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Description of document: Small Business Administration (SBA) Office of Inspector General (OIG) Various Closed SBA OIG Investigations 2017-2019

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Chief, Freedom of Information/Privacy Acts Office
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Office of Inspector General

U.S. Small Business Administration

VIA EMAIL

February 24, 2026

Enclosed please find the U.S. Small Business Administration Office of Inspector General (SBA OIG) response to your Freedom of Information Act (FOIA) request SBA-2022-005935, dated May 11, 2022. You request copies of the following records:

- “A copy of the Report of Investigation, Final Report, Closing Report, Closing Memo, Referral Memo, and Referral Letter for each of the following closed SBA OIG investigations: E-IA-18-0105-I, E-IA-18-0125-I, E-IA-18-0269-I, E-IA-18-0262-I, E-CC-15-0050-I, E-IA-19-0020-I, E-IA-18-0295-I, W-IA-16-0123-I, W-IA-17-0179-I, E-IC-20-0008-I, W-DL-18-0266-I. E-DL-18-0011-I.”

In our search, we located 108 pages of information responsive to your request. We are releasing 108 pages with FOIA redactions pursuant to 5 U.S.C. § 552(b)(2), (b)(6), and (b)(7)(C).

Exemption 2 protects information related solely to the internal personnel rules and practices of an agency. Exemption 6 protects personnel and other similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy. Exemption 7(C) provides protection for law enforcement information the disclosure of which "could reasonably be expected to constitute an unwarranted invasion of personal privacy.”

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. § 552(c) (2018). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

If you are not satisfied with this action, you may appeal this decision to the Chief, Freedom of Information/Privacy Act Office, U.S. Small Business Administration, 409 Third St., SW, Washington, DC 20416. You must submit an appeal within 90 calendar days of the date of the notice of this response. The appeal should contain a copy of this correspondence, a description of the information requested and denied, the name and title of the SBA official or employee who denied the request, the reason for the denial, and any other facts you deem appropriate.

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You may contact OGIS in any of the following ways:

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College Park, MD 20740-6001
E-mail: ogis@nara.gov
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Toll-free: 1-877-684-6448

Please note that using OGIS services does not affect the timing of filing an appeal with the SBA's FOI/PA Officer. If you have any questions about or need assistance with your request, you may contact the Chief, Freedom of Information/Privacy Act Office, U.S. Small Business Administration by phone at 202-401-8203, by fax at 202-205-7059, by email at foia@sba.gov, or by mail at 409 Third St., SW, Washington, DC 20416.

Thank you for your request.

Sincerely,

Margaret Wang
Assistant Counsel to the Inspector
General

REPORT OF INVESTIGATION





EXECUTIVE SUMMARY

What OIG Investigated

This report presents the findings of our investigation into an allegation that newly hired [REDACTED], SBA Disaster Construction Analyst, failed to disclose a New York misdemeanor arrest for possession of a controlled substance on the U.S. Office of Personnel Management (OPM) Form 306 – Declaration for Federal Employment he submitted in his application for employment with SBA Disaster.

What OIG Found

The investigation substantiated the allegation and found that [REDACTED] was arrested on August 17, 2017 in New York for possession of a controlled substance. On September 22, 2017, he electronically signed OPM Form 306 indicating that he was not currently under any charges for any violation of law. He also physically signed the OPM Form 306 on October 9, 2017. The investigation confirmed that the charges were still open and pending at the time of these declarations and that they should have been disclosed to SBA for consideration in his hiring. This alleged false statement was presented to the United States Attorney's Office in the Eastern District of Virginia who declined prosecution.

Based on the above facts, OIG is closing this matter with no action. (b) (2)

[REDACTED]



**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION**

Prepared by: SA [REDACTED]
Approved by: ASAC [REDACTED]

REPORT OF INVESTIGATION

CASE#: E-IA-18-0105	DATE OF REPORT: December 11, 2017
CASE TITLE: [REDACTED]	
PERIOD OF INVESTIGATION: November 21, 2017 TO December 11, 2017	
CASE AGENT: [REDACTED]	
DISTRIBUTION: [REDACTED], Acting Director, Office of Personnel Security, SBA; [REDACTED], Director of Disaster Personnel, SBA	

SUMMARY

On November 21, 2017, [REDACTED], Special Agent, U.S. Small Business Administration (SBA), Office of Inspector General (OIG), received a referral from the U.S. Department of Homeland Security (DHS), OIG, regarding allegations that [REDACTED], Construction Analyst, SBA, had been arrested on drug related charges prior to beginning his SBA employment. It was unknown at the time if [REDACTED] reported the arrest on his background paperwork. (Exhibits 1 and 2).

The investigation pursued a violation of federal criminal statute 18 USC § 1001, False Statements.

The OIG investigation substantiated the allegation against Johnson and determined that he provided a false statement to the SBA on Form 306 – Declaration for Federal Employment.

The alleged false statement was presented to the United States Attorney’s Office in the Eastern District of Virginia who declined prosecution.

Based on the above facts, OIG is closing this matter with no action. [REDACTED]

DETAILS

On November 21, 2017, SBA OIG received a referral from DHS OIG related to ██████████, Construction Analyst, SBA. The referral included information related to an arrest made of ██████████ by the U.S. Border Patrol for drug related charges on August 17, 2017. ██████████ was interviewed by U.S. Border Patrol approximately two months after his arrest to discuss the arrest and the seizure of his vehicle that happened when the arrest was executed. During that interview ██████████ stated that he was a new hire with the Federal Emergency Management Agency (FEMA). ██████████ also stated that his background investigation had been conducted prior to his arrest and that he did not notify the background investigator of the arrest. This led the case to be referred to DHS OIG. Upon realizing that ██████████ was not a FEMA employee but was in fact an SBA employee, the matter was referred to SBA OIG.

The OIG investigation determined that ██████████ was arrested on drug related charges by the U.S. Border Patrol on August 17, 2017. He was turned over to the New York State Police on August 18, 2017, which is the official arrest date on file.

During the course of the OIG investigation, a copy of ██████████'s Human Resource file was obtained and reviewed. A review of Form 306 – Declaration for Federal Employment, identified that ██████████ answered 'No' to question number 11 which states, *"Are you currently under charges for any violation of law. If Yes, use item 16 to provide the date, explanation of the violation, place of occurrence, and the name and address of the police department or court involved."* (Exhibits 3 and 4).

The Form 306 was electronically signed by ██████████ as the applicant on September 22, 2017. The Form was subsequently signed by ██████████ as the appointee on October 9, 2017. The certification immediately preceding ██████████'s signature states, in part, *"I understand that a false or fraudulent answer to any question or item on any part of this declaration or its attachments may be grounds for not hiring me, or for firing me after I begin work, and may be punishable by fine or imprisonment."*

During the course of the OIG investigation, ██████████, Acting Director, Office of Personnel Security, SBA; ██████████, Director of Disaster Personnel, SBA; and ██████████, Attorney, SBA, were interviewed. It was explained that for question number eleven on Form 306, which states, *"Are you currently under any charges for any violation of Law?"* applicants would be required to report any arrests and pending charges, including misdemeanors. (Exhibit 5).

During the course of the OIG investigation, ██████████, Investigator, New York State Police, was interviewed on November 30, 2017 to determine the status of the charges against ██████████. ██████████ stated that all charges against ██████████ were still pending. (Exhibit 6).

The OIG investigation determined that ██████████ made a false statement on Form 306 – Declaration for Federal Employment when he answered "No" to question number 11. The form

was completed and signed by [REDACTED] after his arrest. The charges were still pending at the time and therefore should have been disclosed to the SBA.

OIG is closing this matter with no action. (b) (2)

SUBJECTS

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

JUDICIAL/CIVIL/ADMINISTRATIVE ACTIONS

On December 1, 2017, the U.S. Attorney's Office for the Eastern District of Virginia declined to pursue criminal charges against [REDACTED] for false statements as Mr. [REDACTED] is still facing state charges in New York. Additionally, it was noted that due to limited resources, EDVA typically defers to the employing agency for administrative action. (Exhibit 7).

(b) (2)

On January 6, 2018, (b) (6), (b) (7)(C) was removed from his position with the SBA for providing false information on Form 306 – Declaration for Federal Employment. (Exhibit 8).

DISPOSITION OF EVIDENCE

No original evidence was obtained by SBA during the course of this investigation.

STATUS

Case Closed.

REPORT OF INVESTIGATION





EXECUTIVE SUMMARY

What OIG Investigated

This report presents the findings of our investigation into an allegation that (b) (6), (b) (7)(C) ██████████, (b) (6), (b) (7)(C) ██████████, SBA, Office of Associate Administrator, Field Operations, Philadelphia District Office, knowingly submitted travel vouchers covering the time period of October 2016 through March 2018 and an amended travel voucher, dated May 22, 2018, that included several entries not eligible for reimbursement or claimed Privately Owned Vehicle (POV) mileage at an inappropriate rate.

What OIG Found

Our investigation included the interview of Mr. ██████████, multiple SBA staff, the review of calendar entries, Government Owned Vehicle (GOV) logs, local travel vouchers, Concur records, electronic mail, highway toll records, and the interview of other supporting witnesses. The investigation substantiated that ██████████ knowingly submitted travel claims that were not eligible for reimbursement, submitted claims for travel events that did not occur, and submitted claims using an inappropriate POV mileage rate. Mr. ██████████ also did not follow established procedures for incurring per diem within 50 miles of the office or his home. Mr. ██████████'s submission of the investigated travel documents led to the inappropriate reimbursement of approximately \$955.33.

The facts of this case were presented to the United States Attorney's Office in the Eastern District of PA who declined criminal prosecution due to the low dollar amount.

Based on the above facts, OIG is closing this matter with no action. (b) (2) ██████████
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██████████



**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION**

Prepared by: ASAC (b) (6), (b) (7)(C)
Approved by: SAC (b) (6), (b) (7)(C)

REPORT OF INVESTIGATION

CASE#: E-IA-18-0125-I

DATE OF REPORT: August 3, 2018

CASE TITLE: (b) (6), (b) (7)(C)

PERIOD OF INVESTIGATION: December 18, 2017 TO July 27, 2018

CASE AGENT: (b) (6), (b) (7)(C)

DISTRIBUTION: [REDACTED], Regional Administrator, SBA Region III; (b) (6), (b) (7)(C), Deputy Associate Administrator For Field Operations; [REDACTED], Chief Human Capital Officer, SBA Office of Office of Human Resources Solutions

SUMMARY

An investigation was initiated by (b) (6), (b) (7)(C), Assistant Special Agent in Charge (ASAC), U.S. Small Business Administration (SBA), Office of Inspector General (OIG), Investigations Division (ID), Philadelphia, PA, (b) (6), (b) (7)(C) [REDACTED] that alleged that (b) (6), (b) (7)(C) [REDACTED], (b) (6), (b) (7)(C) [REDACTED], SBA, Office of Associate Administrator, Field Operations, Philadelphia District Office (DO), King of Prussia, PA, may have improperly submitted an SF 1164 (Local Travel Voucher) covering the time period from October to November 2017. The allegation included three entries totaling approximately \$150 that were not eligible for reimbursement. **(Exhibit 1)**

The RA investigated this case for possible violations of criminal statute Title 18 USC 1001, False Statements; violations of SBA Standard Operation Procedure (SOP) 20 11 6 which establishes the guidelines and procedures for SBA travel; and 5 U.S. Code §§ 5701-5709 covering Government Organization and Employees for Travel, Transportation, and Subsistence.

Based on initial findings, OIG expanded its investigation to include travel vouchers and documentation submitted by [REDACTED] between October 1, 2016 and March 31, 2018, and an amended travel voucher, dated May 22, 2018. The investigation included the interview of multiple SBA personnel, to include [REDACTED], the interview of non-SBA staff, and the review of multiple SBA forms and processes. The OIG investigation substantiated that [REDACTED] improperly submitted travel claims that were not eligible for reimbursement. The investigation disclosed improper payments of travel expenses claimed by [REDACTED] totaling approximately \$955.33. Further, the investigation disclosed that [REDACTED] frequently violated existing travel procedures, including the requirement of a waiver of the 50-Mile Rule. The 50-Mile Rule, as defined in SOP 20 11 6, establishes that per diem is only allowed when a traveler is more than 50 miles from the

corporate limits of his official duty station or telework center; and more than 50 miles from his primary residence. A waiver of this rule allowing per diem within the 50 miles is available but only in advance of the travel.

The facts of this case were presented to the U.S. Attorney's Office (USAO), Eastern District of PA, Philadelphia, PA, who declined criminal prosecution.

Based on the above facts, OIG is closing this matter with no action. (b) (2)

BACKGROUND

SBA Standard Operation Procedure (SOP) 20 11 6 established the guidelines and procedures for SBA travel.

A Standard Form (SF)1164 (local travel voucher) is used by SBA employees to report local travel related expenses for reimbursement. Expenses from multiple trips can be reported on one local travel voucher. There are two versions of the local travel voucher in use by the Philadelphia DO because they calculate the mileage depending on the rate used. One local travel voucher has the higher mileage rate for POV use when a GOV is not available, and one has the lower mileage rate, for POV use when the GOV is available. Therefore, an employee may need to submit two different local travel vouchers covering the same time period due the POV rate being used.

The regulations on the GSA website govern the reimbursement of POV use. The standard practice is if the GOV is available and the POV is used, then the employee claims the lower mileage rate.

The word "net" on [REDACTED]'s local travel vouchers referenced in this report indicate [REDACTED] is claiming that he has deducted his commuting miles from the total mileage of the trip for reimbursement.

The 50-Mile Rule establishes that per diem is only allowed when a traveler is more than 50 miles from the corporate limits of his official duty station or telework center and more than 50 miles from his primary residence. A waiver of this rule allowing per diem within the 50 miles is available but only in advance of the travel.

SBA will not reimburse the employee for normal commuting expenses between the primary residence and the official duty station or telework center. If an employee is assigned to work at an official function away from the office but within the local commuting area, the employee may drive to the official function/official business site directly from his

primary residence or telework center. However, the employee will only be reimbursed for any cost over his normal commuting distance. The employee must show this offset (deduction) on his travel claim to be reimbursed.

There are two GOV's assigned to the Philadelphia DO. One of the vehicles is a Ford Escape and it is stored at the Philadelphia DO in King of Prussia, PA. The GOV Log maintained with this GOV is referred to as GOV Log 1. The second vehicle is a Chrysler and kept at the Harrisburg Branch Office in Harrisburg, PA. The GOV Log maintained with this GOV is referred to as GOV Log 2. At times, this second GOV is also used by staff assigned to the King of Prussia office and has been stored on a temporary basis at the Philadelphia DO in King of Prussia.

DETAILS

On December 14, 2017, (b) (6), (b) (7)(C), Assistant Special Agent in Charge (ASAC), U.S. Small Business Administration (SBA), Office of Inspector General (OIG), Investigations Division (ID), received allegations from Confidential Source CS-E-18-1 (CS) involving (b) (6), (b) (7)(C), SBA, Office of Associate Administrator, Field Operations, Philadelphia District Office (DO), King of Prussia, PA. The CS alleged (b) (6), (b) (7)(C) may have improperly submitted a Local Travel Voucher covering the time period of October and November 2017, which included three entries totaling approximately \$150 which were not eligible for reimbursement. **(Exhibit 1)**

Based on initial analysis, the OIG investigation was expanded to include travel vouchers and documentation submitted by (b) (6), (b) (7)(C) from October 1, 2016 through March 31, 2018, and an amended travel voucher, dated May 22, 2018. The RA obtained and reviewed numerous documents from the Philadelphia DO including GOV Logs, GOV calendars (used by the DO to reserve the GOV); White Team Calendars (shared management calendars), EZ Pass toll records, and DO Account Contact Reports (ACR) which keep track of outreach activities and meetings by DO employees. These documents were compared to the travel information submitted by (b) (6), (b) (7)(C) to determine if (b) (6), (b) (7)(C)'s travel submissions were appropriate. In addition, interviews were conducted to determine if (b) (6), (b) (7)(C)'s representations were accurate. These investigative steps were taken to assess the validity of the allegations.

(b) (6), (b) (7)(C), (b) (6), (b) (7)(C), SBA, Denver Finance Center, Office of the Chief Financial Officer, was interviewed on May 16, 2018, to determine what affirmations of accuracy exist for SBA personnel submitting travel vouchers. (b) (6), (b) (7)(C) advised a certification statement appeared in the claimant's signature block on the local travel voucher (SF 1164) in which the employee is attesting that the claim information being submitted is true and correct. Concur, SBA's system for electronically filing regular travel vouchers, has a similar certification required for the submission of regular travel vouchers. Prior to March 30, 2018, however, the signature certification text did not appear in Concur, so when an employee submitted a voucher in Concur, it was implied when signing electronically that the claims being made were true and correct. **(Exhibit 2)**

A review of the relevant local travel vouchers and travel vouchers filed through Concur found the following inconsistencies. When available, █████'s comments on the inconsistencies are provided.

Local Travel Vouchers

A review of █████'s local travel vouchers from October 1, 2016 through February 28, 2018, disclosed █████ overcharged the Government \$493.84. A summary related to questionable local travel voucher claims are outlined below:

Local Voucher Number 7103031L1008, covering October 5, 2016 through December 20, 2016, and signed by █████ on December 23, 2016. (Exhibit 3)

The mileage rate claimed on this voucher was at the higher rate of \$0.54 per mile. *(Agent's Note: The U.S. General Service Administration (GSA) POV mileage rates for 2016 were \$0.54 when use of POV is authorized or if no Government-furnished automobile is available; and \$0.19 for POV when Government-furnished auto is available).*

October 19, 2016:

█████ traveled 70 miles (roundtrip net) from his home to Bethlehem, PA, using his POV. The total amount claimed was \$37.80 for mileage and \$5 for fare or toll resulting in a total of \$42.80 claimed for this trip.

The GOV Log 1 indicated the GOV was not being used this day **(Exhibit 4)**.

█████ should have been reimbursed at the lower rate of \$0.19 for a total of \$13.30. This resulted in an overcharge of \$24.50. During his interview, █████ concurred that he should have claimed the lower rate **(Exhibit 5)**.

December 8, 2016:

█████ traveled 140 miles (roundtrip net) from his home to Lancaster, PA and Radnor, PA, using his POV. The total amount claimed was \$75.60 for mileage; \$5 for fare or toll; and \$5 for tips and miscellaneous resulting in a total of \$85.60 claimed for this trip.

The GOV Log 1 indicated the GOV was not being used this day **(Exhibit 4)**.

█████ should have been reimbursed at the lower rate of \$0.19 for a total of \$26.60. This resulted in an overcharge of \$49. During his interview, █████ concurred that he should have claimed the lower rate **(Exhibit 5)**.

Local Voucher Number 7103031L1008, covering January 5, 2017 through February 15, 2017, and signed by █████ on dated March 2, 2017. (Exhibit 6)

The mileage rate claimed on this voucher was at the higher rate of \$0.535 per mile. *(Agent's Note: In 2017, the GSA mileage rates were \$0.535 when use of a POV is authorized or if no Government-furnished automobile is available; and \$0.17 for a POV when a government-furnished auto is available.)*

January 5, 2017:

█████ claimed that he traveled 30 miles (roundtrip net) from King of Prussia, PA to Exton, PA, using his POV. The total amount claimed was \$16.05 for mileage and \$4.10 for fare or toll resulting in a total of \$20.15 claimed for this trip.

The GOV Log 1 indicated the GOV was not being used this day **(Exhibit 4)**. █████ should have been reimbursed at the lower rate of \$0.17 for a total of \$5.10. This resulted in an overcharge of \$10.95. During his interview, █████ concurred that he should have claimed the lower rate **(Exhibit 5)**.

January 27, 2017:

█████ claimed that he traveled 50 miles (roundtrip net) from King of Prussia, PA to Ivyland, PA, using his POV. The total amount claimed was \$26.75 for mileage and \$4.90 for fare or toll resulting in a total of \$31.65 claimed for this trip.

The GOV Log 1 indicated the GOV was not being used this day **(Exhibit 4)**. █████ should have been reimbursed at the lower rate of \$0.17 for a total of \$8.50. This resulted in an overcharge of \$18.25. During his interview, █████ concurred that he should have claimed the lower rate **(Exhibit 5)**.

Local Voucher Number 7103031L1008, covering March 8, 2017 through April 4, 2017, and signed by █████ on May 22, 2017. (Exhibit 7)

The mileage rate claimed on this voucher was at the higher rate of \$0.535 per mile.

March 8, 2017:

█████ claimed that he traveled 50 miles (mileage net) from King of Prussia, PA to Ivyland, PA, using his POV. The total amount claimed was \$26.75 for mileage and \$2.45 for fare or toll resulting in a total of \$29.20 claimed for this trip.

The GOV Log 1 indicated the GOV was not being used this day **(Exhibit 4)**. █████ should have been reimbursed at the lower rate of \$0.17 for a total of \$8.50. This resulted in an overcharge of \$18.25. During his interview, █████ concurred that he should have claimed the lower rate **(Exhibit 5)**.

April 4, 2017:

█████ claimed he traveled 66 miles from King of Prussia, PA to Reading, PA, using his POV. The total amount claimed was \$35.31 for mileage and \$4.10 for fare or toll resulting in a total of \$39.41 claimed for this trip.

The GOV Log 1 indicated the GOV was not being used this day **(Exhibit 4)**. [REDACTED] should have been reimbursed at the lower rate of \$0.17 for a total of \$11.22. This resulted in an overcharge of \$ 24.09. During his interview, [REDACTED] concurred that he should have claimed the lower rate **(Exhibit 5)**.

Local Voucher Number 7103031L1008, covering May 1, 2017 through June 28, 2017, and signed by [REDACTED] on June 30, 2017. (Exhibit 8)

The mileage rate claimed on this voucher was at the higher rate of \$0.535 per mile.

June 1, 2017:

[REDACTED] claimed that he traveled 47 miles from King of Prussia, PA to West Chester, PA, using his POV. The total amount claimed was \$25.15 for mileage resulting in a total of \$25.15 claimed for this trip.

The GOV Log 1 indicated the GOV was not being used this day **(Exhibit 4)**. [REDACTED] should have been reimbursed at the lower rate of \$0.17 for a total of \$7.99. This resulted in an overcharge of \$17.16. During his interview, [REDACTED] concurred that he should have claimed the lower rate **(Exhibit 5)**.

Local Voucher Number 7103031L1008, covering July 12, 2017 through August 29, 2017, signed by [REDACTED] on September 12, 2017. (Exhibit 9)

The mileage rate claimed on this voucher was at the higher rate of \$0.535 per mile.

August 16, 2017:

[REDACTED] claimed that he traveled 220 miles from King of Prussia, PA to Wilkes Barre, PA, using his POV. The total amount claimed was \$117.70 for mileage; \$12 for fare or toll; and \$5 for tips and miscellaneous resulting in a total of \$134.70 claimed for this trip.

The GOV Log 1 indicated the GOV was not being used this day **(Exhibit 4)**. [REDACTED] should have been reimbursed at the lower rate of \$0.17 for a total of \$37.40. This resulted in an overcharge of \$80.30. During his interview, [REDACTED] concurred that he should have claimed the lower rate **(Exhibit 5)**.

Local Voucher Number 8103031L1005, covering October 10, 2017 through November 30, 2017, and signed by [REDACTED] on December 1, 2017. (Exhibit 10)

The mileage rate claimed on this voucher was at the higher rate of \$0.535 per mile.

October 18, 2017:

█ claimed that he traveled 130 miles (mileage net) from King of Prussia, PA to Lancaster, PA, using his POV. The total amount claimed was \$69.55 for mileage; \$6 for fare or toll; and \$5 for tips and miscellaneous resulting in a total of \$80.55 claimed for this trip.

(b) (6), (b) (7)(C) █, Philadelphia DO, produced a copy of the ACR for October 18, 2017. █ only had one entry for that day and it was for a media event pertaining to a press interview for the Philadelphia Business Journal. Only (b) (6), (b) (7)(C) █, SBA Philadelphia DO, had an entry for outreach/meetings/visits pertaining to the Community First Fund-Annual Meeting/25th Anniversary. **(Exhibits 11 & 12)**

█ confirmed that █ did not go on this trip. █ provided an email, dated October 16, 2017, in which █ informed her that he would not be attending the event due to a conflict and requested █ give his regrets. **(Exhibit 13)**

█ provided his calendar entry for October 18, 2017 which showed an event for Community First Fund at 5pm in Lancaster, PA. █ advised he failed to remove the event from his calendar and mistakenly included it in his voucher. █ stated it was an unintentional oversight on his part. **(Exhibits 5 & 14)**

This resulted in an overcharge of \$80.55.

November 21, 2017:

█ claimed on his voucher that he traveled 100 miles (net mileage) from King of Prussia, PA to Bethlehem, PA, using his POV. The total amount claimed was \$53.50 for mileage; \$6 for fare or toll; and \$5 for tips and miscellaneous resulting in a total of \$64.50 claimed for this trip.

The GOV assigned to King of Prussia was not available this day because it was being used **(Exhibit 4)**.

The GOV that was normally kept in Harrisburg, PA was temporarily being kept and used at the King of Prussia office at this time. The GOV Log 2 indicated the GOV was not being used this day **(Exhibit 15)**.

