corporation employee in access at the NRO. As reported, [] alleged actions potentially violated 18 U.S.C. § 641, *Public money, property or records*, which makes it unlawful for anyone to embezzle, steal, purloin or knowingly convert to his use or the use of another, a thing of value of the United States or any department or agency thereof, or any property made or being made under contract for the United States or any department of agency thereof.

(U) Section C – Investigative Findings:

3. (U//~~FOUO~~) The OIG found that [] took several pieces of computer hardware without permission or authorization from his employer. Available records indicated that the NRO granted [] access to Special Compartmented Information in October 2006 in order to support NRO programs as [] a position which afforded him access to computer hardware. During his interview, [] told the OIG that in 2010, he took a digital data projector, two hard disk drives (HDDs), and a random access memory (RAM) module while employed by Aerospace in Chantilly, Virginia. [] explained that he returned the RAM module and the HDDs to Aerospace in 2012 because he no longer had use for them. [] claimed that the projector was at his home at the time of the interview. [] further told the OIG that at some point between 2005 and 2006, while employed by Raytheon in Reston, Virginia, he took a computer monitor and a laptop. He stated that these items were also currently at his home. [] released the projector, the laptop, and the monitor to the OIG upon request.¹

(b)(3)
(b)(7)(c)**(U) Section D – Conclusion:**

4. (U//~~FOUO~~) The United States Attorney's Office, Eastern District of Virginia declined prosecution in favor of administrative action. The OIG examined the identifying information for each piece of equipment, but they could not be identified as NRO property or associated with NRO programs. The OIG subsequently released the items to Aerospace and Raytheon respectively. NRO removed [] from access to NRO facilities and programs. This investigation is closed.

(U) Section E – Recommendation:

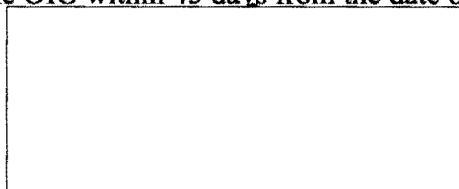
5. (U//~~FOUO~~) The OIG requests that the Executive Officer, Office of Security and Counterintelligence place a copy of this report in [] security file along with a notation in the appropriate security databases.

¹ (U//~~FOUO~~) During his interview [] also reported a history of taking computer equipment from previous employers without authorization. As the equipment at issue had no NRO nexus, it is beyond the scope of this investigation.

(b)(3)
(b)(7)(c)

6. (U//~~FOUO~~) The OIG recommends that the Director, Office of Contracts (D/OC) determine whether debarment of [redacted] pursuant to the Federal Acquisition Regulation 9.406, is in the government's interest. The D/OC should report the result of his determination as well as any action taken or anticipated to the OIG within 45 days from the date of this report.

(b)(3)

Assistant Inspector General
for Investigations

~~SECRET//TK//NF~~**Closure Memorandum**

Case Number: 11-0085-I	Date of Entry: 11/19/2015
Primary Investigator: [redacted]	(b)(3)

Allegation Information

(b)(1)

~~(S//TK//NF)~~ On 29 March 2011, the OIG received information that [redacted] (b)(3)
[redacted] knowingly submitted false claims on contract [redacted] from May 2009 through
December 2010. If substantiated, GDAIS may be in violation of 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*
and/or 18 U.S.C. § 1001, *False Statements*. (b)(1)
(b)(3)

Last Investigative Step:

~~(S//TK//NF)~~ On 28 September 2015, the OIG received final documentation from [redacted] requested via OIG subpoena (b)(1) April
2015. (b)(3)

Resolution:

Unsubstantiated

(b)(1)

(b)(3)

Case Closure Justification

~~(S//TK//NF)~~ [redacted] is a subcontractor to [redacted] on contract [redacted]. According to the complainant, GDAIS
management agreed to pay an [redacted] Analyst's travel expenses to and from [redacted]
[redacted] miles one way), in lieu of relocating the Analyst to [redacted] billed the
expenses as a direct charge to the contract. The approximate charge for the travel expenses was \$90,000 unburdened for
approximately 45 invoices submitted to the NRO between [redacted]. Complainant believed the charges
were not reimbursable to a government contract and notified [redacted] Ethics Officer, GDAIS Legal Department and
Government Compliance [redacted] but the charges on a billing hold in order to determine whether the expenses for the [redacted]
Analyst were within [redacted] policy as well as FAR. Outside legal counsel for [redacted] provided legal opinion and stated [redacted]
travel policy was unclear in several respects and could not determine whether the [redacted] Analyst's situation violated policy. (b)(3)
Out of an abundance of caution to avoid dispute [redacted] provided a credit to [redacted]. On 4 April 2011, [redacted] sent (b)(1) to
[redacted] identifying the contract overpayment of \$110,924 in travel and associated indirect costs, and reassigned the (b)(3) (1)
unallowable accounts in accordance with FAR 32.6, Contract Debts. Following repayment of costs for the [redacted] Analyst (b)(3) (b)(3)
senior [redacted] officials outside the affected program, identified four other employees from [redacted] who had (b)(1)
weekly travel costs to [redacted] made the decision to discontinue the billing of those travel costs while they (b)(3)
investigated the circumstances of the four employees. The billing of the travel costs remained on hold throughout the OIG
investigation. (b)(1)
(b)(3)

~~(S//TK//NF)~~ In May 2014, the OIG sent an OIG Subpoena to [redacted] requesting travel and personnel records for 22 [redacted] (b)(1)
employees who incurred >\$50K in travel costs from 1 August 2008 through 31 December 2012. [redacted] provided the (b)(3)
requested documentation. In addition, [redacted] identified GDAIS employees, by location, required to support the program in
[redacted]. According to [redacted] cleared employees were required to work on the
program [redacted] regularly travelling from their home location (including Thousand Oaks, CA, Scottsdale, AZ, and (b)(1)
Centennial, CO). Further, this requirement was due to the nature of the work, the skill-sets required, and the fact that (b)(3)

(b)(1)

(b)(3)

Page 1

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~(b)(1)
(b)(3)

certain GDAIS locations did not have program cleared facilities for much of the period in question.

~~(S//TK//NF)~~ GDAIS prepared monthly Cost Performance Reports (CPR's) that identified travel costs. [redacted] provided the CPR's to [redacted] as required by the contract. According to [redacted] the NRO Contracting Officer (b)(1) (b)(3) in the program [redacted] provided the Government a copy of the CPR each month. In addition to CPR's [redacted] also presented to [redacted] every month, a detailed spreadsheet called "Variance Reports" showing overrun costs and how those costs could be addressed. Beginning in December [redacted] reported a variance on travel which was reviewed by both [redacted] and Government representative [redacted]. [redacted] asserted that all travel costs were necessary (b)(1) (b)(3) contract performance, allowable, and appropriate in amount. [redacted] provided excerpts from Clause B-1 of the Prime (b)(3) Contract which states that, "the Contractor shall, in accordance with the terms and conditions set forth herein, furnish the necessary qualified personnel, services, travel, facilities and materials, and do all things necessary and incidental to complete the contractual effort in accordance with the Statement of Work". Additionally, [redacted] Statement of Work concerning (b)(1) travel provided, "Conduct travel including local travel, as necessary to meet the requirements of the contract resulting (b)(3) in this acquisition. Seller travel and allowable expenses shall be IAW the Federal Acquisition Regulation (FAR)". [redacted] (b)(1) submitted they billed all travel costs in accordance with FAR. [redacted] stated that during award fee briefings, the Govern (b)(3)

(b)(5)

Award Fee briefings. [redacted] stated that to address the issue [redacted] utilized personnel from other locations outside the [redacted] area. [redacted] believed all travel costs incurred by GDAIS to be allocable to the contract. (b)(1) (b)(3)

~~(S//TK//NF)~~ The OIG sent the list of [redacted] personnel who incurred travel costs >\$50K to Government program individuals (b)(1), [redacted] for review. Both [redacted] (b)(3) were aware that based on [redacted] mission regarding the program, extensive travel would be required by [redacted] individuals outside the [redacted]. [redacted] stated the Program Office was aware that [redacted] leveraged personnel from other locations (b)(1) include NJ, CO, AZ, and Southern California. According to [redacted] the driver for the enormous amount of travel had (b)(3) with the [redacted] and all supporting equipment that [redacted] is to produce (b)(3) Although no one within Government approved specific trips for [redacted] the Government was witting of the skillsets (b)(1) to develop and support the ground system and encouraged [redacted] to search within their corporate infrastructure to (b)(3) necessary skills were available to meet [redacted] contractual obligations. (b)(3) (b)(3)

~~(S//TK//NF)~~ Based on the documentation provided by [redacted] and information received from Government personnel (b)(1) oversight of the program, the OIG did not substantiate the violation of 18 U.S.C. § 287, False, Fictitious, and Fraudulent (b)(3) Claims or 18 U.S. C. § 1001, False Statements, and recommends case closure.

(b)(3)
(b)(7)(d)
IG Act~~SECRET//TK//NF~~

From: [REDACTED]
To: [REDACTED]
Subject: FW: NRO OIG Referral
Date: Wednesday, June 17, 2015 10:54:36 AM

(b)(3)

~~OIG EYES ONLY~~

From: [REDACTED]
Sent: Wednesday, June 17, 2015 10:53 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: NRO OIG Referral

(b)(3)

(b)(3)

[REDACTED]

(b)(3)

The National Reconnaissance Office (NRO), Office of Inspector General (OIG) has theft case that we would like to present to your office for consideration. The case represents a (formerly) "cleared" individual government contractor who held "privileged user access" status but has since been debriefed. The prevailing terms under which the Subject worked is classified, through an agreement with another US Government military entity. The OIG conducted an investigation into the allegations presented and through a non-custodial interview with the Subject determined there were multiple incidents of theft resulting in material loss to the USG and multiple private sector employers of the Subject since 2004. Subject provided the OIG with a written statement acknowledging his actions as converting US Government and corporate property to his personal use without authorization.

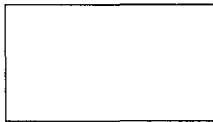
Subject is an [REDACTED] and a civilian employee of a defense contractor providing professional services to the NRO through an agreement with another US Government military entity. On April 24, 2015, an internal component of the NRO reported to the OIG that Subject took, without authorization, several Information Systems (IS) items that were US Government-owned and an IS item for which specific ownership was unable to be determined. Additionally, the reporting component provided information that in 2005-2006, Subject took without authorization, multiple company-owned items from his previous employer (also a defense contractor company) that has a contractual association with the NRO. During the course of investigative efforts/interviews, Subject confirmed he had taken two (1) GB Random Access Memory (RAM) modules, two Hard Disk Drives (HDD) and a data projector from his current employer's Chantilly, VA facility and converted those items to his personal use in his residence. Subject claimed to have returned the RAM and HDD items to his employer's Chantilly, VA facility for destruction in 2012 citing he had no further use of them, but this could not be confirmed.

(b)(3)
(b)(7)(c)

Subject volunteered that sometime in 2010, he had without authorization, taken above referenced data projector from his current employer's Chantilly, VA facility which contains US Government provided and/or funded equipment as well as items that are the property of his employer.. Subject stated he had taken the projector for conversion to his personal use at his residence which he still possessed at the time of the disclosure. Subject voluntarily returned the item to the OIG and surrendered it following the non-custodial interview. The exact ownership of

the projector could not be determined with confidence. Additionally, Subject stated he had stolen a computer monitor and a laptop computer with a non-working HDD from his previous employer (a defense contractor) who has a current and historical contractual relationship with the NRO. The laptop, minus the HDD which Subject claims to have replaced with one he purchased, and the monitor were voluntarily returned and surrendered to the OIG as Subject still had possession of those items at his residence. Subject volunteered that he had stolen items from every employer he had worked for since college including a flatbed scanner, also stolen from a previous employer/defense contract firm with an association with the NRO. Subject advised he no longer had possession of the scanner.

