



# governmentattic.org

*"Rummaging in the government's attic"*

Description of document: Five Department of Housing and Urban Development (HUD), Office of Inspector General (OIG) disposition reports. 2007-2010

Requested date: 09-June-2012

Released date: 2012

Posted date: 18-September-2012

Titles of documents: See release letter

Source of document: Department of Housing and Urban Development  
Freedom of Information Act Office  
451 7th Street, SW, Room 10139  
Washington, DC 20410-3000  
Fax: (202) 619-8365  
[Online FOIA request](#)

The governmentattic.org web site ("the site") is noncommercial and free to the public. The site and materials made available on the site, such as this file, are for reference only. The governmentattic.org web site and its principals have made every effort to make this information as complete and as accurate as possible, however, there may be mistakes and omissions, both typographical and in content. The governmentattic.org web site and its principals shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused, or alleged to have been caused, directly or indirectly, by the information provided on the governmentattic.org web site or in this file. The public records published on the site were obtained from government agencies using proper legal channels. Each document is identified as to the source. Any concerns about the contents of the site should be directed to the agency originating the document in question. GovernmentAttic.org is not responsible for the contents of documents published on the website.



U.S. Department of Housing & Urban Development  
**Office of Inspector General**  
451 7<sup>th</sup> Street, SW, Suite 8260  
Washington, DC 20410

Office: (202) 708-1613  
Fax: (202) 401-3778

Re: Freedom of Information Act Request 12-IGF-OIG-00087

This is a response to your Freedom of Information Act (FOIA) request dated June 9, 2012, to the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG), and received in this office on June 21, 2012. You have requested copies of five disposition reports, specifically a copy of the Disposition Report dated January 24, 2008, of the investigation opened July 16, 2007; a copy of the Disposition Report dated April 20, 2010, of the investigation opened May 30, 2007; a copy of the Report of Investigation dated July 28, 2010, of the investigation opened April 22, 2010; a copy of the Report of Investigation dated January 7, 2011, of the investigation opened May 11, 2010; and a copy of the report of Investigation dated November 24, 2010, for the investigation dated June 22, 2010.

Enclosed are 32 pages of material consisting of the five disposition reports requested. Certain information has been withheld from these records in accordance with 5 U.S.C. §552(b)(7)(C) and 5 U.S.C. §552(b)(7)(E). These provisions protect from disclosure records or information compiled for law enforcement purposes that could reasonably be expected to constitute an unwarranted invasion of personal privacy or the release of which would reveal techniques or procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law. The information withheld consists of the investigation case number, the names of special agents and third-party individuals, titles, telephone numbers, and street addresses.

Additionally, 238 pages of exhibits from the reports are being withheld in full in accordance with 5 U.S.C. §552(b)(7)(A). This provision protects from disclosure records compiled for law enforcement purposes that could reasonably be expected to interfere with law enforcement proceedings. This material consists of interviews, email messages, and notifications/advice of investigation.

Please be advised that Lester Davis, Acting Assistant Inspector General for Investigations, is the official responsible for this response.

If you consider this response to be a denial of your request, you may submit an appeal pursuant to the OIG's Freedom of Information Regulation, 24 CFR §2002.25 (2010). This regulation provides for administrative review by the Inspector General of any denial of information if a written appeal is filed within 30 days from the date of this letter. Both the letter and the envelope should be clearly marked "Freedom of Information Act Appeal". Your appeal should be addressed to the Inspector General, 451 7th Street, SW, Suite 8260, Washington, DC 20410, and should be accompanied by a copy of your initial request, a copy of this letter and your statement of circumstances, reasons, and arguments supporting disclosure of the requested information.

Should you have any questions concerning the FOIA request, please contact me on 202-708-1613 or FOIARequests@hudoig.gov. Please reference the above FOIA number when making inquiries about this matter.

Sincerely,

A handwritten signature in black ink, reading "Cheryl L. Stadel-Bevans". The signature is fluid and cursive, with the first name "Cheryl" being the most prominent.

Cheryl L. Stadel-Bevans  
Freedom of Information Act Officer

Enclosures

# Disposition Report

## U.S. Department of Housing and Urban Development Office of Inspector General Special Investigations Division

To:  (b) (7)(C) (b) (7)(C) Special Investigations Division, GIO	From:  (b) (7)(C) (b) (7)(C) U.S. Department of Housing and Urban Development
File Number:  (b) (7)(E) (b) (7)	

The Report(s) of Investigation of the Subject Case has (have) been reviewed, evaluated, and disposition made as indicated in the check list below. The nature of the Administrative Action is explained under Details, and a copy of any action letter is attached.

### Compliance Actions

1. 1 ☐ Temporary Denial of Participation \_\_\_\_\_ years \_\_\_\_\_ months.  
☐ 2 Action reported to local VA and FmHA.
2. 3 ☐ Debarment or Suspension Recommended.
3. 4 ☐ Suspension (date) \_\_\_\_\_.
4. 5 ☐ Debarment \_\_\_\_\_ years \_\_\_\_\_ months.
5. 6 ☐ Withdrawal of Mortgagee approval.
6. 7 ☐ Warning letter (mortgagee, mortgagor, program recipient, etc.).
7. 8 ☐ Civil Action.

### Claims Collection Actions

8. 9 ☐ Monetary Recovery: Amount \$ \_\_\_\_\_ 10 ☐ To HUD 11 ☐ To Other \_\_\_\_\_
9. 12 ☐ No claims or debts due HUD in connection with this matter.
10. 13 ☐ Claim or debt referred to the Claims Collection Officer.

### Personnel, Program, and Procedures Actions

11. 14 ☐ Personnel Actions:  
☐ 15 Letter of caution ☐ 16 Verbal reprimand ☐ 17 Removal from duty  
☐ 18 Letter of reprimand ☐ 19 Suspension ☐ 20 Other (explain): \_\_\_\_\_
12. 21 ☐ Change in Regulations.
13. 22 ☐ No Action Warranted.
14. 23 ☐ Referral to other agency.
15. 24 ☐ Construction corrections.
16. 25 ☒ Other (explain): \_\_\_\_\_

Details: (Summarize details of action, including names, number of persons and firms involved. If "no action warranted," give reasons.)

*Detail has been terminated.*

Date: <i>1/24/08</i>	Title: (b) (7)(C)	Signature (Authorized Official): (b) (7)(C)
For OIG Use Only		
Based on the above disposition(s) it is recommended: <input checked="" type="checkbox"/> 26 That this case be closed. (Signed) (b) (7)(C) (SAC) _____		Authorization to Close. <input checked="" type="checkbox"/> 28 SAC-GIO (Initials and date) (b) (7)(C) <i>1/24/08</i>
27 <input type="checkbox"/> That initial Administrative Action be Credited. (Signed) _____ (SAC) _____		<input type="checkbox"/> 29 GI (Initials and date) _____ <input type="checkbox"/> 30 GA (Initials and date) _____



# Disposition Report

U.S. Department of Housing and Urban Development  
Office of Inspector General  
Special Investigations Division

To:  (b) (7)(C) (b) (7)(C) Special Investigations Division, GIO	From:  (b) (7)(C) (b) (7)(C) Public and Indian Housing, P
File Number: (b) (7)(E) (b) (7)(C) (b) (7) Office of Public Housing, Miami	

The Report(s) of Investigation of the Subject Case has (have) been reviewed, evaluated, and disposition made as indicated in the check list below. The nature of The Report(s) of Investigation of the Subject Case has (have) been reviewed, evaluated, and disposition made as indicated in the check list below. The nature of the Administrative Action is explained under Details, and a copy of any action letter is attached.