█ should have been reimbursed at the lower rate of \$0.17 for a total of \$17.00. This resulted in an overcharge of \$36.50.

November 22, 2017:

█████ claimed on his voucher that he traveled 64 miles (mileage net) from King of Prussia, PA to Bensalem, PA, using his POV. The total amount claimed was \$34.24 for mileage; \$5 for fare or toll; and \$10 for tips and miscellaneous resulting in a total of \$49.24 claimed for this trip.

Both GOV Log 1 and GOV Log 2 indicated that the GOV's were not being used on this date **(Exhibits 4 & 15)**. █████ should have been reimbursed at the lower rate of \$0.17 for a total of \$10.88. This resulted in an overcharge of \$23.36.

November 30, 2017:

█████ claimed on his voucher that he traveled 130 miles (mileage net) from King of Prussia, PA to Lancaster, PA, using his POV. The total amount claimed was \$69.55 for mileage; \$6 for fare or toll; and \$8 for tips and miscellaneous resulting in a total of \$83.55 claimed for this trip.

GOV Log 1 showed (b) (6), (b) (7)(C) █████, SBA Philadelphia DO, used the GOV to travel to Lancaster, PA, from 8am to 11:30am, for a total of 129 miles **(Exhibit 4)**. █████ stated he and █████ met at the SBA Philadelphia DO and he drove █████ in the GOV to this event. █████ advised he submitted the parking charge for reimbursement and received payment from the Government. **(Exhibits 16 & 17)**

█████ advised he did not recall riding with █████ in the GOV to this event; however, █████ stated he would not refute █████'s recollection. █████ advised he must have confused this event with his prior trip to Lancaster on November 15th when filling out his expenses. █████ stated the claim for this trip was in error. **(Exhibits 4 & 13)**

This resulted in an overcharge of \$83.55.

Local Voucher Number 8103031L1008, covering December 5, 2017 through December 21, 2017, signed by █████ on January 31, 2018. (Exhibit 18)

The mileage rate claimed on this voucher was at the higher rate of \$0.535 per mile.

December 14, 2017:

█████ claimed that he traveled 20 miles from King of Prussia, PA to Wayne, PA, using his POV. The total amount claimed was \$10.70 for mileage and \$5 for tips and miscellaneous resulting in a total of \$15.70 claimed for this trip.

The GOV Log 1 indicated the GOV was not being used this day **(Exhibit 4)**. [REDACTED] should have been reimbursed at the lower rate of \$0.17 for a total of \$3.40. This resulted in an overcharge of \$7.30.

Local Voucher Number 8103031L1008, covering December 5, 2017 through December 21, 2017, signed by [REDACTED] on February 2, 2018. (Exhibit 19)

The mileage rate claimed on this voucher was at the higher rate of \$0.545 per mile. *(Agent's Note: In 2018, the GSA mileage rates were \$0.545 when use of a POV is authorized or if no Government-furnished automobile is available; and \$0.18 for a POV when a government-furnished auto is available.)*

January 18, 2018:

[REDACTED] claimed that he traveled 80 miles from his home to Quakertown, PA, using his POV. The total amount claimed was \$43.60 for mileage and \$4 for fare or tolls resulting in a total of \$47.60 claimed for this trip.

The GOV Log 1 indicated the GOV was not being used this day **(Exhibit 4)**.

However, the GOV calendar showed an entry that **(b) (6), (b) (7)(C)** [REDACTED], SBA Philadelphia DO, had reserved the GOV for a HUBZone visit from 10am to 1pm. [REDACTED] confirmed that she had reserved the GOV to use that day. [REDACTED] explained she ended up not conducting the HUBZone visit that day and forgot to remove the entry from the GOV calendar. **(Exhibit 20)**

Even though the GOV was not used that day, [REDACTED] had reserved it, so [REDACTED] claiming the higher POV mileage was appropriate in this circumstance if he had relied on the GOV calendar.

January 31, 2018:

[REDACTED] claimed that he traveled 55 miles from Fort Washington, PA to Bensalem, PA, using his POV. The total amount claimed was \$29.98 for mileage and \$4 for fare or tolls resulting in a total of \$33.98 claimed for this trip.

The GOV Log 1 indicated the GOV was not being used this day **(Exhibit 4)**.

However, the GOV calendar showed an entry that [REDACTED] had reserved the GOV from 9am to 10:30am. [REDACTED] advised she was not familiar with this entry for January 31st and did not make this entry. [REDACTED] stated she normally provides more detail when reserving the GOV on the calendar, by including where she is going and the purpose. [REDACTED] reviewed her personal calendars and saw nothing which would have caused her to reserve the GOV for that day. [REDACTED] stated she was in the office all day. **(Exhibit 20)**

A copy of calendar entry disclosed this entry was last modified by [REDACTED] on February 7, 2018. Because the entry had been modified, there was no way to determine who had made the initial entry. [REDACTED] stated she knew nothing about [REDACTED] making a modified entry in the GOV calendar on February 7, 2018, pertaining to the entry of January 31, 2018. [REDACTED] advised she never recalled asking [REDACTED] to place an entry in the GOV calendar on her behalf for January 31st or any other date. [REDACTED] did not recall ever asking anyone to reserve the GOV for her on the GOV calendar. **(Exhibit 20)**

[REDACTED] should have been reimbursed at the lower rate of \$0.18 for a total of \$9.90. This resulted in an overcharge of \$20.08.

Local Voucher Number 8103031L1008, covering February 1, 2018 through February 28, 2018, signed by [REDACTED] on February 2, 2018. (Exhibit 20) *(Agent's Note: This is the wrong date because it covers the time period of February 2-28, 2018; it was approved by [REDACTED]'s supervisor on March 12, 2018).*

The mileage rate claimed on this voucher was at the lower rate of \$0.18 per mile.

February 28, 2018:

[REDACTED] claimed that he traveled 180 miles from Fort Washington, PA to Harrisburg, PA using his POV and claimed the lower mileage rate of \$0.18. The total amount claimed was \$32.40 for mileage.

This was the first voucher reviewed during the investigation in which [REDACTED] used the lower mileage rate when using his POV.

Concur Travel Vouchers

A review of [REDACTED]'s travel vouchers submitted in Concur disclosed the possibility of \$266.04 in overcharges. A summary related to questionable Concur travel voucher claims are outlined below:

Concur Travel Voucher VCH021771; TANUM029888, covering October 24 & 25, 2017, and signed by [REDACTED] on November 8, 2017. (Exhibit 22)

[REDACTED] submitted this voucher for being on a panel at a PEDA conference and the location was Allentown, PA. The total charge submitted was \$308.05. This included the lodging and lodging tax expenses totaling \$112.20. [REDACTED] claimed he used his POV and charged \$29.43 for miles on October 24th and \$10 for tolls. For October 25th, [REDACTED] claimed \$33.17 for miles and \$20 for parking fee. The total claimed for mileage was \$62.60 (117 miles).

This was a two day event held at the Renaissance Allentown Hotel. The GOV was available (**Exhibit 4**) so ██████ should have claimed mileage with the lower rate of \$0.17 instead of the higher rate of \$.535 per mile. Further, ██████ should have deducted his commuting miles as stated in SOP 20 11 6 (*Agent's Note: Reference Background Section*).

██████ also attended this event. ██████ was not aware that ██████ stayed overnight and ██████ never offered to let him stay overnight. ██████ advised both he and ██████ drove up separately on October 24, 2017, and were both present for the Keynote Presentation that morning. Further, ██████ recalled ██████ was in attendance for the first speaker on October 25th. ██████ claimed October 24th on his ACR, but not October 25th. (**Exhibits 11, 12, & 23**)

██████ had advised according to Google Maps, the distance from ██████'s house to the event was approximately 41 miles. The distance was a little over 50 miles from the SBA Philadelphia DO but when ██████'s commuting miles (12 miles) were deducted the trip was less than 50 miles. When this scenario was given to ██████, she advised that due to close proximity of the event location, ██████ should have requested a waiver due to the 50-Mile Rule (*Agent's Note: Reference Background Section*). (**Exhibits 11 & 24**)

A Google Map using ██████'s itinerary showed his round trip including the hotel stay would have been approximately 99 miles (**Exhibit 25**). When deducting the commuting miles, ██████'s travel would have been about 75 miles for a total mileage expense of \$12.75. Further, there is about an 18 mile difference between the mileage amount ██████ claimed and Google Maps.

During and after his interview, ██████ provided information related to this trip. ██████ believed he was eligible to stay overnight because it was 55 miles from his office. Further, ██████ stated he was there for 12 hours because he started at 8am and ended at 8pm with a reception. ██████ advised that he stayed at the Holiday Inn & Suites in Bethlehem because he could not get the Government rate at the Renaissance Allentown where the event was being held. ██████ stated he was not aware that commuting miles had to be deducted. If he had known, ██████ stated he would have asked for the waiver for the 50-Mile Rule. ██████ believed it would have been granted because the conference started the next day at 8am. (**Exhibits 4 & 13**)

██████ did not obtain a waiver from the Associate Administrator for Field Operations as required by policy. The expenses ██████ claimed for hotel, per diem, and the Concur service fee totaled \$215.45.

The following is a document provided by OCIO related to calendar entries of ██████ on October 24, 2017 that they were able to retrieve (**Exhibit 26**):

*█████ scheduled an appointment from 7-9pm with the subject "█████" and the location of 3375 High Point Blvd., Bethlehem, PA. A Google Search of this address showed it was the Holiday Inn Express & Suites that █████ stayed at during this trip. *(Agent's Note: This does not appear on █████'s calendar that he provided.)*

Concur Travel Voucher VCH022022; TANUM030054, covering November 15 & 16, 2017, and signed by █████ on November 20, 2017 (Exhibit 27).

█████ submitted the voucher for his attendance at the Harrisburg Penn State Grow PA Economic Development Conference in Harrisburg, PA. The total charge claimed was \$257.25. This included lodging of \$114.

█████ used the GOV that was usually kept at the SBA office in Harrisburg, PA. The GOV Log 2 entry showed it was used by █████ for travel to Harrisburg, but the date and time entries were not completed. The GOV was used for a total of 217 or 219 miles for this trip depending on the beginning miles used. *(Agent's Note: The prior entry showed the ending miles as 6732, but █████ used the beginning miles of 6730)* **(Exhibit 15)**

During and after his interview, █████ advised on November 15, 2017 he attended two meetings that day. The calendar entry he provided listed the Economic Development Company (EDC) Annual Meeting at the Lancaster Marriott located at 25 South Queen Street, Lancaster, PA, was from 7:30am to 9am. A SBA Form 2 disclosed \$75 was paid for █████ to attend this event. █████'s calendar entry also showed from 1:30pm to 5:30pm in the afternoon, he attended the Grow PA, Driving Economic Growth in the Keystone State at Penn State Middletown, PA event. This event was sponsored by the Greater Philadelphia Chamber of Commerce. A SBA Form 2 disclosed \$65 was paid for █████ to attend this event. **(Exhibits 5, 14, 28, & 29)**

The ACR showed █████ attended the Driving Economic Growth in the Keystone State on November 15, 2015. There were no other entries for November 15th and none for November 16th. **(Exhibit 12)**

The investigation disclosed there was no issue with █████ staying overnight on this trip due to the length of his work day and it was over 50 miles from the SBA Philadelphia DO. However, the investigation disclosed that there was approximately 50 additional miles incurred on the GOV that were unaccounted for when using Google Maps **(Exhibit 30)**. In his interview, █████ thought he might have attended a breakfast meeting the next morning which might have accounted for the additional miles **(Exhibit 5)**. The EZ

Pass toll record had disclosed █████ entered the toll road at around 9:37am on November 16, 2017 **(Exhibit 31)**. █████ never provided any additional information concerning the mileage discrepancy.

The following is a list of documents provided by OCIO related to calendar entries of █████ on November 15, 2017 that they were able to retrieve **(Exhibit 32)**:

*█████ accepted at 8:24am a Field Alignment Follow-Up meeting scheduled by █████ for November 16, 2017 from 4:30-5pm. *(Agent's Note: This appears on the calendar █████ provided.)*

*Meeting for Employee Relations AT&T Connect which was scheduled by (b) (6), (b) (7)(C) from 10:30-11am. █████ accepted this meeting at 3:57 pm on November 14, 2017. *(Agent's Note: This appears on the calendar █████ provided.)*

*█████ scheduled an appointment for a (b) (6), (b) (7)(C) by phone from 11:30am-12pm. *(Agent's Note: This appears on the calendar █████ provided.)*

*█████ received an invite for the Office of Capital Access (OCA) Monthly Calls which occurs monthly with meeting scheduled for 2-3:30pm on November 15, 2018. █████ did not respond to the invite. *(Agent's Note: This appears on the calendar █████ provided.)*

*█████ accepted at 3:46pm, a Field Alignment Launch with Administrator McMahon meeting which was scheduled by █████ for November 16, 2017 from 3:30-4pm. *(Agent's Note: This appears on the calendar █████ provided.)*

*█████ scheduled an appointment from 7-8pm with the subject "█████". *(Agent's Note: This does not appear on the calendar █████ provided.)*

The following is a list of documents provided by OCIO related to calendar entries of █████ on November 16, 2017 that they were able to retrieve **(Exhibit 33)**:

*█████ scheduled an appointment with the subject of DASNI from 10-11am. *(Agent's Note: This does not appear on the calendar █████ provided.)*

* The Field Alignment Launch with Administrator McMahon meeting which was scheduled by (b) (6), (b) (7)(C) for November 16, 2017 from

3:30-4pm shows as accepted by [REDACTED]. *(Agent's Note: This appears on the calendar [REDACTED] provided.)*

*[REDACTED] scheduled an appointment with (b) (6), (b) (7)(C) with the location of Doylestown from 2:30-3pm. *(Agent's Note: This appears on the calendar [REDACTED] provided.)*

Concur Travel Voucher VCH022539; TANUM030491, covering December 13 & 14, 2017, and signed by [REDACTED] on December 14, 2017. (Exhibit 34)

[REDACTED] submitted the voucher for Meeting with SBDC network on Strategic plan and the trip name was SBDC Hershey. The itinerary location was Williamsport, PA. The total charge claimed was \$204.25. This included lodging of \$93. *(Agent's Note: It appears [REDACTED] used the wrong itinerary location. It should have been Harrisburg, PA not Williamsport, PA.)*

[REDACTED] used the GOV that was usually in Harrisburg. The GOV Log 2 entry showed it was used by [REDACTED] for travel to Harrisburg on December 12 & 13, 2017. The time entries were not completed. The GOV was used for a total of 208 miles for this trip. *(Agent's Note: The log travel dates are incorrect and should have reflected December 13 & 14, 2017.)* **(Exhibit 15)**

There was one ARC entry for [REDACTED] on December 13, 2017 regarding the SBDC Network Meeting. There was no ARC entry for December 14, 2017 for [REDACTED]. **(Exhibit 12)**

[REDACTED] also attended this event. [REDACTED] stated he used his POV to travel to this event and met [REDACTED] at the Hershey Lodge. [REDACTED] advised there was no reason for [REDACTED] to stay overnight at this event. [REDACTED] only was involved in one presentation and had no other role at this meeting. [REDACTED] advised if [REDACTED] was meeting others or had something else planned, [REDACTED] never shared it with him. The hotel receipt showed [REDACTED] stayed at the Holiday Inn and Suites New Cumberland located at 190 Beacon Hill Blvd., New Cumberland, PA. This location was over 20 minutes west of the event and in the opposite direction of returning to the SBA Philadelphia DO. A Google map of [REDACTED]'s itinerary disclosed an additional 27 miles had been incurred on the GOV Log as compared to the map. The EZ Pass toll records show [REDACTED] incurred two toll charges on December 13, 2017. [REDACTED] entered the toll road at approximately 11:34am and exited at Harrisburg East at 12:40pm. Later, [REDACTED] entered the toll road at 3:51pm at Harrisburg East and exited at Harrisburg West around 3:37pm. The records disclosed on December 14, 2017, [REDACTED] got onto the PA Turnpike at Harrisburg West entry plaza at 9:59am. [REDACTED] had no additional knowledge on [REDACTED]'s travels **(Exhibits 11 & 23)**.

█ originally stated he stayed at a hotel in the New Cumberland area instead of the Harrisburg area because he must have had a meeting in the New Cumberland area the evening of December 13th or morning of December 14th. Subsequently, █ advised he stayed in this location to visit his cousin who was battling cancer and resided at █ (b) (6), (b) (7)(C). ASAC █ conducted a search that disclosed █ (b) (6), (b) (7)(C) who had resided at this address passed away on May 4, 2018, and she was the daughter of █ (b) (6), (b) (7)(C) and the late █ (b) (6), (b) (7)(C). Further, █ advised he had a breakfast meeting with █ (b) (6), (b) (7)(C) who was the █ (b) (6), (b) (7)(C). █ stated he viewed it as a continuation of the prior day's meeting so he did not put it as an ACR. █ provided a copy of his calendar for December 13, 2017, which indicated a SBDC Meeting with █ in Hershey at 12pm and another entry at 2pm indicating a SBDC Strategic Planning Meeting at Hershey Lodge in which █ was also listed as attending. █ provided a copy of his calendar for December 14th that indicated a breakfast meeting with █ at 8am. **(Exhibits 5, 14, & 28)**

█ (b) (6), (b) (7)(C), advised █ and █ only attended a portion of the meeting in which they were presenters beginning around 2pm on December 13th. █ advised he did not have a separate meeting with █ on December 13th. Further, Conroy stated he did not have a breakfast meeting with █ on December 14, 2017. █ did not recall ever having a breakfast meeting with █. **(Exhibit 35)**

There were no entries provided by OCIO that related to █ having a separate meeting or having breakfast with █ (b) (6), (b) (7)(C) for either December 13 or 14, 2017. █ (b) (6), (b) (7)(C), SBA, Office of Chief Information Officer (OCIO), Infrastructure Operations Branch (IOB), Washington, D.C., explained it is unknown if it had ever existed at that time or existed and been deleted and cannot be found due to technical issues. **(Exhibit 36)**

The following is a list of documents provided by OCIO related to calendar entries of █ on December 13, 2017 that they retrieved **(Exhibit 37):**

*█ received an invite for a meeting for the Field Alignment GCBD/OFO from 2-2:30pm. █ (b) (6), (b) (7)(C) was the organizer. █ had not responded. *(Agent's Note: This did not appear on the calendar █ provided.)*

*An appointment with the subject '█████ - GOV 2" was organized by (b) (6), (b) (7)(C) from December 13, 2017 at 12pm through December 14, 2017 at 2pm. (Agent's Note: This appears on the calendar █████ provided.)

*A meeting and an appointment were scheduled with the subject '█████ - █████ - SBDC Strategic Planning Meeting" at the Hershey Lodge, 325 University Drive, Hershey, PA, from 2-3pm. (b) (6), (b) (7)(C) was as shown the organizer on both entries. █████ had not responded to either. (Agent's Note: This appears on the calendar █████ provided.)

The following is a document provided by OCIO related to calendar entries of █████ on December 13, 2017 that they were able to retrieve (**Exhibit 38**):

*█████ scheduled an appointment for a Beneficial Bank Holiday Party at the Radnor Hotel in Wayne, PA from 5:30-7:30pm. (Agent's Note: This appears on the calendar █████ provided.)

The facts do not support an overnight stay was required. Therefore, the charges of the hotel, per diem, and Concur service fee should not have been paid resulting in an overcharge of \$184.25.

Concur Travel Voucher VCH023466; TANUM031133, covering March 5-9, 2018, and signed by █████ on March 19, 2018 (Exhibit 39).

█████ submitted the voucher for National Conference. The itinerary location was Leesburg, VA. The total charge claimed was \$293.73. █████ claimed he used his POV and charged \$99.74 for miles on March 5, 2018 and \$15 for tolls. For March 9th, █████ claimed \$99.74 for miles and \$15 for tolls.

The GOV Log 2 indicated the user for this trip was █████ and █████. █████ confirmed both himself and █████ drove together to the SBA Management Conference held in Leesburg, VA, using the GOV. █████ recalled █████ did use the GOV one night while they were there but █████ did not indicate it separately on the log. The EZ Pass in the GOV was used to pay the tolls on this trip. (**Exhibits 11 & 15**)

On March 22, 2018, (b) (6), (b) (7)(C) █████, SBA, Washington, D.C, advised █████ that he needed to provide a cost comparison whenever a traveler uses their POV. On March 26, 2018, █████ provided █████ his cost comparison showing the POV was more advantageous at a cost of \$201.65 than the Amtrak Acela train and a rental car. On April 2, 2018, █████ emailed █████ inquiring if his voucher had been approved yet and █████ responded that it had not. (**Exhibit 40**)

On May 18, 2018, (b) (6), (b) (7)(C), SBA-OIG, Philadelphia, PA, contacted [REDACTED] and scheduled an interview with him for May 24, 2018.

Amended Concur Travel Voucher VCH023466; TANUM031133, covering March 5-9, 2018, and signed by [REDACTED] on May 22, 2018 (Exhibit 41).

On May 23, 2018, [REDACTED] advised [REDACTED] submitted an amended travel voucher for his trip to Leesburg, VA. [REDACTED] removed the mileage cost of using his POV. The new expense amount was \$79.25. The Highway/Bridge Tolls for transportation in the amount of \$15, dated March 5, 2018 was still submitted by [REDACTED] on his amended voucher. This resulted in an overcharge of \$15. **(Exhibit 42)**

During his interview, [REDACTED] advised he rode in the GOV with [REDACTED]. [REDACTED] explained when he prepared his travel authorization he included POV miles because he was unsure of how he would be getting to the conference. [REDACTED] stated he submitted the voucher without reviewing the expenses which included the use of his POV. [REDACTED] stated he realized that he had not been paid for the voucher and when he went into Concur to check on it that he realized his error. **(Exhibit 5)**

[REDACTED] stated that (b) (6), (b) (7)(C), SBA, Office of Field Operations, emailed him requesting a cost analysis on using his POV when he submitted his authorization. [REDACTED] stated he never provided [REDACTED] with one. When [REDACTED] requested the cost analysis, [REDACTED] advised he thought it was needed from before and did not realize [REDACTED] was asking for it to support his voucher. **(Exhibit 5)**

The investigation disclosed [REDACTED] created his travel authorization for this trip on February 5, 2018 **(Exhibit 43)**. (b) (6), (b) (7)(C), SBA, Office of Chief Information Officer (OCIO), Infrastructure Operations Branch (IOB), Washington, D.C., provided an email, dated February 5, 2018, from [REDACTED] to [REDACTED] requesting a cost comparison for using his POV for a manager's conference and there was no response from [REDACTED] **(Exhibit 44)**.

In summary, multiple inappropriate travel claims were filed by [REDACTED] between October 19, 2016 and March 19, 2018. An additional one was amended on May 22, 2018 prior to funding and after [REDACTED] had been contacted by the OIG.

