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Description of document:	Closing documents for seventeen (17) closed National Reconnaissance Office (NRO) Office of Inspector General (OIG) investigations, 2010-2012
Requested date:	04-February-2016
Released date:	05-July-2018
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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 <a href="#">On-Line Form</a>

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**NATIONAL RECONNAISSANCE OFFICE**

14675 Lee Road  
Chantilly, VA 20151-1715

05 July 2018

REF: FOIA Case F-2016-00052

This is in response to your request dated and received in the National Reconnaissance Office (NRO) on 4 February 2016. Pursuant to the Freedom of Information Act (FOIA), you requested a copy of, ***"the final report, closing report, report of investigation, referral memo, referral letter, or other conclusory document associated with each of these closed NRO Inspector General Investigations: 2003-044, 2009-036, 2008-026, 2010-011, 2009-015, 2010-017, 2010-097, 2007-069, 2010-075, 2010-112, 2010-115, 2010-170, 2011-056, 2006-089, 2010-133, 2011-047, 2011-070."***

Your request has been processed in accordance with the FOIA, 5 U.S.C. § 552, as amended. A thorough search of our files and databases located seventeen documents responsive to your request. One document is being denied in full; the remaining documents are being released to you in part.

Material withheld from release is denied pursuant to FOIA exemptions:

(b)(1), as properly classified information under Executive Order 13526, Sections 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. § 3024 (i), 50 U.S.C. § 3507, 50 U.S.C. § 3024 (m), and the IG Act of 1978, Sec 7, P.L. 114-317;

(b)(6), which applies to records which, 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)(e), which affords protection to all law enforcement information that "would disclose investigative techniques and procedures".

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-2016-00052**.

Sincerely,

A handwritten signature in cursive script, appearing to read "Patricia B. Cameresi".

Patricia B. Cameresi  
FOIA Public Liaison

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





**NATIONAL RECONNAISSANCE OFFICE**  
*Office of Inspector General*



17 June 2010

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2003-044 I)

(~~TS//TK//NF~~) On 14 January 2003, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation to support the Department of Justice (DoJ) in a civil False Claims Act qui tam (whistleblower) lawsuit that had been filed against TRW, now owned by Northrop-Grumman (NG). The qui tam alleged that TRW knowingly allowed defective proprietary transistors to be used in NRO spacecraft resulting in multiple failures of on-orbit collectors. This defective part also required expensive reworking of satellites not yet launched, and delayed their availability for use by the government. The joint DoJ and OIG investigation developed sufficient evidence to persuade DoJ to intervene in the case, and pursue multiple civil fraud charges against NG. After more than six years, this case was settled before trial for \$325 million—the largest ever civil recovery by a government agency within the Intelligence Community. Please see the attached NRO OIG investigative summary report, which details the investigation results.

(U//~~FOUO~~) The OIG investigative reports are to be read only by the individuals to whom OIG provides them, or to whom OIG specifically authorizes their release. We have broadened the distribution of this summary to the senior members of the NRO because most of you have a partial perspective of the case and a need to know the final resolution. If there are other individuals you believe require access to this report as part of their official duties, please let us know; we will promptly review your request. This report is for informational purposes for addressees only and is to be returned to the OIG.

DECL ON: 20350617  
Derived From: NCG 6.0, 21 May 2005


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

Approved for Release: 2018/07/05 C05093494

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2003-044 I)

(U//~~FOUO~~) Please direct any questions regarding this  
summary to Investigator [ ] at secure [ ] or to  
[ ], Assistant Inspector General for  
Investigations, at secure [ ].

(b)(3)

  
Lanie D'Alessandro  
Inspector General

Attachment:  
(U) Investigative Summary  
Report (~~TS//TK//NF~~)

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2003-044 I)

## DISTRIBUTION:

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Director, Office of Strategic Communications  
Senior Advisor for Procurement Integrity  
Lead Investigator -

(b)(3)

**(U//~~FOUO~~) Investigative Summary**  
**False Claims – Northrop Grumman**  
(Case Number 2003-044 I)

**(U) EXECUTIVE SUMMARY**

(U//~~FOUO~~) On 2 April 2009, the United States and Northrop Grumman (NG) settled a civil False Claims Act (FCA) qui tam (whistleblower) lawsuit filed against TRW, now owned by NG. The qui tam alleged that TRW knowingly allowed the use of defective proprietary transistors, referred to as HBTs,<sup>1</sup> in National Reconnaissance Office (NRO) spacecraft resulting in multiple failures of on-orbit collectors. The NRO Office of Inspector General (OIG) participated in a joint investigation with the Department of Justice (DoJ), the Defense Criminal Investigative Service (DCIS) and subject matter experts (SMEs) from the Air Force Research Lab (AFRL), Microelectronics Division, at Wright-Patterson Air Force Base.

(U//~~FOUO~~) The joint investigative team revealed that NG and TRW knowingly made material misrepresentations about, and concealed certain material facts regarding the reliability of their HBTs dating back to the mid-1990s. Further, NG and TRW failed to properly test and qualify for use in space certain HBTs manufactured by TRW from 1992 to 2002. As a result, NG and TRW integrated defective HBTs into NRO satellite equipment. Following an on-orbit failure, TRW employees worked side by side with NRO government engineers on the HBT technical root-cause inquiry. Subpoenaed documents showed that TRW employees already knew about the faulty HBT transistors and were told by their managers not to share their previous knowledge with the NRO. The company continued to report that the NRO “root-cause” finding was a “new discovery,” and, therefore, the company had no legal obligation to notify the NRO of previous HBT concerns.

(U//~~FOUO~~) Notwithstanding NG’s assertions of a “new discovery,” the joint investigation team persuaded the Assistant Attorney General for the Civil Division of DoJ to direct its trial attorneys to intervene in the case and to pursue legal remedies for violations of the FCA as well as common law fraud.

(U//~~FOUO~~) In early 2009, as the case was in active litigation, NG and DoJ began to discuss a settlement framework that would settle two cases at once: the NRO’s HBT case against NG, and a Contract Disputes Act (CDA) action brought by NG against the US Air Force (USAF). The CDA had been in litigation for over 12 years and involved claims in excess of \$1 billion. The United States and Northrop Grumman agreed to settle the HBT Case against NG and NG’s CDA against the USAF for \$325 million. The government based the \$325 million on a DoJ litigation risk analysis of the HBT case. There is no further investigative action required by the OIG. The OIG considers this investigation closed.

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(U) <sup>1</sup> Heterojunction Bipolar Transistor

**(U) BACKGROUND**

(TS//TK//NF) In early 2002, the NRO suffered an anomaly in its [redacted] satellite program caused by the failure of TRW's Heterojunction Bipolar Transistors (HBTs). This anomaly affected [redacted] satellite programs and delayed launch for [redacted] platforms. The failures affected multiple NRO contracts in the [redacted] Directorates, as well as other contracts in the Office of Space Launch (OSL). Because of the severity of the anomaly, the NRO initiated a root-cause investigation. TRW was a subcontractor or prime contractor for each satellite program affected. Once the root cause—the HBT failure—was determined, TRW told the NRO that the problem was a “new discovery.”

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

(TS//TK//NF) On 14 January 2003, the NRO OIG initiated a joint investigation with the DoJ regarding a civil False Claims Act qui tam (whistleblower) lawsuit filed by Dr. Robert Ferro, an employee of Aerospace Corporation, against TRW.<sup>2</sup> Dr. Ferro alleged in his court complaint that TRW knowingly integrated defective HBTs in NRO satellites and failed to disclose that knowledge to the NRO. The NRO OIG worked with DoJ attorneys from the Commercial Litigation Branch of the Civil Division and from the US Attorney's office for the Central District of California. This joint investigative team determined (1) whether, and to what extent, the government had been damaged by actions of TRW; (2) whether there were legal remedies available to recover any damage; and (3) whether the government should intervene in the case, thereby taking control of the case to pursue such recovery. The Defense Criminal Investigative Service (DCIS) also joined the investigative team, assigning investigators from its Los Angeles (LA), California and northern Virginia offices. The subject matter experts (SMEs) for the investigation team were from the Air Force Research Lab (AFRL), Microelectronics Division, at Wright-Patterson Air Force Base.

**(U) INVESTIGATIVE DETAILS**

(TS//TK//NF) DoJ and OIG began conducting interviews immediately after opening the case in January 2003. Initially, the investigators conducted approximately 20 interviews of government employees. This included the Deputy Undersecretary of the Air Force for Military Space, the Director of [redacted], the Director of the [redacted] Program Office, Division and Branch Chiefs, and engineers. Interviews of TRW employees and former TRW employees came much later as the case developed. By the end of the investigation, through the conduct of over 50 interviews, the investigators uncovered critical evidence that verified the allegations of defective satellite parts. The testimony elicited in the initial interviews justified the issuance of a Department of Defense OIG subpoena.

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

(U//FOUO) In May 2003, the joint investigation team issued administrative subpoenas, through DCIS, to Lockheed-Martin Corporation (LMC), Aerospace, and NG. All three companies complied with the subpoenas. The joint investigative team received over 1.5 million pages of documents in response to the subpoenas.

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(U) <sup>2</sup> During the investigation, Northrop-Grumman (NG) acquired TRW.



**(U) Records Review**

(TS//TK//NF) At the start of the NRO's root-cause investigation, an NRO program person sent TRW an e-mail, dated 7 February 2002, asking, *"Have these parts (wafers, dies, chips, etc.) or this technology been used elsewhere and if so, do we have historical data that may assist with our investigation?"* TRW responded by saying that it did not know of any other issues. However, evidence from the subpoena record review proved that in 2001, a year before the NRO's problems with HBTs began to surface, TRW had the same problem with its commercial HBTs sold to Nokia.<sup>3</sup> TRW had initiated a root-cause investigation into the Nokia anomaly staffed by the same scientists that would later staff the NRO's root-cause investigation. Subpoena documents revealed e-mails and briefing charts of a September 2001 TRW briefing to Nokia and an April/May 2002 TRW briefing to the NRO that clearly showed the two problems to be the same. Furthermore, evidence showed that TRW deliberately withheld information from the NRO concerning the Nokia failures and took steps to ensure that NRO program personnel would not find out about the Nokia incident. An e-mail dated 27 September 2001 from [redacted], TRW's [redacted], states: *"I have not raised this concern with [redacted] management yet ... partly due to the corporate desire to 'keep a lid' on the Nokia problem as far as the outside world is concerned. Also, I certainly don't want to spread unnecessary panic over in the program area."*

(b)(7)(c)

(b)(1)

(b)(3)

(TS//TK//NF) When confronted with the evidence, TRW denied that the failure mechanisms were the same. Charts from TRW's 17 July 2002 root-cause briefing to the NRO stated, *"This mechanism has never been associated with HBT degradation... 'New Discovery.'"* However, in an e-mail dated 29 May 2002, [redacted] states, *"We should have done more... I am assuming you don't want us to say Nokia to anyone ... this is a minefield and I'm running through naked."* The e-mail response from senior TRW manager, [redacted], stated *"And you're right - please - no mention of Nokia!!... As far as the minefield - we are all naked together on this one. The key is to keep the team focused on solutions, moving forward - the past is irretrievable."* In another e-mail, dated 20 September 2001 concerning the relevance of the Nokia root cause to space-qualified HBTs, [redacted] stated: *"The problem is VERY relevant."* [redacted] e-mails continue to include comments regarding the magnitude of the problem: *"Yes, all GaAs HBT [Gallium Arsenide HBT- the type of HBTs used in NRO products] technologies have this potential problem."*

(b)(7)(c)

(TS//TK//NF) The joint investigation also found a TRW internal memorandum titled, *"Failure Anomaly Strategy for Tiger Team Leaders."* This memorandum circulated among the TRW employees selected to participate in the Nokia root-cause investigation. Three bullet points were listed: *"1. Keep TRW out of trouble, 2. Make the customer believe we are putting 110% of our energy into the effort, 3. Make the customer believe we are open to a TRW problem and not hiding anything."*

(U)<sup>3</sup> Nokia was the world's largest manufacturer of cell phones as of 2009.

(U//~~FOUO~~) While the document review and analysis was continuing, the DoJ Trial Attorney in LA, an Auditor from the OIG LA Office, and a forensic auditor hired by DoJ, constructed a damage model. The purpose of this model was to calculate the harm done to the NRO by these faulty parts. This model included the actual costs incurred because of

- the root cause investigation,
- re-work of multiple NRO satellites,
- launch delays,
- maintenance of the Titan line for 18 months after its scheduled close, and
- the loss of value of the on-orbit collector that was shut down for six months.

(U//~~FOUO~~) TRW's own briefing charts stated, ***"Four NGST [Northrop Grumman Space Technologies] programs required significant rework at total cost to the USG exceeding \$1B."*** The DoJ presented the investigative findings and the damage assessment to NG executives and their legal team in October 2005, essentially showing NG a summary of the case the government would present in court. This was the first of several rounds of formalized presentations that occurred over the course of longer than a year, sequentially presenting and responding to each other's respective litigation positions.

(U//~~FOUO~~) In September 2006, in further response to the 2003 subpoena, NG released an additional 76,000 pages of documents to the DoJ/OIG team. Many of the documents were allegedly found in an unidentified employee's garage. These documents provided some of the most critical information produced in the case. Documents were found demonstrating that TRW had ample data in the mid-1990s concerning reliability issues with its HBTs and that TRW deliberately chose to ignore the data (several of the affected NRO satellites were being built by TRW at that time). An e-mail dated September 1997 from [REDACTED], a former TRW manager in charge of reliability, stated (in response to TRW manager [REDACTED] request for a reliability report on their HBTs), ***"Interesting note about [REDACTED] asking for a reliability summary.... I like the part about 'its purpose is to dispel the perception that our reliability has been degrading over the years'. What a coordinated lie this will be! ... God forbid we should tell the truth."*** When interviewed by the DoJ/OIG team about this e-mail and asked what the "truth" was, [REDACTED] stated that the truth was that the reliability had decreased since 1989.

(b)(7)(c)

(U//~~FOUO~~) Investigators discovered additional evidence that clearly showed TRW's HBTs had never been qualified for use in space—according to TRW's own internal processes and requirements. The uncovered evidence revealed that TRW did not meet industry standards. Furthermore, numerous charts and e-mails revealed that TRW did not perform some required tests, some performed tests failed, and other test data that did not support TRW's desired results were discarded by the company.

(U//~~FOUO~~) In addition to obtaining and analyzing documents coming from NG, OIG took the lead role to ensure that the government would be able to satisfy its own discovery obligations to NG. Failure to do so would result in dismissal of the government's case by the court. As the case moved into the active litigation phase, the DoJ anticipated wide-ranging discovery requests from NG to which the government, and specifically NRO, would be obligated to respond. In August 2008, a team of cleared DoJ contractors began to digitize the relevant data

in an NRO facility. Within this facility, OIG and DoJ monitored the process that digitized all documents to a hard drive to create a searchable database. To meet its anticipated discovery obligations, in September 2008, the NRO Office of General Counsel (OGC) initiated a Tier Action to collect all HBT-related documents held by any NRO personnel.

(U//~~FOUO~~) The OGC Tier Action resulted in collecting only a minimal number of documents. The OGC authorized the OIG to begin direct action to collect more documents. All documents collected<sup>4</sup> from sources at Westfields and other NRO locations were digitized in the document processing facility. The OIG also began the process of addressing the collection of soft copy documents from all existing NRO networks and systems, including the "NeXT" computer system, which the NRO used in the late 1990s. In addition, the OIG prepared six data calls on the NRO Records Center for retired records. The six data calls gathered all the archived documentation related to the programs that had been affected by HBTs. The NRO's Records Center agreed to deliver 25 boxes of documents at a time. By March 2009, after receiving documents from the first two of the six data calls, 238 boxes (over 700,000 pages) were discovered, reviewed, and scanned.

### (U) Results

(U//~~FOUO~~) In November 2008, the DoJ intervened in the qui tam. In early 2009, NG and DoJ began to discuss a settlement framework that might settle two cases at once: the HBT Case against NG, and a Contract Disputes Act action brought by NG against the US Air Force (USAF). The government offered and NG accepted \$325 million to settle the HBT Case as well as NG's suit against the USAF. The claim against the USAF had been in litigation for over 12 years and involved claims in excess of \$1 billion. With this offer on the table, the court extended the deadline for the government to file its Complaint in Intervention, to allow the parties to finalize the terms and conditions of the settlement agreement. Ultimately, DoJ did not file a complaint but, instead, executed a settlement agreement on behalf of the United States of America on 2 April 2009.

(U//~~FOUO~~) The \$325 million was based on a DoJ litigation risk analysis. The damages were established by the HBT evidence, reduced in recognition of the difficulties and uncertainties in prevailing at trial with a very complex and technologically advanced case. On 2 April 2009, to effectuate the terms of the settlement, all parties agreed that the USAF would make payment of \$58.5 million to NG. Contingent upon NG's receiving the above-referenced \$58.5 million from the USAF, NG agreed to pay \$58.5 million to the United States by electronic funds transfer pursuant to written instructions provided by the DoJ. Contingent upon the United States receiving the referenced \$58.5 million from NG, the United States agreed to pay \$48.5 million to the "relator,"<sup>5</sup> Dr. Robert Ferro, with the remainder to the United States government.

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(U) <sup>4</sup> Within three weeks, the OIG collected over 100 boxes of documents from Westfields with additional material arriving via courier from outlying NRO facilities.

(U) <sup>5</sup> "Relator" is the term used for the whistleblower in a qui tam case.

**(U) CONCLUSION**

(TS//TK//NF)

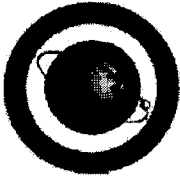
~~(U)~~ TRW and NG actions violated the civil False Claims Act (31 U.S.C. 3729-3733). The government's investigation into the HBT case concluded that Northrop and TRW failed to properly test and qualify certain HBTs manufactured by TRW from 1992 to 2002. As a result, NG and TRW integrated defective HBTs into NRO satellite equipment. The investigation further concluded that NG and TRW made misrepresentations about, and concealed certain material facts regarding, the reliability of the HBTs. Defective HBTs affected [redacted] satellites across [redacted] programs. As additional impact, the NRO had to bear the cost of maintaining the Titan program for 18 months beyond its scheduled shut down. The NRO incurred thousands of hours of labor cost to remove all suspect parts [redacted] individual satellites and manage the loss of use [redacted] Those satellite programs included [redacted]

(b)(1)  
(b)(3)**(U) CASE CLOSURE**

~~(U//FOUO)~~ For twelve months following settlement of the court case, the joint investigative team, with the assistance of the DoJ, Office of Security and Counter Intelligence, Office of Contracts, the Information Management Services Center, and several program offices across the NRO, worked to ensure the proper retention or disposition of over two million pages of documents obtained during the course of this investigation. By July 2009, all archived documents had been returned to the NRO Records Center; original documents submitted under subpoena had been returned to their respective companies; 40 boxes of copies of subpoenaed documents had been taken to the Westfields destruction facility and shredded under witness. Approximately 20 boxes of material have been archived with the OIG Case file. In July 2009, the document copying space was emptied and returned to the Management Services and Operations [redacted]

(b)(3)

~~(U//FOUO)~~ On 20 November 2009, OIG held the HBT Resolution Tribute in the NRO Jimmie D. Hill Auditorium to honor many government employees and NRO contractors representing the NRO, DoJ, DCIS, AFRL, Central Intelligence Agency, ManTech, Vance, Boeing Services Corp., Aerospace Corp., and General Dynamics. On 3 December 2009 and 26 February 2010, various members of the joint DoJ/OIG investigative team received awards from the Attorney General of the United States and from the United States Attorney for the Central District of California in recognition of their "integrity, commitment and outstanding service to the people of the United States of America." There is no further investigative action on the part of the OIG. The OIG considers this investigation closed.

**NATIONAL RECONNAISSANCE OFFICE**

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



27 March 2012

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
PRINCIPAL DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE  
OFFICE  
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
DIRECTOR, OFFICE OF CONTRACTS  
GENERAL COUNSEL  
DIRECTOR, OFFICE OF SECURITY AND COUNTERINTELLIGENCE

SUBJECT: (U//~~FOUO~~) Investigative Summary: Mail Fraud  
(Case Number 2006-089 I)

(U//~~FOUO~~) On 28 February 2011, the National Reconnaissance Office (NRO) Office of Inspector General (OIG), in partnership with the Defense Criminal Investigative Service and the United States Attorney's Office, Central District of California, completed a five-year investigation of a former Raytheon Space and Airborne Systems (Raytheon) employee for mail fraud related to the embezzlement of funds from Raytheon related to NRO programs. The attached NRO OIG investigative summary report details the investigation results.

(U//~~FOUO~~) We request 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 of this report are for informational purposes and should be returned to the OIG.

(U//~~FOUO~~) The OIG investigative 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 you believe other individuals require access to this report 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 summary to Special Agent [redacted] at [redacted] (secure), or to [redacted], Assistant Inspector General for Investigation, at [redacted] (secure).

(b)(3)

Lanie D'Alessandro  
Inspector General

Attachment:

(U//~~FOUO~~) Investigative Summary



SUBJECT: (U//~~FOUO~~) Investigative Summary: Mail Fraud  
(Case Number 2006-089 I)

OIG  /27 March 2012

(b)(3)

## DISTRIBUTION:

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Director, Office of Contracts  
General Counsel  
Director, Office of Security and Counterintelligence  
Lead Special Agent -

(b)(3)

**INVESTIGATIVE SUMMARY****Mail Fraud - [REDACTED]**  
(Case Number 2006-089 I)(b)(3)  
(b)(7)(c)**(U) EXECUTIVE SUMMARY**

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG), in partnership with the Defense Criminal Investigative Service (DCIS) and the United States Attorney's Office (USAO), Central District of California, completed a five-year investigation into allegations that [REDACTED], a former employee of Raytheon Space and Airborne Systems (Raytheon), engaged in fraudulent financial activity. [REDACTED] was solely responsible for a financial scheme perpetrated via the US Postal Service between [REDACTED] in which he billed Raytheon on multiple occasions for the same cellular telephone (cell phone) invoices related to an NRO program. As a consequence, [REDACTED] illegally obtained payments indirectly from the Government by submitting fraudulent invoices to Raytheon.