## Compliance Actions

- 1 ☐ Temporary Denial of Participation \_\_\_\_\_ years \_\_\_\_\_ months.  
2 ☐ Action reported to local VA and FmHA.  
2 ☐ Debarment or Suspension Recommended.  
3 ☐ Suspension (date) \_\_\_\_\_.  
4 ☐ Debarment \_\_\_\_\_ years \_\_\_\_\_ months.  
5 ☐ Withdrawal of Mortgage approval.  
6 ☐ Warning letter (mortgagee, mortgagor, program recipient, etc.).  
7 ☐ Civil Action.

## Claims Collection Actions

- 8 ☐ Monetary Recovery: Amount \$ \_\_\_\_\_ 9 ☐ To HUD 10 ☐ To Other \_\_\_\_\_  
11 ☐ No claims or debts due HUD in connection with this matter.  
12 ☐ Claim or debt referred to the Claims Collection Officer.

## Personnel, Program, and Procedures Actions

- 13 ☒ Personnel Actions:  
    ☒ 14 Letter of caution      ☐ 15 Verbal reprimand      ☐ 16 Removal from duty  
    ☐ 17 Letter of reprimand      ☐ 18 Suspension      ☐ 19 Other (explain):  
20 ☐ Change in Regulations.  
21 ☐ No Action Warranted.  
23 ☐ Referral to other agency.  
24 ☐ Construction corrections.  
25 ☐ Other (explain):

Details: (Summarize details of action, including names, number of persons and firms involved. If "no action warranted," give reasons.)

Date: 4/20/2010	Title: (b) (7)	(b) (7)(C)
For OIG Use Only		
Based on the above disposition(s) it is recommended: <input checked="" type="checkbox"/> 22 That this case be closed. (Signed) (b) (7)(C) (SAC) _____ 23 <input type="checkbox"/> That Initial Administrative Action be Credited. (Signed) _____ (SAC) _____		Authorization to Close. <input checked="" type="checkbox"/> 24 SAC-GIO (Initials and date) (b) (7)(C) 4/21/2010 <input type="checkbox"/> 25 GI (Initials and date) _____ <input type="checkbox"/> 26 GA (Initials and date) _____



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

APR 20 2010

MEMORANDUM FOR: (b) (7)(C), Office of Public and Indian Housing,  
4DPH  
(b) (7)(C)  
FROM: (b) (7)(C) Office of  
SUBJECT: Letter of Caution

This is a Letter of Caution for your inappropriate conduct in connection with travel expenses for employees who attended a training conference held in Naples, Florida in August 2007.

Following a report from the Fort Worth Accounting Center of irregularities on travel vouchers to the HUD Office of Inspector General (OIG), an investigation was conducted by OIG. As a part of this investigation, you were interviewed in August and September 2008 by (b) (7)(C) (b) (7)(C). The Report of Investigation (ROI) which culminated from this investigation also contains information and documentation concerning the misconduct described in the Charges below. The completed ROI was forwarded to (b) (7)(C) for Public and Indian Housing (PIH), in Washington, D.C., for review and appropriate action. It has been assigned File No. (b) (7)(E).

According to information in the ROI, from August 1 to August 3, 2007, you held a training conference for the Miami Public Housing (PH) supervisors and staff at the Naples Grande Beach Resort in Naples, FL. When planning for the conference, you were advised in June 2007 by the Miami Field Office Director that funds were not available for a meeting room. You then identified a hotel that would waive the meeting room fee if \$1000 were spent on food and beverages. You first instructed the PH staff to reduce their per diem on their travel by \$78. However, after you were informed by the Fort Worth Accounting Center staff that you would have to submit an invoice for meals in order for the per diem reduction to be applied to the bill, you directed your employees to amend their vouchers, and directly pay \$78 to your subordinate manager, (b) (7)(C) (b) (7)(C), who deposited the funds into his personal account and wrote a personal check to Naples Grande Beach Resort to pay the food service bill.

I recognize that your actions were not taken for personal gain, but as a response to administrative barriers to conducting your annual training conference in the manner you thought was most effective. However, the method you chose was not acceptable. You did not ensure that your actions in relation to agency financial resources were compliant with established agency travel and procurement laws, regulations, and agency procedures. Rather than bypass established procedures, you should have consulted in advance with subject matter experts to

ensure that your planned actions were appropriate, and identified proper alternatives for holding your conference when you learned funds were not available to pay for the cost of the conference space. In addition, by directing your employees to amend their vouchers and pay cash to a subordinate Division Director, which required him to deposit the employees' money funds into his personal account in order to write a check to the hotel, you inappropriately put him in a vulnerable position, because as your subordinate manager, he would feel an obligation to follow your lead, but he would have personal liability for any concerns or discrepancies about the money he collected.

Your actions as described above not only violated established procedures for travel reimbursement, they also may have constituted signing a contract without authority that would have to be ratified, and/or a violation of the Anti-Deficiency Act. They also resulted in your staff being reimbursed less than they were entitled to receive in travel expenses, because the type of light refreshments that were provided to your employees for their morning meal are specifically described in Federal Travel Regulations as not requiring reduction in per diem expenses. This Letter of Caution, therefore, is necessary to promote the efficiency of the service.

You should not construe the relative leniency of this Letter of Caution as my, or the Office of Public and Indian Housing's condoning this type of behavior. Your conduct as described above is unacceptable and will not be tolerated. Further acts of misconduct may result in more serious disciplinary action being initiated against you.







## Investigative Record Review



### REPORT OF INVESTIGATION

Case Number (b) (2)

For Official Use Only

This report contains information involving an official investigation by the Office of Inspector General and is subject to provisions of the Privacy Act of 1974 (5 U.S.C. 552a). It is the property of the Office of Inspector General and is loaned to you for official purposes only.

The material must be safeguarded from unauthorized disclosure. It should not be left unattended or discussed with unauthorized persons and must be retained in an approved security container when not in use. Those individuals who review this material are required to complete the Review Log below.

Reproduction of this report, or any portions thereof, must be accounted for on the Copy Log below.

REVIEW LOG			
DATE	OFFICE/BUREAU	TITLE	SIGNATURE

COPY LOG				
COPY #	RECIPIENT	DATE	RETURN DATE	DESTROYED



## Report of Investigation

U.S. Department of Housing  
and Urban Development  
Office of Inspector General  
*Office of Investigation*

File Number:

(b) (2)

District/Office:

Special Investigations Division (SID), Washington, DC

Title:

(b) (7)(C)

(b) (7)(C)

(b) (7)(C)

U.S. Department of Housing and Urban Development (HUD)  
Office of the Chief Financial Officer (OCFO)  
Washington, DC

Narrative:

### BASIS FOR INVESTIGATION:

The investigation was based on information contained in HUD, Office of Inspector General (OIG), Hotline complaint (b) (7)(C), dated June 24, 2010, having been received on April 14, 2010 (**Exhibit 1**). The complaint alleges (b) (7)(C) was the main person in a "cover up" to provide inaccurate travel cost information to Congress; \$50,000.00 estimate provided when the actual cost was over \$400,000.00, regarding the HUD Secretary's trip to Rio de Janeiro. In addition, (b) (7)(C) allegedly authorized a member of the HUD Secretary's staff to utilize Government funds to pay for a meal with "drinks and dinner" during the trip to Rio de Janeiro.

