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Description of document: Closing documents for sixteen (16) United States Agency for International Development (USAID) Inspector General (OIG) Investigations, 2009-2013, 2019

Requested date: 10-April-2016

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Source of document: FOIA Request
U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
USAID Annex, M/MS/IRD, Room 2.4.0A
Washington, DC 20523
Fax: (202) 216-3070
Email: foia@usaid.gov
[USAID FOIA Public Access Link](#)

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USAID
FROM THE AMERICAN PEOPLE

TRANSMITTED VIA EMAIL

Re: FOIA Request No. F-00200-16
Final Response

The United States Agency for International Development (USAID) regrets the delay in responding to your Freedom of Information Act (FOIA) request. Unfortunately, USAID is experiencing a backlog of FOIA requests. Please know that USAID management is very committed to providing responses to FOIA requests and remedying the FOIA backlog.

This is the final response to your April 10, 2016 FOIA request to the USAID. You requested a copy of the final report, report of investigation, closing report, closing memo, referral memo, and referral letter for each of the following Inspector General ("OIG") investigations:

- 1) [Redacted] Unlawful Access to Email System, opened December 29, 2011, closed February 5, 2013;
- 2) Steelworks, opened July 21, 2009, closed February 20, 2013;
- 3) Pan American Social Marketing Organization, opened March 2, 2010, closed February 20, 2013;
- 4) [Redacted] Allegations of Conflict of Interest, opened June 29, 2011, closed March 4, 2013;
- 5) [Redacted] Afghanistan, opened January 3, 2012, closed March 18, 2013;
- 6) Avian Influenza Program Fraud, opened May 25, 2010, closed April 18, 2013;
- 7) Relief International, opened February 26, 2009, closed May 5, 2013;
- 8) Inappropriate Personnel Issues by Management, opened February 26, 2013, closed May 30, 2013;
- 9) International Relief and Development, Haiti, opened September 8, 2011, closed June 19, 2013;
- 10) Possible Fraud/Misrepresentation, Hall/Johnson, opened August 23, 2010, closed August 29, 2013;
- 11) Teo Babun and Evangelical Christian Humanitarian, opened December 28, 2011, closed September 30, 2013;
- 12) Solicitation of Kickbacks by U.S. Embassy Housing, opened June 8, 2011, closed October 21, 2013;

- 13) [Redacted] Allegations of Embezzlement, Jakarta, opened October 6, 2010, closed October 25, 2013;
- 14) Tainted PSC Solicitation, opened November 7, 2011, closed November 27, 2013;
- 15) USAID/Afghanistan, Questionable Personnel Pr., opened March 15, 2012, closed December 11, 2013;
- 16) [Redacted] USAID/Washington, opened January 28, 2012, closed December 6, 2013.

For your information, Congress excluded three (3) discrete categories of law enforcement and national security records from the FOIA. See 5 U.S.C. § 552(c) (2006 & Supp. IV (2010)). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all of our requesters and should not be construed as an indication that excluded records do, or do not, exist.

USAID conducted a comprehensive search of the Office of the Inspector General (OIG) for documents responsive to your request. The search produced a total of 109 pages. Of those pages, we have determined that 12 pages of the records are releasable in their entirety, 95 pages are partially releasable, and two (2) pages are withheld in full pursuant to Title 5 U.S.C. § 552 (b)(3), (b)(6), (b)(7)(C), (b)(7)(D), and (b)(7)(E).

FOIA Exemption 3 protects information specifically exempted from disclosure by another statute, if the statute (A) requires that the matters be withheld from the public in such a manner as to leave no discretion on the issue, or (B) established particular criteria for withholding or refers to particular types of matters to be withheld. The applicable statute is the Inspector General Act of 1978, as amended, Pub. L. 95-452, §7b. The Inspector General shall not, after receipt of a complaint or information from an employee, disclose the identity of the employee without the consent of the employee, unless the Inspector General determines such disclosure is unavoidable during the course of the information. Therefore, the identity of the complainant's name and information pertaining to the complainant is being withheld.

FOIA Exemption 6 exempts from disclosure information about individuals in personnel or medical files and similar files the release of which would cause a clearly unwarranted invasion of personal privacy. This requires a balancing of the public's right to disclosure against the individual's right to privacy. The privacy interests of the individuals in the records you have requested outweigh any minimal public interest in disclosure of the information. In this instance, the release of such information could subject the individuals to threats, intimidation, harassment, and/or violence. For these reasons, any private interest you may have in this information does not factor into the aforementioned balancing test. Within the records we withheld names, signatures, personal identifiers, and OIG case numbers.

FOIA Exemption 7(C) protects records or information compiled for law enforcement purposes that could reasonably be expected to constitute an unwarranted invasion of personal

privacy. This exemption takes particular note of the strong interests of individuals, whether they are suspects, witnesses, or investigators, in not being unwarrantably associated with alleged wrongdoing/criminal activity. That interest extends to persons who are not only the subjects of the investigation, but also to those who may have their privacy invaded by having their identities and information about them revealed in connection with an investigation. Based upon the traditional recognition of strong privacy interest in law enforcement records, categorical withholding of information that identifies third parties in law enforcement records is ordinarily appropriate. As such, we have determined that the privacy interest in the identities of individuals in the records you have requested clearly outweigh any minimal public interest in disclosure of the information. Please note that any private interest you may have in that information does not factor into this determination. Within the records we withheld OIG case numbers.

FOIA Exemption 7(D) protects records or information compiled for law enforcement purposes, the release of which could reasonably be expected to disclose the identities of confidential sources.

FOIA Exemption 7(E) protects records compiled for law enforcement purposes, the release of which could disclose techniques and/or procedures for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law. We determined that disclosure of certain portions of the documents could reasonably be expected to risk circumvention of the law. Additionally, the techniques and procedures at issue are not well known to the public. Within the records we withheld OIG case numbers.

If you require any further assistance or would like to discuss any aspect of your request, you may contact Shushona Hyson, the assigned FOIA Specialist by phone on (202) 712-5953 or at shyson@usaid.gov. You may also contact USAID's FOIA Public Liaison, Claire Ehmann, at foia@usaid.gov.

Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services offered:

Office of Government Information Services
National Records and Archives Administration
8601 Adelphi Road-OGIS
College Park, Maryland 20740-6001
E-mail: ogis@nara.gov
Telephone: (202) 741-5770; toll free at 1-877-684-6448
Fax: (202) 741-5769

You have the right to appeal this final response. Your appeal must be received by USAID no later than 90 days from the date of this letter. In order for it to be considered an official appeal, please address and send directly to the FOIA Appeal Officer:

Director, Office of Management Services
U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Ronald Reagan Building, Room 2.12.010
Washington, DC 20523

If you wish to fax your appeal, the fax number is (202) 216-3369. Both the appeal and envelope should be marked "**FOIA APPEAL**." Please include your tracking number F-00200-16 final release in your letter.

There is no charge for this FOIA request. As this concludes the processing of your request, it will be closed.

Thank you for your interest in USAID.

Sincerely,



Claire Ehmann
FOIA Public Liaison
Bureau for Management
Office of Management Services
Information and Records Division

Enclosures: Responsive Records (109 pages)

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS**

REPORT OF INVESTIGATION

Case Title: [REDACTED]
Case Number: [REDACTED]
Status: Closed
OIG/I Office: Washington, DC
Period of Investigation: 4/27/12- 5/15/12

Synopsis:

On December 22, 2011, USAID OIG received information, via the OIG Hotline, from an anonymous source (AS) alleging a few weeks prior, the AS overheard [REDACTED] Junior Financial Management Officer, USAID Nigeria having a phone conversation with an unknown individual and [REDACTED] said that [REDACTED] used [REDACTED] Government-issued Travel Card (GTC) to purchase personal items that totaled approximately \$2,000.00.

On April 27, 2012, SA [REDACTED] (RA) received the allegation and began to look into the matter. On May 1, 2012, the RA contacted [REDACTED] Program Coordinator, Travel Card Program, USAID and requested copies of [REDACTED] GTC statements for the time period of November 2011 to April 2012 (*Attachment 1, GTC statements, dated 12/25/2011*). [REDACTED] said [REDACTED] was issued [REDACTED] GTC in December 2010, and [REDACTED] first activity on the card was in January 2011. Additionally, [REDACTED] asserted there was activity in the December 2011 statement that appeared to be questionable. A review of [REDACTED] GTC statements from December 2011 through April 2012 revealed the following questionable charges totaling \$2,471.09:

- On 12/09/11, a ticket on **CSA (Czech) Airline** was purchased for [REDACTED] in the amount of **\$361.35**
- On 12/10/11, purchases from **Target** store located in Falls Church, VA in the amount of **\$268.83**

REPORT MADE BY:

Name:

Signature: [REDACTED]

Date Signed:

02/06/13

APPROVING OFFICIAL:

Name:

Signature: [REDACTED]

Signed:

2/6/13

- On 12/10/11, purchases from **BJ Wholesale** Store Club #351 located in Falls Church, VA in the amount of **\$457.79**.
- On 12/10/11, a purchase from **Hotels.com** in the about of \$836.92
- On 12/11/11, purchases from **VA ABC (liquor)** store #049 located in Arlington, VA in the amount of **\$510.20**.
- On 12/22/11, a purchase for a **Classified Visa and Passport** from Springfield, VA in the amount of **\$36.00**

The Reporting Agent (RA) initiated an investigation to determine if [redacted] was authorized to make the above listed charges to [redacted] GTC and to determine if [redacted] used [redacted] GTC for personal use.

Details of Investigation

On May 1, 2012, the RA contacted Assistant United States Attorney [redacted] U.S. Attorney's Office for the District of Columbia, and presented the above mentioned case for possible criminal prosecution. [redacted] declined the case.

On May 3, 2012, the RA contacted [redacted] Program Coordinator, Travel Card Program, USAID and requested a copy of the GTC member agreement that [redacted] would have received and agreed to before [redacted] accepted [redacted] GTC. Subsequently, [redacted] forwarded the RA, via email, a copy of the GTC member agreement (*Attachment 2, GTC member agreement, dated May 3, 2012*). In paragraph two of the GTC member agreement, it stated, "I agree to use the Card only for official travel and official travel related expenses away from my official station/duty station in accordance with my Agency/Organization policy. I agree not to use the Card for personal, family or household purposes". Moreover, [redacted] stated on December 15, 2010, [redacted] completed the necessary online course requirements prior to receiving [redacted] GTC (*Attachment 3, GSA Travel Card certificate, dated December 15, 2010*). [redacted] asserted the training course is clear about use of the card.

On May 15, 2012, the RA contacted [redacted] at USAID Bolivia to interview [redacted] and determine why [redacted] used [redacted] GTC to charge the above mentioned items during December 2011. Assistant Regional Security Officer [redacted] (ARSO [redacted]), Regional Security Office, U.S. Embassy La Paz, Bolivia assisted the RA with the interview. Before any questioning, ARSO [redacted] presented [redacted] with an Administrative Warning and Assurance for a Federal Employee form (*Attachment 4, Administrative Warning and Assurance form, dated*

May 15, 2012) and advised [] of [] rights. [] said [] understood [] rights and signed the form. During the interview, [] stated that [] began working for USAID in November 2010 and is currently posted in the Office of Financial Management, USAID Nigeria. [] explained that [] is in La Paz, Bolivia, on temporary duty conducting A123 assessments, which are random financial assessments of various USAID employees at the mission in Bolivia to include, but not limited to, sensitive payments, payroll and GTC purchases.

The RA asked ARSO [] to provide [] with a copy of her December 2011 Citi Bank Visa GTC statement and asked [] to explain various charges. [] stated that the charges at Target, BJ's Wholesale, and VA ABC (liquor) store consisted of purchases that [] made for [] onward assignment to Abuja, Nigeria in January 2012. Moreover, [] said those items constituted [] consumables and were shipped to Nigeria. [] elaborated that most of the items [] bought in the U.S. weren't going to be available in Nigeria; therefore, [] figured [] was allowed to use [] GTC to purchase them. [] said no one told [] [] couldn't use [] GTC to make the purchases. [] stated that the charges from CSA Airlines and Hotels.com were personal charges that [] made for [] trip to Prague. [] explained [] took personal leave and traveled to Prague before [] assignment to Nigeria. [] said [] didn't realize that [] used [] GTC to make these purchases. [] said the charge for Visa and Passport photos was necessary. [] asserted [] was going to use the Visa and Passport photos when [] arrived at post. The RA asked [] if [] recalled taking an online course in regards to the use of the GTC and [] stated, "Yes". However, [] did not recall if [] received any Cardholder agreement documentation when [] was issued [] GTC in December 2010.

On May 16, 2012, the RA obtained [] Travel Authorization (TA) for [] assignment to Nigeria (*Attachment 5, [] Travel Authorization for Nigeria, dated 12/5/11*). The TA stated that [] was authorized to ship consumables totaling 2500 pounds to Nigeria; however, the TA did not indicate that USAID would cover the cost to purchase the consumables or authorize [] to charge the consumables to USAID.

In October 2012, [] Human Resources Division Chief, USAID issued a letter of proposed reprimand (*Attachment 6, [] Proposed letter of Reprimand*) to [] for the misuse of [] USAID GTC.

On January 7, 2013, [] resigned from [] employment with USAID (*Attachment 7, [] resignation letter, dated 01/07/13*). This case is closed.

Subjects/Defendants/Suspects:

Junior Financial Management Officer
USAID/Nigeria

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

There are no items in evidence or seized contraband.

Judicial and Administrative Actions:

In October 2012, Human Resources Division Chief, USAID issued a letter of proposed reprimand to for the misuse of USAID GTC. On 01/17/13, resigned from employment with USAID.

Attachments:

1. GTC statements from 12/2010 to present, dated 12/25/2011
2. GTC member agreement, dated 05/03/2012
3. GSA Travel Card certificate, dated 12/15/2010
4. Administrative Warning and Assurance form, signed and dated 05/15/12
5. Travel Authorization for Nigeria, dated 12/05/2011
6. Proposed Letter of Reprimand, no date indicated
7. resignation letter, dated 01/07/13

ATTACHMENT 1

Account Requests

CHANGE OF ADDRESS OR TELEPHONE NUMBER

Street Address _____
City, State _____
ZIP _____

Home Phone _____
Business Phone _____

Payment Information

- Enclose your check or money order payable in U.S. dollars to Citibank, N.A. with this payment coupon, but do not staple or tape them together. Please do not send cash.
- Write your account number on the front of your check or money order.
- Please make sure the entire Citibank address appears through the window of your remittance envelope. If we receive your mailed payment in proper form at our processing facility by 10 a.m. Eastern Time, it will be credited as of that day.
- Payments, adjustments, and charges received after the date indicated on the front as "Statement Date" will appear on your next statement.

Mail your payment in the envelope provided, or send your payment to:

Citibank, N.A.
P.O. Box 183173
Columbus, OH 43218-3173

You may send your payment via overnight mail to:

Citibank, N.A.
1500 Boltonfield Street
Columbus, OH 43228

Account Inquiries

In case of error or questions about your bill: If you think the Billing Statement is incorrect, or if you need more information about a transaction, write to us on a separate sheet at the address specified on the front of this statement as soon as possible. Please notify us no later than 60 days after the date of the bill on which the error or problem first appeared. Disputed amounts may be deducted from "Total Payments Due" after you notify CITI of disputed items.

In the letter, please give us the following information:

- Your name and account number. For Centrally Billed Accounts, please include the Agency name and individual account number.
- The dollar amount of the suspected error.
- Describe the error and explain the reason for the error; if more information is needed about an item, please describe it to us.
- **Merchant disputes:** If the Agency or Cardholder was unsuccessful in attempting to resolve a problem with a merchant concerning the quality of goods or services purchased with the CITI Government card, we may be able to help if we are notified in writing within 60 days of the date of the charge.
- In the letter to us, please explain in detail the dispute and the results of the attempt to resolve it with the merchant. The letter must include the amount involved, and must be signed by the individual Cardholder. We will notify you of the results of our efforts.
- If you returned merchandise and received a credit slip which has not yet been posted, please allow 30 days from the date it was issued. If it has not been posted to the Account by then, forward a copy of the credit slip to us at the billing dispute address specified on the front of the statement. Along with the copy of the credit slip, please include a letter (signed by the individual Cardholder) stating that credit was not received. If a credit slip was not issued, please request one from the merchant. If the merchant refuses, please write to us and explain the details.

- On non-disputed or any other matter shown by CITI not to be in error, CITI may charge the Agency or Cardholder the fee specified in the Cardholder Account Agreement for each copy of any document the Agency or Cardholder requests, such as duplicated periodic statements, transaction slips, and the like.
- Please save your charge receipt.
- **Mail billing inquiries to:**

Citibank, N.A.
PO Box 6125
Sioux Falls, SD 57117-6125

- **Telephone inquiries through CITI Customer Service,** 24 hours a day, 7 days a week:
- Toll-free: 1-800-790-7206
- Call Collect: 904-954-7850

Information about your CITI Government Card Account

Report Lost or Stolen Card Immediately: Our telephone lines are open every day, 24 hours a day. Call the Customer Service number listed here or specified on the front of the statement immediately (day or night). After you notify us, you will not be liable for any unauthorized use of your Card.

From within the Continental U.S.:
Toll-free: 1-800-790-7206
From outside the Continental U.S.:
Call Collect: 904-954-7850

ATTACHMENT 2



GOVERNMENT SERVICES TRAVEL CARD PROGRAM CARDHOLDER ACCOUNT AGREEMENT

IMPORTANT: BEFORE YOU SIGN OR USE THE GOVERNMENT CARD, READ THIS AGREEMENT THOROUGHLY. PLEASE RETAIN THIS AGREEMENT FOR YOUR RECORDS. In this Agreement ("Agreement"), "Card" means the enclosed Citibank® Government Travel Card (and all replacements) issued by Citibank (South Dakota), N.A. (which will be referred to as the "Bank") under the General Services Administration (GSA) contract no. GS-23F-T0003 ("GSA Contract"). "Agency/Organization" means the United States federal agency, bureau, division, office or other organizational entity that has requested/authorized the Bank to open an account for me. The words "I", "me", "my" and "mine" refer to the Agency/Organization employee named on the Card and who has agreed to be bound by this Agreement.

(1) THIS AGREEMENT

By activating, signing or using the Card or the account established in connection with it ("Account"), I am agreeing to the terms of this Agreement. If I do not agree to the terms of this Agreement, I will cut the card in half and return the pieces to the Bank before using the Card. I agree that I will be bound to the terms of this Agreement to the extent that I use the Card.

(2) USE OF THE CARD

Charging and cash advance privileges (if allowed) on the Card and Account are provided by the Bank pursuant to the GSA Contract and the task order of my Agency/Organization and are subject to this Agreement. I agree to use the Card only for official travel and official travel related expenses away from my official station/duty station in accordance with my Agency/Organization policy. I agree not to use the Card for personal, family or household purposes. I understand that the Card is not transferable and will be used by me alone only after I have signed the Card on the back above the words "authorized signature." Unless canceled, the Card will be valid through the expiration date printed on its face. By agreeing to the terms of this Agreement, I am requesting that the Bank issue a renewal Card to me before the current Card expires. The Bank will continue to issue renewal Cards until my Agency/Organization or I tell the Bank to stop. Charging and cash advance privileges will be automatically withdrawn: (i) upon request of the U.S. Government; (ii) upon termination of my employment with my Agency/Organization; (iii) upon termination of the GSA Contract and/or task order between the Bank and the Agency/Organization; (iv) if the card is reported lost or stolen; or (v) as noted in Section 10 of this Agreement.

(3) LOSS, THEFT OR UNAUTHORIZED USE

I agree to notify the Bank and my Agency/Organization immediately of any loss, theft or unauthorized use of the Card or Account. I will notify the Bank, by phone at 1-800-790-7206, toll free in the Continental United States, Hawaii, Alaska, Virgin Islands, Puerto Rico, or Canada, or collect at 904-954-7850 outside these areas. I will notify my Agency/Organization if directed. If my Card is returned to me after I have notified the Bank, I agree not to use the Card. I will not be liable for unauthorized charges that are made on my Card.

(4) PAYMENT

The Bank will provide me monthly with a billing statement, which sets forth billing data with respect to all my charges, cash transactions and fees relating to the Card and Account. My billing statement is due and payable, in full, upon receipt of the statement but must be received by the Bank no later than 25 calendar days from the closing date on the statement in which the charge appeared. Certain charges may be billed directly to my Agency/Organization and will appear on my billing statement as a memorandum item only. In the event these charges are later billed to my Account, I agree to pay such charges in full. Payments must be made in U.S. currency, in electronic form or with a money order payable in U.S. dollars, or with a draft or a check drawn on a bank in the U.S. and payable in U.S. dollars. If the Bank decides to accept a payment made in some other form, payment will not be credited to my Account until my payment is converted into one of the forms just mentioned. The Bank may accept late payments, partial payments or checks and money orders marked "payment in full" or with other restrictive endorsements without losing any rights under this Agreement or under the law.

(5) CHARGES MADE IN FOREIGN CURRENCIES

A. Information on Foreign Currency Conversion Procedures: If I make a transaction in a foreign currency, other than a cash advance made at a branch or ATM of one of the Bank's Citibank affiliates, MasterCard or Visa, depending on which card is used, will convert the amount into U.S. dollars. MasterCard and Visa will act in accordance with their operating regulations or foreign currency conversion procedures then in effect. MasterCard currently uses a conversion rate in effect one day prior to its transaction processing date. Such rate is either a wholesale market rate or the government-mandated rate. Visa currently uses a conversion rate in effect on its applicable central processing date. Such rate is either a rate it selects from the range of rates available in wholesale currency markets, which may vary from the rate it receives, or the government-mandated rate. If a cash advance is made in a foreign currency at a branch or ATM of one of the Bank's affiliates, the amount will be converted into U.S. dollars by a Citibank affiliate in accordance with its foreign currency conversion procedures then in effect. The Bank's Citibank affiliate currently uses a conversion rate in effect on its applicable processing date. Such rate is either a mid-point market rate or the government-mandated rate. The foreign currency conversion rate in effect on the applicable processing date for a transaction may differ from the rate in effect on the sale or posting date on my billing statement.

B. Transaction Fee for Transactions Made in Foreign Currencies: For each purchase made in a foreign currency, the Bank will pass along all charges assessed by the bankcard associations. In addition, if applicable, the Bank will charge a foreign transaction fee indicated in the accompanying table of Fees and Charges. The total foreign currency transaction fee will either be (i) added to, and integrated with, the applicable currency conversion rate or (ii) added to, and integrated with, the posted transaction amount.

(6) DISHONORED CHECKS

If any money order, check or draft is delivered to the Bank and cannot be processed, or is not honored for its face amount when presented,

I agree that the bank may impose as liquidated damages for its costs a charge of \$15.

(7) BILLING INQUIRIES/PROBLEMS WITH GOODS AND SERVICES

If I have any question, problem or dispute about the billing statement, I will notify the Bank in writing or by telephone, within 60 days of the billing date on the statement. The Bank will take all reasonable and appropriate steps to provide the information I request or resolve my dispute. I understand that I cannot hold the Bank accountable, and the Bank is not responsible, for problems such as malfunctions, failures due to lack of quality, or other defects relating to the goods or services that I purchase with my Card or Account. In these types of disputes, I must pay the Bank the charge and settle my dispute with the establishment where the goods or services were purchased. The Bank will not be responsible if any establishment refuses to honor the Card, or for any other problem I may have with such establishment.

(8) PURCHASES AND CASH ADVANCES

A. Purchases: I understand that I may use the Card or Account for purchases wherever the Card is honored, in accordance with my Agency's/Organization's policies and procedures.

B. Cash Advance: My Agency/Organization may approve my Card or Account for cash advance privileges. This will enable me to use my Card to obtain cash from automated teller machines ("ATMs") operated by a bank, other institutions, or a Citibank branch teller, when authorized by my Agency/Organization.

C. Cash Advance Transaction Fee: Each time I use my Card to obtain cash from an ATM, I will be assessed a transaction fee of 2.25% or lower. If my Agency/Organization has negotiated a lower fee, the lower amount will apply. The transaction fee will be billed to me on my billing statement. In some cases, a surcharge may be imposed by ATM operators.

D. Personal Identification Number: If I am approved for cash advance privileges, I will receive a confidential number code. This code is my personal identification number ("PIN"). To obtain cash from an ATM, my PIN must be entered into the ATM after I insert my Card. I agree to take all reasonable precautions to prevent any other person from learning my PIN or using my Card to make unauthorized transactions. I agree not to write my PIN on my Card or on any material I keep with the Card. I agree that if I voluntarily give the Card and my PIN to someone else for any reason, I am authorizing all transactions made by that person.

E. My Ability to Get Cash at an ATM or Citibank Branch Bank: Any limits for obtaining cash are set by the Agency's/Organization's policy. Limits on the number of and the dollar amount of transactions may be restricted by the operators of the ATM.

F. Citibank (South Dakota), N.A. Card Liability: The Bank will not be liable for any losses or damages resulting from any use or attempted use of the cash advance privileges including, but not limited to, situations where:

- ATMs or any computer systems, including Citibank systems, do not work properly;
- ATMs do not have enough cash;
- Or circumstances beyond the control of the Bank.

(9) TRAVELLERS CHEQUES

A. Purchases: My Agency/Organization may approve my Account for travellers cheque purchases. This will enable me to make purchases of American Express travellers cheques through my Card or Account. A fee of 3% will be applied.

B. Loss, Theft or Unauthorized Use: I agree to notify American Express, immediately at 1-800-721-7282 free in the United States, Virgin Islands, Canada, and Puerto Rico these areas of any loss, theft or unauthorized use of my travellers cheques.

(10) SUSPENSION AND CANCELLATION

The Bank may suspend or cancel my Card or Account privileges as set forth in this Section 10.

A. Suspension: My Account is considered delinquent if payment for the undisputed principal amount has not been received 45 calendar days from the closing date on the billing statement in which the charge appeared. I will receive notification from the Bank requesting payment of the undisputed past due amount. If payment has not been received 55 calendar days from the closing date, my Agency/Organization and I will be notified that the suspension process will be initiated. My Agency/Organization and I will be notified of a point of contact to assist in resolving the past due account. If payment for the undisputed principal amount has not been received 61 calendar days from the closing date, my Account will be suspended, unless otherwise directed by my Agency/Organization. My Agency/Organization or the GSA Contracting Officer has the right to suspend my Account for any reason. Upon payment of the undisputed principal amount to the Bank, my Account will be reinstated.

B. Cancellation: My Card or Account may be canceled if: (i) my Card is used for unauthorized purposes and the Bank has my Agency's/Organization's permission to cancel; (ii) my Account is past due for the undisputed amounts 120 calendar days past the closing date and all suspension procedures have been met by the Bank; (iii) my Account has been suspended two times during a 12-month period for undisputed amounts and is past due again. My Agency/Organization and I will be notified that the cancellation process will be initiated. If payment for the undisputed principal amount has not been received 126 calendar days from the closing date, my Card or Account will be canceled unless otherwise directed by my Agency/Organization; or (iv) my Account has been paid with checks returned by my financial institution for insufficient funds ("NSF") two or more times in a 12-month period. In this event, my Account is subject to immediate cancellation. In the event of cancellation, I understand that I must still pay all undisputed amounts due to the Bank under this Agreement. I understand that my Account information may be reported to credit reporting agencies if my Account is canceled. I will surrender the Card

CONTINUED ON REVERSE SIDE

upon request to my Agency/Organization. I understand that use of the Card or Account after its cancellation will be considered fraudulent and may cause the Bank to take legal action against me.

