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Description of document: **Closing Memoranda and Final Reports for 34 Department of Energy (DOE) Office of Inspector General (OIG) Investigations, 2007-2008**

Requested date: December, 2008

Released date: 28-July-2009
Additional material released: 11-August-2009

Posted date: 28-September-2009
Updated: 19-October-2009

Date/date range of document: 06-February-2007 – 11-August-2008

Source of document: FOIA Request
U.S. Department of Energy
Office of Inspector General (IG-10)
1000 Independence Avenue, SW
Washington, DC 20585

Note: See release letter for a list of case numbers included
Additional record released appended to file

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Department of Energy
Washington, DC 20585

July 28, 2009

Re: Freedom of Information Act Request F2009-000025

This is the Office of Inspector General (OIG) partial response to your request for information that you sent to the Department of Energy (DOE) under the Freedom of Information Act (FOIA), 5 U.S.C. 552. You asked for a copy of the closing memorandum and final report associated with the following DOE OIG investigations:

- | | |
|-----------------------------------|-----------------------------------|
| 1) I06TC001 – closed 06 Feb 2007 | 11) I05TC014 – closed 09 May 2007 |
| 2) I06RL006 – closed 07 Feb 2007 | 12) I04OR003 – closed 29 May 2007 |
| 3) I07HQ007 – closed 09 Feb 2007 | 13) I06LV003 – closed 05 Sep 2007 |
| 4) I99LL007 – closed 23 Feb 2007 | 14) I06TC006 – closed 17 Sep 2007 |
| 5) I06TC011 – closed 09 Mar 2007 | 15) I07TC008 – closed 17 Sep 2007 |
| 6) I07TC001 – closed 09 Mar 2007 | 16) I07TC009 – closed 17 Sep 2007 |
| 7) I07HQ008 – closed 28 Mar 2007 | 17) I02HQ010 – closed 09 Oct 2007 |
| 8) I05TC008 – closed 16 Apr 2007 | 18) I06IG001 – closed 30 Oct 2007 |
| 9) I05TC009 – closed 16 Apr 2007 | 19) I06CH005 – closed 30 Nov 2007 |
| 10) I05LV004 – closed 17 Apr 2007 | 20) I07IF001 – closed 06 Dec 2007 |
| 21) I08AL002 – closed 12 Dec 2007 | 22) I06LV002 – closed 21 Dec 2007 |
| 23) I07HQ001 – closed 14 Jan 2008 | 24) I07AL011 – closed 28 Jan 2008 |
| 25) I06AL008 – closed 29 Jan 2008 | 26) I06RL014 – closed 06 Feb 2008 |
| 27) I05SR008 – closed 25 Feb 2008 | 28) I07TC010 – closed 13 Mar 2008 |
| 29) I06LV005 – closed 27 Mar 2008 | 30) I04OR011 – closed 02 Apr 2008 |
| 31) I08OR005 – closed 27 May 2008 | 32) I02HQ021 – closed 30 May 2008 |
| 33) I03HQ009 – closed 30 May 2008 | 34) I04LL004 – closed 11 Aug 2008 |
| 35) I08TC007 – closed 19 Sep 2008 | |

The OIG has completed its search for documents responsive to the request. However, one final report, I06IG001, dated July 19, 2006 is classified. On April 1, 2009, pursuant to Title 10, Code of Federal Regulations, (C.F.R.), Section 1004.6, the OIG transmitted the report to the Office of Classification, Office of Health, Safety and Security to conduct a declassification review. Upon completion of that review, the OIG will conduct its review of the document under the FOIA and issue a determination regarding its release.



The OIG has completed its review of the remaining responsive documents, to include the transmittal memorandum, I06IG001, dated July 19, 2006. A determination concerning their release has been made pursuant to the FOIA, 5 U.S.C. 552. Certain material has been withheld pursuant to subsections (b)(6), (b)(7)(C), and (b)(7)(D) of the FOIA or Exemptions 6, 7(C), and 7(D), respectively.

Documents 1 through 17, 19 through 23, and 25 through 35 are released with material withheld pursuant to Exemptions 6 and 7(C). In additions, portions of Documents 10 and 21 are withheld pursuant to Exemption 7(D). Documents number 18 and 24 are released in their entirety.

Exemption 6 protects from disclosure “personnel and medical and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy” Exemption 7(C) provides that “records or information compiled for law enforcement purposes” may be withheld from disclosure, but only to the extent that the production of such documents “could reasonably be expected to constitute an unwarranted invasion of personal privacy”

Names and information that would tend to disclose the identity of certain individuals have been withheld pursuant to Exemptions 6 and 7(C). Individuals involved in OIG investigations, which in this case include witnesses, sources of information, and other individuals, are entitled to privacy protections so that they will be free from harassment, intimidation, and other personal intrusions.

To the extent permitted by law, the DOE, in accordance with 10 C.F.R.1004.1, will make available records it is authorized to withhold pursuant to the FOIA unless it determines such disclosure is not in the public interest.

In invoking Exemptions 6 and 7(C), we have determined that it is not in the public interest to release the withheld material. In this request, we have determined that the public interest in the identity of individuals whose names appear in investigative files does not outweigh these individuals’ privacy interests. Those interests include being free from intrusions into their professional and private lives.

Exemption 7(D) exempts from mandatory disclosure “records or information compiled for law enforcement purposes” which “could reasonably be expected to disclose the identity of confidential source. . . and, in the case of a record or information furnished by a confidential source.” In the responsive document, we have withheld material that could reasonably be expected to identify a confidential source as well as information furnished by a confidential source.

Unlike Exemptions 6 and 7(C), Exemption 7(D) depends on the circumstances under which the information is provided, and not exclusively on the harm resulting from disclosure. Thus, when invoking 7(D), no balancing test is applied.

As required, all releasable information has been segregated from the material that is withheld and is provided to you. See 10 C.F.R. 1004.7(b)(3).

This decision may be appealed within 30 calendar days from your receipt of this letter pursuant to 10 C.F.R.1004.8. Appeals should be addressed to Director, Office of Hearings and Appeals, HG-1/L'Enfant Plaza, U.S. Department of Energy, 1000 Independence Avenue, S.W., Washington, DC 20585-1615.

Thereafter, judicial review will be available to you in the federal district court either (1) in the district where you reside, (2) where you have your principal place of business, (3) where the Department's records are situated, or (4) in the District of Columbia.

Sincerely,

A handwritten signature in black ink, appearing to read "John Hartman", with a stylized flourish at the end.

John Hartman
Assistant Inspector General
for Investigations
Office of Inspector General

Enclosures

Document Number 1

Office of the Inspector General (OIG)
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Case Number: I06TC001

Summary Date: 06-FEB-07

Title:

POSSESSION OF CHILD PORNOGRAPHY - (b)(6),(b)(7)(C)

Executive Brief:

PREDICATION:

ON 9/30/05, IMMIGRATION AND CUSTOMS ENFORCEMENT (ICE) AGENTS (b)(6),(b)(7)(C) WESTINGHOUSE SAVANNAH RIVER COMPANY (WSRC) AS A POTENTIAL SUBJECT CONCERNING CHILD PORNOGRAPHY.

(b)(6),(b)(7)
INVESTIGATIVE ACTIVITY:

- (b)(6),(b)(7) 3/05, SA (b)(6),(b)(7)(C) IMMIGRATION AND CUSTOMS ENFORCEMENT (ICE), REGARDING A WSRC EMPLOYEE ADMITTING TO POSSESSION OF CHILD PORNOGRAPHY ON (b)(6),(b)(7)(C) PERSONAL COMPUTER. (b)(6),(b)(7)(C) THAT DURING A NATION WIDE CHILD PORNOGRAPHY INVESTIGATION, "OPERATION FALCON," THE ICE CYBER SMUGGLING DIVISION (b)(6),(b)(7)(C) CHILD PORNOGRAPHY (b)(6),(b)(7)(C) PERSONAL COMPUTER. (b)(6),(b)(7)(C) AND (b)(6),(b)(7)(C) TO AN INTERNATIONAL CHILD PORNOGRAPHY WEBSITE IN ORDER TO PURCHASE CHILD PORNOGRAPHY. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) ON 06/22/05 (b)(6),(b)(7)(C) CHILD PORNOGRAPHY VIA THE INTERNET AND (b)(6),(b)(7)(C) CHILD PORNOGRAPHY ON (b)(6),(b)(7)(C) COMPUTER AND PRODUCED THE CREDIT CARD USED FOR THE PURCHASE. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) TO IMAGE AND ANALYZE HIS PERSONAL COMPUTER HARD DRIVE. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) THE IMAGED HARD DRIVE IS BEING REVIEWED BY THE ICE COMPUTER FORENSIC GROUP. (b)(6),(b)(7)(C) THE FORENSIC EXAMINER HAD DETERMINED (b)(6),(b)(7)(C) DID IN FACT CONTAIN CHILD PORNOGRAPHY, BUT THE COMPLETE FORENSIC EXAMINATION HAD NOT BEEN FULLY COMPLETED AS OF 10/3/05. (b)(6),(b)(7)(C)
- (b)(6),(b)(7) ON 10/4/05 SA (b)(6),(b)(7)(C) WITH THE AUSA, DISTRICT OF SOUTH CAROLINA, PROVIDED A RECOMMENDATION TO CONDUCT ANALYSIS ON GOVERNMENT COMPUTERS (b)(6),(b)(7)(C) TO DETERMINE IF (b)(6),(b)(7)(C) UTILIZED THEM TO ACCESS CHILD PORNOGRAPHY. (b)(6),(b)(7)(C)
- (b)(6),(b)(7) ON 10/5/05 SA (b)(6),(b)(7)(C) A NON-CUSTODIAL INTERVIEW (b)(6),(b)(7)(C) WHO OFFERED NO ADDITIONAL INFORMATION. SA (b)(6),(b)(7)(C) THE LOCATION OF (b)(6),(b)(7)(C) ASSIGNED DEPARTMENT COMPUTERS. THREE COMPUTERS WERE PRODUCTION MACHINES WITH ACCESS BY MULTIPLE PERSONS AND REQUIRED FOR OPERATIONS. ONE DESKTOP COMPUTER WAS IN THE PROCESS OF RE-INSTALLATION (b)(6),(b)(7)(C) WITH CONCURRENCE BY COMPUTER OPERATIONS. (AGENT'S NOTE: ATTEMPTS TO FORENSICALLY IMAGE (b)(6),(b)(7)(C) DESKTOP COMPUTER WERE THWARTED BY THIS ACTION) THE REMAINING LAPTOP COMPUTER WAS STORED AT (b)(6),(b)(7)(C) AND RETRIEVED THE (b)(6),(b)(7)(C) DEPARTMENT LAPTOP WITHOUT INCIDENT.

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ON 11/30/05 SA (b)(6),(b)(7)(C) FORENSIC ANALYSIS OF THE DEPARTMENT LAPTOP (b)(6),(b)(7)(C)
TO (b)(6),(b)(7)(C) AND FOUND NO EVIDENCE (b)(6),(b)(7)(C) ACCESSED CHILD PORNGRAPHY FROM THIS COMPUTER.
(b)(6),(b)(7)(C) (b)(6),(b)(7)(C)
ON 9/8/2006 ALL EVIDENCE WAS RETURNED TO SRS FOR DISPOSITION.

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

ON 10/26/06, SA (b)(6),(b)(7)(C) TO RECEIVE AN UPDATE REGARDING (b)(6),(b)(7)(C)
(b)(6),(b)(7)(C) SENTENCING. SA (b)(6),(b)(7)(C) PLED GUILTY TO 18 USC 2252
(POSSESSION OF CHILD PORNOGRAPHY) ON JUNE 6/26/06. (b)(6),(b)(7)(C)
(b)(6),(b)(7)(C)

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

ON 1/29/07, SA (b)(6),(b)(7)(C) AND WAS INFORMED (b)(6),(b)(7)(C)
SENTENCED TO 78 MONTHS IN FEDERAL PRISON ON 9/26/06.

STAT

ON 3/22/06, (b)(6),(b)(7)(C) INDICTED FOR POSSESSION OF CHILD PORNOGRAPHY IN
THE DISTRICT OF SOUTH CAROLINA. (b)(6),(b)(7)(C)

STAT - ON 3/28/06 AN INVESTIGATIVE REPORT TO MANAGEMENT TO THE SAVANNAH RIVER
OPERATIONS OFFICE TRANSMITTING THE INDICTMENT OF (b)(6),(b)(7)(C) IN DISTRICT
COURT, DISTRICT OF SOUTH CAROLINA FOR ONE VIOLATION OF TITLE 18 USC 2252A,
POSSESSION OF CHILD PORNOGRAPHY. THE REPORT WAS ISSUED FOR INFORMATION PURPOSES
ONLY.

*STAT** - ON 6/6/06 THE OIG RECEIVED NOTIFICATION (b)(6),(b)(7)(C) WAS
TERMINATED FROM EMPLOYMENT WITH WSRC ON MAY 4, 2006.

*STAT** - ON 6/26/06, (b)(6),(b)(7)(C) PLED GUILTY TO 18 USC 2252, POSSESSION OF CHILD
PORNOGRAPHY. DUE TO SEMI-ANNUAL REPORTING REQUIREMENTS STAT WILL BE CAPTURED USING
THE DATE OF 01-OCT-2006.

*STAT** - ON 9/26/06, (b)(6),(b)(7)(C) SENTENCED TO 78 MONTHS IN FEDERAL PRISON,
THREE YEARS SUPERVISED RELEASE, AND A 100 ASSESSMENT FEE. DUE TO SEMI-ANNUAL
REPORTING REQUIREMENTS STAT WILL BE CAPTURED USING THE DATE OF 01-OCT-2006.

PLANNED INVESTIGATIVE ACTIVITY :

1) CASE CLOSURE

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Document Number 2

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Case Number: I06RL006

Summary Date: 23-MAY-07

Title:

MULTIPLE METH USERS; THEFT & DEST OF ENERGY FACILITY; BPA

Executive Brief:

PREDICATION:

ON 13-JAN-06, (b)(6),(b)(7)(C) OREGON STATE POLICE (OSP), NOTIFIED THE OIG IN PERSON THAT A GROUP OF METHAMPHETAMINE USERS WAS SUSPECTED IN A SERIES OF BURGLARIES AT THE BONNEVILLE POWER ADMINISTRATION (BPA) MCNARY SUBSTATION IN UMATILLA, OREGON.

INVESTIGATIVE FINDINGS:

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

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

INVESTIGATION BY THE DOE-OIG AND THE OSP HAS INDICATED THAT (b)(6),(b)(7)(C) WERE RESPONSIBLE FOR A BURGLARY OF THE MCNARY SUBSTATION IN MAY 2005, THAT WERE RESPONSIBLE FOR A BURGLARY OF THE MCNARY SUBSTATION IN SEPTEMBER 2005, AND THAT (b)(6),(b)(7)(C) WERE RESPONSIBLE FOR THE THEFT OF A BPA TRUCK AND TOOLS FROM THE MCNARY SUBSTATION IN DECEMBER 2005. THESE INDIVIDUALS ARE PART OF A LARGE GROUP OF METHAMPHETAMINE USERS THAT FREQUENT AN AREA IMMEDIATELY ADJACENT TO THE MCNARY SUBSTATION.

STAT ON 22-FEB-06, AN ROI WAS ISSUED TO FRANK NOONAN, AUSA, PORTLAND, OR, DETAILING INVESTIGATION TO DATE. AUSA NOONAN STATED THAT, IF POSSIBLE, HE WOULD LIKE TO PURSUE THE SUBJECTS ON ADDITIONAL CHARGES, SUCH AS DRUGS OR FIREARMS.

AS SUCH, THE OIG SUBSEQUENTLY COORDINATED THIS INVESTIGATION WITH THE BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS (ATF), WHO OPENED AN INVESTIGATION, CONDUCTED A JOINT INTERVIEW OF AN OSP SOURCE WITH THE OIG, AND BEGAN TO PLAN AN UNDERCOVER OPERATION TO BUY DRUGS AND STOLEN WEAPONS FROM THE SUBJECTS. HOWEVER, DUE TO MANPOWER SHORTAGES AND COMPETING PRIORITIES, THE ATF SUBSEQUENTLY DETERMINED THEY COULD NOT SUPPORT AN UNDERCOVER OPERATION OR PROVIDE FURTHER INVESTIGATIVE SUPPORT.

ON 26-SEP-06, DUE TO THE LOW DOLLAR LOSS OF THE THEFTS, THE AUSA DEFERRED PROSECUTION OF THESE MATTERS TO THE LOCAL UMATILLA COUNTY PROSECUTOR. AS SUCH, ALL OF THE FEDERAL PROSECUTION ACTIONS FOR EACH REFERRED SUBJECT WERE CLOSED UNDER "PROSECUTIVE CLOSURE" ACTIONS. THE ROI WAS PROVIDED TO THE UMATILLA COUNTY PROSECUTOR'S OFFICE ON 22-SEP-06. FOR EIGHT REPORTING PURPOSES, THE REFERRAL DATE AND PROSECUTIVE CLOSURE DATES ARE BEING LISTED AS 2-NOV-06 TO AVOID FISCAL YEAR REPORTING DISCREPANCIES.

(b)(6),(b)(7)(C) PLEADED GUILTY TO LOCAL CHARGES ON 1-MAY-06 AND 24-APR-06, RESPECTIVELY. HOWEVER, NO EIGHT STATS WERE RECORDED FOR THE CONVICTIONS OF (b)(6),(b)(7)(C) BECAUSE THE PROSECUTIONS WERE BASED ON LOCAL LAW ENFORCEMENT REPORTS PROVIDED TO THE UMATILLA COUNTY PROSECUTORS OFFICE BEFORE OIG INVOLVEMENT AND WHILE AUSA NOONAN WAS STILL CONTEMPLATING FEDERAL PROSECUTION.

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

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

****STATS**** ON 2-NOV-06, [REDACTED] PLEADED GUILTY IN CIRCUIT COURT OF THE STATE OF OREGON FOR UMATILLA COUNTY TO A ONE COUNT VIOLATION OF OREGON REVISED STATUTE 164.135 (UNAUTHORIZED USE OF A VEHICLE). [REDACTED] WAS SENTENCED TO 13 MONTHS IN PRISON AND TWO YEARS POST PRISON SUPERVISION. [REDACTED] ALSO ORDERED TO PAY \$173 IN VARIOUS COURT ASSESSMENTS AND \$6,464.20 IN RESTITUTION TO BPA.

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

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

ON 18-DEC-06, THE OIG COORDINATED WITH UMATILLA [REDACTED] [REDACTED] HAD NO STRONG DESIRE TO PURSUE REMAINING SUBJECTS AND THAT [REDACTED] NEED CONFESSIONS FROM REMAINING SUSPECTS TO PURSUE PROSECUTION AGAINST THEM.

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

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

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

DISPOSITION:

THIS CASE IS CLOSED. DUE TO LACK OF EVIDENCE AGAINST REMAINING SUSPECTS, AS WELL AS THE LOW PROBABILITY IN LOCATING AND OBTAINING CONFESSIONS FROM THEM (REQUIRED FOR PROSECUTION PER UMATILLA [REDACTED] AND ADDITIONAL ACTION AGAINST [REDACTED] WILL NOT BE PURSUED.

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

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

Document Number 3

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Case Number: I07HQ007

Summary Date: 27-MAR-07

Title:

(b)(6),(b)(7)(C) MISUSE OF GOV; EID

Executive Brief:

PREDICATION:

ON 20-DEC-2006, AN ANONYMOUS COMPLAINANT ALLEGED THAT (b)(6),(b)(7)(C) OFFICE OF ECONOMIC IMPACT AND DIVERSITY, REGULARLY USES A GOVERNMENT OWNED VEHICLE (GOV) TO TRAVEL TO PERSONAL LUNCHEON ENGAGEMENTS AT THE CAPITOL HILL CLUB AND OTHER LOCATIONS.

INVESTIGATIVE FINDINGS

A REVIEW OF "DAILY LOGS" FURNISHED BY THE DEPARTMENT'S OFFICE OF TRANSPORTATION REVEALED THE FOLLOWING INFORMATION:

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

(b)(6),(b)(7) A DEPARTMENT DRIVER ON 29 DIFFERENT DAYS DURING THE PERIOD (C) FROM SEPTEMBER 1 - DECEMBER 21, 2006. A DRIVER ON 12 DAYS DURING THE MONTH OF SEPTEMBER, 9 DAYS DURING THE MONTH OF OCTOBER, 6 DAYS DURING THE MONTH OF NOVEMBER, AND 2 DAYS DURING THE PERIOD DECEMBER 1 - 21, 2006.

(b)(6),(b)(7)(C) ON 12 OF THE 29 DAYS IN WHICH

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

(b)(6),(b)(7) A DRIVER. SPECIFICALLY, (b)(6),(b)(7)(C) ON 4 (C) OF THE 12 DAYS ASSIGNED A DRIVER DURING THE MONTH OF SEPTEMBER; ON 4 OF THE 9 DAYS A DRIVER DURING THE MONTH OF OCTOBER; ON 3 OF THE 6 DAYS WAS ASSIGNED A DRIVER DURING THE MONTH OF NOVEMBER; AND ON 1 OF THE 2 DAYS ASSIGNED A DRIVER DURING THE MONTH OF DECEMBER. ACCORDING TO THE DAILY LOGS, WOULD DEPART FOR THE BETWEEN THE HOURS OF 11:30 A.M. AND 12:30 P.M. AND RETURN TO THE DEPARTMENT BETWEEN THE HOURS OF 12:30 P.M. AND 1:45 P.M.

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

(b)(6),(b)(7)(B)

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

- FOUR OF THE 17 REMAINING TRIPS WERE FROM THE DEPARTMENT TO THE OMNI SHOREHAM, THE CAPITOL HILTON HOTEL, THE HOTEL WASHINGTON, AND, THE MARIOTT HOTEL IN ROCKVILLE, MARYLAND.

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

WHEN INTERVIEWED BY THE OIG, TO RECALL A SPECIFIC BUSINESS PURPOSE FOR 12 OF THE 17 TRIPS ASKED ABOUT. WITH RESPECT TO THE REMAINING 5 TRIPS AND USE OF A GOV IN GENERAL, (b)(6),(b)(7)(C) EVER USING A GOV AND/OR ASSIGNED DOE DRIVER FOR ANYTHING OTHER THAN OFFICIAL BUSINESS.

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

THE CAPITOL HILL CLUB AS A "MEETING PLACE" AND AS "A PLACE TO DO BUSINESS." THAT IT IS CONVENIENT TO BOTH MEET AND EAT AT THE SAME TIME.

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

FUTURE INVESTIGATIVE STEPS: (b)(6),(b)(7)(C)

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- CASE CLOSED

Document Number 4



U.S. Department of Energy
Office of Inspector General
Office of Investigations

December 6, 2004

MEMORANDUM FOR CAMILLE C. YUAN-SOO HOO, MANAGER, LIVERMORE SITE OFFICE

FROM:

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

Southwest Region Investigations

SUBJECT: Investigation of Mischarging in the former Energy, Materials, and Transportation Technology Division at the Lawrence Livermore National Laboratory (OIG Case No. I99LL007)

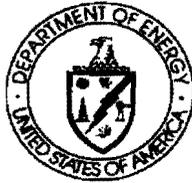
This report serves to inform you of the results of an investigation by the U.S. Department of Energy (Department), Office of Inspector General (OIG), Office of Investigations. The investigation focused on mischarging by the University of California (University) within what was formerly the Energy, Materials, and Transportation Technology (EMATT) Division at the Lawrence Livermore National Laboratory (Laboratory).

It was alleged, in part, that EMATT personnel mischarged costs to an EMATT project during the period 1994 through to 1997.

The OIG substantiated the allegation. Additionally, the OIG investigation substantiated that during the period 1994 through to 1998, EMATT University personnel mischarged multiple EMATT projects and also mischarged an EMATT project management overhead account. The University settled this case

This report makes two recommendations for corrective action. Please direct any questions concerning this report to me at (505) 845-4009.

**U.S. Department of Energy
Office of Inspector General
Office of Investigations
Case No. I99LL007**



ADMINISTRATIVE REPORT TO MANAGEMENT

December 6, 2004

This report is the property of the Office of Inspector General and is for **OFFICIAL USE ONLY**. Appropriate safeguards should be provided for the report and access should be limited to Department of Energy officials who have a need-to-know. Any copies of the report should be uniquely numbered and should be appropriately controlled and maintained. Public disclosure is determined by the Freedom of Information Act, Title 5, U.S.C., Section 552, and the Privacy Act, Title 5, U.S.C., Section 552a. The report may not be disclosed outside the Department without prior written approval of the Office of Inspector General, including distribution to contractors.

D-4

I. ALLEGATIONS

(b)(6),(b)(7)(C)
(b)(6),(b)(7)(C) On August 13, 1999, a Qui Tam action was filed. The relator in the Qui Tam [redacted] ICON Industrial Controls, Inc. (ICON). A Cooperative Research and Development Agreement (CRADA) was entered into between ICON and the Lawrence Livermore National Laboratory (Laboratory) for the development and production of an agile manufacturing software product.

(b)(6),(b)(7)(C) [redacted] that University of California (University) Laboratory personnel mischarged the ICON CRADA approximately \$7 million dollars, mainly by improperly charging direct labor to the ICON CRADA. (b)(6),(b)(7)(C) [redacted] alleged that University personnel, under the ICON CRADA, (b)(6),(b)(7)(C) [redacted] knowingly provided [redacted] company with a defective version of the software developed at the (b)(6),(b)(7)(C) [redacted] Laboratory and at the Los Alamos National Laboratory under the ICON CRADA. (b)(6),(b)(7)(C) [redacted] a kickback scheme between the University and a University Laboratory (b)(6),(b)(7)(C) [redacted] subcontractor that related to a Department of Defense subcontract.

II. POTENTIAL STATUTORY OR REGULATORY VIOLATIONS

The investigation focused on potential violations of Title 31, United States Code 3729, (False Claims Act).

III. INVESTIGATIVE FINDINGS

The OIG investigation substantiated that University personnel mischarged the ICON CRADA, but the loss was significantly less than what (b)(6),(b)(7)(C) [redacted]. The investigation could not substantiate that University personnel knowingly provided defective software to [redacted] or that there was a kickback scheme between the University and a University Laboratory subcontractor that related to a Department of Defense subcontract. (b)(6),(b)(7)(C)

The government did not intervene in the Qui Tam. (b)(6),(b)(7)(C) [redacted] the Qui Tam action and it was subsequently dismissed.

The government continued to investigate areas of the Energy, Materials, and Transportation Technology (EMATT) Division's financial practices. In addition to mischarging to the ICON CRADA, the investigation revealed mischarging by University personnel related to other EMATT projects and to an EMATT Division overhead account. The mischarging was mainly comprised of costs related to direct labor, travel, property, and subcontracts being improperly charged to projects during the period 1994 through 1998.

(b)(6),(b)(7)(C) [redacted] The OIG investigation also revealed two single-source Laboratory subcontracts awarded to ICON, (b)(6),(b)(7)(C) [redacted] and the Institute for Manufacturing and Robotics Inc. [redacted] during the same period of the ICON CRADA. EMATT University personnel were involved with the two subcontracts. Multiple witnesses during the investigation stated that one of the subcontracts had a deliverable that was not necessary and ICON personnel did not have the expertise to provide. The investigation also revealed that the other subcontract had deliverables that appeared: 1) to be

similar to or the same as the in-kind contributions for ICON set forth in the ICON CRADA; and/or, 2) to have been provided to University Laboratory personnel [redacted] and/or generated by University Laboratory personnel prior to the issuance of the subcontract.

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

Settlement

On February 5, 2004, the Board of the Regents of the University of California (Regents) and the government entered into a civil settlement agreement (See attachment). In the settlement agreement, the Regents, the Laboratory and its employees denied any wrongdoing or liability with regard to the mischarging revealed by the OIG investigation in the EMATT Division.

The Regents paid the United States \$3,897,366, which was received on or about March 18, 2004. One half of the settlement amount was forwarded to the Department.

Unallowable Costs

One of the terms of agreement is as follows:

“...all costs (as defined in Federal Acquisition Regulation [FAR] § 31.205-47) incurred by or on behalf of the Regents, LLNL and/or their affiliates, officers, directors, agents and employees in connection with (i) the Qui Tam Suit; (ii) the matters covered by this Agreement, (iii) the United States’ audits and investigations of the covered conduct; (iv) the Regents’ or LLNL’s investigation or defense of, or corrective actions relating to the covered conduct; (v) the negotiation of this agreement; and (vi) the payments made to the United States pursuant to this agreement, shall be unallowable costs for government contract accounting purposes. Nothing in this agreement shall be construed as allowing such costs under the provisions of the contract or subcontracts.”

The term “covered conduct” is defined in the attached agreement. In short, covered conduct includes EMATT charging and billings from 1994-1998 by the University at the Laboratory related to its EMATT Division, any and all cost charging or billings by the University at the Laboratory related to the ICON CRADA, the two subcontracts referenced above, the Qui Tam suit, and the United States’ investigation into the covered conduct.

The OIG investigation into the covered conduct commenced in 1999 when the Qui Tam suit was filed. From 1999 through 2003, numerous interviews and depositions were conducted involving current and former University Laboratory personnel related to what is defined as covered conduct in the settlement agreement. Additionally, an OIG subpoena was issued to the Regents in 2000, which resulted in the production of thousands of University Laboratory documents relevant to the covered conduct. University counsel was present for the majority of the University Laboratory personnel interviewed and at settlement meetings. Towards the end of the OIG investigation, in addition to University counsel, a University outside-counsel was present for interviews and depositions of former and current University Laboratory personnel, as well as for settlement meetings.

According to the terms of the settlement agreement, it appears any time and effort by all University

Laboratory personnel and/or University subcontractor personnel, as well as costs associated with University Laboratory outside counsel, travel, materials, copying, etc relating to the covered conduct, as defined in the settlement agreement, that may have been charged to the Department contract by the University, contemporaneous or subsequent to the activity, may be unallowable costs and should be credited back to the Department contract.

Parallel Matter

(b)(6),(b)(7)(C) During all or the majority of the OIG investigation into the mischarging by personnel in the University EMATT Division, a retaliation lawsuit was ongoing against the University. The plaintiff was a former University Laboratory employee in the EMATT Division. The plaintiff alleged, in part, that after [redacted] allegations concerning mismanagement and mischarges in the EMATT Division, [redacted] (b)(6),(b)(7)(C) against, and subsequently had to leave the Laboratory's employment.

In late 2003, the University settled this dispute just before the case was scheduled to go to trial. The total settlement was \$990,000.

Some, or all, of the University's costs associated with the covered conduct in the settlement agreement may be included with the University's costs associated with this retaliation lawsuit. Many of the witnesses in this matter were also witnesses in the OIG investigation and provided testimony and/or depositions in furtherance of the OIG investigation.

IV. COORDINATION

On December 6, 2004, [redacted] (b)(6),(b)(7)(C) Livermore Site Office, was provided with an overview of the information and recommendations contained in this report. [redacted] (b)(6),(b)(7)(C) would apprise Ms. Camille Yuan-Soo Hoo, Manager, Livermore Site Office, that the report is forthcoming.

V. RECOMMENDATIONS

Based on the findings of this report, the Department OIG recommends the following actions be taken by the Department:

- 1) Determine whether the University should comply with the terms of the settlement agreement and remit a credit and/or not bill for those costs set forth in the settlement agreement as unallowable to its Department contracts, and
- 2) Determine whether the University improperly included costs deemed unallowable in the settlement as costs associated with the former EMATT employee lawsuit/matter; and, if appropriate, credit those costs to the Department contract.

VI. FOLLOW-UP REQUIREMENTS

Please provide the OIG with a written response within 30 days concerning any action(s) taken or anticipated in response to this report.

VII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

This report is the property of the OIG and is for **OFFICIAL USE ONLY**. Appropriate safeguards should be provided for the report and access should be limited to Department officials who have a need-to-know. Any copies of the report should be uniquely numbered and should be appropriately controlled and maintained. Public disclosure is determined by the Freedom of Information Act (Title 5, U.S.C., Section 552) and the Privacy Act (Title 5, U.S.C., Section 552a). The report may not be disclosed outside the Department without prior written approval of the OIG, including distribution to contractors.

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Case Number: I06TC011

Summary Date: 30-MAR-07

Title:

(b)(6),(b)(7)
(C) CHILD PORNOGRAPHY; LLNL

Executive Brief:

PREDICATION:

ON JULY 28, 2006, THE LIVERMORE POLICE DEPARTMENT REPORTED THAT [REDACTED] LLNL, DOE, POSSESSED POTENTIAL CHILD PORNOGRAPHY ON [REDACTED] AND LLNL COMPUTERS.

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

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

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

ON JULY 20, 2006, THE LIVERMORE POLICE DEPARTMENT BEGAN A CRIMINAL INVESTIGATION REGARDING A [REDACTED] SUBJECT WHO WAS SUSPECTED OF SURREPTITIOUSLY PHOTOGRAPHING [REDACTED]

(b)(6),(b)(7)
(C) [REDACTED] INSIDE OF THE [REDACTED] IT WAS DETERMINED THAT THE [REDACTED] THE SUSPECT, AS WELL AS OTHER CHILDREN FROM THE SUSPECTS NEIGHBORHOOD.

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

A SEARCH WARRANT WAS SERVED AT THE SUSPECTS HOME ON JULY 25, 2006, AND RESULTED IN THE SEIZURE OF CHILD PORNOGRAPHY. THE SUSPECT WAS ARRESTED WITHOUT INCIDENT AND BOOKED AT THE ALAMEDA COUNTY JAIL (SANTA RITA). THE SUSPECT POSTED [REDACTED] BAIL AND WAS RELEASED. AS THE INVESTIGATION CONTINUED, ADDITIONAL CHARGES WERE DISCOVERED AND THE SUSPECT WAS TAKEN BACK INTO CUSTODY.

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

STAT THE CASE WAS REFERRED AND ACCEPTED FOR PROSECUTION PRIOR TO THE CASE OPENING DATE OF JULY 31, 2006; THEREFORE, JULY 31, 2006, WILL BE USED AS THE DATE TO CAPTURE THE REFERRAL AND ACCEPTANCE STATISTICS.

ON JULY 31, 2006, THE SUSPECT WAS ARRAIGNED ON THE FOLLOWING CHARGES:

- PENAL CODE SECTION 288A(G) (ORAL COPULATION) ONE COUNT FELONY
- PENAL CODE SECTION 289(B) (PENETRATION WITH A FOREIGN OBJECT) TWO COUNTS FELONY
- PENAL CODE SECTION 311.4(C) (USING A MINOR FOR POSING OR MODELING, INVOLVING SEXUAL CONDUCT) ONE COUNT FELONY
- PENAL CODE SECTION 311.3(A) (DEVELOPMENT AND DUPLICATION OF OBSCENE MATTER) ONE COUNT MISDEMEANOR.

THE SUSPECTS BAIL WAS SET AT \$500,000.

DURING THIS INVESTIGATION IT WAS DISCOVERED THE SUSPECT HAD TAKEN PICTURES OF CHILDREN AND ADULTS, OF BOTH FAMILY AND NON-FAMILY MEMBERS, AND SUPERIMPOSED THEIR FACES ONTO OTHER PEOPLE WHO WERE DEPICTED IN PORNOGRAPHIC PICTURES.

A SEARCH WARRANT FOR THE SUSPECTS WORK SPACE AND COMPUTER HAS BEEN SERVED. THIS

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JOINT INVESTIGATION INVOLVES THE LIVERMORE POLICE DEPARTMENT AND THE UNIVERSITY OF CALIFORNIA POLICE AT LLNL. THE TECHNOLOGY CRIMES SECTION WILL PROVIDE ANALYSIS ON GOVERNMENT AND POTENTIALLY ADDITIONALLY SEIZED MEDIA.

SA (b)(6),(b)(7)(C) WITH AUSA SPRAGUE, NORTHERN DISTRICT OF CALIFORNIA WHOM OPINED THEIR OFFICE WOULD BE INTERESTED IN PROSECUTING THIS CASE DEPENDING ON THE OUTCOME OF THE FORENSIC ANALYSIS. IT IS BELIEVED (b)(6),(b)(7)(C) POSSESSED UPWARDS OF 100,000 IMAGES DEPICTING CHILDREN ENGAGED IN SEXUAL ACTIVITY.

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

SA (b)(6),(b)(7)(C) AND (b)(6),(b)(7)(C) FORENSIC EXAMINATIONS OF (b)(6),(b)(7)(C) COMPUTER HARD DRIVES. AS OF AUGUST 16, 2006, OVER 20,000 IMAGES DEPICTING CHILD PORNOGRAPHY HAD BEEN IDENTIFIED. FORENSIC ANALYSIS CONTINUES.

(b)(6),(b)(7)(C)
STAT ON SEPTEMBER 23, 2006, (b)(6),(b)(7)(C) WAS TERMINATED BY LLNL.

STAT ON SEPTEMBER 25, 2006, (b)(6),(b)(7)(C) WAS TERMINATED BY LLNL.

STAT ON OCTOBER 12, 2006, THE SUBJECT PLED NO CONTEST TO ONE COUNT OF CALIFORNIA PC 288 (A) (G) (ORAL COPULATION WITH PERSON UNABLE OF GIVING CONSENT); ONE COUNT OF CALIFORNIA PC 289 (B) (PENETRATING WITH A FOREIGN OBJECT WITH PERSON UNABLE OF GIVING CONSENT); AND NINE COUNTS OF CALIFORNIA PC 311.4 (C) (PRODUCTION OF CHILD PORNOGRAPHY).

STAT ON DECEMBER 6, 2006, (b)(6),(b)(7)(C) SENTENCED TO 16 YEARS IN PRISON AFTER PLEADING NO CONTEST TO TWO SEX OFFENSES AND NINE COUNTS OF PRODUCTION OF CHILD PORNOGRAPHY. THE SUBJECT WAS ALSO ORDERED TO REGISTER AS A SEX OFFENDER FOR THE REMAINDER OF (b)(6),(b)(7)(C) LIFE PURSUANT TO CALIFORNIA PC 290. PAY A PROBATION INVESTIGATION FEE OF \$250.00 AND PAY A COURT SECURITY FEE OF \$220.00.

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

PLANNED ACTIVITY:

CLOSE CASE

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Case Number: I07TC001

Summary Date: 30-MAR-07

Title:

(b)(6),(b)(7)(C) CHILD PORNOGRAPHY; LLNL.

Executive Brief:

PREDICATION:

ON OCTOBER 10, 2006, THIS OFFICE WAS NOTIFIED BY THE UCPD, LLNL, THAT (b)(6),(b)(7)(C) AN EMPLOYEE AT LLNL POSSESSED POTENTIAL CHILD PORNOGRAPHY ON AT LEAST ONE OF (b)(6),(b)(7)(C) ASSIGNED LLNL COMPUTERS.

INVESTIGATION:

ON OCTOBER 10, 2006, DEPARTMENT OF ENERGY (DEPARTMENT), OFFICE OF INSPECTOR GENERAL (OIG), OFFICE OF INVESTIGATIONS (OI) WAS NOTIFIED BY THE UNIVERSITY OF CALIFORNIA POLICE DEPARTMENT (UCPD) (b)(6),(b)(7)(C)

LAWRENCE LIVERMORE NATIONAL LABORATORY, LIVERMORE, CA POSSESSED POTENTIAL CHILD PORNOGRAPHY ON AT LEAST ONE OF (b)(6),(b)(7)(C) ASSIGNED LLNL COMPUTERS. (b)(6),(b)(7)(C)

UCPD RECEIVED INFORMATION THAT (b)(6),(b)(7)(C) YAHOO CHAT ROOMS FROM LLNL COMPUTERS. (b)(6),(b)(7)(C) AND ENGAGED IN (b)(6),(b)(7)(C) A CHAT WITH AN UNDERCOVER POLICE OFFICER POSING AS A (b)(6),(b)(7)(C) NUDE PHOTOGRAPHS, VIA EMAIL, TO THE POLICE OFFICER AND CLAIMED (b)(6),(b)(7)(C) A (b)(6),(b)(7)(C) SEXUAL RELATIONSHIP WITH A 15 YEAR-OLD FEMALE. (b)(6),(b)(7)(C)

ON OCTOBER 3, 2006, UCPD INTERVIEWED (b)(6),(b)(7)(C) FREQUENTED THE YAHOO CHAT ROOMS AS PART OF (b)(6),(b)(7)(C) FANTASY. (b)(6),(b)(7)(C) FANTASIZED ABOUT RAPE, INCEST, AND UNDER-AGED SEX. (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) PROFILE BECAUSE IT WAS EASIER TO CHAT WITH OTHER WOMEN AND VIEW THEIR WEB CAMS. (b)(6),(b)(7)(C) HAVING SEXUAL CONTACT WITH ANYONE UNDER THE AGE OF 18 AS A RESULT OF (b)(6),(b)(7)(C) ON-LINE CONVERSATIONS. (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) SIX COMPUTERS THAT WERE ASSIGNED (b)(6),(b)(7)(C) A PRELIMINARY EXAMINATION OF ONE OF THE COMPUTERS (b)(6),(b)(7)(C) AND IDENTIFIED APPROXIMATELY 100 IMAGES OF CHILD PORNOGRAPHY. (b)(6),(b)(7)(C)

ON OCTOBER 4, 2006 (b)(6),(b)(7)(C) EMPLOYMENT WITH UNIVERSITY OF CALIFORNIA, WHICH RESULTED IN THE TERMINATION OF (b)(6),(b)(7)(C) "Q" CLEARANCE. (b)(6),(b)(7)(C)

SA (b)(6),(b)(7)(C) HAS COORDINATED THIS INVESTIGATION WITH BRENTWOOD POLICE DEPARTMENT DUE TO THE FACT (b)(6),(b)(7)(C) WITHIN THEIR JURISDICTION. BPD INITIALLY PROVIDED (b)(6),(b)(7)(C) THE INFORMATION PERTAINING (b)(6),(b)(7)(C) ON-LINE ACTIVITIES.

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

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

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SA (b)(6),(b)(7)(C) ARE ASSISTING BPD IN THE EXECUTION OF A SEARCH WARRANT OF (b)(6),(b)(7)(C) AND WILL SUBSEQUENTLY PROVIDE COMPUTER FORENSIC ASSISTANCE WITH ANY ELECTRONIC MEDIA.

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

STAT ON OCTOBER 24, 2006, DOE OIG TCS ASSISTED THE BRENTWOOD POLICE DEPARTMENT, BRENTWOOD, CALIFORNIA, WITH THE EXECUTION OF A SEARCH WARRANT AT (b)(6),(b)(7)(C) OF A (b)(6),(b)(7)(C) LLNL EMPLOYEE. THE OIG INVESTIGATION DETERMINED THE EMPLOYEE POSSESSED IMAGES DEPICTING CHILD PORNOGRAPHY ON (b)(6),(b)(7)(C) GOVERNMENT COMPUTER. THE SUBJECT IS ALSO SUSPECTED OF DISTRIBUTING CHILD PORNOGRAPHY. (b)(6),(b)(7)(C)

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

FORENSIC ANALYSIS OF (b)(6),(b)(7)(C) COMPUTERS REVEALED APPROXIMATELY 160 PHOTOGRAPHS DEPICTING CHILDREN ENGAGED IN SEXUAL ACTIVITY. (b)(6),(b)(7)(C)

AUSA MICHELLE MORGAN KELLEY STATED THE AMOUNT OF PHOTOGRAPHS DID NOT REACH THE PROSECUTORIAL THRESHOLD AT THIS POINT, ADDITIONALLY THE SUBJECT IS NOT EMPLOYED IN A CAPACITY WHERE (b)(6),(b)(7)(C) EVERYDAY INTERACTION WITH CHILDREN.

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

(C) *STAT* ON DECEMBER 22, 2006, (b)(6),(b)(7)(C) FOR ALAMEDA COUNTY A COPY OF (b)(6),(b)(7)(C) FINALIZED REPORT DOCUMENTING APPROXIMATELY 150 IMAGES OF CHILD PORNOGRAPHY LOCATED ON A GOVERNMENT COMPUTER (b)(6),(b)(7)(C) WAS USING AT (b)(6),(b)(7)(C) FOR ALMOST TWO YEARS. THE ADA IS CONSIDERING PROSECUTION.

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

STAT ON JANUARY 23, 2007, THIS OFFICE WAS NOTIFIED (b)(6),(b)(7)(C) PROSECUTION OF THIS CASE DUE TO THE FACT THE ONE YEAR STATUE OF LIMITATIONS HAD RUN OUT. (b)(6),(b)(7)(C) REFORMATTED THE HARD DISK DRIVE AND DELETED ALL FILES ON THE DRIVE ON MARCH 5, 2005. (b)(6),(b)(7)(C) DID NOT RECIEVE THE DRIVE UNTIL OCTOBER 2006.

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

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

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

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

INVESTIGATIVE PLAN:

1. CLOSE CASE.

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Case Number: I07HQ008

Summary Date: 25-APR-07

Title:

IMPROPER DISCLOSURE OF POLYGRAPH INFO

Executive Brief:

PREDICATION:

IN A MEMO DATED 1-JAN-2007, TO THE U.S. DEPARTMENT OF ENERGY'S (DOE) INSPECTOR GENERAL, (b)(6),(b)(7)(C) COUNTERINTELLIGENCE DIRECTORATE, OFFICE OF INTELLIGENCE AND COUNTERINTELLIGENCE, DOE, FORWARDED A WRITTEN COMPLAINT

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

(b)(6),(b)(7)(C) DOE POLYGRAPH INFORMATION BY A MANAGEMENT AND OPERATING (M&O) CONTRACT POLYGRAPH EXAMINER. SPECIFICALLY, ON 7-DEC-2006, (b)(6),(b)(7)(C)

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

POLYGRAPH FILE AND

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

(b)(6),(b)(7)(C) AT BROOKHAVEN NATIONAL LABORATORY (BNL). AT THE TIME OF THE INTERVIEW, (b)(6),(b)(7)(C) AT THE DEPARTMENT'S ALBUQUERQUE, NEW MEXICO, POLYGRAPH TESTING CENTER (b)(6),(b)(7)(C)

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

INVESTIGATIVE ACTIVITY:

WHEN INTERVIEWED BY THE OIG, (b)(6),(b)(7)(C) PRIVATE INFORMATION IN ANTICIPATION OF (b)(6),(b)(7)(C) JOB INTERVIEW, INCLUDING, ALLEGEDLY PERFORMING A GOOGLE SEARCH ON (b)(6),(b)(7)(C) POLYGRAPH FILE, AND DISCUSSING POLYGRAPH INFORMATION (b)(6),(b)(7)(C) POLYGRAPH EXAMINER.

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

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

(b)(6),(b)(7)(C) AT BNL. (b)(6),(b)(7)(C) AT BNL AND (b)(6),(b)(7)(C) BY A PANEL CONSISTING OF THE FOLLOWING MEMBERS;

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

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

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

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

(b)(6),(b)(7)(C) FOLLOWING THE INTERVIEW, (b)(6),(b)(7)(C) THAT (b)(6),(b)(7)(C) HAD CONDUCTED A "GOOGLE" SEARCH (b)(6),(b)(7)(C) TO GET BACKGROUND INFORMATION (b)(6),(b)(7)(C) BEFORE THE INTERVIEW. (b)(6),(b)(7)(C) THAT THE GOOGLE SEARCH DID NOT BOTHER (b)(6),(b)(7)(C) BECAUSE THE INFORMATION IS OPEN TO THE PUBLIC. (b)(6),(b)(7)(C) ALSO (b)(6),(b)(7)(C) DOE POLYGRAPH RECORDS AND (b)(6),(b)(7)(C) THE POLYGRAPH EXAMINER (b)(6),(b)(7)(C) POLYGRAPH. (b)(6),(b)(7)(C)

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

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

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

(C)

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

(b)(6),(b)(7)(C) THAT (b)(6),(b)(7)(C) POLYGRAPH (b)(6),(b)(7)(C) INFORMATION BECAUSE THE POLYGRAPH FILES CONTAINED CONFIDENTIAL INFORMATION AND WERE

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

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

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

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

TO ONLY BE ACCESSED ON A NEED TO KNOW BASIS.

THAT WAS FORWARDED TO THE OIG

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

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

(C)
WHEN INTERVIEWED BY THE OIG,

BECAUSE OF THE
PRIOR

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

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

ATTENDED

THE DEPARTMENT OF DEFENSE (DOD) POLYGRAPH INSTITUTE.

GOOGLE SEARCH:

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

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

A "GOOGLE" SEARCH ON NAME TO SEE IF

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

(b)(6),(b)(7)(C)
COULD OBTAIN ANY BIOGRAPHICAL INFORMATION. AS

TRYING TO OBTAIN INFORMATION ON ANY PUBLISHED BOOKS, ARTICLES, ETC.)

