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Description of document: Reports from Fifty-seven (57) Department of the Treasury Office of Inspector General (OIG) Investigations Closed CY2015

Requested date: 29-February- 2016

Release date: 09-February-2022

Posted date: 21-February-2022

Source of document: FOIA and Transparency
FOIA Request
Department of the Treasury
Washington, DC 20220
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REPORT OF INVESTIGATION
2006-0020



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT	
REPORT STATUS	Final JUL 28 2009
CASE NUMBER	2006-0020
CASE TITLE	<div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> <div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> <div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> GS-2210-13 Information Technology Specialist Customer Services Staff Financial Management Service
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	5 C.F.R. 2635.101 - Basic obligation of public service 5 C.F.R. 2635.803 - Prior Approval for Outside Employment and Activities 5 C.F.R. 3101.104 - Outside Employment 5 C.F.R. 2635.705 - Misuse of Position

SYNOPSIS

On July 11, 2006, the US Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), was contacted by an undisclosed source who advised that [REDACTED] Information Technology Specialist, Financial Management Service (FMS), may be involved in unapproved outside employment. (Exhibit 1)

Case Agent:

[REDACTED]
Special Agent

Supervisory Approval:

John Phillips
Special Agent In Charge (Acting)

(Signature)

(Signature)

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It was substantiated that [REDACTED] has worked unapproved outside employment. He has owned and operated [REDACTED] Real Estate [REDACTED] in Landover, Maryland since 2001. [REDACTED] stated that he performs no [REDACTED] work at the FMS, but admitted to leaving the FMS on occasion to perform personal or [REDACTED] business during core work hours. [REDACTED] stated that he would not take leave when he performed these tasks outside the FMS and that his supervisors were not informed of these tasks. He also stated that he has not informed his recent supervisors of his outside employment, but did inform his first FMS supervisor and completed the Form FMS 5414 for outside employment, when he began at the FMS in 1998. The form was not found in his Official Personnel Folder (OPF) or on file in the FMS Office of Human Resources.

DETAILS

A. Allegation: It was alleged that [REDACTED] may be using government time toward his private business, [REDACTED]. It was also alleged that [REDACTED] conducts this aforementioned outside employment without the proper approval by FMS.

B. Context / Background: [REDACTED] is an Information Technology Specialist with the Customer Services Staff at the FMS. He was formerly with the U.S. Government Printing Office.

INVESTIGATIVE ACTIVITY

On May 20, 2009, the OIG/OI reviewed the Official Personnel Folder (OPF) of [REDACTED]. The OPF reflected that [REDACTED] became employed as a Computer Specialist, GS 2210 - 13, at the FMS on November 8, 1998. The OPF did not contain a Form FMS 5414 "Outside employment or Business Activity Request for FMS employees." (Exhibit 2)

In an interview with the OIG/OI, [REDACTED] Manager, Desktop Support Branch, FMS, stated she became [REDACTED] supervisor in August 2008. [REDACTED] stated that [REDACTED] is a good employee, but she has occasionally had problems reaching him by his Blackberry telephone when he is away from his desk. On one occasion in approximately September 2008, [REDACTED] did not come to work for two days and did not send her an e-mail or call her. [REDACTED] was concerned about his welfare and left messages for him on his Blackberry. [REDACTED] returned to work after

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the two days absence and informed her that he sent her an e-mail via his personal e-mail account and was not certain why she did not receive it. She did not question him further regarding this absence and never disciplined him.

█████ stated that she was unaware of █████ having outside employment and that he has never provided her with a signed outside employment form which is █████ by FMS to work outside employment. (Exhibit 3)

In an interview with the OIG/OI, █████ █████, █████ Customer Services Staff, FMS, stated he was █████ supervisor from 2006 to 2008. He stated that █████ was a good employee, but noted he had a "couple of incidents" when he could not locate █████ for several hours during his core work hours. █████ later informed him that he was assisting employees at FMS buildings where the Blackberry reception was poor. █████ spoke to █████ about these incidents and the importance of █████ advising █████ of his whereabouts. █████ could not recall the dates of these incidents or the conversations, but did notice █████ work habits improved after the conversations.

█████ stated that he heard through other employees that █████ previously had a real estate company, but █████ believed the company was now defunct. █████ never provided him with a signed outside employment form █████ by FMS to work outside employment. (Exhibit 4)

On September 4, 2008, the OIG/OI obtained a copy of █████ "mirrored" FMS hard drive. The OIG/OI reviewed the information and found predominantly FMS forms, procedures, and FMS work related e-mails. However, the OIG/OI also found a facsimile form for his company, █████ (█████ a letter to a mortgage company for a third party, and three e-mails to real estate agents at █████ regarding █████ work matters. (Exhibit 5)

On June 3, 2009, the OIG/OI, presented the facts of the case to the United States Attorney's Office in Greenbelt, MD. █████ █████, Assistant United States Attorney, declined criminal prosecution of the case and authorized the use of Kalkine's Warnings when interviewing █████ (Exhibit 6)

On June 24, 2009, the OIG/OI interviewed █████ █████ was advised of his rights, via Treasury OIG OI-Form 26, Advice of Rights (Kalkines). █████ stated he became employed with the FMS as an Information Technology Specialist in 1998. He was

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previously employed as a Computer Specialist with the U.S. Government Printing Office (GPO) in Washington, D.C. [REDACTED] stated that he started [REDACTED] in 2001. [REDACTED] is a real estate company consisting of [REDACTED] and several part time real estate agents. [REDACTED] stated that he has occasionally left FMS during the work day to conduct personal business and real estate business related to [REDACTED]. He could not state how often this occurred or how long he was absent from the FMS during those instances. He did not take annual or sick leave for these absences and he does not believe he informed his supervisors of his whereabouts.

[REDACTED] stated that he performs no [REDACTED] work from his government computer. When questioned about [REDACTED] documents found on his FMS computer, he stated that his mother died in the fall of 2007, and as a result, he brought in a thumb drive from [REDACTED] containing real estate and legal contracts to perform some minimal, but time sensitive work on her estate. [REDACTED] stated that he may have downloaded the [REDACTED] thumb drive which could have included various [REDACTED] documents found on his hard drive.

[REDACTED] stated that he completed the outside employment form [REDACTED] by FMS to work outside employment (Form FMS 5414) in 1998. He also informed his supervisor in 1998 that he had a real estate company; however, he could not recall his or her name. [REDACTED] has not informed any of his supervisors about [REDACTED] and his outside employment since 1998 and has not completed an additional outside employment form.

[REDACTED] stated that he has never been investigated by the OIG/OI; however, he was investigated by GPO OIG many years ago for allegedly conducting a real estate business from his GPO office. [REDACTED] stated the allegations were unsubstantiated and he never received any reprimand. (Exhibit 7)

On June 26, 2009, the OIG/OI contacted the GPO OIG, and spoke with [REDACTED], Special Agent. [REDACTED] stated that the GPO OIG investigated [REDACTED] in 1997 after the GPO OIG received an anonymous complaint that [REDACTED] was conducting a real estate business from the GPO. It was found that [REDACTED] was using his government telephone to handle real estate business for a company he owned at the time called [REDACTED] Real Estate. The GPO OIG notified [REDACTED] supervisors and recommended verbal counseling. The record showed no disciplinary actions. (Exhibit 8)

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FINDINGS

Based on the evidence and information gathered during this investigation it was determined that the allegations regarding [REDACTED] were substantiated. The investigation found that [REDACTED] had employment outside the FMS, and [REDACTED] admitted to leaving the FMS during core work hours without taking leave or notifying his supervisors, to perform work for his business, [REDACTED]. In addition, a review of his OPF determined that [REDACTED] has no Form FMS 5414 on file [REDACTED] to work outside employment.

REFERRALS**Criminal**

The OIG/OI, presented the facts of the case to the United States Attorney's Office in Greenbelt, MD. [REDACTED], Assistant United States Attorney, declined criminal prosecution of the case.

Civil

Not applicable

Administrative

The allegations of misconduct by [REDACTED] were substantiated. It is recommended that this information be provided to FMS management for any action they deem appropriate.

RECOMMENDATIONS / DISTRIBUTION

[REDACTED], [REDACTED] Program Integrity Division, FMS

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Department of the Treasury

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Memorandum of Activity, Predicating Documents, dated July 11, 2006.
2.	Memorandum of Activity, Review of OPF, dated May 20, 2009.
3.	Memorandum of Activity, Interview of [REDACTED] dated June 3, 2009.
4.	Memorandum of Activity, Interview of [REDACTED] [REDACTED], dated June 3, 2009.
5.	Memorandum of Activity, Review of computer files, dated June 2, 2009.
6.	Memorandum of Activity, Case presentation dated June 3, 2009.
7.	Memorandum of Activity, interview of [REDACTED] [REDACTED] dated June 24, 2009.
8.	Memorandum of Activity, Contact with the GPO OIG, dated June 26, 2009.

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Office of Inspector General – Investigations
Department of the Treasury

REPORT OF INVESTIGATION
2006-0382



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT DEC 18 2009

REPORT STATUS Final

CASE NUMBER 2006-0382

CASE TITLE [REDACTED] Senior Supervisory Information Technology Specialist,
Office of the Comptroller of the Currency

[REDACTED] Senior Security Program Analyst,
Office of the Comptroller of the Currency

[REDACTED] Vice President, [REDACTED] Corporation

**PERTINENT
STATUTE(S),
REGULATION(S),
AND/OR
POLICY(IES)**

- 18 U.S.C. § 208 - Conflict of financial interest.
- 18 U.S.C. § 1001 - False statements.
- 5 C.F.R. 2635.101 - Basic obligation of public service states.
- Treasury Directive 40-01 - Duties and Responsibilities of Treasury Employees.
- 5 C.F.R. 2635.201 - Gifts from outside sources.
- 5 C.F.R. 2635.402 - Conflicting financial interests.

SYNOPSIS

On July 6, 2006, the U.S. Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received correspondence from the Office of the Comptroller of the Currency (OCC) alleging that [REDACTED] [REDACTED] Senior Supervisory Information Technology Specialist, engaged in a financial conflict of interest. It was also alleged that [REDACTED] and [REDACTED] OCC contractor, conspired to steer OCC Information Technology (IT) contracts to companies affiliated with [REDACTED] (Exhibit 1)

Case Agent:

[REDACTED] Special Agent

(Signature)

Supervisory Approval:

Anthony J. Scott, Special Agent In Charge (Acting)

(Signature)

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This investigation determined that [REDACTED] did not properly disclose that her husband secured employment with [REDACTED] while she served as the Contracting Officer's Technical Representative (COTR) on the [REDACTED] contract. It was also determined that [REDACTED] failed to submit the proper OCC forms to disclose her husband's employment with [REDACTED] and [REDACTED] Corporation ([REDACTED] a second company in which [REDACTED] and [REDACTED] husband were employed together. Therefore, the appearance of a financial conflict of interest is substantiated against [REDACTED]

The investigation further determined that [REDACTED] accepted gifts from [REDACTED] which exceeded the annual gift limit from an outside source. Therefore, [REDACTED] violated 5 C.F.R. 2635. 201 - Gifts from outside sources. In addition, it was discovered that [REDACTED] and Pam [REDACTED] Senior Security Program Analyst, OCC and former COTR on the [REDACTED] contract, attended numerous social functions with [REDACTED] which gave an appearance of impropriety between federal employees and a contractor. The investigation also determined that [REDACTED] [REDACTED] and [REDACTED] exchanged gifts during some of their social functions, to include, but not limited to flowers, a limousine ride, meals and "gag gifts." Therefore, [REDACTED] and [REDACTED] violated 5 C.F.R. 2635. 201 - Gifts from outside sources.

This investigation also determined that [REDACTED] and [REDACTED] were not truthful during the course of this investigation. Specifically, both [REDACTED] and [REDACTED] stated in interviews that they had no correspondence with [REDACTED] during the pre-stages of an open solicitation. [REDACTED] and [REDACTED] also stated that they did not socialize with [REDACTED] outside of the office. In addition, [REDACTED] and [REDACTED] denied accepting gifts of any type from [REDACTED]. However, the OIG/OI obtained evidence that directly contradicts their statements.

There was no evidence discovered during the course of this investigation to substantiate the allegation that [REDACTED] and [REDACTED] conspired to steer OCC IT contracts to companies affiliated with [REDACTED]. However, there was evidence that was obtained by OIG/OI that [REDACTED] provided [REDACTED] with inside information regarding IT contracts during open solicitations.

DETAILS

A. Allegation - Financial Conflict of Interest

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B. Context - Background

A review of Task Order No. CC-01-HQ-W-0003, revealed that [REDACTED] was awarded the task order on December 27, 2000, to provide customer support services to OCC. The task order was issued under a Blanket Purchase Agreement (BPA), which was competitively awarded. There were 14 modifications under the BPA and the contract, valued at approximately \$7,613,264.50. Between November 2000 and September 2003, [REDACTED] was the COTR and/or initiator of requisition requests to fund tasks. [REDACTED] was also involved with modifications one through ten, which were valued at approximately \$5,550,483.37. [REDACTED] Senior Security Program Analyst, OCC and former Supervisory Computer Specialist, served as the COTR during various periods from 1999 through 2004.

Gary [REDACTED] ([REDACTED] [REDACTED] husband, gained employment with [REDACTED] while [REDACTED] served as the COTR and/or supervisor on the contract. [REDACTED] was hired as a Project Manager, in or about April 2003 by [REDACTED] to oversee [REDACTED] computer inventory contract with the Internal Revenue Service (IRS).

During the base year of the contract, OCC officials began discussing [REDACTED] performance with Acquisition Management. The OCC was dissatisfied with [REDACTED] management changes and felt the company was less responsive to OCC's needs. Therefore, OCC officials allowed the [REDACTED] contract to expire, without renewal. Consequently, the OCC opened a solicitation for an IT company to supplement the IT support during the interim. [REDACTED] Corporation [REDACTED] was the only vendor that submitted a proposal and was awarded the temporary contract in 2005.

During the transition period, it was reported that [REDACTED] resigned from [REDACTED] in March 2005, at which time she began consulting for [REDACTED] on a part time basis. At the time of the award, [REDACTED]'s boyfriend, [REDACTED], and [REDACTED] were co-owners of [REDACTED]. [REDACTED] served as the Chief Financial Officer (CFO) and [REDACTED] served as the Chief Information Officer for [REDACTED]. Towards the end of the six month contract with [REDACTED], OCC officials decided to consolidate the technical support services contracts at the OCC Data Center for efficiency. [REDACTED] opted not to submit a proposal due to a personal difference of opinion between [REDACTED] and [REDACTED].

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█████ obtained employment with a company named █████ in January 2006, as Senior Vice President. It was reported that █████ owns 49% of █████ and █████, President, █████ owns the remaining 51%. It was then determined that █████ was also hired by █████ in January 2006. On May 3, 2006, the OCC awarded █████ the contract. █████ was not involved with the contract; however, she neglected to report that her husband subsequently gained employment with █████ on her annual financial disclosures.

INVESTIGATIVE ACTIVITY

Interview of █████ █████

█████ stated that she met █████ when she was employed with █████ █████ was contracted with OCC during 1994-1996. █████ stated that █████ served in an IT position with OCC but was not involved with the contract. During this period, █████ sporadically saw █████ at OCC.

█████ acknowledged that she is "friendly" with █████ however she does not consider █████ a close friend. █████ stated that she occasionally had lunch with █████ and/or █████ While at lunch, █████ and █████ talked about personal and business matters. Normally, █████ and █████ paid their own lunch bill. However, █████ also celebrated birthdays over lunch with █████ and/or with █████ When celebrating a birthday, █████ █████ and █████ agreed that the birthday recipient would not pay for her lunch. Depending on who was present during a birthday lunch (█████ █████ █████ the bill for the birthday recipient was either paid by one or split by two.

█████ explained that she sometimes gave "gag gifts" or flowers to █████ and/or █████ on their birthdays. █████ described a gag gift as a "joke gift of insignificant value." █████ could not recall what gag gifts she gave █████ but they were valued under \$30.00. █████ also acknowledged that she gave █████ and █████ gag gifts and flowers on their birthdays due to her friendship with them. █████ said she has not gone on any trips or vacations with █████ nor did she provide █████ with financial payments or gifts in exchange for favors from her during the █████ contract. █████ said she never made any financial payments to █████ for any reason. █████ also denied that being involved with the hiring of █████ at █████ or █████ █████ also denies that █████ was hired to influence █████ █████ stated that █████ did not seek her assistance in getting

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■ ■ employed at ■ ■ had no knowledge that ■ ■ was hired to gain influence with ■ ■ (Exhibit 2)

Interviews of ■ ■

During interviews, ■ ■ President and Chief Executive Officer, ■ ■ stated that he suspected that ■ ■ provided ■ ■ with inside information regarding an open solicitation at the OCC Data Center, during ■ ■ tenure. However, ■ ■ was unable to provide the OIG/OI with evidence to corroborate the allegation. ■ ■ also stated that he was introduced to ■ ■ by ■ ■ while he worked under ■ ■ at ■ ■ In addition, ■ ■ stated that ■ ■ was being paid by ■ ■ unbeknownst to him, for consulting during the timeframe that ■ ■ was ■ ■ at the OCC. ■ ■ acknowledged that ■ ■ did not submit a proposal for Task Order No. TCC-06-HQ-G-0068 because they (■ ■ and ■ ■) had a difference of opinion about ■ ■'s proposal, they decided not to submit a proposal.

■ ■ further stated that he discovered documents and photographs pertaining to the relationship of ■ ■ and ■ ■ on an ■ ■ computer. ■ ■ provided the OIG/OI with photographs, in which he identified, ■ ■ ■ ■ and ■ ■ riding in the back of a limo along with ■ ■ ■ ■ and an unknown female. ■ ■ also provided the OIG/OI with additional photographs of ■ ■ ■ ■ and ■ ■ at dinner exchanging gifts with other OCC contractors (who ■ ■ identified as ■ ■ officials) in a restaurant. ■ ■ went on to state that he witnessed ■ ■ at a social function at ■ ■ residence.

■ ■ provided the OIG/OI with copies of email correspondence between ■ ■ and ■ ■ Specifically, ■ ■ provided the OIG/OI with a copy of an email from ■ ■ government email address to ■ ■ titled "Per your request;" containing an attached document pertaining to information technology services. The attached document was a copy of the "Information Technology Services Service Level Agreement" and a draft of the "Depot Maintenance," which was forwarded from ■ ■ to ■ ■ ■ ■ also provided the OIG/OI with a second email titled "Per your request #2," from ■ ■ government email address to ■ ■ This email contained a copy of the TAC NAV Break Codes and Dutions and TAC Call Handling Checklist. This email was also forwarded from ■ ■ email address to ■ ■ ■ ■ also provided the OIG/OI with a copy of

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an email dated April 21, 2003, to [REDACTED] personnel email address from [REDACTED] titled "Ruth Chris info and Cirque du Soleil Directions." (Exhibit 3)

Interviews of [REDACTED]

When interviewed, [REDACTED] stated she served as the COTR for the [REDACTED] contract in 2003 and 2004. [REDACTED] said on a couple occasions, [REDACTED] and [REDACTED] went to lunch together. [REDACTED] said she and [REDACTED] always paid their own bills. [REDACTED] stated that [REDACTED] never offered to pay for [REDACTED] or [REDACTED] lunch. While at lunch, their talks normally focused on business matters. [REDACTED] stated that [REDACTED] never attempted to influence her while she performed the duties of COTR. [REDACTED] said she never went on any shopping trips and/or vacations with [REDACTED]. [REDACTED] said she has not received any gifts or financial payments from [REDACTED]. [REDACTED] had no knowledge that [REDACTED] and [REDACTED] went on trips together. [REDACTED] said she has no knowledge of any improprieties involving [REDACTED] and [REDACTED].

On March 10, 2009, [REDACTED] was re-interviewed to clarify the information she provided to the OIG/OI in a previous interview and new information discovered by the OIG/OI. [REDACTED] (who is currently a Senior Security Program Analyst at OCC) stated that in or around 2003, she was the COTR on the [REDACTED] contract. [REDACTED] stated she believed that [REDACTED] was the COTR on the [REDACTED] contract prior to her assuming the responsibilities. [REDACTED] also stated that [REDACTED] was the COTR during the later part of 2003.

[REDACTED] went on to state that she and [REDACTED] both developed a professional and personal friendship with [REDACTED] while [REDACTED] on the [REDACTED] contract. [REDACTED] stated her relationship with [REDACTED] developed after she was removed from the [REDACTED] contract. [REDACTED] stated that she, [REDACTED] and [REDACTED] went to lunch approximately six to eight times a year. [REDACTED] was then informed that this information is directly conflicting with the information she provided to the OIG/OI during a previous interview. [REDACTED] denied changing her story.

[REDACTED] then stated that they ([REDACTED] and [REDACTED]) went to dinner once or twice. [REDACTED] acknowledged that they would discuss professional and personal issues during the lunches/dinners and each individual paid for their own meals. [REDACTED] denied exchanging gifts during their outings, or doing anything unethical during these lunches/dinners. [REDACTED] also denied vacationing with [REDACTED].

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denied conspiring with [REDACTED] and [REDACTED] to steer OCC contracts to companies affiliated with [REDACTED]. [REDACTED] also stated that she did not witness [REDACTED] doing anything inappropriate or unethical with [REDACTED]. [REDACTED] reiterated that she did not develop a personal friendship with [REDACTED] until she was removed as COTR on the [REDACTED] contract. [REDACTED] stated the only item she received during the contract period was a paper weight, that is valued under ten dollars and she did not recall who gave her the item.

After being shown multiple photographs of [REDACTED] and [REDACTED] socializing with government contractors, [REDACTED] stated that she forgot about the events, but did not think that they did anything inappropriate or unethical. [REDACTED] identified herself and [REDACTED] riding in the back of a limo with government contractors. [REDACTED] also identified herself and [REDACTED] in the photographs having dinner and exchanging gifts with government contractors in a restaurant.

[REDACTED] stated that she knew [REDACTED] husband, [REDACTED] worked for one of the contractors, but she was not sure if it was [REDACTED] or [REDACTED]. [REDACTED] stated that she talked to [REDACTED] about [REDACTED] for the contract company, but she was told by [REDACTED] that she spoke to the OCC ethics officials and there was not an issue. (Exhibit 4)

Interviews of [REDACTED]

When interviewed by the OIG/OI, [REDACTED] denied all allegations against her. [REDACTED] stated that she never had a close relationship with [REDACTED]. [REDACTED] denied ever traveling; socializing outside of the office; or exchanging gifts with [REDACTED]. [REDACTED] acknowledged that she would occasionally go to lunch with [REDACTED] and [REDACTED] but denied exchanging gifts. [REDACTED] also denied that [REDACTED] influenced the hiring her husband. [REDACTED] stated that she was unaware of the specifics pertaining to the hiring of her husband; however insisted that he was hired on his own merit. [REDACTED] denied that there was any conflict of interest with the hiring of her husband by vendors with OCC contracts. [REDACTED] also denied that she assisted companies affiliated with [REDACTED] in any way. (Exhibit 5)

FINDINGS

The investigation determined that [REDACTED] served as the COTR of a contract which was awarded to [REDACTED]'s company [REDACTED]. The investigation also determined

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that [REDACTED] husband gained employment with [REDACTED] during [REDACTED] tenure as the COTR for the [REDACTED] contract. It was also determined that [REDACTED] did not disclose that her husband secured employment with [REDACTED] while she served as the COTR of the [REDACTED] contract. In addition, this investigation also determined that [REDACTED] was forwarding information on an OCC IT contract, via her government computer and email account, to her husband. These emails were subsequently forwarded to [REDACTED] from [REDACTED] email address. Therefore, the appearance of a financial conflict of interest is substantiated against [REDACTED]

The investigation further determined that [REDACTED] accepted gifts from [REDACTED] which exceeded the annual gift limit from an outside source. Therefore, [REDACTED] violated 5 C.F.R. 2635. 201 - Gifts from outside sources. The investigation also determined that [REDACTED] failed to submit the proper OCC financial disclosure forms to disclose her husband's employment with [REDACTED] and [REDACTED] a second company in which [REDACTED] and [REDACTED] husband were employed.

In addition, it was determined that [REDACTED] and [REDACTED] attended numerous social functions with [REDACTED] which gave an appearance of impropriety between Federal employees and a contractor. The investigation also determined that [REDACTED] [REDACTED] and [REDACTED] exchanged gifts during some of their social functions, to include but not limited to flowers, limousine ride(s), meals and "gag gifts." Therefore, [REDACTED] and [REDACTED] violated 5 C.F.R. 2635. 201 - Gifts from outside sources.

This investigation also determined that [REDACTED] violated 18 U.S.C. § 1001 - False Statements by providing false information to Treasury OIG Special Agents during an interview and in a signed sworn affidavit. On September 8, 2009, the District Office of Maryland, U.S. Attorney's Office declined criminal and civil prosecution of [REDACTED] due to the lack of prosecutorial merit. (Exhibit 6)

REFERRALS

[REDACTED], Senior Advisor, OCC

A. Criminal

On February 8, 2007, this investigation was presented to [REDACTED], AUSA, Fraud and Public Integrity, U.S. Attorney's Office, for the District of Columbia, for potential criminal and civil prosecution of [REDACTED]. AUSA [REDACTED] advised that based

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upon the findings to date, there was likely not a criminal violation. However, new information was received by OIG/OI relating to the allegations. Based on the new information received by the OIG/OI, the District of Maryland, U.S. Attorney's Office was notified and again presented with the facts of this case for potential criminal and civil prosecution of [REDACTED] for violation of Title 18 U.S.C. § 1001 - False Statements. On September 8, 2009, the District Office of Maryland, U.S. Attorney's Office declined criminal and civil prosecution of [REDACTED] due to the lack of prosecutorial merit. (Exhibit 6)

B. Civil

Not applicable

C. Administrative

See Findings

EXHIBITS

1. Original allegation, Correspondence, dated July 6, 2006.
2. Memorandum of Activity, Interview of [REDACTED] Vice President, [REDACTED] Corporation.
3. Memorandum of Activities, Interviews of [REDACTED] [REDACTED] President & Chief Executive Officer, [REDACTED]
4. Memorandum of Activities, Interviews of [REDACTED] [REDACTED] Senior Security Program Analyst, OCC.
5. Memorandum of Activities, Interviews of [REDACTED] [REDACTED] Senior Supervisory Information Technology Specialist, OCC.
6. Memorandum of Activities, Case Presentations to the U.S. Attorney's Officer.

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REPORT OF INVESTIGATION
2007-0269



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION

**DATE OF REPORT****REPORT STATUS**

Final

JUL 15 2009**CASE NUMBER**

2007-0269

CASE TITLE

██████████ Senior Information Technology Specialist, -NB-6,
Office of the Comptroller of the Currency

**PERTINENT
STATUTE(S),
REGULATION(S),
AND/OR
POLICY(IES)**

5 C.F.R. § 2635.101(b)14; Standard of Ethical Conduct for
Employees of the Executive Branch, Basic obligation of public
service

SYNOPSIS

In March 2007, the Office of Inspector General (OIG), Office of Investigation (OI) received an anonymous complaint alleging that ██████████ Technical Assistant, Office of the Comptroller of the Currency (OCC) had an employee from a company called ██████████ provide services for OCC which were not covered by an OCC contract. (Exhibit 1)

Based on the information gathered during this investigation it was determined ██████████ hired and paid ██████████ (██████████ Laborer, ██████████ for services he performed in the OCC warehouse during his off duty hours from ██████████. Furthermore, the investigation determined that OCC had a customary practice of paying contractors and individuals with convenience checks from the Citibank Small Purchase Card for impromptu services. These services would include cleaning of OCC office space and the various labor assignments at the OCC warehouse. The investigation also disclosed from February 2006 until June 2006 ██████████ created and submitted multiple unofficial ██████████ invoices on her government computer which she submitted to the OCC as validation to pay ██████████.

Case Agent:

██████████ Special Agent

(Signature)

7/14/2009*Approved:*

John Phillips, Acting Special Agent-In-Charge

(Signature)

7/14/09

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DETAILS

A. **Allegation:** [REDACTED] had an employee from a company called [REDACTED] provide services for the OCC which were not covered by an OCC contract.

B. Context/Background

[REDACTED] was in charge of the Office Automation (OA) budget, and was a team leader for her Information Technology (IT) section in Landover, Maryland. [REDACTED] had instructed [REDACTED] Acquisition Specialist, IT, in approximately February 2006 to commence writing convenience checks to [REDACTED] for labor that he performed at the warehouse. [REDACTED] said that from February 2006 until June 2006 she wrote approximately 10 checks valued at 10,100 to [REDACTED]

INVESTIGATIVE ACTIVITY

During an interview of [REDACTED] former Chief Information Officer (CIO) she said that she was [REDACTED] supervisor, and [REDACTED] was the OA coordinator. [REDACTED] stated [REDACTED] requested help in the warehouse, in which [REDACTED] approved. In June 2006, [REDACTED] told [REDACTED] that [REDACTED] Technical Assistant, OCC, noticed one of the [REDACTED] invoices she was processing for [REDACTED] for a payment to [REDACTED] looked drastically different than the other [REDACTED] invoices she had previously processed.

[REDACTED] told [REDACTED] that she had been paying the warehouse laborer with convenience checks from the CitiBank Small Purchase Card, OA account. [REDACTED] said that when she became aware of the situation, she requested all the documentation that [REDACTED] possessed relating to the payments for the warehouse labor. [REDACTED] said [REDACTED] provided her emails, invoices and copies of the cancelled checks. [REDACTED] said she noticed the checks were inappropriately made payable to [REDACTED] (Exhibit 2)

During an interview, [REDACTED] said [REDACTED] was her team leader, and it was appropriate for [REDACTED] to request that [REDACTED] pay vendors who did not have a contract with the OCC by writing convenience checks from the Citibank small purchase card account. [REDACTED] said in approximately February 2006, [REDACTED] began instructing her to write convenience checks payable to [REDACTED] for warehouse labor [REDACTED] performed. From February 2006 until June

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2006, she wrote approximately \$10,000 worth of checks to [REDACTED] [REDACTED] said [REDACTED] also provided her with multiple invoices which were titled [REDACTED] [REDACTED] as proof of the work performed by [REDACTED] (Exhibit 3 and 4)

During an interview, [REDACTED] [REDACTED] Owner, [REDACTED] advised the OIG/OI the invoices he was shown were not official [REDACTED] invoices. [REDACTED] said that his company did not have a contract, or a business relationship with the OCC to provide a laborer for the OCC warehouse. [REDACTED] said [REDACTED] worked for [REDACTED] for approximately two and half years and was a supervisor for the cleaning crew at the Center Point Complex which included the OCC facility. (Exhibit 5)

During an interview, [REDACTED] informed the OIG/OI that in 2006, she was responsible for an agency-wide Personal Computer (PC) refresh. This involved the ordering of over 4,200 computers and peripherals for all of the OCC employees throughout the country. [REDACTED] said the computers were distributed agency wide during the months of February through June 2006. In February 2006, she asked [REDACTED] for assistance with the rollout of the computers. [REDACTED] said [REDACTED] suggested [REDACTED] hire a laborer and charge it to the warehouse budget.

[REDACTED] said she knew [REDACTED] because he cleaned the OCC office space in the Centre Point Complex. [REDACTED] said she offered [REDACTED] a job in the warehouse and negotiated a salary of \$25 per hour for the services he would be performing in the warehouse. [REDACTED] worked on the PC refresh project from February through June 2006, and was paid on approximately 10 different occasions for a total \$10,100. [REDACTED] told [REDACTED] that he could not accept credit card transactions for payment; therefore, [REDACTED] paid [REDACTED] by using the convenience checks from the Citibank small purchase card account. As a result, [REDACTED] and [REDACTED] created unofficial [REDACTED] invoices on her government computer which were submitted to the OCC as documentation for the labor [REDACTED] performed.

[REDACTED] said [REDACTED] never gave her any money, gifts, or favors as a result of [REDACTED] hiring [REDACTED] for the warehouse labor. (Exhibit 6 and 7)

In June 2009, the OIG/OI presented the facts of this case to [REDACTED] [REDACTED] Assistant United States Attorney, for the District of Maryland. As a result, [REDACTED] declined criminal prosecution of [REDACTED] citing the lack of a criminal intent and a violation. (Exhibit 8)

INVESTIGATIVE FINDINGS

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Based on the information gathered during this investigation it was determined that the OCC had a customary practice of paying contractors and individuals with convenience checks from the Citibank government small purchase card for impromptu services. As a result, [REDACTED] hired [REDACTED] to work as a laborer in the OCC warehouse from January 2006 through June 2006, and paid [REDACTED] \$10,100 for his services. Furthermore, [REDACTED] created multiple unofficial [REDACTED] invoices on her government computer which she submitted to the OCC as validation to pay [REDACTED]

REFERRALS

A. Criminal

In June 2009, the OIG/OI presented the facts of this case to [REDACTED] Assistant United States Attorney, for the District of Maryland. As a result, [REDACTED] declined criminal prosecution of [REDACTED] citing the lack of a criminal intent and a violation.

B. Civil

Not applicable.

C. Administrative

Based on the aforementioned information, [REDACTED] at a minimum, violated regulations associated with the Basic Obligation of Public Service (5 C.F.R. § 2635.101.) We draw your attention to disciplinary and corrective action (5 C.F.R. 2635.106), which states a violation of 5 C.F.R. Part 2635 may be cause for appropriate corrective or disciplinary action. As such, this case is being referred to OCC for appropriate administrative action.

DISTRIBUTION

Laura L. McAuliffe, Senior Advisor, Office of the Comptroller of the Currency

EXHIBITS

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<u>Number</u>	<u>Description</u>
1.	Memorandum of Activity, anonymous complaint dated, Mach19, 2007.
2.	Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated, August 13, 2007.
3.	Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated, August 14, 2007.
4.	Memorandum of Activity, Review of Records dated, August 17, 2007.
5.	Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated, March 12, 2008.
6.	Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated, March 11, 2009.
7.	Memorandum of Activity, Review of Records dated, March 19, 2008.
8.	Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated, June 30, 2009.

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REPORT OF INVESTIGATION
2008-0050



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT	
REPORT STATUS	Final
CASE NUMBER	2008-0050
CASE TITLE	[REDACTED] [REDACTED] Industrial Equipment Repairman, WG-5301, GS-8 Financial Management Service, Philadelphia, PA [REDACTED] [REDACTED] Industrial Equipment Operator, WG-5401, GS-7 Financial Management Service, Philadelphia, PA
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	Welfare Fraud, 62 P.S. § 481. Theft by Deception, 18 Pa.C.S. § 3922. Section 735.203 - The Standards of Ethical Conduct for Treasury Employees, Conduct Prejudicial to the Government.

SYNOPSIS

On February 4, 2008, the U.S. Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received correspondence from the U.S. Department of Health and Human Services (HHS) OIG, regarding a joint investigation they were working with the Commonwealth of Pennsylvania (Pennsylvania) OIG. It was alleged that two Financial Management Service (FMS) employees, Philadelphia facility, were involved in a scheme to fraudulently obtain funds from the Pennsylvania Low Income Heating Subsidy Benefit Program (LIHEAP), which is funded through grants provided by HHS.

Case Agent:

[REDACTED] Special Agent

(Signature)

Supervisory Approval:

Anthony J. Scott,
Special Agent in Charge (Acting)

(Signature)

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Specifically, it was alleged that two FMS employees, [REDACTED] Industrial Equipment Repairman and [REDACTED] Industrial Equipment Operator, submitted fraudulent documentation to receive and negotiate LIHEAP benefit checks totaling approximately \$12, 910, which they were not eligible to receive. By doing so, [REDACTED] and [REDACTED] violated Pennsylvania statutes Welfare Fraud, 62 P.S. § 481 and Theft by Deception, 18 Pa.C.S. § 3922. The Philadelphia District Attorney's Office (DAO) has not rendered a decision on the criminal and/or civil prosecution of [REDACTED] or [REDACTED] at this time.

This investigation determined that [REDACTED] and [REDACTED] conspired to defraud Pennsylvania and U.S. Government by submitting fraudulent documentation. Therefore, the allegation Conduct Prejudicial to the Government is substantiated against [REDACTED] and [REDACTED].

DETAILS

I. Allegation – Theft of Public money, property or records

II. Context/Background

As reported in the Court of Common Pleas of Philadelphia County, Trial Division, Investigating Grand Jury XXII, the LIHEAP is a federally funded initiative issued by HHS. Each year, the U.S. Congress appropriates funding to enable states to assist low-income households with heating costs. States are allotted funding according to a formula, with larger, colder states, such as Pennsylvania, receiving proportionally more money than warmer or less populated states.

States submit plans to the U.S. Government detailing recipient eligibility requirements, benefit levels, and rules for administering the program, all of which are left to the states to determine. Once a state's plan is approved, funds are provided to the state to administer the program. In Pennsylvania, the Department of Public Welfare (DPW) administers the LIHEAP. According to Federal law, Pennsylvania is responsible for auditing and monitoring the program to assure the proper disbursement of funds (The Low-Income Home Energy Assistance Act, Pub. L. 97-35, § 2605 (b)(10), as amended, 42 U.S.C.A §§ 8624 (b)(10).)

Between September 2003 and May 2007, a small group of state and city employees conspired to defraud Pennsylvania and the U.S. Government of

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Department of the Treasury

approximately \$500,000. The employees were able to manipulate the program because of their knowledge and positions within certain state agencies. These small groups trained each other to commit fraud by forging documents and falsifying social security numbers, incomes and addresses. Through these techniques, the employees supplied themselves, their friends and families with a stream of LIHEAP benefit checks, each for as much as \$818.

In June 2009, the Court of Common Pleas of Philadelphia County, Trial Division, County Investigating Grand Jury XXII, indicted 18 conspirators involved in defrauding Pennsylvania and the U.S. Government of approximately \$500,000. Within the indictment, [REDACTED] and [REDACTED] were named, but not indicted co-conspirators.

The indictment outlined that 18 conspirators procured fraudulent applicants and addresses that they obtained from former high school classmate and friends. [REDACTED], who was a former high school classmate of [REDACTED] was one of the 18 named conspirators. [REDACTED] introduced [REDACTED] to the scheme and he consequently introduced his brother [REDACTED]. The LIHEAP reported that the co-conspirators used several address to submit fraudulent applications, to include [REDACTED], which is an address affiliated with both [REDACTED] and [REDACTED]. There were a total of 14 fraudulent applications sent from [REDACTED], which resulted in LIHEAP benefits checks totaling approximately \$12,910 being sent to that address between 2003 and 2006.

The Philadelphia DAO continues to develop leads in its investigation that may lead to the indictment of other individuals, to include [REDACTED] and [REDACTED]. The Philadelphia DAO has not rendered a decision on the criminal and/or civil prosecution of [REDACTED] or [REDACTED]. The Philadelphia DAO reports that its office has sufficient evidence to indict both [REDACTED] and [REDACTED] however, negotiations between the Philadelphia DAO, [REDACTED] and [REDACTED] are ongoing. [REDACTED] and [REDACTED] could potentially be given immunity on all criminal charges in exchange for their testimony against [REDACTED]. An agreement had not been finalized at the time of the submission of this report. As such, the Philadelphia DAO requested that the OIG/OI not re-interview [REDACTED] or [REDACTED] until the conclusion of its criminal case. The Philadelphia DAO advised that re-interviewing of [REDACTED] or [REDACTED] could potentially jeopardize the on-going criminal case. As a consequence, the Philadelphia DAO recommended that the OIG/OI continue to protect the integrity of

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the FMS by taking the appropriate administrative action, without re-interviewing [REDACTED] or [REDACTED]. Due to the complex nature of the criminal case, the Philadelphia DAO advised the OIG/OI that they could not predict when its investigation would be concluded.

INVESTIGATIVE ACTIVITY

Interview of [REDACTED] [REDACTED]

During an interview with Treasury-OIG and HHS-OIG, [REDACTED] was shown three checks bearing an account number, along with the name and signature of [REDACTED]. [REDACTED] acknowledged that it was his signature and Credit Union account number [REDACTED] that were on the three checks in question. [REDACTED] admitted that he did not have any knowledge of the LIHEAP at the time of the interview. However, [REDACTED] acknowledged that he submitted an application for the LIHEAP, based on the recommendation of his brother [REDACTED]. [REDACTED] stated that [REDACTED] submitted the application to [REDACTED], "to see what she could do". [REDACTED] stated that [REDACTED] advised him of the program. [REDACTED] stated that all checks were made out to him at his former address of [REDACTED]. [REDACTED] informed investigators that the address on the checks was a single family dwelling belonging to his mother. [REDACTED] admitted that he submitted false information on the LIHEAP application during the interview. [REDACTED] stated that he submitted the application with his mother's address, instead of his address of [REDACTED] for convenience purposes. [REDACTED] stated that he needed the grant funding, due to some undisclosed financial issue, but should have used his correct address on the application. (Exhibit 2)

Interview of [REDACTED] [REDACTED]

When interviewed, [REDACTED] stated that he lived at [REDACTED] with his mother. [REDACTED] stated that his mother owns the residence and he pays approximately \$600 to \$800 a month for rent and/or miscellaneous bills. [REDACTED] denied paying any of the utility bills (to include but not limited to the gas, electric and water bills). [REDACTED] stated that he filled out and submitted, via U.S. mail, one LIHEAP application. When asked by investigators why he submitted a LIHEAP application if all of the utilities bills were in his mother's name, [REDACTED] refused to answer.