Please let me know if and how your office wishes to proceed if it has interest in this case.



Special Agent
Office of Inspector General/
National Reconnaissance Office



(b)(3)

(b)(3)

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**NATIONAL RECONNAISSANCE OFFICE**

*Office of Inspector General
14675 Lee Road
Chantilly, VA 20151-1715*



25 September 2015

MEMORANDUM FOR EXECUTIVE OFFICER, OFFICE OF SECURITY AND
COUNTERINTELLIGENCE

SUBJECT: (U) Summary Report of Investigation: Computer Misuse/Child
Pornography (Case Number 13-0005-I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of
Inspector General (OIG) initiated an investigation regarding an
allegation that United States Air Force [redacted]
[redacted] had viewed underage females in various states of
nudity via a government-issued computer from an NRO facility.
Attached is the Summary Report of Investigation for your review and
action.

(b)(3)
(b)(7)(c)

(U//~~FOUO~~) We request that the Director, Office of Security and
Counterintelligence place a copy of this report in the NRO personnel
security file of [redacted] and annotate appropriate security
databases.

(U//~~FOUO~~) OIG investigation reports are to be read only by the
individuals to whom the OIG provides them, or to whom the OIG
specifically authorizes their release. If there are other persons
whom you believe require access as part of their official duties,
please let us know, and we will promptly review your request.

(U//~~FOUO~~) Please direct any questions regarding this Report of
Investigation to Special Agent-in-Charge [redacted]
(secure) or to the undersigned, at [redacted]

(b)(3)

Assistant Inspector General
For Investigations

Attachment:

(U) Report of Investigation
(Case Number 13-0005 I)

~~UNCLASSIFIED//FOUO~~

SUBJECT: (U) Summary Report of Investigation: Computer Misuse/Child
Pornography (Case Number 13-0005-I)

OIG [REDACTED] /25 Sep 15

(b)(3)

DISTRIBUTION:

Executive Officer, ~~Office of Security~~ and Counterintelligence

OIG Official Record [REDACTED]

(b)(3)

~~UNCLASSIFIED//FOUO~~

*(U) National Reconnaissance Office
Office of Inspector General
Investigations Division*

(U) SUMMARY REPORT OF INVESTIGATION

(U) (13-0005 I)

25 September 2015

(U) Section A – Subject:

1. ~~(U//FOUO)~~

Full name:

Employer: United States Air Force,

Job Title:

Occupation:

(b)(3)
(b)(7)(c)

~~UNCLASSIFIED//FOUO~~

(U) Section B – Predication:

2. (U//~~FOUO~~) On 26 June 2012, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) received an allegation that [redacted] United States Air Force (USAF), may have viewed underage females in various states of nudity on his government-issued laptop while at his office of assignment within an NRO facility. At the time of the allegation [redacted] was detailed to the NRO as [redacted] within the Mission Operations Directorate (MOD).¹ The OIG initiated an investigation since [redacted] alleged actions potentially violated Title 18 U.S.C. § 2252a, "Certain Activities Relating to Material Constituting or Containing Child Pornography" and/or Directive 50-7, "Appropriate use of NRO Information Technology," which, in part, prohibits the use of NRO computer systems from activities not related to NRO business to include behavior that is illegal, obscene, or defamatory.

(b)(3)
(b)(7)(c)**(U) Section C – Investigative Findings:**

3. (U//~~FOUO~~) The OIG obtained copies of digital image files attributable to a USAF laptop issued to [redacted] for his use as [redacted] in MOD.² The files contained images of females in various states of nudity; some images depicted the females engaged in sexually explicit acts. Based on their apparent stages of physical development, the OIG opined that some of the females may have been underage. The OIG subsequently obtained and examined the hard drive from [redacted] computer, which confirmed the presence of the files in question.

4. (U//~~FOUO~~) The OIG contacted the Federal Child Exploitation Task Force³, which subsequently executed a search warrant on 1 November 2012 for [redacted] residence in Loudoun County, Virginia. As a result, Task Force personnel seized and ultimately examined several computers and digital media storage devices that belonged to [redacted]. The search produced additional digital images similar to those originally obtained by the OIG from [redacted] laptop computer at the NRO.⁴

5. (U//~~FOUO~~) The Office of the Commonwealth's Attorney for Fairfax County, Virginia, determined that the images were insufficient to pursue prosecution in the matter. The Task Force subsequently referred the case to the USAF Judge Advocate General (JAG) at Joint Base Andrews. On 9 July 2015, the JAG informed the OIG that [redacted] received an Article 15 (non-judicial punishment) effective 9 May 2015.

(b)(3)
(b)(7)(c)

¹ (U//~~FOUO~~) [redacted] was also [redacted] at the NRO.

² (U//~~FOUO~~) The Communications Acquisition Directorate [redacted] monitors computer networks at the NRO for aberrant and prohibited activity. This organization attributed the files at issue to [redacted] computer.

(b)(3)

³ (U//~~FOUO~~) The Task Force included law enforcement personnel from the Fairfax County Police Department, the Loudoun County Sheriff's Office, and the USAF Office of Special Investigations.

⁴ (U//~~FOUO~~) Following the execution of the search warrant, the USAF removed [redacted] from the NRO and reassigned him to another position within the USAF.

(U) Section D – Conclusion:

6. (U//~~FOUO~~) [] used a government-issued computer to view pornographic images via an NRO network connected to the Internet. He did this while on duty at an NRO facility. Given that the USAF removed [] from the NRO and remanded him for punishment and reassignment, this investigation closed.⁵

(U) Section E – Recommendation:

7. (U//~~FOUO~~) The OIG requests that the Director, Office of Security and Counterintelligence place a copy of this report in the security file of the individual identified within, along with a notation in the appropriate security databases.

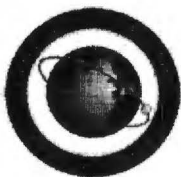


Assistant Inspector General
for Investigations

(b)(3)
(b)(7)(c)

(b)(3)

⁵ (U//~~FOUO~~) NRO did not engage in any administrative action regarding NRO Directive 50-7 as the USAF had already removed [] from NRO facilities.



NATIONAL RECONNAISSANCE OFFICE

Office of Inspector General
14675 Lee Road
Chantilly, VA 20151-1715



XX May 2012

(b)(3)

MEMORANDUM FOR CHIEF, [REDACTED] OFFICE OF
SECURITY AND COUNTERINTELLIGENCE

SUBJECT: (U//~~FOUO~~) Investigative Security Closure Memo
[REDACTED] (Case Number 2010-081 I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation involving a Raytheon Intelligence and Information Systems (RI&IS) employee, [REDACTED] (Social Security [REDACTED]), for violation of 18 U.S.C. § 287, False, Fictitious, and Fraudulent Claims, which makes it unlawful for anyone to make a claim that is knowingly false to a department of the United States Government. The OIG obtained information indicating [REDACTED] was not working his required hours per day. [REDACTED] at the time supported NRO Contracts 10-C-4124 and 03-C-4064 at the Aerospace Data Facility-Colorado (ADF-C).

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(U//~~FOUO~~) The OIG investigation revealed from 1 August 2009 through 14 March 2010, [REDACTED] charged 221 hours to NRO contracts that he did not work as claimed. This was discovered through an analysis of [REDACTED] timecard submissions compared to mostly badge records from the ADF-C and a Raytheon facility. According to [REDACTED] supervisor, [REDACTED] duties required him to spend the majority of his time inside these facilities.

(U//~~FOUO~~) During an interview in March 2011, [REDACTED] informed OIG investigators that he was made aware of the investigation through his supervisor which the OIG had previously interviewed. [REDACTED] asserted that most of his work time during the period in question was spent outside the ADF-C, although the investigative facts disclosed an opposing view. The investigation disclosed that [REDACTED] constantly had gaps of unaccounted time away from the ADF-C and the Raytheon facility. [REDACTED] advised he typically worked out daily at the ADF-C fitness center for approximately 1-1 ½ hours. The gaps of unaccounted time mostly

SUBJECT: (U//~~FOUO~~) Investigative Security Closure Memo
Gregory O. Nierengarten (Case Number 2010-081 I)

correlate with [] fitness time and consistently charging 4.5 hours on Sundays, but with minimal, if any, time present at any facility. [] advised that on Sundays he occasionally worked at the ADF-C and would also work from his home. [] did not have any documentation or bona fide justification which authorized him to work from home.

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(U//~~FOUO~~) An [] ethics and compliance officer conducted an independent investigation to include an analysis of [] [] badge records and timecards. The investigation disclosed hours that were unaccounted similar to that of the IG investigation. The Raytheon investigation also included witness interviews to include Raytheon senior managers which advised that [] potentially made up the hours by working at other facilities or from home. The OIG requested specifics of Raytheon's investigation but those requests went unanswered. The OIG opines that given the surrounding facts of this investigation, the likelihood that [] engaged in cost mischarging is more probable than not. If so, total monetary damage to NRO contracts based on a fully burdened rate would be [] Ethics and General Counsel offices advised the OIG that [] would be placed in a Raytheon facility in order to allow for closer scrutiny of his work hours. [] continues to work at the ADF-C although Raytheon has been reminded of their assurance to relocate []

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(U//~~FOUO~~) We request that your office place a copy of this report in the individual's security file and update his/her status as appropriate in all security databases. Please direct any questions regarding this case to Special Agent [] at secure [] or to [] Chief, [] at secure []

(b)(3)

[]
Assistant Inspector General
for Investigations

**NATIONAL RECONNAISSANCE OFFICE**

Office of Inspector General
14675 Lee Road
Chantilly, VA 20151-1715



25 March 2016

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE
PRINCIPAL DEPUTY DIRECTOR, NATIONAL
RECONNAISSANCE OFFICE
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE
DIRECTOR, BUSINESS PLANS AND OPERATIONS DIRECTORATE,
NATIONAL RECONNAISSANCE OFFICE
DIRECTOR, OFFICE OF CONTRACTS, NATIONAL RECONNAISSANCE
OFFICE
DIRECTOR, CENTER FOR THE STUDY OF INTELLIGENCE, CENTRAL
INTELLIGENCE AGENCY

Subject: (U) Report of Investigation: Use of Public Office for
Private Gain (Case Number 15-0027-I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of
Inspector General (OIG) initiated an investigation based on an
allegation that [REDACTED]

[REDACTED] Center for the Study of National Reconnaissance, NRO,
may have violated ethics regulations due to his conduct in a contract
award to an individual with whom he had a personal relationship.

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(U//~~FOUO~~) During the course of the investigation, the OIG
developed information that indicated [REDACTED] may have committed
additional ethics violations due to his conduct during the award of a
different contract to another individual with whom he had a personal
relationship. The attached Report of Investigation details the
overall investigation results.

(U//~~FOUO~~) The OIG requests that the Director, Business Plans and
Operations Directorate, and the Director, Office of Contracts, provide
a written response by 12 May 2016 that identifies any actions taken on
this matter. Please address your response to [REDACTED]
Assistant Inspector General for Investigations.

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(U//~~FOUO~~) OIG investigation reports are to be reviewed only by
those individuals to whom the OIG provides them, or to whom the OIG
specifically authorizes their release. If there are other persons who
you believe require access as part of their official duties, please
let us know, and we will promptly review your request.