### POTENTIAL VIOLATIONS:

HUD Handbook Standards of Conduct - 0752.02 REV-03,  
Section 13 – Deliberate misrepresentation, falsification, exaggeration  
Section 41 – Misappropriation of Monies

### RESULTS OF INVESTIGATION:

On May 5, 2010, this writer telephonically interviewed (b) (7)(C) Program Budget Development Division, Office of the Assistant Chief Financial Officer for Budget, OCFO, HUD (**Exhibit 2**). (b) (7)(C) provided a copy of a spreadsheet that was forwarded from HUD to the U.S. House of Representatives Appropriations Subcommittee showing an initial cost estimate for the HUD

(b) (7)(C)

(b) (7)(C)

Date:

July 28, 2010

Special Investigations Division

Special Investigations Division

This report is the property of the Office of Investigation. It contains neither recommendations nor conclusions of the Office of Inspector General. It and its contents may not be reproduced without written permission. The report is FOR OFFICIAL USE ONLY and its disclosure to unauthorized persons is prohibited. Public availability to be determined under 5 U.S.C. § 552.

Previous Editions Obsolete

HUD-1408(12-95)

OIGM 3000 Appendix 14a

(b) (7)(E)

(b) (7)(C)

delegation trip to Rio de Janeiro, Brazil to be \$96,645.43. (b) (7)(C) had no information regarding anyone from HUD providing a different estimate to the Appropriations Subcommittee. (b) (7)(C) stated he had no information regarding the purchase of alcohol, with Government funds, during the HUD delegation's stay in Rio de Janeiro.

On May 6, 2010, this writer interviewed (b) (7)(C) Administrative Expenses Division, Office of the Assistant Chief Financial Officer for Budget, OCFO, HUD (Exhibit 3). (b) (7)(C) provided this writer with a copy of a spreadsheet showing the estimated cost for the trip to Rio de Janeiro to be \$23,322.39. (b) (7)(C) said he did not know the origin of the spreadsheet and did not know if the spreadsheet was sent to the Appropriations Subcommittee. (b) (7)(C) stated he had no information regarding the purchase of alcohol, with Government funds, during the HUD delegation's stay in Rio de Janeiro.

On May 7, 2010, this writer telephonically interviewed (b) (7)(C), U.S. House of Representatives Appropriations Subcommittee for HUD (Exhibit 4). (b) (7) stated the only spreadsheet she saw from HUD was for approximately \$96,000.00. (b) (7) stated she was never given a cost estimate of \$23,322.39 or an estimate in the \$50,000.00 range, as alleged. (b) (7) said she requested that (b) (7)(C) provide final trip costs when they become available.

On May 10, 2010, this writer interviewed (b) (7)(C) (Exhibit 5). (b) (7)(C) stated he had nothing to do with providing estimated travel expenses for the Rio de Janeiro trip to the Appropriations Subcommittee. (b) (7)(C) stated he had no knowledge of anyone asking for authorization to purchase alcohol, with Government funds, while the HUD delegation was in Rio de Janeiro.

On May 10, 2010, (b) (7)(C) HUD OIG SID provided this writer with an email message sent from (b) (7)(C) Office of the Secretary, HUD to (b) (7) dated March 19, 2010 (Exhibit 6). Attached to the email message was a spreadsheet showing HUD's estimated travel costs for the trip to Rio de Janeiro to be \$96,645.43.

On June 2, 2010, this writer contacted (b) (7)(C) to determine the status of providing final trip costs to (b) (7). (b) (7)(C) stated (b) (7) requested only final travel costs and that he provided (b) (7) final trip travel costs on May 14, 2010. (b) (7)(C) provided this writer with a copy of his email to (b) (7), with an attached spreadsheet, containing a final trip travel cost of \$99,447.50 (Exhibit 7).

On June 14, 2010, this writer contacted (b) (7) to determine if she has received all information that she requested from HUD. (b) (7) stated (b) (7)(C) has provided final trip travel cost data, via email, and if additional information regarding other expenses occurred during the trip are needed, she will contact (b) (7)(C).

On July 2, 2010, this writer interviewed (b) (7)(C) Office of the Secretary, HUD, regarding obtaining copies of invoices for food and beverage in connection with the HUD delegation trip to Rio de Janeiro (Exhibit 8). (b) stated there were no Government funds used to

(b) (7)(E)

(b) (7)(C)

purchase alcohol, food, or beverages for HUD employees while in Rio de Janeiro.

The findings of this investigation dispute the allegation that there was a "cover up" regarding the Secretary's trip to Rio de Janeiro. The final trip travel costs provided to the Appropriations Subcommittee were \$99,447.50 and the estimate provided to the Appropriations Subcommittee was \$96,645.43. This investigation also found no information to support the allegation that (b) (7)(C), or anyone else, made inappropriate purchases; "dinner and drinks," with government funds during the trip. The investigation found no violation of any law, regulation, or HUD policy and, as a result, this case is being closed administratively to file.

**FOR OFFICIAL USE ONLY**  
THE INFORMATION CONTAINED IN THIS REPORT OF CONTACT IS THE PROPERTY OF THE OFFICE  
OF INSPECTOR GENERAL AND IS FOR OFFICIAL USE ONLY. DISCLOSURE TO UNAUTHORIZED  
PERSONS IS PROHIBITED.

**REPORT OF CONTACT**

DATE: June 24, 2010

HOTLINE CASE NUMBER: (b) (7)(C)

**SUBJECT OF INVESTIGATION:**

(b) (7)(C)

Washington, DC

**ISSUES OR ALLEGATIONS TO BE ADDRESSED:**

1. Fraud

**DETAILS OF ALLEGATIONS OR COMPLAINT:**

An anonymous complaint alleges the (b) (7)(C) was involved in creating a false report to congress concerning the Secretary's trip to Brazil. The CFO reported to congress that the trip cost \$50,000 when the actual cost was over \$400,000. A second anonymous complaint alleges (b) (7)(C) authorized illegal use of government funding for drinks and a meal during the same trip. Please see the attached correspondence.

**COMPLAINANT INFORMATION:**

Anonymous

**FOR OFFICIAL USE ONLY**  
THE INFORMATION CONTAINED IN THIS REPORT OF CONTACT IS THE PROPERTY OF THE OFFICE  
OF INSPECTOR GENERAL AND IS FOR OFFICIAL USE ONLY. DISCLOSURE TO UNAUTHORIZED  
PERSONS IS PROHIBITED.

## Hotline Anonymous Report Submission

Form Processor [forms@formexperts.com]

**Sent:** Wednesday, April 14, 2010 4:19 PM

**To:** hotline@hudoig.gov

---

Form Name : Hotline Anonymous Report Form  
Date Submitted : 04/14/2010 16:18:18 PM

---

Subject(s) Name or Name of Business:

(b) (7)(C)

Street Address:

451 7th St. S.W.

Address Continued:

City:

washington

State:

D.C.

Zip:

20410

Subject(s) Telephone Number(s) (if known):

When Did the Incident Occur (date and time):

March 2010

Where Did the Incident Occur (i.e., name and address of housing authority/location):

During the Secretarial Trip to Rio De Janeiro

What is the Allegation (be specific in description):

There is information regarding a cover up in CFO over the cost of the Secretary's trip to Rio De Janeiro. CFO reported to Congress that the costs was around \$50,000, but the actual cost of the trip was more than \$400,000. The trip was reported in the Washington Post. The (b) (7) (b) (7)(C) was the main person involved in the cover up. He worked with the Secretary to provide the information to Congress.

Can You Provide Specific Documentation to Support the Allegation?:

Yes

## Hotline Anonymous Report Submission

Form Processor [forms@formexperts.com]

**Sent:** Wednesday, April 14, 2010 4:54 PM

**To:** hotline@hudoig.gov

---

Form Name : Hotline Anonymous Report Form  
Date Submitted : 04/14/2010 16:53:01 PM

---

Subject(s) Name or Name of Business:  
HUD Budget Office at HQ

Street Address:  
451 7th St. S.W.