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Office of Inspector General Investigations
Department of the Treasury

OLG-08-0050

██████ was then shown four checks; three with the name ██████ ██████ and one with the name ██████ ██████. The checks all had a signature of ██████ ██████ and an account number. ██████ acknowledged signing all the checks and informed investigators that his middle name is ██████. ██████ also acknowledged that the account number on the checks belong to an account that he holds at ██████ Bank. ██████ was then shown three additional checks that were signed ██████ ██████ and co-signed ██████ ██████ which were also deposited into his ██████ Bank account. ██████ stated that his uncle, ██████ ██████, did not have a bank account, so he deposited the checks into his account and gave his uncle the cash. (Exhibit 3)

FINDINGS

The information gathered during the course of this investigation determined that ██████ and ██████ violated Pennsylvania statutes, Welfare Fraud, 62 P.S. § 481 and Theft by Deception, 18 Pa.C.S. § 3922. The Philadelphia DAO initiated the investigation and presented criminal charges against 18 conspirators involved in defrauding Pennsylvania and the U.S. Government of approximately \$500,000 to the Court of Common Pleas of Philadelphia County, Trial Division, Grand Jury XXII.

Subsequently, in June 2009, the Court of Common Pleas of Philadelphia County, Trial Division, Grand Jury XXII, issued an indictment pertaining to the misappropriation of LIHEAP funds. ██████ and ██████ were named but not indicted co-conspirators in indictment number 0003211-2007. ██████ and ██████ participated in defrauding Pennsylvania and the U.S. Government by submitting fraudulent documentation. As such, it was determined that ██████ and ██████ violated Section 735.203 - The Standards of Ethical Conduct for Treasury Employees, Conduct Prejudicial to the Government.

REFERRALS

I. Criminal

The Philadelphia DAO presented criminal charges against 18 conspirators involved in defrauding Pennsylvania and the U.S. Government of approximately \$500,000 to the Court of Common Pleas of Philadelphia County, Trial Division, Grand Jury XXII. ██████ and ██████ both were named, but not indicted co-conspirators in

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indictment number 0003211-2007, issued by the Court of Common Pleas of Philadelphia County, Trial Division, Grand Jury XXII. (Exhibit 4)

II. Civil

Not applicable

III. Administrative

See Findings

DISTRIBUTION

Judith R. Tillman, Commissioner, Financial Management Service

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Original allegation, Correspondence, dated January 30, 2008.
2.	Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated February 19, 2008
3.	Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated February 19, 2008.
4.	Memorandum of Activity, Document receipt, Court of Common Pleas of Philadelphia County, Trial Division, County Investigating Grand Jury XXII, Criminal Indictment, dated July 1, 2009.

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Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT	
REPORT STATUS	Final
CASE NUMBER	2008-0056
CASE TITLE	██████████ ██████████ ██████████
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	Title 31 USC § 5316 - Reports on Exporting and Importing Monetary Instruments

SYNOPSIS

On March 4, 2008, the United States Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received a telephone call from ██████████, Investigator, Bureau of Engraving and Printing (BEP), regarding a suspicious attempt to redeem mutilated U.S. currency through the BEP Mutilated Currency Program (MCP). The telephone call referenced a package received at the BEP on August 20, 2007, from ██████████ ██████████ ██████████ El Paso, TX. ██████████ claimed his father, ██████████ saved his earnings for more than "thirty or forty years" and buried the money in the backyard of his residence in Mexico. According to ██████████ the currency was damaged due to heavy rains that occurred in 2006. An examination by the BEP MCP determined the U.S. currency was fifteen years old or less. Investigation also determined ██████████ transported the currency to the United States from Mexico without reporting it as required by federal law.

Case Agent:
Assistant Special Agent In Charge
██████████
(Signature) 6/1/2010

Supervisory Approval:
John L. Phillips
Special Agent In Charge
██████████
(Signature) 6/1/2010

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DETAILS

I. **Allegation** - It is alleged [REDACTED] attempted to launder money through the BEP MCP.

II. **Context/Background** - [REDACTED] is a U.S. citizen who resides in El Paso, TX.

INVESTIGATIVE ACTIVITY

On March 6, 2008, the OIG/OI received photographs of the package and enclosed letter received at the BEP via U.S. mail on August 20, 2007, from [REDACTED]. [REDACTED] provided his home address as [REDACTED]. The package was mailed from El Paso, TX. In the enclosed letter, [REDACTED] claimed his father, [REDACTED] saved his earnings for more than "thirty or forty years" and buried the money in the backyard of his residence located in Juarez, Chihuahua Mexico. [REDACTED] claimed the money was damaged due to heavy rains that occurred in 2006. [REDACTED] claimed he tried to deposit the damaged currency at a local bank, but was instructed to send it to the BEP for redemption. [REDACTED] did not provide an estimate of how much currency was enclosed; rather he requested BEP make that determination. (Exhibit 1)

Continuing on March 6, 2008, Investigator [REDACTED] BEP, informed the OIG/OI that his examination of the subject currency revealed the notes were all issued after 1995 (Exhibit 2). Therefore, it was not possible for these notes to be buried for thirty or forty years as [REDACTED] claimed. Subsequent investigation revealed [REDACTED] did not file a report for transporting a monetary instrument of more than \$10,000.00 into the United States from Mexico on or before August 2007.

On March 20, 2008, the OIG/OI, and the Department of Homeland Security (DHS), Immigration and Customs Enforcement (ICE), obtained a seizure warrant from [REDACTED], U.S. Magistrate Judge, U.S. District Court for the District of Columbia, for the package of mutilated currency mailed to the BEP by [REDACTED] (Exhibit 3)

On March 26, 2008, the OIG/OI and DHS/ICE executed the seizure warrant for the package of mutilated currency mailed to the BEP by [REDACTED] (Exhibit 4)

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Office of Inspector General – Investigations
Department of the Treasury

On May 27, 2008, the OIG/OI obtained the BEP Examiner Report of [REDACTED], Examiner, MCD, for the package [REDACTED] sent to the BEP on August 20, 2007. The examination determined the amount of mutilated currency to be \$50,900.00. (Exhibit 5)

On October 29, 2008, DHS/ICE informed OIG/OI that [REDACTED] intended to contest the seizure of the mutilated currency and file a claim for the money. DHS/ICE advised the matter would then be decided in U.S. District Court, Washington, D.C.

On May 26, 2009, [REDACTED], Assistant United States Attorney, Washington, D.C. advised the OIG/OI a forfeiture action was filed with the court and that no claim had been filed by [REDACTED]. [REDACTED] believed the time for [REDACTED] to challenge the seizure had passed and [REDACTED] would petition the court for a Default Judgment.

On September 30, 2009, United States District Court Judge Colleen Kollar-Kotelly, District of Columbia, granted the government's request for a Default Judgment and Final Order of Forfeiture in the matter involving [REDACTED]. By doing so, the \$50,900.00 in mutilated U.S. currency that [REDACTED] attempted to redeem through the BEP was forfeited and seized by the DHS, United States Customs and Border Protection. (Exhibit 6)

FINDINGS

Based on the information and evidence gathered during this investigation it was determined the allegation that [REDACTED] attempted to launder \$50,900.00 in mutilated U.S. currency through the BEP MCP was substantiated.

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Office of Inspector General – Investigations
Department of the Treasury

REFERRALS**I. Criminal**

On September 30, 2009, United States District Court Judge Colleen Kollar-Kotelly, District of Columbia, granted the government's request for a Default Judgment and Final Order of Forfeiture in the matter involving [REDACTED]. By doing so, the \$50,900.00 in mutilated U.S. currency that [REDACTED] attempted to redeem through the BEP was forfeited and seized by the DHS, United States Customs and Border Protection.

II. Civil

N/A

III. Administrative

N/A

DISTRIBUTION

N/A

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Office of Inspector General – Investigations
Department of the Treasury

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Memorandum of Activity, Predicating Documents and Photographs, dated March 7, 2008.
2.	Memorandum of Activity, BEP Currency Research Report, dated March 20, 2008.
3.	Memorandum of Activity, Seizure Warrant, dated March 20, 2008.
4.	Memorandum of Activity, Seizure Warrant Executed, dated March 26, 2008.
5.	Memorandum of Activity, BEP Examiner Report, dated May 29, 2008.
6.	Memorandum of Activity, Default Judgment and Final Order of Forfeiture, U.S. District Court, dated March 7, 2008.

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Office of Inspector General - Investigations
Department of the Treasury



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM:

[REDACTED] *5/26/10*
Assistant Special Agent in Charge

SUBJECT:

[REDACTED] Contractor

OIG File Number: 2008-0069

On April 7, 2008, the Treasury Inspector General for Tax Administration (TIGTA) contacted the Treasury Office of Inspector General (TOIG), regarding [REDACTED] contract employee for Northrop Grumman (NG) on the Treasury's HR Connect maintenance contract. [REDACTED] is also a subcontractor for Government Acquisitions (GA) for the Internal Revenue Service (IRS) and owner of [REDACTED] Business Solutions [REDACTED]. A TIGTA confidential source alleged that [REDACTED] may have been billing time to the Treasury's HR Connect contract for the same hours worked on an IRS subcontract. [REDACTED] is an IT contractor specializing in software services.

TOIG and TIGTA interviewed several sources, but none had evidence of [REDACTED] over-billing or double-billing the federal government.

The TOIG and TIGTA subpoenaed NG and GA for all records (timesheets, contracts, invoices etc) related to [REDACTED] and [REDACTED] and billed to the federal government.

TOIG and TIGTA reviewed the hours claimed from these subpoenas and found no evidence of over-billing or double-billing by [REDACTED]. The records only showed number of hours worked, but not times worked. Therefore, it could not be determined if [REDACTED] ever billed two contracts for the same hours. Also, the total hours claimed each day was never more than 12 which is a feasible work day, claiming hours on two contracts.

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This investigation is being concluded because there is insufficient evidence that [REDACTED] over-billed or double-billed the Treasury and the IRS. In the event additional information is developed in this matter, this case may be re-examined to determine if further investigative activity by the TOIG is warranted. Therefore, it is recommended that no further investigation be conducted by TOIG and with the approval of this memorandum, this investigation be closed.

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REPORT OF INVESTIGATION
2008-0117



Office of Inspector General

United States Department of the Treasury



SUMMARY REPORT OF INVESTIGATION



DATE OF REPORT	
REPORT STATUS	FINAL
CASE NUMBER	2008-0117
CASE TITLE	██████████ (former) ██████████, Office of Thrift Supervision, Department of the Treasury
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	False Statement, 18 U.S.C § 1001 – Statement or entries generally

SYNOPSIS

This case was initiated on September 3, 2008, upon receipt of correspondence from the Federal Deposit Insurance Corporation (FDIC). The FDIC provided the Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), with a copy of an internal correspondence generated by ██████████ which summarized a telephone conversation between ██████████ former ██████████, Office of Thrift Supervision (OTS), ██████████ employees, and ██████████'s Chief Executive Officer (CEO). ██████████ was a financial institution that provided financial services to the public. Specifically, ██████████ and ██████████'s CEO discussed an infusion of \$18 million into ██████████ by its holding company in order for ██████████ to appear well-capitalized. Also, ██████████

Case Agent:

██████████, Special Agent

██████████ 12/29/2009
(Signature)

Supervisory Approval:

Anthony J. Scott, Acting Special Agent in Charge

██████████ 2/26/10
(Signature)

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█████ and ██████'s CEO, discussed the backdating of official records for the infusion to reflect it was completed in the first quarter of 2008.

In November 2008, Treasury OIG became aware that the United States Attorney's Office (USAO) for the Central District of California was investigating the \$18 million cash infusion into ██████ by its holding company in May 2008, and the backdating of official records. To date, the USAO for the Central District of California has not determined if criminal charges will be pursued against ██████ for his involvement regarding the ██████ infusion of \$18 million and the backdating of official records.

Based on the facts the USAO has not decided to pursue criminal charges, and that ██████ retired from federal service on March 14, 2009, Treasury OIG is closing its investigation. If the USAO decides to pursue criminal charges against ██████ this case may be reopened. (Exhibits 1, 2)

INVESTIGATIVE FINDINGS

The Securities and Exchange Commission (SEC) provided the FDIC with a copy of a working paper which memorialized a telephone conversation between ██████, (former) CEO for ██████ ██████ Coordinating Partner, ██████ and ██████, Engagement Partner, ██████ on May 9, 2008. On September 3, 2008, the FDIC provided the work paper to Treasury OIG.

The working paper contained language which reflects ██████ agreed and/or allowed ██████'s holding company to make an \$18 million cash infusion to ██████ on May 9, 2008. ██████ determined that the injection of cash would increase ██████'s risk-based capital ratio from 9.98% to 10.26% allowing ██████ to appear "well capitalized." Also, during the conversation, ██████ agreed that the \$18 million capital infusion could be documented as a part of ██████'s March 31, 2008, Thrift Financial Report, which was the first quarter of 2008. (Exhibit 1)

In a letter dated January 30, 2009, from ██████, ██████, OTS, to ██████ Geithner, Treasury Secretary, regarding the \$18 million cash infusion to ██████ ██████ concluded that the \$18 million cash infusion should not have occurred, and

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should not have been included in [REDACTED]'s March 31, 2008, Thrift Financial Report. (Exhibit 3)

INVESTIGATIVE ACTIVITY

On September 15, 2008, Treasury OIG met with [REDACTED], Unit Chief, Federal Bureau of Investigations (FBI), [REDACTED], [REDACTED] Economic Crime Section, FBI, and [REDACTED], Supervisory Special Agent, Economic Crime Unit 1, FBI, to inform them of the details related to [REDACTED]'s cash infusion. Special Agents [REDACTED] and [REDACTED] from the FBI's Los Angeles Field Office also participated in the meeting via telephone. (Exhibit 4)

On January 13, 2009, [REDACTED] and [REDACTED], Assistant United States Attorney's (AUSA), USAO for the Central District of California, [REDACTED], FDIC OIG, and [REDACTED], (former) Special Agent, Treasury OIG, interviewed [REDACTED] employees [REDACTED], and [REDACTED], regarding the \$18 million cash infusion by [REDACTED]'s holding company to [REDACTED]. [REDACTED] reported that participated in the teleconference on May 9, 2008, when [REDACTED] approved the \$18 million infusion to [REDACTED] and agreed to the backdating of records. [REDACTED] reported that he became aware of the \$18 million infusion through [REDACTED]. (Exhibits 5, 6)

On February 17th and 18th, 2009, AUSA's [REDACTED] and [REDACTED], and [REDACTED], interviewed [REDACTED], Acting [REDACTED] OTS, to determine his knowledge and or involvement in OTS' decision to allow [REDACTED]'s holding company to infuse \$18 million into [REDACTED] on May 9, 2008. [REDACTED] reported that he did not have any direct knowledge of the \$18 million infusion. (Exhibit 7)

On May 1, 2009, AUSA's [REDACTED] and [REDACTED], [REDACTED], and FBI Special Agent [REDACTED] interviewed [REDACTED] regarding his involvement in the \$18 million cash infusion to [REDACTED] and the backdating of official records. [REDACTED] reported that he allowed [REDACTED] to accept the \$18 million infusion from its holding company and allowed [REDACTED] to backdate its records to reflect it was part of [REDACTED]'s March 31, 2008, Thrift Financial Report. (Exhibit 8)

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EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Memorandum of Activity regarding [REDACTED] Working Paper and telephone interview dated September 11, 2008.
2.	Memorandum of Activity regarding [REDACTED] [REDACTED] [REDACTED]'s Notification of Personnel Action, dated December 18, 2009.
3.	Memorandum of Activity regarding Review of Records, dated February 2, 2009.
4.	Memorandum of Activity regarding meeting with the FBI dated September 15, 2008.
5.	Memorandum of Activity regarding interview of [REDACTED] rley, dated January 20, 2009.
6.	Memorandum of Activity regarding interview of [REDACTED] dated January 22, 2009.
7.	Memorandum of Activity regarding interview of [REDACTED] dated February 19, 2009.
8.	Memorandum of Activity regarding interview of [REDACTED] [REDACTED] dated May 1, 2009.

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REPORT OF INVESTIGATION



DATE OF REPORT	
REPORT STATUS	FINAL
CASE NUMBER	2008-0120
CASE TITLE	Walter Lunsford Indianapolis, IN
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	Title 18 U.S.C. § 641--Theft of Government Public Money, Property or Records.

SYNOPSIS

On September 11, 2008, the U.S. Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received correspondence from the U.S. Treasury Inspector General for Tax Administration (TIGTA), alleging that a State Tax Offset Program account, which is managed and operated by the Financial Management Service (FMS), was compromised and funds were illegally obtained from unauthorized individuals by using bank routing transit numbers (RTN)s to purchase vehicles. (Exhibit 1)

This investigation determined that \$3,828,981.14 in unauthorized cash debits related to Treasury's State Offset Program (TSOP) was recorded during 2007-2008. However, FMS officials informed this office that \$3,828,820.11 was successfully retrieved, leaving \$161.03 remaining in unreturned debt.

Case Agent:

[Redacted] ott, Investigator
[Redacted] 9/27/10
(Signature)

Supervisory Approval:

John Phillips, Special Agent In Charge
[Redacted] 10/12/10
(Signature)

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The Federal Bureau of Investigation's (FBI) Indianapolis Field Office conducted all investigative activities in Indiana and presented their findings to the Southern District of Indiana U.S. Attorney's Office for potential criminal prosecution. On February 9, 2009, OI was informed by the FBI that the Southern District of Indiana U.S. Attorney's Office declined criminal prosecution due to the lack of prosecutorial merit. (Exhibit 2)

On March 3, 2009, the OI received a copy of the FBI's Report of Investigation into the TSOP allegation. The FBI's investigation revealed that Walter Lunsford fraudulently purchased four vehicles and attempted to purchase an additional 15 vehicles from Capitol City Ford, using a RTN and fictitious documents. (Exhibit 3)

The Marion County Prosecutor's Office accepted the case against Lunsford for prosecution. On August 30, 2010, Lunsford was convicted of four counts of fraud on a federal institution and four counts of theft. (Exhibit 4)

On September 13, 2010, Lunsford was sentenced to two years home detention and three years probation. (Exhibit 5)

DETAILS

A. Allegation – It was alleged that the TSOP account was compromised and funds were illegally obtained by Lunsford and other individuals using a RTN.

B. Context – Background – On September 11, 2008, OI received correspondence from TIGTA alleging that Walter Lunsford, [REDACTED], [REDACTED], [REDACTED], [REDACTED], and [REDACTED], and [REDACTED], of Indianapolis, IN attempted to purchase vehicles with TSOP funds by identifying the TSOP RTN as their personal bank account number.

INVESTIGATIVE ACTIVITY

On September 19, 2008, [REDACTED], Security Specialist, FMS, provided information on the TSOP account. [REDACTED] explained that the TSOP reversal process was established in August 2000 as a mechanism to allow FMS/Debt Management Services (DMS) to recoup money from state governments when

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FMS/DMS had collected delinquent state taxes through the TSOP and a payment has been reversed. (Exhibit 6)

On October 16, 2008, [REDACTED], Special Agent (SA), FBI, Indianapolis (IN) Field Office, informed the OI that the FBI had an opened investigation into these allegations. SA [REDACTED] stated that the FBI was reviewing the FMS status report detailing the alleged illegal activity related to the TSOP. (Exhibit 7)

On October 20, 2008, SA [REDACTED] informed the OI that the FBI was jointly investigating the alleged allegation with the Indianapolis Metro Police Department (IMPD). SA [REDACTED] also informed the OI that the IMPD assisted with the seizure of all the vehicles purchased utilizing the TSOP account and will return the vehicles to the appropriate dealerships. (Exhibit 8)

On October 21, 2008, the OI met with FMS management, who stated that \$3,828,981.14 in unauthorized cash debits related to TSOP was recorded during 2007-2008. However, FMS officials informed this office that \$3,828,820.11 was successfully retrieved, leaving \$161.03 remaining in unreturned debt. (Exhibit 9)

On February 9, 2009, [REDACTED] informed the OI that the United States Attorney's Office, Southern District of Indiana, had declined federal prosecution in the investigation into TSOP. (Exhibit 2)

On March 3, 2009, the OI received a copy of the FBI's Report of Investigation into the TSOP allegation. The FBI's investigation revealed that Walter Lunsford fraudulently purchased four vehicles and attempted to purchase an additional 15 vehicles from Capitol City Ford, using an RTN and fictitious documents. The FBI interviewed Lunsford, who admitted to using an RTN to purchase the vehicles. He claimed that he obtained the RTN through the internet. He also claimed that one can use the RTN after opening an account with Treasury using their Social Security Number, their birth certificate, and a bond. Lunsford stated that he sent these documents to Treasury to open his account, but never spoke to anyone at Treasury regarding this account. He then attempted to use his account by writing bonded notes on the account which were given as payment to Capitol City Ford. The FBI also reported that the U.S. Secret Service Indianapolis Field Office, Criminal Investigative Division had three investigations pertaining to TSOP between June 2007 and April 2008. (Exhibit 3)

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On September 1, 2010, [REDACTED], Deputy Prosecutor, Grand Jury Division, Marion County Prosecutor's Office, contacted the OI regarding case #49G050907FC062998 on Walter Lunsford. Lunsford had been indicted in July 2009, for five counts of fraud on a financial institution, a class C felony, and five counts of theft, a class D felony, at the Marion Superior Court, in Indianapolis, Indiana. [REDACTED] stated that on August 30, 2010, Lunsford was convicted of four counts of fraud and four counts of theft. (Exhibit 4)

On September 14, 2010, the OI contacted [REDACTED]. [REDACTED] stated that on September 13, 2010, Lunsford was sentenced to two years of home detention and three years of probation. (Exhibit 5)

FINDINGS

This investigation determined that \$3,828,981.14 in unauthorized cash debits related to TSOP was recorded during 2007-2008. However, FMS officials informed this office that \$3,828,820.11 was successfully retrieved, leaving \$161.03 remaining in unreturned debt.

The investigation found that Lunsford bought four vehicles with an RTN and fictitious documents. He also assisted friends in an attempt to purchase up to 15 additional vehicles.

On August 30, 2010, Lunsford was convicted of four counts of fraud and four counts of theft.

On September 13, 2010, Lunsford was sentenced to three years of probation and home detention.

REFERRALS

A. Criminal

Prosecution of this case was referred to and declined by the Southern District of Indiana U.S. Attorney's Office.

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The Marion County Prosecutor's Office prosecuted the case against Lunsford. On September 13, 2010, Lunsford was sentenced to three years of probation and home detention for fraud and theft.

B. Civil

Not applicable.

C. Administrative

Not applicable.

RECOMMENDATIONS/DISTRIBUTION

██████████, Director, Program Integrity Division, Financial Management Service

EXHIBITS

- 1 Memorandum of Activity, Predicating documentation, dated September 11, 2008.
- 2 Memorandum of Activity, Information from Federal Bureau of Investigation regarding declination by United States Attorney's Office, dated February 9, 2009.
- 3 Memorandum of Activity, Report of Investigation by Federal Bureau of Investigation, dated March 3, 2009.
- 4 Memorandum of Activity, Walter Lunsford conviction, dated September 1, 2010.
- 5 Memorandum of Activity, Walter Lunsford sentence, dated September 14, 2010.

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- 6 Memorandum of Activity, Interview of Jeffrey Schramek, Security Specialist, FMS, dated September 19, 2008.
- 7 Memorandum of Activity, Contact by Travis Bartleson, Special Agent, FBI, regarding FBI's case involvement, dated October 16, 2008.
- 8 Memorandum of Activity, Contact by Travis Bartleson, Special Agent, FBI, regarding the Indianapolis Metro Police Department's case involvement, dated October 20, 2008.
- 9 Memorandum of Activity, Meeting with Financial Management Service, dated October 21, 2008.

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OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

**OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY**

FROM: [REDACTED] 10/19/10
Assistant Special Agent in Charge

SUBJECTS: United States Mint Numismatic Coin Program Review
OIG Case Number: 2009-0002

In October 2008, the United States Department of the Treasury, Office of Inspector General, Office of Investigations (OIG/OI), initiated a review of the United States Mint (Mint) Numismatic Coin Program (the retail sale of Mint products to the general public) upon receipt of numerous complaints from Mint officials expressing concerns the program was experiencing large losses due to credit card fraud and possible mismanagement by the Mint contractor responsible for operating the program.

Since approximately January 2000, the Mint contracted [REDACTED], Inc. [REDACTED], [REDACTED] to operate the fulfillment and call center operations for the Numismatic Coin Program, which is overseen by the Mint Sales and Marketing Division (SAM). Prior to that, operations were done in-house by Mint employees.

The OIG/OI review of the program revealed many internal control deficiencies associated with the program, to include inadequate supervision, inadequate oversight of the contractor and lack of a clear Standard of Operating Procedures (SOP). The review also discovered problems associated with the shipping of Mint products to the public such as little or no insurance of shipments, not requiring a signature for receipt of large dollar orders and no audit or reconciliation of shipping invoices. Because of the issues described above, the Mint incurred a net loss of \$883,967.00 in shipping losses for calendar year 2007 and losses of \$527,463.00 due to credit card fraud in FY 2008.

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In January 2009, the Mint terminated its contract with [REDACTED] and contracted [REDACTED] ([REDACTED], [REDACTED] [REDACTED] to operate its fulfillment and call center operations. The new contract addressed the previous shipping deficiencies described above by instituting the following changes: primary shippers are now FedEx and UPS; all packages are insured for the full value past the first \$100.00 (provided by the shipper) with no cap limit; all packages valued over \$300.00 require a signature; an independent audit is now done on all shipping invoices by an independent auditor, [REDACTED] nc.

In addition, over the past eighteen months, the Mint has taken the following steps to minimize its losses due to credit card fraud: utilizing an address verification service to confirm customers information, placing orders on hold due to the response received from the credit card authorizer, the dollar amount of the order and past fraudulent activity in the database for the customer or the customer's area. The Mint has also placed an automated \$50,000.00 per order, per credit card, per day limit on all credit card orders and implemented a program which limits the amount and ordering time intervals of direct ship orders.

As it appears the Mint has recognized and taken corrective actions to reduce or minimize its losses due to credit card fraud and shipping vulnerabilities, the OIG/OI is concluding its review of the Numismatic Coin Program. It is recommended that no further investigation be conducted by the OIG/OI and with the approval of this memorandum, this investigation be closed.

11
[REDACTED] *10/19/10*
John L. Phillips
Special Agent in Charge

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Report of Investigation
2009-0006-I



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT	
REPORT STATUS	Final
CASE NUMBER	2009-0006
CASE TITLE	Michael Scott, Financial Analyst, GS-15, Departmental Offices (DO), Washington, DC
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	Title 21 USC § 841((a)(1)) and §841((b)(1)(C)) - Unlawful Distribution of Methamphetamines

SYNOPSIS

On August 26, 2008, the Department of the Treasury (Treasury), Office of the Inspector General, Office of Investigations (OIG/OI) was contacted by the Federal Bureau of Investigation (FBI). The FBI received information that Michael Scott, Financial Analyst, GS-15, Departmental Offices (DO), was allegedly buying and/or selling methamphetamines and gamm-Hydroxybutyric acid (GHB). Furthermore, the FBI along with the United States Attorney's Office (USAO) for the District of Columbia were conducting an investigation into Scott's alleged illegal activities.

On February 12, 2009, the USAO indictment Scott on five counts of Title 21 USC § 841((a)(1)) and §841((b)(1)(C)), unlawful distribution of methamphetamines.

Agent: Special Agent  (Signature)	Supervisory Approval: John Phillips Special Agent In Charge  (Signature) 6/17/10
---	--

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On April 14, 2009, Scott pled guilty to two counts of unlawful distribution of methamphetamines. On May 20, 2010, Scott was sentenced to one day with credit for time served, placed on three years of supervised probation, ordered to pay a \$200.00 special assessment to the court and a \$1,000.00 fine.

DETAILS

I. Allegation

On August 26, 2008, the OIG/OI was informed by the FBI that Scott was allegedly buying and/or selling methamphetamines and GHB.

II. Context/Background

Between September 30, 2008 and November 18, 2008, the OIG/OI received information that a confidential informant (CI) purchased and received methamphetamines from Michael Scott, Financial Analyst, GS-15, DO, on three (3) occasions.

INVESTIGATIVE ACTIVITY

On August 26, 2008, the OIG/OI was informed by SA [REDACTED], FBI, that Scott was allegedly buying, and/or selling methamphetamines and GHB. SA [REDACTED] advised that a Confidential Informant (CI) purchased and received methamphetamines from Scott. [REDACTED], the Assistant United States Attorney (AUSA) assigned to the case, asked that no action be taken against Scott by the OIG/OI until the conclusion of this investigation. On October 13, 2008 and November 18, 2008, the FBI and OIG/OI conducted an operation where a CI purchased methamphetamine from Scott. (Exhibit 1)

On February 12, 2009, the USAO indicted Scott on five counts of distribution of methamphetamines. On that same date a the FBI and OIG/OI obtained a search warrant for Scott's residence. (Exhibit 2)

On February 18, 2009, the FBI and OIG/OI executed a search and arrest warrant at Scott's residence. Additional suspected narcotics were seized during the warrant service. The OIG/OI seized Scott's three (3) Treasury identification cards. On

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Office of Inspector General – Investigations
Department of the Treasury

February 25, 2009, OIG/OI returned the Scott's identification cards to the Treasury, Office of Security Programs. (Exhibits 3 & 4)

On April 14, 2009, Scott pled guilty to two counts of unlawful distribution of methamphetamines. Scott was released following his plea. (Exhibit 5)

On May 20, 2010, Scott was sentenced to one day with credit for time served, placed on three years of supervised probation, ordered to pay a \$200.00 special assessment to the court and a \$1,000.00 fine. (Exhibit 6)

FINDINGS

Scott was indicted, arrested, pled guilty, and was sentenced for two (2) counts of unlawful distribution of methamphetamines.

REFERRALS

I. Criminal

Investigation was prosecuted by the USAO for the District of Columbia for Title 21 USC § 841((a) (1)) and §841((b) (1) (C)) – Unlawful Distribution of Methamphetamines

II. Civil

None

III. Administrative

None

DISTRIBUTION

Mike Lewis, Senior Advisor, United States Department of the Treasury, Departmental Offices.

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Office of Inspector General – Investigations
Department of the Treasury

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Memorandum of Activity, Email correspondence with SA Timothy Pak, FBI, dated January 13, 2009.
2.	Memorandum of Activity, Indictment of Michael Scott, dated February 12, 2009.
3.	Memorandum of Activity, Arrest of Michael Scott, dated February 18, 2009.
4.	Memorandum of Activity, Return of Scott's Treasury identification cards to Wade Straw, dated February 25, 2009.
5.	Memorandum of Activity, Guilty plea of Michael Scott, dated April 15, 2009.
6.	Memorandum of Activity, Sentencing of Michael Scott, dated May 21, 2010.

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Office of Inspector General – Investigations
Department of the Treasury



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

**OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY**

FROM:

[REDACTED]
Special Agent

SUBJECT:

[REDACTED] National Bank
[REDACTED]

OIG Case Number: BANK-10-2227-I

On June 14, 2010, the U.S. Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received correspondence from the Federal Deposit Insurance Corporation (FDIC) OIG, as part of the joint Bank Fraud/Failure initiative, regarding potential insider trading by [REDACTED] National Bank's executives. It was alleged that the bank's executives are family members and gave themselves bank funds. Specifically, it is alleged the bank executives subverted the Office of the Comptroller of the Currency examination process by not revealing the true borrowers and condition of loans, which consequently contributed to the bank's failure.

On July 9, 2010, [REDACTED] National Bank closed, and the assuming institutions were [REDACTED] Bank of [REDACTED] and [REDACTED] Bank & Trust of [REDACTED]. Under the financial reform legislation, a Material Loss Review (MLR) reports are required for banks with losses in excess of \$200 million; the [REDACTED] National Bank's estimated losses were approximately \$78 million, and the bank's losses did not reach the \$200 million threshold.

On August 9, 2010, the OIG/OI was notified by the FDIC OIG that there was insufficient information to proceed with any criminal charges, based on the FDIC post closure examination of [REDACTED] National Bank. The FDIC OIG no longer considered it a criminal matter. The FDIC determined that administrative and/or civil fines and sanctions by the OCC may be the best course of action, if necessary. As a result of the lead investigative agency's decision, it is recommended that this investigation be administratively closed with the approval of this report.

Approved:

[REDACTED] 8/24/10
John L. Phillips
Special Agent in Charge



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

NOV 13 2009

MEMORANDUM FOR SCOTT E. WILSON, ASSOCIATE DIRECTOR (MGMT)
BUREAU OF ENGRAVING AND PRINTING

FROM: John L. Phillips [REDACTED] 11/13/09
Special Agent in Charge (Acting)

SUBJECT: [REDACTED] [REDACTED] Small Business Specialist

OIG Case Number: 2009-0202

On September 25, 2009, the Office of the Inspector General, Office of Investigations (OIG/OI) received a memorandum from [REDACTED] [REDACTED], Treasury, Bureau of Engraving and Printing (BEP), Office of Security, Assistant Chief, stating that [REDACTED] [REDACTED] Treasury, BEP, Small Business Specialist misused her Government issued credit card while on official travel.

[REDACTED] was interviewed by the OIG/OI and she provided a written, sworn statement admitting to the allegation. She also stated that she was in the process of repaying the money.

Based on the evidence and information gathered during the investigation, it was determined that the allegations regarding the misuse of a Government issued credit card by [REDACTED] [REDACTED] was substantiated.

The Report of Investigation (ROI) is attached and is forwarded to your office to assist you in determining what, if any, corrective administrative action may be warranted based upon the facts presented. A written response is to be sent to this office advising of the administrative action you have taken, or intend to take (including, if you do not plan to take any action and the reason(s) why), within 90 calendar days of your receipt of this ROI. Should you require additional time, please correspond with this office to request an extension and indicate a date by which you anticipate your action will be completed.

This ROI has been created by the Department of the Treasury, Office of Inspector General. It contains sensitive law enforcement information, the use and dissemination of which is governed by the Privacy Act, 5 U.S.C. §552a. This ROI remains the property of the Office of Inspector General and has been provided to you for use in performance of official duties. It must be safeguarded from improper disclosure and returned when your need for it has ended. Your use and further dissemination of it is limited to purposes consistent with your possession of it.

Please consult with the Office of Inspector General before making any other use or further dissemination.

Should you have questions concerning this matter or develop information that may indicate a need for additional or new investigative activity to assist you in resolving this matter, please contact me at (202) 927-██████. Staff requests for assistance should be directed to ██████████, Assistant Special Agent in Charge (Acting) at (202) 927-██████.

Report of Investigation
2009-0202



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT

REPORT STATUS

Final

CASE NUMBER

2009-0202

NOV 13 2009

CASE TITLE

██████████ Small Business Specialist, GS-13,
Bureau of Engraving and Printing (BEP), Washington, DC

PERTINENT
STATUTE(S),
REGULATION(S),
AND/OR
POLICY(IES)

5 CFR 735.203 - The Standards of Ethical Conduct for Treasury
Employees, Conduct Prejudicial to the Government.

5 CFR 2635.704 - Misuse of Government Property

SYNOPSIS

On September 25, 2009, the Office of the Inspector General, Office of Investigations (OIG/OI) received a memorandum from ██████████, Treasury, Bureau of Engraving and Printing (BEP), Office of Security, Assistant Chief, stating that ██████████ Treasury, BEP, Small Business Specialist misused her Government issued credit card while on official travel.

██████████ was interviewed by the OIG/OI and she provided a written, sworn statement admitting to the allegation. She also stated that she was in the process of repaying the money.

Case Agent:

Thomas Flood, Special Agent

(Signature)

Supervisory Approval:

John Phillips
Special Agent In Charge (Acting)

(Signature)

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On November 3, 2009, [REDACTED] contacted the OIG/OI and confirmed that as of that date [REDACTED] had paid \$5,000.00 toward her outstanding debt. [REDACTED] also advised that as of October 30, 2009, [REDACTED] had resigned from the BEP.

DETAILS

I. Allegation

On September 25, 2009, the OIG/OI received a memorandum from [REDACTED], Treasury, BEP, Office of Security, Assistant Chief, stating that [REDACTED] Treasury, BEP, Small Business Specialist misused her Government issued credit card while on official travel.

II. Context/Background

[REDACTED] was on official travel in Las Vegas, NV from July 19 until July 23, 2009. While on this assignment [REDACTED] charged in excess of \$7,500.00 most of which was for cash advances. She was authorized to charge \$200.00 during this travel. Upon her return she charged an additional \$3,714.00 at the Charles Town Racetrack, Charles Town, WV.

INVESTIGATIVE ACTIVITY

On October 7, 2009, the OIG/OI interviewed [REDACTED] Treasury, BEP, Manager of Financial Management. [REDACTED] provided copies of [REDACTED] Government issued credit card statement as well as her Gov Trip travel orders. [REDACTED] advised that [REDACTED] was entitled to \$200.00 while on official travel to Las Vegas, NV. However, [REDACTED] used her credit card to withdrawal over \$7,500.00 in Las Vegas, NV and Charles Town, WV. [REDACTED] provided copies of [REDACTED] credit card statement which validated the allegation.

[REDACTED] advised the total of [REDACTED] charges were approximately \$7,500.00 in Las Vegas, NV and in Charles Town, WV. He stated that the original allegation that [REDACTED] charged \$7,500.00 in Las Vegas, NV and an additional \$3,714.00 in Charles Town, WV was incorrect. (EXHIBIT 2)

On October 15, 2009, the OIG/OI interviewed [REDACTED] [REDACTED] [REDACTED] admitted to improperly using her Government issued credit card to obtain money in Las Vegas,

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Office of Inspector General – Investigations
Department of the Treasury

NV while on official travel as well as in Charles Town, WV while not on official travel. [REDACTED] acknowledged her actions were improper and said that it was a lapse of judgment on her part. She is in the process of reimbursing Citibank (credit card financial institution) and at this time has paid back \$5,000.00 which leaves an approximate outstanding balance of \$1,271.51. On October 19, 2009, [REDACTED] provided a signed, sworn statement to these facts. (EXHIBIT 3)

On November 3, 2009, [REDACTED] contacted the OIG/OI and confirmed that as of that date [REDACTED] had paid \$5,000.00 toward her outstanding debt. Walsh also advised that as of October 30, 2009, [REDACTED] had resigned from the BEP. (EXHIBIT 4)

FINDINGS

[REDACTED] admitted to misusing her U.S. Government issued credit card both while on official travel and while on her personal time to charge in excess of \$7,500.00, most of which was for cash advances.

In addition it has been determined [REDACTED] actions violated The Standards of Ethical Conduct for Treasury Employees, Conduct Prejudicial to the Government, 5 C.F.R., Section 735.203 as well as Misuse of Government Property, 5 C.F.R., Section 2635.704.

REFERRALS

I. Criminal

None

II. Civil

None

III. Administrative

Section 735.203 - The Standards of Ethical Conduct for Treasury Employees, Conduct Prejudicial to the Government.

Section 2635.704 – Misuse of Government Property.

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Office of Inspector General – Investigations
Department of the Treasury

DISTRIBUTION

██████████, Associate Director (Mgmt), Bureau of Engraving and Printing.

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Initial allegation, Memorandum from ██████████ to ██████████, dated September 25, 2009
2.	Memorandum of Activity, Interview of ██████████ ██████████ ██████████, dated October 7, 2009
3.	Memorandum of Activity, Interview of ██████████ ██████████ dated October 15, 2009
4.	Memorandum of Activity, email correspondence from ██████████, Sr., dated November 3, 2009

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Office of Inspector General – Investigations
Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT	JUL 13 2010
REPORT STATUS	Final
CASE NUMBER	BEP-09-0120-1
CASE TITLE	██████████ Chief Information Officer, ES-0340, Bureau of Engraving Printing
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	Procurement Integrity Act, Title 41 USC § 423 – Office of Federal Procurement Policy Act, Restrictions on disclosing and obtaining contractor bid or proposal information or source selection information. (UNSUBSTANTIATED)

SYNOPSIS

This investigation was initiated on July 8, 2009, based on information received from ██████████ Information Technology Specialist (IT), Bureau of Engraving and Printing (BEP) alleging that ██████████ Chief Information Officer, BEP, engaged in improper procurement practices. Specifically, ██████████ alleged that ██████████ used separate invoices to purchase related hardware and software for the BEP Enterprise Initiative (BEN) to deliberately avoid reporting IT purchases that exceeded \$5 million, to the Department of the Treasury (Treasury) Procurement Executives. ██████████ also alleged that ██████████ purchased 40-servers for the BEN contract prior to the contract being awarded, and that ██████████ steered the BEN contract to ██████████ by only reviewing ██████████'s response to BEP Solicitation RFQ-09-0056. (Exhibit 1)

Case Agent:

██████████
Special Agent

(Signature)

Supervisory Approval:

John L. Phillips *For*
Special Agent In Charge

(Signature)

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The investigation determined the allegation that [REDACTED] engaged in improper procurement practices is unsubstantiated. The OIG did not uncover any evidence: that [REDACTED] deliberately split invoices to purchase hardware and software to avoid reporting requirements to Treasury Procurement Executives; that computer equipment such as 40-servers were purchased prior to the contract being awarded; nor did [REDACTED] steer the BEN contract to [REDACTED] by only reviewing [REDACTED] response to BEP Solicitation RFQ [REDACTED]

DETAILS

I. Allegation – Improper Procurement Practices

II. Context/Background:

BEP Solicitation RFQ [REDACTED] was awarded as BPA C09 [REDACTED] on April 23, 2009, to provide IT services and system support for the BEP, Data Base Management Module. BPA C09- [REDACTED] is also known as BEN. All work performed under BEN has been negotiated as firm fixed price task orders. To date, there have been approximately 21 task orders awarded under BEN totaling approximately \$30,525,131.