C. Late Fee and Reinstatement of Canceled Accounts: The Bank may reinstate canceled Accounts upon payment of the undisputed principal amount and late fee. The late fee is 2.5% per month on the entire undisputed principal amount until my payment is received by the Bank. The Bank may conduct a credit worthiness check on me prior to reinstatement of my canceled Account. If my Agency/Organization has negotiated a reinstatement fee, I will be charged that fee upon reinstatement. Late fees are assessable against my canceled Account irrespective of whether the Bank reinstates it.

D. Waiver of Suspension/Cancellation Rights: If the Bank does not enforce its Suspension and Cancellation rights under this Agreement within 180 days of the closing date on the billing statement in which the charge first appeared, it will lose them.

E. Collection: The Bank may use a collection agency to collect against canceled Accounts. Court costs and reasonable attorneys' fees, not to exceed fifteen percent (15%) of the amount owed, may be added to the Account if the Bank must refer all or any part of the Account to an outside attorney or agency for collection.

(11) CHANGING THIS AGREEMENT

The Bank may, upon written approval by the GSA and my Agency/Organization, change this Agreement. The Bank will notify me in writing at least 30 days prior to the date of the change. If I do not agree to the changes, I will cut the card in half and return the pieces to the Bank within 25 days of the date the change in terms becomes effective. I agree that I will be bound by the new terms if I use the Card after the effective date of the new terms.

(12) LIABILITY FOR CHARGES

I am responsible for all purchases, cash advances and fees charged to the Card issued to me, and the Bank will seek payment for all charges directly from me regardless of whether I have been reimbursed by my Agency/Organization.

(13) DISCLOSURE OF INFORMATION

In addition to routine uses under the Privacy Act, I authorize the Bank to: (i) provide information about my Account to the Bank's service providers administering my Account under the GSA Contract; and (ii) disclose all necessary Account information to outside attorneys, collection agencies or credit reporting agencies, if the Bank refers all or part of my Account for collection in accordance with the GSA Contract and my Agency/Organization's task order. I understand that past due Accounts will be reported to my Agency/Organization. By signing this Agreement, I am providing my written consent to the disclosure of information as provided in this Section 13.

(14) EXCHANGE OF INFORMATION

The Bank may provide to my Agency/Organization monthly or as often as requested, any information obtained by the Bank about my Account. This information can include Account status, any Account delinquency information, and charge activity. The information can also include detailed information about specific items or services purchased or paid for using my Account, including information from merchants that accept the card itemizing the components of my transaction with the merchant. The Bank may also contact my manager or other individual designated by my Agency/Organization for assistance in managing my Account balance. My Agency/Organization is authorized to provide information about me to the Bank for the purpose of assisting the Bank in managing my Account.

(15) TELEPHONE MONITORING

I understand that from time to time the Bank may monitor and/or record telephone calls regarding my Account to assure the quality of its service.

(16) GOVERNING LAW

This Agreement and my Account are subject to the GSA Contract and shall be governed by South Dakota law and the laws of the United States.

(17) CONSUMER CREDIT REPORTS

I authorize the Bank and my Agency to obtain consumer credit reports on me.

(18) ARBITRATION

PLEASE READ THIS PROVISION OF THE AGREEMENT CAREFULLY. IT PROVIDES THAT ANY DISPUTE MAY BE RESOLVED BY BINDING ARBITRATION. ARBITRATION REPLACES THE RIGHT TO GO TO COURT, INCLUDING THE RIGHT TO A JURY TRIAL AND THE RIGHT TO PARTICIPATE IN A CLASS ACTION OR SIMILAR PROCEEDING. IN ARBITRATION, A DISPUTE IS RESOLVED BY AN ARBITRATOR INSTEAD OF A JUDGE OR JURY. ARBITRATION PROCEDURES ARE MORE SIMPLE AND MORE LIMITED THAN COURT PROCEDURES.

Agreement to Arbitrate: Either the Bank or I may, without the other's consent, elect mandatory, binding arbitration for any claim, dispute, or controversy between me and the Bank (called "Claims").

Claims Covered

• **What Claims are subject to arbitration?** All Claims relating to my Account, a prior related account, or the relationship between me and the Bank are subject to arbitration, including Claims regarding the application, enforceability or interpretation of this Agreement and this arbitration provision. All Claims are subject to arbitration, no matter what legal theory they are based on or what remedy (damages, or injunctive or declaratory relief) they seek. This includes Claims based on contract, tort (including intentional tort), fraud, agency, my or the Bank's negligence, statutory or regulatory provisions, or any other sources of law; Claims made as counterclaims, cross-claims, third-party claims, interpleaders or otherwise, and Claims made independently or with other claims. A party who initiates a proceeding in court may elect arbitration with respect to any Claim advanced in that proceeding by any other party. Claims and remedies sought as part of a class action, private attorney general or other representative action are subject to arbitration on an individual (non-class, non-representative) basis, and the arbitrator may award relief only on an individual (non-class, non-representative) basis.

• **Whose Claims are subject to arbitration?** Not only mine and the Bank's, but also Claims made by or against anyone connected with the

Bank or me or claiming through the Bank or me, such as a coapplicant or authorized user of my Account, an employee, agent, representative, affiliated company, predecessor or successor, heir, assignee, or trustee in bankruptcy.

• **What time frame applies to Claims subject to arbitration?** Claims arising in the past, present, or future, including Claims arising before the opening of my Account, are subject to arbitration.

• **Broadest interpretation.** Any questions about whether Claims are subject to arbitration shall be resolved by interpreting this arbitration provision in the broadest way the law will allow it to be enforced. This arbitration provision is governed by the Federal Arbitration Act (the "FAA").

• **What about Claims filed in Small Claims Court?** Claims filed in a small claims court are not subject to arbitration, so long as the matter remains in such court and advances only an individual (non-class, non-representative) Claim.

How Arbitration Works

• **How does a party initiate arbitration?** The party filing an arbitration must choose one of the following two arbitration firms and follow its rules and procedures for initiating and pursuing an arbitration: American Arbitration Association or National Arbitration Forum. Any arbitration hearing that I attend will be held at a place chosen by the arbitration firm in the same city as the U.S. District Court closest to my then current billing address, or at some other place to which I and the Bank agree in writing. You may obtain copies of the current rules of each of the two arbitration firms and forms and instructions for initiating an arbitration by contacting them as follows:

American Arbitration Association

335 Madison Avenue, Floor 10

New York, NY 10017-4605

Web site: www.adr.org

National Arbitration Forum

P.O. Box 50191

Minneapolis, MN 55405

Web site: www.arbitration-forum.com

At any time the Bank or I may ask an appropriate court to compel arbitration of Claims, or to stay the litigation of Claims pending arbitration, even if such Claims are part of a lawsuit, unless a trial has begun or a final judgment has been entered. Even if a party fails to exercise these rights at any particular time, or in connection with any particular Claims, that party can still require arbitration at a later time or in connection with any other Claims.

• **What procedures and law are applicable in arbitration?** A single, neutral arbitrator will resolve Claims. The arbitrator will be either a lawyer with at least ten years experience or a retired or former judge, selected in accordance with the rules of the arbitration firm. The arbitration will follow procedures and rules of the arbitration firm in effect on the date the arbitration is filed unless those procedures and rules are inconsistent with this Agreement, in which case this Agreement will prevail. Those procedures and rules may limit the discovery available to me or the Bank. The arbitrator will take reasonable steps to protect customer Account information and other confidential information if requested to do so by me or the Bank. The arbitrator will apply applicable substantive law consistent with the FAA and applicable statutes of limitations, will honor claims of privilege recognized at law, and will have the power to award to a party any damages or other relief provided for under applicable law. I or the Bank may choose to have a hearing and be represented by counsel. The arbitrator will make any award in writing and, if requested by me or the Bank, will provide a brief statement of the reasons for the award. An award in arbitration shall determine the rights and obligations between the named parties only, and only in respect of the Claims in arbitration, and shall not have any bearing on the rights and obligations of any other person, or on the resolution of any other dispute.

• **Who pays?** Whoever files the arbitration pays the initial filing fee. If the Bank files, the Bank pays; if I file, I pay, unless I get a fee waiver under the applicable rules of the arbitration firm. If I have paid the initial filing fee and I prevail, the Bank will reimburse me for that fee. If there is a hearing, the Bank will pay any fees of the arbitrator and arbitration firm for the first day of that hearing. All other fees will be allocated as provided by the rules of the arbitration firm and applicable law. However, the Bank will advance or reimburse my fees if the arbitration firm or arbitrator determines there is good reason for requiring the Bank to do so, or if I ask the Bank and the Bank determines there is good reason for doing so. Each party will bear the expense of that party's attorneys, experts, and witnesses, and other expenses, regardless of which party prevails, but a party may recover any or all expenses from another party if the arbitrator, applying applicable law, so determines.

• **Who can be a party?** Claims must be brought in the name of an individual person or entity and must proceed on an individual (non-class, non-representative) basis. The arbitrator will not award relief for or against anyone who is not a party. If I or the Bank require arbitration of a Claim, neither I, the Bank, nor any other person may pursue the Claim in arbitration as a class action, private attorney general action or other representative action, nor may such Claim be pursued on my or the Bank's behalf in any litigation in any court. Claims, including assigned Claims, of two or more persons may not be joined or consolidated in the same arbitration. However, applicants, co-applicants, authorized users on a single account and/or related accounts, or corporate affiliates are here considered as one person.

• **When is an arbitration award final?** The arbitrator's award is final and binding on the parties unless a party appeals it in writing to the arbitration firm within fifteen days of notice of the award. The appeal must request a new arbitration before a panel of three neutral arbitrators designated by the same arbitration firm. The panel will consider all factual and legal issues anew, follow the same rules that apply to a proceeding using a single arbitrator, and make decisions based on the vote of the majority. Costs will be allocated in the same way they are allocated for arbitration before a single arbitrator. An award by a panel is final and binding on the parties after fifteen days have passed. A final and binding award is subject to judicial review and enforcement as provided by the FAA or other applicable law.

Survival and Severability of Terms

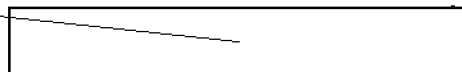
This arbitration provision shall survive: (i) termination or changes in the Agreement, the Account, or the relationship between me and the Bank concerning the Account; (ii) the bankruptcy of any party; and (iii) any transfer, sale or assignment of my Account, or any amounts owed on your account, to any other person or entity. If any portion of this arbitration provision is deemed invalid or unenforceable, the entire arbitration provision shall not remain in force. No portion of this arbitration provision may be amended, severed, or waived absent a written agreement between me and the Bank.

ATTACHMENT 3



CERTIFICATE

This is to Certify that



has completed the course requirements for the
GSA SmartPay® Travel Card: Charting the Course
Training

December 15, 2010



David Shea
GSA SmartPay® Program
Office of Acquisition
Federal Supply Service

ATTACHMENT 4



USAID
FROM THE AMERICAN PEOPLE

Office of Inspector General - Investigations

Appendix 20-4

**ADMINISTRATIVE WARNING AND ASSURANCE
FOR A FEDERAL EMPLOYEE**

You are being asked to provide information as part of an investigation being conducted by the Office of Inspector General into alleged misconduct and/or improper performance of your official duties. The investigation involves the following:

Misuse of Government Travel Card

The purpose of this interview is to obtain information which will assist in the determination of whether administrative action is warranted. This investigation is being conducted pursuant to the Inspector General Act of 1978, as amended.

- You are going to be asked a number of specific questions concerning the performance of your official duties.
- You have a duty to reply to these questions and agency disciplinary action, including dismissal, may be undertaken if you refuse to answer or fail to reply fully and truthfully.
- The answers you furnish and any information or evidence resulting therefrom may be used in the course of civil or administrative proceedings.
- Neither your answers nor any information or evidence which is gained by reason of such statements can be used against you in any criminal proceedings, except that if you knowingly and willfully provide false statements or information in your answers, you may be criminally prosecuted for that action.

ACKNOWLEDGEMENT

I understand my rights and obligations as set forth above.

Date: 15 May 12	Time: 1:58 pm	Employer's Signature: [Redacted]
Witnessed by: [Redacted]	Title: [Redacted]	
Witnessed by: [Redacted]	Title: [Redacted]	
Location: USAID		
Case Number:		

U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523
www.usaid.gov

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)
(b)(7)(E)

(telephone)

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)

ATTACHMENT 5

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

AGENCY FOR INTERNATIONAL DEVELOPMENT REQUEST AND AUTHORIZATION OF OFFICIAL TRAVEL

COMMITMENT NUMBER	AUTHORIZATION NUMBER 2440020	AMEND NO.
1. NAME AND ADDRESS OF TRAVELER (JO) FINANCIAL MANAGEMENT USAID WASHINGTON, D.C.	2. STATUS OF TRAVELER <input type="checkbox"/> ADMINISTRATIVE EMPLOYEE <input checked="" type="checkbox"/> OTHER (Spec/Sp) BS-04, FP-05	3. SOCIAL SECURITY NO.
4. OFFICIAL STATION OR ORGANIZATION ABUJA, NIGERIA		

5 This document becomes an authorization of official travel only when the certificate of authorization has been signed by the designated authorizing officer. This travel is ordered on official business for the convenience of the government. Vouchers should be submitted promptly as provided in the applicable regulations.

6. APPLICABLE REGULATIONS: Travel and necessary expenses re authorized in accordance with the ☒ Foreign Service Travel Regulations, ☐ Federal Travel Regulations, and the maximum per diem under these regulations is allowed unless otherwise noted in item 7.

7 ITINERARY, PURPOSE AND SPECIAL AUTHORIZATION

AUTHORIZED TRAVELER: Employee.

AUTHORIZED ROUTING: Washington, DC to Abuja, Nigeria
Travel to commence on or about 1/2012. Per Diem is authorized on a lodgings-plus basis while in travel status.

PURPOSE: Assignment to Post.

AUTHORIZED SHIPPING: 7,200 lbs HHE.
Consumables Shipment NTE 2500 Pounds. POV. Combined shipping and storage NTE 18,000 lbs. 250 pounds UAB.

(b)(6);(b)(7)(C)

Traveler is authorized up to two checked bags, not to exceed airline weight allowance per bag. Charges levied by carriers on the first and/or second bag (within the airline weight limits) are allowable, excluding any charges levied as a result of excess weight. Receipts are required for any baggage payments.

Please charge the airfare to USAID/Nigeria

Funds include costs for applicable Travel Agent (TMC)/passport/visa fees.

HR/FSP/FSS:	DATE 12/5/2011
-------------	----------------

(b)(6);(b)(7)(C)

8. APPROPRIATION LIMITATION SYMBOL	9. ALLOTMENT ACCOUNT SYMBOL 2011/2012 OE-DLI	10. REQUESTING OFFICE SYMBOL HR/FSP/FSS,
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(b)(6);(b)(7)(C)

11. FUND ACCOUNT (AWACS)	12. ALLOTMENT ACRONYM (AWACS)	13. CONTRACT NUMBER (if applicable)
--------------------------	-------------------------------	-------------------------------------

14. AWACS Commitment Approved	15. a CERTIFICATE OF AUTHORIZATION - I CERTIFY that this authorization is made in accordance with item 6 (AWACS Obligation - Approved) FRANCES STAUNTON, H/MS/TTD	15b DATE 12/5/11
-------------------------------	--	---------------------

(b)(6);(b)(7)(C)

16 FUNDING ORG/ACTIVITY
SOC:2100200 \$ 200.00/PER DIEM
SOC:2100200 \$ 3,300.00/CARRIER
SOC:2200100 \$50,000.00/TRANSPORTATION OF THINGS

RESOURCE CATEGORY CODES	PREVIOUS OBLIGATION	INCREASE (+) / DECREASE (-)	ESTIMATED COST
PER DIEM & MISC EXPENSES	\$200.00		\$200.00
CARRIER COSTS	\$3,300.00		\$3,300.00
TRANSPORTATION OF THINGS	\$50,000.00		\$50,000.00
TOTAL	\$53,500.00	\$0.00	\$53,500.00

PRIVACY ACT STATEMENT - The following statement is required on this form by the Privacy Act of 1974 (P.L. 93-579, 88 Statute 1896). The information solicited on this form will enable AID Travel Division to purchase tickets, obtain passports, arrange for pick-up, delivery and storage of household effects and make positive identification of individuals. Provision of data is voluntary, however, failure to provide the information could delay the receipt of pertinent travel documents. The authority for collecting the information is contained in the Foreign Service Act of 1904, as amended, Sec. 911, and Chapter 57, 5 U.S.C. Disclosure of information provided will not be made outside the Agency without the written consent of the individual involved or pursuant to any applicable routine use as published in the Federal Register under the "Statement of General Routine Uses", which immediately precedes the description of the Systems of Records. (A copy of the "Statement of General Routine Uses" and the Systems of Records may be obtained from the USAID Information Support Services Division on request.)

(b)(6);(b)(7)(C)

AID 5-8 (8/10) IMPORTANT: Every Voucher and Message Concerning this Travel Must Refer to authorization Number and Date in 15 b
1-Copy for Traveler 2-Obligation of Funds Copy 3-Travel Section Copy 4-Controller Copy 5-Requesting Office Copy

Planned funds committed 12-1-11 125-11

ATTACHMENT 6



USAID
FROM THE AMERICAN PEOPLE

(b)(6);(b)(7)(C)
MEMORANDUM

(b)(6);(b)(7)(C)
To: [redacted]
Junior Financial Management Officer,
USAID Nigeria

From: [redacted]
Division Chief
Human Resources, Foreign Service Personnel

Subject: Notice of Proposed Letter of Reprimand

This is notice that I propose to issue you a letter of reprimand for the misuse of the United States Agency for International Development (USAID) government travel card (GTC). This action is being proposed in accordance with 3 Foreign Service Affairs Manual (FAM) 4350, and Automated Directives System (ADS) Chapter 485, Disciplinary Action – Foreign Service.

Charge 1: Misuse of USAID Government Travel Card

The Office of Inspector General, Investigations (OIG/I) conducted an investigation into allegations that you used your GTC to purchase personal items. The investigation revealed that you made charges on your GTC from various merchants including Target, BJ's Wholesale, and VA ABC (liquor) store totaling \$2,435.09. This total includes charges you said you inadvertently made on the GTC for CSA Airlines and Hotels.com for a personal trip (non-official travel) to Prague. Your trip to Prague was taken while you were on personal leave and before your official travel to Nigeria. None of these charges are permissible under the Card Member Agreement or Agency policy (ADS 633.3.3). Further, they are in violation of Title 5 Code of Federal Regulations, Standards of Ethical Conduct for Employees of the Executive Branch (SECEE) part 2635.704 Subpart G Misuse of Position (Use of Government Property).

On April 27, 2012, the IG's office received an allegation that you used your Government-issued Travel Card (GTC) to purchase personal items.

On May 1, 2012, the IG's office contacted the Program Coordinator, Travel Card Program, USAID and requested copies of your GTC statements from November 2011 to April 2012. The document indicated that you were issued your GTC in December 2010 and your first activity on the card started in January 2011. Your questionable credit card charges began in

December 2011 as you were preparing for your assignment to Nigeria.

On May 15, the IG contacted you at the USAID building in La Paz, Bolivia to interview you to determine why you used your GTC to charge the items below. At that time, you were on temporary duty in La Paz, Bolivia conducting A123 assessments, which are random financial assessments of various USAID employees at the mission in Bolivia to include, but not limited to, sensitive payments, payroll and **GTC purchases**. You indicated that the questionable items constituted consumables that are not available in Nigeria and so you chose to have them shipped to Nigeria. You believed that you were allowed to use your GTC to purchase them even though you also used the card to charge your personal airline flight to Prague.

A review of your account shows:

- On 12/09/11, a ticket on **CSA (Czech) Airline** was purchased in the amount of **\$361.35**
- On 12/10/11, purchases from **Target** store located in Falls Church, VA in the amount of **\$268.83**
- On 12/10/11, purchases from **BJ Wholesale Store Club #351** located in Falls Church, VA in the amount of **\$457.79**.
- On 12/11/11, a purchase from **Hotels.com** in the amount of **\$836.92**
- On 12/11/11, purchases from **VA ABC (liquor)** store #049 located in Arlington, VA in the amount of **\$510.20**

The ADS, Section 633.3.3c., "Personal Use," provides that "any personal use of the GSTC is strictly prohibited. Employees must not use the GSTC for any transaction that is not associated with their approved TA. Employees may use the GSTC only for official travel-related transactions."

The Cardholder Account Agreement, Section 2 states in part, "I agree to use the Card only for official travel and official travel related expenses away from my station/duty station in accordance with my Agency/Organization policy. I agree not to use the Card for personal, family, or household purposes..." Finally the Cardholder Account Agreement states in section 1, "By activating, signing, or using the Card or the account established in connection with it (Account"), I am agreeing to the terms of this Agreement. If I do not agree to the terms of the Agreement, I will cut the card in half and return the pieces to the Bank before using the Card. I agree that I will be bound to the terms of this Agreement to the extent that I use the Card."

Your explanations have been found to be unacceptable. You completed the Travel Card training in December 2010, and started using your card on January 22, 2011. Your unauthorized purchases in December 2011 are in violation of agency regulations and the Cardholder Account Agreement.

After careful consideration, I have determined corrective action is warranted. In determining the severity of this disciplinary action, I have considered as aggravating factors: the nature and seriousness of your misconduct; its relationship to your important duties and responsibilities of your position as Junior Financial Management Officer (the adverse effects on the trust and authority given to you by your staff, and the Agency's confidence in your judgment

and integrity). Also considered was the interference of your ability to perform the duties of your position effectively. Duties of your position include performing random financial assessments of various USAID employees. While in Bolivia, part of your financial assessment included review of payroll and GTC purchases. If you are not familiar with or following the regulations on use of your credit, it is questionable on how effective you can evaluate others in this area. Because of your actions, your supervisor has diminished trust and confidence in your ability to effectively carry out the duties of your position as well as the agency's mission and function.

As mitigating factors, I have considered your past record and as required, the potential for rehabilitation. A further consideration, however, is that as a Foreign Service Officer who is a Financial Management Officer, your job responsibilities include exercising good judgment and following and enforcing laws, rules, and regulations.

After carefully weighing all factors, and closely studying the appropriate regulations, I have determined that it is in the best interest of the Agency to propose a reprimand. In arriving at this discipline, I have examined the Table of Offenses and Penalties in 3 FAM 3 4377 to assist me with making this proposal. Under the Table of Offenses and Penalties, your offense is covered by number 31, "Misuse of U.S. Government sponsored or issued credit cards, or untimely payment or nonpayment of balance due, other than disputed charges." The recommended penalties range from written reprimand to removal.

If you choose to respond to this proposal, you should direct any written response and supporting documents to [redacted] Deputy Assistant Administrator, Office of Human Resources, United States Agency for International Development, 1300 Pennsylvania Avenue, NW, Room 2.08-100, Washington, DC 20523. If you choose to respond orally, you should contact [redacted] to make those arrangements. [redacted] may be contacted via e-mail [redacted] or by telephone (202) 712-5156. Any response you choose to make must be made within thirty days from receipt of this proposal. If you believe that you need more time to make a response, you should direct your request for additional time to [redacted] as soon as possible. A reasonable extension of time will be granted for good cause upon submission of a written request prior to the expiration of the thirty day reply period. Any such request should state specifically the reason(s) and cause for the requested extension and a date by which an answer will be forthcoming. A decision will be issued as soon as practicable after you present your response, or at the end of the response period, whichever comes first.

After considering your response, a decision will be made whether the Letter of Reprimand is still warranted and you will be informed of the decision. If a decision is made that the Letter of Reprimand is still warranted, this letter of reprimand shall remain in your file for one year from the date of the decision, or until the letter has been reviewed by one promotion or commissioning and tenure board, except that when a performance file is reviewed in the same cycle by more than one board (i.e., class wide and conal review), the letter must be reviewed by all applicable promotion boards. You are advised that should there be any repetition of this type of misconduct in the future, you may be subject to a more severe disciplinary action.

Copies of the material upon which this proposed reprimand is based are enclosed for your

review.

Subject to 3 FAM 4325, you may have a representative of your choice to assist you in the preparation and presentation of any reply you may wish to submit. You and your representative, if your representative is an employee of the agency, will be allowed a reasonable amount of official time to review the materials upon which this action is based and present a reply.

Pursuant to FAM requirements, you must acknowledge receipt of this letter by signing and dating the record copy. Enclosed is a self-addressed envelope for you to return a signed copy of the proposed suspension back to me. You are advised that acknowledgement of receipt does not signify agreement with the contents of this letter.

(b)(6);(b)(7)(C)

If you have any questions, you may contact [redacted] 202 712-1127 in the Office of Human Resources.

ACKNOWLEDGEMENT OF RECEIPT

Employee's Signature: _____

Date: _____

ATTACHMENT 7

January 7, 2013

Dear Bill:

Please accept this as my letter of resignation from USAID. My last day will be Friday, January 18, 2013.

Sincerely,

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS**

REPORT OF INVESTIGATION

Case Title: [REDACTED]
Case Number: [REDACTED]
Status: Closed
OIG/I Office: Washington, DC
Period of Investigation: 4/27/12- 5/15/12

Synopsis:

On December 22, 2011, USAID OIG received information, via the OIG Hotline, from an anonymous source (AS) alleging a few weeks prior, the AS overheard [REDACTED] Junior Financial Management Officer, USAID Nigeria having a phone conversation with an unknown individual and [REDACTED] said that [REDACTED] used [REDACTED] Government-issued Travel Card (GTC) to purchase personal items that totaled approximately \$2,000.00.

On April 27, 2012, SA [REDACTED] (RA) received the allegation and began to look into the matter. On May 1, 2012, the RA contacted [REDACTED], Program Coordinator, Travel Card Program, USAID and requested copies of [REDACTED] GTC statements for the time period of November 2011 to April 2012 (*Attachment 1, GTC statements, dated 12/25/2011*). [REDACTED] said [REDACTED] was issued [REDACTED] GTC in December 2010, and [REDACTED] first activity on the card was in January 2011. Additionally, [REDACTED] asserted there was activity in the December 2011 statement that appeared to be questionable. A review of [REDACTED] GTC statements from December 2011 through April 2012 revealed the following questionable charges totaling \$2,471.09:

- On 12/09/11, a ticket on **CSA (Czech) Airline** was purchased for [REDACTED] in the amount of **\$361.35**
- On 12/10/11, purchases from **Target** store located in Falls Church, VA in the amount of **\$268.83**

REPORT MADE BY:

Name:

Signature: [REDACTED]

Date Signed:

02/06/13

APPROVING OFFICIAL:

Name:

Signature: [REDACTED]

Signed:

2/6/13

- On 12/10/11, purchases from **BJ Wholesale Store Club #351** located in Falls Church, VA in the amount of **\$457.79**.
- On 12/10/11, a purchase from **Hotels.com** in the about of \$836.92
- On 12/11/11, purchases from **VA ABC (liquor)** store #049 located in Arlington, VA in the amount of **\$510.20**.
- On 12/22/11, a purchase for a **Classified Visa and Passport** from Springfield, VA in the amount of **\$36.00**

The Reporting Agent (RA) initiated an investigation to determine if [redacted] was authorized to make the above listed charges to [redacted] GTC and to determine if [redacted] used [redacted] GTC for personal use.

