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Description of document: Closing documents for twenty four (24) United States Agency for International Development (USAID) Inspector General (OIG) Investigations, 2010-2014

Requested date: 19-May-2016

1st Release date: 14-December-2018

2nd Release date: 21-May-2019

Posted date: 06-April-2020

Note: Material released 21-May-2019 begins on PDF page 28

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

DEC 14 2018

TRANSMITTED VIA EMAIL

Re: FOIA Request No. F-00229-16
First Interim 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 first interim response to your May 19, 2016 FOIA request to the USAID. You requested a copy of the final report, closing report, report of investigation, closing memo, referral memo, or other conclusory documents associated with each of the following USAID Office of Inspector General ("OIG") investigations:

- 1) MCA Mongolia, opened September 23, 2010, closed January 23, 2014;
- 2) Egyptian Association for Supporting Democratic Development, opened September 9, 2011, closed January 27, 2014;
- 3) Redacted Name, opened December 29, 2010, closed January 27, 2014;
- 4) Redacted Name, opened December 13, 2013, closed March 7, 2014;
- 5) Redacted Name, opened June 18, 2013, closed March 11, 2014;
- 6) Redacted Name, opened July 19, 2012, closed March 28, 2014;
- 7) Redacted Name, opened December 16, 2010; closed March 28, 2014
- 8) Redacted Name, opened July 10, 2013, closed April 21, 2014;
- 9) Social Investment Fund for Local Development, opened October 4, 2013, closed June 9, 2014;
- 10) Redacted Name, opened December 2, 2011, closed June 9, 2014;
- 11) Redacted Name, opened February 11, 2013, closed June 11, 2014;
- 12) Redacted Name, opened April 26, 2012, closed July 16, 2014;
- 13) USAID/Acted Program, opened June 21, 2010, closed July 17, 2014;
- 14) ACDI/VOCA Cap, opened July 5, 2012, closed July 18, 2014;
- 15) Redacted Name, opened February 11, 2014, closed July 28, 2014;
- 16) USAID Foreign Service National, opened January 25, 2012, closed July 29, 2014;
- 17) Redacted Name, opened February 15, 2014, closed July 29, 2014;

18) Redacted Name- Embezzlement, opened March 7, 2014, closed July 29, 2014.

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.

This first interim response covers the following items of your request:

- 4) Redacted Name, opened December 13, 2013, closed March 7, 2014;
- 13) USAID/Acted Program, opened June 21, 2010, closed July 17, 2014;
- 14) ACDI/VOCA Cap, opened July 5, 2012, closed July 18, 2014;
- 16) USAID Foreign Service National, opened January 25, 2012, closed July 29, 2014;
- 17) Redacted Name, opened February 15, 2014, closed July 29, 2014;
- 18) Redacted Name- Embezzlement, opened March 7, 2014, closed July 29, 2014.

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 22 pages. We have determined that all 22 pages are partially releasable pursuant to Title 5 U.S.C. § 552 (b)(6), (b)(7)(C), (b)(7)(D), and (b)(7)(E).

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, personal cellphone numbers, 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 Theresa Morris, the assigned FOIA Specialist by phone on (202) 712-0286 or at thmorris@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 first interim 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-00229-16 first interim response in your letter.

Please be advised that this is not our final response as we are still awaiting further records from the respective programs. The records will be assessed and processed upon receipt. We will continue to provide you with interim releases until such time all records have been received.

There is no charge for this FOIA request.

Thank you for your interest in USAID and continued patience.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C. Ehmann'.

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

Enclosures: Responsive Records (22 pages)

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

REPORT OF INVESTIGATION

Case Title: [redacted] USAID FSN

Case Number: [redacted]

Status: Closed

Period of Investigation: 10/26/11- 12/3/2011

OIG/I Office: Kabul, Afghanistan

Synopsis:

On September 5, 2011, [redacted] the former [redacted] for a USAID program informed the OIG Hotline of a possible conflict of interest issue. The affected program is a three-year, \$37.1 million cost plus fixed fee contract implemented by ARD Tetra Tech. The project is known as the Sustainable Water Supply and Sanitation program (SWSS). The purpose of the SWSS program is to expand access to potable water supply and sanitation services in poor communities and decreasing the incidences of water related diseases through household hygiene interventions in project-assisted communities.

The allegation stated that [redacted] of the USAID [redacted] was hired as a [redacted] at the project's regional office in the Parwan district of Afghanistan. [redacted] also alleged that the [redacted] had to approve the hiring of [redacted] brother since the [redacted] had to approve employments in advance.

If proven, [redacted] actions violated 5 CFR 2635.502 which states the following: Sec. 2635.502- Personal and Business Relationships. "(a) Consideration of appearances by the employee. Where an employee knows that a particular matter involving specific parties is likely to have a direct and predictable effect on the financial interest of a member of his household, or knows that a person with whom he has a covered relationship is or represents a party to such matter, and where the employee determines that the circumstances would cause a reasonable person with knowledge of the relevant facts to question his impartiality in the matter, the employee should not participate in the matter unless he has informed the agency designee of the appearance problem and received authorization from the agency designee in accordance with paragraph (d) of this section."

OIG initiated an investigation to determine the facts surrounding the allegation. As part of the investigation, USAID OIG agents reviewed personnel records and interviewed the subject of the

REPORT MADE BY: Name: [redacted]	Date Signed: 12/3/11
Signature: [redacted]	
APPROVING OFFICIAL: [redacted]	Signed: 12/20/2011

10/26/2011-12/3/2011

investigation and subsequently discovered that [redacted] was indeed employed by SWSS. The investigation also revealed that [redacted] did not officially disclose this fact to USAID. [redacted] claimed that [redacted] did not influence SWSS's decision to hire [redacted] and that [redacted] was hired based on [redacted] own merits, not because of [redacted] influence or recommendation. As a result of the investigation, [redacted] was suspended without pay for ten business days. The matter is closed.

Details of Investigation:

On October 23, 2011, a record review of [redacted] USAID personnel file and RSO security file was conducted. A review of [redacted] U.S Embassy Kabul Security Recertification Request Form revealed that [redacted] listed [redacted] named [redacted] with telephone number [redacted] on the LES Emergency Contact Information portion of the form. (*Attachment 1- Records Review HR and RSO Personnel Files- dated 10/23/11*)

On October 26, 2011 a record review of ARD's SWSS internal documents relating to their [redacted] in the Parwan Province was conducted. A review of SWSS's job application form and other personnel files for the [redacted] position in Parwan revealed that a [redacted] telephone number [redacted] was hired for the position. The review also revealed an email from SWSS [redacted] to [redacted]. In the e-mail, [redacted] requested approval of [redacted] technical qualifications from [redacted]. [redacted] responded to [redacted] approving [redacted] technical qualifications. (*Attachment 2 - Records Review, SWSS Human Resources Records for [redacted] dated 10/26/11*)

On October 27, 2011, USAID OIG agents attempted to verify if [redacted] officially filed a disclosure letter informing USAID of the fact that [redacted] was hired by SWSS as a [redacted]. Agents also attempted to verify if [redacted] officially filed a recusal letter to officially separate [redacted] from [redacted] hiring procedures. All parties interviewed stated that they were not aware that [redacted] was employed by SWSS and that they were not aware of any formal disclosure or recusal letter. (*Attachment 3 - Memorandum of Activity, Recusal and Disclosure Verification- dated 10/27/11*)

On November 3, 2011, [redacted] was interviewed. [redacted] stated that several months ago, [redacted] applied and was hired by SWSS as a [redacted]. [redacted] also said that [redacted] was an [redacted] for SWSS for more than a year. [redacted] claimed that both applied for their respective positions after seeing the job announcement posted in a public forum. [redacted] claimed that [redacted] did not instruct any of them to apply for the position and that [redacted] never instructed anyone in SWSS to hire them or to give them any preferential treatment. [redacted] said that [redacted] played no part in the hiring of [redacted] or [redacted] but that [redacted] had to approve [redacted] technical background as required by protocol before any technical personnel is hired by SWSS. [redacted] continued by stating that [redacted] was not aware that [redacted] had to disclose the fact that [redacted] was hired by SWSS because [redacted] had nothing to do with the hiring and because [redacted] was hired based on [redacted] merits and not because of [redacted] recommendation or position in the program. [redacted] said that [redacted] has attended numerous USAID ethics training but that [redacted] was not aware or never thought of filing a formal disclosure in this situation. [redacted] concluded by

10/26/2011-12/3/2011

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

stating that [] will immediately inform [] supervisor and the USAID Regional Legal Advisors of the fact that [] are employed by SWSS. (*Attachment 4- Memorandum of Interview, [] dated 11/3/11*)

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

On November 4, 2011, the case was referred to USAID Executive Officer for possible administrative actions. (*Attachment 5- Executive Office Referral Letter- dated 11-4-11*)

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

On November 14, 2011, [] submitted a recusal letter to the USAID Regional Legal Advisor's Office. (*Attachment 6- Recusal Letter- dated 11-14-11*)

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

On November 23, 2011, USAID-Kabul Executive Officer issued a letter of reprimand suspending [] for ten business days without pay. (*Attachment 7- USAID Letter of Reprimand- dated 11-23-11*)

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

Subject/Defendant/Suspect:

Name: []
USAID Foreign Service National, []
USAID Kabul, Afghanistan

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

Undeveloped Leads: None

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

Disposition of Evidence, Contraband or Personal Property: N/A

Judicial and Administrative Actions: [] was suspended by the Mission for ten business days without pay.

Attachments:

- (b)(6);(b)(7)(C)
1. Records Review HR and RSO Personnel Files dated 10/23/11
 2. Records Review, SWSS Human Resources Records for [] dated 10/26/11
 3. Memorandum of Activity, Recusal and Disclosure Verification- dated 10/27/11
 4. Memorandum of Interview, [] dated 11/3/11
 5. USAID Executive Office Referral Letter- dated 11/4/11
 6. Recusal Letter- dated 11/14/11
 7. USAID Notice of Reprimand- dated 11/23/11

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: 12/13/12 to 02/26/14
OIG/I Office: Port au Prince, Haiti

Synopsis:

On 11/05/13, the [REDACTED] provided information to the [REDACTED] (Association Nationale des Producteurs Agricoles pour l'Avancement de l'Agriculture Haitienne), a subcontractor for USAID in Haiti. According to [REDACTED] [REDACTED] was arrested on 04/23/13 in the Dominican Republic for conspiracy to distribute cocaine, in violation of Title 21 USC § 963. [REDACTED] was arrested by the Nacional De Control De Drogas (DNCD) in coordination with [REDACTED] and was subsequently extradited to the United States. On 10/29/13, [REDACTED] plead guilty to the aforementioned charge in US District Court, Southern District of Florida. At the time of arrest (and currently), [REDACTED] was [REDACTED] ANAPAAAH.

According to a Memorandum of Understanding dated 07/27/12, the Haitian Ministry of Agriculture Office of Natural Resources and Rural Development (MARNDR), Watershed Initiative for National Natural Environmental Resources (WINNER), and ANAPAAAH established an Emergency Program for the Rehabilitation of the Rivière Blanche Drainage and Irrigation Systems in Haiti.

Since 2011, ANAPAAAH has received funds from USAID through the WINNER project, and to date, ANAPAAAH has received approximately \$360,000 of USAID funds through eight (8) subcontracts/grants. According to the USAID [REDACTED] ANAPAAAH was expected to continue receiving additional subcontracts from WINNER until the end of the project.

[REDACTED] records disclosed that [REDACTED] admitted to involvement in criminal activities since 2005. In addition to being [REDACTED] ANAPAAAH, [REDACTED] was also involved in numerous other business enterprises in Haiti. This matter will be referred to the USAID Office of [REDACTED]

REPORT MADE BY:

Name:
Signature:

Signed:

02/26/2014

APPROVING OFFICIAL:

Name:
Signature:

Signed:

02/26/14

Report of Investigation - [REDACTED]

Period: 12/13/13 to 02/26/14

Page 2 of 3

Acquisition and Assistance, Compliance Division (USAID/OAA/Compliance) for consideration of suspension and debarment in order to protect the interest of the U.S. government.

Details of Investigation:

On 11/05/13, [REDACTED] advised the OIG that [REDACTED] had been arrested in the Dominican Republic on 04/23/13 for conspiracy to distribute cocaine and extradited to the United States. [REDACTED] pled guilty on 10/29/13 in the U.S. District Court, Southern District of Florida. (*Attachment 1: Arrest information provided by [REDACTED]*)

On 12/13/13, the OIG referred this matter to USAID/OAA/Compliance for consideration of suspension and debarment. (*Attachment 2: Referral to OAA, 12/13/13*)

On 02/03/14, [REDACTED] was sentenced to 51 months imprisonment. [REDACTED] was transferred to the Federal Detention Center - Miami, and was expected to be released on 01/06/17. (*Attachment 3: conviction and sentencing information*)

On 02/25/14, the USAID/OAA/Compliance proposed "debarment pursuant to FAR 9.406-2(a)(5) on the basis of [REDACTED] conviction for conspiracy to distribute five kilograms of cocaine, while working as a subcontractor on a USAID-funded contract in Haiti." (*Attachment 4: Proposed debarment from USAID/OAA/Compliance, 02/25/14*)

Subject:

Name: [REDACTED]

Title: [REDACTED]

Association Nationale des Producteurs Agricoles pour l'Avancement de
l'Agriculture Haitienne

Address: Federal Detention Center - Miami
33 NE 4th Street
Miami, FL 33132

Inmate #: [REDACTED]

Undeveloped Leads:

None

Disposition of Evidence, Contraband, or Personal Property:

N/A

Report of Investigation – [REDACTED]

Period: 12/13/13 to 02/26/14

Page 3 of 3

Judicial and Administrative Actions:

This matter was referred to the USAID/OAA/Compliance Division on 12/13/13 for consideration of debarment. On 02/25/14, [REDACTED] was proposed for indefinite debarment.

Attachments:

1. [REDACTED] Arrest information provided [REDACTED]
2. Referral to OAA, 12/13/13
3. [REDACTED] conviction and sentencing information
4. Proposed debarment from USAID/OAA/Compliance, 02/25/14

**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: 12/18/13 – 02/15/14
OIG/I Office: USAID OIG Afghanistan

Synopses:

On 12/18/13, Special Agent [REDACTED], USAID OIG, left [REDACTED] USAID OIG issued I phone 5 on top of the toilet in the one-person bathroom adjacent to the entrance of the CAFÉ – side DFAC at approximately 11:54 AM. About five minutes later, [REDACTED] returned to retrieve the phone but it was gone. [REDACTED] activated the lost function on this I phone which immediately began to track the phone; however, the device had been turned off since it was left in the bathroom.

Details of the Investigation:

On 12/18/13, at approximately 9:40 PM, [REDACTED] received a notification from Apple that I phone was active and was being tracked. [REDACTED] then used the I cloud tracking website to monitor the location of the telephone. Between 9:40 PM and 10:00 PM, the telephone moved from an area adjacent to ISAF compound south entrance to the US Embassy through downtown Kabul, past the Kabul zoo and then down the Darulaman Road. The phone was last spotted in the immediate vicinity of the residential area directly adjacent to the Russian Embassy.

On 12/19/13, USAID OIG Foreign Service National Investigators (FSNIs) [REDACTED] engaged with a [REDACTED] to gather information related to kitchen employees living near the Russian Embassy. An hour later, two kitchen employees named [REDACTED] were identified as people living in that area. The source also confirmed that [REDACTED] overheard the two individuals in the kitchen discussing selling a phone in a local market. [REDACTED] immediately contacted [REDACTED] to report the incident and provide additional information about the two

REPORT MADE BY:

Name: [REDACTED]
 Signature: [REDACTED]

Date Signed: 02/15/14

APPROVING OFFICIAL:

Name: [REDACTED]
 Signature: [REDACTED]

Date Signed: 07/16/14

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

Report of Investigation

Page 2 of 2

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

suspected employees. Shortly after, [redacted] visited the USAID OIG office and advised that the two suspects would be shortly interviewed.

Within an hour, [redacted] and [redacted] team brought [redacted] to the RSO's office where they were both interviewed by the RSO and OIG agents. [redacted] confessed to stealing the phone and admitted it was at [redacted] house. Two RSO FSNIs escorted [redacted] to [redacted] house in order to retrieve the phone. Upon the phone retrieval, [redacted] security clearance was revoked by the RSO and [redacted] employment was terminated. There are no other issues that need to be further investigated. This case is closed.

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

Subject/Defendant/Suspect:

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

Subject:

DOB: [redacted]

National ID Number: [redacted]

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

None

Judicial and Administrative Actions

1. Referral for administrative action: Employee's security revocation dated 12/19/13

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

Attachments:

1. OIG Referral to RSO dated 12/18/13
2. [redacted] security revocation letter dated 12/19/13

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

OFFICE OF INSPECTOR GENERAL

INVESTIGATIONS

REPORT OF INVESTIGATION

Case Title: [REDACTED]
Case Number: [REDACTED]
Status: Completed
Period of Investigation: 03/04/14 – 03/13/14
OIG/I Office: Washington, DC

Synopsis:

On 2/5/14, USAID OIG received information from US direct hires alleging [REDACTED] USAID, Central Asian Republics (USAID/CAR), Almaty, Kazakhstan, was mishandling American's payments for residential phones, internet, and TV services. Three witnesses suspected [REDACTED] was overcharging Americans, accepting payments in cash, and then pocketing the extra cash. Additionally, two witnesses alleged [REDACTED] was partial to using Kazakh Telecom because the company provided [REDACTED] with monetary rewards in return for increased business.

The investigation revealed [REDACTED] stole money from leftover cash from utility payments for residential services. In an interview with OIG investigators on 3/11/14, [REDACTED] admitted to, on two occasions, pocketing money [REDACTED] had received as change after making utility payments on behalf of Americans. Additionally, [REDACTED] also admitted to borrowing money from the safe containing American's cash payments on several occasions. Aside from theft and mishandling of funds, the investigation also revealed [REDACTED] poor administration practices and lack of accountability. USAID OIG issued a formal referral memorandum to USAID/CAR and [REDACTED] was subsequently terminated from [REDACTED] position.

Details of Investigation:

On 01/31/14, USAID OIG interviewed [REDACTED] formerly assigned to the US Consulate in Almaty. [REDACTED] believed [REDACTED] was stealing money from US families in the US Consulate by overcharging them for bogus amounts on their cell phone, TV, and internet bills. [REDACTED] only accepted payment from the families in cash and did not issue bills, invoices or receipts of payment. [REDACTED] once told the Tepers they owed \$200 USD on their cell phone bill. When the [REDACTED] both Russian speakers, called the cell phone provider themselves, the company said they did not owe any money and in fact had a credit.

REPORT MADE BY:
Name:
Signature:
Date Signed:

03/20/14

APPROVING OFFICIAL:
Name:
Signature:
Date Signed:

07/29/14

Page 2

Report of Investigation: [REDACTED]

(Attachment 1: IAR Interview, [REDACTED], dated 01/31/14)

On 01/30/14, USAID OIG interviewed Special Agent [REDACTED] formerly assigned in Almaty. [REDACTED] believed [REDACTED] should be investigated for corruption. [REDACTED] was responsible for arranging internet, cable, and cellular phone services for US Consulate employees. In one instance, [REDACTED] attempted to set up cell phone services for a group of temporary duty DEA agents. [REDACTED] quoted [REDACTED] an unusually high amount for cell phone service. [REDACTED] called the phone company himself and received a much lower quote from the provider. [REDACTED] only accepted payment from US Consulate employees in cash. Because [REDACTED] insisted on using Kazakh Telecom, [REDACTED] believed there was a Kazakh Telecom employee who was colluding with [REDACTED] and compensating [REDACTED] for generating business for Kazakh Telecom.

On 03/04/14, USAID interviewed [REDACTED] Almaty. [REDACTED] never provided [REDACTED] with a bill or invoice that explained the charges for [REDACTED] phone, TV, or internet charges. Instead, [REDACTED] received a USAID-letterhead memorandum which [REDACTED] prepared, requesting [REDACTED] pay a certain amount for [REDACTED] home phone and internet. [REDACTED] would pay [REDACTED] in cash, and [REDACTED] would stamp the same memo as "Paid." For the previous three years, [REDACTED] bill was always \$35 to \$40 USD. However, USAID/CAR started requiring an invoice be attached to any requests for payments, [REDACTED] bill dropped to only \$30 USD a month. [REDACTED] believed [REDACTED] was pocketing small amounts of the cash payments from each of the 50 US families that paid their bills through [REDACTED] had travelled to Goa, India, China, and Italy in the last two years on a FSN-7's salary (approximately \$13,000 USD per year).

On 03/04/14, USAID OIG interviewed [REDACTED] US Consulate, Almaty. [REDACTED] received a bill when [REDACTED] first arrived on post for internet and phone charges for the month of September, prior to [REDACTED] arrival. [REDACTED] told [REDACTED] was not responsible for the charges. [REDACTED] evaded [REDACTED] calls for several days and finally admitted [REDACTED] had made a mistake.

On 03/06/14, USAID OIG interviewed [REDACTED]. Although [REDACTED] was the subject of this investigation, [REDACTED] was first interviewed as a witness. [REDACTED] was responsible for all telecommunication services, both corporate and personal use, including TV, home phone, internet, and cellphones. [REDACTED] used several companies that provide TV, internet, and phone service: Basis, Ducat, Kazakh Telecom, and Alma TV. [REDACTED] explained how [REDACTED] received bills from companies and drafted memorandums for the Americans requesting payments using Microsoft Access. The Microsoft Access file corrupted and lost all historical data in December 2013. [REDACTED] requested Information Management Services to restore the file, but they were unable to.

Page 3

Report of Investigation: [REDACTED]

[REDACTED] did not provide the actual bills to Americans because they were in Russian. All the invoices and receipts of payment for each month, year, and company were kept in the Housing Office filing cabinet. However, invoices for Kazakh Telecom were missing from October 2011 to February 2014. [REDACTED] said [REDACTED] former supervisor, [REDACTED] told [REDACTED] to discard the invoices because they were taking up too much room. (Attachment 2: IAR Interview, [REDACTED] (Witness), dated 03/06/14)

On 03/06/14, USAID interviewed [REDACTED] Information Management Services, USAID/CAR, Almaty. [REDACTED] said [REDACTED] had not received any requests, neither written nor verbal, from [REDACTED], to restore the utilities Microsoft Access file data.

On 03/06/14, USAID OIG interviewed [REDACTED] former supervisory [REDACTED] USAID/CAR, Almaty. [REDACTED] did not remember a specific case when [REDACTED] asked [REDACTED] if [REDACTED] could dispose of Kazakh Telecom invoices. However, [REDACTED] said as a supervisory [REDACTED] would never advise to throw out invoices, no matter how thick they made the file.

On 03/10/14, USAID OIG conducted a review of residential phone, TV, and internet files maintained in the housing office of USAID/CAR. Invoices were missing for Kazakh Telecom from October 2011 to March 2014. Using hard-copies of memorandums from [REDACTED] requesting payment, USAID OIG compared the amount requested to the amount paid. Of the 101 memorandums reviewed, 17 of them had no matching receipt of payment or invoice, 9 of them were overpaid (as in the payment was more than the memorandum requested), and 14 of them were underpaid (as in the amount paid was less than the memorandum request). For the underpayments, the amount ranged from 100 to 5000 KZT (\$.33 to \$33.33 USD).

(Attachment 3: IAR Record Review, Utility Files, dated 03/10/14)

On 03/12/14, USAID conducted a review of emails received from US direct hires in USAID/CAR and the US Consulate, Almaty pertaining to payments for residential phone, internet, and TV. The emails contained complaints from five US direct hires regarding [REDACTED] mishandled payments, lack of invoices, lack of receipts, and cut-off service.

(Attachment 4: IAR Record Review, Emails from US Employees, dated 03/10/14)

On 03/11/14, USAID OIG re-interviewed [REDACTED] this time as a subject. [REDACTED] admitted to, on two occasions, pocketing money [REDACTED] had received as change after making utility payments on behalf of Americans. [REDACTED] admitted to these two instances of stealing after repeatedly lying about it to investigators for the first hour of [REDACTED] interview.

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Report of Investigation:

In addition to pocketing cash from utility payments, [redacted] admitted to borrowing money from the safe containing American's cash payments. [redacted] issued memorandums requesting payment for phone, internet, and TV. Americans were required to bring [redacted] cash, and [redacted] would stamp their memorandum as "paid." [redacted] kept the cash from the Americans in a safe underneath [redacted] desk until it was time to pay the bills. [redacted] admitted to, on several occasions, borrowing money from the safe and returning it once [redacted] received [redacted] paycheck. [redacted] would also store change leftover from payments in the safe. Rather than track down Americans to return their change to them, [redacted] kept the change and used it to pay other bills [redacted] made mistakes on.

(Attachment 5: IAR Interview with Kalkines Form, [redacted], dated 03/11/14)

Suspects:

USAID/CAR
Almaty, Kazakhstan

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

N/A

Judicial and Administrative Actions:

The results of this investigation were referred to USAID/CAR on 03/12/14 for administrative action. On 03/28/14, USAID/CAR responded to the referral with a Mission Director memorandum reporting that [redacted] had been terminated for cause.

(Attachment 6: Referral Memorandum, dated 03/12/14)

(Attachment 7: Referral Return from USAID/CAR, dated 03/28/14)

Attachments:

1. IAR Interview, [redacted], dated 01/31/14.
2. IAR Interview, [redacted] (Witness), dated 03/06/14.
3. IAR Record Review, Utility Files, dated 03/10/14.
4. IAR Record Review, Emails from US Employees, dated 03/10/14.
5. IAR Interview with Rights Advisement Form, [redacted], dated 03/11/14.

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

Page 5

Report of Investigation:

6. Referral Memorandum, dated 03/12/14.
7. Referral Return from USAID/CAR, dated 03/28/14.

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

REPORT OF INVESTIGATION

Case Title: USAID/ACTED Program
Case Number: [REDACTED]
Status: Closed
Period of Investigation: 05/25/10 – 06/19/14
OIG/I Office: Baghdad, Iraq

Synopsis:

This investigation was predicated upon allegations of illicit grant activities reported by a former Agency for Cooperation and Technical Development (ACTED) engineer, [REDACTED] whose ACTED employment ended due to [REDACTED] project's completion. USAID/Office of Foreign Disaster and Assistance awarded ACTED a grant valued at \$20.5 million, with period of performance from 09/15/08 to 11/30/11.

On 05/25/10, [REDACTED] alleged that USAID funds to ACTED were used to support an Iraqi political party. On 06/11/10, [REDACTED] further advised the OIG that [REDACTED] used to disburse funds under cash for work (CFW) but ACTED [REDACTED] who supported an Iraqi party, reassigned the CFW task to another employee. [REDACTED] opined that CFW was an engineering task and the assigned employee was not an engineer. The reported allegation of USAID funds diversion was unsubstantiated.

On 06/25/10, [REDACTED] alleged that five ACTED employees had facilitated contracts to [REDACTED] of Al-Rafal Company for General Contracting, in exchange for kickbacks. The basis for the allegation was that contracted prices for Al-Rafal were above average market prices. [REDACTED] alluded that the overage covered kickback payments. On 02/10/12, the OIG obtained ACTED contract records and supporting documentation and sought to interview [REDACTED]. On 04/15/12, [REDACTED] declined to be interviewed and claimed [REDACTED] did not remember anything about the allegations. The OIG reviewed contract files and supporting information obtained from ACTED. On 07/17/12, an Iraqi investigative judge questioned [REDACTED] who denied paying kickbacks.

REPORT MADE BY:

Name: [REDACTED]

Date Signed: 06/19/14

Signature: [REDACTED]

APPROVING OFFICIAL:

Name: [REDACTED]

Date Signed:

Signature: [REDACTED]

7/3/14

SBU / LAW ENFORCE

DO NOT DISSEMINATE

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(b)(7)(E)

Report of Investigation [REDACTED]

Period: 05/25/10 – 06/19/14

Page 2

The investigation did not substantiate the allegation of kickbacks. However, the investigation uncovered a pricing markup of \$16,835 in one ACTED contract to Al-Rafal valued at \$199,869. Furthermore, the OIG was unable to verify two vendors who purportedly had competed for two ACTED contracts, totaling \$344,879, that were awarded to Al-Rafal.

Details of Investigation:

On 05/25/10, [REDACTED], reported to the OIG Hotline that USAID funds to ACTED were used to support an Iraqi political party during the last Iraqi election. [REDACTED] also reported that ACTED had committed (unspecified) fraudulent activities on other USAID contracts/projects. (Attachment 1, [REDACTED] e-mail to OIG, 05/25/10)

On 06/11/10, [REDACTED] provided additional information to the OIG. [REDACTED] stated [REDACTED] was responsible for CFW activities and [REDACTED] supervisor, [REDACTED] who supported an Iraqi political party, reassigned the CFW task to another employee. [REDACTED] opined that CFW was an engineering task and the assigned employee was not an engineer. (Attachment 2, [REDACTED] e-mail to OIG, 06/11/10)

On 06/25/10, [REDACTED] again e-mailed the OIG to report that five ACTED employees, [REDACTED] had facilitated contracts to [REDACTED] of Al-Rafal Company for General Contracting, in exchange for kickbacks. [REDACTED] gave a brief work description of the five employees. [REDACTED] basis for this allegation was that prices for supplies listed in the ACTED contracts to Al-Rafal were higher than the average market prices. [REDACTED] identified the following five ACTED contracts to Al-Rafal: 10AKA-WAS-30OSHW-RAFA-210110, 10ACR-TQR-13OPIQ-RAFA-130210, 10ACR-THQ-13OWSQ-RAFA-130210, 10ACR-TQR-13OPIQ-RAFA-130210, and 10ACR-THQ-13OWSQ-RAFA-130210. (Attachment 3, [REDACTED] e-mail to OIG, 06/25/10)

On 12/12/11, the OIG requested documents (solicitation/announcement, bid consideration paperwork, contracts, invoices/receipts, and proof of payment) on the five ACTED contracts. (Attachment 4, OIG e-mail to ACTED, 12/12/11)

On 02/10/12, ACTED [REDACTED] provided the requested documents. (Attachment 5, ACTED e-mail to OIG, 02/12/12)

On 03/05/12 and on 04/15/12, the OIG e-mailed [REDACTED] to obtain additional information on previously reported allegations. On 04/15/12, the OIG received a short text message service from [REDACTED] mobile phone that read: "Sorry I decline. It is long time ago. I remember nothin. i am a ausy engineer, paying in neck, sorry again". (Attachment 6, IAR-Complainant declined to provide additional information on reported allegations, 04/15/12)

Report of Investigation [REDACTED]
Period: 05/25/10 – 06/19/14

Page 3

On 05/24/12, the OIG apprised [REDACTED] of the investigation via a U.S. Embassy diplomatic note. (*Attachment 7, Diplomatic Note No. 2012-02616, 05/24/12*)

On 06/04/12, the [REDACTED] and requested additional details on the investigation and indicated that [REDACTED] may take action on the investigation. (*Attachment 8, [REDACTED] No. 9/7/America/2255, 06/04/12*)

On 06/15/12, the [REDACTED] was provided with the requested details of the investigation via a diplomatic note. (*Attachment 9, Diplomatic Note No. 2012-02715, 06/15/12*)

On 07/17/12, [REDACTED] was questioned by the presiding investigative judge at the Al-Nasiriyah Investigation Court. On 09/18/12, the [REDACTED] provided [REDACTED] interview statement [REDACTED] denied paying any kickbacks. (*Attachment 10, Iraqi [REDACTED] No. 9/7/America/3647, 09/18/12*)

On 04/01/13, the OIG called vendors' mobile numbers listed on price quotations for ACTED contract 10AKA-WAS-30OSHW-RAFA-210110. A price quotation from Tigris Company listed its [REDACTED]. The OIG called [REDACTED] who denied owning Tigris Company. [REDACTED] stated [REDACTED] owned an automobile and accessories shop with [REDACTED] father. [REDACTED] never heard of ACTED and never submitted any bid for construction work. A price quotation from Al-Nasiriyyah Complex listed [REDACTED]. Attempts to contact [REDACTED] revealed the mobile number had not been activated. A price quotation from Al-Sajjad Shop listed its [REDACTED]. The OIG called [REDACTED] who stated [REDACTED] and [REDACTED] had submitted a bid but were not apprised of its outcome. (*Attachment 11, Records review of price quotations for ACTED contract 10AKA-WAS-30OSHW-RAFA-210110, 04/01/13*)

On 04/07/13, the OIG conducted a records review of ACTED contract 10AKA-TQR-30OSHT-RAFA-130110. It was noted that the same price quotation used for 10AKA-WAS-30OSHW-RAFA-210110 was also used for 10AKA-TQR-30OSHT-RAFA-130110. The two ACTED contracts, 10AKA-WAS-30OSHW-RAFA-210110 and 10AKA-TQR-30OSHT-RAFA-130110, were valued at \$344,879. The price quotation was purportedly witnessed by ACTED [REDACTED]. (*Attachment 12, Records review of price quotation for ACTED contracts 10AKA-TQR-30OSHT-RAFA-130110 and 10AKA-WAS-30OSHWRAFA-210110, 04/07/13*)

On 04/07/13, the OIG compared quoted prices and contracted prices and noted that on contract 10AKA-WAS-30OSHW-RAFA-210110, the contracted prices listed were above the quoted prices on some commodities. The mark up amounted to \$16,835 on the \$199,869 contract. This was the only instance found among the five contracts. (*Attachment 13, Records Review on comparison of prices between quotation and actual contract charges, 04/07/13*)

Report of Investigation - [redacted]

Period: 05/25/10 – 06/19/14

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On 11/26/13, the OIG requested personnel files on the three Iraqi ACTED employees and documentation regarding ACTED verification of two vendors, Al-Nasiriyah Complex and Tigris Company. *(Attachment 14, OIG letter to ACTED, 11/26/13)*

On 01/13/14, ACTED provided the personnel files on the three employees. ACTED could not verify the two vendors, Al-Nasiriyah Complex and Tigris Company. ***(Attachment 15, ACTED e-mail to OIG unable to verify vendors, 01/13/14)***

On 06/12/14, the OIG reviewed the personnel files and identified identification and employment information. *(Attachment 16, IAR-RR of former ACTED personnel files, 06/12/14)*

Subjects:

Age Group	Percentage
15-19	10
20-24	25
25-29	45
30-34	65
35-39	80
40-44	90
45-49	95
50-54	98
55-59	100
60-64	100

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A blank coordinate plane with x and y axes. The x-axis is horizontal and the y-axis is vertical, intersecting at the origin. There are no tick marks or labels on the axes.