General Services Administration (GSA) has established Special Item Numbers (SIN) within their GSA Schedules Program for special ordering procedures for services that require a Statement of Work. These special ordering procedures take precedence over the procedures in FAR 8.404 (b)(2) through GSA which determined that the prices for services contained in the contractor's price list are applicable to this Schedule and are fair and reasonable. However, the ordering office using this contract is responsible for considering the level of effort and mix of labor proposed to perform a specific task being ordered and for making a determination that the total firm-fixed price or ceiling price is fair and reasonable.

The Executive Office of the President, Office of Management and Budget (OMB 300) has established Circular NO. A-11, Part 7 (section 300), Planning, Budgeting, Acquisition, and Management of Capital Assets to report major IT investments. An OMB 300 is a complex reporting document which provides procedural and analytic guidelines for reporting IT projects.

INVESTIGATIVE ACTIVITY

In an interview with the OIG, [REDACTED] believed [REDACTED] used separate invoices to purchase related hardware and software to avoid reporting requirements to Treasury. [REDACTED] also believed [REDACTED] purchased 40 servers and computer software with funds allocated to the BEN contract. [REDACTED] further alleged that the servers and software were purchased prior to the BEN contract being awarded to [REDACTED]

█████ also said that █████ awarded the BEN contract to █████ without reviewing all responses submitted to the solicitation by competing companies. █████ said that she did not have any direct evidence to prove her allegations. (Exhibit 2)

In an interview with the OIG, █████ Contracting Officer, BEP reported that she served as the Contracting Officer for the BEN award to █████ █████ reported that there has not been any splitting of funds to purchase related hardware or software for the BEN initiative. █████ explained that when awarding a BPA with a diversity of required SINs, all GSA purchases fall under the SINs, and a Contractor Team Arrangement (CTA) is allowed. Under a CTA, two or more GSA Schedule contractors work together, by complementing each other's capabilities, to offer a total solution to meet an ordering activity's requirement.

█████ further explained that only the teaming partner who holds the SINs for the item needed can issue the purchase order. Funds are allocated separately for that purpose. █████ explained that the CTA concept may be perceived as splitting purchase orders; however, it is a good acquisition methodology in keeping funding tied to the appropriated awarded SIN.

█████ reported that the BEP has kept Treasury fully informed of all BEN expenditures through "face to face" meetings between the BEP Associate Director and Treasury Procurement Executives. █████ said eight GSA Contract Holders were issued a copy of the Solicitation for BEN on January 7, 2009. █████ reported that only four companies responded to the solicitation. Two of the companies were eliminated because their responses to the solicitation were classified as non-compliant by her and the BEP Legal Department. █████ said █████ chaired two technical evaluation panels for the BEN contract on March 23, 2009, which █████ emerged as the contract award winner. █████ reported that there have been no purchases of hardware or software related to the BEN initiative prior to the award of BEN. (Exhibit 4)

In an interview with the OIG, █████ reported that at the inception of the BEN contract he initially kept task values low simply to reduce risk, and to assess █████ performance. █████ said after a few months he and the procurement staff were able to establish cost estimates, which he reported to BEP's Director, Deputy Director and Associate Directors. He reported that there was sufficient data to generate an OMB 300, and they concurred. █████ said in December 2009, he directed appropriate staff to initiate an OMB 300.

█████ stated that some hardware and software purchases were acquired under the CTA concept. █████ explained under the CTA, a teaming partner provides hardware and the other teaming partner provides the software. █████ said his office purchases equipment all of the time; however, he did not purchase 40 servers for the BEN initiative prior to the award. █████ said that the BEP

servers to be purchased for the BEN initiative prior to the award. [REDACTED] said that as part of the BEN initiative, the contract winner was required to have hardware teaming partners on their team prior to the award. [REDACTED] said that the BEP expenditures are reported in accordance with generally accepted accounting principles and reported in BEP's annual report. These expenditures are subject to annual audit.

[REDACTED] reported that he did not steer the BEN contract to [REDACTED]. [REDACTED] said that he worked with [REDACTED] to award the BEN contract. [REDACTED] said that he and Procurement Specialists, [REDACTED] and Ms. [REDACTED] conducted technical evaluation panels for the BEN contract on March 23, 2009. [REDACTED] said that the evaluations were reviewed by Legal and an award was made to [REDACTED] (Exhibit 5)

FINDINGS

The investigation determined the allegations that [REDACTED] engaged in improper procurement practices is unsubstantiated. The investigation did not find any evidence that [REDACTED] deliberately split invoices to purchase hardware and software to avoid reporting requirements to Treasury Procurement Executives. The investigation determined that [REDACTED] initially kept the BEN expenditures low to determine cost estimates and avoid wasteful spending, not to avoid reporting requirements to Treasury Procurement Executives. Also, the investigation did not discover any evidence that computer equipment such as servers were purchased prior to the contract being awarded.

In addition, the investigation did not find any evidence that [REDACTED] steered the BEN contract to [REDACTED] by only reviewing [REDACTED] response to BEP Solicitation RFQ-09-0056. The investigation discovered that [REDACTED] chaired two Contract Technical Review Panels which reviewed submitted responses from companies for the BEN contract.

I. Criminal

For a prosecutorial opinion, the facts of this case were presented to [REDACTED], Assistant United States Attorney, United States Attorney's Office (USAO), Washington D.C., to determine if there may have been a violation of Title 41 USC § 423 – Federal Procurement Policy Act, Restrictions on disclosing and obtaining contractor bid or proposal information or source selection information. On July 2, 2010, AUSA [REDACTED] determined there was no criminal violation in this matter. (Exhibit 6)

II. Civil

N/A

III. Administrative

The allegation of [REDACTED] engaging in improper procurement practices is unsubstantiated. It is recommended that this information be provided to the BEP management for any action they deem appropriate.

DISTRIBUTION

Debra Etkins, Assistant to the Chief, BEP

EXHIBITS

- | <u>Number</u> | <u>Description</u> |
|---------------|--|
| 1. | Initial complaint document from [REDACTED] [REDACTED] dated June 30, 2009. |
| 2. | Memorandum of Activity, interview of [REDACTED] [REDACTED] dated April 26, 2010. |
| 3. | Memorandum of Interview, Interview of [REDACTED] dated August 18, 2009. |
| 4. | Memorandum of Activity, Interview of [REDACTED] dated May 14, 2010. |
| 5. | Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated May 24, 2010. |
| 6. | Memorandum of Activity, Declination of case, dated July 2, 2010. |



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

**OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY**

FROM: James Howell
Special Agent

SUBJECT: [REDACTED]

OIG File Number BEP-10-0188-I

In the late 1800's, the U.S. government enacted legislation requiring the Department of the Treasury to exchange damaged or mutilated U.S. currency on a one-for-one basis. This allowed the public to exchange currency that, due to its condition, might not otherwise be accepted as legal tender. In addition to providing a public service, this program helped to bolster domestic and international confidence in the value of U.S. currency.

This program is known as the Mutilated Currency Exchange Program (MCEP) and is administered by the Bureau of Engraving and Printing (BEP). BEP maintains a professional staff of forensic experts who examine each note that is submitted for exchange to determine its authenticity before redemption.

On October 22, 2009, this office received correspondence from the BEP, Office of Security, regarding the potential abuse of the MCEP. Specifically, the Mutilated Currency Division (MCD) identified a mutilated currency redemption claim by [REDACTED] of [REDACTED] that was suspicious in nature. The suspicious claim was for an estimated \$60,523.

However, after further examination by the MCD examiners, it was determined that the mutilated currency redemption claim was legitimate. As such, the claim was validated and redeemed. Therefore, it is recommended that this investigation be concluded with the approval of this memorandum.

Approved: [REDACTED]

Assistant Special Agent in Charge
Office of Investigations

5/28/10



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

**OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY**

FROM:

[REDACTED]
Special Agent

SUBJECT:

[REDACTED] Coins & Currency
Santa Barbara, CA

OIG File Number BEP-10-0193-I

In the late 1800's, the U.S. government enacted legislation requiring the Department of the Treasury to exchange damaged or mutilated U.S. currency on a one-for-one basis. This allowed the public to exchange currency that, due to its condition, might not otherwise be accepted as legal tender. In addition to providing a public service, this program helped to bolster domestic and international confidence in the value of U.S. currency.

This program is known as the Mutilated Currency Exchange Program (MCEP) and is administered by the Bureau of Engraving and Printing (BEP). BEP maintains a professional staff of forensic experts who examine each note that is submitted for exchange to determine its authenticity before redemption.

On October 22, 2009, this office received correspondence from the BEP, Office of Security, regarding the potential abuse of the MCEP. Specifically, the Mutilated Currency Division (MCD) identified a mutilated currency redemption claim by [REDACTED] [REDACTED] Coins & Currency, located in Santa Barbara, CA, that was suspicious in nature. The suspicious claim was for an estimated \$75,518.

However, after further examination by the MCD examiners, it was determined that the mutilated currency redemption claim was legitimate. As such, the claim was validated and redeemed. Therefore, it is recommended that this investigation be concluded with the approval of this memorandum.

Approved:

[REDACTED]
[REDACTED] M [REDACTED]

Assistant Special Agent in Charge
Office of Investigations

5/26/10



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM:

[REDACTED]
Special Agent

SUBJECT:

[REDACTED]
[REDACTED], [REDACTED], [REDACTED], [REDACTED]

OIG File Number BEP-10-0195-I

In the late 1800's, the U.S. government enacted legislation requiring the Department of the Treasury to exchange damaged or mutilated U.S. currency on a one-for-one basis. This allowed the public to exchange currency that, due to its condition, might not otherwise be accepted as legal tender. In addition to providing a public service, this program helped to bolster domestic and international confidence in the value of U.S. currency.

This program is known as the Mutilated Currency Exchange Program (MCEP) and is administered by the Bureau of Engraving and Printing (BEP). BEP maintains a professional staff of forensic experts who examine each note that is submitted for exchange to determine its authenticity before redemption.

On October 22, 2009, this office received correspondence from the BEP, Office of Security, regarding the potential abuse of the MCEP. Specifically, the Mutilated Currency Division (MCD) identified a mutilated currency redemption claim by [REDACTED], of [REDACTED], [REDACTED], [REDACTED], [REDACTED], that was suspicious in nature. The suspicious claim was for an estimated \$9,500.

However, after further examination by the MCD examiners, it was determined that the mutilated currency redemption claim was legitimate. As such, the claim was validated and redeemed. Therefore, it is recommended that this investigation be administratively closed with the approval of this memorandum.

Approved: [REDACTED]

Assistant Special Agent in Charge
Office of Investigations

5/26/10



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM:

[REDACTED]
Special Agent

SUBJECT:

[REDACTED] nkosol
[REDACTED]

OIG File Number BEP-10-0197-I

In the late 1800's, the U.S. government enacted legislation requiring the Department of the Treasury to exchange damaged or mutilated U.S. currency on a one-for-one basis. This allowed the public to exchange currency that, due to its condition, might not otherwise be accepted as legal tender. In addition to providing a public service, this program helped to bolster domestic and international confidence in the value of U.S. currency.

This program is known as the Mutilated Currency Exchange Program (MCEP) and is administered by the Bureau of Engraving and Printing (BEP). BEP maintains a professional staff of forensic experts who examine each note that is submitted for exchange to determine its authenticity before redemption.

On October 22, 2009, this office received correspondence from the BEP, Office of Security, regarding the potential abuse of the MCEP. Specifically, the Mutilated Currency Division (MCD) identified a mutilated currency redemption claim by [REDACTED] of [REDACTED], that was suspicious in nature. The suspicious claim was for an estimated \$37,302.

However, after further examination by the MCD examiners, it was determined that the mutilated currency redemption claim was legitimate. As such, the claim was validated and redeemed. Therefore, it is recommended that this investigation be concluded with the approval of this memorandum.

Approved:

[REDACTED] s.M.

Assistant Special Agent in Charge
Office of Investigations

5/24/10



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

**OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY**

FROM:

[REDACTED]
Special Agent

SUBJECT:

[REDACTED] Corporation
[REDACTED]

OIG File Number BEP-10-0199-I

In the late 1800's, the U.S. government enacted legislation requiring the Department of the Treasury to exchange damaged or mutilated U.S. currency on a one-for-one basis. This allowed the public to exchange currency that, due to its condition, might not otherwise be accepted as legal tender. In addition to providing a public service, this program helped to bolster domestic and international confidence in the value of U.S. currency.

This program is known as the Mutilated Currency Exchange Program (MCEP) and is administered by the Bureau of Engraving and Printing (BEP). BEP maintains a professional staff of forensic experts who examine each note that is submitted for exchange to determine its authenticity before redemption.

On October 22, 2009, this office received correspondence from the BEP, Office of Security, regarding the potential abuse of the MCEP. Specifically, the Mutilated Currency Division (MCD) identified a mutilated currency redemption claim by [REDACTED] Corporation located in [REDACTED] that was suspicious in nature. The suspicious claim was for an estimated \$6,148.

However, after further examination by the MCD examiners, it was determined that the mutilated currency redemption claim was legitimate. As such, the claim was validated and redeemed. Therefore, it is recommended that this investigation be concluded with the approval of this memorandum.

Approved:

[REDACTED]

5/26/10

Assistant Special Agent in Charge
Office of Investigations

REPORT OF INVESTIGATION
BEP-10-0612



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT	
REPORT STATUS	Final
CASE NUMBER	BEP-10-0612
CASE TITLE	██████████ Final Verifier, KG-6 Bureau of Engraving and Printing
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	Bureau of Engraving and Printing – Off Duty Arrest Policy.

SYNOPSIS

On December 8, 2009, the U.S. Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received correspondence from the Bureau of Engraving and Printing (BEP), Office of Security alleging that a BEP employee failed to report an off-duty arrest. Specifically, it was alleged that ██████████ Final Verifier, Office of Management Control, BEP, was arrested on February 25, 2008, by the Charles County, MD Sherriff's Department for Malicious Destruction of Property and failed to make proper notification to the Personnel Security Division, Office of Security. (Exhibit 1)

This investigation determined that ██████████ was not arrested on February 25, 2008. However, this investigation revealed that ██████████ received a summons on March 14,

Case Agent:

██████████ Special Agent

(Signature)

Supervisory Approval:

Thadious Motley III
Special Agent In Charge (Acting)

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2008, from the Charles County, MD Sheriff's Office, to appear in the Charles County District Court for violation of Malicious Destruction of Property, under \$500. On June 30, 2009, the charge against [REDACTED] was subsequently dismissed due to the lack of evidence. This investigation determined that [REDACTED] failed to notify BEP, Personnel Security Division, Office of Security of her court appearance, immediately upon her return to work. Therefore, the allegation that [REDACTED] violated the BEP, Employee Handbook, Rules and Regulations, Conduct Section, for reporting an off-duty arrest is substantiated.

DETAILS

I. Allegation

It is alleged that [REDACTED] violated BEP, Employee Handbook, Rules and Regulations, Conduct Section, by engaging in off-duty activities that resulted in her arrest for Malicious Destruction of Property. Specially, it is alleged that [REDACTED] failed to properly notify BEP Personnel Security Division, Office of Security, of an off-duty arrest.

II. Context/Background

On February 25, 2008, [REDACTED] was shopping at the Home Depot in Waldorf, MD, when she got into a verbal altercation with [REDACTED] inside the hardware store.

On March 14, 2008, [REDACTED] was summoned to appear in the District Court of Maryland, Charles County as the defendant in the *State v. [REDACTED]*, [REDACTED] 3, on a charge of Malicious Destruction of Property. On September 9, 2008, the case against [REDACTED] was placed on the stet docket by the State of Maryland with the condition that both complete eight hours of community service. On May 15, 2009, [REDACTED] notified the BEP Office of Security of the incident, via Optional Form 306, during her 2009 background investigation. On June 30, 2009, the District Court of Maryland, Charles County dismissed the charges against [REDACTED] due to the lack of evidence.

The BEP, Employee Handbook, Rules and Regulations, Conduct Section, states that "an employee whose off-duty, off-premises conduct results in the receipt of a criminal citation (any subpoena, or other judicial order to appear before any tribunal, court, or other local, state or federal body to answer for or give

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Office of Inspector General – Investigations
Department of the Treasury

explanation for any alleged criminal behavior or actions), arrest and/or conviction, is required to make a report of such matters immediately upon the his/her return to work [Monday through Friday], in Washington, DC to the Personnel Security Division, Office of Security." Failure to report such matters may result in disciplinary and/or corrective or adverse action, up to and including removal.

INVESTIGATIVE ACTIVITY

On January 6, 2010, [REDACTED] was interviewed by the OIG/OI regarding the listed allegations. [REDACTED] essentially stated that she did not notify BEP of the incident in a timely manner because she was not formally arrested. [REDACTED] stated that she was summoned to court and the charges against her were subsequently dismissed due to the lack of evidence. [REDACTED] said that it was her interpretation of BEP's policy on reporting an off-duty arrest, that an individual who was formally arrested is obligated to report that off-duty arrest to the Office of Security.

[REDACTED] stated that she informed her background investigator of the incident after she was advised by a representative from the Office of Security. [REDACTED] said she was not attempting to conceal the incident from BEP, because she was not formally arrested. (Exhibit 2)

On January 13, 2010, the OIG/OI retrieved a copy of the court disposition, pertaining to the listed allegation, from the District Court of Maryland, Charles County. The criminal system inquiry charge/disposition indicated that the charges against [REDACTED] were dismissed on June 30, 2009, due to the lack of evidence. (Exhibit 3)

FINDINGS

This investigation determined that [REDACTED] was summoned on March 14, 2008, to appear in the Charles County, MD District Court for violation of Malicious Destruction of Property, under \$500. On June 30, 2009, the charges against [REDACTED] were dismissed due to lack of evidence. This investigation determined that [REDACTED] failed to notify the Personnel Security Division, Office of Security, immediately upon her return to work [Monday through Friday], in Washington, DC of her summons and court appearance. Therefore, the allegation that [REDACTED] violated BEP rules and regulation for reporting an off-duty arrest is substantiated.

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Office of Inspector General – Investigations
Department of the Treasury

REFERRALS

I. Criminal

On March 14, 2008, [REDACTED] was summoned to appear in the District Court of Maryland, Charles County as the defendant in the *State v. [REDACTED]*, charged with Malicious Destruction of Property. On September 9, 2008, the case against [REDACTED] was placed on stet docket by the State of Maryland with the condition that each complete eight hours of community service. On June 30, 2009, the District Court of Maryland, Charles County dismissed the charges against [REDACTED] due to the lack of evidence.

II. Civil

Not applicable

III. Administrative

This investigation determined that [REDACTED] failed to notify the Personnel Security Division, Office of Security, immediately upon her return to work [Monday through Friday], in Washington, DC of her summons and court appearance. Therefore, the allegation that [REDACTED] violated BEP rules and regulation for reporting an off-duty arrest is substantiated.

DISTRIBUTION

[REDACTED], Associate Director (Management), Bureau of Engraving and Printing

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Office of Inspector General – Investigations
Department of the Treasury

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Original allegation, Correspondence, dated December 8, 2009.
2.	Memorandum of Activity, Interview of [REDACTED] dated January 6, 2010.
3.	Memorandum of Activity, Document Receipt & Review, dated January 13, 2010.

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Office of Inspector General – Investigations
Department of the Treasury



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM:

[REDACTED]
Special Agent

SUBJECT:

[REDACTED] Bank
[REDACTED], [REDACTED]

OIG File Number BEP-10-0932-I

In the late 1800's, the U.S. government enacted legislation requiring the Department of the Treasury to exchange damaged or mutilated U.S. currency on a one-for-one basis. This allowed the public to exchange currency that, due to its condition, might not otherwise be accepted as legal tender. In addition to providing a public service, this program helped to bolster domestic and international confidence in the value of U.S. currency.

This program is known as the Mutilated Currency Exchange Program (MCEP) and is administered by the Bureau of Engraving and Printing (BEP). BEP maintains a professional staff of forensic experts who examine each note that is submitted for exchange to determine its authenticity before redemption.

On January 27, 2010, this office received correspondence from the BEP, Office of Security, regarding the potential abuse of the MCEP. Specifically, the Mutilated Currency Division (MCD) identified a mutilated currency redemption claim by [REDACTED] Bank, located in [REDACTED], [REDACTED] that was suspicious in nature. The suspicious claim was for an estimated \$16,058.

However, after further examination by the MCD examiners, it was determined that the mutilated currency redemption claim was legitimate. As such, the claim was validated and redeemed. Therefore, it is recommended that this investigation be concluded with the approval of this memorandum.

Approved

[REDACTED]
Assistant Special Agent in Charge
Office of Investigations

~ 5/28/10



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM:

[REDACTED]
Special Agent

SUBJECT:

Unknown
U.S. Postal Service, Mail Recovery, Atlanta, GA

OIG File Number BEP-10-1027-I

In the late 1800's, the U.S. government enacted legislation requiring the Department of the Treasury to exchange damaged or mutilated U.S. currency on a one-for-one basis. This allowed the public to exchange currency that, due to its condition, might not otherwise be accepted as legal tender. In addition to providing a public service, this program helped to bolster domestic and international confidence in the value of U.S. currency.

This program is known as the Mutilated Currency Exchange Program (MCEP) and is administered by the Bureau of Engraving and Printing (BEP). BEP maintains a professional staff of forensic experts who examine each note that is submitted for exchange to determine its authenticity before redemption.

On February 4, 2010, this office received correspondence from the BEP, Office of Security, regarding the potential abuse of the MCEP. Specifically, the Mutilated Currency Division (MCD) identified a mutilated currency redemption claim by an unknown subject, which was recovered by U.S. Postal Service, located in Atlanta, GA, that was suspicious in nature. The suspicious claim was for an estimated \$5,010.

However, after further examination by the MCD examiners, it was determined that the mutilated currency redemption claim was legitimate. As such, the claim was validated and redeemed. Therefore, it is recommended that this investigation be concluded with the approval of this memorandum.

Approved:

[REDACTED]

5/23/10

[REDACTED]
Assistant Special Agent in Charge
Office of Investigations



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM: [REDACTED]
Special Agent

SUBJECT: [REDACTED] Bank
Miami, FL

OIG File Number BEP-10-1028-I

In the late 1800's, the U.S. government enacted legislation requiring the Department of the Treasury to exchange damaged or mutilated U.S. currency on a one-for-one basis. This allowed the public to exchange currency that, due to its condition, might not otherwise be accepted as legal tender. In addition to providing a public service, this program helped to bolster domestic and international confidence in the value of U.S. currency.

This program is known as the Mutilated Currency Exchange Program (MCEP) and is administered by the Bureau of Engraving and Printing (BEP). BEP maintains a professional staff of forensic experts who examine each note that is submitted for exchange to determine its authenticity before redemption.

On February 4, 2010, this office received correspondence from the BEP, Office of Security, regarding the potential abuse of the MCEP. Specifically, the Mutilated Currency Division (MCD) identified a mutilated currency redemption claim by [REDACTED] Bank, located in Miami, FL, that was suspicious in nature. The suspicious claim was for an estimated \$88,400.

However, after further examination by the MCD examiners, it was determined that the mutilated currency redemption claim was legitimate. As such, the claim was validated and redeemed. Therefore, it is recommended that this investigation be concluded with the approval of this memorandum.

Approved: [REDACTED]

[REDACTED] M [REDACTED]
[REDACTED] Special Agent in Charge
Office of Investigations

5/25/10



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

December 9, 2010

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM:

Special Agent [REDACTED]

12/9/10

SUBJECT:

[REDACTED] - Theft of CFC Funds

OIG File Number: BEP-10-2629-I

On July 22, 2010, the Treasury, Office of Inspector General (TOIG) received an anonymous complaint which alleged Bureau of Engraving and Printing (BEP) employee [REDACTED] may have committed theft or mismanagement of Combined Federal Campaign (CFC) funds. The complainant said he/she had observed [REDACTED]'s financial difficulties had recently disappeared although her spouse is not working. Further, it was alleged [REDACTED] mysteriously had enough cash for the down payment of a recent home purchase. Additionally, it was alleged [REDACTED] also commits egregious time & attendance abuse, which has been sanctioned by BEP management.

On August 30, 2010, TOIG interviewed [REDACTED] regarding the allegations about [REDACTED]. [REDACTED] was the BEP's CFC Coordinator for the 2009-2010 campaign. [REDACTED] said he had not heard nor noticed any irregularities or concerns expressed about [REDACTED] handling of CFC funds. He said, however, that such an allegation was odd because most of the CFC monies received are in the form of checks or allotments. He said very little cash is turned in or handled. [REDACTED] said he interacted with [REDACTED] at CFC meetings and gatherings, she accounted for and turned in CFC money, and never noticed anything unusual or amiss in his dealings with her.

On August 31, 2010, TOIG interviewed [REDACTED], Manager of the Customer Support Division, BEP Information Technology (IT) Operations. [REDACTED] reported no disciplinary problems or conduct issues with [REDACTED] in over eight years that he has supervised her. He said that he interacts with her daily and

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characterized his supervision of her as being fairly close. He did not know of any financial problems that [REDACTED] may have and was not aware of any issues arising from her involvement in the CFC.

[REDACTED] was also asked about [REDACTED] work schedule and he stated that she is authorized and works from home and it is documented on her timesheet. He said [REDACTED] has a lower leave balance than others under his supervision because she has been using her leave to attend to health issues in recent months. He said he does not interfere with his employees' leave requests as he believes that if they have sufficient leave, they can use it as they desire.

On August 31, 2010, TOIG interviewed [REDACTED] who told investigators the BEP collected approximately \$200,000 to \$225,000 last year (2009-2010). [REDACTED] said her duties as CFC Coordinator involved collecting pledge cards, payroll deduction forms, and cash donations. She explained that 99% of the funds collected were in the form of payroll deductions and checks. [REDACTED] said on occasion she would handle \$500 to \$600 in cash. Someone always counted the cash with her. She said other BEP employees assisted her in counting pledge forms, checks and cash.

[REDACTED] was also questioned about her personal finances. She said had recently withdrawn \$41,000 from her Thrift Savings Plan account to pay off credit cards and debts from her husband's failed business. [REDACTED] was also asked about her work schedule. She said that she has had health issues over the past two months and has been working weekends to get make up the time. She said her supervisor, [REDACTED], was aware of her work schedule on the weekends.

[REDACTED] provided accounts sheets and pledge summary cards from the 2009-2010 CFC fund drive. A TOIG review of these deposit forms and key worker summaries showed that a very small amount of the total pledge funds were comprised of cash or checks.


On September 1, 2010, TOIG telephonically interviewed [REDACTED], Budget Analyst, Office of Financial Management, BEP. [REDACTED] audited the receipts for the 2009-2010 CFC at the BEP. On Fridays, she met with [REDACTED] and verified the pledge forms were filled out correctly. She went with [REDACTED] to make deposits at the Department of Agriculture Federal Credit Union, where the BEP had an account to deposit CFC funds. When asked whether she ever had any suspicions about [REDACTED] handling of the CFC funds, [REDACTED] responded, "absolutely not" and she doubled

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checked their work so that there was never any question or doubt about the proper accounting and recording of funds.

In the event additional information is developed in this matter, this case may be re-examined to determine if further investigative activity by the OIG/OI is warranted. Therefore, it is recommended that no further investigation be conducted by the OIG/OI and with the approval of this memorandum, this investigation is closed.

Approved:

 12/9/10

John L. Phillips
Special Agent in Charge

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OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

**MEMORANDUM TO FRED PYATT, ASSISTANT COMMISSIONER
BUREAU OF THE PUBLIC DEBT**

FROM: Thadious Motley
Special Agent in Charge (Acting)

SUBJECT: [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

OIG Case Number: 2009-0095

An investigation conducted by our office into the above-referenced matter was concluded based on the Assistant United States Attorney's Office for the Southern District of West Virginia declining prosecution.

On June 3, 2009, the U.S. Department of Treasury (Treasury), Office of the Inspector General, Office of Investigations (OIG/OI) received information from the Bureau of Public Debt (BPD) regarding four family subjects attempting to make fraudulent purchases of marketable securities via the BPD online Treasury Direct system. No purchases were completed; the U.S. Government had no loss.

All four Treasury Direct account holders were relatives with the last name of [REDACTED] ([REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] and Mark [REDACTED]. They created primary accounts beginning on April 24, 2009. They began participating in noncompetitive auctions primarily from May 18, 2009 through May 28, 2009, through Treasury Direct. The requests were ultimately unfunded because all requests were returned for insufficient funds. The [REDACTED] attempted marketable purchase requests totaling \$639,505,000 through the Treasury Direct system. The [REDACTED] then deleted \$423,905,000 of their requests from the system.

On September 17, 2009, OIG/OI presented this case for prosecution to Assistant United States Attorney (AUSA) Miller Bushong, Southern District of West Virginia. AUSA Bushong declined prosecution on this case.

The Report of Investigation (ROI) is attached and is forwarded to your office to assist you in determining what, if any, corrective administrative action may be warranted based upon the facts presented. A written response is to be sent to this office advising of the administrative action you have taken, or intend to take (including, if you do not plan to take any action and the reason(s) why), within 90 calendar days of your receipt of this ROI. Should you require additional time, please correspond with this office to request an extension and indicate a date by which you anticipate your action will be completed.

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If at any time you have any questions concerning this matter or, if upon further review you develop information that may indicate a need for additional or new investigative activity by this office to assist you in resolving this matter, please contact me at (202) 927-5829. Staff requests for assistance should be directed to Thomas Flood, (Acting) Assistant Special Agent in Charge, Investigations, at (202) 927-5173.

Summary Report of
Investigation
2009-0095



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT	
REPORT STATUS	Final
CASE NUMBER	2009-0095
CASE TITLE	Bureau of Public Debt-Treasury Direct Fraud
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	Title 18 USC § 641 – Theft of public money, property or records

SYNOPSIS

On June 3, 2009, the U.S. Department of Treasury (Treasury), Office of the Inspector General, Office of Investigations (OIG/OI) received information from the Bureau of Public Debt (BPD) that four subjects attempted to make fraudulent purchases of marketable securities via the BPD online Treasury Direct system. No purchases were completed; therefore no loss to the U.S. Government occurred. (Exhibit 1)

All four Treasury Direct account holders were relatives with the last name of [REDACTED] ([REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED], [REDACTED]. They created primary accounts beginning on April 24, 2009. They began participating in noncompetitive auctions primarily from May 18, 2009 through May 28, 2009, through Treasury Direct. The requests were ultimately unfunded because all requests were returned for insufficient funds. The [REDACTED] attempted marketable

 Agent: Special Agent (Signature)	 Supervisory Approval: Thadious Motley (Acting) Special Agent In Charge (Signature)
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purchase requests totaling \$639,505,000 through the Treasury Direct system. The [REDACTED] then deleted \$423,905,000 of their requests from the system.

On September 17, 2009, the OIG/OI contacted Assistant United States Attorney (AUSA) [REDACTED], Southern District of West Virginia to present this case for prosecution. AUSA [REDACTED] declined prosecution on this case.

INVESTIGATIVE ACTIVITY

The Four Treasury Direct account holders created primary accounts beginning on April 24, 2009. The [REDACTED] used the Treasury Direct zero-percent certificate of indebtedness for their accounts. The certificate of indebtedness is a Treasury security that does not earn any interest. It's intended to be used as a source of funds for traditional Treasury security purchases.

Treasury Direct is a web based system managed by the Treasury which allows individuals to set up accounts and purchase Treasury securities. The [REDACTED] began participating in noncompetitive auctions primarily from May 18, 2009 through May 28, 2009 through Treasury Direct. The requested purchase amounts for these securities were extremely large (some as high as \$10's of millions). After these securities are purchased the Treasury transfers funds out of the individual's Treasury Direct account prior to the sale being finalized.

The [REDACTED] attempted multiple marketable purchase requests totaling \$639,505,000. Subsequently, the [REDACTED] deleted \$423,905,000, for unknown reasons. The remaining \$215,600,000 in requests were stopped as a result of insufficient funds. As a result of the insufficient funds there were no valid purchases. When contacted by BPD early in their investment activity, the [REDACTED] appeared to be legitimate investors making honest mistakes on funding the purchase requests. Over the time of their attempted purchases holds were placed on their accounts, but some were subsequently removed in an attempt to facilitate their purchases.

On September 17, 2009, the OIG/OI presented the facts of this case to AUSA [REDACTED], who declined prosecution. (Exhibit 2)

In an interview with OIG/OI [REDACTED], Manager, Office of Retail Securities, BPD, explained that these attempts would have had no affect on the auction because all

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Department of the Treasury

of their quests were in noncompetitive auctions. The noncompetitive auction has a set price for the public and the prices are not affected by the number of people bidding on these securities. (Exhibit 3)

On January 21, 2010, the OIG General Counsel's office reported to the OIG/OI that a cease and desist letter could not be sent to the four subjects because it was unclear whether the [REDACTED] violated any statute.

On February 19, 2010, the OIG/OI contacted [REDACTED] [REDACTED] regarding and allegation that he was among four family members that attempted to make fraudulent purchases of marketable securities via the BPD online Treasury Direct system. [REDACTED] [REDACTED] was asked to why he attempted to purchase Treasury Securities without the available funds in his account, if he realized his actions were a possible violation of the law, and to provide any contact information for his brothers. [REDACTED] [REDACTED] refused to answer any of the questions he was asked. He was also informed that if he attempted to purchase Treasury Securities without the necessary funds in the future the OIG/OI would seek prosecution. [REDACTED] [REDACTED] was again unresponsive in reference to being directed not to attempt this again.

On February 19, 2010, the OIG/OI attempted to contact [REDACTED] [REDACTED] and [REDACTED] [REDACTED]. The OIG/OI called all the telephone numbers related to the [REDACTED] as listed in the Consolidated Lead Evaluation and Reporting (CLEAR) database. Of these listed numbers four were answered by businesses that had no knowledge of the [REDACTED] and three were residences who stated that they were wrong numbers. The OIG/OI Criminal Research Specialist (CRS) conducted an exhaustive search through numerous databases and was able to provide additional telephone numbers associated with the [REDACTED]. The OIG/OI called these telephone numbers with no success as well. Of the telephone numbers provided by the OIG/OI CRS, the telephone number associated with [REDACTED] [REDACTED] was no longer in service, and the two telephone numbers associated with [REDACTED] [REDACTED] were both incorrect numbers according to the individuals that answered the telephone. The OIG/OI left three messages at the number associated with [REDACTED] [REDACTED] and did not receive a return telephone call.

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Department of the Treasury

REFERRALS

I. Criminal

On September 17, 2009, the OIG/OI contacted Assistant United States Attorney (AUSA) [REDACTED], Southern District of West Virginia to present this case for prosecution. AUSA [REDACTED] declined prosecution on this case.

DISTRIBUTION

Fred Pyatt, Assistant Commissioner for the Bureau of the Public Debt.

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Memorandum of Activity, email correspondence from [REDACTED] to P. Brian Crane as predicated document, dated June 3, 2009.
2.	Memorandum of Activity, email correspondence from AUSA [REDACTED] declining prosecution, dated September 17, 2009.
3.	Memorandum of Activity, telephonic interview of [REDACTED], dated October 2, 2009.
4.	Memorandum of Activity, telephonic interview of [REDACTED] [REDACTED] dated February 19, 2010.
5.	Memorandum of Activity, attempted interview of [REDACTED] [REDACTED] and [REDACTED] [REDACTED] dated February 19, 2010.

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Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT	
REPORT STATUS	Final
CASE NUMBER	BPD-10-0474-I
CASE TITLE	[REDACTED] Financial Management Specialist Department of Health and Human Services
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	Maryland CR.3.803 – Harassment [NOT SUBSTANTIATED] Maryland CR.3.805 – Harassment by Email [NOT SUBSTANTIATED]

SYNOPSIS

On November 19, 2009, the Department of the Treasury (Treasury), Office of Inspector General, Office of Investigations (OIG/OI) received correspondence from the Bureau of Public Debt (BPD) regarding alleged threatening emails sent by former BPD employee [REDACTED] to BPD Commissioner [REDACTED].

[REDACTED] admitted to sending multiple emails to [REDACTED] and other BPD employees in August 2009 and September 2009; however, [REDACTED] was found not guilty of Maryland CR.3.803 (Harassment) and Maryland CR.8.805 (Harassment by Email) in the District Court of Maryland for Montgomery County.

Case Agent: [REDACTED] Special Agent [REDACTED] 10/07/10 (Signature)	Supervisory Approval: John L. Phillips Special Agent In Charge [REDACTED] 10/2/10 (Signature)
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DETAILS

- A. Allegation:** It was alleged that [REDACTED] used a personal email account to send harassing emails to BPD Commissioner [REDACTED] and other BPD employees.
- B. Context / Background:** [REDACTED] worked for BPD from July 2001 until March 2005, when he accepted a position with the Department of Health and Human Services (HHS), Program Support Center, located in Silver Spring, Maryland. In 2006, the HHS/OIG substantiated allegations that [REDACTED] sent harassing emails to BPD employees. [REDACTED] received a written reprimand as a result of the 2006 investigation by the HHS/OIG.

INVESTIGATIVE ACTIVITY

The OIG/OI received correspondence from the BPD regarding several email communications received by [REDACTED] and BPD staff from [REDACTED] which contained profane and threatening language. The emails appeared to be sent from [REDACTED] personal email accounts between September 2009 and November 2009. (Exhibit 1)

When interviewed by the OIG/OI and HHS/OIG, [REDACTED] acknowledged that he used a personal email account to send multiple emails to [REDACTED] [REDACTED] and other BPD employees from his residence in [REDACTED], Maryland. [REDACTED] said he composed and sent the emails during the early morning hours, when he was intoxicated after a night out drinking with former BPD co-workers. [REDACTED] said he was expressing angst towards his former agency, and attributed the emails to his intoxicated state and an emotional problem. [REDACTED] said he did not intend the emails to be threatening, and does not hold any hatred or animosity towards Commissioner [REDACTED]. (Exhibits 2 & 3)

FINDINGS

The investigation determined [REDACTED] did not violate Maryland Criminal Rules 3.803 (Harassment) and 3.805 (Electronic Mail Harassment) after the Honorable William G. Simmons found [REDACTED] not guilty of harassment and email harassment in the District Court of Maryland for Montgomery County on August 24, 2010.

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Department of the Treasury

REFERRALS**Criminal**

Based on the aforementioned information, the U.S. Attorney's Office for the District of Maryland declined to charge [REDACTED] criminally for 18 USC 875 (Interstate Communications) due to lack of prosecutive merit.

Based on the aforementioned information, the Montgomery County State's Attorney's Office charged [REDACTED] with violations of Maryland Criminal Rules 3.803 (Harassment) and 3.805 (Electronic Mail Harassment). (Exhibit 4)

Civil

Not applicable.

Administrative

Not applicable.

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EXHIBITS**Number** **Description**

1. Lead Initiation, dated November 18, 2009.
2. OIG/OI Significant Incident Report, dated November 19, 2009.
3. ■■■ Written Statement, dated November 24, 2009.
4. District Court of Maryland Disposition for Case #5D00238838.

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Department of the Treasury



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM:

[REDACTED] Special Agent

SUBJECT:

[REDACTED] / [REDACTED] – Purchase Attempts through the Bureau of
Public Debt's Treasury Direct System

OIG Case Number: BPD-10-3043-I

On September 17, 2010, The US Department of Treasury, Office of Inspector General, Office of Investigations (TOIG), received a complaint from the Bureau of Public Debt (BPD). The complaint reflects that individuals attempted to make large, fraudulent purchases of securities through BPD's Treasury Direct (TD) system on September 7, 2010.

On August 24, 2010, a TD account was created. The account was an Entity account (Sole proprietorship) under the name of [REDACTED]. The account listed [REDACTED] as the CEO and Owner of [REDACTED] Productions. The record provided a PO Box address and a physical address in [REDACTED], with three telephone numbers. The record showed the bank as HSBC, and the account in the names of [REDACTED]. The bank account is where funds would be drawn once the individual bought securities.

On September 7, 2010, a male contacted BPD because he could not access his TD account. He answered some questions regarding the information listed for his account, and the customer service representative assisted him. The male stated his name was [REDACTED] and was the financial advisor for the [REDACTED].

Later on September 7, 2010, BPD noticed that someone attempted to purchase numerous securities worth over \$350 million on the aforementioned account. The sales were not successful because the associated bank account had been closed.

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OIG Form 08 / 10-01

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Department of the Treasury

BPD representatives were able to call and speak with [REDACTED] who claimed that she did not know the bank account was closed. She reiterated that [REDACTED] was their financial advisor.