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

(U//~~FOUO~~) [REDACTED] was indicted for violating 18 U.S.C. § 1341, which makes it illegal to engage in fraud via the U.S. Postal Service or a private or commercial interstate carrier. He pled guilty on 30 November 2010 and was subsequently sentenced to nine months imprisonment followed by six months home confinement. [REDACTED] was also ordered to pay [REDACTED] in restitution to Raytheon. These funds were ultimately credited back to NRO.

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

**INVESTIGATIVE SUMMARY****Mail Fraud - [REDACTED]**  
(Case Number 2006-089 I)(b)(3)  
(b)(7)(c)**(U) BACKGROUND**

(b)(7)(c)

(U//~~FOUO~~) On 17 July 2006, [REDACTED], the Raytheon Ethics Director, contacted the OIG to disclose suspicious financial activity on the part of [REDACTED] and to advise that Raytheon could not proceed further with its investigation due to a lack of access to records. Raytheon requested OIG assistance in furthering the investigation. The OIG opened an investigation into the matter on 18 July 2006.

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

(U//~~FOUO~~) [REDACTED] was a manager in the Security Department within Raytheon. As such he was responsible for overseeing the special security requirements for classified programs. From [REDACTED] acquired cell phones for use by Raytheon employees assigned to these classified programs. All cell phone bills addressed to the individual Raytheon employees were sent to [REDACTED] home address. [REDACTED] paid the bills for the cell phones from both his personal funds and on his corporate credit card and then requested and received reimbursement from Raytheon for the paid cell phone bills. In [REDACTED] when the program began, the cell phones were acquired and billed in this way to maintain confidentiality of the relationship between Raytheon and the NRO at a time when the NRO was an unacknowledged organization. Although the program began with one or two phones, eventually it grew to 49 phones. [REDACTED] retained complete and sole cognizance over the cell phone program. [REDACTED] received all billings, paid the invoices, and received reimbursement with no oversight from Raytheon or the NRO. These expenses were ultimately billed to the NRO as an indirect charge over multiple contracts.

(b)(3)  
(b)(7)(c)**(U) INVESTIGATIVE FINDINGS**

(U//~~FOUO~~) The investigation revealed that from [REDACTED] unilaterally administered the cell phone program in support of an NRO program under contract with Raytheon. Upon making payment on cell phone invoices from an account in his name, [REDACTED] would then seek reimbursement from Raytheon; as the sole control point, he was able to repeatedly file multiple reimbursement requests on single invoices. As a result, the fraudulent claims for payment allowed him to receive money from Raytheon to which he was not legally entitled. These expenses were unknowingly billed by Raytheon to the NRO. These transactions typically involved the mailing of invoices and checks between the cell phone providers, [REDACTED] and Raytheon.

(b)(3)  
(b)(7)(c)**(U) INVESTIGATIVE DETAILS**

(U//~~FOUO~~) The OIG began its investigation by reviewing the investigative work that the Raytheon Corporate Office of Business Ethics and Compliance had completed. The OIG found that Raytheon became suspicious when their auditors performed a routine audit of a petty cash fund in [REDACTED]. The audit covered the period from [REDACTED]

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

[redacted] and revealed large amounts of reimbursement payments for cell phone bills without supporting documentation attached to the accounting copy. The reimbursements were paid by Raytheon to [redacted]

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(b)(7)(c)

(U//~~FOUO~~) Based on the audit findings, Raytheon's Corporate Office of Business Ethics and Compliance immediately began an investigation into the matter. That investigation included an expanded review of all petty cash requests, check requests, and expense reports processed for payment to [redacted]

[redacted] To the extent that supporting documentation was available, cell phone bills were charted to identify amounts, employees to whom the phones were assigned, and approvers of the reimbursement documents. Raytheon also interviewed personnel who processed or approved the payment documents, and then interviewed [redacted]. Upon completion of the review, Raytheon believed the total of reimbursements paid to [redacted] with no supporting documentation was [redacted]

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(b)(7)(c)

(U//~~FOUO~~) During the course of Raytheon's investigation, [redacted] made several oral and written statements regarding the matter. These statements presented conflicting information about the program, his reimbursement requests, documentation notes, and retention statements. The investigation concluded at the end of [redacted] Raytheon terminated [redacted] employment on [redacted] for being unable to account for company monies paid to him, for violating company policy regarding the destruction of documents, and for making contradictory/misleading statements during the investigation of this matter.

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

(U//~~FOUO~~) In order to support a request for subpoenas for full cell phone records from the service providers, the OIG conducted analysis of available Raytheon records to determine the range for reasonable reimbursement for 49 cell phones during [redacted]. The OIG estimated the proper costs, given the average bill, capital equipment costs, and termination fees, would have been between [redacted]. This estimate was consistent with the [redacted] had been reimbursed via checks. However, the total amount received by [redacted] This was paid through three separate reimbursement methods (checks, petty cash disbursements, and payment of expense reports). In sum, [redacted] was overpaid for the cell phone costs by [redacted]

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(U//~~FOUO~~) In examining the data provided from the company investigation, the OIG determined that [redacted] had engaged in a fraud scheme against the NRO by requesting multiple reimbursements from Raytheon for many of the cell phone invoices. In addition to receiving proper reimbursement to cover his valid expenses under the terms of the program, [redacted] resubmitted these invoices through other company reimbursement mechanisms, such as petty cash disbursements and expense voucher claims, for the purpose of receiving payment again for charges he had already been reimbursed by Raytheon. Both the legitimate and illegitimate payments made to [redacted] were unwittingly passed as an indirect charge to NRO contracts.

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(b)(7)(c)

(U//~~FOUO~~) On 3 May 2007, the OIG briefed the USAO for the Central District of California on the nature of [redacted] suspected fraud scheme and presented the summary overbilling illustrated by the evidence to date. The USAO agreed in principle with the merits of the case and concurred with moving forward with grand jury subpoenas to further develop evidence. A grand jury subpoena was served to Raytheon for work papers, interviews, reports, and notes from its internal investigation of [redacted]. The subpoena included a request for documents, vouchers, expense reports, and receipts, illustrating the different company mechanisms used by [redacted] to request and receive multiple reimbursements from the company. Throughout the fall of 2007, the subpoenaed materials were reviewed and additional subpoenas were prepared for the cell phone providers under the advisement of the USAO.

(b)(3)  
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(U//~~FOUO~~) In early 2008, extensive grand jury subpoenas were served on T-Mobile, AT&T, and Verizon for records related to [redacted]. The investigative team also requested information associated with 39 individuals known to have received cell phones from [redacted], and information associated with 51 cell phone numbers and 48 accounts associated with cell phones issued by [redacted].

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(U//~~FOUO~~) Throughout the remainder of 2008 and into 2009, the investigation continued with a detailed review of the boxes of subpoenaed materials. Based on the newly gathered data, investigators and supporting auditors conducted another extensive review and financial analysis incorporating the new information. In addition, numerous interviews were conducted of persons with knowledge of the cell phone program, as well as with company financial officers involved in the reimbursements. During the analysis, the OIG identified a total amount of [redacted] of fraudulent claim.<sup>1</sup> The OIG was ultimately able to identify seven distinct duplicate and triplicate reimbursements that became the basis for the case. Each of these represented a false claim.

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(U//~~FOUO~~) The OIG analysis was supported by a litigation consulting firm hired independently by Raytheon to support their basis for termination of [redacted]. This firm found the same seven instances of multiple reimbursements.

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(U//~~FOUO~~) In the fall of 2009, the USAO began a pre-indictment review of the evidence and prepared to take the case before the grand jury. The USAO was concerned that the charges of false claims would be difficult to prosecute because the charges had been indirect. Since the OIG had sufficient evidence to illustrate multiple instances where [redacted] utilized the U.S. Postal Service to perpetrate his false claims of reimbursement, the USAO chose to focus on the associated mail fraud for each of the seven fully supported false claims. On 27 April 2010, the lead OIG agent testified before a Federal grand jury and a seven-count indictment for mail fraud was returned against [redacted].

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(U//~~FOUO~~) [redacted] pleaded not guilty to the charges and refused to consider a plea agreement during a reverse proffer meeting conducted by the USAO and supported by the OIG. Following this meeting, a lengthy trial preparation ensued. The NRO OIG remained fully

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<sup>1</sup> (U//~~FOUO~~) This amount is higher than the [redacted] previously identified by Raytheon because the OIG expanded the period of review beyond the time period of the Raytheon audit.



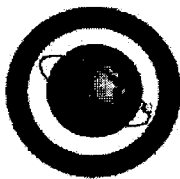
engaged, supporting production of evidence and exhibits and preparing for testimony. On 30 November 2010, only days before the scheduled trial, [ ] pled guilty to one count of mail fraud and agreed to pay restitution.

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#### **(U) CONCLUSION**

(U//~~FOUO~~) The investigation revealed that [ ] committed mail fraud in violation of 18 U.S.C. § 1341. On 28 February 2011, a federal judge sentenced [ ] to nine months imprisonment, followed by six months of house arrest. [ ] was also ordered to pay restitution in the amount of [ ] to Raytheon. In turn, Raytheon made the government whole by returning the funds that [ ] had misappropriated by making adjustments to the appropriate indirect accounts. There is no further investigative action required. The OIG considers this investigation closed.

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(b)(7)(c)

**NATIONAL RECONNAISSANCE OFFICE**

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



15 August 2011

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
PRINCIPAL DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE  
OFFICE  
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
DIRECTOR, BUSINESS PLANS AND OPERATIONS  
DIRECTOR, COMMUNICATIONS SYSTEMS DIRECTORATE  
DIRECTOR, OFFICE OF CONTRACTS  
OFFICE OF GENERAL COUNSEL  
DIRECTOR, OFFICE OF SECURITY AND  
COUNTERINTELLIGENCE

SUBJECT: (U//~~FOUO~~) Investigative Summary: Embezzlement  
(Case Number 2007-069 I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation regarding false claims by an employee of Multimax Corporation, a subcontractor to the Harris IT Services Corporation on the Communications Systems Acquisition and Operations Directorate Patriot contract. The OIG referred the case to the United States Attorney's Office for the Eastern District of Virginia, which declined prosecution. Subsequently, the OIG referred the case to the Virginia Commonwealth Attorney, who accepted the case as a violation of state law for embezzlement against a company. Please see the attached investigative summary for details regarding the case.

(U//~~FOUO~~) We request 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 database. All other copies are for informational purposes only and should be returned to the OIG.

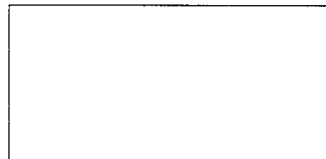
(U//~~FOUO~~) The OIG investigative reports are to be read only by the individuals to whom OIG provides them, or to whom the OIG specifically authorizes their release. If there are other persons who you believe require access to this report as part of

SUBJECT: (U//~~FOUO~~) Investigative Summary: Embezzlement  
(Case Number 2007-069 I)

their official duties, please let us know and we will promptly review your request.

(U//~~FOUO~~) Please direct any questions on this summary to  
Special Agent [redacted] at [redacted] (secure), or to [redacted]  
[redacted], Assistant Inspector General for Investigations, at  
[redacted] (secure).

(b)(3)



(b)(3)

Deputy Inspector General

Attachment:

(U//~~FOUO~~) Investigative Summary (2007-069 I)

SUBJECT: (U//~~FOUO~~) Investigative Summary: Embezzlement  
(Case Number 2007-069 I)

OIG, [REDACTED] 15 Aug 2011

(b)(3)

DISTRIBUTION:

Director, National Reconnaissance Office  
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Director, Business Plans and Operations  
Director, Communications Systems Directorate  
Director, Office of Contracts  
Office of General Counsel  
Director, Office of Security and Counterintelligence  
Lead Investigator - [REDACTED]

(b)(3)

**(U//~~FOUO~~) Investigative Summary****Embezzlement - [REDACTED]**(b)(3)  
(b)(7)(c)

(Case Number 2007-069 I)

**(U) EXECUTIVE SUMMARY**

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation regarding allegations of cost mischarging and subsequent embezzlement by [REDACTED], a former employee of Multimax Corporation<sup>1</sup> and a subcontractor to Harris IT Services Corporation as a systems engineer under the NRO Patriot program in the Communications Systems Acquisition and Operations Directorate (COMM). From [REDACTED] charged 1,747 hours to an NRO contract without actually working those hours. The financial value of these hours amounted to \$96,447.20 when fully burdened with \$70,412.16 paid directly to [REDACTED] as salary. This cost was charged to Harris IT Services by Multimax; however, it was never incurred by the NRO as this was part of a fixed price contract. Under the circumstances, the Department of Justice (DOJ) chose not to prosecute [REDACTED]. Nevertheless, the OIG subsequently presented this case to the Virginia Commonwealth Attorney with Harris IT Services as the victim. Subsequently, the case was prosecuted in Fairfax County Circuit Court where [REDACTED] was found guilty of felony embezzlement against the company.

(b)(3)  
(b)(7)(c)**(U) BACKGROUND**

(U//~~FOUO~~) On 14 March 2007, the OIG initiated a joint investigation with the Defense Criminal Investigative Service (DCIS) for alleged cost mischarging by [REDACTED], an employee of Multimax. The OIG became aware of [REDACTED] actions during a similar investigation of [REDACTED] coworker, who was alleged to have committed the same criminal activity (see the Investigative Summary for Case 2007-043 I). An initial review of [REDACTED] timecard submissions when compared against facility badge reader data indicated that he rarely reported for work as required under the contract. At the time that (b)(3) this case was initiated, [REDACTED] had resigned from his position with Multimax and was no (b)(7)(c) longer working on an NRO program.

**(U) INVESTIGATIVE FINDINGS**

(U//~~FOUO~~) The joint investigation concluded that from [REDACTED] [REDACTED] claimed a total of 1,817 hours worked as an employee of Multimax. These hours were subsequently charged to Harris IT Services as part of its fixed price contract on the NRO Patriot program. [REDACTED] was not present at his workplace for 1,747 of those hours he charged. As a result, Harris IT Services paid Multimax \$96,447.20 for labor that [REDACTED] never provided. All of [REDACTED] duties during that period should have been accomplished within the NRO Westfields facility or the Harris New Patriot Headquarters building.

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<sup>1</sup>(U) Multimax was acquired by Harris IT Services Corporation in June 2007.



The investigation determined that [ ] had never worked in the New Patriot Headquarters; therefore, all the hours charged when he was not inside the Westfields building were considered fraudulent. [ ] admitted to the OIG that he was not reporting to work, nor had he discussed his actions with a supervisor for permission to work outside of his assigned location.

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(U//~~FOUO~~) DOJ declined prosecution in this matter given that Harris IT Services was able to meet its requirement to the NRO without [ ] labor under the terms of a fixed price contract structure. While the NRO was not directly injured monetarily, Harris IT Services in Virginia was a victim since it paid for services that were never rendered. The OIG worked this as a joint investigation with Fairfax County Police Department (FCPD) and subsequently presented the case to an attorney for the Commonwealth of Virginia who agreed to prosecute the case on a felony charge under *Virginia Code § 18.2-111, Embezzlement*.

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#### (U) INVESTIGATIVE DETAILS

(U//~~FOUO~~) [ ] worked for Multimax as a subcontract employee to Harris IT Services on the COMM Patriot program, [ ] when he resigned from Multimax for a position unrelated to the NRO. From [ ] [ ] was assigned to a facility where no badge records were available; therefore, the investigative timeframe narrowed to [ ] During that period, [ ] appointed place of duty was either at the NRO Westfields facility in Chantilly, Virginia or the Harris New Patriot Headquarters Building, in Herndon, Virginia. By comparing [ ] timesheets to his NRO badge entry/exit data, the OIG determined that during this period, [ ] charged 1,817 hours of direct labor to the contract; however, he was not at his appointed place of duty for 1,747 of those hours.

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(U//~~FOUO~~) [ ] services as a subcontractor were charged to Harris IT Services on a fixed price portion of the Patriot contract. As such, the NRO was unable to claim that it had been injured by [ ] false claims or that it was due any reimbursement. The prime contractor, Harris IT Services, which had paid Multimax for [ ] false hours, was harmed because the contract arrangement between the two companies was a cost-reimbursement arrangement. When Harris IT Services was informed of the scope of the fraud, it negotiated with Multimax for damages in an amount equal to Multimax's billing for the entire amount of [ ] services charged against the Patriot contract beginning in January 2005. The damages amounted to \$132,617.12 (fully burdened) and were credited to Harris IT Services. However, Harris IT acquired Multimax during the early stages of the OIG investigation. As a result, any potential restitution would be returned to Harris IT.

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(U//~~FOUO~~) When interviewed by the OIG about his absence from his place of duty, [ ] admitted that he had stopped going to work, had not told any of his supervisors that he had stopped going to work, and had not been directed by any of his supervisors to leave his place of duty. [ ] also provided a written statement wherein he admitted to not reporting to his assigned place of duty. When combined with an analysis of the time cards and badge reader data, the results of the investigation were sufficient to support a conclusion that

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[redacted] had committed fraud against an NRO contract by making entries on his company timecards which he knew to be false.

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(b)(7)(c)

(U//~~FOUO~~) The OIG investigation revealed that Multimax's time and attendance reporting system utilized the Internet. When [redacted] filled out his bi-weekly time and attendance reports on a computer, he transmitted the reports through electronic wire to computer servers in Tysons Corner, Virginia. The data was further transmitted electronically to a Multimax account at a Wells Fargo bank in Minnesota. [redacted] salary was then electronically transferred from that Multimax account and deposited into his personal account at the Bank of America branch office at the Pentagon in Arlington, Virginia. This information was sufficient to support a conclusion that [redacted] actions in using electronic means to commit the fraud constituted a violation of federal criminal wire fraud statutes, 18 U.S.C. § 1343, *Fraud by Wire, Radio or Television*.

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(U//~~FOUO~~) Because [redacted] assigned places of employment (NRO Westfields and Harris New Patriot Headquarters) were in Virginia, and the monies fraudulently obtained were deposited into a bank in Virginia, the OIG initially presented the case to the United States Attorney's Office for the Eastern District of Virginia (EDVA). In March 2007, the EDVA agreed to pursue criminal prosecution on charges of wire fraud. However, in February 2009, the EDVA declined the case due to limited resources and because NRO had not been financially injured.

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(U//~~FOUO~~) The OIG believed that the case still warranted criminal prosecution and entered into a joint investigation with FCPD, Major Crimes Division. Subsequently, the Virginia Commonwealth Attorney in Fairfax County agreed to prosecute [redacted] on a felony charge of embezzlement. Given that the NRO was not harmed, the victim in this case was Harris IT Services, a business entity located in Virginia. Harris IT Services agreed to stand as the victim and cooperate in the state's case.

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(U//~~FOUO~~) Although [redacted] admitted to investigators that he had mischarged his hours and had provided a written statement acknowledging he was not present for work as required, he refused to enter into plea-bargaining. Upon indictment of [redacted] by a grand jury, the case went to trial in Fairfax County Circuit Court and [redacted] was convicted of *Virginia Code § 18.2-111, Embezzlement* on 22 December 2010. On 24 February 2011, he was sentenced to 30 days of incarceration with three years of supervised release and required to make restitution for \$70,412.16.<sup>2</sup>

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## (U) CONCLUSION

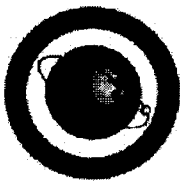
(U//~~FOUO~~) [redacted] committed fraud as a subcontractor within the NRO Patriot contract by making false entries on his company timecards which allowed him to receive payment for 1,747 hours that he did not work. The case was not prosecuted by DOJ due to a lack of tangible injury to the NRO. As a result, the case was presented to the Virginia

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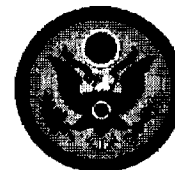
<sup>2</sup>(U//~~FOUO~~) The restitution was calculated as [redacted] straight salary rather than the burdened rate. Payment will be made to Harris IT Services Corporation because it acquired Multimax Corporation during the course of this investigation.

Commonwealth Attorney and resulted in a trial in Fairfax County Circuit Court. [REDACTED] was convicted of violating *Virginia Code § 18.2-111, Embezzlement*. He was sentenced to 30 days confinement, three years of probation, and required to make restitution to Harris IT Services. Additionally, [REDACTED] security records have been indexed with this adverse information in the event that he should reapply for a clearance. The OIG considers this investigation closed.

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

**NATIONAL RECONNAISSANCE OFFICE**

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



17 December 2010

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
PRINCIPAL DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE  
OFFICE  
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
DIRECTOR, BUSINESS PLANS AND OPERATIONS  
GENERAL COUNSEL  
DIRECTOR, OFFICE OF SECURITY AND COUNTERINTELLIGENCE

SUBJECT: (U//~~FOUO~~) Investigative Summary: Child Pornography  
(Case Number 2009-015 I)

(U//~~FOUO~~) On 3 November 2008, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation based on allegations that a Lockheed Martin employee assigned to NRO was downloading and viewing child pornography via the Internet at home. Please see the attached NRO OIG investigative summary report, which details the investigation results.

(U//~~FOUO~~) We request 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.