Address Continued:

City:  
washington

State:  
D.C.

Zip:  
20410

Subject(s) Telephone Number(s) (if known):

When Did the Incident Occur (date and time):  
March 2010

Where Did the Incident Occur (i.e., name and address of housing authority/location):  
During the Secretary of HUD's trip to Rio De Janeiro

What is the Allegation (be specific in description):  
During the Secretary's trip to Rio De Janeiro, the (b) (7)(C) authorized a member of the Secretary's staff to utilize governemnt funds to pay for a meal with drinks and dinner during the visit. I don't think this is legal.

Can You Provide Specific Documentation to Support the Allegation?:  
Yes







## Report of Investigation

U.S. Department of Housing  
and Urban Development  
Office of Inspector General  
*Office of Investigation*

File Number:

(b) (7)(E)

District/Office:

Special Investigations Division, Washington, D.C.

Title:

(b) (7)(C)

U.S. Department of Housing and Urban Development (HUD)  
Fair Housing and Equal Opportunity (FHEO)  
Office of Information Services and Communication (OISC)  
Washington, D.C.

Narrative:

### BASIS FOR INVESTIGATION:

Investigation was predicated upon information received from (b) (7)(C) Office of Information Services and Communication, Fair Housing and Equal Opportunity (FHEO), HUD, Washington, D.C., who reported that she believed (b) (7)(C) was using government equipment to produce music compact discs (CDs) for a profit for HUD employees. (b) reported this information to HUD OIG because of the high volume of traffic coming and going to (b) (7)(C) office. (b) also reported there are irregularities with (b) (7)(C) finances and government travel card. (b) reported that (b) (7)(C) has been delinquent in paying his government credit card bill, though (b) (7)(C) had been reimbursed for his travel.

### POTENTIAL VIOLATIONS:

1. Violation of HUD Handbook 0752.02 REV-03, Section 10 (Loss, misuse of or damage to Government property, records, or information).
2. Violation of HUD Handbook 0752.02 REV-03, Section 13 (Deliberate misrepresentation, falsification, exaggeration).

(b) (7)(C)

Special Investigations Division

(b) (7)(C)

Special Investigations Division

Date:

November 24, 2010

This report is the property of the Office of Investigation. It contains neither recommendations nor conclusions of the Office of Inspector General. It and its contents may not be reproduced without written permission. The report is FOR OFFICIAL USE ONLY and its disclosure to unauthorized persons is prohibited. Public availability to be determined under 5 U.S.C. § 552.

Previous Editions Obsolete  
OIGM 3000 Appendix 14a

HUD-1408(12-95)

3. Violation of HUD Handbook 0752.02 REV-03, Section 25 Indebtedness (failure to meet financial obligations)
4. Violation of HUD Handbook 0752.02 REV-03, Section 34 Standards of Conduct violations not listed elsewhere in this Table of Penalties.
5. Violation of HUD Handbook 0752.02 REV-03, Section 40 Offenses related to Government travel charge card and /or ATM card.
6. Violation of Title 18, United States Code, Section 2319 (Criminal Infringement of a Copyright).

### **RESULTS OF INVESTIGATION:**

Investigation established that (b) (7)(C) did create and duplicate music CDs for HUD employees using government equipment. No evidence was discovered indicating that anyone, including any HUD employee, paid (b) (7)(C) for producing music CDs or that (b) (7)(C) requested any money from HUD employees for providing this service. Investigation also established that (b) (7)(C) computer had approximately 11,295 audio files, 1,705 inappropriate images (to include adult nudity, pornography and bestiality), and 60 adult multimedia files. Investigation determined that (b) (7)(C) placed unauthorized software on his government computer to include iTunes (a digital media player) and Pando (peer-to-peer software for sharing large media files).

Investigation confirmed that (b) (7)(C) was not paying off his government card in a timely manner, and that (b) (7)(C) improperly used the government credit card for personal items such as a cash withdrawal from an ATM, parking, restaurants, and gas for his personal vehicle. (b) (7)(C) government credit card account has been turned over to a collection agency after he failed to comply with an agreement with Citibank to repay his outstanding debt.

Investigation also established that (b) (7)(C) assisted his friend, (b) (7)(C), with his catering business, (b) (7)(C), while on government time and using his government computer. (b) (7)(C) admitted that he used his government computer on a small number of occasions to send the (b) (7)(C) menu to individuals around the holidays. (b) (7)(C) also admitted to working several catering events for (b) (7)(C) but claimed he was not paid for this work. (b) (7)(C) was not truthful with the reporting agent as to whether or not he was paid by (b) (7) for work performed. When interviewed, (b) (7) confirmed that (b) (7)(C) was paid "under the table" when working the catering events.

Interview of the current (b) (7) OISC/FHEO disclosed that she had concerns about HUD employee traffic coming and going from (b) (7)(C) office. The (b) (7)(C) noted that some employees would arrive empty handed and leave with a CD. The (b) (7) suspected that (b) (7)(C) was using government equipment to burn music CDs for money. The (b) (7) stated that (b) (7)(C) is suffering from "severe financial straits" and has been delinquent in paying off his government credit card. The (b) (7)(C) had concerns about (b) (7)(C) travel because he used the government credit card for personal items such as restaurants, parking, gas, and a withdrawal from an ATM machine.

Interviews of three current HUD employees disclosed that (b) (7)(C) did burn music CDs for them on government equipment. All three employees denied that (b) (7)(C) asked them for money or that they offered any money to (b) (7)(C). The employees did not know how (b) (7)(C) was producing the CDs; however, one employee stated that because of the quick turnaround in receiving the CD, she believed that (b) (7)(C) was burning the CD on his government equipment.

Interview of the (b) (7)(C) Customer Services Division, Office of the Chief Information Officer, HUD, disclosed that (b) (7)(C) was given access as a local administrator that has rights to install printers and software on the computers in the office he is assigned to. It was confirmed that iTunes and Pando are not HUD-approved software and that to install them on his government computer, (b) (7)(C) would have to use his local administrator account and access rights. After being advised that a forensic exam of (b) (7)(C) computer also disclosed that (b) (7)(C) had been visiting pornography sites, the Director stated that pornographic websites are unprotected, and advised that by visiting those sites via his government computer, (b) (7)(C) put HUD systems at risk for viruses, spyware, and malware.

Interview of the (b) (7)(C) disclosed that (b) (7)(C) had a government credit card issued to him in June 2009. In March 2010, because of late charges, (b) (7)(C) still owed \$3,603.03 on his government credit card. (b) (7)(C) delinquent account is currently being handled by a debt collection agency.

A Forensic Analysis Report completed by a HUD OIG Computer Forensic Examiner disclosed 11,295 audio files, 1,705 inappropriate images (to include adult nudity, pornography and bestiality), and 60 adult multimedia files such as Deep Black Ass, Jacks Giant Jugs, Big Black Dick, Black Pussy Breakers, Booty Talk, 3D Creampie, and Bitchwife. Further, the computer review disclosed 20 documents related to catering and Government Travel Card adverse actions. A review of (b) (7)(C) email disclosed ten messages which were found to contain references to music or inappropriate jokes.

Interview of the owner, (b) (7)(C) Catering, disclosed that (b) (7)(C) assists as a server or food preparation employee when needed. Owner has known (b) (7)(C) for over twenty years and pays him "under the table" when he is needed. The owner stated that he has not used (b) (7)(C) as much recently because of the economy but tries to give him work since (b) (7)(C) is in "financial straits."