On September 17, 2010, The TOIG telephonically interviewed [REDACTED], Supervisor of Risk Management, BPD, and [REDACTED]rfield, Technical Analyst, BPD. [REDACTED] and [REDACTED] stated that there is no fraud for attempting to make large purchases, but believe there may be some identity theft occurring regarding this account. They also stated that these large bids on securities caused administrative difficulties for BPD because the bids held millions in securities in the non competitive bid system, and did not allow these securities to be available in the competitive bid system for several hours.

On October 8, 2010, the TOIG contacted the United States Attorney's Office (USAO), Southern District of New York. [REDACTED], Deputy Chief, Criminal Division, USAO, declined prosecution of this case based on lack of evidence and the ability of the BPD to handle administratively.

On October 13, 2010, TOIG Office of Counsel issued a Cease and Desist Letter to the [REDACTED] stating further attempts to make fraudulent purchases from the BPD could result in legal recourse.

Therefore, it is recommended that no further investigation be conducted by the TOIG and with the approval of this memorandum, this investigation be closed.

Approved:

[REDACTED] 10/22/10

John L. Phillips
Special Agent in Charge

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OIG Form 08 (11-01)

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Department of the Treasury



REPORT OF INVESTIGATION

DATE OF REPORT	
REPORT STATUS	Final
CASE NUMBER	CDFI-09-0088-I
CASE TITLE	██████████ County Development, ██████████ Federal Credit Union
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	18 U.S.C. 666 - Theft or bribery concerning programs receiving Federal funds (Unsubstantiated)

SYNOPSIS

On May 29, 2009, the Department of Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received information from a former auditor, ██████████ of ██████████ Federal Credit Union (██████████ formerly DBA ██████████ Tri-County Federal Credit Union, of ██████████. ██████████ alleged that the ██████████ committed fraud with funds it had obtained from the Treasury's Community Development Financial Institution Fund (CDFIF) program. The complainant's company audited ██████████ in 2008 and discovered approximately \$2.6 million dollars in fraudulent activity.

The investigation determined the allegation that ██████████ misused \$8.6 million in CDFIF grant funds was unsubstantiated. Evidence that ██████████ misused Federal

Case Agent:

Special Agent

(Signature)

Supervisory Approval:

John L. Phillips

Special Agent In Charge

(Signature)

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grant funds was not detected nor uncovered by bank examiners or by OI at the time of [REDACTED] transfer to Federal conservatorship in October 2009.

DETAILS

A. Allegation: It is alleged that [REDACTED] committed fraud with grant funds it obtained from CDFI. [REDACTED] [REDACTED] whose company audited [REDACTED] in 2008 and discovered approximately \$2.6 million dollars in fraudulent activity, alleged that the [REDACTED] had misused \$8.6 million in CDFIF grant funds.

B. Context / Background: [REDACTED] received \$329,000 in CDFIF grant funds between 1996 and 2002 from the CDFIF. The Fund provides access to capital and local economic growth in urban and rural low-income communities across the nation via monetary awards and tax credits

INVESTIGATIVE ACTIVITY

On May 29, 2009, OIG/ OI received information from [REDACTED] [REDACTED] a former auditor of [REDACTED] formerly DBA [REDACTED] Tri-County Federal Credit Union, of [REDACTED], [REDACTED]. [REDACTED] alleged that [REDACTED] committed fraud with grant funds it obtained from the CDFIF. [REDACTED] audit firm audited [REDACTED] in 2008 and discovered what he believed to be approximately \$2.6 million dollars in fraudulent activity. (Exhibit 1)

When interviewed, [REDACTED] [REDACTED] Manager, Compliance Monitoring and Evaluation, CDFIF was questioned by the OI about [REDACTED] CDFIF awards and its record of complying with the grantee assistance agreements. According to [REDACTED] [REDACTED] was certified as a financial institution with CDFIF in 1996. The CDFIF provides "technical assistance" awards to certified financial institutions. The awards are to be used for training, equipment, and services. [REDACTED] received four awards since 1996 in grant amounts ranging from \$32,000 to \$127,000. (Exhibit 2)

When interviewed, [REDACTED] [REDACTED], National Credit Union Association (NCUA) Principal Examiner, stated he did not identify any items in the course of his 2008 or 2009 examinations that indicated fraudulent activity or conduct, apart from what he termed were "non-compliant" items. [REDACTED] noted as part of his examinations he tracked the receipt and accounting of CDFIF grant funds that [REDACTED] received in November 2008. This was in response to an allegation that [REDACTED] had

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Department of the Treasury

misappropriated the use of CDFIF grant funds. [REDACTED] advised the OI that he had not detected any activity or transactions indicating that [REDACTED] misused CDFIF funds. (Exhibit 3)

OI conducted a document review of the NCUA audit examinations of the [REDACTED] for the years 2007-2009. The 2007 examination noted a \$475,000 disappearance of cash from the cash vault. This was later determined by the FBI to have been caused by the theft and embezzlement by [REDACTED] branch manager [REDACTED], who was charged and convicted in this matter.

Other examination findings mentioned in the 2007 report included: the lack of written operating policies and procedures for credit union staff; a heavy reliance on the receipt of grant funds to defray operating expenses; and a conflict of interest by the credit union's Treasurer who also served as the CEO of the development organization that sponsored the credit union. (Exhibit 4)

In the 2008 examination, the NCUA examiner cautioned that the future viability of the [REDACTED] was deemed to be "questionable" due to insufficient improvements in the [REDACTED] net worth; write-offs due to continued unbalanced and un-reconciled general ledger accounts; loan charge-offs; and losses from prior fraud. (Exhibit 5)

The 2009 examination findings continued to highlight and warn of continued problems in the oversight and management of [REDACTED]. These areas included: general ledger cash accounts remaining un-reconciled and out of balance; loans that were past due and designated as charged-off; and the continued decline in the credit union's net worth ratio. The examiners also advised the [REDACTED] management to pursue seeking a merger with another institution.

A letter was also included in the 2009 examination from the NCUA regional director to the [REDACTED] board of directors advising that the bank undertake certain corrective actions by July 15, 2009 and that "failure to take appropriate corrective action may result in administrative enforcement action by the NCUA". (Exhibit 6)

When interviewed, [REDACTED] and [REDACTED], NCUA bank examiners for the 2007 examination of [REDACTED] who said they observed numerous problems at [REDACTED]. [REDACTED] said they were surprised when their examination revealed that the [REDACTED] net worth was less than two percent. [REDACTED] said [REDACTED] was still

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feeling the effects of the fraud wherein a former manager embezzled approximately \$1,000,000 and made \$600,000 in fraudulent loans. (Exhibit 7)

On October 23, 2009, [REDACTED] was placed into conservatorship by the NCUA. OI did not discover nor detect any fraud related to the use of the CDFI funds. (Exhibit 8)

FINDINGS

The investigation determined the allegation that [REDACTED] misused \$8.6 million in CDFI grant funds was unsubstantiated. Evidence that [REDACTED] misused Federal grant funds was not detected or uncovered by bank examiners or by OI at the time of [REDACTED] transfer to Federal conservatorship in October 2009.

REFERRALS

Criminal

Not applicable.

Civil

Not applicable.

Administrative

Not applicable.

RECOMMENDATIONS / DISTRIBUTION

Not applicable.

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Department of the Treasury

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Predicating documents, dated May 15, 2009
2.	Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated July 29, 2009.
3.	Memorandum of Activity, Interview of [REDACTED] [REDACTED], dated October 30, 2009.
4.	Memorandum of Activity, Review of 2007 NCUA Examination Documents of [REDACTED] Federal Credit Union, dated November 4, 2009.
5.	Memorandum of Activity, Review of 2008 NCUA Examination Documents of [REDACTED] Federal Credit Union, dated November 4, 2009.
6.	Memorandum of Activity, Review of 2009 NCUA Examination Documents of [REDACTED] Federal Credit Union, dated November 7, 2009.
7.	Memorandum of Activity, Interview of [REDACTED] and [REDACTED], dated October 30, 2009.
8.	Memorandum of Activity, E-mail from [REDACTED] [REDACTED], dated October 30, 2009.

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Department of the Treasury



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM:

Anthony J. Scott [REDACTED] 1/6/10
Acting Special Agent in Charge

SUBJECT:

Recovery Act Project Case

OIG Case Number: DO-09-0161-I

On September 11, 2009, Department of the Treasury (Treasury), Office of Inspector General, Office of Investigation (OIG/OI), received a general correspondence from a concerned citizen regarding the disbursement of funds by Treasury for the Recovery Act Clean Energy Projects. As a result, the OIG/OI initiated an investigative case number for fiscal year 2009 which was used as a tool in the examination of the funds.

Since the inception of this administrative case number, the OIG/OI conducted significant outreach to state agencies who received Recovery Act funding. In addition, the OIG/OI attributed liaison activities with other Federal agencies also responsible in the oversight of Recovery Act funding. Consequently, the OIG/OI has been unable to develop any criminal investigations from those efforts and it is recommended with the approval of this memorandum the investigation be administratively closed.

{Note: The OIG/OI is considering initiating a new investigative case file for fiscal year 2010 to continue with oversight efforts involving the Recovery Act Clean Energy Projects.}

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REPORT OF INVESTIGATION
DO-10-0397-I



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION

DATE OF REPORT	
REPORT STATUS	Final
CASE NUMBER	DO-10-0397-I
CASE TITLE	██████████ - Improper Travel Gift Acceptance
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	Title 31 U.S.C 1353 Section 735.203 - The Standards of Ethical Conduct for Treasury Employees, Conduct Prejudicial to the Government.

SYNOPSIS

On November 13, 2009, the Department of the Treasury, Office of Inspector General (OIG), Office of Investigations (OI) initiated an investigation as to whether ██████████ Director of Environmental Safety and Health, Departmental Offices (DO), had accepted free conference registration fees to attend work related training conferences on two occasions in 2008 and 2009. When ██████████ was advised by a subordinate that he needed to request authorization to receive the free conference fees, he allegedly told her to "mind her own business".

The investigation revealed that ██████████ did accept the conference fees but was unaware of a requirement under Treasury Directive 12-24 to request permission

<i>Case Agent:</i> ██████████ Special Agent ██████████ (Signature)	<i>Supervisory Approval:</i> Anthony J. Scott Special Agent in Charge (Acting) ██████████ (Signature) 2/25/10
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prior to accepting the conference fees by the conference sponsor. [REDACTED] denied in an interview that the employee had warned him of such a requirement.

DETAILS

A. Allegation: It is alleged that [REDACTED] accepted free conference registration fees to attend work related training conferences on two occasions in 2008 and 2009. It was alleged that [REDACTED] should have obtained prior approval from his manager prior to accepting the free conference fees, per Treasury Directive 12-24.

B. Context / Background: [REDACTED] is the Director, Office of Environment, Safety and Health, for Treasury Departmental Offices.

INVESTIGATIVE ACTIVITY

On November 18, 2009, the Department of Treasury, Office of Inspector General (OIG), Office of Investigations (OI), interviewed [REDACTED] regarding an allegation she had made about her former supervisor, [REDACTED]. [REDACTED] alleged that [REDACTED] had accepted free conference registration fees of a value of approximately \$600 to \$700 dollars each on two occasions in 2008 and 2009. The conferences were work related and were sponsored by the American Society of Safety Engineers (ASSE). When [REDACTED] was advised by [REDACTED] that he needed to request authorization to receive the free conference fees, he allegedly told her to "mind her own business" (Exhibits 1 and 2).

On November 23, 2009, the OIG/OI reviewed Treasury Directive 12-24, dated March 11, 2008, "Acceptance of Payments for Travel Expenses from a Non-Federal Source" and Chapter 12 from the Treasury Ethics Handbook, "Reimbursement of Official Travel Expenses by Outside Sources," dated March 2008. Chapter 12 further describes that under the authority of Title 31 U.S.C 1353, all requests by Treasury employees to accept travel and subsistence payments from non-Federal sources must be made and approved in advance of the travel.

Treasury Directive 12-24, similarly describes approval and acceptance of payments or "payments-in-kind" in lieu of funds by Treasury bureaus from non-Federal

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sources and authorize Treasury employees to receive such payments on the bureau's behalf, "for travel, subsistence and related expenses with respect to attendance of an employee at a meeting ...which the employee has been authorized to attend in an official capacity on behalf of the bureau." Under Paragraph 4., "Procedures", T.D. 12-24 stipulates that the receipt of all payments-in-kind must be authorized in advance (Exhibit 3).

On November 23, 2009, the OIG/OI obtained the Gov Trip documents related to [REDACTED] travel to the American Society of Safety Engineers (ASSE) 2008 conference in Las Vegas, NV, and the 2009 conference in San Antonio, TX (Exhibit 4).

On November 23, 2009, the OIG/OI telephonically spoke with [REDACTED], Treasury DO, Deputy Assistant General Counsel for Ethics. [REDACTED] advised the OI that, per Treasury Directive #12-24, acceptance of conference fees were permitted, so long as the employee requested permission in advance of the travel. [REDACTED] also elaborated that an employee may only accept conference fees for the days that the employee is presenting or speaking at a professional conference or training event in an official capacity. [REDACTED] advised that her office did not have any record of having received any authorization to accept conference fees by [REDACTED] (Exhibit 5).

On December 2, 2009, the OIG/OI interviewed [REDACTED], [REDACTED] supervisor, who told the OIG/OI that he did not know there was a Treasury directive governing the acceptance of travel expenses from non-federal sources (Exhibit 6).

On December 4, 2009, the OIG/OI telephonically spoke with [REDACTED], Treasury DO Deputy Assistant General Counsel for Ethics. [REDACTED] advised the OI that [REDACTED] had completed an ethics briefing on July 9, 2008. She elaborated that all DO employees are required to attend and complete an ethics briefing once every three years. In addition, she said all DO employees also need to complete an annual on-line ethics training brief. She said she had not received any record that [REDACTED] had completed his annual training for calendar year 2009 (Exhibit 7).

On December 4, 2009, the OIG/OI spoke telephonically with [REDACTED], Conference and Meeting Coordinator, for the ASSE. [REDACTED] advised that the ASSE

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did not pay conference presenters speaking fees nor did her organization pay travel (air, hotel, or per diem) expenses. However, [REDACTED] said that the ASSE ordinarily waives its conference registration fees for individuals who speak or make presentations at their events. In the case of [REDACTED] [REDACTED] said that for the 2009 ASSE conference in San Antonio, TX the one day conference fee would have been \$420, which in [REDACTED] case, was waived (Exhibit 8).

On December 8, 2009, the OIG/OI interviewed [REDACTED] [REDACTED] [REDACTED] said the ASSE waived conference fees for his attendance at both events. He said he also attended the pre-conference training classes at both conferences and that he had obtained authorization from his supervisor to attend them. He explained that the pre-conferences classes were typically held before the conference and occurred the weekend before the actual conference. [REDACTED] said he thought the conferences fees for both events were approximately \$700 each. [REDACTED] said he was unaware that there was a Treasury requirement (Treasury Directive 12-24) to request and obtain prior approval to accept conference fees. [REDACTED] denied encouraging other DO employees to make use of free conference fees. But he stated that he encouraged his staff to undertake professional continuing education (Exhibit 9).

FINDINGS

Based on the evidence and information gathered during this investigation, it was determined that the allegation that [REDACTED] accepted free conference fees from a non-Federal source on two occasions was substantiated. Treasury Directive 12-24 requires all employees to obtain authorization by a designated bureau official prior to accepting such payments in kind (e.g. free conference fees).

REFERRALS

Criminal

Not applicable.

Civil

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Not applicable.

Administrative

The allegation that [REDACTED] accepted free conference fees from a non-Federal source was substantiated. But he was unaware of the requirement under Treasury Directive 12-24 to request permission prior to accepting the fees by the conference sponsor. It is recommended that this information be provided to the Departmental Offices management for any action that it deems appropriate.

RECOMMENDATIONS / DISTRIBUTION

Mike Lewis, Senior Advisor, Treasury Departmental Offices

EXHIBITS

- | <u>Number</u> | <u>Description</u> |
|---------------|---|
| 1. | Predicating documents, dated November 4, 2009. |
| 2. | Memorandum of Activity, Interview of [REDACTED] [REDACTED] [REDACTED], dated December 8, 2009. |
| 3. | Memorandum of Activity, Review of Treasury Ethics Handbook & Treasury Directive, dated December 10, 2009. |
| 4. | Memorandum of Activity, Interview of [REDACTED], dated December 10, 2009. |
| 5. | Memorandum of Activity, Interview of [REDACTED] [REDACTED] [REDACTED]inton, dated December 8, 2009. |
| 6. | Memorandum of Activity, Interview of [REDACTED], dated December 10, 2009. |

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7. Memorandum of Activity, Interview of [REDACTED] [REDACTED], dated December 8, 2009.
8. Memorandum of Activity, Interview of [REDACTED] [REDACTED], dated December 10, 2009.
9. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated December 9, 2009.

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REPORT OF INVESTIGATION



DATE OF REPORT

REPORT STATUS

Final

CASE NUMBER

DO-10-0458-I

CASE TITLE

██████████ Chief Information Officer, SES-0301
Departmental Offices

PERTINENT
STATUTE(S),
REGULATION(S),
AND/OR
POLICY(IES)

5 C.F.R. § 2635.101(b)(8) - Basic Obligations of Public Service -
*Employees shall act impartially and not give preferential treatment
to any private organization or individual. [UNSUBSTANTIATED]*

SYNOPSIS

On December 22, 2009, the U.S. Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI) received an anonymous complaint alleging that Chief Information Officer (CIO) ██████████ and other OCIO senior managers discouraged employees from applying for positions in the OCIO and that only employees who agreed with management received good evaluations.

The investigation by the OIG/OI determined that there was no evidence to prove that ██████████ or any other senior manager in the OCIO discouraged employees from applying for positions in the OCIO. Therefore, the allegation that ██████████ violated the Basic Obligations of Public Service regarding impartiality and preferential treatment is unsubstantiated.

Case Agent:

██████████ Special Agent

(Signature)

7/16/10

Supervisory Approval:

John Phillips, Special Agent In Charge

(Signature)

7/16/10

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DETAILS

A. Allegation: Violation of 5 C.F.R § 2635.101(b)(8) – Basic Obligations of Public Service - *Employees shall act impartially and not give preferential treatment to any private organization or individual.* .

B. Context / Background: The anonymous nature of the complaint prevented the OIG/OI from obtaining any background or context prior to the initiation of the investigation. However, in the course of the investigation a picture of the OCIO as an organization under significant stress emerged. Contributing to the stress was the troubled implementation of the TNET network migration, and CIO [REDACTED] implementation of a more rigorous personnel evaluation system. Morale was characterized as low and numerous references were made that many individuals were unhappy with the evaluations they received under the new system.

INVESTIGATIVE ACTIVITY

To test the anonymous complainant's assertion that OCIO employees were being discouraged from applying for positions in the OCIO, on December 22, 2009, the OIG/OI requested that the Bureau of Public Debt (BPD) provide a list of the unfinished and withdrawn applications for positions in the OCIO in the preceding six months. On February 5, 2010, BPD provided the OIG/OI with the requested information and OIG/OI analysis identified [REDACTED], as the only OCIO employee who withdrew an application for an OCIO position in the time frame. On February 23, 2010, the OIG/OI interviewed [REDACTED] who stated that he withdrew his application because after reviewing the Knowledge, Skills and Abilities for the new position, he felt he would not be competitive. (Exhibit 1)

On February 24, 2010, the OIG/OI interviewed CIO [REDACTED] [REDACTED] who stated that he was personally unaware of any prohibited personnel practices occurring in the OCIO. [REDACTED] did speculate that some senior managers ([REDACTED], [REDACTED] [REDACTED] and [REDACTED] [REDACTED]) may have been too frank while counseling their subordinates, which could lead their subordinates to feel they were being discouraged from competing for positions. [REDACTED] attributed the low morale in the OCIO to the new personnel evaluation system he instituted which graded employee's performance more rigorously and resulted in many employees receiving lower than expected evaluations. (Exhibit 2)

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On March 11, 2010, the OIG/OI interviewed [REDACTED] the OCIO Director of Information Management. [REDACTED] informed the OIG/OI that during an OCIO senior staff meeting in the late fall of the preceding year, CIO [REDACTED] announced he was going to create a Senior Level (SL) Director of Networking and Telecommunications position. [REDACTED] said [REDACTED] elaborated that he planned to hire a candidate who was the second choice for the recently filled Assistant CIO (ACIO) for Infrastructure Operations. [REDACTED] recalled that when [REDACTED] observed the negative reaction his statement engendered, he hastily added that anyone was welcome to apply. According to [REDACTED] the following people were present at the meeting: [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED]. (Exhibit 3)

On March 11, 2010, the OIG/OI interviewed [REDACTED], a Senior Advisor in the OCIO, currently working in the HR Connect Office for ACIO [REDACTED]. [REDACTED] stated that she was unaware of any prohibited personnel practices occurring in the OCIO and did not think that any senior manager in the OCIO would engage in any such practices. [REDACTED] stated that she had never engaged in prohibited personnel practices such as discouraging an employee from applying to for a position within the OCIO. (Exhibit 4)

On March 17, 2010, the OIG/OI interviewed [REDACTED], the ACIO for Planning and Management. [REDACTED] was asked if she was aware of any prohibited personnel practices occurring in the OCIO and replied no. [REDACTED] was then asked directly if she had engaged in any prohibited personnel practices and also replied no. When asked if she recalled a senior staff meeting in late 2009 when CIO [REDACTED] stated that he was going to hire a specific individual for a SL position, [REDACTED] replied that it was her interpretation that [REDACTED] had identified a promising candidate for the SL position. It was [REDACTED]'s understanding that [REDACTED] believed too much technical expertise had migrated from federal employees to contractors and he wanted to re-establish a reservoir of technical expertise in the federal workforce. [REDACTED] agreed with both [REDACTED] analysis and course of action.

One of [REDACTED]'s employees, [REDACTED] was on the technical panel to evaluate the candidates for the SL position. [REDACTED] was unclear how the conversation came about, but she did recall that she informed [REDACTED] that [REDACTED] had a candidate in mind for the SL position, but she stated that she did not provide [REDACTED] with a name and furthermore instructed him to "play it straight." As far as [REDACTED] is

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aware, [REDACTED] made no attempt to influence the evaluation process for the position. (Exhibit 5)

On March 17, 2010, the OIG/OI interviewed [REDACTED], the Director for Headquarters Information Technology Operations. [REDACTED] was asked if he was aware of any prohibited personnel practices occurring in the OCIO and replied no. [REDACTED] was then asked directly if he had engaged in any prohibited personnel practices and also replied no. When asked if he recalled a senior staff meeting in late 2009 when CIO [REDACTED] stated that he was going to hire a specific individual for a SL position, [REDACTED] replied that he had no recollection of such a meeting. Regarding the overall low morale in the OCIO, [REDACTED] opined that both civil servants and contractors were worried about losing their jobs. (Exhibit 6)

On March 25, 2010, the OIG/OI interviewed [REDACTED], the ACIO for HR Connect in the OCIO. [REDACTED] was asked if she was aware of any prohibited personnel practices occurring in the OCIO and replied no. [REDACTED] was then asked directly if she had engaged in any prohibited personnel practices and also replied no. When asked if she recalled a senior staff meeting in late 2009 when CIO [REDACTED] stated that he was going to hire a specific individual for a SL position, [REDACTED] replied that he had no recollection of such a meeting and opined that she may not have attended the meeting due to a death in her family during that time. [REDACTED] was unaware that the SL Director of Networking and Telecommunications position had been created until she was informed she would be on the interview panel for the position. [REDACTED] believes that [REDACTED] is only interested in hiring talented people regardless of their background and has no knowledge of [REDACTED] expressing a preference for the SL position. [REDACTED] has never heard of anyone in the OCIO being told not to apply for a vacancy. (Exhibit 7)

On March 25, 2010, the OIG/OI interviewed [REDACTED], an aide/advisor to CIO [REDACTED]. When asked why someone would make an allegation of prohibited personnel practices in the OCIO, [REDACTED] replied that [REDACTED] institution of a rigorous performance evaluation system had caused uneasiness in the OCIO. [REDACTED] was asked if he was aware of any prohibited personnel practices occurring in the OCIO and replied no. [REDACTED] was then asked directly if he had engaged in any prohibited personnel practices and also replied no. When asked if he recalled a senior staff meeting in late 2009 when [REDACTED] stated that he was going to hire a specific individual for a SL position, [REDACTED] replied that he had no recollection of such a meeting or had not attended it. [REDACTED] explained that [REDACTED] did know one

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of the applicants for the SL position, but that there no attempt by [REDACTED] to steer or manipulate the selection process. [REDACTED] also stressed that no selection had been made for the position as of the date of the interview. (Exhibit 8)

On March 29, 2010, the OIG/OI interviewed [REDACTED], the ACIO for Cyber Security. [REDACTED] was asked if he was aware of any prohibited personnel practices occurring in the OCIO and replied no. [REDACTED] was then asked directly if he had engaged in any prohibited personnel practices and also replied no. [REDACTED] speculated that resentment over the personnel evaluation system implemented by CIO [REDACTED] may be the reason for the allegation. When asked if he recalled a senior staff meeting in late 2009 when CIO [REDACTED] stated that he was going to hire a specific individual for a SL position, [REDACTED] replied that he could not recall the meeting but was aware that [REDACTED] had identified someone in the District of Columbia (DC) government that he thought was a technical visionary and that he was going to create a SL position for. [REDACTED] stated that [REDACTED] never asked him about the SL position or consulted him regarding the SL position vacancy announcement. (Exhibit 9)

On March 29, 2010, the OIG/OI interviewed [REDACTED], the ACIO for Electronic Government. [REDACTED] was asked if he was aware of any prohibited personnel practices occurring in the OCIO and replied no. [REDACTED] was then asked directly if he had engaged in any prohibited personnel practices and also replied no. [REDACTED] speculated that resentment over the rigorous personnel evaluation system implemented by CIO [REDACTED] may be the reason for the allegation. When asked if he recalled a senior staff meeting in late 2009 when [REDACTED] stated that he was going to hire a specific individual for a SL position, [REDACTED] replied that he could not recall the meeting; however was aware that [REDACTED] had identified someone who had applied for the ACIO for Infrastructure position which [REDACTED] thought was a technical guru. [REDACTED] stated that he had heard that [REDACTED] was going to create a position for the person he identified as a "guru." (Exhibit 10)

On March 29, 2010, the OIG/OI interviewed [REDACTED], the ACIO for Infrastructure Operations. [REDACTED] was asked if he was aware of any prohibited personnel practices occurring in the OCIO and replied no. [REDACTED] was then asked directly if he had engaged in any prohibited personnel practices and also replied no. [REDACTED] was aware that [REDACTED] was impressed with an individual ([REDACTED]) who worked in information technology for the D.C. government and was interested in hiring him. The position [REDACTED] had in mind was that of Director for Networking

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and Telecommunications, a SL position that would report to the ACIO for Infrastructure Operations. [REDACTED] considered this an important position to fill due to the lack of high-level technical expertise currently within the OCIO and thought that [REDACTED] was qualified for the job. [REDACTED] stressed that he felt no pressure from [REDACTED] to select [REDACTED] for the SL position and that he did not fear any retaliation if he did not select [REDACTED]. To date, no selection has been made. [REDACTED] had no knowledge of [REDACTED] discouraging anyone from applying for the SL position. (Exhibit 11)

On March 30, 2010, the OIG/OI interviewed [REDACTED], the Chief Technology Officer (CTO). [REDACTED] was asked if he was aware of any prohibited personnel practices occurring in the OCIO and replied no. [REDACTED] was then asked directly if he had engaged in any prohibited personnel practices and also replied no. [REDACTED] was aware that [REDACTED], the Federal CIO had recommended [REDACTED] who worked in information technology for the DC government, to [REDACTED] [REDACTED] was interested in increasing the level of technical expertise within the civil service and created a SL Director for Telecommunications and Networking position to address that need.

[REDACTED] chaired the interview panel that evaluated the applicants along with Associate ACIO [REDACTED] and OCIO employee [REDACTED]. [REDACTED] was an applicant for this position and according to [REDACTED] was the highest rated candidate if veteran's preference was excluded. This rating was based on his resume and answers to the vacancy announcement questions.

[REDACTED] stated that [REDACTED] did not express a preference for [REDACTED], nor did he ([REDACTED]) have any discussions with [REDACTED] regarding the SL position and characterized [REDACTED] attitude as "hands off." (Exhibit 12)

On March 30, 2010, the OIG/OI interviewed [REDACTED], the Director for Resource Management. [REDACTED] was asked if he was aware of any prohibited personnel practices occurring in the OCIO and replied no. [REDACTED] was then asked directly if he had engaged in any prohibited personnel practices and also replied no. When asked if he recalled a senior staff meeting in late 2009 when [REDACTED] stated that he was going to hire a specific individual for a SL position, [REDACTED] replied that he had no recollection of such a meeting, but that he was involved in securing funding for the position. (Exhibit 13)

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On April 9, 2010, the OIG/OI interviewed [REDACTED], an Information Technology Specialist in the OCIO who served on the board which rated the applicants for the SL Director of Networking and Telecommunications position. [REDACTED] was asked if he was aware of any prohibited personnel practices occurring in the OCIO and replied no. [REDACTED] was then asked directly if he had engaged in any prohibited personnel practices and also replied no.

[REDACTED] was informed by his supervisor (ACIO for Planning and Management [REDACTED]) that [REDACTED] had someone in mind for the SL Director of Networking and Telecommunications position, but did not know the identity of [REDACTED] preference. [REDACTED] recalled that [REDACTED] told him to "play it straight" and rank the applicants according to their qualifications. [REDACTED] commented that he was extremely demanding when he evaluated applicants and that this position was no exception.

{AGENT'S NOTE: Based on the OIG/OI review of the applicant rankings by the panel, [REDACTED] uniformly rated all applicants significantly lower than the other two members of the panel (CTO [REDACTED] and ACIO for Infrastructure Operations [REDACTED]).}

[REDACTED] stated that he was under no pressure to change or alter his score for the applicant [REDACTED] and did not experience any pressure to rank one applicant higher than another based on CIO [REDACTED] apparent preference. (Exhibit 14)

FINDINGS

The investigation by the OIG/OI determined that there was no evidence to prove that [REDACTED] or any other senior manager in the OCIO discouraged employees from applying for positions in the OCIO. Therefore, the allegation that [REDACTED] violated the Basic Obligations of Public Service regarding impartiality and preferential treatment is unsubstantiated.

REFERRALS

Criminal

Not Applicable

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Civil

Not Applicable

Administrative

Not applicable, the allegation was unsubstantiated and the complainant was anonymous.

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EXHIBITS**Number Description**

1. Memorandum of Activity, Interview of [REDACTED], dated February 23, 2010
2. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated February 24, 2010
3. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated March 11, 2010
4. Memorandum of Activity, Interview of [REDACTED], dated March 11, 2010
5. Memorandum of Activity, Interview of [REDACTED], dated March 17, 2010
6. Memorandum of Activity, Interview of [REDACTED], dated March 17, 2010
7. Memorandum of Activity, Interview of [REDACTED], dated March 25, 2010
8. Memorandum of Activity, Interview of [REDACTED], dated March 25, 2010
9. Memorandum of Activity, Interview of [REDACTED], dated March 29, 2010
10. Memorandum of Activity, Interview of [REDACTED], dated March 29, 2010
11. Memorandum of Activity, Interview of [REDACTED], dated March 29, 2010
12. Memorandum of Activity, Interview of [REDACTED], dated March 30, 2010
13. Memorandum of Activity, Interview of [REDACTED], dated March 30, 2010
14. Memorandum of Activity, Interview of [REDACTED], dated April 9, 2010

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REPORT OF INVESTIGATION
DO-10-2008-I



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT	
REPORT STATUS	Final
CASE NUMBER	DO-10-2008-I
CASE TITLE	██████████ (former) ██████████ to the Under Secretary, Office of Terrorism and Financial Intelligence, Department of the Treasury
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	Standards of Ethical Conduct for Employees of the Executive Branch – Subpart D – Conflicting Financial Interest § 2635.402, Disqualifying Financial Interest. (UNSUBSTANTIATED)

SYNOPSIS

This investigation was initiated on May 27, 2010, based on information received from an anonymous source alleging that ██████████ (former) ██████████ to the Under Secretary, Office of Terrorism and Financial Intelligence, Department of the Treasury (Treasury), engaged in a conflict of interest while working for the Treasury. It was alleged that ██████████ ordered ██████████ Associate Director for Regulatory Policy and Programs, Financial Crimes Enforcement Network (FinCEN), to implement procedures that would give Self-Regulated Organizations (SRO), such as the Financial Industry Regulatory Authority (FINRA), the ability to gain access to highly confidential government records through the Securities and Exchange Commission (SEC).

<i>Case Agent:</i> ██████████ Special Agent ██████████ (Signature) 8/12/2010	<i>Supervisory Approval:</i> John L. Phillips Special Agent In Charge ██████████ (Signature) 8/12/10
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Specifically, it was alleged that [REDACTED] directed [REDACTED] to implement procedures that would give SRO's access to highly confidential government records in order for [REDACTED] to curry favor (for his current employer [REDACTED]) with the SEC and FINRA, to receive favorable regulatory treatment. (Exhibit 1)

The allegation that [REDACTED] engaged in a conflict of interest is unsubstantiated. The Treasury, Office of Inspector General (OIG), did not develop any evidence to prove that [REDACTED] directed [REDACTED] to draft procedures that would give SRO's access to highly confidential government records, to curry favor with the SEC and FINRA. Specifically, there was no evidence [REDACTED] attempted to curry favor, in order for him and his current employer, [REDACTED], to receive favorable regulatory treatment from the SEC and FINRA.

DETAILS

I. Allegation – Conflict of Interest

II. Context/Background:

A SRO is an organization that exercises some degree of regulatory authority over an industry or profession. In the financial arena, the SEC is considered the principal federal regulatory authority. On July 26, 2007, the SEC approved a merger of the enforcement arms of the New York Stock Exchange and National Association of Securities Dealers, to form a new SRO, which is FINRA.

INVESTIGATIVE ACTIVITY

[REDACTED], Senior Resource Manager, Office of Terrorism and Financial Intelligence, Treasury, stated that he consulted with [REDACTED] former supervisor, [REDACTED], Under Secretary, Office of Terrorism and Financial Intelligence, Treasury. [REDACTED] reported (through [REDACTED]) that [REDACTED] was not working on any programs or projects that would be beneficial to [REDACTED]. [REDACTED] provided Treasury OIG, with an email that [REDACTED] sent to [REDACTED], Assistant General Counsel, Office of Terrorism and Financial Intelligence, Treasury, on February 16, 2010, recusing himself from any matters involving [REDACTED] because he ([REDACTED] began negotiating employment with the company. (Exhibit 2)

[REDACTED], Deputy Assistant General Counsel (Ethics), Treasury, advised that [REDACTED] fiscal year 2008, and 2009 (which applied up to his resignation on [REDACTED]) Public Financial Disclosure Report (SF-278 Form) did not list any holdings of stocks or interest in [REDACTED]. [REDACTED] further advised that [REDACTED] Schedule B form (reimbursement for travel expenses, which is allowed), indicates that he interviewed with [REDACTED] on March 15, 2010, April 7, and 14, 2010. (Exhibit 3)

During an interview, ██████ stated he was drafting regulations that will allow SRO's, such as FINRA, to have access to Suspicious Activity Reports (SAR). According to ██████ FINRA would have the same access to SAR's as the governmental regulatory authorities, such as state and federal banking regulators, the SEC or the Commodity Futures Trading Commission (CFTC). ██████ said these regulations will not give ██████ an unfair advantage because ██████ is not an SRO and would not have access to the SAR's under the proposed regulation.

██████ also denied that ██████ directed him to draft regulations that would be advantageous to ██████. According to ██████ ██████' activities are reviewed or examined by FINRA, and it could be argued to be against ██████ interest for FINRA to have broader access to and use of SAR data.

██████ stated further said that he did not believe ██████ tried to curry the favor of either the SEC (the overseer of FINRA and the government regulator that most relies on FINRA to examine and enforce rules with respect to broker dealers) or FINRA so that he could work such favor to ██████' advantage. According to ██████ attempting to curry such favor in this fashion is illogical given that it could be viewed as triggering "disfavor" with other regulators such as the CFTC or even FINCEN. (Exhibit 4)

FINDINGS

The allegation that ██████ engaged in a conflict of interest is unsubstantiated. The Treasury, OIG, did not develop any evidence to prove that ██████ directed ██████ to draft procedures that would give SRO's access to highly confidential government records, to curry favor with the SEC and FINRA. Specifically, there was no evidence ██████ attempted to curry favor, in order for him and his current employer, ██████, to receive favorable regulatory treatment from the SEC and FINRA.

I. Criminal

N/A

II. Civil

N/A

III. Administrative

The allegation of ██████ engaging in conduct that would be considered a conflict of interest is unsubstantiated.

DISTRIBUTION

N/A

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Initial complaint document from the Anonymous Source, dated May 18, 2010.
2.	Memorandum of Activity, regarding receipt of email, dated July 20, 2010.
3.	Memorandum of Interview, regarding receipt of email, dated July 20, 2010.
4.	Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated July 20, 2010.

**REPORT OF INVESTIGATION
DO-14-0023-I**



Office of Inspector General

United States Department of the Treasury



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



Report of Investigation

Case Title: [REDACTED]
Senior Project Manager, GS 14
Office of Financial Research

Case #: DO-14-0023-I

Case Type: Criminal
Administrative X
Civil

Investigation Initiated: November 1, 2013

Conducted by: [REDACTED]
Special Agent

Investigation Completed: JUL 07 2014

Approved by: Jerry S. Marshall
Special Agent in Charge

Origin: Special Inspector General for
Afghanistan Reconstruction

Summary

On October 17, 2013, the Department of the Treasury, Office of Inspector General, Office of Investigations (TOIG) received a complaint from the Special Inspector General for Afghanistan Reconstruction (SIGAR) regarding [REDACTED] Senior Project Manager, Office of Financial Research (OFR), Treasury. [REDACTED] was employed as a Project Manager with the U.S. Army Corps of Engineers (USACE) from 2006 to 2008, and from 2010 to May 2012, when he was hired by Treasury. While employed with the USACE, [REDACTED] served on the contract source selection evaluation board to select a contractor to design and build the Tajikistan Border Guard Posts in Afghanistan near Sayod, Tajikistan. This \$4.7 million contract was awarded to the [REDACTED] Construction Company (SCC). Subsequent to the contract award, [REDACTED] was appointed as the USACE Project Manager for the construction of the guard posts. In May 2008, [REDACTED] resigned from the USACE to take a position as Partner and Vice President of SCC. A confidential complainant informed SIGAR that [REDACTED] embezzled \$6.4 million from SCC and [REDACTED] was terminated by SCC. An arrest warrant was also issued in Afghanistan for [REDACTED] arrest. (Exhibit 1)

The investigation determined that the allegations concerning a conflict of interest and post-employment restrictions involving [REDACTED] work between the USACE and the contractor, SCC, were unsubstantiated. The investigation determined that the allegation that false information was provided by [REDACTED] on his resumes and Declaration for Federal Employment to obtain employment by USACE in 2010 and Treasury in 2012 was substantiated.

The U.S. Department of Justice has declined prosecution in lieu of administrative actions.

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Basis and Scope of the Investigation

TOIG received a complaint from SIGAR that [REDACTED] provided false information on applications to the USACE and Treasury. Specifically, SIGAR was investigating potential conflicts of interest involving [REDACTED] and his employments with the USACE and the SCC, and potential false statements on his resumes and Declaration for Federal Employment.

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

- [REDACTED] Subject
- [REDACTED] Associate Director, OFR
- [REDACTED] Project Manager, OFR
- [REDACTED] Project Manager, OFR
- [REDACTED] Associate Director, Data Strategy and Standards, OFR
- [REDACTED] District Counsel, USACE
- [REDACTED] Major, United States Army, USACE

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

- [REDACTED] resumes presented to the USACE and Treasury
- [REDACTED] Declaration for Federal Employment
- Contract file for contract [REDACTED] (Design and Construction of Tajikistan Border Guard Posts - [REDACTED] Tajikistan)
- [REDACTED] Official Personnel Folder
- E-mails from SCC

Investigative Activity

In interviews with TOIG, [REDACTED], [REDACTED], and [REDACTED] stated that they interviewed [REDACTED] telephonically because he was overseas during the interview process. They recalled that he worked for the USACE and a contractor in Afghanistan. They stated that they reviewed his resume and other documents, but could not recall if they specifically asked him whether he had ever been terminated from any employment or had a criminal background. (Exhibits 2,3,4,5)

In a review of the contract file for contract [REDACTED] (Design and Construction of Tajikistan Border Guard Posts - [REDACTED], Tajikistan), the file did not contain any documentation signed by [REDACTED] or show/report/document his appearance or representation before any USACE or other U.S. Government agency-associated board on behalf of SCC.