(U//~~FOUO~~) OIG investigation reports are to be read only by the individuals to whom 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 [redacted], Special Agent, at [redacted] (secure), or [redacted], Assistant Inspector General for Investigations at [redacted] (secure).

(b)(3)

Lanie D'Alessandro  
Inspector General

Attachment:

(U//~~FOUO~~) Investigative Summary: Child Pornography  
(Case Number 2009-015 I)

SUBJECT: (U//~~FOUO~~) Investigative Summary: Child Pornography  
(Case Number 2009-015 I)

OIG/ [REDACTED] /17 Dec 2010

(b)(3)

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Director, Office of Security and Counterintelligence  
OIG Official Record ( [REDACTED] )

(b)(3)



(U//~~FOUO~~) Investigative Summary:  
Child Pornography – [REDACTED]  
(Case Number 2009-015 I)

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

(U) INVESTIGATIVE FINDINGS

(U//~~FOUO~~) On 2 April 2010, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed a joint investigation with the Department of Justice (DoJ), and the Department of Homeland Security, Immigration and Customs Enforcement (ICE) regarding allegations that [REDACTED], a Lockheed Martin employee, had been regularly viewing and downloading child pornography (CP) on his home computer since approximately [REDACTED]. This allegation was initiated with a confidential source (CS) who had originally reported the concern to the NRO Office of Security and Counterintelligence (OS&CI) in [REDACTED]. When interviewed by OS&CI in [REDACTED], [REDACTED] admitted viewing CP and the matter was subsequently referred to OIG for further investigation.

(U//~~FOUO~~) The joint investigation revealed evidence supporting the conclusion that [REDACTED] had violated *United States Code Title 18, section 2252A, Certain Activities Relating to Material Constituting or Containing Child Pornography*, which makes it unlawful for anyone to knowingly receive CP to include doing so via computer. When interviewed by ICE at his home in [REDACTED], [REDACTED] admitted to regularly and recently viewing CP. Moreover, ICE later found CP through a forensic examination of his home computer. As a result, [REDACTED] access to NRO was immediately suspended. In [REDACTED], [REDACTED] was indicted and agreed to plead guilty to one count of possessing CP for which he was ultimately sentenced to 37 months in prison on 12 October 2010.

(U) INVESTIGATIVE DETAILS

(U//~~FOUO~~) On 3 November 2008, the OIG received information from the OS&CI that [REDACTED], a Lockheed Martin employee assigned to the NRO, had admitted to viewing CP on his personal computer at home via the Internet over a period of approximately [REDACTED]. Moreover, [REDACTED] admitted viewing CP as recently as a few days before making this admission during the course of his security interview, which was part of a routine background investigation for his NRO security clearance reinvestigation.

(U//~~FOUO~~) The OIG conducted an initial inquiry to determine the full extent of [REDACTED] activities as reported by OS&CI with the intent to provide all relevant information to external law enforcement agencies as warranted. A review of [REDACTED] NRO security file revealed that a CS had alleged, in [REDACTED], [REDACTED] was viewing CP at home. The CS made this allegation to a Lockheed Martin security officer who then reported the matter immediately to OS&CI Personnel Security Division (PSD). In [REDACTED], PSD concluded that it would address the matter on the occasion of [REDACTED] next background investigation scheduled for [REDACTED]. His file showed that on [REDACTED], PSD conducted a personal interview of [REDACTED] to address the CP issue in accordance with the decision made in [REDACTED]. When asked by a PSD investigator, [REDACTED] reported regularly viewing media containing CP

All redactions per (b)(3) and (b)(7)(c) unless otherwise indicated.

at home and noted that he had been doing so since [redacted] however, he denied downloading, storing, or producing the material. When asked about the frequency of these actions, [redacted] stated that he had last viewed CP two days prior to that interview. As a result of the admission, PSD reported the matter to the OIG as well as the Office of General Counsel.<sup>1</sup>

(U//~~FOUO~~) Based on the report from PSD, the OIG conducted a forensic examination of the government computers [redacted] was using to execute his duties as a Lockheed Martin employee assigned to the Aerospace Data Facility-East (ADF-E). The OIG intended to provide any evidence obtained to federal law enforcement in support of a search warrant for [redacted] home computers. However, this examination did not provide any evidence related to the information received from PSD, nor did this examination indicate that [redacted] had used an NRO computer in any other act of wrongdoing.

(U//~~FOUO~~) In January 2009, the OIG identified and located the CS who had made the original report in [redacted] As initially reported, the CS stated [redacted] home computer in [redacted] contained several downloaded images and videos, as well as Internet site access logs that the CS had personally witnessed while conducting some maintenance on [redacted] computer.

[redacted] (b)(7)(c)  
[redacted] Based on its graphic content, the CS confronted [redacted] Although [redacted] initially claimed that he had inadvertently downloaded this material and had failed to delete the file, he later admitted to the CS that his actions were deliberate and he opined that he considered himself addicted to pornography in general with a predilection for CP. Furthermore, the CS had collected and retained copies of [redacted] credit card statements illustrating that he had paid for access to alleged CP Internet sites circa [redacted]

(U//~~FOUO~~) The CS provided copies of these [redacted] credit card statements to the OIG. An initial examination of the sites associated with the details noted on [redacted] credit card receipts illustrated that the sites were based in Russia and Brazil. Both sites contained suggestive, yet non-pornographic images of what appeared to be teenage girls. The sites purported to be businesses catering to aspiring young, female models; however, the sites noted that there was additional content beyond the welcome page that was accessible to paying customers.

(U//~~FOUO~~) In March 2009, the OIG briefed Gerald Smagala, Assistant United States Attorney (AUSA), Office of the US Attorney for the Eastern District of Virginia (EDVA). Mr. Smagala explained that the information that [redacted] provided during the course of his background investigation was insufficient to execute an arrest or search warrant; however, he could support the case with a grand jury subpoena for additional credit card records given the nature of the Internet sites. Mr. Smagala therefore issued a subpoena for [redacted] recent credit card transactions to determine if he had purchased access to any known CP sites on the Internet. The results at the time of the subpoena in April 2009 were negative.

(U//~~FOUO~~) By May 2009, the OIG had concluded that the case could only advance by asking [redacted] to submit to a voluntary interview; however, several sources reported that [redacted] was in the midst of relocating from his current home in Woodbridge, Virginia to the [redacted]

<sup>1</sup>(U//~~FOUO~~) The NRO Office of General Counsel reported the matter to Department of Justice as required under E.O. 12333. All redactions per (b)(3) and (b)(7)(c) unless otherwise indicated.

Las Cruces, New Mexico area to seek a permanent assignment at the Aerospace Data Facility-Southwest (ADF-SW). From [redacted] had been flying between Virginia and New Mexico while on temporary duty (TDY) to ADF-SW. Given his constant travel, the OIG was unable to interview [redacted]. By the end of [redacted] had secured a permanent position at ADF-SW. [redacted] established residency in the Las Cruces area. Recognizing that no evidence was found suggesting [redacted] was accessing any CP on government property or with government equipment, the OIG briefed the Las Cruces Resident Agent for the ICE in September 2009.

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(U//~~FOUO~~) In November 2009, OIG and ICE met with, Steven Wong, an AUSA for DoJ in Las Cruces, New Mexico. Mr. Wong agreed to accept the case. Mr. Wong tasked the OIG with conducting a forensic examination of any NRO computers used by [redacted] at ADF-SW and ICE agreed to [redacted]

(b)(7)(c)  
(b)(7)(e)

[redacted] Meanwhile, DoJ issued additional grand jury subpoenas to [redacted] banking institutions to look for any recent credit card transaction with the suspect CP sites identified by the CS earlier in the case. None of these efforts proved fruitful.

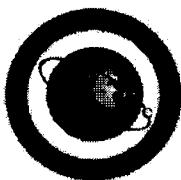
(U//~~FOUO~~) As before, the lack of immediate evidence resulted in the decision to approach [redacted] and request a voluntary interview. On 14 January 2010, ICE agents interviewed [redacted] at his home in Las Cruces. He volunteered that he had in fact been viewing CP continuously for several years via the Internet at home and had done so recently. He admitted further that his home computer contained CP. Based on [redacted] statements, ICE obtained search warrants to formally take custody of [redacted] home computer and a number of other items (phones, cameras, memory devices) relevant to the issue under investigation. A subsequent examination of the home computer's disk drive revealed CP in quantities sufficient for a criminal charge under *United States Code Title 18, section 2252A, Certain Activities Relating to Material Constituting or Containing Child Pornography*.<sup>2</sup> While not placed under arrest at that point, the OIG contacted a security officer at ADF-SW who then acted to preclude [redacted] from returning to the facility. [redacted] was subsequently debriefed from his NRO accesses and later separately terminated by Lockheed Martin.

## (U) CONCLUSION

(U//~~FOUO~~) The extensive joint investigation executed by the OIG, ICE, and DoJ, proved that [redacted] had been downloading CP from various sources on the Internet for a period starting around [redacted] at his personal residences [redacted]. On 2 April 2010, [redacted] was indicted on one count of violating *United States Code Title 18, section 2252A, Certain Activities Relating to Material Constituting or Containing Child Pornography*. He returned to court on 26 April 2010 and pled guilty to the charge. He was then held in custody at the Dona Ana County Jail pending a final sentencing hearing. On 12 October 2010, [redacted] was sentenced to 37 months in a federal prison. Upon his release, he will be required to register as a sex offender and to participate in counseling commensurate with the nature of his sexual offense. This concludes the investigation without need for further action by the OIG.

<sup>2</sup> (U//~~FOUO~~) 18 USC 2252A requires at least three images to defeat the affirmative defense of an inadvertent download.

All redactions per (b)(3) and (b)(7)(c) unless otherwise indicated.



## NATIONAL RECONNAISSANCE OFFICE

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



23 September 2010

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
PRINCIPAL DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE  
OFFICE  
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
DIRECTOR, BUSINESS PLANS AND OPERATIONS  
DIRECTOR, OFFICE OF CONTRACTS  
GENERAL COUNSEL  
DIRECTOR, OFFICE OF SECURITY AND COUNTERINTELLIGENCE

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Statements  
(Case Number 2009-036 I)

(U//~~FOUO~~) On 16 December 2008, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation based on allegations that an Aerospace employee had submitted false claims. Please see the attached NRO OIG investigative summary report, which details the investigation results.

(U//~~FOUO~~) We request 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**.

(U//~~FOUO~~) OIG investigation reports are to be read only by the individuals to whom 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 [redacted], Lead Investigator, at [redacted] (secure), or [redacted], Assistant Inspector General for Investigations at [redacted] (secure).

(b)(3)

*Lanie D'Alessandro*  
Lanie D'Alessandro  
Inspector General

Attachment:

(U//~~FOUO~~) Investigative Summary  
(Case Number 2009-036 I)

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Statements  
(Case Number 2009-036 I)

OIG/[ ] 23 Sep 10

(b)(3)

DISTRIBUTION:

Director, National Reconnaissance Office  
Principal Deputy Director, National Reconnaissance Office  
Deputy Director, National Reconnaissance Office  
Director, National Business Plans and Operations  
Director, Office of Contracts  
General Counsel  
Director, Office of Security and Counterintelligence  
OIG Official Record [ ]

(b)(3)

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

**(U//~~FOUO~~) Investigative Summary:**

**False Statements – [REDACTED]**

(Case Number 2009-036 I)

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

**(U) INVESTIGATIVE FINDINGS**

(U//~~FOUO~~) On 16 December 2008, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation, which Aerospace later joined, into allegations regarding false statements/credentials made by [REDACTED] an Aerospace Corporation employee. The joint investigation focused on allegations that [REDACTED] possibly violated *18 United States Code section 1001, False Statement*, which makes it unlawful for anyone to knowingly and willfully make any materially false, fictitious, or fraudulent statement or representation to a federal agency. Specifically, the OIG was trying to determine if [REDACTED] falsely claimed to have a Bachelor's degree and Master's degree in Electrical Engineering from George Washington University (GWU) upon his hiring with Aerospace in [REDACTED]

(U//~~FOUO~~) The joint investigation revealed sufficient evidence to support an OIG conclusion that [REDACTED] made false statements to the government when he reported that he held Bachelor's and Master's degrees in Electrical Engineering from George Washington University (GWU) when in fact he did not have any college degrees. [REDACTED] actions caused Aerospace to unwittingly misrepresent [REDACTED] in costs between [REDACTED] and [REDACTED] as they were billing [REDACTED] to the NRO at an engineering rate for which he was not qualified. Possessing a Master's degree in Electrical Engineering allows Aerospace to bill [REDACTED] labor hours at a higher rate than for a senior technician, which does not require a college degree. In [REDACTED] Aerospace terminated [REDACTED] employment, and on 15 July 2010, Aerospace credited the NRO [REDACTED]. A joint government and Aerospace review concluded that [REDACTED] work was acceptable and that the NRO had not been provided with any faulty engineering work. Aerospace also advised that it was reviewing its process for vetting degrees.

(U//~~FOUO~~) The OIG briefed the results of the investigation to the United States Attorney's Office for the Eastern District of Virginia, which declined prosecution since Aerospace terminated [REDACTED] employment; he no longer held NRO accesses; his lack of a degree did not cause faulty engineering work; and Aerospace had reimbursed the NRO for the overbilling. The OIG considers this investigation closed.

**(U) INVESTIGATIVE DETAILS**

(U//~~FOUO~~) On [REDACTED] the NRO Office of Security and Counter Intelligence Personal Security Division (PSD) advised that, during ongoing security processing, [REDACTED] an Aerospace Corporation employee, did not list any degrees on his official government standard form 86 security paperwork. However, during his background investigation interview, [REDACTED] told his investigator that he held Bachelor's and Master's degrees in Electrical Engineering from GWU.

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

(U//~~FOUO~~) The OIG initiated its investigation by interviewing [redacted] Aerospace program manager. The Aerospace program manager stated that [redacted] was a level one engineer working on their technical staff supporting the NRO. The program manager further stated that to be a level one engineer with Aerospace, an individual needed a minimum of a Master's degree in electrical engineering. He also said that [redacted] was a junior member of the staff who was doing well, but senior engineers supervised all of his work.

(U//~~FOUO~~) Aerospace provided copies of [redacted] resume and college transcripts that he submitted when he was hired in [redacted]. Aerospace also stated that they were under the impression that [redacted] had a Bachelor's and Master's degrees from GWU. The OIG reviewed [redacted] resume, which listed a Bachelor's and Master's from GWU. The OIG reviewed the transcripts that [redacted] provided to Aerospace and none of the records had GWU's seal.

(U//~~FOUO~~) In an effort to verify [redacted] degrees, the OIG checked the National Student Clearinghouse Database. The OIG did not find any degrees for [redacted], even though GWU is a participating university in the Clearinghouse Database. The OIG then checked with the GWU registrar who advised that [redacted] never completed the necessary requirements for a Bachelor's degree.

(U//~~FOUO~~) On 28 May 2009, the OIG interviewed [redacted]. The OIG advised [redacted] of his Garrity rights, which he waived in writing. When the OIG asked about his degrees, [redacted] readily admitted that he did not have any degrees from GWU. He stated that he was several classes short of a Bachelor's degree and only took a few Master's classes, for which he never paid GWU. [redacted] said that he was tired of school and embarrassed that he could not finish his degrees on time. He stated that he needed a job and listed the degrees to enhance his resume. [redacted] provided a sworn written statement on the above information.

(U//~~FOUO~~) The OIG briefed the results of [redacted] interview to the NRO Aerospace Government Lead and to Aerospace. Aerospace initiated its own investigation and re-interviewed [redacted]. He admitted to the Aerospace investigator that he did not have a Bachelor's or a Master's degree from GWU. Aerospace terminated [redacted] employment and debriefed him of NRO accesses on [redacted]. Aerospace, in partnership with the NRO government lead, then conducted a review of [redacted] work and billing. A final report was submitted to the OIG on 14 February 2010. Aerospace also advised that it was going to review its process for vetting degrees. In response, the OIG advised Aerospace about the National Student Clearinghouse Database.

(U//~~FOUO~~) The NRO and Aerospace concluded that [redacted] work was acceptable and that the NRO had not been provided with any faulty engineering work. Aerospace also concluded that since [redacted] did not have a degree, as the position required, Aerospace had overpaid him for his work. Unknowingly, Aerospace passed on that overpayment claim to the NRO. Aerospace calculated that, from [redacted] through [redacted], the NRO was overbilled [redacted] the difference between a senior technician's and a

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

level one engineer's salaries. Aerospace advised, on 28 July 2010, that the NRO was credited the [ ] on 15 July 2010 and provided a copy of the credit.

(U//~~FOUO~~) The OIG briefed the final results of the investigation to Mr. Jack Hanly, Assistant United States Attorney (AUSA) of the Department of Justice, United States Attorney's Office for the Eastern District of Virginia, Alexandria, Virginia, in accordance with Executive Order 12333. Mr. Hanly declined prosecution since Aerospace terminated [ ] employment; he no longer held NRO accesses; and Aerospace had reimbursed the NRO for the overbilling. In addition, the OIG briefed the results of the investigation, the credit information, and the AUSA declination to the Government Aerospace Lead.

### (U) CONCLUSION

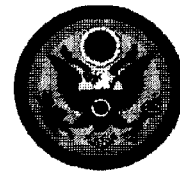
(U//~~FOUO~~) [ ] own admissions and documentary evidence supports an OIG conclusion that [ ] false statements violated *18 United States Code, section 1001, False Statements*. In addition, [ ] actions caused Aerospace to unwittingly misrepresent [ ] in costs due to the fact that it was billing [ ] pay to the NRO at an engineering rate for which he was not qualified. In [ ] Aerospace terminated [ ] employment, and on 15 July 2010, Aerospace credited the NRO [ ]. A joint government and Aerospace review concluded that [ ] work was acceptable and that the NRO had not been provided with any faulty engineering work.

(U//~~FOUO~~) Given the AUSA's declination of prosecution, reimbursement to the NRO for the over charges by Aerospace, [ ] employment termination, and his debrief from NRO access, the OIG has no further investigative actions. The OIG considers this investigation closed.



~~CONFIDENTIAL~~**NATIONAL RECONNAISSANCE OFFICE**

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



9 September 2010

MEMORANDUM FOR DIRECTOR, OFFICE OF GLOBAL INFRASTRUCTURE,  
DIRECTORATE OF SUPPORT, CENTRAL INTELLIGENCE  
AGENCY

SUBJECT: (U) Report of Investigation: False Claims - Time and  
Attendance (Case Number 2010-011 I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office  
of Inspector General (OIG) initiated an investigation based on  
allegations of false claims - time and attendance fraud by  
[REDACTED], a Central Intelligence Agency (CIA)  
Directorate of Support (DS) employee on rotation to the NRO.  
Please see the attached NRO OIG Report of Investigation, which  
details the investigation results.

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

(U//~~FOUO~~) The Department of Justice declined prosecution of  
[REDACTED] in favor of administrative action by the CIA.  
Our report recommends that the Director, Office of Global  
Infrastructure, DS, CIA, in consultation with the Chief, Special  
Activities Staff, Office of Security, CIA determine what  
administrative action should be taken with regard to [REDACTED].  
We request that the Director, Office of Global Infrastructure  
provide a written response to the OIG by 16 November 2010,  
indicating what action has been taken on this matter.

(b)(7)(c)  
(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.

DECL ON: 20350909  
DRV FROM: NRO CG 6.0, 21 May 05

UNCLASSIFIED//~~FOUO~~ when separated from  
attachment

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

SUBJECT: (U) Report of Investigation: False Claims - Time and Attendance (Case Number 2010-011 I)

(b)(3) 50 USC  $\pm$  3024(i)

(b)(3)

(b)(7)(c) (U//~~FOUO~~) If you have any questions concerning this report,

(b)(3) please contact [redacted], Lead Investigator, at [redacted] (secure); [redacted], CIA OIG Investigator, at [redacted] (secure); or [redacted], Assistant Inspector General for Investigations, at [redacted] (secure).

(b)(3)



Lanie D'Alessandro  
Inspector General

Attachment:

Report of Investigation:  
(Case Number 2010-011 I)

cc:

D/DS/CIA

D/BPO/NRO

AIG/INV/CIA

AIG/INV/NRO

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~~CONFIDENTIAL~~

SUBJECT: (U) Report of Investigation: False Claims - Time and Attendance (Case Number 2010-011 I)

OIG/ [REDACTED] 9 Sep 10

(b)(3)

DISTRIBUTION:

Director, Office of Global Infrastructure, Directorate of Support, Central Intelligence Agency

Director, Directorate of Support, Central Intelligence Agency

Director, Business Plans and Operations, National Reconnaissance Office

Assistant Inspector General for Investigations, Central Intelligence Agency

OIG Official Record ([REDACTED])

(b)(3)

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~(U//FOUO)~~ **REPORT OF INVESTIGATION  
FALSE CLAIMS - TIME AND ATTENDANCE  
(CASE NUMBER 2010-011 D)**

**(U) EXECUTIVE SUMMARY**

~~(U//FOUO)~~ On 6 November 2009, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) received an allegation that [ ] was recording fraudulent hours in her time and attendance (T&A) records and running a personal business while at work. At the time of the allegation being reported, [ ] was assigned to the Business Plans and Operations Directorate. [ ] is an employee of Central Intelligence Agency (CIA), Directorate of Support (DS), Office of Global Infrastructure, who was on rotation to the NRO between [ ]

~~(U//FOUO)~~ OIG analysis of [ ] T&A records compared to NRO facility ingress and egress records indicated that while assigned to the NRO she recorded 358 questionable hours on her T&A records. [ ] is a GS-12 step 8 and at the 2009 pay rate the 358 questionable hours equates to [ ]. The OIG conducted open source research and discovered two businesses with which [ ] was associated: President of " [ ] and Vice President of the " [ ] (A social networking group). Analysis of [ ] NRO telephone and e-mail records showed numerous contacts throughout the day to fellow business associates.