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

"GOOGLE" SEARCH ON DID COME UP IN CONVERSATION WITH

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

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

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

REVIEW OF POLYGRAPH RESULTS:

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

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

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

POLYGRAPH RESULTS.

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

POLYGRAPH EXAMINATION FILE PRIOR TO ATTENDING THE
INTERVIEW AT BNL.

A POLYGRAPH EXAMINATION ON
A GENTLEMAN (NOT FURTHER IDENTIFIED) FROM CHICAGO AND
GENTLEMAN KNEW THE GENTLEMAN MADE A COMMENT

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

ABOUT APPEARANCE BEING "FUNNY". BASED ON THIS COMMENT,

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

(b)(6),(b)(7)
(C) THE POLYGRAPH EXAMINATION DATABASE, KNOWING THERE ARE PICTURES OF THE

(C) INDIVIDUALS WHO HAVE TAKEN A POLYGRAPH EXAMINATION, TO LOOK AT

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

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

(b)(6),(b)(7)
(C) DISCUSSIONS WITH POLYGRAPH EXAMINER:

(b)(6),(b)(7)
(C) THAT WHEN

THE

(C) EXAMINER FOR ACCORDING TO POLYGRAPH

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

EXAMINATIONS WHILE

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

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

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

THAT SINCE (b)(6),(b)(7)(C) AND (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

CHARTS. ACCORDING TO (b)(6),(b)(7)(C)

CHART TO SEE (b)(6),(b)(7)(C) QUALITY OF WORK. DID NOT REVIEW (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) CHART, BUT THAT (b)(6),(b)(7)(C) AT IT TO SEE THE QUALITY OF (b)(6),(b)(7)(C) (b)(7)(C)

(b)(6),(b)(7)(C) WORK. (b)(6),(b)(7)(C) IN CONTACT WITH (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

SINCE LEAVING THE (b)(6),(b)(7)(C) AND HAD LAST (b)(6),(b)(7)(C) SEVERAL MONTHS AGO. (C)

(b)(6),(b)(7)(C) THAT (b)(6),(b)(7)(C) NOT DISCUSS OR DISCLOSE ANY OF THE INFORMATION FROM

(C) (b)(6),(b)(7)(C) FILE, WITH ANYONE, TO INCLUDE (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

POTENTIAL PROGRAMMATIC VULNERABILITIES:

DURING (b)(6),(b)(7)(C) SEVERAL POTENTIAL PROGRAMMATIC VULNERABILITIES RELATING TO THE ACCESS AND RETENTION OF DOE'S POLYGRAPH INFORMATION. INCLUDING, 1) DOE WAS NOT FOLLOWING THE DOD POLICY HANDBOOK REGARDING RETENTION OF POLYGRAPH RECORDS; 2) THERE WAS NO CONTROLS IN PLACE FOR LIMITING ACCESS TO POLYGRAPH INFORMATION AND PROVIDING TRAINING ON WHO IS ALLOWED ACCESS TO POLYGRAPH INFORMATION; 3) IMPROPER USE OF POLYGRAPH INFORMATION; AND 4) POSSIBLE SECURITY VIOLATIONS REGARDING TRANSFERRING OF CLASSIFIED INFORMATION BETWEEN NON CLASSIFIED COMPUTERS.

DISPOSITION:

ON FEBRUARY 16, 2007, THE MATTER WAS COORDINATED WITH (b)(6),(b)(7)(C) SOUTHWEST INSPECTION REGION, HEADQUARTERS OPERATIONS AND REPORT, DOE, OIG. ON MARCH 2, 2007, A REFERRAL WAS SENT TO INSPECTIONS REGARDING POTENTIAL PROGRAMMATIC VULNERABILITIES AT THE ALBUQUERQUE POLYGRAPH TESTING CENTER IDENTIFIED (b)(6),(b)(7)(C)

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

CASE CLOSED AS ALL PRUDENT INVESTIGATIVE STEPS HAVE BEEN TAKEN AND FURTHER EXPENDITURE OF INVESTIGATIVE RESOURCES IS NOT WARRANTED.

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Case Number: I05TC008

Summary Date: 30-MAR-07

Title:

(b)(6),(b)(7)(C) CHILD PORNOGRAPHY; LANL

Executive Brief:

PREDICATION:

--
ON 3/24/05, (b)(6),(b)(7)(C) TELEPHONICALLY CONTACTED
(b)(6),(b)(7)(C) AND REPORTED THAT (b)(6),(b)(7)(C) A GOVERNMENT COMPUTER AT LANL TO
(C) ACCESS CHILD PORNOGRAPHY SITES ON 2/23/05.

--
ON THE SAME DATE, DOE OIG COORDINATED THIS ALLEGATION WITH THE ALBUQUERQUE FBI. THE
FBI HAS OPENED AN INVESTIGATION REGARDING THIS MATTER.

--
INVESTIGATIVE FINDINGS: (b)(6),(b)(7) (b)(6),(b)(7)
(C) (C)

(b)(6),(b)(7) (b)(6),(b)(7)(C)
(C) ON 4/13/05, DOE OIG SPOKE TELEPHONICALLY WITH (b)(6),(b)(7)(C)
LANL. (b)(6),(b)(7)(C) NETWORK LOGS OF (b)(6),(b)(7)(C) INTERNET ACTIVITY AT LANL HAVE
BEEN PRESERVED. (b)(6),(b)(7)(C) IF THE HARD DRIVE FROM THE LANL COMPUTER (b)(6),(b)(7)
(b)(6),(b)(7) HAS BEEN PRESERVED, AS WELL AS E-MAIL SENT AND RECEIVED (b)(6),(b)(7)
(C) USING LANL ACCOUNTS OR COMPUTERS. (b)(6),(b)(7) WILL E-MAIL DOE OIG WITH CONFIRMATION. (C)

(b)(6),(b)(7) (b)(6),(b)(7)(C)
(C) ON 4/14/05, DOE OIG SPOKE TELEPHONICALLY WITH (b)(6),(b)(7)(C) FBI. (b)(6),(b)(7)
(b)(6),(b)(7) IS THE (C)
(b)(6),(b)(7) FOR THIS JOINT FBI-DOE INVESTIGATION. (b)(6),(b)(7)(C)
(C) (b)(6),(b)(7)(C) FBI, BEGAN ANALYZING THE HARD
DRIVE (b)(6),(b)(7)(C) COMPUTER BASED ON CONSENT TO SEARCH GIVEN BY LANL. (b)(6),(b)(7)
FOUND POSSIBLE CHILD PORNOGRAPHY ON THE HARD DRIVE FROM THE LANL COMPUTER USED (b)(6),(b)(7)
(b)(6),(b)(7)(C) (b)(6),(b)(7) (b)(6),(b)(7)
(C) (C)

ON 4/14/05, (b)(6),(b)(7)(C) DOE OIG ASSISTANT UNITED STATES ATTORNEY DEAN TUCKMAN
SAID THE WARRANTLESS SEARCH OF THE HARD DRIVE (b)(6),(b)(7)(C) COMPUTER IS
ACCEPTABLE BECAUSE OF WHERE THE COMPUTER WAS AT LANL AND BECAUSE OF LANL'S BANNERING
POLICY. (b)(6),(b)(7) (b)(6),(b)(7)
(C) (C)

ON 4/14/05, DOE OIG SPOKE TELEPHONICALLY WITH (b)(6),(b)(7)(C)
INFORMATION ON HOW LANL IDENTIFIED POSSIBLE ACCESS OF CHILD PORNOGRAPHY (b)(6),(b)(7)
(b)(6),(b)(7) LANL USES A DEVICE CALLED 8E6. (b)(6),(b)(7) THIS DEVICE AS A
"REPORT COMPILER." 8E6 CATEGORIZES INTERNET SITES ACCESSED FROM LANL COMPUTERS.
8E6 CAN REPORT ALL LANL INTERNET PROTOCOL (IP) ADDRESSES THAT WERE USED TO ACCESS
WEBSITES WHOSE CONTENT FALLS INTO VARIOUS CATEGORIES. ONE OF THESE CATEGORIES IS
CHILD PORNOGRAPHY. (b)(6),(b)(7)
(C)

ON 4/14/05, DOE OIG PARTICIPATED IN A CONFERENCE CALL WITH (b)(6),(b)(7)
(b)(6),(b)(7)
THE PURPOSE OF THE CONFERENCE CALL WAS TO OBTAIN

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

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INFORMATION ON THE 8E6 ENTERPRISE REPORTER APPLIANCE. THE APPLIANCE IDENTIFIED
(b)(6)(b)(7) ACCESS OF CHILD PORNOGRAPHY [REDACTED] DOE OIG LEARNED THE FOLLOWING:
(C) LANL SENT 8E6 A PORTION OF AN ENTERPRISE REPORTER LOG TO ANALYZE. THIS LOG WAS FOR
LANL INTERNET PROTOCOL (IP) ADDRESS 128.165.58.226. ACCORDING TO THE LOG, THIS IP
ADDRESS ACCESSED A NUMBER OF INTERNET SITES. THE DATE FOR THE LOG WAS FEBRUARY 22,
2005. SHORTLY BEFORE THE INTERNET SITE CLASSIFIED AS CHILD PORNOGRAPHY WAS
ACCESSED, YAHOO.COM AND HOTMAIL AT MSN COM WERE ACCESSED. THE USER THEN PERFORMED A
(b)(6)(b)(7) AT YAHOO.COM. [REDACTED] THE USER PROBABLY LOGGED IN TO
(C) EITHER YAHOO MAIL OR MY YAHOO. A SHORT TIME LATER, THE USER ACCESSED A WEBSITE
(b)(6)(b)(7) CATEGORIZED AS CHILD PORNOGRAPHY BY 8E6. [REDACTED] THIS WEBSITE AS A
(C) "VOYEUR SITE," CONTAINING IMAGES OF PRE-TEENS AND TEENAGERS, AND OFFERING IMAGES OF
"TOPLESS TEENS." THE WEBSITE HAS A MEMBERS ONLY AREA. THE USER DID NOT LOG IN, BUT
APPEARED TO TRY TO ACCESS THE SITE SEVERAL TIMES. 8E6 RUNS SCANNERS BASED ON
KEYWORDS ASSOCIATED WITH CERTAIN CATEGORIES. ONCE AN INTERNET SITE HAS BEEN
PRELIMINARILY CATEGORIZED, A HUMAN VERIFIER LOOKS AT THE SITE TO CONFIRM THE
CATEGORIZATION IS ACCURATE.

ON 4/19/05, DOE OIG RECEIVED AN E-MAIL [REDACTED] (b)(6),(b)(7)(C)
(b)(6)(b)(7) [REDACTED] TWO IMAGES OF THE HARD DRIVE FROM THE LANL
(b)(6)(b)(7) COMPUTER [REDACTED] THE ORIGINAL HARD DRIVE AND BOTH IMAGES ARE IN LANL
(C) COMPUTER SECURITY'S FORENSIC SAFE.

ON 4/27/05, DOE OIG SPOKE WITH [REDACTED] (b)(6),(b)(7)(C) LANL. [REDACTED]
(b)(6),(b)(7) [REDACTED] THE HARD DRIVE IMAGE FROM THE LANL COMPUTER [REDACTED]
(b)(6),(b)(7) [REDACTED] LANL KEEPS NETWORK LOGS GOING BACK TO NOVEMBER 2002, AND
(C) LANL HAS NO PLANS TO GET RID OF THEM. THESE LOGS CONTAIN ANY REQUEST FOR AN
EXTERNAL WEBSITE BY AN INTERNAL LANL HOST. E-MAIL RECORDS ARE NOT KEPT BY LANL. E-
MAILS ARE ONLY STORED ON THE LOCAL DESKTOP MACHINES.

ON 5/5/05, DOE OIG SPOKE WITH [REDACTED] (b)(6),(b)(7)(C) NETWORK LOGS DOCUMENTING
INTERNET ACCESS FROM THE LANL COMPUTER [REDACTED] (b)(6),(b)(7)(C) FROM JANUARY 2005 THROUGH
(b)(6)(b)(7)(C) TERMINATION.

ON 5/19/05, [REDACTED] (b)(6),(b)(7)(C) DOE OIG [REDACTED] (b)(6),(b)(7)(C) SUMMARY LOGS SHOWING
EACH URL ACCESSED AND THE NUMBER OF TIMES EACH WAS ACCESSED.

DOE OIG CALLED [REDACTED] (b)(6),(b)(7)(C) COMPLETE NETWORK LOGS, WITH TIMES
(b)(6)(b)(7) DATES. [REDACTED] THESE, AND REQUESTED [REDACTED] PUT A REQUEST
(C) THROUGH AGAIN.

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

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

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DOE OIG CALLED (b)(6),(b)(7)(C) IN THE REQUEST. (b)(6),(b)(7)(C)
THE SUMMARY LOGS TO DOE OIG.

LOGS WERE RECEIVED FOR JANUARY AND FEBRUARY, 2005.

ON 7/7/05, LANL PROVIDED DOE OIG THE ORIGINAL HARD DRIVE (b)(6),(b)(7)(C)
LANL COMPUTER. DOE OIG DELIVERED THE HARD DRIVE TO THE FBI SANTA FE RESIDENT
AGENCY.

ON 9/13/05, DOE OIG PERFORMED CHOICEPOINT RESEARCH (b)(6),(b)(7)(C) A CRIMINAL
(b)(6),(b)(7)(C) RECORDERS DETAIL WAS FOUND FOR A (b)(6),(b)(7)(C) SHOWING A CONVICTION IN
(C) LOS ALAMOS FOR CRIMINAL SEXUAL CONTACT OF A MINOR, 3RD DEGREE, AND CRIMINAL SEXUAL
PENETRATION OF A CHILD LESS THAN 13, 1ST DEGREE.

ON 1/18/06, DOE OIG PERFORMED AN ANALYSIS OF NETWORK LOGS (b)(6),(b)(7)(C)
LANL IP ADDRESS BEFORE (b)(6),(b)(7)(C) TERMINATED. THE LOGS FOUND REQUESTS FOR FILES WITH
NOTABLE NAMES INDICATING POSSIBLE CHILD PORNOGRAPHY ACCESS.

(b)(6),(b)(7)(C)
(C) ON 1/19/06, DOE OIG PERFORMED RESEARCH TO LOCATE (b)(6),(b)(7)(C) TWO POSSIBLE ADDRESSES
WERE IDENTIFIED FOR (b)(6),(b)(7)(C) IN NEW MEXICO.

(b)(6),(b)(7)(C)
(C) ON 1/24/06, DOE OIG SPOKE WITH (b)(6),(b)(7)(C) LANL. (b)(6),(b)(7)(C)
RESEARCH WHAT CERTIFICATIONS THE SUBJECT SIGNED RELATED TO MONITORING OF (b)(6),(b)(7)(C)
ASSIGNED LANL COMPUTER. (C)

ON JUNE 13, 2006, SA (b)(6),(b)(7)(C) THE CONTENTS OF A COMPACT DISC PROVIDED BY THE
FBI ALBUQUERQUE CART TEAM RELATING TO THIS CASE. THE COMPACT DISC CONTAINED GRAPHIC
IMAGES TAKEN FROM THE HARD DISK DRIVE BELONGING TO THE SUBJECT. THE COMPACT DISC
WAS REVIEWED WITH THE PURPOSE OF ATTEMPTING TO IDENTIFY AND CHILD PORNOGRAPHY IMAGES
FOUND ON THE HARD DRIVE.

AFTER REVIEWING THE GRAPHIC IMAGES ON THE COMPACT DISC, SA (b)(6),(b)(7)(C) WAS UNABLE TO (b)(6),(b)(7)(C)
IDENTIFY ANY THAT WERE BELIEVED TO BE CHILD PORNOGRAPHY. (C)

ON OCTOBER 13, 2006, SA (b)(6),(b)(7)(C) TO TELEPHONICALLY CONTACT AUSA DEAN TUCKMAN
REGARDING THE CASE. AUSA TUCKMAN DID NOT ANSWER THE PHONE, AND SA (b)(6),(b)(7)(C) LEFT A
MESSAGE REQUESTING THAT AUSA TUCKMAN CONTACT (b)(6),(b)(7)(C) REGARDING THE PROSECUTION STATUS OF
THE CASE. AUSA TUCKMAN HAS NOT RETURNED PREVIOUS CALLS BY SA (b)(6),(b)(7)(C) REGARDING THE
CASE. (b)(6),(b)(7)(C)

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

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

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

ON FEBRUARY 21, 2007, SA (b)(6),(b)(7)(C) TELEPHONICALLY WITH FBI (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) REGARDING THE CHILD PORNOGRAPHY CASES. (b)(6),(b)(7)(C) THAT THE CASES SHOULD BE CLOSED BECASUE OF A LACK OF PROSECUTORIAL INTEREST. (b)(6),(b)(7)(C) STATED THAT AS PART OF (b)(6),(b)(7)(C) CASE CLOSING (b)(6),(b)(7)(C) WOULD NEED TO SPEAK WITH AUSA DEAN TUCKMAN AND GET AN OFFICIAL DECLINATION. (b)(6),(b)(7)(C)

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

(b)(6),(b)(7)(C) ON MARCH 23, 2007, SA (b)(6),(b)(7)(C) A VOICE MESSAGE FOR AUSA TUCKMAN REGARDING THE CASE.

--

PLANNED ACTIVITIES:

--

-CLOSE CASE FILE.

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Case Number: I05TC009

Summary Date: 30-MAR-07

Title:

(b)(6),(b)(7)
(C) CHILD PORNOGRAPHY; LANL

Executive Brief:

PREDICATION:

--
ON 3/24/05, (b)(6),(b)(7)(C) TELEPHONICALLY CONTACTED
(b)(6),(b)(7) AND (b)(6),(b)(7)(C) A CONTRACT EMPLOYEE AT LANL, USED A
(C) GOVERNMENT COMPUTER AT LANL TO ACCESS CHILD PORNOGRAPHY SITES ON 3/23/05.

--
ON THE SAME DATE, DOE OIG COORDINATED THIS ALLEGATION WITH THE ALBUQUERQUE FBI. THE
FBI HAS OPENED AN INVESTIGATION REGARDING THIS MATTER.

--
INVESTIGATIVE FINDINGS: (b)(6),(b)(7)
(b)(6),(b)(7) (b)(6),(b)(7)(C) (C)

(b)(6),(b)(7)
(C) ON 4/13/05, DOE OIG SPOKE TELEPHONICALLY WITH (b)(6),(b)(7)(C)
LANL. (b)(6),(b)(7)(C) NETWORK LOGS OF (b)(6),(b)(7)(C) INTERNET ACTIVITY AT LANL HAVE
BEEN PRESERVED. (b)(6),(b)(7)(C) CHECK IF THE HARD DRIVE FROM THE LANL COMPUTER USED
BY (b)(6),(b)(7)(C) HAS BEEN PRESERVED, AS WELL AS E-MAIL SENT AND RECEIVED (b)(6),(b)(7)
(C) USING LANL ACCOUNTS OR COMPUTERS. (b)(6),(b)(7)(C) E-MAIL DOE OIG WITH
CONFIRMATION. (b)(6),(b)(7)(C) ASSOCIATION WITH THE LABORATORY HAS BEEN TERMINATED.

(b)(6),(b)(7)(C)
(b)(6),(b)(7)(C)
(C) ON 4/14/05, DOE OIG SPOKE TELEPHONICALLY WITH (b)(6),(b)(7)(C) FBI. (b)(6),(b)(7)
(b)(6),(b)(7) (C) FOR THIS JOINT FBI-DOE INVESTIGATION. SA (b)(6),(b)(7)
(C) THAT (b)(6),(b)(7)(C) FBI, BEGAN ANALYZING
THE HARD DRIVES FROM (b)(6),(b)(7)(C) COMPUTER BASED ON CONSENT TO SEARCH GIVEN BY
LANL. (b)(6),(b)(7)(C) POSSIBLE CHILD PORNOGRAPHY ON THE HARD DRIVES FROM THE LANL
COMPUTER (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)
(7)(C) (C)

ON 4/14/05, SA (b)(6),(b)(7)(B) DOE OIG THAT ASSISTANT UNITED STATES ATTORNEY DEAN
TUCKMAN SAID THE WARRANTLESS SEARCH OF THE HARD DRIVE (b)(6),(b)(7)(C) COMPUTER IS
ACCEPTABLE BECAUSE OF WHERE THE COMPUTER WAS AT LANL AND BECAUSE OF LANL'S BANNERING
POLICY. (b)(6),(b)(7)
(C)

ON 4/14/05, DOE OIG SPOKE TELEPHONICALLY (b)(6),(b)(7)(C)
INFORMATION ON HOW LANL IDENTIFIED POSSIBLE ACCESS OF CHILD PORNOGRAPHY BY (b)(6),(b)(7)
(b)(6),(b)(7) LANL USES A DEVICE CALLED 8E6. (b)(6),(b)(7)(C) THIS DEVICE AS A
(C) "REPORT COMPILER," WHICH CATEGORIZES INTERNET SITES ACCESSED FROM LANL COMPUTERS.
ONE OF THE CATEGORIES IS CHILD PORNOGRAPHY. (b)(6),(b)(7)
(b)(6),(b)(7) TO THE IP ADDRESSES OF TWO EMPLOYEES POSSIBLY INVOLVED IN ACCESSING CHILD
PORNOGRAPHY. WHEN (b)(6),(b)(7)(C) THESE TWO EMPLOYEES IP ADDRESSES
(C) "STUCK OUT LIKE A SORE THUMB" IN 8E6. THE URLS ACCESSED BY THESE EMPLOYEES WERE
SENT TO A VENDOR USED BY 8E6 FOR ANALYSIS. THE VENDOR CONFIRMED THE WEBSITES
CONTAINED CHILD PORNOGRAPHY.

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

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

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ON 4/15/05, DOE OIG PARTICIPATED IN A CONFERENCE CALL WITH 8E6 STAFF. THE PURPOSE OF THE CONFERENCE CALL WAS TO OBTAIN INFORMATION ON THE 8E6 ENTERPRISE REPORTER APPLIANCE. 8E6 STAFF SAID LANL SENT THEM A PORTION OF AN ENTERPRISE REPORTER LOG TO ANALYZE. THIS LOG WAS FOR LANL INTERNET PROTOCOL (IP) ADDRESS [REDACTED] ON 2/22/05, SHORTLY BEFORE REPORTED CHILD PORNOGRAPHY WAS ACCESSED FROM LANL, YAHOO.COM AND HOTMAIL WERE ACCESSED BY THE USER AT THAT IP ADDRESS. THE USER THEN PERFORMED A LOG-IN AT YAHOO.COM. A SHORT TIME LATER, THE USER ACCESSED A WEBSITE CATEGORIZED BY 8E6 AS CHILD PORNOGRAPHY. TO CATEGORIZE SITES, 8E6 RUNS SCANNERS BASED ON KEYWORDS ASSOCIATED WITH CERTAIN CATEGORIES. ONCE AN INTERNET SITE HAS BEEN PRELIMINARILY CATEGORIZED, A HUMAN VERIFIER LOOKS AT THE SITE TO CONFIRM THE CATEGORIZATION IS ACCURATE.

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

ON 4/27/05, DOE OIG SPOKE WITH [REDACTED] LANL. [REDACTED] (b)(6),(b)(7)(C) [REDACTED] CHECK TO MAKE SURE THE HARD DRIVES FROM THE LANL COMPUTER [REDACTED] (b)(6),(b)(7)(C) [REDACTED] HAVE BEEN PRESERVED. [REDACTED] (b)(6),(b)(7)(C) [REDACTED] LANL KEEPS NETWORK LOGS [REDACTED] (b)(6),(b)(7)(C) [REDACTED] GOING BACK TO NOVEMBER 2002, AND HAS NO PLANS TO GET RID OF THEM. LANL E-MAIL MESSAGES ARE NOT CENTRALLY STORED AFTER THEY ARE ACCESSED BY USERS. E-MAILS ARE ONLY STORED ON THE LOCAL DESKTOP MACHINES.

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

ON 5/5/05, DOE OIG SPOKE [REDACTED] (b)(6),(b)(7)(C) [REDACTED] TO REQUEST NETWORK LOGS DOCUMENTING [REDACTED] (b)(6),(b)(7)(C) [REDACTED] INTERNET ACCESS FROM THE LANL COMPUTER [REDACTED] (b)(6),(b)(7)(C) [REDACTED]

ON 5/16/05, DOE OIG REVIEWED A REPORT [REDACTED] (b)(6),(b)(7)(C) [REDACTED]. [REDACTED] (b)(6),(b)(7)(C) [REDACTED] THE REPORT DESCRIBES FILES FOUND ON A LANL [REDACTED] (b)(6),(b)(7)(C) [REDACTED] COMPUTER [REDACTED] (b)(6),(b)(7)(C) [REDACTED] INCLUDING CHILD PORNOGRAPHY AND CHILD EROTICA [REDACTED] (b)(6),(b)(7)(C) [REDACTED] IMAGES. THESE IMAGES INCLUDE SEVEN PHOTOGRAPHS OF THE SAME FEMALE CHILD. BY [REDACTED] (b)(6),(b)(7)(C) [REDACTED] ANALYZING BACKGROUND OBJECTS DEPICTED IN THESE SEVEN IMAGES, DOE OIG DETERMINED [REDACTED] (b)(6),(b)(7)(C) [REDACTED] MAY HAVE INFORMATION REGARDING THE PRODUCTION [REDACTED] (b)(6),(b)(7)(C) [REDACTED] OF THESE IMAGES.

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

ON 5/19/05, [REDACTED] (b)(6),(b)(7)(C) [REDACTED] DOE OIG [REDACTED] (b)(6),(b)(7)(C) [REDACTED] SUMMARY LOGS SHOWING EACH URL ACCESSED AND THE NUMBER OF TIMES EACH WAS ACCESSED.

DOE OIG CALLED [REDACTED] (b)(6),(b)(7)(C) [REDACTED] THEY NEEDED COMPLETE NETWORK LOGS, WITH TIMES [REDACTED] (b)(6),(b)(7)(C) [REDACTED] AND DATES. [REDACTED] (b)(6),(b)(7)(C) [REDACTED] PREPARE THESE, AND REQUESTED [REDACTED] (b)(6),(b)(7)(C) [REDACTED] PUT A REQUEST [REDACTED] (b)(6),(b)(7)(C) [REDACTED] THROUGH AGAIN.

DOE OIG CALLED [REDACTED] (b)(6),(b)(7)(C) [REDACTED] PUT IN THE REQUEST. [REDACTED] (b)(6),(b)(7)(C) [REDACTED] THE SUMMARY LOGS TO DOE OIG.

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

ON 5/19/05, DOE OIG COORDINATED THE INFORMATION IDENTIFIED ON [REDACTED] WITH [REDACTED] (b)(6),(b)(7)
(b)(6),(b)(7) [REDACTED] DOE OIG THE FBI CASE DATABASE INDICATES [REDACTED] THE (C)
(C) SUBJECT OF AN FBI CHILD PORNOGRAPHY INVESTIGATION IN 2003. A [REDACTED] WAS [REDACTED] (b)(6),(b)(7) (C)
(b)(6),(b)(7) [REDACTED] INTERSTATE TRAVEL TO POSE FOR PHOTOGRAPHS TAKEN [REDACTED] (b)(6),(b)(7)
(b)(6),(b)(7) [REDACTED]. THE FBI CASE AGENT ON THIS INVESTIGATION WAS [REDACTED] FBI, SEXUAL (C)
(C) ASSAULT FELONY ENFORCEMENT TEAM (SAFE), LOS ANGELES, CA. (b)(6),(b)(7) (b)(6),(b)(7)
(b)(6),(b)(7) (b)(6),(b)(7) (C) (C)
(C) ON 5/25/05, DOE OIG COORDINATED THE INFORMATION [REDACTED] IDENTIFIED ON [REDACTED] WITH [REDACTED] (b)(6),(b)(7)
(b)(6),(b)(7) [REDACTED] DOE OIG THE FBI OPENED THEIR PREVIOUS INVESTIGATION OF [REDACTED] (C)
(b)(6),(b)(7) [REDACTED] AFTER RECEIVING A REPORT FROM THE NATIONAL CENTER FOR MISSING AND EXPLOITED (b)(6),(b)(7)
(b)(6),(b)(7) CHILDREN (NCMEC). [REDACTED] AND THE FBI WAS (C)
(C) ABOUT TO MAKE AN UNDERCOVER PURCHASE OF PHOTO COMPACT DISKS (CDS) [REDACTED] (b)(6),(b)(7)
(b)(6),(b)(7) [REDACTED] ALMOST HAD ENOUGH FOR A SEARCH WARRANT, WHEN [REDACTED] LEARNED THE UNITED (C)
(C) STATES POSTAL INSPECTION SERVICE (USPIS), WHICH HAD ALSO BEEN CONTACTED BY NCMEC, (b)(6),(b)(7)
(b)(6),(b)(7) [REDACTED] HAD GONE OUT AND [REDACTED] THE FBI DEFERRED TO USPIS TO (C)
(C) HANDLE THE INVESTIGATION AT THAT POINT. (b)(6),(b)(7)(C) [REDACTED] HAD A "STRANGE"
ARREST IN RIVERSIDE COUNTY, CALIFORNIA, IN 2000, IN WHICH [REDACTED] WAS CAUGHT IN (b)(6),(b)(7)(C)
A VAN WITH A GIRL AND A CAMERA. [REDACTED]
(b)(6),(b)(7)(C) [REDACTED] A CHILD WELFARE AGENCY IN ORANGE COUNTY, CALIFORNIA IN 1996, THEN (b)(6),(b)(7)(C)
DROPPED OUT OF VOLUNTEERING IN 2003.
(b)(6),(b)(7)
(C) ON 5/31/05, DOE OIG CONTACTED (b)(6),(b)(7)(C) USPIS. (b)(6),(b)(7)(C)
[REDACTED] IN 2003 BASED ON THE NCMEC REPORT. [REDACTED] (b)(6),(b)(7)
(b)(6),(b)(7)(C) [REDACTED] SEVERAL IMAGES DISTRIBUTED [REDACTED] THAT WOULD BE CHARGEABLE AS (C)
CHILD PORNOGRAPHY IN CERTAIN JUDICIAL DISTRICTS BASED ON THE FACTORS OUTLINED IN (b)(6),(b)(7)
(b)(6),(b)(7) DOST. [REDACTED] WHO HAD POSED FOR (C)
(C) PHOTOGRAPHS [REDACTED]. THE USPIS INVESTIGATION STALLED AFTER ATTEMPTING TO
INTERVIEW [REDACTED] REFUSED TO TALK. THE USPIS DID NOT MAKE AN
UNDERCOVER PURCHASE [REDACTED] (b)(6),(b)(7) (b)(6),(b)(7)
(b)(6),(b)(7) (C) (C)
(C) ON 6/1/05, DOE OIG IDENTIFIED NEWSGROUP POSTINGS MADE BY A [REDACTED] (b)(6),(b)(7)(C)
(b)(6),(b)(7) [REDACTED] E-MAIL ADDRESS (THESE POSTS WILL BE ATTRIBUTED TO [REDACTED] IN THIS (b)(6),(b)(7)
(C) PARAGRAPH FOR BREVITY). THESE POSTS DESCRIBE [REDACTED] INTEREST OR (C)
PARTICIPATION IN THE FOLLOWING: 1) TRAVELING TO COUNTRIES THAT HAVE "GIRLS OF ALL (b)(6),
AGES" AVAILABLE FOR PROSTITUTION; 2) PRODUCING PHOTOGRAPHS OF SUCH GIRLS, AND (b)(7)(C)
OBTAINING PHOTOGRAPHS OF THESE GIRLS FROM OTHERS; 3) SOLICITATION OF PROSTITUTES
WHILE ENGAGED IN INTERSTATE AND INTERNATIONAL TRAVEL; 4) PRODUCTION AND DISTRIBUTION
OF PHOTOGRAPHIC IMAGES OF [REDACTED] HAVING SEX WITH PROSTITUTES; 5) POSTING OF IMAGES
AND MESSAGES TO VARIOUS NEWSGROUPS CONCERNED WITH CHILD PORNOGRAPHY AND PEDOPHILIA;

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

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

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

6) PRODUCTION AND DISTRIBUTION OF PHOTOS OF [REDACTED] HAVING SEXUAL INTERCOURSE IN PUBLIC, AS WELL AS [REDACTED] INTEREST IN TRADING SUCH IMAGES WITH OTHERS.

ON 7/5/05, DOE OIG COMPLETED AN ANALYSIS OF NETWORK LOGS DOCUMENTING INTERNET ACTIVITY FROM [REDACTED] ASSIGNED LANL IP ADDRESS. THESE LOGS SHOW MULTIPLE CHILD PORNOGRAPHY-RELATED IMAGE SEARCHES RUN FROM THIS IP ADDRESS, MULTIPLE CHILD PORNOGRAPHY-RELATED URLS ACCESSED FROM THIS IP ADDRESS, AND MULTIPLE USERNAMES THAT APPEAR TO BE VARIATIONS OF THE NAME [REDACTED]. THE LOGS ALSO SHOW ACCESS TO TWO WEBSITES THAT APPEAR TO BE [REDACTED] INCLUDING ONE ACCESS THAT APPEARS TO HAVE BEEN MADE FROM AN E-MAIL LINK.

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

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

ON 7/6/05, DOE OIG AND AN FBI AGENT VISITED THE RESIDENCE OF [REDACTED] RESIDENCE, ELECTRONIC MEDIA, AND PERSONAL POSSESSIONS LOCATED AT LANL. ADDITIONALLY, [REDACTED] TO THE VIEWING, DOWNLOADING, AND POSSIBLE UPLOADING OF CHILD PORNOGRAPHY.

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

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

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

ON 8/19/05, DOE OIG BEGAN ACQUIRING MEDIA RECEIVED FROM LANL.

ON 9/26/05, DOE OIG BEGAN ACQUIRING MEDIA RECEIVED FROM CONSENSUAL SEARCHES OF THE SUBJECT'S PROPERTY.

ON 1/9/06, DOE OIG COMPLETED AN INITIAL ANALYSIS OF MEDIA ASSIGNED TO, OWNED BY, OR ACCESSED BY [REDACTED] APPROXIMATELY 250 FILES CONTAINING SUSPECTED CHILD PORNOGRAPHY WERE IDENTIFIED.

ON 1/10/06, DOE OIG PROVIDED [REDACTED] UNITED STATES POSTAL INSPECTION SERVICE (USPIS) A COMPACT DISC (CD) CONTAINING PICTURE AND VIDEO FILES DEPICTING SEXUALLY-ORIENTED MATERIAL POSSIBLY INVOLVING MINORS. THESE PICTURE AND VIDEO FILES WERE IDENTIFIED ON ELECTRONIC MEDIA ASSIGNED TO, OWNED BY, OR ACCESSED BY [REDACTED] THE PURPOSE OF PROVIDING THE CD TO [REDACTED] IS FOR ANALYSIS OF THE PICTURE AND VIDEO FILES ON THE CD FOR KNOWN VICTIMS OF CHILD PORNOGRAPHY BY THE NATIONAL CENTER FOR MISSING AND EXPLOITED CHILDREN (NCMEC), CHILD VICTIM IDENTIFICATION PROJECT (CVIP). [REDACTED] IS THE USPIS [REDACTED] FOR NCMEC, CVIP.

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

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

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

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

ON 2/6/06, DOE OIG RECEIVED THE ANALYSIS REPORT FROM NCMEC CVIP. THE REPORT IDENTIFIED TWO INVESTIGATIONS CONNECTED TO ONLINE GROUPS AND WEBSITES CONTACTED BY THE SUBJECT, AND ONE IDENTIFIED CHILD DEPICTED IN IMAGES ON MEDIA CONTROLLED BY THE SUBJECT.

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(b)(6),(b)(7)
(C) ON APRIL 18, 2006, SA [REDACTED] COMPLETED A DRAFT REPORT OF INVESTIGATION RELATING TO THIS INVESTIGATION. AFTER REVIEW AND REVISIONS, SA [REDACTED] WILL SUBMIT THE REPORT OF INVESTIGATION TO THE AUSA FOR PROSECUTION.

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

(b)(6),(b)(7)
(C) ON MAY 18, 2006, SA [REDACTED] PROVIDED A DRAFT COPY OF A REPORT OF INVESTIGATION TO AUSA DEAN TUCKMAN FOR HIS REVIEW.

ON JUNE 13, 2006, SA (b)(6),(b)(7)(C) [REDACTED] AUSA DEAN TUCKMAN REGARDING POSSIBLE PROSECUTION OF THIS CASE. AUSA TUCKMAN STATED THAT THE PREVIOUS CASE AGENT HADN'T PROVIDED ANY MEMORANDUMS OF INVESTIGATIVE ACTIVITY OR INFORMATION RELATING TO THE INVESTIGATION. AUSA TUCKMAN REQUESTED THE REPORTS SO THAT HE COULD MAKE A BETTER AND MORE INFORMED DECISION ON THE CASE.

ON JUNE 13, 2006, SA (b)(6),(b)(7)(C) [REDACTED] PROVIDED AUSA TUCKMAN WITH THE REPORTS THAT HE REQUESTED AND SENT THEM VIA FEDEX TO HIS OFFICE.

ON JUNE 28, 2006, SA (b)(6),(b)(7)(C) [REDACTED] ATTEMPTED TO CONTACT AUSA TUCKMAN TELEPHONICALLY. AUSA TUCKMAN WAS NOT AVAILABLE AT THE TIME AND A MESSAGE WAS LEFT.

ON AUGUST 7, 2006, SA (b)(6),(b)(7)(C) [REDACTED] LEFT A MESSAGE FOR AUSA TUCKMAN REGARDING THE CASE. AUSA TUCKMAN WILL BE OUT OF THE OFFICE UNTIL AUGUST 14, 2006.

ON OCTOBER 13, 2006, SA (b)(6),(b)(7)(C) [REDACTED] ATTEMPTED TO TELEPHONICALLY CONTACT AUSA DEAN TUCKMAN REGARDING THE CASE. AUSA TUCKMAN DID NOT ANSWER THE PHONE, AND SA [REDACTED] LEFT A MESSAGE REQUESTING THAT AUSA TUCKMAN CONTACT [REDACTED] REGARDING THE PROSECUTION STATUS OF THE CASE. AUSA TUCKMAN HAS NOT RETURNED PREVIOUS CALLS BY SA (b)(6),(b)(7)(C) [REDACTED] REGARDING THE CASE.

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

(b)(6),(b)(7)
(C) ON FEBRUARY 21, 2007, SA [REDACTED] SPOKE TELEPHONICALLY WITH FBI (b)(6),(b)(7)(C) [REDACTED] REGARDING THE CHILD PORNOGRAPHY CASES. (b)(6),(b)(7)(C) [REDACTED] THAT THE CASES SHOULD BE CLOSED BECASUE OF A LACK OF PROSECUTORIAL INTEREST. [REDACTED] STATED THAT AS PART OF [REDACTED] CASE CLOSING [REDACTED] WOULD NEED TO SPEAK WITH AUSA DEAN TUCKMAN AND GET AN OFFICIAL DECLINATION.

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

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

PLANNED ACTIVITIES:

- CONTACT AUSA AND CLOSE CASE

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Case Number: I05LV004

Summary Date: 18-APR-07

Title:

(b)(6),(b)(7)(C) /IMPROPER DISPOSAL OF WASTE/NTS

Executive Brief:

PREDICATION:

- ON 08/08/2005, THE HOTLINE RECEIVED A TELEPHONE CALL, FOLLOWED BY TWO E-MAILS (b)(6),(b)(7)(C) (PROTECT IDENTITY) (b)(6),(b)(7)(C),(b)(7)(D) BECHTEL (C),(b)(7)(C) AT THE NEVADA TEST SITE (b)(6),(b)(7)(C),(b)(7)(D)

INVESTIGATIVE ACTIVITY: (b)(6),(b)(7)(C)

- ON 10/03/05 THIS CASE WAS REASSIGNED TO SA (b)(6),(b)(7)(C)
THE COMPLAINANT (b)(6),(b)(7)(C) WAS INTERVIEWED BY THE OIG ON 12/09//2005.
- THE OIG MET WITH (b)(6),(b)(7)(C) AT THE NEVADA TEST SITE ON 02/01/2006.
(b)(6),(b)(7)(C) THE OIG MET WITH (b)(6),(b)(7)(C) THE WASTE MANAGEMENT PROJECT, NNSA, ON 02/21/2006 TO GATHER ADDITIONAL INFORMATION ON ANY ADMINISTERED TESTS COMPLETED ON THE WASTE THAT WAS ALLEGEDLY IMPROPERLY DISPOSED OF AT THE NTS LANDFILL.
- THE OIG OBTAINED THE TEST RESULTS OF THE WASTE (VISTANEX) FROM (b)(6),(b)(7)(C) ENVIRONMENTAL MANAGEMENT, NNSA ON 03/07/2006. THIS TEST DETERMINED THE SUITABILITY OF THE WASTE FOR BURIAL AT THE AREA 9-10C LANDFILL. ACCORDING TO THE TEST, THE VISTANEX MET THE STANDARDS REQUIRED FOR BURIAL AT THE AREA 9-10C LANDFILL. THE OIG DETERMINED THE VISTANEX WAS APPROPRIATELY BURIED AT THE AREA 9-10C LANDFILL
- THE OIG INTERVIEWED (b)(6),(b)(7)(C) THE TEST PROCEDURES AND RESULTS OF THE TEST TO THE OIG. (b)(6),(b)(7)(C)
(b)(6),(b)(7)(C) THE OIG CONTACTED (b)(6),(b)(7)(C) NEVADA DIVISION OF ENVIRONMENTAL (b)(6),(b)(7)(C)
(C) PROTECTION (NDEP) ON 07/25/2006. (b)(6),(b)(7)(C) THAT THE NDEP DID NOT HAVE ANY ALLEGATIONS OF IMPROPER DIPOSAL OF VISTANEX ON FILE.
(b)(6),(b)(7)(C) THE OIG INTERVIEWED (b)(6),(b)(7)(C) PROGRAM MANAGER, DOE ON 12/08/2006. (b)(6),(b)(7)(C)
(b)(6),(b)(7)(C) THAT THE DOE AND THE NDEP HAVE A MUTUAL CONSENT AGREEMENT FOR LANDFILL WASTE AND DISPOSAL. THE AREA 9-10C LANDFILL OPERATES UNDER FEDERAL AND STATE LAWS AND REGULATIONS, WHICH INCLUDE TITLE 40 OF THE CODE OF FEDERAL REGULATIONS AND NEVADA ADMINISTRATIVE CODE. THE DUMPING OF THE VISTANEX WAS IN COMPLIANCE WITH FEDERAL AND STATE REGULATIONS.

INVESTIGATIVE FINDINGS:

(b)(6),(b)(7)(C) DOE, DETERMINED THAT THE DISPOSAL OF THE VISTANEX WAS IN (b)(6),(b)(7)(C)
(C) COMPLIANCE WITH FEDERAL AND STATE LAWS AND REGULATIONS.

PLANNED ACTIVITY:

- CLOSE CASE.

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Case Number: I05TC014

Summary Date: 06-MAR-07

Title:

(b)(6),(b)(7)(C) BPA; THEFT OF SENSITIVE POWER GRID DATA

Executive Brief:

PREDICATION:

(b)(6),(b)(7)(C) ON 8-JUN-05, [REDACTED] CONTACTED THE OIG TO REPORT ON
(C) 3-JUN-05 BPA (b)(6),(b)(7)(C) TAKE A HARD DRIVE FROM BPA HQS
(b)(6),(b)(7)(C) THAT IT CONTAINED SENSITIVE POWER GRID DATA [REDACTED] DOWNLOADED.

(C) INVESTIGATIVE BACKGROUND (b)(6),(b)(7)(C) (b)(6),(b)(7)
(b)(6),(b)(7) (C)
(C) ON 6-JUN-05, SA [REDACTED] PARTICIPATED ON A CONFERENCE CALL WITH BPA PERSONNEL

[REDACTED] DURING THE CONFERENCE CALL,
(b)(6),(b)(7)(C) THAT ON 3-JUN-05 [REDACTED] ATTEMPT TO LEAVE THE BPA
(C) HEADQUARTERS BUILDING IN PORTLAND, OREGON WITH A COMPUTER HARD DRIVE. [REDACTED]

(b)(6),(b)(7)(C) THAT THE HARD DRIVE WOULD NEED TO BE
(b)(6),(b)(7)(C) [REDACTED] BEFORE [REDACTED] COULD LEAVE THE BUILDING. [REDACTED] AND PROPESED THAT [REDACTED]
(C) SHOULDN'T HAVE TO TURN OVER THE HARD DRIVE BECAUSE IT WAS [REDACTED]
(b)(6),(b)(7)(C) EVENTUALLY [REDACTED] SUBMITTED TO THE REQUEST. AN INITIAL CURSORY OF THE HARD DRIVE
SUPPORTS THERE IS SENSITIVE INFORMATION ABOUT THE POWER GRID ON THE HARD DRIVE THAT
IS PROPERTY OF BPA. THE HARD DRIVE IS CURRENTLY BEING IMAGED WITH ENCASE SOFTWARE.

(b)(6),(b)(7) (b)(6),(b)(7)(C)
(C) ON 6-JUN-05 THIS INVESTIGATION WAS COORDINATED WITH FBI [REDACTED]
(b)(6),(b)(7) [REDACTED] WAS INTERESTED IN WORKING A JOINT INVESTIGATION.

(C) ON 8-JUN-05, THIS INVESTIGATION WAS COORDINATED WITH FPS (b)(6),(b)(7)(C)
(b)(6),(b)(7) [REDACTED] WAS INTERESTED IN WORKING A JOINT INVESTIGATION.
(C) --

ON 14-JUN-05, THE TECHNOLOGY CRIMES SECTION (TCS), IN CO-ORDINATION WITH NWI OPENED
THIS AS A TCS CASE

(b)(6),(b)(7) (b)(6),(b)(7)(C)
(C) ON 15-JUN-05, [REDACTED] THAT [REDACTED] HAD DISCUSSED THE CASE WITH AUSA CALDWELL
AND THAT HE WAS DRAFTING A SEARCH WARRANT TO SEARCH THE EXTERNAL HARD DISK DRIVE.

(b)(6),(b)(7) (b)(6),(b)(7)(C)
(C) ON 16-JUN-05, FBI [REDACTED] CALLED SA [REDACTED] AND LEFT A MESSAGE THAT FBI WOULD
NOT BE PARTICIPATING IN THE CASE.

INVESTIGATIVE FINDINGS: (b)(6),(b)(7)
(C)

(b)(6),(b)(7)
(C) ON 20-JUNE-05 SA [REDACTED] AND SA [REDACTED] TRAVELED TO PORTLAND, OR AND INTERVIEWED ELEVEN
BPA PERSONNEL. INFORMATION GATHERED DURING THESE INTERVIEWS INDICATED THAT IN 1999
[REDACTED] WAS INITIALLY CONTRACTED [REDACTED] THE NETWORK FOR THE POWER BUSINESS LINE
(PBL), AN ENTITY WITHIN BPA. PBL IS RESPONSIBLE FOR THE MARKETING OF FEDERALLY

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

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

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

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GENERATED POWER TO THE CONSUMER POWER COMPANIES.

PBL'S IT PERSONNEL OPERATED SEPARATELY FROM THE IT PERSONNEL WHO SUPPORTED THE TRANSMISSION BUSINESS LINE (TBL) AND FROM THOSE FROM THE OFFICE OF THE CHIEF INFORMATION OFFICER.

(b)(6),(b)(7) CAPACITY AS THE CONTRACT (b)(6),(b)(7)(C)
(b)(6),(b)(7) ACCESS TO AN EXTENSIVE AMOUNT OF SENSITIVE BPA INFORMATION AT BOTH PBL AS
(C) WELL AS AT TBL. THREE ADDITIONAL CONTRACT STAFF PROVIDED OTHER NETWORK SUPPORT
(b)(6),(b)(7) FOR PBL.
(C)

HOWEVER, FRICTION DEVELOPED BETWEEN THE CHIEF INFORMATION SECURITY OFFICER (CISO) PERSONNEL AND THE FOUR CONTRACTORS OVER THE PROVISION OF COMPLETE ACCESS TO THE PBL NETWORK BY AUTHORIZED CISO PERSONNEL. CISO PERSONNEL BELIEVED THAT THE CONTRACTORS WERE ABLE TO DO WHAT THEY PLEASED WITH ONLY MINIMAL BPA OVERSIGHT.

