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# U.S. Department of the Treasury Office of Inspector General



## Report of Investigation

**Case Title:** Wall Street Journal Leak

**Case #:** OCC-16-2114-I

**Investigation Initiated:** September 29, 2016

**Case Type:** Criminal   X  

**Investigation Completed:** MAR 13 2017

Administrative       

Civil       

**Origin:** Federal Deposit Insurance  
Corporation, Office of the Inspector  
General (FDIC-OIG)

**Conducted by:** [REDACTED]  
Special Agent

**Approved by:** [REDACTED]  
Special Agent in Charge

### Summary

In May 2016, the Federal Deposit Insurance Corporation, Office of Inspector General (FDIC-OIG) contacted the Department of the Treasury, Office of the Inspector General, Office of Investigations (TOIG), regarding a possible leak of sensitive information to the *Wall Street Journal* involving Bank "Living Wills" that lead to an article appearing in the *Wall Street Journal* prior to the information's official dissemination to the public. TOIG was requested by FDIC-OIG to participate in interviews of Office of the Comptroller of the Currency (OCC) employees that attended the meeting where the information that was leaked was discussed. The information was only known to a limited number of individuals at the OCC, FDIC, and the Federal Reserve Bank (FRB).

The investigation determined that the allegations were unsubstantiated. There was no information discovered that showed that any OCC employees that were privy to the "Living Wills" information provided that information to the *Wall Street Journal*. (Exhibit 1)

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### **Basis and Scope of the Investigation**

In May 2016, the FDIC-OIG contacted TOIG regarding a possible leak of sensitive information to the *Wall Street Journal* involving Bank "Living Wills" that led to an article appearing in the *Wall Street Journal* prior to the information's official dissemination to the public. TOIG was requested by FDIC-OIG to participate in interviews of OCC employees that attended the April 4, 2016, FDIC briefing where the "Living Wills" information was discussed. The information was only known to a limited number of individuals at the OCC, FDIC, and the FRB.

During the course of the investigation, TOIG interviewed the following:

- [REDACTED] Comptroller of the Currency, OCC
- [REDACTED] Deputy Chief of Staff, OCC
- [REDACTED] Chief Counsel, OCC
- [REDACTED] Assistant Deputy Comptroller, OCC
- [REDACTED] Senior Deputy Comptroller, OCC
- [REDACTED] Director of Bank Activities, OCC
- [REDACTED] Deputy Comptroller, OCC
- [REDACTED] Examiner in Charge (PNC Bank), OCC
- [REDACTED], Assistant Director of Bank Activity Counsel, OCC
- [REDACTED], Special Counsel to the Comptroller, OCC
- [REDACTED], Senior Deputy Comptroller (Retired), OCC
- [REDACTED], Senior Deputy Comptroller, OCC
- [REDACTED], Attorney, OCC
- [REDACTED] Senior Deputy Comptroller [REDACTED] OCC
- [REDACTED] Attorney, OCC
- [REDACTED] Attorney, OCC
- [REDACTED], Senior Deputy Comptroller for Large Bank Supervision, OCC
- [REDACTED], Senior Deputy Comptroller for Consumer Affairs, OCC
- [REDACTED], Program Manager Large Banks, OCC
- [REDACTED], Senior Deputy Comptroller and Chief of Staff, OCC

During the course of the investigation, TOIG reviewed pertinent documents, to include:

- OCC correspondence related to a TOIG request.

### **Investigative Activity**

In May and June 2016, TOIG, along with FDIC-OIG, interviewed all OCC employees that attended the April 4, 2016, FDIC briefing where the "Living Wills" information that was leaked to a *Wall*

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*Street Journal* reporter was discussed. All interviewed said that they did not pass any information regarding "Living Wills" to [REDACTED] Reporter, *Wall Street Journal*. (Exhibits 2-21)

In November 2016, TOIG received two thumbdrives of email production from the OCC, with the parameters: from all external emails to/from the individuals known to have attended the April 4, 2016, "Living Wills" briefing from April 1 to April 15, 2016.

TOIG's review of the emails revealed nothing of note regarding information about "Bank Living Wills" or any emails to Tracy. (Exhibit 22)

### **Referrals**

N/A

### **Judicial Action**

N/A

### **Findings**

The investigation determined that the allegations were unsubstantiated. There was no information discovered that showed that any OCC employees that were privy to the "Living Wills" information provided that information to the *Wall Street Journal* or reporter [REDACTED]

### **Distribution**

Tom Melo, Director, Enterprise Governance, Office of the Comptroller of the Currency



Signatures

Case Agent:

[Redacted Signature] [Redacted Signature]

2/15/17  
Date

Supervisor:

[Redacted Signature] [Redacted Signature]

3/6/17  
Date

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**Exhibits**

1. Lead Initiation, dated June 21, 2016.
2. Memorandum of Activity, Interview of Thomas Curry, dated June 22, 2016.
3. Memorandum of Activity, Interview of William Rowe, dated June 22, 2016.
4. Memorandum of Activity, Interview of Karen Solomon, dated June 22, 2016.
5. Memorandum of Activity, Interview of Tara French, dated June 22, 2016.
6. Memorandum of Activity, Interview of Toney Bland, dated June 22, 2016.
7. Memorandum of Activity, Interview of Eric Thompson, dated June 22, 2016.
8. Memorandum of Activity, Interview of Kris McIntire, dated June 22, 2016.
9. Memorandum of Activity, Interview of Ron Pasch, dated June 22, 2016.
10. Memorandum of Activity, Interview of Valerie Song, dated June 22, 2016.
11. Memorandum of Activity, Interview of Jonathan Fink, dated June 22, 2016.
12. Memorandum of Activity, Interview of Jennifer Cushman, dated June 22, 2016.
13. Memorandum of Activity, Interview of Grace Dailey, dated June 22, 2016.
14. Memorandum of Activity, Interview of Christopher Crawford, dated June 22, 2016.
15. Memorandum of Activity, Interview of Amy Friend, dated June 22, 2016.
16. Memorandum of Activity, Interview of Scott Burnett, dated June 22, 2016.
17. Memorandum of Activity, Interview of Matthew Tynan, dated June 22, 2016.
18. Memorandum of Activity, Interview of Martin Pfinsgraff, dated June 22, 2016.
19. Memorandum of Activity, Interview of Grovetta Gardineer, dated June 22, 2016.
20. Memorandum of Activity, Interview of Lori Bittner, dated June 22, 2016.

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21. Memorandum of Activity, Interview of Paul Nash, dated June 22, 2016.
22. Memorandum of Activity, Information reviewed, dated December 1, 2016.

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**REPORT OF INVESTIGATION  
DO-16-1721-I**



**Office of Inspector General**

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**United States Department of the Treasury**



# U.S. Department of the Treasury Office of Inspector General



## Report of Investigation

Case Title: [REDACTED]  
(Private Citizen)

Case #: DO-16-1721-I

Investigation Initiated: June 14, 2016

Case Type: Criminal   X    
Administrative         
Civil       

Investigation Completed: MAR 13 2017

Conducted by: [REDACTED]  
Special Agent

Origin: Anonymous

Approved by: [REDACTED]  
Special Agent in Charge

### Summary

On June 9, 2016, the U.S. Department of the Treasury (U.S. Treasury), Office of Inspector General, Office of Investigations (TOIG), initiated an investigation based on information from an anonymous complainant concerning an allegation that former U.S. Treasury employee [REDACTED] was in violation of Presidential Executive Order (EO) 13490 (Ethics Pledge). (Exhibit 1)

The investigation determined that the allegation was unsubstantiated. TOIG was not able to identify any significant issue or particular matter as defined by EO 13490 that involved [REDACTED] and U.S. Treasury. In addition, [REDACTED]'s former position as the U.S. Treasury's Deputy Assistant Secretary for [REDACTED] was not a presidential appointee position, and as such did not stipulate a requirement that [REDACTED] sign or be bound by EO 13490's Ethics Pledge. On January 5, 2017, the United States Attorney's Office for the District of Columbia (USAO-DC) declined to prosecute the matter.

### **Basis and Scope of the Investigation**

On June 9, 2016, TOIG received information from an anonymous complainant alleging that [REDACTED] a former U.S. Treasury employee, was in violation of EO 13490. EO 13490 required full-time, political appointees that were appointed on or after January 20, 2009, to sign an Ethics Pledge. EO 13490 prohibited former employees from representing or lobbying for a client to a government agency if they themselves were a former employee of that same government agency within the past two years. In addition, EO 13490 prohibited those leaving government employment from engaging in certain activities with their former government agency.

[REDACTED] was employed with the U.S. Treasury from [REDACTED] 2011 until [REDACTED] 2015. During his employment with the U.S. Treasury, [REDACTED] held the position of Deputy Assistant Secretary for [REDACTED]. This position leads the Office of Financial Stability (OFS), which oversees the Troubled Asset Relief Program (TARP), and advises U.S. Treasury on housing finance reform matters.

During the course of the investigation, an interview was conducted with:

- [REDACTED] Economist, Bureau of Economic Analysis (former White House intern)

In addition, TOIG reviewed pertinent documents, including:

- EO 13490
- White House Visitor Logs

### **Investigative Activity**

TOIG's review of EO 13490 revealed that the Ethics Pledge [REDACTED] is alleged to have violated only applies to Presidential appointees. [REDACTED]'s employment as a deputy assistant was not a presidentially appointed position. TOIG's review of the White House visitor logs revealed that from October 13, 2015, through April 27, 2016, while engaged in post-government employment, [REDACTED] visited the White House at least twice a month. TOIG identified [REDACTED] in the White House Visitor Logs as the visatee for 8 out of [REDACTED]'s 18 visits.