In an email dated July 29, 2007, [REDACTED], Contract Specialist, USACE, sent [REDACTED] a copy of the pre-solicitation (Request for Proposal (RFP)) notice [REDACTED] (Design and Construction of Tajikistan Border Guard Posts - [REDACTED] Tajikistan) for his review. In

an email sent by [REDACTED], Program Manager, USACE, dated August 1, 2007, [REDACTED] was appointed to be a member of the Source Selection Evaluation Board (SSEB) for solicitation (RFP) [REDACTED]. In an e-mail chain ending August 7, 2009, Mullery advised [REDACTED] that he was appointed Project Manager for the Design and Construction of Tajikistan Border Guard Posts [REDACTED] Tajikistan.

On September 23, 2007, [REDACTED] signed Solicitation [REDACTED], Certificate for Personnel Participating in Source Selection Concerning Nondisclosure, Conflicts of Interest and Rules of Conduct. The SSEB consisted of three USACE members:

- 1) [REDACTED], Major, U.S. Army
- 2) [REDACTED], Project Manager
- 3) [REDACTED] Project Manager

Thirty-one proposals were received for the project; 28 were reviewed by the SSEB for technical merit from September 24-27, 2007. The solicitation was for a firm fixed price, design-build construction contract based on the Low Price Technically Acceptable (LPTA) method. Each SSEB member was assigned a submitted job proposal for review on a form entitled Technical Evaluation Plan (TEP). [REDACTED] reviewed numerous TEPs wherein the submitted job proposal was assessed and assigned grades: pass, possible, fail. Not all of the TEPs were located in the file, but it was determined that [REDACTED] reviewed at least 18. The SCC TEP was not located within the file.

In an undated submission, SCC submitted "Proposal for Design and Construction of Tajikistan Border Guard Posts- [REDACTED] Tajikistan. Reference: [REDACTED]" The RFP solicitation, became contract [REDACTED]. Extracted from the proposal was information pertaining to the company and its officers; technical information was not copied. Officers of interest included President [REDACTED] Vice President [REDACTED] Project Manager Engineer [REDACTED], and Safety Officer [REDACTED].

The contract contained nine modifications by the USACE, but none authorized by [REDACTED]. The file contained a USACE Contract Completion Statement (DD Form 1594) signed by [REDACTED] dated September 6, 2012, pertaining to contract [REDACTED] which stated "Contract was Terminated for Default on July 12, 2011, with 70% of the contract completed. IAW FAR 4.804, Contract is hereby closed. Retention date is September 22, 2017." (Exhibits 6,7,8)

In a review of the USACE wire transfer payments for contracted work performed by the SCC, it was found that [REDACTED] on behalf of SCC, submitted two "Wire Transfer Authorization Forms (WTAFs)" to the USACE Financial Center for two USACE-SCC contracts. The WTAFs [REDACTED] the SCC Afghanistan International Bank (AIB) account causing USACE to wire transfer four contract payments totaling \$1,120,524.41 to this new account during the period of June and

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July 2009. All other SCC WTAFs submitted for payments on USACE-SCC associated contracts during the period of November 2008 to June 2011, were authorized by SCC President/CEO Aminullah [REDACTED] (Exhibit 9)

In an interview with SIGAR, [REDACTED] Major, United States Army, USACE, stated that he was the Officer-In- Charge (OIC), Resident Office, USACE-Afghanistan Engineering District (AED), Kunduz Province, Afghanistan during the period of 2009 through 2010. In the period of June 2009 – July 2009, several emails were [REDACTED] between [REDACTED] as OIC, Kunduz Resident, USACE, and [REDACTED] General Manager, SCC wherein [REDACTED] advised [REDACTED]/SCC of an Interim Unsatisfactory Rating Notification. However, [REDACTED] could not recall any other contact with [REDACTED] or ever meeting him in person. (Exhibit 10)

In an interview with SIGAR, [REDACTED] District Counsel, USACE, stated that he conducted the 2008 Procurement Integrity Investigation on [REDACTED]. The investigation was initiated upon receipt of an email dated December 8, 2008, from [REDACTED], Program Manager, Counter-Narcotics/Border Management Initiative, USACE, to [REDACTED] wherein [REDACTED] identified emails/communications from [REDACTED] associated with six SCC contracts to include the SCC's Tajikistan Border Guard Posts contract [REDACTED]. [REDACTED] recalled a brief conversation with [REDACTED] prior to receipt of the email wherein [REDACTED] expressed concern regarding [REDACTED] prior USACE employment, his SCC employment and participation in the administration of several USACE/SCC construction projects. On December 11, 2008, [REDACTED] and [REDACTED] emails wherein [REDACTED] was made aware of the investigation and agreed to provide [REDACTED] with a statement. [REDACTED] also requested [REDACTED] provide copies of his SCC job offer and agreement. To the best of [REDACTED] recollection, [REDACTED] did not provide a copy of his SCC job offer and employment agreement. [REDACTED] did not interview [REDACTED] during this initial encounter; or during any subsequent contact, therefore he did not make notes of their conversations or otherwise memorialize [REDACTED] statements. [REDACTED] did not create or maintain a [REDACTED] "investigative file;" but he retained documents on the USACE computer server. The investigation took approximately seven days and the investigation found no evidence of a conflict of interest on [REDACTED] part. (Exhibit 11)

(Agent's Note: Efforts by SIGAR to obtain the aforementioned report of investigation were unsuccessful.)

In an interview with TOIG and SIGAR, [REDACTED] provided his work history for the last ten years:

He stated he was active duty in the U.S. Army from 2004 to the summer of 2006 in Dayton, Ohio; his pay grade/rank was E5. In the summer of 2006, he was deployed to Kabul, Afghanistan and assigned to the USACE. In 2007, he left active military duty and returned to the US. Subsequently he accepted a civilian position as a Project Manager, pay grade GS-11, with the USACE in Afghanistan. In July or August 2008, he resigned from the USACE to work for the SCC. [REDACTED] stated he left SCC in April 2010, to return to the USACE for more stability.

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He stated he resigned and gave his resignation letter to [REDACTED] Global, Inc (SGI) officers [REDACTED] (Partner) and [REDACTED] (Chief Financial Officer). He left the USACE in May 2012, to accept the position at Treasury.

[REDACTED] stated that while still employed with the USACE, he solicited employment with SCC in July 2008 by asking [REDACTED] then a SCC Partner/Vice President, for a position. Later in the interview, [REDACTED] stated he solicited employment after leaving the USACE and also stated he had only become familiar with SCC during his USACE employment. SCC was the prime and only contractor on the Tajikistan Border Guard Post contract in Afghanistan for the USACE, and [REDACTED] was a Project Manager with the USACE. [REDACTED] stated he did not award this contract, but was a member of the contract rating/ranking panel. [REDACTED] added he did not know SCC or any of its members prior to rating them. He stated USACE Counsel [REDACTED] and the Commanding Officer of the District, Colonel [REDACTED], provided written approval for him to work for the SCC subsequent to the completion of an investigation regarding his alleged conflict of interest.

[REDACTED] added he did not serve as the SCC Project Manager for the Border Guard Post construction contract because of his past USACE work on the contract. Another SCC employee, [REDACTED], was the Project Manager. [REDACTED] only served in a consultation capacity on this contract to lessen any perceived conflicts of interest. [REDACTED] described the SCC as a company with 50 employees located in Afghanistan. [REDACTED] was hired as a General Contracting Officer, but shortly thereafter, was promoted to General Manager/Partner.

[REDACTED] advised [REDACTED] created a SCC-related company in Pakistan sometime in 2008 to permit SCC to work as a subcontractor for a [REDACTED] company project to construct "Border Police Stations" on the Afghanistan/Pakistan border. This company was called SCC International (SCCI). This was a U.S. Government awarded contract from U.S. Central Command ("CENTCOM") to [REDACTED] not identical with or associated with the previously reported U.S. Government contract awarded to SCC for construction of Afghanistan/Tajikistan Border Guard Posts (Contract [REDACTED]). [REDACTED] worked in the Pakistan Office along with [REDACTED]. The SCC Pakistan company would work for a [REDACTED] sub-contractor. [REDACTED] stated [REDACTED] in association with [REDACTED], the on-site [REDACTED] Program Manager for the Pakistan project, identified a need to provide safe housing and logistical support to contract workers working within the area. They created a Pakistan company called [REDACTED] to provide these services; [REDACTED] worked for this company as well as the SCCI from their Pakistan offices. [REDACTED] described [REDACTED] as a construction company that also housed, fed, and provided security for members on the [REDACTED] project to include SCCI workers. [REDACTED] was not associated with [REDACTED]. [REDACTED] added that [REDACTED] created [REDACTED] Global Incorporated (SGI) to oversee SCC and SCCI. ([REDACTED] stated later in the interview that SCCI became [REDACTED], but did not know the date.)

[REDACTED] stated that in 2009, there was a SGI Board meeting in France. Initially, [REDACTED] stated this meeting occurred in the summer but subsequently stated the meeting occurred in February. He identified the members of the Board in attendance at this meeting as [REDACTED], [REDACTED], [REDACTED], [REDACTED], and [REDACTED]. [REDACTED] stated during this Board meeting [REDACTED] and [REDACTED] made [REDACTED] a buy-out offer for SCC. [REDACTED] stated that he and the other board members began to become wary of [REDACTED] because [REDACTED] was not providing significant input to SCC, but was continuously drawing funds from the SCC account. The board members proposed to [REDACTED] it would be in the best interest for all if the board members could buy out [REDACTED] share of SCC. ([REDACTED] could not recall the amount of the buyout proposed.) At the meeting, [REDACTED] seemed amenable to the idea. However, after [REDACTED] returned to Afghanistan, he locked the doors of the company and terminated all of the board members. He also went to the Afghanistan Police and informed the police that the SGI board members had 'taken advantage of him.'

[REDACTED] and [REDACTED] were in Dubai when another board member, [REDACTED], contacted them telephonically. She informed them of the terminations and charges. ([REDACTED] first stated in the interview that the criminal charge was embezzlement, but later stated he was not certain of the charge/s). [REDACTED] informed [REDACTED] and [REDACTED] that she had been arrested and was going to court. [REDACTED] indicated that he believes [REDACTED] was later able to leave Afghanistan and is now in the U.S. [REDACTED] stated he was aware of possible criminal charges against him, but believed the charges were dropped or dismissed because he was never arrested or convicted, even after returning to Afghanistan, and [REDACTED] had no evidence against [REDACTED] or the other board members. [REDACTED] was informed during the TOIG / SIGAR interview of a September 2009 Afghanistan-issued arrest warrant for him for the embezzlement of \$6.4 million. He stated that he was unaware of the Afghanistan arrest warrant and stated he never embezzled any funds from [REDACTED]. He stated he did not know why [REDACTED] would make this claim or how he derived at the \$6.4 million amount. [REDACTED] believed that was an amount of one contract, but stated that neither he, nor [REDACTED] took any contracts from [REDACTED]. [REDACTED] stated that he was unaware of this warrant and believed all charges had been dismissed, so he did not list this charge on his Declaration for Federal Employment (Form 306) dated March 30, 2012, under question #11: "Are you now under charges for any violation of law?" [REDACTED] stated that he has been detained by U.S. Customs and Border Protection (CBP) entering the U.S. four times since the 2009 charges, but he claims he never realized that it was for the arrest warrant in Afghanistan.

(Agent's Note: There is no extradition from the U.S. to Afghanistan for an arrest warrant so a CBP agent would question [REDACTED] but not arrest him based on this warrant.)

[REDACTED] also answered "no" on his Declaration for Federal Employment (Form 306) dated March 30, 2012, in regard to question #12: "During the last 5 years, have you been fired from any job for any reason?" He stated he was not terminated from SCC in July 2009, but resigned citing the previously mentioned SGI resignation letter dated in 2010. When asked about the date

discrepancy, he stated he was resigning from subsidiaries of SGI, to include SCC. He stated he was aware [REDACTED] attempted to fire him as well as the other board members, but he never received any notice from [REDACTED] that he had been terminated.

[REDACTED] was shown a copy of his Declaration for Federal Employment (Form 306) dated March 30, 2012, for the aforementioned Senior Project Manager position at Treasury. Upon review of the Form 306, [REDACTED] acknowledged the form had his signature and he signed the form on March 30, 2012. [REDACTED] acknowledged the six-page resume attached to the Form 306 was his resume and had been submitted with the Form 306 to show his work history and qualifications for the advertised position. [REDACTED] acknowledged he had read question #17 on the Form 306 regarding certification of the submitted Form 306 information before signing his signature and reiterated all the information submitted was accurate.

On [REDACTED] resume submitted with the Form 306 application, to return to employment with the USACE, he signed and dated as an applicant on July 17, 2010 and signed and dated as an appointee on September 20, 2010, he listed [REDACTED] LLC as his employer from June 2008 to June 2010. He did not list SCC. On his Form 306 attached resume provided to Treasury in 2012, he listed SCC employment for the period June 2008 to June 2010. Both resumes contained the exact language for his positions, responsibilities, duties and accomplishment for these companies in the same time period. During the TOIG/SIGAR interview, he claimed the companies were connected so he used the names [REDACTED] on the forms. He stated he did not attempt to hide information from the USACE or Treasury. In fact, he was attempting to keep the resumes cleaner by not including different companies for the same time periods since they were associated. [REDACTED] did not recall the specific questions asked during his several Treasury employment interviews regarding his SCC employment and did not recall if the reasons and circumstance for its termination were discussed.

[REDACTED] was shown an email dated July 28, 2009, from [REDACTED] to [REDACTED] ([REDACTED] scc-intl.com). [REDACTED] confirmed the e-mail address for [REDACTED] was his e-mail address while in Afghanistan. Attached to the email was an undated letter on SCC stationary signed by [REDACTED] and his business partner [REDACTED] addressed to "Dear SCC Customers and Vendors." The letter severs business and bank relationships associated with [REDACTED] et al, and advises that [REDACTED] had stolen money from SCC and is the subject of an arrest warrant issued by the Afghanistan Attorney General's Office. The letter also terminated the employment of SCC employees [REDACTED], [REDACTED] and [REDACTED], as persons in "alliance with Mr. [REDACTED] or as persons with knowledge of [REDACTED] alleged theft. [REDACTED] stated he could not recall seeing this e-mail or letter but acknowledged, it is properly addressed, and he should have received the email.

[REDACTED] was also shown a copy of an email from [REDACTED] ([REDACTED] scc@gmail.com) dated August 8, 2009, to [REDACTED] at [REDACTED]@gmail.com) and [REDACTED] [REDACTED]@gmail.com) with copies to [REDACTED] [REDACTED] scc-intl.com) and [REDACTED]

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([REDACTED]@usa.net). [REDACTED] acknowledged he wrote and sent the above described email from his identified email address, and acknowledged he was aware criminal charges had been filed concerning [REDACTED] and other SCC employees.

[REDACTED] provided the following regarding his employment with SCC Pakistan in substance and in part:

[REDACTED] stated [REDACTED] created the SCC Pakistan company under SGI. [REDACTED] advised that the SCC Pakistan company name that he previously referred to as SCCI was SCC International [REDACTED] Ltd, located in Peshawar, Pakistan; and registered with the Pakistan Securities and Commission (PSEC) on December 4, 2008. [REDACTED] acknowledged [REDACTED] installed [REDACTED] and [REDACTED] as SCCI company officers and they had control of the SCCI bank account. [REDACTED] recalled, SCCI worked for ACCL-International (ACCL-I). [REDACTED] recalled that his ACCL-I point of contact was [REDACTED] and the construction job was at the Frontier Corps training camp in Warsak, Pakistan. [REDACTED] denied that neither he nor [REDACTED] stole any money from SCCI, SCC, ACCL-I or any company associated with this project. [REDACTED] advised [REDACTED] wanted to pay [REDACTED] a \$100,000 incentive award for SCCI's receipt of a contract for a bid prepared by [REDACTED] recalls asking [REDACTED] to send the funds to [REDACTED] father in Taiwan. The money was sent from the SCCI bank account. However, [REDACTED] later asked his father to return some of the funds because [REDACTED] was experiencing financial issues, so his father returned \$50,000 to [REDACTED]

[REDACTED] provided the following regarding his employment with the [REDACTED] Company in substance and in part:

In July 2010, [REDACTED] met with [REDACTED], a principal owner of [REDACTED] Company doing business in Afghanistan, to solicit a joint venture relationship between [REDACTED] Company and [REDACTED]. [REDACTED] wrote several U.S. Government construction contract bid proposals for [REDACTED] and/or joint ventures between [REDACTED] and Catalyst Services. One of these bids resulted in a contract award to [REDACTED]. [REDACTED] estimated he worked as a consultant for approximately three months and received approximately \$9,000 for the work performed. He was not a salaried employee. He did not list employment with [REDACTED] on his resumes submitted to both USACE and Treasury because he was not an employee of the company.

[REDACTED] was questioned about his relationship with [REDACTED]. He stated that he only met [REDACTED] while in Afghanistan. He knew [REDACTED] was arrested in Pakistan for a Visa violation. [REDACTED] was now residing in the U.S. with his wife and children. [REDACTED] spoke with him approximately one year ago. When informed during the interview that [REDACTED] and [REDACTED] were operating [REDACTED] in North Carolina, [REDACTED] replied he was not surprised. [REDACTED] stated he had been friends with [REDACTED] but now they are just acquaintances.

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[REDACTED] stated he has or had bank accounts with the following organizations: USAA, Navy Federal, Pentagon Federal Credit Union, Wachovia and HSBC. He owns a house in Alexandria, VA and holds a mortgage, and owns one vehicle (2012 Honda Accord.) He has no accounts or funds outside the U.S. (Exhibit 12)

Following the interview, [REDACTED] provided documents to TOIG and SIGAR. He provided a letter from [REDACTED], Colonel, U.S. Army, to him dated December 15, 2008, stating that the seven day investigation on post-employment restrictions had been completed. Contrary to [REDACTED] interview representation that the USACE had approved his SCC employment, the letter does not approve his SCC employment but addresses the completion of an investigation concerning his alleged violation of post-employment restrictions, approximately eight months after his USACE resignation, and commencement of SCC employment. He also provided a letter of resignation [REDACTED] wrote to [REDACTED] of [REDACTED] Global on June 10, 2010. (Exhibit 13)

[Agent's Note: [REDACTED] was provided the opportunity to provide a written statement, but declined.]

Referrals

On March 14, 2014, TOIG and SIGAR presented the case to [REDACTED] of the U.S. Department of Justice Fraud Section. [REDACTED] was being investigated for allegations of False Statements (18 USC 1001), Conflict of Interest (18 USC 208) and Post-Employment Restrictions (18 USC 207.)

On May 5, 2014, [REDACTED] declined the investigation due to lack of evidence to support the Conflict of Interest and Post Employment Restriction charges. (Exhibit 14)

Judicial Action

N/A

Findings

The investigation determined that the allegations concerning a conflict of interest involving his work between the USACE and the contractor, SCC, were unsubstantiated. [REDACTED] was employed with the USACE and was on a selecting board which chose SCC for a substantial contract, and later became employed with SCC. It is uncertain how and when [REDACTED] accepted employment with SCC since [REDACTED] provided two different versions regarding his SCC hiring during the TOIG / SIGAR interview. However, the investigation found no significant representations in his role at SCC to the USACE so sufficient evidence to prove a conflict of interest by [REDACTED] was not found.

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The investigation by TOIG and SIGAR that [REDACTED] provided false statements on documents provided to the USACE and Treasury in violation of 18 USC 1001- False Statements or Representations was substantiated. The US DOJ declined to prosecute this case criminally in lieu of administrative actions by Treasury.

Based on the findings of our investigation, it appears the following pertinent statutes, regulations and/or policies were violated or could be applied to this case:

5 CFR 2635.101 – Basic Obligation of Public Service

31 CFR 0.213 – General Conduct Prejudicial to the Government

31 CFR 0.208 – Falsification of Official Records

Distribution

Mike Lewis, Senior Advisor, DO

Signatures

Case Agent: [REDACTED]

[REDACTED]

[REDACTED] For

3 JULY 14

Date

Supervisor: [REDACTED]

[REDACTED]

Jerry S. Marshall

3 JULY 14

Date

Exhibits

1. Initial complaint dated October 17, 2013.
2. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated October 24, 2013.
3. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated October 31, 2013.
4. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated October 31, 2013.
5. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated November 4, 2013.
6. Memorandum of Activity, Record review of [REDACTED] / USACE contract file dated March 28, 2013.
7. Memorandum of Activity, Record review of USACE contract file, dated June 25, 2013.
8. Memorandum of Activity, Record review of USACE work site file, dated May 5, 2014.
9. Memorandum of Activity, Record Review of Payments / Wire Transfers, dated May 6, 2014.
10. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated April 23, 2013.
11. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated April 23, 2014.
12. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated February 27, 2014.
13. Memorandum of Activity, Receipt of documents by [REDACTED] [REDACTED] dated March 13, 2014.
14. Memorandum of Activity, declination by U.S. Attorney's Office, dated May 6, 2014.

REPORT OF INVESTIGATION
FMS-09-0136-I



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT	DEC 1 2009
REPORT STATUS	Final
CASE NUMBER	FMS-09-0136-I
CASE TITLE	██████ Director of Platform Support Staff, Platform Operations Division, Financial Management Service
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	Standards of Ethical Conduct for Employees of the Executive Branch – Subpart G – Misuse of Position § 2635.702, Use of Public Office for Private Gain. U.S.C. Title 18 Section 208 – Acts Affecting a Person Financial Interest.

SYNOPSIS

This investigation was initiated on July 23, 2009, based on information received from the Financial Management Service (FMS) concerning an allegation that ████████ Director of Platform Support Staff, Platform Operations Division, FMS, used her public office for private gain. Specifically, it was alleged that ████████ solicited numerous FMS employees to attend a one day ████████ (██████) conference on July 11, 2009, in which she received compensation from ████████ for services she rendered at the conference.

The investigation determined that ████████ used her public office for private gain by soliciting, approving training requisitions, and utilizing government funds to register

Case Agent:

██████████, Special Agent

██████████
(Signature)

Supervisory Approval:

John L. Phillips

Acting Special Agent in Charge

██████████ 11/27/09
(Signature)

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FMS employees for a conference in which she received monetary compensation for services directly related to her outside employment. (Exhibit 1)

DETAILS

I. Allegation – Misuse of Public Office for Private Gain

II. Context/Background

██████ is the President and Chief Executive Officer of a company named, ██████, located in ██████. ██████ company provides developmental and motivational strategies for individuals to succeed in their business and personal lives. ██████ discloses on her company's website that she has been certified by ██████ to be a Professional Coach, Diversity Trainer, Consultant, Wellness and Youth Trainer.

██████ submitted an Outside Employment or Business Activity Request for FMS Employees, listing ██████, (Consulting) as her outside employment on December 13, 2007. ██████, Acting Director of Platform Operations Division, FMS, approved ██████ outside employment that same day, December 13, 2007. (Exhibit 2)

██████ is the President and Chief Executive Officer for ██████ which is based in ██████. ██████ held a National Book Tour and Women's Conference at The ██████ Hotel, Washington, D.C., on July 11, 2009, and charged a \$129.00 registration fee for participants to attend. Participants engaged in educational training and women empowerment sessions. ██████ asked ██████ to conduct a 40-minute presentation because ██████ resides in the local commuting area and is a member of ██████ Board of Directors.

INVESTIGATIVE ACTIVITY

Interview of ██████

██████, Director, Platform Operations, Division, FMS, stated that ██████, Deputy Chief Information Officer, FMS, informed him that he (██████) received information that ██████ engaged in a conflict of interest between her Treasury employment and her outside employment relative to ██████. According to

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█████ he conducted preliminary research of the matter to gain a better understand of the approval process. █████ said after his research was completed he informed █████ █████, Director, Program Integrity Division, FMS, of the potential conflict of interest.

█████ reported that █████ submitted an Information Technology (IT) Operations Requisition on December 12, 2008, for 12 FMS employees to attend the July 11, 2009, █████ conference. █████ reported █████ also submitted a second IT Operations Requisition on June 5, 2009, for 15 additional FMS employees to attend the conference. █████ said that █████ registered and approved 27 FMS employees to attend the conference at \$129.00 per person, totaling \$3,483.00. █████ said that after █████ approved the two requisitions she forwarded the requisitions to him for final approval. █████ said he approved the requisitions because he did not have a problem with staff attending the conference.

█████ further reported that █████, Secretary, FMS, informed him that █████ was a guest speaker at the conference. █████ said he was not aware, nor did █████ inform him that she was scheduled to be a guest speaker and/or being compensated at the time he approved the requisitions. (Exhibit 3)

Interview of █████

█████ said that █████ held a National Book Tour and Women's Conference at The █████ Hotel, Washington, D.C., on July 11, 2009, and charged a \$129.00 registration fee for individuals to attend. According to █████ she asked █████ to conduct a presentation because she (█████ resides in the local commuting area and on █████ Board of Directors. █████ reported that █████ was selected to be an honorary member of █████ Board of Directors in August 2008. █████ said there is no compensation attached to being a █████ board member.

█████ said that prior to the █████ conference; █████ provided her a listing of 27 FMS employees that she (█████ wanted registered for the conference. █████ reported that on the day of the conference there were numerous FMS employee "no shows;" however, in several cases FMS employees attended in the place of an FMS employee that did not attend. █████ said that █████ did not refund monies related to the "no shows" because the registrants did not notify █████ of their status 48 to 72 hours prior to the conference date.

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██████ said that she paid ██████ \$500.00 to conduct a 40-minute presentation at the conference. According to ██████ that was the only time ██████ was compensated by ██████ and the only ██████ conference ██████ had given a presentation. ██████ said she issued ██████ a check for payment from the ██████ Bank, located in Louisville, KY. ██████ said that ██████ \$500.00 payment was not contingent upon the number of FMS employees registered or the overall number of registrants for the conference, and the payment was consistent with all other speakers. ██████ also reported she has never received any gifts or gratuities from ██████ nor has she given any gifts or gratuities to ██████

Lastly, ██████ reported that on October 13, 2009, ██████ returned the \$500.00 payment issued to her for conducting the presentation at the conference. ██████ said ██████ forwarded her a check from Bank of America for \$500.00, with a letter that states in part, "Because my agency paid for some of the participants in attendance, I don't feel comfortable accepting the honorarium. I don't want to give the appearance that I benefited or profited in any way by having those people in attendance." (Exhibit 4)

Interview of ██████ ██████

██████ reported that ██████ informed her in November 2008, that ██████ would be conducting a conference in Washington, D.C., on July 11, 2009. ██████ said that ██████ also provided her with information identifying the topics that were to be discussed. ██████ said that in December 2008, ██████ registered 12 FMS employees to attend the conference, and in June 2009 ██████ registered an additional 15 FMS employees to attend the conference. ██████ said that she was responsible for assuring the training funds were available when managers submitted and approved training requests.

██████ said that on July 2, 2009, she received an email from ██████ informing her that she (██████) registered her for the conference. ██████ said that she responded to ██████ acknowledging she would attend the conference. ██████ said at that time, ██████ asked did she know of any other person that may want to attend. ██████ said that she informed ██████ that her mother, ██████, would like to attend the conference. ██████ reported that after attending the conference she submitted the appropriate documents to claim compensatory time for attending training on a Saturday.

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█████ said that in August 2009, █████ informed her that she received compensation for being a presenter at the conference. █████ said that she was not aware of any other compensation █████ may have received excluding her Treasury employment. (Exhibit 5)

Interview █████

█████ stated that she became aware of the July 11, 2009, █████ conference through █████. █████ said that █████ forwarded her an email asking her if she was interested in attending the █████ conference. █████ said she informed █████ that she was interested in attending. █████ said she attended the conference and upon her return to her office she submitted the appropriate documents to claim compensatory time for attending the conference on a Saturday. █████ further said that she did not have any knowledge that █████ received compensation for her services as a presenter at the conference. (Exhibit 6)

Interview of █████

█████ stated that she became aware of the July 11, 2009, █████ conference through █████. █████ said that █████ forwarded her an email on July 2, 2009, asking her if she was interested in attending the █████ conference. █████ said that she replied to █████ email expressing her desire to attend the conference. █████ said that she attended the conference and upon her return to her office she submitted to appropriate documents to claim compensatory time on her time and attendance. █████d further said that she did not have any knowledge that █████ received compensation for her services as a presenter at the conference. (Exhibits 7)

Interview of █████

█████ reported that she received an email from █████ on █████ 22, 2009, inviting her to attend the █████ Conference. According to █████ she considered attending to be supportive of █████ because since 2003 she has encouraged █████ to pursue her educational and professional goals. █████ said that she learned █████ would be a presenter at the conference and informed █████ that she may bring her daughter-in-law.

█████ said that she did not make an effort to register for the conference until she received subsequent email reminders from █████. █████ said she visited the █████

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website to obtain the agenda and to register herself and daughter-in-law for the conference. [REDACTED] said that she did not register because the website was not secure and did not want to input her personal credit card information.

[REDACTED] said that several days before the conference [REDACTED] contacted her and asked her if she planned to attend. According to [REDACTED] she informed [REDACTED] that she did not register and the registration deadline had expired. [REDACTED] said that [REDACTED] told her not to be concerned with registering because she ([REDACTED] was aware of several cancellations and advised her to come anyway. [REDACTED] said that [REDACTED] informed her that she could still bring a guest and to get back with her with the name of the guest. [REDACTED] said that she informed [REDACTED] the next day that she would be bringing one of her mentees named, [REDACTED], a senior student at Frostburg State University. [REDACTED] said that she and [REDACTED] attended the conference.

[REDACTED] said on Thursday, October 8, 2009, she responded to a voice message from SA [REDACTED], Department of the Treasury, Office of Inspector General (OIG), requesting to meet with her regarding an issue related to [REDACTED]. [REDACTED] said after she received notification to meet with the OIG, she went to [REDACTED] office to ask if she knew anything about the meeting since her ([REDACTED] knowledge of [REDACTED] was limited. [REDACTED] said that [REDACTED] did not know why the OIG wanted to meet.

According to [REDACTED] [REDACTED] informed her that she used Platform Operations Division funds to pay for FMS employees to attend the conference. [REDACTED] immediately followed up by stating that the slots used by [REDACTED]s and her were her personal registration slots. [REDACTED] said she was stunned, disturbed, and immediately recognized the potential conflict of interests. [REDACTED] said that although she had no knowledge [REDACTED] received payment for participating in the conference; she recognized [REDACTED] reaped financial benefits from her ([REDACTED] book sales. [REDACTED] said that her attendance at the conference was outside of her work hours and she only wanted to support [REDACTED] since she mentored and encouraged [REDACTED] for over the past six years. (Exhibit 8)

Interview of [REDACTED]

[REDACTED] reported that she attended her first [REDACTED] conference in September 2007, and since had attended over 10 [REDACTED] workshops and/or conferences. [REDACTED] reported that [REDACTED] asked her to join the [REDACTED] International Advisory Board/Board of Directors in March 2008. [REDACTED] said that she became one of approximate 70 women appointed to the Board. [REDACTED] reported that she was

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never compensated, nor did she have voting rights as a board member. [REDACTED] said due to those factors she did not disclose her appointment to the board on her annual financial disclosure statement.

According to [REDACTED] during the August 2008 [REDACTED] conference, [REDACTED] announced her desire to conduct a five or six city National Book Tour and Empowerment Conference. [REDACTED] said at that time she expressed her thoughts to [REDACTED] that Washington, D.C., should be one of the cities selected. [REDACTED] said in September 2008, she received an email from [REDACTED] asking her to be a member of the Washington, D.C., Planning Team which helped coordinate the events for the July 11, 2009, [REDACTED] conference. [REDACTED] reported that she accepted [REDACTED] offer and in October 2008, [REDACTED] asked her to be a presenter at the conference which she again accepted.

[REDACTED] said that the Planning Team members had no true authority; all decisions, design formats and the various miscellaneous aspects of the conference were under [REDACTED] control. [REDACTED] said [REDACTED] decided on the date of the event, type of venue, layout of the room, lunch menu, and topics for the presenters. [REDACTED] said she was excited and thought this would be the perfect opportunity for others to experience what she had experienced on numerous occasions. [REDACTED] reported that during this timeframe, [REDACTED] announced that each presenter would receive a \$250.00 honorarium.

[REDACTED] said as Director of the Platform Support Staff, she often encourages her staff to grow and achieve in all areas of their lives. According to [REDACTED] in December 2008, she submitted a requisition for 12 members of her staff to attend the conference. [REDACTED] reported that her supervisor, [REDACTED] was aware that she was scheduled to be a presenter at the conference; however, he was not aware that she was to be compensated.

[REDACTED] said in February 2009, the planning team began conducting monthly conference calls with [REDACTED] [REDACTED] reported that during these calls, they discussed potential attendees, sponsors and any other relevant issues. [REDACTED] said that during the May 2009 conference call she discovered men had registered for the conference and would be in attendance. According to [REDACTED] in June 2009, she submitted a second requisition for 15 FMS employees, to include the male members of her staff to attend the conference.

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Department of the Treasury

01/11/09 04:15:00

█████ reported that she took the liberty of registering the 27 FMS employees because 16 employees were direct reports to her and she had indirect responsibility for the other 11 employees she registered. █████ said that she registered the 27 employees without their prior knowledge because that had been past practice, and on many occasions she submitted requisitions for employees to attend training courses that she determined to be beneficial. █████ said that she sent an email from her work computer on July 2, 2009, to her staff informing them that she took the liberty of registering them for the █████ conference. █████ said that she did not do a good job of communicating to her staff the importance of attending the conference and took full responsibility for her actions.

█████ said that only █████, █████, █████, █████, █████ and █████ were the FMS staff in attendance. █████ said that █████ and █████ brought guests to the conference. According to █████ the guests did not attend as part of the government paid registrations, they replaced █████ and █████, two non-FMS registered attendees who did not attend the conference.

█████ reported that on September 23, 2009, she received a check for \$500.00 from █████ for her services at the July 11, 2009, █████ Conference. █████ said she endorsed the check and deposited it into her Bank of America account. █████ said that her \$500.00 payment was not contingent upon the number of people she personally registered for the conference.

█████ reported that she returned the \$500.00 to █████ and explained in a letter that she felt uncomfortable accepting the money because FMS paid for several of the 80 people registered. █████ further said in her letter that she did not want to give the appearance that she benefited or profited in any way by having FMS employees in attendance.

Lastly, █████ reported that she understand that her involvement as a planning team member and presenter for the █████ conference, as well as her endorsement of the event was in direct conflict with her role in public office. █████ said that she had no intent to defraud the government, she only wanted to provide an opportunity for others to develop and grow and regretfully apologize for her actions. (Exhibit 9)

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FINDINGS

The investigation determined that [REDACTED] used her public office for private gain by soliciting, approving training requisitions, and utilizing government funds to register FMS employees for a conference in which she received monetary compensation. [REDACTED] admitted that she was paid \$500.00 by [REDACTED] for service rendered at the conference. Also, [REDACTED] acknowledged that her involvement as a planning team member and presenter for the [REDACTED] conference, as well as her endorsement of the event was in direct conflict with her role in public office. Based on these facts, the allegation asserted against [REDACTED] is substantiated.

REFERRALS

I. Criminal

On October 29, 2009, the facts of this case were presented to [REDACTED], Assistant United States Attorney, United States Attorney's Office (USAO), Greenbelt, Maryland, for violation of Title 18 U.S.C. Section 208 – Acts Affecting a Person Financial Interest. The case was declined for prosecution on November 9, 2009, and returned to Treasury for appropriate administrative action. (Exhibit 10)

II. Civil

N/A

III. Administrative

See Findings

DISTRIBUTION

[REDACTED], Director, Program Integrity Division, FMS

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EXHIBITS

- | <u>Number</u> | <u>Description</u> |
|---------------|---|
| 1. | Initial complaint memorandum from [REDACTED] [REDACTED] dated July 22, 2009. |
| 2. | Memorandum of Activity regarding receipt of [REDACTED] Outside Employment or Business Activity Requests For FMS Employees, dated September 3, 2009. |
| 3. | Memorandum of Activity regarding interview of [REDACTED] [REDACTED] dated September 28, 2009. |
| 4. | Memorandum of Activity regarding interview of [REDACTED] dated October 21, 2009. |
| 5. | Memorandum of Activity regarding interview of [REDACTED] [REDACTED] dated September 30, 2009. |
| 6. | Memorandum of Activity regarding interview of [REDACTED], dated October 7, 2009. |
| 7. | Memorandum of Activity regarding interview of [REDACTED], dated October 19, 2009. |
| 8. | Memorandum of Activity regarding interview of [REDACTED] [REDACTED] dated October 19, 2009. |
| 9. | Memorandum of Activity regarding interview of [REDACTED] [REDACTED] dated November 2, 2009. |
| 10. | Declination letter from [REDACTED], AUSA, USAO, dated November 9, 2009. |

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Department of the Treasury



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

**OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY**

FROM:

██████████
Assistant Special Agent in Charge

SUBJECT:

Financial Management Service: Routing and Transit Number

OIG Case Number: FMS-09-0169-I

On September 15, 2009, this investigation was initiated based upon the results of a Financial Management Service (FMS), Internal Assessment Report associated with case number 2008-0120-I, whereas the FMS reported 832 fraudulent transactions using FMS RTN # ██████████ by approximately 130 individuals. As a result, FMS suffered a temporary loss of \$3.83 million however; FMS successfully recovered most of the funds during the reclamation process and only reported a loss of \$683.86.

On August 27, 2009, the Treasury, Office of Inspector General (TOIG) presented the facts of this case to Assistant United States Attorney (AUSA) ██████████ of the Department Justice (DOJ), Fraud Section in Washington, D.C. At that time, AUSA ██████████ indicated his office was accepting the case for criminal prosecution against 9 of the 132 individuals who obtained money from the RTN. The 9 selected by DOJ each obtained more than \$100,000 from the RTN. DOJ indicated this case would be prosecuted out of the Northern District of Georgia for violations of Title 18 U.S.C. 1343, Wire Fraud, because the transactions were executed by the Federal Reserve Bank (FRB) in Atlanta, GA.

From September 2009 through February 2010, TOIG investigated the matter and conducted numerous interviews at the direction of AUSA ██████████. At the conclusion of the interviews, ██████████ was reluctant to continue with the investigation because he believed the results of the interviews weakened the ability to prosecute the matter.

On November 4, 2010, AUSA ██████████ declined the case for criminal prosecution and notified TIG that DOJ was closing this matter.

Therefore, it is recommended that no further investigation be conducted by TOIG and with the approval of this memorandum, this investigation be administratively closed.

Approved:

 11/05/10

John L. Phillips
Special Agent in Charge

REPORT OF INVESTIGATION
FMS-10-0182-I



Office of Inspector General

United States Department of the Treasury



SUMMARY REPORT OF INVESTIGATION



DATE OF REPORT

REPORT STATUS

FINAL

CASE NUMBER

FMS-10-0182-I

CASE TITLE

██████████, Budget Division, Financial Management Service, Department of the Treasury

**PERTINENT
STATUTE(S),
REGULATION(S),
AND/OR
POLICY(IES)**

5 C.F.R., Part 35 § 0.213 – General Conduct Prejudicial to the Government.

The Standards of Ethical Conduct for Employees of the Executive Branch, Employees Responsibilities and Conduct, Part 2635.101 – Basic Obligation of Public Service.

SYNOPSIS

This case was initiated on October 21, 2009, upon receipt of correspondence from an anonymous source. The anonymous source alleged that ██████████ Budget Division, Financial Management Service (FMS), tossed candy at ██████████ former FMS employee, as she pretended to take off her shirt while on official government travel. Also, it was alleged that ██████████ provided preferential treatment to ██████████ former FMS employee, in an attempt to persuade ██████████ not to report ██████████ conduct with ██████████

The investigation determined that ██████████ and other FMS employees traveled to New Orleans, Louisiana, in February 1999, to visit the United States

Case Agent:

██████████, Special Agent

(Signature)

Supervisory Approval:

Anthony J. Scott, Acting Special Agent in Charge

(Signature)

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Department of Agriculture, National Finance Center. During that travel, [REDACTED] admitted that he and others tossed beads at [REDACTED] as she pretended to lift up her shirt as they walked through the New Orleans' French Quarters.

It should be noted that their travel to New Orleans coincided with the Mardi Gras Carnival season, and it is customary during the Mardi Gras carnival for participants to toss Mardi Gras beads and similar items at carnival participants. Based on witness interviews and the fact that it is customary to toss Mardi Gras beads at carnival participants, [REDACTED]'s actions were not unprofessional.