THE PBL IT ORGANIZATION WAS TAKEN OVER BY THE OFFICE OF THE CHIEF INFORMATION OFFICER (OCIO) ON 1-OCT-04. THE INTEGRATION OF THE IT STRUCTURES RESULTED IN NEW TENSIONS BETWEEN THE TWO GROUPS, PRIMARILY OVER THE PROVISION OF DOCUMENTATION OF THE NETWORK AND PASSWORDS TO ALL SYSTEM ACCOUNTS. ULTIMATELY, OCIO DECIDED TO TERMINATE THE CONTRACTS (b)(6),(b)(7)(C)

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

BPA REALIZED THAT THE CONTRACTORS HAD EXTENSIVE ACCESS TO BPA SENSITIVE COMPUTER SYSTEMS AND BPA WAS EXTREMELY CONCERNED ABOUT THEIR ABILITY TO HARM THE PBL NETWORK. BPA OCIO TOOK THE FOLLOWING STEPS:

1. DOE-CIAC WAS CONTRACTED TO CONDUCT A VULNERABILITY ANALYSIS OF THE PBL NETWORK TO GAIN A BETTER INSIGHT INTO WHAT POTENTIAL HARM THE FOUR COULD DO
2. BPA QUIETLY BEGAN RECRUITING IT PERSONNEL TO REPLACE THE FOUR CONTRACTORS - ULTIMATELY THE FOUR CONTRACTORS LEARNED OF BPA ATTEMPTS TO HIRE REPLACEMENT IT CONTRACTORS.

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

ON 3-JUN-2005, (b)(6),(b)(7)(C) LEAVING THE BUILDING WITH THE EXTERNAL HARD DISK DRIVE. KNOWING THAT FOR REMOVING A PERSONAL HARD DISK DRIVE FROM A BPA FACILITY IN VIOLATION OF BPA POLICY. A PARTIAL ANALYSIS CONDUCTED BY CISO ON 7-JUNE-2005 INDICATED THAT THE DRIVE CONTAINED SENSITIVE BPA NETWORK INFORMATION SUCH AS IP ADDRESSES OF NETWORK DEVICES, SERVER INFORMATION AND PASSWORDS, NETWORK VULNERABILITY SCANS, AND THE HACKING TOOL 'RAINBOW CRACK.' 'RAINBOW CRACK' IS A TOOL WHICH IS USED TO CRACK WINDOWS PASSWORDS. THE CISO (b)(6),(b)(7)(C) CURRENT AND FORMER MANAGERS THAT SHOULD NOT HAVE AT LEAST SOME OF THIS INFORMATION IN POSSESSION.

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

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

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

ON 7-JUN-2005, THE [REDACTED] CONTRACTORS WERE TERMINATED. FROM THE TIME OF THE INCIDENT ON 3-JUNE-2005 AND THEIR TERMINATION ALL [REDACTED] CONTRACTORS HAD FULL ACCESS TO BPA FACILITIES AND COMPUTER SYSTEMS. ALL ACCOUNTABLE PROPERTY WAS RETURNED. CISO REPORTED THAT EXTENSIVE MEASURES WERE TAKEN TO MITIGATE THE RISK OF HARM BEING DONE TO BPA NETWORKS.

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

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

(C) ON 21-JUN-05, SA [REDACTED] AND SA [REDACTED] MET WITH AUSA LANCE CALDWELL. AUSA CALDWELL EXPRESSED HIS INTEREST IN OBTAINING A SEARCH WARRANT FOR ALL THE RELEVANT MATERIAL. HOWEVER, DUE TO HIS SCHEDULE AND HIS CONCERNS FOR MAKING SURE THAT THE SEARCH WARRANT COVERED ALL ITEMS, HE WOULD BE UNABLE TO WORK WITH [REDACTED] TO FINISH THE WARRANT UNTIL THE WEEK OF 27-JUN-05.

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

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

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

(C) ON 28-JUN-05, SA [REDACTED] SPOKE WITH [REDACTED]

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

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

[REDACTED], TBL ABOUT [REDACTED] POTENTIAL ACCESS TO THE SCADA NETWORK THAT DRIVES THE POWER GRID. [REDACTED] CONFIRMED THAT [REDACTED] NEVER HAD REMOTE ACCESS PRIVLEDGES TO THE TBL NETWORK. IN ADDITION, DURING [REDACTED] TIME WORKING ON THE TBL CONTRACT [REDACTED]

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

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

WAS ONLY GRANTED TEMPORARY ACCESS TO NETWORK DEVICES. UPON COMPLETION OF [REDACTED] DUTIES THE BPA-TBL ENGINEERS CHANGED THE PASSWORDS FOR ANY DEVICE THAT [REDACTED] WAS WORKING ON. WHILE [REDACTED] DID HAVE ACCESS AND KNOWLEDGE OF THE NETWORK ITSELF, [REDACTED] HAD NO SPECIFIC ACCESS TO THE SCADA NETWORK THAT IS CONTROLLED BY TBL.

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

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

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

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

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

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

(C) **STAT** ON 30-JUN-05 SA [REDACTED] WITH TWO SPECIAL AGENTS FROM FPS/DHS SERVED A SEARCH WARRANT TO BPA FOR THE EXTERNAL HARD DISK DRIVE AS WELL AS 23 BOXES OF MATERIAL COLLECTED BY BPA [REDACTED] OFFICE. THE BOXES CONTAINED 5 LAPTOPS AND APPROXIMATELY 35 SERVER HARD DISK DRIVES AND NUMEROUS PIECES OF ELECTRONIC MEDIA.

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

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

(C) ON 20-JUL-05 SA [REDACTED] CONTINUED ANALYSIS OF THE EXTERNAL HARD DISK. DURING THE ANALYSIS A PGP ENCRYPTED FILE WAS OBSERVED. ATTEMPTS ARE BEING MADE TO CRACK THE ENCRYPTION.

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

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

(C) SA [REDACTED] REQUESTED THROUGH [REDACTED] THAT AUSA CALDWELL CONTACT [REDACTED] TO FACILITATE A MEETING BETWEEN DOE OIG AND [REDACTED] REPORTED TO SA [REDACTED] THAT NO INFORMATION WAS FORTHCOMING FROM AUSA CALDWELL'S OFFICE CONCERNING THIS REQUEST.

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

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

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

(C) ON 20-SEP-2005 SA [REDACTED] SA [REDACTED] AND SA [REDACTED] INTERVIEWED [REDACTED] COLLEAGUES OF [REDACTED] ALL STATED THAT THEY DID NOT BELIEVE THAT [REDACTED] HAD ANY CRIMINAL INTENT TO MISUSE THE DATA ON THE DRIVE. IN ADDITION, [REDACTED] COLLEAGUE, [REDACTED]

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

[REDACTED] COPYING FILES TO THE DRIVE AND

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

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

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

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THAT (b)(6),(b)(7) HAD ASKED (b)(6),(b)(7) WOULD LIKE TO BACK UP ANY OF [] IMPORTANT (b)(6),(b)(7)
(C) (b)(6),(b)(7) FILE WAS THE PGP ENCRVOTED FILE ON THE DRIVE. THE (C)
(b)(6),(b)(7) AGREED AND [] AND THE FILES OBSERVED WERE CONSISTANT WITH [] (b)(6),(b)(7)
(C) PASSWORD WAS PROVIDED BY (b)(6),(b)(7) AND THE FILES OBSERVED WERE CONSISTANT WITH [] (C)
(b)(6),(b)(7) DESCRIPTION. (b)(6),(b)(7) (C)
(C) ON 03-NOV-05 SA [] CONTACTED AUSA CALDWELL AND PROVIDED HIM WITH AN UPDATE AS TO
(b)(6),(b)(7) THE STATUS OF THE MEDIA ANALYSIS AND THE RESULTS OF THE INTERVIEWS. AUSA CALDWELL
(C) INDICATED THAT ABSENT ANY SIGNIFICANT NEW INFORMATION HE WOULD BE LIKELY TO NOT
(b)(6),(b)(7) CONTINUE WITH THIS CASE. SA [] AGREED TO CONTACT HIM UPON COMPLETION OF ALL
(C) REMAINING INVESTIGATIVE ACTIVIES.

(b)(6),(b)(7) FEB-2006 SA [] RECEIVED AN EMAIL AND A FAX FROM AUSA CALDWELL. AUSA
(C) CALDWELL CONFIRMED THAT [] DECLINED TO TALK TO INVESTIGATORS AND AUSA
(b)(6),(b)(7) CALDWELL PROVIDED SA [] WITH A COPY OF A CASE CLOSING LETTER HE HAD PROVIDED TO
(C) [] (b)(6),(b)(7)(C)

(b)(6),(b)(7) APR-2006 SA [] RECEIVED THE EVIDENCE DISPOSITION INFORMATION (EVIDENCE
(C) FORMS AND LETTER FROM SUBJECTS ATTORNEY) FROM [] PORTLAND, OR
(b)(6),(b)(7)(C)

(b)(6),(b)(7) ON 26-JUN-2006 SA [] CONDUCTED A TELEPHONIC INTERVIEW WITH [] (b)(6),(b)(7)
(C) [] BPA. [] (b)(6),(b)(7)(C) IS NOT
(b)(6),(b)(7) CURRENTLY EMPLOYED ON ANY BPA FUNDED CONTRACT. [] FURTHER STATED THAT BPA HAS NO
(C) INTENTION OF [] (b)(6),(b)(7)(C)

(b)(6),(b)(7) JANUARY, 2007, SA [] AND [] PROVIDED AN EXIT BRIEFING REGARDING
(C) THE FINDINGS OF THE INVESTIGATION TO [] (b)(6),(b)(7)(C)
(b)(6),(b)(7) BPA.
(C)

PLANNED ACTIVITIES:

CLOSE CASE

Document Number 12



U.S. Department of Energy
Office of Inspector General
Office of Investigations

November 20, 2006

**MEMORANDUM FOR THE DIRECTOR, OFFICE OF PROCUREMENT AND
ASSISTANCE MANAGEMENT**

FROM:

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

Central Investigation Operations
Region 3 Investigations Group

SUBJECT: Investigation into the Theft of Aluminum Wire by a UT Battelle Employee
(OIG Case No. I04OR003)

This report serves to inform you of the results of an investigation by the U.S. Department of Energy, Office of Inspector General, Office of Investigations. The investigation involved allegations of theft by (b)(6), (b)(7)(C) UT Battelle, LLC. UT Battelle, LLC is the Department of Energy's prime contractor at the Oak Ridge National Laboratory. Specifically, Oak Ridge National Laboratory security cameras photographed (b)(6), (b)(7)(C) truck leaving the (b)(6), (b)(7)(C) site with a roll of what appeared to be copper wire in the bed. The Office of Inspector General (C) investigation substantiated the allegation of theft. As a result of the investigation, (b)(6), (b)(7)(C) entered a plea of guilty in Roane County Criminal Court to Theft of Property over \$500.00. The (C) report makes one recommendation for corrective action.

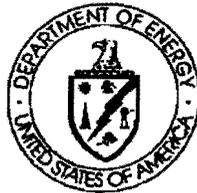
For your convenience we have enclosed the Roane County Criminal Court documents.

If you have any questions, please contact me at (865) 576-9202, or Special Agent (b)(6), (b)(7)(C) at (865) 576- (b)(6), (b)(7)(C)

Enclosures

cc: Manager, Oak Ridge Operations Office
SC-1

**U.S. Department of Energy
Office of Inspector General
Office of Investigations
Case No. I04OR003**



INVESTIGATIVE REPORT TO MANAGEMENT

November 20, 2006

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I. ALLEGATION

On February 9, 2004, (b)(6),(b)(7)(C) UT Battelle, LLC (Battelle), a prime contractor for the U.S. Department of Energy (Department), notified the Office of the Inspector General (OIG) that security cameras at Oak Ridge National Laboratory (ORNL) had photographed a pickup truck (b)(6),(b)(7)(C) Battelle, leaving ORNL on February 2, 2004, with what appeared to be a roll of copper wire.

II. POTENTIAL STATUTORY OR REGULATORY VIOLATION (S)

This investigation began with a focus on potential violations of Title 18 United States Code (U.S.C.), Section 641, Theft of Government Property. The investigation refocused on potential violations of Tennessee Code Annotated 39-14-103 (Theft of Property).

III. INVESTIGATIVE FINDINGS

(b)(6),(b)(7)(C) The investigation revealed that on February 2, 2004, (b)(6),(b)(7)(C) entered the east end portal entrance of ORNL at approximately 7:09 a.m., with an empty pickup truck bed, Tennessee license tag number (b)(6),(b)(7)(C). Prior to entering the facility, (b)(6),(b)(7)(C) telephonically contacted (b)(6),(b)(7)(C) and informed (b)(6),(b)(7)(C) that (b)(6),(b)(7)(C) would be late to (b)(6),(b)(7)(C) safety meeting; however, (b)(6),(b)(7)(C) never arrived (b)(6),(b)(7)(C) at the meeting. (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) On February 2, 2004, at approximately 10:00 a.m., (b)(6),(b)(7)(C) Battelle observed a roll of 4/0 gauge aluminum wire in (b)(6),(b)(7)(C) pickup truck. (b)(6),(b)(7)(C) said the aluminum wire was probably on two or three spools originally, and later banded together (b)(6),(b)(7)(C) and stored at ORNL, where it had remained for a couple of years. (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) On February 10, 2004, (b)(6),(b)(7)(C) was interviewed by OIG Special Agents. During the interview (b)(6),(b)(7)(C) provided an affidavit admitting to the theft of aluminum wire from ORNL. (b)(6),(b)(7)(C) loaded the wire in (b)(6),(b)(7)(C) pickup truck the morning of February 2, (b)(6),(b)(7)(C) 2004, while (b)(6),(b)(7)(C) coworkers were at the safety meeting. (b)(6),(b)(7)(C) told the OIG that (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) the wire on February 10, 2004. (b)(6),(b)(7)(C) cooperated with the OIG and telephonically contacted (b)(6),(b)(7)(C) and determined that (b)(6),(b)(7)(C) sold the aluminum (b)(6),(b)(7)(C) wire to (b)(6),(b)(7)(C) Knoxville, Tennessee. (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) OIG agents confirmed that (b)(6),(b)(7)(C) on February 10, 2004. The OIG obtained a copy of the sales receipt from (b)(6),(b)(7)(C) (b)(6),(b)(7)(C). The receipt copy showed that the aluminum wire was (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) on February 10, 2004, at (b)(6),(b)(7)(C) for \$364.24. The aluminum wire was subsequently recovered by the OIG from Tennessee Metals, photographed, and returned to ORNL. (b)(6),(b)(7)(C)

The results of the OIG investigation were presented to the Roane County Grand Jury. As a result, (b)(6),(b)(7)(C) was indicted [Attachment A] and subsequently arrested. On March 15, 2006, (b)(6),(b)(7)(C) pled guilty in Roane County Criminal Court to one count of Theft of Property over \$500, a Class E Felony [Attachment B]. On July 20, 2006, (b)(6),(b)(7)(C) was sentenced to two years probation and ordered to pay court cost [Attachment C].

IV. COORDINATION

The investigation was coordinated with the United States Attorney's Office, Eastern District of Tennessee, who deferred to the State of Tennessee, 9th Judicial District, District Attorney General (DAG), Roane County, Tennessee. The investigation was subsequently coordinated with the DAG, 9th Judicial District, who accepted it for criminal prosecution.

The investigation was further coordinated with (b)(6),(b)(7)(C) Office of Procurement and Assistance Management, Department.

V. RECOMMENDATION (S)

Based on the findings of this report, and any other information which may be available to you, the OIG recommends that the Department Office of Procurement and Assistance Management determine if debarment action against (b)(6),(b)(7)(C) is appropriate.

(b)(6),(b)(7)(C) date of birth is (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) social security number is (b)(6),(b)(7)(C)
(b)(6),(b)(7)(C) last known address is (b)(6),(b)(7)(C) Tennessee, 37754.

VI. FOLLOW-UP REQUIREMENTS

Please provide the Office of Inspector General with a written response within 30 days concerning any action(s) taken or anticipated in response to this report.

VII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

This report is the property of the OIG and is for Official Use Only. Appropriate safeguards should be provided for the report and access should be limited to Department officials who have a need-to-know. Any copies of the report should be uniquely numbered and should be appropriately controlled and maintained. Public disclosure is determined by the Freedom of Information Act, Title 5, U.S.C., Section 552, and the Privacy Act, Title 5, U.S.C., Section 552a. The report may not be disclosed outside the Department without prior written approval of the OIG, including distribution to contractors.

VIII. POINTS OF CONTACT

If you have any questions, please contact Special Agent (b)(6),(b)(7)(C) at (865) 576- (b)(6),(b)(7)(C), or (b)(6),(b)(7)(C) at (865) 576-9202.
(b)(6),(b)(7)(C)

INDICTMENT

NEW BILL

No. [redacted]

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

STATE OF TENNESSEE

VS.

[redacted] (b)(6),(b)(7)(C)
TN 37754

SSN: [redacted]

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

DOB: [redacted]

Race: White Sex: M

Drivers License:

1 COUNT THEFT OF PROPERTY - \$1,000-\$10,000

WITNESSES

THE CLERK will issue summons for the following State Witnesses:

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

U.S. Dept of Energy
105 Mitchell Road
Oak Ridge, TN 37831
865.576 [redacted] (b)(6),(b)(7)(C)

Oak Ridge National Lab
Bethel Valley Road
P. O. Box 2008
Oak Ridge, TN 37831
865.241 [redacted] (b)(6),(b)(7)(C)

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

U.S. Dept of Energy
105 Mitchell Road
Oak Ridge, TN 37831
865.576 [redacted] (b)(6),(b)(7)(C)

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

UT-Battelle, ORNL
Bethel Valley Road
P. O. Box 2008
Oak Ridge, TN 37831
865.574 [redacted] (b)(6),(b)(7)(C)

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

TN 37771

865 [redacted] (b)(6),(b)(7)(C)

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

Knoxville, TN -37917
865.546 [redacted] (b)(6),(b)(7)(C)

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

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

District Attorney General

A TRUE BILL

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

Prosecutor

A True Bill was returned by the Grand Jury this the 18th day of October, 2004

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

Here duly summoned as witness, and sworn by me, and testified before the Grand Jury on this indictment.

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

Filed this the 18th day of October, 2004.

Angela Randolph
Clerk

TRUE BILL

NEW BILL
INDICTMENT NO.

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

STATE OF TENNESSEE, COUNTY OF ROANE

CRIMINAL COURT

The Grand Jurors of the State of Tennessee, duly summoned, elected impaneled, sworn, and charged to inquire in and for the body of the County aforesaid, in the State aforesaid, upon their oath, present that (b)(6),(b)(7)(C) on or about February 2, 2004, in the County and State aforesaid and before the finding of this Indictment, did unlawfully and knowingly obtain property, to-wit: aluminum wire, over \$1,000 but less than \$10,000 in value, of the said United States Department of Energy, without its effective consent with the intent to deprive the said United States Department of Energy thereof, in violation of T.C.A. Section 39-14-103 and against the peace and dignity of the State of Tennessee.

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

DISTRICT ATTORNEY GENERAL

IN THE CRIMINAL COURT FOR Roane COUNTY, TENNESSEE

STATE OF TENNESSEE

VS.

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

CASE NO.

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

WAIVER OF TRIAL BY JURY AND ACCEPTING PLEA OF GUILTY

ORDER

This cause came on for hearing before the Honorable E. Eugene Eblen, Judge of the Criminal Court of Roane County, Tennessee, on the petition of the defendant, (b)(6),(b)(7)(C) for waiver of trial by jury and request for acceptance of a plea of guilty, said petition being attached hereto and incorporated by reference herein, upon statements made in open court by the defendant herein, his/her attorney of record, the District Attorney General representing the State of Tennessee, and from questioning by the Court of defendant and his/her counsel in open court; and

IT APPEARING TO THE COURT after careful consideration, that the defendant herein has been duly advised and understands his/her right to a trial by jury on the merits of the indictment against him/her, and that the defendant herein does not elect to have a jury determine his/her guilt or innocence under a plea of NOT GUILTY; and

IT FURTHER APPEARING TO THE COURT that the defendant voluntarily, intelligently, and knowingly waives his/her right to a trial by jury of his/her own free will and choice, without any threats or pressure of any kind or promises, other than the recommendation of the State as to punishment and desires to enter a plea of guilty and accept the recommendation of the State as to punishment.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that the petition filed herein be and the same is hereby granted.

Entered this the 15 day of March, 2006

E. Eugene Eblen
E. EUGENE EBLEN, JUDGE

IN THE CRIMINAL COURT FOR ROAN COUNTY, TENNESSEE

STATE OF TENNESSEE

CASE NO:

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

VS.

SS#

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

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

D.O.B.

WAIVER OF TRIAL BY JURY AND REQUEST FOR ACCEPTANCE OF PLEA OF GUILTY

The defendant in the above styled case moves the Court to accept his/her plea of guilty and acknowledges his/her understanding of his/her rights and the effects of his/her guilty plea as follows:

(1) My true full name is (b)(6),(b)(7)(C) and I assert that all proceedings against me should be had in the name, which I hereby declare to be my true name.

(2) My attorney in this case is (b)(6),(b)(7)(C) who was retained/appointed to represent me.

(3) I have told my attorney the facts and surrounding circumstances as known to me concerning the matters mentioned in this indictment, and I believe that my attorney is fully informed as to all such matters. I believe that my attorney has sufficiently investigated the facts of my case in order to be able to properly advise me whether or not I should plead guilty in this case and that he/she would be prepared to go to trial if I chose to plead not guilty. My attorney has informed me as to any and all possible defenses I might have in this case and has advised me of any lesser included offenses to which I may be subject. I am completely satisfied with the legal advice and representation provided to me by my attorney in this case, and I have absolutely no complaints to make to the Court concerning his/her representation.

(4) I understand that I am charged in the indictment(s) with the offense(s) listed below and that the State (has) (has not) filed a Notice of Intent To Seek Enhanced Punishment. My attorney has discussed with me the possible punishments if I am found guilty, and I understand them to be as follows:

COUNT	OFFENSE	CLASS	POSSIBLE PUNISHMENTS	
			MINIMUM	MAXIMUM
I	Theft 1st \$1,500	D	2 - + yrs	12 yrs \$5,000

(5) It has been fully explained to me and I understand that I may, if I so choose, plead "not guilty" to any offense charged against me, and that if I choose to plead "not guilty" the constitution guarantees and this Court will provide me the right to a speedy and public trial by jury; the right to see and hear all witnesses against me; the right to use the power and process of the Court to compel the production of any evidence, including the attendance of any favorable witness, the right not to be compelled to incriminate myself; and the right to have the assistance of counsel in my defense at all stages of the proceedings; and that if I am indigent and cannot afford an attorney, the Court will appoint one to represent me.

(6) I understand that if I plead guilty to the offense(s) listed in paragraph nine (9), I am waiving my right to a trial to determine my guilt or innocence and there will not be a further trial of any kind except as to the appropriate sentence. I further understand that if I plead guilty to the offense(s) listed in paragraph nine (9), I am waiving my right to have a jury fix the amount of my fine. I further understand that if I plead guilty, the Court may ask me questions under oath, on the record, and in the presence of counsel about the offense(s) to which I am pleading guilty, and my answers may later be used against me in a prosecution for perjury or false statement(s).

(7) I understand that by pleading guilty, I am waiving or giving up my right to appeal all non-jurisdictional defects or errors in these proceedings, including any complaints I might have that I was unlawfully arrested, that my property or possessions were unlawfully searched or seized, that my right against self-incrimination or right to counsel were violated, or that I was denied a right to a speedy trial.

(8) (a) I understand that if the Court accepts my plea of guilty and I am convicted of the offense(s) to which I am pleading guilty, these convictions will be public record, may render me infamous, denying me access to the elective process and making my sworn testimony subject to attack; and may be used to increase the punishment I might receive if I am later convicted of any crime and may be used in combination with other felony convictions to establish the status of career criminal if I am later convicted of another felony.

(b) applicable only in DUI/DWI cases) I understand that if I enter a plea of guilty to the offense of Driving Under The Influence Of Intoxicants and have a later charge of the same kind, that this conviction may be used to enhance or

increase my punishment on these future convictions for Driving Under The Influence Of Intoxicants.

(9) WAIVER OF JURY TRIAL AND ENTRY OF GUILTY PLEA

BEING AWARE OF MY CONSTITUTIONAL AND STATUTORY RIGHTS, I HEREBY WAIVE MY RIGHT TO A JURY TRIAL AND PLEAD GUILTY TO THE OFFENSE(S) LISTED BELOW. My decision to plead guilty is voluntary and not a result of force or threats or of promises apart from the plea agreement. I am pleading guilty because I committed the acts constituting the offense(s) to which I plead guilty. I understand that the possible punishments for the offense(s) to which I am pleading guilty are as follows and that as a result of my plea of guilty, the District Attorney General or his representative will recommend the following sentence as to each offense. I understand that this is only a recommendation and that the Court is not bound by this recommendation in any way.

COUNT	OFFENSE	MINIMUM & MAXIMUM PUNISHMENTS	RECOMMENDED SENTENCE OFFENSE CLASS
I	Theft Over \$500	1 - Yr + up to \$3,000	1 yr R.D. Sfd.

- apply to Court concerning made of service

- in opposition to probation if satisfactory report + making regular payments on costs

Further hearing on the 17 day of July, 2005, at Kingston, Tennessee.

CERTIFICATE OF DEFENDANT

I hereby certify that I have read the foregoing document or that it has been read to me. I understand what it says and I am in agreement that it is in my best interest to give up my right to a jury trial and enter a plea of guilty to the charge(s) listed in this document. I understand that the District Attorney General may make a recommendation to the Court about what my sentence(s) should be. I understand that the Court is not bound to follow this recommendation.

Enter this the 3 day of 15, 2006

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

DEFENDANT

CERTIFICATE OF DEFENSE ATTORNEY

I hereby certify and declare that my client has either read this foregoing document or that I have read it to him/her. I am satisfied that my client understands the contents of this document and that his/her decision to waive his/her right to a trial by jury and to enter a plea of guilty has been made by him/her voluntarily, knowingly, and intelligently.

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

ATTORNEY FOR DEFENDANT

The District Attorney General joins in this motion for the purpose of waiving trial by jury.

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

ASSISTANT DISTRICT ATTORNEY GENERAL

IN THE CRIMINAL/CIRCUIT COURT OF ROANE COUNTY, TENNESSEE

Case Number: (b)(6),(b)(7)(C) Count#: 1 Attorney for the State (b)(6),(b)(7)(C)
Judicial District 09 Judicial Division Counsel for Defendant

State of Tennessee

[X] Retained [] Appointed [] Public Defender

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

Defendant vs. Defendant (b)(6),(b)(7)(C) Alias (b)(6),(b)(7)(C)
Date of Birth Sex M Race White SSN
Indictment Filing Date / / TDOC # TBI Document Control #

JUDGMENT

Comes the District Attorney General for the State and the defendant with counsel of record for entry of judgment.

On the 15th day of March, 2006, the defendant:

Form with checkboxes for Pled Guilty, Dismissed/Noite Prosequi, Nolo Contendere, etc. Includes offense details: THEFT OF PROPERTY - \$1,000-\$10,000, Offense date 02/02/2004, County ROANE, Conviction offense JUDICIAL DIVERSION, Sentence-imposed date 07/17/2006.

After considering the evidence, the entire record, and all factors in T.C.A. Title 40, Chapter 33, all of which are incorporated by reference herein, the Court's findings & rulings are:

Sentence Reform Act of 1989 form with checkboxes for Offender Status (Mitigated, Standard, Multiple, Persistent, Career, Repeat Violent) and Release Eligibility (Multiple Rapist, Child Rapist, Repeat Violent, 1st Degree Murder, School Zone, Gang Related).

Sentenced to: [] TDOC [] County Jail [] Workhouse

Sentenced Length: Years Months Days Hours Week-ends [] Life [] Life w/out Parole [] Death

Mandatory Minimum Sentence Length (39-17-417, 39-13-513, 39-13-514 in School Zone or 35-10-401 - DUI 3th Offense)

Period of Incarceration to be Served Prior to Release on Probation: Months Days Hours Weekends

Minimum service prior to eligibility for work release, furlough, trusty status and rehabilitative programs: % (Misdemeanor Only)

Alternative Sentence: [] Probation [X] Diversion [] Community Based Alternative- Specify

2 Years Months Days Effective;

Court Ordered Fees and Fines:

\$ Criminal Injuries Compensation Fund
\$ Sex Offender Tax
\$ Court Costs Cost To Be Paid By [X] Defendant [] State
\$ Fine Assessed
\$ Other:

Restraint: Victim Name

Address

Total Amount \$ Per Month \$

[] Unpaid Community Service: Hours Days Weeks Months

[] The Defendant having been found guilty is rendered infamous and is ordered to provide a biological specimen for the purpose of DNA analysis.

Special Conditions: [] Pursuant to 39-13-524 the defendant is sentenced to community supervision for life following sentence expiration.

E. Eugene Eblen

Judge's Name

[Signature]
Judge's Signature

July 12, 2006
Date of Entry of Judgment

Document Number 13

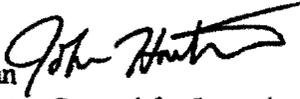


U.S. Department of Energy
Office of Inspector General
Office of Investigations

February 27, 2007

MEMORANDUM FOR EDWARD F. SPROAT III, DIRECTOR, OFFICE OF CIVILIAN
RADIOACTIVE WASTE MANAGEMENT, DEPARTMENT OF
ENERGY

FROM:

John R. Hartman 
Assistant Inspector General for Investigations

SUBJECT:

Investigation into the Unauthorized Destruction of Documents Related
to the Licensing Support Network (OIG Case Number I06LV003)

This memorandum serves to inform you of the results of an investigation by the U.S. Department of Energy's Office of Inspector General. The Office of Inspector General initiated the investigation after receiving an allegation that [redacted] University of California, Lawrence Livermore National Laboratory, intentionally violated Department policy by destroying 48 of 50 personal notebooks between February 13 and 17, 2006. The allegation was later revised to 21 of 23 personal notebooks. The personal notebooks reportedly did not contain technical or scientific information but may have been related to the License Support Network (LSN), a web-based information system that provides the public access to the licensing proceedings and other relevant Yucca Mountain Project (Yucca Mountain) licensing data. (b)(6), (b)(7) (C)

In summary, the Office of Inspector General substantiated that [redacted] destroyed 21 of 23 (b)(6), (b)(7) (C) personal notebooks, which [redacted] as personal notes while attending Yucca Mountain (b)(6), (b)(7) meetings and other work-related activities. [redacted] provided the Office of Inspector General (b)(6), (b)(7) (C) with the following three reasons for [redacted] decision to destroy the notebooks: 1) The Yucca Mountain staff expressed concerns to management of not being able to speak freely during staff (b)(6), (b)(7) meetings due to [redacted] note taking; 2) [redacted] changed office space and was (b)(6), (b)(7) (C) only allotted 15 boxes. [redacted] appealed for 80 boxes and was approved for only 25 boxes; (b)(6), (b)(7) (C) and, 3) [redacted] to a new position. [redacted] these three reasons coupled (b)(6), (b)(7) (C) with [redacted] review and understanding of the LSN policy led to [redacted] decision to destroy the notebooks.

Due to the destruction of the 21 notebooks, the Office of Inspector General could not determine if the notebooks contained LSN relevant data or any potentially discoverable information. According to Bechtel Science Applications International Corporation (Bechtel) Employee Concerns Program, the notebooks should have been retained and reviewed for possible derivative discovery prior to their destruction. Bechtel also determined that the two notebooks that were not destroyed did not contain LSN relevant information.

This report makes three recommendations for action. Please direct any questions concerning this report to me at (202) 586-5667.

cc: Camille Yuan-Soo Hoo, Manager, Livermore Site Office

OFFICE OF INSPECTOR GENERAL
Office of Inspector General
Office of Investigations
Case No. I06LV003



INVESTIGATIVE REPORT TO MANAGEMENT

February 27, 2007

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I. ALLEGATION

(b)(6), (b)(7)(C) [redacted]
On February 23, 2006, [redacted] Office of Civilian Radioactive Waste Management (OCRWM), advised the U.S. Department of Energy (Department), Office of Inspector General (OIG) that OCRWM received an employee concerns hotline complaint alleging that [redacted] Lawrence Livermore National Laboratory (LLNL), intentionally violated Department policy by destroying 48 of 50 personal notebooks between February 13 and 17, 2006. The allegation was later revised to 21 of 23 personal notebooks. The personal notebooks reportedly did not contain technical or scientific information but may have been related to the Licensing Support Network (LSN).

II. POTENTIAL STATUTORY OR REGULATORY VIOLATIONS

The investigation focused on a potential violation of Department and LSN policy, which stems from Nuclear Regulatory Commission (NRC) Regulatory Guide 3.69. This regulatory guide defines the scope of documentary material that should be retained and included in the LSN. The NRC regulations applicable to the LSN are found in the Code of Federal Regulations, Title 10, Part 2, Subpart J.

III. BACKGROUND

The LSN is a web-based information system used to facilitate the discovery process and provide the public and potential parties access to information relevant to the NRC licensing proceedings at the Yucca Mountain Project (Yucca Mountain) prior to submittal of the license application. The LSN contains electronically retrievable documentary material relevant to the Department and NRC licensing proceeding application. The LSN supports the Department and NRC licensing process for the proposed radioactive waste repository at Yucca Mountain in Nevada.

The OIG interviewed several Department and Department contractor personnel and reviewed numerous documents during the investigation. For example, the OIG obtained and reviewed a Bechtel Employee Concerns internal audit report titled "Investigative Report Employee Concerns 06-022" dated April 13, 2006. The Bechtel Employee Concerns internal audit report documented interviews with [redacted] and other employees familiar with the allegations, a review of the LSN policy, and a review of [redacted] LSN policy training.

(b)(6), (b)(7)(C) [redacted]
When [redacted] authorized the destruction of the personal notebooks, [redacted] was a LLNL employee [redacted] to Yucca Mountain for the University of California (University) under an Inter-Entity Work Order Agreement with Bechtel Science Applications International Corporation (Bechtel). The Department contracts the operation of LLNL to the University under contract AC03-43SF00048.

IV. INVESTIGATIVE FINDINGS

(b)(6), (b)(7)(C) [redacted]
The OIG investigation determined [redacted] Bechtel, [redacted] 21 of [redacted] personal notebooks; however, the investigation did not

determine if the notebooks contained LSN relevant documentary material or potentially discoverable information.

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

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

and others were interviewed during the Bechtel Employee Concerns internal audit, which substantiated that the notebooks were shredded. However, the audit did not determine if there were any LSN relevant documentary materials or potentially discoverable information in the notebooks. The internal audit also concluded that [redacted] was appropriately trained on the LSN process and there was no controlled oversight provided in the governing process. The report recommended that guidance on retaining potentially discoverable information should be reemphasized to the project. The report further recommended that a commitment should be established to periodically emphasize the LSN relevancy guidance and discovery guidance and its importance.

During the OIG investigation, the OIG identified a memorandum (May 24, 2005 Memo) distributed by the Department General Counsel for Civilian Nuclear Programs, and entitled, "Refresher Guidance re Licensing Support Network Relevance and Privilege Designations." Upon issuance, the May 24, 2005 Memo was reportedly distributed to Department personnel, including contractors who work at Yucca Mountain. The May 24, 2005 Memo states "you may need to retain certain documents that you do not submit to the ALS (Automated Litigation Support) Contractor for purposes of derivative discovery later in the licensing proceeding. On this latter point, see Section III below."

Section III of the May 24, 2005 Memo is titled "Documents that do not need to be submitted but that must be retained for derivative discovery" and states, "***Under NRC regulations, certain documents are not required to be included in the LSN; however, these documents may be subject to discovery in connection with depositions, i.e., "derivative discovery," or required to be maintained for other purposes. This type of document is described below, and should be segregated and retained for possible collection at a later time. NOTE: You do not have to retain multiple copies of these documents. It is sufficient to retain only one copy. You also do not need to retain a copy of documents that you have printed from the Records Information System (unless you have added relevant marginalia to the copy).***"

Section III, Subsection C, titled: Personal Records states, "***You must retain a copy of all personal records that are potentially relevant to licensing-related activities unless previously submitted to the RPC (Records Processing Center). Personal Record includes a document in your possession that was not required to be created or retained by you and that could otherwise be retained or discarded at your sole discretion. You do not need to retain documents solely concerning irrelevant personal matters, such as vacation planning, invitations to parties, lunch plans, treatment for personal medical condition or personal finances.***"

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

The OIG investigation determined Bechtel attached the May 24, 2005 Memo to a Computer Based Training (CBT) titled, "Identifying Licensing Support Network (LSN) Relevant Records (LPRPM05-003CBT)." The OIG confirmed [redacted] received the May 24, 2005 Memo when [redacted] completed the CBT on September 12, 2005. The CBT was approximately 74 screens and covered five objectives, including, "1) Identify the purpose of the Licensing Support Network (LSN); 2)

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

Identify records that are potentially LSN Relevant; 3) Identify records that do not go into the LSN but need to be retained for possible, future discovery; 4) Identify records containing privileged information; and 5) Identify the process for submitting LSN Relevant records.”

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

The OIG interviewed (b)(6), (b)(7)(C) 21 personal notebooks. (b)(6), (b)(7)(C) the personal notebooks on January 26, 2006, while (b)(6), (b)(7)(C) was in (b)(6), (b)(7)(C) for LLNL. (b)(6), (b)(7)(C) the 21 personal notebooks, numbered 0 through 20, contained (b)(6), (b)(7)(C) personal staff meeting notes from 1990 through 2003. The notebooks were created (b)(6), (b)(7)(C) as a learning aid and they were not required to be created. (b)(6), (b)(7)(C) that the notebooks did not contain any scientific information, scientific calculations, official documents or any LSN relevant information.

(b)(6), (b)(7)(C) the OIG that (b)(6), (b)(7)(C) still has notebooks numbered 21 and 22. (b)(6), (b)(7)(C) notebook number 21 covers the period of time from September 2003 through December 2005 and notebook number 22 covers January 2006 to present. (b)(6), (b)(7)(C) these notebooks are also not considered scientific notebooks and do not contain any LSN relevant information.

(b)(6), (b)(7)(C) the OIG that (b)(6), (b)(7)(C) is aware that there are procedures in place for handling scientific notebooks and related that (b)(6), (b)(7)(C) notebooks did not fit in that category. (b)(6), (b)(7)(C) the OIG with the following three reasons for (b)(6), (b)(7)(C) decision to destroy the notebooks: 1) The Yucca Mountain staff expressed concerns to management of not being able to speak freely during staff meetings due to (b)(6), (b)(7)(C) note taking; 2) (b)(6), (b)(7)(C) was changing office space and (b)(6), (b)(7)(C) was only allotted 15 boxes, which was not enough for (b)(6), (b)(7)(C) to pack all (b)(6), (b)(7)(C) belongings. (b)(6), (b)(7)(C) appealed for 80 boxes and was approved for 25 boxes, which was still not enough for (b)(6), (b)(7)(C) to pack all (b)(6), (b)(7)(C) belongings; and, 3) (b)(6), (b)(7)(C). According to (b)(6), (b)(7)(C) these three reasons coupled with (b)(6), (b)(7)(C) review and understanding of the LSN policy led to (b)(6), (b)(7)(C) decision to destroy the notebooks.

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

The OIG interviewed (b)(6), (b)(7)(C) Los Alamos National Laboratory. Although (b)(6), (b)(7)(C) at the time the notebooks were destroyed, (b)(6), (b)(7)(C) the OIG that (b)(6), (b)(7)(C) was not aware that the notebooks were shredded until weeks after they were shredded when (b)(6), (b)(7)(C) was no longer working directly for (b)(6), (b)(7)(C) it would have been difficult to determine if the notebooks contained any LSN relevant information because they were already destroyed. Therefore, (b)(6), (b)(7)(C) did not seek to take any administrative action against (b)(6), (b)(7)(C)

(b)(6), (b)(7)(C) V. COORDINATION (b)(6), (b)(7)(C)

This case was coordinated with the OCRWM Employee Concerns Manager, the Bechtel Employee Concerns Manager, and the LSN Project Director.

VI. RECOMMENDATIONS

The OIG recommends that the Department:

1. Determine if the University of California should be directed to consider taking administrative action against (b)(6).(b)(7)(C)
2. Determine if contractual remedies are appropriate with respect to the University of California and [] actions.
3. Determine if the LSN records retention policy should be clarified and/or strengthened.

(b)(6).(b)(7)
(C)

VII. FOLLOW-UP REQUIREMENTS

Please provide the OIG with a written response within 30 days concerning any action(s) taken or anticipated in response to this report.

VIII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

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Document Number 14

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: February 18, 2009 2:01 PM

Page 1

Case Number: I06TC006

Summary Date: 10-AUG-07

Title:

RHINOCORPS; INTRUSION ATTEMPTS; SANDIA

Executive Brief:

PREDICATION:

ON 06-MAR-2006 FBI ALBUQUERQUE REPORTED AN ECONOMIC ESPIONAGE ACTIVITY TARGETTING A DOE CONTRACTOR. COMPANY COMPUTERS WERE USED FOR INTRUSION ATTEMPTS INTO THE SANDIA RESTRICTED NETWORK .

INVESTIGATIVE ACTIVITY:

ON 06-MAR-2006 THE OIG RECEIVED INFORMATION REGARDING ATTEMPTED INTRUSIONS INTO THE SANDIA NATIONAL LABORATORY COMPUTER NETWORK FROM RHINOCORPS LTD. A DEPARTMENT CONTRACT COMPANY. RHINOCORPS IS CONTRACTED TO PROVIDE A SOFTWARE SIMULATION PACKAGE THAT INCLUDES MODELING FOR MILITARY OPERATIONS.

THE FBI INITIATED AN ECONOMIC ESPIONAGE INVESTIGATION BASED ON INFORMATION A LAPTOP COMPUTER CONTAINING THE SOFTWARE PRODUCT FOR RHINOCORPS WAS STOLEN. POTENTIAL LOSS TO THE GOVERNMENT (AND POSSIBLY PRIVATE SECTOR) FOR THIS SOFTWARE PACKAGE IS \$100 MILLION.

DURING THE COURSE OF THE INVESTIGATIVE ACTIVITY UNAUTHORIZED USERS WERE DISCOVERED ON THE RHINOCORPS COMPUTER NETWORK ATTEMPTING TO GAIN ACCESS TO THE SANDIA COMPUTER NETWORK.

(b)(6),(b)(7)
(C) ON 06-MAR-2006 SA [REDACTED] REQUESTED COPIES OF INTRUSION DETECTION LOGS FROM SANDIA CYBER MONITORING AND ANALYSIS.

(b)(6),(b)(7)
(C) ON 09-MAR-2006 SA [REDACTED] RECEIVED INTRUSION DETECTION LOGS FROM SANDIA CYBER MONITORING AND ANALYSIS TO CONDUCT A REVIEW OF SUSPECT ACTIVITY.

(b)(6),(b)(7)
(C) ON 06-AUG-07, SA [REDACTED] CONTACTED (b)(6),(b)(7)(C) FEDERAL BUREAU OF INVESTIGATION (FBI), TO RECEIVE AN UPDATE REGARDING THE INVESTIGATION. THE FBI HAS OFFICIALLY CLOSED ITS INVESTIGATION. RHINOCORPS WAS INFORMED THEIR COMPUTER SYSTEMS WERE COMPROMISED AS A RESULT OF A BOTNET. RHINOCORPS REBUILT THEIR SERVERS AND ALL

(b)(6),(b)(7)
(C) SYSTEMS ARE CLEAN. SA [REDACTED] STATED THEIR WAS NO NEED FOR THE FBI'S CASE TO REMAIN OPEN.

(b)(6),(b)(7)
(C) ON 05-AUG-07, SA [REDACTED] CONTACTED (b)(6),(b)(7)(C) DEFENSE INVESTIGATIVE SERVICES (DCIS), TO RECEIVE AN UPDATE. DCIS MAINTAINS AN OPEN INVESTIGATION. DCIS HAS NO PROBLEMS IF THE DEPARTMENT CLOSES ITS INVESTIGATION. DCIS WILL CONTACT THE DEPARTMENT FOR TECHNICAL ASSISTANCE IF NECESSARY. [REDACTED] WILL PROVIDE INFORMATION ONCE IT BECOMES AVAILABLE.

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

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PLANNED ACTIVITY:

CASE CLOSURE

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Case Number: I07TC008

Summary Date: 02-NOV-07

Title:

(b)(6), (b)(7)
(C) CHILD PORN; LANL; [redacted]

Executive Brief:

PREDICATION

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

(C) ON JUNE 21, 2007, (b)(6), (b)(7)(C) LOS ALAMOS NATIONAL (b)(6), (b)(7)
(C) LABORATORY (LANL), RELAYED INFORMATION THAT [redacted] (C)
[redacted] LANL, LANS, SEARCHED FOR NUDE IMAGES AND VIEWED POTENTIAL CHILD
PORNOGRAPHY ON [redacted] LANL COMPUTER.

INVESTIGATIVE ACTIVITY (b)(6), (b)(7)
(C)

ON JUNE 21, 2007, DEPARTMENT OF ENERGY (DEPARTMENT), OFFICE OF INSPECTOR GENERAL (OIG), TECHNOLOGY CRIMES SECTION (TCS), SPECIAL AGENT (SA) [redacted] (b)(6), (b)(7)
(C) MET WITH [redacted] (C)

(b)(6), (b)(7) LOS ALAMOS NATIONAL LABORATORY (LANL), AT THE (b)(6), (b)(7)
(C) DEPARTMENT OIG OFFICE IN LAS VEGAS, NEVADA. DURING THE MEETING, [redacted] (C)
(b)(6), (b)(7) ABOUT A RECENT LANL INVESTIGATION INVOLVING [redacted] (b)(6), (b)(7)
(C) [redacted] OFFICE AT LANL. (b)(6), (b)(7)(C) (b)(6), (b)(7)

WHILE CONDUCTING AN INVESTIGATION INTO (b)(6), (b)(7)(C) MISUSE (C) OF A GOVERNMENT COMPUTER,
LANL INVESTIGATORS LEARNED FROM (b)(6), (b)(7)(C) THAT [redacted] HAD CONDUCTED INTERNET SEARCHES
FOR WHAT [redacted] DESCRIBED AS "NUDIST" IMAGES. [redacted] (b)(6), (b)(7)
(C) TO NUDIST IMAGES AND ADMITTED TO LANL INVESTIGATORS THAT MANY OF THESE IMAGES (C)
CONTAINED CHILDREN IN THEM. (b)(6), (b)(7)
(b)(6), (b)(7) (b)(6), (b)(7) (C)

(C) ON JULY 9, 2007, SA (b)(6), (b)(7)(C) CONTACTED (b)(6), (b)(7)(C) [redacted]
LANL, REGARDING [redacted] STATUS AS AN EMPLOYEE WITH LANL. [redacted] REMAINS AN (b)(6), (b)(7)
(C) ACTIVE EMPLOYEE OF THE LABORATORY, BUT [redacted] "Q" CLEARANCE HAS BEEN DOWNGRADED TO A
LOCAL ACCESS "Q" CLEARANCE. AS A RESULT, [redacted] DOES NOT HAVE ACCESS TO "Q"
CLEARED AREAS OR MEETINGS. (b)(6), (b)(7)(C) INTERNET ACCESS HAS ALSO BEEN SUSPENDED. (C) (b)(6), (b)(7)

ON AUGUST 21, 2007, SA (b)(6), (b)(7) (C) RECEIVED A COPY OF (b)(6), (b)(7)(C) COMPUTER TRAINING
RECORDS FROM [redacted] THE RECORD INDICATES [redacted] COMPLETED [redacted] ANNUAL (b)(6), (b)(7)
(C) SECURITY REFRESHER TRAINING ON SEPTEMBER 26, 2006. IT EXPIRES ON SEPTEMBER 26,
2007. ADDITIONALLY, (b)(6), (b)(7)(C) SA [redacted] THE WARNING BANNER WAS PRESENT
ON [redacted] COMPUTER AND WAS DISPLAYED EVERY TIME [redacted] LOGGED IN TO [redacted] (b)(6), (b)(7)
(C) DEPARTMENT COMPUTER. (b)(6), (b)(7) (b)(6), (b)(7)
(b)(6), (b)(7) (b)(6), (b)(7) (C) (C)

(C) ON AUGUST 21, 2007, SA (b)(6), (b)(7) (C) RECEIVED AUTHORIZATION FROM ASSISTANT UNITED STATES
ATTORNEY FRED FEDERICI TO SEARCH (b)(6), (b)(7) (C) COMPUTER.