Details of Investigation

On May 1, 2012, the RA contacted Assistant United States Attorney [redacted] U.S. Attorney's Office for the District of Columbia, and presented the above mentioned case for possible criminal prosecution. [redacted] declined the case.

On May 3, 2012, the RA contacted [redacted] Program Coordinator, Travel Card Program, USAID and requested a copy of the GTC member agreement that [redacted] would have received and agreed to before [redacted] accepted [redacted] GTC. Subsequently, [redacted] forwarded the RA, via email, a copy of the GTC member agreement (*Attachment 2, GTC member agreement, dated May 3, 2012*). In paragraph two of the GTC member agreement, it stated, "I agree to use the Card only for official travel and official travel related expenses away from my official station/duty station in accordance with my Agency/Organization policy. I agree not to use the Card for personal, family or household purposes". Moreover, [redacted] stated on December 15, 2010, [redacted] completed the necessary online course requirements prior to receiving [redacted] GTC (*Attachment 3, GSA Travel Card certificate, dated December 15, 2010*). [redacted] asserted the training course is clear about use of the card.

On May 15, 2012, the RA contacted [redacted] at USAID Bolivia to interview [redacted] and determine why [redacted] used [redacted] GTC to charge the above mentioned items during December 2011. Assistant Regional Security Officer [redacted] (ARSO [redacted]), Regional Security Office, U.S. Embassy La Paz, Bolivia assisted the RA with the interview. Before any questioning, ARSO [redacted] presented [redacted] with an Administrative Warning and Assurance for a Federal Employee form (*Attachment 4, Administrative Warning and Assurance form, dated*

May 15, 2012) and advised [redacted] of [redacted] rights. [redacted] said [redacted] understood [redacted] rights and signed the form. During the interview, [redacted] stated that [redacted] began working for USAID in November 2010 and is currently posted in the Office of Financial Management, USAID Nigeria. [redacted] explained that [redacted] is in La Paz, Bolivia, on temporary duty conducting A123 assessments, which are random financial assessments of various USAID employees at the mission in Bolivia to include, but not limited to, sensitive payments, payroll and GTC purchases.

The RA asked ARSO [redacted] to provide [redacted] with a copy of [redacted] December 2011 Citi Bank Visa GTC statement and asked [redacted] to explain various charges. [redacted] stated that the charges at Target, BJ's Wholesale, and VA ABC (liquor) store consisted of purchases that [redacted] made for [redacted] onward assignment to Abuja, Nigeria in January 2012. Moreover, [redacted] said those items constituted [redacted] consumables and were shipped to Nigeria. [redacted] elaborated that most of the items [redacted] bought in the U.S. weren't going to be available in Nigeria; therefore, [redacted] figured [redacted] was allowed to use [redacted] GTC to purchase them. [redacted] said no one told [redacted] [redacted] couldn't use [redacted] GTC to make the purchases. [redacted] stated that the charges from CSA Airlines and Hotels.com were personal charges that [redacted] made for [redacted] trip to Prague. [redacted] explained [redacted] took personal leave and traveled to Prague before [redacted] assignment to Nigeria. [redacted] said [redacted] didn't realize that [redacted] used [redacted] GTC to make these purchases. [redacted] said the charge for Visa and Passport photos was necessary. [redacted] asserted [redacted] was going to use the Visa and Passport photos when [redacted] arrived at post. The RA asked [redacted] if [redacted] recalled taking an online course in regards to the use of the GTC and [redacted] stated, "Yes". However, [redacted] did not recall if [redacted] received any Cardholder agreement documentation when [redacted] was issued [redacted] GTC in December 2010.

On May 16, 2012, the RA obtained [redacted] Travel Authorization (TA) for [redacted] assignment to Nigeria (*Attachment 5, [redacted] Travel Authorization for Nigeria, dated 12/5/11*). The TA stated that [redacted] was authorized to ship consumables totaling 2500 pounds to Nigeria; however, the TA did not indicate that USAID would cover the cost to purchase the consumables or authorize [redacted] to charge the consumables to USAID.

In October 2012, [redacted] Human Resources Division Chief, USAID issued a letter of proposed reprimand (*Attachment 6, [redacted] Proposed letter of Reprimand*) to [redacted] for the misuse of [redacted] USAID GTC.

On January 7, 2013, [redacted] resigned from [redacted] employment with USAID (*Attachment 7, [redacted] resignation letter, dated 01/07/13*). This case is closed.

Subjects/Defendants/Suspects:

Junior Financial Management Officer
USAID/Nigeria

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

There are no items in evidence or seized contraband.

Judicial and Administrative Actions:

In October 2012, Human Resources Division Chief, USAID issued a letter of proposed reprimand to for the misuse of USAID GTC. On 01/17/13, resigned from employment with USAID.

Attachments:

1. GTC statements from 12/2010 to present, dated 12/25/2011
2. GTC member agreement, dated 05/03/2012
3. GSA Travel Card certificate, dated 12/15/2010
4. Administrative Warning and Assurance form, signed and dated 05/15/12
5. Travel Authorization for Nigeria, dated 12/05/2011
6. Proposed Letter of Reprimand, no date indicated
7. resignation letter, dated 01/07/13

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS**

REPORT OF INVESTIGATION

Case Title: [redacted] Afghanistan
Case Number: [redacted]
Status: Closed
Period of Investigation: 05/28/2012 – 07/10/2012
OIG/I Office: Kabul, Afghanistan

Synopsis:

On December 16, 2011, the USAID Office of Inspector General (OIG) received an e-mail complaint from [redacted] stating that [redacted] former supervisor, [redacted], may have leaked bid information to a prospective vendor. In [redacted] e-mail, [redacted] stated that [redacted] worked for International Land Systems (ILS) which was a subcontractor to Tetra Tech ARD on the USAID Land Reform in Afghanistan Project (LARA). [redacted] said that [redacted] indicated an interest in supplying technical specifications and quantities of surveying and mapping equipment to Trimble, Inc., who was presumably bidding on a future Request for Quotation (RFQ) to supply this equipment. The RFQ was valued at \$200,000. [redacted] also stated that [redacted] was terminated from ILS for raising this issue with Tetra Tech ARD. (Attachment 1)

The USAID OIG investigation determined that a RFQ was never issued, nor was there any subcontract with Trimble Inc. All documentation was reviewed by the USAID Contracting Officer's Technical Representative (COTR) and was found to be in order. Nothing substantiating this allegation was found.

This case is closed with the submission of this report.

Details of Investigation:

Special Agent (SA) [redacted] USAID OIG met with [redacted] [redacted] [redacted] USAID/Afghanistan. [redacted] is the COTR and technical advisor for this project. [redacted] was asked to research all files related to this matter to determine if any contracting irregularities existed. After reviewing [redacted] files, [redacted] reported that the allegation was unfounded and there had been complete transparency in the selection of subcontractors for this project. [redacted] also stated that all required documentation had been submitted to USAID and proper contracting procedures had been followed.

REPORT MADE BY:

Name:
Signature:

Date Signed:

10/2/2012

APPROVING OFFICIAL:

Name:
Signature:

Date Signed:
10/2/12

05/28/2012 – 07/10/2012

SA [redacted] USAID OIG also met with [redacted] [redacted] reviewed [redacted] files and confirmed there was never any subcontract with Trimble, Inc. [redacted] added that [redacted] s performance at meetings angered [redacted] [redacted] said [redacted] always portrayed [redacted] as an independent contractor and not representing the USAID contract.

SA [redacted] contacted [redacted] [redacted] for Tetra Tech ARD. [redacted] said [redacted] dismissed [redacted] for acting in an irrational manner and for attempting to represent [redacted] as something other than his position description. [redacted] also confirmed that there has never been any contract between Tetra-Tech ARD and Trimble Inc.

SA [redacted] contacted [redacted] [redacted] for ARD International. According to [redacted] [redacted] made allegations regarding [redacted] in approximately November 2011. [redacted] said the allegations were reviewed and investigated. [redacted] added the ARD home office contracts manager immediately looked into the procurement in question and determined that it had not been completed. [redacted] said the RFQ had not been issued, and no selection of a vendor had ever been made.

This case is closed with the submission of this report.

Subjects/Defendants/Suspects:

Name: [redacted]
Title: [redacted] of International Land Services, Inc.

Name: [redacted]
Title: [redacted]

Undeveloped Leads:

There are no other investigative issues remaining.

Disposition of Evidence, Contraband or Personal Property:

None

05/28/2012 – 07/10/2012

Judicial and Administrative Actions:

None

Attachments:

1. A copy of the e-mail complaint to the OIG dated December 16, 2011.

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS**

REPORT OF INVESTIGATION

(b)(6);(b)(7)(C)
(b)(7)(E)

Case Title: Tainted PSC Solicitation
Case Number: [REDACTED]
Status: Closed
Period of Investigation: 09/19/11 – 06/14/13
OIG/I Office: Washington, DC.

(b)(6);(b)(7)(C)

Synopsis:

(b)(6);(b)(7)(C)

On September 19, 2011, USAID Office of Inspector General (OIG) received an e-mail from [REDACTED] USAID Office of Acquisition and Assistance (OAA), Washington, DC. The e-mail contained concerns regarding three USAID OAA employees involved in the recruitment of U.S. Personal Services Contractor (PSC) vacancies in OAA. According to the e-mail, the issues involved a PSC position solicitation that was improperly graded, the Division Chief of this section was unaware of this solicitation, and this solicitation was only advertised for three business days. Also of concern, was a potential conflict of interest in that a relative and a personal friend of the procuring contracting officer had applied for the advertised positions. Allegedly, the contracting officer recused [REDACTED] from the procurement; however, neither the Division Chief nor the USAID Ethics Officer was made aware of the recusal.

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)

Investigation by USAID OIG determined that OAA Contracting Officer (CO) [REDACTED] assisted [REDACTED] and close friend in applying for a USAID PSC solicitation over which [REDACTED] had authority. [REDACTED] failed to notify [REDACTED] supervisor and failed to formally recuse [REDACTED] from the hiring process, thereby posing a conflict of interest.

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)

USAID OIG forwarded a referral memo to OAA for appropriate action. OAA decided that [REDACTED] should complete certain special procurement integrity classes and training exercises. [REDACTED] progress and performance will be closely monitored by OAA.

This case is closed with the submission of this report.

(b)(6);(b)(7)(C)

REPORT MADE BY:

Name: [REDACTED]

Signature: [REDACTED]

Date Signed:

11/5/13

(b)(6);(b)(7)(C)

APPROVING OFFICIAL:

Name: [REDACTED]

Signature: [REDACTED]

Date Signed:

11/5/13

09/19/11 – 06/14/13

(b)(6);(b)(7)(C)

Details of Investigation:

On September 19, 2011, USAID OIG received an e-mail from [redacted] USAID OAA. The e-mail named three individuals involved in the solicitation. The individuals involved were:

[redacted] Contracting Officer
[redacted] Contracting Officer
[redacted] Contracting Specialist (CS)
(Attachment 1. E-mail from [redacted] dated 09/19/11)

The solicitation was for U.S. Personal Service Contractor, Solicitation No. SOL-OAA-11-000101, Position: Contract Specialist(s). Issuance Date: August 1, 2011, Closing Date: August 5, 2011. The CO was listed as [redacted]. The solicitation was posted on FedBizOpps.Gov. (Attachment 2. U.S. Personal Service Contractor, Solicitation No. SOL-OAA-11-000101)

Three individuals answered the solicitation:

[redacted] of [redacted]
[redacted] of former USAID OAA employee [redacted]
[redacted] and an acquaintance of [redacted]
[redacted] application that was later rejected because it was incomplete.

On August 14, 2012, USAID OIG interviewed CS [redacted]. According to [redacted] in July 2011, the fiscal year was coming to a close and an urgent need for contracting specialists developed because of OAA personnel being assigned overseas. The Global Health Procurement Plan had funding for contracting specialists under the President's Emergency Plan for AIDS Relief (PEPFAR). This funding had to be spent before the close of the fiscal year because it was probable the funds might not be available for the positions in the next fiscal year. [redacted] said because of the time necessary for background security investigations and different forms to be filled out, that [redacted] supervisor, [redacted] decided to only list the vacancy for five days.

[redacted] was asked if the Federal Acquisition Regulations (FAR) or the U.S. Agency for International Development Regulations (AIDAR) had specific rules for the number of days vacancies were to be advertised. [redacted] reply was that if a vacancy announcement time period had to be lengthened or shortened, that the CO always has the latitude to change the time frame. [redacted] said [redacted] told [redacted] to type up the PSC solicitation. [redacted] said [redacted] had never worked on a PSC solicitation before, so [redacted] found a previous solicitation that had been completed and cut/ pasted the verbiage for the application. [redacted] said everyone in OAA always does a cut and paste job in

09/19/11 – 06/14/13

performing these types of functions. After the applications were submitted, they were processed by [redacted] volunteered to work on this solicitation as [redacted] had only two years of experience and this was [redacted] first PSC contract. [redacted] said [redacted] always followed [redacted] instructions. (*Attachment 3. Interview of [redacted] dated 03/14/12*)

On August 14, 2012, USAID OIG interviewed CO [redacted] [redacted] recalled during the summer of 2011, [redacted] approached [redacted] and asked [redacted] to take [redacted] place on a technical evaluation panel on a solicitation as [redacted] had a conflict of interest. [redacted] said [redacted] did not say what the conflict was and [redacted] did not ask.

[redacted] and CS [redacted] reviewed applications for a Personal Services Contractor (PSC) solicitation and compared them to the solicitation. [redacted] said [redacted] had concerns about one of the applications and clarification questions had to be sent to one of the applicants. [redacted] recalled these were both entry level positions and both met the minimum qualifications. [redacted] said this solicitation was not one of [redacted] programs, however [redacted] assumed [redacted] was trying to expedite this due to the end of the Fiscal Year approaching. [redacted] said there were two positions vacant and three applications. As one of the applications was incomplete, [redacted] selected the two remaining applicants. (*Attachment 4. Interview of [redacted] dated 03/14/12*)

On August 15, 2012, USAID OIG telephonically interviewed [redacted] at [redacted] duty station in Nigeria. [redacted] explained that there were only vacancies in the division for entry level personnel. [redacted] said GS-14/15 positions are considered supervisory. [redacted] claimed [redacted] immediate supervisor, OAA Global Health Division Chief, [redacted] was in meeting in which the PSC solicitation was discussed and received [redacted] approval. [redacted] said the PSC solicitation was also on the Global Health Procurement Plan. [redacted] said after the solicitation was posted on the FedBizOpps website, [redacted] received a call from [redacted] to see if [redacted] could apply. [redacted] said [redacted] could apply, however, [redacted] would have to recuse [redacted]

[redacted] said [redacted] later heard from [redacted] friend and former colleague, [redacted] currently a CO for the Peace Corps. According to [redacted] [redacted] was going to apply. [redacted] said [redacted] advised [redacted] was going to recuse [redacted]

[redacted] was asked why [redacted] forwarded [redacted] resume and QRF to [redacted] [redacted] said [redacted] needed a template to work on [redacted] resume and Quality Ranking Factors (QRFs). [redacted] did not see a problem because [redacted] verbally recused [redacted] from the process and because each application would have to stand on its own merit. [redacted] did not see any ethics violation in giving [redacted] and [redacted] someone else's resume and QRFs.

09/19/11 – 06/14/13

[redacted] said [redacted] approached [redacted] and fellow CO [redacted] [redacted] advised [redacted] and [redacted] that [redacted] had a conflict of interest and requested that [redacted] serve on the technical committee for this solicitation. According to [redacted] [redacted] agreed. [redacted] claimed [redacted] briefed [redacted] Division Chief, [redacted] on [redacted] conflict of interest. [redacted] said [redacted] brought this to the attention of OAA Director, [redacted]. According to [redacted] [redacted] spoke with [redacted] and [redacted] about the solicitation and cancelled it. (Attachment 5. Interview of [redacted] dated 08/15/12)

On August 9, 2012, USAID OIG interviewed [redacted] ([redacted] mother) [redacted]. [redacted] said [redacted] contacted [redacted] when [redacted] saw the PSC solicitation on the FedBizOps website. [redacted] advised [redacted] that [redacted] was going to work on the resume and QRFs for [redacted]. [redacted] said [redacted] was unsure of the format for QRFs and contacted [redacted] to obtain an example. [redacted] said [redacted] sent [redacted] resume and QRFs to use as an example. (Attachment 6. Interview of [redacted] dated 08/09/12)

On August 14, 2012, USAID OIG interviewed USAID Global Health Division Chief [redacted]. [redacted] claimed [redacted] was unaware of the PSC solicitation being processed and only found out about it when [redacted] learned about [redacted] conflict of interest. [redacted] said [redacted] brought it to the matter to the attention of [redacted]. [redacted] commented that procurements listed on the Global Health Procurement Plan are simply a projection. [redacted] added there are several projects that go unfunded or not processed due to various reasons. [redacted] said after [redacted] was briefed, [redacted] spoke to [redacted] and [redacted] about the matter. [redacted] said after [redacted] cancelled the PSC solicitation, [redacted] sent an e-mail to OAA stating that all PSCs hired by USAID should be GS-14/15-level with experience. (Attachment 7. Interview of [redacted] dated 08/14/12)

On August 20, 2012, USAID OIG interviewed [redacted] Assistant General Counsel for Ethics and Administration. [redacted] opined that once [redacted] knew [redacted] friends and/or relatives would be applying for a position in which [redacted] had authority, [redacted] should have immediately notified [redacted] supervisor, filed a USAID Recusal Statement Form and submitted it to the Office of General Counsel (OGC) for review and placed a copy of the recusal form in the contract file. [redacted] also advised that [redacted] should have immediately stopped dealing with this contract. [redacted] stated that contracting officers receive ethics training annually and that [redacted] should have known better. (Attachment 8. Interview of [redacted] dated 08/20/12)

A review of Acquisition and Assistance Policy Directive (AAPD) 04-13 indicated that USAID had provisions to hire PSC positions from GS-5 level through GS-15 level. (Attachment 9. Acquisition and Assistance Policy Directive 04-13)

09/19/11 – 06/14/13

According to Contract Information Bulletin (CIB) 97-17 (Corrected 2), there is a 10 day requirement for advertising PSC positions. The contracting officer has the option to advertise longer. (*Attachment 10. Contract Information Bulletin 97-17, Corrected 2*)

On October 17, 2012, USAID OIG forwarded a referral memorandum to OAA for appropriate action. (*Attachment 11. USAID OIG referral memorandum*)

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)

On June 14, 2013, OAA responded to the OIG, advising that [redacted] will complete special procurement integrity classes and training exercises. [redacted] progress and performance will be closely monitored by OAA. (*Attachment 12. OAA response to OIG*)

This case is closed with the submission of this report.

Subjects/Defendants/Suspects:

Name: [redacted]
Title: Contracting Officer

Undeveloped Leads:

There are no other investigative issues remaining.

Disposition of Evidence, Contraband or Personal Property:

None

Judicial and Administrative Actions:

[redacted] will undergo special procurement integrity classes and training exercises. [redacted] progress and performance will be closely monitored by OAA.

Attachments:

1. E-mail from [redacted] dated 09/19/11.
2. U.S. Personal Service Contractor, Solicitation No. SOL-OAA-11-000101.
3. Interview of [redacted] dated 03/14/12.
4. Interview of [redacted] dated 03/14/12.
5. Interview of [redacted] dated 08/15/12.
6. Interview of [redacted] dated 08/09/12.
7. Interview of [redacted] dated 08/14/12.
8. Interview of [redacted] dated 08/20/12.

09/19/11 – 06/14/13

9. Acquisition and Assistance Policy Directive 04-13.
10. Contract Information Bulletin 97-17 (Corrected 2).
11. USAID OIG referral memorandum dated 10/17/12.
12. OAA response to OIG received on 06/14/13.

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL/INVESTIGATIONS**

REPORT OF INVESTIGATION

Case Title: [REDACTED]
Case Number: [REDACTED]
Status: Closed
Period of Investigation: 11/09/11- 05/03/13
OIG/I Office: San Salvador, El Salvador

SYNOPSIS:

This investigation was predicated on information from a whistleblower that [REDACTED] for the Evangelical Christian Humanitarian Outreach for Cuba, Inc. (Echo Cuba), mismanaged USAID program funds in a program known as Empowering Civil Society (ECS). ECS was a one million dollar, three-year cooperative agreement (RLA-A-00-19-00025-00) funded from 06/2009 to 06/2011. The program was designed to strengthen Cuban civil society by training and capacitating national leaders who then would form groups that promoted societal awareness in Cuba. The complainant reported that Echo Cuba mismanaged the ECS program by claiming up to four times the amount of actual overhead costs. The complainant also alleged [REDACTED] was the only person working on the ECS program, but other Echo Cuba employees' salaries were paid using program funds. Finally, it was alleged that a Cuban recipient was not providing adequate receipts to justify [REDACTED] expenses with the money [REDACTED] received from the program and no evidence existed that the funds were utilized for program purposes.

The investigation revealed no evidence of fraud. OIG investigators discovered the following:
1) The actual overhead cost incurred by Echo Cuba during the implementation of the ECS program was \$44,433 under the USAID approved ECS budget. 2) The USAID approved ECS budget included funds to cover salaries for three Echo Cuba employees. The budget included 30% salary for the chief of party, 40% salary for the Cuba mission coordinator, and 100% salary for the program coordinator. The budget also included funds to cover a percentage of fringe benefits for the employees mentioned above and additional funding to cover indirect labor costs for four other Echo Cuba employees. 3) OIG agents were unable to substantiate the claim that a Cuban beneficiary was misusing program funds.

REPORT MADE BY:

Name:

Date Signed:

Signature:

APPROVING OFFICIAL:

Name:

Date Signed:

Signature:

07/29/13

Report of Investigation

Page 2 of 10

DETAILS OF INVESTIGATION:

On 01/19/12, OIG agents interviewed [redacted] former [redacted] for Echo Cuba. [redacted] was the source of the allegations against [redacted] and Echo Cuba. [redacted] worked for Echo Cuba from 08/2011 until 10/2011. [redacted] was not directly employed by Echo Cuba, but was employed by a staffing agency.

[redacted] traveled to Quito, Ecuador with [redacted] to meet and train two Cuban church leaders, [redacted] and [redacted]. Per the program, [redacted] received approximately \$4,500 a month of ECS funds to distribute among local individuals to develop the local civil society program. [redacted] had problems providing adequate receipts to justify the ECS money sent to [redacted]. [redacted] wanted more evidence on how [redacted] used the funds in Cuba. [redacted] understood the difficulty and sensitivity of working in Cuba; however, there were two other groups in Cuba and each group consisted of ten individuals who received money for the same program. The other individuals always provided adequate receipts. While working at Echo Cuba, [redacted] presented [redacted] with an affidavit to sign and approve regarding \$6,000 that was not accounted for. This amount was to justify [redacted] lack of receipts in Cuba. [redacted] refused to sign the affidavit and was not asked again. The amount was distributed to [redacted] before [redacted] started working for Echo Cuba, so [redacted] had no knowledge what the \$6,000 figure was based on.

[redacted] expressed concern that Echo Cuba was paying \$20,000 per month for overhead. That amount seemed too high for the program; [redacted] may have pocketed some of the funds, but [redacted] lacked proof. [redacted] never learned how internal funds were handled by Echo Cuba. However, if overhead went to rent and utilities, \$20,000 was too high of an amount. (*Attachment 1 – Memorandum of Interview (MOI): [redacted] dated 01/19/12*)

On 01/19/12, OIG agents interviewed [redacted] former [redacted] for Echo Cuba. [redacted] was the [redacted] from 11/2009 to 8/2011. According to [redacted] in 05/2011, [redacted] the ECS program manager for Echo Cuba, left the company and [redacted] took over the position. [redacted] often complained about Echo Cuba and stated that the company had ethical issues. [redacted] told [redacted] that the ECS program overhead was running at \$20,000 a month, where it should have been \$3,000 per month. [redacted] said [redacted] never saw anything relating to the USAID grant funding and never reviewed any budgets or ledger information. [redacted] left the program after only three months with the company.

[redacted] was the previous [redacted] for Echo Cuba. [redacted] was laid-off by [redacted] because [redacted] kept asking for more information regarding the funds sent to Cuba. [redacted] told [redacted] [redacted] could not track the funds in Cuba and that [redacted] needed the receipts to verify expenses for accounting purposes. (*Attachment 2 – MOI: [redacted] dated 01/19/12*)

On 01/19/12, OIG agents interviewed [redacted] former [redacted] for Echo Cuba from 01/2009 to 06/2011. [redacted] did not know if Echo Cuba wrongfully used or abused its USAID

ECS funding. (Attachment 3 – MOI: [redacted] dated 01/19/12)

On 01/19/12, OIG agents interviewed [redacted] for Echo Cuba from 04/2007 to 07/2011. According to [redacted] was hired because of [redacted] connections in Cuba but left Echo Cuba because of [redacted] work demands and because [redacted] was not paid enough. [redacted] became frustrated and felt overworked due to running all the programs. [redacted] was satisfied with the ECS program; however, [redacted] was not providing all the required receipts for [redacted] work in Cuba. This caused problems with [redacted] the Echo Cuba [redacted] because [redacted] needed more information relating to the expenses in Cuba. After [redacted] informed [redacted] of the situation, [redacted] requested that all Cuban program leaders provide proper receipt information to [redacted]. [redacted] acknowledged that working in Cuba was difficult and it was dangerous transporting money and supplies into and within Cuba. [redacted] understood why some of the recipients didn't want to receive or carry receipts with them due to the nature of the program. Over the course of the grant, \$10,000 could not be verified due to some of the local recipients being afraid to carry or sign receipts.

In 07/2010, USAID sent the DMP Group (DMP) to conduct an A-133 audit on the grant. The audit revealed that Echo Cuba charged USAID budget amounts instead of the actual amounts. The audit also revealed that more information was needed relating to the expense receipts in Cuba. [redacted] mentioned that Echo Cuba was new to the process of charging expenses from the grant and did not know how to process expenses at that time. (Attachment 4 – MOI: [redacted] dated 01/19/12)

On 03/05/12, OIG agents interviewed [redacted] Echo Cuba's accountant from 06/2009 to 10/2010. [redacted] worked part-time in the afternoons, approximately 20 hours a week. [redacted] was laid off because [redacted] could no longer afford to pay [redacted] due to his Certified Public Accountant (CPA) qualifications. [redacted] was hired to replace [redacted]. [redacted] was not a CPA. When [redacted] was hired, Echo Cuba had just received its first grant from USAID for the ECS program. [redacted] managed Echo Cuba's accounts and also designed a bookkeeping system utilizing QuickBooks for the company. After [redacted] departure, [redacted] used the same QuickBooks system that [redacted] created.