Other SBA employee interviews

(b) (6), (b) (7)(C), (b) (6), (b) (7)(C), SBA Philadelphia DO was interviewed and advised she had performed Administrative Officer duties. [REDACTED] advised [REDACTED] provided his local vouchers directly to the Regional Administrator (RA). When she received [REDACTED]'s vouchers, they were already signed. [REDACTED] would add an accounting code and the voucher number. [REDACTED] reviewed an email in which [REDACTED] had forwarded to her on January 31, 2017 regarding his local travel vouchers for December 2017 and January 2018 which had already been approved and were ready to process. [REDACTED] pointed out to [REDACTED] that the GOV was available yet he was claiming the higher rate. [REDACTED] advised [REDACTED]'s response did not really make sense and indicated he would make some kind of change. No changes were made by [REDACTED] and [REDACTED] processed the vouchers. **(Exhibit 45)**

(b) (6), (b) (7)(C), SBA Richmond DO, Richmond, VA, was Acting RA for Region III from February 2017 through February 2018. [REDACTED] advised this was a virtual position because he was not located in the Philadelphia DO. In this capacity, [REDACTED] approved [REDACTED]' travel vouchers. [REDACTED] assumed the information [REDACTED] provided regarding his travel authorizations and vouchers were accurate when he approved them. [REDACTED] trusted [REDACTED] and what he was submitting on his travel authorizations and vouchers. [REDACTED] assumed the GOV was unavailable and that was the reason [REDACTED] used his POV. [REDACTED] did not review the GOV logs or ACR reports to corroborate the expenses submitted by [REDACTED]. (b) (6), (b) (7)(C) explained [REDACTED] put his information directly into Concur and [REDACTED] would receive an email from the system that there was something in the queue for his approval. [REDACTED] would make sure the hotel was the Government rate. The voucher would also include meals, tolls, and state if the [REDACTED] was using his POV or GOV. If everything looked good, [REDACTED] signed off on it. [REDACTED] believed there was a fine line with [REDACTED] staying in Harrisburg, PA. [REDACTED] did not like it; however, the regulations state 50 miles or greater so he approved it. **(Exhibit 46)**

Credit Card Charges for Small Business Week

During the investigation, additional information was provided by [REDACTED] regarding the possible misuse of the Philadelphia DO credit card by [REDACTED]. Specifically, there was concern [REDACTED] had authorized a charge for the purchase of 13 tickets in the amount of \$69.99 each for SBA employees to attend an event being held on a boat for Small Business Week. **(Exhibit 47)**

The investigation determined the government credit card was not used to purchase tickets for employees and that [REDACTED] purchased his own ticket. However, [REDACTED] did allow the SBA employees to assist with the event for free tickets when it was not an SBA sponsored event. **(Exhibits 5, 27, & 48)**

[REDACTED] Interview and Email Responses

There were no original documents maintained in the SBA/OIG case file. Copies of pertinent records will be retained in the SBA/OIG case file to be destroyed at a later date in adherence with SBA policy.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	Case Initiation, dated December 18, 2017
2	MOI of (b) (6), (b) (7)(C), dated May 16, 2018
3	█'s Standard Form 1164, Claim For Reimbursement For Expenditures On Official Business, dated December 23, 2016 for October 5 to December 20, 2016
4	GOV Log 1 covering September 29, 2016 through March 29, 2018
5	MOI of (b) (6), (b) (7)(C), dated May 29, 2018
6	█'s Standard Form 1164, Claim For Reimbursement For Expenditures On Official Business, dated March 2, 2017 for January 5 to February 15, 2017
7	█'s Standard Form 1164, Claim For Reimbursement For Expenditures On Official Business, dated May 22, 2017 for March 8 to April 18, 2017
8	█'s Standard Form 1164, Claim For Reimbursement For Expenditures On Official Business, dated June 30, 2017 for May 1 to June 28, 2017
9	█'s Standard Form 1164, Claim For Reimbursement For Expenditures On Official Business, dated September 12, 2017 for July 12 to August 29, 2017
10	█'s Standard Form 1164, Claim For Reimbursement For Expenditures On Official Business, dated December 1, 2017 for October 10 to November 30, 2017
11	MOI of (b) (6), (b) (7)(C), dated April 4, 2018
12	MOA of (b) (6), (b) (7)(C), dated May 23, 2018
13	MOI of (b) (6), (b) (7)(C), dated April 3, 2018
14	MOA of (b) (6), (b) (7)(C), dated June 27, 2018
15	GOV Log 2 covering September 5, 2017 through March 27, 2018.
16	MOI of (b) (6), (b) (7)(C), dated March 30, 2018
17	MOA of (b) (6), (b) (7)(C), dated May 23, 2018
18	█'s Standard Form 1164, Claim For Reimbursement For Expenditures On Official Business, dated January 31, 2018 for December 5 to December 21, 2017
19	█'s Standard Form 1164, Claim For Reimbursement For Expenditures On Official Business, dated February 2, 2018 for January 9 to January 31, 2018.
20	MOI of (b) (6), (b) (7)(C), dated June 25, 2018
21	█'s Standard Form 1164, Claim For Reimbursement For Expenditures On Official Business, dated February 2, 2018 from February 1 to February 28, 2018.
22	Concur Travel Voucher VCH021771; TANUM029888, covering October 24 & 25, 2017, and signed by █ on November 8, 2017
23	MOI of (b) (6), (b) (7)(C), dated June 29, 2018

24	MOI of (b) (6), (b) (7)(C), dated May 22, 2018
25	Google Map of (b) (6), (b) (7)(C)'s itinerary travel for October 24 & 25, 2017
26	OCIO calendar entries received for October 24, 2017
27	Concur Travel Voucher VCH022022; TANUM030054, covering November 15 & 16, 2017, and signed by (b) (6), (b) (7)(C) on November 20, 2017
28	MOA of (b) (6), (b) (7)(C), dated June 19, 2018
29	MOA of (b) (6), (b) (7)(C), dated July 2, 2018
30	Google Map of (b) (6), (b) (7)(C)'s itinerary travel for November 15 & 16, 2017
31	EZ Pass toll record for November 15-16, 2017
32	OCIO calendar entries received for November 15, 2017
33	OCIO calendar entries received for November 16, 2017
34	Concur Travel Voucher VCH022539; TANUM030491, covering December 13 & 14, 2017, and signed by (b) (6), (b) (7)(C) on December 14, 2017
35	MOI of (b) (6), (b) (7)(C), dated June 29, 2018
36	MOA of OCIO information related to (b) (6), (b) (7)(C)'s trip on December 13-14, 2017
37	OCIO calendar entries received for December 13, 2017
38	OCIO calendar entries received for December 14, 2017
39	Concur Travel Voucher VCH023466; TANUM031133, covering March 5-9, 2018, and signed by (b) (6), (b) (7)(C) on March 19, 2018
40	MOA of (b) (6), (b) (7)(C), dated April 2, 2018
41	Amended Concur Travel Voucher VCH023466; TANUM031133, covering March 5-9, 2018, and signed by (b) (6), (b) (7)(C) on May 22, 2018
42	MOA of (b) (6), (b) (7)(C), dated May 24, 2018
43	MOA of (b) (6), (b) (7)(C), dated May 24, 2018 re authorization
44	MOA of (b) (6), (b) (7)(C), OCIO, dated June 20, 2018
45	MOI of (b) (6), (b) (7)(C), dated April 4, 2018
46	MOI of (b) (6), (b) (7)(C), dated April 5, 2018
47	MOA of (b) (6), (b) (7)(C) dated June 15, 2018
48	MOI of (b) (6), (b) (7)(C), dated May 29, 2018
49	MOA of (b) (6), (b) (7)(C) dated July 2, 2018 re cancel interview
50	MOA of (b) (6), (b) (7)(C), dated July 31, 2018
51	MOA of AUSA (b) (6), (b) (7)(C) declination, dated May 18, 2018

REPORT OF INVESTIGATION





EXECUTIVE SUMMARY

What OIG Investigated

The Small Business Administration (SBA), Office of Inspector General (OIG) investigated allegations that (b) (6), (b) (7)(C), Grants Management Specialist (GMS), Office of Grants Management (OGM) viewed pornography on his SBA workstation. Specifically, it was alleged that on two consecutive days in February of 2018, [REDACTED] was observed viewing pornography on his SBA workstation by two different SBA employees – (b) (6), (b) (7)(C) [REDACTED], both GMSs in OGM.

What OIG Found

The investigation did not substantiate the allegations. Review of the browsing history from [REDACTED]' SBA workstation, as well as a forensic review of the hard drive from the workstation did not reveal any indication that [REDACTED] had viewed pornography.

In an interview with OIG, [REDACTED] was unable to say with certainty what he saw displayed on [REDACTED]' workstation during the alleged incident.

In an interview with OIG, [REDACTED] clarified that he had witnessed [REDACTED] viewing pornography on [REDACTED]' personal mobile phone, not on his ([REDACTED]') SBA workstation, and that the incident occurred in October or November 2017, not February 2018.

In an interview with OIG, [REDACTED] stated that he had never viewed pornography while in SBA space – not on his personal electronic device, nor on any SBA electronic device, nor in physical form such as a magazine. [REDACTED] could not think of anything that he had viewed that someone could confuse for pornography.

Based on the above facts, the OIG is closing this matter with no action. The matter is being referred to SBA management for their determination as to the relevance of the OIG's findings.



**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION**

Prepared by: SA (b) (6), (b) (7)(C)
Approved by: ASAC (b) (6), (b) (7)(C)

REPORT OF INVESTIGATION

CASE#: E-IA-18-0269-I	DATE OF REPORT: November 28, 2018
CASE TITLE: (b) (6), (b) (7)(C)	
PERIOD OF INVESTIGATION: April 4, 2018 TO November 28, 2018	
CASE AGENT: SA (b) (6), (b) (7)(C)	
DISTRIBUTION: (b) (6), (b) (7)(C), Office of Executive Management, Installations and Support Services and (b) (6), (b) (7)(C), Office of Human Resources Solutions	

SUMMARY

On April 4, 2018, the reporting agent (RA) Special Agent (SA) (b) (6), (b) (7)(C), U.S. Small Business Administration (SBA), Office of Inspector General (OIG) was provided information by (b) (6), (b) (7)(C), SBA OIG, about a referral from (b) (6), (b) (7)(C), Office of Executive Management, Installations & Support Services. The information provided included allegations that on two consecutive days in February of 2018, (b) (6), (b) (7)(C), Office of Grants Management (OGM) was observed viewing pornography on his SBA workstation by two different SBA employees—(b) (6), (b) (7)(C) and (b) (6), (b) (7)(C), both GMSs in OGM. (Exhibit 1)

POTENTIAL STATUTORY OR REGULATORY VIOLATIONS

The investigation pursued a violation of Subpart G of the Standards for Ethical Conduct for Employees of the Executive Branch, 5 CFR 2635.

INVESTIGATIVE FINDINGS

The investigation did not substantiate the allegations that (b) (6), (b) (7)(C) viewed pornography on his SBA workstation. Specifically, OCIO and OIG's review of (b) (6), (b) (7)(C)'s SBA workstation browsing history and a forensic image of (b) (6), (b) (7)(C)'s SBA computer did not reveal any evidence that (b) (6), (b) (7)(C) had viewed pornography.

The Office of Chief Information Officer (OCIO), Security Operations Center, was notified of the allegations and asked to obtain the web browsing history from (b) (6), (b) (7)(C)'s SBA workstation.

On May 3, 2018, OCIO provided a report on the web browsing history from ██████' SBA workstation, as well as ██████' internet browsing logs. OCIO's review identified one instance of ██████ attempting to access the site <https://cdn.kissydenise.com>, which was flagged as "pornography" by SBA's IT security software. The OCIO's report did not identify any other instances of ██████ accessing or attempting to access pornography. (Exhibit 2)

On May 4, 2018, RA reviewed the same site and found that it was a celebrity gossip site and did not contain any pornographic material. RA's review of ██████' browsing logs revealed that on February 26, 2018, ██████ accessed news stories on two celebrity gossip/news sites that discussed the release of nude photographs of a male celebrity named "Safaree" (<https://bossip.com/1623832/safaree-nude-photos-leak> and <http://www.vh1.com/news/350360/safaree-nude-leak-internet-reaction>). RA's review of both sites revealed that neither contained pornographic material. (Exhibit 3)

On May 15, 2018, OCIO provided OIG with a forensic image of ██████' SBA workstation hard drive, which was obtained remotely. The image was subsequently examined forensically by OIG. The forensic examination included review of ██████' internet history, temporary internet files, file viewing history, zipped files, search history, and any graphic or video file located on the hard drive. The analysis commenced on May 18, 2018 and concluded on June 14, 2018. According to the forensic examiner, "no evidence indicating the viewing of pornography was identified." (Exhibit 4)

On June 26, 2018, ██████ was interviewed. ██████ stated that in February 2018, as he walked by ██████' cubicle, he observed what appeared to be a person without clothes displayed on ██████' monitor. The person on the monitor appeared to be spinning. ██████ was not sure if the figure was actually naked or if the figure was a male or a female. ██████ did not observe any genitalia in the image, and there was only one person displayed. The person was a real person and not a cartoon. (Exhibit 5)

On August 2, 2018, RA again reviewed ██████' browsing logs in an attempt to locate images or videos that matched the description provided by ██████ on June 26, 2018. According to the logs, on February 26, 2018, ██████ accessed a video titled "Style-Beauty: This 20 Year-Old Made A Million Dollars Doing Cardi B and Joseline Hernandez's Hair," (<https://www.bet.com/video/beauty/2018/02/this-20-year-old-made-1-million-dollars-doing-cardi-b-and-joseline-s-hair.html>); the video appeared to be a documentary about a hair stylist. At the 3:54 mark in the video, a woman appeared in a nude-colored dress and spun around; at the 2:31 mark in the video, another woman appeared and also spun around. (Exhibit 6)

On August 8, 2018, ██████ was interviewed. ██████ stated that in October or November 2017, he walked into Williams' cubicle and saw ██████ viewing a video of a sex act between two men on ██████' personal cell phone. ██████ quickly switched the content off his screen when he realized that ██████ was there. (Exhibit 7)

On August 27, 2018, RA re-interviewed ██████ and showed him the portions of the video identified during the August 2, 2018 review. ██████ stated that neither portion of the video was what he had seen on ██████' monitor. ██████ reiterated that he was not sure what he had seen on ██████' monitor during the incident in question. (Exhibit 8)

On November 8, 2018, (b) (6), (b) (7)(C) was interviewed. (b) (6) stated that he had been with SBA for two years. He stated that he had never viewed pornography while in SBA space – not on his personal electronic device, nor on any SBA electronic device, nor in physical form such as a magazine. (b) (6) did not know why anyone would make such allegations against him. (b) (6) could not think of anything that he had viewed that someone could confuse for pornography. (b) (6) did not think that anyone had ever come close enough to him to have seen what he was viewing on his mobile device or in his workspace. (Exhibit 9)

On October 10, 2018, the U.S. Attorney's Office for the District of Columbia was notified of this matter. The USAO advised that it would not intervene or provide legal advice as the allegations did not include acts that were in violation of federal criminal statutes. The case was declined for prosecution.

The OIG is closing this matter with no further action. The matter is being referred to SBA management for their determination as to the relevance of this information.

SUBJECT

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

U.S. Small Business Administration
409 3rd Street SW
Washington, D.C. 20416

JUDICIAL/CIVIL/ADMINISTRATIVE ACTIONS

On October 10, 2018, the U.S. Attorney's Office for the District of Columbia was notified of this matter. The USAO advised that it would not intervene or provide legal advice as the allegations did not include acts that were in violation of federal criminal statutes. The case was declined for prosecution.

The matter is being referred to SBA management for their determination as to the relevance of the OIG's findings.

DISPOSITION OF EVIDENCE

The forensic image of Williams' hard drive will be purged from the electronic media in OIG's possession unless it is needed by SBA management.

STATUS

Case Closed.

EXHIBITS

Exhibit #	Description
1	Information About Allegations from AIGI, April 4, 2018
2	OCIO Report of (b) (6), (b) (7)(C), Activity and Accompanying Logs, May 3, 2018
3	MOA – Review of (b) (6), (b) (7)(C), Browsing Logs, May 4, 2018
4	MOA - Review of Image of (b) (6), (b) (7)(C), Hard Drive, June 14, 2018
5	MOI - Interview of (b) (6), (b) (7)(C), June 26, 2018
6	MOA - Additional Review of (b) (6), (b) (7)(C), Browsing Activity, August 2, 2018
7	MOI - Interview of (b) (6), (b) (7)(C), August 8, 2018
8	MOI - Second Interview of (b) (6), (b) (7)(C), August 27, 2018
9	MOI - Interview of (b) (6), (b) (7)(C), November 8, 2018

REPORT OF INVESTIGATION





EXECUTIVE SUMMARY

What OIG Investigated

The Small Business Administration (SBA) Office of Inspector General (OIG) investigated allegations that (b) (6), (b) (7)(C), Office of Field Operations, who serves in the SBA's Georgia District Office (GDO) in Atlanta, Georgia as a Public Information/Communications Specialist, may have accepted bribes and/or committed conflict of interest violations by using his position with the SBA to influence an SBA preferred lending bank to provide financial support for his outside employment activities. Specifically, it was alleged that [REDACTED] may have influenced, or been influenced by, the SBA partner bank in return for financial support of a book launch event for [REDACTED]'s book, [REDACTED] about his service in the U.S. Air Force.

What OIG Found

The investigation did not substantiate the allegations. Interviews of SBA GDO management employees, an SBA ethics attorney, an SBA senior executive, and [REDACTED] revealed no evidence of any conflict of interest between [REDACTED]'s outside employment activities and his official government duties. Additionally, the same interviews revealed that [REDACTED]'s job does not place him in a position to influence, or be influenced by, SBA lending partner banks.

Finally, the investigation revealed that [REDACTED] sought and received an ethics opinion from an SBA agency ethics official regarding his outside employment activities. Based on information presented by [REDACTED], SBA ethics officials determined [REDACTED]'s outside employment activities did not present a concern for the SBA.

Based on the above facts the OIG is closing this matter with no action. The matter is being referred to SBA management for their determination as to the relevance of the OIG's findings.



U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by: SA (b) (6), (b) (7)(C)
Approved by: ASAC (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C)

REPORT OF INVESTIGATION

CASE#: E-IA-18-0262-P	DATE OF REPORT: December 19, 2018
CASE TITLE: (b) (6), (b) (7)(C)	
PERIOD OF INVESTIGATION: April 16, 2018 TO December 19, 2018	
CASE AGENT: (b) (6), (b) (7)(C)	
DISTRIBUTION: (b) (6), (b) (7)(C), Georgia District Office; (b) (6), (b) (7)(C) Office of Human Resources Solutions; and, (b) (6), (b) (7)(C), Office of Field Operations	

SUMMARY

On April 17, 2018, the reporting agent (RA) Special Agent (SA) (b) (6), (b) (7)(C), Small Business Administration (SBA), Office of Inspector General (OIG), received a complaint regarding (b) (6), (b) (7)(C), Office of Field Operations, who serves in the SBA's Georgia District Office (GDO) in Atlanta, Georgia as a Public Information/Communications Specialist. The complaint alleged that (b) (6), (b) (7)(C) may have accepted bribes and/or committed conflict of interest violations by using his position with the SBA to influence an SBA preferred lending bank to provide financial support for his outside employment activities. Specifically, it was alleged that (b) (6), (b) (7)(C) may have influenced, or been influenced by, the SBA partner bank in return for financial support of a book launch event for (b) (6), (b) (7)(C)'s book, (b) (6), (b) (7)(C) about his service in the U.S. Air Force. (Exhibit 1)

POTENTIAL STATUTORY OR REGULATORY VIOLATIONS

The investigation focused on potential violations of 18 USC § 208- Conflict of Interest.

BACKGROUND

(b) (6), (b) (7)(C) is a GS-14 (b) (6), (b) (7)(C) assigned to SBA headquarters. He works with SBA's Office of Communications on a nationwide rural outreach program with the U.S. Department of Agriculture (USDA). (b) (6), (b) (7)(C)'s post of duty is the GDO.

INVESTIGATIVE FINDINGS

The investigation did not substantiate the allegations. Interviews of SBA Georgia District Office management employees, an SBA ethics attorney, [REDACTED], and an SBA senior executive revealed no observed instances of [REDACTED] conducting outside employment activities on government time. Also, the investigation revealed that [REDACTED] sought and received an ethics opinion from an SBA designated agency ethics official regarding his outside employment activities. Based on information presented by [REDACTED], the SBA ethics official determined [REDACTED]'s outside employment activities did not warrant concern by the SBA because [REDACTED]'s official duties did not place him in a position to influence, or be influenced by, the SBA's lending partner banks.

On April 20, 2018, the RA interviewed (b) (6), (b) (7)(C) [REDACTED]. [REDACTED] stated it was common knowledge in the GDO that [REDACTED] was writing a book; however, [REDACTED] did not sell the book on government time. [REDACTED] said she did not attend the book launch event, nor does she recall speaking to (b) (6), (b) (7)(C) [REDACTED], or (b) (6), (b) (7)(C) [REDACTED] about [REDACTED]'s book release party.

[REDACTED] believes an introduction previously brokered by [REDACTED] is the reason for the confusion about her being the complainant on this matter. [REDACTED] explained that [REDACTED] brokered an introduction between her and a lady named (b) (6), (b) (7)(C) [REDACTED] (not further identified). Subsequently, [REDACTED] invited [REDACTED] to a luncheon where [REDACTED] was scheduled to be the key note speaker.

[REDACTED] said she alerted [REDACTED] to the situation and sought guidance on how to proceed in order to avoid her ([REDACTED]'s) attendance being seen as an actual or implied SBA endorsement of [REDACTED]'s book. [REDACTED] said to her knowledge [REDACTED] has nothing to do with SBA lending partners or banks. Additionally, [REDACTED] said the Synergies Work luncheon had nothing to do with [REDACTED]'s March 31, 2018, book launch event at the Fox Theater. (Exhibit 2)

On May 4, 2018, the RA conducted an analysis of online information about [REDACTED]'s book launch event. The review of [REDACTED]'s website for his book (b) (6), (b) (7)(C) [REDACTED] did not find any mention of banks engaged in SBA lending being financial supporters of the event or his book in general. [REDACTED]'s website showed many pictures of his book launch event and attendees, including (b) (6), (b) (7)(C) [REDACTED]. [REDACTED]'s book launch took place on a weekend. (Exhibit 3)

[Agent's Note: The initial complaint also alleged that (b) (6), (b) (7)(C) [REDACTED] for the Office of International Trade attended [REDACTED]'s event and may have used his official position to advance [REDACTED]'s outside employment activities.]

On May 18, 2018, the RA interviewed (b) (6), (b) (7)(C) [REDACTED] of the GDO. [REDACTED] explained that [REDACTED]'s position at the SBA did not put him in a position to influence or be influenced by SBA lending partner banks. Furthermore, [REDACTED] was not aware, nor has she ever been made aware, of (b) (6), (b) (7)(C) [REDACTED] having any links to SBA partner banks. [REDACTED] stated she has no knowledge of (b) (6), (b) (7)(C) [REDACTED] using government time or resources to produce or sell his book, nor has she ever observed the same. (Exhibit 4)

On July 2, 2018, the RA interviewed (b) (6), (b) (7)(C) [REDACTED], SBA. [REDACTED] does not recall providing [REDACTED] with a formal ethics opinion regarding outside employment activities involving his ([REDACTED] 's) book; however, she does recall speaking to [REDACTED] about the book issue on or about April 18, 2018, which was after [REDACTED] 's book launch event.

[Agent's Note: [REDACTED] 's book release event took place at the Fox Theater in Atlanta, GA on Saturday, March 31, 2018.]

[REDACTED] was unable to locate any notes from her talk with [REDACTED]; however, she recalls going through the standard rules for outside employment with [REDACTED], such as, not conducting personal business on government time, no use of Government resources, etc. [REDACTED] believes [REDACTED] understood the rules after their talk.

[REDACTED] explained that based on all of the information presented to her and (b) (6), (b) (7)(C) [REDACTED] and Designated Agency Ethics Official, they ([REDACTED] and [REDACTED]) felt [REDACTED] 's outside employment activities did not warrant concern because [REDACTED] 's job at the SBA did not put him in a position to influence, or be influenced by, SBA lending partner banks.

Additionally, [REDACTED] stated she had a conversation with [REDACTED] on or about May 14, 2018 concerning the use of [REDACTED] ' title in a flyer for [REDACTED] 's book launch event.

[REDACTED] recalls [REDACTED] being surprised to discover his official SBA picture and title were used in a flyer advertising [REDACTED] 's book launch event. [REDACTED] believes prior to attending the event [REDACTED] was unaware of the use of his picture and title in the flyer.

[REDACTED] said [REDACTED] did not seek an ethics opinion from her office prior to attending the book launch event, and [REDACTED] would not be required to do so if he traveled on his own time and paid for the trip with his own money. Additionally, [REDACTED] said based on her experience the SBA would not have paid for [REDACTED] to attend the book launch event.

[REDACTED] said the use of [REDACTED] ' SBA picture and title was the only thing concerning about the situation. (Exhibit 5)

On August 13, 2018, the RA and (b) (6), (b) (7)(C) [REDACTED], Special Agent-in-Charge (SAC), SBA OIG, interviewed [REDACTED] at the SBA OIG's Atlanta field office. [REDACTED] stated he received an ethics opinion from [REDACTED] before his book launch event. [REDACTED] said he told [REDACTED] all about his book, and possible employment from teaching an author's academy class to other writers. [REDACTED] said he asked [REDACTED] what he needed to do with respect to this possible outside employment, and [REDACTED] advised him nothing further was required.

[REDACTED] stated he did not write his book on government time or use government resources. [REDACTED] said his duties at the SBA have nothing to do with lending, financial decision making, credit decisions, or interacting with SBA partner lending banks. Additionally, [REDACTED] said he paid for the rental of the Egyptian Room of the Fox Theater, the site of his book launch event, with his own money.

The RA showed (b) (6), (b) (7)(C) a copy of a flyer advertising his book launch event. (b) (6), (b) (7)(C) said he and his sponsor (b) (6), (b) (7)(C) made the flyer. (b) (6), (b) (7)(C) said he was not aware that Bank South was an SBA lending partner. (b) (6), (b) (7)(C) explained Bank South was a sponsor of his event because his (b) (6), (b) (7)(C)'s realtor works at Bank South.

(b) (6), (b) (7)(C) stated (b) (6), (b) (7)(C) did not represent the SBA at the book launch event but spoke in support of him (b) (6), (b) (7)(C) as a mentor. (Exhibit 6)

On September 7, 2018, SBA OIG SA (b) (6), (b) (7)(C) and SAC (b) (6), (b) (7)(C) interviewed (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) stated he attended (b) (6), (b) (7)(C)'s book launch event as a private citizen, on his personal time over a weekend, and he paid for his own travel. (b) (6), (b) (7)(C) did not obtain an ethics opinion regarding the event because his attendance at the event was a personal matter and not related to his employment with the SBA. (Exhibit 7)

SUBJECT

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

JUDICIAL/CIVIL/ADMINISTRATIVE ACTIONS

Based on the above facts the OIG is closing this matter with no action. The matter is being referred to SBA management for their determination as to the relevance of the OIG's findings.

DISPOSITION OF EVIDENCE

No original evidence was obtained by SBA during this investigation.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	Case Initiation
2	MOI (b) (6), (b) (7)(C) [REDACTED]; Georgia District Office, April 20, 2018.
3	MOA, dated May 4, 2018- Review of information concerning [REDACTED]'s book launch event of March 31, 2018.
4	MOI (b) (6), (b) (7)(C) [REDACTED]; Georgia District Office, dated May 18, 2018.
5	MOI (b) (6), (b) (7)(C) [REDACTED] dated July 2, 2018.
6	MOI (b) (6), (b) (7)(C), August 13, 2018.
7	MOI (b) (6), (b) (7)(C), September 7, 2018.