ON OCTOBER 19, 2007, SA (b)(6), (b)(7) (C) COMPLETED FORENSIC ANALYSIS OF (b)(6), (b)(7)(C) [redacted]
COMPUTER. NO CHILD PORNOGRAPHY WAS DISCOVERED ON THE SYSTEM. IMAGES OF PARTIALLY

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DRESSED ADULT WOMEN IN LINGERIE AND SWIMWEAR. SOME OF THE IMAGES DEPICTED FULL
FRONTAL NUDITY OF FEMALE GENITALIA. FORENSIC ANALYSIS WAS CONDUCTED USING
ACCESSDATA'S FORENSIC TOOLKIT VERSION 1.7 AND GUIDANCE SOFTWARE'S ENCASE VERSION
6.5.1.2.

ON NOVEMBER 2, 2007, PACKAGED EVIDENCE ITEMS 1-3 FOR SHIPMENT TO (b)(6),(b)(7)(C) VIA
FEDERAL EXPRESS TRACKING NUMBER (b)(6),(b)(7)(C)

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Case Number: I07TC009

Summary Date: 17-SEP-07

Title:

CHILD PORN; LANL; (b)(6).(b)(7)(C)

Executive Brief:

PREDICATION

ON JUNE 21, 2007, (b)(6).(b)(7)(C) LANL, (b)(6).(b)(7)(C) RELAYED INFORMATION SUGGESTING (b)(6).(b)(7)(C) LANL, MAY HAVE USED (b)(6).(b)(7)(C) GOVERNMENT COMPUTER TO ACCESS CHILD PORN SITES WHILE AT WORK.

(b)(6).(b)(7)(C)

INVESTIGATIVE ACTIVITY

ON JUNE 21, 2007, DEPARTMENT OF ENERGY, OFFICE OF INSPECTOR GENERAL, TECHNOLOGY CRIMES SECTION, SPECIAL AGENT (b)(6).(b)(7)(C) MET WITH (b)(6).(b)(7)(C) LOS ALAMOS NATIONAL LAB, (b)(6).(b)(7)(C) AT THE DOE OIG OFFICE IN LAS VEGAS, NEVADA. (b)(6).(b)(7)(C) DURING THE MEETING, (b)(6).(b)(7)(C) ABOUT A RECENT LANL INVESTIGATION INVOLVING (b)(6).(b)(7)(C) AT LANL.

(b)(6).(b)(7)(C)

WHILE CONDUCTING AN INVESTIGATION INTO (b)(6).(b)(7)(C) MISUSE OF A GOVERNMENT COMPUTER, LANL INVESTIGATORS FOUND SEVERAL REFERENCES TO SUSPECTED CHILD PRONOGRAPHY (b)(6).(b)(7)(C) ON (b)(6).(b)(7)(C) COMPUTER. (b)(6).(b)(7)(C) INFORMATION FROM THE SE6 PROGRAM ALSO CONFIRMED (b)(6).(b)(7)(C) HAD VISITED SITES LISTED AS CHILD PRONOGRAPHY.

(b)(6).(b)(7)(C) TO SA (b)(6).(b)(7)(C) IS NO LONGER A LANL EMPLOYEE. (b)(6).(b)(7)(C) PROVIDED SA (b)(6).(b)(7)(C) WITH THE ORIGINAL COMPUTER HARD DRIVE FOR (b)(6).(b)(7)(C) GOVERNMENT COMPUTER.

(b)(6).(b)(7)(C)

(b)(6).(b)(7)(C) BETWEEN JULY 5, 2007 AND JULY 10, 2007, SA (b)(6).(b)(7)(C) CONDUCTED A FORENSIC PREVIEW OF (b)(6).(b)(7)(C) SUSPECT HARD DRIVE PROVIDED BY (b)(6).(b)(7)(C) DURING THE FORENSIC PREVIEW, SA (b)(6).(b)(7)(C) WAS UNABLE TO IDENTIFY ANY IMAGES OF CHILD PORNOGRAPHY. SA (b)(6).(b)(7)(C) DID OBSERVE NUMEROUS INSTANCES OF ADULT PORNOGRAPHY AND OTHER INAPPROPRIATE GRAPHIC IMAGES OCCURRING ON THE HARD DRIVE BUT NONE THAT RAISED TO THE LEVEL OF BEING CRIMINAL IN NATURE.

(b)(6).(b)(7)(C)

ALL EVIDENCE WAS RETURNED TO LANL.

PLANNED ACTIVITY:

NONE

DISPOSITION:

-PENDING CLOSURE

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Case Number: I02HQ010

Summary Date: 09-OCT-07

Title:

RUSSIAN OFFICIAL; ENERGO POOL; FUNNELED FUNDS

Executive Brief:

PREDICATION:

IN AN ARTICLE DATED 12-MAR-02, THE CHICAGO TRIBUNE REPORTED THAT A FORMER TOP RUSSIAN OFFICIAL, YEVGENY ADAMOV, FUNNELED \$4 MILLION OF DOE FUNDS TO BANK ACCOUNTS OF ENERGO POOL INC., A COMPANY HE FORMED IN 1993 IN MONROEVILLE, PA. REPORTEDLY, ADAMOV MAY HAVE TAKEN SEVERAL HUNDRED THOUSANDS OF DOLLARS OF THE FUNDS. THE FUNDS WERE U.S. AID PROVIDED TO RUSSIA FROM DOE THROUGH PACIFIC NORTHWEST NATIONAL LABORATORY (PNNL), ITS SUBCONTRACTOR WESTINGHOUSE CORPORATION, AND ARGONNE NATIONAL LABORATORY (ANL) FOR SAFETY UPGRADES AT RUSSIAN NUCLEAR POWER PLANTS. THE FUNDS ALSO INCLUDED MONIES PAID BY THE UNITED STATES ENRICHMENT CORPORATION (USEC) FOR SPENT RUSSIAN URANIUM. THE ARTICLE REPORTED THAT THE INITIAL ALLEGATIONS CAME FROM A REPORT BY A COMMITTEE OF THE DUMA, THE RUSSIAN LOWER HOUSE OF PARLIAMENT, ISSUED IN LATE 2000.

(b)(6).(b)(7)
(C)

(b)(6).(b)(7)
(C)

COORDINATION WITH THE FEDERAL BUREAU OF INVESTIGATION (FBI) REVEALED THAT THE ORGANIZED CRIME SECTION OF THE FBI IN PITTSBURGH HAD AN OPEN INVESTIGATION OF THIS MATTER. SUBSEQUENT CONTACT WITH THE FBI IN PITTSBURGH LED TO A MEETING ON 25-MAR-02 BETWEEN DOE OIG SPECIAL AGENTS (SA) [REDACTED] AND UNITED STATES ATTORNEY (AUSA) BRUCE TEITELBAUM (U.S. ATTORNEY'S OFFICE FOR THE WESTERN DISTRICT OF PENNSYLVANIA), FBI [REDACTED] FBI [REDACTED]

[REDACTED] OF THE INTERNAL REVENUE SERVICE (IRS) CRIMINAL INVESTIGATION DIVISION. [REDACTED] OF THE U.S. DEPARTMENT OF JUSTICE (DOJ)

ORGANIZED CRIME SECTION IN WASHINGTON, DC. PARTICIPATED IN THE MEETING VIA TELECONFERENCE. [REDACTED] IS PROVIDING DIRECT AND CONTINUING ASSISTANCE IN OBTAINING INFORMATION/RECORDS FROM RUSSIA.

(b)(6).(b)(7)(C)

(b)(6).(b)(7)(C)

DURING THE MEETING, IT WAS LEARNED THAT DUMA SENT A COPY OF THE REPORT ON ADAMOV TO DOJ AND ASKED DOJ TO LOOK INTO THE ALLEGATIONS. DOJ'S ORGANIZED CRIME SECTION FORWARDED THE REPORT TO THE UNITED STATES ATTORNEY'S OFFICE IN PITTSBURGH. UPON RECEIPT, AUSA TEITELBAUM DIRECTED THE FBI IN PITTSBURGH TO OPEN AN INVESTIGATION, WHICH OCCURRED IN OCTOBER 2001. THE AUSA ACCEPTED THE CASE FOR PROSECUTION AND WAS DIRECTING THE INVESTIGATIVE ACTIVITY. POTENTIAL VIOLATIONS INCLUDED MONEY LAUNDERING, WIRE FRAUD, FOREIGN CORRUPT PRACTICES ACT, INTERSTATE TRANSPORTATION OF STOLEN PROPERTY, MISAPPROPRIATION OF GOVERNMENT FUNDS, AND/OR TAX FRAUD. GRAND JURY SUBPOENAS HAD ALREADY BEEN ISSUED TO FINANCIAL INSTITUTIONS AND THE FBI AND IRS HAD STARTED REVIEWING THE RECORDS AND OBTAINING OTHER BACKGROUND INFORMATION. GRAND JURY SUBPOENAS HAD ALSO BEEN ISSUED TO PNNL AND ANL FOR RECORDS BUT WERE CANCELLED DUE TO THE DOE/OIG JOINING THE CASE.

REASSIGNED FROM SA [REDACTED]

(b)(6).(b)(7)(C)

EFFECTIVE 31-SEP-05.

(b)(6).(b)(7)
(C)

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INVESTIGATION FINDINGS:

IN COORDINATION WITH THE FBI, SA (b)(6),(b)(7)(C) ANL AND PNNL LEGAL COUNSELS TO MAKE ARRANGEMENTS TO REVIEW DOCUMENTS FROM BOTH LABORATORIES PREVIOUSLY SOUGHT BY GRAND JURY SUBPOENA. THE OIG IDENTIFIED AND REVIEWED ALL ANL AND PNNL SUBCONTRACTS THAT PERTAINED TO THIS INVESTIGATION. THESE SUBCONTRACTS WERE ALL FIXED-PRICE AND PAYMENTS WERE MADE AFTER VERIFICATION THAT DELIVERABLES WERE RECEIVED. THE CONTRACTS AND/OR INVOICES SPECIFIED TO WHERE PAYMENTS WERE TO BE MADE, ALL VIA WIRE TRANSFERS. THE REVIEWS REVEALED THAT AT THE DIRECTION OF THE RUSSIANS, SOME PAYMENTS WERE MADE TO ENERGO POOL'S BANK ACCOUNTS IN THE UNITED STATES. COPIES OF PERTINENT SUBCONTRACT DOCUMENTS AND WIRE TRANSFER REPORTS WERE OBTAINED.

THE FBI/IRS WERE BRIEFED ON THE RESULTS OF THE DOE OIG'S REVIEW OF THIS DOCUMENTATION TO INCLUDE THE U.S. BANK INFORMATION WHERE PAYMENTS WERE MADE. PURSUANT TO THE DOE OIG'S FINDINGS, GRAND JURY SUBPOENAS WERE SUBSEQUENTLY ISSUED TO PNC BANK IN WILMINGTON, DELAWARE ON 14-JUN-02 FOR BANKING RECORDS OF ENERGO POOL.

ADDITIONALLY, IN COORDINATION WITH THE FBI, THE DOE OIG INTERVIEWED ANL AND PNNL PROGRAM OFFICIALS AND CONTRACTING OFFICERS FAMILIAR WITH THEIR RESPECTIVE LABORATORY'S INVOLVEMENT IN THIS MATTER. PROGRAM PERSONNEL RELATED THAT FROM WHAT THE RUSSIANS TOLD THEM, ENERGO POOL WAS SET UP TO HELP GET THE FUNDS TO THE RUSSIAN MINISTRY BECAUSE THE BANKS IN RUSSIA WERE NOT RELIABLE. THE PROGRAM OFFICIALS KNEW THAT THE NAME OF ENERGO POOL WAS SYNONYMOUS WITH THE RUSSIAN MINISTRY. THE PROGRAM OFFICIALS WHO HAD VISITED RUSSIA ON THIS PROGRAM HAD RECEIVED NO COMPLAINTS FROM RUSSIAN WORKERS THAT THE WORKERS HAD NOT BEEN PAID FOR THE WORK DONE UNDER THE SUBCONTRACTS.

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

THE DOE/OIG INTERVIEW OF (b)(6),(b)(7)(C) (WHO WAS IDENTIFIED IN THE TRIBUNE ARTICLE), REVEALED THAT (b)(6),(b)(7)(C) ON THE ANL CONTRACTS SUPPORTING THE RUSSIAN NUCLEAR SAFETY AID PROGRAM. (b)(6),(b)(7)(C) ANL FOLLOWED THE LEAD SET BY PNNL (WHO PROVIDED THE LARGEST AMOUNT OF AID) BY HAVING FIXED-PRICE CONTRACTS FOR THE SAFETY UPGRADES. ANL MADE NO PAYMENTS UNTIL DELIVERABLES WERE RECEIVED AND VERIFIED. PAYMENTS WERE MADE TO THE FINANCIAL INSTITUTIONS IDENTIFIED ON THE INVOICES, AND WERE MADE TO VARIOUS FINANCIAL INSTITUTIONS, WHICH INCLUDED ENERGO POOL AND ALSO TO OTHERS IN NEW YORK. THE FIXED-PRICE CONTRACTS WERE NEGOTIATED WITH ADAMOV WHO WAS THE RUSSIAN MINISTER RESPONSIBLE FOR THE SAFETY UPGRADES AT THE TIME. ANL HAD REVIEWED THE DUMA REPORT AT THE TIME AND THOUGHT THAT SINCE THE CONTRACTS WERE FIXED-PRICE, THEY HAD NO AUTHORITY TO FOLLOW-UP ON THE MONEY ONCE ANL RECEIVED THE DELIVERABLES AND PAYMENT MADE.

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

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THE INVESTIGATION SUBSEQUENTLY REVEALED THAT \$11 MILLION WAS EMBEZZLED BY ADAMOV AND POSSIBLY ONE OR TWO OF HIS ASSOCIATES IN RUSSIA, AND [REDACTED] IN PITTSBURGH, [REDACTED] THE MONEY LAUNDERING SCHEME WITH ADAMOV.

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

STATON 4-MAY-05, [REDACTED] THAT ADAMOV WAS ARRESTED IN SWITZERLAND ON 2-MAY-05 UNDER A U.S. WARRANT, AND THAT ADAMOV WILL BE EXTRADITED BACK TO THE UNITED STATES. ADAMOV WAS ARRESTED FOR VIOLATIONS OF 18 USC 2314, TRANSPORTATION OF STOLEN GOODS; 18 USC 371, CONSPIRACY; 18 USC 1957(A), ENGAGING IN MONETARY TRANSACTIONS DERIVED FROM SPECIFIED UNLAWFUL ACTIVITY; AND 18 USC 1956(H), LAUNDERING ON MONEY INSTRUMENTS.

STATON 5-MAY-05, ADAMOV AND [REDACTED] WERE INDICTED ON 20 COUNTS OF THREE SEPARATE CONSPIRACIES OCCURRING BETWEEN JAN-93 AND JAN-03 TO TRANSPORT IN EXCESS OF \$9 MILLION IN STOLEN MONEY IN INTER-STATE AND FOREIGN COMMERCE, TO LAUNDER THE STOLEN MONEY, AND TO DEFRAUD THE U.S. BY IMPEDING THE IRS IN COLLECTING TAX DUE ON THE MONEY. THE INDICTMENT FURTHER ALLEGES 3 COUNTS OF TRANSPORTATION OF STOLEN MONEY AS TO EACH DEFENDANT, 1 COUNT OF MONEY LAUNDERING TO ADAMOV, 6 COUNTS OF MONEY LAUNDERING TO [REDACTED] AND 8 COUNTS OF TAX EVASION TO [REDACTED]

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

****STAT**** PURSUANT TO A PLEA AGREEMENT, [REDACTED] APPEARED IN COURT AND ENTERED A GUILTY PLEA ON 25-SEP-2006 FOR THE FOLLOWING CHARGES: 1 COUNT OF CONSPIRACY AND 8 COUNTS OF TAX FRAUD. [REDACTED] WAS ASSESSED A \$100 SPECIAL ASSESSMENT FEE FOR EACH COUNT TOTALING \$900. [REDACTED] WILL ALSO FORFEIT ALL OF [REDACTED] ILLEGAL PROCEEDS. A MATERIAL FACT HEARING WILL HELD ON 5-FEB-2007 AT 0930 HRS IN JUDGE COHILL'S COURTROOM..

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

STAT ON 28-JUN-2007 [REDACTED] WAS SENTENCED TO:

- * 15 MONTHS IMPRISONMENT
- * 3 YEARS OF SUPERVISED PROBATION AFTER RELEASED FROM PRISON
- * ORDERED TO PAY A \$900 SPECIAL ASSESSMENT FEE [CAPTURED FOR SAR PURPOSES ON 9-25-06 AT TIME OF PLEA HEARING]
- * FINED \$20000 TO BE PAID WITHIN 30 DAYS

DURING A TELEPHONIC CONTACT WITH [REDACTED] THE CASE AGENT THAT THE RUSSIAN GOVERNMENT DROPPED THE CHARGES AGAINST MR. ADAMOV. IT IS HIGHLY UNLIKELY THAT MR. ADAMOV WILL BE EXTRADITED TO THE U.S. TO FACE CHARGES.

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ANTICIPATED INVESTIGATIVE ACTIVITY:

CASE CLOSED AS ALL PRUDENT INVESTIGATIVE ACTIVITY HAS BEEN COMPLETED

Document Number 18

RELEASE



Department of Energy

Washington, DC 20585

July 19, 2006

MEMORANDUM FOR THE SECRETARY

FROM:


Gregory H. Friedman
Inspector General

SUBJECT:

SUMMARY: Special Inquiry Report Relating to the Department of Energy's Response to a Compromise of Personnel Data (OIG Case No. I06IG001)

INTRODUCTION

During a June 9, 2006, congressional hearing, Department of Energy officials publicly disclosed that a hacker had attacked an unclassified computer system at the National Nuclear Security Administration's (NNSA) Service Center in Albuquerque, New Mexico, and had exfiltrated a file containing the names and social security numbers of 1,502 individuals working for the NNSA. At the hearing, witnesses testified that: (1) senior Department officials, including you and the Deputy Secretary, were not fully apprised of the Albuquerque attack until the week of June 5, 2006, even though the attack had been detected in mid-2005; and, (2) employees had not been informed that their personnel data may have been compromised. On June 9, 2006, you requested that the Office of Inspector General examine aspects of Departmental actions in response to the discovery of the attack.

The Office of Inspector General initiated a Special Inquiry to examine the facts and circumstances regarding these matters. We also reviewed issues concerning a possible delay by the Department in completing an assessment of the impact of the intrusion, including the compromise of personnel data. We interviewed 46 current and former Federal and contractor employees of the Department and other agencies. The inquiry team analyzed thousands of classified and unclassified documents, including reports, electronic messages, notes and related records. We encountered certain inconsistent recollections, some concerning key issues, which could not be reconciled.

This unclassified memorandum provides a general summary of our findings. Our Special Inquiry report, which is classified and contains additional details, is being provided to you under separate cover.

SUMMARY

Our inquiry did not identify anyone in the Department who recalled briefing you or the Deputy Secretary on the specific details of the computer attack until June 2006. Additionally, we confirmed that Federal and contractor employees had not been notified that their personnel data was at risk until about ten months after the data compromise had been detected. Further, we



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determined that there was a lengthy delay in the Department's completion of an impact assessment on the intrusion.

Additionally, the current Chief Information Officer and the Director of the Office of Intelligence and Counterintelligence, both of whom began working at the Department in November 2005, informed us that they were not advised of the specifics of the data compromise until June 2006. It was our judgment that these individuals, given their duties and responsibilities, should have been directly engaged in this issue as early in the process as possible.

Witnesses provided their rationale for the actions taken in this matter. However, we concluded that the Department's handling of this matter was largely dysfunctional and that the operational and procedural breakdowns were caused by questionable managerial judgments; significant confusion by key decision makers as to lines of authority, responsibility, and accountability; poor internal communications, including a lack of coordination and a failure to share essential information among key officials; and, insufficient follow-up on critically important issues and decisions. Additionally, we found that the Department lacked clear guidance on procedures for notifying employees when personnel data is compromised. The bifurcated organizational structure of NNSA within the Department further complicated the situation.

During an interview with the Office of Inspector General, Ambassador Linton Brooks, the NNSA Administrator, stated that he took full responsibility for not ensuring that you and the Deputy Secretary were fully briefed on the matters relevant to the intrusion. In addition, he stated that he was the senior official responsible for not following-up to ensure that the employees and contractors were appropriately notified of the theft of their personnel information. In addition to Ambassador Brooks, we identified seven other senior officials who shared some level of responsibility for the way in which the matter was handled.

RECOMMENDATIONS

The Department and, in particular, the over 1,500 employees whose personnel data may have been compromised were not well served by the actions of officials in carrying out their duties during these events. Based on our review, we concluded that the Department should take the following steps to preclude a recurrence of this or similar situations:

1. Ensure that the Department has a clear, unambiguous policy on notifying employees affected by the loss of personnel data from Departmental systems;
2. Redefine and clarify roles and responsibilities for program managers, counterintelligence officials, cyber/information technology personnel, security managers, and others to ensure that the Secretary and Deputy Secretary are fully and timely briefed on cyber intrusions, security incidents and similar matters of significance to Departmental operations;
3. Clarify internal communication protocols to ensure that information critical to ongoing Department operations is shared among responsible program officials;
4. Clarify external communication protocols to ensure that decisions made by other agencies/authorities which may impact Departmental operations are fully understood and considered by Department decision makers;

5. **Appoint a task force of senior Departmental officials, including NNSA, to address situational complications resulting from the bifurcation of Department and NNSA functions; and,**
6. **Review the facts in the Special Inquiry report and determine if personnel action is warranted.**

I would be pleased to discuss this report in detail at your convenience.

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Case Number: I06CR005

Summary Date: 26-MAR-08

Title:

SECOND CHANCE BODY ARMOR ET.AL; FALSE CLAIMS; HQ

Executive Brief:

ALLEGATION:

ON 1-DEC-05, AUSA JIM FLOOD, WDC REQUESTED OIG INVESTIGATIVE ASSISTANCE IN THE CRIMINAL CASE OF SECOND CHANCE BODY ARMOR (SC) AND CORPORATE OFFICIALS TO INCLUDE

(b)(6),(b)(7)
(C) [REDACTED] AS WELL AS TOYOBO CO. LTD. REGARDING THE MISREPRESENTATIONS OF THE ULTIMA BALLISTIC VESTS SOLD TO GOV. LAW ENFORCEMENT ENTITIES TO INCLUDE DOE-OIG. AUSA FLOOD ADVISED THAT THE FOCUS INCLUDED THE CORPORATION OF SECOND CHANCE, TOYOBO CO. LTD.

(b)(6),(b)(7)
(C) ON 15-JUN-06 SA [REDACTED] WAS ASSIGNED AS A CO-CASE AGENT FOR THIS INVESTIGATION.

ON 07-FEB-06, CASE AGENT MET WITH AUSA AND TASK FORCE MEMBERS AND DISCUSSED THE INVESTIGATIVE FINDINGS TO DATE AND THE PLANNED FUTURE INVESTIGATIVE ACTIVITY. SA (b)(6),(b)(7) GAVE THE AUSA DOCUMENTS CONTAINING FINANCIAL TRANSACTIONS, WHICH SHOW THE DOE (C) OIG PURCHASED ZYLON BALLISTIC VESTS FROM SC IN THE AMOUNT OF \$15,591.40. THE OIG FINANCIAL TRANSACTION WAS MADE IN OCTOBER 2002 USING A BANK OF AMERICA CREDIT CARD.

FROM FEBRUARY TO APRIL 2006, SA (b)(6),(b)(7)(C) COMPLETED A REVIEW, ANALYSIS AND SUMMARY OF (b)(6),(b)(7)(C) CIVIL DEPOSITIONS OF [REDACTED] OF TOYOBO AND (b)(6),(b)(7)(C) OF SCBA. THE (C) REVIEW REVEALED THAT SC OFFICIALS FAILED TO DISCLOSE TO THEIR CUSTOMERS, INCLUDING THE DOE OIG, INFORMATION THAT THE ZYLON MATERIAL DEGRADES AT AN UNPREDICABLE RATE AND IS NOT FIT FOR USE IN BODY ARMOR.

09-MAR-06, SA (b)(6),(b)(7)(C) ALONG WITH THE AUSA AND TASK FORCE MEMBERS, INTERVIEWED [REDACTED] (b)(6),(b)(7)(C) INVESTMENT BANKERS FROM TRENWITH GROUP TO DETERMINED THEIR ROLE AND KNOWLEDGE OF THE ISSUANCE OF DEFECTIVE BALLISTIC BODY ARMOR SOLD BY SC.

TRENWITH'S ROLE WAS TO ASSIST SC WITH A LIQUIDITY EVENT, WHICH WOULD TAKE MONEY OUT (b)(6),(b)(7) THE COMPANY FOR [REDACTED] OF SC. (b)(6),(b)(7) OF TRENWITH SAID THAT SC OFFICIALS INFORMED [REDACTED] IN (b)(6),(b)(7) JUNE 2003, THAT THE VEST PENETRATIONS WAS A BALLISTICS ISSUE AND NOT THAT OF (C) DEFECTIVE VESTS. (AGENT'S NOTE: IN [REDACTED] BALLISIC VEST (C) WERE PENETRATED IN SEPARATE INCIDENTS WHILE WEARING ZYLON MADE BODY ARMOR PURCHASED FROM SC. [REDACTED] (b)(6),(b)(7)(C).)

(b)(6),(b)(7) APR-2006, SA [REDACTED] AND TASK FORCE MEMBERS INTERVIEWED [REDACTED] OF TEIJIN (b)(6),(b)(7) TAWON, INC. [REDACTED] COMPANY MANUFACTURES TWARON, WHICH LIKE ZYLON IS USED AS (C) BALLISTIC MATERIAL IN SOFT BODY ARMOR. BOTH [REDACTED] AND [REDACTED] COMPANY CONDUCTED TESTING (b)(6),(b)(7) ON ZYLON. THE RESULTS OF THE TESTS SHOWED DEGRADATION OF ZYLON OVER TIME. [REDACTED] AND (C)

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TEIJIN TWARON REPORTED THEIR TEST RESULTS TO (b)(6),(b)(7)(C) OF SCBA.

ON 25-APR-2006, SA (b)(6),(b)(7)(C) COMPLETED A REVIEW OF OF SUBPOENAED DOCUMENTS RECEIVED FROM HEXCEL SCHWEBEL (HS). HS WAS SECOND CHANCE'S WEAVER FOR THE ZYLON FIBER USED IN BALLISTIC ARMOR. THE DOCUMENTS SHOW THAT HS HAD CONCERNS ABOUT THE DEGRADATION OF (b)(6),(b)(7) ZYLON FIBER AND RELATED THOSE CONCERNS TO (b)(6),(b)(7)(C) OF SECOND CHANCE. SA (b)(6),(b)(7)(C) IDENTIFIED A DOCUMENT THAT SC OFFICIAL (b)(6),(b)(7)(C) TOLD HEXCEL TO TAKE INFORMATION OUT OF AN INDEMNIFICATION AGREEMENT THAT SC WAS NOTIFYING THEIR CUSTOMERS ABOUT PROBLEMS WITH ZYLON. (AGENT'S NOTE: HS REQUIRED THEIR CUSTOMERS SIGN INDEMNIFICATION AGREEMENTS BECAUSE OF HS CONCERNS WITH ZYLON DEGRADATION.)

22-MAY-2006, MET WITH AUSA AND TASK FORCE MEMBERS AND REVIEWED DOCUMENTS TO BE USED IN CRIMINAL INDICTMENTS.

(b)(6),(b)(7)(C) 2-JUNE-2006, SA (b)(6),(b)(7)(C) INTERVIEWED (b)(6),(b)(7)(C) OF TEIJIN TWARON. (b)(6),(b)(7)(C) TESTED A ZYLON BALLISTIC PANEL AND OBSERVED SIGNIFICANT DEGRADATION OF ZYLON UNDER NORMAL TEMPERATURES AND NORMAL AGING. (b)(6),(b)(7)(C) FINDINGS TO (b)(6),(b)(7)(C) OF SCBA.

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

(b)(6),(b)(7)(C) 18-JUNE-2006, INTERVIEWED (b)(6),(b)(7)(C) OF DENNIS, GARTLAND & NIERGARTH (DGN) IN TRAVERSE CITY MICHIGAN AND ARRANGED FOR THE SERVICE OF A GRAND JURY SUBPOENA TO BE SERVED ON PASSAGeways TRAVEL FOR THE TRAVEL RECORDS OF SC OFFICIALS.

(b)(6),(b)(7)(C) 19-JULY-2006, SA (b)(6),(b)(7)(C) INTERVIEWED (b)(6),(b)(7)(C) DOED OIG. (b)(6),(b)(7)(C) MADE THE RECOMMENDATION THAT DOED OIG MANAGERS PURCHASE THE ULTIMA VEST FROM SC FOR DOED OIG (b)(6),(b)(7)(C) SPECIAL AGENTS. (b)(6),(b)(7)(C) SAID THAT SC WITHHELD CRITICAL INFORMATION, WHICH WOULD (b)(6),(b)(7)(C) CHANGED (b)(6),(b)(7)(C) RECOMMENDATION TO PURCHASE ZYLON VESTS FROM SC.

(b)(6),(b)(7)(C) 7-AUG-2006, INTERVIEWED (b)(6),(b)(7)(C) NNSA, OFFICE OF (b)(6),(b)(7)(C) THE TRANSPORTATION (OST) DOE. (b)(6),(b)(7)(C) FOR FOR THE (b)(6),(b)(7)(C) OST'S BODY ARMOR PROCUREMENT THAT WAS AWARDED TO SC. (b)(6),(b)(7)(C) DID NOT WANT THE CONTRACT AWARDED TO SC BECAUSE THEY HAD THE LOW BID. HOWEVER, THE CONTRACTING OFFICER GAVE THE AWARD TO SC BECAUSE THEY HAD THE LOW BID.

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

(b)(6),(b)(7)(C) DID NOT KNOW ABOUT PROBLEMS WIHT ZYLON AT THE TIME THE BID WAS AWARDED (b)(6),(b)(7)(C). (b)(6),(b)(7)(C) FIRST LEARNED OF THE PROBLEMS WITH THE ZYLON MATERIAL IN SEPTEMBER 2003, (b)(6),(b)(7)(C) WHEN SC WENT PUBLIC WITH INFORMATION REGARDING ZYLON. SC (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) THAT THE ULTIMA VEST, OST RECEIVED, DID NOT MEET (b)(6),(b)(7)(C) SPECIFICATIONS. OST'S SPECS CALLED FOR A MIXTURE OF ZYLON IN ADDITION TO OTHER

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BALLISTIC MATERIAL AND AN URETHANE COVER. HOWEVER, THE ULTIMA VEST WAS 100% ZYLON AND DID NOT HAVE A URETHANE COVER.

23-AUG-2006, PARTICIPATED IN THE INTERVIEWS OF HEXCEL EMPLOYEES (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) HEXCEL WAS SC'S WEAVER FOR THE ZYLON BALLISTIC VESTS. HEXCEL RECEIVED ZYLON FIBER FROM TOYOBO AND MADE IT INTO FABRIC BEFORE GIVING THE FABRIC TO SC TO MANUFACTURE A VEST. (b)(6),(b)(7)(C) THAT WHEN (b)(6),(b)(7)(C) LEARNED THERE WAS A PROBLEM WITH ZYLON, HEXCEL SENT OUT INDEMNIFICATION LETTERS FOR THEIR CUSTOMERS TO SIGN. THE INDEMNIFICATION WOULD PROTECT HEXCEL FROM LIABILITY. (b)(6),(b)(7)(C) THAT HEXCEL IS NOT RESPONSIBLE FOR THE END PRODUCT, THE MANUFACTURED VEST.

31-AUG-2006, SA (b)(6),(b)(7)(C) RECEIVED 15 BOXES OF DOCUMENTS RELATED TO THE HEXCEL CORPORATION FROM AUSA FLOOD. THE DOCUMENTS WILL BE REVIEWED TO IDENTIFY DOCUMENTS FOR THEIR RELEVANCE IN THE OIG CRIMINAL INVESTIGATION.

FROM AUGUST TO NOVEMBER 2006, SA (b)(6),(b)(7)(C) INTERVIEWED POLICE OFFICERS WHO RECOMMENDED THEIR AGENCIES PURCHASE ZYLON BALLISTIC VESTS FROM SC. THE INTERVIEWS REVEALED THAT RECOMMENDING POLICE OFFICIALS WERE NOT INFORMED OF FACTS CONCERNING PROBLEM WITH ZYLON.

(b)(6),(b)(7)(C) SA (b)(6),(b)(7)(C) INTERVIEWED SEVERAL SC INDEPENDANT SALES REPRESENTATIVES WHO SOLD ZYLON BALLISTIC VESTS TO LAW ENFORCEMENT AGENCIES. THE INTVERVIEWS REVEALED THAT SC COVERED UP CRITICAL INFORMATION REGARDING PROBLEMS WITH THE ZYLON. THE SC SALES REPRESENTATIVES WOULD NOT HAVE SOLD THE ZYLON VESTS TO LAW ENFORCEMENT HAD THEY KNOWN CERTAIN FACTS SC OFFICIALS WITHHELD.

(b)(6),(b)(7)(C) **STAT** 16-JAN-2007, SA (b)(6),(b)(7)(C) SERVED A FEDERAL GRAND JURY SUBPOENA ON PETERSEN PRODUCTIONS LOCATED IN TRAVERSE CITY, MICHIGAN.

(b)(6),(b)(7)(C) FEB 2007, SA (b)(6),(b)(7)(C) PARTICIPATED IN INTERVIEWS OF (b)(6),(b)(7)(C) EXECUTIVES AT SCBA. THE INTERVIEWS WERE CONDUCTED WITH AUSAS LAUREL LOOMIS-RIMON AND TIMOTHY LYNCH. BOTH (b)(6),(b)(7)(C) THAT (b)(6),(b)(7)(C) AND THE OTHER MEMBERS OF SCBA'S EXECUTIVE COMMITTEE WOULD HAVE BEEN RESPONSIBLE FOR STATEMENTS REGARDING WARRANTIES IN SCBA'S CATALOGS AND OTHER PROMOTIONAL MATERIAL.

12-APR-2007, SA (b)(6),(b)(7)(C) BY AUSA CRIMINAL CHIEF JOHN ROTH, DISTRICT OF COLOMBIA THAT HIS OFFICE INTENDED TO DECLINE PROSECUTION BASED ON THE LACK OF INTENT NEEDED FOR A CRIMINAL PROSECUTION.

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11-MAY-2007, TASK FORCE MEMBER, (b)(6),(b)(7)(C) THAT AUSA STEVE LINIC OF THE DOJ'S FRAUD TASK FORCE WILL CONSIDER I06CH005 FOR CRIMINAL PROSECUTION. AUSA LINIC WILL ADVISE TASK FORCE MEMBERS SHORTLY OF HIS OFFICE'S DECISION TO PROSECUTE.

JULY 2007, RECEIVED INFORMATION THAT THE AUSA WILL END ITS CRIMINAL INVESTIGATION OF SCBA AND THE DEFENDANTS FOR LACK OF PROSECUTIVE MERIT.

AUGUST 2007, SA (b)(6),(b)(7)(C) RECEIVED A LETTER FROM (b)(6),(b)(7)(C) FRAUD AND PUBLIC CORRUPTION SECTION AT THE UNITED STATES ATTORNEY DISTRICT OF COLUMBIA. THE LETTER, DATED JUNE 23, 2007, STATES THAT THE DISTRICT OF COLUMBIA DECLINES PROSECUTION FOR THE REASONS STATES IN THE APRIL 12, 2007 MEETING BETWEEN MEMBERS OF THE SC TASK FORCE AND USAO PERSONNEL.

8-NOV-2007, SA (b)(6),(b)(7)(C) BY AUSA LAUREL RIMON TO SEND APPROXIMATELY 20 BOXES OF DOCUMENTS RELATED TO THE HEXCEL COMPANY TO (b)(6),(b)(7)(C) AT LABAT'S LOCATED IN MCCLEAN, VA.

29-NOV-2007, SA (b)(6),(b)(7)(C) SENT HEXCEL DOCUMENTS TO (b)(6),(b)(7)(C) OF LABAT'S AS INSTRUCTED BY THE AUSA AND PURSUANT TO CASE CLOSURE.

CASE DISPOSITION: CLOSE CASE

Document Number 20



U.S. Department of Energy
Office of Inspector General
Office of Investigations

January 8, 2007

MEMORANDUM FOR THE MANAGER OF THE IDAHO OPERATIONS OFFICE

FROM: (b)(6),(b)(7)(C)
Region 6 Investigations Office

SUBJECT: Investigation Involving Allegations of Questionable Instant Messages
Originating from the Idaho National Laboratory (INL) (OIG Case No.
I07IF001)

This report serves to inform you of the interim results of an investigation by the U.S. Department of Energy (Department), Office of Inspector General (OIG) that pertain to a Department employee assigned to the Department's Idaho Operations office. The employee is (b)(6),(b)(7)(C)

On October 3, 2006, the Department OIG initiated this investigation following the receipt of information from a Battelle Energy Alliance (Battelle) Safeguards/Personnel Security (Security) employee that a Department employee at INL was inappropriately exchanging instant messages (IMs) on the banned INL computer network. Specifically, it was alleged that (b)(6),(b)(7)(C) exchanged IMs pertaining to an ongoing State of Idaho Attorney General's Office (AG) criminal investigation (b)(6),(b)(7)(C). Security reported (b)(6),(b)(7)(C) had exchanged IMs about how to avoid charges associated with the AG's criminal investigation with an individual and potentially obstructed the AG's investigation. The OIG opened the investigation and worked jointly with the AG to determine if (b)(6),(b)(7)(C) was using the Department owned computer network to obstruct a criminal investigation.

(b)(6),(b)(7)(C) The investigation confirmed that (b)(6),(b)(7)(C) INL computer, several IMs that referenced the AG's investigation of (b)(6),(b)(7)(C) and used (b)(6),(b)(7)(C) INL computer for activities that potentially violated laws pertaining to obstruction of justice. Evidence gathered from (b)(6),(b)(7)(C) IMs and interviews related to the AG investigation were used to support criminal charges filed against (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C). Prosecutors are not anticipating filing criminal charges against (b)(6),(b)(7)(C).

Our investigation determined that (b)(6),(b)(7)(C) frequently used the INL banned computer network for corresponding on topics that appear to be unrelated to (b)(6),(b)(7)(C) official duties during (b)(6),(b)(7)(C) normal business day. This report makes two recommendations for corrective action pertaining to (b)(6),(b)(7)(C) misuse of the INL computer network.

(b)(6),(b)(7)(C) Please contact me at (509) 376 (b)(6),(b)(7)(C) or SA (b)(6),(b)(7)(C) at (208) 526 (b)(6),(b)(7)(C) should you have any questions.

**U.S. Department of Energy
Office of Inspector General
Office of Investigations
Case No. I07IF001**

COPY



INVESTIGATIVE REPORT TO MANAGEMENT

January 8, 2007

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I. ALLEGATION

On October 3, 2006, the U.S. Department of Energy (Department), Office of Inspector General (OIG), initiated an investigation following the receipt of information from a Battelle Energy Alliance (Battelle) security employee that a Department employee at the Idaho National Laboratory (INL) was inappropriately exchanging instant messages (IM) on the bannered INL computer network. Specifically, the investigation was predicated on information received from Battelle Safeguards/Personnel Security (Security), the INL managing contractor, that [REDACTED] Idaho Operations Office, exchanged IMs pertaining to an ongoing State of Idaho Attorney General's (AG) Office criminal investigation [REDACTED]. Security reported [REDACTED] had exchanged IMs with an individual about how to avoid charges associated with the AG's criminal investigation and potentially obstructed the AG's investigation. The OIG opened an investigation to determine if [REDACTED] was using the Department-owned computer network to obstruct a criminal investigation.

II. POTENTIAL STATUTORY OR REGULATORY VIOLATIONS

This investigation focused on potential violations of Title 18, United States Code (U.S.C.) § 371, Conspiracy to Commit an Offense and Title 18 U.S.C. § 1511, Obstruction of State or Local Law Enforcement.

III. INVESTIGATIVE FINDINGS

The OIG investigation confirmed that [REDACTED] several IMs on [REDACTED] INL computer that referenced the AG's investigation [REDACTED]. The investigation also determined that between November 1, 2005, and November 30, 2006, [REDACTED] frequently used the INL bannered computer network to exchange IMs that appeared unrelated to [REDACTED] official duties during [REDACTED] normal business day. The OIG investigation did not focus on the abuse of labor hours or the appropriateness of [REDACTED] computer use, but rather [REDACTED] alleged criminal obstruction of justice. Therefore, the OIG investigation did not attempt to quantify [REDACTED] alleged misuse of time and/or INL computer equipment. The OIG provided [REDACTED] IMs to the AG's Office and a joint investigation was initiated.

The specific evidence gathered from [REDACTED] IMs that relate to the AG investigation was provided to the AG and included in an affidavit that was written in support of criminal charges that were filed against [REDACTED] and [REDACTED].

[REDACTED] The OIG investigation identified numerous IMs originating from [REDACTED] INL computer related to the AG's investigation of [REDACTED] and subsequently [REDACTED]. The OIG investigation confirmed that [REDACTED] sent the IMs via [REDACTED] assigned INL computer and over Internet Protocol (IP) address [REDACTED], which is assigned to INL. A review of the content of the IMs confirmed that [REDACTED] authored the IMs. In summary, during the period reviewed, [REDACTED] was associated with 14,511 IMs. [REDACTED] was the highest IM user at the INL during April 2006 and June 2006. [REDACTED] was the second highest user during March 2006, September 2006, and October 2006; and the third highest user in August 2006 and November

[REDACTED]

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

2006. (b)(6),(b)(7)(C) authored the IMs Monday through Friday during (b)(6),(b)(7)(C) normal business day. None of (b)(6),(b)(7)(C) IMs appear to be work related. A review of (b)(6),(b)(7)(C) INL Microsoft Outlook electronic message (e-mail) account, (b)(6),(b)(7)(C)@id.doe.gov, identified a large quantity of personal e-mails and e-mail folders associated with firearms, ammunition and knives. (b)(6),(b)(7)(C) INL Internet firewall log was not reviewed. (b)(6),(b)(7)(C)

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

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

The OIG investigation did not address the other frequent IM users at INL. Battelle Communications and Cyber Security Resources maintains this data and Battelle security has conducted multiple investigations concerning IM use at INL.

IV. COORDINATION

This matter was coordinated with the following Department staff: (b)(6),(b)(7)(C)
(b)(6),(b)(7)(C) In addition, all potential criminal violations were coordinated with the Federal Bureau of Investigation, the U.S. Attorney's Office for the District of Idaho and the State of Idaho AG's Office.

V. RECOMMENDATIONS

The OIG recommends that the Department, based on the findings in this report and other information that is available:

1. Determine if (b)(6),(b)(7)(C) and/or others using IMs violated INL computer use policies.
2. Determine if additional administrative reviews and/or corrective actions need to be taken with respect to IM users at INL.

VI. FOLLOW-UP REQUIREMENT

Please provide the Office of Inspector General with a written response within 30 days concerning any action(s) taken or anticipated in response to this report.

VII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

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Case Number: I08AL002

Summary Date: 10-DEC-07

Title:

SANDIA; VARIOUS ISSUES; SANDIA NATIONAL LABS

Executive Brief:

ON SEPTEMBER 11, 2007, (b)(6),(b)(7)(C),(b)(7)(D) (PROTECT IDENTITY), (b)(6),(b)(7)(C),(b)(7)(D) SANDIA SITE OFFICE (SSO), CONTACTED THE DEPARTMENT OF ENERGY (DOE) OFFICE OF INSPECTOR GENERAL (OIG) TO PROVIDE ALLEGATIONS OF WRONGDOING BY SANDIA NATIONAL LABORATORIES (SNL). SPECIFICALLY, (b)(6),(b)(7)(C),(b)(7)(D) INFORMATION ON THREE ISSUES WHICH ARE AS FOLLOWS:

ISSUE #1: AUGMENTATION OF APPROPRIATIONS

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

THE HSM PROJECT INVOLVES THE DECOMMISSION AND DEMOLITION (D&D) AND INSTALLATION OF NEW HEATING SYSTEMS TO 115 BUILDINGS WITHIN SANDIA NATIONAL LABORATORIES (SNL) TECHNICAL AREA (TA) 1. THE NEW HEATING SYSTEM WILL REPLACE THE STEAM-PLANT (PLANT), WHICH IN THE PAST PROVIDED HEATING TO BUILDINGS WITHIN TA-1. THE OLD PLANT OPERATES ON BOTH FUEL OIL AND NATURAL GAS AND THE NEW HEATING SYSTEM WILL OPERATE ON NATURAL GAS ONLY. THE FUEL OIL CURRENTLY REMAINING IS EXPECTED TO BE CONSUMED BY 2010 AT THE END OF THE HSM PROJECT.

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

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

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

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

OFFICE OF

(b)(6),(b)(7)(C) FIELD FINANCIAL MANAGEMENT, NNSA, FOR A FINAL DETERMINATION AS TO WHETHER THE USE OF IGPP FUNDS WAS AUGMENTATION. (b)(6),(b)(7)(C) OFFICE GAVE THEIR APPROVAL OF THE IGPP.

SSO

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

IT FOR

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

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

(AGENTS NOTE: THE DOE OIG REVIEWED THE PRINCIPLES OF FEDERAL APPROPRIATIONS LAW, THIRD EDITION, VOLUME II, SECTION E(1) ENTITLED (AUGMENTATION OF APPROPRIATIONS). BASED ON THE INFORMATION REVIEWED THERE DOES NOT SEEM TO BE ANY CRIMINAL VIOLATIONS OF LAW RELATED TO AUGMENTATION REPORTED IN THIS COMPLAINT.

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

(7)(D)

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

ON SEPTEMBER 17, 2007, THE DOE OIG AGAIN MET (b)(6),(b)(7)(C),(b)(7)(D) THE DOE OIG INFORMED

(b)(6),(b)(7)(C),(b)(7)(D) THAT THE INFORMATION THAT (b)(6),(b)(7)(C),(b)(7)(D)

DID NOT SEEM TO MEET THE ELEMENTS

OF THE STATUTES RELATED TO AUGMENTATION OF APPROPRIATIONS (I.E. 31 USC 3302(B), 31

USC 1301(A), AND 18 USC 209).

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

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

ISSUE #2: SALE OF FUEL OIL

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

SSO, TO LOOK INTO THE ISSUE OF THE FUEL OIL SALE.

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

REVIEW IS ONGOING.

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

(7)(D)

DURING THE SEPTEMBER 17, 2007, INTERVIEW WITH (b)(6),(b)(7)(C),(b)(7)(D)

TO SNL'S SALE OF THE FUEL OIL.

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THE FUEL OIL APPROPRIATELY.)

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

ISSUE #3: FUNDS USED PRIOR TO IGPP APPROVAL

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

ISSUE #4: RETALIATION/USE OF NAME

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

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

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

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(b)(6),(b)(7)(C),(b)(7)(D) INFORMATION ON THE WHISTLEBLOWER PROTECTION ACT AND THE OFFICE OF SPECIAL COUNSEL (OSC) ALONG WITH TELEPHONE NUMBERS AND A WEBSITE WITH INFORMATION ON FILING A WHISTLEBLOWER COMPLAINT WITH THE OFFICE OF SPECIAL COUNSEL.

DOE OIG AUDITS AND INSPECTIONS WERE BRIEFED ON THE ISSUES.

(b)(6),(b)(7)(C),(b)(7)(D) RE-INTERVIEW OF (b)(6),(b)(7)(C),(b)(7)(D)

(b)(6),(b)(7)(C),(b)(7)(D) ON OCTOBER 1, 2007, THE DOE OIG RE-INTERVIEWED (b)(6),(b)(7)(C),(b)(7)(D) FOR CLARIFICATION ON THE ISSUES (b)(6),(b)(7)(C),(b)(7)(D) THE OIG. (b)(6),(b)(7)(C),(b)(7)(D) THE FOLLOWING INFORMATION:

IN APPROXIMATELY MARCH 2006, SNL CONDUCTED A FEASIBILITY STUDY TO USE A TEMPORARY PLANT TO HEAT SNL DURING THE DECOMMISSION AND DEMOLITION (D&D) OF THE HSM PROJECT.

FOLLOWING THE FEASIBILITY STUDY IN 2006, SNL SUBMITTED A REQUEST TO SSO TO FUND THE PURCHASE OF THE TEMPORARY PLANT AS A GENERAL PLANT PROJECT (GPP). SSO DENIED SNL'S REQUEST BECAUSE IT DID NOT MEET THE CRITERIA OF A GPP. SNL THEN SUBMITTED A BASELINE CHANGE. SSO DENIED THE REQUEST DUE TO BUDGETARY CONCERNS.