[redacted] former Echo Cuba [redacted] was responsible for acquiring all receipts from the Cuba program in order to create a summary of expenses for [redacted] bookkeeping. [redacted] had problems with program leaders in Cuba not providing adequate receipts. Most of the leaders working on the program in Cuba would provide photos of the receipts and signatures then send them via email to [redacted]. Due to the nature of the program in Cuba, many program leaders did not want to provide receipts for personal safety.

[redacted] could not recall the actual monthly amount allocated to overhead, however [redacted] believed that 40 percent of program funds were for overhead. [redacted] mentioned that a monthly amount of \$20,000 might have been too much. The rent, power and other expenses would be around \$6,000

Report of Investigation

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(b)(6);(b)(7)(C) a month and charged as indirect. Echo Cuba had an email server that costs approximately \$1,000 a month.

(b)(6);(b)(7)(C) never saw any proof that expenses were misused. Indirect expense payments were not used to pay direct expenses. Based on the USAID proposal, other direct costs were used for charging direct costs since Echo Cuba does not have a Negotiated Indirect Cost Recovery Agreement (NICRA). Echo Cuba never co-mingled ECS funding between accounts and everything was accounted for in QuickBooks. (b)(6);(b)(7)(C)

(b)(6);(b)(7)(C) did not tell (b)(6);(b)(7)(C) to do anything that was unethical. (b)(6);(b)(7)(C) never questioned the internal workings of Echo Cuba. (b)(6);(b)(7)(C) never took advantage of the ECS grant. (Attachment 5 - MOI: (b)(6);(b)(7)(C) dated 03/05/12)

(b)(6);(b)(7)(C) On 03/05/12, OIG agents interviewed (b)(6);(b)(7)(C) Echo Cuba's (b)(6);(b)(7)(C). According to (b)(6);(b)(7)(C) Echo Cuba requested approximately \$35,000 a month from USAID for the ECS program. Overhead costs for the ECS program ran approximately \$17,000 a month. The overhead included the office rent, supplies, commercial expenses (telephone/internet), and salaries.

(b)(6);(b)(7)(C) Every employee filled out a timesheet which was collected monthly. 35% or 40% of the ECS funding was documented on timesheets. (b)(6);(b)(7)(C) position charged 30% to the ECS program. The ECS grant had its own account for funding which was not commingled. Every two weeks the Echo Cuba accounts were balanced for accounting purposes. Echo Cuba never used ECS funds to cover other programs. (Attachment 6 - MOI: (b)(6);(b)(7)(C) dated 03/05/12)

(b)(6);(b)(7)(C) On 03/05/12, OIG agents interviewed (b)(6);(b)(7)(C) Echo Cuba's executive director. (b)(6);(b)(7)(C) received (b)(6);(b)(7)(C) first USAID grant in 06/2009, which ended in 09/2012. The grant program required Echo Cuba to send money to Cuba via couriers for developing business plans for local businesses.

According to (b)(6);(b)(7)(C) when ECS program funds arrived in Cuba, program leaders provided receipts for all expenses. If physical receipts could not be acquired, then photos were taken of the receipts along with the signatures of program participants. These photos were then uploaded on a cloud server so that Echo Cuba could directly access the expenses from Miami. Approximately 95% to 99% of all receipts were accounted for. 100% of all cash sent to Cuba was accounted for. When receipts and signatures could not be acquired, affidavits of expenses were submitted in order to justify the expenses. Affidavits covered approximately 15% of the cash sent to Cuba. Of the \$1 million USAID grant, approximately \$400,000 went to Cuba for the program.

Echo Cuba was reviewed twice a year by DMP to ensure that ECS funds were accounted for properly. Last year, an A-133 audit was completed. The audit found Echo Cuba was charging USAID under estimated indirect costs which needed to be charged as other direct costs (ODC).

Because Echo Cuba was not approved for a NICRA, DMP stated Echo Cuba needed to charge only what was billed under direct costs and could not charge under estimated costs. Since the audit, the overall spending on personnel, fringe and benefits has been approximately 30% and indirect costs were approximately 15%. The rest needed to be charged as direct costs. [redacted] denied [redacted] commingled ECS funding and said Echo Cuba never used its ECS funding on any other program or activity. (Attachment 7 – MOI: [redacted] dated 03/05/12)

On 03/22/12, [redacted] USAID Assistance Officer's Representative (AOR) for the ECS program, was interviewed. [redacted] stated that [redacted] met [redacted] in 06/2009 when Echo Cuba won the ECS grant. [redacted] maintained telephonic contact with [redacted] once a week to discuss and review project management plans. The majority of the ECS funds were sent to program leaders in Cuba. Approximately \$24,000 to \$40,000 per month was sent to Cuba, depending on program activities. These funds were used to purchase supplies, computers, pay trainers, and develop support groups. Echo Cuba tracked expenses by verifying receipts.

Echo Cuba ran many programs outside the ECS program and never co-mingled USAID funding with other programs. Prior to the ECS grant, Echo Cuba had a U.S. State Department award called the Lidia program. The Lidia program was very successful so upon its completion, it was transferred to USAID under the ECS award.

In order to receive grant funding, Echo Cuba sent a Federal Financial Report form 425 or a Request for Reimbursement form 270 for advances. [redacted] Echo Cuba, wrote the requests and submitted them to [redacted] [redacted] reviewed the requests and processed them with the USAID financial management office for funding. The advances were consistent and did not raise suspicions. [redacted] never disputed a requested amount.

Employee levels of effort for the ECS program billing were consistent. [redacted] worked full time on the ECS program. [redacted] charged a small percentage of [redacted] salary to the ECS program and [redacted] worked part-time on the ECS program. There were other employees that billed a couple of hours or days per month for work performed on the ECS program.

[redacted] had no knowledge of the internal financial workings of Echo Cuba and could not provide any information regarding Echo Cuba's direct and indirect costs. [redacted] had no knowledge of Echo Cuba's monthly overhead amounts. [redacted] never suspected or saw any fraud within Echo Cuba and never suspected that [redacted] used ECS funding for personal gain. (Attachment 8 – MOI: [redacted] dated 03/22/12)

On 05/07/12, the OIG completed a review of Echo Cuba's ECS A-133 audits for fiscal years 2009 to 2011. All three audits concluded the following: "The results of the audit disclosed no instances of noncompliance or other matters that are required to be reported under the Government Auditing Standards. As of December 31, (2009, 2010, and 2011) Echo Cuba's financial statements, changes in its net assets and cash flow were in conformity with accounting

principles. [] did not identify any deficiencies in internal control over financial reporting that it would consider material weaknesses." (*Attachment 9-Record Review A-133 Audits 2009, 2010, 2011, dated 05/07/12*)

On 05/22/12, [] Agreement Officer (AO) for the ECS program, was interviewed. [] stated that the ECS cooperative agreement did not allow Echo Cuba to charge indirect costs because they did not have an authorized indirect cost rate or a NICRA. However, indirect costs could be charged as "other direct costs," which would cover salaries, paper supplies, telephone costs, rent, etc., only if Echo Cuba could tie the expenses into the program as described by the agreement. These expenses would be typically charged as indirect costs.

[] Office of Acquisition and Assistances (OAA), USAID/Washington, D.C., had a copy of Echo Cuba's original cost proposal that showed the agreed amount for other direct costs. This amount was approved before the agreement was signed. Echo Cuba had to charge everything directly and prove those expenses were relevant to the program.

The word "overhead" was a catch all for indirect costs. Echo Cuba could not lump everything together and call it overhead. It had to be broken down into its true components, such as office support, labor, rent, etc. Regarding Echo Cuba's monthly overhead that was allegedly charged to the program, \$20,000 would be too much for a monthly overhead charge per the agreement. [] did not know how much funding Echo Cuba received monthly for the ECS program.

[] ECS AOR, looked over Echo Cuba's performance and expenses. [] responsibility was to catch any costs that were not responsible in relation to the program description. All vouchers went through the AOR and were then submitted to Financial Management for payment. [] did not see or review any ECS vouchers for payment. [] had not seen or heard of any problems relating to the ECS program. (*Attachment 10 - MOI: dated 05/22/12*)

On 08/14/12, [] a former [] for Echo Cuba, was interviewed. [] was hired by [] to work as the [] for the ECS program in 05/2011. Since [] first day on the job, [] had problems with [] [] did not like [] leadership style and no one at Echo Cuba had a real job description. [] wanted everything to "magically" get down to Cuba and nothing ran well. [] had access to the budget and saw that [] and four other Echo Cuba employees were listed on the USAID grant. [] felt that [] did most of the work, while the other employees worked on other projects. [] was listed as 100% billable and only worked on the USAID grant. [] did not recall the billable percentages of the other employees. [] felt that [] did the work of five employees. [] handled all monthly expenditures and overhead expenses. [] reported to [] on the amount of money sent to Cuba and the amount that was spent on program supplies, such as computer equipment. [] believed approximately \$10,000 a month was sent to Cuba during the time worked at Echo Cuba. [] had no direct knowledge of the expenditures for Echo Cuba's

overhead or monthly expenses. [redacted] assisted [redacted] with writing the monthly USAID advance requests. [redacted] did not recall the amount requested; however, [redacted] never experienced any problems requesting USAID advances. (*Attachment 11 – MOI: [redacted] dated 08/14/12*)

On 02/19/13, the OIG reviewed Echo Cuba's ECS budget cost proposal. The proposal was negotiated and approved by USAID on 06/24/09. This budget was the basis for Echo Cuba's financial operations for the ECS program. The budget showed Echo Cuba included line items to cover a percentage of the salary costs of three employees and a percentage for indirect labor costs of four Echo Cuba employees. The review of the budget also revealed a mathematical mistake which resulted in an underestimation of \$49,282. Under the Indirect Labor costs line items, Echo Cuba listed \$26,036 of Indirect Labor for the M&E position and \$23,246 for the program assistant position. However, Echo Cuba failed to add the two amounts which equal \$49,282 to the budget total. Because of this, the ECS budget totaled \$1,033,582 instead of 1,082,864, a \$49,282 underestimation. (*Attachment 12 – IAR: Record Review of ECS Original Budget Costs Proposal, dated 02/19/12*)

On 02/19/13, the OIG reviewed Modification of Assistance number six for Echo Cuba's ECS program. This modification revised the program description from a focus on economic growth to a new program implementation plan focusing on democracy and governance. The shift in program focus resulted in a revision of ECS' original budget. The new budget resulted in the following changes:

- Personnel Costs increased by \$93,922 (40%)
- Fringe Benefits increased by \$20,177 (19%)
- Travel Expense increased by \$32,036 (37%)
- Program Activities decreased by \$151,115 (34%)
- Other Direct Costs increased by \$4,980 (3%)
- The original program ceiling cost of \$1,033,582 remained unchanged.

(*Attachment 13 – IAR: Record Review of Modification # 6, dated 02/19/12*)

On 04/01/13, [redacted] was re-interviewed. [redacted] claimed that [redacted] was the only person working full-time on the ECS program. However, other Echo Cuba employees worked on the program as needed. One of [redacted] responsibilities was to create a monthly ECS budget and submit it to [redacted]. Since [redacted] arrived at Echo Cuba, [redacted] instructed [redacted] to list \$20,000 per month as overhead expenses on the ECS budget. [redacted] did not know the details of what costs were actually covered under overhead. However, because of the high amount budgeted monthly for overhead, [redacted] suspected ECS funds were supporting the entire Echo Cuba organization. (*Attachment 14 – IAR: Interview of [redacted] dated 04/01/13*)

On 04/02/13, [redacted] was re-interviewed. [redacted] stated that the ECS program was successfully completed in 2012. However, in September 2012, DMP, at the direction of USAID, conducted a compliance review of the program. DMP questioned \$18,377 of program costs.

Echo Cuba responded and justified the questioned costs and was currently negotiating a final version of the audit report.

From the beginning of the program until 07/2010, Echo Cuba calculated the amount of funds needed from USAID by utilizing the figures on the ECS approved program budget. In 08/2010, the methodology changed and Echo Cuba began calculating the amount of funds needed based on actual costs. This methodology of calculating program fund requests was recommended by DMP because it was a more accurate method than the old methodology of requesting funds based on the budget or estimations.

In 07/2010, DMP also recommended that Echo Cuba utilize a specific formula to calculate overhead costs more accurately. Echo Cuba implemented the formula and it became the basis for calculating and reporting overhead costs. Echo Cuba applied the overhead formula back to the beginning of the program in order to check if they were overstating their overhead costs, but found they actually understated overhead costs by a few thousand dollars.

[redacted] explained that modification of assistance number six was made to accurately reflect the change of scope in the program and to revise the original program budget which contained errors. Echo Cuba's original ECS program budget contained a mathematical error which understated the budget by \$49,282. Under the budget's ODC column, they listed a budget total of \$169,795. However the correct amount should have been \$219,077. Echo Cuba failed to add the indirect labor costs of the compliance officer (\$26,036) and a program assistant (\$23,246) even though the line items were listed on the budget. The actual budget amount for ODC should have been \$219,077. The \$49,282 of unaccounted indirect labor costs were added into the personnel line item on the revised budget. (*Attachment 15 – IAR: Interview of [redacted] dated 04/02/13*)

On 04/02/13, [redacted] Echo Cuba's Financial Officer, was re-interviewed. [redacted] stated that Echo Cuba categorized the ECS expenses either as direct costs or indirect costs (overhead). Direct costs included expenses directly linked to program activities such as cost of equipment sent to Cuba, cost of training beneficiaries etc. Direct costs also included travel costs related to program activities. Indirect costs (also referred to as overhead costs) included all program expenses other than direct costs. Indirect costs were expenses shared with other Echo Cuba programs. A USAID approved percentage of the following costs were charged as overhead for the ECS program:

- Personnel costs- salaries, indirect labor
- Fringe benefits- annual leave, Medicare, Social Security and other benefits
- Other Direct Costs- office expenses, miscellaneous expenses

[redacted] provided a comprehensive spreadsheet which listed total expenditures for the ECS program. The documents showed a total overhead charge of \$582,030. The ECS program

averaged approximately \$15,730 per month of overhead costs. (*Attachment 16 – IAR: Interview of [REDACTED] dated 04/02/13*)

On 05/02/13, the OIG compared ECS' budget approved by USAID on 05/18/11 (Modification of Assistance # 6) to ECS' actual expenses as recorded on Echo Cuba's financial system. The comparison revealed that the actual amount of overhead cost incurred by Echo Cuba under the ECS program was \$44,433 below the approved amount on the ECS budget. (*Attachment 17 – IAR: Record Review- Comparison of ECS budget to Actual Expenses, dated 05/02/13*)

This matter is closed.

SUBJECT:

[REDACTED]
[REDACTED]
Echo Cuba
7400 N.W 7 Street, Unit 101
Miami, FL. 33126
DUNS Number: 619076099

UNDEVELOPED LEADS:

None

DISPOSITION OF EVIDENCE, CONTRABAND, OR PERSONAL PROPERTY:

None

JUDICIAL AND ADMINISTRATIVE ACTIONS:

None

ATTACHMENTS:

1. Memorandum of Interview (MOI): [REDACTED] dated 01/19/12
2. MOI: [REDACTED] dated 01/19/12
3. MOI: [REDACTED] dated 01/19/12
4. MOI: [REDACTED] dated 01/19/12
5. MOI: [REDACTED] dated 03/05/12
6. MOI: [REDACTED] dated 03/05/12
7. MOI: [REDACTED] dated 03/05/12
8. MOI: [REDACTED] dated 03/22/12

Report of Investigation

Page 10 of 10

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
9. Record Review A-133 Audits 2009, 2010, 2011, dated 05/07/12

10. MOI: [redacted] dated 05/22/12

11. MOI: [redacted] dated 08/14/12

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
12. Investigative Activity Report (IAR): Record Review of ECS Original Budget Costs Proposal, dated 02/19/12

13. IAR: Record Review of Modification # 6, dated 02/19/12

14. IAR: Interview of [redacted] dated 04/01/13

15. IAR: Interview of [redacted] dated 04/02/13

16. IAR: Interview of [redacted] dated 04/02/13

17. IAR: Record Review- Comparison of ECS Budget to Actual Expenses, dated 05/02/13

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS**

REPORT OF INVESTIGATION

Case Title: [redacted] Unlawful Access to E-mail System **Case Number:** [redacted]
Status: Closed
Period of Investigation: 01/18/12 – 08/06/12 **OIG/I Office:** Washington, D.C.

Synopsis:

On November 27, 2011, the USAID Office of Inspector General (OIG) received an email from an anonymous complainant alleging that [redacted] Deputy Executive Officer (EXO) and Information Technology (IT) System Manager, USAID/Bosnia-Herzegovina, had been accessing the email accounts of [redacted] former EXO, USAID/Bosnia-Herzegovina and [redacted] Mission Director, USAID/Bosnia-Herzegovina, without their authorization. [redacted] allegedly accessed the email accounts via the mission's server to obtain a list of employees who would be laid-off if a Reduction in Force (RIF) occurred, so [redacted] could manipulate those employees. The complainant stated [redacted] became aware of this matter because [redacted] provided the information to the complainant. The complainant suspected that such activity had occurred in the past, and was currently ongoing.

The OIG investigation determined that [redacted] could not have accessed the accounts of [redacted] and [redacted] without their permission. Only the Washington, D.C.-based USAID Chief Information Security Officer (CISO) has administrative access rights enabling them to access individual computer workstations without the user's password. This case is closed.

Details of Investigation:

On August 1, 2012, the reporting agent (RA) received and reviewed a letter from [redacted] USAID Chief Information Security Officer, dated February 21, 2012, to [redacted] Special Agent in Charge, USAID/OIG. According to CISO, the Outlook email account assigned to [redacted] ([redacted]@usaid.gov) did not have administrative access privileges enabling [redacted] to view the content of other email accounts at USAID/Bosnia-Herzegovina. (*Attachment 1, Record Review of CISO Results – dated 02/21/12*)

REPORT MADE BY:	Name:	[redacted]	Date Signed:	[redacted]
	Signature:	[redacted]	August 10, 2012	
APPROVING OFFICIAL:	Name:	[redacted]	Date Signed:	1/11/13
	Signature:	[redacted]		

(b)(6);(b)(7)(C);(b)(7)(E)

01/18/12 – 08/06/12

Page 2 of 3

(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)

(b)(6);(b)(7)(C)

On March 7, 2012, the RA and Special Agent (SA) [redacted] USAID/OIG, interviewed [redacted] Director, Office of Economic Development, USAID/Bosnia-Herzegovina. When asked about issues regarding IT, [redacted] had not heard of any computer intrusion problems at the USAID/Bosnia-Herzegovina mission. [redacted] said the information about the RIF was made public and [redacted] had no influence in its outcome to include its prevention. There were never any complaints from CISO about the Bosnia-Herzegovina mission and [redacted] never heard of anyone trying to gain some personal advantage from RIF information. (Attachment 2, Memorandum of Interview with [redacted] – dated 03/07/12)

On March 8, 2012, the RA and SA [redacted] interviewed [redacted] who stated that the USAID/Bosnia-Herzegovina mission had experienced two previous RIFs. [redacted] was mandated to RIF certain employees and attempted to make it as fair and transparent as possible. [redacted] said [redacted] never had any trouble accessing [redacted] work computer account and never had to change [redacted] password due to some unknown reason. [redacted] never heard of anyone having problems with computer intrusions. There were never any complaints from the CISO about the Bosnia-Herzegovina mission. [redacted] never heard of anyone trying to gain some personal advantage from RIF information. (Attachment 3, Memorandum of Interview for [redacted] – dated 03/08/12)

On March 8, 2012, the RA telephonically interviewed [redacted] Computer and Help Desk Specialist, USAID. [redacted] stated that no one in the Bosnia-Herzegovina mission had access or authority to view the contents of other individual Exchange mailboxes. An individual in Bosnia-Herzegovina who wanted to view someone else's email account would have to have that individual's computer user name. Alternatively, they could ask someone for their username and password. An individual in Bosnia-Herzegovina would know if someone was trying to access their individual account because it would be disabled after repeated attempts using the wrong password. Any remote, nonuser access to an individual's account could only be done by CISO through their administrative access privileges which was only done in exceptional circumstances. (Attachment 4, Memorandum of Interview for [redacted] – dated 03/08/12)

On March 7, 2012, the RA and SA [redacted] interviewed [redacted] who stated [redacted] could not access another individual's email account without that individual's username and password. Additionally, [redacted] could not change the computer access password of someone else without that person's permission. [redacted] did not know of any hacking tools that would enable [redacted] to access other individual computer accounts. According to [redacted] CISO regularly scanned the network. [redacted] did not have administrative access rights, only CISO had administrative rights and the ability to change someone else's password in order to access their computer account. [redacted] did not know who would allege [redacted] accessed someone else's account without their knowledge because [redacted] had never done it. [redacted] had been with USAID/Bosnia-Herzegovina since 1992 and felt [redacted] had no enemies. [redacted] may have some influence, as a senior FSN-12, but [redacted] did not use [redacted] influence to determine who was subject to the RIF. [redacted] added that [redacted] did not accept a position on the RIF panel because [redacted] did not want to make those difficult decisions. Also, being on the RIF panel would compromise [redacted]

01/18/12 – 08/06/12
Page 3 of 3

position on the FSN Executive Committee where he gave advice to the Deputy Chief of Mission on FSN administrative and human resource issues. [redacted] found out who was going to be RIF'd before it was made public through his position on the FSN Executive Committee. (Attachment 5, Memorandum of Interview for [redacted] – dated 03/08/12)

On March 8, 2012, the RA telephonically interviewed [redacted] [redacted] said [redacted] left the USAID/Bosnia-Herzegovina mission several months ago. [redacted] knew [redacted] as a high-ranking FSN who also served on the FSN Executive Committee and thought well of [redacted]. [redacted] never heard of any computer intrusion problems at the mission. There were never any complaints from CISO about the Bosnia-Herzegovina mission. [redacted] never had any trouble accessing [redacted] office computer account and never had to change [redacted] password due to some unknown reason. [redacted] had no reason to believe anyone accessed [redacted] computer account, or anyone else's, while [redacted] worked in Bosnia-Herzegovina. (Attachment 6, Memorandum of Interview for [redacted] – dated 03/08/12)

Defendants/Suspects:

FSN-12

Deputy Executive Officer and Information Technology (IT) System Manager
USAID/ Bosnia-Herzegovina

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

None

Judicial and Administrative Actions:

None.

Attachments:

1. Attachment 1, Record Review of CISO Results – dated 02/21/12
2. Attachment 2, Memorandum of Interview with [redacted] – dated 03/07/12
3. Attachment 3, Memorandum of Interview for [redacted] – dated 03/08/12
4. Attachment 4, Memorandum of Interview for [redacted] – dated 03/08/12
5. Attachment 5, Memorandum of Interview for [redacted] – dated 03/08/12
6. Attachment 6, Memorandum of Interview for [redacted] – dated 03/08/12

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL/INVESTIGATIONS**

INFORMATION REPORT

<input checked="" type="checkbox"/> Case Opening		<input checked="" type="checkbox"/> Case Closing	
Reporting Agent:		Report Date:	12/11/13
Source:	Confidential	Complaint Number:	12-0146
Report Title:	USAID/Afghanistan, Questionable Personnel Practices		

PREDICATION:

The Government Accountability Office (GAO) forwarded a complaint to the OIG alleging questionable personnel practices at USAID/Afghanistan. The complainant reported that the mission hired "numerous" employees who were working without official job descriptions. The complainant added that some positions had not been adequately evaluated to determine if the positions met the needs of the mission. The complainant also identified two individuals who were working without position descriptions that reportedly cost the American taxpayer approximately \$1 million. Specifically, the complainant identified [redacted] as a communications advisor with no job description and [redacted] who was working as an executive secretary with no job description.

This information was referred to USAID/Afghanistan for appropriate follow-up and to notify the OIG of any action taken.

STATUTE, REGULATION, OR RULE VIOLATED IF ALLEGATION IS TRUE:

PLAN OF INVESTIGATION:

No.	Investigative Step	ECD
1.	Refer to USAID/Afghanistan.	12/11/13
SAC signature:		Date: 12/11/13

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DEC 11 2013

Office of Inspector General

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
MEMORANDUM

TO: [redacted] Executive Officer, USAID/Afghanistan

FROM: [redacted] Special Agent in Charge (E&E/A) *[signature]*

SUBJECT: Complaint Regarding Personnel Practices at USAID/Afghanistan

The purpose of this memorandum is to refer allegations forwarded to the OIG by the Government Accountability Office (GAO) involving USAID/Afghanistan.

Summary:

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
The GAO forwarded a complaint to the OIG alleging questionable personnel practices at USAID/Afghanistan. The complainant reported that the mission hired "numerous" employees who were working without official job descriptions. The complainant added that some positions had not been adequately evaluated to determine if the positions met the needs of the mission. The complainant also identified two individuals who were working without position descriptions that reportedly cost the American taxpayer approximately \$1 million. Specifically, the complainant identified [redacted] as a communications advisor with no job description and [redacted] who was working as an executive secretary with no job description.

This information is being referred to USAID/Afghanistan. Please notify this office of any action taken with regards to this matter.

If you have any questions, please contact me at (202) 712-0075.



MAY 23 2012

(b)(6);(b)(7)(C)
MEMORANDUM

(b)(6);(b)(7)(C)
TO:

[redacted]
Chief Financial Officer

(b)(6);(b)(7)(C)
FROM:

[redacted]
Special Agent in Charge, E&E/A Division

(b)(6);(b)(7)(E)
SUBJECTS:

[redacted] Junior Financial Management Officer, USAID Nigeria
OIG/I Case Number [redacted]

This memorandum serves as a referral for whatever action, if any, you deem necessary and appropriate on the above-referenced Junior Financial Management Officer for USAID Nigeria.

(b)(6);(b)(7)(C)
BACKGROUND

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
The Office of Inspector General, Investigations (OIG/I) has completed its investigation into allegations that [redacted] Junior Financial Management Officer, USAID Nigeria used [redacted] Government-issued Travel Card (GTC) to purchase personal items that totaled approximately \$2,000.00.

(b)(6);(b)(7)(C)
[redacted] is Junior Financial Management Officer assigned to the Office of Financial Management, USAID Nigeria. [redacted] is a Foreign Service Officer and began working for USAID in November 2010. [redacted] arrived at post in January 2012.

(b)(6);(b)(7)(C)
FINDINGS

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
The investigation revealed that [redacted] made charges to [redacted] GTC from various merchants including Target, BJ's Wholesale, VA ABC (liquor) store, Hotels.com, CSA Airlines and Visa and Passport photos totaling \$2,471.09. [redacted] indicated that the items [redacted] charged to [redacted] GTC constituted [redacted] consumables and were shipped to Nigeria. [redacted] Travel Authorization for [redacted] assignment to Nigeria did not indicate that USAID would cover the cost to purchase the consumables or authorize [redacted] to charge the consumables to USAID. These practices are in violation of:

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)

- 5 C.F.R. The Standards of Ethical Conduct for Employees of the Executive Branch (SECEE) Part 2635.704 Subpart G Misuse of Position (Government Property)

(b)(6);(b)(7)(C)

DETAILS OF THE INVESTIGATION

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

On April 27, 2012, SA [redacted] (RA) received an allegation from an anonymous source (AS) alleging a few weeks prior, the AS overheard [redacted] Junior Financial Management Officer, USAID Nigeria having a phone conversation with an unknown individual and [redacted] said that [redacted] used [redacted] Government-issued Travel Card (GTC) to purchase personal items that totaled approximately \$2,000.00.