Also, the investigation gathered no evidence that [REDACTED] provided preferential treatment to [REDACTED] in an attempt to persuade [REDACTED] not to report his conduct with [REDACTED]. Therefore, the allegations against [REDACTED] are unsubstantiated. (Exhibits 1, 2)

INVESTIGATIVE FINDINGS

During an interview, [REDACTED] reported that he, [REDACTED], [REDACTED], Manager, Telecommunication Branch, FMS, and [REDACTED], [REDACTED], Government-wide Accounting, FMS, traveled to New Orleans, Louisiana, in February 1999. [REDACTED] said that the purpose of their trip was to visit the United States Department of Agriculture, National Finance Center. According to [REDACTED] the travel to New Orleans coincided with the Mardi Gras Carnival season. [REDACTED] reported that he, [REDACTED] and [REDACTED] decided to tour the New Orleans' French Quarters, and in celebration of Mardi Gras, [REDACTED] pretended to lift her shirt. [REDACTED] reported at that time, he tossed beads at [REDACTED]. [REDACTED] said that his and [REDACTED] actions were "all in fun." (Exhibit 2)

[REDACTED] resigned from her government position at FMS on May 15, 2000. Treasury OIG attempted to contact [REDACTED] for an interview at the address and telephone number listed on [REDACTED] final Request for Personnel Action (SF-52). All attempts to contact [REDACTED] were unsuccessful. (Exhibit 3)

[REDACTED] said she did not travel to New Orleans, Louisiana, with [REDACTED] in February 1999. [REDACTED] reported she had never witnessed [REDACTED] toss candy or beads at [REDACTED] as she pretended to take off her shirt. [REDACTED] also said that she was not given preferential treatment by [REDACTED] in an attempt to influence her not to

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report his conduct with [REDACTED] [REDACTED] said that she worked for FMS for 10 years and resigned in September 2008. (Exhibit 4)

[REDACTED] reported that he traveled to New Orleans, Louisiana, with [REDACTED] [REDACTED] and [REDACTED] in February 1999. [REDACTED] reported that he did not witness [REDACTED] toss beads or candy at [REDACTED] during their travel. (Exhibit 5)

[REDACTED] reported that he traveled to New Orleans, Louisiana, in February 1999, with [REDACTED] [REDACTED] and [REDACTED], to visit the United States Department of Agriculture, National Finance Center. According to [REDACTED], he and [REDACTED] were standing on a second floor balcony in the French Quarters and noticed [REDACTED] walking below the balcony on the street. [REDACTED] said that [REDACTED] in a joking manner, pretended to lift her shirt; however, she did not. [REDACTED] said at that time, most of the people standing on the balcony proceeded to throw beads at [REDACTED] in accordance with the Mardi Gras tradition. [REDACTED] said that he could not remember if [REDACTED] threw beads at [REDACTED] however, [REDACTED] laughed and continued on her walk. (Exhibit 6)

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Initial complaint documentation dated October 13, 2009.
2.	Memorandum of Activity regarding interview of [REDACTED] [REDACTED] dated December 28, 2009.
3.	Memorandum of Activity regarding receipt of document, dated November 27, 2009.
4.	Memorandum of Activity regarding interview of [REDACTED] [REDACTED] dated January 4, 2010.
5.	Memorandum of Activity regarding interview of [REDACTED], dated December 28, 2009.
6.	Memorandum of Activity regarding interview of [REDACTED] [REDACTED], dated January 27, 2010.

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OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

**OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY**

FROM:

[REDACTED]
Special Agent

SUBJECT:

Attempted Scheme to Defraud using Gmail

OIG Case #: FMS-10-0976-I

On February 1, 2010, the Treasury Office of Inspector General (OIG), Office of Investigations (OI) received an allegation from the Financial Management Service (FMS) regarding the January 2010 receipt of unsolicited emails. These emails were allegedly from individuals purporting to be FMS employees who were travelling overseas and had experienced some misfortune which required them to request the recipient send them money at their overseas location.

OIG initial analysis of the emails determined that they were typical of Internet-based schemes to defraud individuals. The lack of proper grammar and capitalization in the emails suggested that they were composed by non-native English speakers. The solicitation was sent from cmg1022@gmail.com.

On February 19, 2010, the OIG/OI conferred with the Department of Justice, Computer Crimes and Intellectual Property Section (CCIPS), Duty Assistant United States Attorney (DAUSA). The DAUSA determined that absent any loss and without aggravating factors such as using the emails as vectors for malware delivery, there was limited or no chance of the investigation being accepted for prosecution.

The OIG/OI contacted the Gmail Abuse Team to inform that the email account cmg1022@gmail.com was being used in a scheme to defraud and to request that the account be deactivated.

Therefore, it is recommended that no further investigation be conducted by the OIG/OI and with the approval of this memorandum, this investigation be administratively closed.

Approved: [REDACTED]

5/12/10

[REDACTED]
Assistant Special Agent in Charge
Investigations Division



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM:

██████████ ██████████ 8/6/2010
Special Agent

SUBJECTS:

██████████, Private Citizen
██████████, Private Citizen

OIG Case Number: FMS-10-1832-I

This investigation was initiated by the Office of Inspector General (OIG), Office of Investigation (OI) on April 27, 2010, after receiving correspondence from ██████████ ██████████, Financial Management Service (FMS), Security Division, alleging that ██████████ and ██████████, accessed the pay.gov website, submitted bogus transactions, and falsely claimed to be Department of Defense (DoD) contractors.

During the period of March 18 – May 24, 2010, ██████████ and ██████████ have submitted payments to pay.gov that continuously fail. ██████████ and ██████████ have also called FMS's customer service claiming to be DoD contractors and made an inquiry about setting up their own pay.gov form. FMS contacted DoD to determine if ██████████ and ██████████ were DoD contractors and DoD had no record of ██████████ or ██████████ being contractors. To date, there has been no loss to the U.S. Government.

On June 8, 2010, DoD OIG advised that it was attempting to determine if ██████████ and ██████████ were associated with an on-going DoD OIG investigation. FMS also advised that they were maintaining a log of ██████████ and ██████████'s activity. OI requested that FMS continue to maintain their log of ██████████ and ██████████'s activity and to provide periodic updates to DoD IG and OI. FMS discussed the possibility of issuing a cease and desist letter to ██████████ and ██████████. OI advised FMS that it should take whatever administrative action it deemed appropriate against ██████████ and ██████████.

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On June 10, 2010, OI advised DoD OIG that FMS may issue a cease and desist letter to [REDACTED] and [REDACTED]. DoD OIG advised that it would contact OI, if a case against [REDACTED] and [REDACTED] is developed and OI's assistance is needed.

Therefore, it is recommended that no further investigation be conducted by the OIG/OI, and with the approval of this memorandum, this investigation be administratively closed.

Approved: [REDACTED]

[REDACTED]
Special Agent in Charge (Acting)
Washington, D.C.

8-6-10

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OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

**MEMORANDUM FOR PAMELA LOCKS, DIRECTOR SECURITY DIVISION,
FINANCIAL MANAGEMENT SERVICE**

FROM: John L. Phillips *[Signature]* 12/13/10
Special Agent in Charge

SUBJECT: Office of Chief Counsel Employees-
Time and Attendance Fraud

OIG Case Number: FMS-10-2338-I

DATE:

Attached for your review is our Report of the Investigation into allegations of Time and Attendance (T&A) Fraud in the Financial Management Service, Office of Chief Counsel (FMS/OC). The investigation determined the allegations are unsubstantiated.

This investigation was initiated based upon a preliminary investigation conducted by your office regarding allegations of T&A Fraud in the FMS/OC. Data provided in a spreadsheet consisting of T&A records and physical key card building access records from the period May 2009 to December 2009 suggested there could be irregularities. Interviews with employees of the FMS/OC did not provide evidence to support the allegations. The investigation revealed no conclusive evidence to support the allegations.

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If at any time you have any questions concerning this matter or, if upon further review you develop information that may indicate a need for additional or new investigative activity by this office to assist you in resolving this matter, please contact me at (202) 927-5765. Staff requests for assistance should be directed to [REDACTED] Assistant Special Agent in Charge, (202) 927-[REDACTED]

**REPORT OF INVESTIGATION
FMS-10-2338-I**



Office of Inspector General

United States Department of the Treasury



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



Report of Investigation

Case Title: Financial Management Services -
Time and Attendance Fraud

Case #: FMS-10-2338-I

Case Type: Criminal _____
Administrative X
Civil _____

Investigation Initiated: June 30, 2010

Conducted by: [REDACTED]
Special Agent

Investigation Completed:

Origin: [REDACTED] Security
Specialist, Financial Management Services

Approved by: John L. Phillips,
Special Agent in Charge

Summary

On June 30, 2010, a U.S. Department of the Treasury, Office of Inspector General (TOIG) investigation was initiated based on information received from [REDACTED] Security Specialist, Office of Security (OS), Financial Management Services (FMS). Specifically, [REDACTED] forwarded data from their preliminary investigation of time and attendance fraud in the Office of Chief Counsel and requested TOIG assistance in conducting interviews. (Exhibit 1)

The investigation revealed no evidence to support the allegations, therefore the allegations are unsubstantiated.

Basis and Scope of the Investigation

This investigation was initiated on June 30, 2010, based upon a FMS/OS preliminary investigation regarding allegations of T&A Fraud in the FMS, Office of Chief Counsel. Data provided in a spreadsheet consisting of T&A records and physical key card building access records from the period May 2009 to December 2009 of the FMS facility located at 401 14th Street N.W., Washington, D.C. suggested there could be irregularities.

In an interview with TOIG [REDACTED] stated the allegations were originally received from the TOIG Hotline in August 2009. TOIG forwarded the allegations to FMS, which decided that FMS/OS would conduct an investigation. OS was at a point in the investigation where they had to conduct subject interviews. They made contact initially with five employees and encountered

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considerable resistance. FMS/OS opined they had a conflict of interest because the Attorney's who work in the Office of Chief Counsel read their reports. Reportedly, there were two issues, FMS Chief Counsel employees lack the proper authorizations to work at home and the validity of their work hours were in question. (Exhibit 2)

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

- [REDACTED] Security Specialist
- [REDACTED] Deputy Chief Counsel
- [REDACTED] Attorney
- [REDACTED] Attorney
- [REDACTED] Program Manager

In addition, TOIG reviewed pertinent documents, including:

- Documents provided by FMS/OS

Investigative Activity

In an interview with TOIG, [REDACTED] explained the methodology used by the FMS/OS in assessing the validity of the allegations was flawed without knowing the responsibilities of his staff and understanding how they perform their duties. The policy on all employees swiping their own card for entrance and exit has never been made clear. Employees going to lunch "piggyback" in and out of entrances and exits. [REDACTED] described the duties and responsibilities of every member on his staff and identified staff members he has authorized to participate in the work from home program. [REDACTED] has authorized [REDACTED] to report to work at 10 a.m. and work to 6:30 p.m. [REDACTED] pointed out that [REDACTED] has a medical condition which affects his sleep. [REDACTED] stated these hours would not be reflected on any WebTA documents. (Exhibit 3)

In an interview with TOIG, [REDACTED], who left the Office of Chief Counsel in June 2010 for a similar position at the Office of the Comptroller of the Currency, said everyone was aware of the allegations because they were discussed at a spring 2010 staff meeting. [REDACTED] opined the allegations were baseless and described the staff as professional. They worked late when they had to, they came in on weekends when necessary and there were even times during vacations she and the staff made themselves available. In general, the staff in the Office of Chief Counsel tends to come in late; however, if they are working in the office all day they will leave later in the day. The staff in the Office of Chief Counsel performed a lot of off-site work. Sometimes they came into the office first then traveled off-site or visa-versa. (Exhibit 4)

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Report of Investigation

Case Name: Financial Management Services – Time and Attendance Fraud

Case # FMS-10-2338-I

Page 3 of 5

In an interview with TOIG, ██████ believed that whoever made the allegations clearly did not have an idea how the Office of Chief Counsel conducted their business. ██████ represents FMS and the Treasury in Tribal Litigations. She explained that as the lead attorney on these matters she is involved with approximately 100 cases. ██████'s work takes her out of the office more than most of her colleagues. She works with U.S. Department of Justice (DOJ) Attorney's litigating the FMS issues and frequently attends meetings at DOJ, U.S. Department of the Interior, and Main Treasury in connection to these activities. She also spends time at FMS' Hyattsville, MD facilities. (Exhibit 5)

In an interview with TOIG, ██████ stated he reviews all FMS and Treasury documents that are used or can be used in general FMS litigations as well as the Indian Litigations for accuracy. ██████ also performs collateral duties such as providing clarification on policy issues and assisting in document disposal/retention matters. He also provides outreach in the form of compiling reports on FMS Issues and Litigation reports. His work takes him to the Hyattsville office once or twice a week. Sometimes he spends the entire day in Hyattsville other times he will split his day between the two offices. ██████ also explained it is standard practice for multiple people to enter and exit the 14th street building on one person's card. This is done during the high traffic times. If someone is analyzing entrance and exit records the reviewer would have misleading information. ██████ is also a smoker and he stated he leaves the building numerous times during the day to smoke. (Exhibit 6)

Referrals

None

Judicial Action

None

Findings

The investigation revealed no conclusive evidence to support the allegations, therefore the allegations are unsubstantiated. Office of Chief Counsel Staff responsibilities' take them away from their office which requires frequent entry and exits during the course day, as well as working in different FMS offices and from home.

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

- N/A

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Report of Investigation

Case Name: Financial Management Services – Time and Attendance Fraud

Case # FMS-10-2338-I

Page 4 of 5

Distribution

Pamela Locks, Financial Management Services

Signatures

Case Agent:

[Redacted Signature]

Signature

12/10/2010
Date

Supervisor:

[Redacted Signature]

Signature

12/13/10
Date

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Exhibits

1. Initial Complaint document from [REDACTED] dated June 14, 2010.
2. Memorandum of Activity, Interview of [REDACTED] dated July 15, 2010.
3. Memorandum of Activity, Interview of [REDACTED] dated August 9, 2010.
4. Memorandum of Activity, Interview of [REDACTED] dated September 1, 2010.
5. Memorandum of Activity, Interview of [REDACTED] dated October 26, 2010.
6. Memorandum of Activity, Interview of [REDACTED] dated November 3, 2010.



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM: Special Agent [REDACTED]

FILE: USM-10-0686-P

SUBJECT: Misuse of Treasury Seal for eBay Profile

On December 17, 2009 the Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI) received a complaint alleging that [REDACTED] was using the Treasury seal as part of his user profile on the online auction site ebay.com.

The OIG/OI located [REDACTED] user profile on ebay.com and confirmed his use of the Treasury seal (see image below).



Welcome! Sign in or register.

Categories ▼ Motors Stores Daily Deal

Home > Community > Feedback Forum > **Feedback Profile**

Feedback Profile



[REDACTED] (1199 ★)

Positive Feedback (last 12 months): 99.2%
[How is Feedback Percentage calculated?]

Member since: Oct-31-06 in United States

On January 4, 2010, the OIG/OI telephonically contacted [REDACTED] and left a voice mail message explaining that he ([REDACTED] was using the Treasury seal in an unauthorized manner and requested that [REDACTED] contact the OIG. On January 5, 2010, [REDACTED] telephonically contacted the OIG/OI and left a voice mail stating that he ([REDACTED] had removed the Treasury seal from his user profile and stated that his

use of the seal was not malicious. The OIG/OI confirmed Mr. [REDACTED] removal of the seal from his user profile (see below).

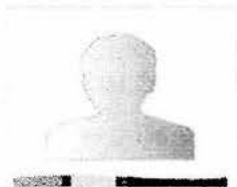


Welcome! Sign in or register.

Categories ▼ Motors Stores Daily Deal

Home > Community > Feedback Forum > **Feedback Profile**

Feedback Profile



[REDACTED] (1204 ★)

Positive Feedback (last 12 months): 99.2%
[How is Feedback Percentage calculated?]

Member since: Oct-31-06 in United States

With the removal of the Treasury seal and the approval of this memorandum, this investigation is closed.

Approved: _____

[REDACTED]
Assistant Special Agent in Charge
Investigations Division

3/16/10



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM:

[REDACTED]
Investigator

SUBJECT:

Fictitious Documents

OIG File Number: ZZZ-09-0133-I

As a result of numerous inquiries regarding fictitious bonds, bills of exchange and other Treasury instruments, the Department of the Treasury, Office of the Inspector General, Office of Investigations (OI) initiated an investigative file for these ongoing issues. Throughout fiscal years 2009 and 2010, the OI has assisted Federal, state and local law enforcement, as well as the general public with information regarding fictitious documents.

This file is being closed, but the OI will continue to assist law enforcement and the public regarding these matters, as necessary. The OI will also open individual cases, as warranted. Therefore, it is recommended that with the approval of this memorandum, this investigative file be closed.

Approved:

[REDACTED] 9/3/10

JOHN L. PHILLIPS
Special Agent in Charge
Washington, D.C.

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REPORT OF INVESTIGATION
OCC-10-0126-I



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION

DATE OF REPORT	DEC 18 2009
REPORT STATUS	Final
CASE NUMBER	OCC-10-0126-I
CASE TITLE	██████████ Associate Bank Examiner, NB-4
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	5 C.F.R. 2635.101 - Basic obligation of public service

SYNOPSIS

On October 15, 2009, the Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received a memorandum from ██████████, Senior Advisor, Office of the Comptroller of the Currency (OCC), regarding an improper disclosure made by ██████████ Associate National Bank Examiner, OCC, on his Facebook account. Facebook is a social networking site on the internet. (Exhibit 1)

The investigation found that ██████████ inappropriately provided non-public information on a social networking website. It was determined that a Chicago news source released this information prior to ██████████'s entry on Facebook, but ██████████'s disclosure was still inappropriate. It was also found that ██████████ was insubordinate and did not assist his supervisor when his supervisor requested to view the posting on Facebook.

Case Agent:

██████████
Special Agent

Signature

Supervisory Approval:

Anthony Scott
Special Agent in Charge (Acting)

(Signature)

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DETAILS

A. Allegation: It is alleged that [REDACTED] made an improper disclosure on his Facebook account.

B. Context / Background: [REDACTED] is an Associate National Bank Examiner with the Office of the Comptroller of the Currency. He has held this position since January 2007.

INVESTIGATIVE ACTIVITY

On October 15, 2009, the Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received a memorandum from [REDACTED], Senior Advisor, Office of the Comptroller of the Currency (OCC), regarding an improper disclosure made by [REDACTED] Associate National Bank Examiner, OCC, on his Facebook account. Facebook is a social networking site on the internet. (Exhibit 1)

On October 15, 2009, the OIG/OI telephonically interviewed [REDACTED] Acting Assistant Deputy Comptroller, OCC. He stated that he is currently the direct supervisor of [REDACTED]. On September 11, 2009, [REDACTED] was part of an OCC team that closed [REDACTED] Bank in Chicago, IL. On the same day, before the bank closed, [REDACTED] placed a vague reference that a bank was failing on Facebook. Later that day, but still before the bank closed, [REDACTED] posted another entry on Facebook stating that [REDACTED] Bank had closed. [REDACTED] was notified on September 11, 2009 or September 12, 2009, of the postings by [REDACTED] Analyst, OCC. [REDACTED] then contacted [REDACTED] Assistant Deputy Comptroller, OCC. The following Monday, September 14, 2009, [REDACTED] spoke with [REDACTED] and expressed to him that the disclosure was inappropriate. (Exhibit 2)

On October 29, 2009, the OIG/OI re-interviewed [REDACTED] at his office in Chicago, IL. [REDACTED] provided no additional substantial information except that when he requested from [REDACTED] the postings on Facebook regarding [REDACTED] [REDACTED] refused citing the postings were personal. (Exhibit 2)

On October 27, 2009, the OIG/OI interviewed [REDACTED] Assistant Deputy Comptroller, OCC. [REDACTED] stated that he was the direct supervisor of [REDACTED] for three years until August 2009, when [REDACTED] went on detail. [REDACTED] is now an indirect supervisor. [REDACTED] stated that [REDACTED] Bank was a Chicago bank with total

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Office of Inspector General - Investigations
Department of the Treasury

deposits of \$7 billion and 11 branches. There had been public rumors for a year that the bank was closing. In August 2009, [REDACTED] requested 22 volunteers from his staff to close the bank. He explained that when a bank closes, OCC has two bank examiners at each branch whenever possible. [REDACTED] volunteered. The bank was to be closed in August, but the date was moved to September 11, 2009, for various reasons. On September 11, 2009, [REDACTED] was partnered with [REDACTED] Senior Bank Examiner, at one of the branches. In the morning of September 11, 2009, [REDACTED] posted a vague message that a bank was failing to his Facebook account. Later that day, but still before the bank closed, [REDACTED] posted another entry on Facebook stating that [REDACTED] Bank had closed. [REDACTED] added that a news service, Crain Chicago, also posted this information, at approximately 2:00 p.m. [REDACTED] has no knowledge how the news service obtained this information. (Exhibit 3)

On October 29, 2009, the OIG/OI interviewed [REDACTED] National Bank Examiner, OCC. On September 11, 2009, [REDACTED] was part of an OCC team that closed [REDACTED] Bank in Chicago, IL. [REDACTED] had volunteered several weeks earlier when [REDACTED] Bank was set to close in August 2009. The Federal Deposit Insurance Corporation (FDIC) changed the date several times because the FDIC had possible investors. The OCC normally has two bank examiners at each branch and [REDACTED] was partnered with a Senior Bank Examiner, [REDACTED] from the downtown Chicago office.

During that day, [REDACTED] looked at her Facebook account. Facebook is a social network website made up of "friends" that you invite to your personal page who can see personal information and happenings that you post. [REDACTED] is a "friend" of [REDACTED]'s and saw that he posted "will miss XXX bank." [REDACTED] did not immediately inform any supervisors because she was not certain if anyone understood the posting. She got on Facebook a few hours later and a posting from someone else stated "Way to close banks [REDACTED]!" She then believed others understood the posting by [REDACTED] so she contacted [REDACTED]. That evening, she looked at Facebook again and saw that [REDACTED] had posted a comment about [REDACTED] Bank closing at approximately 5:30 p.m. She felt it was insensitive and improper because the bank had not closed officially and he sent the message during work from the bank. The following day, she informed [REDACTED] of the post and learned that [REDACTED] had restricted access to some of [REDACTED] postings and did not see the postings regarding OCC.

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Department of the Treasury

█████ stated that she never spoke to █████ about the postings, but believes █████ or █████ have. She did state that he "defriended" her from Facebook which means she no longer has access to his postings. She stated that he also took several other OCC employees off from his Facebook account. (Exhibit 4)

On October 29, 2009, the OIG/OI interviewed █████, National Bank Examiner, OCC. On September 11, 2009, █████ and Schnock were on an OCC team that closed █████ Bank in Chicago, IL. OCC tries to have bank examiners at every branch. She and █████ were at different branches.

Schnock was "friends" with █████ on Facebook. On September 11, 2009, at approximately 7:00 P.M., Schnock got onto her Facebook account and saw that █████ made two postings that day regarding a bank closing. The first reference was vague and referenced a bank closing. The second posting mentioned █████ Bank being closed. She felt it was inappropriate because the closing had just happened and a social networking site is not the place where that type of information is listed. Schnock also stated that she and the other OCC bank examiners are told by OCC management not to speak to the media even after a bank is closed, and to give media an OCC contact person.

Schnock stated that approximately one week later, █████ put on Facebook words such as "I hate OCC employees. Fuck them. They can't be trusted...." He then deleted most OCC friends, including Schnock, off of his Facebook account as "friends." Schnock has never spoken to █████ of these postings. (Exhibit 5)

On November 3, 2009, the OIG/OI interviewed Maureen █████ National Bank Examiner, OCC. █████ stated that she and █████ volunteered to assist with the closure of █████ Bank. On September 11, 2009, she and █████ went to one of the █████ Bank branches at 5:00 P.M. The Branch Manager informed █████ and █████ that she and her staff were aware the bank was closing and showed them a newspaper article from Crain, a Chicago based newspaper. █████ and █████ then sat outside an office within the bank while a conference call was held between bank management, the OCC, and the FDIC. █████ and █████ left the bank at approximately 6:15 P.M. █████ stated that she received a press release from the OCC regarding the closure of █████ Bank at approximately 7:00 P.M. She added that press releases are released after the bank closes. The press release went out later than usual because the bank closed a little later than usual, because there were still customers in the bank after 6:00 P.M.

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Office of Inspector General - Investigations
Department of the Treasury

█████ later heard from other OCC coworkers that █████ placed postings on Facebook regarding █████ Bank closing. █████ was not aware of the postings when they occurred on September 11, 2009, and is not a "friend" of █████ on Facebook. (Exhibit 6)

On October 29, 2009, the OIG/OI, interviewed █████ █████ Associate National Bank Examiner, OCC. █████ stated that █████ asked for volunteers in the summer of 2009, to assist with the closure of █████ Bank which was to occur in August 2009. █████ volunteered. The closing was moved to September 11, 2009 by the FDIC.

On September 11, 2009, █████ and █████ went to a █████ Bank branch at 5:00 P.M. The Branch Manager informed █████ and █████ that she and her staff were aware the bank was closing and showed them a newspaper article from Crain, a Chicago based newspaper. █████ then put a sign in the window stating that the bank was "being taken over by the OCC." █████ and █████ then sat outside an office within the bank while a conference call was held between bank management, the OCC, and the FDIC. While he was waiting, he posted a message to his Facebook account with his telephone stating "will miss █████...news is out." He was not certain of the time of this posting. He stated that he did not see a problem with this posting because it only went to his friends on Facebook, which is a social networking site. He also knew that Crain had already released this information. █████ also stated that the OCC and FDIC had also sent press releases at 5:30 P.M. eastern time. █████ stated that he did not have a copy of the OCC press release, but provided to the OI a copy of a press release sent to him at 5:27 P.M. He believed that to be eastern time. █████ added that he sent an earlier message on Facebook that said "Will miss XXX bank," but he was careful not to mention the bank name because █████ had not closed at that time. He could not recall the time of the first entry to Facebook. █████ and █████ left the bank at approximately 6:15 P.M.

On Monday, September 14, 2009, █████ received an e-mail from █████ stating that he should not have made a posting regarding a bank closure on Facebook. █████ spoke to █████ a few times regarding the posting. █████ asked █████ for the Facebook postings, but █████ would not provide any information from his Facebook account stating that it was "personal."

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█████ stated that he placed a posting on Facebook stating that he could not trust any of his OCC colleagues. He then took approximately 20 OCC employees off his "friends" list on Facebook. He kept █████ on Facebook as a "friend" because he is a supervisor.

█████ stated that he has had no problems at the OCC and does not believe he did anything improper by placing the Facebook postings regarding █████ since the information was already out in the media. (Exhibit 7)

On November 3, 2009, the OIG/OI contacted █████ █████, Director, Press Relations, OCC. █████ stated that the OCC never announces a closure of a bank until the bank closes. In the case of █████ Bank, the bank closed on September 11, 2009, at approximately 6:00 P.M. Central time. A press release was released by the OCC at 6:30 P.M. Central Time / 7:30 P.M. Eastern Time. (Exhibit 8)

On November 3, 2009, the OIG/OI contacted ████████████████████, Public Affairs Specialist, FDIC. She stated that the FDIC never announces a closure of a bank until the bank closes. In the case of █████ Bank, the bank closed on September 11, 2009, at 6:16 P.M. Central time. A press release was released by the FDIC at 6:19 P.M. Central time / 7:19 P.M. Eastern time, and would have been seen on the internet by those who are subscribed to FDIC press releases after 6:20 P.M. Central time. (Exhibit 9)

On November 10, 2009, the OIG/OI contacted █████ █████, Telecommunications Manager, OCC to obtain █████'s e-mail for September 11, 2009, to determine what time he received press releases from the OCC and the FDIC regarding the closure of █████ Bank in Chicago, IL.

On November 20, 2009, █████ provided the OI with the requested e-mails. A review of the e-mails by the OI found no press release from the OCC regarding the closure of █████ Bank. The OI located a press release regarding █████ from the FDIC with a date of September 11, 2009, and a time of 7:27 P.M. (Exhibit 10)

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FINDINGS

Based on the evidence and information gathered during this investigation, it was determined that [REDACTED] inappropriately provided non-public information on a social networking website. It was determined that a Chicago news source released this information prior to [REDACTED]'s entry on Facebook, but [REDACTED]'s disclosure was still inappropriate. It was also found that [REDACTED] was insubordinate and did not assist his supervisor when his supervisor requested to view the posting on Facebook.

REFERRALS**Criminal**

Not applicable

Civil

Not applicable

Administrative

The allegation of improper disclosure by [REDACTED] was substantiated. It is recommended that this information be provided to OCC management for any action they deem appropriate.

RECOMMENDATIONS / DISTRIBUTION

Laura McAuliffe, Senior Advisor, OCC

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EXHIBITS

- | <u>Number</u> | <u>Description</u> |
|---------------|---|
| 1. | Memorandum of Activity, Memorandum from OCC to the OI, dated October 15, 2009. |
| 2. | Memorandum of Activity, Interviews of [REDACTED] [REDACTED] Acting Assistant Deputy Comptroller, OCC, dated October 15, 2009, and October 29, 2009. |
| 3. | Memorandum of Activity, Interview of [REDACTED] [REDACTED] Assistant Deputy Comptroller, OCC, dated October 27, 2009. |
| 4. | Memorandum of Activity, Interview of [REDACTED] [REDACTED] National Bank Examiner, OCC, dated October 29, 2009. |
| 5. | Memorandum of Activity, Interview of [REDACTED] [REDACTED] National Bank Examiner, OCC, dated October 29, 2009. |
| 6. | Memorandum of Activity, Interview of [REDACTED] National Bank Examiner, OCC, dated November 3, 2009. |
| 7. | Memorandum of Activity, Interview of [REDACTED] [REDACTED] [REDACTED] Associate National Bank Examiner, OCC, dated October 29, 2009. |
| 8. | Memorandum of Activity, Interview of [REDACTED] [REDACTED], Director, Press Relations, OCC, dated November 3, 2009. |
| 9. | Memorandum of Activity, Interview of [REDACTED], Public Affairs Specialist, FDIC, dated November 3, 2009. |
| 10. | Memorandum of Activity, Interview of [REDACTED] [REDACTED], Telecommunications Manager, OCC, dated November 10, 2009. |

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REPORT OF INVESTIGATION
OCC-10-0903-I



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION

DATE OF REPORT	
REPORT STATUS	Final
CASE NUMBER	OCC-10-0903-I
CASE TITLE	██████████ ██████████
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	18 U.S.C. 1344 -Bank Fraud The Standards of Ethical Conduct for Treasury Employees Section 735.203 - Conduct Prejudicial to the Government.

SYNOPSIS

On January 21, 2010, the Department of Treasury, Office of Inspector General (OIG), Office of Investigations (OI), received lead information from the Federal Reserve Board (FRB) OIG. During the course of a FRB/OIG Suspicious Activity Report (SAR) review from the Financial Crimes Enforcement Network (FinCEN), the FRB/OIG noticed that an Office of Comptroller of the Currency (OCC) bank examiner in Albuquerque, NM, had caused a SAR to be filed by his credit card company for alleged check-kiting activity.

The SAR described a suspected check-kiting and consumer loan scheme related to a Visa credit card registered to ██████████ ██████████ OCC Associate National Bank Examiner, in the Arizona/New Mexico Office. ██████████ allegedly made payments

Case Agent:

Supervisory Approval:

██████████
Special Agent

John L. Phillips
Special Agent In Charge

(Signature)

(Signature)

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toward his Visa card balance, which were returned to his bank for insufficient funds. While the payments were being made, charges and cash advances were made at various merchants and the balance on [REDACTED] card reached \$48,799.

The investigation revealed that [REDACTED] did write checks that were later returned for insufficient funds to pay off the outstanding balance on his credit card. He was also detected by the OCC using his Government travel credit card for personal purchases and cash advances. He was asked by his supervisor about the Government card use and resigned his position on February 1, 2010.

DETAILS

A. Allegation: It is alleged that [REDACTED] was involved in a pattern of "check-kiting" to pay off the debt on his personal credit card. The conduct was of such a suspicious nature that the activity caused a SAR to be filed by [REDACTED] bank.

B. Context / Background: [REDACTED] was employed as an Associate National Bank Examiner by the OCC. As such, his duties were to oversee and regulate financial institutions which he was perpetrating possible criminal and ethical violations against.

INVESTIGATIVE ACTIVITY

The FRB/OIG SAR review described a suspected check-kiting and consumer loan scheme related to a Visa credit card, issued by Bank Forward of Hannaford, ND, and registered to [REDACTED]. In October 2009, Bank Forward was notified by its credit card service provider of suspicious activity related to [REDACTED] Visa card. Account statements from January to November 2009, revealed numerous returned payments stemming from the use of a pattern of activity that resembled check-kiting. According to the SAR, [REDACTED] allegedly made payments toward his Visa card balance. The payments were returned to the Wells Fargo Bank, the service provider of [REDACTED] credit card, for insufficient funds. While the payments were being made, charges and cash advances were made at various merchants. The balance on [REDACTED] card reached \$48,799 and the aggregate suspicious activity was \$1,681,227.

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Bank Forward was notified of the suspicious activity in October 2009 by its credit card service provider and notified [REDACTED] to resolve the situation. [REDACTED] said he was traveling often for his employment and that he had authorized his fiancée, [REDACTED] as, to use his credit card. Despite efforts to have [REDACTED] make payments to pay down the balance, he had not followed through with any payments, according to the SAR. (Exhibit 1)

The OIG/OI contacted Bank Forward, which advised that the balance owed on his credit card was \$48,799 and that the bank had attempted to set up a re-payment plan for him. The bank reported that [REDACTED] had still not confirmed his ability or willingness to make payments. [REDACTED] of Bank Forward, the credit card issuer, characterized the charges on [REDACTED] credit card as for rent, gas and living expenses, as well as cash advances. Total charges on the card were \$51,577.60 as of November 10, 2009. The bank also noticed that [REDACTED] was writing checks to pay down his card balance and then using the same card to make further purchases before his checks were returned for insufficient funds. (Exhibits 2 and 3)

The OIG/OI was advised by [REDACTED], OIG Liaison, OCC, that [REDACTED], [REDACTED] supervisor, had notified her regarding [REDACTED] Government travel card. [REDACTED] said the card issuer alerted [REDACTED]s about a high frequency of cash withdrawals and purchases that had been made with [REDACTED] card in New Mexico. (Exhibit 4)

A FinCEN check of [REDACTED] and [REDACTED] was conducted that revealed no other financial suspicious activity or currency transaction reports for both other than the original SAR that had initiated the investigation into [REDACTED] credit card activity. (Exhibit 5)

On February 1, 2010, the OIG/OI was advised by [REDACTED] that [REDACTED] had submitted his resignation from the OCC, effective that same day.

The OIG/OI spoke with [REDACTED] who stated that [REDACTED] had realized he had an issue with his Government travel card. [REDACTED] recounted that when [REDACTED] was asked about the \$7,608 of charges on his credit card, [REDACTED] did not dispute nor deny that he had used the card inappropriately. (Exhibit 6) On May 3, 2010, Bank Forward advised the OI that [REDACTED] had paid the balance of \$48,799 on his Visa credit card. His account had been closed in January and the bank was about to

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refer [REDACTED] case to local authorities for criminal prosecution when [REDACTED] came forward and paid his balance in full on April 15, 2010. (Exhibit 7)

FINDINGS

Based on the evidence and information gathered during this investigation, it was determined that the allegation that [REDACTED] engaged in a pattern of "check-kiting" to pay off the debt on his personal credit card was substantiated. [REDACTED] was also discovered using his Government travel card for personal use and admitted to the conduct before resigning his position. Subsequently, [REDACTED] resigned effective February 1, 2010.

REFERRALS

Criminal

Not applicable.

Civil

Not applicable.

Administrative

Not applicable.

DISTRIBUTION

None.

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Department of the Treasury

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Memorandum of Activity, Receipt of Lead Information, dated January 22, 2010.
2.	Memorandum of Activity, Telephonic Interview of [REDACTED], dated January 22, 2010.
3.	Memorandum of Activity, Receipt of Credit Card Analysis from [REDACTED], dated February 2, 2010.
4.	Memorandum of Activity, Telephonic Interview of [REDACTED] [REDACTED], dated January 25, 2010.
5.	Memorandum of Activity, Financial Records Check, dated March 12, 2010.
6.	Memorandum of Activity, Telephonic Interview of [REDACTED], dated February 2, 2010.
7.	Memorandum of Activity, Telephonic Interview of [REDACTED] imm, dated May 3, 2010.

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Office of Inspector General – Investigations
Department of the Treasury



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM: John L. Phillips
Special Agent in Charge

SUBJECTS:

[REDACTED]
[REDACTED]
(10) [REDACTED]

OIG Case Number: OCC-10-1418-I

This investigation was initiated by the Office of Inspector General (OIG), Office of Investigation (OI) on March 22, 2010, after receiving notification from the Federal Bureau of Investigation (FBI) of their investigation involving, [REDACTED] [REDACTED]

[REDACTED] made admissions during an interview with FBI Special Agents in Atlanta, Georgia, that he embezzled money from his former employer, Bank of America. [REDACTED] also admitted providing fictitious documents to the Treasury Office of the Comptroller of the Currency (OCC), regarding a restitution agreement he agreed to with OCC.

OIG/OI contacted the FBI, OCC and the United States Attorney's Office (USAO) for the District of Columbia during the course of the investigation. The USAO advised [REDACTED] has been served with a target letter in this case and consultation with [REDACTED] attorney is in process regarding a plea agreement. A signed plea agreement is expected in November 2010.


AUSA [REDACTED], USAO, District of Columbia agreed to prosecute [REDACTED] for violation of 18 U.S.C. Section 1001 (False Statements) and 18 U.S.C. Section 1343 (Fraud by wire).

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OIG/OI has offered prosecutorial support in this case to the FBI and USAO and to assist the OCC with recovery of the embezzled money. The FBI has primary jurisdiction in this case and completed the initial investigation which led to the acceptance of charges against [REDACTED] by the USAO.

Therefore, it is recommended that no further investigation be conducted by the OIG/OI and with the approval of this memorandum, this investigation be administratively closed.

Approved:

 9/20/10
JOHN L. PHILLIPS
Special Agent in Charge
Washington, D.C.

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REPORT OF INVESTIGATION
OCC-10-1548-I



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT	JUN 17 2010
REPORT STATUS	Final
CASE NUMBER	OCC-10-1548-I
CASE TITLE	██████████ Deputy Comptroller, Large Bank Supervision, Office of the Comptroller of the Currency
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	18 U.S.C. § 208 - Conflict of financial interest.

SYNOPSIS

On April 21, 2010, the U.S. Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received correspondence from the OIG Office of Counsel, regarding an anonymous complaint. It was alleged that there is a conflict of interest on the part of ██████████ Deputy Comptroller for Large Bank Supervision, Office of the Comptroller of the Currency (OCC). Specifically, it is alleged that ██████████ who is supposed to be recused from Bank of America (BoA), made decisions and/or recommendations that benefited ██████████ personally. (Exhibit 1)

The investigation determined that the allegations of conflict of interest on the part of ██████████ were unsubstantiated. In addition, no evidence was found that ██████████ made any decisions and/or recommendations regarding the BoA.

Case Agent:

Special Agent

(Signature)

Supervisory Approval:

John L. Phillips, Special Agent In Charge

(Signature)

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DETAILS

A. Allegation - Financial Conflict of Interest.

It is alleged that [REDACTED] who is supposed to be recused from matters involving BoA, made decisions and/or recommendations that benefited [REDACTED] personally.

B. Context - Background

[REDACTED] joined the OCC in March 1983. In September 2004, he resigned from the OCC and joined MBNA in Wilmington, DE. In January 2006, BoA acquired MBNA, and subsequently he ([REDACTED] was transferred to Charlotte, NC. [REDACTED] worked in the banking industry for approximately four years, two of which were with BoA. On April 7, 2008, he rejoined the OCC as the Deputy Comptroller in the Large Bank Supervision unit.

INVESTIGATIVE ACTIVITY

On May 7, 2010, [REDACTED] explained that he submitted, via Public Financial Disclosure Report, Standard Form 278, details of his financial interests and OCC's financial disclosure report including a mortgage and life insurance policy with BoA. [REDACTED] and the OCC Ethics Officials determined that it would be in the OCC's and [REDACTED] best interest for him ([REDACTED] to recuse himself from BoA, due to his recent employment and financial considerations. [REDACTED] stated he has refinanced with two different financial institutions, since rejoining the OCC. In October 2009, [REDACTED] refinanced his mortgage from BoA to Suntrust Bank, then again in February 2010, to ING Bank. [REDACTED] sold all common stock investments approximately two weeks after returning to the OCC.

[REDACTED] stated that he does not and has not participated in any decisions related to BoA. [REDACTED] stated that his recusal is known by his counterpart, [REDACTED] Deputy Comptroller for Large Bank Supervision. [REDACTED] and [REDACTED] share the same duties and responsibilities, splitting coverage of the largest national banks. [REDACTED] also stated that his chain of command, which includes [REDACTED], Senior Deputy Comptroller, OCC and [REDACTED], Comptroller, OCC are aware of his recusal. (Exhibit 2)

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On May 7, 2010, [REDACTED] stated she and [REDACTED] are Large Bank Deputy Comptrollers for the OCC. [REDACTED] explained that she and [REDACTED] are responsible for the supervisory oversight of a portfolio of large banks, and the OCC London office. [REDACTED] stated that [REDACTED] has eight banks in his portfolio, and she ([REDACTED]) has seven banks in her portfolio which includes BoA. [REDACTED] stated she is aware [REDACTED] has been recused from BoA since his return to the OCC in April 2008. [REDACTED] continued that [REDACTED] informed her, [REDACTED] and the OCC Legal Division of his recusal.