ON NOVEMBER 1, 2006, SNL REQUESTED ANOTHER BASELINE CHANGE TO THE HSM PROJECT WHICH INCLUDED THE PURCHASE AND RELATED EXPENSES FOR THE TEMPORARY PLANT AS WELL AS D&D.

IN APPROXIMATELY THE BEGINNING OF 2007, SHORTLY AFTER SNL REQUESTED THE BCP, SNL WITHDREW IT, BECAUSE THEY WERE CONCERNED ABOUT THE PERCEPTIONS RELATING TO KEEPING CONSTRUCTION PROJECTS WITHIN BUDGET AND HOW THAT WOULD AFFECT THEIR PERFORMANCE RATINGS.

SNL THEN CAME UP WITH THE IDEA OF FUNDING THE SPTBP THROUGH AN IGPP.

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

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ON AUGUST 10, 2007, BASED ON THE INFORMATION PROVIDED, (b)(6),(b)(7)(C) A
MEMORANDUM TO SSO WHICH STATED THAT (b)(6),(b)(7)(C)

ARRIVED AT THIS CONCLUSION AFTER CAREFUL CONSIDERATION OF ARGUMENTS PRESENTED TO
(b)(6),(b)(7)(C)

ON AUGUST 14, 2007, SNL PROVIDED A MEMORANDUM TO SSO ENTITLED "COST SAVINGS
JUSTIFICATION FOR THE SNL TEMPORARY BOILER PROJECT". (b)(6),(b)(7)(C),(b)(7)(D)

(b)(6),(b)(7)(C) SNL TO VALIDATE THE FIGURES IN THE MEMORANDUM, HOWEVER, (b)(6),(b)(7)(C)
STEPPE IN AND INFORMED SNL THAT THEY DID NOT HAVE TO VALIDATE THE FIGURES.

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

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

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

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

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

THE ABOVE TWO REPORTS CAN BE
REQUESTED THROUGH SSO. (b)(6),(b)(7)(C),(b)(7)(D)

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

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

ABOVE ISSUES. IN RESPONSE TO QUESTIONS, [REDACTED] THE FOLLOWING INFORMATION:

IGPP FUNDING

PER THE MANAGEMENT AND OPERATING (M&O) CONTRACT THAT SNL HAS WITH DOE, DOE ALLOCATES A CERTAIN DOLLAR AMOUNT TO SNL FOR OPERATING EXPENSES, WHICH INCLUDES OFFICE SPACE FOR SNL. OPERATING EXPENSES ARE DISPERSED TO ALL ORGANIZATIONS THROUGHOUT SNL. A BURDEN/TAX RATE IS THEN ASSESSED TO SNL'S OPERATING FUNDS. THOSE FUNDS WHICH COME FROM THE BURDEN/TAX ARE USED FOR IGPP'S. WHEN SNL WANTS TO USE IGPP FUNDING FOR A PROJECT, THEY MUST GET THE APPROVAL OF SSO PRIOR TO BEGINNING THE PROJECT.

TEMPORARY STEAM PLANT PROJECT

(b)(6),(b)(7)(C) [REDACTED] MUCH OF THE SAME [REDACTED] (b)(6),(b)(7)(C),(b)(7)(D) REGARDING THE CIRCUMSTANCES SURROUNDING THE SPTBP. (b)(6),(b)(7)(C)

[REDACTED] TO ALLOW SNL TO GO THROUGH THE PROCESS OF REQUESTING IGPP FUNDS AND [REDACTED] (b)(6),(b)(7)(C) AS TO WHETHER IT SHOULD BE APPROVED. (b)(6),(b)(7)(C)

ACCORDING TO [REDACTED] (b)(6),(b)(7)(C) SNL IGPP FUNDING AS LONG AS THERE WAS NO CONTROVERSY. [REDACTED] (b)(6),(b)(7)(C),(b)(7)(D) THERE WAS CONTROVERSY WITH THIS IGPP BECAUSE [REDACTED] (b)(6),(b)(7)(C) THE SPTBP WAS NOT A STAND ALONE PROJECT, THEREFORE THE [REDACTED] (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C),(b)(7)(D) [REDACTED] IN A MEETING WHICH INCLUDED SSO PERSONNEL, [REDACTED] (b)(6),(b)(7)(B),(b)(7)(D)

[REDACTED] IT WAS DETERMINED THAT [REDACTED] (b)(6),(b)(7)(C)

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

[REDACTED] A MEMORANDUM WITH THE INFORMATION ON THE SPTBP AND [REDACTED] (b)(6),(b)(7)(C) TO MAKE A DETERMINATION AS TO WHETHER ISSUING IGPP FUNDS WAS APPROPRIATE FOR THE IGPP. (b)(6),(b)(7)(C)

[REDACTED] (b)(6),(b)(7)(C) FOR SSO TO APPROVE THE IGPP. [REDACTED] (b)(6),(b)(7)(C) THEN

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

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

REQUESTED THE IGPP (b)(6),(b)(7)(C) AT THE TIME THE IGPP WAS TO BE APPROVED, (b)(6),(b)(7)(C) AND (b)(6),(b)(7)(C) SSO WAS (b)(6),(b)(7)(C) THE APPROVAL FOR THE IGPP, TO WHICH (b)(6),(b)(7)(C) DID. (b)(6),(b)(7)(C) THE IGPP BASED ON SNL PROVIDING AN UPDATED SUBMISSION OF THE BUDGET AND SCHEDULE FOR THE IGPP. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) SNL NEVER SUBMITTED AN UPDATED BUDGET AND SCHEDULE REQUESTED (b)(6),(b)(7)(C) IN A MEETING WITH SNL AND SSO (b)(6),(b)(7)(C) SNL THAT THEY DID NOT HAVE TO SUBMIT THE INFORMATION. (b)(6),(b)(7)(C)

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

FUNDS USED PRIOR TO IGPP APPROVAL

PRIOR TO IGPP APPROVAL, IT WAS DISCOVERED THAT SNL STARTED DESIGN OF THE SPTBP WITHOUT THE AUTHORITY OF SSO. ACCORDING TO (b)(6),(b)(7)(C) (REFER TO ISSUE #3 ABOVE) (b)(6),(b)(7)(C) ACCORDING TO SSO POLICY, SNL HAD THE AUTHORITY TO BEGIN DESIGN WORK AS LONG AS IT WAS UNDER \$250,000. (b)(6),(b)(7)(C) THAT (b)(6),(b)(7)(C) THE \$250,000 EXCEPTION ONLY APPLIES TO GPP AND NOT TO IGPP. (b)(6),(b)(7)(C) THE EXCEPTION TO THE DOE OIG IN THE SSO MANUAL ENTITLED "GENERAL PLANT PROJECTS". (b)(6),(b)(7)(C) THE MANUAL SPECIFICALLY STATES THAT THE \$250,000 EXCEPTION DOES NOT APPLY TO IGPP. (b)(6),(b)(7)(C) WAS AWARE OF THIS EXCEPTION BECAUSE (b)(6),(b)(7)(C) ON A PREVIOUS OCCASION.

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

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

ON NOVEMBER 16, 2007, THE DOE OIG INTERVIEWED (b)(6),(b)(7)(C) REGARDING THE APPROVAL OF THE SPTBP. ACCORDING TO (b)(6),(b)(7)(C) A RESPONSE (b)(6),(b)(7)(C) SNL, IN REGARDS TO (b)(6),(b)(7)(C) THE RESPONSE THAT (b)(6),(b)(7)(C) WAS A MEMORANDUM WITH AN UPDATED BUDGET AND SCHEDULE FOR THE SPTBP DATED OCTOBER 9, 2007 ENTITLED "REVISED BASELINE CHANGE PROPOSAL FOR STEAM PLANT TEMPORARY BOILERS, TEMP-07-001-REV B". (b)(6),(b)(7)(C) THIS MEMORANDUM MET THE CONDITIONS OF (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) WAS ASKED ABOUT A MEMORANDUM DATED AUGUST 14, 2007, ENTITLED "COST SAVINGS JUSTIFICATION FOR THE SNL TEMPORARY BOILER PROJECT". SPECIFICALLY, (b)(6),(b)(7)(C) WAS ASKED IF THE INFORMATION IN THIS MEMORANDUM WAS INCORRECT, WOULD THAT HAVE CHANGED (b)(6),(b)(7)(C) OF THE SPTBP. ACCORDING TO (b)(6),(b)(7)(C) BECAUSE THE PROJECT WAS MUCH SMALLER THAN MANY OF SNL OTHER PROJECTS, IT "PROBABLY WOULDN'T OF MATTERED" THAT THE MEMORANDUM DID NOT PROVIDE ACCURATE INFORMATION. (b)(6),(b)(7)(C) THE SPTBP WOULD HAVE "PROBABLY" STILL BEEN APPROVED BECAUSE IT WAS A SMALL PROJECT.

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

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

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ON NOVEMBER 28, 2007, THE DOE OIG MET WITH (b)(6),(b)(7)(C) TO BRIEF THEM ON THE ABOVE ISSUES. THE OIG INFORMED (b)(6),(b)(7)(C) THAT THE BASED ON THE INFORMATION PROVIDED THERE DOES NOT APPEAR TO BE ANY VIOLATIONS OF LAW. THE OIG REFERRED THE MATTER TO SSO MANAGEMENT TO PROCEED AS THEY DEEM APPROPRIATE.

(b)(6),(b)(7)(C) THEY WERE AWARE OF THE ABOVE ISSUES AND BELIEVED THEY HAD ADDRESSED ALL OF THE ISSUES IN DEPTH AND IN THE PROPER MANNER.

WITH REGARDS TO SNL USING IGPP FUNDS PRIOR TO APPROVAL, (b)(6),(b)(7)(C) SSO ADDRESSED THIS IN SNL'S END OF YEAR PERFORMANCE RATING.

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Case Number: I06LV002

Summary Date: 15-NOV-07

Title:

FALSE CLAIMS; MULTIPLE SUBJECTS; YUCCA PROJECT

Executive Brief:

PREDICATION:

ON 2/16/06, THE OIG RECEIVED DOCUMENTATION, VIA MAIL, [REDACTED] (b)(6),(b)(7)(C) DEFENSE CONTRACT AUDIT AGENCY, ALLEGING FALSE CLAIMS BY SEVERAL EMPLOYEES OF IBEX ENGINEERING SERVICES, INC., A DEPARTMENT SUBCONTRACTOR. THE EMPLOYEES WERE ALLEGEDLY ON LONG TERM ASSIGNMENTS TO LAS VEGAS, NEVADA, AND WERE BEING PAID PER DIEM ALLOWANCES FOR LODGING, MEALS, AND INCIDENTAL EXPENSES. THE ALLEGATION STATES THE EMPLOYEES PERMANENTLY RELOCATED TO LAS VEGAS, NV, AND CONTINUED TO CLAIM PER DIEM ALLOWANCES. THE CLAIMS WERE PAID BY THEIR EMPLOYER, IBEX ENGINEERING SERVICES, INC., WHO IN TURN CLAIMED THE EXPENSES THROUGH INVOICING TO THE PRIME CONTRACTORS; AND ULTIMATELY THE DEPARTMENT OF ENERGY. THE POTENTIAL LOSS OR IMPACT TO THE DEPARTMENT IS ALLEGED TO BE \$421,433. THE SUSPECTED FALSE CLAIMS FOR PER DIEM RESULTS IN ESTIMATED LOSSES IS APPROXIMATELY \$349,250. THERE ARE ALSO OTHER ALLEGED LOSSES TOTALING \$72,183 FOR DIRECT AND INDIRECT EXPENSES PERTAINING TO EXECUTIVE COMPENSATION, INFLATED LAOBOR COSTS AND EMPLOYEE BENEFITS.

INVESTIGATION:

CONTRACT DOCUMENTS HAVE BEEN RECEIVED BY THE OIG. A REVIEW OF THESE DOCUMENTS WAS COMPLETED WITH THE ASSISTANCE OF DCAA AUDITORS. THE OIG PARTICIPATED IN SEVERAL MEETINGS WITH BSC AND DOE CONTRACTING OFFICIALS. IT WAS DETERMINED THAT BSC WOULD CONDUCT AN AUDIT AND REVIEW OF THE IBEX CONTRACT AND REVIEW EACH QUESTIONED ITEM OUTLINED IN THE DCAA AUDIT REPORT. BSC WOULD PROVIDE THE FINDINGS TO DOE. DOE WOULD THEN CONDUCT A REVIEW. BSC ALLOWED IBEX TO PROVIDE DOCUMENTATION REGARDING ALL QUESTIONED ITEMS OUTLINED IN THE INITIAL DCAA AUDIT REPORT. SETTLEMENT CONFERENCES WERE HELD BETWEEN IBEX AND BSC.

IBEX PROVIDED DOCUMENTS TO BSC TO SUBSTANTIATE SUBMITTED COSTS FOR LABOR, EXECUTIVE COMPESATION, PER DIEM REIMBURSEMENTS TO EMPLOYEES, AND BENEFITS PAID. BSC COORDINATED WITH DCAA TO REVIEW THE SUPPORTING DOCUMENTS PROVIDED BY IBEX. DOE ALSO REVIEWED THESE DOCUMENTS. COPIES WERE PROVIDED TO THE OIG.

WITH THE ASSISTANCE OF DCAA [REDACTED] (b)(6),(b)(7)(C) THE OIG COMPLETED A DETAILED REVIEW OF ARTICLE XXVI AND ARTICLE XXXV OF THE MASTER SUBSONTRACT NO. A06608CC8S, THE COST PLUS FIXED-FEE SUBCONTRACT BETWEEN BECHTAL SAIC COMPANY, LLC (BSC) AND IBEX GROUP, INC. (IBEX). ARTICLE XXVI ADDRESSES SUBCONTRACTOR BUSINESS TRAVEL REIMBURESMENT AND STATES IN PART: ONLY TRAVEL AUTHORIZED BY THE CONTRACTOR WILL BE REIMBURSED; FEDERAL TRAVEL REGULATIONS (FTR) WILL APPLY FOR THE PERIOD OF PERFORMANCE COVERED BY THIS AGREEMENT; IF THE SUBCONTRACTOR EMPLOYEE OBTAINES LODGING FROM FRIENDS, WORK ACQUAINTENCES OR RELATIVES (INCLUDING MEMBERS OF THE

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IMMEDIATE FAMILY) WITH OR WITHOUT CHARGE, NO PART OF THE LODGING EXPENSE ALLOWANCE IS REIMBURSABLE; LODGING AND M&IE SHALL NOT BE PAID FOR ANY VACATION PERIODS, THE PERIOD COVERING RETURN TRIPS HOME TO THE POINT OF ORIGIN ARE NOT REIMBURSEABLE.

ARTICLE XXXV ADDRESSES SUBCONTRACTOR TEMPORARY ASSIGNMENTS OF MORE THAN ONE MONTH AND LESS THAN SIX MONTHS AND STATES IN PART; IN ORDER TO BE ENTITLED FOR REIMBURSEMENT FOR SUBSISTENCE, THE TRAVELER MUST BE A NON-LOCAL SUBCONTRACT EMPLOYEE. ARTICLE XXXV APPLIED THE FOLLOWING DEFINITIONS: PLACE OF ABODE - A HOME, ADDRESS, DOMICILE, CONSIDERED BY AN INDIVIDUAL OR HIS OR HER PERMANENT PALCE OF RESIDENCE; LOCAL EMPLOYEE - A SUBCONTRACTOR EMPLOYEE WHOSE PLACE OF ABODE IS IN THE LAS VEGAS AREA OR WITHIN A ONE HUNDRED (100) MILE RADIUS OF THE OFFICIAL DUTY STATION; NON-LOCAL EMPLOYEE - A SUBCONTRACT EMPLOYEE WHO PLACE OF ABODE IS OUTSIDE THE LAS VEGAS ARE OR MORE THAN A ONE HUNDRED (100) MILE RADIUS OF THE OFFICIAL DUTY STATION.

RE: MAXUMUM DAILY PER DIEM RATES - THE CONTRACT FURTHER STATES AFTER A SETTLING-IN PERIOD, A DAILY FIXED PER DIEM TOTALING \$87.75 WILL BE PROVIDED. THIS PER DIEM INCLUDES COSTS OF WHATEVER NATURE, INCLUDING BUT NOT LIMITED TO, LODGING, MEALS, TRANSPORTATION, FURNITURE AND APPLIANCE RENTAL COSTS, UTILITY HOOK-UP AND INSTALLATION, TELEPHONE HOOK-UP AND INSTALLATION, CABLE TELEVISION COSTS, LAUNDRY, TIPS, ETC. RECEIPTS ARE NOT REQUIRED FOR THE DAILY FIXED PER DIEM RATE.

INVESTIGATIVE ISSUE 1: PER DIEM REIMBURSEMENTS - BSC DETERMINED AND DOE CONCURRED, THAT THE AMOUNT QUESTIONED BY THE DCAA AUDIT (\$66,466) FOR FY 2003 PER DIEM REIMBURSEMENTS TO TWO IBEX EMPLOYEES WERE APPROPRIATE AND PAYABLE TO IBEX. IT WAS ALLEGED THAT THE IBEX EMPLOYEES HAD PURCHASED HOMES AND RELOCATED TO THE LAS VEGAS AREA. REVIEW OF THE IBEX EMPLOYEE'S FEDERAL INCOME TAX RETURNS OTHER TAX DOCUMENTS FOUND NO EVIDENCE THAT THE EMPLOYEES OUT-OF-STATE HOMES HAD BEEN SOLD OR RENTED. THE EMPLOYEES MAINTAINED THEIR PERMANENT RESIDENCES, EVEN THOUGH THEY PURCHASED REAL ESTATE IN THE LAS VEGAS AREA. IBEX EMPLOYEES [REDACTED] IBEX (b)(6),(b)(7)(C) MANAGEMENT WITH SIGNED RESIDENCY CERTIFICATIONS [REDACTED] HAD NOT RELOCATED TO (b)(6),(b)(7)(C) THE LAS VEGAS AREA [REDACTED] PERMANENT/PRIMARY RESIDENCE [REDACTED]
ADDRESSES: [REDACTED] IN [REDACTED] (b)(6),(b)(7)(C)
[REDACTED] (b)(6),(b)(7)(C) A [REDACTED] (b)(6),(b)(7)(C) ADDRESS AS [REDACTED] (b)(6),(b)(7)(C) PERMANENT RESIDENTIAL ADDRESS.
(b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

INVESTIGATIVE ISSUE 2: LOSSES FOR DIRECT AND INDIRECT COSTS - THE BSC AUDIT DETERMINED AND DOE CONCURRED THAT THERE WERE ERRORS IN THE DCAA AUDIT REPORT. DOE ADDRESSED THESE ERRORS WITH DCAA AND HAD THEM CORRECTED. AS A RESULT, DOE VERIFIED AND CONCURRED WITH BCS THAT A TOTAL OF \$435,949 IN QUESTIONED COSTS WAS OWED AND PAYABLE TO IBEX AS FINAL SETTLEMENT. REGARDING EMPLOYEE BENEFITS AND SALARIES, IBEX FAILED TO SUBMIT PROPER SUPPORTING DOCUMENTATION FOR THESE COSTS AND DISALLOWED

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\$45,000 IN FY 2003 AND \$34,342 IN FY 2004 IN G&A COSTS IBEX PAID TO RELATIVES OF IBEX'S CEO. REGARDING EXECUTIVE COMPENSATION, BSC USED CURRENT MARKET CONDITIONS AND DETERMINED THAT \$151,797 FOR FY2003 AND \$87,710 FOR FY 2004 WAS REASONABLE AND PAYABLE TO IBEX. DOE CONCURRED.

SUMMARY:

FOLLOWING THE DCAA AUDIT THAT QUESTIONED COSTS FOR PER DIEM REIMBURSEMENT AND LOSSES FOR DIRECT AND INDIRECT COSTS, BSC PERFORMED ITS OWN AUDIT OF THE IBEX CONTRACT. BSC ALLOWED IBEX TO PROVIDE ADDITIONAL DOCUMENTATION IN SUPPORT OF ALL SUBMITTED INVOICES AND COSTS CLAIMED. BSC DETERMINED, AND DOE CONCURRED, THAT THE AMOUNTS QUESTIONED BY THE DCAA AUDIT (\$66,466) FOR FY 2003 PER DIEM REIMBURSEMENTS TO TWO IBEX EMPLOYEES WERE APPROPRIATE AND PAYABLE TO IBEX.

IT WAS ALLEGED THAT IBEX EMPLOYEED HAD PURCHASED HOMES AND RELOCATED TO THE LAS VEGAS AREA. BSC REVIEWED IBEX EMPLOYEE'S TAX RECORDS AND OTHER DOCUMENTS AND FOUND NO EVIDENCE THT THE EMPLOYEES OUT-OF -STATE HOMES HAD BEEN SOLD OR RENTED. THE IBEX EMPLOYEES MAINTAINED THEIR PERMANENT RESIDENCES, EVEN THOUGH THEY MAY HAVE PURCHASED REAL ESTATE IN THE LAS VEGAS AREA.

THE IBEX SUBCONTRACT RELATED TO TRAVEL AND PER DIEM ISSUES CLEARLY STATES THAT PER DIEM EXPENSES INCLUDE THE COSTS OF SETTING UP TEMPORARY LODGING ACCOMMODATIONS SUCH AS FURNITURE AND APPLIANCE RENTALS, UTILITY HOOK-UPS AND CABLE TELEVISION COSTS.

IBEX EMPLOYEES IN QUESTION, [REDACTED] (b)(6),(b)(7)(C) IBEX MANAGEMENT WITH SIGNED RESIDENCY CERTIFICATES [REDACTED] HAD NOT RELOCATED TO THE LAS VEGAS AREA. [REDACTED] (b)(6),(b)(7)(C) PERMANENT/PRIMARY RESIDNECE ADDRESS: [REDACTED] (b)(6),(b)(7)(C) PERMANENT RESIDENTIAL ADDRESS LOCATED IN [REDACTED] (b)(6),(b)(7)(C) PERMANENT RESIDENTIAL ADDRESS AS [REDACTED] (b)(6),(b)(7)(C) BSC CONFIRMED THE RESIDENTIAL INFOMRATION.

BSC ENTERED INTO A SETTLEMENT AGREEMENT WITH IBEX, WITH CONCURRENCE OF DOE, TO PAY ALL SUBSTANTIATED AND ALLOWABLE COSTS TO IBEX TO CLOSE OUT THIS CONTRACT.

THE OIG VERBALLY BRIEFED THE AUSA REGARDING THIS MATTER. NO PROSECUTIVE MERRIT EXISTS.

DISPOSITION:

1) INVESTIGATION CLOSED.

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Case Number: I07HQ001

Summary Date: 15-JAN-08

Title:

(b)(6),(b)(7)(C) BLACKBIRD; DOE EARMARK; PUBLIC CORRUPTION

Executive Brief:

PREDICATION: ON 19-OCT-06, (b)(6),(b)(7)(C) CENTRAL INTELLIGENCE AGENCY (CIA) OIG, REQUESTED DOE OIG ASSISTANCE WITH AN ON-GOING INVESTIGATION RELATING TO THE (b)(6),(b)(7)(C) PUBLIC CORRUPTION CASE.

BACKGROUND:

DURING AN OFFICIAL CIA INVESTIGATION OF (b)(6),(b)(7)(C) (NOT FURTHER IDENTIFIED) A GOVERNMENT CONTRACTOR.

IN 1999, (b)(6),(b)(7)(C) BLACKBIRD TECHNOLOGIES (BLACKBIRD). (b)(6),(b)(7)(C) MR. BOB WALL, (b)(6),(b)(7)(C) A FORMER DOE EMPLOYEE, WHO AT THE TIME WORKED IN THE DOE OFFICE OF INTELLIGENCE AND SPECIAL TECHNOLOGIES. MR. WALL IS NOW DECEASED. ADDITIONALLY, (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) AFTER SEVERAL MEETINGS WITH DOE PERSONNEL BETWEEN 1999 AND 2000, (b)(6),(b)(7)(C) FORMULATING A "CYBER SECURITY CONTRACT" BETWEEN THE DOE AND BLACKBIRD. (b)(6),(b)(7)(C) COULD "GET MONEY "FROM CONGRESS FOR THE DOE CYBER SECURITY PROJECT, KNOWN AS THE "VICTOR," PROGRAM, IN RETURN FOR SOME OF THE PROFIT. (b)(6),(b)(7)(C) BLACKBIRD TO MAKE CAMPAIGN DONATIONS TO CONGRESSIONAL OFFICIALS, NAMELY, (b)(6),(b)(7)(C) AND (b)(6),(b)(7)(C) SAT ON THE APPROPRIATIONS COMMITTEE FOR ENERGY. BLACKBIRD DONATED \$1,000 TO THE CAMPAIGNS OF (b)(6),(b)(7)(C) AT A FUNDRAISER HELD (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) RESEARCH REVEALED THAT A MARCH 14, 2000, APPROPRIATIONS COMMITTEE REPORT (106-521), SHOWED THE DOE WAS APPROPRIATED \$49 MILLION FOR CYBER SECURITY, "AN INCREASE OF \$45 MILLION OVER THE ADMINISTRATION'S REQUEST OF \$4 MILLION." ADDITIONALLY, CONFERENCE COMMITTEE REPORT (106-710) SHOWED THE DOE WAS APPROPRIATED \$25 MILLION FOR CYBER SECURITY INCLUDING \$5 MILLION TO THE OFFICE OF INTELLIGENCE AND SPECIAL TECHNOLOGIES. ACCORDING TO (b)(6),(b)(7)(C) PUBLIC LAW REPORT (106-246) SHOWS THE DOE "ENDED UP" RECEIVING \$38 MILLION. (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) ALONG WITH (b)(6),(b)(7)(C) HAD LOBBIED FOR THE FUNDING. (b)(6),(b)(7)(C) WAS "SURE (b)(6),(b)(7)(C) HAD THE MONEY" (b)(6),(b)(7)(C) JUST NEEDED (b)(6),(b)(7)(C) TO ENSURE THAT "THE CONTACT INSIDE DOE" WAS GOING TO ALLOW THE "CONTRACT TO GO THROUGH." ACCORDING TO (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) IT APPEARS THAT DOE OFFICIALS "DID THE RIGHT THING," AND SUBSEQUENTLY (b)(6),(b)(7)(C) "DROPPED THE EARMARKS," AND DID NOT "FUND THE CONTRACT," WHICH (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) AND CAUSED (b)(6),(b)(7)(C) AND BLACKBIRD."

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

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(b)(6),(b)(7)(C) BELIEVES THE OTHER DOE EMPLOYEES INVOLVED WITH THE PROCESS, SPECIFICALLY, (b)(6),(b)(7)(C) MAY HAVE IMPORTANT INFORMATION REGARDING THE ALLEGATIONS.

(b)(6),(b)(7)(C) REQUESTED DOE OIG ASSISTANCE IN:

- 1) DETERMINING WHETHER BLACKBIRD TECHNOLOGIES EVER HAD ANY CONTRACTS WITH THE DOE;
- 2) DETERMINING WHETHER (b)(6),(b)(7)(C) ETC. EVER HAD CONTRACTS WITH DOE;
- 3) LOCATING DOE EMPLOYEES (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) AND POSSIBLY ASSISTING WITH INTERVIEWS OF THESE INDIVIDUALS; AND,
4) DETERMINING IF THE DOE ACTUALLY RECEIVED THE QUESTIONED APPROPRIATIONS (\$38 MILLION) AND IF SO WERE THE MONEYS USED FOR THE INTENDED PURPOSES.

INVESTIGATIVE ACTIVITY

A PROCUREMENT AUTOMATED DATA SYSTEMS (PADS) SEARCH REVEALED THAT THERE WERE NO CURRENT, PAST AND/OR PENDING CONTRACTS FOR COMPANIES ALLEGEDLY OWNED (b)(6),(b)(7)(C) SPECIFICALLY, THERE WAS NO INFORMATION CONTAINED IN PADS FOR: ADCS INC., ARCHER DEFENSE, ARCHER LOGISTICS, LIBERTY DEFENSE, JC INDUSTRIES (NOT FURTHER IDENTIFIED), THE WILKES CORPORATION, GROUP W ADVISORS, GROUP W TRANSPORTATION, GROUP W OUTPITTERS, PERFECT WAVE, AND HST (NOT FURTHER IDENTIFIED). ADDITIONALLY, (b)(6),(b)(7)(C) NAME DID NOT APPEAR IN PADS.

A REVIEW OF DOE PEOPLE AND DOE INFO RENDERED NO INFORMATION ON (b)(6),(b)(7)(C) AND (b)(6),(b)(7)(C)

CONTACTED (b)(6),(b)(7)(C) HUMAN CAPITAL MANAGEMENT, OPERATIONAL IMPLEMENTATION, DOE. (b)(6),(b)(7)(C) WAS NOT A DOE EMPLOYEE; INSTEAD (b)(6),(b)(7)(C) DOE FROM THE CIA OR FBI. ADDITIONALLY, (b)(6),(b)(7)(C) WAS IDENTIFIED AS AN (b)(6),(b)(7)(C) FROM BATELLE.

REVIEWED AN IPA AGREEMENT BETWEEN THE DOE AND UT-BATELLE, LLC (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) THE REVIEW REVEALED THAT (b)(6),(b)(7)(C) FROM UT-BATELLE, LLC, TO DOE FOR A PERIOD OF ONE YEAR, BEGINNING JULY 4, 2005. (b)(6),(b)(7)(C) ASSIGNED POSITION (b)(6),(b)(7)(C) FOR CYBER SECURITY WITHIN THE OFFICE OF THE ASSOCIATE CIO FOR CYBER SECURITY, IM-30, 1000 INDEPENDENCE AVENUE, SW, WASHINGTON, D.C. (b)(6),(b)(7)(C) UNDER THE SUPERVISION OF (b)(6),(b)(7)(C) TO THE CONFLICT OF (b)(6),(b)(7)(C)

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INTEREST RESTRICTIONS APPLICABLE TO DOE EMPLOYEES DURING (b)(6), (b)(7)(C) EMPLOYMENT. SERVING AS THE (b)(6), (b)(7)(C) CLOSELY WITH AND DIRECTLY (b)(6), (b)(7)(C) ON ALL ASPECTS OF THE DEPARTMENT'S EXISTING CYBER SECURITY PROGRAM, ESTABLISHING NEW POLICIES, ALLOCATION OF BUDGET, AND COORDINATING AND ENHANCING THE COMPUTER LINKS BETWEEN DOE AND OTHER FEDERAL AGENCIES.

ON FEBRUARY 6, 2007, (b)(6), (b)(7)(C) INDICTED FOR FRAUD AND OTHER OFFENSES PURSUANT TO THE CORRUPTION INVESTIGATION THAT RESULTED IN IMPRISONMENT OF (b)(6), (b)(7)(C) CHARGED IN A SEPARATE INDICTMENT (b)(6), (b)(7)(C) WITH CONSPIRING TO (b)(6), (b)(7)(C) IN RETURN FOR GOVERNMENT CONTRACTS. (b)(6), (b)(7)(C) 2005 PLEA AGREEMENT, WAS ALSO CHARGED. [ASAC'S NOTE: THIS JUDICIAL ACTION NOT BEING CLAIMED IN EIGHT AT PRESENT AS THE NEXUS TO DOE HAS NOT YET BEEN ESTABLISHED].

THE CIA OIG, ON THE RECOMMENDATION OF THE AUSA, ASKED THE DOE OIG TO STAND DOWN UNTIL AFTER THE INDICTMENT WAS ISSUED.

THE CIA OIG CASE AGENT ADVISED THAT THE CIA OIG IS NO LONGER INTERESTED IN PURSUING THE DOE LEAD AS PER INSTRUCTIONS FROM THE AUSA ASSIGNED TO THE INVESTIGATION.

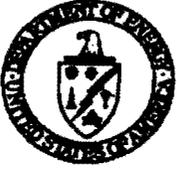
ON 9-JAN-2008, (b)(6), (b)(7)(C) AGENCY WAS NOT ABLE TO OBTAIN THE INFORMATION FROM CONGRESS NEEDED TO EXPLORE THE DOE ISSUE AND THE STATUTE OF LIMITATIONS HAS EXPIRED.

PLANNED INVESTIGATIVE ACTIVITY:

CLOSE CASE

Document Number 24

RELEASE



Department of Energy
Washington, DC 20585

July 12, 2007

MEMORANDUM FOR THE DEPUTY SECRETARY

FROM:

Greg Friedman
Gregory H. Friedman
Inspector General

SUBJECT:

**SUMMARY: Investigation of Alleged False Certifications
Relating to Testing of the Contingency Protective Force at the Pantex
Plant (OIG Case No. I07AL011)**

INTRODUCTION

In a letter dated April 27, 2007, the United States Office of Special Counsel informed the Department of Energy of allegations regarding potential security weaknesses at the National Nuclear Security Administration's (NNSA) Pantex Plant. Specifically, it was alleged that Department of Energy and NNSA officials failed to provide properly trained and experienced contingency security forces to guard the Pantex Plant during a strike by security personnel of BWX Technologies, Inc. (BWXT). BWXT manages and operates the Pantex Plant under contract to the Department. Responsibility for reviewing the general safety and security issues raised in the Special Counsel letter was assigned to the Department's Office of Independent Oversight.

The Office of Inspector General initiated a separate criminal investigation to examine the facts and circumstances surrounding a specific allegation regarding the administration of written tests for training of the contingency protective force. Specifically, it was alleged that BWXT officials knowingly passed individuals who failed a written exam or failed to change their incorrect answers. Additionally, during the course of the criminal investigation, the Office of Inspector General received an additional allegation raising the possibility that BWXT instructors tolerated student cheating during written examinations.

OVERVIEW

The Office of Inspector General interviewed numerous Federal and contractor officials, including contingency protective force members and BWXT instructors. We also examined related documentation. The factual record developed during the investigation with respect to possible criminal violations was discussed with the United States Attorney's Office for the Northern District of Texas. That Office indicated that the matter lacked prosecutive merit.

Our investigation focused on alleged criminal misconduct relating to specific events and activities. We were informed that general concerns regarding the adequacy of contingency force



readiness—an issue of significance at a facility as sensitive as Pantex—are being addressed as part of the Office of Independent Oversight review.

INVESTIGATION DETAILS

The Office of Inspector General sought to determine if BWXT instructors passed individuals who failed to achieve required passing scores on written exams and, in turn, improperly certified to the Department that all students had passed. Instructors allegedly provided correct answers to individuals or allowed them to change their answers after they had failed an exam. In addition to interviewing both instructors and contingency force members, we interviewed Federal officials familiar with contractor training requirements and BWXT's involvement in preparing the contingency protective force.

The contingency force population consisted mainly of security police officers and Office of Secure Transportation couriers detailed from other Departmental sites who, we were told, had completed basic training as part of their regular assignments. Thus, the training consisted of nine days of refresher and site-specific training. As part of the training, BWXT administered both performance-based (practical exercises) and written examinations to contingent protective force members. Performance-based training involved both the instructor and the student in a direct dialogue or interaction, so that the instructor could assess the performance of the student on the material covered. One example of performance-based training involved the handling of weapons. Following the instructor's assessment of the student's performance, the instructor certified as to the student's competence by placing a check mark in a box(s) on a form indicating the student had passed or failed. Written examinations were also used to gauge competency. Relevant topics ranged from deadly force and general employee radiological training to facility ingress/egress. The questions were multiple choice and the students were asked to identify only one best or correct answer. Each examination had an established passing rate that had been set by BWXT to assist in determining the competency of protective force members. For instance, the deadly force component required a passing score of 100 percent.

The Office of Inspector General was informed by a BWXT safeguards and security official that a determination of "competency" could be established and judged through various means including, but not limited to, class instruction, self instruction, performance-based and written examinations, and remediation. Instructors had the latitude to administer class instruction and remediation based upon their training and experience to ensure that students were competent. We were told that remediation pursuant to the failure of a written examination could take various forms, including a discussion of material covered at the immediate conclusion of an examination. A Pantex Plant Federal safeguards and security manager confirmed the information provided by BWXT.

Two students advised the Office of Inspector General that BWXT instructors provided correct answers to students who failed to achieve 100 percent on the deadly force examination. Other students interviewed stated that instructors provided clarification and guidance but did not offer the actual correct answers.

The Office of Inspector General confirmed that initially a number of students did not achieve the required 100 percent passing score on the deadly force exam. Certain students provided incorrect answers to questions, while other students circled more than one multiple-choice option for questions. According to BWXT officials, individuals who did not achieve a 100 percent score received remediation, which consisted of immediate follow-up discussion and tutoring. Once the students demonstrated an acceptable level of subject knowledge and competence, they were considered to have passed the examination.

BWXT instructors denied providing answers to students who failed the deadly force exam. They denied that any student who received less than 100 percent was arbitrarily passed without further instruction and a positive determination of competence. We were unable to reconcile the conflicting statements between the two witnesses who reported that instructors provided answers to students and the instructors and students who stated that answers had not been shared.

The NNSA's Amarillo Site Office requested that BWXT officials provide written confirmation as to the capability of the contingency protective force following the training. On April 13, 2007, the Safeguards and Security Division of BWXT certified via internal memorandum that the Phase I Contingency Protective Force was trained to achieve acceptable protection levels and that the force was qualified to protect the national security assets at the Pantex Plant. Relevant to our criminal investigation, we found that this certification did not assert a position with regard to specific test scores.

Alleged Cheating Allowed by BWXT

During the course of our investigation, we separately received information that BWXT instructors allowed cheating during certain self-taught courses. Such courses involved students reviewing printed materials at their own pace and completing the course with a written examination in the same room. We were told that instructors were in and out of the classroom as the students proceeded through the course.

The facts developed during the investigation did not support that BWXT allowed cheating. However, selected students interviewed by the Office of Inspector General reported that during certain exams, self-initiated group discussions occurred among the test-takers. They characterized their actions not as cheating but as a group effort to ensure everyone understood the materials. One BWXT instructor confirmed that open discussion among the students had occurred. The Instructor stated that this activity was unacceptable under the circumstances and had counseled the students not to do so. The instructors interviewed denied being aware of cheating through classmate discussions.

Additional Information

The Office of Inspector General learned about two individuals who separately acknowledged that they had cheated on a particular exam. They reported that, contrary to instructions, they used written training materials while completing a test. The individuals stated that they did this on their own, without the knowledge of BWXT. We have provided this information to appropriate Department officials.

OBSERVATIONS

The Pantex Plant is a critical part of the NNSA and, as such, one of the Department's most secure and sensitive facilities. Its missions—assembly and disassembly of weapons, surveillance of nuclear weapons in the weapons stockpile and storage of nuclear weapons parts—require significant attention to protective force readiness and all of its ramifications. The allegations about Pantex security readiness were directly associated with the transition from the regular contractor protective force to the contingency force. In this context, heightened awareness and concern about the ability of the contingency force to protect the Pantex facility were understandable. Should a similar situation arise in the future, the Department should ensure that testing and certification procedures are executed in an environment where the highest security performance standards are in effect and one which precludes even the appearance of irregularity or wrongdoing. We noted as questionable, for instance, the practice of allowing test-takers and students who are reviewing course materials to be in the same room during self-paced courses.

I would be pleased to discuss this report in detail at your convenience.

cc: Chief of Staff
Acting Administrator, National Nuclear
Security Administration

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Case Number: I06AL008

Summary Date: 29-JAN-08

Title:

SANDIA NATIONAL LABORATORIES; QUI TAM; SNL

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

Executive Brief:

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

PREDICATION:

ON AUGUST 4, 2006, THE OIG RECEIVED BY MAIL A QUI TAM COMPLAINT, UNDER SEAL, ALLEGING LABOR AND EQUIPMENT MISCHARGING. A REVIEW OF THE DISCLOSURE STATEMENT AND COMPLAINT REVEALED THAT THE RELATOR, [REDACTED] TERMINATED FROM SANDIA NATIONAL LABORATORIES (SNL) ON JANUARY 23, 2006. [REDACTED] THAT PRIOR TO TERMINATION, DEPARTMENT BASIC ENERGY SCIENCES (BES) FUNDS THAT WERE PLACED INTO PROJECT ACCOUNT WERE USED FOR PURPOSES THAT WERE NOT DEFINED UNDER [REDACTED] BES FIELD WORK PROPOSAL(S). [REDACTED] THAT LABOR AND EQUIPMENT WERE INAPPROPRIATELY CHARGED TO [REDACTED] ACCOUNTS AND THAT THIS MISCHARGING HAS BEEN GOING ON FOR 10 YEARS. [REDACTED] THAT BES FUNDS WERE DIVERTED TO THE CENTER FOR INTEGRATED NANOTECHNOLOGIES. [REDACTED] TIMESHEETS AND UPON REVIEW, APPEAR TO BE TO DIFFERENT PROJECT CODES YET UNDER THE SAME BUDGET AND REPORTING (B&R) CODE.

INVESTIGATIVE FINDINGS:

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

ON AUGUST 31, 2006, [REDACTED] WAS INTERVIEWED. [REDACTED] GENERAL DEPARTMENT ACCOUNTING PROCEDURES AND STATED THAT SNL WORKS UNDER 5,900 DIFFERENT B&R CODES. [REDACTED] THAT RESEARCHERS CAN CHARGE TO DIFFERENT PROGRAM CODES UNDER THE SAME B&R AS LONG AS THE WORK BEING DONE FALLS WITHIN THAT PROGRAM CODE'S DESCRIPTION. ADDITIONALLY, RESEARCHERS CAN CHARGE TO DIFFERENT B&R CODES SHOULD THEY BE A MULTI-DISCIPLINE RESEARCHER. FOR OVERSIGHT OF THE B&R CODES AND ASSOCIATED PROGRAM CODES, [REDACTED] TO THE DOE PROGRAM MANAGERS AND/OR SANDIA SITE OFFICE.

ON SEPTEMBER 18, 2006, RELATOR [REDACTED] WAS INTERVIEWED BY SA [REDACTED] AND AUSA STEVE SALTIEL. [REDACTED] WAS PRESENT. [REDACTED] THAT THE PROGRAMS [REDACTED] IS CONCERNED WITH FALL UNDER THE SAME B&R CODE. [REDACTED] WAS UNCLEAR AS TO THE REASON [REDACTED] FIRED.

[REDACTED] RELATOR PROVIDED VARIOUS DOCUMENTS WHICH [REDACTED] FEELS PROVIDE "PROOF" OF [REDACTED] ALLEGATIONS. THE DOCUMENTS WERE REVIEWED AND PROVIDED TO AUSA SALTIEL.

RELATOR PROVIDED ADDITIONAL DOCUMENTATION VIA E-MAIL. THE DOCUMENTS WERE REVIEWED AND INCLUDED IN THE OCF. MOIAS WERE PROVIDED TO AUSA SALTIEL.

THE DOE BES [REDACTED] FOR THE PROJECTS WORKED ON BY THE RELATOR ARE [REDACTED] [REDACTED] WERE TELEPHONICALLY INTERVIEWED BY SA [REDACTED] AND AUSA SALTIEL ON FEBRUARY 21, 2007. [REDACTED] THAT THE DEPARTMENT HAS A RESEARCH MISCONDUCT POLICY AND THAT WITHIN THE LAST YEAR AN INQUIRY WAS CONDUCTED CONCERNING [REDACTED] AN SNL PROGRAM MANAGER [REDACTED] OFFICE THAT [REDACTED]

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HAD BEEN TERMINATED BUT DID NOT DISCUSS SPECIFIC REASONS OTHER THAN TO SAY THE
TERMINATED CONTAINED NO SCIENTIFIC ISSUES. (b)(6),(b)(7)(C) THAT OFFICE IS PRIMARILY
CONCERNED WITH THE QUALITY OF SCIENCE AND WILL REVIEW THE SCOPE OF A PARTICULAR
PROJECT AND DETERMINE HOW SNL IS SPENDING THE FUNDING PROVIDED BY DEPARTMENT BES.
(b)(6),(b)(7)(C) THAT INDIVIDUAL LABOR CHARGES ARE NOT REVIEWED BY OFFICE BUT
DETERMINES IF THE PROJECT'S PRODUCTIVITY EQUALS THE AMOUNT OF MONEY BEING SPENT.
DEPARTMENT BES FUNDED SNL PROJECTS ARE PEER REVIEWED EVERY THREE YEARS. (b)(6),(b)(7)(C)
STATED THAT SNL IS ABLE TO CONSOLIDATE PROJECTS AND MAKE PRIORITIZED CHANGES TO MAKE
THE MOST OF THEIR FUNDING OPPORTUNITIES. OFFICE EXPECTS ADJUSTMENTS WHEN
FUNDING IS DECREASING OR OTHER COST CONSTRAINTS ARISE. ADDED THAT ALL CHANGES
ARE OVERSEEN AND APPROVED BY DEPARTMENT BES. TO PROVIDE FILES
CONCERNING PROJECTS. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

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

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

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

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

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

ON MARCH 6, 2007, (b)(6),(b)(7)(C) SNL (b)(6),(b)(7)(C) WAS
(b)(6),(b)(7)(C) INTERVIEWED. HAD PROVIDED (b)(6),(b)(7)(C) NAME AS A WITNESS AND PERSON THAT
COULD PROVIDE BUDGET REPORTS THAT WOULD SHOW THE MISCHARGING OF PROJECTS. WHEN
(b)(6),(b)(7)(C) INTERVIEWED (b)(6),(b)(7)(C) THAT HAD DISCUSSIONS WITH PRIOR TO AND
(b)(6),(b)(7)(C) IMMEDIATELY AFTER TERMINATION REGARDING (b)(6),(b)(7)(C) PROJECTS. THAT NO
(b)(6),(b)(7)(C) PROBLEMS WERE IDENTIFIED TO KNOWLEDGE. ADDITIONALLY, THAT
(b)(6),(b)(7)(C) INDIVIDUAL LABOR CHARGES ON PROJECTS AND THAT
THIS RESPONSIBILITY. (b)(6),(b)(7)(C) WAS NOT AWARE OF A LASER
BEING PURCHASED OUT OF (b)(6),(b)(7)(C) OPERATING BUDGET. ADDED THAT SNL BES HAS A
SEPARATE CAPITAL EQUIPMENT BUDGET FOR PURCHASES OF LARGE ITEMS.

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

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

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

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

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

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

23-MAR-07 - CASE REASSIGNED TO SA (b)(6),(b)(7)(C)

30-MAR-07: CALLED SA (b)(6),(b)(7)(C) WHO BRIEFED ON CASE STATUS, LETTER OF NON-INTERVENTION,
AND ONE POSSIBLE FINAL INTERVIEW.

25-APR-07: CALLED AUSA STEVE SALTIEL TO DISCUSS STATUS OF CASE. LEFT MSG. ADVISING
CASE TRANSFER. RECEIVED RETURN CALL AND VOICE MSG. WHILE OUT OF OFFICE.

31-MAY-07: CALLED AUSA SALTIEL TO DISCUSS CASE. PER VOICE MSG., AUSA SALTIEL IS OUT
OF THE OFFICE UNTIL JUNE 4TH.

31-JUL-07: INTERVIEWED (b)(6),(b)(7)(C) SNL, ABOUT
QUESTIONABLE CHARGES TO PROGRAM 5828, (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) THAT A LASER SYSTEM PURCHASE PREVIOUSLY DISCUSSED
DURING A MARCH 8, 2007, INTERVIEW WITH OIG AGENTS (b)(6),(b)(7)(C) WAS NEVER
CHARGED TO (b)(6),(b)(7)(C) PROJECT OPERATING FUNDS, BUT WAS PAID FOR AND CHARGED TO THE

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BUDGET & REPORTING CODE FOR CAPITAL EQUIPMENT. (b)(6),(b)(7)(C) OIG WITH COPY OF THE FY04-FY-6 SNL CAPITAL EQUIPMENT PURCHASE LIST THAT CONTAINS THE LASER PURCHASE FOR \$37,500.

02-AUG-07: INTERVIEWED (b)(6),(b)(7)(C) DOE PROGRAM MGR. FOR (b)(6),(b)(7)(C) PROJECTS. (b)(6),(b)(7)(C) THAT THERE WERE NOT ISSUES DURING THE TIME (b)(6),(b)(7)(C) PROJECTS. (b)(6),(b)(7)(C) THAT MONEY CAN BE MOVED BETWEEN GRANTS WITH DOE APPROVAL. (b)(6),(b)(7)(C) THAT SANDIA ALWAYS TALKED WITH (b)(6),(b)(7)(C) OFFICE BEFORE ANY CHANGES WERE MADE. (b)(6),(b)(7)(C) THAT BEFORE '06 SANDIA REQUESTED TO RESTRUCTURE AND CONSOLIDATE THEIR PROGRAMS. SANDIA'S GOAL WAS TO HAVE FEWER FWP'S. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

02-AUG-07: REC'D REQUEST FROM DOE (b)(6),(b)(7)(C) A COPY OF CIVIL COMPLAINT & DISCLOSURE STATEMENT FOR U.S. EX REL (b)(6),(b)(7)(C) VS. SANDIA.