In an interview with TOIG [REDACTED] stated that he was employed as a National Economic Council (NEC) intern at the White House from September 2015 through January 2016. During that time, [REDACTED] was responsible for submitting a list of names for the White House access list for those attending NEC meetings. [REDACTED] recalled that [REDACTED] attended biweekly housing deputies meetings; however, [REDACTED] did not recall the nature or extent of [REDACTED]'s involvement or participation. (Exhibit 2)

Report of Investigation

Case Name: [REDACTED]

Case # DO-16-1721-I

Page 3 of 4

**Referrals**

On January 5, 2017, this investigation was presented to USAO-DC for prosecutorial determination. The USAO-DC issued a declination later the same day. (Exhibit 3)

**Judicial Action**

N/A.

**Findings**

The investigation determined that the allegation was not substantiated.

**Distribution**

N/A

**Signatures**

Case Agent: [REDACTED]

3/6/17  
Date

Supervisor: [REDACTED]

3/6/17  
Date

Report of Investigation

Case Name: [REDACTED]

Case # DO-16-1721-I

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**Exhibits**

1. Lead Initiation Complaint, dated May 10, 2016.
2. Memorandum of Activity, Interview of [REDACTED] dated September 21, 2016.
3. Memorandum of Activity, Presentation to AUSA, dated January 5, 2017.



**REPORT OF INVESTIGATION  
BFS-16-2033-I**



**Office of Inspector General**

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**United States Department of the Treasury**



# Office of Inspector General U.S. Department of the Treasury



## Report of Investigation

**Case Title:** Federal Reserve Personnel  
Security Incidents

**Case #:** BFS-16-2033

**Investigation Initiated:** June 22, 2016

**Case Type:** Administrative

**Investigation Completed:** FEB 06 2017

**Conducted by:** [REDACTED]  
Special Agent

**Origin:** Bureau of the Fiscal Service

**Approved by:** [REDACTED]  
Special Agent in Charge

### Summary

An investigation was initiated by the Department of the Treasury, Office of Inspector General, Office of Investigations (TOIG), after the Bureau of the Fiscal Service (BFS) reported personnel security incidents at the Federal Reserve Bank (FRB) of New York (FRB-NY) and the Federal Reserve Bank of Dallas (FRB-Dallas). Each incident involved a non-U.S. citizen FRB employee working on a Treasury project whose personnel security requirements mandated that only U.S. citizens work on them.

TOIG's investigation confirmed that the incidents were the result of errors by the FRB and that no Treasury information or programs were compromised. As a result of the incidents, the BFS mandated that the FRB re-examine its personnel security policies and their implementation for operations performed under their fiscal agent relationship with Treasury.

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### **Basis and Scope of the Investigation**

An investigation was initiated on June 22, 2016, based on a report from BFS personnel security incidents at FRB-NY and FRB-Dallas. (Exhibit 1)

During the course of the investigation, TOIG reviewed pertinent documents, including:

- FRB-Dallas incident response summary and actions
- FRB-NY incident response summary and actions

### **Investigative Activity**

A review of the FRB-Dallas incident showed that a software developer who had been employed by FRB-Dallas since March 2015, was mistakenly granted access to the development environment for a BFS application on May 12, 2016 to assist with meeting certain time sensitive deliverables. The error was discovered on July 12, 2016 and the employee's access was terminated. FRB-Dallas reviewed all source code changes made by the developer, all source code was subjected to an automated vulnerability scan and Data Loss Protection safeguards were in place for the BFS development environment. No anomalous events associated with the developer were reported by any of the protocols above. In response to the incident, FRB-Dallas provided remedial training regarding background checks for Treasury related projects and performed a review to identify gaps in policy and procedures. (Exhibit 2)

A review of the FRB-NY incident showed that [REDACTED] a permanent resident alien since 1972, began working for FRB-NY in 2009 and in early 2010, passed an Office of Personnel Management Level 2 background check. In January 2012, FRB-NY assigned [REDACTED] as an International Payments System Operations Manager, a position whose risk they rated as "Moderate." In July 2012, BFS informed FRB-NY that the proper risk rating for the position was "High," which required U.S. citizenship. On June 9, 2016, FRB-NY belatedly discovered that [REDACTED] was not a U.S. citizen and informed BFS. The next day, [REDACTED]'s access was removed. His employment with FRB-NY was terminated due to the pre-planned transfer of the International Payments System program to FRB-Kansas City. In response to the incident, FRB-NY performed a forensic review of [REDACTED]'s FRB-NY issued computer and did not identify anything that would indicate he abused his access. FRB-NY then reconfirmed that all FRB-NY employees in Moderate and High risk positions were U.S. citizens. (Exhibit 3)

### **Referrals**

David Ambrose, Chief Security and Privacy Officer, BFS

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**Judicial Action**

N/A

**Findings**

TOIG's investigation confirmed that the incidents were the result of errors by the FRB and that no Treasury information or programs were compromised. As a result of the incidents, the BFS mandated that the FRB re-examine its personnel security policies and their implementation for operations performed under their fiscal agent relationship with Treasury.

**Distribution**

N/A

**Signatures**

**Case Agent:**



Special Agent

1/11/17

Date

**Supervisor:**



Special Agent in Charge

1/30/17

Date

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**Exhibits**

1. Initial Complaint Document, dated June 13, 2016.
2. Memorandum of Activity, FRB-Dallas Incident Review, dated December 8, 2016.
3. Memorandum of Activity, FRB-NY Incident Review, dated December 20, 2016.

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**REPORT OF INVESTIGATION  
BEP-16-0240-I**



**Office of Inspector General**

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**United States Department of the Treasury**



# Office of the Inspector General U.S. Department of the Treasury



## Report of Investigation

Case Title: [REDACTED] and [REDACTED]  
[REDACTED] (Private Citizens)

Case #: BEP-16-0240-I

Case Type: Criminal ☒  
Administrative ☐  
Civil ☐

Investigation Initiated: May 11, 2016

Conducted by: [REDACTED]  
Special Agent

Investigation Completed: APR 14 2017

Approved by: [REDACTED]  
Special Agent in Charge

Origin: [REDACTED]  
Supervisory Criminal Investigator  
Bureau of Engraving and Printing

### Summary

On May 11, 2016, the U.S. Department of the Treasury, Office of Inspector General, Office of Investigations (TOIG), initiated an investigation based on allegations that the Mutilated Currency Division (MCD) in the Bureau of Engraving and Printing (BEP) identified mutilated currency redemption claims by [REDACTED] and [REDACTED] that were suspicious. [REDACTED] and [REDACTED] appeared to be structuring their redemption transactions to evade reporting requirements. The [REDACTED] filed two separate claims for \$9,900 each, totaling \$19,800.

The investigation determined that the allegation was unsubstantiated. Although the amount of currency and method of submission remain suspicious, no investigative leads at this time indicate the currency submitted was derived from illegal activity.

Report of Investigation

Case Name: [REDACTED]

Case # BEP-16-0240-I

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**Basis and Scope of the Investigation**

On May 11, 2016, TOIG initiated an investigation after receiving an allegation from the BEP that [REDACTED] structured currency redemption transactions to evade reporting requirements. (Exhibit 1)

During the course of the investigation, interviews were conducted with:

- [REDACTED] mutilated currency submitter

In addition, TOIG reviewed pertinent documents, including:

- BEP records relating to the mutilated currency submission submitted by [REDACTED]
- Police reports obtained from the Glendora Police Department, California
- Documents obtained from National Legal Services verifying income

**Investigative Activity**

In interviews with TOIG, [REDACTED] stated that prior to February 27, 2015, a water leak was discovered in the [REDACTED]'s home during kitchen renovations. A shoe box containing cash proceeds from the [REDACTED]'s daycare business was damaged by the leak. [REDACTED] attempted to deposit the damaged money into a Bank of America account but the bank would not accept the damaged currency. [REDACTED] subsequently brought the money to a paralegal who handles her families' legal matters, [REDACTED], National Legal Services. [REDACTED] prepared the money for shipment, instructed them on how much to mail and prepared all written correspondence with the Bureau of Engraving and Printing. [REDACTED] denied structuring the mutilated currency claims in order to avoid documenting income and she was adamant the money belonged to her. At the conclusion of the interview, TOIG served [REDACTED] with a letter which outlined the federal regulations regarding mutilated currency claims and requested [REDACTED] provide copies of all W-2 Wage & Tax Statements for the past five years in order for the BEP to complete future mutilated currency claims. [REDACTED] was working while TOIG was in California and was not available for interview. (Exhibits 2, 3)

TOIG reviewed documents received from [REDACTED] Detective, Glendora Police Department, California. The documents were related to [REDACTED] for service at the [REDACTED] residence. Police reports indicated a history of fraudulent activity perpetrated by the [REDACTED]'s daughter, [REDACTED]. [REDACTED] were listed as victims of [REDACTED]'s fraud in the reports. (Exhibit 4)



Report of Investigation

Case Name: [REDACTED]

Case # BEP-16-0240-1

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TOIG reviewed documents received from [REDACTED] National Legal Services. [REDACTED] provided TOIG with copies of the [REDACTED]'s W-2 Wage and Tax Statements for 2010, 2011, 2012, 2013, 2014 and 2015; and U.S. tax returns filed for 2010, 2011, 2012, 2013, 2014 and 2015. In addition [REDACTED] provided TOIG with a Social Security statement and investment statement. (Exhibit 5)

Referrals

N/A.

Judicial Action

N/A.

Findings

The investigation determined that the allegation was unsubstantiated. It was determined that the currency submitted by [REDACTED] was damaged during home renovations. Although the amount of currency and method of submission remain suspicious, [REDACTED] cooperated with the investigation by providing documented sources of income from which the damaged currency was derived.

Distribution

[REDACTED] Investigator, BEP

Signatures

Case Agent:

3/15/17 [REDACTED]

12/28/2016

Date

Supervisor:

3/15/17

Date

Report of Investigation

Case Name [REDACTED]

Case # BEP-16-0240-1

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**Exhibits**

1. Complaint to TOIG, dated November 4, 2015.
2. Memorandum of Activity, Interview of [REDACTED] dated July 7, 2016.
3. Memorandum of Activity, Interview of [REDACTED] dated August 1, 2016.
4. Memorandum of Activity, Records/Information Obtained, dated August 1, 2016.
5. Memorandum of Activity, Records/Information Obtained, dated October 4, 2016.