Subject: (U) Report of Investigation: Use of Public Office for
Private Gain (Case Number 15-0027-I)

(U//~~FOUO~~) Please direct any questions regarding this Report of
Investigation to Special Agent-in-Charge [redacted]
(secure) or to [redacted] Assistant Inspector General for
Investigations, [redacted]

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[redacted]
Deputy Inspector General

Attachment:

(U) Report of Investigation:
(Case Number 15-0027-I) (U//~~FOUO~~)

cc:
GC/NRO
GC/CIA
D/OS/CIA
C/OS [redacted] CIA

(b)(3) 50 USC ± 3605

Subject: (U) Report of Investigation: Use of Public Office for
Private Gain (Case Number 15-0027-I)

[REDACTED] 25 Mar 16

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EXTERNAL DISTRIBUTION:

Director, Center for the Study of Intelligence, Central Intelligence
Agency

General Counsel, Central Intelligence Agency

Director, Office of Security, Central Intelligence Agency

Chief, Office of Security, [REDACTED] Central
Intelligence Agency

(b)(3) 50 USC § 3605

INTERNAL DISTRIBUTION:

Director, National Reconnaissance Office

Principal Deputy Director, National Reconnaissance Office

Deputy Director, National Reconnaissance Office

Director, Business Plans and Operations Directorate

Director, Office of Contracts

General Counsel

OIG Official Record [REDACTED]

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*(U) National Reconnaissance Office
Office of Inspector General
Investigations Division*

(U) REPORT OF INVESTIGATION

(U) (15-0027-I)

25 March 2016

(U//~~FOUO~~) Section A – Subject:

1. **(U//~~FOUO~~) Full Name:**

Grade:

Occupation:

Career Service: Center for the Study of Intelligence

NRO Position:

Center for the Study of National
Reconnaissance

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(U) Section B – Predication:

2. (U//~~FOUO~~) On 12 January 2015, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) received an allegation that [redacted] Center for the Study of National Reconnaissance (CSNR), may have violated ethics regulations due to his conduct in a contract award to an individual with whom he had a personal relationship. If substantiated, [redacted] actions may have violated certain ethics regulations, to include 5 CFR 2635.702 – Use of public office for private gain, and 5 CFR 2635.10, Basic obligation of public trust.

3. (U//~~FOUO~~) During the course of the investigation, the OIG developed information that indicated [redacted] may have committed additional ethics violations due to his conduct during the award of a different contract to another individual with whom he had a personal relationship.

(U) Section C – Potential Violations:

4. (U//~~FOUO~~) 5 CFR 2635.702 prohibits a federal employee from using his public office for his own gain or for the private gain of friends, relatives, or persons with whom the employee is affiliated in a nongovernmental capacity. 5 CFR 2635.101(b)(8) requires a federal employee to act impartially and not give preferential treatment to any private organization or individual.

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(U) Section D – Investigative Findings:

(U//~~FOUO~~) [redacted] relationship with [redacted] and use of his public office for her private gain

5. (U//~~FOUO~~) According to [redacted] Central Intelligence Agency biographic data report, [redacted] within the CSNR, since approximately April 2009. During his tenure as [redacted] he developed a personal relationship with an individual named [redacted]. The relationship began in summer 2010 when [redacted] moved to the [redacted] Virginia area and began attending a church [redacted] provided [redacted] with [redacted] services from approximately July 2010 to January 2011. In late summer or early fall of 2010, he met with [redacted] to discuss [redacted] matters. After conclusion of those discussions, [redacted] informed him she had difficulties finding employment as a teacher in the Washington, D.C. area.

6. In response, [redacted] asked her to send him her resume so he could review her qualifications with the Director of the CSNR to determine whether [redacted] would be a good

¹ (U//~~FOUO~~) OIG did not request any information relative to the [redacted] discussions.

candidate for the oral historian position within the CSNR. [] believed that [] background and experience qualified her as a trained historian and may satisfy the CSNR's standing need for an oral historian. He also claimed that previous attempts to bring in federal employees or industrial contractors, including attempts to bring in trained historians under a CSNR contract² had been unsuccessful and cost prohibitive.

7. (U//~~FOUO~~) During her interview with the OIG, [] confirmed that her relationship with [] began when she moved to the Virginia area in 2010 and began attending [] church. She explained that, during their meetings, she discussed her difficulties in finding a permanent job in the area and that he reviewed her resume and arranged for her interview with the Director of the CSNR. She also noted that [] subsequently asked her if she would like to work for the NRO as a contractor, and she acknowledged interest. Further, she noted that, pursuant to [] request, she developed an estimate of her labor hours and pricing for her support to the NRO. She claimed she developed these estimates independently and provided them to [] prior to the contract award.

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8. (U//~~FOUO~~) [] indicated he used his position as the [] to assist [] in attempting to obtain an Independent Contractor (IC) contract within the CSNR. He noted that after his first [] meeting with [] he arranged for the Director of the CSNR to interview her relative to an oral historian position vacancy within the CSNR.³ After this interview, the Director of the CSNR and [] discussed [] background and mutually determined that [] could serve as an oral historian through a sole source contract. From approximately October 2010 to early January 2011, at the direction of [] and the Director of the CSNR, the CSNR's contract support staff developed the sole source contract for []. [] explained that he believed this contract arrangement would be a low-risk endeavor because the CSNR planned to offer [] a low rate for her services. He further reasoned that if [] proved incapable of performing oral historian services, at a minimum, she could provide transcription services. He also noted that if after the first year of the contract she failed as an oral historian, the CSNR could end the contractual relationship.

9. (U//~~FOUO~~) The OIG obtained an email dated 14 October 2010 in which [] provided the cognizant COTR the requirements for [] planned IC contract as well as a justification for the planned sole source award. [] justification for the sole source award claimed that [] was a trained historian and that research indicated companies had a difficult time identifying trained historians to support the CSNR's oral history efforts.

10. (U//~~FOUO~~) [] stated that, for reasons unknown to him, the Office of Contracts (OC) stopped the award of the sole source contract to [] and began a competitive solicitation for the oral historian support. The OIG's independent review of

² (U//~~FOUO~~) The CSNR contract with TASC, contract number NRO000-06-C-0049, ended approximately [] months after the NRO's award of [].

³ (U//~~FOUO~~) NRO visitor records indicate the interview took place on 22 September 2010.

pertinent contract documents and market research information evidenced that, in early January 2011, the cognizant Contracting Officer (CO) ceased the planned sole source contract to [] when routine market research identified several industrial contractors with the potential capability to provide oral historian support to the CSNR. As a result, on 2 February 2011, the CO released a competitive solicitation for an oral historian position to five industrial contractors and []

11. (U//~~FOUO~~) Dr. Outzen indicated that he, along with the CSNR staff, developed the technical requirements used for the oral historian competition. According to [] the acquisition was not "rigged" to meet [] qualifications; rather, he and the CSNR staff constructed the acquisition in a way that would allow her to be competitive while also allowing others to be competitive.⁴ He further explained that his intention was not to contract with [] specifically, but to have as broad a solicitation as possible.

12. (U//~~FOUO~~) [] noted he did not conduct the technical evaluations alone. Rather, others assisted him during the technical evaluations, to include the contract specialist assigned to the contract and an NRO acquisition consultant who advised the source selection team. However, the OIG obtained emails illustrating [] was nevertheless substantially involved in the source selection. He provided the CO with technical evaluations of the proposals on 15 and 17 February 2011. Pertinent contract records identified [] as the technical expert for the source selection. [] evaluations identified [] proposal as the only proposal that satisfied all of the technical requirements. These evaluations contained only [] signature. The OIG's review of the CO's memorandum for the record (MFR) justifying the award to [] signed and dated on 17 February 2011, showed that the CO's decision was based, in part, on [] technical evaluation. The MFR cited a Technical Evaluation completed on 16 February 2011 solely by [] Ultimately [] noted that [] proposal was the only proposal that met all of the technical requirements of the contract.⁵ The CO awarded [] contract on 3 March 2011.⁶

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13. (U//~~FOUO~~) The existing CSNR contract's period of performance, 3 February 2006 to 12 September 2012, encompassed the time when [] developed the technical requirements for the contract awarded to [] Although [] background

⁴ (U//~~FOUO~~) The TASC CSNR contract required the contractor to provide a qualified team familiar with overhead reconnaissance and capable of conducting oral and written interviews, including oral histories. In contrast, the OIG identified a 13 January 2011 email wherein the Contracting Officer Technical Representative provided the CO two technical requirements developed by [] These requirements were as follows: (1) two to five years of experience teaching history or conducting historical research, and (2) at a minimum, a Bachelor of Arts (BA) in history. These requirements matched [] experience as she had three years teaching middle school history and held a BA in history.

⁵ (U//~~FOUO~~) [] opined that the five industrial contractors' proposals all failed as they did not meet the technical requirements.

⁶ (U//~~FOUO~~) The cognizant CO awarded the contract, as there was no source selection authority due to the low level of the acquisition. The contract value for the first year was [] The award also included four contract option years valued at [] respectively. The base year award and each year thereafter required [] to provide 1,800 hours of effort.

documentation evidenced no experience in the oral historian field,⁷ the NRO awarded [redacted] IC contract approximately 18 months prior to the end date of the existing CSNR contract.

14. (U//~~FOUO~~) The Director of the CSNR informed the OIG that prior to the award of the contract, he directed [redacted] to consult with the NRO Office of General Counsel (OGC) due to what appeared to be a potential conflict of interest caused by [redacted] relationship with [redacted]. The Director of the CSNR claimed that [redacted] informed him that he had consulted with the OGC.

15. (U//~~FOUO~~) [redacted] claimed that either he or the Director of the CSNR consulted with an OGC ethics attorney regarding [redacted] involvement in an acquisition involving [redacted] as a potential vendor. He further claimed he was certain that either he or the Director of the CSNR had a conversation with the OGC ethics attorney, and the attorney found no problem with [redacted] being involved in contract activities involving [redacted].

16. (U//~~FOUO~~) The OIG interviewed the former OGC ethics attorney ostensibly consulted by [redacted]. The attorney claimed he did not know [redacted] and had no recollection of providing any ethics guidance to him. The attorney also stated that if the request for an ethics opinion was in writing, his practice was to respond in writing. However, if the inquiry was an informal question or an inquiry made in casual conversation, he may not document these types of discussions. Upon OIG request, the OGC reviewed its files relative to any guidance to [redacted] on this matter. The OGC responded that it had no records or documentation pertaining to any guidance purportedly provided to [redacted] regarding his involvement in an acquisition involving [redacted].

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(U//~~FOUO~~) [redacted] relationship with [redacted] and use of his public office for her private gain

17. (U//~~FOUO~~) During discussions between [redacted] and the OIG regarding [redacted], [redacted] reported he had a personal relationship with another individual, [redacted], with whom he had been materially involved in obtaining a position at the NRO. According to [redacted], his friendship with [redacted] began during her [redacted] continues to present [redacted] noted that [redacted] returned to [redacted] at the conclusion of her detail to the CSNR and, upon her retirement, he arranged for her to return as an IC contractor supporting the CSNR. Contract documents cited [redacted] being responsible for conducting research, writing manuscripts, and editing manuscripts for publication by CSNR.