**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION**

Prepared by: SA (b) (6), (b) (7)(C)
Approved by: A/ASAC (b) (6), (b) (7)(C)

REPORT OF INVESTIGATION

CASE#: E-CC-15-0050-I	DATE OF REPORT: April 15, 2019
CASE TITLE: SURVIVAL ARMOR, INC.	
PERIOD OF INVESTIGATION: January 15, 2015 TO February 22, 2019	
CASE AGENT: SA (b) (6), (b) (7)(C)	
DISTRIBUTION: N/A	

SUMMARY

The reporting agent (RA), SA (b) (6), (b) (7)(C), initiated this investigation based upon a referral dated November 14, 2014 (**Exhibit 1**), from the U.S. Department of Homeland Security, Office of Inspector General (DHS/OIG). The DHS OIG referral alleged that Survival Armor, Inc. (SAI) misrepresented itself as an eligible small business concern and certified in the System for Award Management (SAM) that it was a small business concern in order to compete for and obtain Federal small business set-aside government contracts worth millions of dollars. These set-aside contracts were exclusively for legitimate small business concerns. The contracts included awards from the U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement, U.S. Coast Guard and the Department of the Army. The complaint further alleged that SAI did not qualify as a small business concern, as defined by SBA's regulations, due to SAI's affiliation with a large multi-national parent company that itself owns numerous subsidiaries throughout the world.

On May 27, 2015, the reporting agent and SA (b) (6), (b) (7)(C), DHS OIG, Miramar Field Office, met with Assistant United States Attorney (b) (6), (b) (7)(C), United States Attorney's Office, Middle District of Florida, Ft. Myers Civil Division, 2110 First Street, Ste. 3-137, Ft. Myers, FL. (b) (6), (b) (7)(C), SBA OIG participated via teleconference. The purpose of the meeting was to brief AUSA (b) (6), (b) (7)(C) concerning the investigation involving SAI. AUSA (b) (6), (b) (7)(C) agreed to open a case on the matter for violations of the False Claims Act (FCA), 31 U.S.C. 3729(b) (**Exhibit 2**).

RESTRICTED INFORMATION	This report is confidential and may contain information that is prohibited from disclosure by the Privacy Act, 5 USC 552a. Therefore, this report is furnished solely on an official need-to-know basis and must not be released or disseminated to any other party without prior written consent of the Assistant Inspector General for Investigations of the Small Business Administration/or designee. Unauthorized release may result in criminal prosecution and/or other penalties as may be available under law.
SBA FORM 22 09/18	

This investigation was conducted jointly with the USAO, Middle District of FL, Fort Myers Division; DHS, Office of Inspector General, and the SBA OIG, Office of Counsel.

The RA investigated this case for possible violation of the False Claims Act (FCA), 31 U.S.C. 3729(b).

DETAILS

SAI, is a Fort-Myers, Florida, based manufacturer and exporter of concealable tactical body armor and transportation protection for law enforcement, military, and federal government, as well as, manufacturer of ballistic pads with enhanced coverage. In January 1999, SAI was formed by its original foreign parent company, Gamma Holding N.V. (Netherlands). Gamma Holding develops, manufacturers, and sells textile-based products worldwide. In October 2009, Gamma Holding, through its subsidiary Verseidag AG, sold 100% of its ownership in Verseidag Indutex and Verseidag Ballistic Protection to Jagenberg AG. The deal included the subsidiaries of Verseidag Indutex, Verseidag Ballistic Protection, Finland, England and in the United States, SAI. Jagenberg is a large, multi-national company that owns numerous subsidiaries throughout the world and has over 1,300 employees.

The investigation disclosed through records that SAI has been and continues to be owned by large, multi-national corporations and is therefore affiliated with these corporations. When the employees of SAI's large corporate parent company, as well as, the employees of all SAI's affiliates, including foreign companies, are added together, SAI far surpasses the 500-employee size standard and is therefore, considered other than small.

The investigation showed that SAI certified that it was a "small business concern" with less than 500 employees in order to be eligible to be awarded a DHS small business set-aside (SBSA) contract by misrepresenting its company size. On November 15, 2011, DHS awarded a SBSA contract (#HSBP1012D00004) to SAI (**Exhibit 3**). The DHS SBSA contract was a multiple award, Indefinite Delivery Indefinite Quantity contract (IDIQ) to provide tactical body armor for a five-year period. Immigration and Customs Enforcement, the U.S. Coast Guard, the Transportation Security Administration, and the Internal Revenue Service also purchased tactical body armor under the DHS SBSA contract. The investigation disclosed that SAI was at the time, and continues to be, a subsidiary of a foreign, large corporate parent company with well over 500 employees. Because of the misrepresentation of its status, SAI was able to obtain orders to provide tactical body armor to various federal law enforcement agencies for which it was ineligible (**Exhibit 4**).

SUBJECTS

- Survival Armor, Inc., Fort Myers, FL
- (b) (6), (b) (7)(C), Survival Armor, Inc.

JUDICIAL/ADMINISTRATIVE ACTIONS

On May 27, 2015, AUSA (b) (6), (b) (7)(C), Middle District of Florida, Ft. Myers Division, agreed to open a case in this matter for violations of the False Claims Act (31 USC 3729(b)).

On February 21, 2019, the Civil Division of the United States Attorney's Office for the Middle District of Florida, entered into a Settlement Agreement on behalf of the SBA and DHS with SAI in the amount of \$900,000 for the resolution of the False Claims Act case against SAI (**Exhibit 5**).

DISPOSITION OF EVIDENCE

There were no original documents or other evidence inventoried during this investigation. Copies of pertinent records will be retained in the case file to be destroyed at a later date in adherence with SBA policy.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	DHS/OIG email referral dated 1/7/2015 containing hotline fraud referral from Department of Defense, Office of Inspector General, and correspondence from complainant, (b) (6), (b) (7)(C), dated 11/14/2014.
2	Memorandum of SBA OIG Counsel and Assistant United States Attorney (Civil Division) contacts, dated 5/29/2015.
3	DHS SBSA contract (#HSBP1012D00004) awarded to SAI, dated 11/15/2011.
4	Report of Investigation (Prosecutive), dated 12/20/2017.
5	Settlement Agreement dated 2/18/2019.



**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION**

Prepared by: SA (b) (6), (b) (7)(C)
Approved by: ASAC (b) (6), (b) (7)(C)

REPORT OF INVESTIGATION

CASE#: E-IA-19-0020-I	DATE OF REPORT: June 20, 2019
CASE TITLE: SBA Lobby Drug Incident	
PERIOD OF INVESTIGATION: October 16, 2018 TO June 20, 2019	
CASE AGENT: SA [REDACTED]	
DISTRIBUTION:	

SUMMARY

The reporting agent (RA), Special Agent (SA) [REDACTED], Small Business Administration (SBA), Office of Inspector General (OIG), initiated this investigation based upon a referral dated October 16, 2018, from (b) (6), (b) (7)(C) [REDACTED], Assistant Special Agent-in-Charge (ASAC), SBA OIG. ASAC (b) (6), (b) (7)(C) [REDACTED] provided the RA with a Federal Protective Service (FPS) report prepared by SBA security guard (b) (6), (b) (7)(C) [REDACTED]. The FPS report reflected an incident that occurred on October 10, 2018, at the Headquarters building for the Small Business Administration located at 409 3rd Street, SW, Washington DC 20416. On that date, a small glassine baggie containing a white powdered substance was found lying on the lobby floor adjacent to the elevators that lead to the parking garage. The RA was provided with footage from an SBA video camera that appeared to show SBA employees [REDACTED] and (b) (6), (b) (7)(C) [REDACTED], walking by the elevators around the time the glassine baggie was dropped on the floor. Specifically, the video footage shows that prior to walking by the elevators the baggie was not on the floor; however, after [REDACTED] and [REDACTED] walked by, the baggie appeared on the floor. (Exhibit #1)

The case was investigated for possible violation of Title 21 United States Code Section 841, Prohibited Acts. The case was coordinated with Assistant U.S. Attorney (AUSA) (b) (6), (b) (7)(C) [REDACTED] U.S. Attorney's Office for the District of Columbia. Based on the investigative findings, AUSA [REDACTED] declined this case on January 28, 2019, due to lack of prosecutive merit.

RESTRICTED INFORMATION	This report is confidential and may contain information that is prohibited from disclosure by the Privacy Act, 5 USC 552a. Therefore, this report is furnished solely on an official need-to-know basis and must not be released or disseminated to any other party without prior written consent of the Assistant Inspector General for Investigations of the Small Business Administration/or designee. Unauthorized release may result in criminal prosecution and/or other penalties as may be available under law.
SBA FORM 22 09/18	

DETAILS

Allegation 1 – On October 10, 2018, a small glassine baggie containing a white powdered substance was dropped on the lobby floor adjacent to the elevators that lead to the parking garage. SBA video footage showed [REDACTED] and [REDACTED] walking by the elevators around the time the glassine baggie was dropped on the floor. Specifically, the video footage shows that prior to [REDACTED] and [REDACTED] walking by the elevators the baggie was not on the floor; however, after [REDACTED] and [REDACTED] walked by, the baggie appeared on the floor.

On October 17, 2018, the RA interviewed [REDACTED] (b) (6), (b) (7)(C) Office of Administrative Services, SBA. [REDACTED] (b) (6), (b) (7)(C) said that on October 10, 2018, [REDACTED] (b) (6), (b) (7)(C) Security Guard, SBA, contacted [REDACTED] (b) (6), (b) (7)(C) to report the glassine baggie. [REDACTED] (b) (6), (b) (7)(C) stated that [REDACTED] (b) (6), (b) (7)(C) contacted him ([REDACTED] (b) (6), (b) (7)(C)) a couple of minutes (exact time not specified) after the baggie containing the white powdered substance was found. [REDACTED] (b) (6), (b) (7)(C) stated he told [REDACTED] (b) (6), (b) (7)(C) to contact FPS directly. [REDACTED] (b) (6), (b) (7)(C) subsequently contacted FPS and let [REDACTED] (b) (6), (b) (7)(C) know when FPS was on the scene, which was at approximately 11:30 am. (Exhibit #2)

According to [REDACTED], he pulled the surveillance video of the area (409 3rd Street, SW Gateway SBA DC 5009 Parking Garage Elevators) where the baggie was found and provided it to the OIG. [REDACTED] said the video camera is triggered by motion. [REDACTED] stated that [REDACTED] called the FPS Mega-Center on October 15, 2018 and learned that the substance had tested positive for cocaine. [REDACTED] was told by FPS Inspector [REDACTED] (b) (6), (b) (7)(C) that the remainder of the powdered substance was destroyed by the test.

According to [REDACTED] (b) (6), (b) (7)(C), [REDACTED] (b) (6), (b) (7)(C) was identified as the individual who appears to have dropped the substance. [REDACTED] (b) (6), (b) (7)(C) stated, in the video, [REDACTED] was walking with [REDACTED].

On October 19, 2018, the RA telephonically contacted Inspector [REDACTED] (b) (6), (b) (7)(C), FPS. [REDACTED] (b) (6), (b) (7)(C) advised that FPS was not going to open an investigation on the matter. [REDACTED] (b) (6), (b) (7)(C) said that a small glassine baggie contained a white powdered substance was found unattended in a hallway near SBA security and he ([REDACTED] (b) (6), (b) (7)(C)) field tested the substance in the baggie and it came back positive for cocaine. [REDACTED] (b) (6), (b) (7)(C) stated the entirety of the drug was destroyed by the field test. [REDACTED] (b) (6), (b) (7)(C) advised the results of the field test are in the report [REDACTED] (b) (6), (b) (7)(C) wrote. (Exhibit #3)

In a subsequent telephone interview on November 15, 2018, [REDACTED] told the RA that he did not take a photograph of the positive field test he conducted and the baggie the drug was contained in was discarded. (Exhibit #4)

On November 5, 2018, the RA and ASAC [REDACTED] (b) (6), (b) (7)(C) interviewed [REDACTED]. Prior to beginning the interview, [REDACTED] was provided with an “Advice of Rights/Waiver (Garrity)” form. [REDACTED] reviewed the form and stated she wanted to consult with an attorney.

(Exhibit #5)

On November 5, 2018, the RA and ASAC (b) (6), (b) (7)(C) interviewed (b) (6), (b) (7)(C). Prior to beginning the interview, (b) (6), (b) (7)(C) was provided with an "Advice of Rights/Waiver (Garrity)" form. (b) (6), (b) (7)(C) advised that he did not have his reading glasses, so the RA read the form to him. (b) (6), (b) (7)(C) stated he understood his rights and signed and dated the form.

(b) (6), (b) (7)(C) said he did not recall if cocaine dropped from his pocket on October 10, 2018. (b) (6), (b) (7)(C) said he could have dropped it. (b) (6), (b) (7)(C) was asked if he has ever purchased drugs and he replied, "not to my knowledge." (b) (6), (b) (7)(C) was asked if he ever brought drugs to work and he replied, "not to my knowledge." (b) (6), (b) (7)(C) was asked to explain how he could have purchased drugs or brought drugs to work without his knowledge and he replied that he wanted to speak to a lawyer. **(Exhibit #6)**

On November 6, 2018, the RA received an email from (b) (6), (b) (7)(C), Bynum and Jenkins, 1010 Cameron Street, Alexandria, VA 22314, with a letter attached advising that (b) (6), (b) (7)(C) represents (b) (6), (b) (7)(C). **(Exhibit #7)**

On November 9, 2018, the RA verbally discussed the facts of this case with Assistant U.S. Attorney (AUSA) (b) (6), (b) (7)(C), U.S. Attorney's Office for the District of Columbia. **(Exhibit #8)**

On January 28, 2019, the case was declined for prosecution by AUSA (b) (6), (b) (7)(C), U.S. Attorney's Office for the District of Columbia. AUSA (b) (6), (b) (7)(C) said (b) (5) (b) (6), (b) (7)(C). **(Exhibit #9)**

On February 14, 2019, the RA received an email from (b) (6), (b) (7)(C), Attorney, Bynum and Jenkins, 1010 Cameron Street, Alexandria, VA 22314, concerning the OIG request to interview his client, (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) wrote "Mr. (b) (6), (b) (7)(C) is not available for an interview pursuant to his medical condition. I am not at liberty to discuss his private medical condition other than to advise of his proposed availability for a future interview." **(Exhibit #10)**

Between November 5, 2018 and February 27, 2019, RA was not contacted by (b) (6), (b) (7)(C) or an attorney. On February 28, 2019, (b) (6), (b) (7)(C) agreed to be re-interviewed without an attorney. The RA and ASAC (b) (6), (b) (7)(C) re-interviewed (b) (6), (b) (7)(C). Prior to beginning the interview, (b) (6), (b) (7)(C) was provided with an "Employee Advisory (Kalkines)" form. SA (b) (6), (b) (7)(C) read the form in its entirety to (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) stated she understood her rights but again wished to consult an attorney prior to the interview. SA (b) (6), (b) (7)(C) asked (b) (6), (b) (7)(C) to contact him or ASAC (b) (6), (b) (7)(C) after she (b) (6), (b) (7)(C) consulted with an attorney. Approximately five minutes later, (b) (6), (b) (7)(C) knocked on the SBA OIG Investigations Division, Washington DC, Field Office door and said she would like to do the interview. (b) (6), (b) (7)(C) signed and dated the Kalkines form.

RESTRICTED INFORMATION	This report is confidential and may contain information that is prohibited from disclosure by the Privacy Act, 5 USC 552a. Therefore, this report is furnished solely on an official need-to-know basis and must not be released or disseminated to any other party without prior written consent of the Assistant Inspector General for Investigations of the Small Business Administration/or designee. Unauthorized release may result in criminal prosecution and/or other penalties as may be available under law.
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██████████ stated she does not use drugs or bring drugs into the building. ██████████ (b) (6), (b) (7)(C) said she has known ██████████ for about three years. ██████████ (b) (6), (b) (7)(C) said she did not know ██████████ prior to his employment at SBA. ██████████ (b) (6), (b) (7)(C) stated she sees ██████████ about twice a week, when he stops by her office to talk. ██████████ (b) (6), (b) (7)(C) said she has not socialized with ██████████ outside of work, except one occasion when they both attended a co-worker's birthday party.

██████████ (b) (6), (b) (7)(C) stated she has never gone to lunch with ██████████. ██████████ (b) (6), (b) (7)(C) explained she might see ██████████ (b) (6), (b) (7)(C) outside the building or in the lobby and talk to him; however, ██████████ (b) (6), (b) (7)(C) said she has never gone anywhere with ██████████ to purchase drugs or even to lunch.

██████████ advised she never knew ██████████ to have drugs or use drugs. ██████████ (b) (6), (b) (7)(C) said she was not aware of ██████████ dropping drugs in the SBA lobby on October 10, 2018. ██████████ (b) (6), (b) (7)(C) said she was not at lunch with ██████████ and does not know why they were walking together on that day. ██████████ stated she might have run into ██████████ in the hallway and started walking with him on October 10, 2018. ██████████ said she could not recall where she and ██████████ would have been going or coming from on that day. (Exhibit #11)

██████████' attorney advised that his client would be available for an interview upon his return from extended sick leave. The investigation was held in abeyance during this period. However, ██████████ submitted notification of his intent to retire rather than return to work.

On June 10, 2019, the RA received an email from ██████████ (b) (6), (b) (7)(C), Office of Executive Management, Installations & Support Services, Office of the Chief Operating Officer, SBA. ██████████ advised that he learned that ██████████ submitted his retirement application to be effective the end of June. (Exhibit #12)

On June 13, 2019, the RA received an email from ██████████ (b) (6), (b) (7)(C), Office of Administrative Services, SBA. The email contained a scanned copy of ██████████' Standard Form 52, "Request for Personnel Action," with the "Action Requested" listed as "optional retirement." (Exhibit #13)

SUBJECTS (avoid including PII when unnecessary)

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

JUDICIAL/ADMINISTRATIVE ACTIONS

On January 28, 2019, the case was declined for prosecution by AUSA ██████████ (b) (6), (b) (7)(C), U.S. Attorney's Office for the District of Columbia.

DISPOSITION OF EVIDENCE

No original evidence obtained during the investigation.

RESTRICTED INFORMATION	This report is confidential and may contain information that is prohibited from disclosure by the Privacy Act, 5 USC 552a. Therefore, this report is furnished solely on an official need-to-know basis and must not be released or disseminated to any other party without prior written consent of the Assistant Inspector General for Investigations of the Small Business Administration/or designee. Unauthorized release may result in criminal prosecution and/or other penalties as may be available under law.
SBA FORM 22 09/18	

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	Case Initiation dated October 16, 2018
2	MOI of (b) (6), (b) (7)(C) dated October 17, 2018
3	MOI of Inspector (b) (6), (b) (7)(C), dated October 19, 2018
4	MOI of Inspector (b) (6), (b) (7)(C), dated November 15, 2018
5	MOI of (b) (6), (b) (7)(C) dated November 5, 2018
6	MOI of (b) (6), (b) (7)(C) dated November 5, 2018
7	MOA re Attorney Letter dated November 6, 2018
8	MOA re USAO Case Referral dated November 9, 2018
9	MOA re USAO Case Declination dated January 28, 2019
10	MOA re Attorney Letter concerning (b) (6), (b) (7)(C), Health dated February 14, 2019
11	MOI of (b) (6), (b) (7)(C) dated February 28, 2019
12	MOA re (b) (6), (b) (7)(C), Retirement dated March 10, 2019
13	MOA re Receipt of (b) (6), (b) (7)(C), Standard Form 52 re Retirement dated June 13, 2019



**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION**

Prepared by: SA (b) (6), (b) (7)(C)
Approved by: ASAC (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)

REPORT OF INVESTIGATION

CASE#: E-IA-18-0295-I

DATE OF REPORT: July 15, 2019

CASE TITLE: (b) (6), (b) (7)(C)

PERIOD OF INVESTIGATION: June 4, 2018 TO June 20, 2019

CASE AGENT: [REDACTED]

DISTRIBUTION: N/A

SUMMARY:

On June 4, 2018, [REDACTED], Special Agent, U.S. Small Business Administration (SBA), Office of Inspector General (OIG), received information from the Federal Deposit Insurance Corporation, OIG, stating that (b) (6), (b) (7)(C), New Jersey District Office, SBA, may be involved with insider trading related to his stock transactions (**Exhibit 1**).

The investigation pursued possible insider trading and fraud committed by [REDACTED] in violation of Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 which prohibits any manipulative or deceptive device in the scope of a securities transaction; and Section 17(a) of the Securities Act of 1933 which prohibits fraud in the offer or sale of any securities. The investigation was worked jointly with the U.S. Securities and Exchange Commission (SEC).

The allegations in this investigation were unsubstantiated.

DETAILS

On June 4, 2018, SBA OIG opened an investigation predicated on information received from the Federal Deposit Insurance Corporation, OIG, alleging that (b) (6), (b) (7)(C), New Jersey District Office, SBA, may have been involved with insider trading related to his stock transactions. Specifically, the trading in question involved numerous trades of Cannabis stocks.

On June 14, 2018, (b) (6), (b) (7)(C) was interviewed (**Exhibit 2**). The purpose of the interview was to discuss the Excel spreadsheet TD Ameritrade provided related to the account maintained by (b) (6), (b) (7)(C).

█ stated that █'s account was initially with Scottrade. Scottrade was acquired by TD Ameritrade.

█ stated that █'s account was a traditional Individual Retirement Account (IRA) and was not a money market account. She explained that a traditional IRA is an account in which an individual can contribute cash and have stocks. She stated that most of the money in the account was from gains realized from trading.

█ stated that at Scottrade, stock trades were always self-directed by the client. She explained that buying and selling were client decisions and actions. She stated that the Scottrade employees did not advise the clients or make decisions for them regarding their investments.

Review of TD Ameritrade Records

The reporting agent reviewed records received from TD Ameritrade related █'s account (**Exhibit 3**).

The records reflected a Traditional IRA account held by █. The trade details provided cover the time period of September 8, 2017 through January 26, 2018. The account reflected an account value of \$171,901.87. The account was opened on May 3, 2017.

█'s account involved the trading of three cannabis stocks. The stocks included: Aurora Cannabis, Inc. (ACBFF); Cannabis Wheaton Income Corp. (CBWFT); and OrganiGram Holdings, Inc. (OGRMF).

As of January 26, 2018, the market value of the stocks held in █'s account were as follows: ACBFF \$155,757.88; CBWTF \$8,434.50; and OGRMF \$7,708.

The transactions that led to the SBA OIG investigation were the buying and selling of the ACBFF from November 13, 2017 through January 22, 2018. Those transactions led to a realized gain of \$130,503.11.

Interview of SBA Office of General Counsel Ethics Specialist

On June 26, 2018, █, Office of General Counsel, SBA, was interviewed (**Exhibit 4**). The purpose of the interview was to discuss the employee reporting requirements on the U.S. Office of Government Ethics (OGE) Form 450– Confidential Financial Disclosure Report. Specifically, █ was asked about the required reporting of assets and income.

█ stated that the requirement to report a traditional IRA would depend on what is held in the IRA account. She stated that an IRA could be a mix of stocks, bonds, and mutual funds. She explained that certain mutual funds, such as diversified mutual funds, would not need to be reported. She stated that most people tend to have diversified mutual funds. Diversified mutual funds are generally larger investment funds which are not focused on investments in one industry or business.

█ explained that each asset's value will determine whether it needs to be reported. She stated that assets held for investment, such as stocks or bonds, with a value greater

than \$1,000 at the end of the reporting period need to be reported on the OGE Form 450. Additionally, any assets held for investment that generated more than \$200 in income during the reporting period need to be reported on the OGE Form 450. *[Agent's Note: Effective January 1, 2019, the \$200 reporting threshold was increased to a \$1,000 reporting threshold].*

(b) (6), (b) (7)(C) stated that if an employee has stocks in an IRA which value more than \$1,000 at the end of the reporting period, the employee is required to disclose this information on the OGE Form 450.

(b) (6), (b) (7)(C) provided the reporting agent with copies of [REDACTED]'s OGE-450's for 2016, 2017, and 2018. The OGE-450's did not reflect the reporting of any assets by [REDACTED].

E-Mail Review

The reporting agent conducted a review of [REDACTED]'s Outlook PST files (**Exhibit 5**). The PST files included 20,280 e-mail communications from October 6, 2016, through October 17, 2018. In addition to reviewing the individual e-mail communications, the following search terms were used to identify any potential e-mails related to cannabis or stock trading:

- Scottrade
- Marijuana
- Cannabis
- Aurora Cannabis
- ACBFF
- Gene Etzel
- CBWTF
- Cannabis Wheaton
- Auxly Cannabis

No e-mail communications were identified that discussed stock trades or investing.

Records from the SEC

The reporting agent reviewed records related to [REDACTED]'s trade history that were obtained from the SEC (**Exhibit 6**). The records provided included summary documentation dating back to 2015.