**REPORT OF INVESTIGATION  
USM-15-2285-I**



**Office of Inspector General**

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**United States Department of the Treasury**



# Office of the Inspector General U.S. Department of the Treasury



## Report of Investigation

**Case Title:** [REDACTED]

Police Officer

United States Mint (USM)

TR8/Step 10

**Case #:** USM-15-2285-I

**Case Type:** Criminal  
Administrative ☒  
Civil ☐

**Investigation Initiated:** December 2, 2015

**Conducted by:** [REDACTED]  
Investigator

**Investigation Completed:** AUG 15 2016

**Approved by:** [REDACTED]  
Deputy Assistant Inspector  
General for Investigations

**Origin:** [REDACTED]  
United States Mint Police

### Summary

On September 10, 2015, the Department of the Treasury, Office of Inspector General, Office of Investigations (TOIG), received a referral from the United States Mint (USM) alleging that USM employee [REDACTED] was attempting to organize a strike or "Blue Flu" among officers of the USM Police Headquarters in Washington, DC. (Exhibit 1)

The investigation determined that the allegation was unsubstantiated. TOIG conducted numerous interviews of individual officers who were alleged to have witnessed Lyle's behavior. All stated that this is common talk amongst the officers in the locker room and on post and is a running joke between the officers. [REDACTED] admitted to speaking about calling out sick with other officers, however, he never called any officer or actively participated or organized any "Blue Flu" while on duty inside or outside of a government facility.

### Basis and Scope of the Investigation

On September 10, 2015, TOIG received information from the USM alleging that [REDACTED] was attempting to organize a strike or "Blue Flu" among officers of the USM Police Headquarters in Washington, DC.

During the course of the investigation, interviews were conducted with:

- [REDACTED] Supervisory Police Officer, USM, Witness
- [REDACTED] Police Officer, USM, Witness
- [REDACTED], Police Officer, USM, Witness
- [REDACTED] Police Officer, USM, Witness
- [REDACTED] Police Officer, USM, Witness
- [REDACTED] Police Officer, USM, Witness
- [REDACTED] Police Officer, USM, Witness
- [REDACTED] Police Officer, USM, Subject

In addition, TOIG reviewed pertinent documents, including:

- USM Police Management Inquiry

### Investigative Activity

TOIG conducted numerous interviews of individual officers who were alleged to have witnessed [REDACTED]'s behavior.

In an interview with TOIG, [REDACTED] stated that the USM Police received an anonymous complaint alleging that [REDACTED] was abusing sick leave and that he tried to get other officers to call in sick to get back at management.

[REDACTED] stated that he was ordered by USM Police management to investigate this matter. [REDACTED] stated that he interviewed 19 Police Officers and 4 of the 19 stated that they had heard [REDACTED] telling officers to call out sick as a way to get back at management. [REDACTED] stated that he forwarded his findings to his superiors who then forwarded the matter to TOIG. (Exhibit 2)

In an interview with TOIG, [REDACTED] stated that he recalls [REDACTED] was on post with him at the rotunda and [REDACTED] was frustrated with the new schedule and that the Field Chief had taken officers off of the 12 hour shift and put them on 10 hour shifts. [REDACTED] stated that [REDACTED] mentioned a possible "Blue Flu" meaning that the officers should call out sick. [REDACTED] stated that [REDACTED] only suggested a call out but never actively planned anything in front of him and never mentioned a call out to him again. [REDACTED] stated that he is unaware if any other officer who participated in Lyle's idea. (Exhibit 3)



Report of Investigation

Case Name: [REDACTED]

Case # USM-15-2285-I

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In an interview with TOIG, [REDACTED] stated that [REDACTED] was in the locker room talking about trying to initiate the "Blue Flu" among the ranks of the officers. [REDACTED] stated that [REDACTED] asked him specifically to call out sick. [REDACTED] heard [REDACTED] talking about it on post later that day. [REDACTED] stated that [REDACTED] wanted officers to call out on days when the USM Police were short on personnel. (Exhibit 4)

In an interview with TOIG, [REDACTED] stated that he recalls [REDACTED] was frustrated and venting as he came into the locker room prior to their shift and that [REDACTED] tried to get other officers to call in sick on some random day. [REDACTED] stated that [REDACTED] did not go into detail but that [REDACTED] wanted to disrupt management's work schedule. [REDACTED] stated that [REDACTED] could just have been being loud, like normal, and that [REDACTED] never contacted him to call out. [REDACTED] recalls that [REDACTED] talked about calling out at the end of their shift as well while they were changing in the locker room. (Exhibit 5)

In an interview with TOIG, [REDACTED] stated that she recalls [REDACTED] being at Post #2 with her during their shift and that [REDACTED] wanted to initiate the "Blue Flu" because the USM was short of personnel. [REDACTED] recalled that [REDACTED] stated, "If I was Y'all I would call off". [REDACTED] stated that [REDACTED] never made a plan but talked about officers calling out sick. [REDACTED] did not push her to call out. [REDACTED] stated that [REDACTED] was mad because they were short people and that everyone had to work overtime to cover the shifts. Harness stated that this conversation probably occurred in 2014. (Exhibit 6)

In an interview with TOIG, [REDACTED] stated that [REDACTED] would not have approached him or said anything in front of him about something like this because he and [REDACTED] have "bad blood" between them. [REDACTED] stated that [REDACTED] blamed him in the past for [REDACTED] own problems at work, so [REDACTED] stays clear of [REDACTED]. [REDACTED] stated that he and [REDACTED] work different shifts so that their paths do not cross. (Exhibit 7)

In an interview with TOIG, [REDACTED] stated that [REDACTED] was in the locker room talking about trying to initiate the "Blue Flu" among the ranks of the officers. [REDACTED] stated that [REDACTED] asked him specifically if everyone had his phone number so that they could call him to call out with the "Blue Flu" or as [REDACTED] put it "Fuck this Place Day". [REDACTED] stated that he overheard [REDACTED] mention the "Blue Flu" on at least two separate occasions and that [REDACTED] is a malcontent at the USM and was not happy about something and wanted to punish USM Management. [REDACTED] stated that nobody ever contacted him to call out sick. (Exhibit 8)

In an interview with TOIG, [REDACTED] stated that when he began employment with the USM Police in 2002 there were 52 police officers. The USM HQ Police current staffing level is 17 officers. [REDACTED] stated that USM Management is forcing the officers to provide the same level of police protection with fewer officers. [REDACTED] was questioned by TOIG regarding his attempts to have officers of the USM Police call out sick for work or "Blue Flu" in an attempt to get back at management. [REDACTED] was also shown his sworn statement that he previously provided to the USM Police during a management inquiry. [REDACTED] stated that he did not recall attempting to initiate a

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Case Name: [REDACTED] [REDACTED]

Case # USM-15-2285-I

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USM Police during a management inquiry. [REDACTED] stated that he did not recall attempting to initiate a "blue flu", but he has spoken about calling out sick in the locker room. [REDACTED] stated that this was a running joke among the USM Police and was locker room banter. [REDACTED] stated that officers would say they were "banging out tomorrow" meaning they were going to call in sick. [REDACTED] stated that officers would do this to let their fellow officers know that they would be short-handed on the shift and that the officers who were on their days off would not answer their telephones when called by USM management because they would be called in to work overtime to cover the shift shortages.

[REDACTED] stated that he never actively contacted any USM Police officer to call out sick and did not initiate a "Blue Flu" other than talking about it with co-workers, which was a common topic of conversation around the USM. [REDACTED] stated that to his knowledge no one called out sick as a group. (Exhibit 9)

**Referrals**

N/A

**Judicial Action**

N/A

**Findings**

The investigation determined that the allegation was unsubstantiated. TOIG conducted numerous interviews of individual officers who were alleged to have witnessed [REDACTED]'s behavior. All stated that this is common talk amongst the officers in the locker room and on post and is a running joke between the officers. [REDACTED] admitted to speaking about calling out sick with other officers, however, he never called any officer or actively participated or organized any "Blue Flu" while on duty inside or outside of a government facility.

Based on the findings of our investigation, it appears that the following pertinent statute(s), regulation(s) and/or policy (ies) were violated or could be applied to the case:

- N/A

**Distribution**

Dennis O'Connor, Chief, United States Mint Police

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Report of Investigation

Case Name: [REDACTED]

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Signatures

Case Agent:

[REDACTED]  
[REDACTED]

7/27/16

Date

Supervisor:

[REDACTED]  
[REDACTED]

3 AUG 2016

Date



**Exhibits**

1. Complaint letter from [REDACTED], [REDACTED] of USM Police, dated September 10, 2015.
2. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated January 29, 2016.
3. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated January 29, 2016.
4. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated January 29, 2016.
5. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated January 29, 2016.
6. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated January 29, 2016.
7. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated January 29, 2016.
8. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated May 13, 2016.
9. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated June 2, 2016.