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

On May 1, 2012, the RA contacted [redacted] Program Coordinator, Travel Card Program, USAID and requested copies of [redacted] GTC statements for the time period of November 2011 to the present. [redacted] said [redacted] was issued [redacted] GTC in December 2010, and [redacted] first activity on the card was in January 2011. Additionally, [redacted] asserted there was activity in the December 2011 statement that appeared to be questionable. A review of [redacted] GTC statements from December 2011 through April 2012 revealed the following questionable charges totaling \$2,471.09:

(b)(6);(b)(7)(C)

- On 12/09/11, a ticket on CSA (Czech) Airline was purchased for [redacted] in the amount of \$361.35
 - On 12/10/11, purchases from Target store located in Falls Church, VA in the amount of \$268.83
 - On 12/10/11, purchases from BJ Wholesale Store Club #351 located in Falls Church, VA in the amount of \$457.79.
 - On 12/10/11, a purchase from Hotels.com in the about of \$836.92
 - On 12/11/11, purchases from VA ABC (liquor) store #049 located in Arlington, VA in the amount of \$510.20.
 - On 12/22/11, a purchase for a Classified Visa and Passport from Springfield, VA in the amount of \$36.00
- (b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

On May 1, 2012, the RA contacted Assistant United States Attorney [redacted], U.S. Attorney's Office, Washington, D.C., and presented the above mentioned case for possible criminal prosecution. [redacted] explained that given the small dollar amount, he urged the RA to handle the matter administratively and declined the case.

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)

On May 16, 2012, the RA obtained [redacted] Travel Authorization (TA) for [redacted] assignment to Nigeria. The TA stated that [redacted] is authorized to ship consumables totaling 2500 pounds to Nigeria; however, the TA does not indicate that USAID would cover the cost to purchase the consumables or authorize [redacted] to charge the consumables to USAID.

This information is being provided to you for whatever action, if any, you deem necessary and appropriate. Please advise this office within 30 days of receipt of this letter of any action taken.

(b)(6);(b)(7)(C)

This memorandum remains the sole property of the Office of Inspector General and is not to be duplicated or disseminated without the consent of the Inspector General or his designee. If you have any questions, please contact me at (202) 712-0075, or Special Agent [redacted] at (202) 712-1005.

On May 3, 2012, the RA contacted Matthew Talbert, Program Coordinator, Travel Card Program, USAID and requested a copy of the GTC member agreement that Boyd would have received and agreed to before she accepted her GTC. Subsequently, Talbert forwarded the RA, via email, a copy of the GTC member agreement. In paragraph two of the GTC member agreement, it stated *"I agree to use the Card only for official travel and official travel related expenses away from my official station/duty station in accordance with my Agency/Organization policy. I agree not to use the Card for personal, family or household purposes"*. Moreover, Talbert stated on December 15, 2010, Boyd completed the necessary online course requirements prior to receiving her GTC. Talbert asserted the training course is clear about use of the card.

On May 15, 2012, the RA contacted Boyd at the USAID building in La Paz, Bolivia to interview her and determine why she used her GTC to charge the above mentioned items during December 2011. Assistant Regional Security Officer Alejandro Johnson (ARSO Johnson) Regional Security Office, U.S. Embassy La Paz, Bolivia assisted the RA with the interview. Before any questioning, ARSO Johnson presented Boyd with an Administrative Warning and Assurance for a Federal Employee and advised Boyd of her rights. In return, Boyd said she understood her rights and signed the form. During the interview, Boyd stated that she began working for USAID in November 2010, and is currently posted in the Office of Financial Management, USAID Nigeria. Boyd explained that she is in La Paz, Bolivia on temporary duty conducting A123 assessments, which are random financial assessments of various USAID employees at the mission in Bolivia to include, but not limited to, sensitive payments, payroll and GTC purchases.

The RA asked ARSO Johnson to provide Boyd with a copy of her December 2011 Citi Bank Visa GTC statement and asked Boyd to explain various charges. Boyd stated that the charges at Target, BJ's Wholesale, and VA ABC (liquor) store consisted of purchases that she made for her onward assignment to Abuja, Nigeria in January 2012. Moreover, Boyd said those items constituted her consumables and were shipped to Nigeria. Boyd elaborated that most of the items she bought in the U.S. weren't going to be available in Nigeria; therefore, she figured she was allowed to use her GTC to purchase them. Boyd said no one told her she couldn't use her GTC to make the purchases. Boyd stated that the charges from CSA Airlines and Hotels.com were personal charges that she made for her trip to Prague. Boyd explained she took personal leave and traveled to Prague before her Nigeria assignment. Boyd said she didn't realize that she used her GTC to make these purchases. Boyd said the charge for Visa and Passport photos was necessary. Boyd asserted she needed the photos for various identifications she was going to use when she arrived at post. The RA asked Boyd if she recalled taking an online course in regards to the use of the GTC and Boyd stated "Yes". However, Boyd did not recall if she received any Cardholder agreement documentation when she was issued her GTC in December 2010.

On May 16, 2012, the RA obtained Boyd's Travel Authorization (TA) for her assignment to Nigeria. The TA stated that Boyd is authorized to ship consumables totaling 2500 pounds to Nigeria; however, the TA does not indicate that USAID would cover the cost to purchase the consumables or authorize Boyd to charge the consumables to USAID.

This information is being provided to you for whatever action, if any, you deem necessary and appropriate. Please advise this office within 30 days of receipt of this letter of any action taken.

This memorandum remains the sole property of the Office of Inspector General and is not to be duplicated or disseminated without the consent of the Inspector General or his designee. If you have any questions, please contact me at (202) 712-0075, or Special Agent Edward Peay at (202) 712-1005.



MAY 23 2012

(b)(6);(b)(7)(C)
MEMORANDUM

(b)(6);(b)(7)(C)
TO: [redacted] USAID Office of Human Resources
Chief, Employee and Labor Relations

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
(b)(7)(E)
FROM: [redacted]
Special Agent in Charge, E&E/A Division

SUBJECTS: [redacted] Junior Financial Management Officer, USAID Nigeria
OIG/I Case Number [redacted]

This memorandum serves as a referral for whatever action, if any, you deem necessary and appropriate on the above-referenced Junior Financial Management Officer for USAID Nigeria.

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BACKGROUND

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(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
The Office of Inspector General, Investigations (OIG/I) has completed its investigation into allegations that [redacted] Junior Financial Management Officer, USAID Nigeria used [redacted] Government-issued Travel Card (GTC) to purchase personal items that totaled approximately \$2,000.00.

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[redacted] is Junior Financial Management Officer assigned to the Office of Financial Management, USAID Nigeria. [redacted] is a Foreign Service Officer and began working for USAID in November 2010. [redacted] arrived at post in January 2012.

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FINDINGS

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(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
The investigation revealed that [redacted] made charges to [redacted] GTC from various merchants including Target, BJ's Wholesale, VA ABC (liquor) store, Hotels.com, CSA Airlines and Visa and Passport photos totaling \$2,471.09. [redacted] indicated that the items [redacted] charged to [redacted] GTC constituted [redacted] consumables and were shipped to Nigeria. [redacted] Travel Authorization for [redacted] assignment to Nigeria did not indicate that USAID would cover the cost to purchase the consumables or authorize [redacted] to charge the consumables to USAID. These practices are in violation of:

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(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)

- 5 C.F.R. The Standards of Ethical Conduct for Employees of the Executive Branch (SECEE) Part 2635.704 Subpart G –Misuse of Position (Government Property)

(b)(6);(b)(7)(C)

DETAILS OF THE INVESTIGATION

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(b)(6);(b)(7)(C)

On April 27, 2012, SA [redacted] (RA) received an allegation from an anonymous source (AS) alleging a few weeks prior, the AS overheard [redacted] Junior Financial Management Officer, USAID Nigeria having a phone conversation with an unknown individual and [redacted] said that [redacted] used her Government-issued Travel Card (GTC) to purchase personal items that totaled approximately \$2,000.00.

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(b)(6);(b)(7)(C)

On May 1, 2012, the RA contacted [redacted] Program Coordinator, Travel Card Program, USAID and requested copies of [redacted] GTC statements for the time period of November 2011 to the present. [redacted] said [redacted] was issued [redacted] GTC in December 2010, and [redacted] first activity on the card was in January 2011. Additionally, [redacted] asserted there was activity in the December 2011 statement that appeared to be questionable. A review of [redacted] GTC statements from December 2011 through April 2012 revealed the following questionable charges totaling \$2,471.09:

(b)(6);(b)(7)(C)

- On 12/09/11, a ticket on **CSA (Czech) Airline** was purchased for [redacted] in the amount of **\$361.35**
 - On 12/10/11, purchases from **Target** store located in Falls Church, VA in the amount of **\$268.83**
 - On 12/10/11, purchases from **BJ Wholesale Store Club #351** located in Falls Church, VA in the amount of **\$457.79**.
 - On 12/10/11, a purchase from **Hotels.com** in the about of **\$836.92**
 - On 12/11/11, purchases from **VA ABC (liquor) store #049** located in Arlington, VA in the amount of **\$510.20**.
 - On 12/22/11, a purchase for a **Classified Visa and Passport** from Springfield, VA in the amount of **\$36.00**
- (b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

On May 1, 2012, the RA contacted Assistant United States Attorney [redacted], U.S. Attorney's Office, Washington, D.C., and presented the above mentioned case for possible criminal prosecution. [redacted] explained that given the small dollar amount, he urged the RA to handle the matter administratively and declined the case.

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(b)(6);(b)(7)(C)

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(b)(6);(b)(7)(C)

On May 3, 2012, the RA contacted [redacted] Program Coordinator, Travel Card Program, USAID and requested a copy of the GTC member agreement that [redacted] would have received and agreed to before [redacted] accepted her GTC. Subsequently, [redacted] forwarded the RA, via email, a copy of the GTC member agreement. In paragraph two of the GTC member agreement, it stated *"I agree to use the Card only for official travel and official travel related expenses away from my official station/duty station in accordance with my Agency/Organization policy. I agree not to use the Card for personal, family or household purposes"*. Moreover, [redacted] stated on December 15, 2010, [redacted] completed the necessary online course requirements prior to receiving her GTC. [redacted] asserted the training course is clear about use of the card.

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(b)(6);(b)(7)(C)

On May 15, 2012, the RA contacted [redacted] at the USAID building in La Paz, Bolivia to interview [redacted] and determine why [redacted] used [redacted] GTC to charge the above mentioned items during December 2011. Assistant Regional Security Officer [redacted] (ARSO [redacted]), Regional Security Office, U.S. Embassy La Paz, Bolivia assisted the RA with the interview. Before any questioning, ARSO [redacted] presented [redacted] with an Administrative Warning and Assurance for a Federal Employee and advised [redacted] of [redacted] rights. In return, [redacted] said [redacted] understood [redacted] rights and signed the form. During the interview, [redacted] stated that [redacted] began working for USAID in November 2010, and is currently posted in the Office of Financial Management, USAID Nigeria. [redacted] explained that [redacted] is in La Paz, Bolivia on temporary duty conducting A123 assessments, which are random financial assessments of various USAID employees at the mission in Bolivia to include, but not limited to, sensitive payments, payroll and GTC purchases.

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(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

The RA asked ARSO [redacted] to provide [redacted] with a copy of [redacted] December 2011 Citi Bank Visa GTC statement and asked [redacted] to explain various charges. [redacted] stated that the charges at Target, BJ's Wholesale, and VA ABC (liquor) store consisted of purchases that [redacted] made for [redacted] onward assignment to Abuja, Nigeria in January 2012. Moreover, [redacted] said those items constituted [redacted] consumables and were shipped to Nigeria. [redacted] elaborated that most of the items [redacted] bought in the U.S. weren't going to be available in Nigeria; therefore, [redacted] figured [redacted] was allowed to use [redacted] GTC to purchase them. [redacted] said no one told [redacted] couldn't use [redacted] GTC to make the purchases. [redacted] stated that the charges from CSA Airlines and Hotels.com were personal charges that [redacted] made for [redacted] trip to Prague. [redacted] explained [redacted] took personal leave and traveled to Prague before [redacted] Nigeria assignment. [redacted] said [redacted] didn't realize that [redacted] used [redacted] GTC to make these purchases. [redacted] said the charge for Visa and Passport photos was necessary. [redacted] asserted [redacted] needed the photos for various identifications [redacted] was going to use when [redacted] arrived at post. The RA asked [redacted] if [redacted] recalled taking an online course in regards to the use of the GTC and [redacted] stated "Yes". However, [redacted] did not recall if [redacted] received any Cardholder agreement documentation when [redacted] was issued [redacted] GTC in December 2010.

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)

On May 16, 2012, the RA obtained [redacted] Travel Authorization (TA) for [redacted] assignment to Nigeria. The TA stated that [redacted] is authorized to ship consumables totaling 2500 pounds to Nigeria; however, the TA does not indicate that USAID would cover the cost to purchase the consumables or authorize [redacted] to charge the consumables to USAID.

This information is being provided to you for whatever action, if any, you deem necessary and appropriate. Please advise this office within 30 days of receipt of this letter of any action taken.

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JUL 15 2011

Office of Inspector General
MEMORANDUM

TO:

Office of Security, SEC/OD

FROM:

Assistant Inspector General for Investigations

SUBJECT: Hotline Inquiry

This memorandum shall serve as an official referral of [redacted] as received by the Agency for International Development (USAID) Office of Inspector General (OIG) Hotline on June 28, 2011. After careful documentation and review, the USAID OIG Investigations Division has determined that this particular complaint does not meet our criteria for an investigation, but may be of interest to USAID Office of Security.

Complaint Details:

The complainant alleges that USAID [redacted] Officer [redacted] was scheduled to participate in fundraising activities for "Democrats Abroad Madrid", which is an organization affiliated with the Overseas Branch of the U.S. Democratic Party. It is alleged that the function is to be held at the home of one of the founders of the IU, which is controlled by the Spanish Communist Party.

The following information pertains to the subject of the Complaint:

- Name: [redacted]
- Organization: USAID
- Address: [redacted]
- Location: USAID/W
- Email: [redacted]
- Phone: [redacted]

The basis of sending this complaint is to ensure that an official referral has been made from the OIG to the USAID office of Security. Please advise the USAID OIG Investigations Division within 30 days of any action you have taken or deem appropriate regarding this matter.

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For any additional questions please contact Deputy Assistant Inspector General for Investigations, [REDACTED] at 202-712-4431.

Attachment: a/s



Office of Inspector General

MEMORANDUM

APR - 1 2011

TO: [redacted] Mission Director, USAID/Indonesia

FROM: [redacted], Special Agent-in-Charge [redacted]

SUBJECT: [redacted]
OIG/I Case Number [redacted]

This memorandum serves as a referral for consideration of appropriate action on the above-referenced individual.

BACKGROUND

On September 2, 2010, USAID/Jakarta forwarded an allegation to the USAID Office of Inspector General (OIG) regarding [redacted] former administrative officer for Save the Children (STC), a prime implementer for the Decentralized Basic Education (DBE) Program-3 cooperative agreement (#497-A-00-05-00040). According to the allegation, [redacted] embezzled more than Rp.700,000,000 (Indonesian Rupiah or approximately \$77,700) during a period of 3 years from the USAID-funded DBE-3 program by duplicating invoices so that the funds would be dispersed to both the vendor and [redacted] personal bank account.

FINDINGS

After several witness interviews to include STC/Indonesia senior-level staff and document reviews to include STC/Indonesia's internal investigation report, the ongoing OIG investigation has revealed thus far that [redacted] defrauded the DBE-3 program Rp.235,562,350 (approximately \$23,156.48). [redacted] committed the fraud by diverting payments owed to a printing vendor, Melawai Indah, to an accomplice's personal bank account as well as double-billing other Melawai Indah invoices to STC under the DBE-3 program from September 2008 to July 2010 in the amount of Rp.226,849,050 (approximately \$22,285.15). In addition, in 2007 [redacted] diverted payments owed to STC sub-recipient, International Relief and Development (IRD), Inc., in the amount of Rp.8,713,300 (approximately \$871.33).

STC/Indonesia senior-level staff verified to the OIG that the amounts defrauded by [redacted] had been inadvertently passed on to USAID/Indonesia under the DBE-3 program.

USAID/Indonesia may take whatever administrative action it deems necessary and appropriate to recover the amounts defrauded by STC former administrative officer, [redacted]. The OIG will continue its criminal investigation against [redacted] and [redacted] accomplice and will notify USAID/Indonesia of any additional amounts defrauded by [redacted] at the conclusion of the investigation.

This matter is being provided to you for whatever action, if any, you deem necessary and appropriate. Please advise this office within 30 days of receipt of this letter of any action taken.

This memorandum remains the sole property of the Office of Inspector General and is not to be duplicated or disseminated without the consent of the Inspector General or his designee.

If you have any questions, please contact me at [redacted] or Special Agent [redacted] or by email at: [redacted]

cc: [redacted], Deputy Director, USAID/Indonesia
Director, USAID/Indonesia Office of Education
Controller, USAID/Indonesia

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS**

REPORT OF INVESTIGATION

Case Title: [REDACTED]
Case Number: [REDACTED]
Status: Investigation Closed
Period of Investigation: 10/06/10 to 10/17/13
OIG/I Office: RIG/Manila

Synopsis:

On 09/02/10, USAID/Indonesia forwarded an allegation to OIG/I involving [REDACTED], an administrative officer under the USAID/Indonesia-funded Decentralized Basic Education-3 (DBE-3) program implemented by Save the Children (STC). According to the allegation made by [REDACTED] who wished to remain anonymous and claimed to be an STC insider, [REDACTED] was found to have embezzled more than Rp. 700,000,000 (Indonesian Rupiah or approximately \$77,700) during a period covering three years from the program by duplicating invoices so that the funds would be dispersed to both the vendor and [REDACTED] personal bank account.

The OIG investigation revealed that [REDACTED] defrauded the DBE-3 program approximately \$23,000. [REDACTED] committed the fraud by diverting payments owed to a printing vendor, Melawai Indah, to an accomplice's personal bank account as well as double-billed other Melawai Indah invoices to STC under the DBE-3 program from September 2008 to July 2010. In addition, STC/Indonesia senior-level staff verified to the OIG that the amounts defrauded by [REDACTED] had been inadvertently passed on to USAID/Indonesia under the DBE-3 program. As a result of the investigation, USAID/Indonesia recovered the amount misappropriated by [REDACTED] under the DBE-3 program from STC. This case is closed.

Details of Investigation:

On 10/27/10, the reporting agent (RA) interviewed [REDACTED], Development Outreach Officer, USAID/Indonesia Program Office. According to [REDACTED], [REDACTED] did not know [REDACTED] or [REDACTED] but explained that the DBE-3 program was designed to enhance the education system in Indonesia by training teachers and improving the management of its schools. [REDACTED] was not sure how much of the funds had been specifically obligated toward the DBE-3 program and suggested that the RA contact [REDACTED], Director, USAID/Indonesia Office of Education, for more information. (*Attachment 1, Memorandum of Interview for [REDACTED] dated 10/27/10*)

REPORT MADE BY: Name: [REDACTED] Special Agent Date Signed: [REDACTED]

Signature: [REDACTED] 10/17/13

APPROVING OFFICIAL: Name: [REDACTED] Date Signed: 10/21/13
Signature: [REDACTED]

10/06/10 to 10/17/10

On 11/24/10, the RA interviewed [redacted] who indicated that [redacted] was a former employee of STC. During a meeting with STC [redacted] the day after being informed of the [redacted] allegation, [redacted] indicated that STC had already begun an internal investigation of [redacted]. [redacted] had not heard back from [redacted] with regards to their internal investigation; however, [redacted] suggested that the RA contact the agreement officer's technical representative (AOTR), [redacted], and the alternate AOTR, [redacted] to see if [redacted] had been in contact with them. (*Attachment 2, Memorandum of Interview for [redacted] dated 11/24/10*)

On 11/24/10, the RA interviewed [redacted] Deputy Controller, USAID/Indonesia. According to [redacted], [redacted] was first made aware of the allegations regarding [redacted] when [redacted] received the emailed complaint from [redacted] and forwarded it to [redacted], Controller, USAID/Indonesia. [redacted] did not know much else about the [redacted] allegation or what contacts, if any, the Mission had with STC with regards to the allegation. (*Attachment 3, Memorandum of Interview for [redacted] dated 11/24/10*)

On 11/24/10, the RA interviewed [redacted] who indicated that [redacted] was a local-hire financial administrative assistant hired by STC specifically for the DBE-3 program. [redacted] then stated that [redacted] met with [redacted] soon after being informed of the [redacted] allegation who speculated that STC's internal investigation brought about a confession from [redacted] where [redacted] admitted to embezzling DBE-3 program funds by double-billing vendor invoices. According to [redacted], [redacted], country director for STC's main country office in Jakarta, informed [redacted] that [redacted] had been "dealt with." Finally, [redacted] indicated that STC never forwarded a copy of their internal investigation regarding [redacted] to [redacted]. (*Attachment 4, Memorandum of Interview for [redacted] dated 11/24/10*)

On 03/23/11, the RA interviewed [redacted], [redacted], STC/Indonesia Operations Director, and [redacted]. According to [redacted] on 08/12/10 the Melawai Indah printing company contacted the STC/Indonesia procurement office in Jakarta inquiring about a late payment owed to them for printing services procured under the DBE-3 program. The following day, [redacted] contacted [redacted], STC/DBE-3 Senior Operations Manager, to inquire about the late payment owed to [redacted] who confirmed that the payment had been made. The STC ombudsman office was immediately contacted to initiate an investigation since it was apparent that fraud had occurred.

According to [redacted] it was discovered that several payments made to [redacted] by STC/DBE-3 was never received by [redacted]. The investigation was then focused on [redacted] who was an administrative assistant for the STC/DBE-3 procurement office and was responsible for preparing purchase requests; receiving invoices from vendors; reviewing the invoices; and preparing payment slips for the finance office to remit payment after final approval from STC senior management. On 08/16/10, after reviewing financial documents and discovering instructions on [redacted] letterhead requesting funds to be transferred to a particular bank account, [redacted] interviewed [redacted] who confessed to diverting funds owed to [redacted] to a bank account belonging to her friend, [redacted]. The following day, inquiries were made from other vendors to determine if they were also owed funds by STC/DBE-3. International Relief and Development, Inc. (IRD), was the only

10/06/10 to 10/17/13

vendor which claimed to be owed funds; specifically, over Rp.8 million (Indonesian Rupiah or approximately \$900) for airline tickets owed to them since 2007.

According to [redacted] confronted [redacted] on 08/18/10 and offered [redacted] resignation which [redacted] accepted. Despite [redacted] resignation, the investigation continued until 11/01/10. The STC investigation concluded that [redacted] diverted payments owed to [redacted] to an account belonging to [redacted] as well as double-billed other [redacted] invoices to the DBE-3 program from September 2008 to July 2010 in the amount of Rp.226,849,050 (approximately \$22,285.15). [redacted] and [redacted] explained that [redacted] committed the diversion of funds by taking [redacted] letterhead and inserting instructions to transfer payments to [redacted] personal bank account. [redacted] committed the double-billing by asking [redacted] to resubmit invoices in increments claiming that STC/DBE-3 had lost their previous invoice and lacked funds to pay for the entire invoice in one-lump sum. This was to avoid detection by the finance office. [redacted] and [redacted] added that the funds owed to IRD for the cost of airline tickets in the amount of Rp.8,713,300 (approximately \$871.33) were taken from [redacted] final salary.

[redacted] and [redacted] then indicated that the amounts defrauded by [redacted] were passed on to USAID/Indonesia which has yet to be reimbursed. [redacted] then added that after the discovery of [redacted] fraud, segregation of duties regarding the receipt, processing, and payment to vendors has been instituted by STC/Indonesia. Also, all STC/DBE-3 vendors have been notified that [redacted] was no longer employed by them and a letter was inserted into [redacted] personnel file with instructions not to give [redacted] any references for any future employment opportunities.

Following the interview, [redacted] and [redacted] presented the RA with copies of the STC/Indonesia internal investigation report, timeline of events and a transcript from [redacted] Yahoo! Messenger account containing [redacted] conversations with [redacted] written in the Indonesian language, Bahasa. This was obtained by STC/Indonesia during their internal investigation while searching [redacted] office computer. (*Attachment 5, Memorandum of Interview for [redacted] and [redacted] dated 03/23/11*)

On 03/25/11, [redacted] forwarded a letter to [redacted], Agreement Officer, USAID/Indonesia, informing [redacted] that [redacted] and [redacted] met with the RA and explained the steps that STC had taken in response to the incident, including separating [redacted] from STC and measures taken to strengthen internal controls to avoid a further such incident. [redacted] further indicated that the amount of funds misappropriated by [redacted] was \$22,285.15. (*Attachment 6, letter from [redacted] to [redacted] dated 03/25/11*)

On 03/28/11, the RA reviewed the following documents provided by [redacted] and [redacted]: 1) STC Ombudsman investigation report which indicated that [redacted] diverted payments owed to the [redacted] Indah printing company as well as double-billed other [redacted] invoices to the DBE-3 program in the amount of Rp.226,849,050 (approximately \$22,285.15). In addition, [redacted] diverted funds owed to IRD in the amount of Rp.8,713,300 (approximately \$871.33); 2) STC timeline of events which indicated that [redacted] diverted payments owed to [redacted] to an account belonging to [redacted] as well as double-billed other [redacted] invoices to the DBE-3 program from September 2008 to July 2010. [redacted] diverted funds owed to IRD for the cost of airline tickets

10/06/10 to 10/17/10

(b)(6);(b)(7)(C)

in 2007. [redacted] resigned from STC/DBE-3 on 08/18/10; and 3) Transcript from [redacted] Yahoo! Messenger account which contained [redacted] conversations with [redacted] written in Bahasa. The transcripts were not translated into English. (*Attachment 7, Records Review dated 03/28/11*)

(b)(6);(b)(7)(C)

On 03/30/11, USAID/Indonesia replied to [redacted] instructing [redacted] and STC to immediately refund the amount of \$22,285.15 through a check payable to USAID. Also, STC was required to attach a certification indicating that USG funds had not been used to cover the check refund and that the refund should come from STC's own resources. (*Attachment 8, USAID/Indonesia response letter to [redacted] dated 03/30/11*)

(b)(6);(b)(7)(C)

On 04/01/11, OIG/I forwarded a referral to [redacted] Mission Director, USAID/Indonesia informing [redacted] that after several witness interviews to include STC/Indonesia senior-level staff and document reviews to include STC/Indonesia's internal investigation report, the OIG investigation revealed that [redacted] defrauded the DBE-3 program approximately \$23,000. [redacted] committed the fraud by diverting payments owed to a printing vendor, [redacted] Indah, to an accomplice's personal bank account as well as double-billed other [redacted] Indah invoices to STC under the DBE-3 program from September 2008 to July 2010. In addition, STC/Indonesia senior-level staff verified to the OIG that the amounts defrauded by [redacted] had been inadvertently passed on to USAID/Indonesia under the DBE-3 program. (*Attachment 9, OIG referral to USAID/Indonesia dated 04/01/11*)

(b)(6);(b)(7)(C)

On 08/19/11, USAID/Indonesia replied to OIG/I verifying that on 04/15/11 STC sent a repayment check in the amount of \$22,285.15 to the cashier at USAID/Washington. The check was received by the cashier and the appropriate credit to the contract disbursements was made on 04/21/11. STC also sent a letter dated 05/04/11 to USAID/Washington confirming that no USG funds were used for the repayment. (*Attachment 10, USAID/Indonesia response to OIG referral dated 08/19/11*)

(b)(6);(b)(7)(C)

Defendants/Suspects:

(b)(6);(b)(7)(C)

[redacted]
Jakarta, Indonesia

[redacted]
Jakarta, Indonesia

Undeveloped Leads:

None.