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

~~(U//FOUO)~~ When interviewed, [ ] made oral and written admissions that during her time in the NRO she would spend about an hour a day conducting personal work in support of her businesses and did not make up her time. She also reported that most days she would leave work early to beat the traffic and would take long lunches to run errands, and again, did not make up the time. [ ] unsatisfactory work attendance was previously noted on [ ] when her NRO supervisor placed her on a corrective plan.

~~(U//FOUO)~~ [ ] admissions and the investigative findings support an OIG conclusion that her actions violated *United States Code Title 18, section 287, False, Fictitious, and Fraudulent Claims*, as well as CIA Agency Regulation [ ]

(b)(3) 50 USC + 3024(i)

~~(U//FOUO)~~ The OIG briefed the United States Attorney's Office for the Eastern District of Virginia, Alexandria, Virginia, regarding the violation of USC Title 18, section 287. They declined prosecution in favor of agency administrative action.

**~~(U//FOUO)~~ RECOMMENDATIONS**

~~(U//FOUO)~~ The OIG recommends the Director, Office of Global Infrastructure, DS, CIA review the facts of this case and determine what type of disciplinary action is warranted. Further, we recommend consultation with the Special Activities Staff, OS, CIA to determine if a Personnel Evaluation Board should be convened with regard to [ ]

~~CONFIDENTIAL~~

~~(U//FOUO)~~ **REPORT OF INVESTIGATION**  
**FALSE CLAIMS - TIME AND ATTENDANCE**

**(U) BACKGROUND**

(U//~~FOUO~~) On 6 November 2009, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) received an anonymous complaint alleging that [redacted] was fraudulently recording hours worked and running a personal business while at work. The OIG initiated an investigation as [redacted] alleged actions would constitute a potential violation of *United States Code Title 18, section 287, False, Fictitious, and Fraudulent Claims*, which makes it unlawful for anyone to make a claim that is knowingly false to a federal agency.

(U//~~FOUO~~) [redacted] is a Central Intelligence Agency (CIA) employee with the Directorate of Support (DS) who was on rotation to the NRO between [redacted] [redacted] While at the NRO [redacted] was assigned to the Business Plans and Operations Directorate (BPO), [redacted]. She served as a [redacted] and handled system administration duties.

(b)(3)

**(U) APPLICABLE STANDARDS**

1. (U) *United States Code Title 18, section 287, False, Fictitious, and Fraudulent Claims*, which makes it unlawful for anyone to make a claim that is knowingly false to a federal agency.

(b)(3) 50 USC ± 3024(i)

2. (U) CIA Agency Regulation [redacted]

**(U//~~FOUO~~) QUESTION PRESENTED**

(U//~~FOUO~~) Did [redacted] submit fraudulent time and attendance claims thereby violating United States Criminal Code, as well as Agency Regulations?

(U//~~FOUO~~) Answer: Yes. The OIG investigation identified that between [redacted] [redacted] recorded 358 hours into her CIA time and attendance (T&A) records as hours worked, but in fact during that time she had departed work for personal reasons. The investigation further identified that [redacted] had recorded within her T&A an undetermined amount of time as work for the government, but was performing work for a personnel business. She acknowledged her responsibility to work 80 hours each pay period and admitted knowing that it was wrong to fraudulently report time as worked when it was not.

All redactions per (b)(3) and (b)(7)(c) unless otherwise indicated.

~~CONFIDENTIAL~~**(U) INVESTIGATIVE FINDINGS**(b)(3)  
(b)(7)(c)  
IG Act**(U//~~FOUO~~) Interview of [REDACTED]**

(U//~~FOUO~~) On 18 February 2010, the OIG interviewed [REDACTED] who [REDACTED] She reported that all of [REDACTED] work was in BPO at the NRO Westfields facility. She said that [REDACTED] would come in late, take long lunches, and leave early. She confronted [REDACTED] on several occasions about her behavior and even had her sign a job expectation letter, in where she advised [REDACTED] that she needed to work 8 hours a day, take 30 minutes for lunch, account for her time at work on her assigned tasks and inform her supervisor of any deviation in her work schedule. She said that she had advised [REDACTED] Director, [REDACTED] BPO, and [REDACTED] Deputy Director, [REDACTED] BPO, about [REDACTED] behavior.

(b)(3)

(U//~~FOUO~~) **Investigator's Note:** The original signed memorandum could not be located. However, the OIG was able to locate an e-mail on the classified NRO Management Information System (NMIS ) dated [REDACTED] had forwarded to [REDACTED] Director, [REDACTED] BPO, that was originally from [REDACTED] and contains the job expectations. In the forwarded e-mail, [REDACTED] acknowledges signing the job expectations and returning it to [REDACTED] (See Appendix 1).

(b)(3)

(b)(3)  
(b)(7)(c)  
IG Act**(U//~~FOUO~~) Interview of [REDACTED]**

(U//~~FOUO~~) On 2 March 2010, the OIG interviewed [REDACTED] subsequent to [REDACTED]. He said that [REDACTED] work was at the NRO Westfields facility in BPO. He had no problems with [REDACTED] she did her work and got the job done. He did not notice that she was frequently away from the office, but his office was not near her office so he did not know where she was going. He did have some people complain to him that [REDACTED] was away from her desk a lot, but he did not document those complaints and took no action. He could not remember who had complained to him about [REDACTED] nor did he explain to the OIG his reason for not taking any action. [REDACTED]

(b)(3)  
(b)(7)(c)  
IG Act**(U) Review of Available Records**

(b)(7)(c)

(U//~~FOUO~~) The OIG conducted open source research and discovered two businesses with which [REDACTED] was associated: President of "[REDACTED]" and Vice President of the "[REDACTED]" (A social networking group). Several associates of the two businesses were also identified by the OIG. The OIG obtained telephone records for [REDACTED] United States Government commercial line on her desk, information from her Unclassified Management Information System (UMIS), and classified NMIS accounts from the NRO Communications Systems Directorate (COMM). The OIG then reviewed the telephone records from [REDACTED] commercial line and found that [REDACTED] made, as well as received, numerous calls throughout the day to associates of the two businesses and to vendors. [REDACTED] UMIS e-mail traffic showed that she would visit the web site of the two businesses numerous times throughout the day and send e-mails to business associates.

All redactions per (b)(3) and (b)(7)(c) unless otherwise indicated.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

(U//~~FOUO~~) The OIG initially obtained ingress and egress records from the NRO Office of Security and Counterintelligence for [redacted]. These records reflect the times when [redacted] entered or exited an NRO facility. The OIG then obtained [redacted] time and attendance records from the CIA for the same period. The OIG compared the ingress and egress, [redacted] calendar (which contained travel and training records), and time and attendance records and identified 358 questionable hours. The 358 hours equates to 16 percent of her time. [redacted] is a GS-12 step 8 and at the 2009 pay rate the 358 questionable hours equates to [redacted].

(U//~~FOUO~~) Investigator's Note: The 358 questionable hours do not take into account the one hour a day that [redacted] admitted in her written statement to spending on the telephone and/or computer working on her personal businesses (See Appendix 2). This one hour a day would be additional time during which [redacted] was not doing official work.

(b)(7)(c) (U//~~FOUO~~) The OIG conducted a review of [redacted] security and personnel files. The OIG discovered that [redacted] had reported her affiliation with the "[redacted]" but never reported her affiliation with the "[redacted]" to the Office of Security (OS). This is a potential violation of CIA Agency Regulation [redacted] (b)(3) 50 USC + 3024(i) [redacted]. Additionally, the OIG discovered a Memorandum for the Record (MFR) in her security file where the CIA OS had informed [redacted] about the [redacted] policy on 25 July 2007 (See Appendix 3). (b)(3) 50 USC + 3024(i)

#### (U) Case Details

(U//~~FOUO~~) Before the OIG could interview [redacted] her rotation with the NRO ended and she accepted a DS assignment in the Directorate of Intelligence at the CIA. In accordance with current memorandum of understanding between the NRO and CIA once [redacted] returned to the CIA headquarters, investigative jurisdiction comes under the CIA/OIG. On 14 April 2010, the NRO OIG referred the case to the CIA OIG. On 14 May 2010, the CIA IG deferred their investigative jurisdiction and requested the NRO OIG continue with the required investigative process. The OIG then partnered with the CIA OIG to complete the investigation.

#### (U//~~FOUO~~) Interview of [redacted]

(U//~~FOUO~~) On 7 July 2010, the NRO and CIA OIG interviewed [redacted] at the CIA OIG offices. The OIG advised [redacted] of her rights, which she waived in writing (See Appendix 4). [redacted] admitted that she would spend about an hour a day conducting work in support of her businesses and that she did not make up her time. She also said that she would leave work early to beat the traffic to pick up her children and take them to sport activities. [redacted] said she would take long lunches to run errands, but did not make up the time. [redacted] stated that she would be willing to repay any money that she owed the government. [redacted] incorporated these admissions into a written statement (See Appendix 2).

All redactions per (b)(3) and (b)(7)(c) unless otherwise indicated.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

(b)(7)(c)

(U//~~FOUO~~) Additionally, [ ] said she was part owner of the "[ ]" She stated that she did not report her involvement with the "[ ]" as an [ ] because she was not making any money from that company. (b)(3) 50 USC ± 3024(i)

### (U) Coordination

(U//~~FOUO~~) The OIG briefed the final results of the investigation to Mr. Jack Hanly, Assistant United States Attorney (AUSA) of the Department of Justice United States Attorney's Office for the Eastern District of Virginia, Alexandria, Virginia, in accordance with Executive Order 12333. Mr. Hanly declined prosecution in favor of administrative action by the Agency.

### (U) CONCLUSION

(U//~~FOUO~~) [ ] own admissions and documentary evidence support an OIG conclusion that [ ] false time and attendance submissions violated *United States Code Title 18, section 287, False, Fictitious, and Fraudulent Claims* as well as CIA Agency Regulation [ ] Given the AUSA's declination of prosecution, the OIG is recommending consideration for disciplinary action by the CIA.

(b)(3) 50 USC ± 3024(i)

### (U) CAREER SERVICE NOTIFICATION

(U//~~FOUO~~) On 28 July 2010, NRO Investigator [ ] and CIA Investigator [ ] (b)(3) 50 USC ± 3024(i) briefed the facts of the investigation to [ ] Depu (b)(3) 50 USC ± 3024(i) DS, CIA. [ ] requested that any OIG recommendation for consideration of disciplinary action of [ ] be provided to the Director of the Office of Global Infrastructure (OGI). [ ] specifically requested the identification of [ ] manager who reported not taking any corrective action when complaints were brought to his attention. [ ] was informed that she would receive a copy of our final Report of Investigation, which identified the manager's interview.

(b)(3) 50 USC ± 3024(i)

(U//~~FOUO~~) On 29 July 2010, Investigator [ ] briefed the facts of the investigation to [ ] Director, OGI, DS, CIA. The OIG informed [ ] of [ ] direction.

(b)(3) 50 USC ± 3024(i)

### (U//~~FOUO~~) RECOMMENDATIONS

(U//~~FOUO~~) The OIG recommends that the Director, OGI, DS, CIA review the facts of this case and determine what disciplinary action is warranted. Further, we recommend consultation with the Special Activities Staff, OS, CIA, to determine if a Personnel Evaluation Board should be convened with regard to [ ]

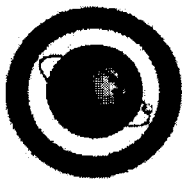
### (U) APPENDIXES

1. (U//~~FOUO~~) [ ] E-Mail
2. (U//~~FOUO~~) [ ] Statement
3. (U//~~FOUO~~) [ ] MFR [ ] (b)(3) 50 USC ± 3024(i)
4. (U//~~FOUO~~) [ ] Rights Advisement

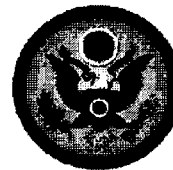
All redactions per (b)(3) and (b)(7)(c) unless otherwise indicated.

~~CONFIDENTIAL~~



**NATIONAL RECONNAISSANCE OFFICE**

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



2 November 2010

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  
DIRECTOR, OFFICE OF SECURITY AND  
COUNTERINTELLIGENCE

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2010-017 I)

(U//~~FOUO~~) On 23 November 2009, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation based on notification by Boeing Space and Intelligence Systems (BS&IS) that one of its employees had engaged in downloading and viewing child pornography at work and at his home. Boeing's notification of this matter to the El Segundo Police Department led to his arrest on 18 November 2009 for possession of material depicting sexual conduct by a minor, Section 311.1 of the California Penal Code. Because local law enforcement was taking the appropriate action against [redacted] on the criminal pornography allegations, the OIG investigation focused on possible labor mischarging, to determine if the time spent online in these activities was charged to the NRO contract as hours worked. Please see the attached NRO OIG investigative summary report, which details the investigation results.

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

<sup>1</sup>(U) Per requirements in the NRO Acquisition Manual (N52-203-001) and the Federal Acquisition Regulation (52.2013.13), NRO contractors must report to the NRO Inspector General possible violations of federal law related to an NRO contract.

Approved for Release: 2018/07/05 C05093504  
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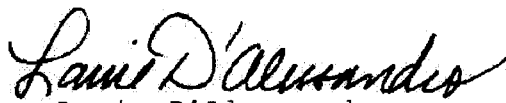
SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2010-017 I)

(U//~~FOUO~~) We request 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 of this report are for informational purposes and should be returned to the OIG.

(U//~~FOUO~~) The OIG investigative 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 you believe other individuals require access to this report 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 summary to Investigator [ ] at secure [ ], or to [ ]  
[ ], Assistant Inspector General for Investigation, at secure [ ].

(b)(3)



Lanie D'Alessandro  
Inspector General

Attachment:

(U//~~FOUO~~) Investigative Summary

~~UNCLASSIFIED//FOR OFFICIAL USE ONLY~~

Approved for Release: 2018/07/05 C05093504  
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SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2010-017 I)

OIG/ [ ] 2 Nov 10

(b)(3)

DISTRIBUTION:

Director, National Reconnaissance Office  
Principal Deputy Director, National Reconnaissance Office  
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Director, Imagery Intelligence Systems Acquisitions Directorate  
Director, Office of Contracts  
General Counsel  
Director, Office of Security and Counterintelligence  
Lead Investigator - [ ]

(b)(3)

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Approved for Release: 2018/07/05 C05093504

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

## INVESTIGATIVE SUMMARY

**False Claims - [REDACTED]**  
(Case Number 2010-017 I)

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

### (U) INVESTIGATIVE FINDINGS

(U//~~FOUO~~) On 14 May 2010, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed a joint investigation with Boeing Space and Intelligence Systems (BS&IS) into allegations that a BS&IS employee had engaged in labor mischarging. The joint investigation was initiated based on a notification from the Division Counsel, BS&IS, that the company had sufficient reason to believe that [REDACTED] had engaged in child pornography at home and at work. In addition to criminal charges related to child pornography, if the time spent online at work in pursuit of the alleged activities was claimed as work hours, [REDACTED] may have mischarged an NRO contract. [REDACTED] was working as a [REDACTED] in El Segundo, California, and directly charged NRO contract [REDACTED]

(U//~~FOUO~~) The joint investigation provided sufficient evidence to support an OIG conclusion that [REDACTED] violated *18 United States Code Section 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. Based on the information obtained during the investigation, it was determined that [REDACTED] mischarged a total of 214 direct labor hours to government contracts. Of these hours, 89 direct labor hours were attributed to NRO at a fully burdened amount of [REDACTED] and another [REDACTED] to other government contracts. Boeing disciplined [REDACTED] by terminating his employment on [REDACTED] Boeing reimbursed the NRO the full amount of [REDACTED] and the OIG verified the credit on 16 July 2010. Boeing also reimbursed the other government contracts their separate entitlements. The OIG presented this case to the Department of Justice, which declined prosecution. The OIG considers this investigation closed.

(b)(3)

### (U) INVESTIGATIVE DETAILS

(U//~~FOUO~~) On 20 November 2009, [REDACTED] Division Counsel, BS&IS, notified the NRO OIG that his company had sufficient reason to believe that [REDACTED] had downloaded and viewed child pornography at work and at his home. Boeing's notification to El Segundo Police Department of this matter had led to his arrest on 18 November 2009 for possession of material depicting sexual conduct by a minor, Section 311.1 of the California Penal Code. Because local law enforcement was taking the appropriate action against [REDACTED] on the pornography allegations, the OIG focused on potential labor mischarging. Based on [REDACTED] notification,<sup>2</sup> the OIG opened an investigation to determine if [REDACTED] recorded the time devoted to online activities as hours worked against an NRO contract. BS&IS had already started an internal investigation when it notified the OIG of these allegations and agreed to provide the results of its review upon completion.

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

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

<sup>2</sup> (U) Under NRO Acquisition Manual contracting requirements (N52-203-001), NRO contractors must report to the NRO Inspector General any and all possible violations of federal law related to an NRO contract.

(U//~~FOUO~~) BS&IS provided a Summary of Investigation, dated [redacted] and a Supplemental Investigative Details report, dated [redacted] to the OIG. These reports stated that Boeing initiated its investigation of [redacted] based on a routine computer audit in [redacted] (Information Security Computing Forensics) audited [redacted] company-assigned computer and discovered that he was viewing and downloading pornographic images at work. [redacted] completed his review and submitted his findings to the Boeing investigator in an Information Security Computing Forensics Technical Examination Report.

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

(U//~~FOUO~~) [redacted] served as the Boeing lead investigator. His review consisted of an evaluation of [redacted] forensics report,<sup>3</sup> an evaluation of [redacted] attendance records from January to August 2009, and computer proxy log reviews from 12 August through 11 November 2009. [redacted] concluded his investigation with an interview of [redacted] on 18 December 2009.

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

(U//~~FOUO~~) [redacted] interviewed [redacted] on 18 December 2009. During the interview, [redacted] admitted to viewing and downloading inappropriate images to company computers "on and off, for years." [redacted] said he would search the free pornographic sites available to him on the Internet and save the images on his hard drive. He denied ever reproducing or photocopying any of these images on the company's printers. [redacted] admitted he exported the material to several USB drives (commonly referred to as "thumb drives").

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

(U//~~FOUO~~) In addition to the various admissions to the BS&IS investigator that he accessed graphic pornographic websites at work, [redacted] also admitted to labor mischarging when he claimed as work the average of 30 minutes per day spent viewing pornographic websites from [redacted]. Based on this information, Boeing determined that [redacted] mischarged a total of 214 hours to the government. Of this total, 89 hours were attributed to NRO contract [redacted] and the rest to other government contracts. Boeing reimbursed the NRO the full amount of [redacted] and completed the labor cost transfer (Journal Number TDEG06) on 16 July 2010. Boeing also reimbursed the other government contracts their appropriate entitlements totaling [redacted].

(b)(3)

(U//~~FOUO~~) The OIG considered all steps taken by BS&IS sufficient, including the interview of [redacted]. On 14 May 2010, the OIG presented the facts of this case to Mr. Beong-Soo Kim, United States Attorney's Office for the Central District of California, who declined prosecution due to the Department of Justice's limited resources, full restitution to the government by BS&IS, and lack of jury appeal.

## (U) CONCLUSION

(U//~~FOUO~~) The investigation revealed information sufficient to support a conclusion that [redacted] actions constituted a violation of 18 *United States Code* Section 287, "False, Fictitious, and Fraudulent Claims" by mischarging a total of 89 labor hours to NRO contract 99-C-0061 with a fully burdened cost of [redacted]. Boeing terminated [redacted] employment

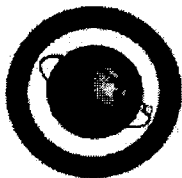
<sup>3</sup> (U//~~FOUO~~) The forensics examination of [redacted] computer revealed that he had downloaded and stored hundreds of pornographic images [redacted]

(b)(7)(c)

All redactions per (b)(3) and (b)(7)(c) unless otherwise indicated.

and debriefed him of his NRO-sponsored clearances [REDACTED] Given the  
declination of prosecution, Boeing's reimbursement to the NRO and the termination of  
[REDACTED] employment, there is no further investigative action required. The OIG considers  
this investigation closed.

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

**NATIONAL RECONNAISSANCE OFFICE**

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



28 June 2011

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
PRINCIPAL DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE  
OFFICE  
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
DIRECTOR, MISSION OPERATIONS DIRECTORATE  
DIRECTOR, OFFICE OF CONTRACTS  
GENERAL COUNSEL  
DIRECTOR, OFFICE OF SECURITY AND  
COUNTERINTELLIGENCE

SUBJECT: (U//~~FOUO~~) Investigative Summary: Theft  
(Case Number 2010-075 I)

(U//~~FOUO~~) On 17 March 2011, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation based on an allegation that a Harris Corporation employee had engaged in theft of public money by charging hours to an NRO contract for which she did not actually work. Please see the attached NRO OIG investigative summary report, which details the investigation results.

(U//~~FOUO~~) We request 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 of this report are for informational purposes and should be returned to the OIG.