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(b)(7)(E)

Report of Investigation [REDACTED]

Period: 05/25/10 – 06/19/14

Page 5

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

N/A

Judicial and Administrative Actions:

On 07/07/12, the presiding investigative judge at the Al-Nasiriyah Investigation Court, questioned [REDACTED] No further action was noted.

Attachments:

1. [REDACTED] e-mail to OIG, 05/25/10
2. [REDACTED] e-mail to OIG, 06/11/10
3. [REDACTED] e-mail to OIG, 06/25/10
4. OIG e-mail to ACTED, 12/12/11
5. ACTED e-mail to OIG, 02/12/12
6. IAR-Complainant declined to provide additional information on reported allegations, 04/15/12
7. Diplomatic Note No. 2012-02616, 05/24/12
8. [REDACTED] No. 9/7/America/2255, 06/04/12
9. Diplomatic Note No. 2012-02715, 06/15/12
10. [REDACTED] No. 9/7/America/3647, 09/18/12
11. IAR-RR of price quotations for ACTED contract 10AKA-WAS-30OSHW-RAFA-210110, 04/01/13
12. IAR-RR of price quotation for ACTED contracts 10AKA-TQR-30OSHT-RAFA-130110 and 10AKA-WAS-30OSHWRAFA-210110, 04/07/13
13. IAR-RR on comparison of prices between quotation and actual contract charges, 04/07/13
14. OIG letter to ACTED, 11/26/13
15. ACTED e-mail to OIG unable to verify vendors, 01/13/14
16. IAR-RR of former ACTED personnel files, 06/12/14

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

REPORT OF INVESTIGATION

Case Title: ACDI/VOCA CAP
Case Number: [REDACTED]
Status: Closed
Period of Investigation: 06/20/12 – 07/14/14
OIG/I Office: Baghdad, Iraq

Synopsis:

On 11/04/11, the OIG was notified that [REDACTED] had discovered fraud while [REDACTED] Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance's (ACDI/VOCA) implementation of USAID's Community Action Program (CAP) III. On 06/20/12, [REDACTED] e-mailed the OIG eight suspected fraudulent fuel receipts totaling \$28,559.

The OIG reviewed the eight receipts, which purportedly were from two Iraqi vendors: Oil Products Distribution Company (OPDC) and Atsahil Shop for Selling Oil and Petroleum Products (Atsahil Shop). Six OPDC receipts, all numbered 1150, were used to claim different fuel amounts. From the six receipts, only one showed a purchase date. Two Atsahil Shop receipts, both numbered 00043, claimed fuel expenses for two different dates.

The OIG obtained information on the fuel receipts from ACDI/VOCA. ACDI/VOCA claimed that the fuel used for generators was paid in cash directly to an OPDC truck driver, and the truck driver issued a temporary receipt to confirm receiving payment and delivering fuel. ACDI/VOCA was supposed to obtain a final receipt from OPDC's main office, but this process was not followed, so the truck driver's temporary receipts were used as final receipts. ACDI/VOCA's explanation of the duplicate numbered Atsahil Shop receipts was that the company manually added a serial number on receipts and accidentally repeated the same number.

The OIG attempted to contact OPDC and Atsahil Shop, but was unsuccessful. OIG/Audit identified \$46,422 in questionable fuel expenses. The information was provided to USAID/Iraq.

REPORT MADE BY: Name: [REDACTED] Date Signed: 07/14/14
 Signature: [REDACTED]

APPROVING OFFICIAL: Name: [REDACTED] Date Signed: 7/17/14
 Signature: [REDACTED]

— SBU / LAW ENFORCEMENT SENSITIVE / DO NOT DISSEMINATE —

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(b)(7)(E)

Report of Investigation [REDACTED]

Period: 06/20/12 – 07/14/14

Page 2

On 03/07/13, USAID/Iraq issued a bill of collection to ACDI/VOCA for the questionable fuel expenses. On 03/14/13, ACDI/VOCA issued a check for \$46,422 to USAID.

Details of Investigation:

On 11/04/11, the OIG received the allegation of fraud involving ACDI/VOCA's implementation of USAID/CAP III. (*Attachment 1, FMO's e-mail to the OIG, 11/14/11*)

On 06/20/12, the OIG obtained and reviewed eight suspected fraudulent receipts totaling \$28,559 that were discovered during [REDACTED] of ACDI/VOCA's CAP III project expenditures. [REDACTED] sought an explanation for the questionable receipts from ACDI/VOCA. The review disclosed six OPDC receipts, all numbered 1150, were used to claim different fuel amounts. Only one of the six receipts showed a purchase date. Two Atsahil Shop receipts, both numbered 00043, claimed two different fuel expenses for two different dates. None of the eight receipts listed contact information of the two vendors. (*Attachment 2, IAR-RR of fuel receipts, 06/20/12*)

On 09/26/12, the OIG interviewed ACDI/VOCA [REDACTED] who stated that after [REDACTED] showed [REDACTED] the fuel receipts, [REDACTED] advised [REDACTED] that the receipts may be fraudulent. [REDACTED] spoke to [REDACTED] who reassured them that the receipts were not fraudulent. [REDACTED] explained that an OPDC truck driver was dispatched to the ACDI/VOCA's compound and after refueling, the driver was paid in cash for the fuel. The driver dispensed a temporary receipt and that receipt was supposed to have been taken to OPDC to be converted to a final receipt. The last step did not occur and temporary receipts were then used as final receipts for ACDI/VOCA's cash reconciliations. [REDACTED] stated that [REDACTED] went to OPDC and obtained final receipts for the temporary ones.

[REDACTED] stated that ACDI/VOCA used office space in a government building in Telafar area, Kirkuk. ACDI/VOCA [REDACTED] paid for fuel and instead of submitting the original receipts for reimbursement at the finance department, [REDACTED] provided scanned copies. After [REDACTED] was shown two Atsahil Shop receipt copies that listed the same receipt number but had a different description, date, and amount, [REDACTED] stated [REDACTED] had not noticed that before. [REDACTED] advised that the two receipts were not temporary because they were stamped. [REDACTED] stated that no fuel logs were kept at the Telafar office to verify any fuel procurement. [REDACTED] opined that if the Atsahil Shop receipts were fraudulent, [REDACTED] would not have been able to carry out the fraud without [REDACTED] assistance. [REDACTED] denied that [REDACTED] ever created any invoice or receipt, and [REDACTED] denied [REDACTED] ever modified any fuel logs. (*Attachment 3, IAR-Interview of [REDACTED] 09/26/12*)

On 09/26/12, the OIG interviewed [REDACTED] who stated that [REDACTED] was informed about the fuel receipts identified by [REDACTED] from [REDACTED] explained the fuel procurement process

Report of Investigation [REDACTED]
Period: 06/20/12 – 07/14/14
Page 3

[REDACTED] involving temporary receipts, and [REDACTED] stated that someone from the operations department had gone to OPDC to obtain final receipts from the temporary receipts.

[REDACTED] offered that the Atsahil Shop may have issued receipts in which the same number was printed more than once. [REDACTED] offered that [REDACTED] had visited the Atsahil Shop, but upon further inquiry [REDACTED] could only describe that it was a small shop and could not provide any directions as to where in Telafar the shop was located. [REDACTED] claimed someone had driven [REDACTED] there. [REDACTED] denied that [REDACTED] ever created any invoice or receipt. [REDACTED] also denied [REDACTED] ever modified any fuel logs after the fact. (*Attachment 4, IAR-Interview of [REDACTED] 09/26/12*)

On 10/12/12, the OIG reviewed e-mails concerning Atsahil Shop fuel receipts. The review showed an inconsistency with dates, business stamps, and numbers listed on receipts. For example, one fuel receipt numbered as 00043 listed a fuel purchase for 1,881,200 dinars on 12/28/09. Another fuel receipt (also) numbered 00043 listed a fuel purchase for 1,988,750 dinars on 01/27/10. (*Attachment 5, IAR-RR of e-mails, 10/12/12*)

On 02/12/13, OIG/Audit issued an audit report on ACDI/VOCA's incurred costs for CAP III, for the period of 10/01/08 to 09/30/10. ACDI/VOCA claimed for security reasons it had accepted fuel receipts under third party names to avoid identifying ACDI/VOCA as an American organization. The audit questioned \$46,422 in unsupported fuel costs. (*Attachment 6, Audit Report No. 6-267-13-015-N, 02/12/13*)

On 03/07/13, USAID/Iraq issued a bill of collection for \$46,422 to ACDI/VOCA. (*Attachment 7, USAID/Iraq Bill of Collection to ACDI/VOCA for \$46,422, 03/07/13*)

On 03/14/13, ACDI/VOCA issued a check for \$46,422 to USAID. (*Attachment 8, ACDI/VOCA check to USAID for \$46,422, 03/14/13*)

Subjects:

ACDI/VOCA
50 F Street NW
Suite 1000
Washington, DC 20001

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

N/A

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

Report of Investigation [REDACTED]

Period: 06/20/12 – 07/14/14

Page 4

Judicial and Administrative Actions:

On 03/14/13, ACDI/VOCA issued a check for \$46,422 to USAID pursuant to a Bill for Collection.

Attachments:

1. Initial complaint correspondence, 11/14/11
2. IAR-RR of fuel receipts, 06/20/12
3. IAR-Interview of [REDACTED], 09/26/12
4. IAR-Interview of [REDACTED], 09/26/12
5. IAR-RR of e-mails, 10/12/12
6. Audit Report No. 6-267-13-015-N, 02/12/13
7. USAID/Iraq Bill of Collection to ACDI/VOCA for \$46,422, 03/07/13
8. ACDI/VOCA check to USAID for \$46,422, 03/14/13



USAID
FROM THE AMERICAN PEOPLE

May 21, 2019

TRANSMITTED VIA EMAIL

Re: FOIA Request No. F-00229-16
Second and 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 second and final response to your May 19, 2016 FOIA request to the USAID. You requested a copy of the final report, closing report, report of investigation, closing memo, referral memo, or other conclusory documents associated with each of the following USAID Office of Inspector General ("OIG") investigations:

- 1) MCA Mongolia, opened September 23, 2010, closed January 23, 2014;
- 2) Egyptian Association for Supporting Democratic Development, opened September 9, 2011, closed January 27, 2014;
- 3) Redacted Name, opened December 29, 2010, closed January 27, 2014;
- 4) Redacted Name, opened December 13, 2013, closed March 7, 2014;
- 5) Redacted Name, opened June 18, 2013, closed March 11, 2014;
- 6) Redacted Name, opened July 19, 2012, closed March 28, 2014;
- 7) Redacted Name, opened December 16, 2010; closed March 28, 2014
- 8) Redacted Name, opened July 10, 2013, closed April 21, 2014;
- 9) Social Investment Fund for Local Development, opened October 4, 2013, closed June 9, 2014;
- 10) Redacted Name, opened December 2, 2011, closed June 9, 2014;
- 11) Redacted Name, opened February 11, 2013, closed June 11, 2014;
- 12) Redacted Name, opened April 26, 2012, closed July 16, 2014;
- 13) USAID/Acted Program, opened June 21, 2010, closed July 17, 2014;
- 14) ACDI/VOCA Cap, opened July 5, 2012, closed July 18, 2014;
- 15) Redacted Name, opened February 11, 2014, closed July 28, 2014;
- 16) USAID Foreign Service National, opened January 25, 2012, closed July 29, 2014;
- 17) Redacted Name, opened February 15, 2014, closed July 29, 2014;
- 18) Redacted Name- Embezzlement, opened March 7, 2014, closed July 29, 2014.

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 90 pages. We have determined that all 90 pages are partially releasable 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 5 U.S.C. app. 3 § 7(b), which states that "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 investigation." This statute leaves the agency with no discretion, therefore this information must be withheld under subsection (b)(3) of the FOIA.

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, personal cellphone numbers, 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 Theresa Morris, the assigned FOIA Specialist by phone on (202) 712-0286 or at thmorris@usaid.gov. You may also contact USAID's FOIA Public Liaison, Christopher Colbow, 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 second and 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-00229-16 second and final response 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 and continued patience.

Sincerely,



For:

Christopher Colbow, Chief
FOIA Public Liaison
FOIA Officer/Agency Records Officer
Bureau for Management
Office of Management Services
Information and Records Division

Enclosures: Responsive Records (90 pages)

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

REPORT OF INVESTIGATION

Case Title: EASDD
Case Number: [REDACTED]
Status: Closed (see [REDACTED])
Period of Investigation: 07/14/11 – 11/26/13
OIG/I Office: Cairo

Synopsis:

On 07/14/11, final closeout audit reports of Egyptian Association for Supporting Democratic Development (EASDD), USAID grant #263-G-00-08-00021-00 for \$692,869, was provided to the [REDACTED] PricewaterhouseCoopers (PWC), the [REDACTED] contracted audit firm, questioned \$251,659 in costs and notified [REDACTED] that its auditors observed possibly fraudulent transactions. PWC auditors observed continuing issues with two add-on grants awarded to EASDD in 2010 and 2011 (each worth approximately \$250,000). A review of findings concerning the \$692,869 grant and an assessment of the two recent grants noted "high risk" transactions. PWC informed the [REDACTED] that potential fraudulent activity was observed in all three grants. The [REDACTED] then referred the matter the Office of Investigations (OI).

The OI conducted interviews with PWC personnel and the USAID [REDACTED]. The OIG also reviewed documents regarding payments made in each of the three grants to Good Time Travel, a travel agency to which EASDD paid almost a third of its grant total amount. EASDD failed to produce documentation that sufficiently demonstrated that bidding or offers were obtained by Good Time Travel for hotels, training facilities, meals and transportation for trainers and trainees. Cash disbursement vouchers to election monitors supposedly recruited and trained by EASDD were not reviewed or approved by the appropriate EASDD officials. The OI also obtained official copies of commercial registers for registration numbers listed on quotations provided by EASDD to the auditors. Some of the registration numbers did not exist according to the Registrar's office and the rest of the registration numbers provided belonged to businesses other than the ones named on the quotation. The OI also contacted trainees from the list provided by EASDD - some did not attend any training, and others attended training but in locations other than what was listed.

REPORT MADE BY:
Name: [REDACTED]

Date Signed: 11/26/13

Signature: [REDACTED]

APPROVING OFFICIAL:
Name: SA [REDACTED]

Date Signed:
Signature: [REDACTED]

12/26/13

Page 2

Period: 07/14/11 – 11/26/13

During the course of the investigation, the OI discovered that Human Development Association (HDA) - an Egyptian non-governmental organization (NGO) working in the same field as EASDD and a recipient of USAID grant funds – also provided payments to Good Time Travel that raised issues of potential fraud.

On 01/09/12 the USAID/Egypt Procurement office (PROC) sent a memo to the [redacted] confirming a bill for collection (BoC) to EASDD for \$10,735. PROC based its decision to issue a BoC that was significantly less than the amount questioned by PWC because of documentation subsequently provided by EASDD.

Due to actions taken subsequent to PWC's observations of fraudulent activity and the fact that allegations concerning Good Time Travel are being investigated under HDA (case # [redacted]), this investigation is closed.

Details of Investigation:

On 07/14/11, PWC released its final closeout audit report finding \$251,659 in questioned costs. PWC informed the [redacted] that it observed possibly fraudulent transactions in EASDD grant #263-G-00-08-00021-00 for \$692,869. The [redacted] referred the allegations to the Office of Investigations. The USAID [redacted] opined that the questioned costs were due to administrative mismanagement rather than fraud. (*Attachment 1, [redacted] Cairo Closeout Financial Audit of EASDD dated 07/14/11*)

PWC auditors observed continuing issues with the two add-on grants awarded to EASDD in 2010 and 2011. A review of the prior issues identified under PWC's audit of the first grant and an assessment of the transactions for the two add-on grants was undertaken by PWC. PWC noted "high risk" transactions in the two add-on grants as well. (*Attachment 2, PWC Shura Council biweekly report 1, 2 and 3 and PWC for People's assembly add-on grant dated 05/20/10, 06/24/10, 07/25/10 and 06/14/11*)

On 08/02/11, the OI interviewed USAID/[redacted] stated that, due to issues raised in the closeout audit report of EASDD's first grant, PWC was contracted by USAID to help EASDD with capacity building and to monitor EASDD's financial activities under the two add-on grants. The monitoring from PWC was a condition placed on EASDD in order to receive additional grants from USAID. The two add-on grants were initially estimated at \$500,000 each but were reduced to \$250,000 because of the monitoring and assessment costs under the PWC contract. EASDD had many issues particularly with procurement [redacted] believed this could be due to the delay in releasing funds months after services were received. (*Attachment 3, Memorandum of Interview, [redacted] dated 08/02/11*)

On 08/17/11, the OI interviewed [redacted] stated that, during the closeout audit conducted in March 2010, [redacted] advised the RIG/Cairo financial auditor that [redacted] and other

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

Page 3

Period: 07/14/11 – 11/26/13

PWC auditors noted situations/transactions in which fraud or illegal actions were likely to have occurred. A significant portion of these transactions concerned payments made to Good Time Travel. EASDD paid more than a million Egyptian Pounds (approximately \$160,000), which is almost one third of the entire grant, to Good Time. There was no bidding or price offers obtained for the selection of the travel agency. [redacted] was concerned why EASDD would award such a large sub-contract to a travel agency that was supposed to be responsible for just public relations and training events in over 25 governorates. No invoices were provided for any of Good Time's claimed expenses for hotel lodging and meeting spaces, food, and transportation. The contract called for a fixed amount based on 100 attendees regardless if only 40 or 50 trainees actually attended. This led [redacted] to believe Good Time was inflating rates and claiming amounts that were not reasonable. Also, cash disbursement vouchers were not reviewed and approved by appropriate EASDD officials. [redacted] added that when it came to observers training, [redacted] believed that EASDD inflated the number of attendees. [redacted] was provided copies of attendance lists and randomly selected a sample to call and verify their attendance at the training. All of the individuals called said they never attended training. [redacted] also noted a possible phantom contract with a rental car company for the two add-on grants. (*Attachment 4, Memorandum of Interview, dated 08/17/11*)

On 06/27/12, the OI reviewed PWC's close-out financial report of EASDD's first grant dated 07/14/11 and USAID's decision sent to the [redacted] on 01/10/12 in response to the audit. USAID awarded EASDD a grant for \$692,869 for monitoring the Local Popular Council election that took place from 03/06/08 to 07/31/08; PWC questioned \$251,659 and \$12,759 in ineligible costs and \$238,900 in unsupported costs. The [redacted] number one recommendation was that USAID/Egypt determine the allowability of the cost and collect, as appropriate, \$12,759 in questioned ineligible costs and \$238,900 in questioned unsupported costs. USAID's decision was to allow \$4,665 and disallow \$8,094 of the questioned ineligible costs. USAID's decision was to allow \$236,259 and disallow \$6,641 in questioned unsupported costs. USAID/Egypt issued a BoC for \$10,735 on 05/13/12. (*Attachment 5, Record Review, Closeout financial Audit Report, dated 06/27/12*)

Subjects:

Egyptian Association for Supporting Democratic Development (EASDD)
 Registration Number: 5469/2004
 Address: 5 road 162 A behind Hadaik El Maadi metro station
 Telephone Number: 0020225288832
 Fax Number: 0020225288834
 E-mail: easd_2004@hotmail.com

Undeveloped Leads:

Investigation will continue under HDA case # [redacted]

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

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

Page 4

Period: 07/14/11 – 11/26/13

Disposition of Evidence, Contraband or Personal Property:

All evidence will be disposed or returned in accordance to OIG policy

Judicial and Administrative Actions:

NA

Attachments:

1: RIG Cairo Closeout Financial Audit of EASDD dated 07/14/11

2: PWC Shura Council biweekly report 1, 2 and 3 and PWC for People's assembly add-on grant dated 05/20/10, 06/24/10, 07/25/10 and 06/14/11

3: Memorandum of Interview, [REDACTED] dated 08/02/11

4: Memorandum of Interview, [REDACTED] dated 08/17/11

5: Record Review, Closeout financial Audit Report, dated 06/27/12

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

REPORT OF INVESTIGATION

Case Title: [REDACTED]

Case Number: [REDACTED]

Status: Completed

Period of Investigation: 10/05/11 to 02/05/13

RIG/ Office: Cairo

Synopsis:

On 06/25/09, USAID/Egypt awarded a 2,446,500 Egyptian Pound (EGP) (\$400,000) grant (No. 263-G-00-09-00027) to the Alliance for Arab Women (AAW) to implement a project called Preventing Violence and Terrorism through Community Participation. The purpose of the project was to "assist marginalized groups to acquire the power and the skills to participate in public decisions, and enable women to help prevent youth from joining terrorist groups."

On 10/05/11, [REDACTED] USAID/Egypt, advised that [REDACTED] for AAW, embezzled funds from the organization that were provided by USAID. AAW had already filed a complaint with Egyptian police against [REDACTED] which was later referred to the Attorney General's Office of Cairo for criminal prosecution.

[REDACTED] and another former AAW employee, [REDACTED] stole old checkbooks from AAW, changed the account numbers to show current AAW accounts, and forged the signatures of two AAW employees who were the authorized signatories of the accounts. A third individual [REDACTED] was the beneficiary of the checks. Both AAW employees confirmed that the signatures on the checks were not theirs. Twelve checks with a total value of 388,100 EGP (\$64,000) were cashed from AAW's bank account where it held funds received from USAID.

The Counterfeiting and Forgery Validation Department confirmed that the signatures of the two AAW employees were forged using an "autopen." [REDACTED] Attorney General's Office of Cairo, ordered the arrests of [REDACTED] On 02/02/12, [REDACTED] left Egypt for Lebanon. [REDACTED]

[REDACTED] At the present time, neither [REDACTED] have been arrested.

USAID OIG has offered its assistance to the Attorney General's Office of Cairo. Due to the referral of this case to the Attorney General's Office, no additional USAID OIG investigation is warranted.

REPORT MADE BY:

Name: SA [REDACTED]
Signature: [REDACTED]

Date Signed: 02/02/13

APPROVING OFFICIAL:

Name: [REDACTED]
Signature: [REDACTED]

Date Signed: [REDACTED]

Page 2

Period: 10/05/11 to 02/05/13

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

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

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

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

(b)(3);5 U.S.C. app. 3 § 7(b) - IG Act of 1978 as amended (b)(6);(b)(7)(C)

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

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

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

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

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

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

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

Details of Investigation:

On 10/05/11 [redacted] USAID/Egypt, alleged that [redacted] stole money from AAW. AAW employees told [redacted] that [redacted] took two old checkbooks from AAW, changed the account numbers to show current AAW accounts, and forged the signatures of two other AAW employees in order to cash the checks. [redacted] resigned from AAW on [redacted] and on 08/21/11, there were several unauthorized withdrawals from AAW's accounts. AAW reported the embezzlement to police. A total of 388,100 EGP (about \$64,000) was stolen. (Attachment 1: Memorandum of Interview: [redacted] 10/05/11)

On 11/18/11, AAW's bank account statements and copies of checks used in the embezzlement scheme were reviewed. From 08/21/11 to 09/07/11, twelve checks valued at 388,100 EGP (\$64,000) were cashed from AAW's bank account where it held funds received from USAID. (Attachment 2: Memorandum of Record Review: AAW Checks and Bank Statements, 12/18/11)

On 02/21/12, a review was conducted of a complaint filed with the police by AAW's [redacted]. The complaint accused [redacted] of embezzlement. [redacted] forged the signatures of the AAW employees authorized to sign the checks. [redacted] was the beneficiary of the checks. According to a statement made by [redacted] AAW showed copies of the checks to the two authorized signatories of the account: [redacted] AAW, and [redacted] AAW. Both confirmed that the signatures on the checks were not theirs. (Attachment 3: Memorandum of Record Review: AAW Police Complaint, 02/21/12)

On 05/02/12, the Attorney General's Office of Cairo confirmed receiving a report from the Counterfeiting and Forgery Validation Department, which stated that the signatures of [redacted] and [redacted] were forged on the checks used in the embezzlement. The signatures were forged using a Pluto Technology "autopen." Consequently, the prosecutor ordered the arrest of [redacted] and [redacted]. According a prosecution report, dated 05/07/12, the Passport, Immigration and Nationality Authority confirmed that [redacted] left Egypt for Lebanon on 02/02/12. (Attachment 4: Egyptian Forgery Analysis and Prosecution Reports, 05/07/12)

On 05/09/12, SA [redacted] met with [redacted] Public Funds Division, Attorney General's Office of Cairo. [redacted] stated that [redacted] ordered the arrests of [redacted] and [redacted]. On 02/02/12, [redacted] left Egypt for Lebanon. [redacted] was still in Egypt, but had not yet been arrested. (Attachment 5: Memorandum of Activity: Meeting with Prosecutor, 05/09/12)

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

Page 3

Period: 10/05/11 to 02/05/13

Subjects:**Undeveloped Leads:**

None

Disposition of Evidence, Contraband or Personal Property:

None

Judicial and Administrative Actions:

On 06/06/12, USAID/Egypt issued a bill for collection to AAW for 349,896.39 EGP to recover the embezzled funds.

AAW referred this case to local authorities for prosecution. The case (No. 3380-2011) is currently with the Public Funds Division of the Attorney General's Office of Cairo. USAID OIG has offered assistance and will continue to follow up with the prosecutor. Arrest warrants were issued for two subjects, but no arrests have been made. If local authorities take additional action, this case will be reopened to document the activities.

This matter will be referred to USAID/OAA for consideration for debarment.

Attachments:

1. Memorandum of Interview: [redacted] dated 10/05/11
2. Memorandum of Record Review: AAW Checks and Bank Statements, dated 12/18/11
3. Memorandum of Record Review: AAW Police Complaint, dated 02/21/12
4. Egyptian Forgery Analysis and Prosecution Reports, dated 05/17/12
5. Memorandum of Activity: Meeting with Prosecutor, dated 05/09/12

(b)(3);5 U.S.C. app. 3 § 7(b) - IG Act of 1978 as amended; (b)(6);

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

REPORT OF INVESTIGATION

Case Title:**Case Number:****Status:**

Complete

Period of Investigation:

12/01/2010 – 10/07/2011

OIG/I Office: Washington**Synopsis:**

On 12/01/2010, the Office of Inspector General (OIG) received information that [redacted] in the [redacted] violated federal regulations and USAID policies by participating in unauthorized outside employment. It was also alleged that [redacted] submitted false claims to the government.

Based on the information provided, the OIG initiated an investigation. [redacted] electronic mail (e-mail) records were received, witnesses were interviewed, corporate records were searched [redacted] passports were obtained, and records received from [redacted] were reviewed.

The investigation substantiated that [redacted] violated the following:

- Code of Federal Regulations (CFR) §2635.802, prohibitions against outside employment that conflicts with the employee's official duties
- CFR §2635.502, impartiality requirements for federal employees
- CFR §2635.702, use of public office for private gain
- 18 United States Code § 1001, false statements

Specifically, [redacted] engaged in business activities with a USAID grantee, [redacted] participated in conduct that raises questions of [redacted] impartiality, and [redacted] neglected to inform USAID of the possibility of appearance issues. [redacted] solicited a personal business opportunity from at least one entity that received USAID funding. [redacted] also provided outside services, in addition to [redacted] professional responsibilities, to an individual whose organization had been subject to an audit conducted by [redacted] the questioned costs found in this audit are still being resolved by USAID. Finally, in the course of the investigation [redacted] provided materially false statements to OIG investigators.

REPORT MADE BY:**Name:****Signature:****Date Signed:** 11/08/2011**APPROVING OFFICIAL:****Name:****Signature:****Date Signed:**

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

Page 2

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

Period: 12/01/2010 to 10/07/2011

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

The investigation did not verify that [redacted] received payment for all services rendered and some of the services rendered – such as tax preparation work for fees conducted outside of government hours - may not present a conflict of interest. Nevertheless, [redacted] violated the principle under conflict of interest regulations and USAID policy that an employee shall endeavor to avoid actions creating an appearance of violating any of the ethical standards under the regulations.

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

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

Additional allegations arose during the course of the investigation. One raised the possibility that [redacted] violated 18 U.S.C. §201(c), which prohibits a public official from accepting anything of value for or because of any official act, when [redacted] accepted a large dinner paid for by a USAID grantee who previously had been audited by [redacted]. This claim could not be substantiated.

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

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

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

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

Another allegation received by the OIG was that [redacted] did not work a business day, Friday 05/15/2009, during a temporary duty assignment (TDY) in Nairobi, Kenya and instead went to South Africa for personal reasons. [redacted] claimed and received per diem and taxi expenses on [redacted] Nairobi travel voucher for 05/15/2009. [redacted] denied to the OIG that [redacted] left Nairobi while on TDY and maintained that [redacted] worked the whole trip. However, [redacted] diplomatic passport indicates that [redacted] exited Kenya on 05/15/2009 and entered South Africa on 05/15/2009. [redacted] departed South Africa on 05/17/2009 and returned to Kenya on 05/18/2009. [redacted] statement to the OIG that [redacted] remained in Nairobi is materially false.