03-AUG-07: BRIEFED (b)(6),(b)(7)(C) FEDERAL LITIGATION, DOE-OGC, ON OIG INVESTIGATIVE FINDINGS, AS WELL AS AUSA SALTIEL'S POSITION OF NON INTERVENTION. PROVIDED (b)(6),(b)(7)(C) WITH COPY OF COMPLAINT. (b)(6),(b)(7)(C)

AGENTS NOTE: AUSA SALTIEL HAS RESIGNED HIS POSITION WITH THE U.S. ATTORNEY'S OFFICE.

13-NOV-07: CONTACTED AUSA SARA WINSLOW, TELEPHONE 415-436-6925, TO DETERMINE:
1) WHICH AUSA WAS ASSIGNED THE CASE AND, 2) IF A LETTER OF NON-INTERVENTION WAS ISSUED.

14-NOV-07: AUSA PROVIDED COPIES OF THE FOLLOWING DOCUMENTS:
1) NOTICE OF ELECTION TO DECLINE INTERVENTION FILED 9/10/07.
2) RELATOR'S REQUEST FOR DISMISSAL WITHOUT PREJUDICE FILED 9/6/07.
3) COURT DOCKET SHOWING THE COURT'S SIGNING OF THE RELATORS PROPOSED ORDER DATED 10/3/07.

CASE CLOSED

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Case Number: I06RL014

Summary Date: 06-FEB-08

Title:

ANONYMOUS LETTER; SAFETY CONCERNS HANFORD SITE

Executive Brief:

PREDICATION:

(b)(6),(b)(7)(C) DEPARTMENT OF ENERGY, RICHLAND OPERATIONS OFFICE (DOE/RL) ADVISED THE LOCAL OIG/INVESTIGATIONS OFFICE THAT ON 11-JUL-06, (b)(6),(b)(7)(C) AN UNDATED, ANONYMOUS LETTER. TWO ISSUES ARE RAISED IN THE LETTER. 1) (b)(6),(b)(7)(C) WITH A SUBCONTRACTOR WAS RECENTLY UNFAIRLY TREATED BY FLUOR HANFORD MANAGEMENT. (b)(6),(b)(7)(C) REPORTEDLY TRIED TO HELP AN EMPLOYEE WITH A LOCAL BUSINESS, (b)(6),(b)(7)(C) THE EMPLOYEE WAS REPORTEDLY EXPOSED TO PCB WHILE WORKING ON SOME TRANSFORMERS FROM THE HANFORD SITE THAT WERE SCRAPPED. ACCORDING TO THE LETTER, (b)(6),(b)(7)(C) WITH FLOUR HANFORD (FH) (b)(6),(b)(7)(C) TERMINATION. 2) THE LETTER ALSO LIST STATEMENTS THAT (b)(6),(b)(7)(C) (PH (b)(6),(b)(7)(C) AND ANOTHER FH (b)(6),(b)(7)(C) ARE MANIPULATING AND COERCING THE SAFETY GROUP TO MANIPULATE THE ADVANCED MED HANFORD (SITE OCCUPATIONAL HEALTH CONTRACTOR) PHYSICIANS TO MAKE SURE MOST IF NOT ALL CASES ARE RECLASSIFIED AS NON RECORDABLE INJURIES OR ILLNESSES. THE LETTER DID NOT GIVE ANY SPECIFIC EXAMPLES.

INVESTIGATIVE FINDINGS:

(b)(6),(b)(7)(C) THAT DOE/RL HAS INITIATED AN INTERNAL INQUIRY TO LOOK INTO THE PCB EXPOSURE ISSUE. THEY ARE WORKING CLOSELY WITH THE WASHINGTON STATE DEPARTMENT OF ECOLOGY AND THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY. IT SHOULD BE NOTED THAT THE PCB ISSUE WAS PREVIOUSLY BRIEFED TO OIG HEADQUARTERS BASED ON PREVIOUS NEWS ARTICLES. THAT INFORMATION WAS PROVIDED TO OIG HEADQUARTERS (b)(6),(b)(7)(C) OIG (b)(6),(b)(7)(C) RICHLAND AUDIT (b)(6),(b)(7)(C) ALSO COORDINATED WITH THE ENVIRONMENTAL PROTECTION AGENCY (EPA) CRIMINAL INVESTIGATIONS DIVISION. THEY SAID, BASED ON THE INFORMATION PROVIDED TO THEM, THERE WOULD BE NO CRIMINAL VIOLATION, AND THEY WOULD RECOMMEND THAT EPA LOOK AT ADMINISTRATIVE OPTIONS.

(b)(6),(b)(7)(C) THAT (b)(6),(b)(7)(C) OFFICE OF ENVIRONMENT, SAFETY AND HEALTH (SP-44), DOE HQS WOULD BE AT HANFORD THE WEEK OF AUGUST 7TH CONDUCTING A REVIEW OF VARIOUS ISSUES, AND (b)(6),(b)(7)(C) COULD REQUEST (b)(6),(b)(7)(C) TO INCLUDE THE ISSUES RAISED IN THE ANONYMOUS LETTER. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) COORDINATED WITH AIGI HARTMAN, AND IT WAS AGREED THAT WE WOULD OPEN AN INVESTIGATION TO MONITOR (b)(6),(b)(7)(C) REVIEW, SPECIFICALLY THE PCB EXPOSURE ISSUE. IT WAS AGREED THAT WE WOULD NOT LOOK AT THE ISSUE RAISED ABOUT THE RECORDABLES. IT SHOULD BE NOTED THAT THESE SAME ISSUES WERE INVESTIGATED DURING OIG CASE I04RL003. ALSO, THE OFFICE OF AUDITS COMPLETED AN AUDIT OF THOSE ISSUES. THE DEPARTMENT WIDE AUDIT OF REPORTING INJURIES AND ILLNESSES WAS A03IP037 (REPORT NO.

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IG-0648) AND THE HANFORD TANK VAPORS WAS A04IF035, REPORT NUMBER OAS-L-04-14).

PH CONTRACTED WITH AN INDEPENDENT COMPANY, PARALLAX, ALBUQUERQUE, NM TO CONDUCT AN ASSESSMENT OF THE TRANSFORMER SHIPMENT EVENT. THE TEAM BROKE THE EVENT INTO TWO AREAS: THE FIRST COVERING THE ACTIVITIES UP TO THE TIME OF THE SHIPMENT; AND THE SECOND AFTER THE TRANSFORMER WAS SHIPPED.

THE TEAM IDENTIFIED NINE VULNERABILITIES AND HUMAN PERFORMANCE ISSUES THAT CAUSED THE INADVERTENT SHIPPING OF TRANSFORMER C4174L FROM THE HANFORD SITE ON MAY 30, 2006. THE NINE VULNERABILITIES ARE:

1. A LACK OF A WRITTEN PROCEDURE TO CONTROL THE DISPOSITION OF TRANSFORMERS
2. INEFFECTIVE CERTIFICATION FOR RELEASE OF POTENTIALLY HAZARDOUS OR TOXIC MATERIALS
3. INEFFECTIVE WORK CONTROL FOR TRANSFORMER OPERATIONS
4. LACK OF LABELING FOR DESIGNATED STORAGE AREAS IN THE 2101M LAY-DOWN YARD
5. LACK OF JOB-RELATED TRAINING DEALING WITH PCBs
6. INEFFECTIVE INTERFACE WITH EXTERNAL ORGANIZATIONS
7. WEAK CHANGE RISK-RECOGNITION AND CHANGE MANAGEMENT
8. ABSENCE OF SELF-ASSESSMENT AND OVERSIGHT
9. LACK OF CONTROLS STEMMING FROM INEFFECTIVE HAZARDS ANALYSIS OF THE CONTRACT FOR RECYCLING WITH TWIN CITY METALS.

REGARDING THIS FIRST PHASE, THE TEAM MADE THE FOLLOWING FIVE RECOMMENDATIONS:

1. TAKE IMMEDIATE ACTIONS & ASSIGN A SENIOR MANAGER THE RESPONSIBILITY OF DETERMINING ALL ASSET DISPOSITION, WASTE, AND RECYCLING STREAMS LEAVING THE SITE. STOP THE RECYCLING AND ASSET DISPOSITION ACTIVITIES UNTIL THEIR PROCESSES ARE EVALUATED AGAINST THE VULNERABILITIES PRESENTED ABOVE. DEVELOP COMPENSATORY MEASURES UTILIZING THE CORRECTIVE ACTION MANAGEMENT SYSTEM (CAMS) PROCESS. PERFORM A FORMAL MANAGEMENT ASSESSMENT OF THE ASSET DISPOSITION PROCESS, USING AN INDEPENDENT ASSESSMENT TEAM LEAD.
2. PREPARE A RESPONSE PLAN & DEVELOP A PLAN FOR REACTING TO UNEXPECTED EVENTS. INCLUDE A CALL LIST, AND SPECIFY WHAT INFORMATION IS NEEDED, AND WHAT FIRST ACTIONS SHOULD BE TAKEN. BE SURE THAT ALL GROUPS TRANSFERRING MATERIALS OR WASTE OFF SITE AND HAVING INTERFACE RESPONSIBILITIES WITH EXTERNAL ORGANIZATIONS KNOW WHAT THEY NEED TO DO FOR THE NEXT EVENT.
3. ENCOURAGE THE ORGANIZATION TO LEARN FROM THIS EVENT - UTILIZE THE LESSONS LEARNED PROCESS TO PROMOTE ORGANIZATIONAL LEARNING. DIRECT THAT THIS READING BE FOLLOWED-UP WITH GROUP DISCUSSIONS.
4. PERFORM AN EXTENT OF CONDITIONS REVIEW - CONDUCT AN EXTENT OF CONDITION REVIEW FOR ALL ASSET DISPOSITION, WASTE AND RECYCLING STREAMS AGAINST THE NINE IDENTIFIED VULNERABILITIES. ENTER ISSUE IDENTIFICATION FORMS INTO CAMS FOR ANY NEEDED

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IMPROVEMENTS.

5. DEVELOP CORRECTIVE ACTIONS - DELIVER THIS REPORT TO CAMS TO DEVELOP A DETAILED OPERATIONS FOCUSED CORRECTIVE ACTION PLAN. REQUIRE THAT PLAN BE REVIEWED BY THE TEAM THAT PERFORMED THIS INVESTIGATION AND ANALYSIS, WITH A MANDATE OF MAKING SURE THAT ALL VULNERABILITIES WERE UNDERSTOOD AND THE PLANNED ACTIONS ARE DESIGNED TO BE EFFECTIVE. FURTHER, REQUIRE THAT ALL COMPLETED CORRECTIVE ACTIONS UNDERGO EFFECTIVENESS REVIEWS BEFORE THEY ARE CLOSED IN CAMS.

REGARDING THE SECOND PHASE OF THE ASSESSMENT, THE TEAM IDENTIFIED SEVEN VULNERABILITIES. THEY INCLUDED THE FOLLOWING:

1. THERE WAS NO EARLY DEFINITION OF ROLES, RESPONSIBILITIES, AUTHORITIES AND ACCOUNTABILITIES, AND WHEN THE RESULTING DISARRAY WAS RECOGNIZED ON JUNE 20, THE ATTEMPT TO FIX THE PROBLEM WAS UNSUCCESSFUL.
2. CONTROLLING EXPOSURE WAS NOT PART OF THE IMMEDIATE RESPONSE. THE RESPONSE WAS DETERMINED BY ENVIRONMENTAL EXPERTS RESPONDING TO MEET REGULATORY REQUIREMENTS. THERE WAS NO INDEPENDENT PERSPECTIVE DURING THE EARLY RESPONSE PERIOD, THEREBY PERMITTING TUNNEL VISION.
3. COMPANY RESPONSIBILITIES BETWEEN FH AND (b)(6),(b)(7)(C) WERE NOT CLEAR.
4. FH RESPONSE ACTIONS PLACED WORKERS IN POTENTIAL RISK SITUATIONS WITHOUT ADEQUATE CONTROLS OR OVERSIGHT.
5. EARLY COMMUNICATIONS BETWEEN FH STAFF AND THE ENVIRONMENTAL PROTECTION AGENCY (EPA) WERE INFORMAL AND UNCOORDINATED, INDICATING A LACK OF ORGANIZATIONAL FORMALITY AND CONTROL.
6. THERE WAS A LACK OF RIGOR IN ESTABLISHING THE CONTRACTUAL RELATIONSHIP FOR THIS SCRAP-METAL ACTIVITY.
7. FH PROCUREMENT'S DUE DILIGENCE PRIOR TO CONTRACT AWARD WAS NOT THOROUGH.

THE ASSESSMENT TEAM RECOMMENDED THE FOLLOWING FOUR ACTIONS BE TAKEN:

1. DEVELOP CORRECTIVE ACTIONS - DELIVER THIS REPORT TO THE CORRECTIVE ACTION MANAGEMENT SYSTEM (CAMS) TO DEVELOP A DETAILED OPERATIONS CORRECTIVE ACTION PLAN. TO FACILITATE THIS PROCESS, SUGGESTED CAMS CAUSE CODES ARE INCLUDED IN SECTION II.
2. DOCUMENT AN EXTRAORDINARY CONDITION RESPONSE PLAN, OR REVISE THE EMERGENCY PLAN, TO BE ABLE TO ACTIVATE THE EMERGENCY OPERATIONS CENTER FOR EVENTS SUCH AS THESE.
3. PROCUREMENT MANAGEMENT SHOULD REINFORCE THE CONTRACTING PROCESS WITH THEIR STAFF. IF THE WRITTEN PROCESS IS UNDERSTOOD AND FOLLOWED, THERE WILL BE FEWER AND LESS SEVERE SIMILAR EVENTS.
4. WRITE A LESSONS-TO-BE-LEARNED FOR THIS EVENT.

A COPY OF THE "INSPECTION OF ENVIRONMENT, SAFETY AND HEALTH AND EMERGENCY MANAGEMENT

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PROGRAMS AT THE HANFORD SITE WASTE STABILIZATION AND DISPOSITION PROJECT" WAS PROVIDED TO THE OIG/RICHLAND OI OFFICE. THIS REVIEW WAS CONDUCTED BY THE DOE OFFICE OF INDEPENDENT OVERSIGHT, OFFICE OF HEALTH, SAFETY AND SECURITY. AN OIG REVIEW OF THIS REPORT DETERMINED THAT WEAKNESSES IN ACTIVITY-LEVEL HAZARDS ANALYSIS AND CONTROL PROCESSES AT THE DOE HANFORD SITE WASTE STABILIZATION AND DISPOSITION PROJECT (WSD) ACTIVITIES HAVE NOT BEEN ADEQUATELY ADDRESSED. UNDER THE RATINGS SECTION, IN THE WORK PLANNING AND CONTROL SECTION, THE OFFICE OF INDEPENDENT OVERSIGHT GAVE A "NEEDS IMPROVEMENT" RATING IN THE CORE FUNCTION, "ANALYZE THE HAZARDS." AS NOTED ABOVE, PARALLAX IN THEIR FINDING NO. NINE ABOVE, "LACK OF CONTROLS STEMMING FROM INEFFECTIVE HAZARDS ANALYSIS OF THE CONTRACT FOR RECYCLING WITH TWIN METALS."

ON 29-DEC-06, DOE-RL ISSUED A LETTER TO FHI REQUESTING A STATUS OF ALL EXPENDITURES TO DATE AND AN ESTIMATE OF COSTS TO BRING THE RECOVERY EFFORTS TO CLOSURE. DOE-RL INTENDS TO DISALLOW THESE COSTS. FHI RESPONDED ON 15-MAR-07. THE TOTAL COSTS AS OF FEBRUARY 2007 FOR THIS INCIDENT IS \$1,322,600. FHI PROPOSED TO RL THAT \$917,500 OF THIS AMOUNT NOT BE CHARGED AGAINST THE DOE CONTRACT; AND THAT \$405,100 WOULD BE CHARGED AGAINST THE DOE CONTRACT. FHI'S POSITION IS THIS \$405,100 WOULD BE AN AMOUNT THEY WOULD BE ALLOWED FOR CORRECTIVE ACTIONS/OVERSIGHT.

ON 12-APR-07, DOE-RL PROVIDED THE OIG A COPY OF THE "FINAL CORRECTIVE ACTION PLAN FOR INDEPENDENT OVERSIGHT OF THE ES&H REVIEW OF THE HANFORD SITE WSD. ACCORDING TO THE CAP, WSD WILL REVISE THE JOB HAZARD ANALYSIS PROCESS GUIDE, UPDATE THE WSD DOCUMENT CHANGE FORM AND WILL REVISE THE WSD TECHNICAL PROCEDURE WRITER'S GUIDE.

THE OIG OBTAINED A COPY OF THE LETTER DATED 05-FEB-07, FROM FHI TO EPA, REGION X TRANSMITTING FHI'S CLEANUP PLAN FOR THE PCB SPILL. THE PLAN WAS APPROVED BY EPA ON 15-SEP-06. FHI COMPLETED THE ACTIONS REQUIRED BY THE CLEANUP PLAN ON 06-DEC-06.

THE OIG REVIEWED THE FHI ROOT CAUSE ANALYSIS REPORTS FOR THIS INCIDENT. THE REPORTS STATED, THERE WERE NO HAZARDS OR CONTROLS FOR THOSE HAZARDS IDENTIFIED IN THE STATEMENT OF WORK. SPECIFIC PCB HAZARDS AND ASSOCIATED CONTROLS FOR THE TRANSFER OF POTENTIALLY PCB CONTAMINATED TRANSFORMERS OFF THE SITE WERE NOT ADDRESSED IN THE CONTRACT. THE REPORT FURTHER STATES, " LACK OF HAZARDS ANALYSIS AND LACK OF PROCEDURE DEVELOPMENT PREVENTED ESTABLISHMENT OF A BARRIER - NO HAZARD CONTROLS ESTABLISHED, THEREFORE, NO PROCEDURAL CAUTIONS - NO INSPECTION REQUIREMENTS."

ONE OF THE ROOT CAUSE'S WAS THAT "MANAGEMENT POLICY GUIDANCE/EXPECTATIONS WERE NOT WELL-DEFINED, UNDERSTOOD OR ENFORCED. ANOTHER ROOT CAUSE WAS "LACK OF AN ADEQUATE IMPELEMENTING MECHANISM TO PROVIDE ASSURANCE THAT HAZARDOUS CONSTITUENTS ARE NOT RELEASED FROM THE SITE."

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THROUGH A LETTER DATED 22-MAY-07, DOE-RL INFORMED FHI THAT ONCE A COMPLETION OF SEGREGATION AND ALLOCATION REVIEW (BY DCAA), RL WILL MAKE A DETERMINATION OF FINAL ALLOCATION OF COSTS THAT WILL BE UNALLOWABLE.

ON 20-SEP-07, OIG RECEIVED A COPY OF DCAA AUDIT REPORT, 4411-2007Q17900001. THE AUDIT EXAMINED PHI'S SUBMISSION OF THE COST ALLOCATION FOR THE PCB SPILL. THE AUDIT DISCLOSED THAT OF THE \$1,322,625 COST ALLOCATION SUBMISSION, \$10,753 OF THE CORRECTIVE ACTION/OVERSIGHT COSTS SHOULD HAVE BEEN CLASSIFIED AS RECOVERY EFFORT. THE QUESTIONED COSTS DEALT WITH LABOR COSTS AND THE OVERHEAD AND ADDERS FOR THAT LABOR. AFTER THE ADJUSTMENT RECOMMENDED BY DCAA, \$929.057 WILL BE CHARGED TO RECOVERY AND \$393,568 WILL BE CHARGED TO OVERSIGHT/CORRECTIVE ACTION.

ON 7-NOV-07, THE DOE-RL CONTRACTING OFFICER ADVISED THE OIG THAT RL PLANS TO INFORM FHI THAT THEY CONCUR WITH THE DCAA FINDINGS AND WILL DIRECT FHI TO MAKE THE APPROPRIATE ADJUSTMENTS. THEY WILL PROVIDE A COPY OF THIS LETTER TO THE OIG.

THROUGH A LETTER DATED, 31-JAN-08, THE DOE-RL CONTRACTING NOTIFIED FHI THAT DOE-RL CONCURRED WITH THE DCAA AUDIT FINDINGS THAT \$10,753 OF CORRECTIVE ACTION/OVERSIGHT COSTS SHOULD BE CLASSIFIED AS RECOVERY EFFORT. DOE-RL FURTHER INFORMED FHI THAT THEY SHOULD MAKE THE APPROPRIATE ADJUSTMENTS.

PLANNED ACTIVITIES:

DISPOSITION: ALL ACTIONS TAKEN BY DOE-RL ARE APPROPRIATE. NO FURTHER INVESTIGATIVE ACTIVITY WARRANTED. CASE CLOSED.

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Case Number: I056R008

Summary Date: 21-FEB-08

Title:

WMD TERROR THREAT; SAVANNAH RIVER SITE; AIKEN, SC

Executive Brief:

PREDICATION

ON JULY 28, 2005, THE FBI AUGUSTA, G.A. RESIDENT AGENCY REQUESTED OIG INVESTIGATIVE ASSISTANCE RELATING TO 2 ANTHRAX/DEATH THREAT LETTERS RECEIVED ON JULY 19, 2005 VIA U.S. MAIL BY WESTINGHOUSE SAVANNAH RIVER COMPANY (WSRC) [REDACTED] AND BECHTEL SAVANNAH RIVER INCORPORATED (BSRI) [REDACTED].

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

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

RESULTS OF INVESTIGATION

ON THE AFTERNOON OF JULY 28, 2005, SAS [REDACTED] DOE OIG CONTACTED [REDACTED] FEDERAL BUREAU OF INVESTIGATION (FBI), ATLANTA GEORGIA DIVISION, AUGUSTA RESIDENT AGENCY TO DISCUSS INFORMATION PROVIDED EARLIER THAT MORNING BY THE [REDACTED] COUNTERINTELLIGENCE OFFICERS, OFFICE OF COUNTERINTELLIGENCE CONCERNING THE ANTHRAX AND DEATH THREATS AGAINST [REDACTED] (DESCRIBED BELOW). [REDACTED] THE FBI WOULD ACCEPT ANY INVESTIGATIVE SUPPORT THE OIG COULD PROVIDE TO THEIR INVESTIGATION.

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

EARLIER ON JULY 28, 2005, [REDACTED] PROVIDED THE FOLLOWING INFORMATION:

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

ON JULY 19, 2005, AN ENVELOPE WAS RECEIVED [REDACTED] [REDACTED] PLACED THEIR PERSONAL MAIL ON HOLD THROUGH THEIR LOCAL POST OFFICE WHILE ON VACATION. AFTER RETRIEVING THE MAIL, [REDACTED] NOTICED A LETTER ADDRESSED TO [REDACTED] THAT HAD A RETURN ADDRESS OF [REDACTED]. [REDACTED] THE ENVELOPE AND LEARNED THAT THE ENVELOPE CONTAINED TWO (2) FOLDED PIECES OF PAPER. [REDACTED] AND READ ONE (1) OF THE FOLDER PIECES OF PAPER AND DISCOVERED THAT THE LETTER STATED, [REDACTED] [REDACTED] THE SECOND PIECE OF PAPER FROM THE ENVELOPE AND DISCOVERED THE PIECE OF PAPER CONTAINED A WHITE POWDER LIKE SUBSTANCE.

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

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

[REDACTED] BOTH 9-11 EMERGENCY AND [REDACTED] WAS WORKING AT THE SAVANNAH RIVER SITE (SRS), TO REPORT [REDACTED] FINDINGS AFTER OPENING THE ENVELOPE. COLUMBIA COUNTY, GEORGIA, SHERIFFS DEPARTMENT WAS DISPATCHED TO THE [REDACTED] RESIDENCE. THE COLUMBIA COUNTY SHERIFFS OFFICE NOTIFIED THE FBI RESIDENT AGENCY IN AUGUSTA, GA CONCERNING RECEIVED ANTHRAX ENVELOPE.

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

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

PRIOR TO DEPARTING SRS, [REDACTED] BSRI AND [REDACTED] OF THE THREATENING LETTER THAT [REDACTED] HAD RECEIVED. AFTER THEIR CONVERSATION, [REDACTED] AND LEARNED THAT A SIMILAR ENVELOPE WAS FOUND BY [REDACTED] INSIDE THEIR [REDACTED] DID

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

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

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

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NOT OPEN THE ENVELOPE AND IMMEDIATELY CONTACTED THE FBI AND COLUMBIA COUNTY SHERIFFS DEPARTMENT.

THE LAB RESOURCE NETWORK (LRN) ANALYZED BOTH ENVELOPES AND THEIR CONTENTS FOR ANTHRAX, AND BOTH WERE FOUND TO BE NEGATIVE.

ON JULY 21, 2005 THE SRS CRIME STOPPERS RELEASED A BULLETIN VIA EMAIL REQUESTING INFORMATION CONCERNING THE AFOREMENTIONED ANTHRAX/THREAT LETTERS.

ON JULY 26, 2005, (b)(6),(b)(7)(C) OFFICE OF SAFEGUARDS AND EMERGENCY SERVICES, DOE RECEIVED AN ANONYMOUS TIP VIA FACSIMILE RELATING TO THE WSRC CRIME STOPPERS BULLETIN. THE ANONYMOUS SOURCE ALLEGED IN THE FACSIMILE THAT THEY OBSERVED A LETTER THAT WAS ON THE COMPUTER SCREEN OF (b)(6),(b)(7)(C) FACILITY, BSRI. THE SOURCE ALLEGED THAT THE LETTER WAS ADDRESSED TO (b)(6),(b)(7)(C) AND (b)(6),(b)(7)(C) THAT THE LETTER RELATED TO (b)(6),(b)(7)(C) DISPLEASURE ABOUT THE SAVANNAH RIVER SITE. ADDITIONALLY, THE SOURCE ALLEGED THAT THE LETTER WAS SIGNED AT THE BOTTOM (b)(6),(b)(7)(C) AND THAT SINCE THE SOURCE OBSERVED THE LETTER, (b)(6),(b)(7)(C) HAD BEGAN ACTING IN A NERVOUS AND UNUSUAL MANNER. (b)(6),(b)(7)(C)

ON JULY 27, 2005, (b)(6),(b)(7)(C) RECEIVED A TELEPHONE CALL FROM (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) WSRC AND THAT (b)(6),(b)(7)(C) THAT WSRC PLANNED TO IMAGE (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) ASSIGNED DESK TOP COMPUTER HARD DRIVE. (b)(6),(b)(7)(C) THAT WSRC WAS IMAGING THE HARD DRIVE BASED ON THE INFORMATION PROVIDED IN THE ANONYMOUS TIP FACSIMILE. (b)(6),(b)(7)(C)

ON JULY 29, 2005, WSRC REPORTED TO (b)(6),(b)(7)(C) HARD DRIVE DATA CONTAINED TWO (2) FILES THAT APPEARED TO RELATE TO THE ANTHRAX DEATH THREAT LETTERS. (b)(6),(b)(7)(C) THAT THE PRELIMINARY REVIEW OF THE DATA FOUND ONE LETTER THAT (b)(6),(b)(7)(C) STARTED, (b)(6),(b)(7)(C) THE OTHER LETTER CONTAINED A STATEMENT RELATING TO PAYING MONEY TO AN UNKNOWN SOURCE FOR DELIVERING THE ANTHRAX (b)(6),(b)(7)(C) AND ANOTHER STATEMENT CONCERNING AN ADDITIONAL PAYMENT FOR (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

ON AUGUST 1, 2005, (b)(6),(b)(7)(C) THE OIG WITH COPIES OF VARIOUS OFFICE OF COUNTERINTELLIGENCE (OCI) INVESTIGATIVE REPORTS, THE WSRC CRIME STOPPERS BULLETIN, AND THE ANONYMOUS TIP RECEIVED VIA FACSIMILE BY WSRC. THE OCI INVESTIGATIVE NOTES REFERENCE THE FOLLOWING QUOTE TAKEN FROM THE DEATH THREAT LETTER RECEIVED (b)(6),(b)(7)(C)

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

ON AUGUST 4, 2005, (b)(6),(b)(7)(C) THAT THE FBI INTERVIEWED (b)(6),(b)(7)(C) TOLD

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

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

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

THE FBI THAT [REDACTED] NOT INVOLVED IN THE ANTHRAX DEATH THREAT LETTERS. ADDITIONALLY, [REDACTED] THE FBI CONSENT TO SEARCH [REDACTED] THAT THE FBI SEARCHED [REDACTED] (b)(6) (b)(7)(C) ADDITIONALLY, [REDACTED] (b)(6) (b)(7)(C) TO TAKE A FBI POLYGRAPH EXAMINATION.

ON AUGUST 18, 2005, [REDACTED] (b)(6) (b)(7)(C) THE FOLLOWING INFORMATION: [REDACTED] (b)(6) (b)(7)(C) DIFFICULTIES ANSWERING ONE OF THE POLYGRAPH QUESTIONS DURING A POLYGRAPH ADMINISTERED BY THE FBI ON AUGUST 4, 2005. IN PARTICULAR, THE QUESTION CONCERNED WHETHER [REDACTED] (b)(6) (b)(7)(C) OF THE DEATH THREAT LETTERS THAT WERE [REDACTED] (b)(6) (b)(7)(C) [REDACTED] (b)(6) (b)(7)(C) (b)(6) (b)(7)(C)

[REDACTED] (b)(6) (b)(7)(C) DIFFICULTIES WITH THE FBI POLYGRAPH QUESTION DUE TO A CONVERSATION THAT [REDACTED] BSRI. DURING THE CONVERSATION WITH [REDACTED] THAT SOMEONE SHOULD CONTACT [REDACTED] (b)(6) (b)(7)(C) TO EXPRESS DISPLEASURE WITH THE WAY THAT WSRC IS MANAGING THE SRS EMPLOYEE REDUCTION IN FORCE. [REDACTED] (b)(6) (b)(7)(C) [REDACTED] (b)(6) (b)(7)(C)

[REDACTED] (b)(6) (b)(7)(C) AND [REDACTED] (b)(6) (b)(7)(C) HAD OCCASIONALLY WORKED TOGETHER ON SRS WORK PROJECTS. [REDACTED] (b)(6) (b)(7)(C) THAT [REDACTED] (b)(6) (b)(7)(C) DUE TO COMMENTS MADE [REDACTED] (b)(6) (b)(7)(C) RELATING TO A WORK PROJECT PACKAGE THAT [REDACTED] (b)(6) (b)(7)(C) TO [REDACTED] (b)(6) (b)(7)(C) REVIEW AND APPROVAL.

[REDACTED] (b)(6) (b)(7)(C) DUE TO THE INFORMATION PROVIDED [REDACTED] (b)(6) (b)(7)(C) DURING THE POLYGRAPH, WSRC IMAGED [REDACTED] (b)(6) (b)(7)(C) COMPUTER HARD DRIVE. DURING THE REVIEW OF THE IMAGED HARD DRIVE, WSRC DISCOVERED THAT [REDACTED] (b)(6) (b)(7)(C) ATTEMPTED TO OBTAIN INFORMATION CONCERNING HOW THE U.S. POSTAL SERVICE (USPS) HANDLED SUSPICIOUS PACKAGES VIA THE WHITE HOUSE AND HOMELAND SECURITY INTERNET WEBSITES. [REDACTED] (b)(6) (b)(7)(C) ACCESSED THESE WEBSITES ON JULY 19, 2005, THE SAME DAY THAT [REDACTED] (b)(6) (b)(7)(C) THE FIRST ANTHRAX DEATH THREAT LETTER.

THE ANTHRAX DEATH THREAT ENVELOPES ARE BEING MAINTAINED BY THE USPS LABORATORY FOR FURTHER REVIEW. THE FBI HAS LEARNED THAT THE STAMPS USED ON THE ENVELOPES WERE NOT SELF ADHESIVE AND THAT THE STAMPS WERE MOISTENED PRIOR TO PLACEMENT ON THE LETTERS. ADDITIONALLY, THE WHITE POWDER CONTAINED IN THE ENVELOPE RECEIVED [REDACTED] (b)(6) (b)(7)(C) WAS VERIFIED TO BE TALCUM POWDER.

ON AUGUST 10, 2005, THE FBI INTERVIEWED [REDACTED] (b)(6) (b)(7)(C) [REDACTED] NOT COOPERATING WITH THE FBI DURING THE INTERVIEW AND REFUSED TO TAKE A POLYGRAPH EXAMINATION. HOWEVER, [REDACTED] (b)(6) (b)(7)(C) TO PROVIDE THE FBI A DEOXYRIBONUCLEIC ACID (DNA) SAMPLE AND FINGERPRINTS ON AUGUST 18, 2005.

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

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

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

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

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

ON AUGUST 17, 2005, (b)(6),(b)(7)(C) FBI, AND SAID THAT (b)(6),(b)(7)(C) NO LONGER WISHED TO VOLUNTARILY PROVIDE THE FBI WITH A DNA SAMPLE OR FINGERPRINTS. (b)(6),(b)(7)(C) THAT IF (b)(6),(b)(7)(C) WOULD NOT CONSENT TO PROVIDING THESE ITEMS, (b)(6),(b)(7)(C) WOULD OBTAIN A COURT ORDER TO OBTAIN THESE ITEMS (b)(6),(b)(7)(C) AGAIN REFUSED TO PROVIDE THESE ITEMS AND SAID THAT (b)(6),(b)(7)(C) WAS NOT CONVINCED OF (b)(6),(b)(7)(C) NEED TO COOPERATE WITH THE FBI ON THIS MATTER.

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

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

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

ON OCTOBER 12, 2005, (b)(6),(b)(7)(C) HAD RETURNED TO WORK AT THE SRS. IN ADDITION, (b)(6),(b)(7)(C) THAT THE U.S. POSTAL SERVICE LABORATORY SAID THERE WERE NO FINGERPRINTS DISCOVERED ON THE ENVELOPES. (b)(6),(b)(7)(C) THAT (b)(6),(b)(7)(C) IS STILL AWAITING THE DNA ANALYSIS FROM THE STAMP ATTACHED TO THE ENVELOPE. (b)(6),(b)(7)(C)

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

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

ON OCTOBER 25, 2005, (b)(6),(b)(7)(C) THAT A WSRC EMPLOYEE DISCOVERED A LETTER, SIMILAR TO THE ORIGINAL ANTHRAX DEATH THREAT LETTER, (b)(6),(b)(7)(C) ORIGINAL CUBICLE/POD. THE LETTER WAS TAKEN INTO EVIDENCE BY THE FBI AND ADDITIONAL DETAILS CONCERNING THE CONTENTS OF THE LETTER WILL BE PROVIDED AT A LATER DATE.

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

ON DECEMBER 21, 2005, THE OIG CONTACTED (b)(6),(b)(7)(C) FOR AN UPDATE ON INVESTIGATIVE FINDINGS THUS FAR. (b)(6),(b)(7)(C) THAT NO NEW DEVELOPMENTS OR LEADS HAD TAKEN PLACE SINCE THE EVENT ON OCTOBER 25, 2005.

ON JULY 13, 2006, THE FBI AUGUSTA RA SAID THAT THE CASE IS STILL BEING INVESTIGATED AS A DOMESTIC TERRORISM THREAT AND THAT THERE HAVE BEEN NO RECENT MAJOR DEVELOPMENTS.

ON NOVEMBER 27, 2007, THE OCI ADVISED THAT THERE HAVE BEEN NO NEW DEVELOPMENTS WITH THIS INVESTIGATION.

ON FEBRUARY 21, 2008, THE OIG DETERMINED THAT ALL PRUDENT INVESTIGATIVE STEPS HAVE BEEN ACCOMPLISHED TO DATE AND THAT THE FBI NO LONGER REQUIRES OIG SUPPORT WITH THIS FBI INVESTIGATION. THE FBI CASE AGENT WAS NOTIFIED THAT THE OIG WAS CLOSING THIS CASE.

PLANNED ACTIVITY

-CLOSE CASE

DISPOSITION

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Case Number: I07TC010

Summary Date: 13-MAR-08

Title:

CLASSIFIED DOCS; SANDIA; (b)(6),(b)(7)(C)

Executive Brief:

PREDICATION:

ON JULY 12, 2007, DEPARTMENT OF ENERGY (DEPARTMENT), OFFICE OF INSPECTOR GENERAL (OIG), TECHNOLOGY CRIMES SECTION (TCS), SPECIAL AGENT (SA) (b)(6),(b)(7)(C) WAS CONTACTED (b)(6),(b)(7)(C) CYBER MONITORING AND ANALYSIS DEPARTMENT, SANDIA NATIONAL LABORATORY, ALBUQUERQUE, NEW MEXICO REGARDING A RECENTLY RELEASED TIME MAGAZINE ARTICLE RELATING TO CYBER SECURITY AT SANDIA AND OTHER GOVERNMENT SITES. (b)(6),(b)(7)(C) THE ARTICLE MADE ALLEGATIONS THAT A TOP SECRET DOCUMENT HAD BEEN DOWNLOADED (b)(6),(b)(7)(C) FROM A SANDIA FILE TRANSFER PROTOCOL (FTP) SITE. (b)(6),(b)(7)(C) WAS UNAWARE OF ANY INSTANCE IN WHICH CLASSIFIED DOCUMENTS WOULD BE POSTED TO AN FTP SITE AND STATED THAT APPROXIMATELY TWO WEEKS AGO SANDIA HAD SHUT DOWN ALL FTP SITES AS A GENERAL PRECAUTION. (b)(6),(b)(7)(C)

BECAUSE OF THE SERIOUS NATURE OF THE ALLEGATION, (b)(6),(b)(7)(C) THE ASSISTANCE OF THE DEPARTMENT OIG TCS IN INVESTIGATING THIS MATTER. (b)(6),(b)(7)(C) FORWARDED SA (b)(6),(b)(7)(C) A COPY OF THE TIME MAGAZINE ARTICLE RELATING THE ALLEGATIONS. (C)

INVESTIGATIVE FINDINGS:

ON JULY 16, 2007, DEPARTMENT OF ENERGY (DEPARTMENT), OFFICE OF INSPECTOR GENERAL (OIG), TECHNOLOGY CRIMES SECTION (TCS), SPECIAL AGENT (SA) (b)(6),(b)(7)(C) TELEPHONICALLY CONTACTED (b)(6),(b)(7)(C) SA (b)(6),(b)(7)(C) IN REGARDS TO AN ASSOCIATED PRESS ARTICLE ON GOVERNMENT CYBER SECURITY OF WHICH (b)(6),(b)(7)(C) WAS A CONTRIBUTOR. (b)(6),(b)(7)(C)

DURING THE PHONE CONVERSATION WITH (b)(6),(b)(7)(C) LEARNED THE FOLLOWING:

(b)(6),(b)(7)(C) FOR THE CITY (b)(6),(b)(7)(C) PROFESSIONAL. SHORTLY AFTER SEPTEMBER 11, 2001, (b)(6),(b)(7)(C) BEGAN LOOKING AT FILE TRANSFER PROTOCOL (FTP) SITES FOR SECURITY VULNERABILITIES. (b)(6),(b)(7)(C) FOUND THAT A LOT OF INFORMATION HAD BEEN POSTED ON VARIOUS FTP SITES THAT COULD POSSIBLY COMPROMISE NATIONAL SECURITY OR PROVIDE A CONDUIT FOR ENEMIES OF THE UNITED STATES TO COLLECT INTELLIGENCE.

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

SHORTLY AFTER DISCOVERING MANY AGENCIES WERE ALLOWING ANONYMOUS LOGINS TO FTP SERVERS, (b)(6),(b)(7)(C) THE UNITED STATES COMPUTER EMERGENCY READINESS TEAM (US-CERT) ABOUT THE PROBLEM. (b)(6),(b)(7)(C) AFTER NOTIFYING US-CERT ABOUT THE PROBLEM, (b)(6),(b)(7)(C) NEVER RECEIVED A CALL BACK FROM THEM FOR MORE INFORMATION.

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

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WHILE CONDUCTING RESEARCH FOR PART OF (b)(6),(b)(7)(C) AT THE (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) CAME ACROSS SEVERAL DEPARTMENT OF ENERGY FTP SITES. MOST NOTABLY AT LOS ALAMOS NATIONAL LABORATORY (LANL) AND SANDIA NATIONAL LABORATORY (SANDIA). (b)(6),(b)(7)(C) THAT IT WAS IN THE 2004 TIME FRAME WHEN (b)(6),(b)(7)(C) ENCOUNTERED THE LANL FTP SITE CONTAINING A DOCUMENT MARKED TS/SCI.

(b)(6),(b)(7)(C) WAS ABLE TO ACCESS THE LANL FTP SITE AS AN ANONYMOUS USER AND LOOK INTO THE FILE FOLDERS STORED THERE. WHILE LOOKING AT SOME OF THE FILE FOLDERS, (b)(6),(b)(7)(C) NOTICED WHAT (b)(6),(b)(7)(C) BELIEVED TO BE A GHOST IMAGE FILE. AGENTS NOTE: A GHOST IMAGE FILE IS USUALLY AN IMAGE OF A COMPUTER OPERATING SYSTEM THAT IS MADE FOR REINSTALLING THE OPERATING SYSTEM ON MULTIPLE MACHINES. (b)(6),(b)(7)(C) THE FILE (b)(6),(b)(7)(C) WAS NAMED, (b)(6),(b)(7)(C) AND HAD BEEN COMPRESSED TO A FILE SIZE OF APPROXIMATELY 629 MEGABYTES. (b)(6),(b)(7)(C) DOWNLOADED AND UNCOMPRESSED THE GHOST IMAGE FILE WHICH RESULTED IN APPROXIMATELY 2.5 GIGABYTES OF DATA. AFTER OPENING THE FILE, (b)(6),(b)(7)(C) LOOKED THROUGH THE IMAGE AND COULDN'T FIND WHAT WAS ACCOUNTING FOR SUCH A LARGE AMOUNT OF DATA. (b)(6),(b)(7)(C) THEN LOOKED INSIDE THE RECYCLE BIN WHERE (b)(6),(b)(7)(C) FOUND, WHAT (b)(6),(b)(7)(C) DESCRIBES AS, A DOCUMENT MARKED TS/SCI WITH THE NAME (b)(6),(b)(7)(C) OR (b)(6),(b)(7)(C) IS UNSURE ON THE NAME OF THE PROJECT BUT IS POSITIVE OF THE CLASSIFICATION. (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) AFTER OBSERVING THIS DOCUMENT (b)(6),(b)(7)(C) COMPUTER HARD DRIVE TO DEPARTMENT OF DEFENSE SPECIFICATIONS. (b)(6),(b)(7)(C) THEN CONTACTED SECRETARY OF ENERGY, SPENCER ABRAHAM VIA EMAIL ABOUT WHAT (b)(6),(b)(7)(C) FOUND ON THE LANL FTP SITE. (b)(6),(b)(7)(C) WAS CONTACTED A WHILE LATER (b)(6),(b)(7)(C) INFORMATION SECURITY AT LAWRENCE LIVERMORE LAB (LLL). (b)(6),(b)(7)(C) DESCRIBED THE SITUATION WITH THE FTP SERVER TO (b)(6),(b)(7)(C) AND WHAT (b)(6),(b)(7)(C) HAD FOUND. (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) IN OR AROUND JUNE OF 2005, (b)(6),(b)(7)(C) ACCESSED THE FTP SITE AT SANDIA NATIONAL LABORATORY. (b)(6),(b)(7)(C) WAS ABLE TO ACCESS THE SANDIA FTP SITE ANONYMOUSLY AND VIEW THE FILES STORED THERE. WHILE SEARCHING THE SANDIA FTP SITE, (b)(6),(b)(7)(C) FOUND AUTOCAD FILES WITH .DXF EXTENSIONS. (b)(6),(b)(7)(C) RECOGNIZED THESE FILES AS BEING AUTOCAD FILES AND WAS ABLE TO DOWNLOAD AND VIEW THEM. (b)(6),(b)(7)(C) DESCRIBED WHAT (b)(6),(b)(7)(C) BELIEVED TO BE A DRAWING FOR A NUCLEAR CONTAINMENT VESSEL, AND DRAWINGS FOR MISSILE SYSTEMS. AFTER FINDING THESE (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) AT LLL ABOUT WHAT (b)(6),(b)(7)(C) HAD FOUND. (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) WHEN ASKED IF THIS WAS THE TOP SECRET SANDIA DOCUMENT MENTIONED IN THE ASSOCIATED PRESS ARTICLE (b)(6),(b)(7)(C) THE ARTICLE WAS INCORRECT IN ATTRIBUTING THE TOP SECRET DOCUMENT WITH SANDIA. (b)(6),(b)(7)(C) THE TOP SECRET DOCUMENT MENTIONED IN THE ARTICLE SHOULD HAVE BEEN ATTRIBUTED TO LANL.

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(b)(6),(b)(7)(C) AS AN ABOVE AVERAGE COMPUTER USER, THAT CAREFULLY
(b)(6),(b)(7)(C) OBSERVED THE LAW TO MAKE SURE (b)(6),(b)(7)(C) DIDN'T ENGAGE IN ANY CRIMINAL ACTIVITY WHILE DOING
(b)(6),(b)(7)(C) RESEARCH ON GOVERNMENT FTP SERVERS. (b)(6),(b)(7)(C) A NOVICE COMPUTER USER
(b)(6),(b)(7)(C) COULD DO THE SAME THINGS (b)(6),(b)(7)(C) DID IN ACCESSING GOVERNMENT FTP SITES.

(b)(6),(b)(7)(C) WOULD PROVIDE SA (b)(6),(b)(7)(C) WITH A DOCUMENT TO PROVIDE
(b)(6),(b)(7)(C) VERIFICATION ON (b)(6),(b)(7)(C) ACTIVITIES RELATING TO (b)(6),(b)(7)(C) RESEARCH. (b)(6),(b)(7)(C) CURRENT
LEGAL REPRESENTATIVE HAS REVIEWED THE DOCUMENT AND APPROVED ITS RELEASE. (b)(6),(b)(7)(C)
(b)(6),(b)(7)(C) IS CURRENTLY REPRESENTED BY THE LAW OFFICES OF (b)(6),(b)(7)(C)
MASSACHUSETTS, 617-(b)(6),(b)(7)(C).

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

SA (b)(6),(b)(7)(C) COORDINATED THIS CASE WITH THE FEDERAL BUREAU OF INVESTIGATION AND THE
(C) DEPARTMENT. NO EVIDENCE OF CLASSIFIED TRANSFER WAS FOUND. AS NO EVIDENCE WAS FOUND
TO SUPPORT THE ALLEGATION, THIS CASE WILL BE CLOSED.

PLANNED ACTION:

-NONE

DISPOSITION

-CLOSED

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Case Number: I06LV005

Summary Date: 27-MAR-08

Title:

SUSPICIOUS MONEY TRANSACTIONS; (b)(6),(b)(7)(C) YUCCA SITE

Executive Brief:

PREDICATION:

ON APRIL 3, 2006, (b)(6),(b)(7)(C) INTERNAL REVENUE SERVICE (IRS), CRIMINAL INVESTIGATIONS DIVISION (CID), FROM THE IRS-CID LAS VEGAS, NEVADA, FIELD OFFICE ADVISED THE DEPARTMENT OF ENERGY (DOE), OFFICE OF INSPECTOR GENERAL (OIG), (b)(6),(b)(7)(C) OFFICE OF INFORMATION MANAGEMENT, DOE YUCCA SITE OFFICE, ENGAGED IN SUSPICIOUS GAMBLING TRANSACTIONS TOTALING \$303,500.

THE INFORMATION WAS ORIGINALLY REFERRED TO THE IRS (b)(6),(b)(7)(C) AT (b)(6),(b)(7)(C) LAS VEGAS, NEVADA, 89134. (b)(6),(b)(7)(C) TO THE IRS FOR MAKING MULTIPLE LARGE CASH DEPOSITS AND OUTBOUND WIRE TRANSFERS.

INVESTIGATIVE ACTIVITY:

A REVIEW OF CREDITS TO (b)(6),(b)(7)(C) SHOWS CASH DEPOSITS AND TWO LARGE TRANSFERS FROM A LINE OF CREDIT ON 11/14/2005 FOR \$80,000 AND ON 11/16/2005 FOR \$10,000. UPON FURTHER REVIEW OF (b)(6),(b)(7)(C) ACCOUNT OF DEBITS SHOWS CASH WITHDRAWALS AND OUTBOUND WIRE TRANSFERS ON 11/14/2005 FOR \$80,000 AND ON 11/17/2005 FOR \$33,000. THE RECIPIENT OF THESE TRANSACTIONS WAS (b)(6),(b)(7)(C) LOCATED IN PLANTATION, FLORIDA AND BANK OF AMERICA, NEW YORK, NEW YORK. ON 12/12/2005, A TRANSFER WAS MADE (b)(6),(b)(7)(C) FOR \$75,000 TO HER WASHINGTON MUTUAL BANK, LOCATED AT BEVERLY HILLS, CALIFORNIA.