The [REDACTED] records included internal notes related to [REDACTED] that indicated that as of May 3, 2017, he had been investing in gold and silver stocks but wanted to move toward investing in marijuana stocks instead.

Additionally, note was made that indicated [REDACTED] wanted to bring over his government Thrift Savings Plan balance and 401k retirement account with the intention of managing the funds himself with the goal toward retirement and being able to leave the money to his wife. No additional information was provided related to this statement.

No other significant correspondence was noted.

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

On June 18, 2019, (b) (6), (b) (7)(C) was interviewed (Exhibit 7). [REDACTED] stated that he completes the OGE-450 annually and has never sought guidance in completing the form. He stated that he has been filing OGE-450's annually since 2013.

[REDACTED] stated that he has IRA's, but he thought IRA's did not need to be listed as reportable assets on the OGE-450. [REDACTED] stated that he had a Thrift Savings Plan (TSP) from when he was in the military that he rolled over to gold and silver stocks with Lear Capital. [REDACTED] stated that the account value at the time he rolled the TSP into stocks was approximately \$70,000.

[REDACTED] stated that he later moved his stocks to Scottrade because he thought he would make more money through an IRA versus a TSP account. He stated that Scottrade was later taken over by TD Ameritrade. He estimated his IRA's to currently have a value of approximately \$167,000.

[REDACTED] stated that he did not know he needed to report stocks in an IRA on the OGE-450. He stated that he does not take deductions from the IRA and will not pay taxes on the funds until he cashes out the accounts. [REDACTED] reiterated that he was not trying to defraud anyone or intentionally leave the information off the form.

[REDACTED] was given a blank OGE-450 to review the rules of what needs to be reported versus what does not need to be reported. Upon reading the form, [REDACTED] stated that he "didn't really read this thing" and asked the agents how he could go about fixing the document.

[REDACTED] was informed that he would need to contact his SBA Ethics Official for guidance.

[REDACTED] stated that he decided to get out of the gold and silver investments because they were not making much money. He invested in underwater cables, and later invested in the Canadian cannabis industry. He explained that he thought the cannabis industry had the potential to "blow up" so he invested in it. [REDACTED] stated that he did not rely on anyone for advice on buying cannabis stock. He stated that he checked with TD Ameritrade to make sure it was legal before investing. He explained that he was trying to buy low and sell high in order to make the biggest profit.

[REDACTED] stated that he never relied on non-public information when making decisions on stock trades. He stated that he does not have access to non-public information related to the cannabis industry or any other industry.

[REDACTED] stated that he is not a very experienced trader and that he signed up for Motley Fool, which offers stock investment training and recommendations. He stated that he has not invested in any of the stock recommendations of Motley Fool because he finds their suggestions to be too expensive.

[REDACTED] stated that when he made stock trades in November 2017 involving Aurora Cannabis he did not know that Aurora Cannabis had a takeover of a different Cannabis company pending.

Subsequent to the interview, [REDACTED] contacted SA [REDACTED] to notify her that he had spoken to his supervisor about the OGE-450's and had filed an amended OGE-450 for 2018.

Amended 2018 OGE-450

On June 19, 2019, the reporting agent received a copy of an amended OGE-450 from [REDACTED] related to (b) (6), (b) (7)(C) (Exhibit 8). The updated filing related to (b) (6), (b) (7)(C)'s 2018 OGE-450. A review of the updated OGE-450 identified various reportable assets not reported on the initial form which was submitted on February 28, 2019.

(b) (6), (b) (7)(C) stated that she was told [REDACTED] needed to refile as he became aware that some of his assets were in fact reportable assets. She stated that his ethics official had the discretion to determine if [REDACTED] needed to file amended forms for all years in question or simply resubmit 2018 and make sure to continue reporting the assets going forward.

SUBJECTS

(b) (6), (b) (7)(C)
[REDACTED]

JUDICIAL/ADMINISTRATIVE ACTIONS

No actions were taken.

DISPOSITION OF EVIDENCE

No original documents or other evidence inventoried during this investigation. Copies of pertinent records will be retained in the case file to be destroyed at a later date in adherence with SBA policy.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	Case Initiation Memo
2	MOI (b) (6), (b) (7)(C), dated June 14, 2018
3	MOA Review of TD Ameritrade Records
4	MOI (b) (6), (b) (7)(C), dated June 26, 2018
5	MOA Review of (b) (6), (b) (7)(C) Outlook PST Files
6	MOA Review of SEC records
7	MOI (b) (6), (b) (7)(C), dated June 18, 2019
8	MOA Receipt of (b) (6), (b) (7)(C)'s Amended 2018 OGE-450



**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION**

Prepared by: ASAC	(b) (6), (b) (7)(C)
Approved by: AIGI	(b) (6), (b) (7)(C)

REPORT OF INVESTIGATION

CASE#: W-IA-16-0123-I	DATE OF REPORT: February 27, 2019
CASE TITLE: ALEXANDRA THOMPSON	
PERIOD OF INVESTIGATION: February 17, 2017 TO February 27, 2019	
CASE AGENT: ASAC (b) (6), (b) (7)(C)	
DISTRIBUTION: KING COUNTY PROSECUTING ATTORNEY’S OFFICE, SEATTLE, WA	

SUMMARY

On February 17, 2016, the US Small Business Administration (SBA), Office of Inspector General (OIG) received a referral from Senior SBA Attorney [REDACTED], Seattle Regional Office. The referral alleged that the Service Corps of Retire Executives (SCORE) Program Receptionist Alexandra Thompson (Thompson) had embezzled over \$20,000 since September 2015.

Due to the referral, an investigation was conducted by SBA-OIG Assistant Special Agent in Charge (ASAC) [REDACTED] (RA). RA worked jointly with Seattle Police Department in the pursuit of state criminal violations to include theft and check fraud.

Results of the investigation revealed a minimal loss to the government; therefore, the case was brought to King County Superior Court for prosecution.

DETAILS

Allegation 1 – Service Corps of Retired Executives’ (SCORE) Administrative Assistant, Alexandra Thompson embezzled over \$20,000 since September 2015.

On February 26, 2016, SAC [REDACTED], and SBA-OIG Investigative Assistant (IA) [REDACTED] interviewed [REDACTED] (EXHIBIT 1)

RESTRICTED INFORMATION SBA FORM 22 09/18	This report is confidential and may contain information that is prohibited from disclosure by the Privacy Act, 5 USC 552a. Therefore, this report is furnished solely on an official need-to-know basis and must not be released or disseminated to any other party without prior written consent of the Assistant Inspector General for Investigations of the Small Business Administration/or designee. Unauthorized release may result in criminal prosecution and/or other penalties as may be available under law.
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The discussion focused on allegations related to what [REDACTED] believed were blatant disregard of SCORE SOM and Accounting Policies and Procedures (APP). [REDACTED] claimed that Seattle SCORE personnel had been aware of problems but had purposefully neglected to address the issues.

At the time of interview, [REDACTED] held the position of [REDACTED] for the Seattle SCORE chapter. He was appointed [REDACTED] in [REDACTED] by [REDACTED] and [REDACTED]. By February 9, 2016, [REDACTED] had discovered financial inconsistencies and possible fraud by Thompson who was a contract employee for SCORE. Thompson worked as Administrative Assistant at Seattle SCORE for approximately nine years. Her temporary service employer who assigned her to the SCORE office was "Express Services LLC." SCORE paid Express Services approximately \$50,000 a year for employing Thompson. These funds were derived from SBA grant funds.

As SCORE [REDACTED], [REDACTED] was granted access to the SCORE QuickBooks account for approximately one or two weeks prior to finding the first set of alleged fraudulent checks which Thompson had wrote to herself. [REDACTED] discovered approximately seven additional suspicious checks that were written to Thompson. [REDACTED] also discovered Thompson was regularly using a credit card belonging to Seattle SCORE at community gas stations and grocery stores near Thompson's home. [REDACTED] noted that according to the SOM, no SCORE branch is authorized to have a credit card. Yousoufian claimed to have informed [REDACTED], as required within the SCORE SOM, who disregarded his concerns.

[REDACTED] believed one of the reasons [REDACTED] dismissed the allegations brought to him was because [REDACTED] was "protecting" Thompson and was aware of the violations going on before [REDACTED] started as [REDACTED].

[REDACTED] later discovered approximately 35 additional checks that had been made out to Thompson. [REDACTED] also reviewed the SCORE PayPal account and discovered a drastic change in workshop revenue from previous years, which was questionable because Thompson also facilitated the workshops. Revenue from workshops from the previous years dropped from approximately \$3000-\$4000 per month to approximately \$800 per month.

[REDACTED] further revealed that the SCORE bank account did not have any deposits for the months of September, October, and November of 2015. When [REDACTED] asked [REDACTED] why there were no deposits for three months, [REDACTED] said it was common for everybody to use PayPal for the workshop fees. As the [REDACTED] was unclear on how accountability was being kept between who attended the workshop, and who paid the fees for the workshops for the SCORE revenue.

[REDACTED] also recalled that on January 19, 2016, [REDACTED] and [REDACTED] picked up [REDACTED] to go to the bank in order to cash two Certificates of Deposits (CD) at \$5,000 each. [REDACTED] asked if they realized that there would be "early withdrawal fees." Both [REDACTED] and [REDACTED] understood there would be fees, but needed the cash to pay bills (total fees were \$400). After learning bills were not being paid/tracked, [REDACTED] contacted the bank to get information on the few deposits for January 2016. The bank sent him a printout of the January deposits and he

discovered that there was a \$2,500 check deposited for an SBA Gala and four smaller checks, labeled "workshops." [REDACTED] continued to attempt discussions with [REDACTED] regarding accounting practices; however, [REDACTED] continued to make up excuses for Thompson.

[REDACTED] discovered within the SCORE SOM that the Form 3 is a report chapters are required to provide to SCORE National for financial tracking purposes. [REDACTED] claimed he had never seen a Form 3, so he assumed it had been a while since a Form 3 had been sent to SCORE National. [REDACTED] also said he tracked SCORE outreach activities via a Form 888. The Form 888 is required to be completed at each workshop, and tracks attendance and payments. [REDACTED] said that [REDACTED] claimed to have not known about this form and did not see the form filed as required. [REDACTED] also said the Seattle SCORE branch was using QuickBooks for accounting purposes, even though SCORE National provides the accounting software INTACCT, a less editable accounting software.

Considering the many accounting questions, [REDACTED] then wanted to contact previous SCORE [REDACTED] to see if they saw the same inconsistencies, and SOM violations he was discovering. [REDACTED] was able to reach Former SCORE (b) (6), (b) (7)(C)

[REDACTED] told [REDACTED] that when he started as the (b) (6), (b) (7)(C) in 2012, he was told by the outgoing (b) (6), (b) (7)(C) that everything was in disarray. [REDACTED] noticed inconsistencies in accounting from Thompson, so [REDACTED] had the office move to the online QuickBooks program to keep watch on Thompson's activities. [REDACTED] was noticing that Thompson would write checks, but not enter the information into QuickBooks. After [REDACTED] identified multiple issues with the office's finances he claimed to have approached [REDACTED] and the (b) (6), (b) (7)(C) at the time, (b) (6), (b) (7)(C) [REDACTED] told [REDACTED] that [REDACTED] and [REDACTED] were culpable because they refused to do anything about Thompson considering all the information that he himself brought to them.

[REDACTED] said he noticed the SCORE staff treated Thompson very well. For example, during a local SCORE dinner, SCORE collected approximately \$5,000 in donations to buy Thompson a car. SCORE also provided her a laptop and reimbursed her for childcare costs, so she could come to work at SCORE. [REDACTED] also reported that [REDACTED] told [REDACTED] the SCORE credit card was getting paid every single month. However, [REDACTED] later discovered the credit card was getting paid every other month and the credit card was incurring late fees at a rate of \$39.00 per month, in addition to other late/delinquent bills.

[REDACTED] then called SCORE National Senior Vice President of Finance, (b) (6), (b) (7)(C) to inquire what to do with a possible violation where a District Director might be involved. [REDACTED] said [REDACTED] told him there was nothing set up for that but thanked [REDACTED] for bringing this issue to his attention.

Following this interview RA was notified about this investigation and was assigned the case.

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On March 11, 2016, RA and Special Agent (SA) (b) (6), (b) (7)(C), U.S. Department of Homeland Security Investigations (HSI), interviewed (b) (6), (b) (7)(C) SBA, regarding Thompson. (EXHIBIT 2)

(b) (6), (b) (7)(C) said Thompson was not an SBA employee, but a contract employee from a company called "Express." Though only a contract employee, (b) (6), (b) (7)(C) said Thompson was given childcare and a car through the SCORE program. SCORE program leaders (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) seemed to do very little to discipline Thompson regarding absentee problems, or anything else for that matter. Thompson seemingly always had an excuse as to her tardiness or absenteeism. (b) (6), (b) (7)(C) offered RA an opportunity to review her personal text messages reflecting a variety of instances Thompson was going to be late for work.

(b) (6), (b) (7)(C) said she was aware of Thompson having a SCORE purchase card because Thompson would at times say that she left the card at home. It was very evident Thompson did not know what she was doing with SCORE's accounting system. (b) (6), (b) (7)(C) recalled in 2014, Thompson asked her to assist with QuickBooks. (b) (6), (b) (7)(C) recalled that SCORE's books were not balanced and were very confusing. Thompson did not know what she was doing regarding the treasury duties, yet she managed the QuickBooks and had full access to the bank and purchase card.

(b) (6), (b) (7)(C) said that on February 16, 2016, she learned SCORE management was looking into the accounting. (b) (6), (b) (7)(C) figured something was going on, then (b) (6), (b) (7)(C) later told her that Thompson had stopped coming into work and had been writing checks to herself. On the same day, (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that Thompson was going to be in at 9:00am. (b) (6), (b) (7)(C) thought it was interesting that (b) (6), (b) (7)(C) seemed to know something this detailed about Thompson's whereabouts.

On March 16, 2016, RA and IA (b) (6), (b) (7)(C) again interviewed (b) (6), (b) (7)(C). The discussion focused on new allegations related to what he believes were "blatant want and disregard" in following the SCORE Standard Operating Manual (SOM) and the Accounting Policies and Procedures (APP). (b) (6), (b) (7)(C) also claimed Seattle SCORE personnel had been aware of this but had purposefully neglected to address the issues. (EXHIBIT 3)

(b) (6), (b) (7)(C) discussed information listed on a "chronology of events" document he provided to the RA prior to this interview.

(b) (6), (b) (7)(C) noted that when he came into the SCORE office on Tuesday March 8, 2016, (b) (6), (b) (7)(C) was in the office, who was the (b) (6), (b) (7)(C) preceding (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) believed this was strange because he never saw (b) (6), (b) (7)(C) in the Seattle SCORE office. It was also strange, in (b) (6), (b) (7)(C)'s perspective, that he lost access to the QuickBooks account a day after (b) (6), (b) (7)(C) was in the office. It was because of this event, (b) (6), (b) (7)(C) believed (b) (6), (b) (7)(C) was somehow involved with what Thompson was doing with the SCORE financials.

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██████████ also presented information he believed to be “purposeful disregard” to SCORE accounting policies.

RA and investigative partners with the Seattle Police Department, received and reviewed financials which RA had obtained through Seattle SCORE Chair ██████████. Upon review it was determined that Thompson had embezzled \$27,724.44 from the Seattle SCORE program.

On May 23, 2016 a Seattle Case Investigation Report was submitted which revealed Thompson had embezzled \$27,724.44 since September 2015 by writing SCORE checks made payable to herself then depositing funds into her personal bank account. This report was submitted to the King County Prosecutors Office, located in Seattle WA for review and prosecutorial decision. **(EXHIBIT 4)**

SUBJECTS

- Alexandra Thompson, Former Administrative Assistant, SCORE

JUDICIAL/ADMINISTRATIVE ACTIONS

On July 19, 2016, King County Prosecuting Attorney’s Office, Seattle, Washington filed an Information against Thompson. The Information charged Thompson with one felony count of First Degree Theft. On the same date, the Court issued a warrant for her arrest. **(EXHIBIT 5)**

On July 21, 2016, Thompson was arrested and booked into King County Jail, with bail set at \$2,500. Thompson was subsequently released by satisfying bail on July 25, 2016. **(EXHIBIT 6)**

On March 24, 2017 Thompson was sentenced according to a plea agreement made between herself and King County Superior Court. Thompson was sentenced to 40 days in jail with Credit for Time Served, \$500 Victim Penalty Assessment, \$100 DNA Collection Fee, and Restitution in the amount of \$27,724.44 **(EXHIBIT 7)**.

On April 4, 2017 a Present Responsibility referral was formally requested, recommending SBA immediately suspend Thompson from all participation in government programs. This referral is still pending with SBA Office of General Counsel **(EXHIBIT 8)**.

DISPOSITION OF EVIDENCE

There were no original documents or other evidence inventoried during this investigation. Copies of pertinent records will be retained in the case file to be destroyed at a later date in adherence with SBA policy.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	(b) (6), (b) (7)(C) Interview Dated: 2/26/2016
2	(b) (6), (b) (7)(C) Interview Dated: 3/11/2016
3	(b) (6), (b) (7)(C) Interview Dated: 3/16/2016
4	Prosecutorial Report Dated: 5/23/2016
5	Charging Document – Information Dated: 7/19/2016
6	Arrest / Booking Dated: 7/21/2016
7	Judgement / Sentencing Dated: 3/24/2017
8	Present Responsibility (Suspension/Debarment) Referral Dated: 4/4/2017



**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION**

Prepared by: ASAC (b) (6), (b) (7)(C)
Approved by: AIGI (b) (6), (b) (7)(C)

REPORT OF INVESTIGATION

CASE#: W-IA-17-0179-I	DATE OF REPORT: March 29, 2019
CASE TITLE: (b) (6), (b) (7)(C)	
PERIOD OF INVESTIGATION: January 31, 2017 TO March 29, 2019	
CASE AGENT: ASAC (b) (6), (b) (7)(C)	
DISTRIBUTION:	

SUMMARY

On January 31, 2017, the U.S. Small Business Administration (SBA), Office of Inspector General (OIG) received a referral from former Service Corps of Retired Executives (SCORE), SCORE Association, Seattle Chapter (b) (6), (b) (7)(C). The referral alleged that (b) (6), (b) (7)(C) was improperly terminated by SCORE, (b) (6), (b) (7)(C) in part, for communicating independently with the SBA-OIG regarding an investigation that alleged theft/embezzlement within the Seattle SCORE program, poor accounting practices, and favoritism. (EXHIBIT 1) This joint investigation between the SBA-OIG and the Seattle Police Department resulted in criminal charges against a former SBA grant funded SCORE employee who had exploited SCORE's poor financial controls to embezzle SCORE funds.

Due to the serious nature of the allegation and SCORE's ongoing grant relationship with SBA (EXHIBIT 2), the SBA-OIG initiated an investigation.

The investigation determined that (b) (6), (b) (7)(C) terminated (b) (6), (b) (7)(C) with the knowledge and oversight of SCORE (b) (6), (b) (7)(C). It was further determined that (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) terminated (b) (6), (b) (7)(C) for reasons to include independently assisting SBA-OIG investigators with their investigation of theft/embezzlement at the Seattle SCORE Chapter. In both, email and investigative

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interview, ██████ cited inactivity with SCORE as one of reasons for ██████'s termination. However, the investigation revealed ██████ continued to be an active SCORE member by corresponding directly with SCORE's Seattle chapter, clients, and SCORE National by providing information relevant to the theft incident at SCORE.

In an interview with OIG agents, ██████ admitted to terminating ██████, in part due to his private work in support of the OIG's investigation. In a follow-up interview with OIG agents, ██████ said he approved the termination email notification even though it was based in part on (b) (6), (b) (7)(C)'s cooperation with the OIG's investigation. ██████ also said he did not consider (b) (6), (b) (7)(C)'s work with OIG as volunteer hours for SCORE.

After the Nixon Peabody review, SCORE's Board of Directors concluded that the Chapter had adequate basis for terminating ██████'s volunteer status and that SCORE did not have an obligation to reinstate him as a volunteer. This determination was based on an outside law firm who SCORE employed, specializing in corporate employment law who's findings were reached without interviewing ██████, nor with any analysis of whistleblower statutes.

Based on the above, the investigation's findings are being referred to SBA management for determination as to the relevance of this information to the status of SCORE's standing as an SBA grantee. Additionally, this report is presented to senior SBA leadership for review due to alleged violations of SCORE whistleblower protections in the handling of the (b) (6), (b) (7)(C) matter so they can determine whether SCORE management retaliated against (b) (6), (b) (7)(C) for cooperating with the OIG. Senior SBA leadership could also make determinations if disciplinary actions for SCORE personnel are to be requested of SCORE, or if other remedies might be imposed upon SCORE by SBA.

BACKGROUND

THE SMALL BUSINESS ADMINISTRATION

The SBA is an independent agency within the Executive Branch of the Government of the United States. The SBA was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation.

SCORE PROGRAM

SCORE's policy in relation to the time at issue is promulgated in the SCORE Operating Manual (SOM), dated September 5, 2016 **(EXHIBIT 3)**.

SCORE's mission is to foster vibrant small business communities through mentoring and education. SCORE is headquartered in Herndon, Virginia, and consists of approximately 20 staff members supporting more than 300 chapters with over 10,000 volunteers across the United States. The organization is a resource partner of the SBA who funds SCORE through grant proceeds and provides information, in part, about loans and financial options, business planning, marketing strategies, and product development. SCORE's expert mentors provide effective business advice from how to write a business plan, to cash flow management, to growing an existing business. In exchange for the SBA / SCORE relationship, SCORE is not only required to abide by its own policies but to adhere to SBA policy and relevant CFRs. In addition, these policies should be consistent with one another.

RELEVANT SCORE POLICIES and CFR

Excerpts derived from the SCORE Operating Manual (SOM) as updated 9/5/2016 and 2 CFR 2701.112 (Applicable to dates of allegation)

Terms and Conditions of Grant Award (SOM, III, A-10)

"...avoid engaging in any actions that may harm the integrity of this project or the SCORE Program.

In the event key project employees are determined to have engaged in conduct reflecting a material lack of business integrity or honesty, You must immediately remove them from involvement in this project.

You and Your employees must avoid both organizational and individual conflicts of interest in accordance with the principles identified in 2 C.F.R. § 2701.112.

You, Your principals, employees, and agents are obligated to report all instances of fraud, waste, or abuse related to this project or to the SCORE Program to the Point of Contact designated in Part I(A)(3) above. If, in Your [sic] view, that individual does not satisfactorily address Your allegations of fraud, waste or abuse, You should report the matter to SBA's Office of Inspector General..." (Sic)

41 USC 4712

(a) Prohibition of reprisals.

(1) In general. An employee of a contractor, subcontractor, grantee, or subgrantee or personal services contractor may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in paragraph (2) information that the employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant.

(2) Persons and bodies covered. The persons and bodies described in this paragraph are the persons and bodies as follows:

(B) An Inspector General.

2 CFR 2701.112

The following conflict of interest policies apply to all SBA awards of financial assistance:

- (a) Where an employee or contractor of a non-Federal entity providing assistance under an SBA award also provides services in exchange for pay in her or his private capacity, that employee or contractor may not accept as a client for her or his private services any individual or firm she or he assists under an SBA award.
- (b) No non-Federal entity providing assistance under an SBA award (nor any sub recipient, employee, or contractor of such an entity) may give preferential treatment to any client referred to it by an organization with which it has a financial, business, or other relationship.
- (c) Except where otherwise provided for by law, no non-Federal entity may seek or accept an equity stake in any firm it assists under the auspices of an SBA award. Additionally, no principal, officer, employee, or contractor of such an entity (nor any of their Close or Secondary Relatives as those terms are defined by 13 CFR 108.50) may seek or accept an equity stake or paid position in any firm the entity assists under an SBA award.

Participation and Roles *(Reference: SOM Chapter 2, Pg. 8)*

There are many ways for a volunteer to participate in SCORE. Volunteers may be involved by any or all of the following:

- Mentoring – in person or virtual; general business or subject matter expertise
- Workshop Presentation and Group Learning Facilitation.
- Team Advisory Services
- Marketing, Community Relations, and Fundraising
- Administration

“NOT EVERY volunteer must mentor clients or even should mentor clients. In fact, the best operating chapters have many non-mentoring volunteers filling crucial roles in the chapter.”

Descriptions of Pertinent Volunteer and Leadership Roles

(Chapter 10, Pg. 51)

Vice President of Field Operations (b) (6), (b) (7)(C)

The Vice President of Field Operations is a paid position, responsible for managing the national operations of SCORE’s 300 chapters and volunteers. In addition the Vice President of Field Operations oversees headquarters’ Human Resources, Recruitment, and Volunteer Services programs.

District Director (b) (6), (b) (7)(C)

The District Director is a volunteer management position, appointed by the SCORE Vice President of Field Operations and reports to the Regional Vice President. The District Director is responsible for the management and performance of the district and its chapter’s compliance with the SOM and the Chapter’s Minimum Standards.

The District Director must:

- Mentor chapter chairs and identify future chapter leaders.
- Manage and administer the policies, programs and procedures authorized by the SCORE Association Board of Directors, the SCORE CEO, and the SCORE Vice President of Field Operations.