When interviewed by HUD Office of Inspector General (OIG), Special Investigations Division (SID), in July 2010, (b) (7)(C) admitted that he used government equipment to burn music CDs for other employees. (b) (7)(C) denied that he ever charged any HUD employee or non-HUD individual a fee for providing the music discs. (b) (7)(C) admitted that he had both pornographic images and movies on his government computer. (b) (7)(C) admitted that he was delinquent in paying off his government credit card and admitted using his card for personal items such as gas, parking, restaurants, and making a cash withdraw from an ATM. (b) (7)(C) admitted helping his friend, (b) (7)(C), with his catering business when needed. (b) (7)(C) stated that he was not a paid employee and only sent the catering menu on his government computer to a small number of individuals that requested it.

In September 2010, this matter was presented to an Assistant United States Attorney (AUSA), District of Columbia, Washington, D.C. After a review of the facts, the matter was declined in lieu of HUD handling the case administratively.

### DETAILS OF INVESTIGATION:

On June 22, 2010, (b) (7)(C), HUD, OIG SID, Washington, D.C., initiated an investigation on (b) (7)(C) based on receipt of a complaint with attachments (Exhibit 1). This complaint dealt with allegations that (b) (7)(C) job performance was "irregular" over the last one and one-half years and HUD employees were showing up at (b) (7)(C) office empty handed and leaving with a CD. The complainant suspected that (b) (7)(C) was using government equipment to burn music CDs for money for HUD employees.

On June 23 and September 20, 2010, (b) (7)(C), OISC, FHEO, HUD, Washington, D.C., was interviewed and provided the following information (Exhibit 2). (b) (7)(C) stated that she became suspicious of (b) (7)(C) because of the large volume of HUD employee traffic going in and out of his office. She stated that some employees would go in empty handed and leave with a CD. (b) (7)(C) stated that she suspected that (b) (7)(C) was producing music CDs for HUD employees in exchange for money. In 2009, (b) (7)(C) requested to be allowed to travel since his position had no further promotional potential. (b) (7)(C) stated that she allowed (b) (7)(C) to take two trips to Seattle-San Francisco and Boston-New York. (b) (7)(C) stated that before the first trip, (b) (7)(C) told her that he previously had trouble with his government travel card and the card had been taken away from him. (b) (7)(C) stated that she reminded (b) (7)(C) before the trips to keep all receipts and to pay the credit card bill when it was received. (b) (7)(C) stated that (b) (7)(C) had problems with both vouchers but (b) (7)(C) was finally reimbursed for the trips. (b) (7)(C) stated that in June 2010, (b) (7)(C) called her at home and told her that he had not paid the credit card company and was told that his job could be in jeopardy. (b) (7)(C) stated that she told (b) (7)(C) his job should not be in jeopardy "as long as you did not use the government card improperly." (b) (7)(C) stated that when she said that to (b) (7)(C) he did not reply. (b) (7)(C) stated that in July 2010, she sent an email (Exhibit 2, Attachment C) to (b) (7)(C) looking for answers concerning his use of the government travel card because the card was used on dates when (b) (7)(C) was not on travel. (b) (7)(C) stated that (b) (7)(C) answered some of the questions and was unresponsive to others. (b) (7)(C) stated that because of her suspicions concerning (b) (7)(C) possibly burning music CDs for HUD employees on government equipment, and his use of the government credit card, she decided to turn the matter over to HUD OIG.

On August 4, 2010, (b) (7)(C), FHEO, HUD, Washington, D.C., was interviewed and provided the following information (Exhibit 3). (b) (7)(C) stated that sometime in 2009, she asked (b) (7)(C) to make a copy of a CD for her. (b) (7)(C) stated that she does not know for certain where (b) (7)(C) produced the music CD. (b) (7)(C) stated that it was her recollection that (b) (7)(C) did this for her on at least two occasions. (b) (7)(C) stated that she went to (b) (7)(C) because he had a reputation around HUD as having a good deal of knowledge about music. (b) (7)(C) stated that she did not pay (b) (7)(C) any money for producing the CD and (b) (7)(C) did not ask for anything.

On August 5, 2010, (b) (7)(C) (b) (7)(C), Office of Administrative Services, HUD, Washington, D.C., was interviewed and provided the following information (**Exhibit 4**). (b) (7)(C) stated that she asked (b) (7)(C) approximately five times over the past few years to provide music to events held at HUD. (b) (7)(C) stated that (b) (7)(C) also provided music during the holidays and for farewells when employees left or retired. (b) (7)(C) denied that she ever requested that (b) (7)(C) produce CDs on his government computer to provide music for these events. (b) (7)(C) denied that she ever paid (b) (7)(C) for any music that he provided. (b) (7)(C) denied that she ever asked (b) (7)(C) to produce any music CDs for her own personal use.

On September 10, 2010, (b) (7)(C) (b) (7)(C), CPD, HUD, Washington, D.C., was interviewed and provided the following information (**Exhibit 5**). (b) (7)(C) stated that she and (b) (7)(C) share an interest in music and that they share different types of music with each other. (b) (7)(C) stated that she asked (b) (7)(C) to copy music at least 50 or more times for her. (b) (7)(C) stated that some of the music was copied at (b) (7)(C) home while some was copied at HUD. She assumed the music was copied at HUD because of the quick turnaround time in which the music was returned to her. (b) (7)(C) stated that she has never paid (b) (7)(C) for any CDs that he produced for her, and (b) (7)(C) never requested any money from her. (b) (7)(C) stated that (b) (7)(C) is friends with (b) (7)(C), owner of (b) (7)(C) Catering. (b) (7)(C) stated that it was her understanding, based on conversations with (b) (7)(C) that he helped (b) (7) out if needed and was not a paid employee of his.

On September 21, 2010, (b) (7)(C), Customer Services Division, Office of the Chief Information Officer, HUD, Washington, D.C., was interviewed and provided the following information (**Exhibit 6**). (b) (7) stated that (b) (7)(C) as an (b) (7)(C), would have been given access as a local administrator that had rights to install printers and software on computers in the office he is assigned. (b) (7)(C) would have had the ability to download and install any software. (b) stated that iTunes and Pando are not HUD-approved software, and can only be installed on a computer by someone who had administrative rights. (b) stated that if (b) (7)(C) installed iTunes and Pando on his government computer, he did so by using his local administrator account and access rights. (b) stated that access to pornographic websites is blocked by HUD. (b) stated that if a HUD employee uses their government-issued laptop at home and they log in using HUD's intranet, the same restrictions apply as though the employee was at work. However, if an employee accesses the internet at home or at a hotel without logging on through HUD routers, they can bypass HUD IT security and have unrestricted access to the internet. (b) stated that (b) (7)(C) came to his office sometime in July 2010 and said, "I'm in trouble," and told (b) that someone turned him in for having pornography on his government laptop, and having problems with his government credit card. (b) stated that he told (b) (7)(C) that the rules regarding the government credit card were common sense, and an employee should know right from wrong. (b) stated that (b) (7)(C) had no comment about what he (b) (7) had told him.