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

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

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

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

Lastly, an allegation was referred to the OIG that [redacted] violated USAID policy by taking personal travel outside of the country to attend the World Cup in South Africa in 2010 while on extended sick leave. [redacted] was on sick leave for six months beginning in May 2010. As demonstrated by [redacted] tourist passport, [redacted] travelled to South Africa from 06/01/2010 to 06/23/2010. [redacted] exhausted [redacted] sick leave in September 2010 and began using donated sick leave. Although [redacted] submitted notes from a doctor permitting the use of sick leave, [redacted] spent more than three weeks of that leave in South Africa. Pimpong acknowledged in passing to OIG agents that [redacted] attended the World Cup after initially denying that [redacted] left the country during the World Cup. Accordingly, [redacted] made a material false statement to the OIG. Additionally, spending three weeks of sick leave abroad to attend games of the World Cup may be considered an abuse of sick leave under the Foreign Affairs Manual (FAM) 3429.3 (which applies to both foreign service and civilian employees) and subject [redacted] to disciplinary action under 3 FAM 4320.

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

This matter will be referred to USAID/HR/Employee Labor Relations for consideration of appropriate action.

Page 3

Period: 12/01/2010 to 10/07/2011

Details of Investigation:

On 12/01/2010, the OIG was informed by [redacted] of allegations brought to [redacted] attention by a [redacted] [redacted] alleged that [redacted] while with [redacted] had conducted a tax preparation business during government hours, took an unauthorized personal trip while on TDY for an audit in 2009, went to South Africa for the World Cup while on donated sick leave, and behaved in an unprofessional and unethical manner while on business trips. (Attachment 1, [redacted] notes from [redacted] meeting on 11/30/2010 with [redacted])

On 12/20/2010, a Confidential Financial Disclosure Report (OGE Form 450) filed by [redacted] for fiscal year 2007 was reviewed. This is the only Form 450 filed by [redacted] while employed at USAID. [redacted] reported that [redacted] received fees for a business called [redacted] (Attachment 2, Records Review – Form 450 signed by [redacted] on 02/15/2008)

On 12/29/2010, records generated from a [redacted] query were reviewed. [redacted] is the [redacted] an active corporation as of the query date [redacted] was also the [redacted] for [redacted] which was incorporated on 06/04/2008 and is currently dissolved. [redacted] was [redacted] along with [redacted] and [redacted]

[redacted] is the [redacted] Agriculture Business Systems-Total Cattle Management (ABS-TCM) which was partnered with Jackson & Tull in 2001. Jackson & Tull/ABS-TCM was subject to an audit conducted by [redacted] office in 2001. (Attachment 3, Records Review – [redacted] records, dated 12/29/2010)

On 01/04/2011, [redacted] was interviewed. [redacted] alleged that during a TDY to Nairobi in May 2009 for an audit of CARE with [redacted] failed to show up for a site visit one Friday. [redacted] claimed [redacted] went to a funeral up in the mountains. [redacted] later learned from a hotel employee that [redacted] did not go to a funeral but went to South Africa. [redacted] also alleged that [redacted] went to South Africa for the World Cup in summer 2010 while on donated sick leave. [redacted] had heard from people in the [redacted] office that [redacted] had an accounting service, but [redacted] never personally saw [redacted] use office equipment to conduct [redacted] business. (Attachment 4, Memorandum of Interview [redacted] dated 01/04/2011)

On 01/05/2011 [redacted] was interviewed. [redacted] had heard [redacted] talk on the phone with student [redacted] laughed at Howard University, but [redacted] had not personally observed or heard [redacted] conduct [redacted] tax services work on USAID time. [redacted] stated that, as [redacted] observed insubordination and performance issues. Specifically, [redacted] would continue to push for travel opportunities even after being denied TDY travel, and [redacted] manipulated the leave system. [redacted] believed that [redacted] has filed at least two grievances against [redacted]

Page 4

Period: 12/01/2010 to 10/07/2011

including [redacted] claiming that [redacted] was being harassed for taking sick leave [redacted] was being micro-managed, and [redacted] was subject to racially-motivated slurs. (*Attachment 5, Memorandum of Interview - [redacted] dated 01/05/2011*)

On 03/16/2011, e-mail correspondence and doctor's notes for [redacted] were received from [redacted] in the USAID Office of Employee Labor Relations (ELR). From 05/31/2010 until 10/31/2010 [redacted] submitted five doctor's notes from [redacted] recommending that [redacted] be placed on sick leave. The first note was signed on May 31, 2010 and the recommendation extended for 30 days until [redacted] next appointment. Each note was written for a 30-day time period and the entire duration of the doctor's notes lasted for five months. [redacted] ran out of sick leave in September 2010 and began receiving donated leave from colleagues. The doctor's note signed by [redacted] on 09/30/2010 states, "I believe [redacted] can resume work as of 10/11/10. However I would highly recommend starting part time three days a week for 6 weeks before going to full time work." It is unclear when [redacted] returned to work. On 11/15/2010, [redacted] was sent a letter from ELR notifying [redacted] of being absent without leave. (*Attachment 6, Records Review - ELR correspondence and records, dated 03/16/2011*)

From 03/21/2011 to 03/25/2011 [redacted] e-mail records for the time period 01/01/2008 until 12/21/2010 were reviewed. [redacted] appeared to provide tax services for USAID employees [redacted] also provided tax preparation services for [redacted] a USAID personal services contractor, and [redacted] another instructor at [redacted] University. None of the individuals reported to [redacted] nor were any of them acting as [redacted]. The communications appeared to be limited to the individual asking where to mail [redacted] payment for services, when the tax refunds would be ready, when and how records could be delivered to [redacted] or involved the individual asking [redacted] tax questions. (*Attachment 7, Records Review - "taxes" and "audit fees" e-mail records, dated 03/25/2011*)

On 05/11/2011 [redacted] was interviewed. [redacted] advised that [redacted] asked [redacted] if [redacted] could do [redacted] taxes, and [redacted] declined the offer. [redacted] in OAA, told [redacted] that [redacted] does taxes and investment paperwork for [redacted]. [redacted] is aware of [redacted] sleeping on [redacted] office couch during work hours. [redacted] also stated that [redacted] had been out for five months last year on sick leave, and there have been issues with [redacted] requesting travel when it was not warranted. [redacted] went around [redacted] to get authorization to travel by going straight to other offices within USAID and trying to set up travel opportunities. [redacted] told other managers in USAID not to approve [redacted] travel that was not authorized by [redacted]. [redacted] also forwarded allegations brought to [redacted] attention that [redacted] deleted questioned costs that another [redacted] found during an audit of Jackson & Tull and a sub-grantee [redacted] in 2009. Additional allegations forwarded to the OIG by [redacted] include the claim that [redacted] attending the World Cup in South Africa while on sick leave in the summer of 2010 [redacted] took unauthorized personal

Page 5

Period: 12/01/2010 to 10/07/2011

travel to South Africa while on TDY in Nairobi, and that [redacted] accepted lavish dinners from USAID fund recipients. (Attachment 8, Memorandum of Interview – [redacted] dated 05/11/2011)

On 05/12/2011, [redacted] on the [redacted] team, was interviewed. [redacted] stated that [redacted] did not show up to work on Friday 05/15/2009 while on TDY in Nairobi for the CARE audit. [redacted] called [redacted] the next day and told [redacted] was in the mountains at a funeral and that [redacted] would catch up with [redacted] and [redacted] who was also in Nairobi for the audit, on Monday. [redacted] found out from the [redacted] of a staff member of the Grand Regency Hotel, the hotel where they stayed, that [redacted] was actually in South Africa and not at a funeral. While on sick leave, [redacted] numerous times from Ghana. [redacted] has connections in Kenya and is good friends with [redacted] is [redacted]. Every time [redacted] is in Kenya, [redacted] meets with [redacted]. During the TDY to Nairobi in May 2009, [redacted] and [redacted] went with [redacted] to dinner with [redacted] paid for the expensive dinner [redacted] and [redacted] did not think it was appropriate to accept a dinner paid for by one of USAID's recipients, but [redacted] insisted it was acceptable. [redacted] manages [redacted] bank accounts and is always going to Wachovia and other banks on [redacted] behalf. [redacted] believes it is possible [redacted] is doing accounting work for [redacted] removed costs [redacted] questioned during an audit of Jackson & Tull and [redacted] company in 2005. This made [redacted] very upset. (Attachment 9, Memorandum of Interview – [redacted] dated 05/12/2011)

On 05/13/2011, [redacted] was interviewed. [redacted] was the [redacted] for the Jackson & Tull contract with USAID and was the person [redacted] and another [redacted] interacted with most. [redacted] had some professional issues with [redacted] while with USAID, but, as far as [redacted] could recall [redacted] never asked [redacted] to change an audit finding. [redacted] never personally saw [redacted] do other people's taxes while at work, but recalled people bringing their tax documents to [redacted] office. [redacted] believed that [redacted] in the USAID management office and [redacted] in OAA got their taxes done by [redacted]. (Attachment 10, Memorandum of Interview – [redacted] dated 05/13/2011)

On 06/09/2011, time and attendance and travel voucher reports for [redacted] were reviewed. [redacted] was paid \$199 for lodging, \$118 for meals and incidentals, and 3000 Kenyan Shillings for taxi services from the hotel to the CARE office and back (equivalent to approximately \$39 on 05/15/2009) for 05/15/2009 while on TDY in Nairobi for the CARE audit. [redacted] did not use leave on this day. (Attachment 11, Records Review – T&A and travel vouchers, dated 06/09/2011)

On 06/23/2011, [redacted] signed a waiver of [redacted] rights as a federal employee and was interviewed by the OIG. [redacted] initially stated that [redacted] had no work outside of USAID. [redacted] then clarified that [redacted] used to teach classes at [redacted] University and has a very small tax practice. [redacted]

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me [redacted] a few years ago during an audit of Jackson & Tull. [redacted] never accepted any gifts or dinners from [redacted] came with [redacted] to a dinner that a friend's [redacted] cooked for them. The friend was [redacted] maintained that [redacted] never worked on an audit involving [redacted] and had no business with [redacted] has come to visit [redacted] three times in the United States, but [redacted] described their relationship as acquaintances. A few years ago [redacted] set up a company incorporated in the United States for [redacted] stated that this company exists only in name and is not a real company. North Carolina corporate records will show that this company has been cancelled. [redacted] also assisted [redacted] in obtaining a Wachovia bank account because the bank would not open an account for an international organization or a non-U.S. resident [redacted] did not receive any compensation for setting up the company for [redacted] or for opening the bank account for [redacted] stated that this is the only time [redacted] opened up a bank account for someone else. [redacted] state [redacted] worked seven days a week while on TDY in Nairobi in 2009 and did not take any leave during this trip. While on sick leave last year [redacted] went to Ghana to visit [redacted] grave [redacted] also went to Ghana in May 2011 for [redacted] funeral. Other than [redacted] trips to Ghana [redacted] has not left the country while on sick leave. Upon the conclusion of the interview, when asked if [redacted] got to see the World Cup in South Africa [redacted] stated that [redacted] went and enjoyed himself. (Attachment 12, Memorandum of Interview - [redacted] dated 06/23/2011)

On 09/07/2011, annual and sick leave audit reports for 2008 to 2010 and [redacted] current diplomatic and tourist passports were reviewed. According to [redacted] tourist passport [redacted] entered South Africa on 06/01/2010 and departed on 06/23/2010. [redacted] served over 200 hours of sick leave during this time period. (Attachment 13, Records Review - leave audit reports and passports, dated 09/07/2011)

On 09/07/2011, a search through [redacted] email revealed a communication between [redacted] and [redacted] indicating that [redacted] assisted [redacted] with a personal loan application at Wachovia bank in 2007. A separate email correspondence also indicates that [redacted] opened a Wachovia account in 2007 for a USAID employee named [redacted] (Attachment 14, Records Review - "Wachovia" emails, dated 09/07/2011)

On 09/08/2011 [redacted] Special Issuance Agency of the State Department, was interviewed telephonically. [redacted] verified that [redacted] has one current tourist passport and one current diplomatic passport. [redacted] has two expired passports that [redacted] did not return to the State Department for destruction. (Attachment 15, Memorandum of Telephonic Interview - [redacted] dated 09/08/2011)

On 09/10/2011, an additional search of [redacted] email revealed that in 2005, [redacted] solicited [redacted] Centre for African Family Studies (CAFS), a USAID recipient, for a business opportunity. Specifically [redacted] wanted to design a course on government contracting for [redacted] organization and suggested they could negotiate the cost for

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services. [redacted] met in 2006 for a meeting, but it is unclear if the business proposal went forward. In May 2008, [redacted] emailed [redacted] asking [redacted] to provide a recommendation for [redacted] for a job with Creative Associates, another USAID recipient. (Attachment 16, Records Review – [redacted] emails, dated 09/10/2011)

On 10/07/2011, [redacted] provided [redacted] expired diplomatic passport (number [redacted] and gave permission for it to be copied. On page 36 of the passport, there is an exit stamp from Kenya dated 05/15/2009. On page 43, there is an entry stamp for South Africa dated 05/15/2009 and a departure stamp dated 05/17/2009. On page 33, there is an entry stamp for Kenya dated 05/18/2009. (Attachment 17, Records Review – expired passport, dated 10/07/2011)

Defendants/Suspects:

[redacted]

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

There are no items in evidence or any seized contraband.

Judicial and Administrative Actions:

[redacted] is to be referred to USAID/HR/Employee Labor Relations for any administrative action deemed appropriate.

Attachments:

1. [redacted] notes from meeting with [redacted] dated 11/30/2010
2. Records Review - Form 450, dated 02/15/2008
3. Records Review - [redacted] records, dated 12/29/2010
4. Memorandum of Interview - [redacted] dated 01/04/2011
5. Memorandum of Interview - [redacted] dated 01/05/2011
6. Records Review – ELR correspondence and records, dated 03/16/2011
7. Records Review – “taxes” and “audit fees” e-mail records, dated 03/5/2011
8. Memorandum of Interview - [redacted] dated 05/11/2011
9. Memorandum of Interview - [redacted] dated 05/12/2011
10. Memorandum of Interview - [redacted] dated 05/13/2011

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

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- (b)(6);(b)(7)(C)
11. Records Review – T&A and travel vouchers, dated 06/09/2011
 12. Memorandum of Interview – [redacted] dated 06/23/2011
 13. Records Review – leave audit reports and passports, dated 09/07/2011
 14. Records Review – “Wachovia” emails, dated 09/07/2011
 15. Memorandum of Telephonic Interview – [redacted] dated 09/08/2011
 16. Records Review – [redacted] emails, dated 09/10/2011
 17. Records Review – expired passport, dated 10/17/2011

(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: [REDACTED]
Case Number: [REDACTED]
Status: Closed
Period of Investigation: 12/29/10 – 03/08/13
OIG/ Office: Washington, DC

Synopsis:

On 09/30/05, USAID awarded MasiMax Resources Inc. (MasiMax) a five year contract worth approximately \$36 million to implement the analysis, information management, and communication ("AIM") activity of USAID's Bureau of Global Health. On 03/26/10, Research Triangle Institute International (RTI) took over AIM subsequent to its purchase of MasiMax.

[REDACTED] initially a MasiMax and later an RTI employee, [REDACTED] aspect of the AIM project in [REDACTED] capacity as the [REDACTED]

On 12/17/10, RTI informed OIG that it had received a complaint from an employee that alleged that [REDACTED] had improperly awarded purchase orders to [REDACTED]. The complainant also had concerns about two other subcontractors under the AIM contract: Octopus Limited Audio and Visual (Octopus) and [REDACTED] First Choice Services (DWFCS). According to invoices billed to the AIM activity, [REDACTED] wrote reports and received honorariums, Octopus traveled in Africa and Asia to videotape conferences, and DWFCS produced thousands of DVDs of recorded video conferences.

The OIG conducted multiple interviews with AIM activity personnel, subpoenaed and reviewed documents, executed a search warrant and gathered and reviewed digital information. The investigation revealed that [REDACTED] took advantage of [REDACTED] position in the AIM project and, with the help of [REDACTED] accomplices, defrauded USAID of over \$1 million over a five year period.

[REDACTED] first enlisted [REDACTED] and then recruited [REDACTED] friends, [REDACTED] and [REDACTED] arranged to have false invoices from Octopus and DWFCS to be paid out of the AIM contract and kept most of the money. The work and services claimed on those invoices were not provided.

REPORT MADE BY:

Name: SA [REDACTED]

Date Signed: 09/30/13

Signature: [REDACTED]

APPROVING OFFICIAL:

Name: SAC [REDACTED]

Date Signed:

Signature: [REDACTED]

10/23/13

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On 04/10/12, a 23-count indictment against [REDACTED] was filed in the U.S. District Court for the District of Columbia and the following day the OIG arrested them. On 11/05/12, a United States District Court Judge (USDCJ) sentenced [REDACTED] to 15-months of incarceration followed by 24-months of supervised release for [REDACTED] guilty plea to one count of wire fraud. On 03/04/13, a USDCJ rendered a verdict to [REDACTED] guilty plea to one count of conspiracy to commit mail and wire fraud. [REDACTED] received 51-months of incarceration followed by 36-months of supervised release and [REDACTED] received 60-months of probation. On 03/08/13, a USDCJ sentenced [REDACTED] to 36-months of probation for [REDACTED] guilty plea to commit wire fraud.

This investigation is closed.

Details of Investigation:

On 12/17/10, RTI produced a contractor disclosure statement to the USAID/OIG, pursuant to applicable sections of the Federal Acquisition Regulation, which reported that there may have been improper charges under the USAID contract for the AIM project. Based on a review of accounting records RTI determined that the USAID AIM contract was improperly charged \$234,954 for [REDACTED] services, and the charges for the other two subcontractors, Octopus and DWFCS, identified as suspicious by the complainant totaled \$1,120,461. (*Attachment 1, Contractor Disclosure Statement – Preliminary Report, dated 12/17/10*)

On 01/04/11, the OIG interviewed RTI [REDACTED] and RTI [REDACTED] stated that on 12/03/10, RTI [REDACTED] informed RTI [REDACTED] of an improper transaction initiated by [REDACTED] noted that [REDACTED] was [REDACTED] RTI subsequently identified and secured computers and documents affiliated with [REDACTED] and placed [REDACTED] on administrative leave. (*Attachment 2, Memorandum of Interview [REDACTED] dated 01/04/11*)

On 01/05/11, the OIG interviewed [REDACTED] recounted [REDACTED] 12/03/10 call to report a fraudulent charge by [REDACTED] reported the allegation to [REDACTED] and understood that [REDACTED] called [REDACTED] via RTI's fraud hotline. [REDACTED] also explained [REDACTED] understanding of the standard MasiMax expenditures reimbursement procedure. (*Attachment 3, Memorandum of Interview [REDACTED] dated 01/05/11*)

On 01/12/11, the OIG interviewed [REDACTED] reported that purported AIM vendor [REDACTED] attested that purchase order requests for Octopus and DWFCS that appeared to had been prepared by [REDACTED] were not. (*Attachment 4, Memorandum of Interview, [REDACTED] dated 01/12/11*)

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[redacted] et al.

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On 01/18/11, the case was referred for criminal prosecution. (*Attachment 5, USAID/OIG criminal case referral to AUSA, dated 01/18/11*)

On 03/14/11, USAID/OIG subpoenaed RTI to provide billing documents related to AIM and on selected vendors, to include Octopus and DWFCS. RTI provided documents to USAID/OIG on a rolling basis. (*Attachment 6, USAID/OIG subpoena to RTI, dated 03/14/11*)

On 05/13/11, the OIG interviewed The U.S. President's Emergency Plan for AIDS Relief (PEPFAR) Office of the U.S. Global AIDS Coordinator (OGAC) [redacted]

and PEPFAR, OGAC [redacted]

[redacted] noted some errors and concerns on DWFCS invoices and questioned their authenticity. (*Attachment 7, Memorandum of Interview [redacted] dated 05/13/11*)

On 05/16/11, the OIG interviewed [redacted] who reported that from mid-June 2006 until the end of the AIM activity [redacted] advised that RTI management had showed [redacted] listing [redacted] as having completed a [redacted] and the cited [redacted] as [redacted] own work. (*Attachment 8, Memorandum of Interview [redacted] dated 05/19/11*)

On 05/19/11, the OIG re-interviewed [redacted] and showed [redacted] for purported work from [redacted] identified the [redacted] as bogus because the cited work was either done by [redacted] or the described product was not AIM related. [redacted] advised that [redacted] possessed several automobiles to include two matching [redacted] that had customized work, and a [redacted] (*Attachment 9, Memorandum of Interview [redacted] dated 05/19/11*)

On 05/25/11, the OIG interviewed [redacted] who stated that [redacted] did [redacted] work at MasiMax/RTI about two times a year over the last four years. [redacted] received the work from [redacted] who worked at MasiMax/RTI. (*Attachment 10, Memorandum of Interview [redacted] dated 05/25/11*)

On 05/25/11, the OIG interviewed former AIM [redacted] reported that goods or services purportedly provided by [redacted] Octopus, and DWFCS would have been known to [redacted] but were not. [redacted] reported that there were no outside vendors for cleaning services. (*Attachment 11, Memorandum of Interview, [redacted] dated 05/25/11*)

On 05/25/11, the OIG interviewed former MasiMax [redacted] reported that [redacted] was apprised that [redacted] to do work for the AIM contract from MasiMax [redacted] that hiring [redacted] to do consulting work constituted an improper relationship and that any future invoices

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for [redacted] would not be paid. (*Attachment 12, Memorandum of Interview, [redacted] dated 05/25/11*)

From 05/25/11 to 05/27/11, the OIG interviewed AIM [redacted] [redacted] explained the process for entering tasks and costs into the Task Management System (TMS). [redacted] found it bizarre that Octopus appeared to do business in every country, as [redacted] understanding was that local vendors were used for audio and visual accommodations. [redacted] noted multiple problems with the tasks and costs in TMS associated with Octopus and [redacted] (*Attachment 13, Memorandum of Interview, [redacted] dated 05/27/11*)

On 05/27/11, the OIG interviewed former [redacted] [redacted] described the criteria for allowing consultants to work on tasks; [redacted] did not know [redacted] or why [redacted] billed thousands of dollars for ad hoc tasks. Selected AIM reports were stored in DVDs as it was cheaper to make a DVD than produce a hard copy of a report, but DVD production ranged between 300 to 600 and there was no instance in which thousands of DVDs, as claimed by DWFCS, were ever needed. [redacted] had never heard of Octopus and stated that there was no need for a U.S. vendor to provide audio and visual services overseas. Honorariums were not normally given, and there was no budget for them. (*Attachment 14, Memorandum of Interview [redacted] dated 05/27/11*)

On 06/01/11, the OIG interviewed RTI [redacted] regarding [redacted] [redacted] cleaning work. [redacted] confirmed that the number of billings per year and the number of purchase order requests from 2009 were higher than they should have been, and that [redacted] was able to get paid for work not done with [redacted] help. (*Attachment 15, Memorandum of Interview [redacted] dated 06/03/11*)

On 06/07/11, the OIG and [redacted] interviewed [redacted] [redacted] who provided background information on how [redacted] discovered that [redacted] reiterated that multiple purchase orders and check request forms for Octopus, DWFCS, and [redacted] were not [redacted] though [redacted] name was listed on the forms. (*Attachment 16, Memorandum of Interview [redacted] dated 06/07/11*)

On 06/16/11, the OIG interviewed former AIM [redacted] [redacted] who coordinated conferences and attended "95 percent" of all international events. [redacted] advised that full-service hotels or local vendors provided audio and visual (AV) services and [redacted] was unaware of any consulting work [redacted] did for AIM. [redacted] had never heard of Octopus or DWFCS. (*Attachment 17, Memorandum of Interview [redacted] dated 06/16/11*)

On 06/22/11, the OIG interviewed MasiMax [redacted] who reported to [redacted] that [redacted] was [redacted] because [redacted] saw it as problematic for [redacted] to have [redacted] to

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consultant work for the project managed. [redacted] reported that [redacted] that the government [redacted] had approved [redacted] as a consultant. [redacted] explained the purchase order, check request, and invoice processes, and noted that no one in accounting sought to verify vendors and that MasiMax relied on project managers to ensure expenses were legitimate. [redacted] advised that [redacted] was very powerful and approved almost everything in the AIM project; if [redacted] said "approve", it was approved. (Attachment 18, Memorandum of Interview, [redacted] dated 06/22/11)

On 06/22/11, the OIG interviewed AIM [redacted] who reported that [redacted] organized the October 2010 AIM event in Namibia and the hosted hotel arranged the AV services. [redacted] did not participate in that event. A local photographer and local translators were hired to assist. The situation in Namibia was typical in [redacted] experience in that the booked hotel provided or arranged locally for AV support.

[redacted] was [redacted] never worked for AIM, though [redacted] ol [redacted] that [redacted] did work there. Supposedly [redacted] did menial work such as making copies and badges that was called grunt work, but [redacted] never saw [redacted] do any such work. (Attachment 19, Memorandum of Interview, [redacted] dated 06/23/11)

On 08/26/11, the OIG re-interviewed [redacted] regarding a suspect billing. [redacted] opined that it did not make sense to [redacted] use the Corcoran Art Gallery for World AIDS Day as the gallery's space was not large enough to host anticipated attendees. [redacted] reported that the World AIDS Day 2008 was hosted in the Ronald Reagan Building. (Attachment 20, Memorandum of Interview, [redacted] dated 08/26/11)

On 09/06/11, a search and seizure warrant was issued by the United States District Court for the District of Maryland for computers and related media at [redacted] residence. The search warrant was executed on 09/07/11. (Attachment 21 [redacted] dated 09/06/11)

On 09/07/11, the OIG interviewed former AIM [redacted] who stated that Octopus provided AV services, and DWFCS produced 10,000 to 20,000 DVDs approximately six times under the AIM project. [redacted] did not receive money from DWFCS or Octopus. [redacted] was [redacted] and [redacted] edited documents and wrote reports for AIM. (Attachment 22, Memorandum of Interview [redacted] dated 09/07/11)

On 09/07/11, the OIG interviewed [redacted] who reported that [redacted] prepared labels and name tags for the AIM project. [redacted] never wrote any government reports but corrected spelling mistakes and inputted missing punctuation on other people's work. [redacted] was paid different amounts and compensation ranged from about \$1,500 to \$2,000. (Attachment 23, Memorandum of Interview [redacted] dated 09/07/11)

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On 09/08/11, the OIG interviewed [redacted] who reported that [redacted] had never created or did any work relating to DVDs. [redacted] through DWECs, did construction work for [redacted] it [redacted] house. [redacted] stated that [redacted] via check the first time and [redacted] that subsequent payments for the construction work would come via wire transfers from [redacted] work bonuses.

From 2008 to late 2010 [redacted] received about half-a-million dollars. Of that, [redacted] returned around \$300,000 to [redacted] and [redacted] and kept a small portion of the remaining \$200,000. Most of the approximately \$200,000 was used to pay construction materials and hired subcontractors. [redacted] issued a 1099 form to [redacted] to avoid having to pay income taxes on approximately \$500,000. (Attachment 24, Memorandum of Interview, [redacted] dated 09/09/11)

On 09/08/11, the OIG interviewed [redacted] who reported that every seven to ten days, [redacted] cut [redacted] house lawn and in 2010 [redacted] received a total of \$8,500. Included in the \$8,500, were two RTI checks for \$3,500 each. [redacted] told [redacted] that the RTI checks were from [redacted] bonus and RTI would send [redacted] a 1099. [redacted] filed the 1099 with [redacted] taxes. (Attachment 25, Memorandum of Interview, [redacted] dated 09/09/11)

On 09/08/11, the OIG interviewed [redacted] who claimed [redacted] did some work at AIM's Washington, DC office and received a total of \$17,371 from Masimax and RTI. If [redacted] had done the same work for a private customer [redacted] would have charged around \$2,000. [redacted] assisted [redacted] do work on [redacted] house and was paid exclusively from [redacted] for [redacted] work. (Attachment 26, Memorandum of Interview, [redacted] dated 09/09/11)

On 09/12/11, the OIG re-interviewed [redacted] and [redacted] said that [redacted] paid [redacted] via checks from [redacted] employer, Masimax, and [redacted] received two 1099 forms from Masimax. [redacted] 1099 for 2008 was for \$34,980.64 and [redacted] 1099 for 2009 was for \$299,641.83. When [redacted] saw the 2009 1099, [redacted] became angry. [redacted] did not want to pay taxes for the entire amount of \$299,661.83, so [redacted] issued 1099s of [redacted] own. For 2008, [redacted] issued a 1099 to [redacted] for \$75,060.00, a 1099 to [redacted] for \$51,794.23, and a 1099 to [redacted] for \$15,815.00. For 2009, [redacted] issued a 1099 to [redacted] for \$169,000.00, a 1099 to [redacted] for \$94,800.00, and a 1099 to [redacted] for \$20,160.00.

In one MasiMax payment for \$82,426.84, [redacted] gave \$80,000 to [redacted]. On 07/13/09 [redacted] received a wire transfer for \$55,659.37 and wrote check number 1129 to [redacted] for \$41,000. On 10/29/09 [redacted] received a wire transfer for \$18,012.50 and wrote check number 1132 to [redacted] for \$16,000. On 12/09/09 [redacted] received a check from MasiMax for \$38,262.50 and wrote check number 1150 to [redacted] for \$30,200.00. On 01/16/06, [redacted] received a wire transfer for \$49,823.12 and wrote check number 1110 to [redacted] for \$39,800. On 02/26/08 [redacted] received a check for \$6,016 and on 06/26/08 a check for \$6,838.12. All those funds went towards construction a [redacted] house.

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Approximately \$347,630 of the \$507,223.46 [redacted] received from [redacted] employers then went to [redacted] stated "I know I made a mistake and showed bad judgment." (*Attachment 27, Memorandum of Interview, [redacted] dated 09/13/11*)

On 09/13/11, the OIG interviewed [redacted] who claimed [redacted] had never provided an invoice or gave a price quote for [redacted] work. When [redacted] saw [redacted] check, [redacted] was surprised at how much [redacted] was paid; [redacted] expected considerably less. [redacted] told [redacted] that this is how much contractors were paid on government jobs. [redacted] kept all the money [redacted] earned. [redacted] did not know what an honorarium was and [redacted] never gave speeches or wrote reports. [redacted] agreed that the total payment that [redacted] received from [redacted] employers was "outrageous" and [redacted] had received checks for work not done. (*Attachment 28, Memorandum of Interview, [redacted] dated 09/13/11*)

On 09/20/11, the OIG received a compact disc from [redacted] that, according to [redacted] contained pictures from work [redacted] had completed at [redacted] home. (*Attachment 29, Memorandum of Activity, dated 10/06/11*)

On 10/03/11, the OIG and [redacted] interviewed [redacted] told [redacted] that [redacted] had credit problems and asked if [redacted] could bill [redacted] invoices through [redacted] Octopus, for consultancy work. [redacted] wanted to use Octopus as a vehicle for charging [redacted] business. [redacted] explained to [redacted] that [redacted] would do "all of the work." [redacted] would only need to forward the invoices to the identified clients and receive payments from those clients. Octopus, would be paid for this service. [redacted] saw the invoices on Octopus letterhead that [redacted] generated and sent the invoices for billing. [redacted] recalled receiving about four invoices from [redacted] and that the work for the invoices was done in the D.C. area and outside of the country on one occasion.