- Implement the strategies embodied in the SCORE Strategic Plan.
- Conduct a SCORE on-site review of each chapter within the district annually to ensure chapter adherence to the SOM and Minimum Standards.
- Assist chapters with policy and program implementation and ensure adherence to timely reporting requirements and response to all National SCORE office information requests.
- Review and evaluate the chapter business plan, assist the chapters with the setting of performance goals and provide guidance, resources and support to achieve the chapter business plan and performance goals.
- Manage the district budget as a supplement to fundraising by chapters, and promote chapter fiscal self-sufficiency.
- Develop and utilize effective channels of communication among the chapters.
- Review and approve or reject those volunteers that the chapter nominating committee has selected as candidates for the office of Chapter Chair.
- Make recommendations to the National SCORE office for the establishment and/or closing of chapters and branches to maximize market penetration.
- Initiate, develop and maintain relationships with the SBA, business organizations, community organizations, and the local media to heighten awareness of SCORE in the community.
- Direct legislative contacts by chapter volunteers with municipal, county, state and federal elected representatives and their field staff.
- Appoint assistant District Director(s) to serve districts. Delegate responsibilities and provide mentoring to develop future SCORE leaders.

Chapter Chair (b) (6), (b) (7)(C)

The Chapter Chair reports to the District Director and is responsible for overall chapter management. The Chapter Chair is to ensure that the chapter is compliant with SCORE policies, procedures, Chapter Minimum Standards, goals and objectives. In addition, the Chapter Chair will work to ensure the chapter is in alignment with SCORE's mission and vision as well as agreed upon goals and objectives. The Chapter Chair should develop a

leadership team within the chapter and to delegate appropriately to both the leadership team and to committees within the chapter.

The Chapter Treasurer (Formerly (b) (6), (b) (7)(C))

The Chapter Treasurer is a volunteer position, responsible for the following:

- Handles the receipt and disbursement of all chapter revenues and expenditures.
- Maintains an accurate record of all financial transactions.
- Balances accounts on a MONTHLY [sic] basis.
- Submits monthly treasurer's report to the Chapter Chair.
- Accounts for money, property and in-kind gifts to the chapter. Keeps records for tax and safekeeping purposes and sees that proper federal, state and/or local tax and other chapter financial reports are duly filed.
- Prepares annually and submits Form 3, Chapter Annual Report, to the Chapter Chair for signature before submitting to the District Director. The preparer of the form is also required to sign the form.
- Assists the Chapter Chair in implementation or delegation of chapter activities at the discretion of the Chapter Chair.

Ethics Violations, Volunteer Termination, Grievance Procedures and Whistleblower Protections (Chapter 7)

Process for removing volunteers not in violation of the Code of Ethics (Chapter 7, Pg. 36-37)

When a SCORE volunteer, client or other person has a complaint concerning any SCORE activity or service, specific procedures should be followed in addressing and resolving the grievance.

Process for removing volunteers not in violation of the Code of Ethics (Chapter 7, Pg. 36-37)

As noted, membership in SCORE is a privilege. As such, membership can be revoked at any time, including volunteers that have not broken the Code of Ethics and Conduct. There are a

number of reasons a volunteer may be dismissed from SCORE. These reasons include, but are not limited to:

- Consistently poor attitude, inactivity, or lack of engagement
- Consistently poor client service quality
- Conduct detrimental to SCORE chapter and/or violation of rules
- Lack of continued skills improvement
- Unwillingness or inability to adopt necessary changes in operations and service

There are two options for removing volunteers:

1) Probation

Used for volunteers where behaviors are deemed to be correctable. This process is designed to be kept internal to the chapter. Volunteers have the opportunity to be reinstated by chapter leadership.

2) Direct Removal

Used for volunteers where behaviors are deemed to be non-correctable, for repeat offenders, or for volunteers previously placed on probation. This process requires that any additional actions regarding the volunteer in question are taken up by the District Director or SCORE National Vice President of Field Operations.

Agent Note: The investigation did not disclose any evidence that SCORE had proposed a process, or officially found [REDACTED] to be "non-correctable."

Grievances and Appeals Processes (Chapter 7, Pg. 38)

When a SCORE volunteer, client or other person has any grievance, including appeals of local chapter decisions, the following procedure will be used:

- A written statement clearly stating the details of the grievance and the desired outcome will be sent to the chapter chair within 30 days.
- Any issue involving the chapter chair or the district director should immediately include the Vice President of Field Operations.

- If the chapter chair is unable to resolve the issue, the escalation of any appeal will proceed to the District Director.
- If the district director is unable to resolve the grievance, the district director will prepare a report and forward it with all written documentation to the SCORE Vice President of Field Operations with a request for the SCORE Vice President of Field Operations' intervention.
- The decision by the SCORE Vice President of Field Operations shall be final and communicated in writing to all parties.
- The records of both the ethics violation and the grievance procedures shall be retained at the National SCORE office for five years.

Criminal Whistle-Blower Code of Conduct Policy (Chapter 7, Pg. 38)

The Sarbanes-Oxley Act which was signed into law on July 30, 2002, was designed to add new governance standards for the corporate sector and to rebuild public trust in publicly held companies. While most of this act deals directly with for-profit organizations, two standards in the act document destruction and whistle-blower protection, which cover non-profit organizations.

In keeping with the policy of maintaining the highest standards of conduct and ethics SCORE and the SCORE Foundation will investigate any suspected fraudulent or dishonest use or misuse of SCORE's resources or property by staff, board members, consultants or volunteers.

SCORE is committed to maintaining the highest standards of conduct and ethical behavior which promotes a working environment that values respect, fairness and integrity. All staff, board members, and volunteers shall act with honesty, integrity and openness in all their dealings as representatives for the organization. Failure to follow these standards will result in disciplinary action including possible termination of employment, dismissal from one's board or volunteer duties and possible civil or criminal prosecution if warranted.

Staff, board members, consultants and volunteers are encouraged to report suspected fraudulent or dishonest conduct "(i.e. to act as "whistle-blower")" pursuant to the procedures set forth below.

Reporting

A person's concerns about possible fraudulent or dishonest use or misuse of resources or property should be reported to the Secretary of the SCORE Board of Directors. If for any reason a person finds it difficult to report his or her concerns to the Secretary of the Board, the person may report the concerns directly to the Chair of the Board. Alternately, to facilitate reporting of suspected violations where the reporter wishes to remain anonymous, a written statement may be submitted to one of the individuals listed above.

Definitions

Baseless Allegations: Allegations made with reckless disregard for their truth or falsity.

People making such allegations may be subject to disciplinary action by SCORE, and/or legal claims by individuals accused of such conduct.

Fraudulent or Dishonest Conduct: A deliberate act or failure to act with the intention of obtaining an unauthorized benefit.

Examples of such conduct include, but are not limited to:

- forgery or alteration of document
- unauthorized alteration or manipulation of computer files;
- fraudulent financial reporting;
- pursuit of a benefit or advantage in violation of SCORE's Conflict of Interest Policy;
- misappropriation or misuse of SCORE's resources, such as funds, supplies, or other assets;
- authorizing or receiving compensation for goods not received or services not performed; and
- authorizing or receiving compensation for hours not worked

Whistle-Blower: An employee, contractor or volunteer who informs the Secretary or the Chair of the Board about an activity relating to SCORE which that person believes to be fraudulent or dishonest.

Rights and Responsibilities

Reasonable care should be taken in dealing with suspected misconduct to avoid:

- baseless allegations;
- premature notice to persons suspected of misconduct and/or disclosure of suspected misconduct to others not involved with the investigation; and
- violations of a person's rights under law

Due to the important yet sensitive nature of the suspected violations, effective professional follow-up is critical. Supervisors, while appropriately concerned about "getting to the bottom" of such issues, should not in any circumstances perform any investigative or other follow up steps on their own. Accordingly, a reporting person who becomes aware of suspected misconduct:

- should not contact the person suspected to further investigate the matter or demand restitution.
- should not discuss the case with attorneys, the media or anyone other than the Secretary or the Chair of the Board.
- should not report the case to an authorized law enforcement officer without first discussing the case with the Secretary or the Chair of the Board.

Agent Note: *The SBA-OIG is considered a law enforcement agency and is covered under this SOM and as further reinforced under 41 USC 4712 (supra)*

Whistle-Blower Protection (Chapter 7, Pg. 38)

SCORE will protect whistle-blowers as defined below:

- SCORE will use its best efforts to protect whistle-blowers against retaliation. Whistle-blowing complaints will be handled with sensitivity, discretion and confidentiality to the extent allowed by the circumstances and the law. Generally, this means that whistle-blower complaints will only be shared with those who have a need to know so that SCORE can conduct an effective investigation, determine what action to take based on the results of any such investigation, and in appropriate cases, with law enforcement personnel. (Should disciplinary or legal action be taken against a person or persons as a result of a whistle-blower

complaint, such persons may also have the right to know the identity of the whistle-blower.)

- *Employees, contractors and volunteers of SCORE may not retaliate against a whistle-blower for informing management about an activity which that person believes to be fraudulent or dishonest with the intent or effect of adversely affecting the terms or conditions of the whistle-blower's employment, including but not limited to, threats of physical harm, loss of job, punitive work assignments, or impact on salary or fees (Emphasis Added).* Whistle-blowers who believe that they have been retaliated against may file a written complaint with the Secretary or the Chair of the Board. Any complaint of retaliation will be promptly investigated and appropriate corrective measures taken if allegations of retaliation are substantiated. This protection from retaliation is not intended to prohibit supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors.
- Whistle-blowers must be cautious to avoid baseless allegations.

Federal Statutes Applicable to SCORE (Chapter 9, Pg. 46)

SCORE operates as a grantee of the SBA.

The federal laws that apply to SCORE are found in Chapter 14A of Title 15 of the United States Code **{Small Business Act Section 8(b)}**. The provisions of that Act require the SBA to provide technical, managerial and informational aids to small business concerns. Section 637(b) of the Act authorizes the SBA to financially support SCORE to assist the SBA in the performance of its duties under the Act. This coverage does not extend to contractors or 3rd parties.

DETAILS

Allegation: (b) (6), (b) (7)(C) was improperly terminated by SCORE (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) for working with SBA-OIG regarding an investigation into theft/embezzlement from the Seattle SCORE chapter, in violation of whistleblower provisions of Sarbanes-Oxley as documented within the government Notice of Award and SCORE Policy (SOM).

On February 26, 2016, Special Agent in Charge (SAC) (b) (6), (b) (7)(C), and SBA-OIG Investigative Assistant (b) (6), (b) (7)(C) interviewed former SCORE (b) (6), (b) (7)(C) .
(EXHIBIT 4)

The discussion focused on allegations related to what [REDACTED] believed were blatant disregard of SCORE SOM and Accounting Policies and Procedures (APP). [REDACTED] claimed that Seattle SCORE personnel had been aware of problems but had purposefully neglected to address the issues.

At the time of interview, (b) (6), (b) (7)(C) held the position of (b) (6), (b) (7)(C) for the Seattle SCORE chapter. He was appointed (b) (6), (b) (7)(C) in October 2015 by (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C). By February 9, 2016, (b) (6), (b) (7)(C) had discovered financial inconsistencies and possible fraud by former SCORE Administrative Assistant Allie Thompson (Thompson) who was a contract employee for SCORE. Thompson worked as Administrative Assistant at Seattle SCORE for approximately nine years. Her temporary service employer who assigned her to the SCORE office was "Express Services LLC." SCORE paid Express Services approximately \$50,000 a year for employing Thompson. These funds were derived from SBA grant funds.

As SCORE (b) (6), (b) (7)(C) was granted access to the SCORE QuickBooks account for approximately one or two weeks prior to finding the first set of alleged fraudulent checks which Thompson had wrote to herself. [REDACTED] discovered approximately seven additional suspicious checks that were written to Thompson. [REDACTED] also discovered Thompson was regularly using a credit card belonging to Seattle SCORE at community gas stations and grocery stores near Thompson's home. (b) (6), (b) (7)(C) noted that according to the SOM, no SCORE branch is authorized to have a credit card. (b) (6), (b) (7)(C) claimed to have informed Seattle SCORE (b) (6), (b) (7)(C), as required within the SCORE SOM, who disregarded his concerns. (b) (6), (b) (7)(C) believed one of the reasons [REDACTED] dismissed the allegations brought to him was because (b) (6), (b) (7)(C) was "protecting" Thompson, and was aware of the violations going on before (b) (6), (b) (7)(C).

[REDACTED] later discovered approximately 35 additional checks that had been made out to Thompson. [REDACTED] also reviewed the SCORE PayPal account and discovered a drastic change in workshop revenue from previous years, which was questionable because Thompson also facilitated the workshops. Revenue from workshops from the previous years dropped from approximately \$3000-\$4000 per month to approximately \$800 per month.

[REDACTED] further revealed that the SCORE bank account did not have any deposits for the months of September, October, and November of 2015. When [REDACTED] asked [REDACTED] why there were no deposits for three months, (b) (6), (b) (7)(C) said it was common for everybody to use PayPal for the workshop fees. As the (b) (6), (b) (7)(C) was unclear on how accountability was being kept between who attended the workshop, and who paid the fees for the workshops for the SCORE revenue.

(b) (6), (b) (7)(C) also recalled that on January 19, 2016, (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) picked up (b) (6), (b) (7)(C) to go to the bank in order to cash two Certificates of Deposits (CD) at \$5,000 each. (b) (6), (b) (7)(C) asked if they realized that there would be “early withdrawal fees.” Both (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) understood there would be fees, but needed the cash to pay bills (total fees were \$400). After learning bills were not being paid/tracked, (b) (6), (b) (7)(C) contacted the bank to get information on the few deposits for January 2016. The bank sent him a printout of the January deposits and he discovered that there was a \$2,500 check deposited for an SBA Gala and four smaller checks, labeled “workshops.” (b) (6), (b) (7)(C) continued to attempt discussions with (b) (6), (b) (7)(C) regarding accounting practices; however (b) (6), (b) (7)(C) continued to make up excuses for Thompson.

(b) (6), (b) (7)(C) discovered within the SCORE SOM that the Form 3 is a report chapters are required to provide to SCORE National for financial tracking purposes. (b) (6), (b) (7)(C) claimed he had never seen a Form 3, so he assumed it had been a while since a Form 3 had been sent to SCORE National. (b) (6), (b) (7)(C) also said he tracked SCORE outreach activities via a Form 888. The Form 888 is required to be completed at each workshop, and tracks attendance and payments. (b) (6), (b) (7)(C) said that (b) (6), (b) (7)(C) claimed to have not known about this form, and did not see the form filed as required. (b) (6), (b) (7)(C) also said the Seattle SCORE branch was using QuickBooks for accounting purposes, even though SCORE National provides the accounting software INTACCT, a less editable accounting software.

In light of the many accounting questions, (b) (6), (b) (7)(C) then wanted to contact previous SCORE Treasurers to see if they saw the same inconsistencies, and SOM violations he was discovering. (b) (6), (b) (7)(C) was able to reach Former SCORE Treasurer (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that when he started as the SCORE Treasurer in 2012, he was told by the outgoing Treasurer (b) (6), (b) (7)(C) that everything was in disarray. (b) (6), (b) (7)(C) noticed inconsistencies in accounting from Thompson, so (b) (6), (b) (7)(C) had the office move to the online QuickBooks program to keep watch on Thompson’s activities. (b) (6), (b) (7)(C) was noticing that Thompson would write checks, but not enter the information into QuickBooks. After (b) (6), (b) (7)(C) identified multiple issues with the office’s finances he claimed to have approached (b) (6), (b) (7)(C) and the District (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) were culpable because they refused to do anything about Thompson in light of all of the information that he himself brought to them.

(b) (6), (b) (7)(C) said he noticed the SCORE staff treated Thompson very well. For example, during a local SCORE dinner, SCORE collected approximately \$5,000 in donations to buy Thompson a car. SCORE also provided her a laptop and reimbursed her for childcare costs so she could come to work at SCORE. (b) (6), (b) (7)(C) also reported that (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) the SCORE credit card was getting paid every single month. However, (b) (6), (b) (7)(C) later discovered the credit card was getting paid every other month and the

credit card was incurring late fees at a rate of \$39.00 per month, in addition to other late/delinquent bills.

(b) (6), (b) (7)(C) then called SCORE National (b) (6), (b) (7)(C) to inquire what to do with a possible violation where a (b) (6), (b) (7)(C) might be involved. (b) (6), (b) (7)(C) said (b) (6), (b) (7)(C) told him there was nothing set up for that, but thanked (b) (6), (b) (7)(C) for bringing this issue to his attention.

On March 11, 2016, RA and Special Agent (SA) (b) (6), (b) (7)(C), U.S. Department of Homeland Security Investigations (HSI), interviewed (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) (b) (6), (b) (7)(C), SBA, regarding Thompson. (EXHIBIT 5)

(b) (6), (b) (7)(C) said Thompson was not an SBA employee, but a contract employee from a company called "Express." Though only a contract employee, (b) (6), (b) (7)(C) said Thompson was given childcare and a car through the SCORE program. SCORE program leaders (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) seemed to do very little to discipline Thompson regarding absentee problems, or anything else for that matter. Thompson seemingly always had an excuse as to her tardiness or absenteeism. (b) (6), (b) (7)(C) offered RA an opportunity to review her personal text messages reflecting a variety of instances Thompson was going to be late for work.

(b) (6), (b) (7)(C) said she was aware of Thompson having a SCORE purchase card because Thompson would at times say that she left the card at home. It was very evident Thompson did not know what she was doing with SCORE's accounting system. (b) (6), (b) (7)(C) recalled in 2014, Thompson asked her to assist with QuickBooks. (b) (6), (b) (7)(C) recalled that SCORE's books were not balanced and were very confusing. Thompson did not know what she was doing in regards to the treasury duties, yet she managed the QuickBooks and had full access to the bank and purchase card.

(b) (6), (b) (7)(C) said that on February 16, 2016, she learned SCORE management was looking into the accounting. (b) (6), (b) (7)(C) figured something was going on, then (b) (6), (b) (7)(C) later told her that Thompson had stopped coming into work and had been writing checks to herself. On the same day, (b) (6), (b) (7)(C) told (b) (6), (b) (7)(C) that Thompson was going to be in at 9:00am. (b) (6), (b) (7)(C) thought it was interesting that (b) (6), (b) (7)(C) seemed to know something this detailed about Thompson's whereabouts.

On March 16, 2016, RA, and Assistant (b) (6), (b) (7)(C) again interviewed (b) (6), (b) (7)(C). (EXHIBIT 6)

(b) (6), (b) (7)(C) discussed a "chronology of events" related to fraud at the Seattle SCORE office and explained that due to bad protocol and financial failures, SCORE became victim to fraud.

On January 31, 2017, RA, Investigative Assistant [REDACTED] and SA (b) (6), (b) (7)(C), again interviewed [REDACTED]. (EXHIBIT 1)

[REDACTED] informed RA that he had recently been terminated. [REDACTED] said that after the embezzlement scheme was uncovered he needed to resign from his position as SCORE [REDACTED] to take care of some personal business matters. However, he retained his SCORE membership.

Upon resigning from the position of (b) (6), (b) (7)(C) at SCORE, and soon after clearing up his personal business concerns, (b) (6), (b) (7)(C) then returned to SCORE as an active volunteer. Shortly after his return, (b) (6), (b) (7)(C) was abruptly terminated along with his membership. [REDACTED] said SCORE management cited various innocuous reasons in a letter for his dismissal, to include "working with the Inspector General's Office" which was included within an email notification. [REDACTED] believed his termination was related to uncovering the embezzlement scheme.

On April 16, 2018 RA obtained and reviewed a report by Nixon Peabody a law firm retained by SCORE (EXHIBIT 7). According to the report Nixon Peabody was asked by the SCORE Board to conduct an inquiry into a complaint made by (b) (6), (b) (7)(C) regarding the Greater Seattle Chapter of SCORE. The report described (b) (6), (b) (7)(C)'s complaint as a claim that he was terminated from SCORE for exposing or threatening to expose collusion in fraud. This report was dated May 17, 2017 and included the following recommendations:

- Chapter-wide adoption of financial controls as required by the SOM.
- Addressing Treasurer Vacancies and that financial obligations not be done by administrative staff.
- Independent Oversight by the District Director.
 - Specifically, the Seattle Chapter would be better served if the District Director were able to provide independent oversight over the chapter, as opposed to being a part of its leadership team. Further recommending that the Board encourage separation of duties.
- Seattle Chapter had adequate basis for terminating (b) (6), (b) (7)(C)'s volunteer status and does not have an obligation to reinstate (b) (6), (b) (7)(C) as a volunteer.
 - It was noted that [REDACTED] however would not agree to be interviewed as part of the inquiry, and that further information may have changed the recommendation.

On May 20, 2017, SCORE's Board [REDACTED] [REDACTED] sent an email to SCORE [REDACTED] [REDACTED] and Nixon Peabody personnel titled, "Complaint Recommendations - CONFIDENTIAL." (b) (6), (b) (7)(C) email provided Board recommendations, "...based on the fact-finding, analysis and discussion regarding the Whistleblower complaint and the greater Seattle SCORE Chapter." (EXHIBIT 8):

- Chapter wide adoption of financial control measures.
 - SCORE has a Request for Proposal (RFP) underway related to a financial consolidation feasibility study.
- Address Treasurer vacancies in the SOM.
- In the event a Chapter has a vacancy in the treasurer role, the Chapters finances should not be left to administrative staff. The Chapter can either appoint a qualified acting treasurer, or have SCORE National take custody of finances until a qualified treasurer is sought and appointed.
- The District Director's should provide independent oversight over the chapter, as opposed to being part of its leadership or executive team.
 - The SOM should reflect this separation.
 - [REDACTED] should no longer be a member of the executive team in the Seattle chapter.
- Terminate membership or issue a formal reprimand in writing to [REDACTED] for the following deficiencies:
 - Lack of financial oversight for the Seattle Chapter.
 - Insufficient oversight over finances beginning in Fall 2013 through October 2015.
 - Not following up on specific complaints that were made by chapter members on financial irregularities.
 - Awareness of an unqualified volunteer in the role of Treasurer [REDACTED] [REDACTED]
- Fostering an inner circle of confidants ((b) (6), (b) (7)(C) [REDACTED]) who ignored concerns and questions related to financial matters.
- The Board concludes that the Chapter had adequate basis for terminating [REDACTED]'s volunteer status and that SCORE does not have an obligation to reinstate him as a volunteer.

Agent Note: Although retained by SCORE to address the whistleblower issue, Nixon Peabody, who is an external law firm specializing in among other things corporate employment law, came to a conclusion without interviewing [REDACTED], and without analysis of any applicable whistleblower statutes.

On June 27, 2017, RA and SAC Overson interviewed [REDACTED] and [REDACTED].

Both [REDACTED] and [REDACTED] agreed to be interviewed (EXHIBIT 9) (EXHIBIT 10).

During these interviews, an email from [REDACTED] to [REDACTED] terminating him from SCORE was discussed. During [REDACTED]'s interview, he stated the email was accurate in addressing [REDACTED] as drafted, "specifically, after the financial discoveries in February you chose to remove yourself from any work to repair the situation and be part of the solution, instead opting to deal with the IG privately..." (EXHIBIT 11)

For clarification and understanding, RA again asked for [REDACTED]'s reasoning for terminating [REDACTED] related to [REDACTED]'s dealings with the OIG, [REDACTED] replied, "It wasn't the primary one, of course. He could have chosen to work with the SPD, or prosecutors (sic) office, or whatever. He chose to work with you all (sic) on proving his version of what transpired." (EXHIBIT 9, Page 112)

On April 13, 2018, RA and SAC [REDACTED] interviewed SCORE National [REDACTED] (EXHIBIT 12)

[REDACTED] said he graduated from [REDACTED] with an emphasis in Management Consulting. He then began working for SCORE in September 2011, where he makes a salary of approximately \$240,000 per year. This wage is made up of a rate similar to the SES rate of approximately \$212,000 paid 100% from SBA grant funds, with a supplemental salary from the SCORE foundation's account of approximately \$30,000 for a total income of approximately \$240,000 per year.

[REDACTED] was asked about his knowledge regarding [REDACTED] purchasing a car for the Administrative Assistant Alexandra Thompson (Thompson), who later was caught for embezzling money from SCORE. [REDACTED] said he was aware [REDACTED] and others purchased a car for Thompson. [REDACTED] said he had learned of it from [REDACTED] or [REDACTED] after it all happened. He thought they did it to help Thompson get to work.

RA asked [REDACTED] if he was aware of two CDs that were cashed out in order to pay for the indebtedness of the Seattle SCORE Chapter. [REDACTED] said he was not aware of this, however it is the chapter's money and they can handle their own funds and/or investments however

they want, so it would have been their decision to do whatever they did. RA then asked if he was aware or cared that cashing of the CDs cost SCORE hundreds of dollars in fees. He raised his eyebrows in interest, however again stated that it was their decision to do what they did.

██████████ said he had heard that ██████████ (b) (6), (b) (7)(C) had sued the city of Seattle, and “in hindsight, should’ve questioned if he (b) (6), (b) (7)(C) was a good candidate” (for SCORE Membership).