18. (U//~~FOUO~~) [redacted] noted he rented [redacted] beach house in North Carolina in the summer of 2013. Although he could not recall the exact amount [redacted] stated he paid [redacted] a fee for the rental period. [redacted] claimed that in both 2014 and 2015, [redacted] offered him the use of her beach house; however, he declined as he wished to avoid

⁷ (U//~~FOUO~~) Rather, [redacted] documentation cited her work experience as being in teaching and office administration.

the appearance of a conflict of interest. The OIG reviewed emails from March 2014 showing that, contrary to his previous assertions to the OIG [redacted] communicated with [redacted] on the potential rental of her beach house in 2014. However, the emails indicated this rental never occurred due to [redacted] conflicting schedule.

19. (U//~~FOUO~~) [redacted] further stated that he did not consult with the OGC regarding his friendship with [redacted] the acceptance of the beach house rental, nor his involvement with the IC contract award to [redacted]

20. (U//~~FOUO~~) [redacted] informed the OIG that [redacted] rented her beach house in North Carolina for approximately one week in June 2013 at the rate of \$100 per day. According to [redacted] this rate was the same rate paid by other friends, relatives, and acquaintances.

21. (U//~~FOUO~~) The OIG obtained 19 emails created between 26 March 2013 and 22 January 2015 wherein [redacted] and [redacted] planned her return to the CSNR as an IC contractor. These emails also evidenced that [redacted] and [redacted] discussed his use of her beach house. For example, in a 4 June 2013 email, [redacted] thanked [redacted] for making her beach house available to him. In the same email, he noted his plan to have her return to the NRO as an IC contractor. In a 31 October 2013 email, [redacted] informed [redacted] that the CSNR's budget would allow her to join the CSNR after her retirement. In a 21 February 2014 email, [redacted] informed [redacted] he had funds set aside for her contract. After [redacted] provided [redacted] her retirement date [redacted] informed her he would work to get her on contract with the CSNR as soon as possible. In a 13 January 2015 email [redacted] provided assurances to [redacted] that the NRO would bring her on board as an IC. In the same email, he informed [redacted] that she could control her own rate of production.

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22. (U//~~FOUO~~) The OIG's review of pertinent contract documentation for [redacted] IC contract indicated that [redacted] participated in its award. The documents showed that on 22 January 2015 [redacted] forwarded [redacted] Statement of Work and sole source justification to the cognizant contracting officer (CO). Other documents showed that [redacted] developed cost estimate information and assisted the CO during the price negotiations for [redacted] contract. Moreover, a 20 April 2015 COTR letter of appointment issued by the CO identified [redacted] as responsible for the receipt and approval of all contract deliverables provided by [redacted]

23. (U//~~FOUO~~) The OIG found contract records that showed the Director of the CSNR approved the award of [redacted] IC contract on 27 April 2015. Notwithstanding, the Director of the NRO Business Plans and Operations Directorate (BPO), the senior official with oversight over the CSNR, informed the OIG that he was never aware of and never approved [redacted] contract. As [redacted] IC contract award date (27 April 2015) was within one year of her federal retirement date (31 July 2014), the Director of BPO was required to provide advanced,

written approval to the CO per NRO's Acquisition Manual.⁸ The OIG found no evidence that this approval was ever requested or granted.

(U//FOUO) Coordination with Central Intelligence Agency's Office of General Counsel, Ethics Law Division

24. (U//FOUO) The OIG coordinated this matter with the Central Intelligence Agency's Office of General Counsel, Ethics Law Division (ELD), and requested ELD provide a written opinion regarding whether [redacted] actions violated any relevant laws or regulations. On 6 November 2015, ELD provided a written opinion that, based on the facts presented, [redacted] misused his official position and failed to act impartially by steering contracts toward [redacted] and [redacted] with both of whom he had personal relationships. Specifically, ELD held that the Standards of Ethical Conduct for Executive Branch Employees (Standards of Conduct) prohibit a federal employee from using public office for personal private gain or for the private gain of friends, relatives, or persons with whom the employee has an affiliation in a nongovernmental capacity. ELD also referenced the Standards of Conduct requiring employees not to use public office for private gain, 5 C.F.R. § 2635.101(b)(7), and the Standards of Conduct requiring a federal employee to "act impartially and not give preferential treatment to any private organization or individual," 5 C.F.R. §2635.101(b)(8).

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(U) Section E – Conclusion:

25. (U//FOUO) [redacted] was materially involved in obtaining an IC contract at the NRO for [redacted] despite having a pre-existing personal relationship with her in a non-government capacity. Similarly [redacted] was materially involved in obtaining a sole-source IC contract at the NRO for [redacted] despite having a pre-existing personal relationship with her. His actions in both instances violated pertinent ethical standards applicable to Executive branch employees.

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[redacted]
Assistant Inspector General
for Investigations

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⁸ (U//FOUO) NRO's Acquisition Manual [redacted]
Personnel Eligibility, requires that the Directorate or Office (D/O) Director approve all requests for IC contracts.

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(U) Section F – Recommendations:

26. (U//~~FOUO~~) The OIG recommends that the Director, BPO, in coordination with the Director, Center for the Study of Intelligence, determine if any administrative actions need to be taken regarding [redacted] use of his office for the personal gain of friends and personal affiliates. The OIG requests that the Director, BPO report the results of his determination to the OIG by 12 May 2016.

27. (U//~~FOUO~~) Further, the OIG requests the Director, OC review the contract awards to [redacted] and [redacted] and determine if any administrative actions need to be taken relative to these awards. The OIG requests that the Director, OC report the results of his determination to the OIG by 12 May 2016.

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CONCUR:

[redacted]
[redacted] Deputy Inspector General

25 March 2016
Date

(b)(3)

UNCLASSIFIED//~~FOUO~~**Closure Memorandum**

Case Number:	12-0017-I	Date of Entry:	11 Sep 2015
Primary Investigator:	<input type="text"/>		

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Allegation Information**Narrative:**

(U//~~FOUO~~) On 29 NOV 2011, NRO OIG initiated a spin-off investigation related to 2011-031. Boeing Company appears to have failed to meet their obligation to conduct an annual reconciliation as required thus potentially committing a Cost Accounting Standard (CAS) violation.

Last Investigative Step:

Reviewed DCAA audits

Resolution:

Unsubstantiated

Case Closure Justification**Summary**

(U//~~FOUO~~) On 22 December 2010, the NRO OIG received an allegation that a Boeing employee mischarged labor hours on NRO contracts. Case 11-0031-I was initiated to review the allegation. During the course of that investigation, Boeing failed to respond to the OIG's request for records. In 2011 the NRO OIG issued an IG subpoena to obtain the necessary documents. Analysis of the data received raised questions regarding Boeing's billing practices. As a result, case 12-0017-I was initiated to address the concern that Boeing allegedly failed to conduct an annual reconciliation as required by their disclosed practices potentially committing a Cost Accounting Standard (CAS) violation.

(U//~~FOUO~~) The following language from the Boeing BDS Huntington Beach 2011 Disclosure Statement (Doc# 8), first added in 2005, and approved by DCMA in 2007, was at the core of the allegation. *"Labor is recorded to final costs (i.e. contracts) weekly utilizing the forecasted annual average rates. Weekly variances between the forecasted annual average rates and the actual weekly average rates are recorded to the applicable overhead pools of each average labor rate. If the cumulative year-to-date variance is material, a retroactive labor rate adjustment will be recorded."* Several issues were identified relating to the disclosure statement. First, did Boeing bill and account for costs in accordance with their disclosed practice? Second, did the variance that occurred as a result of Boeing's Forward Pricing Rate Agreement (FPRA) result in a forward funding issue? Finally, were the pools used to charge for labor homogenous?

(U//~~FOUO~~) In audit report 9841-2015C, DCAA reviewed Boeing's FPRA as of 31 December 2014 and

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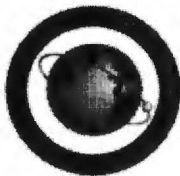
found that their "direct labor rates, locally controlled indirect expenses and direct labor base forecasts comply" with the applicable FAR regulations (Doc #9). In the same report, DCAA also determined that Boeing's average labor rate categories are homogeneous.

(U//~~FOUO~~) As part of a 2015 review of Boeing's Average Labor Rate process (Doc #13), there were no discrepancies between the disclosure statement and the samples DCAA reviewed (Doc #10). With regard to the variance issue, DCAA determined as part of a Boeing accounting system review that "as the variance occurs, it is placed in an Overhead account. Each Quarter, the labor variance is analyzed to determine if it is significant or not. If significant, a retroactive adjustment is made to the labor rates back to the first of the year (January) with the impact of the adjustment applied to the next invoice on a contract by contract basis. At the end of the year, the Overhead account is zeroed out and the final year adjustment is made to the contracts for any remaining variance (Doc #11)." As a result, DCAA had no concerns with Boeing's treatment of the variance or their Average Labor Rate process (Doc # 12).

(U//~~FOUO~~) Included in the case file are documents discovered during the four-year investigative effort. Although not pertinent to the final outcome, they are included for reference.

(U//~~FOUO~~) The DCAA's 2014 Audit and 2015 Risk Assessment (Doc #11) determined Boeing is in compliance with their disclosed practices and conform to applicable accounting standards. Based on DCAA's determination, allegation is unsubstantiated. All investigative steps are completed.

UNCLASSIFIED//~~FOUO~~

**NATIONAL RECONNAISSANCE OFFICE**

Office of Inspector General
14675 Lee Road
Chantilly, VA 20151-1715



22 September 2015

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE
PRINCIPAL DEPUTY DIRECTOR, NATIONAL
RECONNAISSANCE OFFICE
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE
DIRECTOR, COMMUNICATIONS SYSTEMS DIRECTORATE
COMMANDER, [REDACTED]

(b)(3)

Subject: (U) Report of Investigation: Conflict of Interest and
Dereliction of Duty (Case Number 15-0010-I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO)
Office of Inspector General (OIG) initiated an investigation
based on allegations of a potential conflict of interest by
[REDACTED] During the course of that
investigation, the OIG also obtained information regarding potential
dereliction of duty by [REDACTED]

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[REDACTED]
[REDACTED] respectively. Attached is the final Report of Investigation regarding
both the conflict of interest and dereliction of duty allegations
for your review and possible action. [REDACTED] and
[REDACTED] are no longer assigned to the NRO.

(U//~~FOUO~~) The NRO OIG requests that you provide a written
response by 02 November 2015 that identifies any actions taken on this
matter. Please address your response to [REDACTED] Assistant
Inspector General for Investigations, NRO OIG.

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(U//~~FOUO~~) This Report of Investigation is available only to those
individuals to whom the OIG specifically authorizes its release.
Please notify the undersigned if other individuals require access as
part of their official duties, and the OIG will promptly review your
request.