On July 15, 2010, (b) (7)(C) Travel Management Division, HUD, Washington, D.C., was interviewed and provided the following information (**Exhibit 7**). (b) (7)(C) stated that (b) (7)(C) had a government credit card issued to him in June 2009. In

August 2009, (b) (7)(C) had a travel bill of \$3,306.69. In late August 2009, (b) (7)(C) made a payment of \$2,014 which left a balance of \$1,291.74. (b) (7)(C) went on travel in August or September 2009 so the unpaid balance on the credit card increased to a total of \$6,463.61. (b) (7)(C) was sent an email in November 2009 concerning his credit card delinquency (**Exhibit 8**). After receiving the email, (b) (7)(C) made a payment of \$3,014.95 which still left a balance on the card of \$3,463.61. In June 2010, (b) (7)(C) tried to make a payment of \$1,240.75, but the check was returned because of insufficient funds. In March 2010, because of late charges, (b) (7)(C) owed \$3,636.03 on his government credit card. (b) (7)(C) stated that around June 2010, (b) (7)(C) reached an agreement with Citibank to make payments on his debt. (b) (7)(C) stated that a debt collection agency is currently handling (b) (7)(C) account.

On August 17<sup>th</sup>, 18<sup>th</sup>, and September 8<sup>th</sup>, 2010, a review of (b) (7)(C) HUD email account was completed (**Exhibit 9**) by the reporting agent. This review disclosed 10 messages which were found to contain references to music or inappropriate jokes. On August 22, 2010, a Forensic Analysis Report (**Exhibit 10**) was completed by HUD OIG Computer Forensic Examiner (b) (7)(C). This report disclosed that (b) (7)(C) government issued computers had 11,295 audio files, 1,705 inappropriate images (to include adult nudity, pornography and bestiality), and 60 pornographic multimedia files which included Deep Black Ass, Jacks Giant Jugs, Big Black Dick, Black Pussy Breakers, Booty Talk, 3D Creampie, and Bitchwife.

On November 8, 2010, (b) (7)(C), Owner, (b) (7)(C) Catering, (b) (7)(C) Washington, D.C., was interviewed (**Exhibit 11**) and provided the following information. (b) (7) stated that he has known (b) (7)(C) for over twenty years since they both went to Howard University, Washington, D.C. (b) (7) stated that (b) (7)(C) is not an employee of his but does help him out on an as needed basis. (b) (7) stated that (b) (7)(C) does food preparation and serving at catering events if needed. (b) (7) stated that he pays (b) (7)(C) "under the table." (b) (7) stated that he does not use (b) (7)(C) as much lately because of the economy. (b) (7) stated that he has never had any contracts to cater any events at HUD, though he has brought in a small number of dishes for events.

On July 16, 2010 and August 4, 2010, (b) (7)(C), (b) (7)(C), FHEO, HUD, Washington, D.C., was interviewed and provided the following information (**Exhibit 12**). (b) (7)(C) admitted that he had three computers at his disposal at HUD. Two were desktops while the remaining one was a notebook. (b) (7)(C) acknowledged that all three of his government issued computers were seized by HUD OIG. (b) (7)(C) admitted that he listens to a lot of music at work and has installed iTunes on his government computers. (b) (7)(C) admitted that he has traded music files with other HUD employees. (b) (7)(C) admitted that it is not part of his job duties to be producing or burning music CD's. (b) (7)(C) denied that he kept any records of any music that he burned on his government computer and denied that he ever received any money for music from anyone, to include any HUD employee, since he did the CDs as a favor. (b) (7)(C) stated that he is not aware of the copyright laws regarding copying music though he admitted being in violation of HUD policy since he installed iTunes and Pando on his government computers.

(b) (7)(C) admitted to having both pornographic images and videos on his government computers.

(b) (7)(C) admitted that the pornography should not be there and that he "didn't think about what he was doing." (b) (7)(C) admitted to visiting pornographic sites on his government computer. (b) (7)(C) stated that some pornography was sent to him, while he learned about some sites through "word of mouth." (b) (7)(C) could not recall specific pornographic sites that he visited. (b) (7)(C) admitted that he probably forwarded some of the pornography to other individuals though he could not recall who he may have sent it to. (b) (7)(C) admitted to having the following videos on his government computer: "Deep Black Ass, Jacks Giant Jugs, Big Black Dick, Black Pussy Breakers, Booty Talk, 3DCreampie, and Bitchwife."

When questioned about possible employment with (b) (7)(C) Catering, (b) (7)(C) denied that he is an employee of (b) (7)(C). (b) (7)(C) stated that his college friend, (b) (7)(C), is the owner and that he helps (b) (7) out on occasion. (b) (7)(C) stated that his help consists of setting up and doing some of the cooking at catering events. (b) (7)(C) stated that he does not solicit business for (b) (7) while at work but has sent the (b) (7)(C) menu to individuals using his government computer. (b) (7)(C) stated that the menu was requested by these individuals around the holiday season.

(b) (7)(C) stated that he was issued a government credit card in June or July 2009, and that he travelled on government business to Seattle-San Francisco and Boston-New York. (b) (7)(C) acknowledged that his vouchers were not submitted in a timely manner because he did not "know what he was doing." (b) (7)(C) admitted that although he was reimbursed by the government for both trips, he did not pay off his government issued credit card for the expenses. (b) (7)(C) claimed that some of the money was garnished by Prince Georges County for child support, and stated that he used some of the money to pay his property taxes. (b) (7)(C) denied using any of the money to purchase electronic gadgets for himself or throw a Sweet 16 birthday party for his daughter. (b) (7)(C) admitted using his government credit card to obtain an upgrade to business class during official travel.

(b) (7)(C) admitted improperly using his government credit card while on non-travel status at restaurants, and for gas and parking. (b) (7)(C) admitted that he received a \$300 advance from an ATM and used the money to pay his utility bill. (b) (7)(C) stated that he currently owes \$3636.03 on his government credit card. (b) (7)(C) stated that he has entered into an agreement with CitiBank to settle this debt. (b) (7)(C) stated that he has used poor judgment in some of his decisions and did not realize what he was doing.

#### **PROSECUTORIAL COORDINATION:**

On September 22, 2010, this case was presented for prosecutorial consideration to Assistant United States Attorney (AUSA) (b) (7)(C), District of Columbia, Washington, D.C. (Exhibit 13). AUSA (b) (7) declined federal prosecution of (b) (7)(C) in lieu of HUD taking administrative action.







## Report of Investigation

U.S. Department of Housing  
and Urban Development  
Office of Inspector General  
*Office of Investigation*

File Number:

(b) (7)(E)

District/Office:

Special Investigations Division, Washington, D.C.

Title:

(b) (7)(C)

U.S. Department of Housing and Urban Development (HUD)  
Fair Housing and Equal Opportunity (FHEO)  
Office of Information Services and Communication (OISC)  
Washington, D.C.

Narrative:

### **BASIS FOR INVESTIGATION:**

Investigation was predicated upon information received from (b) (7)(C) Office of Information Services and Communication, Fair Housing and Equal Opportunity (FHEO), HUD, Washington, D.C., who reported that she believed (b) (7)(C) was using government equipment to produce music compact discs (CDs) for a profit for HUD employees. (b) reported this information to HUD OIG because of the high volume of traffic coming and going to (b) (7)(C) office. (b) also reported there are irregularities with (b) (7)(C) finances and government travel card. (b) reported that (b) (7)(C) has been delinquent in paying his government credit card bill, though (b) (7)(C) had been reimbursed for his travel.

### **POTENTIAL VIOLATIONS:**

1. Violation of HUD Handbook 0752.02 REV-03, Section 10 (Loss, misuse of or damage to Government property, records, or information).
2. Violation of HUD Handbook 0752.02 REV-03, Section 13 (Deliberate misrepresentation, falsification, exaggeration).

(b) (7)(C)

Special Investigations Division

(b) (7)(C)

Special Investigations Division

Date:

November 24, 2010

This report is the property of the Office of Investigation. It contains neither recommendations nor conclusions of the Office of Inspector General. It and its contents may not be reproduced without written permission. The report is FOR OFFICIAL USE ONLY and its disclosure to unauthorized persons is prohibited. Public availability to be determined under 5 U.S.C. § 552.