[redacted] recalled receiving a total of approximately \$200,000.00 in invoice payments. [redacted] sent the majority of money to [redacted] via checks. On one occasion [redacted] sent a check to [redacted] as a "consultant". [redacted] told [redacted] what amounts to write the checks, who to write them to, and what to write in the memo section. All [redacted] did was allow [redacted] to use Octopus. (*Attachment 30, Memorandum of Interview, [redacted] dated 10/03/11*)

On 10/28/11, the OIG and [redacted] interviewed [redacted] who explained how [redacted] business was established and how [redacted] knew [redacted] and [redacted] explained how the work at [redacted] house came about and evolved. [redacted] explained how the payments to [redacted] through [redacted] work evolved and [redacted] suspicions that [redacted] was doing something illegal. (*Attachment 31, Memorandum of Interview, [redacted] dated 10/28/11*)

On 11/07/11, the United States Secret Service (USSS) with input from OIG made an application for a warrant to seize property subject to forfeiture. The warrant called for seizure of funds up to

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\$33,500 in a Harbor Bank of Maryland account held jointly by [redacted] and [redacted] (*Attachment 32, application for a warrant to seize property subject to forfeiture, dated 11/07/11*)

On 11/22/11, the USSS with input from OIG made an application for a warrant to seize property subject to forfeiture. The warrant called for seizure of funds up to \$19,000 in a Harbor Bank of Maryland account held by [redacted]. The source of the funds was from [redacted] illicit activities. (*Attachment 33, application for a warrant to seize property subject to forfeiture, dated 11/22/11*)

On 02/16/12, the Office of the United States Attorney for the District of Columbia made a plea offer to [redacted]. On 03/02/12, [redacted] pled guilty to one count of conspiracy to commit wire fraud. (*Attachment 34, plea agreement, dated 02/16/12*)

On 02/16/12, the Office of the United States Attorney for the District of Columbia made a plea offer to [redacted]. On 02/24/12, [redacted] pled guilty to one count of conspiracy to commit wire fraud. (*Attachment 35, plea agreement, dated 02/16/12*)

On 04/05/12, the OIG interviewed [redacted] who reported [redacted] never received any invoices from [redacted] RTI, Masimax or AIM and the aforementioned never provided any services to [redacted] never delivered any invoices to [redacted] RTI, Masimax or AIM and never provided any services to the aforementioned. [redacted] never worked for [redacted] directly or indirectly or as a subcontractor. [redacted] never allowed [redacted] to use [redacted] identity. (*Attachment 36, Memorandum of Interview, dated 04/19/12*)

On 04/09/12, the OIG and [redacted] re-interviewed [redacted]. An e-mail purportedly sent by [redacted] was read to [redacted] reported that [redacted] "absolutely did not send that email." No such event occurred which included the President and First Lady. There was "no way" the USAID-funded AIM project would spend that much money on a photographer. Any event at the White House would have such logistics taken care of by the White House itself. (*Attachment 37, Memorandum of Interview, dated 04/09/12*)

On 04/10/12, a 23-count indictment against [redacted] and [redacted] was filed in the U.S. District Court for the District of Columbia. It included one count of conspiracy, ten counts of wire fraud, two counts of mail fraud, seven counts of theft from a program receiving federal funds, one count of conspiracy to launder money, and two counts of aggravated identity theft. (*Attachment 38, document 1, dated 04/10/12*)

On 04/11/12, the OIG arrested [redacted] and [redacted] pursuant to arrest warrants issued for them. (*Attachment 39, Report of Activity, dated 04/11/12*)

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

(b)(7)(E)

Page 9
et. al.

Period: 12/29/10 – 03/08/13

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

On 04/26/12, [REDACTED] were inputted into the System for Award Management database for a three year active exclusion status. (*Attachment 40, SAM search results on [REDACTED] dated 04/26/12*)

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

On 09/14/12, the Office of the United States Attorney for the District of Columbia made a plea offer to [REDACTED]. On 10/05/12, [REDACTED] pled guilty to one count of an indictment charging mail and wire fraud. (*Attachment 41, [REDACTED] Document 18 Filed 10/05/12, dated 09/14/12*)

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

On 09/14/12, the Office of the United States Attorney for the District of Columbia made a plea offer to [REDACTED]. On 10/04/12, [REDACTED] pled guilty to one count of an indictment charging mail and wire fraud. (*Attachment 42, [REDACTED] Document 22, dated 09/14/12*)

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

On 01/30/13, the OIG submitted a referral for administrative action to USAID's Office of Acquisition and Assistance (OAA) against [REDACTED] (*Attachment 43, OIG referral to OAA, dated 01/30/13*)

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

On 11/05/12, a USDCJ issued a judgment in the criminal case against [REDACTED] received 15-months of incarceration followed by 24-months of supervised release for [REDACTED] guilty plea to one count of wire fraud. [REDACTED] was ordered to pay restitution in the amount of \$386,279. (*Attachment 44, Judgment in a Criminal Case, dated 11/05/12*)

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

On 02/27/13, OAA informed RTI via letter that RTI was indebted to the United States government in the amount of \$1,178,554.00. (*Attachment 45, OAA letter to RTI, dated 02/27/13*)

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

On 03/04/13, a USDCJ issued a judgment in the criminal case against [REDACTED] received 60-months of probation for [REDACTED] guilty plea to one count of conspiracy to commit mail and wire fraud. (*Attachment 46, Judgment in a Criminal Case, dated 03/04/13*)

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

On 03/04/13, a USDCJ issued a judgment in the criminal case against [REDACTED] received 51-months of incarceration followed by 36-months of supervised release for [REDACTED] guilty plea to one count of conspiracy to commit mail and wire fraud. (*Attachment 47, Judgment in a Criminal Case, dated 03/04/13*)

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

On 03/08/13, a USDCJ issued a judgment in the criminal case against [REDACTED] received 36-months of probation for [REDACTED] guilty plea to commit wire fraud. (*Attachment 48, Judgment in a Criminal Case, dated 03/11/13*)

On 04/04/13, RTI responded to OAA's demand letter and issued a check for \$1,178,554.00. (*Attachment 49, RTI letter to OAA, dated 04/04/13*)

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

(b)(7)(E)

Page 10
et. al.

Period: 12/29/10 – 03/08/13

Subjects:

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

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

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

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

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

(b)(6);(b)(7)(C) All evidence will be disposed or returned in accordance to OIG policy.

Judicial and Administrative Actions:

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

Fifty one-months incarceration followed by 36-months supervised release
Debarment

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

Sixty months of probation
Debarment

(b)(6);(b)(7)(C)
(b)(7)(E)Page 11
et. al.

Period: 12/29/10 – 03/08/13

Fifteen months incarceration followed by 24-months supervised release
Debarment

Thirty six months probation

Attachments:

1. Contractor Disclosure Statement – Preliminary Report, dated 12/17/10
2. Memorandum of Interview, [redacted] dated 01/04/11
3. Memorandum of Interview, [redacted] dated 01/05/11
4. Memorandum of Interview, [redacted] dated 01/12/11
5. USAID/OIG criminal case referral to AUSA, dated 01/18/11
6. USAID/OIG subpoena to RTL, dated 03/14/11
7. Memorandum of Interview, [redacted] dated 05/13/11
8. Memorandum of Interview, [redacted] dated 05/19/11
9. Memorandum of Interview, [redacted] dated 05/19/11
10. Memorandum of Interview, [redacted] dated 05/25/11
11. Memorandum of Interview, [redacted] dated 05/25/11
12. Memorandum of Interview, [redacted] dated 05/25/11
13. Memorandum of Interview, [redacted] dated 05/27/11
14. Memorandum of Interview, [redacted] dated 05/27/11
15. Memorandum of Interview, [redacted] dated 06/03/11
16. Memorandum of Interview, [redacted] dated 06/07/11
17. Memorandum of Interview, [redacted] dated 06/16/11
18. Memorandum of Interview, [redacted] dated 06/22/11
19. Memorandum of Interview, [redacted] dated 06/23/11
20. Memorandum of Interview, [redacted] dated 08/26/11
21. Search and Seizure Warrant, dated 09/06/11
22. Memorandum of Interview, [redacted] dated 09/07/11
23. Memorandum of Interview, [redacted] dated 09/07/11
24. Memorandum of Interview, [redacted] dated 09/09/11
25. Memorandum of Interview, [redacted] dated 09/09/11
26. Memorandum of Interview, [redacted] dated 09/09/11
27. Memorandum of Interview, [redacted] dated 09/13/11
28. Memorandum of Interview, [redacted] dated 09/13/11
29. Memorandum of Activity, dated 10/06/11
30. Memorandum of Interview, [redacted] dated 10/03/11
31. Memorandum of Interview, [redacted] dated 10/28/11
32. Application for a Warrant to Seize Property Subject to Forfeiture, dated 11/07/11

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

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et. al.

Period: 12/29/10 – 03/08/13

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

33. Application for a Warrant to Seize Property Subject to Forfeiture, dated 11/22/11

34. [redacted] plea agreement, dated 02/16/12

35. [redacted] plea agreement, dated 02/16/12

36. Memorandum of Interview, [redacted] dated 04/19/12

37. Memorandum of Interview, [redacted] dated 04/09/12

38. [redacted] Document 1, dated 04/10/12

39. Report of Activity, dated 04/11/12

40. SAM search results on [redacted] dated 04/26/12

41. [redacted] Document 18 Filed 10/05/12, dated 09/14/12

42. [redacted] Document 22, dated 09/14/12

43. OIG referral to OAA, dated 01/30/13

44. Judgment in a Criminal Case, dated 11/05/12

45. OAA letter to RTI, dated 02/27/13

46. Judgment in a Criminal Case, dated 03/04/13

47. Judgment in a Criminal Case, dated 03/04/13

48. Judgment in a Criminal Case, dated 03/11/13

49. RTI letter to OAA, dated 04/04/13

**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: 07/12/12 to 11/04/13
OIG/I Office: Pretoria

Synopsis:

On 06/12/12, [REDACTED] Right to Care (RTC), contacted the Office of Inspector General (OIG) regarding an allegation of fraud against Right to Care Health Services (RTCHS) employee [REDACTED]. RTCHS is the for-profit operating unit of RTC.

The OIG initiated an investigation into RTC and [REDACTED]. The investigation disclosed that [REDACTED] directed sub-recipients to purchase HIV test kits from Afrishine, a company owned by [REDACTED]. Sub-recipients who refused to purchase supplies from Afrishine were threatened with removal from the program. [REDACTED] also allegedly took HIV test kits from RTCHS's storage and gave the test kits to [REDACTED] company to sell.

An audit of RTCHS disclosed that over-claimed charges and payments without supporting documentation totaled 564,501 South African Rand (approximately \$57,444 USD). On 06/20/13, Newlands, Johannesburg, South Africa, [REDACTED] stated that approximately 70 counts of fraud would be brought against [REDACTED] as a result of [REDACTED] fraudulent activities related to USAID funding that was provided to RTC.

On 07/29/13, [REDACTED] returned 617,698.26 South African Rand (approximately \$62,000 USD) to USAID/South Africa.

The allegation of a violation of 31 USC 3729 is substantiated. This case is closed.

REPORT MADE BY:

Name:
Signature:

Date Signed: 12/03/13

APPROVING OFFICIAL:

Name:
Signature:

Date Signed:

Report of Investigation

Page 2

Details of Investigation:

On 06/12/12, [REDACTED] provided the OIG with an audit report that disclosed over-claimed charges and payments by RTCHS totaling 564,501 South African Rand (approximately \$57,444 USD). (*Attachment 1, Right to Care Fraud Report, dated 06/25/12*)

On 06/18/13, [REDACTED] was interviewed and stated that sometime in 2011, RTCHS began using subcontractors to deliver counseling and testing services. [REDACTED] supplied [REDACTED] company, Afrishine, with RTCHS's HIV counseling and testing supplies and sent an email to RTCHS subcontractors that required them to purchase supplies from Afrishine. An unidentified RTCHS [REDACTED] notified [REDACTED] of the fraud.

[REDACTED] used three methods to defraud RTCHS and USAID. First, [REDACTED] stole test kits from the RTCHS stock and gave them to [REDACTED] company. Second, [REDACTED] modified employee timesheets to increase payments to some employees. Third, rather than using preferred or approved vendors [REDACTED] directed employees to procure goods and services from specific companies including Afrishine, which increased costs to USAID.

South African Police Services (SAPS) officers arrested [REDACTED] in early 2012. [REDACTED] was placed on bail while awaiting trial. (*Attachment 2, Interview of [REDACTED] 06/18/13*)

On 06/21/13, [REDACTED] was interviewed and stated that RTCHS began using subcontractors to administer HIV counseling and testing services circa 2011. Prior to 2011, all service providers were direct RTCHS employees. In 2012, RTCHS ceased using subcontractors to provide medical services due systematic weaknesses that were exposed by [REDACTED] ability to defraud the program.

The legal firm representing RTCHS, Werksmans, selected accounting firm SustainAbility Africa to audit the service delivery program that [REDACTED] managed. Werksmans oversaw the investigation rather than RTCHS doing so directly to provide a layer of independence to the investigation. (*Attachment 3, IAR – Interview of [REDACTED] 06/21/13*)

07/25/13 [REDACTED] returned 617,698.26 South African Rand (approximately \$62,000 USD) to USAID/South Africa. (*Attachment 4, Return of Funds, dated 07/24/13*)

On 11/04/13, the OIG reviewed employment documents. The review disclosed that [REDACTED] was the [REDACTED] duties included ensuring that the VCT program [REDACTED] effectively and [REDACTED] VCT operations staff [REDACTED] the Administration, Finance, Information Technology and Monitoring and Evaluation departments of the VCT project and [REDACTED] to the clinical advisor. [REDACTED] at RTCHS on [REDACTED] as a voluntary counseling and testing [REDACTED] (*Attachment 5, IAR Records Review of [REDACTED] Job Description and Employee Questionnaire, dated [REDACTED]*)

Report of Investigation - [REDACTED]

Page 3

Subjects:

[REDACTED]

Right to Care Health Services
41 Stanley Avenue
Braamfontein Werf 2107

Right to Care Health Services
PostNet Suite 212,
Private Bag X2600,
Houghton, Johannesburg, South Africa 2041

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

None

Judicial and Administrative Actions:

This matter was referred to the Regional Contracting/Agreement Office in South Africa. An administrative recovery of 617,698.26 South African Rand (approximately \$62,000 USD) was obtained from RTC.

Attachments:

- (1) Right to Care Fraud Report, 06/25/12
- (2) Interview of [REDACTED] 06/18/13
- (3) Interview of [REDACTED] 06/21/13
- (4) Return of Funds, dated 07/24/13
- (5) Records Review of [REDACTED] Job Description and Employee Questionnaire, dated [REDACTED]

**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: 01/16/13 to 12/04/13
OIG/I Office: Washington, DC

Synopsis:

This investigation was predicated on allegations on 01/16/13 and 06/14/13 that USAID [REDACTED] failed to complete [REDACTED] travel vouchers in a timely manner and that former USAID [REDACTED] misused [REDACTED] government sponsored travel card (GSTC) by making unapproved expenses on [REDACTED] behalf.

The OIG investigation confirmed that [REDACTED] travel vouchers had not been completed in a timely manner. However, it was determined that the primary reason for the untimely processing of vouchers was due to last minute trip changes, several amended travel authorizations that varied in complexity, and a lack of appropriate resources.

It was also disclosed that [REDACTED] paid for hotel expenses on behalf of [REDACTED] on at least three occasions. [REDACTED] was not requested by [REDACTED] to incur the expenses; however, [REDACTED] incorrectly believed [REDACTED] was permitted to do so out of efficiency. For these incurred expenses, [REDACTED] either reimbursed [REDACTED] directly for the full amount or [REDACTED] was reimbursed via travel voucher.

[REDACTED] office subsequently hired [REDACTED] and an [REDACTED] with the primary purpose of processing vouchers (for the [REDACTED] and key front office personnel). Since then, vouchers have been filed on a timely basis, and all rules pertaining to the GSTC appear to have been followed. There have been no other incidents where expenses were incurred by staff members on behalf of [REDACTED].

Details of Investigation:

On 01/16/13, the OIG was notified about overdue travel vouchers for [REDACTED]. The complainant stated that several of [REDACTED] travel vouchers had not been completed in over a year, and that [REDACTED] used [REDACTED] GSTC to pay for [REDACTED] hotel room because [REDACTED] GSTC was suspended due to [REDACTED] [REDACTED] did not meet the threshold for [REDACTED].

REPORT MADE BY:

Name
Signature

Date Signed: 01/29/14

APPROVING OFFICIAL:

Name
Signature

Date Signed:

Report of Investigation

Period: 01/16/13 to 12/04/13

Page 2

OIG/I involvement, the matter was referred to the USAID Office of General Counsel (OGC) for appropriate action. OGC [redacted] advised [redacted] would work with [redacted] office to resolve the issues.

On 06/14/13, the OIG was notified that most of [redacted] travel vouchers remained unprocessed. The OIG was also informed that [redacted] may have used [redacted] GSTC to purchase airline tickets, which were customarily charged to the agency's centrally billed account and may be construed as misuse of the card. Based upon the new allegations concerning [redacted] and the possibility that [redacted] permitted or directed [redacted] to use [redacted] travel card to pay for [redacted] own travel expenses, this matter was opened into an investigation.

On 08/14/13, USAID [redacted] was interviewed. [redacted] advised that [redacted] had several outstanding and delinquent vouchers, and [redacted] was concerned because USAID regulations required vouchers to be processed within five business days. [redacted] was also alarmed that hotel expenses for [redacted] appeared to have been paid for by [redacted] staff members and [redacted] recalled an incident where [redacted] staff members took a trip to California and purchased airline tickets on their own. [redacted] stated that [redacted] previously provided the information to [redacted] (See Attachment 1: IAR - Interview of [redacted] 08/14/13)

On 08/14/13, USAID Office of the [redacted] was interviewed. [redacted] advised that [redacted] GSTC was suspended for nonpayment. [redacted] advised that if a traveler was unable to use the GSTC, then he/she could use a privately owned credit card and voucher for the reimbursement. (See Attachment 2: IAR - Interview of [redacted] 08/14/13)

On 10/18/13, E2 travel records were reviewed, which indicated that [redacted] traveled with [redacted] on numerous occasions in 2012 and 2013. There were three trips identified where [redacted] paid for [redacted] lodging or [redacted] GSTC.

07/10/12 trip to London, England

[redacted] traveled to London, England from 07/10/12 to 07/12/12. [redacted] incurred lodging expenses on [redacted] GSTC on behalf of [redacted]. The Voucher Remarks section indicated, "The hotel charged the traveler the cost of [redacted] and the [redacted] lodging for July 7 on the same credit card. Voucher claims reimbursement for total cost charged to the traveler's card. Receipt reflecting extra charges are attached. [redacted] will not claim lodging expenses on [redacted] voucher." The final voucher indicated that [redacted] was reimbursed for all of the lodging expenses (\$631.20), which [redacted] incurred.

09/04/12 trip to Amman, Jordan

[redacted] traveled to Amman, Jordan from 09/04/12 to 09/05/12. [redacted] incurred lodging expenses on [redacted] GSTC on behalf of [redacted]. Neither [redacted] nor [redacted] voucher indicated that [redacted] paid for both individuals' lodging (\$182.51 per night for two nights). The final vouchers indicate [redacted] was reimbursed for two nights' lodging,

Report of Investigation – [REDACTED]

Period: 01/16/13 to 12/04/13

Page 3

although [REDACTED] did not appear to have incurred the expense. The final voucher for [REDACTED] did not list any reimbursed expenses.

10/10/12 trip to Oakland, CA

[REDACTED] traveled to Oakland, CA from 10/10/12 to 10/11/12. [REDACTED] incurred lodging expenses on [REDACTED] GSTC on behalf of [REDACTED]. Neither [REDACTED] or [REDACTED] voucher indicated that [REDACTED] paid for both individual's lodging (\$112.86 per night). The final voucher indicated that [REDACTED] was reimbursed for one night's lodging although [REDACTED] did not appear to incur the expense. The final voucher for [REDACTED] reflected [REDACTED] being reimbursed for only one room.

The records indicated that [REDACTED] was not reimbursed for \$477.88 in actual lodging expenses. It also appeared that [REDACTED] was reimbursed for \$477.88 in lodging expenses [REDACTED] did not incur. (See ***Attachment 3: IAK – Review of E2 records, 10/18/13***)

On 10/24/13 [REDACTED] was interviewed. [REDACTED] stated that while [REDACTED] worked as a [REDACTED] from June 2012 to April 2013, [REDACTED] was responsible for traveling with [REDACTED] and serving as [REDACTED] and the Washington, DC office. A travel team in Washington, DC prepared the schedules and trips, figured out flights, lodging, etc. [REDACTED] coordinated with the trip staff on any changes to itineraries and took notes at meetings. Upon [REDACTED] return, [REDACTED] gave trip receipts and [REDACTED] trip receipts to [REDACTED] and the [REDACTED] prepared the travel vouchers in the E2 system. [REDACTED] reviewed the vouchers for accuracy and then pushed them forward in the system to one of the supervisors in the Executive Secretariat office. The Executive Secretariat office also handled the front office's budgets. After a week or two [REDACTED] received [REDACTED] travel reimbursement through an electronic transfer into [REDACTED] bank account. There were instances when the reimbursement process took longer than expected. For example, some trips were partially paid for by the Department of State. On some occasions, the processing was delayed because [REDACTED] had to track down receipts.

Lodging expenses incurred on behalf of [REDACTED]

[REDACTED] was shown copies of [REDACTED] E2 travel vouchers and was questioned regarding [REDACTED] trips with [REDACTED] to London, England on 07/11/12; Amman, Jordan on 09/04/12; and Oakland, CA on 10/10/12. [REDACTED] confirmed that [REDACTED] paid for [REDACTED] lodging on these trips out of convenience. On the trip to London, [REDACTED] travel authorization reflected the lodging expense, and [REDACTED] was reimbursed directly on the voucher. On the trip to Amman and Oakland, [REDACTED] also paid for [REDACTED] lodging on [REDACTED] own, and after conducting some research, [REDACTED] determined that [REDACTED] was never reimbursed. [REDACTED] also stated that [REDACTED] paid for [REDACTED] lodging on a trip to New York City in the fall of 2012. When [REDACTED] returned to Washington, DC from that trip, [REDACTED] was advised by someone (name unrecalled) in the front office that [REDACTED] should not be putting any of [REDACTED] expenses on [REDACTED] credit card. [REDACTED] stated that before being admonished, [REDACTED] did not know [REDACTED] shouldn't have put any of [REDACTED] expenses on [REDACTED] own GSTC. [REDACTED] believed [REDACTED] was being efficient by using [REDACTED] own card. Since then, [REDACTED] stated [REDACTED] made sure to use [REDACTED] own GSTC for [REDACTED] own expenses and that [REDACTED] used [REDACTED] own card. [REDACTED] stated that [REDACTED] intended to contact [REDACTED] directly regarding [REDACTED] unpaid reimbursements for the lodging.

Report of Investigation – [REDACTED]

Period: 01/16/13 to 12/04/13

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[REDACTED] stated that [REDACTED] was very concerned about not owing anybody money. For example, during trips [REDACTED] sometimes bought [REDACTED] soda, a granola bar, or a paperback book, and [REDACTED] was adamant about reimbursing [REDACTED] kept an informal tab and confirmed that [REDACTED] always paid [REDACTED] back. [REDACTED] never asked [REDACTED] to pay for anything, and [REDACTED] never asked [REDACTED] to lend [REDACTED] money. [REDACTED] commented that [REDACTED] had a good relationship with [REDACTED] and could speak freely with [REDACTED] about the two or three trips where [REDACTED] was not properly reimbursed.

Purchase of airfare with GSTC

[REDACTED] stated that during the trip to Oakland, CA, [REDACTED] had a problem with one leg of [REDACTED] flight from San Francisco to Los Angeles. The trip was authorized and [REDACTED] received an itinerary from Duluth Travel, but for some reason that single leg of [REDACTED] flight was never ticketed. [REDACTED] recalled paying for that portion of the trip with [REDACTED] GSTC and was reimbursed for it on [REDACTED] voucher. (Attachment 4: IAR – Interview of [REDACTED] 10/24/13)

On 10/28/13, [REDACTED] provided additional information via email to the OIG. [REDACTED] indicate [REDACTED] was reimbursed on a voucher for the lodging from the trip to Amman, Jordan, and [REDACTED] was reimbursed directly by [REDACTED] for the lodging from the trip to New York City. (Attachment 5: IAR – Email from [REDACTED] 10/28/13)

On 12/04/13, USAID Office of the [REDACTED] was interviewed. When [REDACTED] was first hired, [REDACTED] recalled there were approximately 15 vouchers that were considered past due and needed to be processed in E2. [REDACTED] determined the issues involved with those past due vouchers and worked very hard to resolve them. For example, there were some vouchers that lacked hotel receipts or other expense receipts, and [REDACTED] spent time calling hotels and tracking down the necessary information. [REDACTED] has processed all but three outstanding vouchers, and these vouchers have been created from amended travel authorizations.

[REDACTED] was aware that there were instances where [REDACTED] had incurred travel expenses on behalf of [REDACTED]. These activities occurred before [REDACTED] tenure at USAID, and that practice added to the complexity of processing vouchers, slowed the reimbursements, and was no longer endorsed. At present, every traveler was responsible for incurring and being reimbursed for his/her own expenses. [REDACTED] stated that [REDACTED] did not receive receipts for any given expense, then [REDACTED] zeroed out that expense on the voucher and there was no reimbursement. (Attachment 6: IAR – Interview of [REDACTED] 12/04/13)

As the investigation did not uncover evidence indicating intentional misconduct by [REDACTED] or [REDACTED] and since the issues involved in this case regarding the non-processing of travel vouchers was resolved, this case is closed.

Subject:

[REDACTED]

Report of Investigation – [REDACTED]

Period: 01/16/13 to 12/04/13

Page 5

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

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

USAID

[REDACTED]
Washington, DC 20523

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

[REDACTED]
USAID/Office of Climate Change
[REDACTED] Ronald Reagan Bldg.
Washington, DC 20523

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

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

None

Judicial and Administrative Actions:

None

Attachments:

1. IAR - Interview of [REDACTED] 08/14/13
2. IAR - Interview of [REDACTED] 08/14/13
3. IAR - Review of E2 records, 10/18/13
4. IAR - Interview of [REDACTED] 10/24/13
5. Email from [REDACTED] 10/29/13
6. IAR - Interview of [REDACTED] 12/04/13

**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: 06/18/13 – 10/18/13
OIG/I Office: Washington, DC

Synopsis:

On 03/08/13, [REDACTED] submitted a complaint regarding [REDACTED] USAID Office of Acquisition and Assistance (OAA) Washington, DC. [REDACTED] claimed that [REDACTED] was involved in a USAID contract that employed [REDACTED] and failed to recuse [REDACTED]. [REDACTED] also alleged that [REDACTED] attempted to conceal [REDACTED] role by removing [REDACTED] name as an authorizing official on certain contract documents and failing to disclose that [REDACTED] was employed on the contract.

The investigation determined that although [REDACTED] knowingly worked on a contract in which [REDACTED] was employed, [REDACTED] had limited personal contact with [REDACTED] and at no time tried to disguise the fact that [REDACTED] was on the contract. The USAID Office of General Counsel (OGC) opined that the elements for the appearance of conflict of interest were not present. A [REDACTED] did not have a close personal relationship with [REDACTED]. [REDACTED] did not have a financial interest in the company for which [REDACTED] was employed, such as an owner or corporate officer, [REDACTED].

This case is closed.

Details of Investigation:

On 03/08/13, USAID OIG received a complaint that [REDACTED] was involved in a contract that employed [REDACTED]. It was also alleged that [REDACTED] attempted to conceal [REDACTED] role by removing [REDACTED] name as an authorizing official on certain contract documents and failing to disclose that [REDACTED] was working on the contract.

REPORT MADE BY:

Name:

Signature:

Date Signed:

03/11/14

APPROVING OFFICIAL:

Name:

Signature:

Date Signed:

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Report of Investigation:

06/18/13 – 10/18/13

On 07/12/13, USAID OIG completed a records review of USAID contract file AID-OAA-C-11-00141, which was under the control of [REDACTED]. The base contract was originally signed by USAID [REDACTED] on 09/29/11. The contract was for \$3,500,000.00 and the contractor was listed as NVE Inc, Herndon, VA. The position for Functional Category 1, [REDACTED] was filled by [REDACTED]. The contract point of contact was listed as [REDACTED]. The contract contained several modifications, which were signed by [REDACTED] and several other [REDACTED]. The contract file did not contain a conflict of interest statement from [REDACTED]. (Attachment 1. Investigative Activity Report, Records Review, dated, 07/12/13)

On 08/07/13, USAID OIG interviewed [REDACTED] NVE, Inc. NVE is a U.S. Small Business Administration (SBA) 8A minority-owned small business that was sole source contracted by USAID. The company that previously had the USAID contract for administrative services was called Dimensions Solution (DS). DS was not performing up to standards and was terminated from the USAID contract. The SBA sole sourced NVE mainly because the company had qualified personnel with a top secret clearance. There were only a few employees working for DS that chose to stay on the USAID contract, including [REDACTED]. [REDACTED] was aware that [REDACTED] was related to [REDACTED] however could not remember who told [REDACTED] knew [REDACTED] and worked with [REDACTED] when NVE took over the contract from DS in 2011. [REDACTED] has never tried to use undue influence over NVE nor has [REDACTED] ever lobbied for specialized treatment towards [REDACTED]. (Attachment 2. Investigative Activity Report, Interview of [REDACTED] dated, 08/07/13)

On 08/02/13, USAID OIG interviewed [REDACTED]. In February 2010, [REDACTED] applied for a position with DS as an [REDACTED]. [REDACTED] a friend of [REDACTED] that worked in DS, told [REDACTED] about a job opening and [REDACTED] applied. In April 2010, [REDACTED] began working for USAID at the Ronald Regan Building under the DS contract. [REDACTED] did not discuss this position with [REDACTED] nor did [REDACTED] assist [REDACTED] or advise [REDACTED] about this job opening. [REDACTED] had no knowledge of [REDACTED] having anything to do with this contract until a co-worker advised [REDACTED] worked on [REDACTED] contract. In 2011, NVE took over the contract. [REDACTED] claimed that [REDACTED] rarely spoke to [REDACTED] and never discussed work with [REDACTED] even though [REDACTED] was aware [REDACTED] worked at USAID. [REDACTED] was aware [REDACTED] worked at Building SA-44 but rarely contacted [REDACTED]. (Attachment 3. Investigative Activity Report, Interview of [REDACTED] dated 08/02/13)

On 08/13/13, USAID OIG interviewed [REDACTED]. In 2011, the DS contract was assigned to [REDACTED] when the original [REDACTED] was transferred. [REDACTED] was aware that [REDACTED] was an employee of DS, however did not discuss the contract with [REDACTED].