Disposition of Evidence, Contraband or Personal Property:

None.

10/06/10 to 10/17/13

Judicial and Administrative Actions:

Save the Children refunded \$22,285.15 to USAID/Indonesia representing the amount misappropriated by [redacted] from the DBE-3 program. USAID OIG made extensive efforts to have this case prosecuted by Indonesian authorities including two separate meetings with police officials. Despite these efforts, and initial indications the Indonesian authorities were interested in pursuing the matter, no further action was taken.

Attachments:

1. Memorandum of Interview for [redacted] dated 10/27/10.
2. Memorandum of Interview for [redacted] dated 11/24/10.
3. Memorandum of Interview for [redacted] dated 11/24/10.
4. Memorandum of Interview for [redacted] dated 11/24/10.
5. Memorandum of Interview for [redacted] and [redacted] dated 03/23/11.
6. Letter from [redacted] to [redacted] dated 03/25/11.
7. Records Review dated 03/28/11.
8. USAID/Indonesia response letter to [redacted] dated 03/30/11.
9. OIG referral to USAID/Indonesia dated 04/01/11.
10. USAID/Indonesia response to OIG referral dated 08/19/11.

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS**

REPORT OF INVESTIGATION

(b)(6);(b)(7)(C)
(b)(7)(E)

Case Title: Avian Influenza Program Fraud
Status: Complete
Period of Investigation: 05/13/10- 09/21/10

Case Number:
OIG/I Office: Washington, D.C

Synopsis:

On May 13, 2010, an anonymous source (AS) submitted a complaint to the U.S. Government Accountability Office's FraudNet alleging mismanagement of the USAID-funded Deliver Program for Avian Influenza, specifically Deliver Task Order-2 (TO-2). The AS was a former project director for John Snow, Inc. (JSI), USAID implementer for the Deliver Program for Avian Influenza. The AS did not believe USAID committed fraud or abuse, but alleged that USAID program managers were responsible for wasting the procurement of 100 shipping containers of syringes and cold boxes due to the lack of consignees available for delivery. In addition, USAID procured 25 Polymerase Chain Reaction machines at \$56,000 each without knowing their final destination or having the capacity to operate the equipment.

Reporting Agent (RA) initiated an investigation to determine the facts surrounding the allegations. After the RA interviewed the AS (*Attachment 1, Memorandum of Interview - AS dated 06/08/10*), the RA determined that this matter doesn't fall within the investigative purview of OIG/Investigations since there was no allegation of specific fraud. Therefore, the RA referred this matter to USAID/OIG Audit for its review and USAID/Bureau for Global Health (GH) to take any administrative action it deemed necessary and appropriate. (*Attachment 2, Referral to Audit - dated 06/30/10, Attachment 3, Referral to GH -dated 07/15/10*).

Details of Investigation:

On 07/15/10, this matter was referred to USAID/Bureau for Global Health to take any administrative action it deemed necessary and appropriate. On or about 07/29/10, Senior Deputy Assistant Administrator, Bureau for Global Health, responded to the allegation in question and determined that there was no waste and that the management of the Task Order was appropriate to the circumstances of the pending pandemic that gave rise to the

REPORT MADE BY:

Name:
Signature:

APPROVING OFFICIAL:

Name:
Signature:

Date Signed:

10/22/10

Date Signed:

10/22/10

assistance planned under the Task Order (*Attachment 4, Response from SDAA*, [redacted] - dated 07/29/10). On 09/20/10, the RA contacted, via email, the Office of Global Health's Infection Disease and Nutrition (GH/HIDN) supervisor, [redacted] to determine if there is any additional information of which the RA needs to be made aware. [redacted] replied, "There is no additional information" (*Attachment 5, Response from GH/HIDN*, [redacted] - dated 09/21/10).

Defendants/Suspects:

None

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

There are no items in evidence or seized contraband.

Judicial and Administrative Actions:

On 6/30/10, the matter was referred to USAID OIG/Audit for evaluation.

On 7/15/10, the case was referred to the USAID/Bureau for Global Health for administrative action.

Attachments:

1. MOI- Anonymous Source -dated 06/08/10
2. Referral to USAID/OIG Audit—dated 06/30/10
3. Referral to USAID/Bureau for Global Health -dated 07/15/10
4. Response from Global Health/ DAA, [redacted] -dated 07/29/10
5. Response from Global Health/HIDN, [redacted] -dated 09/21/10

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS**

REPORT OF INVESTIGATION

(b)(6);(b)(7)(C)
(b)(7)(E)

Case Title:	International Relief and Development, Haiti
Case Number:	
Status:	Closed
Period of Investigation:	September 2011 - September 2012
OIG/I Office:	Port-au-Prince

Synopsis:

This investigation was predicated on allegations from an anonymous complainant of an improper \$2.5 million sole source procurement by International Relief and Development (IRD) pursuant to a USAID Office of Foreign Disaster Assistance (OFDA) program in Leogane, Haiti. The complaint also alleged a lack of accountability regarding IRD's shelter building materials inventory and insufficient field supervision.

The Office of Inspector General (OIG) investigation did not substantiate the allegations concerning inventory controls and supervision. However, the investigation disclosed that IRD failed to follow its own procurement guidelines in competing four requests for quote (RFQs). Although competed, the RFQs for shelter building materials resulted in one vendor, Le Flamengo Import Export S.A. (Le Flamengo), supplying the materials for all four RFQs for \$2,609,540.20.

The investigation also revealed that IRD did not comply with its internal guidelines concerning competition process for procurements over \$5,000. In disseminating the RFQs, a pre-qualification questionnaire should have been used to compile its short list of pre-qualified vendors/suppliers. Moreover, upon receiving only one vendor's response on three of the four RFQs, IRD did not post the RFQs to a broader open tender. Had IRD used a pre-qualification questionnaire and had it disseminated the RFQs to a larger audience, a greater number of competitive responses may have been received.

Although IRD did not comply with its internal procurement guidelines, this matter did not develop any information related to criminal or civil violations. This matter is closed.

REPORT MADE BY:

Name:

Signature:

Date Signed: 09/17/12

APPROVING OFFICIAL:

Name:

Signature:

Date Signed:

3/28/13

Report of Investigation: IRD

Page 2 of 3

Details of Investigation:

On 03/01/10, USAID/OFDA awarded Grant No. DFD-G-00-10-00124-00 to IRD for the purpose of providing post-earthquake relief in and around Leogane, Haiti. The \$6,494,045 grant provided funding for transitional shelter construction, emergency sanitation, rehabilitation, and hygiene promotion. IRD initially proposed constructing 2,500 shelters, but due to costs associated with an OFDA approved shelter design modification, IRD was only able to complete 2,300 shelters.

An anonymous Hotline complaint received by the OIG on 07/12/11 alleged IRD improperly safeguarded construction materials, lacked sufficient field supervision and conducted an improper \$2.5 million sole source procurement. Based on the historical nature of the complaint and the successful completion of the project in May 2011, the allegations concerning supervision and personnel issues were no longer viable. (*Attachment 1, Hotline Complaint, dated 07/12/11*)

A 05/18/12, the OIG interviewed [redacted] Program Officer, USAID/OFDA. [redacted] claimed that for the duration of the project, no apparent theft of materials occurred nor was there any evidence of procurement issues or improprieties. (*Attachment 2, Memorandum of Interview, [redacted] dated 05/18/12*)

IRD records indicated that IRD sent RFQs OF-0001, OF-0002 and OF-0003 to six "pre-qualified" Haitian building supply companies on 03/20/10. Five bids were received in response to OF-0001 and one response was received to both OF-0002 and OF-0003. Of the five OF-0001 bids received, only three were considered responsive to the RFQ, and out of the three bids, Le Flamengo was chosen as the lowest bidder. With regard to OF-0002 and OF-0003, Le Flamengo was the respondent for both RFQs. IRD sent RFQ OF-0008 to five "pre-qualified" Haitian building supply companies on 11/24/10. In response to the RFQ, IRD received one bid from Le Flamengo. (*Attachment 3, IRD Summary of OF-0001, OF-0002, OF-0003 and OF-0008 procurements*)

IRD's publication, "Procurement Guidelines, Competition Process for Procurements over \$5,000," required that a pre-qualification questionnaire be used to identify a short list of pre-qualified vendors/suppliers. Additionally, when only one offer was received in response to a solicitation, the solicitation was supposed be posted to provide a broader open tender through internet or print media. (*Attachment 4, Excerpt of IRD Procurement Guidelines, Competition Process for Procurements over \$5,000*)

[redacted] Chief of Compliance, IRD, confirmed to the OIG that IRD failed to use a pre-qualification questionnaire in compiling its short list of vendors/suppliers solicited for the OF-0001, OF-0002, OF-0003 and OF-0008 procurements. Subsequent to receiving only one bid in response to the OF-0002, OF-0003 and OF-0008 RFQs, IRD also failed to post the RFQs on the

Report of Investigation: IRD

Page 3 of 3

(b)(6);(b)(7)(C)

internet or in the print media. Instead, IRD chose to purchase all the materials from the sole respondent, Le Flamengo. (Attachment 5, [redacted] email communication with OIG, dated 09/06/12, 09/10/12, and 09/13/12)

Subject:

International Relief and Development
1621 North Kent Street
Fourth Floor
Arlington, Virginia, 22209

Undeveloped Leads:

N/A

Disposition of Evidence, Contraband or Personal Property:

N/A

Judicial and Administrative Actions:

None

(b)(6);(b)(7)(C)

Attachments:

- (b)(6);(b)(7)(C)
1. Hotline Complaint, dated 07/12/11
 2. Memorandum of Interview, [redacted] dated 05/18/12
 3. IRD Summary of OF-0001, OF-0002, OF-0003 and OF-0008 procurements
 4. Excerpt of IRD Procurement Guidelines, Competition Process for Procurements over \$5,000
 5. [redacted] email communications with OIG, dated 09/06/12, 09/10/12, and 09/13/12

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS**

REPORT OF INVESTIGATION

Case Title: Pan American Social Marketing Organization (PASMO)
Case Number: [REDACTED]
Status: Completed
Period of Investigation: 3/2/10- 8/2/12
OIG/I Office: San Salvador

Synopsis:

This investigation was predicated on information provided by [REDACTED] [REDACTED] [REDACTED] Population Services International (PSI), the USAID prime recipient under Cooperative Agreement #596-A-00-06-00060-00. The information alleged the mishandling of sub-grant funds by five former local employees from PASMO, in Belize, from 2007 through July 2009. The total amount believed to be mishandled was \$115,832. The five former PASMO employees are [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] and [REDACTED]

On February 1, 2010, PSI deducted \$113,373.07 from its internal expenditures in order to compensate USAID for the loss relating to the mishandled funds. The originally reported \$115,832 was an estimated amount at the time of the incident.

[REDACTED] with the Belize City police department, started an investigation of the five former PASMO/Belize staff members and is working with the Belizean Crown Counsel [REDACTED]. However, due to other case priorities and a promotion, [REDACTED] stopped investigating the case. Since August 2, 2012, [REDACTED] has not been able to provide the OIG with any case status report or with any estimated timeframe on case completion.

Based on the deduction of PSI funding at no cost to USAID, this matter will be closed until further developments can be made by the Belizean authorities.

Details of Investigation:

On November 19, 2009, [REDACTED] notified USAID that PSI became aware of possible mishandling of funds totaling \$115,832 by former PASMO/Belize staff members from 2007 through July 2009. The initial review conducted by PSI confirmed that checks were forged and

REPORT MADE BY:

Name: [REDACTED]
Signature: [REDACTED]

Date Signed: 8/8/2012

APPROVING OFFICIAL:

Name: [REDACTED]
Signature: [REDACTED]

Date Signed:

10-4-12

Report of Investigation (PASMO)

3/2/10- 8/2/12

Page 2 of 4

(b)(6);(b)(7)(C) that both checks and petty cash were mishandled. (*Attachment 1: PSI Self Reporting Letter, dated November 19, 2009*)

(b)(6);(b)(7)(C) On June 1, 2010, [] notified USAID that PSI had reclassified the misappropriated amount as unallowable and dissociated the amount from USAID funding. The action was taken in December 2009 and was reflected in the March 2010 quarterly financial report. She added that the Belize Criminal Investigation Bureau (CIB) was assigned to investigate the mishandling of funds, and has interviewed the five suspects along with other PASMO staff members. The Financial Investigative Unit and the Central Bank of Belize are assisting CIB. (*Attachment 2: PSI letter to [] dated June 1, 2010*)

(b)(6);(b)(7)(C) On April 24, 2012, OIG Special Agents [] and [] traveled to Belize. [] and [] met with [] to discuss the status of his investigation. [] stated that [] stopped working on the PASMO investigation due to other case priorities. [] also stated that [] was promoted from inspector to assistant superintendent during the investigation, which took [] away from [] investigative duties. The case is 60% complete and [] is working with Prosecutor []. [] has no investigative status report, but [] will provide one to the OIG at a later date. [] could not provide the OIG with an estimated timeline on completing the investigation and could not promise the completion of the investigation. (*Attachment 3: Memorandum of Interview, [] dated April 25*)

(b)(6);(b)(7)(C) On May 2, 2012, SA [] reviewed two documents sent via email from USAID/Guatemala Chief Accountant []. The first document was a PSI repayment letter stating that PSI replaced all affected funds under the agreement that were reclassified as unallowable and dissociated from USAID funding. The reclassification was completed in December 2009 and was reflected on the March 2010 quarterly financial report to USAID. The other document was a federal financial report (SF-425), which showed that PSI [] and [] signed and submitted the SF-425 report for the quarter ending on December 31, 2009. The report reflects all PSI federal expenditures and indirect expenses for the quarter. (*Attachment 4: Record Review, Payment Letter and Federal Financial Report*)

(b)(6);(b)(7)(C) On May 10, 2012, [] was interviewed. [] stated that the SF-425 reflects deductions from PSI expenditures totaling \$113,373.07, which compensated for the loss of funds relating to the mismanagement of PASMO funding. [] stated that the original reported amount of \$115,832 was an estimate at the time of the incident and was not the actual amount. PSI accounted for the mismanaged amount and no bill of collection was needed. (*Attachment 5: Memorandum of Interview, [] dated May 10, 2012*)

Report of Investigation (PASMO)

3/2/10- 8/2/12

Page 3 of 4

(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 August 2, 2012, SA [redacted] spoke with [redacted] over the telephone. In July 2012, [redacted] became a deputy commander and was transferred to the Belmopan police station. Since June 2012, Prosecutor [redacted] has been working on Supreme Court cases, and has not had time to assist [redacted] with his cases. [redacted] will follow up with her again in order to obtain a case status for the OIG. If any case developments arise, [redacted] will notify the OIG. (Attachment 6: Memorandum of Conversation, [redacted] dated August 2, 2012)

(b)(6);(b)(7)(C)
Subjects/Defendants/Suspects:

[redacted]

(b)(6);(b)(7)(C)
Sandhill Village, Belize District

[redacted]

(b)(6);(b)(7)(C)
Belize City, Belize

[redacted]

(b)(6);(b)(7)(C)
Belize City, Belize

[redacted]

(b)(6);(b)(7)(C)
Belize City, Belize

[redacted]

Ladyville, Belize

Undeveloped Leads:

None

Report of Investigation (PASMO)

3/2/10- 8/2/12

Page 4 of 4

Disposition of Evidence, Contraband or Personal Property:

None

Judicial and Administrative Actions:

None

Attachments:

1. PSI Self Reporting Letter, dated November 19, 2009
2. PSI letter to [redacted] dated June 1, 2010
3. Memorandum of Interview, [redacted] dated April 25, 2012
4. Record Review, Payment Letter and Federal Financial Report, dated May 2, 2012
5. Memorandum of Interview, [redacted] dated May 10, 2012
6. Memorandum of Conversation, [redacted] dated August 2, 2012



Office of Inspector General

OCT 28 2011

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
MEMORANDUM

TO:

[redacted]
Director, M/O/AA

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(E)
FROM:

[redacted]
Special Agent in Charge

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
SUBJECT: Referral for Consideration of Suspension
OIG/I Case Number [redacted]

[redacted]
[redacted] Relief International
5455 Wilshire Blvd, Suite 1280
Los Angeles, California 90036
Phone: (323) 932-7888

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
[redacted]
[redacted] Relief International
5455 Wilshire Blvd, Suite 1280
Los Angeles, California 90036
Phone: (323) 932-7888

Relief International
5455 Wilshire Blvd, Suite 1280
Los Angeles, California 90036
Phone: (323) 932-7888
Fax: (323) 932-7878

This memo serves as a referral for consideration of suspension of the above-referenced individuals and organization pending the completion of an OIG investigation. To support this recommendation, we submit the following investigative findings:

BACKGROUND

USAID/Iraq, under its Democracy and Governance program, signed a two-year cooperative agreement with Relief International to implement the Iraqi Community-based Conflict Mitigation Program (ICCM), beginning September 27, 2007 and ending October 31, 2009. The agreement was originally budgeted for \$22,055,200. However, Relief International did not plan for security costs within Baghdad. USAID Negotiation Memo #2, dated December 10, 2007, increased the funding by \$2,432,261 to \$24,487,461 to "realign the budget to include security costs." The negotiation memo stated that "the recipient decided on this security company [Edinburgh] after seeking competitive bids from other companies; this one has been used by other USAID partners previously." The subcontract for security with Edinburgh cost \$2,423,261.

On January 10, 2008, Relief International contacted USAID stating that Relief International was changing the security subcontractor from Edinburgh to Triple Canopy. The contract with Triple Canopy was for \$2,038,823 - or \$393,438 less than the original security contract. However, the co-op agreement was not decreased by this amount, enabling Relief International to keep the difference. The contract between Relief International and Triple Canopy was dated January 5, 2008.

On February 5, 2009, the Office of Inspector General received an allegation concerning non-competition on Relief International's Iraq security contract. The information alleged that [redacted] the [redacted] of Relief International, directed the security contract to Triple Canopy/Clayton Associates (Triple Canopy) after the technical evaluation panel selected Edinburgh International/Cohort Group (Edinburgh). The information alleged competition misconduct. Specifically, it alleged that [redacted] disclosed sub-contractor bids and proposals to Triple Canopy, which then won the contract due to its submission of a lower bid than the highest technically qualified sub-contractor, Edinburgh. The information [redacted] disclosed included the bids of all of the other competitors as well as the actual proposal of Edinburgh. In addition, [redacted] directed several Relief International employees to prepare documentation to make it appear as if Edinburgh won pursuant to a fair competition. After other Relief International employees refused, [redacted] a [redacted] at Relief International, prepared the documents.

Due to poor performance and "severe delays in start-up," USAID terminated the program on February 17, 2009. USAID paid Relief International approximately \$16.5 million of the total \$24.5 million project cost.

FINDINGS

The investigation revealed that Relief International solicited six companies in October 2007 to provide security services in Iraq. A technical committee chose Edinburgh as the winning bidder on November 1, 2007. [redacted] sent Clayton Associates, Relief International's kidnap and ransom insurance provider, a list of the five companies (one company withdrew from the competition), their bid prices, and the actual proposal of the top contender, on December 5, 2007. This information was passed to Triple Canopy, the parent company of Clayton Associates since June 2007. [redacted]

(b)(6);(b)(7)(C) then disregarded the outcome of the first technical evaluation panel and informed (b)(6);(b)(7)(C) staff that they would redo the selection but this time they would choose between the company that (b)(6);(b)(7)(C) just rejected (Edinburgh) and Triple Canopy, a company that (b)(6);(b)(7)(C) "found" that did not submit a bid previously. The new committee, which included (b)(6);(b)(7)(C) chose Triple Canopy. (b)(6);(b)(7)(C) requested (b)(6);(b)(7)(C) staff prepare the documentation to support this choice. (b)(6);(b)(7)(C) prepared the documentation that Relief International submitted to USAID to support the change in security providers. The documentation prepared stated that Relief International compared the bid prices and proposals of all six companies, when in fact, Triple Canopy was only compared to Edinburgh, and then not in price, only in proposal. In addition, the documentation stated that Triple Canopy had the lowest price in many of the key criteria; however, it did not state that Triple Canopy knew the bid prices of the other five companies prior to submitting its own bid.

(b)(6);(b)(7)(C) DETAILS

(b)(6);(b)(7)(C) On February 8, 2009, (b)(6);(b)(7)(C) a former employee of Relief International, was contacted by the OIG. (b)(6);(b)(7)(C) advised that (b)(6);(b)(7)(C) was on the original technical review panel, knew of the change in security contractors, and was asked to help generate documents to make it appear as if the award to Triple Canopy was competitive. (b)(6);(b)(7)(C) stated that the technical review panel met on November 1, 2007, to evaluate the six bids received and award the security contract. Triple Canopy was not one of the security firms evaluated as it did not submit a bid. One of the six companies, Sabre International, withdrew its bid. Edinburgh received the highest ratings and was selected. (b)(6);(b)(7)(C) further stated that one of the reasons for selecting Edinburgh was that Edinburgh could get started quickly and time was of the essence. Relief International informed USAID of its selection of Edinburgh via email on November 14, 2007. According to (b)(6);(b)(7)(C) in December 2007, the panel's decision was thrown out by (b)(6);(b)(7)(C) who decided to award the subcontract to Triple Canopy. (b)(6);(b)(7)(C) stated that (b)(6);(b)(7)(C) consulted with Relief International's kidnap & ransom service provider, Clayton Associates, which advised that although Edinburgh was the best out of the six bids, it still was not of the tier necessary for work in Iraq. Clayton Associates recommended Triple Canopy.

(b)(6);(b)(7)(C) provided copies of emails sent during this time period. One email from (b)(6);(b)(7)(C) dated December 22, 2007, was to the employees asked to sit on the second panel to award the security contract. It stated, "We now need to select and appoint the right Iraq Security Company for our needs" and told them that the choices were Edinburgh and Triple Canopy. The email continued by saying that they reviewed the original five bids and Edinburgh was the best, but that Edinburgh used "Tier 3 & 4" security personnel, not "Tier 1 & 2" personnel as Triple Canopy did. The email also stated that Triple Canopy protects USAID and the US Embassy. (b)(6);(b)(7)(C) stated that they received a bid from Triple Canopy the week before [mid December 2007]. Now the second panel was to decide between the two firms - Edinburgh, which had already been rejected by (b)(6);(b)(7)(C) and Triple Canopy.

(b)(6);(b)(7)(C) On September 4, 2009, the OIG interviewed (b)(6);(b)(7)(C) a former employee of Relief International. (b)(6);(b)(7)(C) stated that (b)(6);(b)(7)(C) was on the original review panel for the security services subcontract. Once the panel made its choice, (b)(6);(b)(7)(C) refused to sign it. (b)(6);(b)(7)(C) was asked by (b)(6);(b)(7)(C) to re-do the paperwork for the evaluation including the evaluations, negotiation memo, and justification. (b)(6);(b)(7)(C) refused and believes (b)(6);(b)(7)(C) did it (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 September 9, 2009, the OIG interviewed [redacted] a former employee of Relief International who served as [redacted]. [redacted] stated that Relief International asked USAID for suggestions of security companies to use in Iraq and was provided with a list. Relief International contacted these companies to request bids. The technical committee reviewed the bids based on preset criteria and chose Edinburgh. After the selection committee met, [redacted] was removed from the communication and decision making process. [redacted] found out through [redacted] that [redacted] rejected their selection and went with [redacted] own.

(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)

When Relief International submitted Edinburgh to USAID as the subcontractor for security services, USAID prepared a negotiation memo, dated December 10, 2007, to increase the award to Relief International. The memo stated, "The recipient decided on this security company after seeking competitive bids from other companies; this one has been used by other USAID partners previously." The memo included Relief International's line item budget for Edinburgh, which totaled \$2,423,621. Relief International told USAID, via an email from [redacted] to [redacted] USAID Democracy and Governance Officer, dated November 14, 2007, that Relief International picked Edinburgh as its security services firm mainly because, "they could begin operations immediately, which would facilitate rapid deployment from our end."

(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)

After Relief International decided to change security firms, [redacted] USAID Acquisition Officer, sent an email, dated January 11, 2008, to [redacted] and [redacted] which stated that Relief International would "need to re-submit a request to subcontract". [redacted] replied on January 22, 2008, stating that Relief International was requesting permission to subcontract with Triple Canopy, giving details of the "proposed" subcontractor. Unbeknownst to USAID, Relief International had already signed the contract with Triple Canopy to do the work in Iraq. The Relief International/Triple Canopy contract was dated January 5, 2008.

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

On March 4, 2011, the OIG interviewed [redacted] said that when [redacted] received what [redacted] called the shortlist, [redacted] did not approve the award. [redacted] told the OIG that [redacted] wanted the review panel to negotiate with the firm. [redacted] stated that [redacted] then contacted Clayton Associates, Relief International's war risk insurance provider, which recommended Triple Canopy from which a bid was solicited. Triple Canopy did submit a bid, which was slightly lower than the "shortlisted" firm. Relief International formed another panel to review the bid from Triple Canopy and compare it with the "shortlisted" firm. They picked Triple Canopy as the company to hire. [redacted] claimed not to remember any problems internally surrounding the preparation of documents to give to USAID for its approval of the subcontract. In [redacted] interview with the OIG, [redacted] said [redacted] believed there was some connection between Clayton Associates and Triple Canopy but was unsure of what, specifically. When asked, [redacted] said [redacted] had no idea then or currently that Triple Canopy owned Clayton Associates. The interview with the OIG, [redacted] said, was the first time [redacted] had heard that. [redacted] did not find it an odd decision to contact Clayton Associates regarding the security firms. [redacted] stated that [redacted] pays Clayton for consultancy. [redacted] had never hired a security firm and Relief International did not at the time have a security expert on staff.

(b)(6);(b)(7)(C)

On March 5, 2011, the OIG interviewed [redacted] [redacted] was part of the selection committee for the Iraq security contract and advised that the security firm Sallyport had the lowest price, but its proposal was "odd." Edinburgh had the best overall score and second best price so the selection

committee selected Edinburgh. Once the committee selected Edinburgh, it sent the information to [redacted] who wanted the group to see if it could renegotiate with Edinburgh or look at Sallyport to see if it "could do more." According to [redacted] it was [redacted] who contacted Clayton Associates to see what it thought of the five companies provided by USAID. [redacted] stated that when [redacted] saw all of the bids, [redacted] contacted [redacted] of Clayton Associates. [redacted] wanted to ensure the best price. [redacted] provided the OIG with an email that was sent by [redacted] to Clayton Associates asking about the firms. The email from [redacted] listed each of the five companies, their bid prices, and the entire bid proposal submitted by Edinburgh. The email back to [redacted] from [redacted] included a forwarded email from [redacted] who works for Triple Canopy. The email from [redacted] stated [redacted] would not recommend any of the companies. They were all "Tier III" companies that cut corners. He stated that [redacted] company would be willing to do the work. [redacted] then told [redacted] to contact Triple Canopy in Washington, DC and ask for a bid proposal. [redacted] asked if they could provide a proposal within 48 hours. They did and the price was just under Edinburgh's price. [redacted] formed a second selection committee to choose between Edinburgh and Triple Canopy.