A REVIEW OF ONLINE BANK RECORDS SHOW (b)(6),(b)(7)(C) SHARE AN ACCOUNT THAT WAS OPENED ON 12/30/2003. (b)(6),(b)(7)(C) IS LISTED AS THE PRIMARY JOINT OWNER AND (b)(6),(b)(7)(C) IS LISTED AS THE SECONDARY JOINT OWNER.

THE DOE OIG REVIEWED (b)(6),(b)(7)(C) LINE OF CREDIT ACCOUNT, WHICH SHOWS THE ACCOUNT'S OPENING DATE WAS 10/21/2002 AND CLOSED AS OF 01/09/2006. (b)(6),(b)(7)(C) IS THE PRIMARY JOINT BORROWER AND (b)(6),(b)(7)(C) IS THE SECONDARY JOINT BORROWER. THE LAST REVIEW SHOWED A LOAN BALANCE OF \$0.00, AN APPR LINE AMOUNT OF \$90,000, AN AVAILABLE BALANCE OF \$0.00 AND THE LAST TRANSACTION WAS IN THE AMOUNT OF \$90,000. RECENT CASH TRANSACTIONS FOR THIS ACCOUNT INCLUDE: 1) A CHECK AND CASH WITHDRAWAL ON 11/09/2005 FOR \$1,000, 2) A CHECK AND CASH WITHDRAWAL ON 11/10/2005 FOR \$6,000, 3) A CHECK AND CASH WITHDRAWAL ON 11/14/2005 FOR \$3,000, 4) A CHECK AND CASH WITHDRAWAL ON 11/14/2005 FOR \$13,000, 5) A CASH DEPOSIT ON 11/14/2005 FOR \$80,000, 6) AN OUTBOUND WIRE TRANSFER ON 11/14/2005 FOR \$80,000, 7) A CASH DEPOSIT ON 11/16/2005 FOR \$10,000, 8) A CASH DEPOSIT ON 11/17/2005 FOR \$8,000, 9) AN OUTBOUND WIRE TRANSFER ON 11/17/2005 FOR \$33,000, 10) A CHECK AND CASH WITHDRAWAL ON 11/23/2005 FOR \$7,500,

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11) A CHECK AND CASH WITHDRAWAL ON 11/28/2005 FOR \$8,000, 12) A CASH DEPOSIT ON 12/12/2005 FOR \$9,000, 13) A CASH DEPOSIT ON 12/12/2005 FOR \$10,000, 14) A CASH DEPOSIT ON 12/12/2005 FOR \$50,000, AND 15) AN OUTBOUND WIRE TRANSFER ON 12/12/2005 FOR \$75,000. TOTAL CASH DEPOSITS FOR (b)(6),(b)(7)(C) LINE OF CREDIT ACCOUNT FOR THIS TIME PERIOD WAS \$38,500. (b)(6),(b)(7)(C) TOTAL CHECK AND CASH WITHDRAWALS WERE \$188,000 AND THE TOTAL OUTBOUND WIRE TRANSFERS WAS \$303,500.

ON 05/17/2006, CONSULTED CASE PRIORITIES WITH LAS VEGAS DOE OIG AUDITS (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) EXPRESSED INTEREST IN THE INVESTIGATION AND WILL PROVIDE SUPPORT AND ASSISTANCE IN THE INVESTIGATION.

ON 5/19/2006, CONSULTED CASE PRIORITIES WITH IRS-CID (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) EXPRESSED CONCERN ABOUT DOLLAR THRESHOLDS. (b)(6),(b)(7)(C) DID MENTION THAT THE IRS WOULD BE INTERESTED IN DETERMINING IF THERE IS A CORRELATION BETWEEN DOE CONTRACT AWARDS AND DEPOSITS AND GAMBLING TRANSACTIONS. (b)(6),(b)(7)(C) EXPRESSED A POSSIBLE INTEREST IN THE INVESTIGATION UPON FURTHER EXAMINATION. (b)(6),(b)(7)(C)

ON 8/16/2006, THE OIG MET WITH IRS-CID (b)(6),(b)(7)(C) WAS ABLE TO CONFIRM THE SAR'S RECEIVED FROM THE BANK AND SAID THE IRS-CID WOULD BE ABLE TO ASSIST THE OIG IN ITS INVESTIGATION. (b)(6),(b)(7)(C) OFFICE WOULD BE ABLE TO (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) FULL (b)(6),(b)(7)(C) 2004 AND 2005 IRS 1040'S TO IDENTIFY IF (b)(6),(b)(7)(C) CLAIMED (b)(6),(b)(7)(C) WINNINGS AND LOSSES ON (b)(6),(b)(7)(C) FEDERAL INCOME TAX REPORTING FORMS. IF (b)(6),(b)(7)(C) DID NOT THE (b)(6),(b)(7)(C) IRS-CID WOULD OPEN AN ACTIVE CASE WITH THE OIG. (b)(6),(b)(7)(C)

ON 8/17/2006, THE OIG MET WITH LAS VEGAS MAJOR CRIMES CHIEF, AUSA KURT SCHULKE. AUSA SCHULKE EXPRESSED INTEREST IN THE OIG INVESTIGATION INTO (b)(6),(b)(7)(C). AUSA SCHULKE SAID HIS OFFICE WOULD KEEP THE INVESTIGATION CONFIDENTIAL AND THE HIGH (b)(6),(b)(7)(C) POSITION (b)(6),(b)(7)(C) HOLDS WITHIN THE DOE AND THE YMP. AUSA SCHULKE SAID HIS OFFICE WOULD BE ABLE TO PROVIDE THE OIG WITH SUBPOENAS FOR FINANCIAL RECORDS AND WOULD COORDINATE THE INVESTIGATION WITH THE FBI'S PUBLIC CORRUPTION TASK FORCE IN LAS VEGAS UPON REQUEST OF THE OIG.

ON 8/29/2006, IRS-CID (b)(6),(b)(7)(C) CONTACTED THE DOE OIG AND ADVISED BASED ON THE (b)(6),(b)(7)(C) INFORMATION THE DOE HAD GIVEN THEM, (b)(6),(b)(7)(C) OFFICE WOULD OPEN A CASE IN A JOINT INVESTIGATIVE EFFORT.

ON 9/11/2006, DOE RECEIVED INFORMATION FROM A LEAD REQUEST FROM REGION I DOE OIG SA (b)(6),(b)(7)(C) THE INFORMATION OBTAINED BY SA (b)(6),(b)(7)(C) AND SENT TO REGION V DOE OIG WAS COPIES OF (b)(6),(b)(7)(C) PERSONNEL FILE. (b)(6),(b)(7)(C)

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ON 11/15/2006, THE DOE-OIG ASSISTED THE IRS-CID WITH A MAIL-COVER APPLICATION OF ALL SUBJECTS

ON 11/24/2006, THE DOE-OIG RECEIVED A FIN-CEN REPORT ON ALL SUBJECTS.

ON 12/06/2006, (b)(6),(b)(7)(C) FROM THE NEVADA STATE GAMING BOARD SENT THE DOE-OIG CASINO TRANSACTION REPORTS FOR (b)(6),(b)(7)(C) FOR THE TIME PERIOD IN QUESTION.

ON 12/14/2006, THE DOE OIG MET WITH IRS-CID (b)(6),(b)(7)(C) AND NEVADA STATE GAMING BOARD (b)(6),(b)(7)(C) FOR CASE COORDINATION.

ON 02/12/2007, IRS-CID (b)(6),(b)(7)(C) COORDINATED WITH THE DOE OIG FOR THE IMPLEMENTATION OF GRAND JURY FINANCIAL SUBPOENAS AND FOR OFFICIAL INCLUSION INTO THE ONGOING DOE OIG INVESTIGATION WITH THE DISTRICT OF NEVADA AUSA MAJOR CRIMES CHIEF KURT SCHULKE.

-
ON 3/1/07, THIS CASE WAS TRANSFERRED TO (b)(6),(b)(7)(C)

THE OIG MET WITH IRS/CID (b)(6),(b)(7)(C) NEVADA GAMING COMMISSION ON SEVERAL OCCASIONS IN CONTINUED COORDINATION OF INVESTIGATIVE EFFORTS. IRS/CID CONDUCTED REVIEWS OF (b)(6),(b)(7)(C) FEDERAL INCOME TAX RETURNS AND FINANCIAL AND BANK ACCOUNT RECORDS. THE NEVADA GAMING COMMISSION PROVIDED PARTIAL INFORMATION REGARDING (b)(6),(b)(7)(C) GAMING ACTIVITIES. THE OIG OBTAINED COPIES OF (b)(6),(b)(7)(C) CONFIDENTIAL FINANCIAL DISCLOSURE REPORTS (OGE FORM 450).

DOE/OIG, IRS/CID AND NEVADA GAMING CONTROL AGENTS MET WITH AUSA VASQUEZ, WHO WAS ASSIGNED TO REVIEW THIS ISSUE AS HE ALSO PARTICIPATED WITH THE SUSPICIOUS ACTIVITY REPORT TASK FORCE. PRELIMINARY INVESTIGATIVE FINDINGS WERE REVIEWED. ACCORDING TO THE IRS/CID, THE SOURCE OF THE FUNDS USED IN (b)(6),(b)(7)(C) GAMING ACTIVITIES WERE FROM THE PROCEEDS OF INVESTMENT INCOME AND A HOME EQUITY LINE OF CREDIT. THE LARGE AMOUNTS OF THE TRANSACTIONS FROM NOV. 2005 THROUGH DEC. 2005 GENERATED THE ISSUANCE OF THE SUSPICIOUS ACTIVITY REPORT TO THE IRS. THE OGE FORM 450 SUBMITTED BY (b)(6),(b)(7)(C) APPROPRIATELY ADDRESSED ALL REPORTABLE SOURCES OF INCOME. ACCORDING TO THE NEVADA GAMING COMMISSION, (b)(6),(b)(7)(C) GAMING ACTIVITIES WERE NOT INAPPROPRIATE FOR THE TYPES AND AMOUNTS OF WAGERS PLACED. BOTH IRS AND NEVADA GAMING CONTROL BOARD ARE AWAITING THE RECEIPT OF ADDITIONAL DOCUMENTS.

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

THE OIG CONTINUED REGULAR COORDINATION AND PARTICIPATION WITH THE IRS, NEVADA GAMING CONTROL BOARD AND UNITED STATES ATTORNEY'S OFFICE JOINT SUSPICIOUS ACTIVITY REVIEW (SAR) TASK FORCE.

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AT THE REQUEST OF THE AUSA AND IRS/CID, DUE TO THE COVERT NATURE OF THE SAR TASK
(b)(6),(b)(7)(C) FORCE, SUBJECT [REDACTED] WAS NOT TO BE INTERVIEWED UNTIL SUCH TIME AS THE INVESTIGATION
REVEALED EVIDENCE OF CRIMINAL ACTIVITY.

COORDINATION WAS CONTINUED WITH THE IRS-CID, AND NEVADA GAMING CONTROL BOARD TO
OBTAIN AND/OR REVIEW FINANCIAL AND GAMING DOCUMENTS. COORDINATION WAS CONTINUED
WITH THE U.S ATTORNEY'S OFFICE. OIG ACCESS TO REVIEW DOCUMENTS SECURED VIA IRS
SUBPOENAS (BANK RECORDS AND MAIL-COVER INFORMATION AS RECEIVED BY IRS-CID) WAS
APPROVED BY THE AUSA. THE OIG RECIEVED AND/OR REVIEWED ALL OUTSTANDING DOCUMENTS
AND HAS COORDINATED CASE CLOSURES WITH IRS/CID AND THE U.S. ATTORNEY'S OFFICE.

PLANNED ACTIVITY:

NONE

DISPOSITION:

INVESTIGATION COMPLETE

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Case Number: I04OR011

Summary Date: 25-MAR-08

Title:

SEC; ENVIRONMENTAL VIOLATIONS; ORNL

Executive Brief:

PREDICATION:

ON 23-JUNE-04, THE OIG REVIEWED A BECHTEL JACOBS COMPANY, DEPARTMENT CONTRACTOR, REPORT RELATED TO THE SPILL OF RADIOACTIVE WASTE ON STATE ROUTE 95 ON MAY 14, 2004. THE WASTE ORIGINATED FROM THE NEW HYDROFRACTURE FACILITY (NHF) AT THE OAK RIDGE NATIONAL LABORATORY.

FBI COORDINATION: THE REPORT WAS COORDINATED WITH (b)(6),(b)(7)(C) ON 24-JUNE-04. A JOINT INVESTIGATION WITH THE FBI AND EAST TENNESSEE ENVIRONMENTAL CRIMES TASK FORCE HAS BEEN INITIATED.

INVESTIGATIVE FINDINGS:

SEC CORPORATION WAS SUBCONTRACTED TO BECHTEL JACOBS COMPANY FOR THE DEMOLITION AND DECONTAMINATION OF THE NHF AT ORNL. ON APRIL 20, 2004, THE T-12 TANK WAS WRAPPED IN PLASTIC AND REMOVED FROM THE MIXING CELL AND PLACED IN THE T-13 ANNEX AT THE NHF. ON MAY 12, 2004, THE TANK WAS REMOVED FROM THE T-13 ANNEX AND PLACED IN A DUMP TRUCK OWNED BY HUBBARD TRUCKING. DURING THIS PROCESS A SEC RADIOLOGICAL CONTROL TECHNICIAN (RCT) NOTICED LIQUID ON THE TARP WHICH REACHED THE GROUND. A READING WAS DONE AND IDENTIFIED THE AREA TO BE CONTAMINATED. CONTAMINATION WAS ALSO IDENTIFIED ON THE TRUCK TIRE AND TAILGATE OF THE DUMP TRUCK. A DIAPER WAS PLACED ON THE TRUCK TO CONTAIN ANY FURTHER LEAKS. ON MAY 13, 2004 A VISUAL INSPECTION WAS DONE AND NO LIQUID WAS IDENTIFIED IN THE TRUCK BED HOWEVER APPROXIMATELY A QUART WAS IN THE DIAPER.

ON MAY 14, 2004, THE TRUCK WAS INSPECTED AND RELEASED FOR SHIPMENT TO THE ENVIRONMENTAL MANAGEMENT WASTE MANAGEMENT FACILITY (EMWMF) AT Y-12. UPON ARRIVAL AT THE EMWMF CONTAMINATION WAS FOUND ON THE DUMP TRUCK TAILGATE AND LIQUID WAS DRIPPING FROM THE TAILGATE. CONTAMINATION WAS IDENTIFIED ON THE GRAVEL ROAD AT THE EMWMF AS WELL. AS A RESULT SURVEYS OF THE AREA WHERE THE DUMP TRUCK WAS STAGED AT ORNL AND IT ROUTE FROM ORNL TO THE EMWMF WERE SURVEYED. THE SURVEYS IDENTIFIED CONTAMINATION LEVELS OF 30,000 DPM/100 CM2 (SQUARE CENTIMETERS) ON THE DUMP TRUCK AND STATE ROUTE 95 AS WELL AS MELTON VALLEY ACCESS ROAD. LEVELS AS HIGH AS 2,600,000 DPM/100CM2 WERE LOCATED WHERE THE DUMP TRUCK FIRST STOPPED AT THE EMWMF.

A FORMER WORKER OF SEC WAS INTERVIEWED, **NOTE THE WORKER WAS INTERVIEWED WHILE IN CUSTODY OF THE ROANE COUNTY DISTRICT ATTORNEY**. THE WORKER CLAIMED THAT THE WASTE STREAMS WERE NOT SAMPLED PRIOR TO SHIPMENT. HOWEVER, INTERVIEWS OF OTHER WITNESSES AND DOCUMENTATION (DOT COMPLIANCE ANALYSIS) INDICATE THAT THE WASTE STREAMS WERE SAMPLED BEFORE SHIPMENT.

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

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IN AUGUST 2005, THE U.S. DEPARTMENT OF TRANSPORTATION'S FEDERAL MOTOR CARRIERS DIVISION ISSUED A CIVIL PENALTY IN THE AMOUNT OF \$32,500 WHICH SEC PAID. IN AUGUST 2005, DOE FINED BJC \$247,500 FOR VIOLATIONS OF DOE'S NUCLEAR SAFETY REQUIREMENTS.

THE ASSISTANT U.S. ATTORNEY ASSIGNED TO THIS MATTER DECIDED HE WOULD NOT PURSUE ANY FURTHER INVESTIGATIVE ACTIVITY BASED ON THE REFERENCED FINES AND BECAUSE SEC AGREED TO PAY FOR ALL REPAIRS AND DAMAGES TO STATE ROAD 95.

PLANNED ACTIVITY:

CLOSE CASE

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Case Number: I08OR005

Summary Date: 12-MAY-08

Title:

ANNUAL OREPA PROTEST OF Y-12 NUCLEAR FACILITY

Executive Brief:

PREDICATION:

ON 12-MAR-08, (b)(6),(b)(7)(C) SAFEGUARDS AND SECURITY, NATIONAL
NUCLEAR SECURITY ADMINISTRATION, Y-12 FACILITY, OAK RIDGE, TENNESSEE, CONTACTED (b)(6),(b)(7)(C)
(b)(6),(b)(7)(C) THE PURPOSE OF THE CONTACT WAS TO REQUEST ASSISTANCE AND SUPPORT AT
THE SUNDAY, 13-APR-08, ANNUAL ANTI-NUCLEAR PROTEST/DEMONSTRATION BY MEMBERS OF THE
OAK RIDGE ENVIRONMENTAL PEACE ALLIANCE, AN ANTI-NUCLEAR ACTIVIST GROUP (b)(6),(b)(7)(C)
REQUESTED THE ASSISTANCE IN THE EVENT THAT ONE OR MORE OF THE PROTESTORS TRESPASSES
ON GOVERNMENT PROPERTY RESULTING IN A NEED FOR THE OIG TO CONDUCT INTERVIEWS AND TO
COORDINATE POSSIBLE PROSECUTION BY THE UNITED STATES ATTORNEYS OFFICE, (USAO)
EASTERN DISTRICT OF TENNESSEE. THE OIG HAS INITIATED CONTACTED WITH THE USAO TO
DETERMINE IF THE OIG ASSISTANCE WILL BE REQUESTED.

THIS MATTER WAS ALSO COORDINATED WITH THE FBI WHO ADVISED IT WOULD PROVIDE THE
INFORMATION TO ITS JOINT TERRORISM TASK FORCE WHO WILL THEN MAKE A DETERMINATION ON
WHETHER OR NOT TO JOIN THE OIG AND ASSIST DURING THE PROTEST.

ON 14-MAR-08, AUSA ATCHLEY REQUESTED THAT THE OIG BE PRESENT DURING THE PROTEST IN
THE EVENT THAT ANY PROTESTORS BREACHED SECURITY AND GAINED ACCESS TO Y-12. AUSA
ATCHLEY WILL PROVIDE THE OIG WITH A POINT OF CONTACT FOR THE AUSA WHO WILL BE ON
CALL FOR THAT DAY.

ON 24-MAR-08, WAKENHUT SECURITY SERVICES, THE SECURITY CONTRACTOR FOR THE OAK RIDGE
RESERVATION, HELD 1 OF 3 BRIEFINGS REGARDING THE PEACE DEMONSTRATION. IN ATTENDANCE
WAS LOCAL LAW ENFORCEMENT; WAKENHUT, B&W, AND Y-12 SITE OFFICE MANAGEMENT; AND THE
US MARSHALL SERVICE. A PROJECT TASK LIST WAS DISTRIBUTED AND DISCUSSED.

ON 25-MAR-08, FBI COORDINATION LETTER MAILED.

ON 31-MAR-08, WAKENHUT SECURITY SERVICES HELD A SECOND BRIEFING TO DISCUSS
PREPARATION FOR THE PEACE DEMONSTRATION. B&W AND THE Y-12 SITE OFFICE HAS APPROVED
WAKENHUT'S OPERATIONAL PLANS FOR THE DEMONSTRATION.

ON 7-APR-08, WAKENHUT SECURITY SERVICES HELD A THIRD AND FINAL BRIEFING TO DISCUSS
PREPARATION FOR THE PEACE DEMONSTRATION. GENERAL CONCEPTS OF OPERATIONS FOR
POTENTIAL DEMONSTRATION ISSUES WERE DISCUSSED.

ON 13-APR-08, THE ANNUAL STOP THE BOMBS MARCH WAS HELD IN OAK RIDGE, TN. THE MARCH
BEGAN AT A.K. BISSELL PARK AND ENDED AT THE ENTRANCE OF THE Y-12 NATIONAL SECURITY
COMPLEX (Y-12). THE EVENT WAS SPONSORED BY THE OAK RIDGE ENVIRONMENTAL PEACE

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ALLIANCE AND HAD APPROXIMATELY 120 ATTENDEES. NO FEDERAL ARRESTS WERE MADE.
HOWEVER, THE OAK RIDGE POLICE DEPARTMENT DID ARREST [REDACTED] (b)(6),(b)(7)(C)
[REDACTED] (b)(6),(b)(7)(C) FOR REFUSING TO LEAVE THE ROAD IN FRONT OF Y-12.

PLANNED ACTION:
_CLOSE CASE FILE

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Case Number: I02HQ021

Summary Date: 10-JUN-08

Title:

TEMPERFORM USA; IMPROPERLY TREATED ALUMINUM ALLOY

Executive Brief:

PREDICATION:

ON 22-JUL-02, (b)(6),(b)(7)(C) NATIONAL NUCLEAR SECURITY ADMINISTRATION (NNSA), PROVIDED INFORMATION THAT TEMPERFORM USA, A GOVERNMENT CONTRACTOR, ALLEGEDLY SOLD IMPROPERLY HEAT TREATED ALUMINUM ALLOY WITH FALSE CERTIFICATIONS TO VARIOUS GOVERNMENT AGENCIES. (b)(6),(b)(7)(B) OBTAINED THE INFORMATION FROM A REPORT ISSUED BY THE DEFENSE CRIMINAL INVESTIGATIVE SERVICE (DCIS) WHO WAS INVESTIGATING TEMPERFORM USA FOR THIS ON DEPARTMENT OF DEFENSE (DOD) ACTIVITIES. AN OIG INVESTIGATION WAS INITIATED TO TRACK DOE'S EFFORTS TO DETERMINE IF DOE WAS A VICTIM AGENCY, AND THEN TO GATHER EVIDENCE IF DOE WAS A VICTIM. DCIS, THE LEAD INVESTIGATIVE AGENCY, WAS BEING ASSISTED BY THE DEPARTMENT OF TRANSPORTATION (DOT)/OIG, AND THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)/OIG.

ON 19-MAR-03, CIVIL QUI TAM CASE (I03HQ009) OPENED TO HANDLE CIVIL SIDE.

CASE REASSIGNED FROM SA (b)(6),(b)(7)(C) TO SA (b)(6),(b)(7)(C) 12/1/05. CASE REASSIGNED FROM SA (b)(6),(b)(7)(C) TO SA (b)(6),(b)(7)(C) 6/22/06.

INVESTIGATIVE ACTIVITY:

IN SUMMARY, THE JOINT INVESTIGATION FOUND THAT TEMPERFORM IMPROPERLY HEAT TREATED ALUMINUM ON ROUGHLY 5,000 DIFFERENT PARTS THAT IT PROVIDED TO OVER 40 DOD, DOT, NASA AND DOE PROJECTS.

SPECIFIC TO DOE, THE INVESTIGATION DETERMINED THAT ONLY PANTEX AND LOS ALAMOS NATIONAL LABORATORY (LOS ALAMOS) WERE USING MATERIAL TREATED BY TEMPERFORM OR SUPPLIED BY ONE OF TEMPERFORM'S LISTED VENDORS. AT PANTEX, THE AFFECTED ALUMINUM BAR STOCKS, SUPPLIED BY RELIANCE METAL CENTER AND USED IN SPECIAL TOOLING, WERE EITHER REMOVED FROM SERVICE OR TECHNICALLY JUSTIFIED FOR USE. LOS ALAMOS HAD 16 ALUMINUM CONTAINERS MADE FROM TEMPERFORM TREATED MATERIAL. LOS ALAMOS TESTS REVEALED THAT THE ALUMINUM IN THE CONTAINERS THAT WAS SUPPOSED TO BE HEAT TREATED TO T-6 WAS ACTUALLY CLOSER TO T-0. THE MATERIAL HAD BEEN OBTAINED BY LOS ALAMOS FROM RELIANCE METAL CENTER, WHO RELATED THAT TEMPERFORM HAD DONE THE HEAT TREATMENT ON THAT ALUMINUM.

OIG INTERVIEW OF (b)(6),(b)(7)(C) PANTEX PLANT, REVEALED THAT MOST OF THE ALUMINUM IN QUESTION AT PANTEX HAD BEEN UTILIZED AND WAS NO LONGER IDENTIFIABLE. HOWEVER, A 5-FOOT PIECE OF 6061 T-6 BAR STOCK WAS FOUND WHICH HAD BEEN OBTAINED FROM RELIANCE METAL CENTER, SO IT WAS DESTROYED. IT HAD NOT BEEN TESTED TO DETERMINE ITS ACTUAL HARDNESS. NO ONE

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CONTACTED RELIANCE METAL CENTER TO DETERMINE IF RELIANCE HAD OBTAINED THE BAR STOCK FROM TEMPERFORM. IN ESSENCE, PANTEX HAD NO IDENTIFIABLE TEMPERFORM MATERIAL.

OIG INTERVIEWS AT LOS ALAMOS REVEALED THAT 41 ITEMS HAD BEEN OBTAINED FROM RELIANCE METALS FROM 1999 THRU 2003 BUT THE ONLY ONES OF CONCERN WERE THE PURCHASES OF 13-INCH AND 14-INCH DIAMETER ROD STOCK THAT LOS ALAMOS MACHINED INTO 16 CANNISTERS THAT WERE USED AS TOOLING FOR THE MANUFACTURING PROCESS OF "PITS" FOR NUCLEAR WEAPONS. LOS ALAMOS CONFIRMED THEY CONTACTED RELIANCE WHO SAID THAT THE RODS WERE HEAT TREATED BY TEMPERFORM. THE ACQUISITION VALUE OF THE ROD MATERIAL WAS NOT KNOWN AS LOS ALAMOS WAS STILL GATHERING THE PURCHASE RECORDS FROM ARCHIVES. IT WAS NOTED THAT LOS ALAMOS HAD NOT INCLUDED THE 13-INCH RODS IN ITS LOSS ESTIMATES DUE TO OVERSIGHT. AN ADDITIONAL \$11,500 WAS THEREFORE IDENTIFIED AS REPLACEMENT COSTS FOR THE FIVE 13-INCH ROD CONTAINERS TAKEN OFF THE PIT PRODUCTION LINE.

RELIANCE METALWORKS SUBSEQUENTLY PROVIDED RECORDS THAT REFLECTED THE 13- AND 14-INCH RODS SOLD TO LOS ALAMOS HAD BEEN HEAT TREATED BY TEMPERFORM. RECORDS ALSO REVEALED THAT THE SAME RODS WERE SOLD TO SANDIA NATIONAL LABORATORY (SANDIA). HOWEVER, SANDIA HAD CONSUMED ALL OF THE STOCK PURCHASED AND THEREFORE HAD NO PHYSICAL EVIDENCE THAT THE PRODUCT WAS IMPROPERLY HEAT TREATED.

DOE'S LOSS COST ESTIMATE WAS \$240,737.77, WITH ONLY LOS ALAMOS HAVING TO REPLACE ITEMS. THE OIG ALSO DETERMINED THAT LOS ALAMOS HAD NOT COMPUTED ADDITIONAL COSTS FOR THE SCRAPING OF THE CONTAINERS, WHICH WORKED OUT TO AN ADDITIONAL \$6,307.20. THAT, WITH THE INITIAL COST ESTIMATE AND THE ADDITIONAL \$11,500 REPLACEMENT COSTS FOR THE 13-INCH RODS, MADE DOE'S TOTAL LOSS AMOUNT TO \$258,544.97. THE TOTAL LOSS OF \$258,844.97 WAS BROKEN DOWN INTO \$195,337.77 FOR IDENTIFYING/LOCATING PARTS; 34,407.20 FOR REMOVING/SCRAPPING/RETROFITTING PARTS; \$3,600 FOR TESTING PARTS; AND \$25,200 FOR EVALUATING PARTS.

***STAT: ON 3-JUL-03, TEMPERFORM, ITS SUBSIDIARY CORPORATION, AND COMPANY MANAGERS WERE INDICTED ON 34 COUNTS OF IMPROPERLY PROCESSING AND THEN FALSELY CERTIFYING THE HEAT TREAT QUALITY OF AIRCRAFT AND AEROSPACE PARTS USED IN OVER 60 MAJOR DOD, NASA, AND COMMERCIAL AEROSPACE PROGRAMS. IN ADDITION TO TEMPERFORM, THOSE INDICTED INCLUDED HYRDOFORM USA (TEMPERFORM'S PREDECESSOR ORGANIZATION), [REDACTED] (HYDROFORM [REDACTED] (TEMPERFORM [REDACTED] (TEMPERFORM [REDACTED] [ASAC NOTE: FOR SAR PURPOSES, CASE REFERRAL, CASE ACCEPTANCE, AND INDICTMENT CAPTURED AS OF 03-JUL-03.] (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

ON OCTOBER 1, 2003, DEFENDANTS WERE SUSPENDED FROM GOVERNMENT CONTRACTING BY THE U.S. AIR FORCE'S OFFICE OF GENERAL COUNSEL.

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***STAT: ON 27-SEP-04, TEMPERFORM ENTERED INTO PLEA AGREEMENT AND PLED GUILTY IN CRIMINAL COURT TO 7 COUNTS OF VIOLATIONS OF 18 USC 1001(A)(2) FOR FALSE STATEMENTS. AS PART OF THE GLOBAL CRIMINAL AND CIVIL SETTLEMENT AGREEMENT WITH TEMPERFORM AND HYRDOFORM, TEMPERFORM PLED GUILTY TO THE CRIMINAL CHARGES AND HYROFORM ENTERED INTO A PRETRIAL DIVERSION WITH RESPECT TO THE CRIMINAL CHARGES. HOWEVER, HYDROFORM WILL PAY ALL OF THE FINES AND PENALTIES FOR TEMPERFORM'S CRIMINAL PLEA AND THE SETTLEMENT FOR BOTH COMPANIES ON THE CIVIL SIDE.

***STAT: ON 3-NOV-04, TEMPERFORM WAS SENTENCED TO 2 YEARS PROBATION, \$200,000 CRIMINAL FINE, AND A \$2,800 SPECIAL ASSESSMENT FEE. TEMPERFORM WAS ALSO ORDERED TO PAY \$100,000 IN RESTITUTION TO THE NAVAL AIR SYSTEMS COMMAND. THE JUDGE ALSO APPROVED THE DISMISSAL OF CRIMINAL CHARGES AGAINST HYDROFORM AND [REDACTED] AS PART OF THE PLEA AGREEMENT WITH TEMPERFORM. [NOTE: THE CHARGES AGAINST [REDACTED] WERE DISMISSED ON 8-MAR-04 (STAT CREDIT TAKEN 3-NOV-04 WHEN TEMPERFORM SENTENCED).]

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

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

ON MAY 19, 2008, DCIS ADVISED THAT THE DOJ RECOMMENDED CHARGES BE DISMISSED AGAINST [REDACTED] DCIS FURTHER ADVISED THAT THE CASE WAS DISMISSED BECAUSE THE ACTUAL PURCHASE ORDERS WERE NOT LOCATED WHICH WERE TO BE USED TO SHOW THE FALSE STATEMENTS AND THAT KEY WITNESSES GAVE CONFLICTING STATEMENTS.

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

IT IS RECOMMENDED THAT THIS CASE BE CLOSED DUE TO NO FURTHER PROSECUTORY INTEREST.

CASE CLOSED

Document Number 33

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Case Number: I03HQ009

Summary Date: 10-JUN-08

Title:

QUI TAM; TEMPERFORM; FALSE CLAIMS

Executive Brief:

PREDICATION:

ON 07-MAR-03, THE OIG HOTLINE RECEIVED A LETTER ADDRESSED TO THE DOE GENERAL COUNSEL ADVISING OF A QUI TAM FILED (UNDER SEAL) (b)(6),(b)(7)(C) AGAINST TEMPERFORM USA AND HYDROFORM USA. (SEE I02HQ021 FOR ON-GOING CRIMINAL CASE ON TEMPERFORM).

CASE REASSIGNED FROM SA (b)(6),(b)(7)(C) TO SA (b)(6),(b)(7)(C) EFFECTIVE 12/1/05. CASE REASSIGNED FROM SA (b)(6),(b)(7)(C) TO SA (b)(6),(b)(7)(C) EFFECTIVE 6/22/06.

INVESTIGATIVE ACTIVITY:

DOE/OIG INVESTIGATIVE ACTIVITY ON CRIMINAL CASE REVEALED DOE WAS A VICTIM AGENCY BECAUSE OF PURCHASES MADE BY LOS ALAMOS NATIONAL LABORATORY AND SANDIA NATIONAL LABORATORY. BOTH LABS PURCHASED ALUMINUM RODS FROM RELIANCE METAL CENTER IN ALBUQUERQUE THAT HAD BEEN HEAT TREATED BY TEMPERFORM. AT LOS ALAMOS, TESTING OF THE ALUMINUM REVEALED IT HAD NOT BEEN HEAT TREATED.

ON 27-SEP-04, TEMPERFORM ENTERED INTO PLEA AGREEMENT AND PLED GUILTY IN CRIMINAL COURT TO 7 COUNTS OF VIOLATIONS OF 18 USC 1001(A)(2) FOR FALSE STATEMENTS. AS PART OF THE GLOBAL CRIMINAL AND CIVIL SETTLEMENT AGREEMENT WITH TEMPERFORM AND HYDROFORM, TEMPERFORM PLED GUILTY TO THE CRIMINAL CHARGES AND HYDROFORM ENTERED INTO A PRETRIAL DIVERSION WITH RESPECT TO THE CRIMINAL CHARGES. HOWEVER, HYDROFORM WILL PAY ALL OF THE FINES AND PENALTIES FOR TEMPERFORM'S CRIMINAL PLEA AND THE SETTLEMENT FOR BOTH COMPANIES ON THE CIVIL SIDE. ON 3-NOV-04, TEMPERFORM WAS SENTENCED TO 2 YEARS PROBATION, \$200,000 CRIMINAL FINE, AND A \$2,800 SPECIAL ASSESSMENT FEE. TEMPERFORM WAS ALSO ORDERED TO PAY \$100,000 IN RESTITUTION TO THE NAVAL AIR SYSTEMS COMMAND. THE JUDGE ALSO APPROVED THE DISMISSAL OF CRIMINAL CHARGES AGAINST HYDROFORM AND (b)(6),(b)(7)(C) AS PART OF THE PLEA AGREEMENT WITH TEMPERFORM.

(b)(6),(b)(7)(C)
BY E-MAIL DATED 6-DEC-04 FROM THE CIVIL AUSA, THE TOTAL CIVIL SETTLEMENT IS \$600,000; AND WOULD BE DIVIDED AS FOLLOWS: AIR FORCE-\$150,000; NAVAL AIR-\$250,000; DOE-\$100,000; NASA-\$100,000 (BUT AGENCIES WILL PROBABLY RECEIVE ONLY 75% OF THE DOLLARS DUE TO DOJ AND RELATOR PORTIONS). NAVAL AIR ALREADY RECEIVED \$100,000 OF THEIR PORTION OF THE RESTITUTION AS A RESULT OF THE CRIMINAL SENTENCING (FOR STAT PURPOSES IT WAS CLAIMED UNDER I02HQ021 AS PART OF THE CRIMINAL CASE).

ON 31-OCT-05, DOE ACCOUNTING OFFICE NOTIFIED THE OIG THAT DOE HAD RECEIVED \$75,000 FROM THE CIVIL AUSA ON 1-SEP-05. OF THE \$100,000 ALLOCATED TO DOE, ONLY \$75,000 WAS ACTUALLY RETURNED TO DOE IN RESTITUTION. [ASAC NOTE: FOR STAT PURPOSES, THE DATE OF 31-OCT-05 WILL BE USED TO CAPTURE THE CIVIL PROSECUTORIAL REFERRAL/ACCEPTANCE

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STEMMING FROM THE 27-SEP-04 GLOBAL SETTLEMENT. AT THE TIME OF THE SETTLEMENT, THE CIVIL CASE WAS STILL UNDER SEAL PENDING THE DISPOSITION OF ALL CRIMINAL MATTERS. ADDITIONALLY, THE CIVIL SETTLEMENT WAS NOT FINALIZED AS OF THE 06-DEC-04 E-MAIL FROM THE AUSA. AS SUCH, WE WILL USE 31-OCT-05 AS THE SETTLEMENT DATE FOR THE ENTIRE OUTSTANDING \$100,000 RECOVERY WITH \$75,000 RETURNED TO DOE. ALSO TAKING CREDIT FOR THE CIVIL SETTLEMENT AGREEMENT THAT WAS PART OF THE GLOBAL SETTLEMENT ENTERED INTO ON 3-NOV-04 AS PART OF THE CRIMINAL CASE.]

ON AUGUST 10, 2007, (b)(6),(b)(7)(C) PLED GUILTY TO ONE COUNT IN VIOLATION OF TITLE 18 U.S.C. 1001, "FALSE STATEMENTS." PURSUANT TO THE PLEA AGREEMENT, (b)(6),(b)(7)(C) WAS SENTENCED ON AUGUST 10, 2007, TO 3 MONTHS HOME DETENTION, 3 YEARS PROBATION, AND, 2 YEARS SUPERVISED RELEASE, AND WAS ORDERED TO PAY \$200,000 RESTITUTION AND A \$100 SPECIAL ASSESSMENT FEE.***

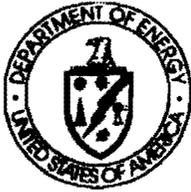
THE CIVIL CASE IS STILL BEING HELD UNDER SEAL PENDING THE DISPOSITION OF ALL CRIMINAL MATTERS.

ON MAY 19, 2008, DCIS ADVISED THAT THE DOJ RECOMMENDED CHARGES BE DISMISSED AGAINST (b)(6),(b)(7)(C) DCIS FURTHER ADVISED THAT THE CASE WAS DISMISSED BECAUSE THE ACTUAL PURCHASE ORDERS WERE NOT LOCATED WHICH WERE TO BE USED TO SHOW THE FALSE STATEMENTS AND THAT KEY WITNESSES GAVE CONFLICTING STATEMENTS.

IT IS RECOMMENDED THAT THIS CASE BE CLOSED DUE TO NO FURTHER PROSECUTORY INTEREST.

CASE CLOSED

Document Number 34



U.S. Department of Energy
Office of Inspector General
Office of Investigations

May 23, 2008

MEMORANDUM FOR THE MANAGER, BERKELEY SITE OFFICE

FROM: [redacted] (b)(6),(b)(7)(C)
Region 5 Investigations Office

SUBJECT: Investigation of Theft of Government Property/Conflict of Interest by an Employee of the Lawrence Berkeley National Laboratory (OIG Case No. I04LL004)

This report serves to inform you of the results of a U.S. Department of Energy (Department), Office of Inspector General (OIG) investigation. The investigation was initiated based on an allegation received by the Federal Bureau of Investigation. Allegedly, [redacted] (b)(6),(b)(7)(C)

[redacted] (b)(6),(b)(7)(C) employed by the University of California at the Lawrence Berkeley National Laboratory (LBNL) utilized Government funds to develop a patent for a water disinfection system without assigning Government rights to the patent. The OIG initiated this investigation and focused on two issues: 1) [redacted] (b)(6),(b)(7)(C) allegedly developed patents that [redacted] failed to report to the Department and LBNL, as required by [redacted] LBNL Employment Agreement and LBNL regulations; and, 2) [redacted] (b)(6),(b)(7)(C) allegedly engaged in a conflict of interest (COI) as an officer of a for-profit corporation while also holding [redacted] LBNL position. (b)(6),(b)(7)(C)

In summary, the OIG investigation determined and [redacted] (b)(6),(b)(7)(C) interview that [redacted] did not comply with Department and LBNL rules regarding patents and COI. The investigation did not identify evidence that [redacted] (b)(6),(b)(7)(C) improperly profited from these actions. (b)(6),(b)(7)(C)

The investigation also identified a number of actions by LBNL management that mitigated [redacted] (b)(6),(b)(7)(C) actions. Foremost, LBNL amended [redacted] (b)(6),(b)(7)(C) standard Employment Agreement and subsequently granted [redacted] permission to engage in outside employment with a for-profit corporation while holding [redacted] LBNL position. Furthermore, LBNL management approved [redacted] (b)(6),(b)(7)(C) Request for Outside Employment with the for-profit corporation in 2000. According to the LBNL approval, [redacted] (b)(6),(b)(7)(C) outside employment should have expired in 2002. However, the OIG did not find any evidence that LBNL officially amended or extended [redacted] (b)(6),(b)(7)(C) request for outside employment. (b)(6),(b)(7)(C)

These investigative results did not meet the criminal or civil thresholds established by the U.S. Attorney's Office for the Northern District of California. This report makes four recommendations for corrective actions.

**U.S. Department of Energy
Office of Inspector General
Office of Investigations
Case No. I04LL004**



INVESTIGATIVE REPORT TO MANAGEMENT

May 23, 2008

This report is the property of the Office of Inspector General and is for **OFFICIAL USE ONLY**. Appropriate safeguards should be provided for the report and access should be limited to Department of Energy officials who have a need-to-know. Any copies of the report should be uniquely numbered and should be appropriately controlled and maintained. Public disclosure is determined by the Freedom of Information Act, Title 5, U.S.C. 552, and the Privacy Act, Title 5, U.S.C. 552a. The report may not be disclosed outside the Department without prior written approval of the Office of Inspector General, including distribution to contractors.

I. PREDICATION

Based on allegations initially provided by the Federal Bureau of Investigation, the U.S. Department of Energy (Department), Office of Inspector General (OIG), initiated an investigation into the allegation that (b)(6),(b)(7)(C) Lawrence Berkeley National Laboratory (LBNL) utilized Government funds to develop a patent for a water disinfection system without assigning Government rights to the patent. The OIG investigation focused on two issues:

- 1) (b)(6),(b)(7)(C) allegedly developed patents related to a water disinfection system that (b)(6),(b)(7)(C) failed to report to LBNL, as required by (b)(6),(b)(7)(C) Employment Agreement and LBNL regulations, and,
- 2) (b)(6),(b)(7)(C) allegedly engaged in a conflict of interest (COI) as an officer of a for-profit corporation while also holding (b)(6),(b)(7)(C) LBNL position.

II. POTENTIAL STATUTORY OR REGULATORY VIOLATIONS

The investigation focused on potential violations of Title 18 U.S.C. § 641, Theft of Government Property; Title 42 U.S.C § 5908, Patents and Inventions; and, Title 35 U.S.C. Chapter 18, Patent Rights in Inventions made with Federal Assistance. The latter two statutes are the foundation of the patent reporting requirements for LBNL employees as outlined in the contract between the Department and the University of California (U.C.), and promulgated in LBNL policies.

The investigation also focused on violations of LBNL's Regulations and Procedures Manual (RPM). The following RPM chapters address these matters: Chapter 5.03, which governs employee's obligations to report patents; and, Chapter 10.02, which deals with COI and Technology Transfer.

III. BACKGROUND

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

(b)(6),(b)(7)(C) the OIG (b)(6),(b)(7)(C) became interested in water disinfection in 1993 as a result of an outbreak of a mutant strain of cholera, which killed thousands of people in India. In collaboration with Urmenus Corporation (Urmenus), an Indian water treatment company, (b)(6),(b)(7)(C) field tested and invented a water disinfection device. According to (b)(6),(b)(7)(C) the invention proved to be both practically and economically feasible. LBNL signed a contract with Urmenus to share the royalties from any future sales of the invention in August 1995.

On July 14, 1998, the United States Patent and Trademark Office (USPTO) approved a patent for the water disinfection device listing (b)(6),(b)(7)(C) the U.C. for LBNL as the assignee, and a note that the U.S. Government has an interest in the patent. Two dozen companies expressed interest in commercially producing the device. The LBNL Technology Transfer Office selected WaterHealth Incorporated (WHI) to produce the device in the same year. (b)(6),(b)(7)(C) did not participate in the negotiations or selection of the licensees.

On July 18, 1998, (b)(6),(b)(7)(C) a Request for Outside Employment (Request) with WHI. LBNL management approved the Request on November 30, 1998. The approval expired on July 31, 2000. (b)(6),(b)(7)(C) and submitted a second Request for Outside Employment with WHI on October 16, 2000. LBNL management approved the Request and established an expiration date of November 1, 2002.

IV. INVESTIGATIVE FINDINGS

Unreported Patents

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

The investigation determined and (b)(6),(b)(7)(C) admitted that (b)(6),(b)(7)(C) did not comply with the pertinent requirements and regulations to report all patents to LBNL and the Department as outlined in the contract between the Department and U.C., and promulgated in LBNL policies.

During the investigation, the OIG identified three patents, approved by the USPTO in 2004, 2005 and 2007, which shows (b)(6),(b)(7)(C) and WHI as the assignee with no mention of LBNL or U.S. Government interests. The Berkeley Site Office (BSO) Patent Office conducted a review of these patents and concluded that these patents are derivatives of the 1998 patent that was funded, in part, by the Department.

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

During (b)(6),(b)(7)(C) the OIG that although (b)(6),(b)(7)(C) reported several patents to LBNL, (b)(6),(b)(7)(C) did not report these three patents to the LBNL Patent Office. (b)(6),(b)(7)(C) did not report these patents because they were made "at an arms length" from LBNL and no public funds paid for (b)(6),(b)(7)(C) work. (b)(6),(b)(7)(C) felt no obligation to report these patents. (b)(6),(b)(7)(C) would seek guidance from LBNL to report future patents and (b)(6),(b)(7)(C) would comply with LBNL regulations.

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

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

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

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

U.S. Government Patent Rights

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

On March 16, 2006, (b)(6),(b)(7)(C) BSO, wrote a letter to (b)(6),(b)(7)(C) Patent Department, LBNL. In (b)(6),(b)(7)(C) that "the patents filed by (b)(6),(b)(7)(C) and approved in 2004, 2005 and 2007 appear to be subject to the standard Patent Agreement between LBNL and its employees. Therefore, the patents should have been reported to the Department and the Department may have decided that they own interest in the patents." (b)(6),(b)(7)(C) the OIG that these patents are derivatives, and claimed to have only minor modifications, from the invention funded, in part, with Department funds. Therefore, the U.S. Government may have partial ownership rights in these patents.

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

On March 31, 2006, (b)(6),(b)(7)(C) to (b)(6),(b)(7)(C) letter. (b)(6),(b)(7)(C) asserts that upon review of the patents in question (b)(6),(b)(7)(C) believes they are sufficiently distinct from the parent invention. (b)(6),(b)(7)(C) the patents were not subject to the LBNL Patent Agreement since the patents were not discovered using LBNL resources. (b)(6),(b)(7)(C) did not defend (b)(6),(b)(7)(C) failure to report the patents and stated that (b)(6),(b)(7)(C) personally instructed (b)(6),(b)(7)(C) to disclose all patents to LBNL in August 2004.

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

LBNL/WHI Patent Agreement Conflict

On September 14, 1999, LBNL Counsel signed and approved a special Patent Agreement between WHI and (b)(6),(b)(7)(C). The terms of this special agreement potentially mitigated and vitiated (b)(6),(b)(7)(C) lack of reporting (b)(6),(b)(7)(C) patents to LBNL or the Department. The Patent Agreement between WHI and (b)(6),(b)(7)(C) explicitly states that any invention, improvement or discovery conceived by (b)(6),(b)(7)(C) must be reported to LBNL and the Department. However, the WHI Patent Agreement also states that if “fifty percent” of the “work” or “funds” that led to the invention, improvement or discovery are from sources other than the LBNL, Department, or U.C., the WHI Agreement supersedes any LBNL Patent Agreement. Given the undefined nature of “fifty percent” of (b)(6),(b)(7)(C) “work,” the WHI Agreement, which continues in force today, may absolve WHI and (b)(6),(b)(7)(C) from officially reporting WHI related patents.