Previous Editions Obsolete  
OIGM 3000 Appendix 14a

HUD-1408(12-95)

3. Violation of HUD Handbook 0752.02 REV-03, Section 25 Indebtedness (failure to meet financial obligations)
4. Violation of HUD Handbook 0752.02 REV-03, Section 34 Standards of Conduct violations not listed elsewhere in this Table of Penalties.
5. Violation of HUD Handbook 0752.02 REV-03, Section 40 Offenses related to Government travel charge card and /or ATM card.
6. Violation of Title 18, United States Code, Section 2319 (Criminal Infringement of a Copyright).

### **RESULTS OF INVESTIGATION:**

Investigation established that (b) (7)(C) did create and duplicate music CDs for HUD employees using government equipment. No evidence was discovered indicating that anyone, including any HUD employee, paid (b) (7)(C) for producing music CDs or that (b) (7)(C) requested any money from HUD employees for providing this service. Investigation also established that (b) (7)(C) computer had approximately 11,295 audio files, 1,705 inappropriate images (to include adult nudity, pornography and bestiality), and 60 adult multimedia files. Investigation determined that (b) (7)(C) placed unauthorized software on his government computer to include iTunes (a digital media player) and Pando (peer-to-peer software for sharing large media files).

Investigation confirmed that (b) (7)(C) was not paying off his government card in a timely manner, and that (b) (7)(C) improperly used the government credit card for personal items such as a cash withdrawal from an ATM, parking, restaurants, and gas for his personal vehicle. (b) (7)(C) government credit card account has been turned over to a collection agency after he failed to comply with an agreement with Citibank to repay his outstanding debt.

Investigation also established that (b) (7)(C) assisted his friend, (b) (7)(C), with his catering business, (b) (7)(C), while on government time and using his government computer. (b) (7)(C) admitted that he used his government computer on a small number of occasions to send the (b) (7)(C) menu to individuals around the holidays. (b) (7)(C) also admitted to working several catering events for (b) (7)(C) but claimed he was not paid for this work. (b) (7)(C) was not truthful with the reporting agent as to whether or not he was paid by (b) (7) for work performed. When interviewed, (b) (7) confirmed that (b) (7)(C) was paid "under the table" when working the catering events.

Interview of the current (b) (7) OISC/FHEO disclosed that she had concerns about HUD employee traffic coming and going from (b) (7)(C) office. The (b) (7)(C) noted that some employees would arrive empty handed and leave with a CD. The (b) (7) suspected that (b) (7)(C) was using government equipment to burn music CDs for money. The (b) (7) stated that (b) (7)(C) is suffering from "severe financial straits" and has been delinquent in paying off his government credit card. The (b) (7)(C) had concerns about (b) (7)(C) travel because he used the government credit card for personal items such as restaurants, parking, gas, and a withdrawal from an ATM machine.

Interviews of three current HUD employees disclosed that (b) (7)(C) did burn music CDs for them on government equipment. All three employees denied that (b) (7)(C) asked them for money or that they offered any money to (b) (7)(C). The employees did not know how (b) (7)(C) was producing the CDs; however, one employee stated that because of the quick turnaround in receiving the CD, she believed that (b) (7)(C) was burning the CD on his government equipment.

Interview of the (b) (7)(C) Customer Services Division, Office of the Chief Information Officer, HUD, disclosed that (b) (7)(C) was given access as a local administrator that has rights to install printers and software on the computers in the office he is assigned to. It was confirmed that iTunes and Pando are not HUD-approved software and that to install them on his government computer, (b) (7)(C) would have to use his local administrator account and access rights. After being advised that a forensic exam of (b) (7)(C) computer also disclosed that (b) (7)(C) had been visiting pornography sites, the Director stated that pornographic websites are unprotected, and advised that by visiting those sites via his government computer, (b) (7)(C) put HUD systems at risk for viruses, spyware, and malware.

Interview of the (b) (7)(C) disclosed that (b) (7)(C) had a government credit card issued to him in June 2009. In March 2010, because of late charges, (b) (7)(C) still owed \$3,603.03 on his government credit card. (b) (7)(C) delinquent account is currently being handled by a debt collection agency.

A Forensic Analysis Report completed by a HUD OIG Computer Forensic Examiner disclosed 11,295 audio files, 1,705 inappropriate images (to include adult nudity, pornography and bestiality), and 60 adult multimedia files such as Deep Black Ass, Jacks Giant Jugs, Big Black Dick, Black Pussy Breakers, Booty Talk, 3D Creampie, and Bitchwife. Further, the computer review disclosed 20 documents related to catering and Government Travel Card adverse actions. A review of (b) (7)(C) email disclosed ten messages which were found to contain references to music or inappropriate jokes.

Interview of the owner, (b) (7)(C) Catering, disclosed that (b) (7)(C) assists as a server or food preparation employee when needed. Owner has known (b) (7)(C) for over twenty years and pays him "under the table" when he is needed. The owner stated that he has not used (b) (7)(C) as much recently because of the economy but tries to give him work since (b) (7)(C) is in "financial straits."

When interviewed by HUD Office of Inspector General (OIG), Special Investigations Division (SID), in July 2010, (b) (7)(C) admitted that he used government equipment to burn music CDs for other employees. (b) (7)(C) denied that he ever charged any HUD employee or non-HUD individual a fee for providing the music discs. (b) (7)(C) admitted that he had both pornographic images and movies on his government computer. (b) (7)(C) admitted that he was delinquent in paying off his government credit card and admitted using his card for personal items such as gas, parking, restaurants, and making a cash withdraw from an ATM. (b) (7)(C) admitted helping his friend, (b) (7)(C), with his catering business when needed. (b) (7)(C) stated that he was not a paid employee and only sent the catering menu on his government computer to a small number of individuals that requested it.

In September 2010, this matter was presented to an Assistant United States Attorney (AUSA), District of Columbia, Washington, D.C. After a review of the facts, the matter was declined in lieu of HUD handling the case administratively.

#### DETAILS OF INVESTIGATION:

On June 22, 2010, (b) (7)(C), HUD, OIG SID, Washington, D.C., initiated an investigation on (b) (7)(C) based on receipt of a complaint with attachments (**Exhibit 1**). This complaint dealt with allegations that (b) (7)(C) job performance was "irregular" over the last one and one-half years and HUD employees were showing up at (b) (7)(C) office empty handed and leaving with a CD. The complainant suspected that (b) (7)(C) was using government equipment to burn music CDs for money for HUD employees.

On June 23 and September 20, 2010, (b) (7)(C), OISC, FHEO, HUD, Washington, D.C., was interviewed and provided the following information (**Exhibit 2**). (b) (7)(C) stated that she became suspicious of (b) (7)(C) because of the large volume of HUD employee traffic going in and out of his office. She stated that some employees would go in empty handed and leave with a CD. (b) (7)(C) stated that she suspected that (b) (7)(C) was producing music CDs for HUD employees in exchange for money. In 2009, (b) (7)(C) requested to be allowed to travel since his position had no further promotional potential. (b) (7)(C) stated that she allowed (b) (7)(C) to take two trips to Seattle-San Francisco and Boston-New York. (b) (7)(C) stated that before the first trip, (b) (7)(C) told her that he previously had trouble with his government travel card and the card had been taken away from him. (b) (7)(C) stated that she reminded (b) (7)(C) before the trips to keep all receipts and to pay the credit card bill when it was received. (b) (7)(C) stated that (b) (7)(C) had problems with both vouchers but (b) (7)(C) was finally reimbursed for the trips. (b) (7)(C) stated that in June 2010, (b) (7)(C) called her at home and told her that he had not paid the credit card company and was told that his job could be in jeopardy. (b) (7)(C) stated that she told (b) (7)(C) his job should not be in jeopardy "as long as you did not use the government card improperly." (b) (7)(C) stated that when she said that to (b) (7)(C) he did not reply. (b) (7)(C) stated that in July 2010, she sent an email (**Exhibit 2, Attachment C**) to (b) (7)(C) looking for answers concerning his use of the government travel card because the card was used on dates when (b) (7)(C) was not on travel. (b) (7)(C) stated that (b) (7)(C) answered some of the questions and was unresponsive to others. (b) (7)(C) stated that because of her suspicions concerning (b) (7)(C) possibly burning music CDs for HUD employees on government equipment, and his use of the government credit card, she decided to turn the matter over to HUD OIG.