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Report of Investigation: [REDACTED]
06/18/13 – 10/18/13

Later in 2011, DS stopped paying its employees. The SBA stepped in and cancelled the contract with DS and conducted a sole source selection for NVE, Inc. [REDACTED] was aware that former DS employees were allowed to keep their jobs with the NVE contract. [REDACTED] had nothing to do with the NVE selection as that was controlled by SBA, nor did [REDACTED] have anything to do with the retention of [REDACTED] on the contract. After NVE was awarded the contract [REDACTED] notified [REDACTED] the NVI [REDACTED] was [REDACTED] also advised co-workers and subordinates at USAID that [REDACTED] was working for NVE. When [REDACTED] was asked why [REDACTED] did not refuse [REDACTED] or seek guidance from the USAID Ethics Office, [REDACTED] said because [REDACTED] notified the contractor, fellow employees and SBA representatives, therefore [REDACTED] thought [REDACTED] did not have to do anything else. Looking back in hindsight, [REDACTED] should have discussed the situation with a USAID attorney. [REDACTED] never discussed the contract with [REDACTED] nor does [REDACTED] have a close relationship with [REDACTED] has never tried to exert undue influence over NVE. [REDACTED] holds all of [REDACTED] employees to a high work standard and expects them to be competent in their performance. [REDACTED] said there were OAA employees [REDACTED] did not get along with because they did not perform to [REDACTED] expectations. (Attachment 4. **Investigative Activity Report, Interview of [REDACTED] dated 08/13/13**)

On 10/18/13, USAID OIG completed a review of e-mails belonging to [REDACTED]. No evidence was found that [REDACTED] engaged in conflict of interest activities. Communications with [REDACTED] were limited. (Attachment 5. **Investigative Activity Report, Records Review of e-mails, dated 10/18/13**)

USAID OIG interviewed several employees of OAA that worked with [REDACTED] or had knowledge of the NVE contract. Most employees knew of [REDACTED] being employed on the NVE contract because [REDACTED] told them. The OAA employees interviewed all agreed that [REDACTED] had an abrasive personality that did not endeavor to coworkers or subordinates. (Attachment 6. **Investigative Activity Report, Interview of [REDACTED] dated 07/02/13**) (Attachment 7. **Investigative Activity Report, Interview of [REDACTED] dated 07/02/13**) (Attachment 8. **Investigative Activity Report, Interview of [REDACTED] dated 07/02/13**)

On 08/07/13 and 08/14/13, USAID OIG interviewed [REDACTED] USAID OGC. According to [REDACTED] had a relative employed on any of [REDACTED] contracts, [REDACTED] should have obtained ethics advice. [REDACTED] also opined that i [REDACTED] had limited personal contact with [REDACTED] and at no time tried to disguise the fact that [REDACTED] was on the contract; then all of the elements for an appearance of conflict of interest according to 5 Code of Federal Regulations (CFR) 2635-502, Standards of Ethical Conduct for Employees of the Executive Branch, were not present.

Page 4**Report of Investigation:****06/18/13 – 10/18/13**

According to [REDACTED] would have also needed financial interest in the company for which [REDACTED] was employed; such as an owner or corporate officer.

(Attachment 9. Investigative Activity Report, Interview of [REDACTED] dated 08/07/13)

(Attachment 10. Investigative Activity Report, Interview of [REDACTED] dated 08/14/13)

This case is closed with the submission of this report.

Subjects:

[REDACTED]

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

N/A

Judicial and Administrative Actions:

None

Attachments:

1. Investigative Activity Report, Records Review, dated 07/12/13
2. Investigative Activity Report, Interview of [REDACTED] dated 08/07/13
3. Investigative Activity Report, Interview of [REDACTED] dated 08/02/13
4. Investigative Activity Report, Interview of [REDACTED] dated 08/13/13
5. Investigative Activity Report, Records Review of e-mails, dated 10/18/13
6. Investigative Activity Report, Interview of [REDACTED] dated 07/02/13
7. Investigative Activity Report, Interview of [REDACTED] dated 07/02/13
8. Investigative Activity Report, Interview of [REDACTED] dated 07/02/13
9. Investigative Activity Report, Interview of [REDACTED] dated 08/07/13
10. Investigative Activity Report, Interview of [REDACTED] dated 08/14/13

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

REPORT OF INVESTIGATION

Case Title: [redacted] et al **Case Number:** [redacted]
Status: Completed
Period of Investigation: 03/28/2012 to 07/06/2012 **OIG/I Office:** Pretoria

Synopsis:

On March 28, 2012, the Office of Inspector General received an allegation from [redacted] for John Snow Inc. (JSI), regarding false hotel receipts submitted by JSI employees for travel throughout Tanzania.

Through a routine internal audit of expense reports submitted by local staff in Tanzania, JSI noted discrepancies between the amounts some staff claimed as lodging reimbursement compared to the confirmed hotel rates. During the period under review, 88 expense reports from 41 different employees contained charges from seven different hotels for which rates claimed did not align with the confirmed rate schedules for the hotels. JSI managers spoke to one hotel manager who pointed out clear differences between the receipts submitted by JSI staff and actual hotel receipts.

The OIG investigation confirmed that 49 JSI employees and one USAID/Tanzania employee each submitted at least one false hotel receipt - and some employees up to seven false hotel receipts - during a five-month period. The investigation also confirmed that one hotel, Golden Crown Hotel, was involved in the preparation and selling of false hotel receipts. Another hotel with questioned receipts, Oasis Hotel, was uncooperative with the investigation; its issues with fake receipts remain unresolved. The fraudulent receipts amount to approximately \$25,000.

The USAID/Tanzania employee matter was referred to USAID/Tanzania [redacted]. The 49 JSI employees and two hotels were referred to the USAID/OAA/Compliance Division for possible debarment or suspension. To date, 14 JSI employees are no longer employed by JSI due to the investigation and JSI is crediting the fraudulent funds to USAID. The matter was also referred to [redacted] in Tanzania.

REPORT MADE BY:

Name
Signature

Date Signed: 07/6/12

APPROVING OFFICIAL:

Name
Signature

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Page 2

03/28/12 – 07/06/12

Details of Investigation:

On March 28, 2012, the OIG received a letter from [REDACTED] for JSI [REDACTED] stated that JSI became aware of potential fraud in its program in Tanzania. Through a routine internal audit, JSI noted discrepancies between the amounts some staff claimed as lodging reimbursement compared to the confirmed hotel rates. Further analysis of the period from October 2011 through February 2012 revealed a pattern of such deviations. During the period under review, 88 expense reports from 41 different employees contained charges from seven different hotels for which rates claimed did not align with the confirmed rate schedules for the hotels. JSI managers spoke to one hotel manager who pointed out clear differences between the receipts submitted by JSI staff and actual hotel receipts. (Attachment 1, Letter from JSI, dated 03/28/12)

On April 12, 2012, the OIG interviewed [REDACTED] JSI [REDACTED] stated that all of the voucher packages with the suspicious hotel receipts are kept off site in Dar Es Salaam. Three people in the Tanzania office are fully aware of the issue:

[REDACTED] There were three resignations in the past week and a half: [REDACTED] and two technical people. (Attachment 2, Memorandum of Interview, dated 04/12/2012)

On April 26, 2012, the OIG reviewed documents obtained from JSI. JSI sent copies of several actual hotel receipts that JSI received when meeting with hotel managers as well as copies of a few suspect receipts submitted by JSI employees. JSI management visited St. Gaspar Hotel, Munich Hotel, and Golden Crown Hotel. JSI also sent a list of those staff who submitted allegedly fake hotel receipts. The list includes 42 employees out of a total of 108 employees in Tanzania. (Attachment 3, Record Review – Initial Docs, dated 04/26/12)

On April 30, 2012, the OIG obtained and reviewed travel voucher packages submitted by JSI employees and a summary document prepared by JSI. The summary included a list of travel voucher numbers with the names of the JSI employees who submitted the suspicious hotel receipts arranged by voucher number and hotel. There were 53 voucher packages, which included 88 receipts from seven hotels. Some voucher packages had more than one hotel receipt. The hotel receipts are all from the five-month period of October 2011 through February 2012. For each hotel, the OIG compared the receipts, looking at the overall layout of the receipt, the receipt numbering, the names, amounts, signatures, dates, and other identifying details. There were ten receipts from Oasis Hotel, seven from Morogoro Hotel, 23 from Hilux Hotel, four from Golden Crown Hotel, eight from St. Gaspar Hotel, 28 from Munich Hotel, and eight from Lush Garden Hotel. There were several discrepancies noted among the hotel receipts. (Attachment 4, Record Review – Voucher Packages, dated 04/30/12)

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On May 1, 2012, the OIG interviewed [redacted] Oasis Hotel. [redacted] stated that [redacted] was called in to JSI previously because there were issues with fake receipts from Oasis Hotel. [redacted] stated that the hotel has two different receipt books, however, the hotel keeps copies of the receipts at another location. Upon further questioning, [redacted] produced two receipt books and provided a copy of a receipt from each. [redacted] stated that those are the only receipt books the hotel has. After looking at a suspect Oasis Hotel receipt, [redacted] stated that it did not look real. [redacted] provided inconsistent statements throughout the interview regarding the number of hotel employees authorized to sign receipts. Neither [redacted] nor [redacted] on site recognized the signature on a hotel receipt produced by the OIG for their review. At this point, the [redacted] produced a third type of receipt book, which [redacted] earlier stated did not exist.

A porter then brought 37 receipt books from 2011 and 2012. None of the signatures in those receipt books matched the ones in the voucher packages. Two receipt books from the porter had receipt numbers that matched two of the receipts in the OIG voucher packages. The names, however, on both real receipts were different from the voucher packages. The amounts on both real receipts were different from the voucher packages. Comparing each Oasis Hotel receipt from the voucher packages to one of the three receipt books produced by [redacted] and the [redacted] only one of the voucher package receipts was the same as one of the real receipt books. (Attachment 5 – Memorandum of Interview – [redacted] Oasis, dated 05/01/12)

On May 2, 2012, the OIG interviewed [redacted] a second time. [redacted] stated that [redacted] was awake until 2:00 AM looking through documents to find the real receipts. [redacted] later stated that the [redacted] of the hotel told [redacted] to destroy all used receipts books. [redacted] stated that the off-site office was empty. [redacted] stated that even receipts from as recent as February 2012 were destroyed. [redacted] later stated that a worker from a garage the [redacted] destroyed the receipt books. [redacted] added that the garage workers who destroyed the documents are not available to be interviewed. The documents were destroyed about a month or two ago.

[redacted] contradicted [redacted] earlier statements regarding use of older receipt books and the existence of other receipt books. [redacted] stated the hotel had issues with another organization regarding fake Oasis Hotel receipts. [redacted] stated that fake hotel receipts is common in Tanzania. (Attachment 6 – Memorandum of Interview – [redacted] dated 05/02/12)

On May 1, 2012, the OIG interviewed [redacted] Morogoro Hotel. [redacted] stated that the hotel has one receipt type and the hotel uses it serially. The hotel has internal controls to ensure that employees cannot issue fake receipts. [redacted] stated that it was common in Tanzania to use fake receipts.

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03/28/12 – 07/06/12

provided the actual receipts for six of the seven receipts that were questioned from the voucher packages. was unable to find one. (Attachment 7 – Memorandum of Interview dated 05/01/12)

On May 2, 2012, the OIG interviewed Hilux Hotel. stated that the hotel has one receipt type and it has not changed in many years. stated that the receipts are kept in a storage room. Originally and the stated the storage room was off-site. Later stated that it was on-site, but th does not have time to retrieve the copies stated would not retrieve the copies requested by the OIG because that is the job of the stated would try to get the copies of the receipts by the end of the day. (Attachment 8 – Memorandum of Interview dated 05/02/12)

On May 2, 2012, the OIG interviewed second time. stated that the hotel uses serial receipt books. stated the looked for the receipts requested by the OIG and was able to find five. There was a sixth that should have been there as it is a real number used (13811), but the was unable to find it. The rest of the numbers provided by the OIG are not numbers used by the hotel so it would not have copies of those. provided copies of the real receipts. (Attachment 9 – Memorandum of Interview dated 05/02/12)

On May 3, 2012, the OIG interviewed Munich Hotel. The hotel has used only one type of receipt since the hotel opened and produced the last receipt book the hotel used. Receipt books were used in numerical order. was not able to access the old receipts. The keeps the old receipts at the office. The OIG requested the phone number and called to request copies of the real receipts that correspond with the voucher package receipt numbers. the stated would have the look for them.

reviewed the suspect receipts from a few voucher packages and did not recognize the signatures. stated that in addition, the receipts should have the room number indicated on them, which some did not. (Attachment 10 – Memorandum of Interview dated 05/03/12)

On May 3, 2012, the OIG interviewed a second time. stated that looked for the actual receipts for the list of receipt numbers provided. stated that none of the receipt numbers was real and therefore was not able to find any of them. On May 4, 2012, the OIG interviewed third time. provided an actual receipt from the last receipt book used. The hotel started using the TRA receipting machine in February 2012. The OIG reviewed the latest receipt book for any suspect JSI employee names and did not find any. There were no guests staying at the hotel on January 26, 2012 as some of the suspect receipts showed. (Attachment 11 – Memorandum of Interview dated 05/03/12, Attachment 12 – Memorandum of Interview dated 05/04/12)

03/28/12 – 07/06/12

provided the room rates for each type of room and stated there were four suites. provided inconsistent statements throughout the interview regarding room rates. was also unable to explain why the rates on the receipts differed from the hotel rates and how the hotel can charge nine people for suites on one day when the hotel has four suites. (Attachment 13 – Memorandum of Interview – dated 05/03/12)

On May 6, 2012, the OIG interviewed [REDACTED] Rush Garden Hotel. [REDACTED] produced the current receipt book and stated the hotel has only one receipt type. [REDACTED] provided a copy. [REDACTED] also produced the rate sheets.

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[redacted] stated that only the [redacted] could sign the receipt. [redacted] reviewed the receipts and stated the signatures were not familiar.

On May 7, 2012, the OIG interviewed [redacted] a second time. [redacted] stated that [redacted] looked for each of the suspect receipt numbers but was unable to find any of them. The numbering system is not the same. They do not exist. (Attachment 16 – Memorandum of Interview [redacted] dated 05/06/12, Attachment 17 – Memorandum of Interview [redacted] dated 05/07/12)

On May 8, 2012, the OIG interviewed [redacted] a USAID/Tanzania employee and [redacted] admitted to asking for a receipt from a hotel for more than what [redacted] paid and submitting it for reimbursement at JSI. [redacted] stated that if [redacted] did this at USAID, it was only a few times. [redacted] does not remember the specific times.

[redacted] reviewed the receipt from Golden Crown Hotel. [redacted] stated that [redacted] stayed there for 40,000 Tshs per night but the hotel gave [redacted] a receipt showing 80,000 Tshs per night.

[redacted] does not remember ever receiving a fake receipt from someone outside the hotel, although [redacted] is aware of that happening at JSI. [redacted] knows that [redacted] a JSI helps employees get hotel receipts. [redacted] always brags about being able to get up country hotel receipts for others. [redacted] talks about it frequently. (Attachment 18 – Memorandum of Interview [redacted] dated 05/09/12)

On May 9, 2012, the OIG interviewed [redacted] a JSI employee. [redacted] stated that [redacted] thinks the Oasis receipt is real because [redacted] "got it from the hotel...from the counter." [redacted] stated that [redacted] did pay 120,000 Tshs for two nights as the receipt states. [redacted] reviewed the receipt of the same number as the one [redacted] submitted to JSI that came from the hotel. [redacted] does not know why there would be another receipt from the hotel with the same receipt number, which has a different name and amount than [redacted] receipt.

[redacted] stated that the Munich receipt is not real. [redacted] stated that someone from the hotel gave [redacted] it to [redacted] and [redacted] paid that person 10,000 Tshs for a receipt with an amount higher than what [redacted] paid. The receipt was for 180,000 Tshs but [redacted] only paid 120,000 Tshs for two nights. [redacted] stated that usually the hotel would offer to sell a receipt with a higher amount on it than what was paid. When [redacted] went to the Munich Hotel [redacted] accepted the offer. It was a mistake. It only happened once. (Attachment 19 – Memorandum of Interview [redacted] dated 05/09/12)

On May 9, 2012, the OIG interviewed [redacted] JSI employee. [redacted] reviewed two of the suspect hotel receipts [redacted] submitted to JSI. [redacted] stated [redacted] could not be sure of the "reality" of the receipts. [redacted] stated this is what [redacted] gave [redacted] (Attachment 20 – Memorandum of Interview [redacted] dated 05/09/12)

03/28/12 - 07/06/12

On May 9, 2012, the OIG interviewed [redacted] a JSI employee. [redacted] stated [redacted] stayed at Hilux Hotel and Lush Garden Hotel. [redacted] stated [redacted] is surprised that the receipts are fake. [redacted] stated [redacted] could not make receipts for other people. [redacted] stated that the OIG should come to [redacted] house and search to see that [redacted] does not have fake receipts. [redacted] keeps copies at home of all of the hotel receipts that [redacted] submits to JSI. [redacted] stated that [redacted] does not sell receipts to anyone else. [redacted] have details relating to [redacted] stays at the Lush Garden Hotel and the Munich Hotel. [redacted] does not know if the receipts are real or fake. These are the receipts given by the hotel. (Attachment 21 – Memorandum of Interview – [redacted] dated 05/09/12)

On May 9, 2012, the OIG interviewed [redacted] a JSI employee. [redacted] reviewed the suspect receipt [redacted] submitted to JSI for Munich and Hilux Hotels. [redacted] stated these are the receipts [redacted] received from the hotel. [redacted] stated [redacted] paid what the receipts show. [redacted] gave details relating to [redacted] stays at Munich Hotel and Hilux Hotel. (Attachment 22 – Memorandum of Interview [redacted] dated 05/09/12)

On May 10, 2012, the OIG interviewed [REDACTED] a JSI employee. [REDACTED] stated that [REDACTED] for JSI, asked [REDACTED] about a hotel receipt about three months ago. [REDACTED] stated that [REDACTED] told [REDACTED] that the receipt was from the hotel and the amount on the receipt is what [REDACTED] paid. [REDACTED] stated, "This is my stand."

[redacted] reiterated that [redacted] asked the hotel rate and paid that amount. [redacted] stated that [redacted] did not offer to pay back to ISI any amounts relating to the fake hotel receipt. Originally [redacted] stated that [redacted] did not ask [redacted] to pay back any amount. Later [redacted] stated that [redacted] may have to pay back the money that was falsely given to [redacted]. [redacted] then stated, "Unless it is proven, I didn't pay that money." [redacted] would not explain what [redacted] meant. (Attachment 23 – Memorandum of Interview [redacted] dated 05/10/12)

On May 10, 2012, the OIG interviewed [redacted] JSI employee. [redacted] thanked the OIG for finding out about fake hotel receipts. [redacted] stated [redacted] had no idea the receipts were fake. [redacted] gave detail about [redacted] stay at St. Gaspar Hotel. [redacted] reiterated several times that the receipts are real. [redacted] then stated that [redacted] has nothing more to say about the receipts. (Attachment 24 – Memorandum of Interview – [redacted] dated 05/10/12)

On May 10, 2012, the OIG interviewed [redacted] a JSI employee. [redacted] stated [redacted] did not know if the receipts were real or fake. [redacted] gave details about [redacted] stay at St. Gaspar Hotel. [redacted] stated that [redacted] slept in each of those hotels and paid the money shown on the receipts. [redacted] stated [redacted] is a [redacted] [redacted] stated the hotel must be playing tricks but [redacted] does not know what tricks. [redacted] stated, "I've got nothing more." (Attachment 25 – Memorandum of Interview – [redacted] dated 05/10/12)

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On May 10, 2012, the OIG interviewed [redacted] a JSI employee. [redacted] stated that [redacted] was very upset that [redacted] was not told the specifics of the investigation prior to being called in for an interview. [redacted] stated [redacted] has no way of knowing if the hotel receipts are real or fake. [redacted] does not question the person who gives [redacted] the receipt. It is not [redacted] job to determine if the receipts are real. [redacted] is surprised that the receipts are not real. [redacted] gave details relating to [redacted] stays at Golden Crown Hotel and Hilux Hotel. [redacted] provided inconsistent statements with regard to [redacted] stay at Hilux Hotel. [redacted] stated that it was unfair to subject [redacted] to this kind of interrogation without knowing up front the details. (Attachment 26 – Memorandum of Interview – [redacted] dated 05/10/12)

On May 10, 2012, the OIG interviewed [redacted] a JSI employee. [redacted] reviewed the suspect receipt [redacted] submitted to JSI from Morogoro Hotel. [redacted] stated that as far as [redacted] is concerned, the receipt is real. [redacted] gave details related to [redacted] stay at Morogoro Hotel. [redacted] stated that [redacted] did pay 60,000 Tshs for the stay that night. (Attachment 27 – Memorandum of Interview – [redacted] dated 05/10/12)

On May 10, 2012, the OIG interviewed [redacted] a JSI employee. [redacted] stated that [redacted] does not know if the receipts are real or fake. If the [redacted] fake receipts [redacted] does not know it. [redacted] gave details relating to [redacted] stays at St. Gaspar Hotel and Morogoro Hotel. [redacted] reviewed the travel expense report and identified [redacted] signature on the report.

Later during the interview, [redacted] admitted that [redacted] did not stay at St. Gaspar as [redacted] claimed. [redacted] stayed at [redacted] uncle's house. [redacted] obtained the fake receipt from the [redacted] at the St. Gaspar Hotel. [redacted] paid the [redacted] 100,000 Tshs for the receipt which stated [redacted] paid 400,000 Tshs for four nights. [redacted] stated that [redacted] was alone when [redacted] went into the hotel to ask for the receipt. (Attachment 28 – Memorandum of Interview – [redacted] dated 05/10/12)

On May 23, 2012, the OIG reviewed additional documents received from JSI. These included a list of the addresses of the suspected JSI staff and an additional voucher package, number 59, related to JSI employee [redacted]. The hotel receipt in this package was from Hilux Hotel and did not resemble the actual receipt from the hotel. (Attachment 29 – Record Review – Additional JSI Docs 1, dated 05/23/12)

On May 24, 2012, the OIG summarized the JSI voucher packages submitted by the employees including the suspect hotel receipts and compared them to the real receipts for each employee. Eighteen JSI employees submitted a hotel receipt for which the hotel provided the real receipt and the two did not match. There were 32 JSI employees who submitted hotel receipts which did not resemble the actual hotel receipts, but because the receipt number was not from the hotel's actual numbering system, there would be no real hotel receipt to compare to. There were 17 JSI employees who submitted receipts from Golden Crown Hotel. The receipts are real, but the amounts are higher than the highest rate and there are not enough suites to accommodate all of the employees on the dates of

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

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the receipts. In sum, 49 employees submitted at least one false hotel receipt.
(Attachment 30 – Record Review – Summary of Employees and False Receipts, dated 05/24/12)

On June 28, 2012, the OIG reviewed additional voucher packages received from JSI that supported the names already included in the Record Review – Summary of Employees and False Receipts. There were 15 packages that are numbered as voucher package 54 through 70. **(Attachment 31 – Record Review – Additional Voucher Packages, dated 06/28/12)**

On June 29, 2012, the OIG reviewed information received from JSI regarding JSI employee disciplinary actions. JSI stated that, as of June 28, 2012, 14 employees either resigned or were terminated as a result of the investigation. Eleven employees resigned once disciplinary actions had been started, two employees resigned prior to disciplinary actions being started, and one employee was terminated. JSI is not able to pursue disciplinary actions on other employees until they receive the evidence to support the disciplinary actions. JSI is also in the process of crediting USAID for the costs that JSI believes were fraudulent. **(Attachment 32 – Record Review – Additional JSI Docs 2, dated 06/29/12)**

On July 27, 2012, the OIG summarized the dollar amount relating to the fraudulent hotel receipts submitted to JSI and included in the voucher packages reviewed. The fraud amounts to approximately \$25,000. **(Attachment 33 – Summary of fraudulent hotel receipts, dated 07/27/12)**

Subjects/Defendants/Suspects:

49 JSI employees (See Attachments 29 and 30)
[redacted] USAID/Tanzania employee
Golden Crown Hotel
Oasis Hotel

Undeveloped Leads:

None

Disposition of Evidence, Contraband or Personal Property:

There are no items in evidence or seized contraband.

Judicial and Administrative Actions:

Referral to USAID/Tanzania [redacted]
Referral to OAA/Compliance Division

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

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

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

Referral to local authorities -

Attachments:

1. Letter from JSI, dated 03/28/2012
2. Memorandum of Interview - [redacted] dated 04/12/2012
3. Record Review – Initial Docs, dated 04/26/2012
4. Record Review – Voucher Packages, dated 04/30/2012
5. Memorandum of Interview [redacted] dated 05/01/2012
6. Memorandum of Interview [redacted] dated 05/02/2012
7. Memorandum of Interview [redacted] dated 05/01/2012
8. Memorandum of Interview [redacted] dated 05/02/2012
9. Memorandum of Interview [redacted] 2, dated 05/02/2012
10. Memorandum of Interview [redacted] dated 05/03/2012
11. Memorandum of Interview [redacted] 2, dated 05/03/2012
12. Memorandum of Interview [redacted] dated 05/04/2012
13. Memorandum of Interview [redacted] dated 05/03/2012
14. Memorandum of Interview [redacted] dated 05/04/2012
15. Memorandum of Interview [redacted] dated 05/04/2012
16. Memorandum of Interview [redacted] dated 05/06/2012
17. Memorandum of Interview [redacted] dated 05/07/2012
18. Memorandum of Interview [redacted] dated 05/09/2012
19. Memorandum of Interview [redacted] dated 05/09/2012
20. Memorandum of Interview [redacted] dated 05/09/2012
21. Memorandum of Interview [redacted] dated 05/09/2012
22. Memorandum of Interview [redacted] dated 05/09/2012
23. Memorandum of Interview [redacted] dated 05/10/2012
24. Memorandum of Interview [redacted] dated 05/10/2012
25. Memorandum of Interview [redacted] dated 05/10/2012
26. Memorandum of Interview [redacted] dated 05/10/2012
27. Memorandum of Interview [redacted] dated 05/10/2012
28. Memorandum of Interview [redacted] dated 05/10/2012
29. Record Review – Additional JSI Docs 1, dated 05/23/2012
30. Record Review – Summary of Employees - False Receipts, dated 05/24/2012
31. Record Review – Additional Voucher Packages, dated 06/28/2012
32. Record Review – Additional JSI Docs 2, dated 06/29/2012
33. Summary of fraudulent hotel charges, dated 07/27/2012

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

REPORT OF INVESTIGATION

Case Title: Social Investment Fund for Local Development (FISDL)
Case Number: [REDACTED]
Status: Closed
Period of Investigation: 09/05/13-01/09/14
OIG/I Office: San Salvador, El Salvador

Synopsis:

This investigation was predicated on information received regarding mismanagement of funds on a \$27 million limited scope grant agreement known as Mitigating the Effects of the Global Financial Crisis Project (Activity No. 519-0462). The OIG was informed that several local media sources reported that the Government of El Salvador (GOES) redirected program funds to organized gangs in El Salvador in an effort to support a nationwide gang truce. The affected component of the program was known as the Temporary Income Support Program (PATI), one of two components of the limited scope grant agreement. The PATI program was implemented by the GOES through its development agency known as the Social Investment Fund for Local Development (FISDL). The limited scope grant agreement was signed by USAID and the GOES on 03/16/10.

At the time of the allegation, the PATI program was in the seventh and final program cycle known as calls. The first six calls targeted eleven rural municipalities that were affected by flooding caused by Tropical Storm Ida in 2009. The seventh call of the program included six rural municipalities and six urban municipalities considered high crime/high poverty communities.

The OIG did not find evidence to suggest that the PATI program was utilized to directly benefit gangs in the rural municipalities in any of the seven program calls. However, several GOES officials, including the [REDACTED] and the [REDACTED] informed the OIG that the GOES used the PATI program to directly benefit gangs in Ilopango

REPORT MADE BY: Name: SA [REDACTED] Date Signed: [REDACTED]
Signature: [REDACTED] 01/15/2014

APPROVING OFFICIAL: Name: [REDACTED] Date Signed: [REDACTED]
Signature: [REDACTED]

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

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

and other urban high crime/high poverty municipalities included in the seventh call of the PATI program. The [redacted] said FISDL allowed gang leaders to choose PATI beneficiaries and that both major gangs received an equal amount of PATI slots to include gang members and their families. [redacted] also stated that the PATI program was implemented successfully in Ilopango but the program was solely funded by the GOES because USAID terminated funding in all the urban municipalities.

The OIG also discovered a video recording of a meeting between GOES officials and leaders of the MS-13 and MS-18 gangs in Ilopango. In the video, a person identified as a FISDL official informed gang representatives in Ilopango of their respective gang's participation in the PATI program and that the PATI program in Ilopango was specifically for the benefit of the gangs.

The OIG confirmed that USAID/El Salvador did not disburse PATI funds for the municipality of Ilopango or any other urban, high crime/high poverty municipalities included on the seventh call of the PATI program.

Details of Investigation:

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On 09/05/13, the OIG interviewed PATI's [redacted] who stated that the limited scope grant agreement was awarded directly to the GOES and implemented by FISDL. The purpose of the PATI program was to provide \$100 monthly stipends and 80 hours of vocational training for a six-month period to impoverished populations living in targeted municipalities in exchange for community based work. The program was implemented through six month cycles known as "calls." The first six calls of the program targeted eleven rural municipalities that were affected by flooding caused by Tropical Storm Ida in 2009. The seventh and final call of the PATI program included six rural municipalities and six urban high poverty/crime municipalities.

It was alleged in the local media by several reputable newspapers that organized criminal gangs in El Salvador, mainly MS-13 and MS-18, had received funds diverted from the PATI program. Some mayors of the urban municipalities with high crime rates made public statements to the media, affirming that PATI funds were utilized to support the gang truce between MS-13 and MS-18. As a result of the media reports, USAID/El Salvador asked FISDL for an official response to the allegations and placed PATI funds on hold until FISDL provided adequate responses. (*Attachment 1 –Investigative Activity Report (IAR) Interview of [redacted] dated 09/23/13*)

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On 09/12/13, the OIG reviewed a local newspaper article from La Prensa Grafica. The article reported that approximately 750 gang members from the municipalities of Ilopango and Quezaltepeque were receiving PATI program funds. The article explained that mayors of the involved municipalities said that PATI funds were distributed evenly to the two main gangs in the country. (*Attachment 2 –IAR: Record Review, La Prensa Grafica Article, dated 11/13/13*)

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On 09/12/13, the OIG reviewed a local newspaper article from El Faro. The article stated that on 06/19/13, FISDL and Ilopango municipality officials held a meeting with gang leaders from MS-13 and MS-18 to make a final decision on the 400 beneficiaries in Ilopango to receive PATI funds. The article stated that everyone in FISDL and the mayor's office in Ilopango knew that the PATI program in Ilopango was directed to the gangs and that 200 slots were reserved for each gang. **(Attachment 3 – IAR: Record Review, El Faro Newspaper Article, dated 11/13/13)**

On 09/23/13, the OIG interviewed FISDL PATI [redacted] who stated that the municipalities were responsible for selecting and vetting PATI participants. In order to become a PATI beneficiary, each participant had to meet the following criteria: 1) over 16 years old, 2) unemployed, 3) not enrolled in a formal educational system, and 4) reside in the community at least six months. [redacted] did not know why the mayors from the municipalities of Ilopango and Quezaltepeque told the press that PATI funds were distributed to gangs. [redacted] could not confirm the information because the municipalities were responsible for the selection of the beneficiaries. FISDL did not object to the selection of participants as long as the participant met the selection criteria established by the program. [redacted] said that the typical gang member met the selection criteria and the PATI program was executed in poverty-stricken communities with a high crime rate, thus it was possible that some participants of the program belonged to criminal gangs.