[redacted] said [redacted] prepared the documentation to send to USAID to request approval to subcontract with Triple Canopy. [redacted] was supposed to prepare the paperwork but [redacted] passed it to [redacted]. [redacted] believes [redacted] disagreed with the fact that Relief International looked at another security firm after the bid selection committee went through the process and selected Edinburgh. The documentation included a memo of negotiation. This memo explained that six companies, including the first five and Triple Canopy, submitted bids. It explained the difference in cost among all of them. It did not mention that Relief International originally selected Edinburgh and then had a second vote between just two companies. [redacted] stated that the contract with Triple Canopy was signed in early January 2008, before Relief International received the approval for a subcontract. [redacted] was aware that Triple Canopy owned Clayton Associates, but [redacted] did not become aware of it until about the summer of 2008. [redacted] mentioned this to [redacted] that summer. [redacted] realized then that Clayton Associates must have been friendly with Triple Canopy back when they were soliciting bids from Triple Canopy. If [redacted] had known about this merger back when they were soliciting bids, [redacted] would have thought more about it, but believes Relief International would still pick Triple Canopy over Edinburgh. They were under tight deadlines and there was no time to solicit more bids. Neither [redacted] nor [redacted] have been on a bid selection panel prior or subsequent to this.

During [redacted] interview, the OIG presented [redacted] with a subpoena for documents. Relief International sent the subpoena production to the OIG on March 21, 2011. Several documents included pertinent information.

(1) Email from [redacted] to [redacted] Head of Crisis Response at Clayton Associates, dated December 5, 2007. [redacted] sent the bid prices of the five security companies that bid on the contract to Clayton Associates (the parent company of Triple Canopy) and asked for recommendations and observations. [redacted] also sent the entire proposal of Edinburgh to [redacted] forwarded the email with this information to [redacted] Triple Canopy Project Manager, on December 6, 2007. [redacted] responded that none of the five firms are good and [redacted] company would be able to help.

This documentation contradicts [redacted] statement to the OIG that it was [redacted] who initiated contact with Triple Canopy.

(2) Email from [redacted] to [redacted] dated December 18, 2007. [redacted] writes, "Due to Triple Canopy's name, and also our association with Clayton – we would be most interested in pursuing these possibilities further with you as soon as possible."

Triple Canopy replied with its proposal on December 20, 2007.

(3) Email from [redacted] to [redacted] and [redacted] (Relief International employees) dated December 22, 2007. [redacted] emailed the second selection panel formed for to choose a security company. [redacted] wrote, "We now need to select and appoint the right Iraq Security Company for our needs. We are down to a choice of two organizations. One is Edinburgh, the other is Triple Canopy." [redacted] explained that Relief International received a list of five security companies and that of those five, Edinburgh was the best. [redacted] wrote that Relief International solicited opinions from people outside of Relief International on the abilities of the five security firms and that the response was that all five used "only tier 3 & 4 security personnel." [redacted] added that [redacted] asked USAID about tier 1 & 2 companies "such as Dyncorp, Blackstone, Triple Canopy." [redacted] wrote that Relief International was able to get a recommendation and introduction to Triple Canopy by Clayton Associates.

(4) Email from [redacted] to [redacted] dated December 24, 2007. [redacted] thanked [redacted] for [redacted] phone call and wrote that after talking to a family friend about the security companies, [redacted] has decided to change [redacted] vote to Triple Canopy.

(5) Relief International's memorandum of negotiation sent to USAID, dated January 22, 2008 and signed by [redacted] [redacted] wrote the following companies submitted proposals that were reviewed: Edinburgh, Triple Canopy, Garda World, Sallyport, Sandi Group, and Unity. [redacted] outlined the various elements of the proposals and which was the lowest price or best provider. [redacted] wrote that Triple Canopy had the lowest bid for Life Support Housing and for Additional Items. Triple Canopy did not have the lowest bid for an IZ driver, but [redacted] wrote that Triple Canopy had the highest quality and security of service. For Red Zone travel, only one company, Sallyport, had a lower cost, yet Triple Canopy had the best quality. [redacted] stated, "The proposals and bid totals of all above elements by proposing subcontractors were reviewed and compared."

It is noted that [redacted] thus indicated that the bids were all compared to each other when in fact the first five were compared among each other and then Triple Canopy was compared to Edinburgh, though not in cost, only in proposal. The memo connotes that Triple Canopy had the lowest price overall, except for Sallyport, which [redacted] stated had significantly inferior services to Triple Canopy. Triple Canopy submitted the lowest price subsequent to learning the prices of the other bidders.

(6) Email from [redacted] to [redacted] of Clayton Associates dated December 14, 2007. [redacted] thanks [redacted] for the response and asked "...if Clayton and Triple Canopy have any US Govt contracts right now and if per chance any of the contracts may be with NGOs. That

This matter was presented to the Department of Justice on March 7, 2011. The Department of Justice issued a final declination on August 29, 2011. The OIG investigation is on-going.

This information is being referred to you for consideration of action to suspend the above-referenced individuals and organization from any involvement in U.S. government programs pending completion of the investigation. Please advise this office of any action taken within thirty days.

If you have any questions, please contact Special Agent [redacted] in Pretoria, South Africa at +27-12-452-2329.


- 1) [REDACTED] Letter – January 24, 2008
- 2) Record Review [REDACTED] Letter – March 11, 2009
- 3) Memorandum of Interview – [REDACTED] – September 4, 2009
- 4) Memorandum of Interview – [REDACTED] – September 9, 2009
- 5) USAID Memorandum of Negotiation – December 10, 2007
- 6) Email from USAID to RI – January 11, 2008

- (b)(6);(b)(7)(C)

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(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)



(b)(6);(b)(7)(C)

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS**

REPORT OF INVESTIGATION

Case Title: Relief International **Case Number:** [REDACTED]
Status: Closed
Period of Investigation: 02/05/2009 to 08/29/2012 **OIG/I Office:** Pretoria

Synopsis:

On February 5, 2009, information was received from [REDACTED] a USAID employee, alleging non-competition on an Iraq security contract at [REDACTED] former employer, Relief International (RI). The information alleged that the Chief Executive Officer (CEO) of RI, a USAID contractor, directed the security contract to a particular subcontractor after the technical evaluation panel already determined the winner of the subcontract.

The information alleged that [REDACTED] of RI, directed the security services contract to a particular sub-contractor, Triple Canopy, after the technical evaluation panel already determined the winner of the subcontract, Edinburgh International/Cohort Group (EI). [REDACTED] directed several employees to prepare documentation to make it appear as if it was competitively awarded. [REDACTED] of RI, prepared the documentation knowing that it was not competitively awarded. In addition, the security company that received the subcontract, Triple Canopy, is the parent company of RI's provider of ransom and kidnap insurance, Clayton Associates. The information alleged that [REDACTED] approached Clayton Associates with the original security company proposals and bids, and they suggested RI use their parent, Triple Canopy, instead of EI.

The investigation found that [REDACTED] sent Clayton Associates a list of the five companies who already submit bids, their bid prices, and the actual proposal of the top contender, EI. This information was passed on to Triple Canopy, the parent company of Clayton Associates. [REDACTED] disregarded the outcome of the first technical evaluation panel and informed [REDACTED] staff that they would redo the selection but this time they would choose between the company [REDACTED] just rejected, EI, and Triple Canopy, a company brought in by [REDACTED] that did not submit a bid previously. The new committee chose Triple Canopy. [REDACTED] requested [REDACTED] staff prepare the documentation to support this choice. [REDACTED] prepared the documentation that RI submitted to USAID to support the change in security providers. The documentation prepared and sent to USAID was misleading in that it stated that RI compared the bid prices and proposals of all six

REPORT MADE BY:

Name: [REDACTED]

Date Signed: 08/29/12

Signature: [REDACTED]

APPROVING OFFICIAL:

Name: [REDACTED]

Date Signed:

Signature: [REDACTED]

9/10/12

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companies, when in fact, Triple Canopy was only compared to EI, and then not in price, only in proposal. In addition, the documentation also stated that Triple Canopy had the lowest price in many of the key criteria; however, it did not state that Triple Canopy knew the bid prices of the other five companies.

The case was presented to an AUSA for criminal prosecution and declined. The case was presented to an AUSA for civil prosecution and declined. The matter was then referred to USAID/OAA/Compliance Division for possible debarment or suspension resulting in no action.

No further investigative activity is required and this case is closed.

Details of Investigation:

On 02/05/09, the OIG interviewed [redacted] Development Leadership Initiative USAID employee (DLI), USAID/Egypt. [redacted] stated that RI received a contract in 2007/8 from USAID in Iraq for approximately \$20 million to perform community capacity building work. As part of this contract, RI was supposed to contract for security services. RI had a technical evaluation committee (TEC) comprised of [redacted] and possibly others to review the security proposals from a list of security firms. The TEC chose to award the contract to a particular firm. However, [redacted] did not want to award it to the firm the TEC chose. Instead, [redacted] told the TEC to award the contract to another firm. [redacted] stated that [redacted] would know the details. (Attachment 1, Memorandum of Interview, [redacted], dated 02/05/09)

On 03/11/09, the OIG reviewed [redacted] memo. It outlined the specifics regarding an allegation of false claims to USAID by subcontracting security services without any actual competition. RI contacted USAID to get a list of security providers for Iraq. USAID provided a list of five firms. The members of the review panel were: [redacted], [redacted], [redacted], [redacted] and [redacted].

The panel met November 1, 2007 and picked EI/Cohort. [redacted] rejected the selection and told the panel that they would have to re-start the procurement process. [redacted] stated [redacted] spoke with the company's Kidnap & Ransom service provider, Clayton Associates, and they stated that although EI/Cohort was the best out of the six, they still were not of the tier they felt was necessary in Iraq. Clayton Associates recommended Triple Canopy. Clayton Associates was purchased by Triple Canopy on June 15, 2007, so Clayton was telling RI to use their parent company.

RI held a second panel on December 21, 2007 and the members were: [redacted], [redacted], [redacted], [redacted], [redacted], [redacted], and [redacted]. The second panel considered only two proposals, EI/Cohort Group, which the

(b)(6);(b)(7)(C);(b)(7)(E)

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(b)(6);(b)(7)(C)

CEO already rejected, and Triple Canopy. The panel chose Triple Canopy. [redacted] approved this selection, verbally, on December 24, 2007.

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RI sent the subcontract information relating to EI/Cohort Group to USAID for approval. After the second panel met, RI sent the new subcontract information to USAID for approval and received approval both times. [redacted] stated [redacted] was asked by [redacted] to prepare fraudulent documents to back up the second panel's choice. The memo also included several emails to support [redacted] letter. (Attachment 2, Record Review, [redacted] letter summary, dated 03/11/09)

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On 09/04/2009, the OIG interviewed [redacted] formerly the [redacted] at RI. Very soon after receiving the Iraqi Community-based Conflict Mitigation (ICCM) award, RI needed to put in place a large security subcontract for it. RI formed an evaluation committee to review proposals for the subcontract. The committee met and selected a security company. The committee submitted its decision to the Executive Office for approval and finalization. [redacted] refused to sign-off on the committee's choice for the subcontract. [redacted] did not communicate [redacted] decision to any of the committee members. Instead, they heard through the office grapevine that [redacted] had rejected their decision because the company they chose was not the company [redacted] wanted.

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[redacted] called [redacted] the Vice President of Operations, and asked [redacted] to redo the paperwork for the evaluation, including the evaluations, negotiation memo, and justification. [redacted] knows this because [redacted] called the members of the evaluation committee and requested assistance in doing so. According to [redacted] no one helped him. According to [redacted] the process by which a winner was originally chosen by the evaluation committee was "bullet-proof". However, [redacted] by-passed the system they had put in place. As a result, it is [redacted] opinion that the subcontract was not fairly competed or transparent. [redacted] does not know why [redacted] chose a new company to win the award. (Attachment 3, Memorandum of Interview, [redacted] dated 09/04/09)

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On 09/09/2009, the OIG interviewed [redacted] former [redacted] at RI. [redacted] was tasked with procuring a security subcontract. [redacted] contacted companies and requested bids for the security subcontract. The technical evaluation committee (TEC) that was eventually put into place included [redacted] the Vice President of Operations; and [redacted] a finance employee. The TEC convened to review the bids. EI had the winning bid. [redacted] put together the necessary documentation including the official proposal and the justification for the decision.

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The award needed to be approved by [redacted] [redacted] sent the documents to [redacted] [redacted] never contacted [redacted] and [redacted] found out later from [redacted] that the decision to award to EI was never approved by [redacted] [redacted] learned that

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[redacted] gave the names of the companies to [redacted] and requested that [redacted] research and request bids from them. A second TEC was formed and EP's bid plus a bid from Triple Canopy, one of the companies that [redacted] had named, were presented to it. [redacted] does remember hearing a rumor that Triple Canopy was connected to [redacted] in some way.

Triple Canopy was finally chosen to receive the security subcontract. RI had originally reported to USAID that EI was selected as the security contractor. Once Triple Canopy was selected, RI had to report a different selection to USAID/Baghdad.

[redacted] stated that [redacted] felt pressured by [redacted] to backdate the documents and that [redacted] was threatening her job. [redacted] did not backdate the documents and instead gave them to [redacted]. [redacted] did not believe that the security subcontract was ultimately awarded fairly. [redacted] did believe that the first TEC followed procedures and was fair. (Attachment 4, Memorandum of Interview, [redacted] dated 09/09/09)

When RI submitted EI to USAID as the subcontractor for security services, USAID prepared a negotiation memo, dated December 10, 2007, to increase the award to RI. The memo stated, "The recipient decided on this security company after seeking competitive bids from other companies; this one has been used by other USAID partners previously." The memo included RI's line item budget for EI, which totaled \$2,423,621. RI told USAID, via an email from [redacted] to [redacted] USAID Democracy and Governance Officer, dated November 14, 2007, that RI picked EI as its security services firm mainly because, "they could begin operations immediately, which would facilitate rapid deployment from our end." (Attachment 5, USAID Negotiation memo, dated 12/10/07)

After RI decided to change security firms, [REDACTED] USAID [REDACTED] sent an email, dated January 11, 2008, to [REDACTED] and [REDACTED] which stated that RI would “need to re-submit a request to subcontract”. [REDACTED] replied on January 22, 2008, stating that RI was requesting permission to subcontract with Triple Canopy, giving details of the “proposed” subcontractor. Unbeknownst to USAID, RI had already signed the contract with Triple Canopy to do the work in Iraq. The RI/Triple Canopy contract was dated January 5, 2008. **(Attachment 6, Email from USAID to RI, dated 1/11/08) (Attachment 7, Email from RI to USAID, dated 1/22/08)**

On 3/4/11, the OIG interviewed [redacted] [redacted] said that when [redacted] received what [redacted] called the shortlist, [redacted] did not approve the award. [redacted] stated that [redacted] wanted the review panel to negotiate with the firm. [redacted] stated that [redacted] then contacted Clayton Associates, RI's war risk insurance provider, which recommended Triple Canopy from which a bid was solicited. Triple Canopy did submit a bid, which was slightly lower than the "shortlisted" firm. RI formed another review panel to review the bid from Triple Canopy and compare it with the "shortlisted" firm. They picked Triple Canopy as the company to hire. [redacted] claimed not to remember any problems internally surrounding

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the preparation of documents to give to USAID for its approval of the subcontract.

_____ said _____ believed there was some connection between Clayton Associates and Triple Canopy but was unsure of what, specifically. When asked, _____ had no idea before or now that Triple Canopy owned Clayton Associates. The interview with the OIG, _____ said, was the first time _____ had heard that. _____ did not find it an odd decision to contact Clayton Associates regarding the security firms. _____ stated that _____ pays Clayton for consultancy. _____ has never hired a security firm and RI did not at the time have a security expert on staff. (Attachment 8, Memorandum of Interview – _____ dated 3/4/11)

On 3/5/11, the OIG interviewed _____ was part of the selection committee for the Iraq security contract. _____ advised that the security firm Sallyport had the lowest price, but its proposal was "odd." EI had the best overall score and second best price so the selection committee selected EI. Once the committee selected EI, it sent the information to _____ who wanted the group to see if it could renegotiate with EI or look at Sallyport to see if it "could do more." According to _____ it was _____ who contacted Clayton Associates to see what it thought of the five companies provided by USAID. _____ stated that when _____ saw all of the bids, _____ contacted _____ of Clayton Associates. _____ wanted to ensure the best price. _____ provided the email that was sent by _____ to Clayton Associates asking about the firms. The email from _____ listed each of the five companies, their bid prices, and the entire bid proposal sent by EI. The email back to _____ from _____ included a forwarded email from _____ who works for Triple Canopy. The email from _____ stated _____ would not recommend any of the companies. They were all "Tier III" companies that cut corners. _____ stated that his company would be willing to do the work. _____ then told _____ to contact Triple Canopy in Washington, DC and ask for a bid proposal. _____ asked if they could provide a proposal within 48 hours. They did and the price was just under EI's price. _____ formed a second selection committee to choose between EI and Triple Canopy.

_____ prepared the documentation to send to USAID to request approval to subcontract with Triple Canopy. _____ was supposed to prepare the paperwork but _____ passed it to _____ believes _____ disagreed with the fact that RI looked at another security firm after the bid selection committee went through the process and selected EI. The documentation included a memo of negotiation. This memo explained that six companies, including the first five and Triple Canopy, submitted bids. It explained the difference in cost among all of them. It did not mention that RI originally selected EI and then had a second vote between just two companies. _____ stated that the contract with Triple Canopy was signed in early January 2008, before RI received the approval for a subcontract. _____ was aware that Triple Canopy owned Clayton Associates, but _____ did not become aware of it until about the summer of 2008. _____ mentioned this to _____ that summer. _____ realized then that Clayton Associates must have been friendly with Triple Canopy back when they were soliciting bids from Triple Canopy. If _____ had known about this merger back when they were

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soliciting bids, [] would have thought more about it, but believes RI would still pick Triple Canopy over EI. They were under tight deadlines and there was no time to solicit more bids. Neither [] nor [] have been on a bid selection panel prior or subsequent to this. (Attachment 9, Memorandum of Interview – [] dated 3/5/11)

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(b)(6);(b)(7)(C)
On 4/6/11, the OIG reviewed the documents received as a result of an IG subpoena submitted to RI. Several documents included pertinent information:

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(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
(1) Email from [] to [] [] at Clayton Associates, dated December 5, 2007. [] sent the bid prices of the five security companies that bid on the contract to Clayton Associates (the parent company of Triple Canopy) and asked for recommendations and observations. [] also sent the entire proposal of EI to [] forwarded the email with this information to [] on December 6, 2007. [] responded that none of the five firms are good and [] company would be able to help.

(b)(6);(b)(7)(C)
This documentation contradicts [] statement to the OIG that it was [] who initiated contact with Triple Canopy.

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
(2) Email from [] to [] dated December 18, 2007. [] writes, "Due to Triple Canopy's name, and also our association with Clayton – we would be most interested in pursuing these possibilities further with you as soon as possible." Triple Canopy replied with its proposal on December 20, 2007.

(b)(6);(b)(7)(C)
(3) Email from [] to [] and [] (RI employees) dated December 22, 2007. [] emailed the second selection panel formed for choosing a security company. [] stated, "We now need to select and appoint the right Iraq Security Company for our needs. We are down to a choice of two organizations. One is EI, the other is Triple Canopy." [] explained that RI received a list of five security companies and that of those five, EI was the best. [] stated that RI solicited opinions from people outside of RI on the abilities of the five security firms and that the response was that all five used "only Tier 3 & 4 security personnel." [] stated that [] asked USAID about Tier 1 & 2 companies "such as DynCorp, Blackstone, Triple Canopy." [] stated that RI was able to get a recommendation and introduction to Triple Canopy by Clayton Associates.

(b)(6);(b)(7)(C)
(4) Email from [] to [] dated December 24, 2007. [] thanked [] for [] phone call and wrote that after talking to a family friend about the security companies, [] has decided to change [] vote to Triple Canopy.

(b)(6);(b)(7)(C)
(5) RI's memorandum of negotiation sent to USAID, dated January 22, 2008 and signed by [] [] states the following companies submitted proposals that were reviewed: EI, Triple Canopy, Garda World, Sallyport, Sandi Group, and Unity.

02/05/09 – 08/29/12

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)

[redacted] outlined the various elements of the proposals and which was the lowest price or best provider. [redacted] stated that Triple Canopy had the lowest bid for Life Support Housing and for Additional Items. Triple Canopy did not have the lowest bid for an International Zone of Baghdad driver, but [redacted] stated Triple Canopy had the highest quality and security of service. For Red Zone travel, only one company, Sallyport, had a lower cost, yet Triple Canopy had the best quality. [redacted] stated, "The proposals and bid totals of all above elements by proposing subcontractors were reviewed and compared."

(b)(6);(b)(7)(C)

It is noted that [redacted] thus indicated that they were all compared to each other when in fact, the first five were compared among each other, and then Triple Canopy was compared to EI, though not in cost, only in proposal. The memo indicates that Triple Canopy had the lowest price overall, except for Sallyport, which [redacted] stated had significantly inferior services to Triple Canopy. Triple Canopy submitted the lowest price subsequent to learning the prices of the other bidders.

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)

(6) Email from [redacted] to [redacted] of Clayton Associates dated December 14, 2007. [redacted] thanks [redacted] for the response and asked "...if Clayton and Triple Canopy have any US Govt contracts right now and if per chance any of the contracts may be with NGOs. That may help our case with USAID. Also if we could get a cost proposal from you for the same services then we can be back to you with a response soon as we have clarification from USAID." It is noted that [redacted] directed the request for proposal to [redacted] who works for Clayton versus [redacted] who works for Triple Canopy, although [redacted] contact information was in the email. This contradicts [redacted] statement that [redacted] was unaware of any connection between Clayton and Triple Canopy. (Attachment 10, Record Review – Subpoena Documents, dated 4/6/11)

This criminal matter was presented to the Department of Justice in Los Angeles and declined on April 26, 2011. (Attachment 11, Criminal Declination, dated 4/26/11)

This civil matter was presented to the Department of Justice and declined on August 29, 2011. (Attachment 12, Criminal Declination, dated 8/29/11)

This matter was referred to USAID's Office of Acquisition and Assistance's Compliance Department on October 28, 2011. (Attachment 13, Referral to OAA, dated 10/28/11)

On 7/5-11/12, the OIG reviewed the documents supplied by Union Bank resulting from an IG Subpoena dated June 12, 2012. The documents related to RI's corporate banking information. (Attachment 14, Record Review – Subpoena documents RI Bank, dated 7/11/12)

On 7/23 – 8/27/12, the OIG reviewed the documents supplied by Union Bank resulting from an IG subpoena dated June 12, 2012. The documents related to [redacted] personal

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(b)(6);(b)(7)(C)
banking information. (Attachment 15, Record Review – Subpoena Documents
(b)(6);(b)(7)(C)
Personal, dated 8/27/12)

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
Subjects/Defendants/Suspects:

(b)(6);(b)(7)(C)
Relief International
(b)(6);(b)(7)(C)
– Relief International

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

There are no items in evidence or seized contraband.

Judicial and Administrative Actions:

(b)(6);(b)(7)(C)
None

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
Attachments:

1. Memorandum of Interview - (b)(6);(b)(7)(C) dated 2/5/2009
2. Record Review - (b)(6);(b)(7)(C) Letter Summary, dated 3/11/2009
3. Memorandum of Interview - (b)(6);(b)(7)(C) dated 9/4/2009
4. Memorandum of Interview - (b)(6);(b)(7)(C) dated 9/9/2009
5. USAID Negotiation Memo, dated 12/10/2007
6. Email from USAID to RI, dated 1/11/2008
7. Email from RI to USAID, dated 1/22/2008
8. Memorandum of Interview - (b)(6);(b)(7)(C) dated 3/4/2011
9. Memorandum of Interview - (b)(6);(b)(7)(C) dated 3/5/2011
10. Record Review – Subpoena Documents, dated 4/6/2011
11. Criminal Declination, dated 4/6/2011
12. Civil Declination, dated 8/29/2011
13. Referral to OAA Compliance Division, dated 10/28/2011
14. Record Review – Subpoena Documents RI Bank, dated 7/11/2012
15. Record Review – Subpoena Documents (b)(6);(b)(7)(C) Personal, dated 8/27/2012

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS**

REPORT OF INVESTIGATION

Case Title: SOLICITATION OF KICKBACKS BY U.S. EMBASSY HOUSING OFFICE PERSONNEL - ISLAMABAD

Case Number: [REDACTED]

Status: Closed

Period of Investigation: 4/22/2011-12/20/2011

OIG/I Office: Islamabad, Pakistan

Synopsis:

On April 22, 2011, the case agent (CA) was informed by a confidential source that there was fraudulent activity related to the procurement of housing for USAID and other Embassy employees assigned to the American Embassy in Islamabad, Pakistan. The source stated that Foreign Service National employee, [REDACTED] of the Embassy Housing Office was conspiring with a local Pakistani real estate agent, [REDACTED] to artificially inflate rental fees on properties leased to the American Embassy. The source knew of one instance in which a bribe was offered for a lease renewal and increase in rent on a residence where a United States Agency for International Development (USAID) official was residing. The source also alleged that [REDACTED] was providing inside information from the Housing Office to [REDACTED] in order to leverage negotiations in his favor. [REDACTED] was paid by [REDACTED] for [REDACTED] help in the scheme.