REPORT OF INVESTIGATION  
USM-15-1471-I



Office of Inspector General

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United States Department of the Treasury



# Office of the Inspector General U.S. Department of the Treasury



## Report of Investigation

**Case Title:** [REDACTED]  
Inventory Management  
Specialist  
US Mint  
GS-12

**Case #:** USM-15-1471-I

**Case Type:** Criminal X  
Administrative X  
Civil    

**Investigation Initiated:** April 23, 2015

**Conducted by:** [REDACTED]  
Special Agent

**Investigation Completed:**

**Approved by:** [REDACTED]  
Special Agent in Charge

**Origin:** Dennis O' Connor, Chief  
United States Mint Police

### Summary

On April 23, 2015, the U.S. Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (TOIG), initiated an investigation based on information received from the United States Mint, Washington, DC (USM) reporting that [REDACTED] Inventory Management Specialist, USM, was using her government computer for unauthorized use by preparing and billing for tax preparations on government time and as such was trafficking Personally Identifiable Information (PII) in the form of tax prepared documents across the government network to unsecure email addresses. (Exhibit 1)

The investigation determined that the allegation was substantiated. [REDACTED] admitted to preparing approximately 50 tax forms per year over the last few years on her government computer or at least emailing completed tax documents to unsecure email addresses of friends and family from her government computer. [REDACTED] also admitted to receiving payment for the preparation of said tax documents. Computer forensics exams of [REDACTED] government hard drive reveal excessive queries to H & R Block as well as spreadsheets of approximately 90 persons from 2007 to present that [REDACTED] prepared or reviewed tax documents for along with payments in each of those years.

On June 3, 2015, the facts of this case were presented to [REDACTED], Assistant United States Attorney (AUSA), Department of Justice, Washington, DC. [REDACTED] declined criminal prosecution of [REDACTED] for 18 USC § 641 Theft of Government Funds.

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### **Basis and Scope of the Investigation**

On April 23, 2015, TOIG, initiated an investigation based on information received from the USM, reporting that [REDACTED] Inventory Management Specialist, USM, was using her government computer for unauthorized use by preparing and billing for tax preparations on government time and as such was trafficking PII in the form of tax prepared documents across the government network to unsecure email addresses.

During the course of the investigation, interviews were conducted with:

- [REDACTED] Equal Employment Opportunity Specialist, USM
- [REDACTED] Supervisor, Merchandising and Inventory Manager, USM
- [REDACTED], Chief of Production Planning, USM
- [REDACTED], Manufacturing, Planning and Packaging Lead, USM
- [REDACTED] Inventory Management Specialist, USM

In addition, TOIG reviewed pertinent documents, including:

- Email Correspondence between [REDACTED] and a sample of six individual's email documents that included prepared tax documents from [REDACTED] to those individuals
- [REDACTED] TLMS history showing Cyber Awareness/IT Rules
- Symantec Data Loss Prevention violations from [REDACTED] computer
- Log files from [REDACTED] computer pertaining to emailing individuals about tax documents as well as [REDACTED] accessing H & R Block website excessively

### **Investigative Activity**

TOIG acquired a DataLocker encrypted portable hard drive, Serial [REDACTED], USM # [REDACTED], from [REDACTED], Security Operations Branch Chief, USM, 801 9<sup>th</sup> St NW, Washington, DC 20220, containing the image of employee [REDACTED] official government computer. (Exhibit 2)

TOIG received log files containing violations of PII crossing the government network caught by Symantec Data Loss Prevention program used on the USM network. TOIG received [REDACTED] completed Treasury Learning Management System (TLMS) on Cyber Awareness and USM IT Rules. (Exhibit 3)

TOIG requested [REDACTED], Security Operations Branch Chief, USM, provide TOIG with a sample of [REDACTED] email contents to outside entities that were flagged as sending PII by Symantec Data Loss Prevention program. At this time, six individuals were sent PII by [REDACTED] over the government network to Gmail, Hotmail, .org, or Yahoo email accounts. (Exhibit 4)

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TOIG substantiated through electronic computer forensic exams of [REDACTED] government computer that she had kept a spreadsheet with approximately 90 individuals' status in regards to whether tax documents were completed and how much she received in payment from 2007 to present. (Exhibit 5)

In an interview with TOIG, [REDACTED] stated she gave [REDACTED] her tax documents either at [REDACTED] home or at work (USM). [REDACTED] stated that [REDACTED] filled out [REDACTED] forms, but does not file them for her. [REDACTED] took the forms [REDACTED] filled out and filed with H & R Block herself. [REDACTED] stated that [REDACTED] has never filed [REDACTED] taxes for her, only prepared [REDACTED] taxes. [REDACTED] stated that she paid [REDACTED] \$125.00 for tax preparation. [REDACTED] stated she has no idea how long it took [REDACTED] to fill out the forms. [REDACTED] stated she knows that [REDACTED] does tax preparation for others, but she did not know for how many people. [REDACTED] stated that she usually paid [REDACTED] within about two weeks of completion of the taxes and paid her in cash. (Exhibit 6)

In an interview with TOIG, [REDACTED] stated that he has supervised [REDACTED] for four years. [REDACTED] explained that [REDACTED] is an Inventory Specialist; she keeps track of all numismatic products coming into the USM. [REDACTED] stated he knows that [REDACTED] has an accounting degree, but [REDACTED] has not worked as an accountant for USM. [REDACTED] stated that [REDACTED] has been an Inventory Specialist for ten years and was working in the accounting department for approximately five years before becoming an Inventory Specialist. [REDACTED] advised that [REDACTED] has been temporarily assigned to Manufacturing, working with [REDACTED] for the last nine months; however, [REDACTED] continues to validate her time and attendance. [REDACTED] stated he has no knowledge of [REDACTED] completing, filing, printing, copying, or emailing tax documents while at work. [REDACTED] stated he has also not heard of [REDACTED] getting paid for preparing tax documents. [REDACTED] stated he has no knowledge of [REDACTED] emailing PII across the government network. (Exhibit 7)

In a telephonic interview with TOIG, [REDACTED], USM, advised that [REDACTED] was temporarily assigned in his department approximately nine months ago and he gave her assignments to complete. [REDACTED] stated that [REDACTED] assists in helping to plan packaging and delivery of numismatic products at the USM. [REDACTED] stated that [REDACTED] also aided in first article approvals, data mining and supplier communication. [REDACTED] stated that due to the temporary assignment, [REDACTED] also falls under [REDACTED] Manager of Manufacturing and Planning. [REDACTED] stated that he noticed that she is prompt at closing her computer screen when someone is walking up to it. [REDACTED] stated that he has no knowledge of [REDACTED] completing, filing, printing, copying, or emailing tax documents while at work. [REDACTED] stated that he has also not heard of [REDACTED] getting paid for preparing tax documents. [REDACTED] stated that he has no knowledge of that [REDACTED] emailed PII across the government network. (Exhibit 8)

In an interview with TOIG via phone, [REDACTED] stated that he had minimal interaction with [REDACTED]. [REDACTED] stated that he is the supervisor over [REDACTED] who assigned [REDACTED] work to complete.

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Case Name: [REDACTED]

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[REDACTED] advised that [REDACTED] [REDACTED] was temporarily assigned in his department approximately nine months ago. [REDACTED] stated that he has no knowledge of [REDACTED] completing, filing, printing, copying, or emailing tax documents while at work. [REDACTED] stated that he has not heard of [REDACTED] getting paid for preparing tax documents. [REDACTED] stated that he has no knowledge that [REDACTED] emailed PII across the government network. (Exhibit 9)

In an interview with TOIG, [REDACTED] stated that she has been employed with the USM since 1999 where she began as an Accountant. [REDACTED] stated that she has her USM email signature as 'Accountant' because that was what she started as at the USM; however, now she is an Inventory Management Specialist. [REDACTED] stated that she often reviewed H & R Block prepared tax forms for friends and family at work on her government computer. [REDACTED] started using her government computer more often to review tax documents since her personal computer at home was broken. [REDACTED] stated that she has scanned tax documents at work and has printed them out along with emailing them to recipients. [REDACTED] believed that she may have also used her government computer, while on VPN, to review tax documents as well, but could not remember exactly. [REDACTED] stated that she has not asked for money from friends and family, but if they ask how much to pay her she would say \$125.00-\$150.00 and admitted that she has received money for reviewing the documents. [REDACTED] stated that she has not reported any additional monies to the IRS.

[REDACTED] received cyber awareness/PII training and understood it is a violation. [REDACTED] believed that she had sent a request for secondary employment to her supervisor about two years ago, but could not remember exactly. [REDACTED] stated that she spent about one and a half hours per week reviewing tax documents on her government computer and prepared or reviewed tax documents for approximately 25-50 people per year for approximately the past three years. [REDACTED] stated that she received payments for reviewing tax documents.

In conclusion, [REDACTED] admitted that she used the government computer for one and a half hours per week on USM time to conduct secondary business not related to the USM. [REDACTED] admitted to trafficking PII in the form of tax documents across the government network. [REDACTED] admitted to receiving payments for reviewing and/or preparing tax documents for approximately 25-50 friends or family per year for the past three years. (Exhibit 10)

### Referrals

On June 3, 2015, the facts of this case were presented to [REDACTED], Assistant United States Attorney (AUSA), Department of Justice, Washington, DC. [REDACTED] criminal prosecution of [REDACTED] for 18 USC 641 Theft of Government Funds. (Exhibit 11)

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### Judicial Action

N/A

### Findings

The investigation determined that the allegations were substantiated. [REDACTED] admitted to preparing approximately 50 tax forms per year over the last few years on her government computer and emailed completed tax documents to unsecure email addresses of friends and family from her government computer. [REDACTED] also admitted to receiving payment for the preparation of said tax documents. USM Human Resources has no documentation of [REDACTED] notifying of secondary employment.