[redacted] stated that [redacted] and other representatives from FISDL attended a meeting with the mayor of Ilopango and members of the community (as mentioned in El Faro's newspaper article), but FISDL could not determine if the community members present represented any gangs. [redacted] did not remember anyone discussing the selection process of gang members during the meeting. **(Attachment 4 – IAR: Interview of [redacted] dated 09/23/13)**

On 09/24/13, the OIG interviewed KPMG - El Salvador [redacted] who stated that KPMG provided monitoring and evaluation (M&E) services for the PATI program. USAID did not disburse any funds for the six urban municipalities included in the seventh call of the program; KPMG did not collect any information or conduct any M&E services for the urban communities. **(Attachment 5 – IAR: Interview of [redacted] dated 09/25/13)**

On 11/13/13, the OIG reviewed USAID's report of its internal review of the allegations of PATI funds mismanaged by FISDL. The report concluded that due to the media allegations, FISDL's failure to address USAID's concerns, and the fact that the program criteria was not consistently followed in the urban municipalities, mission staff recommended that USAID/El Salvador management terminate financial support for the six urban municipalities under the seventh call of the program. The report concluded that no USAID funds were used to support PATI activities in the six urban municipalities. **(Attachment 6 – IAR: Record Review, USAID Report on PATI Program Allegations, dated 11/13/13)**

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On 11/13/2013, the OIG reviewed USAID/El Salvador implementation letter No. 12 which officially informed the GOES that the six urban municipalities were excluded from USAID/PATI funds. (*Attachment 7 – IAR: Record Review, USAID Implementation Letter Number 12, dated 11/13/13*)

On 11/20/13, the OIG searched the U.S. Department of Treasury, Office of Foreign Assets and Control (OFAC), Specially Designated Nationals and Blocked Persons List (SDN) database and verified that the Salvadoran gang known as Mara Salvatrucha (MS-13) was currently listed. According to OFAC, MS-13 was sanctioned on 10/11/12 for its involvement in serious transnational criminal activities. Organizations listed on the SDN database are subject to Executive Order 13581 which prohibits U.S. entities or persons from engaging in transactions (to include contributions of funds, goods, or services) with MS-13. (*Attachment 8 – IAR: Record Review, OFAC SDN List, dated 11/20/13*)

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On 11/26/13, the OIG re-interviewed KPMG/El Salvador [redacted] who stated that KPMG conducted monthly field visits to oversee the implementation of the PATI program including six rural municipalities for PATI's seventh call. The field visits were coordinated with the municipalities and FISDL. KPMG did not conduct surprise visits because of logistics and security concerns. However, KPMG's inspection team did not give prior notification of what projects or vocational training courses to inspect until the day of the inspection. KPMG had not encountered indications of wrongdoing in the PATI program. (*Attachment 9 – IAR: Interview of [redacted] dated 11/26/13*)

Rural Municipalities:

On 12/11/13, the OIG interviewed [redacted] PATI [redacted] for the Santiago de Nonualco rural municipality. [redacted] stated the Santiago Nonualco municipality participated in all seven PATI calls and had over 4,000 participants. PATI was very important and beneficial to the community because it produced self-sustaining small businesses and entrepreneurs and lowered crime in the area. The municipality had a very good working relationship with FISDL who visited the municipality once per week to enquire about PATI.

Santiago Nonualco is a high crime area where gang activity is prevalent. [redacted] believed that approximately five percent of PATI participants were gang members belonging to either MS-13 or MS-18. The gang members included in the program participated fully in PATI's projects and training courses. They were chosen because they applied for the program and they met the program's selection criteria. The municipality was never pressured by gang leaders to select any of their members. (*Attachment 10 – IAR: Interview of [redacted] dated 12/11/13*)

On 12/11/13, the OIG accompanied a KPMG M&E officer to three PATI projects implemented in the Santiago Nonualco municipality. The OIG was able to verify the projects' existence and the attendance of most of the participants. The OIG observed that the participants contained an

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equal mix of male and female as well a range of ages. *(Attachment 11– IAR: Field Visit of PATI Program in the Municipality of Santiago Nonualco, dated 12/11/13)*

On 12/12/13, the OIG interviewed [REDACTED] PATI [REDACTED] for the rural municipality of Tepetitan. [REDACTED] stated that Tepetitan participated in five out of the seven PATI calls and the program benefited approximately 800 people. The program was a great success in the community and was well-liked and respected by the citizens. There was no gang presence in Tepetitan and the program did not experience any security related problems. No gang members participated in the program. FISDL visited the program weekly and the municipality enjoyed a great relationship with FISDL. *(Attachment 12 – IAR: Interview of [REDACTED] dated 12/12/13)*

On 12/12/13, the OIG interviewed [REDACTED] PATI [REDACTED] for the rural municipality of Santiago Texacuango. [REDACTED] stated that the municipality participated in all seven calls of the PATI program. The community greatly benefited from the program by employing and training over 2,000 participants who were mostly single mothers. The program was very well respected by the gangs as they allowed access to the program in gang controlled areas. The gangs never intervened with the program and the municipality never received any demands or threats from the gangs. Gang members did not participate in the program. The municipality had a great working relationship with FISDL. *(Attachment 13 – IAR: Interview of [REDACTED] dated 12/12/13)*

On 12/12/13, the OIG interviewed [REDACTED] PATI [REDACTED] for the rural municipality of San Pedro de Masahuat. [REDACTED] stated that the municipality participated in all seven calls of the PATI program. There were a few security related problems with the gangs who controlled the area where PATI programs were implemented, but the issues were quickly resolved. Approximately two to three percent of the participants were gang members. Gang members who participated in the program actually worked in the projects and attended the training courses. Gang members were not excluded from the program because they met the selection criteria. The municipality was never pressured or threatened by gang leaders to include their members in the PATI program. The municipality had a good working relationship with FISDL. *(Attachment 14 – IAR: Interview of [REDACTED] dated 12/12/13)*

Urban High Crime/High Poverty Municipalities:

On 12/16/13, the OIG interviewed [REDACTED] for the urban municipality of Ilopango. [REDACTED] stated that the PATI program in Ilopango directly benefited gangs. The decision to include gangs in the program was made by the GOES and spearheaded by FISDL. There were several meetings between GOES officials, municipality officials, and gang leaders, at which the decision to include the gangs was discussed in detail. *(Attachment 15 – IAR: Interview of [REDACTED] dated 12/13/13)*

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On 01/07/20, the OIG interviewed [REDACTED] of the Ilopango municipality, who stated that in 05/2013, FISDL organized a meeting attended by GOES representatives and gang leaders from MS-13 and MS-18. During this meeting, FISDL agreed to incorporate 200 members or family members of each gang into the PATI program. After the details of the meetings were published by the press [REDACTED] was asked by FISDL's [REDACTED] to retract statements [REDACTED] made to the press about gang members benefiting from PATI funds, but [REDACTED] refused. [REDACTED] who gave similar statements to the press, officially retracted his statements after being pressured by FISDL.

The PATI program in Ilopango was implemented successfully and concluded in 12/2013. The GOES utilized its own funds to support the program. The majority of the participants were gang members or their relatives. The participants were chosen by representatives of each gang.

(Attachment 16 – IAR: Interview of [REDACTED] dated 01/07/14)

On 01/08/14, the OIG interviewed [REDACTED] former [REDACTED] of Justice and Public Security, who stated that [REDACTED] was a key member of the GOES' initiative known as "Municipalities Free of Violence," which achieved a truce between the gangs. The purpose of the truce was to reduce the country's murder rate. Another objective of the initiative was to further educate and provide jobs to highly vulnerable youth who lived in areas controlled by gangs. The initiative was a team effort between the local government (municipalities), the central government, and international governments and donors.

In an effort to raise funds to support this objective, [REDACTED] each ministry to allocate funds to support the program. However, the ministries were not able to provide adequate funding. As a result, the GOES, to include [REDACTED] of the Office of the President [REDACTED] FISDL [REDACTED] and [REDACTED] decided to utilize PATI funds to support the government initiative.

[REDACTED] concept of the initiative was to include highly vulnerable youth, i.e. the young adults who live in gang controlled areas, but were not members of the gangs and had not committed any crimes. FISDL did not comprehend [REDACTED] concept and directly involved the gangs in the PATI program. The decision to negotiate with and include gang members in the PATI program was made by FISDL's [REDACTED] Gang members in Ilopango, Quezaltepeque, Santa Tecla, Sonsonate, and Mejicanos were included in programs. The GOES paid for the program with its own funds and possibly from international funds, particularly from the Government of Taiwan. *(Attachment 17 – IAR: Interview of [REDACTED] dated 01/08/14)*

On 01/09/14, the OIG received a video recording from [REDACTED] who said that the video documented a meeting that took place in 05/2013 between GOES representatives, to include FISDL, and leaders of the MS-13 and MS-18 gangs in Ilopango. The video documented a FISDL representative identified by [REDACTED] informing and assuring gang leaders of

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Report of Investigation

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their participation in the PATI program. (*Attachment 18 – Record Review: Video of Ilopango Meeting, dated 01/09/14*)

SUBJECT:

Social Investment Funds for Local Development
Bulevar Orden De Malta 470, Santa Elena, El Salvador
+503-2505-1200

Undeveloped Leads:

None

Disposition of Evidence, Contraband, or Personal Property:

None

Judicial and Administrative Actions:

None

Attachments:

1. IAR: Interview of [REDACTED] dated 09/23/13
2. IAR: Records Review, La Prensa Gráfica Article, dated 11/13/13
3. IAR: Records Review, El Faro Newspaper Article, dated 11/13/13
4. IAR: Interview of [REDACTED] dated 09/23/13
5. IAR: Interview of [REDACTED] dated 09/25/13
6. IAR: Record Review, USAID Report on PATI Program Allegations, dated 11/13/13
7. IAR: USAID Implementation Letter No. 12, dated 11/13/13
8. IAR: Record Review, OFAC SDN List, dated 11/20/13
9. IAR: Interview of [REDACTED] dated 11/26/13
10. IAR: Interview of [REDACTED] dated 12/11/13
11. IAR: Field Visit of PATI Program in the Municipality of Santiago Nonualco, dated 12/11/13
12. IAR: Interview of [REDACTED] dated 12/12/13
13. IAR: Interview of [REDACTED] dated 12/12/13
14. IAR: Interview of [REDACTED] dated 12/12/13
15. IAR: Interview of [REDACTED] dated 12/13/13
16. IAR: Interview of [REDACTED] dated 01/07/14
17. IAR: Interview of [REDACTED] dated 01/08/14
18. IAR: Record Review, Video of Ilopango Meeting, dated 01/09/14

**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: 07/09/13 - 09/30/13
OIG/I Office: San Salvador, El Salvador

SYNOPSIS:

This investigation was predicated on allegations of human trafficking against USAID/Ecuador acting [REDACTED]. The allegations were forwarded by the [REDACTED] in Quito, and involve [REDACTED]. Specifically, it was alleged that [REDACTED] lent money to [REDACTED] to purchase land in [REDACTED] native country, and that [REDACTED] as no longer compensating [REDACTED] services. Instead [REDACTED] was purportedly making [REDACTED] work off her debt without paying [REDACTED] salary.

The allegation involving human trafficking was disproved; however, other allegations involving employee misconduct on the part of [REDACTED] were reported by other sources during the investigation. In particular, it was alleged that [REDACTED] misused [REDACTED] position as the USAID/Ecuador [REDACTED] to unfairly benefit [REDACTED] and [REDACTED] family. The OIG investigation did not substantiate any of the misconduct allegations.

This case is closed.

DETAILS OF INVESTIGATION:

On 07/16/13, the OIG reviewed the RSO investigation file pertaining to [REDACTED] and allegations that [REDACTED] was involved in human trafficking. The file contained two sworn witness statements claiming that [REDACTED] traveled from [REDACTED] to Ecuador to work for [REDACTED].

REPORT MADE BY:

Name:

Signature:

Date Signed:

10/16/13

APPROVING OFFICIAL:

Name:

Signature:

Date Signed:

10/16/13

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Prior to [redacted] arrival, [redacted] loaned [redacted] approximately \$4,000 so that [redacted] could buy land for [redacted] family in [redacted]. Upon [redacted] arrival, [redacted] discovered that [redacted] was not going to provide [redacted] with a monthly salary but instead garnished [redacted] salary until [redacted] debt was paid off.

The RSO investigation file also contained allegations from a witness regarding [redacted] using [redacted] official position at USAID to obtain employment for [redacted] in the embassy's Public Affairs Section (PAS). Finally, the file included an allegation that [redacted] acted as a broker between [redacted] and post in the solicitation of catering services. (Attachment 1 – IAR: Record Review RSO Investigation file, dated 07/16/13)

On 07/16/13, the OIG interviewed [redacted] U.S Embassy Quito. [redacted] stated that [redacted] approached [redacted] about a possibility of hiring [redacted] during the summer. [redacted] expressed interest and discussed the issue with HR and [redacted]. [redacted] were informed by HR and [redacted] that if PAS needed a summer-hire, PAS had to create a position description, and then HR would place the best qualified summer-hire candidate in the position. They were also informed that HR was not allowed to directly place [redacted] in PAS without competing with the available pool of summer-hire applicants. As a result, [redacted] reacted angrily and claimed [redacted] was being singled out and that [redacted] employment at PAS would be in the interest of the U.S government. Because of [redacted] reaction, [redacted] warned [redacted] that [redacted] involvement constituted a violation of federal regulations prohibiting government officials from using their influence for personal benefit or for the benefit of family members.

[redacted] decided not to create a summer-hire position because of the dispute between [redacted] and the Management office. [redacted] was eventually hired by the International Narcotics Liaison (INL) office as a summer-hire employee. [redacted] was not involved in this process.

Contract Dispute:

[redacted] said that in 04/2013, post was in the process of organizing its annual awards ceremony where post employees were recognized by the [redacted] for their efforts. Post management was looking for a caterer to provide food services for the event. [redacted] had a reputation for making good cakes and [redacted] services were advertised in post's weekly newsletter. Post employee [redacted] was in charge of contracting the caterer for the event. [redacted] met with [redacted] to ask about price quotations for the cakes and never made any verbal or written agreement for [redacted] to provide the cakes for the event. A month and a half later, [redacted] contracted a caterer for the event (not [redacted]). Around the same time, [redacted] approached [redacted] and inquired about the logistics of delivering the cakes to the event. [redacted] informed [redacted] that another caterer was contracted to provide the services.

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

_____ became angry and told _____ that the ingredients for the cakes were purchased and the cakes were already made and ready for delivery.

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

Both _____ claimed to be positive about their side of the story. _____ claimed _____ only inquired about price quotations for the cakes, while _____ claimed _____ committed to purchasing the cakes from _____. _____ confirmed there was no written agreement or procurement records documenting the purchase of catering services from _____.

_____ said _____ continued to pressure _____ and the Office of Procurement to purchase the cakes. _____ sent angry emails to the management office and the deputy chief of mission complaining about the cake misunderstanding. As a result, Procurement mitigated the situation by using the embassy's petty cash funds (approximately _____) to purchase the cakes for the event. _____ also asked to be reimbursed for the materials used to bake the cakes but post-denied _____ claim.

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(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)

_____ again warned _____ about _____ actions and informed _____ that _____ should not be involved in negotiations on behalf of a vendor and the U.S. government and that _____ should not be arguing about federal funds going to a member of _____ household. (*Attachment 2 – IAR: Interview of _____ dated 07/16/13*)

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

On 07/16/13, the OIG interviewed U.S. Embassy Quito Commissary _____ who stated the commissary provided its members with "labor services," which included the drafting of a contract between the employee and their domestic staff, the registration with the Ministry of Labor, and the processing of the domestic staff's monthly social security payments. The labor services were offered to _____ members only.

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

_____ said that according to Ecuadorian law, anyone employing domestic staff must provide their staff with social security payments. _____ verified that _____ was an active member of the commissary but had not used the commissary's labor services to register any domestic staff with the Ministry of Labor or to make any social security payments for _____ domestic staff. Minimum salary for a _____ including all benefits required by law was \$436 for the first year of employment and \$463 for the second year of employment. (*Attachment 3 – IAR: Interview of _____ dated 07/16/13*)

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

On 07/16/13, the OIG reviewed a copy of the Ecuadorian visa request package for _____. The package was sent by the embassy's HR to the Ecuadorian Ministry of Foreign Affairs to obtain a work visa and a national identification card for _____. The package contained a domestic service contract between _____. The contract was written in Spanish and signed by both parties. The contract listed the obligations of the employer and employee, defined _____ working hours from 7:00 am to 4:00 pm, Monday to Friday, listed _____ monthly salary to be _____ per month, and stated that _____ was entitled to social security

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

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

payments and all other benefits required by Ecuadorian law. (*Attachment 4 – IAR: Records Review, Ecuadorian Work Visa request Package, dated 07/16/13*)

On 07/18/13, [redacted] was interviewed by OIG and RSO agents. [redacted] previously worked for [redacted] for approximately one year. In 2012, [redacted] was contacted by [redacted] and offered a job as [redacted] in Quito. At the time of the offer, [redacted] was employed by an embassy family in [redacted] that was providing living quarters for [redacted] and [redacted] family. If [redacted] accepted [redacted] offer, [redacted] family would not have a place to live. As a result, [redacted] offered [redacted] to find living quarters for [redacted] family. [redacted] accepted the offer, prepaid approximately one year of rent for an apartment in [redacted] family, and agreed to work for [redacted] in Quito. [redacted] arrived in Quito in June 2012 under the impression that [redacted] was going to work for [redacted] per month for two years. The terms of repaying the [redacted] were not clear, the negotiations and communications about [redacted] terms of employment were via email between [redacted] and [redacted] recalled an email in which [redacted] stated that the terms of repaying the [redacted] would be sorted out upon [redacted] arrival in Quito.

Upon [redacted] arrival [redacted] was informed by [redacted] monthly salary was going to be garnished until the [redacted] debt was repaid. [redacted] received [redacted] in cash after [redacted] first month of employment and [redacted] was kept by [redacted] and applied to the debt balance. All other subsequent salary payments have been kept in full by [redacted] said if [redacted] knew about the terms of employment beforehand, [redacted] would have never accepted [redacted] employment offer.

A few months later, [redacted] loaned [redacted] an additional [redacted] because [redacted] needed funds to pay school fees for [redacted] youngest [redacted]. The [redacted] was added to [redacted] debt balance.

In or around April 2013, the [redacted] of prepaid rent paid by [redacted] expired and the landlord asked for an additional [redacted] to keep [redacted] family in the apartment. Instead of prepaying for another year [redacted] decided it to build a house on a small piece of land [redacted] owned in [redacted] accepted an additional loan of \$4,300 from [redacted] to build the house. The \$4,300 was added to the [redacted] debt balance.

In order to supplement [redacted] income, [redacted] allowed [redacted] to work part time for another embassy family and makes [redacted] per month. [redacted] also bakes cakes and pastries and sells them to the embassy community for extra income. [redacted] has earned approximately [redacted] selling cakes. However, [redacted] has provided all the profit to [redacted] in order to pay off [redacted] debt balance. The [redacted] per month [redacted] earned in [redacted] part-time job was the only cash [redacted] had to cover [redacted] personal expenses and to send money to [redacted]

[redacted] said [redacted] worked for [redacted] from Monday to Friday from approximately 6:00 am to 12:30 pm then [redacted] went to [redacted] part-time job, and then worked for [redacted] again from 4:00 pm

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to approximately 6:00 pm. [redacted] did very little work on the weekends. [redacted] did not have medical insurance or social security benefits. [redacted] provided [redacted] with room and board.

[redacted] said [redacted] was free to leave the house as [redacted] wished and [redacted] was allowed to contact [redacted] family whenever [redacted] wanted to. [redacted] had possession and control of [redacted] travel documents. However, [redacted] did not have enough money to purchase travel tickets to go back to [redacted]

[redacted] did not know the precise balance of [redacted] debt to [redacted] believed [redacted] had a spreadsheet in [redacted] personal computer that tracked the debt balance. [redacted] preferred to be in [redacted] but felt obligated to repay [redacted] debt.

[redacted] said [redacted] had never been physically or verbally abused by [redacted] and had never been prohibited from discussing [redacted] terms of employment with anyone.

The interviewing agents presented [redacted] with a copy of the service contract that was provided to the embassy's HR office to obtain [redacted] Ecuadorian visa. [redacted] recognized the document and said that [redacted] asked [redacted] to sign it because it was required by the Government of Ecuador to provide a work visa. [redacted] verified [redacted] signature on the document, but stated [redacted] did not read it because it was written in Spanish and that [redacted] did not explain what the document said.

(Attachment 5 – IAR: Interview of [redacted] dated 07/18/13)

On 07/18/13, U.S. Embassy Quito [redacted] confirmed that [redacted] approached acting [redacted] was on annual leave and expressed interest in [redacted] working for PAS as part of the 2013 summer-hire program. [redacted] said that [redacted] and [redacted] consulted with the Management Office about the possibility of hiring [redacted] and they were told they were not able to directly place [redacted] in PAS because [redacted] had to compete for the position with other summer-hire candidates. [redacted] said [redacted] backed off and PAS decided not to create a summer-hire position because of the lack of substantial work for such a position. **(Attachment 6 – IAR: Interview of [redacted] dated 07/18/13)**

On 07/24/13, the OIG reviewed the U.S. Embassy Quito's Management Notice number 07/11, Domestic Employee Legal Obligations. The management notice contained detailed information about the legal obligations of employing domestic staff in Ecuador. The notice stated that all "U.S direct hire employees assigned to Quito were required to follow Ecuadorian law and must adhere to the obligations in this notice when employing domestic staff." The notice also listed that a domestic staff must be provided with social security benefits and with all other salary bonuses required by Ecuadorian law. **(Attachment 7 – IAR: Records Review, Management Notice number 07/11, dated 07/24/13)**

On 07/24/13, the OIG reviewed email conversations of two separate incidents involving [redacted] The emails were provided by [redacted]

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

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

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

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

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

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

Both email conversations were forwarded to [redacted] on 05/30/2013.

The first email, between [redacted] acting [redacted] and [redacted] was dated 04/23/13 and pertained to the summer hire issue. The conversation was initiated by [redacted] who asked [redacted] if he had received [redacted] decision about whether or not [redacted] could work in PAS during the summer. [redacted] responded that [redacted] would be happy to have [redacted] work at PAS during the summer. [redacted] responded and stated that "USAID will pay for my [redacted] salaries, as they did last year." [redacted] included [redacted] reply. [redacted] responded the final decision on hiring rested with Post's human resources office and that [redacted] should not be indicating which summer-hire was going to work for PAS. [redacted] also told [redacted] should not solicit directly with offices for employment for your family members" as it could be a "fairly serious ethics violation." [redacted] followed up [redacted] email by providing [redacted] with language from 18 USC 208 and the Code of Federal Regulations which prohibit conflict of interest issues.

The second email, between [redacted] was dated 05/22/13 and pertained to the procurement issue. The conversation was initiated by [redacted] informing [redacted] of a procurement incident involving [redacted] mentioned that [redacted] was asked by [redacted] could provide [redacted] worth of cakes for Post's awards ceremony. An agreement was made and [redacted] prepared the cakes. Two days before the ceremony, [redacted] was told by [redacted] that the embassy didn't need to purchase 20 cakes. [redacted] had already made 14 of the 20 cakes. [redacted] attempted to recover the money spent by [redacted] on the ingredients, but the embassy only provide [redacted] concluded by stating the embassy did not honor its commitment to pay for what they asked for.

[redacted] responded by informing [redacted] that once again [redacted] violated ethics rules because [redacted] used [redacted] official position to promote services for [redacted] and that "as [redacted] should refrain from engaging in such activities in the future." [redacted] also stated that [redacted] was not a contracting officer and did not have the authority to commit funds. [redacted] said the embassy will pay [redacted] for the 14 cakes made, but that if [redacted] knew beforehand of [redacted] personal involvement in the matter [redacted] would have never allowed the procurement to be authorized. [redacted] concluded by stating that [redacted] may not use [redacted] office for personal gain or use of [redacted] office to induce someone else in the embassy to provide financial gain for [redacted] or any other friend or relative.

[redacted] replied that [redacted] did not do what [redacted] suggested in [redacted] message, and that [redacted] was approached and asked for [redacted] housekeeper's business by HR. [redacted] concluded by stating [redacted] did not use [redacted] office for any wrongdoing. (Attachment 8 – IAR: Records Review, Email Conversations, dated 07/24/13)

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

(b)(3);5 U.S.C. app. 3 § 7(b)-IG Act of 1978 as amended (b)(6);(b)(7)(C)

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

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

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

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

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

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

On 08/26/13 the OIG received several emails from [redacted]. In the emails, [redacted] reported information gathered after [redacted] USAID [redacted] about [redacted] relationship with [redacted] [redacted] who verified [redacted] had known [redacted] for approximately six years. [redacted] had also known [redacted] for approximately ten years. [redacted] said [redacted] had received three or four wire transfers from [redacted] received a wire transfer before [redacted] departed to Quito (unknown amount). [redacted] received additional one or two small transfers of unknown amounts, and [redacted] received a large transfer of [redacted] on 5/13/13. All the wire transfers were provided to [redacted] (Attachment 9 – IAR: Records Review, Email Conversation [redacted] dated 08/26/13)

On 09/15/13, [redacted] USAID/Ecuador emails from 2012 to 2013 were reviewed. The review revealed four conversations in which [redacted] coordinated the transfer and delivery of [redacted] family in [redacted]. The review did not reveal any new information regarding the summer-hire or the procurement disputes. (Attachment 10 – IAR: Records Review, [redacted] USAID Emails, dated 09/15/13)

On 09/16/13, OIG agents received an email from a person claiming to be [redacted]. In the email [redacted] stated that [redacted] took several loans from [redacted] and the only way that [redacted] could pay back the debt in time was by relinquishing [redacted] monthly salary. [redacted] confirmed there was no written agreement on how [redacted] was going to pay back the loan and it was when [redacted] arrived to Ecuador that [redacted] was told by [redacted] monthly salary would be relinquished. [redacted] believed [redacted] was doing well in Ecuador and that [redacted] would soon pay [redacted] debt in full then return to [redacted] (Attachment 11 – IAR: Records Review, [redacted] Email, dated 09/16/13)

On 09/19/13, OIG and RSO agents interviewed [redacted] who provided the following information:

Summer Hire Issue:

[redacted] confirmed that in April 2013, [redacted] approached [redacted] and asked [redacted] was able to work as a summer intern for PAS. Because [redacted] had worked for the consular section as a summer hire the previous year and USAID funded the position, [redacted] mentioned to [redacted] that USAID would again fund [redacted] position.

[redacted] thought it was a good idea to have [redacted] work for PAS, but wanted to clear up the funding issue with [redacted]. [redacted] responded by stating that the attempt to place [redacted] in a specific summer hire position violated ethics rules. The issue was argued between [redacted] and [redacted] and [redacted] backed off from the conversation. In the end, PAS decided that it did not need a summer intern and the position was

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not created. [redacted] was hired by INL and USAID did not fund the INL position because the funding rules were changed obligating the hiring agency to fund the summer intern position.

Procurement Issue:

In May 2013, [redacted] was approached by HR who was looking for the embassy's annual award ceremony. [redacted] met with HR representative [redacted] who told [redacted] that the embassy was going to purchase 20 cakes from [redacted] agreed to the deal, but acknowledged that [redacted] did not receive a written agreement from HR.

Two days prior to the ceremony, [redacted] again met with [redacted] to inquire about the logistics of delivering the cakes. [redacted] that the embassy no longer needed to purchase the cakes and that they contracted another supplier to cater the event. Because [redacted] had already made 14 cakes, [redacted] agreed to buy the 14 cakes for [redacted] was upset because [redacted] had already purchased ingredients to make 20 cakes and [redacted] lost money due to the embassy's failure to honor the commitment to purchase 20 cakes. [redacted] wrote an email to [redacted] and the [redacted] explaining the issue and expressing [redacted] disappointment with the procurement process. [redacted] replied that [redacted] was again violating ethics rules.

Terms of Employment Issue:

[redacted] has known [redacted] since [redacted] was stationed at USAID [redacted] worked for [redacted] in [redacted] and they enjoyed a friendly relationship and kept in touch since [redacted] left [redacted] Last year, [redacted] reached out to [redacted] asking if [redacted] knew anyone in [redacted] looking for a [redacted] because [redacted] current employer was leaving [redacted] in the near future. [redacted] jokingly told [redacted] that [redacted] was looking for a [redacted] in Ecuador. [redacted] reacted positively and told [redacted] was interested in coming to Ecuador to work for [redacted] [redacted] agreed and paid for [redacted] travel expenses to get to Ecuador.

[redacted] provided [redacted] with a salary of [redacted] per month plus room and board. To make extra money, [redacted] was allowed to work part time for another embassy family and [redacted] was allowed to bake and sell cakes for the embassy community. [redacted] confirmed [redacted] loaned [redacted] a substantial amount of money on several occasions because [redacted] was building a house in [redacted] and also needed to pay for [redacted] university expenses. [redacted] also confirmed [redacted] deducted [redacted] entire monthly salary and applied it to [redacted] balance. [redacted] also paid [redacted] (to reduce the debt) with some of the money [redacted] made from [redacted] part time job and cake selling side business. [redacted] maintained records of [redacted] payments and loan balance.

[redacted] confirmed that [redacted] terms of employment were not discussed prior to [redacted] arrival. [redacted] also confirmed that [redacted] was not providing [redacted] with the labor benefits required by

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(b)(6);(b)(7)(C) the government of Ecuador to include social security payments, two bonus payments at the end of the year, and a raise in salary for the second year of employment. (b)(6);(b)(7)(C) agreed (b)(6);(b)(7)(C) was going to provide these benefits for (b)(6);(b)(7)(C) (Attachment 12 – IAR: Interview of (b)(6);(b)(7)(C) dated 09/18/13)

(b)(6);(b)(7)(C) On 09/19/13, the OIG interviewed (b)(6);(b)(7)(C) While (b)(6);(b)(7)(C) worked as an HR (b)(6);(b)(7)(C) was put in charge of coordinating the embassy's annual award ceremony. On 05/02/13 (b)(6);(b)(7)(C) contacted (b)(6);(b)(7)(C) to ask if (b)(6);(b)(7)(C) had the capacity to cater the event. (b)(6);(b)(7)(C) told (b)(6);(b)(7)(C) that the embassy would need 20 cakes for the event and (b)(6);(b)(7)(C) confirmed (b)(6);(b)(7)(C) was capable and willing to provide the cakes. (b)(6);(b)(7)(C) did not make a commitment to procure the cakes from (b)(6);(b)(7)(C) as (b)(6);(b)(7)(C) goal for the meeting was only to determine the (b)(6);(b)(7)(C) capacity and pricing. (b)(6);(b)(7)(C) admitted that (b)(6);(b)(7)(C) probably was not very clear of (b)(6);(b)(7)(C) intentions and understands how (b)(6);(b)(7)(C) misunderstood the purpose of the meeting. However, no formal or written agreement was made to procure cakes from (b)(6);(b)(7)(C)

(b)(6);(b)(7)(C) Two days prior to the event, (b)(6);(b)(7)(C) about the logistics of delivering the cakes to the event. (b)(6);(b)(7)(C) was surprised and informed (b)(6);(b)(7)(C) that the embassy contracted another caterer for the event. (b)(6);(b)(7)(C) was upset and informed (b)(6);(b)(7)(C) that (b)(6);(b)(7)(C) purchased all the materials and had already made 14 cakes for the event. (b)(6);(b)(7)(C) was able to procure the 14 cakes made by (b)(6);(b)(7)(C) and asked (b)(6);(b)(7)(C) to tell (b)(6);(b)(7)(C) not to make any more.