Details of Investigation:

On April 26, 2011, the CA conducted an interview of [REDACTED] Housing Coordinator, DOS, Housing Office, Islamabad, Pakistan. [REDACTED] stated that approximately two weeks earlier, [REDACTED] Pakistani Real Estate Agent, offered [REDACTED] [REDACTED], approximately 400,000 PKR to inflate the rent on a lease renewal from \$2,500 USD to \$3,800 USD per month for a property located at Sector E/7, Street 10, House 37 units A and B in Islamabad. This property was occupied by a married couple working for USAID and DOS. (Attachment 1, MOI for [REDACTED])

On May 9, 2011, the CA and Special Agent (SA) [REDACTED] DOS Office of Inspector General (OIG), conducted an interview of [REDACTED] Foreign Service National (FSN) Supervisor, DOS, Housing Office, Islamabad. Also present during the interview was [REDACTED]

REPORT MADE BY:

Name:

Signature:

Date Signed: 09/06/2012

APPROVING OFFICIAL:

Name: SA

Signature:

Date Signed: 09/06/2012

Period: 4/22/2011-12/20/2011

(b)(6);(b)(7)(C) stated that all the problems in the DOS Housing Office revolved around two people, (b)(6);(b)(7)(C) RPA, DOS, Housing Office, Islamabad and (b)(6);(b)(7)(C) is a Realtor/Property Manager of approximately 80 residences leased to the American Embassy in Islamabad. (b)(6);(b)(7)(C) stated that (b)(6);(b)(7)(C) was providing (b)(6);(b)(7)(C) inside information on Embassy residences. (b)(6);(b)(7)(C) would then contact landlords of leased residences promising more favorable leasing terms in return for kickbacks from the landlords. The kickbacks were received by (b)(6);(b)(7)(C) and shared with (b)(6);(b)(7)(C) for providing the information. (Attachment 2, MOI for (b)(6);(b)(7)(C))

(b)(6);(b)(7)(C) On May 18, 2011, the CA reviewed a leasing agreement spreadsheet provided by (b)(6);(b)(7)(C). The report outlined discrepancies in US Embassy housing leasing terms in Islamabad, Pakistan. The leasing spreadsheet included the following categories: lease number, address, lease start date, lease end date, annual lease rent amount, monthly rent amount, total lease years, condition of property, and realtor used. The comparison was drawn between properties overseen by two RPAs, (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C) was suspected of being involved with (b)(6);(b)(7)(C) in schemes of bribery, kickbacks and fraud in the procurement of housing. The most notable discrepancies found in the comparison spreadsheet were the following: total leased years, RPA (b)(6);(b)(7)(C) Of 36 properties leased, 3 properties were leased for a term of more than 5 years, RPA (b)(6);(b)(7)(C) Of 59 properties leased, 36 properties were leased for a term of more than 5 years. Condition, RPA (b)(6);(b)(7)(C) Of 36 properties leased, 23 were categorized as old, RPA (b)(6);(b)(7)(C) Of 59 properties leased, 1 were categorized as old. Realtor used, RPA (b)(6);(b)(7)(C) Of 36 properties leased, 25 were leased with (b)(6);(b)(7)(C) RPA (b)(6);(b)(7)(C) Of 59 properties leased, 2 were leased with (b)(6);(b)(7)(C) (Attachment 3, Lease Document Review)

(b)(6);(b)(7)(C) On May 26, 2011, the CA interviewed (b)(6);(b)(7)(C) stated on May 20, 2011, (b)(6);(b)(7)(C) had a conversation via telephone with (b)(6);(b)(7)(C) of Perfect Builders. (b)(6);(b)(7)(C) company was on the approved construction contractors list for US Embassy Housing. (b)(6);(b)(7)(C) stated that (b)(6);(b)(7)(C) had reported to (b)(6);(b)(7)(C) that on three or four renovation projects on US Embassy leased residences, (b)(6);(b)(7)(C) paid (b)(6);(b)(7)(C) a fee to be guaranteed that (b)(6);(b)(7)(C) company would be awarded the contracts. A US Embassy residence located at F 8/1, St 40, House 11 was specifically mentioned as a renovation project awarded to Perfect Builders for which (b)(6);(b)(7)(C) paid (b)(6);(b)(7)(C) to acquire the work. (Attachment 4, MOI for (b)(6);(b)(7)(C))

(b)(6);(b)(7)(C) On May 27, 2011, the CA and Foreign Service National Investigator (FSNI) (b)(6);(b)(7)(C) USAID/OIG conducted an interview of (b)(6);(b)(7)(C) Classic International. Also present were (b)(6);(b)(7)(C) and (b)(6);(b)(7)(C) stated that renovation work was needed on a US Embassy leased property located at Sector G 6/4 Street 84 House 3 in Islamabad. (b)(6);(b)(7)(C) was contacted by the landlord's representative for the property and was shown the work required and was asked to provide a quotation for the work. In March 2011, (b)(6);(b)(7)(C) was contacted by (b)(6);(b)(7)(C) to return to the property for a survey of the renovation work. When (b)(6);(b)(7)(C)

Period: 4/22/2011-12/20/2011

arrived at the property [redacted] was met by [redacted] and two other contractors, Percham Construction, and another contractor [redacted] believed was Perfect Builders. During the survey of work, [redacted] stated that [redacted] was pulled aside by [redacted] who demanded 100,000 PKR to guarantee the contract at the residence. [redacted] stated that [redacted] refused to do the renovation. (Attachment 5, MOI for [redacted])

On May 27, 2011, the CA and FSNI [redacted] conducted an interview of [redacted] Al-Sahar Estate. Also present were [redacted] and [redacted] stated that sometime around April or May 2010 [redacted] had a meeting at [redacted] office with [redacted] During the meeting, [redacted] asked for a commission on those properties he leased to the US Embassy. [redacted] explained that other real estate agents were paying [redacted] 90% of their commissions. [redacted] impression was that [redacted] was trying to negotiate a kickback deal with [redacted] At the time of the meeting, [redacted] did not agree to such an arrangement. However, [redacted] later offered to make a deal. According to [redacted] never followed up to make the deal. (Attachment 6, MOI for [redacted])

On May 27, 2011, the CA and FSNI [redacted] conducted an interview of [redacted] contractor, Perfect Builders, Islamabad, Pakistan. Also present were [redacted] and [redacted] stated that [redacted] owns Perfect Builders, a well-respected construction company. [redacted] stated that [redacted] company has provided services to many international organizations and diplomatic missions for many years. [redacted] stated that [redacted] had encountered problems with [redacted] on renovation work at US Embassy leased residences. [redacted] stated that [redacted] had solicited bribes for three US Embassy renovation contracts for which Perfect Builders provided quotations. [redacted] stated that [redacted] paid the bribes due to fear that if [redacted] did not, [redacted] would not get work from the US Embassy in the future. (Attachment 7, MOI for [redacted])

On June 1, 2011, the CA conducted an interview of [redacted] Also present were Special Agent in Charge (SAC) [redacted] USAID/OIG, Supervisory Special Agent (SSA) [redacted] Federal Bureau of Investigations (FBI) and FSNI [redacted] stated that on May 31, 2011, at 4:30pm, [redacted] was called into a meeting in the office of [redacted] Deputy General Services Officer (D/GSO), DOS. Also present during the meeting were [redacted] Assistant General Services Officer (A/GSO) and [redacted] Housing Coordinator, DOS, Housing Office. [redacted] stated that [redacted] mainly directed the meeting. [redacted] stated the meeting began with questions directed to [redacted] about the US Embassy new lease and lease renewal procedures, but the tone of the meeting quickly changed to accusatory in nature. [redacted] stated [redacted] was told there was evidence [redacted] took money from a realtor as a commission on a US Embassy lease renewal property located at Sector F 7/3, Street 9, House 3, Islamabad. [redacted] stated that [redacted] told [redacted] if [redacted] confessed to taking the money, the US Embassy might be able to work with [redacted] but if [redacted] refused that they would terminate [redacted] based on the evidence they had collected against [redacted] [redacted] stated [redacted] refused to confess to the accusations and was given one day to "think about it" by [redacted] (Attachment 8, MOI for [redacted])

Period: 4/22/2011-12/20/2011

From June, 7 to June 10, 2011, FSNI [] USAID/OIG reviewed email accounts that belonged to American Embassy Islamabad housing personnel. The emails were provided to the CA by the American Embassy Information Resources Management (IRM) office. An extensive review of the emails did not reveal anything pertinent to this investigation. (*Attachment 9, Email Document Review*)

On June 13, 2011, FSNI [] and [] conducted an interview of [] landlord of a property located at F 7/3 Parbat Road, House 32B Islamabad, Pakistan. The property was leased to the US Embassy. [] stated that around July or August 2010, [] met [] and another person from the US Embassy, who might have been [] to negotiate the lease on [] property. The property required some renovations before the US Embassy would accept it. [] ended up agreeing to hire a company to do the required renovations at a cost of approximately 1.2 million PKR. The amount included a commission fee owed to [] for brokering the property. (*Attachment 10, MOI for []*)

On June 13, 2011, FSNI [] conducted an interview of [] owner of a US Embassy leased property located at House 3, Street 9, Sector F-7/3, Islamabad. [] stated that a Pakistani realtor known to [] as [] informed [] that if [] wanted to lease [] property "as is" the rent would be reduced to \$4,000 USD per month from the current rent of \$5,200 USD per month. [] stated that [] told [] that [] had to "please" [] and [] boss [] in order to get a lease renewal on [] property. [] then told [] that one or two months' rent should be paid to [] and [] boss [] as a bribe. (*Attachment 11, MOI for []*)

On June 16, 2011, the CA and SA [] conducted an interview of [] Estateman Properties International. [] stated that bribes and kickbacks in the real estate leasing market in Islamabad, Pakistan, are very common. [] did not believe it was out of the ordinary for a real estate agent to pay part of [] commission to embassy personnel for guaranteed business with the respective embassy. [] has been solicited for bribes at other diplomatic missions operating in Islamabad. [] stated that [] has been asked by the Kuwaiti Ambassador for kickbacks on leased properties for the Kuwaiti Embassy in Islamabad. [] denied ever having been solicited or paid bribes to any personnel at the US Embassy, Islamabad. (*Attachment 12, MOI for []*)

On June 20, 2011, the CA and FSNI [] conducted a telephonic interview of []. [] stated that [] has no complaints against any US Embassy personnel from the DOS, Housing Office other than [] had lodged a written complaint against []. [] stated that [] had never demanded a commission or any other favor. [] further stated that []

Period: 4/22/2011-12/20/2011

had a good experience working with [] and no commissions or favors were demanded by [] (Attachment 13, MOI for [])

On June 20, 2011, the CA and SA [] conducted an interview of [] was aware of problems in the Housing Office to the extent of a divisive office environment. [] did not have any evidence of bribes being solicited by locally engaged staff (LES). After receiving a complaint from [] a meeting was arranged at the US Embassy. Present at the meeting were [] and [] stated that [] and [] were taking commissions on the US Embassy property lease transactions through local real estate agent, []. After receiving this information, a follow-up meeting was arranged with [] at [] office in Islamabad. During that meeting, [] stated that [] admitted to paying [] part of [] commission on the US Embassy property lease transactions on numerous occasions. The arrangement was that [] would continue to steer new business to [] for a percentage of [] commission on the deals. [] also admitted during the meeting to paying [] in the past on two to three occasions for a similar arrangement on US Embassy leased properties. [] denied [] involvement in the schemes. (Attachment 14, MOI for [])

On June 21, 2011, the CA and SA [] conducted an interview of [] had a meeting with the DOS, GSO management, in regards to allegations [] was attempting to shakedown [] for a lease renewal with the US Embassy. [] denied the allegations and stated [] was approached by [] who suggested duplexing the property as a way to increase the monthly rent. [] stated that the residence was a group house and could not be split up. [] believed that [] was upset by [] offer of \$4,166 (USD) per month for the property because it was currently being leased at \$5,500 USD per month. [] denied ever taking money on any real estate deals associated with the US Embassy. [] also denied anyone offered [] money for business with the US Embassy with the exception of a bribe offered to [] by [] which [] declined and subsequently reported to [] supervisors in the Housing Office. (Attachment 15, MOI for [])

On June 21, 2011, the CA and SA [] conducted an interview of [] stated that due to problems with realtors in the past, [] was instructed by [] supervisor, [] to use only [] and [] on leasing deals. According to [] mainly used [] because [] believed [] had engaged in "bad practices" with other RPAs in the past. [] denied ever taking money from anyone or being offered money by anyone for business with the US Embassy. (Attachment 16, MOI for [])

On June 22, 2011, the CA and SA [] conducted an interview of [] stated in September, 2010, [] had a meeting with [] and [] claimed that [] and [] requested [] file a written statement with the US Embassy stating that [] had paid bribes

Period: 4/22/2011-12/20/2011

to [] for real estate business with the US Embassy. [] stated that [] refused and since that time [] and [] have been attempting to sabotage [] business relationship the US Embassy. [] denied paying anyone from the US Embassy for business and claimed [] never solicited money from anyone from the US Embassy. (Attachment 17, MOI for [])

On July 03, 2011, the CA and SA [] conducted an interview of [] stated that [] paid bribes to [] and [] on multiple occasions for leasing deals with the US Embassy. [] stated the bribe amounts were approximately 50% of his commission on each property. (Attachment 18, MOI for [])

On July 07, 2011, the CA and SA [] conducted an interview of [] Assistant General Services Officer (A/GSO), US Embassy, Islamabad. [] stated that [] found out that the maximum amount the US Embassy is allowed to pay for rent is \$4,166 a month and had used that information to [] advantage in lease negotiations. [] stated that [] believed someone from the housing section at the US Embassy leaked this information to []. The housing section searched for possible residences for the Ambassador, and [] seemed to know the maximum amount the US Embassy would be able to pay. [] said that [] reported the allegations of bribery to [] supervisor []. [] said [] heard a lot of rumors and a lot of allegations, but [] had no real proof that [] was receiving bribes. [] said that [] asked [] to try and fix all of the problems in the housing section. [] said since [] got to the US Embassy, that it has been a constant struggle with complaints from realtors about other realtors taking their properties. (Attachment 19, MOI for [])

On July 07, 2011, the CA and SA [] conducted an interview of [] stated the US Embassy usually pays the highest rent on their leases, because they require a lot of upgrades for security reasons. [] said the Housing Office is only allowed to rent in a few sectors in Islamabad due to security reasons which limit the number of houses available, which causes the cost of the leases to rise. [] said the demand for housing by the US Embassy leveled off after hitting a peak in 2008, and that the US Embassy has between 16 and 19 houses in its housing pool. [] stated that it would be very difficult to compare the leasing prices between realtors working with certain RPAs. There are many different factors that go into the amount of the lease and each property is unique depending on different factors such as location and the cost of the necessary renovations. [] said that [] was reassigned in August of 2010. (Attachment 20, MOI for [])

On July 09, 2011, the CA and SA [] conducted an interview of [] realtor for Eden Homes, Islamabad, Pakistan. [] said [] leased properties to the US Embassy in the past, but for the past few years [] did not lease new properties until [] started working on leases. [] said [] previously attempted to show properties that [] had available to [] but [] never called [] back. [] said another realtor named [] seemed to be doing a

Period: 4/22/2011-12/20/2011

lot of deals with the US Embassy through [redacted] said that on a few occasions [redacted] contacted [redacted] and told [redacted] about a property that [redacted] had available, but [redacted] did not call [redacted] back. [redacted] later found out through the landlord that the property was rented to the US Embassy through [redacted] or another realtor named [redacted] stated that [redacted] didn't think it was fair because [redacted] was the first realtor to call the US Embassy and tell them about the property being available. (Attachment 21, MOI for [redacted])

On July 09, 2011, the CA and SA [redacted] conducted an interview of [redacted] realtor and [redacted] of Khalid Company, Islamabad, Pakistan. [redacted] stated that [redacted] attempted to do business with the US Embassy over the past few years but has only recently been successful. [redacted] said that on numerous occasions, [redacted] sent the US Embassy a list of properties [redacted] had available for lease, but [redacted] did not hear back. [redacted] stated that for the past six years [redacted] noticed that the US Embassy mostly dealt with one or two realtors. (Attachment 22, MOI for [redacted])

On July 09, 2011, the CA and SA [redacted] conducted an interview of [redacted] Post Management Officer, for the DOS. [redacted] stated [redacted] went to the US Embassy, Islamabad, for two temporary duty (TDY) assignments in order to assist the Housing Office. [redacted] said the first TDY was from September 2010 through November 2010, and the second TDY was from February 2011 through April 2011. [redacted] said prior to [redacted] arrival at the US Embassy, the Housing Office only dealt with a limited number of realtors. [redacted] was the realtor with the most properties leased to the US Embassy. [redacted] said the housing section was trying to use different realtors and [redacted] was upset because [redacted] felt that [redacted] was losing business because of [redacted] said that [redacted] made numerous comments to [redacted] and [redacted] where [redacted] bragged that [redacted] controlled the real estate market in Islamabad, and they could not do anything without dealing through [redacted] (Attachment 23, MOI for [redacted])

On July 18, 2011, the CA and [redacted] conducted an interview of [redacted] General Services Officer (GSO), US Embassy, Islamabad. [redacted] said there were a lot of problems with the Housing Office staff including equal employment opportunity (EEO) allegations and other related issues. [redacted] said many of the local staff made allegations against each other, and [redacted] who supervises the local staff in the Housing Office, was found to have violated EEO policies relating to [redacted] Since then, [redacted] went to work for the [redacted] [redacted] stated that due to the incident, [redacted] was required to attend training. [redacted] said [redacted] office was aware of the bribery allegations involving the Housing Office staff and had attempted to find out what evidence existed of bribes paid to US Embassy employees. (Attachment 24, MOI for [redacted])

On July 18, 2011, the CA and SA [redacted] conducted an interview of [redacted] General Services Officer (D/GSO), US Embassy, Islamabad. [redacted] said [redacted] started [redacted] own investigation after receiving a letter written by [redacted] [redacted] stated that [redacted] and [redacted]

Period: 4/22/2011-12/20/2011

interviewed [redacted] who stated that [redacted] and [redacted] told [redacted] rent would be reduced if [redacted] didn't agree to pay bribes to [redacted]. [redacted] said [redacted] and [redacted] interviewed [redacted] at [redacted] office. [redacted] said [redacted] admitted paying bribes to [redacted] and [redacted] but [redacted] claimed [redacted] did not pay any bribes to [redacted]. [redacted] said [redacted] and [redacted] interviewed [redacted] about the bribery allegations, but [redacted] denied accepting bribe payments and told [redacted] that [redacted] couldn't speak with [redacted] anymore because of an ongoing investigation by another American Officer. (Attachment 25, MOI for [redacted])

On July 29, 2011, the US Embassy, Islamabad, Pakistan terminated the employment of [redacted] (Attachment 26, termination document for [redacted])

On July 29, 2011, the US Embassy, Islamabad, Pakistan terminated the employment of [redacted] (Attachment 27, termination document for [redacted])

In August 2011, USAID/OIG received a letter allegedly written by [redacted] addressed to the Deputy Chief of Mission (DCM), US Embassy, Islamabad, Pakistan. In the letter [redacted] confessed to [redacted] part in the kickback scheme and alleged two RPAs paid [redacted] for their employment. (Attachment 28, DCM letter)

On October 25, 2011, the CA, SA [redacted] USAID/OIG, and FSNI [redacted] conducted an interview of [redacted]. Investigators showed [redacted] two letters bearing [redacted] name and business letterhead. [redacted] stated [redacted] did not write the letters, and the allegations contained in the letters were false. [redacted] claimed [redacted] had a confrontational relationship with [redacted] and [redacted] or possibly [redacted] real estate competitor, could be behind the letters. (Attachment 29, MOI for [redacted])

On October 27, 2011, FSNI [redacted] conducted a telephonic interview of [redacted]. [redacted] owned a property in Islamabad that was leased to the American Embassy. [redacted] advised that during the entire period of the lease on [redacted] property, [redacted] was contacted by many housing staff employees from the US Embassy, Islamabad regarding renovation work and lease renewals. [redacted] did not recall the names of the individuals [redacted] spoke to from the housing section. [redacted] stated all of the discussions were very professional, and no one ever asked [redacted] for a kickback or any kind of favors. (Attachment 30, MOI for [redacted])

On October 26, 2011, the CA, SA [redacted] and FSNI [redacted] conducted an interview of [redacted]. [redacted] stated during the first week of September 2011, [redacted] met with [redacted] at [redacted] home to discuss their terminations from the US Embassy. The meeting lasted approximately one hour. [redacted] described the meeting with [redacted] as casual, but [redacted] felt that [redacted] was still very angry about [redacted] termination and was now planning some type of revenge against [redacted]. [redacted] did not

Period: 4/22/2011-12/20/2011

tell [redacted] how [redacted] intended to get back at [redacted] but [redacted] said to [redacted] "you will see".
(Attachment 31, MOI for [redacted])

On November 3, 2011, the CA, SA [redacted] and SA [redacted] conducted an interview of [redacted] RPA, Housing Office, US Embassy, Islamabad, Pakistan. [redacted] said that prior to working at the US Embassy, [redacted] did not know [redacted] [redacted] denied paying any money to [redacted] in exchange for [redacted] job and [redacted] said [redacted] never asked [redacted] for any money. [redacted] said [redacted] has no knowledge of anyone who paid [redacted] for employment at the US Embassy.
(Attachment 32, MOI for [redacted])

On November 3, 2011, the CA, SA [redacted] and SA [redacted] conducted an interview of [redacted] RPA, Islamabad, Pakistan. [redacted] stated [redacted] did not pay money to [redacted] supervisor [redacted] (same name) in exchange for his job at the US Embassy.
(Attachment 33, MOI for [redacted])

Defendants/Suspects:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

Undeveloped Leads:

A copy of this report of investigation will be provided to the Pakistan National Accountability Bureau (NAB). Given its authority to review Pakistani banking records, and conduct other investigative activities, it may be in a better position to determine whether large-scale kickbacks were occurring between the Embassy housing staff and [redacted] is currently realtor for the majority of U.S. Embassy leased houses in Islamabad.

Period: 4/22/2011-12/20/2011

Disposition of Evidence, Contraband or Personal Property:

None

Judicial and Administrative Actions:

Terminations:

- 1.
- 2.

Attachments:

1. MOI for
2. MOI for
3. Lease Document Review
4. MOI for
5. MOI for
6. MOI
7. MOI for
8. MOI for
9. Email Document Review
10. MOI for
11. MOI for
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Period: 4/22/2011-12/20/2011

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)

24. MOI for [redacted]

25. MOI for [redacted]

26. termination document for [redacted]

27. termination document for [redacted]

28. DCM letter

29. MOI for [redacted]

30. MOI for [redacted]

31. MOI [redacted]

32. MOI for [redacted]

33. MOI for [redacted]

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)
(b)(6);(b)(7)(C)

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS**

REPORT OF INVESTIGATION

Case Title: Steelworks
Case Number: [REDACTED]
Status: Closed
Period of Investigation: 07/14/09 - 11/28/12 **OIG/I Office:** Pretoria

Synopsis:

On 6/29/09, allegations were forwarded to the OIG that USAID procurement agent [REDACTED] (FSN) offered to make a side deal on a procurement for the local fabrication of metal escape hatches for USAID residences in Malawi. The allegations were from [REDACTED] of Steelworks Ltd, and forwarded by [REDACTED] financial controller, USAID/Lilongwe through the Embassy Regional Security Officer (RSO). [REDACTED] claimed [REDACTED] was to charge a higher price than quoted, and that the difference between the final quote and the price charged would go to [REDACTED]. The amount of the kickback was estimated at 750,435 Malawi Kwacha, or \$5,458.58 based on the corresponding exchange rate on that date. On 8/26/09, the Reporting Agent (RA) assisted Malawi police officials organize and execute a sting operation in which [REDACTED] paid the kickback to [REDACTED] was arrested and convicted for false accounting and theft by public servant in Malawi Criminal Court on 7/16/2012.

Details of Investigation:

On 08/05/09, the RA reviewed a photocopy of the Negotiation Memorandum and Purchase Order (PO) for USAID PO 612-O-00-09-00083-00. PO 612-O-00-09-00083-00 was awarded to Steelworks after the receipt of three competitive bids documented in the Negotiation Memorandum. The Negotiation Memorandum, dated 06/26/09, was completed by Procurement Agent [REDACTED]. The lowest bid was submitted by Steelworks at a price of \$19,117.00. PO 612-O-00-09-00083-00 was issued by USAID/Malawi on 06/26/09, for a total price of 2,714,607.20 Malawi Kwacha (\$19,117.00). The scope of work includes the fabrication, supply, and installation of 47 emergency escape hatches in USAID/Malawi residences according to negotiated specifications. The PO was signed and authorized by [REDACTED] USAID/Malawi Mission Director. (*Attachment 1, Records Review dated 08/05/09*).

On 08/26/09, the RA observed [REDACTED] and [REDACTED] [REDACTED] Fiscal and Fraud Section, Malawi Police Service, arrest [REDACTED] for accepting a kickback payment from a Malawi police informant. The informant recorded [REDACTED]

REPORT MADE BY:

Name:
Signature:

Date Signed: 11/28/2012

APPROVING OFFICIAL:

Name:
Signature:

in Charge Date Signed:

2/7/13

Period: 07/14/2009 - 11/28/2012

making the kickback payment to [REDACTED] with a video camera. The RA obtained a DVD copy of the video, which will be maintained in the investigative case file. On the same day, the [REDACTED] observed the arresting officers attempt to interrogate [REDACTED]. However, [REDACTED] declined to make a statement without assistance from [REDACTED] attorney and no interrogation took place. The interrogation attempt was also recorded by video camera and a DVD copy of the recording will be maintained in the case file for posterity.

On 08/27/09, the RA made a witness statement to the Malawi Police Service at the request of [REDACTED] (Attachment 2, Arrest Memo dated 08/27/09).

On 08/27/09, the RA obtained a photocopy of a USAID Memorandum indicating USAID/Malawi terminated the employment contract of [REDACTED] effective immediately. This was completed in accordance with the terms and conditions of the Locally Employed Staff Handbook: Section XVI - Separation for Cause and Section XVIII Disciplinary Actions, Employment Act and the terms and conditions of your contract of employment, section II, General Provision 12 - Termination for Cause. USAID was entitled per Section 59 of the Employment Act and Section XVI of the Locally Employed Staff Handbook to terminate [REDACTED] contract summarily because [REDACTED] security clearance was revoked by the RSO as a result of a fraud investigation. (Attachment 3, Termination Memo dated 08/27/09).

On 07/16/12, [REDACTED] adjudicated [REDACTED] guilty of the criminal charges of false accounting and theft by public servant. (Attachment 4, Malawi Judgment dated 7/16/2012). On 7/17/12, [REDACTED] was sentenced to 18 months incarceration (suspended) with terms. (Attachment 5, Malawi Sentencing document dated 07/17/12).

On 11/26/12, RSO [REDACTED] US Embassy, Malawi, notified the RA that all funds in the custody of RSO (708,400 Malawi Kwacha) were used to purchase bicycles, which were donated to the Community Policing Services Branch of the Lilongwe Police Department. US [REDACTED] officially donated the bicycles to [REDACTED] at a ceremony held at Lilongwe Chiseka Police Headquarters. (Attachment 6, Bike Handover Program schedule dated 11/26/12).

RSO [REDACTED] noted a discrepancy between the 750,435 Malawi Kwacha seized at arrest and the 708,400 Malawi Kwacha ultimately used to purchase the bicycles. [REDACTED] surmised the funds were taken while in the custody of the Malawi court. An email from RSO [REDACTED] documenting the discrepancy is attached. The RSO has no remaining funds related to this investigation. (Attachment 7, Email from RSO [REDACTED] dated 11/27/12).

Defendants/Suspects:

[REDACTED] USAID/Malawi Procurement Agent

Undeveloped Leads:

None

Period: 07/14/2009 - 11/28/2012

Disposition of Evidence, Contraband or Personal Property:

708,400 Malawi Kwacha was used to purchase bicycles donated to the Lilongwe Community Policing Services Branch at a ceremony on 11/26/12.

Judicial and Administrative Actions:

18 months suspended. Employment terminated.

Attachments:

- (1) Records Review dated 08/05/09
- (2) Arrest Memo dated 08/27/09
- (3) Termination Memo dated 08/27/09
- (4) Malawi Judgment dated 07/16/12
- (5) Malawi Sentencing document dated 07/17/12
- (6) Bike Handover Program schedule dated 11/26/12
- (7) Email from RSO [redacted] dated 11/27/12

(b)(6);(b)(7)(C)