(U//~~FOUO~~) If you have any questions concerning this report,
please contact Special Agent in Charge [redacted] at [redacted]
(secure) or [redacted] Assistant Inspector General for
Investigations, at [redacted]

(b)(3)

[redacted]
Acting Inspector General

Attachment:

(U) Report of Investigation:
(Case Number 15-0010-I)

cc:
D/OC/NRO
GC/NRO

Subject: (U) Report of Investigation: Conflict of Interest and
Dereliction of Duty (Case Number 15-0010-I)

[REDACTED] /22 Sep 15

(b)(3)

DISTRIBUTION:

Director, National Reconnaissance Office
Principal Deputy Director, National Reconnaissance Office
Deputy Director, National Reconnaissance Office
Director, Communications Systems Directorate
Director, Office of Contracts
General Counsel
Commander, [REDACTED]
OIG Official Record [REDACTED]

(b)(3)

*(U) National Reconnaissance Office
Office of Inspector General
Investigations Division*

(U) REPORT OF INVESTIGATION

(U) (15-0010-D)

22 September 2015

(U//~~FOUO~~) Section A – Subjects:

1. (U//~~FOUO~~) Full Name: [redacted]
[redacted]

Service: Air Force

Rank: [redacted]

Last NRO Position: [redacted]

Communications Systems Directorate¹

Previous Position: [redacted]

Silver

Eagle Contract (NRO000-11-C-0628),
Communications Systems Directorate

(b)(3)
(b)(7)(c)

2. (U//~~FOUO~~) Full Name: [redacted]
[redacted]

Service: Air Force

Rank: [redacted]

Last NRO Position: [redacted]

Communications Systems Directorate²

Previous Position: [redacted]

Communications

Systems Directorate

(b)(3)

¹ Per [redacted] security database, [redacted] last service date at NRO was [redacted]

² Per [redacted] security database, [redacted] last service date at NRO was [redacted]

3. (U//~~FOUO~~) Full Name: [REDACTED]
[REDACTED]

Service: Air Force

Rank: Captain (O-3)

Last NRO Position: [REDACTED]

[REDACTED] Communications Systems Directorate³

Previous Position: [REDACTED]

Silver Eagle
Contract (NRO000-11-C-0628), Communications
Systems Directorate4. (U//~~FOUO~~) Full Name: [REDACTED]
[REDACTED]

Service: Air Force

Rank: Lieutenant Colonel (O-5)

Current Position: [REDACTED]

[REDACTED] Communications Systems Directorate,

Previous Position: [REDACTED]

Communications Systems Directorate

(b)(3)
(b)(7)(c)

(b)(3)

³ (U//~~FOUO~~) Per [REDACTED] security database [REDACTED] last service date at NRO was [REDACTED]

(U) Section B – Predication:

5. (U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) received a confidential complaint that [redacted] a government [redacted] in the Communications Systems Directorate (COMM), made decisions that affected the General Dynamics Silver Eagle contract⁴ during the course of her spouse's employment with General Dynamics on the same contract. The OIG initiated an investigation as [redacted] alleged actions potentially violated Department of Defense Regulation 5500.07-R, Joint Ethics Regulation, Section 5-301 (DoD 5500.07-R), which prohibits an Air Force enlisted member from participating personally and substantially in any particular matter in which [redacted]

(b)(3)
(b)(7)(c)(b)(6)
(b)(7)(c)

6. (U//~~FOUO~~) As part of the initial investigation, the OIG obtained information that the responsible contracting officer (CO) notified [redacted] through e-mail that her support to the Silver Eagle contract created a conflict of interest since [redacted] Additional information evidenced that [redacted] continued to provide direction and input to Silver Eagle subsequent to the instruction to cease such activity. Other information indicated that [redacted] superiors, [redacted] [redacted] may have been witting of the CO's prohibition, but permitted [redacted] to continue to provide direction to the Silver Eagle contractor in contravention of the CO's written prohibition. As such, these four respective individuals may have violated Title 10 U.S.C. §892-Article 92, Failure to obey order or regulation, paragraph 3. derelict in the performance of their supervisory duties (Article 92-3).

(b)(3)
(b)(7)(c)**(U) Section C – Potential Violations:**

7. (U//~~FOUO~~) Article 92-3 makes it a violation for members of the armed forces to be derelict in the performance of their duties. A violation under Article 92-3 requires (1) that the accused had certain duties, (2) that the accused knew or reasonably should have known of the duties, and (3) that the accused was willfully, or through neglect or culpable inefficiency, derelict in the performance of those duties.

8. (U//~~FOUO~~) DoD 5500.07-R states, in part, that it is improper for enlisted members to participate personally and substantially as part of their official DoD duties in any particular matter in which, to their knowledge, they, or their spouses, have a financial interest.

(U) Section D – Investigative Findings:

9. (U//~~FOUO~~) From approximately 7 September 2012 to 30 April 2014 [redacted] was [redacted] in COMM [redacted] was responsible for the day-to-day management of property under the Silver Eagle contract, a contract that provides operation and maintenance services to the NRO's information technology and telecommunications (IT) networks. [redacted] specific duties included, but were not

(b)(3)
(b)(7)(c)

⁴ (U//~~FOUO~~) NRO000-11-C-0628.

limited to, management and oversight of the spare parts process and the property surveys performed by Silver Eagle personnel, as well as providing Silver Eagle contract award fee input.

10. (U//~~FOUO~~) Contemporaneous with [redacted] performance as the [redacted] in COMM, General Dynamics [redacted] under the Silver Eagle contract.

(b)(3)
(b)(7)(c)

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

11. (U//~~FOUO~~) On 4 February 2013 [redacted] e-mailed the CO and the CO's team chief of his concern that [redacted] may cause [redacted] to have a conflict of interest since she performed oversight on Silver Eagle activities, to include the potential review of Silver Eagle invoices.⁵ In response, the CO's team chief e-mailed the CO and [redacted] wherein she explained that [redacted] had either an actual conflict of interest or at least the appearance of a conflict of interest. Within the same e-mail, the team chief directed [redacted] to select someone else to oversee Silver Eagle invoicing. Through a subsequent e-mail, [redacted] then informed [redacted] of her potential conflict of interest. [redacted] responded to [redacted] via email wherein she noted she understood his instruction. Subsequent to her response to [redacted] continued to serve as [redacted] whereby she oversaw Silver Eagle work and provided award fee comments.

(b)(3)
(b)(7)(c)

12. (U//~~FOUO~~) For the period covering mid-February 2013 through November 2013, the OIG found no information that evidenced [redacted] received any additional guidance or information from anyone in her chain of command relative to either her actual or the appearance of a conflict of interest.

13. (U//~~FOUO~~) On 13 December 2013, the General Dynamics program manager alerted [redacted] through an e-mail that he was concerned with [redacted] providing Silver Eagle (b)(3) award fee inputs [redacted]. The program manager explained (b)(6) that approximately one-year earlier, he advised the previous Contracting Officer's Technical (b)(7)(c) Representative (COTR) of his initial concerns regarding [redacted] potential conflict of interest. He wanted to raise the concern again as he was aware of the OIG's planned audit of Silver Eagle. The program manager further stated he never received a response from the previous COTR and therefore did not know if the matter had been resolved.

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

14. (U//~~FOUO~~) On 19 December 2013, [redacted] sent an e-mail to the CO wherein he requested that the CO make a decision regarding [redacted] role as [redacted] for Silver Eagle in light of [redacted] Silver Eagle. On the same date, [redacted] e-mailed [redacted] and instructed her to cease direct engagement on Silver Eagle matters until the CO and NRO Office of General Counsel (OGC) made a determination on her proper roles and

⁵ (U) The CO's authority to address [redacted] potential conflict of interest is set forth in Federal Acquisition Regulation 1.102, "Statement of Guiding Principles for the Federal Acquisition System." Regulation 1.102 states in pertinent part, "... the contracting officer must have the authority to the maximum extent practicable and consistent with law, to determine the application of rules, regulations, and policies, on a specific contract."

responsibilities. A 24 December 2014 e-mail sent from [redacted] to the CO provided a summary of [redacted] responsibilities, which indicated that she was an advisor to him and other managers relative to property requirements under Silver Eagle. (b)(3) (b)(7)(c)

15. (U//~~FOUO~~) E-mail communication, dated between 19 December 2013 and 6 January 2014, indicated that members of the Office of Contracts (OC), to include the CO, the CO's team chief, and the lead for OC policy, discussed [redacted] potential conflict of interest. Within these communications, the CO opined, and the CO's team chief concurred, that [redacted] would have a conflict of interest in the event she served as the property officer for a General Dynamics contract while [redacted]. (b)(6) (b)(7)(c)
The lead for OC policy instructed the CO to obtain an opinion from the OGC.

16. (U//~~FOUO~~) In a 6 January 2014 e-mail to an Air Force Judge Advocate (JAG) assigned to NRO OGC, the CO requested an opinion as to whether [redacted] should cease providing direction to Silver Eagle based on [redacted]. (b)(6) (b)(7)(c)
The CO explained that, based on [redacted] conflict of interest, she planned to instruct [redacted] to not provide direction to General Dynamics as well as not provide the CO or COTF award fee input. The CO explained that she did not have any issues with [redacted] other responsibilities and asked the JAG if he agreed with this direction. The JAG responded that since [redacted] has a financial interest in General Dynamics [redacted], [redacted] she should not give direction to the contractor and should not provide [redacted] inputs. (b)(3) (b)(7)(c) (b)(6) (b)(7)(c)

17. (U//~~FOUO~~) On 7 January 2014, the CO notified [redacted] via an e-mail marked with high importance, that [redacted] had a personal conflict of interest. The CO also instructed [redacted] that she could no longer provide the Silver Eagle contractor any direction, nor could she provide any award fee inputs. The CO further prohibited [redacted] from involvement in any input into potential contract modifications or any type of assessment of Silver Eagle performance. The CO copied both [redacted] on the email. [redacted] forwarded a copy of the CO's email to [redacted] on that same date. (b)(3) (b)(7)(c)

18. (U//~~FOUO~~) The OIG obtained information that evidenced [redacted] continued to direct and assess performance of the Silver Eagle contractor contrary to the CO's prohibitions. Her continued involvement was both of her own volition and at the request of her chain of command. For example, on 22 January 2014, [redacted] forwarded an e-mail to [redacted] wherein he inquired if a modification to Silver Eagle was necessary to address a property issue. Through ensuing e-mails, [redacted] and others devised and implemented a strategy that addressed the property issue. In an e-mail dated 27 January 2014, [redacted] requested [redacted] to review and provide a recommendation on a modification to the Silver Eagle statement of work. In response, [redacted] opined she had no issues with the recommended modification. In a 20 February 2014 e-mail, [redacted] solicited input from [redacted] on Silver Eagle performance in its management of IT property during the previous year. [redacted] responded with her evaluation of Silver Eagle performance. Lastly, in a 7 February 2014 e-mail [redacted] directed the Silver Eagle [redacted] to perform an audit function of NRO technology assets and submit the results of the audit to Silver Eagle government officials. (b)(3)

19. (U//~~FOUO~~) The OIG identified e-mails in which [redacted] solicited and received Silver Eagle award fee input from [redacted] subsequent to the CO's 7 January 2014 e-mail. In a 1 April 2014 e-mail, [redacted] provided [redacted] several comments that addressed Silver Eagle performance for the period of 1 October 2013 to 31 March 2014 for inclusion in Silver Eagle's award fee evaluation. Other e-mails and documentation illustrate that [redacted] provided informal assessments of Silver Eagle performance throughout the period from January 2014 to March 2014.

20. (U//~~FOUO~~) During his first interview⁶ with the OIG on 18 June 2014, [redacted] stated that he knew about the CO's prohibition that addressed [redacted] actions on Silver Eagle. [redacted] explained that the program managers believed the conflict of interest was avoidable if direction from [redacted] was within the scope of the existing contract and her award fee comments routed through management channels.

21. (U//~~FOUO~~) OIG interviewed [redacted] on 19 August 2014. She initially did not recall seeing [redacted] prohibition set forth in the CO's 7 January 2014 e-mail. However, when the OIG showed [redacted] a copy of the prohibition, she acknowledged receipt of the e-mail. She opined that [redacted] conflict of interest should have been cause to remove her from the Silver Eagle program. [redacted] stated further that [redacted] continued to provide direction and award fee inputs for Silver Eagle up until March 2014, as represented by e-mails sent by her after the 7 January 2014 prohibition.