The WHI Agreement appears to contradict the following requirements relating to patents in the Department/U.C. contract and the LBNL RPM:

- Chapter 5.03 explicitly states that the Department/U.C. contract requires each LBNL employee to report inventions to LBNL and for LBNL to report potential subject inventions to the Department. In addition, all employees are required to sign a Patent Agreement requiring that the employee report each invention to LBNL when it is conceived.
- Chapter 10.02, Paragraph H requires that any approval include a clause informing the employee and outside employer that they are required to report all inventions, without exception, to U.C. and Department so that a determination can be made as to if the invention is subject to the LBNL Patent Agreement.

Conflict of Interest

The WHI Agreement also appears to contradict the following requirements relating to COI in the Department/U.C. contract and the LBNL RPM:

- Chapter 10.02, Paragraph C explicitly mandates that each employee document and receive approval before and during any acceptance of any consulting job or other form of short term employment.
- Chapter 10.02, Paragraph G requires LBNL employees who seek either an ownership or management position obtain specific permission from LBNL for the position. The chapter requires that the LBNL employee execute an LBNL form, Request for Outside Employment Ownership or Management Interest, in order to certify that he does or does not have any operational or policy making role in the company.

On October 18, 2000, (b)(6),(b)(7)(C) Environmental Energy Technologies Division, wrote (b)(6),(b)(7)(C) a memo requesting (b)(6),(b)(7)(C) to solve the COI issue.

Firstly, (b)(6),(b)(7)(C) to complete a Request. On October 24, 2000, (b)(6),(b)(7)(C) submitted a Request, which was approved by LBNL management on November 1, 2000. The

approval has a written caveat that the Request expired 2 years from the date of approval. However, the "term of employment" on the approved Request was for an "Indefinite" period. This Request is not currently in [redacted] personnel file. On January 2, 2008, [redacted] submitted a new Request.

Secondly, [redacted] to remove [redacted] from the WHI website and/or change [redacted] job title so that it is clear that [redacted] is not a corporate officer or regular employee. [redacted] listed as a [redacted] on the WHI website. During [redacted] considered [redacted] request to be a "request" and not an order. [redacted] WHI listed [redacted] to add prestige to the company. However, [redacted] understood the appearance of a COI caused by the job title and [redacted] intended to find a resolution to the issue.

On April 10, 2008, [redacted] the OIG that [redacted] eliminated the title of [redacted] from [redacted] job title. [redacted] current job title is [redacted]. The OIG subsequently verified that the WHI website has been changed and no longer lists [redacted] as the [redacted]. The website lists [redacted].

Loss to the Government

According to [redacted] could not sell any device containing the unreported patents without a license from U.C. for LBNL, the assignee of the parent patent. Therefore, [redacted] did not believe there was a foreseeable loss to LBNL or the Department. Nevertheless, [redacted] should have reported the patents and [redacted] present WHI Patent Agreement should be rescinded.

The OIG found no evidence during its investigation that [redacted] attempted to improperly profit from the unreported patents or conceal [redacted] consulting work with WHI. [redacted] work with WHI in [redacted] annual supplements to [redacted] professional resume that [redacted] submitted to [redacted] supervisor. [redacted] has accepted a number of awards relating to [redacted] work with WHI. For example, [redacted] work dealing with water disinfection [redacted] in acquiring safe drinking water.

V. COORDINATION

The investigative results did not meet the criminal or civil thresholds established by the U.S. Attorney's Office for the Northern District of California.

This investigation was coordinated with you and [redacted]. You requested that a report be provided to your office in order to consider taking appropriate administrative action regarding this investigation.

VI. RECOMMENDATIONS

Based on the findings in this report and other information which may be available to the Department, the OIG recommends that the Berkeley Site Office:

1. Determine whether the patents filed (b)(6),(b)(7)(C) but not reported to LBNL, are subject to the LBNL Patent Agreement and if a Government Rights Notice needs to be added to the patents;
2. Determine if U.C. should be directed to consider taking administrative action against (b)(6),(b)(7)(C) failure to properly disclose (b)(6),(b)(7)(C) patents and failure to properly file a Request for Outside Employment, as required by (b)(6),(b)(7)(C) Employment Agreement; (b)(6),(b)(7)(C)
3. Determine if the U.C. should be directed to review (b)(6),(b)(7)(C) current Request for Outside Employment to ensure this request is sufficient to resolve any COI issues, including (b)(6),(b)(7)(C) being listed as a WHI (b)(6),(b)(7)(C) and, (b)(6),(b)(7)(C)
4. Determine whether the patent agreement between WHI and (b)(6),(b)(7)(C) and authorized by LBNL management, needs to be rescinded.

VII. FOLLOW-UP REQUIREMENTS

Please provide the Office of Inspector General with a written response within 30 days concerning any action taken or anticipated in response to this report.

VII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

This report is the property of the Office of Inspector General and is **FOR OFFICIAL USE ONLY**. Appropriate safeguards should be provided for the report and access should be limited to Department officials who have a need-to-know. Any copies of the report should be uniquely numbered and should be appropriately controlled and maintained. Public disclosure is determined by the Freedom of Information Act, Title 5, U.S.C. 552, and the Privacy Act, Title 5, U.S.C. 552a. The report may not be disclosed outside the Department without prior written approval by the Office of Inspector General, including distribution to contractors.

Document Number 35

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

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Page 1

Case Number: I08TC007

Summary Date: 03-OCT-08

Title:

INAPPROPRIATE USE OF EMAIL BY EIA EMPLOYEE [EXEC SEC]

Executive Brief:

ALLEGATION

ON 21-JUL-2008, THE HOTLINE RECEIVED A COPY OF AN EMAIL [EXEC SEC 2008-] FROM (b)(6),(b)(7)(C)
 PRIVATE CITIZEN, WHO STATED THAT AN EMAIL FROM A
 FEDERAL EMAIL SYSTEM ASKING IF (b)(6),(b)(7)(C) WANTED TO DO MASSAGES PART TIME. (b)(6),(b)(7)(C)
 (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

INVESTIGATIVE ACTIVITY

THE INVESTIGATION REVEALED THE INDIVIDUAL THAT SENT THE INAPPROPRIATE EMAILS TO
 (b)(6),(b)(7)(C) WITH THE DOE, ENERGY INFORMATION
 ADMINISTRATION (EIA).

ANALYSIS OF THE EMAILS REVEALED MESSAGES THAT WERE SEXUALLY PROVOCATIVE IN NATURE TO
 INCLUDE IMAGES OF CLOTHED WOMEN. THE IMAGES ARE NOT IN VIOLATION OF FEDERAL
 CRIMINAL CODE.

ON JULY 31, 2008, THE OFFICE OF INSPECTOR GENERAL WAS NOTIFIED (b)(6),(b)(7)(C) WAS
 TERMINATED ON JUNE 5, 2008 DUE TO (b)(6),(b)(7)(C) INAPPROPRIATE USE OF EMAIL.

PLANNED ACTIVITY

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

NONE

DISPOSITION

CLOSE



Department of Energy
Washington, DC 20585

AUG 11 2009

Mr. Michael Ravnitzky
1905 August Drive
Silver Spring, MD 20902

Re: Freedom of Information Act Request F2009-000025

Dear Mr. Ravnitzky:

This is the Office of Inspector General (OIG) final response to your request for information that you sent to the Department of Energy (DOE) under the Freedom of Information Act (FOIA), 5 U.S.C. 552. You asked for a copy of the closing memorandum and final report associated with the following DOE OIG investigations:

- | | |
|-----------------------------------|-----------------------------------|
| 1) I06TC001 – closed 06 Feb 2007 | 11) I05TC014 – closed 09 May 2007 |
| 2) I06RL006 – closed 07 Feb 2007 | 12) I04OR003 – closed 29 May 2007 |
| 3) I07HQ007 – closed 09 Feb 2007 | 13) I06LV003 – closed 05 Sep 2007 |
| 4) I99LL007 – closed 23Feb 2007 | 14) I06TC006 – closed 17 Sep 2007 |
| 5) I06TC011 – closed 09 Mar 2007 | 15) I07TC008 – closed 17 Sep 2007 |
| 6) I07TC001 – closed 09 Mar 2007 | 16) I07TC009 – closed 17 Sep 2007 |
| 7) I07HQ008 – closed 28 Mar 2007 | 17) I02HQ010 – closed 09 Oct 2007 |
| 8) I05TC008 – closed 16 Apr 2007 | 18) I06IG001 – closed 30 Oct 2007 |
| 9) I05TC009 – closed 16 Apr 2007 | 19) I06CH005 – closed 30 Nov 2007 |
| 10) I05LV004 – closed 17 Apr 2007 | 20) I07IF001 – closed 06 Dec 2007 |
| 21) I08AL002 – closed 12 Dec 2007 | 22) I06LV002 – closed 21 Dec 2007 |
| 23) I07HQ001 – closed 14 Jan 2008 | 24) I07AL011 – closed 28 Jan 2008 |
| 25) I06AL008 – closed 29 Jan 2008 | 26) I06RL014 – closed 06 Feb 2008 |
| 27) I05SR008 – closed 25 Feb 2008 | 28) I07TC010 – closed 13 Mar 2008 |
| 29) I06LV005 – closed 27 Mar 2008 | 30) I04OR011 – closed 02 Apr 2008 |
| 31) I08OR005 – closed 27 May 2008 | 32) I02HQ021 – closed 30 May 2008 |
| 33) I03HQ009 – closed 30 May 2008 | 34) I04LL004 – closed 11 Aug 2008 |
| 35) I08TC007 – closed 19 Sep 2008 | |

By letter dated July 28, 2009, the OIG provided you 35 documents responsive to your request. The OIG also informed you that one final report, I06IG001, dated July 19, 2006 was classified. As such, the OIG submitted the document to the Office of Classification, Office of Health, Safety and Security (HSS) to conduct a classification review pursuant to Title 10, Code of Federal Regulation (C.F.R.), Section 1004.6. HSS has completed its review of the responsive document. The enclosed document contains information properly classified National Security Information; therefore, it is provided to you with deletions.



In addition, the OIG has completed its review of the responsive document and a determination concerning its release has been made pursuant to the FOIA, 5 U.S.C. 552. The material has been withheld pursuant to subsections (b)(1), (b)(6), and (b)(7)(C) of the FOIA or Exemptions 1, 6, and 7(C), respectively.

Exemption 1 provides that an agency may exempt from disclosure matters that are “(A) specifically authorized under criteria established by an Executive order to be kept secret in the interest of national defense or foreign policy and (B) are in fact properly classified pursuant to such Executive order” The portions deleted pursuant to Exemption 1 contain information about intelligence activities (including special activities), intelligence sources or methods, or cryptology and are classified under section 1.4(c) of Executive Order 12958 (E.O. 12958), as amended. HSS has determined that release of the information could reasonably be expected to cause damage to the national security.

Exemption 6 protects from disclosure “personnel and medical and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy” Exemption 7(C) provides that “records or information compiled for law enforcement purposes” may be withheld from disclosure, but only to the extent that the production of such documents “could reasonably be expected to constitute an unwarranted invasion of personal privacy”

Names and information that would tend to disclose the identity of certain individuals have been withheld pursuant to Exemptions 6 and 7(C). Individuals involved in OIG investigations, which in this case include witnesses, sources of information, and other individuals, are entitled to privacy protections so that they will be free from harassment, intimidation, and other personal intrusions.

In invoking Exemptions 6 and 7(C), we have determined that it is not in the public interest to release the withheld material. In this request, we have determined that the public interest in the identity of individuals whose names appear in investigative files does not outweigh these individuals’ privacy interests. Those interests include being free from intrusions into their professional and private lives.

To the extent permitted by law, the DOE, in accordance with 10 C.F.R.1004.1, will make available records it is authorized to withhold pursuant to the FOIA whenever it determines that such disclosure is in the public interest. With respect to the information withheld from disclosure pursuant to Exemption 1, HSS has determined that DOE has no further discretion under the FOIA or DOE regulations to release information currently and properly classified pursuant to the E.O. 12958, amended.

As required, all releasable information has been segregated from the material that is withheld and is provided to you. See 10 C.F.R. 1004.7(b)(3).

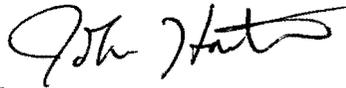
Pursuant to 10 C.F.R. 1004.6(d), Dr. Andrew P. Weston-Dawkes, Director, Office of Classification, Office of Health, Safety and Security, is the official responsible for the denial of DOE classified information.

Pursuant to 10 C.F.R. 1004.6(d), I am the official responsible for the denial of information withheld under Exemptions 6 and 7(C).

This decision may be appealed within 30 calendar days from your receipt of this letter pursuant to 10 C.F.R. 1004.8. Appeals should be addressed to the Director, Office of Hearings and Appeals, HG1/L'Enfant Plaza Building, U.S. Department of Energy, 1000 Independence Avenue, S.W., Washington, DC 20585-1615.

Thereafter, judicial review will be available to you in the federal district court either (1) in the district where you reside, (2) where you have your principal place of business, (3) where the Department's records are situated, or (4) in the District of Columbia.

Sincerely,



John Hartman
Assistant Inspector General
for Investigations
Office of Inspector General

Enclosure

Document Number 36

~~SECRET//NOFORN~~

D00015352

U.S. Department of Energy
Office of Inspector General
Case No. I06IG001



Special Inquiry Report:

The Department of Energy's Response to a
Compromise of Personnel Data (U)

DEPARTMENT OF ENERGY DECLASSIFICATION REVIEW	
1st REVIEW DATE: <u>11/13/00</u>	DETERMINATION (CIRCLE NUMBER): <input checked="" type="radio"/> 1. CLASSIFICATION RETAINED <input type="radio"/> 2. CLASSIFICATION CHANGED TO: <input type="radio"/> 3. CONTAINS NEITHER CLASSIFIED INFO <input type="radio"/> 4. CONTAINS NEITHER CLASSIFIED INFO <input type="radio"/> 5. CLASSIFICATION CANCELED <input type="radio"/> 6. CLASSIFIED INFO BRACKETED <input type="radio"/> 7. OTHER (Specify):
AUTHORITY: <u>105 DD</u>	
NAME: <u>Richard R. ...</u>	
2nd REVIEW DATE: <u>4/27/01</u>	
AUTHORITY: <u>[Signature]</u>	
NAME: <u>[Signature]</u>	

July 19, 2006

This report is the property of the Office of Inspector General. Appropriate safeguards should be provided for the report and access should be limited to officials who have an appropriate clearance and a need-to-know. Any copies of the report should be appropriately controlled and maintained. Apart from the classified information contained in this report, public disclosure is determined by the Freedom of Information Act, Title 5, U.S.C. 552, and the Privacy Act, Title 5, U.S.C. 552a. The report may not be disclosed outside the Department without prior written approval of the Office of Inspector General, including distribution to contractors.

Derivative Declassifier review
required prior to declassification

~~SECRET//NOFORN~~

2009000: 2994
Classified By: S. Fivozinsky SP-53
Derived From: CG-CT1 8/2000
Declassify On: 25X1,6



~~SECRET//NOFORN~~

Department of Energy
Washington, DC 20585

July 19, 2006

MEMORANDUM FOR THE SECRETARY

FROM:


Gregory H. Friedman
Inspector General

SUBJECT:

REPORT: Transmittal of a Special Inquiry Report Relating to the Department of Energy's Response to a Compromise of Personnel Data (OIG Case No. I06IG001) (U)

(U) On June 9, 2006, you requested that the Office of Inspector General examine the actions of the Department of Energy in response to the discovery of a computer attack at the National Nuclear Security Administration. Testimony at a congressional hearing revealed that: (1) senior Department officials, including you and the Deputy Secretary, were not fully apprised of the Albuquerque attack until the week of June 5, 2006, even though the attack had been detected in mid-2005; and, (2) employees had not been informed that their personnel data may have been compromised.

(U) The Office of Inspector General initiated a Special Inquiry to examine the facts and circumstances regarding these matters. We also reviewed issues concerning a possible delay by the Department in completing an assessment of the impact of the intrusion, including the compromise of personnel data. The enclosed classified Special Inquiry report outlines our findings and six recommendations.

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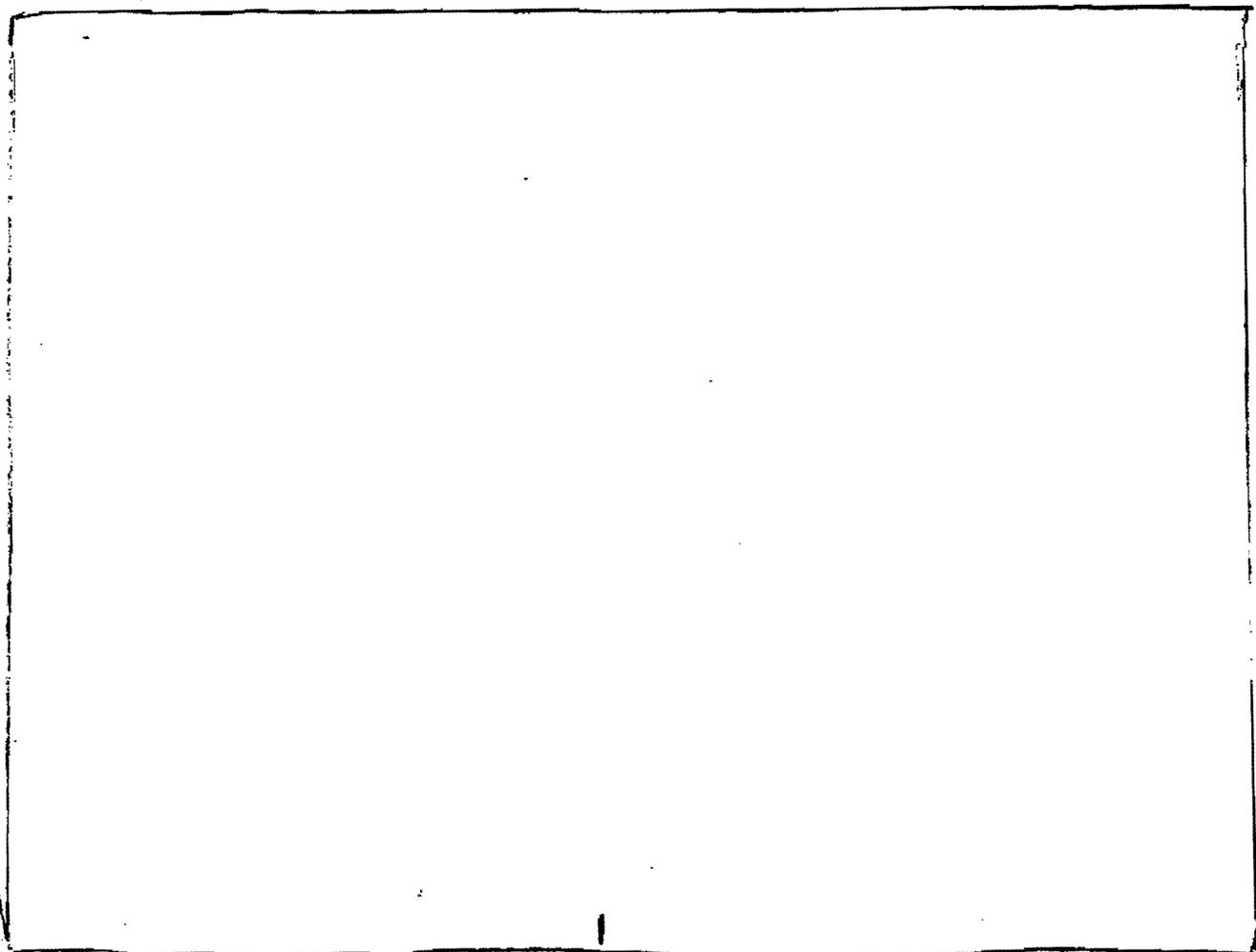
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I. INTRODUCTION (U)

(U) During a June 9, 2006, congressional hearing, Department of Energy (Department) officials publicly disclosed that a hacker had successfully intruded into an unclassified computer system at the National Nuclear Security Administration's (NNSA) Service Center in Albuquerque, NM, and exfiltrated a file containing the names and social security numbers of 1,502 individuals working for NNSA. At the hearing, there was testimony that: (1) senior Department officials, including the Secretary and the Deputy Secretary, were not fully apprised of the Albuquerque attack until the week of June 5, 2006, even though it had been detected in mid-2005; and (2) employees had not been informed that their personnel data may have been compromised. On June 9, 2006, the Secretary requested that the Office of Inspector General examine aspects of Departmental actions in response to the discovery of the clandestine attack.

II. BACKGROUND (U)

(U) The NNSA, a semi-autonomous agency within the Department, has stewardship over the Nation's nuclear weapons stockpile. This includes management and oversight of laboratories and facilities throughout the country that maintain the safety, security and reliability of nuclear weapons. The NNSA Service Center coordinates certain NNSA efforts in the field.



b(1)

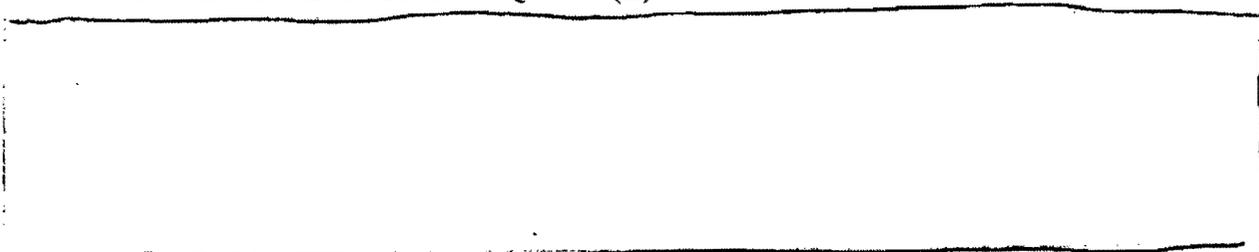
III. SCOPE AND METHODOLOGY (U)

(U) On June 12, 2006, the Office of Inspector General initiated a Special Inquiry to examine the facts and circumstances surrounding the following:

- (1) Timing and content of briefings and alerts to the Secretary and Deputy Secretary;
- (2) Decisions and actions relating to notifying individuals whose personnel information was compromised; and,
- (3) Delays in completing the Department's Impact Assessment relating to the compromised data.

(U) As part of the inquiry, the Office of Inspector General interviewed 46 current and former Federal and contractor employees of the Department and other Federal agencies. We also analyzed thousands of classified and unclassified documents, including reports, electronic messages, notes and related records.

IV. SUMMARY RESULTS OF INQUIRY (U)



(U) Witnesses provided their rationale for the actions taken in this matter. However, we concluded that the Department's handling of this matter was largely dysfunctional and that the operational and procedural breakdowns were caused by questionable managerial judgments; significant confusion by key decision-makers as to lines of authority, responsibility and accountability; poor internal communications, including a lack of coordination and the failure to share essential information among key officials; and, insufficient follow-up on critically important issues and decisions. Additionally, we found that the Department lacked clear guidance on the process for notifying employees when personnel data is compromised. The bifurcated organizational structure of NNSA within the Department further complicated these problems.

~~(S//FOUO)~~ During an interview with the Office of Inspector General, Ambassador Linton Brooks, NNSA Administrator, stated that he took full responsibility for not ensuring the Secretary and the Deputy Secretary were fully briefed. In addition, he stated that he was the senior official responsible for not following-up to ensure that the employees and contractors were appropriately notified of the theft of their personnel information. Ambassador Brooks' statements notwithstanding, we identified seven

other senior officials who share with him responsibility for the way in which the matter was handled. Alphabetically they are:

Department

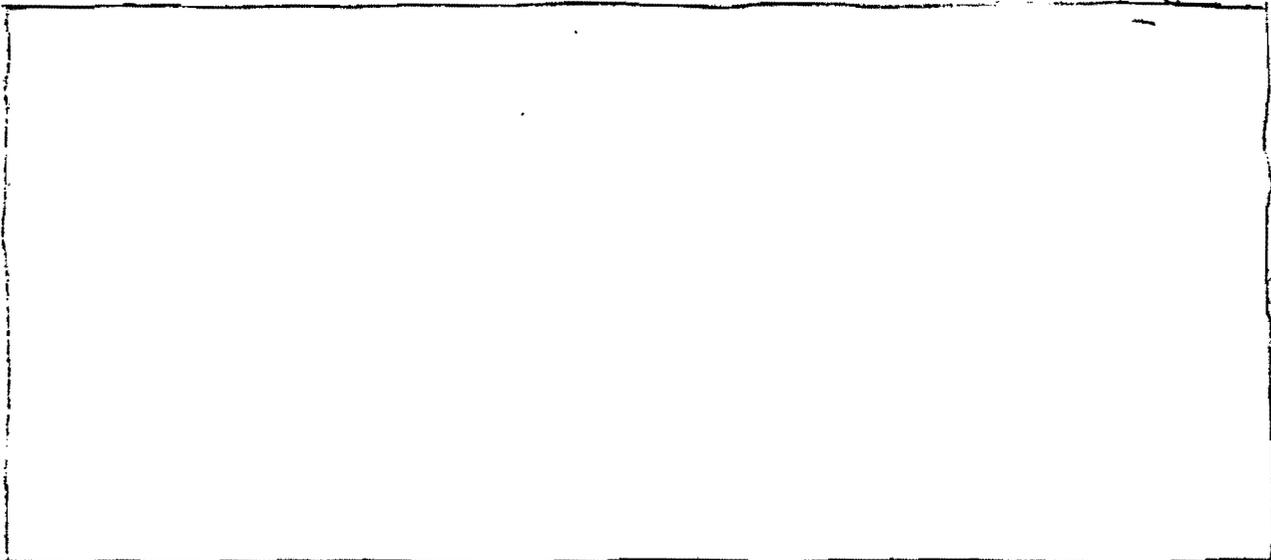
- [redacted] (b)(6),(b)(7)(C) of the Office of Counterintelligence;
- [redacted] of the Office of Counterintelligence;

NNSA

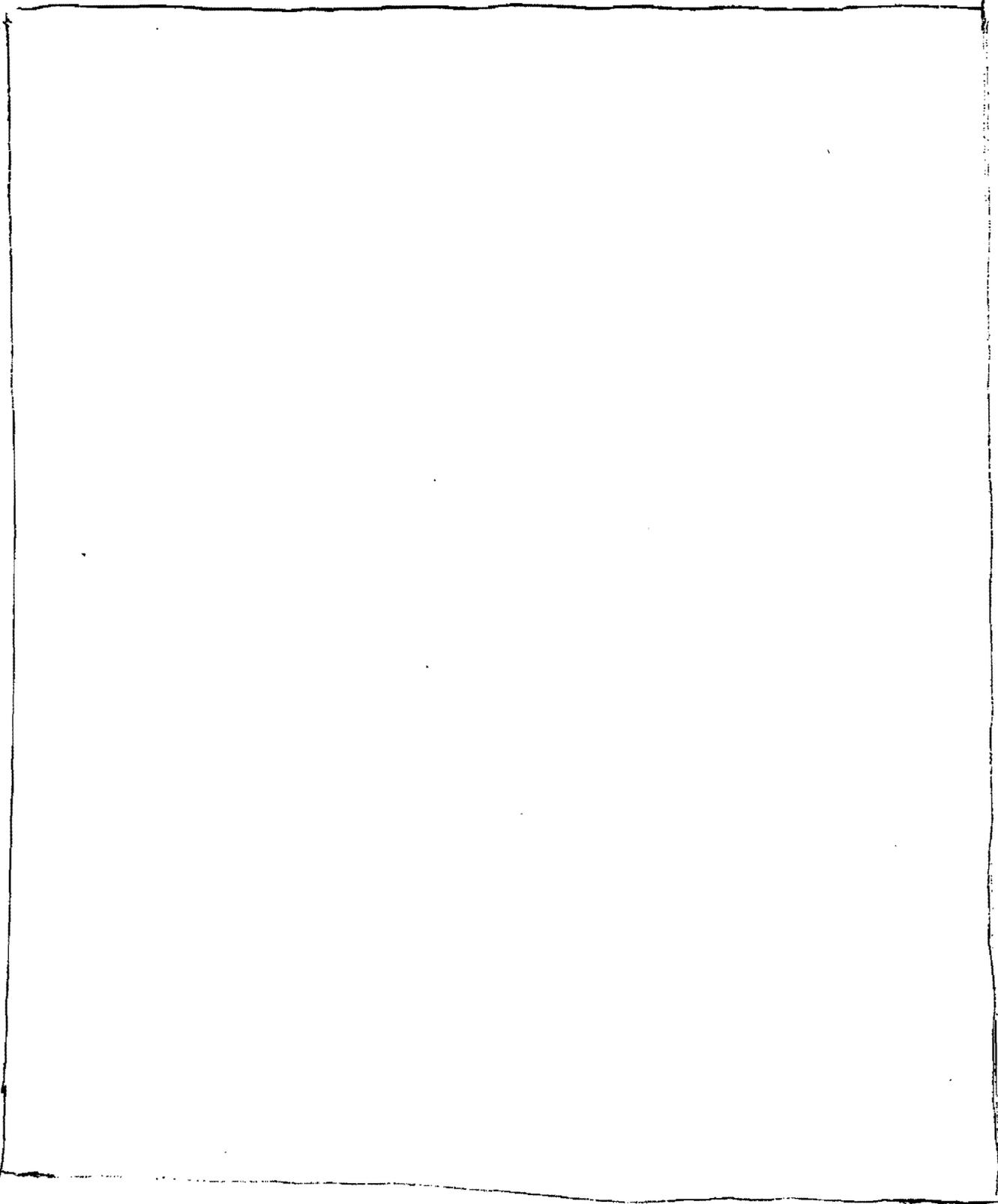
- [redacted] (b)(6),(b)(7)(C) NNSA Service Center Manager;
- [redacted] General Counsel;
- [redacted] General Counsel;
- [redacted] of Management and Administration; and,
- [redacted] of the Office of Defense Nuclear Counterintelligence.

(OUO) We determined that these particular senior officials became aware of the cyber attack and the compromise of personnel information in the September - October 2005 timeframe. At the time, Ambassador Brooks and [redacted] (b)(6),(b)(7)(C) reported directly to the Office of the Secretary of Energy.

V. BRIEFINGS TO SENIOR DEPARTMENT OFFICIALS (U)



(U) According to witness interviews, NNSA management's initial emphasis on the intrusion focused on the sophistication and nature of the attack and how to contain it. We were told that this overshadowed the fact that personnel files were exfiltrated, and for that reason, may not have risen to the level of a Deputy Secretary briefing.



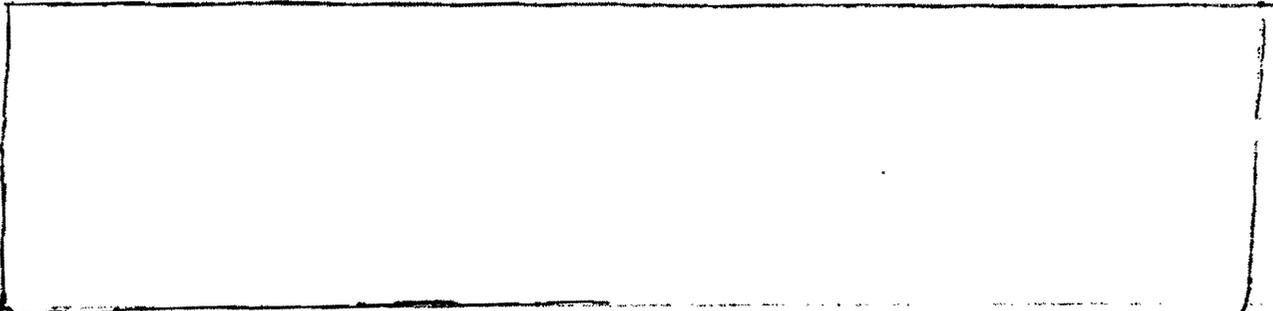
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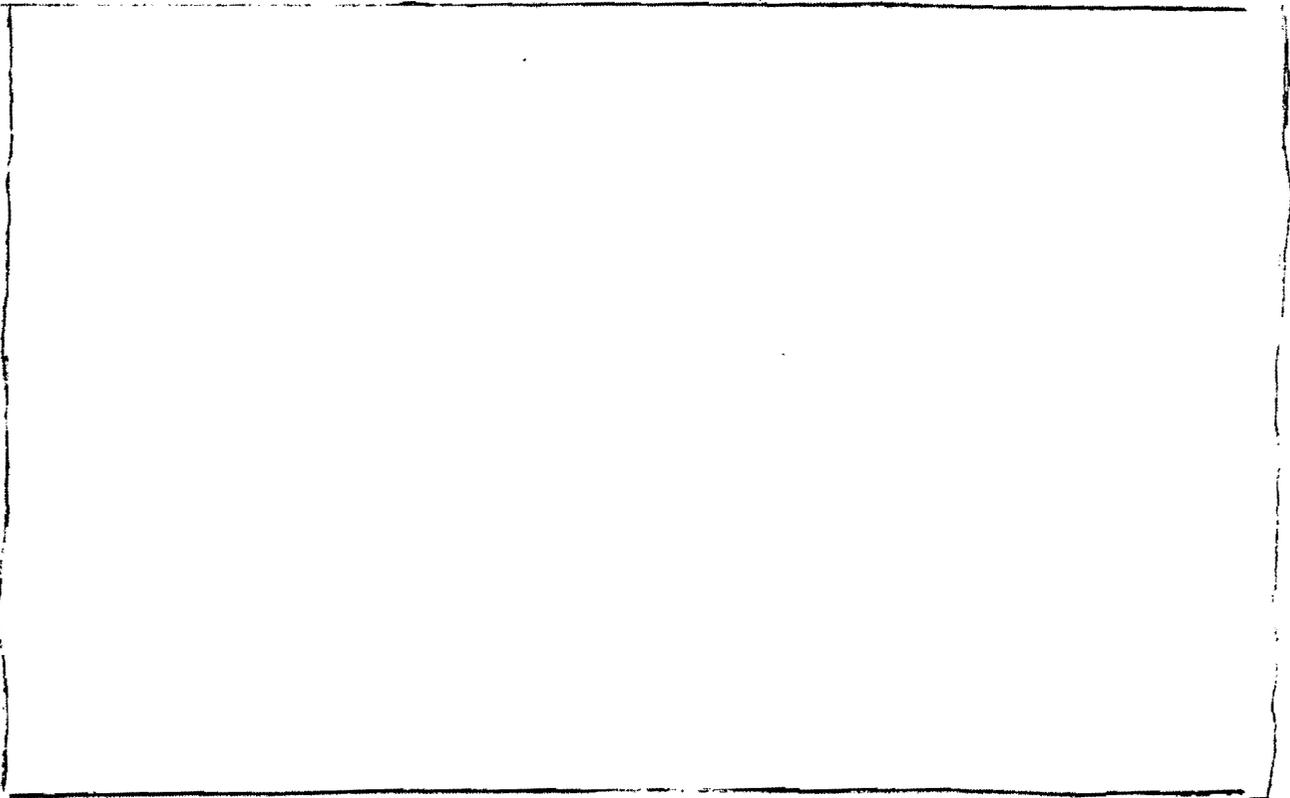
(U) The current Chief Information Officer and the Director of the Office of Intelligence and Counterintelligence, both of whom began working at the Department in November 2005, informed us that they were not advised of the specifics of the data compromise until June 2006.

VI. EMPLOYEE NOTIFICATION (U)

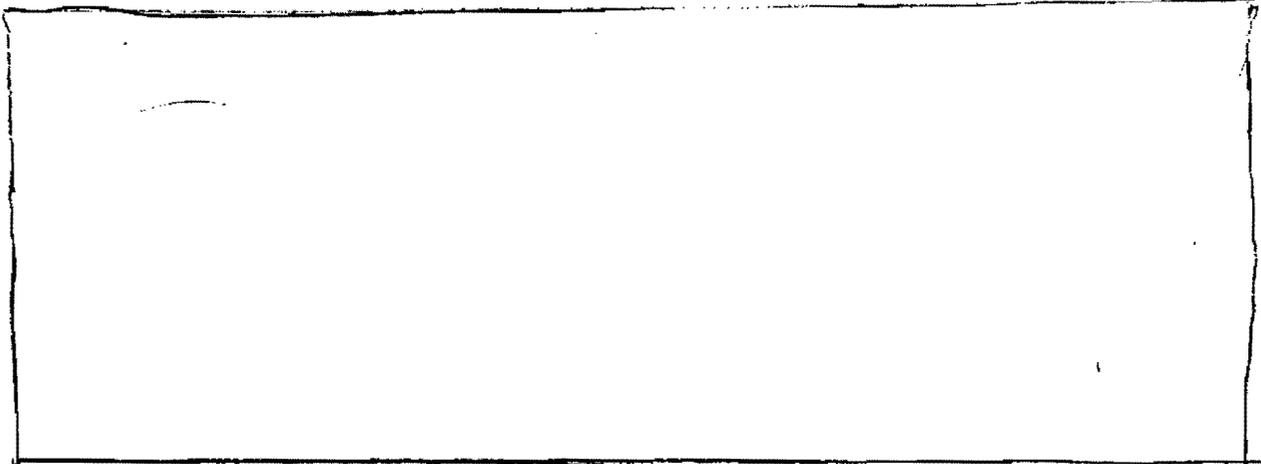


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A. *Employee Notification Decision* (U)

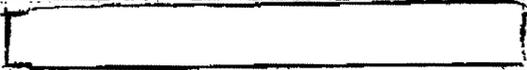


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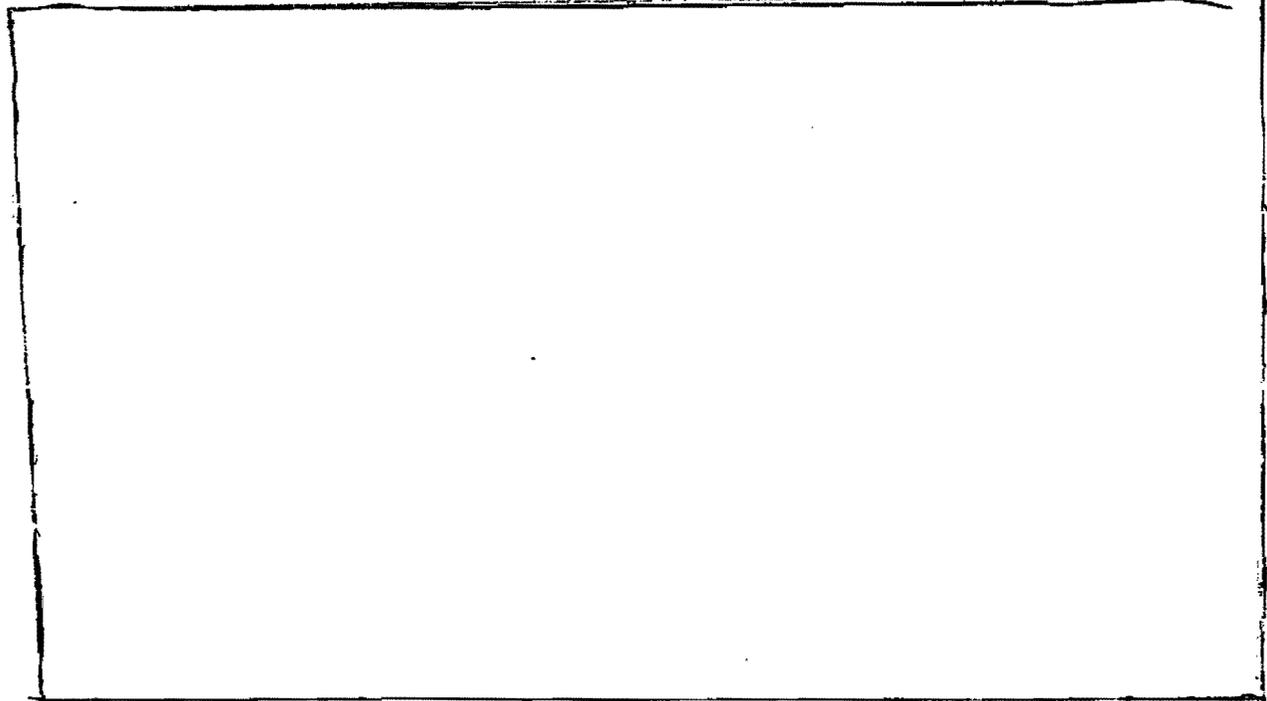


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B.

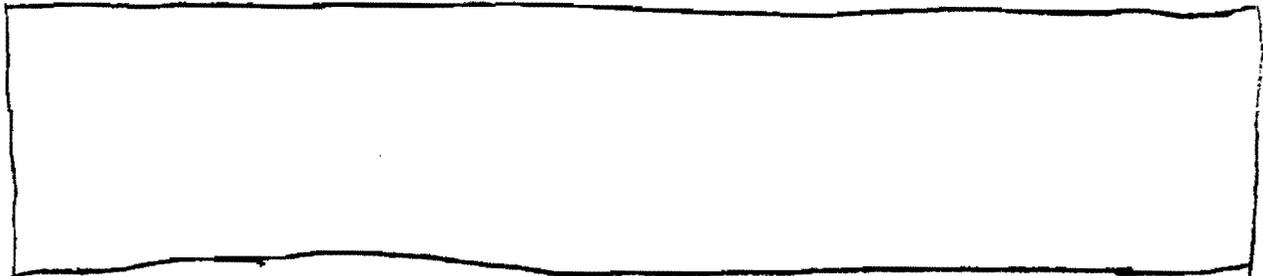


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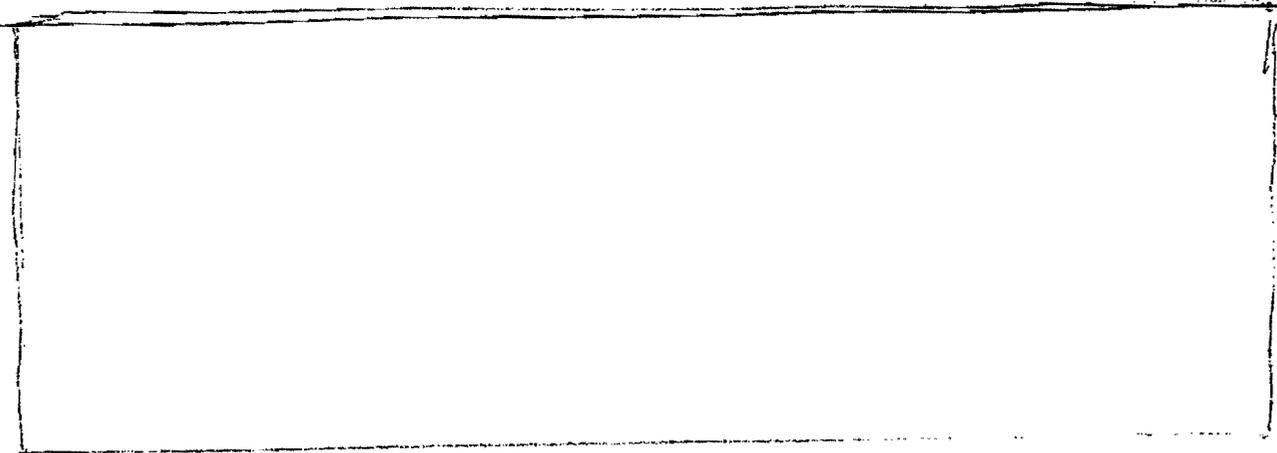


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C. *Follow-up Activities* (U)

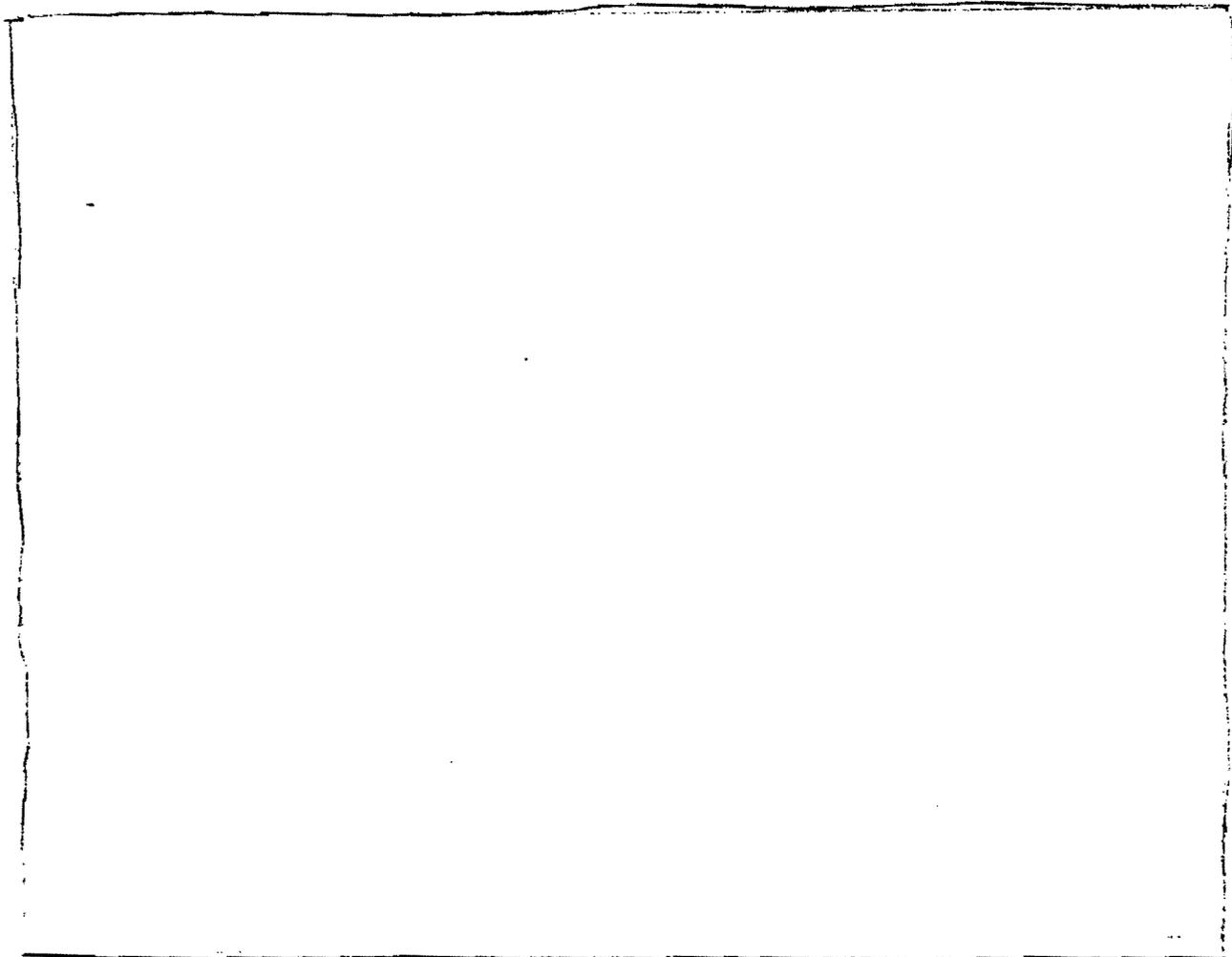


b(1)



b(1)

VII. IMPACT ASSESSMENT (U)



b(1)

VIII. RECOMMENDATIONS (U)

(U) The Department and, in particular, the over 1,500 employees whose personnel data may have been compromised were not well served by actions taken during the events. Based on our review, we conclude that the Department should take the following steps to preclude a recurrence of this or similar situations.

1. Ensure that the Department has a clear, unambiguous policy on notifying employees affected by the loss of personnel data from Departmental systems;
2. Redefine and clarify roles and responsibilities for program managers, counterintelligence officials, cyber/information technology personnel, security managers, and others to ensure that the Secretary and Deputy Secretary are fully and timely briefed on cyber intrusions, security incidents and similar matters of significance to Departmental operations;
3. Clarify internal communication protocols to ensure that information critical to on-going Department operations is shared among responsible program officials;
4. Clarify external communication protocols to ensure that decisions made by other agencies/authorities which may impact Departmental operations are fully understood and considered by Department decision-makers;
5. Appoint a task force of senior Departmental officials, including NNSA, to address situational complications resulting from the bifurcation of Department and NNSA functions; and
6. Review the facts in the Special Inquiry report and determine if personnel action is warranted.

IX. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE (U)

(U) This report is the property of the Office of Inspector General. Appropriate safeguards should be provided for the report and access should be limited to officials who have an appropriate clearance and a need-to-know. Any copies of the report should be appropriately controlled and maintained. Apart from the classified information contained in this report, public disclosure is determined by the Freedom of Information Act, Title 5, U.S.C. 552, and the Privacy Act, Title 5, U.S.C. 552a. The report may not be disclosed outside the Department without prior written approval of the Office of Inspector General, including distribution to contractors.