Based on the findings of this investigation, it appears that the following pertinent statutes, regulation(s) and /or policy(ies) were violated or could be applied to this case:

- 5 CFT 2635.101(b)(9) *General Principals*: Employees shall protect and conserve Federal property and shall not use it for other than authorized activities
- 5 CFR 2535.704(a) *Standard*: An employee has a duty to protect and conserve government property and shall not use such property, or allow its use, for other than authorized purposes
- US Mint-Wide Policy Memo HR-02: Outside Employment and Activities
- US Mint Directives Chapter 9- Information Technology, Part C-Information Security

### Distribution

Dennis O'Connor, Chief, United States Mint Police

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Report of Investigation

Case Name: [REDACTED]

Case # USM-15-1471-I

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Signatures

Case Agent:

[REDACTED]

8-6-15

Date

Supervisor

[REDACTED]

10 AUG 2015

Date

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**Exhibits**

1. Lead Initiation Complaint, dated April 17, 2015.
2. Memorandum of Activity, Evidence Obtained, dated May 4, 2015.
3. Memorandum of Activity, Records/Information Obtained concerning [REDACTED] TLMS, dated May 5, 2015.
4. Memorandum of Activity, Records/Information Obtained concerning outside emails, dated June 2, 2015.
5. Memorandum of Activity, Computer Forensics, dated July 1, 2015.
6. Memorandum of Activity, Interview of [REDACTED] dated May 21, 2015.
7. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated June 15, 2015.
8. Memorandum of Activity, Interview of [REDACTED] [REDACTED], dated June 15, 2015.
9. Memorandum of Activity, Interview of [REDACTED], dated June 16, 2015.
10. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated June 23, 2015.
11. Memorandum of Activity, AUSA Referral, Declination, dated June 15, 2015.

**REPORT OF INVESTIGATION  
BANK-10-2246-I**



**Office of Inspector General**

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**United States Department of the Treasury**



# Office of the Inspector General U.S. Department of the Treasury



## Report of Investigation

**Case Title:** La Jolla Bank

**Case #:** BANK-10-2246-I

**Case Type:** Criminal   X    
Administrative         
Civil       

**Investigation Initiated:** June 16, 2010

**Conducted by:** [REDACTED]  
Special Agent

**Investigation Completed:** MAY 17 2017

[REDACTED]  
(Former Case Agents)

**Origin:** Treasury Inspector General  
Office of Audit

**Approved by:** Anthony J. Scott  
Special Agent in Charge

### Summary

On June 8, 2010, the U.S. Department of the Treasury, Office of Inspector General, Office of Investigations (TOIG), initiated an investigation into La Jolla Bank (LJB), in La Jolla, CA, based on a referral by the Department of the Treasury, Office of Inspector General, Office of Audit (OA). OA conducted a Material Loss Review (MLR) of LJB after LJB was placed into Receivership on February 19, 2010 by the Department of the Treasury, Office of Thrift Supervision (now, and hereinafter referred to as, the Office of the Comptroller of the Currency (OCC)). The MLR alleged fraudulent activity and improper behavior of senior officers at the bank. At the time of Receivership, LJB reported more than \$1 billion in assets.

The investigation determined that the allegations were substantiated. In the U.S. District Court for the Southern District of California (SDCA), former Small Business Administration (SBA) loan manager Amalia Martinez pleaded guilty to Conspiracy, private loan broker Jocelyn Brown pleaded guilty to making a false statement, LJB borrower Annand Sliuman pleaded guilty to Bank Bribery, and Sliuman's assistant, Laura Ortuondo, pleaded guilty to making a false statement. Among the four defendants, a Federal judge ordered a total of 12 years of probation, 58 months home detention, and restitution of \$2,533,805.53.

Other investigating law enforcement (LE) agencies included the FBI, FDIC-OIG, Treasury Inspector General for Tax Administration (TIGTA), SBA-OIG, and Federal Housing Finance Administration (FHFA)-OIG.

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### **Basis and Scope of the Investigation**

On February 19, 2010, the OCC placed La Jolla Bank into Receivership. On June 8, 2010, OA referred the case to TOIG for further investigation, alleging possible diversion of funds to [REDACTED] who was [REDACTED] of LJB Chief Executive Officer (CEO) [REDACTED], an improper commission paid to LJB Chief Credit Officer (CCO) [REDACTED], and improper diversion of LJB funds to its holding company, Warren Properties. The referral also noted investigations by the FDIC-OIG into CEO [REDACTED]'s payments to American Funding, an OCC review of a lawsuit against LJB by a third party, and questionable real estate appraisals. (Exhibit 1)

The investigation expanded to include loans to clients known as "Friends of the Bank" (FOBs) and allegations of bribery in order to obtain or modify loans.

During the course of the investigation, interviews were conducted with:

- [REDACTED], Loan Specialist, LJB
- [REDACTED], VP of Operations, LJB
- [REDACTED], Chairman of the Audit Committee, LJB
- [REDACTED], Vice Chairman of the Audit Committee, LJB
- [REDACTED], President/CEO, LJB
- [REDACTED], Chief Credit Officer, LJB
- [REDACTED], VP/CFO/Chief Admin Officer, LJB
- [REDACTED], Counsel/Controller, LJB
- [REDACTED], Controller, LJB
- [REDACTED], AVP Loan Operations, LJB
- [REDACTED], Loan Production Manager, LJB
- [REDACTED], Loan Disbursement Manager, LJB
- [REDACTED], Regional Loan Officer, LJB
- [REDACTED], Appraiser, LJB
- [REDACTED], Construction Inspection Manager, LJB
- [REDACTED], Special Assets Group Manager, LJB
- [REDACTED], Special Assets Team Manager, LJB
- [REDACTED], Director, Internal Asset Review, LJB
- [REDACTED], Internal Asset Review, LJB
- [REDACTED], Internal Auditor, LJB
- [REDACTED], Human Resources Generalist, LJB
- [REDACTED], Executive Assistant to the President, LJB
- Amalia Martinez, Small Business Administration loan manager, LJB
- Jocelyn Brown, outside loan broker, dealings with LJB
- [REDACTED], Underwriter, LJB
- [REDACTED], Western Region Field Manager, OCC
- [REDACTED], Bank Examiner, OCC

- [REDACTED], Field Manager, OCC
- [REDACTED], LJB Borrower, "FOB"
- [REDACTED], LJB Borrower, "FOB"
- [REDACTED], LJB Borrower, "FOB"
- Annand Sliuman, LJB Borrower, "FOB"
- [REDACTED], LJB Borrower, "FOB"
- Laura Ortuondo, Assistant of Annand Sliuman
- [REDACTED], [REDACTED]'s Accountant
- [REDACTED], [REDACTED]'s wife, loaned money to [REDACTED]
- [REDACTED], Co-owner Range Mortgage real estate brokerage
- [REDACTED], Trustee, [REDACTED] bankruptcy

TOIG reviewed pertinent documents, including:

- OA Material Loss Report
- Thrift Financial Reports (TFRs)
- OCC TFR Instruction Manual
- FDIC Division of Resolutions and Receiverships (DRR) interviews, loan summaries, and other documentation
- OCC Reports of Examination
- [REDACTED] Bankruptcy filings
- Mortgage and other loan applications signed by [REDACTED]
- Lawsuits filed against [REDACTED] and LJB by Sotheby's International Realty, Vegas Diamond Properties, and Johnson Investments, LLC

### Investigative Activity

When LJB failed, FDIC DRR conducted 23 civil interviews of LJB personnel. Some common themes from the interviews regarding LJB culture and reasons for its failure were the more aggressive growth policies followed when [REDACTED] became CEO, the overall downturn in the economy, FOBs receiving special treatment, and issues with loan processing in general. (Exhibit 2)

As the various LE agencies became involved, the investigation initially focused on LJB possibly knowingly submitting false information to OCC on their Thrift Financial Reports. TOIG reviewed the TFR for the period ending December 31, 2008, and 10 out of 40 boxes of documents obtained from OCC (other LE agencies reviewed the remaining 30 boxes). (Exhibit 3)

As the investigation continued, the focus turned to lending practices and the FOBs.

In interviews with LE, Amalia Martinez, former LJB SBA loan manager, admitted to accepting payouts for loans she approved, and implicated [REDACTED], Rodriguez, and Brown. (Exhibit 4)

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In an interview with LE, Laura Ortuondo, former assistant to Annand Sliuman, stated that she generated false documents on his behalf and at his direction in order to create the appearance that a property and IRS lien against him had been cleared. (Exhibit 5)

In an interview with LE, Jocelyn Brown, former loan broker, falsely stated that she never saw Martinez accept money in exchange for loans, when in fact, she had. (Exhibit 6)

Interviews, or attempted interviews, of [REDACTED], Rodriguez, and other FOBs were met with negative results, denial of any wrongdoing, or invocation of their right to counsel.

### **Referrals**

In or about October 2010, the U.S. Attorney's Office for SDCA accepted the case for prosecution. (Exhibit 7)

Given the size and scope of the investigation, subjects were identified on a rolling basis over the years, so no other subject-specific prosecution acceptance documents were generated.

### **Judicial Action**

On October 2, 2013, Sliuman pleaded guilty to an Information in SDCA of one count of 18 USC 215, Bank Bribery. (Exhibit 8)

On October 21, 2013, a Grand Jury in the SDCA indicted Ortuondo on two counts of 18 USC 1001, False Statement to a Federal Agent. (Exhibit 9)

On May 1, 2014, Ortuondo pleaded guilty to one count of 18 USC 1001, False Statement to a Federal Agent. (Exhibit 10)

On August 6, 2015, a Grand Jury in the SDCA indicted Brown on one count of 18 USC 371, Conspiracy; four counts of 18 USC 215, Bank Bribery; and one count of 18 USC 1001, False Statement to a Federal Agent. (Exhibit 11)

On September 12, 2015, a Federal Judge in SDCA sentenced Ortuondo to three years of probation and ordered her to pay a fine of \$3,000. (Exhibit 12)

On September 23, 2015, Martinez pleaded guilty to an Information in SDCA of one count of 18 USC 371, Conspiracy. (Exhibit 13)

On April 27, 2016, Brown pleaded guilty to one count of 18 USC 1001, False Statement to a Federal Agent. (Exhibit 14)



On July 18, 2016, a Federal Judge in SDCA sentenced Sliuman to three years of probation and ordered him to pay restitution to FDIC and SBA totaling \$992,582.04. (Exhibit 15)

On August 15, 2016, a Federal Judge in SDCA sentenced Brown to three years of probation and ordered her to pay restitution to FDIC totaling \$82,185. (Exhibit 16)

On August 22, 2016, a Federal Judge in SDCA sentenced Martinez to three years of probation and ordered her to pay restitution to FDIC and SBA totaling \$1,456,073.49. (Exhibit 17)

### Findings




The investigation determined that the allegations were substantiated in part. In U.S. District Court for SDCA, former Small Business Administration loan manager Amalia Martinez pleaded guilty to Conspiracy, private loan broker Jocelyn Brown pleaded guilty to making a false statement, LJB borrower and FOB Annand Sliuman pleaded guilty to Bank Bribery, and Sliuman's assistant Laura Ortuondo pleaded guilty to making a false statement. Among the four defendants, a Federal judge ordered a total of 12 years of probation, 58 months home detention, and restitution of \$2,533,805.53.