(U//~~FOUO~~) The OIG investigative reports are to be read only by the individuals to whom OIG provides them, or to whom OIG specifically authorizes their release. If you believe other individuals require access to this report 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 summary to Special Agent [redacted] at secure [redacted] or to [redacted], Assistant Inspector General for Investigations, at secure [redacted]

(b)(3)

Lanie D'Alessandro  
Inspector General

Attachment:

(U//~~FOUO~~) Investigative Summary

SUBJECT: (U//~~FOUO~~) Investigative Summary: Theft  
(Case Number 2010-075 I)

OIG [ ] 28 Jun 2011

(b)(3)

DISTRIBUTION:

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Director, Mission Operations Directorate  
Director, Office of Contracts  
General Counsel  
Director, Office of Security and Counterintelligence  
Lead Agent - [ ]

(b)(3)



**INVESTIGATIVE SUMMARY****Theft - [REDACTED]**

(Case Number 2010-075 I)

(b)(3)  
(b)(7)(c)**(U) INVESTIGATIVE FINDINGS**

(U//~~FOUO~~) On 17 March 2011, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation regarding allegations that a Harris Corporation employee was charging hours she did not work to an NRO contract. The Program Manager of the NRO's Patriot Program in the Mission Operations Directorate (MOD) notified the OIG that [REDACTED] had been identified by Harris officials as being suspected of submitting false hours on her timecards, which were then charged to an NRO contract. [REDACTED] who worked for Harris at the [REDACTED] in Chantilly, Virginia, and directly charged to the Patriot contract between 1 November 2004 and 13 May 2010. [REDACTED] was debriefed of her security clearances [REDACTED]

(b)(3)

(U//~~FOUO~~) The investigation revealed sufficient evidence to support an OIG conclusion that [REDACTED] actions violated *Title 18 United States Code, Section 641, Theft of Public Money*, which makes it unlawful for anyone to convert for personal gain money stolen from a department of the United States. [REDACTED] mischarged approximately 3,451 hours of her time to the Patriot contract, with a fully burdened value of [REDACTED]. In an interview with the OIG, [REDACTED] confessed to submitting false hours on her timecards. Harris disciplined [REDACTED] by terminating her employment with the company. Moreover, she was charged with and pleaded guilty to a misdemeanor in Federal District Court. [REDACTED] was sentenced to three years supervised probation and a \$10,000 fine. The OIG considers this investigation closed.

**(U) INVESTIGATIVE DETAILS**

(U//~~FOUO~~) On 16 April 2010, the OIG initiated this case as a result of a referral from the Program Manager (PM) of the Patriot Program. The PM had been notified by the Harris Corporation that [REDACTED] may be involved in time card fraud. Initial investigative activity consisted of an interview of the Government point of contact who oversaw the group [REDACTED] supported. That interview revealed that [REDACTED] job was such that all work was conducted in Government sensitive compartmented information facility (SCIF) spaces. [REDACTED] was responsible for reviewing requests for upgrades to or the installation of new Unclassified Mission Information Systems workstations. These requests were all managed through the classified Government Wide Access Network, which required [REDACTED] to be in a SCIF located in NRO's [REDACTED]

(b)(3)

(U//~~FOUO~~) Since [REDACTED] work required her to be in a SCIF, the OIG conducted an analysis of badge record data compared to time cards reporting. The OIG initially reviewed records covering the period of [REDACTED]. That initial analysis showed that [REDACTED] had charged 1,260 hours that were questionable as the hours were not supported by the badge record data.

All redactions per (b)(3) and (b)(7)(c) unless otherwise indicated.

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Approved for Release: 2018/07/05 C05093505

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

(U//~~FOUO~~) On 13 May 2010, the OIG interviewed [redacted] regarding the discrepancies with her time cards compared to badge record data. [redacted] confessed to submitting false hours on her time cards. She stated her reasons were that she did not have enough work to do and she had family issues that required much of her time. She stated that she could not consider going part time because she believed that her position on the contract would be cut. Moreover, she alleged that she was only one of many people in the office who did not have enough work to do. [redacted] provided a sworn statement outlining the fact that she submitted false hours on her timecards that were ultimately charged to the NRO via the Patriot contract. As a result of this interview, [redacted] employment with Harris was terminated on [redacted]

(U//~~FOUO~~) During her interview, [redacted] could not tell investigators when she began to falsify her time cards only suggesting that it had been going on for quite a while. Consequently, OIG initiated a further review of [redacted] timecards to cover the entire time she supported the Patriot Contract. This additional review covered the time period of [redacted] This second review revealed that [redacted] had falsified 1,907 hours during this period. Combined with the original review, the total mischarging on the part of [redacted] from [redacted] was 3,167 hours.

(U//~~FOUO~~) Based on the results of the investigation, Harris agreed that [redacted] had mischarged the Patriot contract. Harris agreed to reimburse the NRO [redacted] for approximately 3451<sup>1</sup> hours of her time to the Patriot contract. In addition, Harris terminated [redacted] employment on [redacted] On 15 November 2010, the OIG confirmed Harris reimbursed the NRO the full amount of [redacted] via contract credits on invoice numbers 314 through 317.

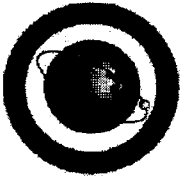
(U//~~FOUO~~) The OIG presented the facts of this case to Mr. Jack Hanly, United States Attorney's Office, Eastern District of Virginia, Criminal Division. On 31 August 2010, Mr. Hanly accepted this case for prosecution. On 17 March 2011, [redacted] pled guilty to violating *Title 18 Section 641 Theft of Public Money*.

## (U) CONCLUSION

(U//~~FOUO~~) Given the guilty plea on the behalf of [redacted] Harris' credit to the NRO for the mischarged hours, and the termination of her employment, there is no further investigative action required. The OIG considers this investigation closed.

---

<sup>1</sup> Harris extrapolated the OIG data to cover up to [redacted] OIG data covered up to [redacted]

**NATIONAL RECONNAISSANCE OFFICE**

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



10 November 2010

MEMORANDUM FOR CHIEF, PERSONAL SECURITY DIVISION

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2010-097 I)

(U//~~FOUO~~) On 6 May 2010, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation based on an allegation that a Lockheed Martin Space Systems Company (LMSSC) employee had engaged in labor mischarging by charging hours to an NRO contract for which she did not actually do work. Please see the attached NRO OIG investigative summary report, which details the investigation results.

(U//~~FOUO~~) We request that you place a copy of this report in the security file of the individual identified within along with a notation in the appropriate security databases. The OIG investigative reports are to be read only by the individuals to whom OIG provides them, or to whom OIG specifically authorizes their release. If you believe other individuals require access to this report 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 summary to Investigator [redacted] at secure [redacted].

(b)(3)

Assistant Inspector General  
for Investigations

(b)(3)

Attachment:

(U//~~FOUO~~) Investigative Summary

**INVESTIGATIVE SUMMARY****False Claims - [REDACTED]**  
(Case Number 2010-097 I)(b)(3)  
(b)(7)(c)**(U) INVESTIGATIVE FINDINGS**

(U//~~FOUO~~) On 6 July 2010, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed a joint investigation with Lockheed Martin Space Systems Company (LMSSC) into allegations that an LMSSC employee, [REDACTED] had engaged in labor mischarging. The joint investigation was based on a notification from the Associate General Counsel, LMSSC, that the company had sufficient reason to believe that [REDACTED] had mischarged an NRO contract by claiming hours that she did not actually work. [REDACTED] was working as an Administrative Assistant in Sunnyvale, California. She directly charged NRO contract [REDACTED] from [REDACTED]

(b)(3)

(U//~~FOUO~~) The joint investigation provided sufficient evidence to support an OIG conclusion that [REDACTED] violated *18 United States Code Section 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 facts demonstrated that [REDACTED] had mischarged 195 direct labor hours to an NRO contract for a fully burdened amount of [REDACTED]. On 3 May, [REDACTED] provided a statement that did not directly address the allegations; noting only that her performance has always been good and that she would never cause harm to the company. LMSSC disciplined [REDACTED] by terminating her employment on [REDACTED]. The OIG verified that LMSSC reimbursed the NRO for the full amount of [REDACTED]. The OIG presented this case to the Department of Justice, which declined prosecution. The OIG considers this investigation closed.

(b)(3)

**(U) INVESTIGATIVE DETAILS**

(U//~~FOUO~~) On 22 April 2010, [REDACTED] Associate General Counsel, LMSSC, notified<sup>1</sup> the NRO OIG that his company had sufficient reason to believe that [REDACTED] had mischarged an NRO contract by claiming hours that she did not actually work. The allegations that [REDACTED] was not putting in a full day's work began soon after she reported to a new assignment in August 2009. [REDACTED], a co-worker who was collocated with [REDACTED], noticed that she arrived late, took longer than one-hour lunches, and left early. It became clear to [REDACTED] that [REDACTED] was not working all the hours she was required to work. [REDACTED] also started to receive complaints from other employees that [REDACTED] was often absent from her desk and was not supporting the department as needed.

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

All redactions per (b)(3) and (b)(7)(c) unless otherwise indicated.

<sup>1</sup> (U) Per requirements in the NRO Acquisition Manual (N52-203-001) and the Federal Acquisition Regulation (52.2013.13), NRO contractors must report to the NRO Inspector General possible violations of federal law related to an NRO contract.

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

(U//~~FOUO~~) [redacted] discussed her concerns with their supervisor [redacted]. [redacted] stated that he had the same observations and believed that [redacted] was not putting in a full day's work. [redacted] also told [redacted] that she believed [redacted] was spending too much time on the computer conducting personal business. With [redacted] approval, [redacted] began recording [redacted] time.

(U//~~FOUO~~) [redacted] tracked [redacted] time from [redacted]. [redacted] She provided the results to [redacted] and human resources. Human resources initiated an investigation covering the period [redacted]. (b)(7)(c) [redacted] was the lead LMSSC investigator for this case. She completed her investigation and submitted the report to senior management on [redacted].

(U//~~FOUO~~) On 30 June 2010, LMSSC provided the OIG with a copy of its company Investigation Report, which included a copy of its Digital Investigations Report, the review of building access records, and interviews with [redacted], [redacted], and [redacted]. LMSSC concluded that [redacted] was spending an inappropriate amount of time each day reading her personal e-mail and viewing non-work related websites. The forensic report also showed large periods of inactivity.

(U//~~FOUO~~) LMC Investigator [redacted] interviewed [redacted] on 29 April 2010. She explained the allegations of labor mischarging. She also detailed the efforts undertaken as part of the investigation, including the monitoring of [redacted] computer and the analysis of access records. [redacted] noted that [redacted] was reporting 9 hours of work each day, but the evidence revealed that she was only physically present for 8.5 hours on average each day, including her lunch time. She also noted that on a 9-hour schedule, [redacted] should be working 10 hours per day, with lunch. She then afforded [redacted] an opportunity to refute the allegations made against her. (b)(7)(c) (b)(6)

(U//~~FOUO~~) According to Investigator [redacted], [redacted] seemed surprised to hear that she was not working her full complement of hours. [redacted] stated that she logs onto her computer when she reports to work at 8:30 am. She said she spends between 90-95 percent of her time on the computer while she is at work. [redacted] stated that she sometimes reads in her car during lunch and may have stayed out there longer than she intended. On 3 May, [redacted] provided a statement that did not directly address the allegations; noting only that her performance has always been good and that she would never cause harm to the company. [redacted] concluded that [redacted] explanations did not adequately account for her time. (b)(7)(c) (b)(6)

(U//~~FOUO~~) In determining the amount of time mischarged, LMSSC considered arrival and departure times and time spent online engaged in non-work activities. [redacted] determined that [redacted] mischarged 30 hours in the [redacted] period of monitoring. Based on the substantiation during this short period, LMSSC extrapolated the results and applied them to the entire time [redacted] worked on the NRO contract. Using this formula, LMSSC determined that [redacted] had mischarged a total of 195 hours. These hours represent [redacted] at the fully burdened rate. The OIG considered all investigative steps taken by LMSSC sufficient, including its interview of [redacted]. The OIG did not conduct a secondary subject interview. (b)(7)(c) (b)(6)

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

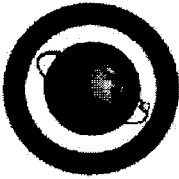
(U//~~FOUO~~) At the completion of the internal investigation, the LMSSC team reported to the company's Administrative Review Committee (ARC) that they had substantiated the allegation of labor mischarging against [REDACTED]. The ARC recommended termination.

#### (U) CONCLUSION

(U//~~FOUO~~) LMSSC and the OIG determined that [REDACTED] mischarged 195 hours to NRO contract [REDACTED] with a fully burdened cost of [REDACTED]. As a result, she was debriefed of her NRO-sponsored clearance or [REDACTED] and LMSSC terminated her employment or [REDACTED]. LMSSC reimbursed the NRO the full amount of [REDACTED] and completed the labor cost transfer to adjust the 195 hours on 9 June 2010. On 30 June 2010, OIG Investigator [REDACTED] verified the credit to the NRO. (b)(3)

(U//~~FOUO~~) On 6 July 2010, the OIG presented the facts of this case to Mr. David Callaway, Criminal Division, United States Attorney's Office (USAO) for the Northern District of California, who declined prosecution due to the Department of Justice's limited resources, full restitution to the government by LMSSC, and lack of jury appeal. (b)(3)

(U//~~FOUO~~) The evidence developed in this case supports the OIG conclusion that [REDACTED] actions constituted a violation of *18 United States Code Section 287*, "False, Fictitious, and Fraudulent Claims." Given the declination of prosecution, the reimbursement to the NRO for the mischarged hours, and [REDACTED] termination, there is no further investigative action required. The OIG considers this investigation closed.

**NATIONAL RECONNAISSANCE OFFICE**

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



28 June 2011

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
PRINCIPAL DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
DIRECTOR, MISSION OPERATIONS DIRECTORATE  
DIRECTOR, OFFICE OF CONTRACTS  
GENERAL COUNSEL  
DIRECTOR, OFFICE OF SECURITY AND COUNTERINTELLIGENCE  
COMMANDER, AEROSPACE DATA FACILITY - COLORADO

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2010-112 I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation based on an allegation that a Raytheon Intelligence and Information Systems employee engaged in labor mischarging by charging hours to an NRO contract he did not actually work. Please see the attached NRO OIG Investigative Summary report, which details the investigation results.

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

(U//~~FOUO~~) The OIG investigative reports are to be read only by the individuals to whom the OIG provides them, or to whom OIG specifically authorizes their release. If you believe other individuals require access to this report 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 summary to Special Agent  at secure  or to  Assistant Inspector General for Investigations, at secure .

(b)(3)

Lanie D'Alessandro  
Inspector General

Attachment:

(S//~~TK//NF~~) Investigative Summary

CL BY:   
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DRV FROM: NRO CG 6.0, 21 May 2005

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(b)(3)

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2010-112 I)

OIG/ [REDACTED] 28 Jun 2011

(b)(3)

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Commander, Aerospace Data Facility-Colorado  
Lead Investigator - [REDACTED]

(b)(3)

~~SECRET//TK//NOFORN~~



All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

## INVESTIGATIVE SUMMARY

### False Claims - [REDACTED]

(Case Number 2010-II2 I)

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

## (U) INVESTIGATIVE FINDINGS

(U//~~FOUO~~) On 26 May 2010, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation after being notified by Raytheon Intelligence and Information Systems (RI&IS) regarding potential labor mischarging by an RI&IS employee, [REDACTED]. The RI&IS Human Resources department notified the OIG that [REDACTED] management had concerns specific to [REDACTED]. The OIG conducted a cursory review of [REDACTED] badge records for a 14-week period and uncovered questionable hours. [REDACTED] was a Senior Operations Engineer supporting an NRO contract at the Aerospace Data Facility-Colorado (ADF-C).

(U//~~FOUO~~) The investigation revealed sufficient evidence to support a conclusion that [REDACTED] actions violated *18 United States Code, Section 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. [REDACTED] a direct-charge employee, mischarged 455 hours between [REDACTED] to NRO contract [REDACTED]. RI&IS terminated [REDACTED] employment on [REDACTED] debriefed him of his clearances, and reimbursed the Government the full amount of [REDACTED]. The OIG presented the facts of this case to the United States Department of Justice, United States Attorney's Office, District of Colorado, which declined prosecution due to the amount of loss, and full restitution to the government by RI&IS. The OIG considers this investigation closed.

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

## (U) INVESTIGATIVE DETAILS

(U//~~FOUO~~) The OIG interviewed [REDACTED] coworkers in addition to comparing his ADF-C badge records with timecards. The results of those efforts are synopsized below.

(b)(3)  
(b)(7)(c)  
IG Act

(S//~~TK//NF~~) On 24 June 2010, the OIG interviewed [REDACTED], Raytheon, ADF-C. [REDACTED] stated [REDACTED] worked as an [REDACTED] [REDACTED] supported the [REDACTED] Office during the [REDACTED] period. He worked all of his time within the ADF-C. His core hours range from 0800 to 1700 with some allowed flexibility. Previously, he worked in the [REDACTED] and in the [REDACTED]. [REDACTED] stated that during [REDACTED] tenure at both the [REDACTED] and [REDACTED], he produced quality work. [REDACTED] related that [REDACTED] was considered a great performer and one of the founders of the [REDACTED] at the ADF-C. However, [REDACTED] experienced some concerns with [REDACTED] work attendance for approximately [REDACTED]. [REDACTED] stated that in early [REDACTED] the [REDACTED] and [REDACTED] positions were converted from contractor positions to National Geospatial Agency (NGA) government slots. [REDACTED] felt slighted when the changes occurred and he was not selected. [REDACTED] opined that the aforementioned, coupled with some

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

(b)(3)  
(b)(7)(c)  
IG Act

~~SECRET//TK//NOFORN~~

All redactions per (b)(3) and (b)(7)(c) unless otherwise indicated.

personal issues in [redacted] life, caused him to become less motivated. [redacted] suspects [redacted] might have a drinking problem. There were reports of [redacted] coming to work smelling of alcohol. In the past year, he used a significant amount of personal time off, or went home sick. (b)(3) (b)(7)(c)

(b)(1) (b)(3) (S//TK//NF) [redacted] explained that in order for [redacted] to maintain his operator certification he was required to work two 12-hour shifts per month on the Operations Floor. [redacted] would transition in [redacted] back to the Operations Floor, working 12-hour shifts. There were occasions when [redacted] could not be located within the ADF-C, and other times, he failed to show-up for work without notifying management. In May 2010, [redacted] questioned [redacted] regarding his recent work attendance concerns. [redacted] provided an excuse of going to his car for lunch. When further questioned about the duration of his lunch breaks, [redacted] responded he was not aware lunch was a non-chargeable event. Subsequent to the counseling session, [redacted] was required to check-in with [redacted] upon arrival and before departing work. [redacted] did not have daily interactions with [redacted] and they worked in different office spaces. IG Act

(U//FOUO) On 24 August 2010, the OIG interviewed [redacted] [redacted], ADF-C. [redacted] stated that approximately [redacted] prior, he and [redacted] were assigned to an NGA collaboration effort/team. [redacted] stated there were weekly collaboration meetings that [redacted] attended. [redacted] typically attended the meetings for a few minutes and would leave without explanation. [redacted] stated there were occasions when members from the collaborative effort attempted to locate or contact [redacted], and no one could account for his whereabouts. [redacted] opined [redacted] was often sick. [redacted] stated [redacted] claimed he worked a "shift," presumably in the evening, when his whereabouts were questioned. (b)(3) (b)(7)(c) IG Act

(b)(3) (U//FOUO) On 3 September 2010, the OIG interviewed [redacted] [redacted], ADF-C. [redacted] and [redacted] from circa [redacted] did not report to [redacted] although he supported [redacted] branch. [redacted] was assigned to a [redacted] collaboration effort during the aforementioned period. Although they shared a common work space, they did not work on the same projects. [redacted] stated there were occasions when [redacted] was not present at work. [redacted] thought the absence was related to either [redacted] being on sick leave or working on other projects. [redacted] thought [redacted] occasionally worked a shift-type schedule, and was absent occasionally due to his shift work. (b)(7)(c) IG Act

(U//FOUO) On 4 November 2010, the OIG interviewed [redacted] [redacted], ADF-C. [redacted] supported the [redacted] [redacted] worked with [redacted] during a project named [redacted] [redacted] related the project initially started in [redacted] involvement with the project was limited, and he provided an operations and maintenance perspective. [redacted] placed him on the project, but he never provided [redacted] or (b)(7)(c) (b)(7)(c)

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

[redacted] insight into what his role was. [redacted] advised [redacted] and [redacted] that his contributions would be limited due to other duties. [redacted] believed [redacted] worked shift hours and other miscellaneous duties during the same period of [redacted]. [redacted] never suspected [redacted] was not working his required hours because his involvement with the project was so limited.

(b)(7)(c)  
IG Act

(U//~~FOUO~~) On 11 November 2010, the OIG interviewed [redacted]. He stated all of his work was conducted within the ADF-C. [redacted] understood he could only charge direct time to the government contract when he was actually conducting work-related activities. [redacted] understood he could not charge direct time while on personal time off, sick leave, physical fitness activities, lunch (unless eating while at his desk) or other non-work-related activities.

(U//~~FOUO~~) The OIG questioned [redacted] about his timecard management practice, and he provided the following:

- He had various charge codes he used for direct labor charges.
- He sometimes used "PTO" (Personal Time Off) and holiday hours to make up enough hours for the 80-hour pay period if he did not work enough hours.
- He occasionally used his "banked" hours. Banked hours were hours worked in excess of those required (80 hours) during a pay period, for which [redacted] was not paid. [redacted] carried these hours as a balance to be used at his discretion. [redacted] stated that banked hours were automatically taken out of his balance when he did not meet the required 40 hours during a week period.
- He routinely filled out his timecards on Thursdays and sometimes estimated how many hours he might work on Fridays. [redacted] stated there were occasions when he charged more hours than he worked, but thought he made those hours up on other days when he charged fewer hours than worked. [redacted] stated that when he was short of the required 80 hours (biweekly), he would use either PTO or banked hours.

[redacted] admitted he did not accurately track his hours, but opined that he never deliberately charged hours he did not intend to make up. [redacted] stated he did not purposely commit timecard fraud. [redacted] was asked if he tracked his hours to ensure he made up missing hours. [redacted] related he did not track his hours and just assumed he made them up.