22. (U//~~FOUO~~) In his interview with OIG on 18 August 2014, [redacted] related that, although he was on the previously identified 7 January 2014 e-mail distribution list, he did not recall the e-mail and claimed that he was not aware of [redacted] potential conflict of interest until the spring of 2014 (after [redacted] management had already addressed the issue). [redacted] noted that, had he known earlier about [redacted] continued award fee inputs, he would have stopped it. [redacted] further noted that the prohibition provided by the CO was appropriate and within her authority as a CO.

(b)(3)
(b)(7)(c)

23. (U//~~FOUO~~) The OIG interviewed [redacted] on 21 August 2014. During her interview, she stated that, per the CO, she was no longer allowed to give Silver Eagle directions, provide award fee input, or be involved in any input into potential contract modifications or any type of assessment.⁷ She explained that she continued to provide the same type of directions to Silver Eagle after her receipt of the prohibition and discussions regarding the CO's order with [redacted] and a civilian manager, and that more individuals in her supervisory chain became involved in the review and transmittal of her inputs subsequent to the prohibitions identified herein. [redacted] stated she stopped her support of Silver Eagle after March or April of 2014. She also acknowledged she should have been more proactive in her management of her potential conflict and not reliant on her chain of command and management to mitigate the situation.

24. (U//~~FOUO~~) The OIG coordinated the case with the 11th Wing Judge Advocate, Joint Base Andrews (JAG/Andrews). The OIG requested that JAG/Andrews determine whether there

⁶ (U//~~FOUO~~) [redacted] asserted his rights under the Uniform Code of Military Justice Article 31b rights and declined the OIG's request for a second interview regarding his responsibility as [redacted] superior officer.

⁷ (U//~~FOUO~~) [redacted] executed her sworn written statement on 21 August 2014.

(b)(3)
(b)(7)(c)

was probable cause to believe that [redacted] and/or [redacted] violated DoD 5500.07-R and/or UCMJ Article 92-3. In January 2015, the JAG/Andrews responded that the information as presented supported violations of both DoD 5500.07-R and UCMJ Article 92-3 by T [redacted] [redacted] respectively; however, the JAG/Andrews declined further interest in the case in favor of action by NRO management. (b)(3)
(b)(7)(c)

(U) Section E – Conclusion:

25. (U//~~FOUO~~) The OIG investigation indicated that the cognizant CO identified a potential conflict of interest created by [redacted] support to Silver Eagle [redacted] [redacted] Pursuant to the CO's authority to direct personnel supporting the contract, on 7 January 2014, the CO ordered [redacted] to cease direction and award fee inputs on Silver Eagle. Notwithstanding, [redacted] continued to provide direction and award fee input to Silver Eagle until on or about 1 April 2014. Further, [redacted] superiors - (b)(3)
(b)(7)(c) [redacted] permitted [redacted] to provide both award fee inputs and direction to the Silver Eagle contractor in contravention of the CO's prohibition.

26. (U//~~FOUO~~) Although [redacted] supported the Silver Eagle contract [redacted] (b)(6) [redacted] the OIG found no information that her decisions a (b)(7)(c) involvement in the Silver Eagle contract affected [redacted] or financial interests as a General Dynamics employee.

(b)(3)

Assistant Inspector General
for Investigations

(U) Section F – Recommendations:

(b)(3)

27. (U//~~FOUO~~) The OIG recommends that the Director, COMM and Commander, [redacted] determine if any actions need to be taken regarding [redacted] respectively. The OIG recognizes that, with the exception of [redacted] the individuals have PCSd from the NRO. Please inform the OIG if this report should be forwarded to the gaining commands. The Director, COMM and Commander, [redacted] are requested to report the results of their determination as well as any action taken or anticipated to be taken to the OIG within 45 days from the date of this report.

(b)(3)
(b)(7)(c)

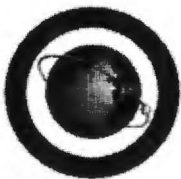
CONCUR:

(b)(3)

[redacted]
[redacted] Acting Inspector General

22 September 2015
Date

(b)(3)

**NATIONAL RECONNAISSANCE OFFICE**

Office of Inspector General
14675 Lee Road
Chantilly, VA 20151-1715



6 February 2014

MEMORANDUM FOR DISTRIBUTION

SUBJECT: (U) Report of Investigation: Cost Mischarging
(Case Number 2011-035 I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation that determined a [redacted] assigned to the [redacted] charged hours to an NRO contract he did not actually work. The attached Report of Investigation (ROI) details the investigation results.

(b)(1)

(b)(3)

(b)(3)

(b)(7)(c)

(U//~~FOUO~~) We request that the Director, Office of Security and Counterintelligence place a copy of this report in the security file of [redacted] along with a notation in the appropriate security databases. All other copies are for informational purposes only and should be returned to the OIG.

(b)(3)

(U//~~FOUO~~) OIG investigation reports are to be read only by the individuals to whom the OIG provides them, or to whom the OIG specifically authorizes their release. If there are other persons who you believe require access as part of their official duties, please let us know, and we will promptly review your request.

(U//~~FOUO~~) If you have any questions concerning this report, please contact Special Agent [redacted] (secure) or [redacted] Assistant Inspector General for Investigations, at [redacted].

(b)(3)

(b)(3)

[redacted]
Acting Inspector General

Attachment:

(U) Report of Investigation:
(Case Number 2011-035 I) (S//TK//NF)

CL BY: [redacted]

DECL ON: 25X1, 20640203

DRV FROM: INCG 1.0, 13 February 2012

UNCLASSIFIED//~~FOUO~~ when separated
from document

(b)(3)

~~SECRET//TALENT KEYHOLE//NOFORN~~

Approved for Release: 2017/11/28 C05100602

SUBJECT: (U) Report of Investigation: Cost Mischarging
(Case Number 2011-035 I)

OIG/ [REDACTED] 6 Feb 14

(b)(3)

DISTRIBUTION:

Director, National Reconnaissance Office
Principal Deputy Director, National Reconnaissance Office
Deputy Director, National Reconnaissance Office
Director, Mission Operations Directorate
Commander, Aerospace Data Facility - Colorado
Director, Office of Contracts
General Counsel
Director, Office of Security and Counterintelligence
OIG Official Record [REDACTED]

(b)(3)

*(U) National Reconnaissance Office
Office of Inspector General
Investigations Staff*

(U) REPORT OF INVESTIGATION

(U) (2011-0035 I)

6 February 2014

(U) Section A – Subject:

1. ~~(S//TK//NF)~~ Full name:

[REDACTED]

(b)(3)
(b)(7)(c)

[REDACTED]

Former Employer:

[REDACTED]

(b)(1)
(b)(3)

Current Employer:

[REDACTED]

Current Contract Number: None

[REDACTED]

(b)(1)
(b)(3)

Job Title:

[REDACTED]

(U) Section B – Predication:

2. ~~(S//TK//NF)~~ On 18 January 2011, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation regarding potential labor mischarging by a [redacted] (b)(1)
(b)(3)

The investigation was based on a proactive survey that identified individuals whose badge records reflected less than 25 hours per week on site for five or more weeks out of a nine week period. The survey results identified that from 26 July 2010 through 26 September 2010, [redacted] (b)(1)
[redacted] was out of the facility 49 percent of the time despite his status as a full- (b)(3)
employee. [redacted] worked as an [redacted] and was direct (b)(7)(c)
charging NRO contracts [redacted] If [redacted]
knowingly submitted false hours on his timecards, he would have violated 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*. (b)(1)
(b)(3)

(U) Section C – Potential Violations:

3. (U) 18 U. S. C. § 287, *False, Fictitious, and Fraudulent Claims* makes it unlawful for anyone to “make or present to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent.”

(U) Section D – Investigative Findings:

4. ~~(U//FOUO)~~ Based on the initial indications derived from the survey, the OIG examined [redacted]’s time at the facility for two full work years, from 1 January 2009 through 31 December 2010, to determine the total scope of the apparent mischarge. The OIG compared the hours [redacted] charged to NRO contracts with [redacted] facility access records, (b)(1)
training and travel records, and access records for contractor facilities in the Aurora, Colorado (b)(3)
area. The comparison revealed a shortage of 1,283 hours. (b)(3)
(b)(7)(c)

5. ~~(U//FOUO)~~ On 26 May 2011, the OIG interviewed [redacted] When asked to explain his questionable charging of hours to NRO contracts, [redacted] stated he never charged time that he did not work, however, he did not keep an accurate account of the hours he did work. [redacted] relayed that he did not look at the clock when he arrived or departed (b)(1)
work, nor did he track the time going in and out of the facility. [redacted] informed (b)(3)
investigators that he received training regarding [redacted]’s time charging policies at least twice a year during staff meetings and was required to take Computer Based Training each year regarding [redacted] labor charging policies. [redacted] understood timecard (b)(1)
fraud meant charging time for hours he did work. [redacted] stated he had no intention of (b)(3)
defrauding anyone for his time. During the interview, [redacted] noted that he owned a [redacted]
[redacted] stated he never used work time to perform activities for [redacted]

6. (U//~~FOUO~~) On 24 August 2011, the OIG reviewed [redacted] work email account. During the 2009 and 2010 period [redacted] sent 46 emails that discussed his personal business, [redacted]. Per the NRO computer user agreement, all government provided equipment and user accounts are for official NRO business only.¹ The amount of work time [redacted] spent on personal business illustrated by the OIG examination of his email (b)(3) was minimal; therefore, this time was not included in the total of mischarged hours. (b)(7)(c)

7. (U//~~FOUO~~) Legal Counsel for [redacted] performed an independent analysis of labor hours recorded by [redacted]. [redacted] disputed 30 of the 1,283 (b)(1) mischarged hours identified by the OIG based on a difference in the calculation of hours worked (b)(3) during overnight shifts. The OIG took no exception to [redacted] calculations and reduced the total hours mischarged by [redacted] from 1,283 to 1,253, resulting in a mischarge of \$185,299.

8. (U//~~FOUO~~) In May 2012, the OIG discovered and subsequently verified with [redacted] (b)(1) Personnel Security that [redacted] had obtained a new position with the National Security (b)(3) Agency (NSA) and was now serving as a civilian employee working at [redacted].

9. (U//~~FOUO~~) To determine if his pattern of behavior continued after becoming an NSA (b)(1) employee, the OIG analyzed badge records and time cards for [redacted] for the time period (b)(3) 12 May 2012 to 5 October 2012. The analysis disclosed a discrepancy of approximately five percent of unaccounted time. This amount was considered *de minimis*; therefore, the OIG limited the scope of this investigation to [redacted] actions while he was employed by [redacted] and assigned to an NRO contract. (b)(1) (b)(3)

10. (U//~~FOUO~~) The OIG identified a lack of oversight and weak internal controls over labor charging by [redacted]. Based on this concern, (b)(1) [redacted] implemented an additional layer of verification and time card approval, (b)(3) which was coordinated with and approved by the NRO contracting officer. Additionally, all [redacted] employees on contract are now required to use one or more calendars to (b)(1) account for their whereabouts on a daily basis. (b)(3) (b)(3)

11. (U//~~FOUO~~) On 28 October 2013, [redacted] (b)(1) [redacted] reimbursed the government for the loss of [redacted] (b)(3) [redacted] took no administrative action against [redacted] as he resigned from the company (b)(3) prior to the completion of the OIG investigation.

12. (U//~~FOUO~~) The United States Attorney's Office (USAO) [redacted] (b)(1) declined prosecution due to [redacted] full reimbursement to the government and the (b)(3) company's implementation of additional internal controls to detect and deter additional labor charging by its employees. Therefore, this matter was settled administratively between the NRO and [redacted] (b)(1) (b)(3)

¹ (U//~~FOUO~~) Reference DCID 6/3, *Protecting Sensitive Compartmented Information within Information Systems*, NROD 61-2, *Authorized MIS Network Software Policy*, Director's Note 20, *Inappropriate Use of Government Information Services*, and Director's Note 31, *Use of Government Property*.