### Distribution

Thomas Melo, Director, Enterprise Governance, Office of the Comptroller of the Currency

### Signatures

Case Agent:

5/17/2017  
Date

Supervisor:


5/17/17  
Date

**Exhibits**

1. Memorandum from [REDACTED], Referral for Investigation, dated June 8, 2010.
2. Memorandum of Activity, FDIC DRR Interview Reviews, dated May 6, 2011.
3. Memoranda of Activity, TFR Review and OCC Document review, dated September 12, 2012 and August 15, 2012, respectively.
4. Memorandum of Activity, Interviews of Martinez, dated March 18, 2015.
5. FBI FD-302, Interview of Ortuondo, dated May 8, 2014.
6. FBI FD-302, Interview of Jocelyn Brown, dated April 21, 2014.
7. Memorandum of Activity, Case Accepted for Prosecution, dated June 15, 2011.
8. SDCA Information, Annand Sliuman, dated October 2, 2013.
9. SDCA Indictment of Laura Ortuondo, dated October 21, 2013.
10. Ortuondo guilty plea, dated May 1, 2014.
11. SDCA Indictment of Jocelyn Brown, dated August 6, 2015.
12. SDCA Judgement and Sentencing of Ortuondo, dated September 12, 2015.
13. Martinez guilty plea, dated September 23, 2015.
14. Brown guilty plea, dated April 27, 2016.
15. SDCA Judgement and Sentencing of Sliuman, dated June 18, 2016.
16. SDCA Judgement and Sentencing of Brown, dated August 15, 2016.
17. SDCA Judgement and Sentencing of Martinez, dated August 22, 2016.



**REPORT OF INVESTIGATION  
MSB-12-2214-I**



**Office of Inspector General**

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**United States Department of the Treasury**



# Office of the Inspector General U.S. Department of the Treasury



## Report of Investigation

**Case Title:** Western Union

**Case #:** MSB-12-2214-I

**Investigation Initiated:** July 18, 2012

**Case Type:** Criminal X

Administrative   

**Investigation Completed:**

AUG 16 2017

Civil X

**Conducted by:** [REDACTED]

Special Agent

**Origin:** [REDACTED]

U.S. Department of Justice

**Approved by:** [REDACTED]

Special Agent in Charge

### Summary

On July 18, 2012, the U.S. Department of the Treasury, Office of Inspector General, Office of Investigations (TOIG), initiated an investigation as a result of a request from the U.S. Attorney's Office for the Central District of California (USAO-CDC), to assist and augment the investigation into whether Western Union (WU) was aware a California franchisee transmitted approximately \$60 million in sub-\$2,000 increments to the People's Republic of China in a single year.

The investigation determined that the allegation was substantiated. Western Union knew certain U.S. agents were allowing illegal structuring of financial actions and rather than take corrective action to eliminate the structuring, WU allowed the agents to remain open, use WU payment systems to transfer funds, and paid the agents bonuses. WU did all of this despite repeated compliance reviews which identified suspicious or illegal activity being conducted by those same agents. The investigation also substantiated that WU knew of, and failed to take corrective action, against agents involved in or facilitating significant numbers of fraudulently induced payments and illegal gambling transactions transmitted via WU agents from Florida to offshore books. On January 19, 2017, WU agreed to forfeit \$586 million and entered into a deferred prosecution agreement (DPA) with the U.S. Department of Justice, Asset Forfeiture and Money Laundering Section (AFMLS), the Federal Trade Commission (FTC), and the U.S. Attorney's Offices for the CDC, Middle District of Pennsylvania (MDP), Eastern District of Pennsylvania (EDP), and the Southern District of Florida (SDFL). In the agreement with DOJ-AFMLS, WU admitted to violations including willfully failing to maintain an effective anti-money laundering (AML) program and aiding and abetting wire fraud. (Exhibit 1)

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### **Basis and Scope of the Investigation**

In July 2012, the U.S. Department of the Treasury, Office of Inspection General, Office of Investigations (TOIG) initiated an investigation based on information from the USAO-CDC regarding whether Western Union was aware a California franchisee transmitted approximately \$60 million in sub-\$2,000 increments to the People's Republic of China in a single year.

In March 2013, the USAO-CDC investigative team discovered the USAO-EDP to also be investigating WU for anti-money laundering violations. Subsequently, it was determined the USAO-MDPA and the USAO-SDFL had also initiated investigations into WU. The investigations were led by the Department of Homeland Security, Homeland Security Investigations (DHS-HSI), and the U.S. Postal Inspection Service (USPIS), with significant support by TOIG, and were based on differing criminal activity including lottery scam funds being laundered through WU agents.

DOJ AFMLS assumed primary responsibility for the investigation and the USAO investigations were merged.

During the course of the investigation, interviews were conducted with:

- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU
- [REDACTED], WU

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- [REDACTED], US Shen Zhou
- [REDACTED], US Shen Zhou

In addition, TOIG reviewed pertinent documents, including:

- Data query & analysis of WU high volume agents.
- Data query & analysis of WU transactions.
- Data query & analysis of WU high dollar volume agents.
- Data query & analysis of questionable transactions by five WU agents.

### **Investigative Activity**

TOIG jointly conducted interviews of several WU employees located in Denver, CO with the USAO-CDC, the Internal Revenue Service, Criminal Investigations (IRS-CI), the Federal Bureau of Investigations (FBI), and the Newport Beach Police Department (NBPD). The WU employees interviewed held various positions in the Compliance, Sales, and Marketing offices including the Senior Vice President and Chief Compliance Officer, the Vice President of Global Compliance, the Senior Vice President of Sales and Account Management, and several Compliance Officers. Interviews of WU employees indicated WU was aware of repeated structuring and compliance violations by high-volume WU agents including the California franchisee but allowed the agents to remain open and continued processing the transactions.

Extensive joint investigative efforts between 2014 to 2016, included interviews, record reviews, data analysis, and meetings with Counsel for WU. TOIG conducted extensive data mining of available financial documentation, coordinated legal discussions between DOJ-AFMLS, the USAO-CDC, and Financial Crimes Enforcement Network (FinCEN) General Counsel, and located international case documentation regarding a fine assessed against WU. (Exhibit 2)

### **Referrals**

On January 19, 2017, this investigation was declined for criminal prosecution by DOJ-AFMLS as a result of a deferred prosecution agreement (DPA) and settlement between DOJ-AFMLS, the FTC, and WU. (Exhibits 3 & 4)

### **Judicial Action**

On January 19, 2017, WU agreed to forfeit \$586 million and entered into a DPA with DOJ-AFMLS, the FTC, and the USAOs for the CDC, MDP, EDP, and the SDFL. (Exhibit 5)

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## **Findings**

The investigation determined that the allegation was substantiated. Western Union knew certain U.S. agents were allowing illegal structuring of financial actions and rather than take corrective action to eliminate the structuring, WU allowed the agents to remain open, use WU payment systems to transfer funds, and paid the agents bonuses. WU did all of this despite repeated compliance reviews which identified suspicious or illegal activity being conducted by those same agents. The investigation also substantiated that WU knew of, and failed to take corrective action, against agents involved in or facilitating significant numbers of fraudulently induced payments and illegal gambling transactions transmitted via WU agents from Florida to offshore books. On January 19, 2017, WU agreed to forfeit \$586 million and entered into a deferred prosecution agreement (DPA) with the U.S. Department of Justice, Asset Forfeiture and Money Laundering Section (AFMLS), the Federal Trade Commission (FTC), and the U.S. Attorney's Offices for the CDC, Middle District of Pennsylvania (MDP), Eastern District of Pennsylvania (EDP), and the Southern District of Florida (SDFL). In the agreement with DOJ-AFMLS, WU admitted to violations including willfully failing to maintain an effective anti-money laundering (AML) program and aiding and abetting wire fraud.

## **Distribution**

N/A

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Signatures

Case Agent:

J [REDACTED]

[REDACTED]

Anthony J. Scott

8/8/17  
Date

8/9/17  
Date

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**Exhibits**

1. Complaint Initiation, dated September 20, 2012.
2. FinCEN Assessment of Civil Money Penalty Against Western Union, dated March 6, 2003.
3. Memorandum of Activity, AUSA Referral, dated July 17, 2012.
4. Memorandum of Activity, AUSA Declination, dated January 19, 2017.
5. DOJ AFMLS, FTC, & WU Settlement for \$586,000,000, dated January 19, 2017.



# U.S. Department of the Treasury Office of Inspector General



## Report of Investigation

**Case Title:** [REDACTED]  
(Private Citizen)

**Case #:** OCC-16-2931-I

**Investigation Initiated:** November 29, 2016

**Case Type:** Criminal   X    
Administrative         
Civil       

**Investigation Completed:** July 13, 2017

**Origin:** [REDACTED]  
Vice President  
BSA/AML Officer  
Bank of Oak Ridge

**Conducted by:** [REDACTED]  
Task Force Officer

**Approved by:** [REDACTED]  
Special Agent in Charge

### Summary

On September 30, 2016, the U.S. Department of the Treasury, Office of Inspector General, Office of Investigations (TOIG), initiated an investigation based on information provided by the Bank of Oak Ridge. [REDACTED] a bank account holder, had a Social Security representative payee account that was being misused by [REDACTED] daughter and representative payee, [REDACTED] [REDACTED] was reportedly misusing her father's Social Security benefits for her own personal use.