(U//~~FOUO~~) The OIG questioned [redacted] about his work attendance while supporting the [redacted] project. [redacted] stated that during this period, he routinely did not work a full eight-hour day. [redacted] estimated he worked on average six hours and the rest of the time he charged as PTO or banked hours. [redacted] stated that during this period he was going through a divorce and other personal matters, and was depressed. [redacted] was questioned about counseling he received pertaining to his work attendance. [redacted] stated he received a written reprimand circa May 2010, for failing to notify his management that he was going home early and taking PTO. [redacted] stated he was never counseled for timecard discrepancies.

(U//~~FOUO~~) The OIG conducted an analysis of [redacted] ADF-C badge records and RI&IS timecards for the period [redacted]. The analysis disclosed discrepant hours that amounted to approximately 19 percent of [redacted] charged time. The OIG provided supporting documentation to RI&IS, which conducted its own inquiry. The total discrepant hours identified were 455 direct-charge hours, which amounted to a fully burdened loss to the NRO of [redacted] of which [redacted] received [redacted]. The OIG investigation also disclosed that prior to [redacted] supporting the [redacted] project, he worked a 12-hour shift schedule supporting the Operations Floor and did not engage in cost mischarging.

#### (U) CONCLUSION

(U//~~FOUO~~) RI&IS terminated [redacted] employment on [redacted] debriefed him of his clearances, and reimbursed the Government the full amount of [redacted]. The OIG presented the facts of this case to Mr. Matthew Kirsch, United States Department of Justice, United States Attorney's Office, Assistant U.S. Attorney, Chief, Economics Crime Division, District of Colorado, who declined prosecution due to the amount of loss, and restitution to the government by RI&IS. Given the declination of prosecution and RI&IS' credit to the NRO for the mischarged hours, there is no further investigative action required. The OIG considers this investigation closed.

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.



## NATIONAL RECONNAISSANCE OFFICE

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



9 December 2011

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
PRINCIPAL DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE  
OFFICE  
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
DIRECTOR, GROUND ENTERPRISE DIRECTORATE  
DIRECTOR, OFFICE OF CONTRACTS  
GENERAL COUNSEL  
DIRECTOR, OFFICE OF SECURITY AND  
COUNTERINTELLIGENCE

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2010-133 I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation based on an allegation that a Virginia Systems and Technology, Inc. employee had engaged in false claims against the United States Government. The attached NRO OIG investigative summary report details the investigation results.

(U//~~FOUO~~) We request 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 of this report are for informational purposes and should be returned to the OIG.

(U//~~FOUO~~) The OIG investigative reports are to be read only by the individuals to whom OIG provides them, or to whom OIG specifically authorizes their release. If you believe other individuals require access to this report 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 summary to Special Agent  at secure  or to  Assistant Inspector General for Investigations, at secure .

(b)(3)

*Lanie D'Alessandro*  
Lanie D'Alessandro  
Inspector General

Attachment:

(U//~~FOUO~~) Investigative Summary  
(~~SECRET//TALENT KEYHOLE~~)

CL BY:   
DECL BY: 20361209  
DRV FM: NCG 6.0, 21 May 2005

UNCLASSIFIED//~~FOUO~~ when separated  
from classified attachment

(b)(3)

~~SECRET//TALENT KEYHOLE~~

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2010-133 I)

OIG/[ ] 9 Dec 11

(b)(3)

DISTRIBUTION:

Director, National Reconnaissance Office  
Principal Deputy Director, National Reconnaissance Office  
Deputy Director, National Reconnaissance Office  
Director, Ground Enterprise Directorate  
Director, Office of Contracts  
General Counsel  
Director, Office of Security and Counterintelligence  
Lead Agent - [ ]

(b)(3)

~~SECRET//TALENT KEYHOLE~~

**False Claims - [REDACTED]**  
(Case Number 2010-133 I)

(b)(3)

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

(U//~~FOUO~~) After leaving [redacted] worked at the Aerospace Defense Facility-Southwest from Aug 2009 to July 2010 and at NRO Westfields after July 2010. The

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

Approved for Release 2013/07/05 C05093508

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

OIG compared a sample of [ ] badge data to his time cards for this period and identified minimal discrepancies.

(S//TK) On 3 March 2011, the OIG interviewed [ ] regarding the discrepancies within his time cards as compared to badge record data. [ ] confessed to submitting false hours on his time cards. [ ] stated that his actions were due in part to the stress of his assignment at [ ]. He was extremely unhappy and had marriage difficulties during this time. He could not estimate the time he mischarged, but stated it was significant. [ ] stated that he has recorded his hours accurately since leaving [ ]. [ ] provided a sworn statement that he submitted false hours on his timecards while working at [ ].

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

(U//~~FOUO~~) The OIG provided [ ] the NRO's cognizant contracting officer for MIDAS, a summary of the OIG investigation into [ ] mischarging. [ ] extrapolated the OIG data to determine that, in addition to the [ ] of mischarging identified by the OIG, there was an additional loss of [ ]. [ ] derived this amount by taking the 465 mischarged hours identified by the OIG and extrapolating a loss estimate for the one-year period prior to the OIG period of analysis. [ ] determined that a total administrative recovery of [ ] was necessary. Based on the OIG investigation and the resulting calculation by the contracting officer, ZETA Associates agreed to reimburse the NRO [ ] due to the mischarge. [ ] ZETA removed [ ] from MIDAS, and [ ] was debriefed from NRO programs. ZETA also reported that VAST terminated [ ] employment. On 7 July 2011, the OIG confirmed that ZETA Associates reimbursed the NRO the amount of [ ] via a check to the NRO<sup>1</sup>.

(U//~~FOUO~~) Prior to interviewing [ ], the OIG presented the facts of this case to the USAO, Eastern District of Virginia. The USAO declined to prosecute [ ] due to the relatively low dollar value of the mischarge, complications arising from the crime [ ], and low prosecutorial resources.

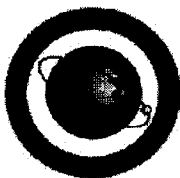
## (U) CONCLUSION

(U//~~FOUO~~) Given the removal and security debriefing of [ ] from NRO programs, ZETA Associates' reimbursement of [ ] to the NRO for the mischarged hours, his removal from the NRO, and the termination of his employment, there is no further investigative action required. The OIG considers this investigation closed.

<sup>1</sup> NRO contract [ ] was closed and in settlement at the time this case was completed. ZETA and the NRO contracting officer mutually agreed that a check was the best way to expedite the return of funds to the NRO.

(b)(3)



**NATIONAL RECONNAISSANCE OFFICE**

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



11 October 2011

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
PRINCIPAL DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE  
OFFICE  
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
DIRECTOR, SYSTEMS ENGINEERING DIRECTORATE  
DIRECTOR, OFFICE OF CONTRACTS  
GENERAL COUNSEL  
DIRECTOR, OFFICE OF SECURITY AND COUNTERINTELLIGENCE

SUBJECT: (U//~~FOUO~~) Investigative Summary: Cost Mischarging  
(Case Number 2011-047 I)

(U//~~FOUO~~) On 28 January 2011, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation based on an International Telephone and Telegraph (ITT) notification to the NRO OIG that an ITT employee mischarged hours on an NRO contract. The attached NRO OIG investigative summary report details the investigation results.

(U//~~FOUO~~) We request 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.

(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 [redacted], Assistant Inspector General for Investigations at [redacted] (secure).

(b)(3)



Deputy, Inspector General

(b)(3)

## Attachment:

(U//~~FOUO~~) Investigative Summary:  
Cost Mischarging  
(Case Number 2011-047 I)

SUBJECT: (U//~~FOUO~~) Investigative Summary: Cost Mischarging  
(Case Number 2011-047 I)

OIG  / 11 Oct 2011

(b)(3)

DISTRIBUTION:

Director, National Reconnaissance Office  
Principal Deputy Director, National Reconnaissance Office  
Deputy Director, National Reconnaissance Office  
Director, Systems Engineering Directorate  
Director, Office of Contracts  
General Counsel  
Director, Office of Security and Counterintelligence  
OIG Official Record

(b)(3)

All redactions per (b) (3)  
and (b) (7) (c) unless  
otherwise indicated.

(U//~~FOUO~~) Investigative Summary:  
**Cost Mischarging**  
(Case Number 2011-047 I)

**(U) INVESTIGATIVE FINDINGS**

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) has completed an investigation involving an International Telephone and Telegraph (ITT) employee, [REDACTED], who falsely claimed 635 hours on her company time cards from [REDACTED] These false hours were billed to NRO contract [REDACTED] (b)(3) (b)(7)(c) (b)(3)  
ITT credited the NRO contract in the amount of [REDACTED] for the 635 mischarged hours and subsequently terminated [REDACTED] employment. [REDACTED] actions violated 18 *United States Code* § 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; however, the United States Attorney's Office (USAO) for the Eastern District of Virginia declined prosecution in favor of administrative action.

**(U) INVESTIGATIVE DETAILS**

(U//~~FOUO~~) On 20 January 2011, ITT [REDACTED] notified the OIG that an ITT employee, [REDACTED] significantly mischarged hours on an NRO contract. [REDACTED] informed the OIG that a) ITT terminated [REDACTED] employment on 11 January 2011 as a result of the mischarging; b) ITT was in the process of analyzing the data to determine the exact number of hours mischarged; and c) once ITT determined the mischarged hours, it planned to credit the affected NRO contract. (b)(7)(c) (b)(6)

(U//~~FOUO~~) [REDACTED] worked as an imagery scientist. Her ITT supervisor noticed that she was often missing and turned the matter over to ITT Government Compliance for investigation. ITT conducted an initial 12 week review of [REDACTED] time recording and found a significant amount of time that she charged, but may not have worked. After this initial analysis, ITT interviewed [REDACTED]. During the interview, [REDACTED] could not explain her missing time; as a result, ITT terminated [REDACTED] employment on [REDACTED]. On 20 January 2011, the ITT [REDACTED] notified the NRO of [REDACTED] cost mischarging, and his plan to perform an extensive review.

(U//~~FOUO~~) The ITT final review determined that [REDACTED] mischarged approximately 635 hours from [REDACTED]. Her pay rate was [REDACTED] per hour; therefore, she received approximately [REDACTED] for the mischarged hours. [REDACTED] loaded rate as charged to the contract was [REDACTED] per hour; therefore, the NRO paid approximately [REDACTED] for the 635 mischarged hours. ITT reimbursed the affected NRO contract [REDACTED] for the mischarged hours via contract adjustments. The OIG reviewed the evidence obtained by ITT, corroborated the findings, confirmed that the investigative steps taken by ITT were adequate, and verified the adjustment to the contract. The OIG presented the facts to the USAO on 18 July 2011 as a potential violation of 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*. The USAO declined prosecution given that administrative action had already been taken to remove the employee and provide credit for the financial injury she caused. (b)(3)

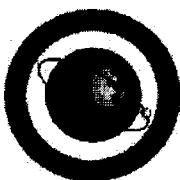
**(U) CONCLUSION**

(U//~~FOUO~~) The ITT investigation concluded that [ ] mischarged 635 hours from [ ] ITT reimbursed the affected NRO contract [ ] and terminated [ ] employment. The OIG reviewed the information reported by ITT regarding [ ] actions, corroborated the findings, and confirmed that the remedial measures taken by ITT were appropriate. This concludes the investigation without the need for further OIG action.

(b)(3)

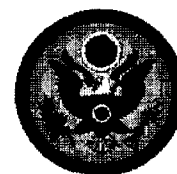
(b)(3)

(b)(7)(c)



## NATIONAL RECONNAISSANCE OFFICE

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



29 June 2011

MEMORANDUM FOR CHIEF MANAGEMENT OFFICER, OFFICE OF THE DIRECTOR  
OF NATIONAL INTELLIGENCE  
PRINCIPAL DEPUTY GENERAL COUNSEL, OFFICE OF THE  
DIRECTOR OF NATIONAL INTELLIGENCE  
INSPECTOR GENERAL, OFFICE OF THE DIRECTOR OF  
NATIONAL INTELLIGENCE  
DEPUTY INSPECTOR GENERAL, OFFICE OF THE DIRECTOR  
OF NATIONAL INTELLIGENCE  
ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS,  
OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE

All redactions per  
(b) (3) 50 U.S.C 3024  
(m) (1), (b) (6), &  
(b) (7) (c) unless  
otherwise indicated.

SUBJECT: (U) Report of Investigation: False Claims - Time and  
(b)(3) 50 USC §3024(m) Attendance (Case Number 2011-056 I)

(b)(6)  
(b)(7)(c) (U//~~FOUO~~) The National Reconnaissance Office (NRO) Office  
of Inspector General (OIG) initiated an investigation based on  
allegations of false claims by [REDACTED], a GS-15  
Office of the Director of National Intelligence (ODNI) OIG  
employee. Because [REDACTED] was a member of that office, to  
avoid any question of partiality, consistent with that office's  
standard policy in such circumstances, the ODNI OIG Assistant  
Inspector General for Investigations referred this allegation to  
the NRO OIG in a memorandum dated 18 February 2011. Please see  
the attached NRO OIG Report of Investigation, which details the  
investigation results.

(b)(3) 50 USC §3024(m)  
(b)(6)  
(b)(7)(c) (U//~~FOUO~~) The Department of Justice declined prosecution of  
[REDACTED] in favor of administrative action by the ODNI.  
We are providing this final report for your information and for  
consideration of the recommendations included. The recommendations  
are considered advisory. As such, the recommendations do not  
require a response back to the NRO 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. 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.

UNCLASSIFIED//~~FOR OFFICIAL USE ONLY~~

SUBJECT: (U) Report of Investigation: False Claims - Time and Attendance (Case Number 2011-056 I)

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

(b)(3)



Lanie D'Alessandro  
Inspector General

Attachment:  
Report of Investigation:  
(Case Number 2011-056 I)

SUBJECT: (U) Report of Investigation: False Claims - Time and Attendance (Case Number 2011-056 I)

OIG/[ ] 29 June 2011

(b)(3)

DISTRIBUTION:

Chief Management Officer, Office of the Director of National Intelligence

Principal Deputy General Counsel, Office of the Director of National Intelligence

Inspector General, Office of the Director of National Intelligence

Deputy Inspector General, Office of the Director of National Intelligence

Assistant Inspector General for Investigations, Office of the Director of National Intelligence

OIG Official Record [ ]

(b)(3)

**(U) REPORT OF INVESTIGATION  
FALSE CLAIMS - TIME AND ATTENDANCE  
(CASE NUMBER 2011-056 I)**

(b)(3) 50 USC §3024(m)

(b)(6)

(b)(7)(c)

**(U) EXECUTIVE SUMMARY**

(U//~~FOUO~~) On 18 February 2011, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) received a referral from the Office of the Director National Intelligence (ODNI) OIG requesting NRO OIG investigate allegations that [ ] GS-15, Advisor to the Inspector General (IG), ODNI, may have claimed more hours of compensatory time than reasonably earned.

(b)(3) 50 USC §3024(m)

(b)(6)

(b)(7)(c)

(U//~~FOUO~~) NRO OIG analysis of [ ] time and attendance records compared to Central Intelligence Agency (CIA), ODNI, and NRO facility ingress and egress records indicated that she recorded 596 questionable hours on her time and attendance records from 3 March 2008 to 25 February 2011. The questionable hours included shortages on days she claimed to have worked compensatory time, unexplained absences during the day, and inappropriate charging of hours to excused absences when she was previously on approved leave for the entire workday when there was an early dismissal for federal holidays. [ ] is currently a GS-15, step 4 and, at the average 2008 through 2011 pay rates, the 596 questionable hours equate to approximately \$36,000.

(b)(3) 50 USC §3024(m)

(b)(6)

(b)(7)(c)

(U//~~FOUO~~) [ ] provided an affidavit in which she explained that the questionable hours were attributable primarily to time she worked "remotely," that is, at home and elsewhere outside of badged facilities, and work-related phone calls and emails she received after leaving the office. [ ] supervisors were unable to substantiate all of the compensatory hours for which she claimed to have received approval to work outside the office. [ ] also attributed some of the questionable hours to engaging in fitness activities outdoors, the inaccuracy of badge records or unintentional recording errors by her or others. Further, she claimed she appropriately used excused absences.

(b)(3) 50 USC §3024(m)

(b)(6)

(b)(7)(c)

(U//~~FOUO~~) The investigation found sufficient evidence to support a conclusion that [ ] actions violated *Title 18 United States Code 287, False, Fictitious, and Fraudulent Claims*, as well as *CIA Agency Regulation* [ ] and ODNI policies.

(b)(3) 50 USC ± 3507

(U//~~FOUO~~) On 17 May 2011, the OIG briefed the United States Attorney's Office (USAO) for the Eastern District of Virginia, Alexandria, Virginia, regarding the investigative findings. The USAO declined prosecution in favor of agency administrative action.

**(U//~~FOUO~~) RECOMMENDATION**

(U//~~FOUO~~) The OIG recommends the Chief Management Officer, ODNI, review the facts of this case and determine any appropriate disciplinary action.



## (U) REPORT OF INVESTIGATION FALSE CLAIMS - TIME AND ATTENDANCE

(b)(3) 50 USC §3024(m)

(b)(6)

(b)(7)(c)

### (U) BACKGROUND

(U//~~FOUO~~) On 18 February 2011, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) received a referral from the Office of the Director National Intelligence (ODNI) OIG regarding allegations concerning [REDACTED] GS-15, [REDACTED]. The ODNI OIG advised it had recently received an allegation from an OIG employee reporting that [REDACTED] may have claimed more hours of compensatory time than reasonably earned. During a routine review of compensatory time and overtime for the OIG, an employee noted that [REDACTED] appeared to have claimed an excessive amount of compensatory time. The employee based this conclusion on personal observations of the amount of time [REDACTED] had spent in the office, noting that she never opened the vault in the mornings or closed the vault at the end of the workday. A subsequent review of ingress/egress records for [REDACTED] for the period of 1 October 2009 to 19 October 2010, indicated that [REDACTED] was not in the office for approximately 215 hours that she had claimed to be there, with shortages occurring on a large majority of the days. The ODNI OIG referred this matter to NRO OIG for investigation pursuant to that office's policy to recuse itself in matters pertaining to the staff of the ODNI OIG. Based on the referral, the NRO OIG initiated an investigation as [REDACTED] alleged actions, if true, would constitute a potential violation of *Title 18 United States Code (USC) 287, False, Fictitious, and Fraudulent Claims*, which makes it unlawful for anyone to make a claim that is knowingly false to a federal agency.

(b)(6)

(b)(7)(c)

(b)(3) 50 USC §3024(m)

(b)(6)

(b)(6)

(U//~~FOUO~~) [REDACTED] is currently a GS-15, Step 4 civilian working in the ODNI OIG (b)(7)(c)

(b)(7)(c)

since October 2005 as the [REDACTED]

[REDACTED] until joining the ODNI. [REDACTED]

graduated from [REDACTED]

(b)(6)

### (U) APPLICABLE STANDARDS

1. (U) *Title 18 USC 287, False, Fictitious, and Fraudulent Claims*, makes it unlawful for anyone to make a claim that is knowingly false to a federal agency.

(b)(3) 50 USC § 3507

(b)(3) 50 USC + 3507

3. (U) *ODNI Instruction No. 2008-03, Excused Absence for ODNI Civilian Fitness Program*, allows supervisors to authorize employees an excused absence of up to three hours a week for employees to participate in physical fitness activities. It does not allow additional time for travel to or from exercise facilities, showering, dressing or related activities. The physical fitness activity must begin and end at the place of work. Absences for physical fitness should be recorded as an excused absence in ELECTRON<sup>2</sup> with comments indicating the absence was for physical fitness.

4. (U) *ODNI OIG Policy, Authorization for OIG GS Employees to Accrue Compensatory Time*, requires employees to obtain their supervisor's approval for compensatory time "prior to the end of the pay period in which they perform the work."

5. (U) *ODNI OIG Policy for Temporary and Infrequent Work Out of an Employee's Home or at a Duty Station Closer to Home*, allows OIG management, at its discretion, to authorize an employee to work from home on a temporary and infrequent basis, for medical or other appropriate reasons, for short durations, generally not exceeding one or two days.

6. (U) ODNI early dismissal notices provide that early dismissals in recognition of federal holidays do not apply to employees who are absent on previously approved annual leave, sick leave, or compensatory time off for the entire workday. Employees will be charged leave or compensatory time for the entire workday. Also, employees who leave before their authorized early dismissal time will be charged leave for the period remaining before the early dismissal.

(b)(3) 50 USC §3024(m) **INFORMATION PRESENTED**

(b)(6) (U//~~FOUO~~) Did [ ] submit time and attendance claims for hours she was not  
 (b)(7)(c) entitled to claim?

(b)(3) 50 USC §3024(m) (U//~~FOUO~~) Answer: Yes. While the initial review covered the period from October  
 (b)(6) 2009 to October 2010, the final evidence recovered by the OIG investigation identified  
 (b)(7)(c) that between March 2008 and February 2011, [ ] inappropriately recorded or  
 submitted to time and attendance administrators 596 hours into ELECTRON. These  
 hours included claimed compensatory time worked outside the office, which was not  
 approved in advance by her supervisors as required by ODNI policies. She also  
 inappropriately charged hours as excused absence for early dismissals in violation of  
 ODNI policies. [ ] admitted she did not review her time and attendance  
 records when others entered her hours. [ ] stated she used a "good faith

(b)(3) 50 USC §3024(m)

(b)(6)

(b)(7)(c) <sup>1</sup> (U//~~FOUO~~) [ ] an Attorney in the ODNI Office of General Counsel, advised that the ODNI follows CIA regulations concerning work hours and compensatory time.

<sup>2</sup> (U//~~FOUO~~) Electronic Time Reporting On Notes (ELECTRON) is a Lotus Notes-based time reporting system that allows the input of time and attendance data, performs validation of the time input, allows for online certification and authorization, and forwards time and attendance document data to the CIA's primary Payroll system also used by ODNI.