² (U//~~FOUO~~) The NRO OIG communicated this information [redacted] for independent action as appropriate. (b)(3)

(b)(3)
(b)(7)(c)**(U) Section E – Conclusion:**

13. (U//~~FOUO~~) The OIG investigation determined that there was sufficient evidence to establish that [redacted] violated 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims* when he mischarged 1,253 hours to NRO contracts between January 2009 and December 2010.

[redacted] reimbursed the government for the estimated mischarge of [redacted]. Given (b)(1) the declination by the USAO and the administrative settlement between [redacted] and (b)(3) the NRO, no further investigation is required. The OIG considers this investigation closed.

(b)(3)

[redacted]
Assistant Inspector General
for Investigations

(U) Section F – Recommendation:

19. (U//~~FOUO~~) The OIG requests that the Director, Office of Security and Counterintelligence place a copy of this report in the security file of the individual identified within, along with a notation in the appropriate security databases. All other copies are for informational purposes only and should be returned to the OIG.

CONCUR:



Acting Inspector General

6 February 2014

Date

(b)(3)

~~SECRET//NF~~**Closure Memorandum**

Case Number:	15-0012-I	Date of Entry:	07/02/2015
Primary Investigator:			

Allegation Information**Narrative:**

(b)(3)

(S//NF) On 8 August 2014, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) received information that an NRO contractor at ADF-SW used the unclassified government information systems to view material on the Internet related to incest, bestiality, and minors. Subject viewed the material via the preview function of the Bing search engine, which may indicate an attempt to avoid detection by NRO web filters. The [redacted] discovered Subject's behavior after the discovery of malware on Subject's government machine during the download of an unrelated document. If substantiated, Subject may have violated 18 U.S.C. § 2252, *Certain Activities Relating to Material Involving the Sexual Exploitation of Minors*.

Last Investigative Step:

(b)(6)

(U//FOUO) Reporting agent verified that [redacted] Subject was debriefed of all clearances and access to ADF-SW was revoked.

Resolution:

Unsubstantiated

(b)(3)

(b)(6)

(b)(7)(b)

(b)(7)(c)

(b)(6)

Case Closure Justification

(S//NF)

the Information Site Security Office (ISSO) removed

[redacted] employee at ADF-SW, hard drive due to the potential presence of malware. The introduction of the potential malware did not appear intentional and Subject admitted to downloading a PDF. During an audit of unclassified network activity for the presence of child pornography, the [redacted] observed Subject searching for material indicative of a (b)(3) preoccupation with incest, bestiality, and minors. The review period included 30 January through 31 July 2014. On 8 August 2014, the OIG received the [redacted] report regarding Subject's web browsing activity. (b)(7)(d)

(S//NF) On 14 August 2014, the OIG received a copy of Subject's [redacted] dated 8 August 2014. [redacted] reviewed the audit conducted by the [redacted] and categorized Subject's searches as child (b)(3) pornography and material that has an incestuous or bestiality theme. [redacted] opined that Subject's search material was not only a concern from an adjudicative perspective, but also a concern as Subject used a government computer, which is against established policy. [redacted] opined Subject's abnormal sexual interests raised concerns about Subject's (b)(7)(d)

(S//NF) On 28 August 2014, the OIG reviewed Subject's SF-86, dated 12 September 2006 and Subject's Background Investigation (BI), dated 23 February 2007. During Subject's periodic review in September 2007, Subject admitted to sharing a group password with another co-worker over an open line in August 2007. The examiner deemed the event, (b)(3) Minor Noteworthy for Handling and Protecting Information". Subject received a favorable BI for continued access with minor noteworthy for finances.

~~SECRET//NF~~

~~SECRET//NF~~

~~(S//NF)~~ On 28 August 2014, the OIG requested the [] continue to monitor Subject's unclassified computer activity pending possible law enforcement contact with Subject. On 7 November 2014, the OIG received the [] review of Subject's unclassified activity for the period 6 September 2014 – 6 November 2014 that illustrated Subject's continued interest in incestuous sexual relations, bestiality, and minors. Subject also appeared to be interested in news stories related to child abuse. (b)(3)
(b)(7)(e)

~~(S//NF)~~ On 5 November 2014, [] provided a synopsis of the forensic analysis performed on the hard drive taken from Subject's unclassified computer system used by Subject at his place of work. Over the course of 8 October 2014, 15 October 2014, 29 October 2014, and 5 November 2014, [] conducted a detailed review that included 20,051 images/graphics, e-mail, and internet activity associated with Subject's account. According to [] the images did not include any content consistent with a violation of law (e.g. minor children in a state of nudity or sexually explicit poses/scenarios). [] considered the search terms used by Subject to be of a primary concern as characterized in the previous [] review and [] (b)(7)(d)
(b)(7)(e)

~~(S//NF)~~ On 7 November 2014, the OIG requested assistance from []. On 14 November 2014, the OIG faxed a list of Subject's searches to [] forwarded the information provided by the OIG to []. On 5 February 2015, [] made contact with Subject at his place of residence and informed him of the allegations regarding possible child pornography. Subject allowed [] access to his home and allowed him to search his computer. [] found no [] ce of any pornography. (b)(6)
(b)(3) (b)(7)(e)

~~(S//NF)~~ On 11 February 2015, the OIG notified the [] that law enforcement made contact with Subject and found no evidence of pornography. (b)(6) (b)(3)

~~(S//NF)~~ On [] Adjudications Branch (AB) notified the OIG that the AB board unanimously agreed to revoke Subject's clearances. Although the [] found no evidence of child pornography, AB determined Subject's behavior unacceptable. [] the OIG verified with [] Security and Counter Intelligence (b)(3)
ADF-W, that the [] Program Security Officer debriefed Subject of all clearances. ADF-SW Security (b)(3)
deactivated Subject's access to ADF-SW and escorted him from the facility. (b)(6)

~~(U//FOUO)~~ There are no further actions required by this office. Investigator recommends closure as unsubstantiated.

~~SECRET//NF~~

~~CONFIDENTIAL//NF~~**Closure Memorandum****Case Number:** 16-0028-I**Date of Entry:** 27 June 2016**Primary Investigators:** [redacted] (b)(3)**Allegation Information**

Narrative: On 6 February 2016, the OIG received an IG Hotlink from a confidential source who was concerned that Subject may have an inappropriate relationship with the CEO [redacted] Subject was on the source selection team for [redacted] effort. After the contract was awarded to [redacted] subject allegedly stated to the [redacted] Program Manager with regard to a disagreement over schedule something to the effect of: "You WILL start on X date, and if you don't, I'll call your CEO - he's my best friend." (b)(7)(c)

Last Investigative Step: 21 March 2016**Resolution:** Unsubstantiated (b)(3)**Case Closure Justification** (b)(7)(c)**Summary:**

(S) Subject is [redacted] which was awarded on [redacted] by MS&O as a sole source contract. [redacted] and [redacted] interviewed the complainant and others who may have had information regarding [redacted] comment and the sole source award. [redacted] determined that there were other individuals in MS&O that had advocated for the sole source award and could find no COI.

(S) During this investigation [redacted] obtained information that [redacted] has allowed another government employee who was his subordinate to participate in a source selection despite knowing her sister worked for CACI who was the incumbent and competing for the new Media Services Contract. The Contracting Officer removed the employee from the selection [redacted] also obtained information that [redacted] had a close relationship with [redacted] the CACI Program Manager Lead for the Media Services Contract. No information was developed of a financial COI. (b)(3)

~~CONFIDENTIAL//NF~~

UNCLASSIFIED//~~FOUO~~**Closure Memorandum**

Case Number:	15-0005-I	Date of Entry:	13 June 2016
Primary Investigator:			(b)(3)

Allegation Information**Narrative:**

(U//~~FOUO~~) On 12 February 2014, information was received from the Air Force Office of Special Investigations (OSI) alleging that Raytheon Space & Airborne Systems, El Segundo, CA, utilized counterfeit/substitute parts on a DOD contract. These parts were purchased from [redacted] parts which were allegedly manufactured in Taiwan and China. However, an inspection conducted by the Defense Contract Management Agency (DCMA) indicated that Raytheon did purchase the parts from [redacted] and were properly identified by the manufacturing location. Raytheon's response to DCMA indicates that they determined the company was in compliance with FAR's Buy American Act and followed internal policies and processes. In addition, DCMA expressed concern between Raytheon's purchase prices of parts from suppliers and in turn inflating the sales prices of those parts to the government. Possible violations of FAR 31.201 and Title 18 were reflected, conveying there could be systemic fraud within Raytheon their contractual relationship with the NRO.

(b)(1)
(b)(3)
(b)(1)
(b)(3)**Last Investigative Step:**

(U//~~FOUO~~) Received contractual review/audit from DCAA stating that Raytheon did not engage in any fraudulent activity, as it pertains to the inflation of sales prices to the government. This information was brought to [redacted] Office of Contracts, [redacted] who indicated he was interested in the impact of what appeared to be contracts which were drafted and then placed the NRO at a disadvantage financially.

(b)(3)
(b)(1)
(b)(3)**Resolution:**

Unsubstantiated.

Case Closure Justification**Summary:**

(U//~~FOUO~~) Stemming from the initial allegation, the National Reconnaissance Office (NRO), Office of Inspector General (OIG) conducted investigative steps into Raytheon's potential violation of the Buy American Act as well as fraudulently increasing the price of previously purchased parts to the U.S. Government.

(U//~~FOUO~~) The initial focus of the investigation was the violation of the Buy American Act. However, after the evidence was submitted to the Assistant U.S. Attorney, The Commonwealth of Massachusetts, it was declined for prosecution. The issue of False Claims and False Statements became the primary elements pursued during the investigation.

UNCLASSIFIED//~~FOUO~~

UNCLASSIFIED//~~FOUO~~

(U//~~FOUO~~) Cost and pricing information was provided by Raytheon for review by NRO, AFOSI, and DCAA investigators and auditors. Upon completion of contract data review, which included; purchase orders and parts pricing information, and the Disclosure Statement it was determined that Raytheon had not engaged in the fraudulent, inflation of charges to the U.S. Government, for parts purchased. Raytheon's pricing methodology was outlined and reflects a contractual agreement with the U.S. Government.

(U//~~FOUO~~) Specifically, the Disclosure Statement states that subcontract labor is considered as material, which is reflected in Raytheon's practices. The material pricing methodology utilized by Raytheon, (i.e. the charging of direct costs to their government contracts, thereby creating excessive costs to the U.S. Government) was specified. However, as it is written in the contract the methodology employed by Raytheon, it is not a violation of law. The issue of material, priced by the Prime (Raytheon), was significantly more than the cost of the material received from the subcontractor/vendor. However, the inflated costs are defined contractually, albeit not in a manner which reflects a balance between the U.S. Government and Raytheon.

(U//~~FOUO~~) Invoices to the Raytheon proposal pricing sheet were verified and determined that all the calculations were standard and applied correctly. Though Raytheon does not provide a formal response as to why they apply labor hours to the price of materials/units the information obtained from DCAA indicates that Raytheon charges direct costs (labor, material etc.) to their government contracts. Per the Disclosure Statement, it appears that the only item which should be applied to "Material," is "Material Handling Burden." This is the material which is purchased by Raytheon. The Disclosure Statement reflects that subcontract labor is considered "Material." Based on these facts, Raytheon's pricing methodology creates excessive costs to the U.S. Government. But, as specifically written contractually there is nothing which makes it "illegal."