The investigation determined that the allegation was substantiated. [REDACTED] used her father's Bank of Oak Ridge representative payee account for her own benefit. From August 2014 to July 2016, [REDACTED] representative payee account had received \$119,753.63 in deposits and [REDACTED] had made purchases and withdrawals totaling \$104,560.50. The facts of this investigation were presented for criminal prosecution to the United States Attorneys Office (USAO) for the Middle District of North Carolina (MDNC). Assistant United States Attorney (AUSA) [REDACTED] declined prosecution due to the lack of prosecutorial merit.



## Report of Investigation

Case Name: [REDACTED]

Case # OCC-16-2931-I

Page 2 of 5

### Basis and Scope of the Investigation

On August 23, 2016, TOIG received information from [REDACTED], from the the Bank of Oak Ridge, alleging that a representative payee account belonging to [REDACTED] was being misused by his daughter, [REDACTED]. Account # [REDACTED] was setup in August 2014 to receive [REDACTED] Social Security Administration (SSA) and Veteran's Administration (VA) benefits. [REDACTED] was appointed by SSA to be [REDACTED] representative payee for this account in order to pay [REDACTED] bills and provide him with food and any welfare needs. [REDACTED] stated that between August 2014 and July 2016, [REDACTED] account had received deposits totaling \$119,753.63. As of July 2016, [REDACTED] had made purchases and withdrawals totaling \$104,460.50. [REDACTED] revoked [REDACTED] use of the debit card for this account in February 2016 and required her to come to one of their branches to make cash withdrawals in an effort to slow her spending her father's funds. (Exhibit 1)

During the course of the investigation, interviews were conducted with:

- [REDACTED] Victim
- [REDACTED] Suspect and Daughter of Victim

In addition, TOIG reviewed pertinent documents, including:

- Grand Jury Bank Records from the Bank of Oak Ridge for [REDACTED] accounts

### Investigative Activity

A TOIG review of bank records from the Bank of Oak Ridge showed that the Bank of Oak Ridge debit card (# [REDACTED] issued to [REDACTED] made numerous purchases near the area where she lives in [REDACTED], North Carolina and other areas of North Carolina and South Carolina. Bank of Oak Ridge records indicate that [REDACTED] used the above debit card issued to her for this account, along with her general access to this account, to make a total of 1034 debits totaling approximately \$101,831.91. Bank of Oak Ridge records further indicate that [REDACTED] used the debit card issued to him, along with his general access to this account, for a total of 117 transactions totaling approximately \$6129.60.

In an interview with TOIG, [REDACTED] indicated that he had not seen [REDACTED] in approximately nine months and had not spoken to her by phone in approximately six months. [REDACTED] told TOIG that [REDACTED] was his representative payee over his Social Security money to pay his bills, but to his knowledge, she had not spent any of that money in about a year. (Exhibit 2)

TOIG and Social Security Office of Inspector General (SSAOIG) Special Agent (SA) [REDACTED] escorted [REDACTED] to the Bank of Oak Ridge located at [REDACTED], North Carolina to have [REDACTED] removed as his power of attorney over his financial accounts, and to move his VA funds to a separate Bank of Oak Ridge account. [REDACTED] was present for this

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Report of Investigation

Case Name: [REDACTED]

Case # OCC-16-2931-I

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action. The removal of the power of attorney was done at the request of [REDACTED] to limit the amount of funds that [REDACTED] would have access to. (Exhibit 3)

In an interview with TOIG and SSAOIG, [REDACTED] indicated that it had been approximately four months since she had seen her father. [REDACTED] told TOIG and SSAOIG that she had been responsible for paying her father's bills since becoming his representative payee in 2014. However, after she became his representative payee, his two homes foreclosed. [REDACTED] was asked other examples of bills that she paid on behalf of her father and she stated that she paid his power bill, Direct TV bill, VA Hospital bills and others. However, TOIG had already learned through its' investigation that she did not pay these bills for her father. [REDACTED] further told TOIG and SSAOIG that her father would often "give her cash". TOIG knew that this was not true as well, based upon its' investigation. SSAOIG asked [REDACTED] to produce receipts for bills paid by her for her father and she stated that she would have to locate them. [REDACTED] was also asked to produce receipts for any other purchases that were made for the welfare of her father and she, again, stated that she would have to locate them. SSAOIG provided a business card to [REDACTED] and requested her to contact them once those receipts were located. [REDACTED] subsequently never contacted SSAOIG with any payment/purchase receipts. (Exhibit 4)

TOIG and SSAOIG escorted [REDACTED] to the Social Security Administration office located at 6005 Landmark Center Boulevard, Greensboro, North Carolina to have [REDACTED] removed as [REDACTED] representative payee over his SSA benefits. This removal was done at the request of [REDACTED]. By [REDACTED] making this request to SSA, [REDACTED] no longer had access to any of his bank accounts or funds.

### Referrals

On September 23, 2016, TOIG presented the facts of this investigation for criminal prosecution to the United States Attorney's Office for the Middle District of North Carolina. (Exhibit 5)

On February 13, 2017, Assistant United States Attorney (AUSA) [REDACTED] declined prosecution due to the lack of prosecutorial merit. (Exhibit 6)

No state criminal charges will be pursued as the victim does not wish to pursue any further.

### Judicial Action

N/A

### Findings

The investigation determined that the allegation was substantiated. [REDACTED] a Bank of Oak Ridge account holder, had a representative payee account that was being misused by [REDACTED]

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Report of Investigation

Case Name: [REDACTED]

Case # OCC-16-2931-I

Page 4 of 5

daughter and representative payee, [REDACTED] used this account for her own personal use.

Distribution

N/A

Signatures

[REDACTED] FOR: [REDACTED]

7/13/17  
Date

[REDACTED]

[REDACTED]  
Date

Report of Investigation

Case Name: [REDACTED]

Case # OCC-16-2931-I

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**Exhibits**

1. Complaint Documentation Form, dated September 9, 2016.
2. Memorandum of Activity, Interview - Victim, dated September 7, 2016.
3. Memorandum of Activity, LEO Activity - Other, dated March 7, 2017.
4. Memorandum of Activity, Interview - Subject, dated October 5, 2016.
5. Memorandum of Activity, Presented for Prosecution-Criminal (Accepted), dated November 29, 2016.
6. Memorandum or Activity, Presented for Prosecution-Criminal (Declined), dated March 7, 2017.

**REPORT OF INVESTIGATION  
BEP-16-1206-I**



**Office of Inspector General**

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**United States Department of the Treasury**



# Office of the Inspector General U.S. Department of the Treasury



## Report of Investigation

**Case Title:** [REDACTED]  
(Private Citizen)

**Case #:** BEP-16-1206-I

**Case Type:** Criminal X  
Administrative  
Civil

**Investigation Initiated:** May 16, 2016

**Conducted by:** [REDACTED]  
Special Agent

**Investigation Completed:** JAN 17 2017

**Approved by:** [REDACTED]  
Special Agent in Charge

**Origin:** [REDACTED]  
Supervisory Criminal Investigator  
Bureau of Engraving and Printing

### Summary

On May 16, 2016, the U.S. Department of the Treasury (Treasury), Office of Inspector General, Office of Investigations (TOIG), initiated an investigation based on allegations that the Mutilated Currency Division (MCD) in the Bureau of Engraving and Printing (BEP) identified a mutilated currency redemption claim by [REDACTED] that was suspicious in nature. The suspicious claim was for \$113,000.00.

The investigation determined that the allegation was unsubstantiated. It was determined that the currency submitted by [REDACTED] had been damaged by standing water while being stored in a flooded floor safe.

Report of Investigation

Case Name: [REDACTED] [REDACTED]

Case # BEP-16-1206-I

Page 2 of 5

**Basis and Scope of the Investigation**

On May 16, 2016, TOIG initiated an investigation regarding the allegation that [REDACTED] [REDACTED] sent a large amount of mutilated currency to the BEP. (Exhibit 1)

During the course of the investigation, interviews were conducted with:

- [REDACTED], Mutilated Currency Assistant, BEP
- [REDACTED] [REDACTED] mutilated currency submitter
- [REDACTED], [REDACTED] [REDACTED] daughter
- [REDACTED] [REDACTED] [REDACTED] son

In addition, TOIG reviewed pertinent documents, including:

- BEP records relating to the mutilated currency submission submitted by [REDACTED]
- Additional documents provided by [REDACTED]

**Investigative Activity**

In an interview with TOIG, [REDACTED] stated that BEP believed the amount of money submitted was high and the mutilated currency could have been exchanged at a local bank. (Exhibit 2)

In an interview with TOIG, [REDACTED] [REDACTED] stated that on December 24, 2015, a leak was discovered in the [REDACTED] home. As a result of the leak, it was also discovered that a floor safe had flooded and subsequently damaged its contents. The contents of the floor safe were described as paper deeds, gold and silver coins, family jewelry and currency; the same currency that was submitted to BEP for exchange.

[REDACTED] [REDACTED] son, [REDACTED] [REDACTED] contacted Bank of America about the condition of the currency [REDACTED] Philip [REDACTED] with plastic bags and instructed him to submit the package to the BEP. [REDACTED] followed the instructions and sent the paper money via the United States Postal Service to the BEP in January 2016.

[REDACTED] stated that he has accumulated money over his lifetime. [REDACTED] once owned a gas station from which he accumulated money. [REDACTED] also saved money he received from birthdays and various gifts. [REDACTED] knew that the amount in the safe and the amount subsequently submitted to the BEP was \$113,000.00 because the currency in his safe was packaged in bundles of \$1,000.00. At the conclusion of the interview, TOIG physically inspected the floor safe. The safe was located in the floor of a closet in a guest bedroom. The inside of the safe was rusted and had a film at the bottom. TOIG also physically inspected several documents that were retrieved from the flooded floor safe. (Exhibit 3)

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Report of Investigation

Case Name: [REDACTED] [REDACTED]

Case # BEP-16-1206-I

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In an interview with TOIG, [REDACTED], [REDACTED] daughter, confirmed the events surrounding the water damaged currency submission. (Exhibit 4)

**Referrals**

N/A.