When asked about ██████████ signing the annual Form 3 (financial statement), which is an attestation that the signer has reviewed chapter accounting, and why the simple frauds were not uncovered earlier, ██████████ replied that when SCORE District Directors review the Form 3, they are looking for math errors, not doing a full accounting. ██████████ added that an account fluctuating between \$60,000 and \$100,000 is not always a red flag. ██████████ also said ██████████ reviewed nine chapter Form 3s, and was not likely looking at daily expenditures.

██████████ was asked about how ██████████ signed the Form 3 indicating SCORE’s credit card had been paid in full, when in reality it had a negative balance for over two years. ██████████ said ██████████ (b) (6), (b) (7)(C) would have signed off the balance sheet, not the actual statement. RA then asked ██████████ (b) (6), (b) (7)(C) if he was aware of eleven \$39 late charges from the credit card that was not revealed by ██████████ (b) (6), (b) (7)(C)’s review. ██████████ said he was not aware there was a credit card/line with the chapter. ██████████ (b) (6), (b) (7)(C) also stated that chapters were not allowed to have credit cards.

██████████ added that soon all the financials will be handled at SCORE National.

RA asked ██████████ if he was aware ██████████ was the person who uncovered the fraud and brought forward the financial problems the chapter was having. ██████████ (b) (6), (b) (7)(C) said “yes”, and that he was appreciative of him. However, when RA asked why ██████████ (b) (6), (b) (7)(C) was terminated, ██████████ said he went inactive for 6-7 months, then was disruptive at a meeting as reported to him by ██████████ and ██████████.

RA asked if ██████████ (b) (6), (b) (7)(C) had reviewed the email ██████████ sent to ██████████ for the purpose of termination. ██████████ (b) (6), (b) (7)(C) said that he had indeed reviewed the email prior to it being sent to ██████████. RA showed the email to ██████████ (EXHIBIT 11) and pointed out the OIG language within the email stating “Specifically, after the financial discoveries in February, you chose to remove yourself from any work to repair the situation and be part of the solution, instead opting to deal with the OIG privately...” RA then asked ██████████ if he was familiar with the whistleblower statute. ██████████ replied that he was, but SCORE had its own policy.

RA then asked [REDACTED] if he was familiar with SCORE's legal review that was investigated regarding the whistleblower matter related to [REDACTED]. [REDACTED] said he was familiar with it. [REDACTED] said the law firm gave the facts, and then SCORE's Board of Directors recommended terminating everyone. However, [REDACTED] sent SCORE's (b) (6), (b) (7)(C) [REDACTED] to Seattle to further review the concerns. Upon [REDACTED]'s return to SCORE National, (b) (6), (b) (7)(C) and [REDACTED] decided not terminate anyone, to include [REDACTED], due to his many years of valuable contributions.

RA asked how many hours a volunteer needed to work in order to stay active with SCORE. [REDACTED] replied that there was no policy on the limit of hours a volunteer was required to stay active. Some volunteers just come to meetings to socialize due to age, or other matters, however, they are not required/requested to consult with clients. Some put in very few hours.

RA asked if (b) (6), (b) (7)(C) was upset [REDACTED] reached out to the OIG. [REDACTED] said he appreciated (b) (6), (b) (7)(C), however did not like that he "went dark" afterwards.

RA asked why SCORE did not utilize probation in lieu of firing [REDACTED] as advised within SCORE's SOM. [REDACTED] said that not placing [REDACTED] on probation in lieu of termination was the chapter's call, and not a requirement, as it is up to the chapter when to use probation. RA asked if [REDACTED] was ever given a written warning or any other type of reprimand to address his undesirable behaviors. [REDACTED] said he did not know, but doubts he ever received anything.

RA asked (b) (6), (b) (7)(C) if he would count the hours [REDACTED] worked with the OIG as hours assisting SCORE. (b) (6), (b) (7)(C) said he would not count those hours, but also did not think they were held against him. (b) (6), (b) (7)(C) added that [REDACTED] "talking to the OIG was not the reason we got rid of him. It was because he threw his hands up and walked away". [REDACTED] compared [REDACTED] to a firefighter who sees a fire and walks away, only to return six months later to say "I told you there was a fire".

On April 30, 2018, RA telephonically interviewed [REDACTED]. (EXHIBIT 13)

During this interview [REDACTED] told RA that the last two SCORE (b) (6), (b) (7)(C) [REDACTED] both had previously told [REDACTED] about concerns of honesty and trustworthiness regarding Thompson. Some of the concerns were directly related to how SCORE was able to pay bills without Thompson having access or authority to the checkbook. Another was that there were no controls set up for accepting money at the door at coaching meetings, yet the funds seemed low for the amount of people at the meetings. [REDACTED] said [REDACTED] ended up leaving SCORE due to being disgusted in thinking that Spelhaug was covering for Thompson, to include her work hours and overtime when she

was not working her reported hours. ██████ felt this was of importance to tell the RA because these are senior business people running the SCORE program and should have seen this, and they did not seem to care how the bills were being paid.

██████ said that between the time he resigned as ██████ until the December 13, 2016 meeting, where he was subsequently terminated from SCORE, he acted as a SCORE volunteer. However, ██████ had discussions about transferring to the Tacoma Chapter **(EXHIBIT 13, Attachment 23)**. Also, during this time, SCORE National had sent ██████ to “help set things straight” in Seattle, and during that time ██████ assisted ██████ by answering his calls to questions and provided him access to passwords during his visit. Additionally, ██████ was contacted a couple of times regarding mentoring opportunities ██████, where he lives. **(EXHIBIT 13, Attachments 17-24)**

RA then asked if ██████ continued to be on any phone listings, or similar listings which would show his continued employment/volunteer service at SCORE. ██████ said that in addition to obviously being on the mentor call listing, he continued to have SCORE systems access, email, and he continued to be listed on at least two of the consolidated phone listings for Seattle SCORE. **(EXHIBIT 13, Attachment 24)**

██████ said one of the reasons he went to the meeting on December 13, 2016, was because it was about time for him to recertify to annual volunteer documents for 2017 **(EXHIBIT 13, Page 102)**. It was only one or two days after the meeting ██████ recertified these documents. He then received a call from ██████ who said he was “not welcome here.” ██████ understood from the conversation between him and ██████ that he should transfer to the Tacoma chapter as he was not liked in Seattle. ██████ did not understand that conversation to mean he was completely terminated from SCORE. It was not until after the email from ██████ on December 21, 2016, when he understood that he was indeed being terminated from SCORE.

RA asked if ██████ had reached out to the SCORE National Chairman or the SCORE National Secretary in regards to the fraud or whistleblower issues as indicated to do within the SOM. ██████ said he immediately researched and found the whistleblower policy after being terminated and noticed the protocol was to contact the SCORE National Secretary. ██████ contacted SCORE National Secretary ██████ through a general help email. He received a response from ██████ which was that ██████ should speak to a Washington DC Attorney from Nixon Peabody by the name of ██████. After speaking to ██████, ██████ did not feel she was there to help him. He then googled ██████ and quickly learned she was a corporate defense attorney who is also a member of the Government Investigations & White Collar Defense group specializing in defense of corporations and civil qui tam type lawsuits. After speaking to ██████, ██████ felt as if ██████ did not have his interests in mind, and was only

supportive of SCORE's position, so he stopped talking to her. [REDACTED] added that he also learned that his correspondence with the secretary was being routed through [REDACTED], who he did not trust was impartial to the matter. He had already had a relationship with the SBA-OIG, so he then shared his experience with RA. **(EXHIBIT 13, Attachment 2-17)**

***AGENT NOTE:** [REDACTED]'s statements regarding his ongoing SCORE activity and his observance of SCORE reporting protocol were corroborated during the RA's review of investigative documents.*

SUBJECTS

SUBJECT: 1

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

ADDRESS: Seattle SCORE, 2401 4th Avenue, Suite 450, Seattle WA 98121

SUBJECT: 2

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

ADDRESS: SCORE National; 1175 Herndon Parkway, Suite 900, Herndon VA 20170

JUDICIAL/ADMINISTRATIVE ACTIONS

Seattle SCORE Investigation:

On July 19, 2016, King County Prosecuting Attorney's Office, Seattle, Washington filed an Information against Thompson. The Information charged Thompson with one felony count of First Degree Theft. On the same date, the Court issued a warrant for her arrest.

On July 21, 2016, Thompson was arrested and booked into King County Jail, with bail set at \$2,500. Thompson was subsequently released by satisfying bail on July 25, 2016. The investigation revealed that Thompson embezzled \$27,724.44 since September 2015 by writing SCORE checks made payable to herself then depositing funds into her personal bank account.

On March 24, 2017 Thompson was sentenced according to a plea agreement made between herself and King County Superior Court. Thompson was sentenced to 40 days in jail with Credit for Time Served, \$500 Victim Penalty Assessment, \$100 DNA Collection Fee, and Restitution in the amount of \$27,724.44 **(EXHIBIT 14)**.

On April 4, 2017 a Present Responsibility referral was formally requested, recommending SBA immediately suspend Thompson from all participation in government programs. This referral is still pending with SBA Office of General Counsel (**EXHIBIT 15**).

DISPOSITION OF EVIDENCE

N/A

STATUS

Referred for administrative disposition as appropriate.

EXHIBITS

EXHIBIT #	Description
1	MOI - (b) (6), (b) (7)(C), Dated 1/31/2017
2	Notice of Grant award for 2014-2018
3	FY17 SOM with Table of Contents
4	MOI- (b) (6), (b) (7)(C), Dated 2/26/2016
5	MOI- (b) (6), (b) (7)(C), Dated 3/11/2016
6	MOI - (b) (6), (b) (7)(C), Dated 3/16/2016
7	Nixon Peabody Report Dated: 05/17/2017
8	Board of Directors Recommendations Dated: 05/20/2017
9	Transcript of (b) (6), (b) (7)(C) Interview, Dated 6/27/2017
10	Transcript of (b) (6), (b) (7)(C) Interview, Dated 6/27/2017
11	Email from [REDACTED] with notice of [REDACTED] termination, Dated 12/21/2016
12	MOI - (b) (6), (b) (7)(C), Dated 4/13/2018
13	MOI - (b) (6), (b) (7)(C), Dated 4/30/2018
14	SAR - Thompson Sentencing, Dated 3/24/2017
15	Suspension/Debarment Referral - Thompson, Dated 4/4/2017

REPORT OF INVESTIGATION





EXECUTIVE SUMMARY

What OIG Investigated

This report presents the findings of our investigation that (b) (6), (b) (7)(C) ██████████, Office of Investment and Innovation, Small Business Administration (SBA), used his authority as ██████████ to seek to transfer Diamond State Ventures (DSV), 200 River Market Avenue, Suite 400, Little Rock, Arkansas 72201, a Small Business Investment Company (SBIC), into liquidation despite the fact that DSV was in compliance with the financial requirements of the SBIC program. ██████████ reportedly attempted to obtain employment with DSV in 2000 and may have used his position at SBA to influence this decision in retaliation for not being hired. This relationship may have represented a conflict of interest.

What OIG Found

The investigation did not substantiate the allegations. Interviews of SBA SBIC employees, SBA ethics officials, and ██████████ revealed no evidence of any conflict of interest or apparent misuse of official government authority by ██████████ in relation to DSV. Additionally, the same interviews revealed that ██████████'s decision making ability is not a singular function of his duties and instead, decisions about SBICs are made by consensus between a board of SBIC employees.

Finally, the investigation revealed that ██████████ has sought and received an ethics opinion from an SBA agency ethics official regarding other matters when he (██████████) thought there would be an appearance issue.

Based on the above facts the OIG is closing this matter with no action. The matter is being referred to SBA management for their determination as to the relevance of the OIG's findings.



**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION**

Prepared by: SA [REDACTED]
Approved by: ASAC [REDACTED]

REPORT OF INVESTIGATION

CASE#: E-IC-20-0008-I	DATE OF REPORT: November 25, 2019
CASE TITLE: [REDACTED]	
PERIOD OF INVESTIGATION: October 2, 2019 TO November 25, 2019	
CASE AGENT: [REDACTED]	
DISTRIBUTION:	

SUMMARY

On October 2, 2019, Special Agent (SA) [REDACTED], Office of Inspector General (OIG), U.S. Small Business Administration (SBA), received SBA OIG Hotline complaint number 20190884, alleging that [REDACTED], [REDACTED], Office of Investment and Innovation, SBA, used his authority as [REDACTED] to transfer Diamond State Ventures (DSV), 200 River Market Avenue, Suite 400, Little Rock, Arkansas 72201, a Small Business Investment Company (SBIC) into liquidation despite the fact that DSV was in compliance with the financial requirements of the SBIC program. [REDACTED] reportedly attempted to obtain employment with DSV in 2000 and the complainant believed that these actions were taken in retribution for the employment denial. (Exhibit #1)

The investigation focused on potential violations of 18 USC § 208—Conflict of Interest and 5 CFR § 2635.502 Personal and business relationships.

DETAILS

The investigation did not substantiate the allegations. Interviews of SBA SBIC employees, SBA ethics officials, and [REDACTED] revealed no evidence of any conflict of interest or apparent misuse of official government authority by [REDACTED] in relation to DSV.

The investigation included interviews of SBIC employees familiar with DSV and the requirements of the SBIC program. The interviews revealed that the initial attention on DSV was warranted as a result of DSV's high capital impairment percentage. The SBIC employees interviewed agreed that [REDACTED] seemed to take a particular interest in DSV, but none of the things [REDACTED] asked of DSV fell outside of the authority of the SBIC program. No evidence was found indicating that [REDACTED]'s conduct harmed DSV or that the treatment of DSV was necessarily inconsistent with SBIC regulations.

On October 10, 2019, the reporting agent interviewed the complainant, (b) (6), (b) (7)(C) via telephone. [REDACTED] said that in 2000, [REDACTED] provided DSV with his resume in an effort to obtain employment with DSV. [REDACTED] had several telephone discussions and face to face meetings with DSV personnel. The face to face meetings occurred in Little Rock and in one instance in a conference room at Love Field in Dallas. [REDACTED] stated that DSV ultimately declined to offer [REDACTED] a position.

[REDACTED] advised that [REDACTED], who was in the position of (b) (6), (b) (7)(C) for Investment and Innovation at SBA in 2007, attempted to slow down DSV's SBIC license renewal.

[REDACTED] stated that in the summer of 2019, [REDACTED] pressured SBIC staff to transfer DSV to liquidation. [REDACTED] said that none of the SBA employees who work with DSV agree with the proposal to transfer DSV to liquidation. (Exhibit #2)

On October 31, 2019, [REDACTED] provided the reporting agent with contemporaneous documentation reflecting that [REDACTED] met with DSV personnel regarding potential employment on four occasions in 2000. (Exhibit #3) The reporting agent subsequently spoke with [REDACTED] via telephone on November 1, 2019. [REDACTED] advised that three of the meetings occurred in Little Rock – April 7, 2000; April 12, 2000; and June 29, 2000. The meeting on July 20, 2000, occurred in Dallas. After the Dallas meeting, [REDACTED] checked on [REDACTED]'s references and this confirmed the decision not to hire [REDACTED]. [REDACTED] sent a letter to [REDACTED] on September 15, 2000, notifying [REDACTED] of the decision not to hire him.

On October 28, 2019, the reporting agent interviewed (b) (6), (b) (7)(C) [REDACTED], via telephone. [REDACTED] advised that he is a (b) (6), (b) (7)(C) in DSV along with [REDACTED]. [REDACTED] said he has a specific recollection of [REDACTED] seeking employment with DSV. [REDACTED] had lunch with [REDACTED] and [REDACTED] when [REDACTED] came to Little Rock. [REDACTED] believes this occurred around 2000, when [REDACTED] was a Vice President at DSV. (Exhibit #4)

On October 18, 2019, the reporting agent interviewed (b) (6), (b) (7)(C) [REDACTED], Office of SBIC Liquidations, Office of Investment and Innovation, SBA. [REDACTED] stated that DSV has an active SBIC license and is in good standing. [REDACTED] said that DSV recently had an impairment level that was significant and of concern but not above the limit.

[REDACTED] said that as a consequence of DSV's impairment, information was requested of DSV and meetings were held by SBIC staff to discuss the issue. A meeting occurred between DSV and SBIC analysts in August or September 2019. [REDACTED] stated that he was not sure who attended the meeting on behalf of SBIC, but he thought it was a combination of either (b) (6), (b) (7)(C), (b) (6), (b) (7)(C), or (b) (6), (b) (7)(C).

[REDACTED] learned that the meeting with DSV was not productive. [REDACTED] said there were additional requests for information, and there are current requests ongoing. [REDACTED] advised that the concerns about the impairment were addressed when DSV sold an investment, a practice known in SBIC parlance as an "exit", that resulted in a profit of \$9 million. According to [REDACTED], this exit took DSV from the danger area to an area where SBA should not be concerned.

[REDACTED] stated that his view is that DSV delayed appropriate charge-offs until they had an expectation of a gain. [REDACTED] said that this is a view shared by [REDACTED]. [REDACTED] said that DSV

avoided the charge-offs to avoid going above the impairment level. [REDACTED] stated that DSV delayed taking losses on its financial statement. [REDACTED] said that DSV waited for a positive exit, but if the positive exit didn't occur it would have been in worse financial shape. [REDACTED] believed that DSV should have written the asset down at the appropriate time consistent with the valuation guidelines that regulate the SBIC program. According to [REDACTED], all SBICs agree to a set of valuation guidelines. [REDACTED] said that DSV failed to abide by the regulations when it delayed taking the loss at the proper time. [REDACTED] advised that DSV should have written off something, and they didn't write anything off.

[REDACTED] stated that after the sale of DSV's investment, it was subject to an additional review by SBIC personnel. [REDACTED] said that [REDACTED] seemed insistent on having DSV provide additional information. [REDACTED] said that he would take a less hands-on role than [REDACTED]. [REDACTED] advised that [REDACTED] still wants another review, called a Technote 10 review. [REDACTED] believes the Technote 10 review will probably be done, though [REDACTED] is not sure much more will be learned. [REDACTED] said he would be in favor of a Technote 10 review if they had more staff. [REDACTED] said he does not think it is inappropriate to ask for more information from DSV given its recent history. [REDACTED] stated that [REDACTED] is accepting that there is not a lot more to be done.

[REDACTED] said that [REDACTED] is too involved for a company in DSV's position. [REDACTED] stated that this is not the first time [REDACTED] has done this. [REDACTED] said that [REDACTED] allegedly once got turned down for a job with DSV. [REDACTED] believes that [REDACTED] should have recused himself if he had sought a job, depending on how deep he got in the process.

[REDACTED] stated that he has made sure that DSV has not been hurt in this process. [REDACTED] said that DSV had not been subject to liquidation or liens, and there has not been a denial of funds. [REDACTED] advised that DSV cannot be transferred to liquidation without [REDACTED]'s signature. [REDACTED] said that DSV is fearful of [REDACTED], but they have not been hurt. [REDACTED] said that DSV thinks [REDACTED] held up their license renewal ten years ago when [REDACTED] was in the same position during the Bush administration, but DSV got its license. [REDACTED] reiterated that DSV has not been harmed in any way. [REDACTED] said that SBA has given DSV \$50 million dollars, so it is not unreasonable to ask them for more reports. [REDACTED] stated that DSV's hands are not clean; they did not do a write down when they should have. [REDACTED] said that it is hard to be critical of asking for more information from a company that has received tens of millions of dollars.

[REDACTED] concluded by saying that [REDACTED] has focused his attention on DSV to a greater extent than seems normal, but he ([REDACTED]) has not hurt them. (Exhibit #5)

On October 17, 2019, the reporting agent interviewed [REDACTED], Office of SBIC Operations, Office of Investment and Innovation, SBA. [REDACTED] said that DSV was close to tripping the capital impairment percentages this summer and there were concerns about the valuation of some of its assets. [REDACTED] stated that DSV had a liquidity event which allayed those concerns. Salgado said that the liquidity event consisted of the sale of two investments, which provided DSV with a profit of \$10 million. [REDACTED] advised that DSV was not referred to liquidation.

[REDACTED] said that [REDACTED] had established an Office of Risk Management and DSV was on the high-risk scorecard prior to its liquidity event. [REDACTED] stated that [REDACTED] and [REDACTED], analysts with the Risk Management office, were pushing their concerns about DSV.

██████████ said his office was already concerned about DSV as a result of its capital impairment percentage.

██████████ advised that in August 2019, SBIC analysts (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) met with DSV to conduct a portfolio review. ██████████ said that (b) (6), (b) (7)(C) and ██████████ told (b) (6), (b) (7)(C) after the meeting that they were not concerned as long as DSV had its liquidity event. (b) (6), (b) (7)(C) stated that ██████████ and (b) (6), (b) (7)(C) kept pushing the matter and DSV's status on the high-risk scorecard. ██████████ said he found this attention "weird." According to ██████████, two other SBICs had capital impairments just as high as DSV and there was not the same urgency from (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C).

██████████ said he attended a meeting in which ██████████ pushed the issue of DSV. ██████████ said that initially, ██████████'s view of DSV was consistent with ██████████'s. However, after the liquidity event, ██████████ was no longer concerned, but ██████████ continued to push for DSV to receive a letter known as a Cure Notice. ██████████ stated that he did not understand why ██████████ continued to push. ██████████ said that ██████████ was very interested in getting the Cure Notice out to DSV. ██████████ said the letter was never sent because of the liquidity event. ██████████ advised that he is not aware of what motivated ██████████'s interest in DSV. (Exhibit #6)

On October 22, 2019, the reporting agent interviewed (b) (6), (b) (7)(C), SBIC Financial Analyst, Office of Investment and Innovation, SBA.

(b) (6), (b) (7)(C) advised that DSV has two SBIC licenses and both licensees are in ██████████'s portfolio. ██████████ said the two licensees are DSV 2 and DSV 3. ██████████ said that both SBICs are active and repaying SBA leverage. ██████████ stated that both are in good standing overall and are not in liquidation. ██████████ said that both are run by the same management team.

██████████ advised that there has been a recent focus on DSV as a result of its high capital impairment percentage. ██████████ said that the threshold for capital impairment is 40%, and DSV's was at 35% as of June 30, 2019. ██████████ stated that DSV never surpassed the 40% threshold. ██████████ said that by September 30, 2019, DSV had reduced its capital impairment percentage to 15% as a result of the sale of two portfolio companies.

██████████ said he believes the attention paid to DSV was appropriate. ██████████ said he thought DSV might have been looked at as a "guinea pig" by the risk management group. ██████████ stated that DSV did have one of the higher capital impairment percentages. ██████████ stated that DSV was frustrated. ██████████ said that DSV was asked for a lot of information and some of it was redundant. According to ██████████, DSV personnel were brought in twice and asked for a lot of information, but none of the information sought was outside the scope of what SBA can ask for.

(b) (6), (b) (7)(C) advised that he did not observe ██████████ acting inappropriately toward DSV. (b) (6), (b) (7)(C) said that the amount of information requested of DSV was a bit "overbearing", but SBA had every right to ask for it. ██████████ said he spoke to DSV more than anybody else as its analyst. ██████████ stated that the requests from ██████████ felt a little undermining to ██████████ since he was responsible for DSV.

According to [REDACTED], the requests for information from DSV were generated in review meetings attended by the risk team, the operations director, [REDACTED], [REDACTED] and [REDACTED].

[REDACTED] said that on August 28, 2019, (b) (6), (b) (7)(C) and [REDACTED] established a list of information they wanted DSV to provide. (b) (6), (b) (7)(C) said that on September 15, 2019, [REDACTED] was told to have DSV provide Technote 10 information, lots of which SBA either already had or was part of the August 28th request. (b) (6), (b) (7)(C) said that the redundancy of this request caused DSV and [REDACTED] to be frustrated. (b) (6), (b) (7)(C) said he told DSV that the Technote 10 request took priority but he still wanted the response to the August 28th request as well.

[REDACTED] said that on October 1, 2019, or October 3, 2019, DSV personnel called [REDACTED] and told him about the sale of two investments, which resulted in a \$10 million gain and a reduction of DSV's capital impairment percentage.

[REDACTED] said that DSV is coming to Washington, DC, the week of November 4th. [REDACTED] said that DSV needs to provide him with the requested information the week prior to coming to DC.

[REDACTED] said he echoed a lot of DSV's frustration, because DSV did what they needed to do to reduce its capital impairment percentage. [REDACTED] stated that SBA was operating within its regulatory authority when it made the various requests to DSV. (Exhibit #7)

On October 30, 2019, the reporting agent interviewed (b) (6), (b) (7)(C) Chief of Licensing, Office of Investment and Innovation, SBA. [REDACTED] advised that a couple of DSV's investments were having issues, which is not unusual. [REDACTED] said that DSV's capital impairment percentage went up, and Operations started looking at DSV more closely as a result. [REDACTED] said that a certain percentage of capital impairment triggers liquidation.

[REDACTED] said that DSV had a meeting with Operations staff members and were optimistic. DSV told Operations staff that they were planning to sell two investments. [REDACTED] learned that DSV subsequently sold the investments and its capital impairment percentage went down and they are now sitting on a lot of cash.

(b) (6), (b) (7)(C) said that as a result of the capital impairment percentage issue, DSV got on [REDACTED]'s radar. [REDACTED] said that [REDACTED] has continued to push forward with a review of DSV's portfolio. [REDACTED] said that [REDACTED] is moving towards finding a problem with DSV.