(b)(5)

(U//~~FOUO~~) The NRO, OIG has found that Raytheon's contractual pricing methodology and associated subsequent lack of substantiated information is insufficient to warrant further investigative measures into the allegations previously cited. No further investigative actions are required.

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Closure Memorandum

Case Number: 13-0005-I

Date of Entry: 07/10/2015

Investigator: [redacted]

(b)(3)

Narrative:

(U//FOUO//LES//NOFORN) Following NRO/OIG [redacted] digital forensic analysis of the images and content retrieved from Subject's USG issued/owned laptop computer, OIG requested a review of several items of concern that appeared to be of underage children in various states of undress and sexually explicit poses, by members of Fairfax County Police Department's Child Exploitation Unit/Federal Child Exploitation Task Force. They concurred with OIG opinion concerning the questionable images recovered from Subject's laptop merited (b)(6) further action and recommended pursuing a search warrant for Subject's residence located in [redacted] Loudoun County, VA. The case was referred to Federal Child Exploitation Task Force initially which included OSI Special Agents from Joint Base Andrews. Loudoun County Sheriff [redacted] was designated lead agent as Subject's residence was located in [redacted] Loudoun County, VA where a search warrant was issued/executed 1 November 2012. During the search of Subject's residence, several computers and associated digital storage media were seized and analyzed by Loudoun County Sheriff's deputies in their Forensic Lab. Several images along with those provided to the Federal Task Force by NRO/OIG [redacted] were submitted to National Center for Missing and Exploited Children resulting in no known matches in their database. Additionally the suspect images were provided to a Medical Expert in Fairfax County (b)(6) law enforcement investigators for evaluation but were not in his opinion, considered adequate to support criminal prosecution. (b)(7)(c)

(U//FOUO//LES) At such time as Loudoun County Sheriff's Office/Federal Child Exploitation Task Force determined there was insufficient basis to pursue prosecution, the case was referred to USAF/OSI agents from Joint Base Andrews for submission to the USAF JAG office at the base. [redacted] met with the assigned JAG attorney [redacted] and reviewed the evidence and details of the case for his consideration regarding JAG interests related to UCMJ. [redacted] indicated he planned to consult with his superior officers in pursuit of possible criminal prosecution. [redacted] left military service several months later and OIG was unsuccessful in identifying his replacement who took responsibility for this matter within the JAG command. In May 2015 [redacted] was able to develop a possible POC in the JAG office and successfully made contact with [redacted] USAF/JAG JBA on 9 July 2015 via commercial telephone. [redacted] who was not involved in the case, assisted [redacted] by querying an internal case log database and verified that Subject received an Article 15 (non-judicial punishment) effective 9 May 2015. [redacted] was unable to provide any additional information. After consulting with OIG [redacted] no further action is warranted by OIG and this case is recommended for closure. (b)(6)

Last Investigative Step:

Confirmed with USAF JAG JBA-Subject received Art 15 (non-judicial punishment) 9 May 2014

Resolution: ☐ Substantiated ☐ Unresolved ☐ Unsubstantiated ☒ Referred**Additional Information:**~~SECRET//PK//NF//25X1~~

UNCLASSIFIED//~~FOUO~~**Closure Memorandum**

Case Number:	12-0031-I	Date of Entry:	10 SEP 2015
Primary Investigator:			

(b)(3)

(b)(3)

(b)(7)(c)

IG Act

Allegation Information**Narrative:**

(U//~~FOUO~~) On 8 December 2011, [] e-mailed the OIG [] to advise that Boeing had a new cost mischarging case to report. Subject is [] assigned to Boeing []. Subject may be misrepresenting her time in the office working on her job and spends an excessive amount of time on her unclassified computer accessing Facebook.com. It appears the cost mischarging could be as high as 188 hours.

(b)(3)

Last Investigative Step:

25 June 2015 – review of credit details

(b)(3)

(b)(7)(c)

Resolution:

Substantiated

Case Closure Justification**Summary**

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) provided oversight to a Boeing investigation into potential labor mischarging by []. [] is a Boeing employee assigned to support NRO Contracts in California as []. Boeing reviewed [] badge records from 1 June 2011 through 29 September 2011 and monitored her computer usage from 21 September 2011 through 29 September 2011. On 30 September 2011, [] provided a statement to Boeing regarding her computer usage while at work. Boeing determined that she overcharged by approximately 2.5 hours per day and based on her admission would credit the Government the hours from 1 June 2011 to 29 September 2011, the day before her admission for a total of 188 hours.

(b)(6)

(U//~~FOUO~~) Boeing attorney [] reported that on 3 November 2011, Boeing credited the effected contracts the labor and fringe for a total amount of [] for the 188 hours that [] falsely charged. According to Boeing, the [] represented only labor and fringe. Boeing charges labor using forward pricing rates by labor category and not an employees' actual rate. Boeing did not provide the fully burdened amount and the amount the []

(b)(3)

(b)(3)

(b)(3)

(b)(7)(c)

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[redacted] actually received. As a result, the NRO OIG could not consider the matter resolved.

(U//~~FOUO~~) On 25 June 2015, Boeing attorney [redacted] determined that on 3 November 2011, contract NRO000-08-C-0131 was credited the fully burdened amount of \$42,377 of which [redacted] received \$8,076 and contract NRO000-99-C-0061 was credited the fully burdened amount of \$3,330 of which [redacted] received \$1,725.

(b)(6)

(U//~~FOUO~~) The COs for both contracts were briefed on the facts of the case and were satisfied with the credits back to the contracts. On 10 November 2011 [redacted] received a letter of reprimand from Boeing. The United States Attorney's Office for the Central District of California declined prosecution due to the contractor's full reimbursement to the government. The NRO OIG considers Boeing's investigative efforts sufficient and the case was settled administratively.

(b)(3)
(b)(7)(c)UNCLASSIFIED//~~FOUO~~

~~SECRET//TK//NF~~**Closure Memorandum**

Case Number: 11-0075-I	Date of Entry: 3 December 2015
Primary Investigator: [REDACTED]	(b)(3)

Allegation Information**Narrative:**

(U//~~FOUO~~) In April 2011, the National Reconnaissance Office (NRO), Office of Inspector General (OIG) was contacted by the Defense Criminal Investigative Service regarding potential False Claims against an NRO contract for [REDACTED]

(U//~~FOUO~~) The complainant alleged that [REDACTED] wrong(b)(1) billed against the contract in overhead charges after the customer allegedly terminated the contract. The Complainant(b)(3)ed the contract was eventually terminated due to technical issues [REDACTED] However [REDACTED] decided to continue the project with intentions of developing the project to the [REDACTED] which still had available government funding [REDACTED] billed the labor costs they incurred between termination of the contract and reaching the [REDACTED] to government overhead/indirect. The Complainant stated he felt it was wrong for [REDACTED] charge the cost of labor hours for a specific contract to government indirect cost.

Last Investigative Step:

24 November 2015

Resolution:

Unsubstantiated

Case Closure Justification**Summary**

(S//~~TK//NF~~) During the course of the investigation, the Reporting Agent (RA) confirmed the NRO had a contract for a cryocooler development with [REDACTED] The contract [REDACTED] with a Period of Performance [REDACTED] This was a Cost Plus Fix Fee contract. Investigators interviewed employees from [REDACTED] and the government(b)(1) determine if the Complainant's assertion were accurate and what if any costs approvals were obtained from the govt(b)(3)t.

(U//~~FOUO~~) The RA obtained a letter from [REDACTED] dated 24 August 2010, where [REDACTED] informed the Contracting Officer(b)(1)ir desire to [REDACTED] Various conditions were part of this letter to include statements indicating(b)(1) intended to utilize [REDACTED] internal funding" for some of the [REDACTED] (b)(1)nc(b)(1) to interviews of NRO personnel the contract was being considered for termination because of repeated issues which (b)(3)ed(b)(3) that [REDACTED] could not deliver on the [REDACTED] Additionally, around the same time period [REDACTED] req(b)(1) and was approved, to move [REDACTED] from profit to a Contract Line Number (CLIN) and used those funds to direct charge(b)(3) (b)(3) additional efforts to further the [REDACTED] The modification was authorized in [REDACTED] which included the [REDACTED] but there was no mention of the total agreed indirect funding. A review of emails between [REDACTED] and NRO personnel disclosed th(b)(1) parties agreed that no more than [REDACTED] of "discretionary funding's" would be used to further the [REDACTED] (b)(3)

~~SECRET//TK//NF~~

~~SECRET//TK//NF~~

(U//FOUO) On 23 October 2012, a meeting that included investigators, DCAA Investigations Support Audit [redacted] (b)(1) management and [redacted] General Counsel took place to discuss the investigation. During that meeting, [redacted] (b)(3) acknowledge they had requested the NRO authorize them to utilize internal funds to further the [redacted] (b)(3) that their definition of internal funds was synonymous with indirect costs and that government approval was not required (b)(3) TC to expend those funds. [redacted] informed the NRO of their intentions because they required the NRO's approval to obtain (b)(1) [redacted] on a "loan" basis, which [redacted] identified in the 24 August 2010 letter to the Contracting Officer. (b)(3) (b)(1) (b)(3) (b)(3)

(U//FOUO) During the course of the investigation, investigators became aware that in 2012 DCAA conducted an audit of [redacted] cost accounting practices to include Independent Research and Development (IR&D) and Bid and Proposal (B&P) (b)(1) costs. The audit report opined that [redacted] was non-compliance with CAS 420 which pertains to IR&D and B&P costs. (b)(3) it identified certain costs [redacted] recorded as indirect costs in overhead pools that were not properly classified which led (b)(3) noncompliant accounting, inaccurate overhead and G&A rates, and misallocation of costs on Government contracts. (b)(3) Investigators decided to maintain the investigation opened because of similar concerns with the issue surrounding how the [redacted] was billed. Investigators were informed by the Divisional Administrative Contracting Officer (DACO) that [redacted] (b)(1) (b)(1) would be required to conduct a cost impact analysis based on the CAS non-compliance. The cost impact analysis could (b)(3) (b)(3) identify if [redacted] had inappropriately misallocated costs to Government contracts. DCMA would subsequently review [redacted] (b)(1) cost impact analysis, opine if their findings were accurate, and determine what if any, reimbursement was due back (b)(3) Government.

(U//FOUO) On 22 January 2015, investigators met with key members of DCMA to discuss the outcome of their investigation. A letter from [redacted] Office of Inspector General was provided to DCMA, which identified facts surrounding the investigation, (b)(3) specifically issues regarding [redacted] accounting nomenclatures and practices. Following this meeting investigators met (b)(1) members of [redacted] management and General Counsel and expressed the same concerns. (b)(3) (b)(3)

(U//FOUO) On 18 May 2015, RA received a draft of DCMA's Cost Impact Memorandum. On 24 November 2015, RA spoke with the DACO to discuss the status of the Cost Impact Memorandum. The DACO related the Memorandum was still in draft and would be several months before finalization. The DACO was confident that the report would not change in contents from the draft. The DACO stated that the cost impact of [redacted] was negligible, particularly since this amount is spread over six (b)(3) years, and she did not expect a demand for payment being issued based on the report findings. The DACO referred to the issues with [redacted] cost concerns as confusion versus intentional. The DACO related it was not uncommon for contract (b)(1) not fully understand how indirect costs can be utilized and how to properly account for those costs. (b)(3)

(U//FOUO) Based on the outcome of this investigation and DCMA's draft report the RA recommends closure/unsubstantiated.

~~SECRET//TK//NF~~