**Judicial Action**

N/A.

**Findings**

The investigation determined that the allegation was unsubstantiated. It was determined that the currency submitted by [REDACTED] [REDACTED] had been damaged by standing water while being stored in a floor safe. The currency submitted was proceeds from owning a business and gifts received over [REDACTED] lifetime.

**Distribution**

Richard Cestero, Investigator, BEP



Report of Investigation

Case Name: [REDACTED]

Case # BEP-16-1206-I

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Signatures

Case Agent:

[REDACTED]

11/21/16  
Date

Supervisor: [REDACTED]

1/17/17  
Date

Anthony G. Scott

Report of Investigation

Case Name: [REDACTED] [REDACTED]

Case # BEP-16-1206-I

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**Exhibits**

1. Complaint to TOIG, dated March 10, 2016.
2. Memorandum of Activity, Interview of [REDACTED], dated June 29, 2016.
3. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated September 8, 2016.
4. Memorandum of Activity, Interview of [REDACTED], dated October 24, 2016.

**REPORT OF INVESTIGATION  
DO-16-1802-I**



**Office of Inspector General**

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**United States Department of the Treasury**



# Office of the Inspector General U.S. Department of the Treasury



## Report of Investigation

**Case Title:**

[REDACTED]  
Intermittent Economic Crimes  
Advisor, Office of Technical  
Assistance (OTA)

**Case #:** DO-16-1802-I**Case Type:**

Criminal

Administrative   X  Civil       **Investigation Initiated:** May 31, 2016**Conducted by:** [REDACTED]

Special Agent

**Investigation Completed:** FEB 06 2017**Approved by:** [REDACTED]

Special Agent in Charge

**Origin:** Department of Homeland Security,  
Homeland Security Investigations

### Summary

On May 15, 2016, the Department of Homeland Security, Homeland Security Investigations (HSI) office in San Juan, Puerto Rico contacted the U.S. Department of Treasury, Office of Inspector General (TOIG) regarding an allegation that [REDACTED], a contract employee with the Office of Technical Assistance (OTA) was detained in San Juan, Puerto Rico when she attempted to board a flight to Dominica with approximately 40 grams of marijuana, a DEA Schedule I controlled substance, concealed within her checked and carry-on luggage.

The investigation determined that the allegations are substantiated. On June 10, 2016, TOIG conducted an interview with [REDACTED] where she admitted that the marijuana that was located within and seized from her luggage as she attempted to board a flight from San Juan, Puerto Rico to Dominica did belong to her.

This investigation was not presented to the USAO in the District of Puerto Rico due to the fact that the amount of marijuana seized from Berger did not meet previously determined thresholds for prosecution.

On June 20, 2016, [REDACTED] tendered her resignation from OTA effective July 5, 2016.

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### **Basis and Scope of the Investigation**

This investigation was initiated on May 31, 2016, based upon information received from HSI regarding [REDACTED] being detained at the San Juan, Puerto Rico Airport while attempting to board a flight to Dominica after approximately 40 grams of marijuana were located in her luggage. This incident occurred while [REDACTED] was on official government travel as part of her employment as a contactor with OTA.

During the course of the investigation, TOIG conducted relevant interviews with:

- [REDACTED] Associate Director, Economic Crimes Team, OTA
- [REDACTED] Senior Advisor, Economic Crimes Team, OTA
- [REDACTED] Intermittent Advisor, OTA

In addition, TOIG reviewed pertinent documents, including:

- CBP reports and photographs documenting the detention of [REDACTED]
- HSI Report of Investigation detailing interview of [REDACTED]
- Employment contract of [REDACTED]
- Travel Vouchers from [REDACTED]'s travel
- E-mail correspondences between [REDACTED] and OTA

### **Investigative Activity**

On May 15, 2016, TOIG received information from HSI indicating that [REDACTED] was detained at the San Juan, Puerto Rico airport after approximately 40 grams of marijuana were located in her luggage as she attempted to board a flight to Dominica. HSI indicated that [REDACTED] was traveling on her official government passport to conduct training on behalf of the U.S. Department of the Treasury. (Exhibit 1)

U.S. Customs and Border Protection (CBP) provided TOIG information regarding the detention of [REDACTED] and the seizure of marijuana from her luggage. This information indicates that two separate Narcotics Detection Dogs, both certified to detect marijuana among other drugs alerted to narcotic odors in checked and carry-on luggage belonging to [REDACTED]. CBP conducted border searches of both in the presence of [REDACTED] and discovered a Barbasol container in her checked luggage and a Pringles potato chip container in her carry-on luggage. Examination of these items resulted in the discovery of approximately 36.8 grams of marijuana concealed in non-factory compartments accessed by unscrewing the bottom of each container. HSI Agents in San Juan, Puerto Rico conducted an interview with [REDACTED] who denied knowledge of the

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Report of Investigation

Case Name: [REDACTED]

Case # DO-16-1802-I

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marijuana in her luggage and claimed that the marijuana must have been planted there by an unknown party. (Exhibit 2 and 3)

On May 26, 2016, TOIG conducted an interview with [REDACTED] Associate Director of the OTA Economic Crimes Team. [REDACTED] indicated that [REDACTED] a Senior Advisor with OTA has oversight over both Liberia and Dominica, the two countries [REDACTED] was traveling between when she was detained. [REDACTED] was made aware that [REDACTED] missed a flight from Puerto Rico to Dominica while on official travel and provided copies of e-mail communications referencing the missed flight. [REDACTED] also provided a memo sent from [REDACTED] providing the reason for the missed flight as a stomach illness. None of the documentation provided by [REDACTED] referenced [REDACTED]'s detention in San Juan, Puerto Rico or the seizure of marijuana from [REDACTED]'s luggage. (Exhibit 4)

On May 31, 2016, TOIG conducted an interview with [REDACTED], Senior Advisor with the OTA Economic Crimes Team. [REDACTED] indicated that she spoke with [REDACTED] on May 17, 2016 and that [REDACTED] informed her that she was sick and had missed a connecting flight from Puerto Rico to Dominica. [REDACTED] spoke with [REDACTED] a second time where she stated that her bags had been searched in Puerto Rico and that there was a narcotics detector dog present during the search. [REDACTED] told [REDACTED] that the search was a misunderstanding and made no mention about her detention or the seizure of marijuana from her luggage. (Exhibit 5)

On June 10, 2016, TOIG conducted an interview with [REDACTED]. In summary, [REDACTED] admitted that her luggage was searched by Customs Inspectors while she was transiting Puerto Rico en route to Dominica and that marijuana belonging to her was discovered in her cosmetics bag and seized. [REDACTED] admitted that she failed to inform OTA of her detention and seizure and admitted that she informed OTA that she missed her flight because she was sick. [REDACTED] claimed that after the incident, which she described as "quite horrific" she claimed that she did feel sick. [REDACTED] claimed that OTA informed her that TOIG had reported the incident to them and she felt she did not have to report it as well. [REDACTED] added that she has a medical marijuana prescription from California. (Exhibit 6)

### Referrals

This investigation was not presented to the USAO in the District of Puerto Rico due to the fact that the amount of marijuana seized from [REDACTED] did not meet previously determined thresholds for prosecution.

On August 24, 2016, a memorandum was sent to [REDACTED], Suspension and Debarment Official for the Department of the Treasury requesting the debarment of [REDACTED] as a non-responsible contractor for violations of 21 USC 844 Penalties for Simple Possession, 41 USC

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Report of Investigation

Case Name [REDACTED]

Case # DO-16-1602-1

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8102(a)(2) Drug-free workplace requirements for Federal contractors and FAR Part 23.500 Drug-free workplace. (Exhibit 7)

On December 27, 2016, [REDACTED] sent a memorandum to TOIG, determining that no action be taken on the request for debarment of [REDACTED]. [REDACTED] indicated that procurement actions are being taken on [REDACTED] to seek repayment of costs incurred to the government as a result of her detention and that [REDACTED] has separated from her contractual relationship with OTA and that these factors were considered in the decision not to exclude [REDACTED] from future government contracts. (Exhibit 8)

**Judicial Action**

N/A

**Findings**

The investigation determined that the allegations are substantiated. On June 10, 2016 during an interview with TOIG, [REDACTED] admitted to attempting to transport marijuana from the U.S. to a place outside of the U.S. while of official travel for the U.S. Government.

Based on the findings of our investigation, it appears that the following pertinent statute(s), regulation(s) and/or policies were violated or could be applied to the case:

21 USC 844 Penalties for simple possession

21 USC 953 Exportation of controlled substances

41 USC 8102(a)(2) Drug-free workplace requirements for Federal contractors

FAR Part 23.500 Drug-free workplace.

On June 20, 2016, [REDACTED] tendered her resignation from OTA effective July 5, 2016.

**Distribution**

Kenneth Hanson, Associate Director for Operations, Office of Technical Assistance

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Case Name: [REDACTED]

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Signatures

Case Agent:

[REDACTED]

1/9/17  
Date

Supervisor:

[REDACTED]

2/3/17  
Date

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**Exhibits**

1. Initial Complaint Document, dated May 15, 2016.
2. Memorandum of Activity, Evidence Obtained, dated September 19, 2016.
3. Memorandum of Activity, Evidence Obtained, dated June 2, 2016.
4. Memorandum of Activity, Interview of [REDACTED] dated June 21, 2016.
5. Memorandum of Activity, Interview of [REDACTED] dated June 21, 2016.
6. Memorandum of Activity, Interview of [REDACTED] dated July 7, 2016.
7. Suspension and Debarment Memorandum, dated August 24, 2016.
8. No-Action Memorandum in response to Suspension and Debarment Memorandum, dated December 27, 2016.