[REDACTED] stated that [REDACTED] is allowed to be aware of BoA's condition and the decisions that are made concerning BoA. However, he ([REDACTED]) is not allowed to participate in making institution specific decisions regarding the OCC supervision of BoA. [REDACTED] stated that the Examiner-in-Charge at each of the banks make most of the day-to-day decisions regarding supervision of the institutions. However, certain decisions, such as ratings and enforcement actions, are made at the Deputy Comptroller level or above. [REDACTED] continued that decisions regarding the supervision of BoA are made by herself, [REDACTED] and/or the Examiner-in-Charge of BoA. [REDACTED] reiterated that [REDACTED] is not involved in the decision making process for the supervision of BoA. (Exhibit 3)

On May 20, 2010, [REDACTED] confirmed that [REDACTED] is one of his Large Bank Deputy Comptrollers for the OCC. [REDACTED] continued that [REDACTED] has eight banks in his portfolio, and [REDACTED] has seven banks in her portfolio including BoA. [REDACTED] stated that [REDACTED] was recused from BoA since his return to the OCC in April 2008. [REDACTED] stated that he was also aware of [REDACTED] working with the OCC ethics officials on all the stipulations that were set forth by the OCC. [REDACTED] confirmed that [REDACTED] is allowed to be aware of BoA's condition and the decisions that are made concerning BoA. However, he ([REDACTED]) is not allowed to participate in making institution specific decisions regarding the OCC supervision of BoA. [REDACTED] was adamant that [REDACTED] is not allowed in any decision and/or oversight of BoA, under any circumstances. (Exhibit 4)

OI received and reviewed OCC's ethics file on [REDACTED] which contained information regarding [REDACTED] recusal, as well as permissible and impermissible activities pertaining to the BoA. On June 10, 2008, the OCC issued a formal recusal to [REDACTED] that outlined permissible and impermissible activities pertaining to the BoA. The recusal was based on [REDACTED] previous position at BoA; his ([REDACTED]) ownership of BoA common stocks; a Supplemental Executive

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Retirement Plan; and a life insurance policy. The recusal does not prohibit him from participating in matters that have no direct or predictable effect on the interest of e BoA. For example, [REDACTED] may:

- Participate in matters such as legislation, regulations, or OCC policies involving the Large Banks, including BoA;
- Review and comment on OCC correspondence and documents that address Large Banks as a group, including BoA. These decision discussions should be conducted outside of [his] presence;
- Participate in peer group discussions about Large Banks in general. [He] should refrain, however, from making comments or offering advice concerning BoA specifically.

However, there are impermissible activities related to [REDACTED] recusal. [REDACTED] recusal relates primarily to bank supervision issues, including enforcement actions focused on BoA, including its subsidiaries and affiliates. [REDACTED] is also prohibited from participating in any particular matters to which BoA is party or which would have a direct and predictable effect on the interests of BoA. In general, [REDACTED] is to avoid any actual conflict of interest or the appearance of a conflict of interest involving BoA. For example, [REDACTED] should not:

- Attend any meeting with BoA employees, agents or representatives on particular matters involving the BoA;
- Participate in decisions, recommendations, determinations or other particular matters affecting BoA unless such decisions are made concerning a group of large banks or financial institutions that includes the BoA;
- Respond to BoA inquiries about work that he ([REDACTED] performed in his former position, without consulting with the OCC ethics official. (Exhibit 5)

FINDINGS

There was no evidence discovered during the course of this investigation that there is a Conflict of Interest on the part of [REDACTED]. In addition, there was no evidence of [REDACTED] making decisions and/or recommendations regarding the BoA that benefited him. Therefore, the allegation against [REDACTED] is unsubstantiated.

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REFERRALS**A. Criminal**

Not applicable

B. Civil

Not applicable

C. Administrative

Not applicable

DISTRIBUTION

Laura McAuliffe, Senior Advisor, OCC

EXHIBITS

1. Original allegation, Correspondence, dated April 21, 2010.
2. Memorandum of Activity, Interview of [REDACTED] Deputy Comptroller, Large Bank Supervision, OCC, dated May 7, 2010.
3. Memorandum of Activity, Interview of [REDACTED] Deputy Comptroller, Large Bank Supervision, OCC, dated May 7, 2010.
4. Memorandum of Activity, Interview of [REDACTED], Senior Deputy Comptroller, OCC, dated May 20, 2010.
5. Memorandum of Activity, Document receipt and review, dated May 25, 2010.

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OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

**OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY**

FROM:

[REDACTED]
Special Agent

SUBJECTS:

Silverton Bank
Atlanta, Georgia

OIG Case Number: OCC-10-1571-I

This investigation was initiated by the Office of Inspector General (OIG), Office of Investigation (OI) on April 1, 2010. On December 22, 2009, Treasury, OIG Office of Audit referred the Silverton Bank, N.A., Atlanta, GA, Material Loss Review to OI due to the discovery of what appeared to be fraudulent activities involving Silverton Bank Officials. Silverton Bank is currently under investigation by the Federal Bureau of Investigation, Federal Deposit Insurance Corporation OIG, Special Inspector General for Troubled Assets Relief Program, and the United States Attorney's Office.

On June 18, 2010, Inspector General Eric Thorson instructed OI to discontinue investigative efforts into Silverton Bank. Therefore, it is recommended that no further investigation be conducted by the OIG/OI and with the approval of this memorandum, this investigation be administratively closed.

Approved: [REDACTED]

7-7-10

[REDACTED]
Assistant Special Agent in Charge

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OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO FILE

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY

FROM:

[REDACTED] [REDACTED]
Special Agent

8/2/2010

SUBJECTS:

[REDACTED] [REDACTED]
Program Analyst
Office of the Comptroller of the Currency
Washington, DC

OIG Case Number: OCC-10-2071-I

This investigation was initiated by the Office of Inspector General (OIG), Office of Investigation (OI) on June 1, 2010, after receiving correspondence from [REDACTED] Senior Advisor, Office of the Comptroller of the Currency (OCC), regarding [REDACTED] Program Analyst. [REDACTED] reported that [REDACTED] was arrested on February 17, 2010, for Possession with Intent to Manufacture or Sell Schedule I or II Drugs, in violation of Commonwealth of Virginia Criminal Code§ 54.1-3400.

On June 9, 2010, [REDACTED], Office of Security, OCC, attended [REDACTED] plea hearing in Fairfax County Circuit Court, Fairfax, VA. [REDACTED] reported that [REDACTED] pled guilty to the charge of Possession with Intent to Manufacture or Sell Schedule I or II Drugs, in violation of Commonwealth of Virginia Criminal Code§54.1-3400, possession of Schedule I or II Drugs. During the hearing, the state's attorney read the following statement of facts:

"On February 17, 2010, Fairfax County Detective [REDACTED] was searching ads on Craig's List. He found an ad placed by the subject asking for a sexual threesome to include snow. [REDACTED] arranged to meet [REDACTED] for the deal. When [REDACTED] arrived at the 7-11 for the pre-arranged meeting, he became nervous and drove away from the area. [REDACTED] followed him and made a traffic stop. When [REDACTED] stopped his vehicle, he was obviously reaching under the driver's seat. During the

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traffic stop, the police searched his vehicle and found a baggy of white powder. This powder was tested and determined to be three grams of cocaine. "

████ further reported that a copy of the Craig's List ad was offered to the judge as a court exhibit, as well as the lab analysis of the cocaine. Sentencing is scheduled for September 24, 2010, at 10:00 a.m.

On August 2, 2010, █████ reported that █████ resigned from the OCC effective June 11, 2010. █████ is no longer an employee of the OCC and pled guilty to Virginia Criminal Code § 54.1-3400, possession of Schedule I or II Drugs.

Therefore, it is recommended that no further investigation be conducted by the OIG/OI and with the approval of this memorandum, this investigation be administratively closed.

Approved: █████

████
Assistant Special Agent in Charge
Washington, D.C.

8-6-10

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OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM FOR LAURA MCAULIFFE, SENIOR ADVISOR
OFFICE OF THE COMPTROLLER OF THE CURRENCY

FROM: John L. Phillips [REDACTED] 12/9/10
Special Agent in Charge

SUBJECT: [REDACTED]
Information Technology Specialist

OIG Case Number: OCC-10-2704-I

DATE:

Attached for your review is our Report of the Investigation into allegations that [REDACTED] Information Technology Specialist, Office of the Comptroller of the Currency (OCC) sexually harassed former OCC contract employee [REDACTED]. The investigation determined the allegation is unsubstantiated.

This investigation was initiated based on information received from your office alleging sexually harassment by OCC employee [REDACTED]. [REDACTED] was employed by OCC Contractor [REDACTED] as a Computer Operator. [REDACTED] who worked at OCC for twelve years, reported to a friend that [REDACTED] was sexually harassing her since 1998. The investigation revealed no conclusive evidence to support the allegation.

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**REPORT OF INVESTIGATION
OCC-10-2704-I**



Office of Inspector General

United States Department of the Treasury



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



Report of Investigation

Case Title: [REDACTED] [REDACTED] – Sexual
Harassment

Case #: OCC-10-2704-I

Case Type: Criminal _____
Administrative X
Civil _____

Investigation Initiated: August 5, 2010

Investigation Completed:

Conducted by: [REDACTED],
Special Agent

Origin: Laura McAuliffe, Senior Advisor,
Office of the Comptroller of the Currency,

Approved by: John L. Phillips,
Special Agent in Charge

Summary

On August 5, 2010, Laura McAuliffe, Senior Advisor, Office of the Comptroller of the Currency (OCC) forwarded information to the Treasury Office of Inspector General (TOIG) regarding sexual harassment. Specifically, McAuliffe forwarded an email sent by [REDACTED], Information Technology Specialist, OCC alleging that [REDACTED] [REDACTED] Information Technology Specialist, OCC, had sexually harassed former OCC contract employee [REDACTED] (Exhibit 1)

The investigation revealed no conclusive evidence to support the allegation, therefore the allegation is unsubstantiated.

Basis and Scope of the Investigation

This investigation was initiated on August 5, 2010 based on information received from McAuliffe alleging sexual harassment by OCC employee [REDACTED] [REDACTED] was employed by OCC Contractor [REDACTED] ([REDACTED] as a Computer Operator. [REDACTED] who worked at OCC for twelve years, confided in [REDACTED] who was her friend, that [REDACTED] was sexually harassing her since 1998.

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

- [REDACTED]
- [REDACTED] / [REDACTED] – [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED] [REDACTED]

In addition, TOIG reviewed pertinent documents, including:

- Documents provided by [REDACTED] and [REDACTED] Inc.

Investigative Activity

In an interview with TOIG, [REDACTED] stated she was sexually harassed by [REDACTED] over twenty times during her tenure with OCC from 1998 until June 2010, consisting of sexually explicit comments and requests. [REDACTED] stated she discussed some of these incidents with OCC employees [REDACTED] and [REDACTED], Computer Specialist, OCC, but [REDACTED] did not report the allegations to any management official for fear of losing her job. The allegations were made known only when [REDACTED] was released by [REDACTED]. (Exhibit 2)

In an interview with TOIG, [REDACTED] confirmed she had approximately six conversations with [REDACTED] about [REDACTED] in the past. The conversations ranged from being asked to have sex in different rooms and areas in OCC's Landover, MD office, to going to a hotel with him. [REDACTED] suggested that [REDACTED] report the alleged actions or attempt to obtain incriminating evidence against [REDACTED] to support her claims; however, [REDACTED] chose not to report the allegations for fear of reprisal. Her last conversation with [REDACTED] about these issues occurred in early 2009. (Exhibit 3)

In an interview with TOIG, Vice President [REDACTED] and Project Manager [REDACTED], both of [REDACTED] Inc. stated [REDACTED] informed them about her allegations for the first time in July 2010 during her exit interview. [REDACTED] was being separated from her employment because it was believed [REDACTED] accepted OCC property for personal use. [REDACTED] denied accepting OCC property and related she believed [REDACTED] was responsible for her termination because she would not sleep with [REDACTED]. [REDACTED] officials attempted to obtain additional information about her allegation; however, [REDACTED] was unable to provide any substantive information. [REDACTED] then notified OCC about [REDACTED] allegations. (Exhibit 4)

In an interview with TOIG, [REDACTED], Assistant Deputy Chief Information Officer, OCC said he was aware of the allegations because [REDACTED] shared with him [REDACTED]' email containing the allegations. [REDACTED] made the request to [REDACTED] for [REDACTED] to be removed from the contract.

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[REDACTED] stated [REDACTED] had a history of personnel and attitude issues. [REDACTED] also stated that [REDACTED] was recently reassigned as a result of a TOIG investigation and has blamed [REDACTED] for all of his employment issues at OCC. (Exhibit 5)

In an interview with TOIG, [REDACTED] who initially refused to meet TOIG, could not provide additional details about the allegations. He explained he reported the allegations after [REDACTED] dismissal because he discussed the matter with his union and was advised to report the matter to TOIG. (Exhibit 6)

In an interview with TOIG, [REDACTED] denied the allegations. [REDACTED] stated he never sexually harassed [REDACTED] never requested sexual favors and never asked her to go to a hotel with him. [REDACTED] has always maintained a professional relationship with all OCC and contract employees. His personal conversations with [REDACTED] were based around current events, family and education. [REDACTED] claimed [REDACTED] made the allegations because it was believed he was responsible for [REDACTED] dismissal. (Exhibit 7)

Referrals

None

Judicial Action

None

Findings

The investigation revealed no conclusive evidence to support the allegations, therefore the allegations are unsubstantiated.

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

- N/A

Distribution

Laura McAuliffe, Senior Advisor, Office of the Comptroller of the Currency

Report of Investigation

Case Name: [REDACTED] [REDACTED] – Sexual Harassment

Case # OCC-10-2704-I

Page 4 of 5

Signatures

Case Agent:

Sig

12/8/2010
Date

Supervisor:

Signature

12/9/10
Date

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Exhibits

1. Initial Complaint document from Laura McAuliffe, dated July 29, 2010.
2. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated August 19, 2010.
3. Memorandum of Activity, Interview of [REDACTED], dated September 15, 2010.
4. Memorandum of Activity, Interview of [REDACTED] and [REDACTED], dated September 15, 2010.
5. Memorandum of Activity, Interview of [REDACTED], dated September 23, 2010.
6. Memorandum of Activity, Interview of [REDACTED], dated September 28, 2010.
7. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated October 14, 2010.

REPORT OF INVESTIGATION
OTS-10-0414-P



Office of Inspector General

United States Department of the Treasury



SUMMARY REPORT OF INVESTIGATION



DATE OF REPORT	February 22, 2010
REPORT STATUS	Final
CASE NUMBER	OTS-10-0414-P
CASE TITLE	██████████ ██████████ Wal-Mart Debit Card
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	Title 18 U.S.C 1028 (a)(7)

SYNOPSIS

On November 13, 2009, the Department of Treasury, Office of Inspector General (OIG), Office of Investigations (OI), received a referral from the Office of Thrift Supervision regarding an allegation about a possible phishing, or identity theft, attempt. ██████████ ██████████ had purchased a \$400 Visa debit card from a Wal-Mart retail store in Alabama. When he tried to activate the card, he was asked by the card issuer to provide a social security number. He refused and instead tried to use his business Employer Identification Number (EIN) number. The card issuer responded that it could not accept the EIN as it had been used previously to activate other pre-paid cards. ██████████ contacted the OTS Consumer Response Division and alleged that Wal-Mart and the card issuer, GE Money Bank, were engaging in "phishing", or seeking ██████████ personal identifiable information (PII). ██████████ suspected Wal-Mart of attempting to obtain his PII.

Case Agent:

██████████ Special Agent

(Signature)

Supervisory Approval:

██████████ Anthony J. Scott (Acting)
Special Agent In Charge

(Signature)

2/26/10

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The investigation revealed that [REDACTED] was not a victim of an ID theft attempt by the card issuer and Wal-Mart. However, a subsequent interview of [REDACTED] revealed that he had strong objections to providing his social security number to the card issuer as he feared becoming an ID theft victim. This investigation is closed as it has not led to any further investigative leads nor actions to be taken in this matter.

INVESTIGATIVE FINDINGS

On November 17, 2009, the Department of Treasury, Office of Inspector General (OIG), Office of Investigations (OI), telephonically interviewed [REDACTED] [REDACTED] [REDACTED] regarding a complaint he had made with the Office of Thrift Supervision on September 6, 2009. [REDACTED] had purchased a \$400 Visa debit card from a Wal-Mart retail store in Decatur, Alabama. When he tried to activate the card, he was asked by the card issuer to provide a social security number. He refused and instead tried to use his business Employer Identification Number (EIN) number. The card issuer responded that it could not accept the EIN as it had been used previously to activate other pre-paid cards.

[REDACTED] contacted the OTS Consumer Response Division and alleged that Wal-Mart and the card issuer, GE Money Bank, were engaging in "phishing", or seeking [REDACTED] personal identifiable information (PII). He complained that Wal-Mart was selling a faulty financial product with no remedy or avenue for recourse.

[REDACTED] had complained to the Alabama Department of Banking and had also written to Senator Richard Selby (Alabama). In a letter dated, November 4, 2009, the OTS advised Senator Shelby's office that it had contacted GE Money Bank concerning [REDACTED] complaint. GE Money Bank advised the OTS in separate correspondence that the debit cards servicing corporation, Green Dot Corporation, had advised [REDACTED] that without a social security number, it would not be able to activate his card. When [REDACTED] refused to provide his social security number, Green Dot Corporation issued a refund for the full amount of the card (Exhibit 1).

Special Agent (SA) [REDACTED] of the OIG/OI advised [REDACTED] that his encounter with Wal-Mart and the card issuer was not uncommon. Banks that issue the debit cards are commonly used to smuggle money by criminal enterprises. The bank in this instance could be operating in an abundance of caution in requiring [REDACTED] to provide a personal identifying piece of information like a social security number.

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Office of Inspector General – Investigations
Department of the Treasury

The reporting agent told [REDACTED] he would contact the Financial Crimes Enforcement Network (FinCEN) to gain some insight on similar experiences and concerns by consumers having to provide PII to card issuers. On November 23, 2009 an agent in the Analysis and Liaison Division at FinCEN was contacted and advised that draft regulations on "pre-value storage cards" were forthcoming in 2010. Some of the issues that [REDACTED] had raised about PII might be addressed in these new regulations that FinCEN was writing (Exhibit 2).

On November 25, 2009 and December 8, 2009, the OIG/OI attempted to contact [REDACTED] to advise him of these findings and left a message for him. [REDACTED] did not return the messages. A final attempt was made on February 23, 2010 and [REDACTED] could not be reached.

DISTRIBUTION

[REDACTED], Special Counsel, Office of Thrift Supervision

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Original allegation, correspondence, dated November 12, 2009.
2.	Memorandum of Activity, Telephonic Interview of [REDACTED] [REDACTED] [REDACTED] dated November 30, 2009.

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Office of Inspector General – Investigations
Department of the Treasury



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM FOR RANDY THOMAS, SPECIAL COUNSEL
OFFICE OF THRIFT SUPERVISION

FROM:

John L. Phillips *[Signature]*
Special Agent in Charge

10/21/10

SUBJECT:

██████████ ██████████ Human Resources Specialist
Office of Thrift Supervision

Case Number: OTS-10-2780-I

Attached for your review is our Report of Investigation (ROI) concerning the results of our investigation into the allegations of misconduct by ██████████ ██████████. The investigation determined that ██████████ misused OTS IT resources to solicit prostitution and that ██████████ met with prostitutes on three separate occasions.

The above information, which summarizes the attached ROI, is forwarded to your office to assist you in determining what, if any, corrective administrative action, may be warranted. Within 90 calendar days of receiving this correspondence, a written response is to be sent to this office advising what administrative action you have taken or intend to take (including, if you do not plan to take any action) and the reason(s) why. If you should require more time, please submit correspondence to this office requesting an extension identifying a date by which you anticipate your action will be completed.

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If at any time you have any questions concerning this matter or, if upon further review you develop information that may indicate a need for additional or new investigative activity by this office to assist you in resolving this matter, please contact me at (202) 927-██████████. Staff requests for assistance should be directed to

[REDACTED], Assistant Special Agent in Charge, Mission Support Branch at (202) 927-[REDACTED].



REPORT OF INVESTIGATION



DATE OF REPORT

REPORT STATUS

Final

CASE NUMBER

OTS-10-2780-I

CASE TITLE

██████████ Human Resources Specialist
Office of Thrift Supervision

**PERTINENT
STATUTE(S),
REGULATION(S),
AND/OR
POLICY(IES)**

31 U.S.C. § 0.213 General Conduct Prejudicial to the Government
[SUBSTANTIATED]

OTS Directive 1201 Use of Information Technology Resources
[SUBSTANTIATED]

SYNOPSIS

On August 5, 2010, the Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received information from the Office of Thrift Supervision (OTS) alleging that OTS Human Resources Specialist, ██████████ utilized OTS IT resources to arrange sexual encounters with women advertising on the Craigslist. (Exhibit 1) It was also alleged that ██████████ used his OTS-issued travel card to purchase hotel rooms to support his assignments.

Investigation by the OIG/OI confirmed the allegation that ██████████ misused OTS IT resources to solicit prostitution and that ██████████ met with prostitutes on three separate occasions. When interviewed by the OIG/OI, ██████████ admitted to soliciting prostitutes using OTS IT resources. ██████████ retired from federal service, effective October 1, 2010.

Case Agent:

██████████ Special Agent

(Signature)

10-27-10

Supervisory Approval:

John L. Phillips, Special Agent In Charge

(Signature)

10/21/10

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DETAILS

A. Allegation: It was alleged that [REDACTED] [REDACTED] utilized OTS IT resources to arrange for sexual encounters with women advertising on the Craigslist.

B. Context / Background: [REDACTED] is a TG-51 Human Resources Specialist with a concentration in retirement planning with 36 years of federal service.

INVESTIGATIVE ACTIVITY

On September 3, 2010, the OIG/OI completed its analysis of [REDACTED] email and determined that [REDACTED] had used OTS email to communicate with women offering a variety of adult/erotic services. In addition, [REDACTED] submitted a \$100 payment via Paypal to a woman he had arranged to meet in Atlanta, GA. [REDACTED] also received numerous emails from adult dating sites he had subscribed to. (Exhibit 2)

On September 8, 2010, the OIG/OI interviewed [REDACTED] [REDACTED] who admitted that he used OTS IT resources to view websites offering erotic services on a weekly basis as well as communicating with and arranging meetings with women offering erotic services. [REDACTED] acknowledged that he was aware he was soliciting for prostitution and stated he met with prostitutes on three occasions. In addition, he arranged to meet with another prostitute in Atlanta, but [REDACTED] ended up breaking their scheduled meeting and paid her \$100 via paypal.com as a cancellation fee.

[REDACTED] reported that he did not provide any OTS or banking information to any prostitute nor did anyone attempt to obtain such information from him. No assignments occurred in OTS or government-controlled property. [REDACTED] provided the OIG/OI with a signed, sworn statement detailing the matters above. (Exhibit 3)

FINDINGS

The investigation determined that [REDACTED] actions violated 31 U.S.C. § 0.213's prohibition against engaging in "criminal, infamous, dishonest, or notoriously disgraceful conduct." In addition, [REDACTED] violated OTS Directive 1201, which prohibits using OTS IT resources for activities that are inappropriate and that use of the Internet should be able to withstand public scrutiny without embarrassment to the employee, OTS or the federal government. In addition, the policy also prohibits "any

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other uses prohibited by Federal statutes, Regulations, Standards of Conduct, Ethics Rules, or Rules of Behavior."

REFERRALS

Criminal

On September 2, 2010, the issue of [REDACTED] misuse of OTS IT resources and solicitation of prostitution was presented telephonically to the United States Attorney's Office for the District of Columbia, which declined to accept the case for prosecution absent aggravating circumstances such as underage prostitutes or human trafficking.

Civil

Not Applicable

Administrative

Randy Thomas, Special Counsel, Office of Thrift Supervision

EXHIBITS

Number Description

1. Hotline Complaint dated August 5, 2010
2. Memorandum of Activity, E-Mail Review, dated September 3, 2010
3. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated September 8, 2010

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REPORT OF INVESTIGATION
USM-09-0178



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT

REPORT STATUS

Final

CASE NUMBER

USM-09-0178-I

CASE TITLE

[REDACTED]

PERTINENT
STATUTE(S),
REGULATION(S),
AND/OR
POLICY(IES)

Title 18 U.S.C. 641
Theft of Public Money, Property or Records

SYNOPSIS

On October 7, 2009, the Department of Treasury (Treasury), Office of the Inspector General, Office of Investigations (OIG/OI) initiated this investigation based on information it received from the United States Mint (USM) regarding the possible compromise of five customers credit cards on September 16, 2009, by [REDACTED] a USM contract employee employed by [REDACTED] in Indiana. [REDACTED] and the USM reported all 5 customers called into place coin orders on September 16, 2009 and spoke to [REDACTED]. During the conversations [REDACTED] took each of the customers' credit card numbers and deviated from the [REDACTED] standard procedures and asked the customers for their three digit security on their credit card. (Exhibit 1)

Case Agent:

[REDACTED]
Special Agent

[REDACTED]
Signature)

3/1/10

Supervisory Approval:

Thadious Motley
Special Agent in Charge (Acting)

[REDACTED]
(Signature)

1/10/10

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The OIG/OI conducted interviews with the five USM customers whom [REDACTED] had telephonic contact with on September 16, 2009. As a result the OIG/OI determined [REDACTED] was the point of compromise for the credit cards resulting in the unauthorized attempted purchases to their credit cards totaling \$144.80.

DETAILS

A. Allegation: On September 16, 2009, [REDACTED] [REDACTED] Call Representative, [REDACTED] [REDACTED] deviated from [REDACTED] standard procedures while placing coin orders for five USM customers. Subsequently, three of the customers reported their credit cards were compromised and used to make unauthorized purchases totaling \$144.80.

B. Context / Background: [REDACTED] was employed by [REDACTED] in [REDACTED], as a Call Representative responsible for placing coin purchase orders for customers of the USM. On October 10, 2009, she was terminated by [REDACTED] for her actions associated with the compromise of five USM customers' credit cards.

INVESTIGATIVE ACTIVITY

On October 13, 2009, the OIG/OI, contacted [REDACTED] [REDACTED], Inspector, USM regarding the credit card investigation involving [REDACTED] [REDACTED] provided the OIG/OI with [REDACTED] employment file and the names of the suspected five victims whom [REDACTED] came in contact with telephonically on September 16, 2009. (Exhibit 2)

Subsequently, the OIG/OI conducted interviews of the five suspected victims ([REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED]). The OIG/OI found all the suspected victims contacted the USM on September 16, 2009, to place coin orders. Each of them specifically remembered speaking to a female operator who took their credit card numbers to place their order. In addition, each of them recalled being asked to provide their three digit security code by the female operator. (Exhibits 3,4,5,6 and 7)

{Agents Note: [REDACTED] had an unauthorized purchase on his card for \$25.00, [REDACTED] \$100.00 and \$9.80 and [REDACTED] \$10.00. The unauthorized transactions totaled \$144.80.}

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Office of Inspector General – Investigations
Department of the Treasury

On October 10, 2009, [REDACTED] terminated [REDACTED] for her actions on September 16, 2009, when she deviated from the normal procedures and asked five USM customers for the three digit security code on the back of their credit card. Subsequently, three of those customers reported their card was illegally used to make unauthorized purchases. [REDACTED] was suspected as being the point of compromise of the credit card numbers.

On October 15, 2009, OIG/OI contacted the United States Attorney's Office for the Southern District of [REDACTED] and spoke to Assistant United States Attorney, [REDACTED] regarding the investigation. [REDACTED] indicated that because of the low number of card numbers compromised and the low dollar loss suffered by the victims, her office would decline criminal prosecution of [REDACTED] in lieu of administrative action. (Exhibit 8)

On October 19, 2009, the OIG/OI contacted the [REDACTED] Police Department and spoke to Detective [REDACTED]. [REDACTED] indicated he would pursue state charges against [REDACTED] for the compromise and use of the victims' credit cards.

On October 27, 2009, [REDACTED] informed the OIG/OI the [REDACTED] Police Department and the [REDACTED] County Prosecutors Office will pursue [REDACTED] state criminal charges against [REDACTED]

FINDINGS

Based on the evidence and information gathered during this investigation it has been determined the allegations regarding [REDACTED] were substantiated. However, the USAO declined prosecution of [REDACTED] in lieu of administrative remedies. Subsequently, [REDACTED] was terminated by [REDACTED] for the violations. This case has been referred to the [REDACTED] Police Department in Indiana who will pursue state charges against [REDACTED] for the criminal violations.

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Department of the Treasury

REFERRALS

Criminal

On October 15, 2009, OIG/OI contacted the United States Attorney's Office for the Southern District of [REDACTED] and spoke to Assistant United States Attorney, [REDACTED] regarding the investigation. [REDACTED] indicated that because of the low number of card numbers compromised and the low dollar loss suffered by the victims, her office would decline criminal prosecution of [REDACTED] in lieu of administrative action.

On October 19, 2009, the OIG/OI contacted the [REDACTED] [REDACTED] Police Department who indicated they would pursue Indiana state charges against [REDACTED] for the compromise and use of the victims' credit cards.

Civil

Not applicable

Administrative

On October 10, 2009, [REDACTED] [REDACTED] terminated [REDACTED] for her actions on September 16, 2009, when she deviated from the normal procedures and asked five USM customers for the three digit security code on the back of their credit card. Subsequently, three of those customers reported their card was illegally used to make unauthorized purchases. [REDACTED] was suspected as being the point of compromise of the credit card numbers.

RECOMMENDATIONS / DISTRIBUTION

Daniel Shaver, General Counsel, United States Mint

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Office of Inspector General – Investigations
Department of the Treasury

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	USM Security Incident Report, dated September 17, 2009.
2.	Memorandum of Activity, Receipt of Information, dated October 13, 2009.
3.	Memorandum of Activity, Interview of Perry, dated October 15, 2009.
4.	Memorandum of Activity, Interview of [REDACTED] dated October 13, 2009.
5.	Memorandum of Activity, Interview of [REDACTED], dated October 15, 2009.
6.	Memorandum of Activity, Interview of [REDACTED], dated October 13, 2009.
7.	Memorandum of Activity, Interview of [REDACTED] dated October 19, 2009.
8.	Memorandum of Activity, Presentation and Declination, dated October 15, 2009.

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Office of Inspector General – Investigations
Department of the Treasury

Scott, Anthony J.

From: Everetts, [REDACTED]@usmint.treas.gov]
Sent: Wednesday, October 21, 2009 12:02 PM
To: Scott, Anthony J.
Subject: RE: Missing Die update.

Tony,
Denver has no new information to provide, when I spoke to them today same story as the last time we spoke it appears by all accounts that this is a procedural/administrative accountability issue and not actually a missing item.

[REDACTED] is the Deputy CFO

[REDACTED]
Office of Inspections and Investigations
U.S. Mint Police
Desk: (202) [REDACTED]
Cell: (202) [REDACTED]
Fax: (202) 756-0373

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From: Scott, Anthony J. [mailto:[REDACTED]@oig.treas.gov]
Sent: Wednesday, October 21, 2009 9:57 AM
To: [REDACTED]
Subject: RE: Missing Die update.

[REDACTED],

Just wanted to follow-up and see if Denver had any more info to put this to rest.

Also, what is [REDACTED] title? He referred an old mutilated coin case to us 1.5 years ago that is being closed out?

Tony

From: [REDACTED] [mailto:[REDACTED]@usmint.treas.gov]
Sent: Wednesday, October 14, 2009 7:09 AM
To: Scott, Anthony J.
Subject: FW: Missing Die update.

Tony,
This is what I have on the missing die. As it has not been converted over to report format I am forwarding this only to you. Once Denver updates I will forward to OIG Intake.

[REDACTED]
Office of Inspections and Investigations
U.S. Mint Police

Desk: (202) [REDACTED]
Cell: (202) [REDACTED]
Fax: (202) 756-0373

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From: [REDACTED]
Sent: Wednesday, October 07, 2009 9:45 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: Missing Die update.

I've met with most of the people involved in this case from the Die Shop, both on Day and Swing shifts. This case isn't ready to be stamped closed yet, however, it appears right now that the missing die was **never "hubbed"**,... **it never existed**. Sloppy and rushed inspection procedures, lack of communications between employees and the fact that the missing blank was right in front of them, (at end of Swing Shift on Thurs, 10-1-09), and the Die Vault Attendant placed it in a box and told the Hubbing Operator that she, (vault attendant), would *deal with it on Monday*. This blank was presented to the Die Vault Attendant by the Hubbing Operator as an "extra blank" that she had left over at the end of the hubbing operation. (You don't have **extra blanks** at the end of **any** operation). No one questioned why she had an "extra blank". No one thought about looking in to the six boxes that she hubbed to see if one was short. The vault attendant stuck it in the box to deal with on Monday. The supervisor and Hubbing Operator didn't catch it either. They were at the end of shift and it appears that they were rushed to get out. This extra blank was found in a box used to hold spare blanks for hubbing in case they need one because of a found defect. When I inspected the log for the box, it showed the box should contain 12 blanks, it had 13. That's when the attendant told me she put the extra blank in there on Thursday evening at the end of their shift to deal with on Monday. Now, the blanks are not serialized at this stage in production and there is no way to "prove" that this is the missing blank, nor can we rule out the "wise guy" factor that someone took a hubbed die out of the box at the lathe. The fact is, this case is starting to walk and quack like a duck and four people have admitted to not following proper tracking procedures for the dies. The day shift Die vault Attendant is on leave this week to return on Tuesday, Oct.13. I'll need to get with her as well and a completed report will follow.

REPORT OF INVESTIGATION
USM-10-0222-I



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION

DATE OF REPORT	
REPORT STATUS	Final
CASE NUMBER	USM-10-222-I
CASE TITLE	██████████ Metal Forming Machine Operator, WG 7
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	5 C.F.R. 2635.101 - Basic obligation of public service

SYNOPSIS

On October 26, 2009, the Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received a memorandum from the U.S. Mint, regarding ██████████ Metal Forming Machine Operator, U.S. Mint, who submitted fictitious court documents for pay period 20 stating that he was on court leave, when he was not involved with court during that period. (Exhibit 1)

The investigation substantiated the aforementioned allegation. ██████████ admitted to not serving on jury duty, improperly signing court documents and submitting them to his supervisor to obtain court leave.

Case Agent:

██████████,
Special Agent

Supervisory Approval:

Anthony J. Scott
Special Agent in Charge (Acting)

12/18/09

(Signature)

12/22/09

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DETAILS

A. Allegation: It is alleged that [REDACTED] improperly submitted court documents reflecting he was on jury duty when he had not served on a jury.

B. Context / Background: [REDACTED] is a Machine Coin Operator with the U.S. Mint. He has held this position since 1993.

INVESTIGATIVE ACTIVITY

On October 26, 2009, the Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received a memorandum from [REDACTED], Inspector, U.S. Mint, regarding [REDACTED] Metal Forming Machine Operator, U.S. Mint, who submitted fictitious court documents for pay period 20 stating that he was on court leave, when he was not involved with court during that period. (Exhibit 1)

On December 10, 2009, the OIG/OI interviewed [REDACTED] [REDACTED], Human Resources Officer, U.S. Mint.

[REDACTED] stated that [REDACTED] submitted court documents to his supervisor, [REDACTED], Production Supervisor, in October 2009, stating that he was on jury duty October 8, 2009, and October 9, 2009. [REDACTED] believed the documents were falsified because they did not look like court documents she has received from other employees. [REDACTED] contacted [REDACTED], and [REDACTED] had a Human Resources staff person contact the courthouse. A representative from the Orange County Court House stated that [REDACTED] was not called for jury duty on October 8, 2009 or October 9, 2009. The representative also stated that the Orange County Courts have no one named "Pat Cleary" as shown by the signature on the form.

[REDACTED] and [REDACTED] had a meeting with [REDACTED] to discuss the matter on or about October 23, 2009. [REDACTED] stated that he went to the courthouse on Friday, October 9, 2009, but left when he was informed by court personnel that he was not needed for jury duty. [REDACTED] requested from [REDACTED] additional paperwork, but he became irate, stated that he did not have to give her anything, and stormed out of the meeting. Shortly thereafter, it was decided by U.S. Mint management to take [REDACTED] off the production line. [REDACTED] then altered his leave record. She

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Office of Inspector General – Investigations
Department of the Treasury

deleted the 16 hours of court leave and amended it to Absent without Leave. (Exhibit 2)

On December 10, 2009, the OIG/OI interviewed [REDACTED], Production Supervisor, U.S. Mint, regarding [REDACTED]. [REDACTED] described [REDACTED] as a "problem employee" who questions authority and does not always follow rules.

In September 2009, he informed her that he would have jury duty in October 2009. On Monday, October 5, 2009, he informed her that he did not have jury duty Monday through Wednesday, but would have jury duty Thursday, October 8, 2009, and Friday, October 9, 2009. The following week, he brought her court documents that reflected he had been on jury duty October 8, 2009, and October 9, 2009. She looked at the documents and they looked different from other court documents she has been given by subordinates. In her years as a supervisor, she has seen signed jury duty forms approximately 12 times. She contacted [REDACTED] who contacted the courthouse and learned that the documents had been falsified.

[REDACTED] and [REDACTED] had a meeting with [REDACTED] to discuss the matter approximately one week later. [REDACTED] recalled that [REDACTED] admitted he was not on jury duty the days in question and then he "blew up." He stated that he did not have to give them additional documents requested and stormed out of the meeting. Shortly thereafter, it was decided by U.S. Mint management to take [REDACTED] off the production line. (Exhibit 3)

On December 10, 2009, the OIG/OI interviewed [REDACTED], Industrial Manager, U.S. Mint. [REDACTED] stated that he recalled an incident in early November 2009, when he heard yelling and swearing outside his office. He came out of his office and witnessed [REDACTED] yelling at [REDACTED]. [REDACTED] was irate, yelled "I don't need this shit," and left the area. [REDACTED] went to the production area where he found [REDACTED]. [REDACTED] stated "I'm out of here." He then got permission from [REDACTED], Production Manager, to take leave. Shortly thereafter, it was decided by U.S. Mint management to take [REDACTED] off the production line. (Exhibit 4)

On December 11, 2009, the OIG/OI interviewed [REDACTED], Metal Forming Machine Operator, U.S. Mint. [REDACTED] stated that in September 2009, he received a jury notification to attend jury duty from October 5, 2009 through October 9,

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Department of the Treasury

2009. He called the courthouse on Sunday, October 4, 2009, and was notified that he was not needed for Monday October 5, 2009, or Tuesday, October 6, 2009. On Tuesday, he learned he was not called for jury duty for Wednesday, October 7, 2009. He attended work those days. On Wednesday, October 7, 2009, he called the courthouse and learned he was not needed for Thursday, October 9, 2009 or Friday, October 10, 2009. However, he told [REDACTED] that he would be serving on jury duty Thursday and Friday. [REDACTED] stated that he just needed to bring in documentation the following week.

The following Tuesday, October 14, 2009, (Monday, October 13, 2009 was a holiday) he brought a form to [REDACTED] that reflected he was on jury duty October 9, 2009 and October 10, 2009.

[REDACTED] stated that he was not on jury duty anytime the week of October 5, 2009 through October 10, 2009. He used the forms he was sent in the mail, placed dates in the blanks, and signed the forms with a fictitious name. He stated that he knew it was wrong, but he was short on leave because his parents had both been ill in 2009 and he had taken a great deal of leave to care for them. He wanted additional days to be with his parents so he used this opportunity to have time with them.

Approximately one week later, he, [REDACTED], and [REDACTED] met regarding his alleged jury duty. He stated that [REDACTED] was unprofessional so he became angry and left the meeting, and the U.S. Mint.

Shortly thereafter, he was taken off the production line. He understands that falsifying documents was wrong, but that he can be trusted to perform his work. [REDACTED] provided a written statement. (Exhibit 5)

FINDINGS

Based on the evidence and information gathered during this investigation, it was determined that [REDACTED] inappropriately falsified and provided fictitious documents to his supervisor to obtain leave.

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Office of Inspector General – Investigations
Department of the Treasury

REFERRALS**Criminal**

Not applicable

Civil

Not applicable

Administrative

The allegation of falsification and submission of fictitious documents by [REDACTED] was substantiated. It is recommended that this information be provided to U.S. Mint management for any action they deem appropriate.

RECOMMENDATIONS / DISTRIBUTION

Daniel Shaver, Acting Deputy Director, U.S. Mint

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EXHIBITS

- | <u>Number</u> | <u>Description</u> |
|---------------|---|
| 1. | Memorandum of Activity, Memorandum from U.S. Mint to the OI, dated October 26, 2009. |
| 2. | Memorandum of Activity, Interview of [REDACTED], Human Resources Officer, U.S. Mint, dated December 10, 2009. |
| 3. | Memorandum of Activity, Interview of [REDACTED], Production Supervisor, U.S. Mint, dated December 10, 2009. |
| 4. | Memorandum of Activity, Interview of [REDACTED], Industrial Manager, U.S. Mint, dated December 10, 2009. |
| 5. | Memorandum of Activity, Interview of [REDACTED] Metal Forming Machine Operator, U.S. Mint, dated December 11, 2009. |

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Office of Inspector General – Investigations
Department of the Treasury

REPORT OF INVESTIGATION
USM-10-0421-I



Office of Inspector General

United States Department of the Treasury



SUMMARY REPORT OF INVESTIGATION



DATE OF REPORT

REPORT STATUS FINAL

CASE NUMBER USM-10-0421-P

CASE TITLE [REDACTED] Engraving
U.S. Mint
[REDACTED] Police Officer
U.S. Mint

**PERTINENT
STATUTE(S),
REGULATION(S),
AND/OR
POLICY(IES)** Title 18 U.S.C. § 372 – Conspire to Impede or Inquiry
Officer.
5 C.F.R. 2635.101- Basic obligation of public service.