All redactions per (b) (3) 50 U.S.C 3024 (m) (1), (b) (6), (b) (7) (c) & "IG Act" unless otherwise indicated.

estimate" when recording her hours, claiming that it was accurate. [redacted] requires that time and attendance records must record time actually worked. (b)(3) 50 USC + 3507

## (U) INVESTIGATIVE FINDINGS

### (U//~~FOUO~~) Interviews of [redacted]

(U//~~FOUO~~) On several occasions between 23 February and 26 April 2011, the NRO OIG interviewed [redacted] regarding [redacted] time and attendance. [redacted] is [redacted] 23 November 2010. [redacted] said that [redacted] is a [redacted]. He told the OIG that he did not have any cause for concern with her performance. [redacted] a very dedicated and committed employee, who is extremely efficient. (b)(6)

(U//~~FOUO~~) ODNI OIG initiated a management inquiry into [redacted] time and attendance after three ODNI OIG employees met with [redacted] regarding their concerns about [redacted] compensatory time. During a review of compensatory time worked by OIG staff, one employee noticed [redacted] had claimed many hours of compensatory time in 2010. The employee commented that [redacted] was never in the office early to open the suite, nor did she stay to close it.

### (U//~~FOUO~~) [redacted]

NRO OIG, [redacted] noted that this investigation has caused him to inspect the time and attendance record of each employee with greater scrutiny before certifying them.

(U//~~FOUO~~) [redacted] said he rarely called [redacted] at home and never had any lengthy telephone discussions with her. He told the OIG that he did not know she claimed compensatory time for calls she received at home. He did, however, approve for [redacted] to work from home on unclassified matters on four days during the period reviewed by OIG. Also, [redacted] said that at one time, he told [redacted] for liability reasons, employees must account for all their time worked.

(U//~~FOUO~~) The OIG advised [redacted] that [redacted] deducted hours given to employees for early release prior to holidays from her previously scheduled leave for that day and that she charged for compensatory time worked when she did not take advantage of the early dismissal. [redacted] told the OIG this is not allowable.

### (U//~~FOUO~~) Interviews of [redacted]

(U//~~FOUO~~) On several occasions between 23 February and 19 April 2011, the NRO OIG interviewed [redacted] ODNI, who certified [redacted] said the [redacted] required employees to keep track of their hours on their calendars. He further explained that employees are required to contact their supervisor or anyone else in the office if they took unscheduled leave. That person would then send out an email advising the

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staff of that person's absence. If [ ] was unable to record her hours herself, she could send an email with her hours to one of the time and attendance recorders on the staff or to [ ]

(U//~~FOUO~~) Interview of [ ]

(U//~~FOUO~~) On 9 March 2011, the OIG interviewed [ ], an executive assistant for the ODNI OIG [ ]. One of [ ] duties was time and attendance administration. [ ] had access to ELECTRON to input employees' hours when necessary, but did not have approval authority. [ ] explained that employees would send her an email or call her with their hours if they were unavailable to enter them at the end of the pay period. [ ] entered the hours and then [ ] or [ ] would approve them. [ ] said that [ ] was "pretty good" about entering her hours in ELECTRON. [ ] did not have to put her hours in that often. However, [ ] was gone for an extended period last summer when [ ] [ ] never had any concerns about [ ] time and attendance, nor did she ever notice anything out of the ordinary.

(b)(6)

(U//~~FOUO~~) Interviews of [ ]

(U//~~FOUO~~) On 14 March and 25 April 2011, the OIG interviewed [ ] who was the [ ] ODNI, and [ ] [ ] said that [ ] was a very hard worker and quite efficient. He believed her work hours were from 6:30 AM to 3:30 PM. He recalled that she went out to lunch at times, but also ate lunch at her desk occasionally. He never had any discussions with her about the 30-minute meal break. [ ] office was at the other end of the hall from his. She always turned off her lights and closed her door when she left for the day. [ ] arrived to work between 6:15 and 8:00 AM and was usually the last one to leave every day. [ ] did not stay late very often.

(U//~~FOUO~~) [ ]

[ ] recording the hours. When asked about calling [ ] at home, [ ] said he periodically called her after she had left the office. [ ] had to pick up her children around 4:00 PM and sometimes they had not finished a discussion they were having at the office. [ ] called her on her way home, sometimes talking with her from 30 to 45 minutes. [ ] was not aware that [ ] was tracking time she spent with him on phone calls after work to log as compensatory time. She never brought this to his attention.

(U//~~FOUO~~) [ ] [ ] to work from home on an "episodic basis" maybe 12, but no more than 20 to 25 days over the entire period she worked [ ] received approval for this from Ms. Roslyn Mazer, IG, ODNI. [ ] required [ ] [ ] was conducting unclassified

Unclassified  
Approved for Release: 2018/07/05 C05093510  
~~UNCLASSIFIED//FOR OFFICIAL USE ONLY~~

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research and writing proposed legislation for the Intelligence Community IG for submission to Congress.

(U//~~FOUO~~) [ ] noted that he worked on the compensatory time policy with [ ] to establish parameters for employees to claim it. [ ] did the legal research for that policy, as well as the teleworking policy.

(U//~~FOUO~~) When asked whether he was aware that [ ] participated in excused absence for physical fitness, he said he was not. When asked whether he knew she was claiming compensatory time for physical fitness, [ ]

(U//~~FOUO~~) The OIG also asked [ ] if [ ] ever made him aware that she was claiming excused absence for holidays when she had already scheduled leave. He told the OIG he believed there was one occasion when he had a conversation with [ ] about this and [ ] explained that it was not permitted. He thinks [ ] contacted [ ] about this issue.

#### U//~~FOUO~~) Interview of [ ]

(U//~~FOUO~~) On 26 April 2011, the OIG interviewed [ ] ODNI who has been at ODNI since April 2009. [ ] knew [ ] was the [ ] at that time. Mr. Ned McGuire, the previous ODNI IG, brought [ ] on board as one of his first employees. [ ] interacts regularly, but not necessarily every day with [ ]. Her contacts were sporadic. [ ] had more regular contact with [ ] than [ ].

(U//~~FOUO~~) [ ] told the OIG that [ ] duties changed over time. When [ ] first came on-board, [ ] had three areas of responsibility: front

Over time, [ ] moved on from administrative issues. In the past year, she has been working on legislative liaison and legal matters. She is currently working on a new project.

(U//~~FOUO~~) [ ] rarely called [ ] at home in the evenings or weekends. It is hard for [ ] to estimate how many times she had to contact [ ] outside of

<sup>3</sup> (U//~~FOUO~~) OIG reviewed ELECTRON statements from March 2008 – February 2011 which disclosed no fixes relating to compensatory time worked.

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work hours since it occurred in cycles with Congress--preparing briefings, reports, or opining on legislation—it takes years to get a bill passed. [redacted] sometimes sent [redacted] a courtesy copy of emails to her unclassified Government Enterprise E-Mail (uGov) account when she was corresponding with [redacted] [redacted] or [redacted] [redacted] did not recall talking to [redacted] about compensatory time for phone calls or emails outside the office. [redacted] stated that there may have been times when [redacted] approved compensatory time for [redacted]. Further, [redacted] never had any discussions with [redacted] about excused absences. [redacted] stated that [redacted] was knowledgeable concerning excused absences and provided ODNI guidance for the office.

(U//~~FOUO~~) [redacted] recalled at least one occasion where she approved for [redacted] to bring her [redacted] to work. [redacted] had seen [redacted] [redacted] one other time at the office. In addition, [redacted] brought in [redacted] [redacted] When asked whether she was aware [redacted] charged for working two hours that day, [redacted] opined that it was possible [redacted] may have done some work like checking her email with her [redacted]

(b)(6)

(b)(6)

(U//~~FOUO~~) [redacted] described [redacted] as honorable, exceptionally diligent and efficient. She added that [redacted] had high standards and is dedicated to the mission. [redacted] had no reason to question her integrity.

#### (U) Review of Available Records

(U//~~FOUO~~) The OIG obtained ingress and egress records from the CIA, ODNI facility at Liberty Crossing, and the NRO for 2 March 2008 through 25 February 2011. These records reflect the times when [redacted] entered or exited these facilities. The OIG compared the ingress and egress, ODNI OIG office calendar, [redacted] Lotus Notes emails, calendar entries, SameTime chat correspondence, and time and attendance records and identified 596 questionable hours. The 596 hours equates to 10 percent of her time, which includes a credit for 25 nine hour days (225 hours) based on [redacted] statement to OIG that he approved for [redacted] to work from home for up to 25 days during his tenure. [redacted] is a GS-15 step 4 and at the average pay rates in effect during the periods in question the 596 questionable hours equates to approximately \$36,000.

(U//~~FOUO~~) Investigator's Note: The 596 questionable hours do not take into account the time OIG was able to identify from [redacted] Lotus Notes, calendar and SameTime chats that she spent participating in the Agency Christian Fellowship (ACF) or other Bible studies with friends, having lunch in the cafeteria, and interviewing employees for a book she had intended on writing. This time would be additional time during which [redacted] was present in the workplace and not conducting official work. In addition, the OIG reviewed [redacted] Agency Internet Network (AIN) account which consisted of 5.15 gigabytes of material. There were dozens of personal folders and documents related to her church activities saved on her AIN.

(U//~~FOUO~~) OIG located several emails in [redacted] Lotus Notes from 4 May 2007 to 2 April 2008 regarding her work on the ODNI OIG compensatory time policy (Appendix 1).

All redactions per (b) (3) 50 U.S.C 3024 (m) (1), (b) (6), and (b) (7) (c) unless otherwise indicated.

(U//~~FOUO~~) OIG reviewed [redacted] security file, which disclosed she filed numerous Forms 879 for Outside Activities. The dates filed and summary of some of the activities are as follows:

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- 
- 

[Redacted content]

(b)(6)

(U//~~FOUO~~) Interviews of [redacted]

(U//~~FOUO~~) On 11 April 2011, the OIG interviewed [redacted]. The OIG provided [redacted] a Garrity warning, which she acknowledged in writing. [redacted] told the OIG that she never intended not to work her hours. She explained that she worked a lot from home in February 2011. [redacted] also said that she often works from home at the end of the day and receives phone calls when she is at home. In 2007, she was counseled by [redacted] about attending to work issues after hours, and her 2008-2009 Performance Appraisal reflected that issue. She advised that in February 2011, working from home was no longer allowed. Prior to then, her full days of compensatory time worked were approved individually. Partial days occurred two to three times a week, and she tracked this time by placing sticky notes in her calendar, which she threw away after the pay period. [redacted] said that [redacted] allowed her to work from home. She further explained that she ran outside at the end of the day, which she charged as compensatory time worked. When the OIG advised her that practice was not allowable, [redacted] said she was not aware of this. In addition, [redacted] told the OIG that she had no way of knowing how much time she worked from home, but guessed that about 85 percent of the questionable time was worked from home, and the other 15 percent was for her workouts.

(U//~~FOUO~~) The OIG asked [redacted] why there were entries on office calendars where she had leave scheduled (which coincided with shortages for those days), but did not record it on her time and attendance. [redacted] said she would have to see the dates to know what happened.

(U//~~FOUO~~) The OIG questioned [redacted] about not adding a half hour lunch break into her schedule. She said that at some point she knew she was supposed to do that, but she does not know when. [redacted] said when she worked for DOJ, adding in 30 minutes for lunch was not required. She said it was fairly common for DOJ employees to eat lunch at their

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desk. [ ] said she did not realize she was required to include a half hour for lunch in her scheduled hours, even if she ate at her desk.

(U//~~FOUO~~) [ ] then asked [ ] about her practice of charging excused absence relating to early dismissals prior to holidays. [ ] said that she did not know she could not charge time for excused absence when she did not work the days the early dismissals were authorized. In addition, [ ] told OIG she did not know that she could not claim compensatory time worked when she did not take advantage of the early dismissal. [ ] said their office was told that they could not work without compensation, and that would be working without compensation.

(U//~~FOUO~~) The OIG asked [ ] how many times she interviewed people during work hours for the book she intended on writing. She said it was about twenty times and she did this during her lunch. The OIG pointed out that sometimes [ ] interviewed people in the morning. She opined that the time was "*de minimis*." She also said that this time was not for profit, and she never wrote the book.

(U//~~FOUO~~) When the OIG asked [ ] about bringing her children to work, she said [ ] told her to bring her children so that she could get her work done. She explained that the time she brought her new baby, she actually came in to do work. At the end of the interview [ ] was given a copy of the spreadsheet with the questionable hours<sup>4</sup>

(U//~~FOUO~~) On 29 April 2011, OIG interviewed [ ] in the presence of [ ] her attorney. The OIG provided [ ] a Garrity warning, which she acknowledged in writing. [ ] provided an affidavit (Appendix 2) regarding the allegations against her.

(U//~~FOUO~~) [ ] provided Exhibits 1-3 and 5-7 as referenced in her affidavit. [ ] told OIG she had not put together all the phone records (Reference Exhibit 4 of her affidavit) and intended on providing them after she and [ ] had time to analyze them. She also intended on providing work-related emails from her uGov account. [ ] also provided her performance reviews and awards which showed that she was doing the work of more than one person.

(U//~~FOUO~~) Investigator's Note: In her affidavit, [ ] claimed she had obtained approval for working "remotely" 20 hours per month. OIG advised [ ] that this was not substantiated by her supervisors.

(U//~~FOUO~~) [ ] said that [ ] was aware of her compensatory time worked based on Exhibit 3 of her affidavit. [ ] explained that she had drafted a staffing proposal to hire an associate based on her current duties and had sent this email to [ ]. [ ] believed this proved [ ] was aware of her compensatory time worked based on her workload. [ ] said there was a hiring freeze and the position was never approved. [ ] also pointed to Exhibit 2 of her affidavit which contained her

<sup>4</sup> (U//~~FOUO~~) On 20 April 2011, OIG provided [ ] with a copy of the revised analysis which included OIG's comments and notes based on information obtained from review of records and interviews.



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performance reports and awards, all indicating that her supervisors were aware of her working compensatory time.

(U//~~FOUO~~) [ ] acknowledged to OIG that she understands employees must include a 30 minute meal break in their standard work hours. [ ] said she routinely worked before and after her work hours in the building "remotely." This was "our practice...what our office does." [ ] thought it was permissible to charge for hours worked outside the office but could not explain why she thought that.

(U//~~FOUO~~) In her affidavit, [ ] noted 37 days of badge machine errors. OIG pointed out that she was given credit for all but two days when these errors occurred based on computer log on records. OIG told her she would be given credit for the remaining two days (18 hours). Further, [ ] said that on 16 December 2010, badge records showed her as leaving the building at 4:04 PM, yet she had records from her uGov account showing she logged in at home shortly thereafter. [ ] claimed that there is no way she could make it home that quickly which meant that the badge records must be inaccurate.

(U//~~FOUO~~) [ ] also claimed that for 21 January 2011, she had her husband call [ ] to tell him that she would be unable to work from home that day due to her illness. [ ] was supposed to ensure her hours were changed to sick leave for that day. OIG advised [ ] that we would give her credit for those hours.

(U//~~FOUO~~) [ ] stated that she was in error during her first interview with OIG when she said that that 15 percent of the compensatory time worked she claimed was for physical fitness. [ ] checked her calendar and said she charged compensatory time worked no more than seven times for this.

(U//~~FOUO~~) Also, [ ] said that not everything was on the calendars. She could not say what she was doing for some of the questionable hours and would not address individual days any further.

(U//~~FOUO~~) When asked about the number of hours she spent interviewing employees for her book, [ ] said she had previously discussed the interviews for her book with OIG. [ ] said she went through her records and determined that she spoke to 11 individuals over five months.

(U//~~FOUO~~) When asked how much time she spent on activities related to the ACF on a weekly basis, [ ] said that she does not participate much in ACF anymore. OIG then asked about how much time she spent for Bible studies, meeting and/or praying with friends in the cafeteria or elsewhere, [ ] said, "We're allowed to talk to people." She had no idea how much time she spent a week in these activities.

(U//~~FOUO~~) The OIG showed [ ] three entries obtained from her Lotus Notes calendar: 9 December 2009, "+.5 call with [ ] on way home about contractors data call;" 20 September 2010, "+.5 wk out, +.5 getting [ ] gifts;" 23 September 2010, "+.5 [ ] Farewell at LX" and told she charged one hour compensatory time worked on each of these days (See

All redactions per (b) (3) 50 U.S.C 3024 (m) (1), (b) (6), & (b) (7) (c) unless otherwise indicated.

Appendix 3).<sup>5</sup> [ ] stated these entries were just reminders to her of the events. She was tasked to purchase a gift from the office for [ ] official going away. None of these entries reflected time she actually charged.

(U//~~FOUO~~) Investigator's Note: [ ] initials are [ ]

(U//~~FOUO~~) When asked how she charged time for reading emails, [ ] said that she used a "good faith estimate." The OIG then asked whether it was possible that she overestimated her time. [ ] said, "No." When asked whether she accurately recorded her time and attendance, [ ] said, "Yes."

(U//~~FOUO~~) [ ] stated her work involved reading a lot of unclassified materials. She took these materials with her to personal appointments to make up time away from the office.

(U//~~FOUO~~) When asked whether [ ] was aware she charged as work hours every time he called her, [ ] said she did not charge for every call she received from him. [ ] came down to talk to her regularly about time and attendance. [ ] recorded her hours in the system. Her supervisors approved them. None of them ever spoke to her about concerns with her time and attendance. [ ] acknowledged that she took approval of her time and attendance in ELECTRON as approval of how she was charging her hours. At the end of the interview, OIG agreed to consider any additional information [ ] would like to provide.<sup>6</sup>

#### (U) Coordination

(U//~~FOUO~~) On 17 May 2011, the OIG briefed the final results of the investigation to Mr. Gene Rossi, Assistant United States Attorney (AUSA), DOJ, United States Attorney's Office for the Eastern District of Virginia, Alexandria, Virginia, in accordance with Executive Order 12333. Mr. Rossi was presented with facts in support of prosecution under *United States Code Title 18, section 287, False, Fictitious, and Fraudulent Claims*. He declined prosecution in favor of administrative action by ODNI.

#### (U) CONCLUSION

(U//~~FOUO~~) Given the AUSA's declination, documentary evidence and interviews support a conclusion that [ ] false time and attendance submissions totaling 596 hours violated *AR 20-29, Hours of Work and Premium Pay*, and ODNI policies. The OIG recommends that the ODNI consider whether disciplinary action is appropriate.

<sup>5</sup> (U//~~FOUO~~) These calendar entries are only a sample of numerous others of a similar vein wherein it appeared to OIG [ ] was tracking her compensatory time worked.

<sup>6</sup> (U//~~FOUO~~) The OIG later determined not to consider any phone call records or uGov emails since [ ] had not obtained approval in advance from her supervisors or made them aware of her practice to charge hours for these.

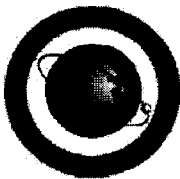
**(U//~~FOUO~~) RECOMMENDATIONS**

(U//~~FOUO~~) The OIG recommends the Chief Management Officer, ODNI, review the facts of this case and determine any appropriate disciplinary action.

**(U) APPENDIXES**

1. (U//~~FOUO~~) Lotus Notes emails, 4 May 2007 – 2 April 2008
2. (U//~~FOUO~~)  Affidavit, 1 May 2011, with Exhibits 1-3 and 5-7
3. (U//~~FOUO~~) Calendar entries, 9 December 2009, 20 and 23 September 2010

(b)(3) 50 USC §3024(m)  
(b)(6)  
(b)(7)(c)

**NATIONAL RECONNAISSANCE OFFICE**

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



14 December 2011

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
PRINCIPAL DEPUTY DIRECTOR, NATIONAL  
RECONNAISSANCE OFFICE  
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
DIRECTOR, MISSION OPERATIONS DIRECTORATE  
DIRECTOR, OFFICE OF CONTRACTS  
GENERAL COUNSEL  
DIRECTOR, OFFICE OF SECURITY AND  
COUNTERINTELLIGENCE

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2011-070 I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) recently completed an investigation of an allegation that a Qinetiq North America (QNA) employee had engaged in false claims by charging hours to an NRO contract for which he did not work. QNA is a subcontractor to Harris Corporation on the Patriot Contract. The attached NRO OIG investigative summary report details the investigation results.

(U//~~FOUO~~) We request 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 of this report are for informational purposes and shall be returned to the OIG.

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

SUBJECT: (U//~~FOUO~~) Investigative Summary: False claims  
(Case Number 2011-070 I)

(U//~~FOUO~~) Please direct any questions regarding this  
summary to Special Agent [ ] at secure [ ] or to  
[ ], Assistant Inspector General for Investigations, at  
secure [ ].

(b)(3)



Lanie D'Alessandro  
Inspector General

## Attachment:

(U//~~FOUO~~) Investigative Summary:  
False Claims (Case Number  
2011-070 I)

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2011-070 I)

OIG/[ ] 14 Dec 11

(b)(3)

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Lead Agent - [ ]

(b)(3)

All redactions per (b)(3) and (b)(7)(c) unless otherwise indicated.