[REDACTED] said he has received calls from the principals of DSV over the years. [REDACTED] advised that the principals of DSV told [REDACTED] back in 2007 that [REDACTED] applied for a position with DSV in 2000, and DSV did not hire him. [REDACTED] advised that the principals of DSV told [REDACTED] that they don't think [REDACTED] likes them.

[REDACTED] said that he recently received a call from DSV's attorney, [REDACTED]. [REDACTED] told [REDACTED] that DSV was being told they needed to come to Washington, DC, for a TechNote 10 meeting. [REDACTED] said that the principals of DSV are worried that they will be placed in liquidation and shut down. [REDACTED] said that [REDACTED] told him that they think this is retaliation for DSV not hiring [REDACTED]. [REDACTED] said that there is a history of industry being afraid of [REDACTED] and that this fear

has been communicated in congressional hearings. [REDACTED] said he told [REDACTED] to document his concerns and provide them to the SBA-OIG.

[REDACTED] said he does not think DSV should be subject to the pending TechNote 10 meeting. [REDACTED] said that the TechNote 10 meeting is typically used to address questions or concerns for SBICs that are potential candidates for liquidation.

[REDACTED] said he is in charge of licensing and has known DSV for 15 years. [REDACTED] said he has worked with the principals of DSV multiple times in the past. According to [REDACTED], DSV is on its third SBIC. [REDACTED] said he has not attended meetings concerning DSV; his knowledge is based on what he is hearing from Operations staff and DSV's attorney and principals.

[REDACTED] said that DSV has not been harmed by [REDACTED]'s actions beyond the aggravation and time it has taken to respond to the demands placed on them. [REDACTED] said that DSV is trying to prevent negative actions. According to [REDACTED], liquidation would be devastating to DSV. [REDACTED] said that a liquidation action would go in the Federal Register, and DSV would have to notify its investors. [REDACTED] said that this would reduce DSV's ability to raise money and find deals.

[REDACTED] advised that DSV is not being treated consistent with normal SBIC procedures. [REDACTED] said that the treatment of DSV is contrary to how the SBIC program operates.

[REDACTED] advised that DSV is not the only SBIC receiving [REDACTED]'s wrath. DSV is the "tip of the iceberg." [REDACTED] said that there is an ongoing atmosphere of bullying and intimidation of SBICs by [REDACTED]. (Exhibit #8)

On November 4, 2019, the reporting agent interviewed (b) (6), (b) (7)(C) Attorney Advisor, Office of General Counsel (OGC), SBA, and (b) (6), (b) (7)(C) Attorney Advisor, OGC, SBA.

(b) (6), (b) (7)(C) stated she was not aware of (b) (6), (b) (7)(C) seeking advice from OGC about DSV or recusing himself from DSV-related matters. (b) (6), (b) (7)(C) advised that (b) (6), (b) (7)(C) has sought ethics advice on the attendance of conferences by him and his staff.

The reporting agent advised (b) (6), (b) (7)(C) that [REDACTED] met with DSV personnel concerning a job on four occasions in 2000. After being advised of the specific dates of these meetings, [REDACTED] said that [REDACTED] should not have recused himself. The fact that these meetings occurred over 19 years ago was a factor in (b) (6), (b) (7)(C)'s opinion. (b) (6), (b) (7)(C) stated that proximity in time is considered in assessing these types of issues.

[REDACTED] said that [REDACTED]'s efforts to seek employment with DSV does not implicate 18 USC 208, because [REDACTED] did not work for DSV and thus does not have a covered relationship. [Agent's Note: 18 USC 208 is the criminal charge related to acts affecting a personal financial interest.]

(b) (6), (b) (7)(C) advised that the appearance of a conflict is a factor in the ethics regulations found at 5 CFR 2635.502, and, had [REDACTED] sought ethics advice, (b) (6), (b) (7)(C) stated that she might have suggested [REDACTED] back off of issues concerning DSV because of the appearance issue.

Subsequent to the interview on November 4, 2019, (b) (6), (b) (7)(C) called the reporting agent and advised that she spoke with (b) (6), (b) (7)(C), Attorney Advisor, Office of General Counsel (OGC), SBA and (b) (6), (b) (7)(C) does not recall any recusals involving (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) said she also checked with (b) (6), (b) (7)(C), Ethics Specialist, Office of General Counsel (OGC), SBA and she had no record of anything regarding (b) (6), (b) (7)(C) or DSV. (b) (6), (b) (7)(C) checked the ethics files and did not find any records concerning (b) (6), (b) (7)(C) or DSV. (Exhibit #9)

On November 7, 2019, reporting agent interviewed (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) stated he worked as the (b) (6), (b) (7)(C) in the Office of Investment and Innovation from September 4, 2007, until January 20, 2009. (b) (6), (b) (7)(C) came back to SBA in January 2017, and was again appointed as the (b) (6), (b) (7)(C) for Investment and Innovation on March 22, 2017.

(b) (6), (b) (7)(C) said that he would have to look at the list of current SBICs in order to determine if he had sought employment with any current SBIC. When (b) (6), (b) (7)(C) left SBA in 2009, he sent his resume out to numerous sources looking for a job. (b) (6), (b) (7)(C) said he would have to look at the list of current SBICs to recall who he interviewed with. (b) (6), (b) (7)(C) believed he formally interviewed with fewer than a handful of SBICs.

(b) (6), (b) (7)(C) stated he has recused himself from working with SBICs with which he has a relationship. (b) (6), (b) (7)(C) said that he recused himself from working with the McClarty Fund because he is close to the (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) stated that if there was an appearance issue, he would have recused himself. (b) (6), (b) (7)(C) did not rely on the Office of General Counsel (OGC) to make these recusal decisions – he did them on his own.

(b) (6), (b) (7)(C) said he is familiar with DSV. (b) (6), (b) (7)(C) stated he would have to check to see if he has sought employment with them. (b) (6), (b) (7)(C) would have to see if his talks with DSV constituted an interview.

According to (b) (6), (b) (7)(C), he has treated DSV the same as any other SBIC, which would be consistent with other SBICs. (b) (6), (b) (7)(C) said the SBIC program uses a “Rule of Two” to make decisions. (b) (6), (b) (7)(C) explained that decisions in the SBIC program are made by committee and consensus, so the decisions are not his alone.

(b) (6), (b) (7)(C) said that if there are concerns about his involvement harming DSV in the decision-making process, he can recuse himself. (b) (6), (b) (7)(C) reiterated he does not recall seeking employment with DSV. (b) (6), (b) (7)(C) has not treated DSV negatively and would not retaliate against anyone. (b) (6), (b) (7)(C) explained that if anyone had a concern and it was reasonable, he would just remove himself. (Exhibit #10)

SUBJECTS

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

PII not included in this report

JUDICIAL/CIVIL/ADMINISTRATIVE ACTIONS

Based on the above facts the OIG is closing this matter with no action. The matter is being referred to SBA management for their determination as to the relevance of the OIG’s findings.

DISPOSITION OF EVIDENCE

No original evidence was obtained by SBA during this investigation.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	Hotline Complaint number 20190884 dated October 2, 2019
2	MOI of (b) (6), (b) (7)(C) dated October 10, 2019
3	MOA re (b) (6), (b) (7)(C) -DSV Interactions in 2000 dated November 1, 2019
4	MOI of (b) (6), (b) (7)(C) dated October 28, 2019
5	MOI of (b) (6), (b) (7)(C) dated October 18, 2019
6	MOI of (b) (6), (b) (7)(C) dated October 17, 2019
7	MOI of (b) (6), (b) (7)(C) dated October 22, 2019
8	MOI of (b) (6), (b) (7)(C) dated October 30, 2019
9	MOI of (b) (6), (b) (7)(C) dated November 4, 2019
10	MOI of (b) (6), (b) (7)(C) dated November 7, 2019.



**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION**

Prepared by: SA (b) (6), (b) (7)(C)
Approved by: ASAC (b) (6), (b) (7)(C)

REPORT OF INVESTIGATION

CASE#: W-DL-18-0266-I	DATE OF REPORT: December 10, 2019
CASE TITLE: OPERATION EARTH, WIND, AND FIRE	
PERIOD OF INVESTIGATION: March 19, 2018 TO December 4, 2019	
CASE AGENT: SA (b) (6), (b) (7)(C)	
DISTRIBUTION: N/A	

SUMMARY

On March 19, 2018, the reporting agent (RA), (b) (6), (b) (7)(C), Special Agent (SA), U.S. Small Business Administration (SBA), Office of Inspector General (OIG), was assigned a case by Assistant Special Agent in Charge (ASAC) (b) (6), (b) (7)(C), SBA-OIG. ASAC (b) (6), (b) (7)(C) had made contact with Resident Agent in Charge (RAC) (b) (6), (b) (7)(C), U.S. Department of Homeland Security, Office of Inspector General (DHS-OIG), regarding DHS-OIG's case in which identity thieves fraudulently applied for disaster assistance funding using stolen personally identifiable information (PII) of victims living in declared disaster areas. The identity thieves primarily utilized reloadable Green Dot debit cards for direct deposits of Federal Emergency Management Agency (FEMA) disaster assistance funds and withdrew millions of dollars in stolen FEMA funds in many ways, including via Automated Teller Machines (ATMs) around the country. SBA-OIG joined the investigation upon determining that many of the victims also had their stolen PII used to apply for associated SBA disaster assistance loans.

On April 22, 2019, Ikponmwosa Eugene Idemudia of Rancho Cucamonga, CA, was sentenced in the United States District Court, Central District of California, to seventy-nine (79) months of imprisonment and five (5) years of supervised released. He was also ordered to pay a restitution of \$1,328,982.02. The Court also incorporated and made final the previously filed Preliminary Order of Forfeiture, which forfeited to the United States the balances of approximately 432 prepaid debit cards and 57 gift cards with a total value of at least \$137,624.58. Idemudia had previously pled guilty to one (1) count of Conspiracy to Commit Wire Fraud in violation of 18 USC § 1349.

RESTRICTED INFORMATION	This report is confidential and may contain information that is prohibited from disclosure by the Privacy Act, 5 USC 552a. Therefore, this report is furnished solely on an official need-to-know basis and must not be released or disseminated to any other party without prior written consent of the Assistant Inspector General for Investigations of the Small Business Administration/or designee. Unauthorized release may result in criminal prosecution and/or other penalties as may be available under law.
SBA FORM 22 09/18	

On December 4, 2019, the RA spoke to SA (b) (6), (b) (7)(C), DHS-OIG. SA [REDACTED] informed the RA that, pursuant to discussions between him and Assistant United States Attorney (AUSA) [REDACTED] U.S. Attorney's Office, Central District of California, the investigation against additional subject(s) in this case will not be continued. All agencies participating in this task force were instructed to close their corresponding cases according to their agencies' specific policies and procedures.

DETAILS

Allegation 1 – Ikponmwoza Eugene Idemudia conspired with others to use stolen identities to apply for fraudulent government benefits, including disaster assistance funds.

An investigation was initiated by DHS-OIG to look into allegations of identity theft and fraudulent claims for assistance as a result of Hurricane Harvey, Hurricane Irma, Hurricane Maria, and the California wildfires. FEMA determined that fraudsters applied for disaster assistance by submitting online applications using stolen names, addresses, and social security numbers. The fraudsters registered prepaid cards, such as Visa and MasterCard branded Green Dot cards, for direct deposit of FEMA disaster assistance funds.

Automated Clearing House (ACH) deposit records from Green Dot Bank showed a fraud scheme, which began on or about January 2016, involving some of the reloadable prepaid cards receiving fraudulent FEMA disaster assistance funds, Social Security Administration (SSA) benefits, Health and Human Services (HHS) benefits, Department of Labor (DOL) unemployment benefits, and/or federal tax refunds under stolen victim identities.

Records received from Green Dot Bank revealed there were eighty (80) different Green Dot prepaid cards that showed a current registered address of 11660 Church Street, Apartment 791, Rancho Cucamonga, CA 91730 (APT. 791). While all of these cards had the same address (APT. 791), they were registered in different names. These cards received fraudulent FEMA disaster assistance funds, among other government benefit funds.

Additional records received from Green Dot Bank revealed there were thirty-five (35) Green Dot prepaid cards that showed a current address of 1150 North Willow Avenue, Apartment L1, Rialto, CA 92376 (APT. L1). While all of these cards had the same address (APT. L1), they were registered in different names. Fifteen (15) of the cards had the same registered cell phone number, tel: (424) 305-7352. These cards received fraudulent FEMA disaster assistance funds and/or received Social Security benefits.

On May 22, 2018, the RA participated in the execution of two (2) Federal Search Warrants, served concurrently, at APT. 791 and APT. L1. The dual search warrants resulted in a seizure of over \$250,000 in U.S. currency, numerous Green Dot debit cards with undetermined monetary value, various electronic devices, and mail/records under stolen victim identities.

Idemudia was identified as the resident of APT. 791. During the search of APT. 791, agents found the following items:

- Handwritten estimates for remodeling and construction of two (2) residential properties located in Nigeria and owned by Idemudia and his spouse, [REDACTED]
- Over twelve (12) cellular phones, some of which appeared to be pre-paid phones labeled "Rotation" and "Nevada".
- Two (2) laptop computers that contained a TOR browser and Virtual Private Network (VPN) software tools, which allow individuals to conceal their Internet Protocol (IP) address(es) and location data.
- Over \$209,500 dollars in cash located inside of a purse within the closet for Idemudia and [REDACTED].
- Over seventy-five (75) pre-paid debit cards, credit cards, and gift cards throughout the residence and Idemudia and [REDACTED]'s vehicles. Some of the prepaid cards found were bundled together with rubber bands, and preliminary analysis showed the cards were registered using PII from various individuals whose identities had been stolen.
- Two (2) thumb drives which contained Microsoft Word documents with PII for over one hundred (100) individuals and files/folders labeled "HACKO W2.pdf" and "2016 W2 Employee Final—ADP."

An interview of IDEMUDIA was conducted during the execution of the search warrant and Idemudia made the following statements:

- Idemudia confirmed that he resided at APT. 791 and claimed he was self-employed with the business Kayrijem Exports. Idemudia stated that he was not employed anywhere else and only he and his wife, [REDACTED], were involved with the business.
- Idemudia stated that he did not earn any other income outside of Kayrijem Exports and had no side hustles.
- Idemudia stated that the business Kayrijem Exports had annual profits of \$70,000 dollars. Idemudia stated that he kept the profits from the sale of cars at his residence and had approximately \$190,000 dollars in cash.
- Idemudia stated that maybe he had five (5) prepaid/gift cards in his wallet. Idemudia stated that the prepaid cards said "Visa" and that he did not think he had any prepaid cards that said Green Dot. Idemudia stated that he bought the Green Dot cards in retail stores. Idemudia stated he loaded money onto the prepaid cards and used the prepaid cards for gas. Idemudia put money on the prepaid cards from the business, and the money on the prepaid cards did not come from any other source. Idemudia stated that he had multiple prepaid cards because he used the prepaid cards as a savings account.
- Idemudia stated he did not think agents would find any conversations about prepaid cards on his cellular phones. Idemudia stated that he did not talk to anyone on the phone about Green Dot cards. Idemudia stated that he did not talk to anyone via the Internet, E-mail, messaging service, etc., about Green Dot cards.
- Idemudia stated that he only had one (1) E-mail address: i_idemudia@yahoo.com.
- Idemudia stated that he only had two (2) phones.
- Idemudia stated that he did not share his prepaid cards, pin numbers, bank accounts, cellular phones, or cellular phone passwords with anyone.

A preliminary forensic review of Idemudia's cellular phones showed that Idemudia exchanged over one hundred (100) images of prepaid cards/debit cards/gift cards with co-conspirators, and a

sample review of the prepaid card numbers exchanged were registered with PII from various individuals throughout the United States.

Further forensic analysis of Idemudia's cellular phones showed that he used the WhatsApp messenger service with the user account "Inland Empire." A review of several of Idemudia's WhatsApp chat discussions showed Idemudia discussing prepaid cards referred to as "green" or "vani," which was a reference to "Green Dot" and "My Vanilla" brands of prepaid cards. Additional reviews of Idemudia's WhatsApp chat discussions showed Idemudia was referred to by others as "Master" and "Boss" and even had discussions involving hacker forums.

On July 17, 2018, agents discovered from a law enforcement database that Idemudia had two (2) sets of airline tickets to travel to Nigeria, one by way of Germany (starting on July 19, 2018) and one by way of France (starting July 26, 2018), both of which were booked on July 16, 2018, at approximately 5:03 PM. He also had two (2) sets of return tickets booked, with the later scheduled return being October 18, 2018.

Continuing on July 17, 2018, agents arrested Idemudia on probable cause outside his residence in Rancho Cucamonga, CA. Idemudia said only that his father was currently sick and in a hospital in the United States. The arresting agent noted that during the search incident to arrest Idemudia possessed a large bundle of cash with the outer bill denomination showing one hundred dollars (\$100). Idemudia subsequently gave the bundle of money to his brother. The arresting agent estimated the cash could be approximately \$3,000 dollars.

SUBJECTS

- Ikponmwosa Eugene Idemudia, DOB: 05/08/1978

JUDICIAL/ADMINISTRATIVE ACTIONS

On May 17, 2018, United States Magistrate Judge Alicia G. Rosenberg, United States District Court, Central District of California, issued Search Warrants for 11660 Church Street, Apt. 791, Rancho Cucamonga, CA 91730 (**Exhibit 1**), and 1150 N. Willow Ave., Apt. L1, Rialto, CA 92376 (**Exhibit 2**).

On July 17, 2018, Ikponmwosa Eugene Idemudia was arrested on Probable Cause in violation of 18 USC § 1349, Conspiracy to Commit Wire Fraud, and 18 USC § 1028A, Aggravated Identity Theft.

On July 18, 2018, the Criminal Complaint (**Exhibit 3**) charging Idemudia with the above violations was filed in the United States District Court, Central District of California.

Continuing on July 18, 2018, Idemudia appeared before U.S. Magistrate Judge Rozella A. Oliver, U.S. District Court, Central District of California, for his Initial Appearance. The court ordered Idemudia detained pending trial and committed him to the custody of the U.S. Marshals. (**Exhibit 4**)

On August 16, 2018, the United States Attorney, Central District of California, filed an Information against Idemudia (**Exhibit 5**), charging him with the following violations:

Count 1: 18 U.S.C. § 1349, Conspiracy to Commit Bank Fraud

Count 2: 18 U.S.C. § 1028A, Aggravated Identity Theft.

The Information was filed in the U.S. District Court, Central District of California.

On October 1, 2018, Idemudia appeared before U.S. District Judge Percy Anderson, U.S. District Court, Central District of California, for his Change of Plea Hearing. Idemudia was represented by Houman Fakhimi, retained counsel. Idemudia pled guilty to Count One (1) of the Information in violation of 18 U.S.C. § 1349: Conspiracy to Commit Bank Fraud. The Court accepted the plea and referred the defendant to the U.S. Probation Office for preparation of a Presentence Report. The Sentencing Hearing was continued to a later date. (**Exhibit 6**)

On November 6, 2018, a Declaration of Administrative Forfeiture (**Exhibit 7**) was issued by the United States Postal Inspection Service. The Declaration of Administrative Forfeiture indicated that \$256,904.00 in U.S. Currency was forfeited to the United States Government pursuant to 18 U.S.C. § 981. The subject property was previously seized on May 22, 2018, during the execution of a Federal Search Warrant in Rancho Cucamonga, CA.

On November 19, 2018, a Preliminary Order of Forfeiture (**Exhibit 8**) was filed in the U.S. District Court, Central District of California, which preliminarily forfeited to the United States the balances of approximately 432 prepaid debit cards and 57 gift cards with a total value of at least \$137,624.58. These prepaid debit cards and gift cards were previously seized from Idemudia during the execution of a search warrant at his residence.

On April 22, 2019, Idemudia appeared before U.S. District Judge Percy Anderson, U.S. District Court, Central District of California, for his Sentencing Hearing. Idemudia was represented by Houman Fakhimi, retained counsel. Idemudia was sentenced to serve seventy-nine (79) months of imprisonment and five (5) years of supervised released. He was also ordered to pay a restitution of \$1,328,982.02. The Court also incorporated and made final the previously filed Preliminary Order of Forfeiture, which forfeited to the United States the balances of approximately 432 prepaid debit cards and 57 gift cards with a total value of at least \$137,624.58. The remaining counts of the Information were dismissed. Idemudia was committed to the custody of the Federal Bureau of Prisons to serve his prison sentence. (**Exhibit 9**)

DISPOSITION OF EVIDENCE

All evidence in this case was retained by the Department of Homeland Security, Office of Inspector General, according to their policies and procedures. Final disposition of the evidence will be in adherence with DHS-OIG policy.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	Search and Seizure Warrant for 11660 Church Street, Apt. 791, Rancho Cucamonga, CA 91730, issued by the United States District Court, Central District of California, dated 05/17/2018.
2	Search and Seizure Warrant for 1150 N. Willow Avenue, Apt. L1, and Assigned Garage Number 24, Rialto, CA 92376, issued by the United States District Court, Central District of California, dated 05/17/2018.
3	Criminal Complaint, U.S. v. Ikponmwosa Eugene Idemudia, dated 07/18/2018.
4	Minutes to Initial Appearance, U.S. v. Ikponmwosa Eugene Idemudia, dated 07/18/2018.
5	Information, U.S. v. Ikponmwosa Eugene Idemudia, filed in the United States District Court, Central District of California, dated 08/16/2018.
6	Minutes to Change of Plea Hearing, U.S. v. Ikponmwosa Eugene Idemudia, dated 10/01/2018.
7	Declaration of Administrative Forfeiture, United States Postal Inspection Service, dated 11/06/2018.
8	Preliminary Order of Forfeiture, U.S. v. Ikponmwosa Eugene Idemudia, dated 11/19/2018.
9	Judgment and Probation/Commitment Order, U.S. v. Ikponmwosa Eugene Idemudia, dated 04/22/2019.



**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION**

Prepared by: [REDACTED]
Approved by: [REDACTED]

REPORT OF INVESTIGATION

CASE#: E-DL-18-0011-I

DATE OF REPORT: February 20, 2019

CASE TITLE: DISASTER LETTER PROJECT

PERIOD OF INVESTIGATION: October 5, 2017 TO February 20, 2019

CASE AGENT: (b) (6), (b) (7)(C) [REDACTED]

DISTRIBUTION:

SUMMARY

This project case was initiated due to the large number of fraud complaints being received via direct contact, the SBA OIG Hotline, and the National Disaster Center Hotline. As part of SBA's response to Hurricanes Harvey, Irma and Maria in 2017, SBA worked with the Federal Emergency Management Administration (FEMA) to expedite the pre-registration of disaster victims. Per an agreement between the two agencies, FEMA provides SBA with a list of disaster victims who have applied for FEMA assistance and who report certain criteria that may make them eligible for SBA assistance. The criteria included, but was not limited to, being a home owner; being a business owner; and, having income. SBA uses the criteria information to create a letter (Disaster Letter). SBA mails the Disaster Letter to the victims notifying them they may be eligible for SBA Disaster assistance, as well as, FEMA aid. SBA uses the victim's information to establish an application number, which is included in the Disaster Letter. Unfortunately, the Disaster Letter was seen by the victim's as someone having applied for an SBA loan without the victim's permission. The confusion led to high volumes of complaints of identity theft related to SBA Disaster Loan assistance. The purpose of this project case was to organize SBA OIG's response to the influx of identity theft complaints under one case number.

In order to determine the validity of these complaints, SBA OIG assigned the Disaster Analyst to cross reference every complaint with the Disaster Case Management System (DCMS) maintained by SBA's Office of Disaster Assistance (ODA). After months of analysis and thousands of record checks, the result was very few of the victims' information had been used to apply for any SBA assistance, and in most of those incidents SBA had already flagged the file as potential fraud. On the few that SBA had not flagged, no loan had been initiated and SBA flagged the file as a result of SBA OIG's notification. It was also determined that FEMA was also being notified of these incidents of potential fraud by SBA.

Based on the lack of actionable intelligence derived and the resource heavy effort required to continue this analysis, SBA OIG discontinued the project but will continue to review the Hotline complaints from the National Disaster Center, SBA OIG, and other sources for actionable allegations. Any such allegations will be addressed individually. SBA OIG will continue to work with its investigative partners such as the Department of Homeland Security OIG to resolve these issues.

As a result of this project, SBA OIG worked closely with Office of Disaster Assistance staff to draft a new SBA letter that more clearly explained the purpose of the original Disaster Letter and provided the Hotline number for the National Disaster Center as the point of contact if fraud is suspected.

This project is closed.

SUBJECTS

N/A

JUDICIAL/ADMINISTRATIVE ACTIONS

N/A

DISPOSITION OF EVIDENCE

None

STATUS

Case closed

EXHIBITS

Exhibit	Description
1	MOI (b) (6), (b) (7)(C) 2-18-04
2	(b) (6), (b) (7)(C) MOIs
3	MOA Review of Requested Information 3-11-14
4	MOA Review of Performance Appraisals 3-10-14
5	MOA Review of SBA Telework Policy 3-13-14
6	MOA Review of (b) (6), (b) (7)(C) Telework Agreement 3-10-14
7	MOA (b) (6), (b) (7)(C) Surveillance 4-16-14
8	MOI (b) (6), (b) (7)(C) 3-20-14