SYNOPSIS

On November 13, 2009, the U. S. Department of the Treasury (Treasury) Office of the Inspector General (OIG), Office of Investigations (OI), received correspondence from the U.S. Mint (USM) Police alleging that [REDACTED] Engraving, USM, and [REDACTED] Police Officer, USM, threatened bodily harm against [REDACTED] Engraver, USM. (Exhibit 1)

This investigation determined that [REDACTED] and [REDACTED] did not threaten bodily harm nor did they engage in unprofessional conduct towards [REDACTED]. Therefore, the allegations against [REDACTED] and [REDACTED] are unsubstantiated.

Case Agent:

[REDACTED] Special Agent

(Signature)

1/12/10

Supervisory Approval:

Anthony J. Scott,
Special Agent in Charge (Acting)

(Signature)

7/25/10

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Office of the Inspector
General - Investigations
Department of the Treasury

DETAILS

A. Allegation – Threats to inflict bodily harm.

B. Context – Background

It was alleged that [REDACTED] and [REDACTED] threatened bodily harm against [REDACTED]. Specifically, [REDACTED] allegedly made the comment to [REDACTED] that he ([REDACTED]) "knows someone who could rub people out." Additionally, it was reported that [REDACTED] allegedly deployed his USM issued baton and told [REDACTED] "he could smash his skull and break his knee caps with it."

INVESTIGATIVE FINDINGS

Interview of [REDACTED] [REDACTED]

During an interview with OIG/OI, [REDACTED] stated that there were two separate incidents that lead him to report [REDACTED] and [REDACTED]. [REDACTED] stated that the first incident, which involved [REDACTED] occurred in or around August 2009. [REDACTED] stated that incident occurred during regular working hours, within the USM. [REDACTED] then stated that [REDACTED] was escorting [REDACTED] relli into his ([REDACTED]s) section. While escorting [REDACTED], [REDACTED] allegedly took his baton out of the case, extended it and told [REDACTED] "he could smash his skull and break his knee caps with it." [REDACTED] stated that [REDACTED] made these unsolicited comments while he ([REDACTED]) was standing in the carpeted section within the Office of Engraving. [REDACTED] stated that [REDACTED] then collapsed his baton and they both went their separate ways without any further exchange. [REDACTED] stated that there were no witnesses to the incident.

[REDACTED] stated that he did not provoke [REDACTED] in any fashion, nor did he inquire about the capability of [REDACTED] baton. [REDACTED] stated that he did not feel threatened or intimidated at the time of the incident. [REDACTED] then stated that he was confused, but felt that the interaction was inappropriate. [REDACTED] also stated that he had a cordial relationship with [REDACTED] prior to this incident and this was the only time [REDACTED] said or did anything inappropriate.

[REDACTED] stated that the second incident involved his supervisor, [REDACTED]. [REDACTED] stated that the incident took place in a conference room within the engraving

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Office of Inspector General – Investigations
Department of the Treasury

section. [REDACTED] further stated that there were other members of the Engraving staff in the conference room; however, they were on the opposite side of the conference room and did not witness the alleged incident. [REDACTED] stated that [REDACTED] said, "I know someone who can have people rubbed out." [REDACTED] stated that these comments were unsolicited and were not part of their conversation. [REDACTED] stated that at the time [REDACTED] made the comment, he did not feel threatened. (Exhibit 2)

Interview of [REDACTED]

During an interview with the OIG/OI, [REDACTED] denied all allegations. [REDACTED] denied deploying his baton and making the alleged comments to [REDACTED]. [REDACTED] stated that he had a cordial relationship with [REDACTED] which developed when [REDACTED] took an interest in collecting coins for a family member. [REDACTED] stated that [REDACTED] would routinely sign packs of coins that he designed as a favor for [REDACTED] without any persuasion. (Exhibit 3)

Interview of [REDACTED]

[REDACTED] denied threatening [REDACTED] and stated he did not make the alleged comments to [REDACTED]. [REDACTED] stated that his relationship with [REDACTED] is purely professional and does not feel comfortable conversing with [REDACTED] regarding non work related topics. (Exhibit 4)

EXHIBITS

1. Original allegation, Memorandum from Dennis P. O'Connor, dated November 13, 2009.
2. Memorandum of Activity, Interview of [REDACTED] dated December 2, 2009.
3. Memorandum of Activity, Interview of [REDACTED] dated December 2, 2009.
4. Memorandum of Activity, Interview of [REDACTED] dated December 10, 2009.

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U.S. GOVERNMENT PRINTING OFFICE: 2008-10-01

Office of Inspector General - Investigations
Department of the Treasury



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

December 16, 2009

MEMORANDUM TO FILE

**OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF THE TREASURY**

FROM: [REDACTED]
Special Agent

SUBJECT: Stolen Pitney Bowes Laptop

OIG Case#: USM-10-0595-P

On 12/7/09, the United States Mint (USM) reported the theft of a Pitney Bowes laptop in Carmel, IN on 12/5/09 that contained Personally Identifiable Information (PII) and that a police report had been filed with the Carmel Police Department (PD).

On 12/8/09, Senior Special Agent (SSA) [REDACTED] contacted USM Police Inspector [REDACTED] who will be providing additional information regarding the laptop serial number and the details regarding the theft. Inspector [REDACTED] informed SSA [REDACTED] that the Pitney Bowes employee who had the laptop stolen was working on a project involving recovering money from the shippers of packages to USM customers that were refused, contained no items or were otherwise compromised. The information on the laptop included the names, addresses, phone numbers and shipping receipt numbers for the USM customers.

SSA [REDACTED] then contacted the Carmel PD Investigations Unit (317-[REDACTED]) and spoke to Detective [REDACTED] [REDACTED]@carmel.in.gov) who reviewed the Carmel PD report and informed SA [REDACTED] that the laptop was removed from an unlocked car where it was sitting on a seat. Detective [REDACTED] stated that this type of theft was somewhat common and that if SA [REDACTED] could provide him with the laptop serial number he would enter it into NCIC and the Carmel PD would be on the lookout for it.

On 12/9/09, SSA [REDACTED] contacted Pitney Bowes Security Manager [REDACTED] and received the following information: [REDACTED] is working to obtain the serial number to the laptop and provide it the Carmel PD for entry into NCIC. [REDACTED]'s son is a sergeant in the Carmel PD and [REDACTED] has an extremely good relationship with the Carmel PD. [REDACTED] and the Carmel PD's opinion is that the theft (which was one of several that night) was not a targeted event, but a crime of opportunity. [REDACTED] believes that Carmel PD will do everything reasonable to recover the laptop.

On 12/10/09, [REDACTED] contacted SSA [REDACTED] and informed him the laptop serial number had been provided to the Carmel PD.

BEGIN EMAIL

=====
It's been forwarded to the PD

Thanks

From: [REDACTED] [REDACTED] <[REDACTED]oig.treas.gov>

To: [REDACTED]

Sent: Thu Dec 10 15:04:39 2009

Subject: RE: Serial Number

Thanks [REDACTED]. Are you going to provide that info to Carmel PD or would you like me to?

[REDACTED]

From: [REDACTED] [mailto:[REDACTED]@pb.com]

Sent: Thursday, December 10, 2009 2:20 PM

To: [REDACTED] [REDACTED]

Subject: Serial Number

The laptop has the following identifiers; Model D630
Serial Tag # 38VYLJ1

[REDACTED]
PBGS - USM

[REDACTED]

[REDACTED]

Plainfield, IN 46168-7700

(317) [REDACTED]

(317) [REDACTED] cell

=====END EMAIL

Since the laptop owner is not a Treasury employee and the Carmel IN PD has the serial number for entry into NCIC and will be on the lookout for the laptop all OI steps to facilitate the investigation have been completed.

SSA [REDACTED] recommends referring the case to the USM for any action the USM deems appropriate.

REPORT OF INVESTIGATION
USM-10-1213-I



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION

DATE OF REPORT	
REPORT STATUS	Final
CASE NUMBER	USM-10-1213-I
CASE TITLE	██████████ Contract Employee, U.S. Mint, Philadelphia, PA
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	5 CFR 2635, Subpart G, § 2635.702 - Use of Public Office for Private Gain (UNSUBSTANTIATED) 18 U.S.C. 201 - Bribery of Public Officials and Witnesses (UNSUBSTANTIATED)

SYNOPSIS

On February 26, 2010, the Department of Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received an anonymous complaint alleging improper procurement practices. The complainant alleged select suppliers to the U.S. Mint (USM) in Philadelphia, PA were benefiting from a non-competitive procurement process, to wit, the sole-source purchases of "hundreds of thousands of dollars worth of equipment, tools and supplies" at the sole direction of USM contract employee ██████████ (Exhibit 1)

The investigation determined the allegations that ██████████ was involved in improper procurement practices, specifically, the sole-source purchase of equipment, tools and supplies was unsubstantiated. It was further determined that

Case Agent:

██████████
Special Agent

(Signature)

Supervisory Approval:

John L. Phillips
Special Agent In Charge

(Signature)

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certain select suppliers did not benefit unduly or unfairly from any non-competitive procurement process.

DETAILS

A. Allegation: It was alleged that [REDACTED] was involved in the sole-source purchase of thousands of dollars worth of equipment, tools and supplies for the USM in Philadelphia, PA. It was further alleged that certain select suppliers were benefiting from this non-competitive procurement process.

B. Context / Background: [REDACTED] is a self employed contractor for the USM. For the last seven years he has directed the digital conversion of manufacturing dyes to imprint "frosting" patterns on coins. [REDACTED] duties include identifying and ordering parts and service for the specialized equipment utilized to make dyes.

INVESTIGATIVE ACTIVITY

On February 26, 2010, the OIG/OI received an anonymous complaint of improper procurement practices at the USM in Philadelphia, PA. Specifically, suppliers to the USM in Philadelphia, PA were benefiting from a non-competitive procurement process, to wit, the sole-source purchases of "hundreds of thousands of dollars worth of equipment, tools and supplies" at the sole direction of contract employee [REDACTED] (Exhibit 1)

When interviewed, [REDACTED], Assistant Director for Procurement, USM, provided OI with 85 contracts that were awarded to [REDACTED] Tools, [REDACTED] Tools, [REDACTED], [REDACTED] Company and [REDACTED] Inc. by the USM for the periods FY 2007 through FY 2010. The complainant alleged [REDACTED] was steering USM contracts to specific suppliers for parts and equipment. Of these 85 contracts, five reflected [REDACTED] had been involved in the solicitation, bidding, and review process. These five contracts involved the solicitation and procurement of specialized technical parts, tools and training support which totaled \$36,367. [REDACTED] later provided twelve additional contracts that were awarded to [REDACTED] Tools, [REDACTED] Tools, [REDACTED], [REDACTED] Company and [REDACTED] Inc. by the USM for the periods Fiscal Years (FY) 2007 through 2010, totaling \$48,450. (Exhibits 2 & 3)

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Office of Inspector General – Investigations
Department of the Treasury

When interviewed, ██████ said his supervisor, ██████, sought to modernize the USM's process about seven years ago and hired ██████ to spearhead the digital conversion – the use of laser equipment and computer software to machine the dyes for placing "frosting" patterns on coins. ██████ said that this conversion has been greatly successful and may have, in the beginning, caused negative feelings toward him by the regular Government work force at the USM. ██████ said he is not a contracting officer (COTR) and does not have authority to purchase goods or equipment. All of his procurement requests go through USM Project Manager ██████ and Contracting Officer ██████, who review and sign his procurement requests. ██████ said recently the USM started to open bids for specialized parts and fabrication equipment to other companies. However, the vendors who can provide specialized parts to the USM are limited. He also said there is pressure to meet production schedules, which often times have led to a heavy reliance on a core group of vendors.

For example, ██████ was shown an e-mail, dated June 4, 2010, for a custom 6-jaw chuck cutter to hold dye prints. In the e-mail ██████ described to USM Project Manager ██████ that the sole source justification for procuring the 6-jaw chuck cutter from the ██████ Company. ██████ explained that because the USM had bought tooling equipment from the ██████ Company, which was entirely proprietary and custom made to the USM's specifications, only ██████ could provide the necessary tooling and fixtures to ensure the precision and tolerances required by the USM.

██████ advised that on several occasions he had been in a hurry to get parts and supplies to maintain production operations. This practice did not lend itself to soliciting or entertaining competing bids from vendors outside the group he had been using already. ██████ said he does not have a monetary or investment interest in the companies that were named in the allegation ██████ Tools, ██████ Tools, ██████, ██████ Company and ██████ Inc). Nor did he have family members or relatives employed by these firms. (Exhibit 4)

When interviewed, ██████k, Supervisory Staff Engineer, stated ██████ does not have the authority to purchase goods or services and must go through the USM's procurement department. ██████ contract was renewed for another year through 2010. (Exhibit 5)

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Department of the Treasury

When interviewed, [REDACTED], Contracting Officer, USM, advised that [REDACTED] does not have contracting officer authority. Therefore, he cannot solicit or award contracts for goods or services at the USM. [REDACTED] would have to send any procurement requests to [REDACTED] [REDACTED]trone, or [REDACTED], all of whom are COTR's at the USM.

FINDINGS

The investigation determined that the allegations that [REDACTED] was involved in improper procurement practices and, specifically, the sole-source purchase of equipment, tools and supplies was unsubstantiated. It was further determined that certain select suppliers did not benefit unduly or unfairly from any non-competitive procurement process.

REFERRALS

Criminal

Not applicable.

Civil

Not applicable.

Administrative

Not applicable.

RECOMMENDATIONS / DISTRIBUTION

Not Applicable

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Department of the Treasury

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Predicating documents, dated February 26, 2010.
2.	Memorandum of Activity, Review of USM Contracts, dated July 9, 2010.
3.	Memorandum of Activity, Review of Additional Contracts, dated August 5, 2010.
4.	Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated August 24, 2010.
5.	Memorandum of Activity, Interview of [REDACTED], dated August 24, 2010.
6.	Memorandum of Activity, Interview of [REDACTED] [REDACTED], dated August 28, 2010.

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Office of Inspector General – Investigations
Department of the Treasury



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

June 25, 2010

OFFICE OF
INSPECTOR GENERAL

MEMORANDUM FOR TIMOTHY F. GEITHNER, SECRETARY OF THE TREASURY

FROM: Eric M. Thorson
Inspector General

SUBJECT: Investigation of Whistleblower Allegations at the United States Mint

Case Number: USM-10-1887-I

Attached for your review is our Report of Investigation regarding the complaint forwarded to my office on May 20, 2010, by General Counsel George W. Madison. This complaint was originally received by the Office of Special Counsel (OSC) from a whistleblower who alleged that management at the United States Mint (USM) improperly issued Personal Identity Verification (PIV) cards to four contractors in November of 2009.

The investigation determined the USM did not issue any PIV cards under Homeland Security Presidential Directive 12 (HSPD12), therefore; the allegations set forth in the OSC complaint were unsubstantiated.

If at any time you have any questions concerning this matter please contact me at (202) 622-4105. Staff requests for assistance should be directed to P. Brian Crane, Assistant Inspector General for Investigations, (202) 927-0365.

REPORT OF INVESTIGATION
USM-10-1887-I



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION

DATE OF REPORT	JUN 25 2010
REPORT STATUS	FINAL
CASE NUMBER	USM-10-1887-I
CASE TITLE	Unites States Mint-Personal Identity Verification Cards
PERTINENT STATUTE(S), REGULATION(S), AND/OR POLICY(IES)	5 USC 1213 - Provisions relating to disclosures of violations of law, gross mismanagement, and certain other matters [UNSUBSTANTIATED]

SYNOPSIS

On May 20, 2010, the Office of Inspector General, Office of Investigations (OIG/OI), received a complaint from Treasury General Counsel George W. Madison. This complaint was originally received by the Office of Special Counsel (OSC) from a whistleblower who alleged that management at the United States Mint (USM) improperly issued Personal Identity Verification (PIV) cards to four contractors in November of 2009. (Exhibit 1)

The investigation determined no one at the USM has been issued PIV cards, only USM building badges.

Case Agent:

[Redacted]
Investigator

[Redacted]
(Signature)

Supervisory Approval:

John L. Phillips
Special Agent In Charge

[Redacted]
(Signature)

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DETAILS

A. Allegation: The USM management improperly issued PIV cards to four contractors at the USM.

B. Context / Background: A whistleblower made a complaint that the USM management improperly issued Personal Identity Verification (PIV) cards to four contractors.

INVESTIGATIVE ACTIVITY

On May 20, 2010, the OIG, Office of Investigations (OIG/OI) received a complaint from Treasury General Counsel George W. Madison. This complaint was originally received by the Office of Special Counsel (OSC) from a whistleblower who alleged that management at the United States Mint (USM) improperly issued Personal Identity Verification (PIV) cards to four contractors in November of 2009. (Exhibit 1)

On May 24, 2010, the OIG/OI interviewed [REDACTED], Legal Counsel, USM. [REDACTED] stated his office reviews all policies for the USM, and he has not seen a policy for the USM on PIV cards or the Homeland Security Presidential Directive 12 (HSPD12). He does not believe the USM has issued any PIV cards to employees or contractors to date. He believes the complainant may be referring to USM building badges. (Exhibit 2)

On May 26, 2010, the OIG/OI interviewed [REDACTED], Chief of Police, USM. [REDACTED] stated new employees and contractors complete a PIV Request Form when they are hired. The USM Office of Protection reviews the forms, fingerprints and photographs the applicant, and orders an investigation (National Agency Check and Inquiries) through the Office of Personnel Management (OPM). After this process, the individual is given a USM building badge. The USM has not issued any PIV cards to employees or contractors at the USM Headquarters because the USM does not have the appropriate badge readers for the PIV cards. [REDACTED] was not certain when the USM would begin issuing the PIV cards. (Exhibit 3)

On May 26, 2010, the OIG/OI interviewed [REDACTED], Chief of Procurement, Office of Procurement, USM. [REDACTED] stated new employees and contractors

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Department of the Treasury

complete a PIV Request Form when they are hired. The Office of Procurement has requested the Office of Human Resources, USM, send all contractor PIV Request Forms to the Office of Procurement. They are then reviewed by [REDACTED] Secretary, Office of Procurement, and a Contracting Officer. The form is then sent to the Office of Protection. [REDACTED] stated she is not certain if her office receives all of the requested forms, but does not believe there is a security issue because the Office of Protection does not issue a badge until the background investigation has been completed. [REDACTED] stated the USM has not issued any PIV cards to employees or contractors at the USM Headquarters. [REDACTED] was not certain when the USM would begin issuing the PIV cards. (Exhibit 4)

On May 26, 2010, the OIG/OI interviewed [REDACTED], Human Resources Support Liaison, USM. [REDACTED] stated she has been employed with the USM for 23 years and has been in the Office of Human Resources since 2004. In the spring of 2009, her supervisor, [REDACTED], selected her to take PIV training and serve as a "sponsor" on PIV Request Forms under HSPD 12. She explained a sponsor is someone who reviews and signs the PIV Request Form and enters individuals into the General Services Administration's database "EDS Assured Identity." All new employees, employees who have expired USM badges and contractors must complete the PIV form. She reviews and signs the form, and takes the employee forms directly to the Office of Protection. The staff in the Office of Protection reviews the forms, fingerprints and photographs the applicant, and requests a National Agency Check and Inquiries (NACI) background investigation to be conducted by the OPM. After this process, the individual is given a USM building badge. However, the contractors' forms are sent to the Office of Procurement, before they are sent to the Office of Protection.

[REDACTED] admitted in the fall of 2009, she submitted the PIV forms of four Human Resources' contractors directly to the Office of Protection. She was then contacted by [REDACTED], Office of Procurement, who informed her that contractor PIV forms should be sent to the Office of Procurement, for additional review and signatures prior to being sent to the Office of Protection. [REDACTED] recalled these specific employees were from the [REDACTED] Company and she had no relationship with them prior to the fall of 2009. She stated she did not know, or forgot, the requirement to send contractor PIV forms to the Office of Procurement, and has not made that error since. [REDACTED] stated that the aforementioned procedures enable employees and contractors to be issued USM

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Office of Inspector General – Investigations
Department of the Treasury

building badges. The USM has not issued any PIV cards to her knowledge. (Exhibit 5 & 7)

{Agent's Note: [REDACTED] provided the OIG/OI with documents regarding HSPD 12 and the USM PIV policy. One document entitled "Mint PIV Process (Five -Ten Business Days)" describes a "sponsor" as follows: "The sponsor is the individual who substantiates the need for a PIV card on behalf of an applicant, and requests the issuance of a PIV card for the applicant."}

On May 26, 2010, the OIG/OI interviewed [REDACTED], Division Director of Security, USM. [REDACTED] stated new employees and contractors complete a PIV Request Form when they are hired. For employees, the form is reviewed and signed by a "sponsor" in the Office of Human Resources. For a contractor, the form is reviewed and signed by a Contract Specialist in the Office of Procurement. The Office of Protection, reviews the forms, fingerprints and photographs the applicant. This process takes approximately five days. The employee or contractor is then given a USM building badge that is referred to as a PIV 1. The Office of Protection then requests a background investigation (NACI) to be conducted by the OPM. This process can take up to six months. If derogatory information is found in the NACI, the clearance and badge would be revoked. [REDACTED] explained that the USM has not issued actual PIV cards per HSPD 12 to employees or contractors at the USM Headquarters because the USM does not have the appropriate badge readers for the PIV cards. [REDACTED] believes that the USM will have the PIV card readers at the USM in October 2010 and all employees will be issued PIV cards. (Exhibit 6)

On June 3, 2010, the OIG/OI obtained PIV Request Forms from [REDACTED]. These forms were for contractors [REDACTED], [REDACTED], [REDACTED], and [REDACTED] and had been initiated in the fall of 2009. The forms were not fully completed therefore, the OIG/OI contacted [REDACTED] to inquire. He stated the forms had been completed by the requestor or "sponsor" and then reviewed by [REDACTED], Security Specialist, or another Security Specialist in his office. The completed form is maintained in the Office of Protection which completes additional portions of the form and issues the USM badges. On June 4, 2010, [REDACTED] provided the OI with completed PIV Request Forms. (Exhibit 8)

On June 8, 2010, the OIG/OI interviewed [REDACTED], Personnel Security Specialist, USM. [REDACTED] stated the USM uses the PIV Request Form to issue USM building badges. In the future, the form will be used to issue PIV cards. All

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Department of the Treasury

government employees will eventually have PIV cards per HSPD 12. She explained a "sponsor" in the USM Office of Human Resources reviews and signs the PIV Request Form and enters individuals into the General Services Administration's database "EDS Assured Identity." A Personnel Security Specialist in her office reviews the form, initials and dates the form when National Crime Information Center criminal checks or Special Agreement Checks (fingerprint checks) are performed. A Personnel Security Specialist will also verify if a background investigation has been completed, and will sign and date when applicable. If a contractor is at the USM less than six months, a background investigation is not conducted. If a background investigation is not conducted, a Personnel Security Specialist will not sign the form as the "Registrar." However, a Personnel Security Specialist reviews the forms, and sends them to the Office of Protection where page two of the PIV form is completed. The Office of Protection then issues a temporary and/or permanent USM building badge. [REDACTED] stated the PIV form identifies the card issued as a "PIV" however; this is not accurate as the USM has not issued PIV cards and has only issued USM badges. (Exhibit 9)

FINDINGS

Based on the evidence and information gathered during this investigation, it was determined that [REDACTED] improperly submitted four PIV Request Forms for contractors to the Office of Protection instead of sending them through the Office of Procurement as required by USM policy. However, these contractors were not issued PIV cards by the USM. To date, PIV cards, required by HSPD 12, have not been issued to anyone at the USM Headquarters.

REFERRALS

Criminal

Not applicable

Civil

Not applicable

Administrative

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The allegation of improper issuance of PIV cards to contractors is unsubstantiated. It was determined that [REDACTED] improperly submitted four PIV Request Forms for contractors to the Office of Protection instead of sending them through the Office of Procurement as required by USM policy. However, these contractors were not issued PIV cards by the USM. It is recommended that this information be provided to the OSC and USM management for any action they deem appropriate.

DISTRIBUTION

Timothy F. Geithner, Secretary of Treasury

EXHIBITS

<u>Number</u>	<u>Description</u>
1.	Letter from the Office of Special Counsel to Secretary Geithner, dated May 4, 2010. Forwarded to OIG/OI on May 20, 2010.
2.	Memorandum of Activity, Interview of [REDACTED], Legal Counsel, United States Mint, dated May 24, 2010.
3.	Memorandum of Activity, Interview of [REDACTED], Chief of Police, United States Mint, dated May 26, 2010.
4.	Memorandum of Activity, Interview of [REDACTED] [REDACTED], Chief of Procurement, Office of Procurement, United States Mint, dated May 26, 2010.
5.	Memorandum of Activity, Interview of [REDACTED], Human Resources Support Liaison, United States Mint, dated May 26, 2010.
6.	Memorandum of Activity, Interview of [REDACTED], Division Director of Security, United States Mint, dated May 26, 2010.
7.	Memorandum of Activity, Sworn statement by [REDACTED], dated June 3, 2010.
8.	Memorandum of Activity, PIV Request Forms from [REDACTED], Division

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Department of the Treasury

Director of Security, United States Mint, dated June 3, 2010.

9. Memorandum of Activity, Interview of [REDACTED], Personnel Security Specialist, United States Mint, dated June 8, 2010.

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Office of Inspector General - Investigations
Department of the Treasury

REPORT OF INVESTIGATION
USM-10-2412-I



Office of Inspector General

United States Department of the Treasury



REPORT OF INVESTIGATION



DATE OF REPORT

REPORT STATUS

Final

CASE NUMBER

USM-10-2412-I

CASE TITLE

██████ Police Officer
U.S. Mint – Philadelphia, PA

**PERTINENT
STATUTE(S),
REGULATION(S),
AND/OR
POLICY(IES)**

- 5 C.F.R. 2635.101 – Basic obligation of public service.
[SUBSTANTIATED]
- Treasury Firearms Safety and Security Policy Use of Force, Treasury Order 105-12.
[SUBSTANTIATED]
- USM Directive MD10D-6, Chapter 10 – Security, Part D – Security and Police Operations, Firearms, OC Dispensers, and Batons.
[SUBSTANTIATED]

SYNOPSIS

On July 3, 2010, the U.S. Department of the Treasury (Treasury), Office of Inspector General (OIG), Office of Investigations (OI), received a call from Dennis O'Connor, Chief of Police, U.S. Mint (USM), regarding a shooting that occurred at the Philadelphia, PA USM (Philadelphia USM) involving a USM Police Officer. It was reported that ██████ Police Officer, USM, shot himself in the rear upper left leg while in the control room of the Philadelphia USM, with his personally owned Derringer style pistol. (Exhibit 1)

This investigation substantiated that ██████ shot himself in the rear upper left leg with his personally owned firearm inside the Philadelphia USM. In doing so ██████

Case Agent:

██████ Special Agent

(Signature)

Supervisory Approval:

John L. Phillips, Special Agent In Charge

(Signature)

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violated several Treasury and USM policies/regulations including: 5 C.F.R. 2635.101 – Basic obligation of public service; Treasury Order 105-12 – Treasury Firearms Safety and Security Policy Use of Force; and USM policy Directive MD10D-6, Chapter 10 – Security: and Part D – Security and Police Operations, Firearms, OC Dispensers, and Batons.

DETAILS

A. Allegation – Possession and discharge of an unauthorized firearm, inside a USM facility.

It is alleged that [REDACTED] discharged his personally owned firearm inside of the Philadelphia USM, resulting in an injury to himself.

B. Context - Background

On July 3, 2010, [REDACTED] was assigned to the (3:00PM to 11:00PM) shift at the Philadelphia USM. [REDACTED] has been a USM Police Officer for ten years. Prior to becoming a USM Police Officer, [REDACTED] retired from the Philadelphia, PA Police Department, with approximately 28 years of service.

INVESTIGATIVE ACTIVITY

On July 3, 2010, O'Connor notified the OIG/OI that [REDACTED] shot himself in the leg with his [REDACTED] personally owned Derringer style pistol while in the control room of the Philadelphia USM. O'Connor stated that [REDACTED] was allegedly carrying this pistol in his back pocket while on duty. O'Connor continued that the firearm fell to the floor in the control room and discharged. Consequently, [REDACTED] was struck in his rear upper leg. The USM police secured the area and processed it as a crime scene. (Exhibit 1)

When interviewed, [REDACTED] stated that on July 3, 2010, he was working the (3:00PM to 11:00PM) shift at the Philadelphia USM. [REDACTED] entered the USM facility by going through the metal detector at the Philadelphia USM employee entrance, post 5, with his personally owned Derringer style pistol inside of his bag. [REDACTED] continued to his assigned locker, at which time he secured his bag containing his personally owned firearm inside of his locker until the conclusion of his shifts' roll call. [REDACTED] stated he was assigned to the Philadelphia USM Police

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control room during this duty tour. [REDACTED] retrieved his bag from his locker prior to reporting to his assigned post, and forgot that his firearm was in the bag.

[REDACTED] continued he was reaching for his bag, when his personal firearm dropped out of the bag and onto the floor. Upon striking the floor, the firearm discharged a round through his chair, striking him in his rear upper left leg. After recognizing he was shot, [REDACTED] looked up and saw [REDACTED] USM Police Officer, in the control room. [REDACTED] stated that [REDACTED] asked him what happened, at which time [REDACTED] told her that he might have shot himself. [REDACTED] stated that his injury was caused by his personally owned firearm.

[REDACTED] stated that he purchased the firearm from a Gun Shop in Philadelphia, PA, in or about 1972. In 1995 he acquired a gun permit from the city of Philadelphia, PA, which subsequently expired in 2000. [REDACTED] stated it was his understanding the he could carry his personally owned firearm under the Law Enforcement Safety Act of 2004, without a permit.

[REDACTED] advised the OIG/OI of an agreement between the former Philadelphia USM Field Chief, and the police labor union at the facility. This agreement allowed USM Police Officers to bring their personally owned firearms into the facility to store in their assigned lockers. However, [REDACTED] acknowledged that this agreement does not allow them to bring their personally owned firearms to their assigned post. [REDACTED] also acknowledged that his actions were outside of the agreement and Treasury policy. (Exhibit 2)

[Agent's Note: On April 12, 2000, [REDACTED], (former) Chief of the USM Police, issued Chief's Order 00-06 – Entrance Procedures and Gun Locks to all Police personnel. This order stated that all Police personnel must successfully pass through the metal detector and X-ray machine at post 5. All bags and packages will be placed on the X-ray belt for inspection. Officers who carry off-duty weapons must place them in a bag and put them on the X-ray machine for inspection. Also, off-duty weapons must be unloaded and guns lock in place before storing the weapon in the officer's locker.] (Exhibit 3)

When interviewed, [REDACTED] stated that she was in the rear of the control room when she heard a sound that reminded her of a firecracker. [REDACTED] then saw [REDACTED] holding the back of his leg. [REDACTED] continued that she asked [REDACTED] what happened, to which he replied that his gun went off. [REDACTED] immediately notified

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██████████ Sergeant, USM Police, of the incident. ██████████ stated that she saw ██████████ personal gun in the control room, but could not recall where. (Exhibit 4)

When interviewed, ██████████ stated that he was made aware of the incident by ██████████ ██████████ continued that ██████████ told him "██████████" shot himself. When ██████████ arrived at the control room ██████████ informed him that his gun fell on the floor and went off. ██████████ noticed a two barrel Derringer with a white handle located on the console. He also noticed a few drops of blood on a chair and on the floor of the control room.

██████████ assigned USM Police Officers ██████████ ██████████ and ██████████ ██████████ to transport ██████████ to Jefferson Hospital, Philadelphia, PA. ██████████ continued that ██████████, Field Chief, USM Police was notified and upon arrival instructed the staff to treat the control room as a crime scene. ██████████ stated that ██████████ requested an incident report, witness statements, photographs of the scene, and gathering of all evidence. (Exhibit 5)

In separate interviews by the OIG/OI, ██████████ and ██████████ stated that ██████████ assigned them to transport ██████████ to the hospital for observation. Each stated that they overheard ██████████ speaking to his wife on his cell phone, and tell her that his pistol dropped on the floor and accidentally went off. (Exhibits 6 and 7)

When interviewed, ██████████ stated that ██████████ briefed him on the incident and informed him that ██████████ was in route to Jefferson Hospital. ██████████ responded to the Philadelphia USM to oversee the investigation and to ascertain the condition of ██████████ ██████████ stated that ██████████ briefed him on the incident while at the hospital, the night of the incident. ██████████ told ██████████ that his Derringer style pistol fell on the floor and discharged. As a result, he was struck by a round from the firearm in his rear upper left leg. (Exhibit 8)

An OIG/OI review of USM policies revealed the following:

Treasury Firearms Safety and Security Policy: On December 9, 2009, ██████████ signed acknowledging that he has received a copy of the "*Department of the Treasury Firearms Safety and Security Policy*" and will comply with it. The policy states that law enforcement personnel are responsible for the security of all firearms issued to them to prevent unauthorized use, unintentional

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discharge, and thefts. [REDACTED] acknowledged he understood that when a weapon is not under his immediate control it must be secured in a manner consistent with the stated Treasury policy.

Off-Duty Carry of U.S. Mint Issued Firearms Policy: On December 9, 2009, [REDACTED] signed the acknowledgement of the *"Off-Duty Carry of U.S. Mint Issued Firearms"* policy. [REDACTED] acknowledged he has received the training on: U.S. Mint Directive 10-D-6; Off-Duty Carry and use of U.S. Mint issued Firearm; State and Local requirements; and Restrictions for Off-Duty outside U.S. Mint jurisdictions.

USM Directive MD10D-6, Chapter 10 – Security, Part D – Security and Police Operations, Firearms, OC Dispensers, and Batons, dated May 2002: This policy establishes standards and guidelines for the issue, control, training and use of firearms and other weapons by the USM Police in accordance with Treasury policies. Specifically, Section C – Firearm Safety and Security Policy, outlines the USM Police Officers authority to carry firearms are personally responsible for the security of all firearms to prevent unauthorized use, unintentional discharge and theft. It also provides guidance on the importance of immediate control of their firearm, and maintained training and proficiency with all firearms. (Exhibit 9)

FINDINGS

This investigation determined that [REDACTED] violated Treasury directives 5 C.F.R. 2635.101 – Basic obligation of public service, and Treasury Order 105-12 – Treasury Firearms Safety and Security Policy Use of Force, by possessing and discharging an unauthorized and unregistered firearm inside a Treasury facility, resulting in the injury of a Treasury employee ([REDACTED]).

It was also determined that [REDACTED] violated USM policy Directive MD10D-6, Chapter 10 – Security: and Part D – Security and Police Operations, Firearms, OC Dispensers, and Batons, Section C – Firearm Safety and Security Policy. These policies were violated when [REDACTED] brought an unauthorized and unregistered firearm into the Philadelphia USM, by not properly securing the firearm, and by discharging an unauthorized firearm discharged resulting in the injury of a USM employee ([REDACTED]).

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In addition, it was determined that [REDACTED] received training and/or notification of Treasury and USM policies pertaining to firearms safety and security. [REDACTED] brought an unauthorized and unregistered firearm into a Treasury/USM facility and did not properly store and/or secure the firearm. As a result, an unauthorized and unregistered firearm discharged inside a government facility resulting in an injury.

REFERRALS

A. Criminal

On July 12, 2010, this office presented the investigative facts to [REDACTED], Assistant United States Attorney (AUSA), Eastern District of Pennsylvania, for potential criminal prosecution of [REDACTED] for violation of Title 18 United States Code § 930 – Possession of Firearms and Dangerous Weapons in Federal Facilities. AUSA [REDACTED] declined criminal prosecution due to the lack of criminal intent.

B. Civil

Not applicable

C. Administrative

See Findings

DISTRIBUTION

[REDACTED], Executive Secretary, U.S. Mint

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EXHIBITS

1. Original allegation, Correspondence, dated July 3, 2010.
2. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated July 7, 2010.
3. U.S. Government Memorandum, Chief's Order 00-06, Entrance Procedures and Gun Locks, dated April 12, 2000.
4. Memorandum of Activity, Interview of [REDACTED] [REDACTED] dated July 15, 2010.
5. Memorandum of Activity, Interview of [REDACTED] dated July 7, 2010.
6. Memorandum of Activity, Interview of [REDACTED], dated July 7, 2010.
7. Memorandum of Activity, Interview of [REDACTED], dated July 7, 2010.
8. Memorandum of Activity, Interview of [REDACTED], dated July 7, 2010.
9. Memorandum of Activity, Document / Police review, dated July 16, 2010.

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Department of the Treasury



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM TO [REDACTED], CHIEF
UNITED STATES MINT POLICE

FROM: John L. Phillips *11/30/10*
Special Agent in Charge

SUBJECT: [REDACTED] – Alleged Hatch Act Violation

Case Number: USM-11-0217-I

On November 2, 2010, we received a complaint from your office containing allegations of a Hatch Act violation by US Mint employee [REDACTED]. Per 5 CFR 734.102, the US Office of Special Counsel (OSC) has exclusive jurisdiction to investigate Hatch Act violations. Our office contacted OSC who has accepted the case. Please contact [REDACTED], Attorney, Hatch Act Unit, OSC, at [REDACTED] with questions.

If at any time you have any questions concerning this matter or, if upon further review you develop information that may indicate a need for additional or new investigative activity by this office to assist you in resolving this matter, please contact me at (202) 927-[REDACTED]. Staff requests for assistance should be directed to [REDACTED], Assistant Special Agent in Charge, (202) 927-[REDACTED].

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REPORT OF INVESTIGATION
USM-11-0217-I



Office of Inspector General

United States Department of the Treasury



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



Report of Investigation

Case Title: [REDACTED] – Alleged
Hatch Act Violation

Case #: USM-11-0217-I

Case Type: Criminal _____
Administrative X
Civil _____

Investigation Initiated: 11/2/10

Conducted by: [REDACTED]
Special Agent

Investigation Completed:

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

Approved by: John L. Phillips
Special Agent in Charge

Summary

On November 2, 2010, Dennis P. O'Connor, Chief, US Mint (USM) Police, informed the Department of the Treasury, Office of Inspector General (TOIG) that [REDACTED] Merchandising Specialist, USM, may have violated the Hatch Act with an email that she sent to other USM employees on October 28, 2010. (Exhibit 1)

The investigation determined that [REDACTED] admitted to sending a political e-mail. TOIG notified the US Office of Special Counsel (OSC) and OSC stated they would investigate the allegation. Per 5 CFR 734.102, OSC has exclusive jurisdiction to investigate Hatch Act violations.

Report of Investigation

Case Name: [REDACTED]

Case # USM-11-0217-I

Page 2 of 4

Basis and Scope of the Investigation

[REDACTED] is a USM employee that allegedly sent a political email using USM issued computer equipment.

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

- [REDACTED] Merchandising Specialist, USM

In addition, TOIG reviewed pertinent documents, including:

- E-mail sent by [REDACTED] on October 28, 2010.

Investigative Activity

In an interview with TOIG, [REDACTED] stated that she has been employed at the US Mint since 1993 as a Merchandising Specialist. On October 28, 2010, she received a political e-mail to her government e-mail / computer. She believes it came from a USM employee, but could not recall who. She then sent it to five or six USM employees. [REDACTED], a recipient of the email, immediately contacted her and said that she should rescind the e-mail from those she sent it because it could be a Hatch Act violation. She immediately rescinded the e-mail so the others did not receive it.

[REDACTED] was off the following day. On November 1, 2010, she sent the e-mail to her supervisor, [REDACTED], with an explanation in the e-mail that she had sent to others and was now aware that it was a Hatch Act violation. [REDACTED] stated that she had ethics training in May 2010 by the USM Legal Office and the Hatch Act was presented, but she did not think about the Hatch Act while sending the e-mail. (Exhibit 2)

On November 12, 2010, TOIG notified the Office of Special Counsel (OSC) of the alleged Hatch Act violation.

On November 22, 2010, the OSC notified the TOIG that they would investigate the matter. (Exhibit 3)

Referrals

The TOIG contacted the OSC regarding the OSC investigating the matter. On November 22, 2010, the OSC informed TOIG that they would investigate the matter.

Report of Investigation

Case Name: [REDACTED]

Case # USM-11-0217-I

Page 3 of 4

Judicial Action

N/A

Findings

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

5 U.S.C. § 7321 – 7326

Distribution

N/A

Signatures

Case Agent

Signature

11/30/10
Date

Supervisor:

Signature

11/30/10
Date

Report of Investigation

Case Name: [REDACTED]

Case # USM-11-0217-I

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Exhibits

1. Letter from [REDACTED], Chief USM Police, to TOIG, dated November 2, 2010, with corresponding e-mails.
2. Memorandum of Activity, Interview of [REDACTED] Merchandising Specialist, USM, dated November 17, 2010.
3. Memorandum of Activity, Acceptance of case by OSC, dated November 22, 2010.