(b)(6);(b)(7)(C) The following day, (b)(6);(b)(7)(C) was approached in a public venue by (b)(6);(b)(7)(C) who was rude and upset. (b)(6);(b)(7)(C) demanded that the embassy honor its commitment and reimburse (b)(6);(b)(7)(C) in additional (b)(6);(b)(7)(C) for the ingredients (b)(6);(b)(7)(C) bought to make the 20 cakes. (b)(6);(b)(7)(C) said (b)(6);(b)(7)(C) was unprofessional and (b)(6);(b)(7)(C) didn't appreciate the way (b)(6);(b)(7)(C) addressed (b)(6);(b)(7)(C). The matter was directed to HR who made the determination that they were not going to reimburse the additional (b)(6);(b)(7)(C)

(b)(6);(b)(7)(C) (b)(6);(b)(7)(C) did not believe (b)(6);(b)(7)(C) had any bad intentions or violated any ethics rules. (b)(6);(b)(7)(C) believed that it was a misunderstanding whereby (b)(6);(b)(7)(C) assumed the embassy made a commitment to purchase cakes from (b)(6);(b)(7)(C) assumed that (b)(6);(b)(7)(C) would not have asked (b)(6);(b)(7)(C) to make the cakes without having anything in writing from Procurement. (Attachment 13 – IAR: Interview of (b)(6);(b)(7)(C) dated 09/19/13)

(b)(6);(b)(7)(C) On 09/28/13, the OIG received an email from (b)(6);(b)(7)(C) documenting how much money (b)(6);(b)(7)(C) had earned and how much money (b)(6);(b)(7)(C) had loaned (b)(6);(b)(7)(C) claimed (b)(6);(b)(7)(C) lent (b)(6);(b)(7)(C) family in (b)(6);(b)(7)(C) including (b)(6);(b)(7)(C) deposit for (b)(6);(b)(7)(C) family to build a home. (b)(6);(b)(7)(C) claimed that (b)(6);(b)(7)(C) had paid back (b)(6);(b)(7)(C) through the garnishing of (b)(6);(b)(7)(C) per month salary (including newly added bonuses) and through extra payments that (b)(6);(b)(7)(C) earned from other jobs. According to (b)(6);(b)(7)(C) debt balance was (b)(6);(b)(7)(C) (Attachment 14 – IAR: Records Review (b)(6);(b)(7)(C) Debt Balance, dated 09/30/13)

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

(b)(6);(b)(7)(C) This matter is closed.

(b)(6);(b)(7)(C) **SUBJECT:**

(b)(6);(b)(7)(C) 1. **Name (First, Middle, Last):** [REDACTED]

Date of Birth: [REDACTED]

Place of Birth: [REDACTED]

Email: [REDACTED]@usaid.gov

Position: U.S Direct Hire, USAID/Ecuador [REDACTED]

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

UNDEVELOPED LEADS:

None

DISPOSITION OF EVIDENCE, CONTRABAND, OR PERSONAL PROPERTY:

None

JUDICIAL AND ADMINISTRATIVE ACTIONS:

None

(b)(6);(b)(7)(C) **ATTACHMENTS:**

(b)(6);(b)(7)(C) 1. Investigative Activity Report (IAR): Records Review, RSO Investigation File, dated 07/16/13

(b)(6);(b)(7)(C) 2. IAR: [REDACTED] interview, dated 07/16/13

(b)(6);(b)(7)(C) 3. IAR: [REDACTED] interview, dated 07/16/13

(b)(6);(b)(7)(C) 4. IAR: Records Review [REDACTED] Ecuadorian Work Visa Request Package dated 07/16/13

(b)(6);(b)(7)(C) 5. IAR: [REDACTED] interview, dated 07/18/13

(b)(6);(b)(7)(C) 6. IAR: [REDACTED] interview, dated 07/18/13

(b)(6);(b)(7)(C) 7. IAR: Records Review, Management Notice number 07/11, dated 07/24/13

(b)(6);(b)(7)(C) 8. IAR: Records Review, Email Conversations, dated 07/24/13

(b)(6);(b)(7)(C) 9. IAR: Records Review, Email Conversation [REDACTED] dated 8/26/13

(b)(6);(b)(7)(C) 10. IAR: Records Review, [REDACTED] USAID Emails, dated 09/15/13

(b)(6);(b)(7)(C) 11. IAR: Records Review [REDACTED] Email, dated 09/16/13

(b)(6);(b)(7)(C) 12. IAR: Interview of [REDACTED] dated 09/18/13

(b)(6);(b)(7)(C) 13. IAR: Interview of [REDACTED] dated 09/19/13

(b)(6);(b)(7)(C) 14. IAR: Records Review [REDACTED] Debt Balance, dated 09/30/13

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

FILE COPY**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF INSPECTOR GENERAL/INVESTIGATIONS****REPORT OF INVESTIGATION**

Case Title: [REDACTED]
Case Number: [REDACTED]
Status: Interim
Period of Investigation: 01/08/14 - present
OIG/I Office: San Salvador, El Salvador

Synopsis:

This investigation was predicated on information received by the OIG that two Honduran Nationals, [REDACTED] falsified bank documents and embezzled money from USAID/Honduras Foreign Service National (FSN) personal bank accounts and USAID/Honduras operating accounts. The subjects were employed by Banpais, a Honduran financial institution that provided banking services to USAID/Honduras. Banpais conducted an internal investigation into the matter. At the time of this report, Banpais was in the process of pursuing criminal charges against [REDACTED]. Banpais reimbursed the accounts of the affected FSNs and reimbursed USAID/Honduras approximately \$57,666 for its operating account losses. During the investigation, Banpais discovered several emails that suggested USAID/Honduras FSN [REDACTED] may have been aware of the scheme and was a possible accomplice.

The OIG, with the assistance of the [REDACTED] in Tegucigalpa, Honduras, conducted an investigation and discovered that [REDACTED] suspicious emails, which seemed to implicate [REDACTED] in the scheme, were altered and used by the perpetrators to facilitate and cover up the scheme. The investigation did not uncover any evidence to suggest that [REDACTED] or any other USAID/Honduras employee, was aware and/or involved in the fraudulent scheme perpetrated by [REDACTED]. However, it was discovered that the actions and/or inactions of several FSNs inadvertently facilitated the perpetrators' illicit activities. These include:

REPORT MADE BY: Name:**Signature:****Date Signed:** 04/09/14**APPROVING OFFICIAL:****Name:
Signature:****Date Signed:****///SENSITIVE I****IED//**

///SENSITIVE BUT UNCLASSIFIED///

Report of Investigation:

Period: 01/08/14 - present

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1. USAID/Honduras [redacted] who was responsible for reconciling the USAID/Honduras operating accounts, failed to report several red flags that, if properly identified and reported, may have led to the detection of the fraudulent scheme.

2. USAID/Honduras [redacted] who had a friendly relationship with [redacted] was asked and agreed to do at least two questionable favors for [redacted]. In one instance [redacted] transferred \$1,500 to [redacted] account [redacted] withdrew the cash and gave it to [redacted] because, according to [redacted] cash register was short on cash. [redacted] did not immediately report the incident to [redacted] supervisors. Rather, the incident was reported after [redacted] learned that [redacted] and [redacted] were involved in a fraudulent scheme. A second instance took place on 09/10/13, when a [redacted] equest [redacted] helped [redacted] enter through the back entrance of the USAID/Honduras building in order to conceal [redacted] tardiness from a Banpais auditor.

3. USAID/Honduras [redacted] request, agreed to send an email taking responsibility for causing [redacted] tardiness on 09/10/13. The email was untruthful because on that date [redacted] attended an off-site meeting and arrived to work after 10:00 am. [redacted] also admitted [redacted] had a personal relationship with [redacted] that extended after working hours.

Details of Investigation:

On 01/29/14, the OIG interviewed USAID/Honduras [redacted] and USAID/Honduras [redacted] stated that Banpais provided banking services to USAID/Honduras since 2002 and operated a banking [redacted] located in the USAID/Honduras building. [redacted] were the Banpais employees that worked at the USAID window. On 11/12/13, [redacted] employment with Banpais was suddenly terminated. According to bank officials [redacted] was let go because of normal bank restructuring. Several days later, an FSN reported missing money from [redacted] personal Banpais bank account and as a result, [redacted] was transferred to another bank branch. Shortly thereafter, several more FSNs complained that they were also missing funds from their accounts. The information was reported to Banpais, which began an internal investigation into the matter.

[redacted] stated that in November 2013 [redacted] received bank statements for the USAID/Honduras operating accounts for the month of October 2013. [redacted] noticed that the beginning balance did not match the ending balance of the September statements. Because [redacted] only had copies of the September statement [redacted] requested an original from Banpais. Upon receiving them [redacted] noticed that these September statements differed from the statement [redacted] had on file. The September statements received directly from Banpais listed six additional cash withdrawals totaling over \$38,000.

///SENSITIVE BUT UNCLASSIFIED///

///SENSITIVE BUT UNCLASSIFIED///

Report of Investigation: [REDACTED]

Period: 01/08/14 - present

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[REDACTED] notified Banpais of the discrepancies in the statements and the bank provided a copy of USAID/Honduras payment request document # 082/13, which listed and justified the additional September withdrawals. The payment request listed these transactions as advance per diem payments for unnamed USAID/Honduras employees. [REDACTED] searched for the original payment request document # 082/13 in the USAID/Honduras files, and [REDACTED] found the original record, which was a payment request of \$3,564.85 to the mission's cellular telephone provider. It appeared that this original document was copied and the date and expense information was altered in order to justify the unauthorized cash withdrawals. Banpais received this fraudulent payment request from its USAID/Honduras branch window employees.

During a subsequent meeting with Banpais officials, [REDACTED] learned that Banpais possessed the original fraudulent September bank statements that were supposed to be in USAID/Honduras files. The bank officials claimed the statements were given to the USAID/Honduras bank window by [REDACTED]. Banpais officials also said that on 09/10/13, the same day the fraudulent cash withdrawals were recorded, the bank conducted a routine audit of the USAID/Honduras bank [REDACTED] operations. The Banpais auditor arrived at USAID/Honduras at approximately 0800 hours and was met by [REDACTED] who informed [REDACTED] was late and that [REDACTED] needed to wait outside for [REDACTED] arrival. About 30 minutes later, the auditor saw [REDACTED] already inside of the USAID/Honduras building. [REDACTED] then changed [REDACTED] story and told the auditor that [REDACTED] had forgotten the [REDACTED] opened the bank [REDACTED] earlier at the request of USAID/Honduras to perform some urgent cash disbursements of per diem advances for employees going to Afghanistan. The auditor became suspicious and later requested confirmation from USAID/Honduras. The bank received justification via email from [REDACTED] confirmed there were no authorized cash disbursements and that there were no USAID/Honduras employees going to Afghanistan on 09/10/13. (*Attachment 1 - Investigative Activity Report (IAR) Interview of [REDACTED] 01/29/14*)

On 01/29/14, the OIG interviewed Banpais bank officials, who stated that Banpais was preparing for a criminal case against [REDACTED]. The bank uncovered evidence that approximately \$85,000 was stolen by [REDACTED] with the possible collaboration of [REDACTED]. Part of the money was stolen from USAID/Honduras FSN personal accounts and part from USAID/Honduras operating accounts. The bank had reimbursed USAID/Honduras and all the personal FSN accounts in full. Banpais did not have evidence to suggest any USAID employees were involved in the scheme with the exception of [REDACTED] whose email justified the fraudulent cash withdrawals that took place on 09/10/13. (*Attachment 2 - IAR: Interview of Banpais Bank Officials, 01/29/14*)

On 01/30/14, the OIG interviewed USAID/Honduras [REDACTED] who confirmed [REDACTED] received the original USAID/Honduras Banpais September bank statements for the

///SENSITIVE BUT UNCLASSIFIED///

///SENSITIVE BUT UNCLASSIFIED///

Report of Investigation: [REDACTED]

Period: 01/08/14 - present

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USAID/Honduras operating accounts. [REDACTED] received the statements in late October and finished reconciling the accounts for September in mid-November. [REDACTED] did not find any deficiencies or suspicious activities in the September reconciliation. [REDACTED] then departed on vacation from 11/27/14 to 12/16/14. Upon returning from vacation, [REDACTED] was informed of the possible fraud with the September statements and was asked to locate the originals. [REDACTED] was not able to locate the originals and said the only explanation was that someone grabbed the originals from [REDACTED] desk during [REDACTED] absence. [REDACTED] claimed [REDACTED] did not know how Banpais possessed the original statements.

The OIG reviewed [REDACTED] account reconciliation files where [REDACTED] kept original bank statements for USAID/Honduras operating accounts for the period of January 2013 to September 2013. The OIG observed that the only original statement missing was for the month of September. The September account reconciliation was filed with copies of the bank statements. (Attachment 3 – LAR: Interview of [REDACTED] 01/30/14)

On 01/30/14, the OIG interviewed USAID/Honduras [REDACTED] who stated that [REDACTED] was the Banpai [REDACTED] from [REDACTED]. As the [REDACTED] primarily dealt with [REDACTED] who was considered part of the USAID family and with whom FSNs placed a lot of trust and confidence. [REDACTED] took advantage of that trust and manipulated FSNs to take money from their personal accounts. These incidents were not reported to [REDACTED] and [REDACTED] was not aware of [REDACTED] manipulation of FSNs bank accounts until after [REDACTED] departure from the bank. [REDACTED] claimed [REDACTED] was not aware that the USAID/Honduras operating accounts were also affected until [REDACTED] was informed by the OIG during this interview. [REDACTED] stated [REDACTED] developed a friendly relationship with [REDACTED] but [REDACTED] was never romantically or emotionally involved with [REDACTED]. [REDACTED] said [REDACTED] had not communicated with [REDACTED] since [REDACTED] found out [REDACTED] was possibly involved in stealing money from FSN personal accounts.

On 09/10/13, as [REDACTED] was coming in to work in the morning, [REDACTED] saw [REDACTED] and had a brief conversation where [REDACTED] asked [REDACTED] to make sure [REDACTED] paid some general recurring expenses that had been late in the past. Later that afternoon, [REDACTED] told [REDACTED] arrived late to a meeting with a bank auditor that morning and that [REDACTED] was in trouble for it. [REDACTED] asked [REDACTED] to send an email explaining that [REDACTED] was the cause of [REDACTED] tardiness. [REDACTED] agreed and sent an email to [REDACTED] apologizing for causing [REDACTED] tardiness.

At the OIG request, [REDACTED] conducted a search of emails in [REDACTED] sent folder for 09/10/13. [REDACTED] found the email sent to [REDACTED] justifying [REDACTED] tardiness. After analyzing the email, the OIG discovered that the email sent by [REDACTED] was a one sentence apology to [REDACTED] for causing [REDACTED] tardiness. The email forwarded to [REDACTED] Banpais officials also included a justification for the fraudulent cash withdrawals documented on 09/10/13. It appeared that [REDACTED] email was altered and then forwarded to Banpais management by [REDACTED].

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Report of Investigation: [REDACTED]

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(b)(6);(b)(7)(C) The OIG discovered a second email from [REDACTED] that appeared to be altered by [REDACTED] and forwarded to Banpais management. The email was a request from USAID/Honduras to Banpais to keep excess cash on hand, and was sent by [REDACTED] to Banpais on 08/30/13. The same email was forwarded by [REDACTED] to Banpais management, but the date was changed to reflect 09/10/13, which was the day the fraudulent cash withdrawals were recorded. (Attachment 4 – IAR: Interview of [REDACTED] 01/30/14)

From 01/10/14 to 02/06/14, the OIG reviewed the following documents which appeared to be altered by Banpais, USAID/Honduras branch window employees:

(b)(6);(b)(7)(C) A. Banpais September 2013 Statement for USAID/Honduras' Operating Expense and Petty Cash Account

(b)(6);(b)(7)(C) According to USAID/Honduras and Banpais officials, these statements were provided to [REDACTED]. The statements were determined to be fraudulent by Banpais. The statement omitted six cash withdrawals totaling approximately \$42,813.

(b)(6);(b)(7)(C) B. USAID/Honduras Payment Request # 082/13 (Fraudulent Copy)

(b)(6);(b)(7)(C) This document was provided to USAID/Honduras by Banpais headquarters as a justification for the extra cash [REDACTED] fund on the actual September statements. Banpais received this document from [REDACTED]. The payment request listed six per diem cash advances totaling \$38,861. [REDACTED] original payment request document, a petty cash payment of \$3,565, was stored in USAID/Honduras files. It appeared this document was copied and the content and date were altered to justify a cash shortage on 09/10/13.

(b)(6);(b)(7)(C) C. Email from [REDACTED] Requesting Permission to Keep Excess Cash on Hand

(b)(6);(b)(7)(C) This email was provided to USAID/Honduras by Banpais management, who received it from [REDACTED] on 09/10/13. The email was a request for permission to keep excess cash at the USAID/Honduras Banpais branch [REDACTED]. The email was addressed to [REDACTED] and dated 09/10/13.

(b)(6);(b)(7)(C) A search of [REDACTED] sent emails for 09/10/13 did not reveal the above email. However, a search by subject name revealed the same email, but the email was addressed to Banpais management and was dated 08/30/13. It appeared that the date and recipients were altered then forwarded to Banpais.

(b)(6);(b)(7)(C) D. Email from [REDACTED]

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///SENSITIVE BUT UNCLASSIFIED///

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This email was provided to USAID/Honduras by Banpais headquarters, who received it from [REDACTED]. In the email, dated 09/10/13, [REDACTED] apologized for causing [REDACTED] tardiness and seemed to refer to the fraudulent cash withdrawal transactions.

A search of [REDACTED] sent emails for 09/10/2013 confirmed that [REDACTED] sent the email to [REDACTED]. However, the email only contained one short sentence apologizing for causing [REDACTED] tardiness; there was no mention or reference to the cash withdrawals. It appeared that [REDACTED] original email was altered to make it seem as if [REDACTED] justified the suspicious transactions of 09/10/13. (*Attachment 5 – IAR: Records Review, Fraudulent Documents, 02/06/14*)

On 02/06/14, Banpais reimbursed USAID/Honduras approximately \$45,420. (*Attachment 6 – IAR: Records Review, Reimbursement of Funds, 02/06/14*)

On 02/06/14, the OIG reviewed [REDACTED] mission-provided cellular telephone records from September 2012 to December 2013, which listed 35 calls made to telephone numbers belonging to [REDACTED]. The review revealed that 13 of the 35 calls were made after 5:00 pm, and two calls were made on weekends. No calls were listed after [REDACTED] was transferred from the USAID/Honduras Banpais branch. (*Attachment 7 – IAR: Records Review, [REDACTED] Cell Phone Records, 02/06/14*)

On 02/12/14, the OIG interviewed [REDACTED] who stated that [REDACTED] request for approval to keep excess cash on hand was not a regular USAID/Honduras procedure and was an odd request because 1) [REDACTED] did not provide a specific justification as to why the excess cash was needed. 2) The request was sent a few days before the fraudulent withdrawal of approximately \$5,000 by [REDACTED]. 3) [REDACTED] did not approve the request. 4) It was sent minutes before the bank closing time on a Friday. (*Attachment 8 – IAR: Interview of [REDACTED] (2), 02/12/14*)

On 02/19/14, the OIG interviewed Banpais [REDACTED] who stated that [REDACTED] request for excess cash was not unusual and was a regular business request, which did not raise any suspicions. [REDACTED] confirmed Banpais possessed the original fraudulent September bank statements, which they received from [REDACTED] in November 2013. The case against [REDACTED] and [REDACTED] was still ongoing. They were considering presenting the case directly to the Attorney General. (*Attachment 9 – IAR: Interview of Banpais Bank Officials (2), 02/19/14*)

On 02/19/14, the OIG interviewed [REDACTED] who stated that [REDACTED] had no knowledge or involvement in the fraud scheme. [REDACTED] stated that [REDACTED] stole money from USAID/Honduras employees by taking advantage of their trust and carelessness. [REDACTED] was not involved in the scheme in

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[REDACTED] any way, [REDACTED] had a friendly relationship with [REDACTED] that extended beyond professional. The relationship was only friendly and was not romantic or intimate. On 09/10/13, [REDACTED] was late to work when [REDACTED] called [REDACTED] and informed [REDACTED] about the surprise Banpais audit. When [REDACTED] arrived at approximately 8:55 am, [REDACTED] entered through the building's back entrance on foot and met [REDACTED] who gave [REDACTED] the keys to open the Banpais window. [REDACTED] helped [REDACTED] and [REDACTED] only as a favor so that [REDACTED] did not get in trouble for [REDACTED] tardiness. [REDACTED] claimed [REDACTED] saw [REDACTED] on [REDACTED] way to the bank window but did not have a conversation with [REDACTED]. Later that afternoon, [REDACTED] approached [REDACTED] and told [REDACTED] was in trouble for arriving late and asked [REDACTED] to send an email as a favor to cover for [REDACTED] tardiness. The email received by [REDACTED] was short and direct and it was not the same email that was shown to [REDACTED] several months later by Banpais management. At the end of that day, [REDACTED] came to the bank window and provided [REDACTED] with the fraudulent payment request document #082/13, showing the fraudulent cash withdrawals. (Attachment 10 – IAR: Interview of [REDACTED] 2/19/14)

On 02/20/14, the OIG interviewed USAID/Honduras [REDACTED] who stated that [REDACTED] identified four more transactions without supported documentation of approximately \$12,246. [REDACTED] stated that the fact that these transactions were discovered after USAID/Honduras was reimbursed by Banpais indicated negligence and a bad job performance by [REDACTED] also failed to identify several red flags that, if reported to USAID/Honduras in a timely manner, could have possibly identified the scheme earlier. (Attachment 11 – IAR: Interview of [REDACTED] 02/20/14)

On 02/20/14, the OIG interviewed USAID/Honduras [REDACTED] who stated that in February 2013, [REDACTED] asked [REDACTED] as a favor to deposit approximately \$1,500 into [REDACTED] bank account and then for [REDACTED] to withdraw the cash and give it to [REDACTED] because [REDACTED] cash register was short on cash. The money was transferred to [REDACTED] account; [REDACTED] withdrew the cash and gave it to [REDACTED] who did not know the origin of the \$1,500. In November 2013, after learning of the fraud scheme by [REDACTED] reported the incident to [REDACTED] USAID supervisors. [REDACTED] also said that on 09/10/13, [REDACTED] told [REDACTED] that [REDACTED] was late to work and that [REDACTED] was going to get in serious trouble because there was a surprise audit that morning. [REDACTED] asked [REDACTED] to meet [REDACTED] in the building's back entrance and give [REDACTED] the keys to open the Banpais bank [REDACTED] reluctantly agreed to give the keys to [REDACTED] as [REDACTED] was entering through the back entrance. [REDACTED] was not aware nor did [REDACTED] suspect any illegal activity at the time [REDACTED] agreed to carry out this favor. (Attachment 12 – IAR: Interview of [REDACTED] 02/20/14)

On 02/20/14, the OIG interviewed [REDACTED] who stated [REDACTED] was unaware of the fraudulent scheme while it was occurring. [REDACTED] also stated that the anomalies on the Banpais statements did not raise [REDACTED] suspicions. After [REDACTED] learned about the scheme, [REDACTED] investigated these anomalies more thoroughly and reported them to [REDACTED] supervisors. [REDACTED] again denied returning the original

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Report of Investigation: [REDACTED]

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September statements to Banpais, and said [REDACTED] did not have an explanation of how Banpais obtained the statements. (Attachment 13 – IAR: Interview of [REDACTED] (2), 02/20/14)

On 02/20/14, the OIG interviewed [REDACTED] who stated that the email sent on 08/30/13 asking for Banpais' approval for the bank window to keep excess cash was a normal business request. [REDACTED] sent the email after [REDACTED] verbally informed [REDACTED] that some FSNs had not withdrawn their salary that day so the bank window had a higher level of cash on hand than usual. The email was sent to Banpais management and they approved the request. [REDACTED] did not copy USAID/Honduras [REDACTED] because [REDACTED] considered the email to be routine. [REDACTED] did not know the reason why [REDACTED] email was altered and resent by [REDACTED] on 09/10/13.

[REDACTED] stated [REDACTED] had conducted a search of [REDACTED] records and remembered that on 09/10/13 [REDACTED] attended an offsite meeting with World Bank officials and that [REDACTED] did not arrive to USAID/Honduras until after 10:00 am. [REDACTED] said the conversation with [REDACTED] must have taken place at [REDACTED] came in after 10:00 am. Later that afternoon, [REDACTED] was approached by [REDACTED] who asked [REDACTED] if [REDACTED] could send an email justifying [REDACTED] tardiness. [REDACTED] did not see anything wrong with the request as [REDACTED] believed [REDACTED] was only late for a meeting with the auditor and did not want to see [REDACTED] get in trouble just for that reason. [REDACTED] said that [REDACTED] was not aware and was not part of the fraud scheme. [REDACTED] believed that [REDACTED] and [REDACTED] took advantage of [REDACTED] general trust and friendship and used [REDACTED] to facilitate their scheme. (Attachment 14 – IAR: Interview of [REDACTED] (2), 02/20/14)

On 02/26/14, the OIG reviewed an email from Banpais [REDACTED] In the email, [REDACTED] claimed that Banpais received the USAID/Honduras September bank statements from [REDACTED] However, [REDACTED] could not find any written evidence to support [REDACTED] statement. (Attachment 15 – IAR: Records Review, Banpais Email dated 02/26/14)

On 02/28/14, the OIG interviewed [REDACTED] who stated that in mid-November, [REDACTED] approached the bank [REDACTED] and demanded the USAID/Honduras October bank statements. [REDACTED] said [REDACTED] was angry and frustrated because [REDACTED] had been asking for the October statements several times and had not received them. At the time of [REDACTED] request, [REDACTED] was no longer employed at Banpais and [REDACTED] was temporarily replaced by [REDACTED] At [REDACTED] request, [REDACTED] visited [REDACTED] at [REDACTED] office and asked [REDACTED] to show [REDACTED] the last statements [REDACTED] had received from Banpais. [REDACTED] gave [REDACTED] the September bank statements, which [REDACTED] gave to [REDACTED] for resolution of the issue. [REDACTED] said [REDACTED] was positive [REDACTED] received the statements from [REDACTED] and not from another USAID/Honduras employee. (Attachment 16 – IAR: Interview of [REDACTED] (2), 02/28/14)

On 02/28/14, the OIG reviewed email records associated with [REDACTED] forwarded an email chain between [REDACTED] and Banpais officials regarding [REDACTED] suggestions to improve

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[REDACTED] services to USAID/Honduras. In the email, among other items [REDACTED] mentioned Banpais' authorization to allow its USAID/Honduras bank [REDACTED] to keep excess cash for payroll requirements. The email was sent by [REDACTED] to Banpais and USAID/Honduras officials on 02/27/13.

On 04/02/14, Banpais reimbursed USAID/Honduras an additional \$12,246. The total amount reimbursed by Banpais was approximately \$57,666. (Attachment 17 – IAR: Records Review, Second Reimbursement of Funds, 04/02/14)

SUBJECTS:

[REDACTED]
USAID/Honduras, Foreign Service National

[REDACTED]
@usaid.gov

[REDACTED]
USAID/Honduras, Foreign Service National

[REDACTED]
@usaid.gov

[REDACTED]
USAID/Honduras, Foreign Service National

[REDACTED]
@usaid.gov

Undeveloped Leads:

The OIG will conduct a review of [REDACTED] and [REDACTED] emails.

Disposition of Evidence, Contraband, or Personal Property:

None

Judicial and Administrative Actions:

This matter will be referred to USAID/Honduras for consideration of available administrative

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Report of Investigation: [REDACTED]

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

(b)(6);(b)(7)(C)
remedies.

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

1. IAR: Interview of [REDACTED] 01/29/14
2. IAR: Interview of Bannais Bank Officials, 01/29/14
3. IAR: Interview of [REDACTED] 01/30/14
4. IAR: Interview of [REDACTED] 01/30/14
5. IAR: Records Review, Fraudulent Documents, 02/06/14
6. IAR: Records Review, Reimbursement of Funds, 02/06/14
7. IAR: Records Review [REDACTED] Cell Phone Records, 02/06/14
8. IAR: Interview of [REDACTED] (2), 02/12/14
9. IAR: Interview of Bannais Bank Officials (2), 02/19/14
10. IAR: Interview of [REDACTED] 02/19/14
11. IAR: Interview of [REDACTED] 02/20/14
12. IAR: Interview of [REDACTED] 02/20/14
13. IAR: Interview of [REDACTED] (2), 02/20/14
14. IAR: Interview of [REDACTED] (2), 02/20/14
15. IAR: Records Review, Bannais Email 02/26/14
16. IAR: Interview of [REDACTED] 2, 02/28/14
17. IAR: Records Review, Second Reimbursement of Funds, 04/02/14

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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: 05/05/14-06/30/14
OIG/I Office: San Salvador, El Salvador

Synopsis:

The synopsis of this investigation was previously documented on an interim Report of Investigation (ROI) sent by the OIG to USAID/Honduras on 04/11/2014. The interim ROI was created due to an unanticipated delay in collecting and reviewing the official email accounts of USAID/Honduras Foreign Service National (FSN) employees [REDACTED]. The interim ROI was utilized by USAID/Honduras to support its decision to suspend the above named employees for unprofessional behavior that inadvertently assisted Banpais employees [REDACTED] to cover up an embezzlement scheme.

The email account review did not produce any evidence to suggest that [REDACTED] or [REDACTED] were aware of or involved in the embezzlement scheme.

This case is closed.

Details of Investigation:

On 05/05/14, the OIG reviewed the email accounts for [REDACTED] and [REDACTED] and did not find evidence to suggest their involvement with the Banpais employees in perpetrating the embezzlement scheme. (*Attachment 1 – IAR: Records Review, Email Accounts, dated 05/05/14*)

REPORT MADE BY:

Name:

Date Signed:

Signature:

07/14/2014

APPROVING OFFICIAL:

Name:

Date Signed:

Signature:

Report of Investigation: [REDACTED]

Period: 05/05/14-06/30/14

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

As a result of the investigation findings documented in the interim ROI, USAID/Honduras took the following disciplinary action on 6/30/14:

- [REDACTED] 5 days suspension
- [REDACTED] 10 days suspension
- [REDACTED] 3 days suspension

(Attachment 2 – USAID/Honduras Notification of Personnel Action, dated 06/30/14)

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

SUBJECTS:

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

[REDACTED]
USAID/Honduras, Foreign Service National

[REDACTED]
[REDACTED]
[REDACTED]@usaid.gov

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

[REDACTED]
USAID/Honduras, Foreign Service National
Accountant

[REDACTED]
[REDACTED]
[REDACTED]@usaid.gov

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

[REDACTED]
USAID/Honduras, Foreign Service National

[REDACTED]
[REDACTED]
[REDACTED]@usaid.gov

Undeveloped Leads:

None

Disposition of Evidence, Contraband, or Personal Property:

None

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

Judicial and Administrative Actions:

As a result of the investigation, USAID/Honduras suspended [REDACTED] for three days, [REDACTED] for ten days, and [REDACTED] for three days.

Attachments:

Report of Investigation:

Period: 05/05/14-06/30/14

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1. IAR: Records Review, Email Accounts, dated 05/05/14
2. USAID/Honduras Notification of Personnel Action, dated 06/30/14

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

REPORT OF INVESTIGATION

Case Title: MCA/Mongolia **Case Number:** [REDACTED]
Status: Completed
Period of Investigation: 09/23/2010 – 10/04/2011 **OIG/I Office:** RIG/Manila

Synopsis:

On 08/27/2010, the [REDACTED] for the Millennium Challenge Corporation (MCC) received a memorandum dated 08/23/2010 from [REDACTED] MCC [REDACTED] in Washington, D.C. The memorandum alleged that [REDACTED] MCA/Mongolia [REDACTED] pressured BlomInfo A/S, implementer of MCA/Mongolia contract #CA/MCA-M/MCC/PRP/CS/049/2009, *Technology of the System for State Registration of Rights to Immovable Property* contract (aka, Blom-2 contract), for an invitation to visit their office in Copenhagen for [REDACTED] and other MCA/Mongolia staff prior to the negotiations and award of the Blom-2 contract. In addition, BlomInfo allegedly paid for the lodging expenses of [REDACTED] and [REDACTED] MCA/Mongolia [REDACTED] while in Copenhagen as well as round-trip flights between Copenhagen and Oslo, Norway. Oslo was the location of BlomInfo's headquarters office, and Copenhagen was the location of their branch office that submitted the Blom-2 proposal to MCA/Mongolia.