## INVESTIGATIVE SUMMARY

**False Claims - [REDACTED]**  
 (Case Number 2011-070 I)

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

### (U) BACKGROUND

(U//~~FOUO~~) On 5 October 2011, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation regarding allegations that [REDACTED] a QinetiQ North America (QNA) employee assigned to the NRO's Patriot contract, NRO contract [REDACTED] charged hours he did not work to that contract. The Patriot contract is in the Mission Operation Directorate's (MOD) [REDACTED] and QNA is a subcontractor to Harris Corporation. [REDACTED] directly charged hours to the Patriot contract between [REDACTED]

(b)(3)

(U//~~FOUO~~) The investigation revealed sufficient evidence to support a conclusion that [REDACTED] actions violated 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*, which makes it unlawful for anyone to make a claim upon or to the United States, knowing the claim to be false, fictitious or fraudulent. [REDACTED] mischarged approximately 1,216 hours of his time from [REDACTED] to the Patriot contract. However, in an interview, [REDACTED] did not admit to any wrongdoing despite overwhelming evidence of such wrongdoing. The Patriot Program Manager (PM) and Harris immediately removed [REDACTED] from the Patriot program upon notification of the OIG findings. The NRO Patriot contracting officer (CO) extrapolated the 1,216 hours during the period the OIG examined to cover [REDACTED] entire time mischarging the Patriot program (beginning in June 2006) and requested a credit of [REDACTED] from Harris. On 3 October 2011, the OIG presented this matter to the United States Attorney's Office (USAO) for the Eastern District of Virginia (EDVA), which declined prosecution in favor of administrative action and full restitution by Harris.

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 IG Act

### (U) INVESTIGATIVE DETAILS

(U//~~FOUO~~) On 22 March 2011, the OIG initiated this case as a result of a referral from [REDACTED] of the Patriot Program. [REDACTED] had concerns that employees in the [REDACTED] [REDACTED] at the [REDACTED] were falsifying hours on time cards. He cited two reasons for his concerns. The first was that [REDACTED] had a former employee, recently prosecuted by EDVA, who stated in her debriefing that she was not the only employee in [REDACTED] falsifying her hours. In addition, [REDACTED] had received complaints from other employees in [REDACTED] that [REDACTED] was always exercising in the gym at [REDACTED] during hours he should be working. As a result, [REDACTED] asked the OIG to review the timecard submissions for all of the employees in [REDACTED]. The OIG's subsequent inquiry revealed that [REDACTED] was the only employee with time charging discrepancies.

(b)(3)

(b)(3)

(U//~~FOUO~~) [REDACTED] was an Information Systems Specialist responsible for processing customer requests for computer software firewalls as well as changes to existing firewalls. Interviews with [REDACTED] management and the [REDACTED] revealed that [REDACTED] work was conducted exclusively in Government sensitive compartmented information facility (SCIF) spaces at [REDACTED] or occasionally, the NRO's Westfields facility. [REDACTED] performed his

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 IG Act

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

work mainly on the classified Government Wide Access Network, which made it necessary for him to be in SCIF office spaces at [REDACTED]

(b)(3)

(U//~~FOUO~~) Since [REDACTED] work required him to be in a SCIF, the OIG conducted an analysis of badge record data compared to time card reporting. The OIG reviewed records covering the period of [REDACTED]. The analysis showed that [REDACTED] had charged 1,216 hours that were not supported by the badge record data. Specifically, the analysis showed that [REDACTED] regularly spent almost two hours per day<sup>1</sup> in the gym at [REDACTED], and took extended lunches at least once per week. The analysis also showed that [REDACTED] arrived for work late and left early periodically. The time cards showed that he did not make up any of these hours and directly charged them to the Patriot contract.

(b)(3)

(U//~~FOUO~~) On 31 March 2011, the OIG interviewed [REDACTED] regarding the discrepancies with his time cards compared to badge record data. [REDACTED] did not admit to submitting false hours on his timecards. [REDACTED] acknowledged going to the gym each day, but maintained that he only did so after working a full eight hour day. Even when confronted with the data showing the contrary, [REDACTED] asserted that he always worked his hours each day. However, [REDACTED] could not explain the OIG analysis, nor did he dispute it. In light of the facts gathered during the investigation, Harris Corporation along with Patriot program management decided to remove [REDACTED] from the Patriot program in [REDACTED]. He was subsequently debriefed from his NRO clearance.

(U//~~FOUO~~) Based on the results of the investigation, both the NRO Contracting Officer and Harris agreed that [REDACTED] had mischarged the Patriot contract. Harris agreed to reimburse the NRO [REDACTED] for over 1,900<sup>2</sup> hours of [REDACTED] time to the Patriot contract. On 16 September 2011, the OIG confirmed Harris reimbursed the NRO the full amount of [REDACTED] via a contract credit on invoice number 371.

(U//~~FOUO~~) As a result of the discrepancy between the relevant government badge records and [REDACTED] time and attendance submissions, the OIG concluded that [REDACTED] submitted false claims in violation of 18 U.S.C. § 287. On 3 October 2011, this case was presented to the USAO for the Eastern District of Virginia, which declined prosecution in favor of administrative action and full restitution to the NRO contract by Harris Corporation.

## (U) CONCLUSION

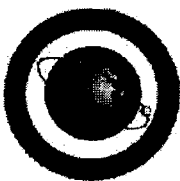
(U//~~FOUO~~) Given the fact of the Harris credit to the NRO for the mischarged hours and the removal of [REDACTED] from the NRO, there is no further investigative action required. The OIG considers this investigation closed.

(b)(3)

<sup>1</sup> (U//~~FOUO~~) The arrangement of the badge system at [REDACTED] allowed OIG to determine [REDACTED] precise movement between his office and the gym and the time spent at each location.

<sup>2</sup> (U//~~FOUO~~) The NRO contracting officer used the base figure of 1,216 false hours from the OIG investigations to further extrapolate projected mischarging back to [REDACTED] the point at which [REDACTED] arrived on the Patriot program.



**NATIONAL RECONNAISSANCE OFFICE**

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



8 March 2011

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
PRINCIPAL DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE  
OFFICE  
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
DIRECTOR, MISSION OPERATIONS DIRECTORATE  
DIRECTOR, OFFICE OF SECURITY AND COUNTERINTELLIGENCE  
DIRECTOR, OFFICE OF CONTRACTS

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2010-115 I)

(U//~~FOUO~~) On 1 June 2010, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation based on an allegation that a former Scitor Corporation employee had engaged in labor mischarging by submitting false time and attendance records. Please see the attached NRO OIG investigative summary report, which details the investigation results.

(U//~~FOUO~~) We request 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 of this report are for informational purposes and should be returned to the OIG.

(U//~~FOUO~~) The OIG investigative reports are to be read only by the individuals to whom OIG provides them or to whom OIG specifically authorizes their release. If there are other individuals you believe require access to this report 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 summary to Special Agent [redacted] at secure [redacted] or to [redacted], Assistant Inspector General for Investigation, at secure [redacted].

(b)(3)

Lanie D'Alessandro  
Inspector General

Attachment:

(U//~~FOUO~~) Investigative Summary Report

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2010-115 I)

OIG [ ] 8 Mar 11

(b)(3)

DISTRIBUTION:

Director, National Reconnaissance Office  
Principal Deputy Director, National Reconnaissance Office  
Deputy Director, National Reconnaissance Office  
Director, Mission Operations Directorate  
Director, Office of Security and Counterintelligence  
Director, Office of Contracts  
Lead Investigator - [ ]

(b)(3)

All redactions per (b)(3) and (b)(7)(c) unless otherwise indicated.

**Investigative Summary**  
**False Claims** — [redacted]  
(Case Number 2010-1151)

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

**(U) INVESTIGATIVE FINDINGS**

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation regarding allegations of labor mischarging by [redacted] a former Scitor Corporation (Scitor) employee, who worked as an administrative assistant on an NRO contract in Imagery Intelligence Systems Acquisition Directorate (IMINT)

(b)(3) [redacted] The OIG investigation found that from [redacted] [redacted] mischarged approximately 861 hours, resulting in a [redacted] loss to the NRO. [redacted] resigned prior to being terminated by Scitor. She was debriefed of her NRO clearances and the company credited [redacted] to the NRO contract on which the fraudulent hours were billed.

(U//~~FOUO~~) Upon being presented with evidence illustrating the breadth of her mischarging, [redacted] provided a written statement to OIG wherein she admitted to time mischarging. The evidence of [redacted] actions is sufficient to support a conclusion that she violated *Title 18 United States Code, section 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. On 4 August 2010, Mr. Jack Hanly, Assistant United States Attorney (AUSA) for the Eastern District of Virginia, declined prosecution based on the fact that Scitor reimbursed the NRO for the loss. The NRO OIG considers this case closed.

**(U) INVESTIGATIVE DETAILS**

(U//~~FOUO~~) On 1 June 2010, the OIG received a complaint from [redacted] regarding [redacted] a Scitor employee. [redacted] alleged that [redacted] was fraudulently recording labor hours to an NRO contract. The OIG initiated an investigation as [redacted] alleged actions would constitute a potential violation of *Title 18 United States Code, section 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.

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(U//~~FOUO~~) At the time of the allegation, [redacted] was employed by Scitor to provide administrative support to the [redacted] under contract [redacted] [redacted] about her hours after noticing that she appeared to leave early on most days. [redacted] claimed that she divided her time between her assigned desk at NRO Headquarters and at a nearby Scitor facility in Chantilly, Virginia. [redacted] considered the answer suspicious and reported his concerns to a Scitor manager as well as to the OIG.

(b)(3)

(U//~~FOUO~~) As a result of [redacted] dual reporting, Scitor had already initiated an internal review of [redacted] action by the time the OIG initiated its investigation on [redacted]

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

[redacted] chose to resign from the company in lieu of a pending termination. Her clearances and access to NRO were suspended at that time. The OIG initiated its investigation in a manner separate from any actions taken by Scitor.

(U//~~FOUO~~) The NRO OIG conducted a review of [redacted] NRO badge access records and her submitted timesheets. The review found that from [redacted] [redacted] recorded 861 hours for which she was not in the NRO Headquarters facility. These hours were ultimately billed to the NRO contract. [redacted] received approximately [redacted] (unloaded rate) for the mischarged hours, and the NRO suffered a [redacted] (loaded rate) loss. Most of the mischarged hours were due to [redacted] arriving to work late, leaving early, and taking extended lunch breaks.

(U//~~FOUO~~) The OIG interviewed [redacted] who also worked for Scitor. [redacted] explained that he had oversight of approximately [redacted] employees engaged in two contracts with NRO, one at Westfields and one at [redacted]. He said he relied heavily on the team leads to work closely with the employees; [redacted] was [redacted] team lead. [redacted] explained that he interviewed [redacted] on two occasions in [redacted] after hearing from [redacted] that she may be inaccurately recording her time. He said she originally told him that she left one half hour early daily to go to the Scitor facility to record her daily hours. In the second interview, [redacted] told [redacted] that she worked eight hours per day, but her government customer did not see her when she arrived at work. [redacted] also informed the OIG that [redacted] should understand correct time keeping procedures because Scitor employees received timecard training twice per year.

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IG Act

(U//~~FOUO~~) The NRO OIG interviewed Scitor's [redacted]. [redacted] explained that she learned of [redacted] possible inaccurate time card recording from the NRO government customer before OIG was involved. [redacted] said that Scitor had initiated an independent investigation, which included an initial interview with [redacted]. On [redacted] was given the details of the allegation and the potential ramifications, which included termination. She was asked to return for a subsequent interview one week later. Instead, [redacted] chose to resign in lieu of facing potential termination.

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(b)(6)  
IG Act

(U//~~FOUO~~) The OIG interviewed [redacted]. She said that in [redacted] she began working as the lead, a position that included [redacted] also provided Systems Engineering and Technical Assistance support on an IMINT contract and physically worked in a different location than [redacted] [redacted] or talk to them on a daily basis.

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IG Act

(U//~~FOUO~~) The OIG interviewed [redacted] who tasked [redacted], but did not supervise her (because [redacted] was a contract employee, not a government employee). [redacted] said she began working in IMINT [redacted] in [redacted] and a few months later, she noticed that [redacted] did not seem to be at work eight hours per day as required. [redacted] arrived and left through a "back door," so she was

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IG Act

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

unaware of the exact times of [ ] arrival and departure. [ ] did not attend office social events and normally kept to herself. [ ] believed that [ ] normally ate lunch at her desk. When shown the analysis of [ ] time hours, which showed that she often left the building for extended times around lunchtime, [ ] recalled a time when she returned from a meeting and noticed [ ] leaving the building. She concluded that [ ] would leave when she believed no one would notice her absence.

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(b)(7)(c)  
IG Act

(U//~~FOUO~~) On [ ] agreed to meet OIG investigators at the NRO Visitors Facility to discuss the allegation. When shown the OIG analysis of her time and attendance, [ ] agreed with the 861 hour time discrepancy. At the conclusion of the interview, [ ] provided a written statement wherein she admitted her actions.

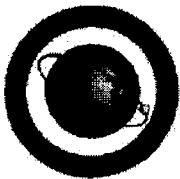
### (U) CONCLUSION

(U//~~FOUO~~) The OIG investigation revealed that [ ] mischarged a total of 861 labor hours between [ ] to NRO contract [ ] with a fully burdened cost of [ ]. During the course of an independent investigation conducted by Scitor, [ ] decided to resign on [ ] rather than face potential termination. She was subsequently removed from the NRO and debriefed of her clearances. Scitor agreed to reimburse the NRO the full amount of [ ]. This amount was verified as a credit to the contract on 12 November 2010.

(b)(3)

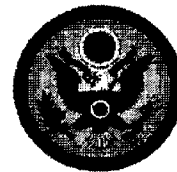
(U//~~FOUO~~) On 4 August 2010, the OIG presented the facts of this case to Mr. Jack Hanly, Criminal Division, United States Attorney's Office for the Eastern District of Virginia, who declined prosecution given the company's pledge of reimbursement and [ ] removal from the NRO.

(U//~~FOUO~~) The evidence developed in this case is sufficient to support a conclusion that [ ] actions constituted a violation of *Title 18 United States Code, Section 287, False, Fictitious, and Fraudulent Claims*. Given the declination of prosecution, the reimbursement to the NRO for the mischarged hours, and [ ] resignation, there is no further investigative action required. The OIG considers this investigation closed.



## NATIONAL RECONNAISSANCE OFFICE

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



10 January 2011

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  
DIRECTOR, OFFICE OF SECURITY AND COUNTERINTELLIGENCE

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2010-170 I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) recently completed an investigation based on an allegation that a Lockheed Martin Space Systems Company (LMSSC) employee engaged in labor mischarging by charging hours to an NRO contract he did not actually work. Please see the attached NRO OIG Investigative Summary report, which details the investigation results.

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

(U//~~FOUO~~) The OIG investigative reports are to be read only by the individuals to whom OIG provides them, or to whom OIG specifically authorizes their release. If you believe other individuals require access to this report 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 summary to Special Agent [redacted] at secure [redacted] or to [redacted], Deputy Assistant Inspector General for Investigations, at secure [redacted].

(b)(3)

*Lanie D'Alessandro*  
Lanie D'Alessandro  
Inspector General

Attachment:

~~(S//TK//NF)~~ Investigative Summary

DECL ON: 20610110

DRV FROM: NRO CG 6.0, 21 May 2005

UNCLASSIFIED when separated from  
attachment~~SECRET//TK//NOFORN~~

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2010-170 I)

OIG [ ] 10Jan11

(b)(3)

DISTRIBUTION:

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  
Director, Office of Security and Counterintelligence  
Lead Investigator - [ ]

(b)(3)

~~SECRET//TK//NOFORN~~

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

## INVESTIGATIVE SUMMARY

### False Claims - [REDACTED]

(Case Number 2010-170 [REDACTED])

(b)(7)(c)

#### (U) INVESTIGATIVE FINDINGS

(S//TK//NF) On 15 Sept 2010, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) initiated an investigation after being notified by Lockheed Martin Space Systems Company (LMSSC) that a former employee allegedly engaged in labor mischarging. The General Counsel for LMSSC and [REDACTED] notified the OIG that [REDACTED] charged time spent on his personal real estate business to an overhead account in LMSSC's system, mischarging a NRO contract. [REDACTED] was a Systems Engineering Senior Manager who worked for LMSSC on the [REDACTED] Colorado. [REDACTED]

(b)(3)

(b)(1)

(b)(3)

(S//TK//NF) The investigation revealed sufficient evidence to support a conclusion that [REDACTED] actions violated *Title 18 United States Code, Section 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. [REDACTED] mischarged 395.5 hours between [REDACTED] to an allowable overhead account that was later charged to NRO contract [REDACTED]. LMSSC rectified the excessive hours charged by removing the overhead charges and applying them towards an unallowable overhead account. LMSSC terminated [REDACTED] employment and reimbursed the government the full amount of [REDACTED]. The OIG presented the facts of this case to the United States Department of Justice, United States Attorney's Office, District of Colorado, which declined prosecution due to the amount of loss, restitution to the government, and lack of jury appeal. [REDACTED] employment was terminated on [REDACTED] and debriefed of his clearances. The OIG considers this investigation closed.

(b)(3)

#### (U) INVESTIGATIVE DETAILS

(U//FOUO) LMSSC provided the OIG with a copy of its Investigation Report on [REDACTED], Case Number [REDACTED] Denver. The report reflected that the case was substantiated based in part on [REDACTED] own admissions that he charged time working on his personal real estate business to a Personal Time (PERS) charge code, an allowable overhead account intended for incidental absences.<sup>1</sup> [REDACTED] time charged to PERS overhead account was ultimately allocated to an NRO contract through the application of indirect rates. LMSSC also performed a forensic examination of [REDACTED]. LMSSC issued computer and discovered that [REDACTED] saved several documents on his hard drive relating to his personal business. The documents were dated during the [REDACTED]. In addition, [REDACTED] used a LMSSC e-mail account to e-mail his business partners and clients. [REDACTED] said that from time to time, he would take phone calls relating to his personal business using his LMSSC desk phone.

<sup>1</sup> (U//FOUO) LMSSC labor policy defines PERS use for personal business that cannot reasonably be conducted outside of regular work hours and also includes illness, medical appointments and medical care for family members.

~~SECRET//TK//NOFORN~~



All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

(U//~~FOUO~~) On 25 March 2010, LMSSC interviewed [redacted] [redacted] became aware of problems with [redacted] charging practices after a [redacted] time card audit revealed [redacted] charged 262.5 hours to PERS. Additional time card data for [redacted] was pulled for [redacted]. The data revealed [redacted] charged 15 hours to PERS in [redacted] 95.5 hours in [redacted] and 35.5 hours through early [redacted] and [redacted]. [redacted] spoke twice with [redacted] about his charging practices. On [redacted] informed [redacted] that he may be laid off due to lack of funding for the program [redacted] supported. At that time, [redacted] related that he had been working a private international real estate business with foreign contacts that was "ready to take off." When asked if [redacted] was recording PERS to work on his business, he said yes. [redacted] informed [redacted] that working a private business and recording it as PERS violated company policies relating to charging practices. On 23 March 2010, [redacted] and [redacted] met again with [redacted] regarding his misuse of PERS and informed him that a formal investigation would be conducted as it appeared [redacted] had reaped almost [redacted] of improper personal benefit by recording personal business hours as PERS.

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

(U//~~FOUO~~) On 25 March 2010, LMSSC interviewed [redacted] [redacted] stated that because [redacted] was a [redacted] he approved his own time card. [redacted] said he did a high-level cursory check of [redacted] time cards mainly to see if [redacted] was recording full-time hours, but did not specifically look at how he was charging his hours. [redacted] was not aware of any issues with [redacted] time charging practices until the [redacted] timecard audit highlighted the problem. [redacted] stated that [redacted] led him to believe that he was gainfully employed on [redacted], but after talking to [redacted] manager, [redacted] realized that [redacted] was only working between half time and three quarters time on his task. [redacted] said [redacted] never approached him for additional work. [redacted] relayed that he and [redacted] met with [redacted]. During this meeting, [redacted] admitted charging PERS to read books and work for approximately [redacted] on his international real estate business.

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

(U//~~FOUO~~) On 6 April 2010, LMSSC interviewed [redacted] [redacted] supporting the [redacted] program in Denver. [redacted] was aware that [redacted] had a real estate business, but had not seen [redacted] working any real estate related matters in the office. [redacted] told [redacted] that he was charging PERS to operate a personal business, but that management told him that they did not mind<sup>2</sup>. [redacted] told [redacted] that using PERS to operate a personal business was not acceptable.

(U//~~FOUO~~) On 6 April 2010, LMSSC interviewed [redacted] who admitted to not being fully engaged with his work and stated he told his managers, but did not feel they took his position to heart. [redacted] confirmed that he would charge six hours to his task and three hours to PERS each day. [redacted] denied working on his real estate business while at LMSSC, but said that one day a week or so he would go home early to work on his business and charged that time to PERS. [redacted] admitted to doing this throughout [redacted] and acknowledged that in [redacted] he charged approximately 290 hours to PERS. [redacted]

<sup>2</sup> (U//~~FOUO~~) No information was identified to support [redacted] statement that management approved or even knew he was working a personal business while recording time as worked.

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

estimated the amount of personal time taken accounted for 10-20 percent of his hours and agreed this was excessive, but stated he raised his lack of work several times to management.

(U//~~FOUO~~) The OIG reviewed LMSSC's investigative work and found it satisfactory. Based on the results of the interviews, LMSSC concluded and OIG agreed that [redacted] mischarged approximately 395.5 hours of his time, with a fully burdened value of [redacted]. LMSSC terminated [redacted] employment, and reimbursed the government the full amount of [redacted].

#### (U) CONCLUSION

(U//~~FOUO~~) The OIG presented the facts of this case to Mr. Thomas O'Rourke, United States Department of Justice, United States Attorney's Office, Assistant U.S. Attorney, Chief, Economics Crime Division, District of Colorado, who declined prosecution due to the amount of loss, restitution to the government by LMSSC, and lack of jury appeal. Given the declination of prosecution and LMSSC's credit to the NRO for the mischarged hours, there is no further investigative action required including an interview of [redacted] by the OIG. The OIG considers this investigation closed.