Other allegations that emerged during the course of the investigation involved [REDACTED] pressuring personnel at the BlomInfo/Mongolia office in Ulaanbaatar to hire [REDACTED]. Also, it was alleged that [REDACTED] MCA/Mongolia [REDACTED] pressured BlomInfo/Mongolia to rent an apartment owned by one of [REDACTED] relatives for use by their expatriate staff. Furthermore, it was alleged that [REDACTED] asked an MCC/Mongolia staff member to falsify a document related to cleaning services after it was discovered that such cleaning staff was double-paid for cleaning services for both the MCC/Mongolia and MCA/Mongolia offices.

Witness interviews and documents indicated that [REDACTED] was present the day contract proposals for the Blom-2 Procurement were opened on 01/06/2010. Also, [REDACTED] made the request to visit BlomInfo/Denmark the day the proposals were opened, which was prior to contract negotiations and the actual award of the Blom-2 contract on 02/23/2010. In addition, it was verified that BlomInfo/Denmark paid for [REDACTED] lodging while in Copenhagen and flights between Copenhagen and Oslo.

Furthermore, an interview of a former BlomInfo/Mongolia employee indicated that they were pressured by [REDACTED] to hire [REDACTED] and pay [REDACTED] the higher salary of [REDACTED] even

REPORT MADE BY:

Name:

Signature:

Date Signed:

10/04/2011

APPROVING OFFICIAL:

Name:

Signature:

Date Signed:

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

(b)(3);5 U.S.C. app. 3 § 7(b) - IG Act of 1978 as amended; (b)(6);(b)(7)(C)

(b)(3);5 U.S.C. app. 3 § 7(b) - IG Act of 1978 as amended; (b)(6);(b)(7)(C)

(b)(3);5 U.S.C. app. 3 § 7(b) - IG Act of 1978 as amended; (b)(6);(b)(7)(C)

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

(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)

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09/23/2010 – 10/04/2011

though [redacted] was hired in an administrative capacity. [redacted] admitted to forwarding [redacted] Curriculum Vitae (CV) to BlomInfo/Mongolia for their consideration along with other CV's, but denied pressuring them to hire [redacted]

[redacted] admitted that BlomInfo/Mongolia expatriate staff did rent an apartment owned by [redacted] but insisted that there was no pressure put on BlomInfo/Mongolia to rent the apartment from [redacted] relative. The investigation also revealed that [redacted] asked the MCC/Mongolia [redacted] to issue a fraudulent document to MCA/Mongolia indicating that the office housekeeper's contract with MCC/Mongolia was on an award/bonus basis in order to prevent the cleaner from having to pay back one years' worth of cleaning services for which [redacted] was double-paid.

As a result of the investigation, [redacted] were issued termination letters by MCA/Mongolia's [redacted] for accepting travel benefits from an MCA contractor during their trip abroad. The reporting agent (RA) was notified by MCC/Mongolia that [redacted] would be served a termination letter for [redacted] part in having BlomInfo rent an apartment from [redacted] relative. This investigation is complete and will be closed upon verification that [redacted] terminations were upheld and [redacted] was served [redacted] termination letter.

Details of Investigation:

On 09/22/2010, OIG Special Agent [redacted] interviewed [redacted] who indicated that 90% of the information in [redacted] memorandum came from [redacted] MCC/Mongolia, and [redacted]. In addition, to [redacted] knowledge no one has resigned from MCA/Mongolia and the parties who were asked to make a refund payment [for the Denmark trip] were protesting it. (Attachment 1, Memorandum of Interview for [redacted] dated 09/22/2010)

On 09/23/2010 SA [redacted] interviewed [redacted] who indicated that [redacted] MCC [redacted] was in Mongolia and received a complaint from BlomInfo about the MCA/Mongolia employees' trip to Copenhagen that BlomInfo had paid for. [redacted] had no direct contact with [redacted] about the trip or how it came to pass. [redacted] forwarded the information [redacted] had to the visiting OIG auditors and also communicated with [redacted] [redacted] knew that BlomInfo paid for [redacted] hotels in Copenhagen and airfare from Copenhagen-Oslo-Copenhagen. (Attachment 2, Memorandum of Interview for [redacted] dated 09/23/2010)

On 09/23-24/2010, SA [redacted] reviewed a 06/21/2010 email from [redacted] BlomInfo/Denmark, to [redacted] in which [redacted] indicated that [redacted] BlomInfo/Mongolia [redacted] was dismissed on MCA/Mongolia's request and that [redacted] could confirm that BlomInfo paid hotel accommodations for [redacted] and [redacted] in Copenhagen and round-trip airfares from Copenhagen-Oslo-Copenhagen. SA [redacted] also reviewed portions of Skype chats between [redacted] BlomInfo/Denmark [redacted] in which they discuss [redacted] request to visit the BlomInfo office in Denmark. The Skype chats took

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place between 01/06/2010 through 02/03/2010. (*Attachment 3, Records Review dated 09/23-24/2010*)

On 09/24/2010, SA [redacted] reviewed signed employment agreements for [redacted] and [redacted] effective 04/17/2008. Notable clauses reviewed include: 1) Clause 2.1 - [Employee shall] Perform...in accordance with the highest standards of professional and ethical competence and integrity...; 2) Clause 3.1 - The initial Base Salary shall be USD [redacted] per month; 3) Clause 4.3.2 - Termination with Cause. MCA/Mongolia may immediately terminate this Agreement with cause. For purposes of this Agreement, "cause" shall mean: ... (b) commission of any act of theft, fraud or dishonesty, (c) misuse of MCA-Mongolia's funds... (f) any action by the employee which has a detrimental effect on MCA/Mongolia's or MCC's reputation and/or its activities (g) material failure to comply with the Internal Labor Regulation and other material policies and procedures of MCA-Mongolia...; 4) Clause 9.1 - Conflict of Interest; Ethics...Employee affirms and agrees that no payments have been or will be received by employee in connection with employee's performance of [redacted] duties under this Agreement; and 5) Clause 9.3 - Employee agrees that [redacted] shall not ...solicit or accept or offer a third party or seek or be promised directly or indirectly for himself or for another person or entity, any gift, gratuity, favor or benefit, other than items of *de minimis* value and otherwise consistent with MCA/Mongolia's policies and procedures on conflict of interest and ethics or engage in any activity that is, of gives the appearance of being, a conflict of interest. (*Attachment 4, Records Review dated 09/24/2010*)

On 09/28/2010 SA [redacted] interviewed [redacted] MCA/Mongolia's [redacted] who indicated that BlomInfo already had one MCA/Mongolia contract when it bid on the second, much larger tender [Blom-2]. The first contract was for \$400,000 over the course of 18 months and the second was valued at \$3 million over three-and-a-half years. Around August 2010, OIG auditors were in Mongolia and advised the MCA/Mongolia [redacted] that [redacted] hotel in Copenhagen and round trip flights from Copenhagen to Oslo had been paid for by BlomInfo. [redacted] acknowledged this was problematic because it could be interpreted as a conflict of interest to have a contractor pay such expenses. [redacted] counseled both [redacted] and put a written order in their files. [redacted] told them they could lose their jobs and might have to repay the money spent by BlomInfo. (*Attachment 5, Memorandum of Interview for [redacted] dated 09/28/2010*)

On 09/28/2010, SA [redacted] interviewed [redacted] MCC [redacted] who indicated that [redacted] told [redacted] that [redacted] facilitated BlomInfo paying for MCA/Mongolia's trip to Denmark. [redacted] also told [redacted] that when BlomInfo set up its office in Ulaanbaatar [redacted] had it hire [redacted] and rent space in a location that was beneficial to [redacted] personally. (*Attachment 6, Memorandum of Interview for [redacted] dated 09/28/2010*)

On 09/28/2010, SA [redacted] interviewed [redacted] who requested confidentiality and indicated that an apartment was leased around April 2010 by [redacted] that belonged to [redacted] or [redacted] family. In addition, MCA/Mongolia made all [redacted] hiring decisions and BlomInfo's [redacted] (LNU), is [redacted] was a good [redacted] but [redacted] was unaware of whether a proper hiring process was undertaken or if [redacted]

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just got the job through [redacted] was not sure if [redacted] asked BlomInfo to send [redacted] to Denmark or if BlomInfo offered. (Attachment 7, Memorandum of Interview for [redacted] dated 09/28/2010)

On 10/05/2010, SA [redacted] interviewed [redacted] BlomInfo/Denmark International [redacted] who indicated that [redacted] was informed by BlomInfo/Mongolia [redacted] (LNU), that [redacted] approached [redacted] and said that after two contracts in Mongolia, BlomInfo needed to invite MCA/Mongolia to Denmark. [redacted] may have been confident BlomInfo would win [the Blom-2 award] as only one other firm, a local one, bid and was soon disqualified. [redacted] told [redacted] about [redacted] request in a Skype chat on or about 01/06/2010. [redacted] asked the BlomInfo/Denmark [redacted] who said to wait and see if they insisted on the trip. After a few more updates from [redacted] who reported [redacted] requests, [redacted] did not hear anything for a period of several weeks. BlomInfo was invited for contract negotiations on the second contract and [redacted] told [redacted] that MCA/Mongolia wanted to visit before the contract was signed. [redacted] thought it would look bad if the trip was taken before the contract was signed so MCA/Mongolia later changed its plans and the trip occurred after the Blom-2 contract was signed. (Attachment 8, Memorandum of Interview for [redacted] dated 10/05/2010)

On 10/06/2010, SA [redacted] reviewed a two-page trip report which [redacted] submitted to MCA/Mongolia that identified [redacted] and [redacted] as the participants and the main task was described as, "discussion with company management on the successful implementation of the two important projects of the PRP and visit of land registration agencies and other related organizations." The four-line mention of "discussion of administration of our two contracts" is the only item in the two-page document that specifically referenced a benefit accrued to in-person meetings in Denmark and Norway. (Attachment 9, Records Review dated 10/06/2010)

On 10/07/2010, SA [redacted] interviewed [redacted] BlomInfo/Denmark [redacted] who indicated that sometime in January 2010 [redacted] received word indirectly from [redacted] that a Mongolian delegation wanted to visit Denmark. The matter was proposed during the tender evaluation for the second contract [Blom-2]. It was [redacted] understanding that MCA/Mongolia wanted to learn more about their company before the contract was awarded. BlomInfo secured letters of invitation for [redacted] and those that were originally supposed to accompany [redacted] [redacted] crafted an agenda but none of it materialized at that time and [redacted] was not sure why the trip was delayed. According to [redacted] the request by MCA/Mongolia was, "absolutely unusual." It never happened before. Clients have visited but that usually happened much later during the contract execution. [redacted] considered the MCA/Mongolia officials to be guests and paid for their hotel in Copenhagen, flights to and from Oslo, and departing flights to Berlin. The week for the trip was unexpectedly selected by MCA/Mongolia. [redacted] was simply told one day that they purchased tickets and would come the week of 04/26/2010. The cost of the hotel and flights came to approximately \$2,700. [redacted] picked-up [redacted] at the airport and each morning at their hotel in [redacted] personal car. BlomInfo also bought them lunches, but no gifts or cash were provided. [redacted] expected to cover the cost but around 09/16/2010, [redacted] called [redacted] and asked [redacted] to send MCA/Mongolia an invoice which [redacted] produced the next day. (Attachment 10, Memorandum of Interview for [redacted] dated 10/07/2010)

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(b)(6);(b)(7)(C) On 10/08/2010, SA [redacted] interviewed [redacted] former BlomInfo [redacted] who indicated that [redacted] initiated the trip taken by MCA/Mongolia to Denmark. [redacted] around the time BlomInfo was awarded its second MCA/Mongolia contract that [redacted] wanted to go to Denmark to visit BlomInfo. In fact, [redacted] discussed it with [redacted] several times. [redacted] asked if BlomInfo got the message and what was going on with it. [redacted] told [redacted] three people would take the trip and later that the trip had to be delayed due to MCA/Mongolia scheduling conflicts. [redacted] prepared the requisite letters of invitation. [redacted] that MCA/Mongolia would be paying for the trip because it would be inappropriate, possibly corrupt, if BlomInfo paid for it. [redacted] also witnessed [redacted] applying pressure on [redacted] to hire [redacted] who was still working on the project. (Attachment 11, Memorandum of Interview for [redacted] dated 10/08/2010)

(b)(6);(b)(7)(C) On 10/08/2010, SA [redacted] interviewed [redacted] contractor who worked as a [redacted] for BlomInfo on the Blom-2 contract, who indicated that while in Ulaanbaatar, [redacted] lived in an apartment that [redacted] recommended. [redacted] in touch with the people that owned it but [redacted] was unaware of any connection between the apartment or its owners and [redacted] added that [redacted] was unaware of anything corrupt about MCA/Mongolia; however, in [redacted] years as a consultant, [redacted] never experienced a donor who demanded more control than did MCA/Mongolia. (Attachment 12, Memorandum of Interview for [redacted] dated 10/08/2010)

(b)(6);(b)(7)(C) On 11/01/2010, the RA interviewed [redacted] MCC/Mongolia, who indicated that MCA/Mongolia salaries were accounted for by GFA Consulting (GFA), a fiscal agent contracted by MCA/Mongolia to ensure that fiscal accountability guidelines established by the MCC compact with Mongolia were followed. [redacted] further explained that after MCA/Mongolia salaries were cleared through GFA, the U.S. Treasury deposited the salaries directly into each of MCA/Mongolia's individual employee bank accounts in U.S. dollars. With regards to program funds, once costs were cleared through GFA, the U.S. Treasury deposited the funds directly into MCA/Mongolia's vendors' accounts in U.S. dollars. If payments were to be made in Mongolian Tugriks, the U.S. Treasury deposited the funds into MCA/Mongolia's office account in U.S. dollars, and GFA then disbursed the funds to the vendors in Tugriks. BlomInfo, invoices with supporting documentation were forwarded from BlomInfo to MCA/Mongolia's Program Implementation Unit (PIU) that was responsible for overseeing BlomInfo's contract. Once the PIU reviewed and cleared the supporting documentation and signed-off on the invoices, they were forwarded to MCA/Mongolia's CFO for final approval. Once approved by the [redacted] the supporting documentation and invoices were forwarded to GFA for final clearance. Upon final clearance, GFA certified to the U.S. Treasury that the funds were cleared to be deposited in the relevant account. (Attachment 13, Memorandum of Interview for [redacted] dated 11/01/2010)

(b)(6);(b)(7)(C) On 11/01/2010, the RA interviewed [redacted] former [redacted] BlomInfo/Mongolia, who indicated that [redacted] believed BlomInfo/Mongolia bribed [redacted] to be awarded the Blom-2 contract. This was [redacted] only explanation for BlomInfo/Mongolia's hiring of [redacted] (LNU), and for paying [redacted] the top salary of a [redacted] even though [redacted] refused to [redacted] BlomInfo/Mongolia even created a new position for [redacted] as a [redacted] According to [redacted] was still employed by BlomInfo/Mongolia as a [redacted] In addition, [redacted] learned that BlomInfo/Denmark forwarded an

On 11/02/2010, the RA interviewed [redacted] who indicated [redacted] had no part in selecting the winning bidder for the Blom-2 contract and denied being present when the financial proposals for the Blom-2 contract were opened on 01/06/2010. According to [redacted] never pressured BlomInfo for an invitation to Denmark. [redacted] then indicated that after the Blom-2 contract was signed, MCA/Mongolia decided to visit BlomInfo's office in Copenhagen to discuss the implementation of the contract. When the RA asked how [redacted] and other MCA/Mongolia staff received an invitation from BlomInfo to visit their office in Denmark on 01/12/2010, six days after the opening of the Blom-2 contract financial proposals and prior to contract negotiations on 01/21-22/2010, [redacted] could not give a straight answer and kept insisting that the trip to Denmark did not occur until after the signing of the contract on 02/23/2010. When the RA pointed out that [redacted] travel request, travel authorization by [redacted] travel advance was taken out the day

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before contract negotiations even started and well before the actual signing of the contract, [redacted] refused to give a straight answer and again insisted that the trip to Denmark occurred after the contract was signed. [redacted] then indicated that [redacted] traveled to BlomInfo/Denmark from 04/25-05/02/2010. It was during the trip that BlomInfo/Denmark suggested that they travel to Norway to visit their headquarters office in Oslo and meet with BlomInfo senior management. While [redacted] and [redacted] were checking out of their Copenhagen hotel, the man behind the counter informed them that their stay had been paid for but could not give any details as to who exactly paid for their lodging. [redacted] claimed that [redacted] and [redacted] could not make any further inquiries because it was 4:00am and no one else was available to speak with regarding who paid for their lodging.

Upon reaching the airport, [redacted] and [redacted] were presented with airline tickets from Copenhagen-Oslo-Copenhagen by BlomInfo [redacted] (LNU). [redacted] indicated that [redacted] did not have time to worry about the airline tickets because [redacted] was too busy. [redacted] attempted to justify this by stating that [redacted] believed BlomInfo was using MCA/Mongolia funds anyway to pay for [redacted] and [redacted] travel expenses. [redacted] also compared the flights from Copenhagen-Oslo-Copenhagen as no different from BlomInfo transporting them back and forth via project vehicles. Upon returning from Denmark on 05/02/2010, [redacted] and [redacted] collectively decided to pay their BlomInfo-paid travel expenses back to MCA/Mongolia. However, [redacted] did not pay the lodging and airfare funds back to MCA/Mongolia until July 2010 because [redacted] went on vacation to the U.S. two days after returned from Denmark and was also ill for about a month after [redacted] return from the U.S.

According to [redacted] never pressured BlomInfo/Mongolia to hire [redacted]. [redacted] claimed that [redacted] instructed [redacted] to submit [redacted] CV to BlomInfo directly but instead [redacted] gave it to [redacted]. Upon inquiry from BlomInfo/Mongolia for potential candidates who spoke [redacted] well, [redacted] informed them that [redacted] submitted [redacted] CV to MCA/Mongolia. Furthermore, [redacted] indicated that [redacted] was confused as to whether or not the same rules applied to [redacted] as a U.S. citizen with regards to conflict-of-interest and ethics when implementing U.S.-funded programs. The RA showed [redacted] the Employment Agreement signed by [redacted] with MCA/Mongolia which specifically addressed conflicts-of-interest and ethics. [redacted] then indicated that the trip to Copenhagen and Oslo, which was partially funded by BlomInfo, did not violate [redacted] employment Agreement because it was for official business. (Attachment 17, Memorandum of Interview for [redacted] dated 11/02/2010)

On 11/03/2010, the RA re-interviewed [redacted] who indicated that [redacted] was present when financial proposals were opened on 01/06/2010. (Attachment 18, Memorandum of Interview for [redacted] dated 11/03/2010)

On 11/03/2010, the RA reviewed a copy of the Record of Financial Opening document for MCA/Mongolia's Request for Proposal #CA/MCA-M/MCC/PRP/CS/049/2009, Improvement of Business Processes & Information contract. According to the document, [redacted] was one of six individuals present and representing MCA/Mongolia during the opening of BlomInfo/Denmark's financial proposal on 01/06/2010. (Attachment 19, Records Review dated 11/03/2010)

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On 11/03/2010, the RA interviewed [redacted] who indicated that on 02/22/2010, [redacted] received a formal invitation from BlomInfo to visit Denmark. [redacted] trip was approved by [redacted] on the same date. [redacted] indicated that the reason for the trip was to meet with higher-level BlomInfo personnel than appeared on behalf of BlomInfo during contract negotiations from 01/21-22/2010. [redacted] then indicated that [redacted] and [redacted] trip to Denmark did not occur until after the Blom-2 contract was signed on 02/23/2010. According to [redacted] and [redacted] traveled to BlomInfo/Denmark from 04/25-05/02/2010. [redacted] then stated that [redacted] was not involved with the plans for the Denmark trip since [redacted] was not originally scheduled to go. [redacted] was also unaware that the original invitation from BlomInfo to MCA/Mongolia to visit Denmark was on 01/14/2010; nor did [redacted] know how the invitation even came about. [redacted] role in the trip to Denmark was to evaluate and ensure BlomInfo's implementation of the contract was within legal boundaries.

Upon [redacted] return from Denmark, [redacted] took it upon [redacted] to pay MCA/Mongolia back on 05/25/2010 for [redacted] Copenhagen lodging. Regarding the flights that BlomInfo paid for [redacted] and [redacted] to travel from Copenhagen-Oslo-Copenhagen, [redacted] stated that [redacted] didn't pay too much attention to the itinerary because they were informed by BlomInfo that their headquarters was in Oslo and they wanted them to meet with the BlomInfo [redacted] there. It was BlomInfo that went ahead and made their flight arrangements instead of driving them to/from Oslo. [redacted] did not see the flights as unusual and viewed it as no different than MCA/Mongolia using project vehicles to transport guests from one location to another.

When the RA pointed out to [redacted] travel request, travel authorization by [redacted] and [redacted] travel advance were taken out the day before the actual signing of the contract, [redacted] acknowledged how that could raise questions with regards to the award of the Blom-2 contract to BlomInfo. [redacted] also acknowledged that as [redacted] should have paid more attention to the dates of all the occurrences leading up to the trip to Denmark.

The RA then showed [redacted] the Employment Agreement [redacted] signed with MCA/Mongolia which specifically addressed conflicts-of-interest and ethics. [redacted] then indicated that the trip to Copenhagen and Oslo, which was partially funded by BlomInfo, did not violate [redacted] Employment Agreement because it was for official business. In addition, [redacted] paid MCA/Mongolia back for [redacted] lodging expenses in Copenhagen. [redacted] then stated [redacted] valued [redacted] career as an [redacted] and would not do anything to jeopardize [redacted] career especially since [redacted] had future political aspirations. (Attachment 20, Memorandum of Interview for [redacted] dated 11/03/2010)

On 11/03/2010, the RA interviewed [redacted] who indicated that [redacted] was hired by BlomInfo/Mongolia as an [redacted] however, it wasn't until after [redacted] was hired that [redacted] found out that [redacted] was [redacted] believed that BlomInfo/Mongolia asked [redacted] for CV's from good [redacted] speaking candidates but was unsure if [redacted] provided them with [redacted] CV or if someone else provided it and introduced [redacted] to BlomInfo/Mongolia. [redacted] then indicated that [redacted] did not know the specific details surrounding [redacted] trip to Denmark. [redacted] found out about the trip in February 2010, around the time MCA/Mongolia awarded the second contract to BlomInfo and it

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was common knowledge within the MCA/Mongolia Program Implementation Unit for the Property Rights Program that BlomInfo invited [redacted] and other MCA/Mongolia staff to visit their office in Denmark.

[redacted] then indicated that [redacted] introduced [redacted] (LNU) in order to rent [redacted] apartment from [redacted] then admitted to the RA that [redacted] and [redacted] agreed to rent [redacted] apartment for \$800 per month. [redacted] then insisted that [redacted] liked the apartment due to its location near the office, shopping malls and restaurants. [redacted] then added that at first, BlomInfo/Mongolia was supposed to pay [redacted] directly every month for [redacted] rent; however, after several discussions, a decision was made by BlomInfo/Mongolia to pay [redacted] the monthly rent amount, and then [redacted] would pay [redacted] directly. [redacted] did not know why BlomInfo/Mongolia decided to pay for [redacted] rent in this manner. (Attachment 21, Memorandum of Interview for [redacted] dated 11/03/2010)

On 11/08/2010, the RA reviewed an email from [redacted] to the RA on 11/04/2010 indicating that [redacted] became very angry at [redacted] that day due to [redacted] refusal to disclose to [redacted] what was discussed during [redacted] interview with the RA the previous day, and accused [redacted] of not being a team player. [redacted] further indicated that [redacted] also met with [redacted] that same day to instruct [redacted] to prepare a letter to protect [redacted] regarding how [redacted] came about being employed by BlomInfo/Mongolia. [redacted] went on to state that [redacted] feared retaliation and anticipated being moved to an office location far away from [redacted] current location or being terminated from MCA/Mongolia. (Attachment 22, Records Review dated 11/08/2010)

On 12/09/2010, the RA re-interviewed [redacted] who indicated that [redacted] of MCC, spoke with [redacted] about the trip made by [redacted] to BlomInfo offices in Denmark and Norway. This prompted [redacted] to suggest to [redacted] and [redacted] that they repay the lodging and airfare expenses provided to them by BlomInfo during their trip. [redacted] added that MCC/Mongolia had an account at Khan Bank in Ulaanbaatar and that MCA/Mongolia might also have an account there. [redacted] suggested that Khan Bank should have detailed records of when [redacted] and [redacted] actually paid back the funds related to their trip to Denmark and Norway to MCA/Mongolia. (Attachment 23, Memorandum of Interview for [redacted] dated 12/09/2010)

On 01/31/2011, [redacted] issued a termination letter to [redacted] for accepting travel benefits from an MCA contractor during [redacted] trip abroad. (Attachment 24, [redacted] Termination Letter dated 01/31/2011)

On 02/14/2011, the RA re-interviewed [redacted] who indicated in late-December 2010, [redacted] MCC/Mongolia, informed [redacted] that [redacted] was approached by [redacted] who indicated to [redacted] that [redacted] (LNU), a [redacted] for both the MCC/Mongolia and MCA/Mongolia offices, was double-paid for a year's worth of salaries without informing either office. [redacted] added that [redacted] was given the task by [redacted] to terminate [redacted] dishonestly and require [redacted] to pay back one year's worth of salary. A few days later [redacted] came to [redacted] office and indicated that it was a pity that [redacted] would be terminated and be required to pay back [redacted] salary for one year. [redacted] responded that nobody forced [redacted] to accept

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the double-payment of salaries for one year. [redacted] further advised [redacted] to follow the instructions given to [redacted] by [redacted]. A few days later, [redacted] came back to [redacted] office and made the same statement about [redacted] and [redacted] gave [redacted] the same reply. (Attachment 25, Memorandum of Interview for [redacted] dated 02/14/2011)

On 02/14/2011, the RA interviewed [redacted] MCC/Mongolia, who indicated that about 2-3 months prior, [redacted] asked [redacted] to discuss with [redacted] about drafting a service agreement with [redacted] stating that compensation for [redacted] cleaning services during the past year was a bonus/award and not a salary. Therefore, [redacted] would not be required to pay back the past year's salary [redacted] received from MCC/Mongolia. [redacted] informed [redacted] that it was impossible to change [redacted] service agreement from the prior year. [redacted] responded that no one at MCA/Mongolia would check [redacted] service agreement. (Attachment 26, Memorandum of Interview for [redacted] dated 02/14/2011)

On 02/14/2011, the RA forwarded a memorandum to [redacted] informing [redacted] of the investigation results up to that date to include verification of [redacted] lodging in Copenhagen and flights from Copenhagen-Oslo-Copenhagen being paid for by BlomInfo, [redacted] rental of a relative's apartment to BlomInfo/Mongolia, and [redacted] attempt to have a falsified document produced involving a cleaning staff's contract. (Attachment 27, Referral to MCC/Mongolia dated 02/14/2011)

On 02/16/2011, the RA interviewed [redacted] who indicated that [redacted] informed [redacted] that [redacted] traveled to Denmark to visit the BlomInfo office which resulted in them paying for [redacted] lodging without [redacted] knowledge. In addition, [redacted] claimed that [redacted] never asked for the trip. [redacted] then stated that BlomInfo/Denmark never mentioned to [redacted] that they paid for [redacted] lodging while in Copenhagen. In addition, [redacted] never mentioned to [redacted] that BlomInfo/Denmark paid for [redacted] airfare from Copenhagen-Oslo-Copenhagen to visit their headquarters office in Norway, but [redacted] did hear rumors (would not say from whom) that BlomInfo/Denmark paid for [redacted] entire trip. [redacted] then stated that [redacted] was told by someone in BlomInfo management (did not recall who) that BlomInfo was supposed to issue an invoice to MCA/Mongolia for [redacted] trip but did not know if that actually happened. [redacted] then stated that [redacted] did not know much else about the trip.

[redacted] introduced [redacted] to [redacted], shortly after [redacted] arrived to Ulaanbaatar on 03/15/2010. [redacted] just returned to Ulaanbaatar from the U.S. after graduating from college. [redacted] indicated that [redacted] and another colleague interviewed [redacted] twice before hiring [redacted] as an [redacted] with a starting salary equivalent to \$700 per month. [redacted] then stated that [redacted] felt no pressure from [redacted] to hire [redacted] however, [redacted] did admit that [redacted] was the only employee prospect introduced to [redacted] by [redacted]. Also, [redacted] required that [redacted] sit-in on the employee interviews which [redacted] found to be inappropriate. [redacted] did not sit-in on [redacted] interview but [redacted] did forward [redacted] CV to BlomInfo/Mongolia along with other CV's.

[redacted] then indicated that [redacted] heard that [redacted] and [redacted] were both looking for an apartment. [redacted] informed them that [redacted] had a friend that was looking to rent-out [redacted] apartment close to the BlomInfo/Mongolia office. [redacted] negotiated with [redacted] friend to rent the

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apartment for \$800 per month. [redacted] then stated that [redacted] was not pressured to rent the apartment but neither [redacted] nor [redacted] knew that [redacted] friend was actually [redacted] relative.

[redacted] then explained that BlomInfo expatriate employees paid their rent to the landlord first, and then got reimbursed from BlomInfo. [redacted] initially signed a 6-month lease so when [redacted] suddenly resigned and left Ulaanbaatar after only 3 months, the BlomInfo/Mongolia project budget was used to pay the remaining 3 months of the lease. [redacted] explained that when this apartment issue came about, [redacted] informed [redacted] that the apartment was owned by [redacted]. This was when [redacted] specifically asked [redacted] if the apartment belonged to [redacted] or a relative because project funds should not be used to pay for [redacted] or a relative's apartment since this was an obvious conflict-of-interest. [redacted] denied that the apartment belonged to [redacted] relative and provided a copy of the landlord's title to [redacted]. Since [redacted] did not recognize the name on the title as being similar to [redacted], [redacted] signed the lease amendment charging the remaining 3 months of the lease to the project. [redacted] added that [redacted] was told by BlomInfo management to please the client. Finally, [redacted] admitted to meeting with [redacted] right after the RA interviewed [redacted] on 11/02/2010. [redacted] listed questions that the RA asked [redacted] or [redacted] to review in the event that [redacted] would be interviewed by the RA. (*Attachment 28, Memorandum of Interview for [redacted] dated 02/16/2011*)

On 04/11/2011, [redacted] issued a termination letter to [redacted] for accepting travel benefits from an MCA contractor during [redacted] trip abroad. (*Attachment 29, [redacted] Termination Letter dated 04/11/2011*)

On 05/03/2011, the RA reviewed the following Khan Bank statements: 1) August-October 2010, no deposits made by [redacted] and 2) June-August 2010 and November-December 2010 where on 07/20/2010, [redacted] made a deposit in the amount of \$1,893.11. There were no other deposits made by [redacted] and there were no deposits made by [redacted] indicated on any of the bank statements. According to [redacted], the \$1,893.11 deposit by [redacted] represented the difference in per diem between [redacted] travel advance and actual expenses. This figure does not represent a reimbursement of [redacted] lodging costs in Copenhagen. (*Attachment 30, Records Review dated 05/03/2011*)

Undeveloped Leads: None.

Disposition of Evidence, Contraband or Personal Property: None.

Judicial and Administrative Actions: As a result of the investigation, [redacted] and [redacted] were issued termination letters by MCA/Mongolia's [redacted] for accepting travel benefits from an MCA contractor during their trip abroad. [redacted] termination letter is forthcoming upon [redacted] return from [redacted] leave for [redacted] part in having BlomInfo rent an apartment from [redacted] relative.