On August 4, 2010, (b) (7)(C), FHEO, HUD, Washington, D.C., was interviewed and provided the following information (**Exhibit 3**). (b) (7)(C) stated that sometime in 2009, she asked (b) (7)(C) to make a copy of a CD for her. (b) (7)(C) stated that she does not know for certain where (b) (7)(C) produced the music CD. (b) (7)(C) stated that it was her recollection that (b) (7)(C) did this for her on at least two occasions. (b) (7)(C) stated that she went to (b) (7)(C) because he had a reputation around HUD as having a good deal of knowledge about music. (b) (7)(C) stated that she did not pay (b) (7)(C) any money for producing the CD and (b) (7)(C) did not ask for anything.

On August 5, 2010, (b) (7)(C) (b) (7)(C), Office of Administrative Services, HUD, Washington, D.C., was interviewed and provided the following information (**Exhibit 4**). (b) (7)(C) stated that she asked (b) (7)(C) approximately five times over the past few years to provide music to events held at HUD. (b) (7)(C) stated that (b) (7)(C) also provided music during the holidays and for farewells when employees left or retired. (b) (7)(C) denied that she ever requested that (b) (7)(C) produce CDs on his government computer to provide music for these events. (b) (7)(C) denied that she ever paid (b) (7)(C) for any music that he provided. (b) (7)(C) denied that she ever asked (b) (7)(C) to produce any music CDs for her own personal use.

On September 10, 2010, (b) (7)(C) (b) (7)(C), CPD, HUD, Washington, D.C., was interviewed and provided the following information (**Exhibit 5**). (b) (7)(C) stated that she and (b) (7)(C) share an interest in music and that they share different types of music with each other. (b) (7)(C) stated that she asked (b) (7)(C) to copy music at least 50 or more times for her. (b) (7)(C) stated that some of the music was copied at (b) (7)(C) home while some was copied at HUD. She assumed the music was copied at HUD because of the quick turnaround time in which the music was returned to her. (b) (7)(C) stated that she has never paid (b) (7)(C) for any CDs that he produced for her, and (b) (7)(C) never requested any money from her. (b) (7)(C) stated that (b) (7)(C) is friends with (b) (7)(C), owner of (b) (7)(C) Catering. (b) (7)(C) stated that it was her understanding, based on conversations with (b) (7)(C) that he helped (b) (7) out if needed and was not a paid employee of his.

On September 21, 2010, (b) (7)(C), Customer Services Division, Office of the Chief Information Officer, HUD, Washington, D.C., was interviewed and provided the following information (**Exhibit 6**). (b) (7) stated that (b) (7)(C) as an (b) (7)(C), would have been given access as a local administrator that had rights to install printers and software on computers in the office he is assigned. (b) (7)(C) would have had the ability to download and install any software. (b) stated that iTunes and Pando are not HUD-approved software, and can only be installed on a computer by someone who had administrative rights. (b) stated that if (b) (7)(C) installed iTunes and Pando on his government computer, he did so by using his local administrator account and access rights. (b) stated that access to pornographic websites is blocked by HUD. (b) stated that if a HUD employee uses their government-issued laptop at home and they log in using HUD's intranet, the same restrictions apply as though the employee was at work. However, if an employee accesses the internet at home or at a hotel without logging on through HUD routers, they can bypass HUD IT security and have unrestricted access to the internet. (b) stated that (b) (7)(C) came to his office sometime in July 2010 and said, "I'm in trouble," and told (b) that someone turned him in for having pornography on his government laptop, and having problems with his government credit card. (b) stated that he told (b) (7)(C) that the rules regarding the government credit card were common sense, and an employee should know right from wrong. (b) stated that (b) (7)(C) had no comment about what he (b) (7) had told him.

On July 15, 2010, (b) (7)(C) Travel Management Division, HUD, Washington, D.C., was interviewed and provided the following information (**Exhibit 7**). (b) (7)(C) stated that (b) (7)(C) had a government credit card issued to him in June 2009. In

August 2009, (b) (7)(C) had a travel bill of \$3,306.69. In late August 2009, (b) (7)(C) made a payment of \$2,014 which left a balance of \$1,291.74. (b) (7)(C) went on travel in August or September 2009 so the unpaid balance on the credit card increased to a total of \$6,463.61. (b) (7)(C) was sent an email in November 2009 concerning his credit card delinquency (**Exhibit 8**). After receiving the email, (b) (7)(C) made a payment of \$3,014.95 which still left a balance on the card of \$3,463.61. In June 2010, (b) (7)(C) tried to make a payment of \$1,240.75, but the check was returned because of insufficient funds. In March 2010, because of late charges, (b) (7)(C) owed \$3,636.03 on his government credit card. (b) (7)(C) stated that around June 2010, (b) (7)(C) reached an agreement with Citibank to make payments on his debt. (b) (7)(C) stated that a debt collection agency is currently handling (b) (7)(C) account.

On August 17<sup>th</sup>, 18<sup>th</sup>, and September 8<sup>th</sup>, 2010, a review of (b) (7)(C) HUD email account was completed (**Exhibit 9**) by the reporting agent. This review disclosed 10 messages which were found to contain references to music or inappropriate jokes. On August 22, 2010, a Forensic Analysis Report (**Exhibit 10**) was completed by HUD OIG Computer Forensic Examiner (b) (7)(C). This report disclosed that (b) (7)(C) government issued computers had 11,295 audio files, 1,705 inappropriate images (to include adult nudity, pornography and bestiality), and 60 pornographic multimedia files which included Deep Black Ass, Jacks Giant Jugs, Big Black Dick, Black Pussy Breakers, Booty Talk, 3D Creampie, and Bitchwife.

On November 8, 2010, (b) (7)(C), Owner, (b) (7)(C) Catering, (b) (7)(C) Washington, D.C., was interviewed (**Exhibit 11**) and provided the following information. (b) (7) stated that he has known (b) (7)(C) for over twenty years since they both went to Howard University, Washington, D.C. (b) (7) stated that (b) (7)(C) is not an employee of his but does help him out on an as needed basis. (b) (7) stated that (b) (7)(C) does food preparation and serving at catering events if needed. (b) (7) stated that he pays (b) (7)(C) "under the table." (b) (7) stated that he does not use (b) (7)(C) as much lately because of the economy. (b) (7) stated that he has never had any contracts to cater any events at HUD, though he has brought in a small number of dishes for events.

On July 16, 2010 and August 4, 2010, (b) (7)(C), (b) (7)(C), FHEO, HUD, Washington, D.C., was interviewed and provided the following information (**Exhibit 12**). (b) (7)(C) admitted that he had three computers at his disposal at HUD. Two were desktops while the remaining one was a notebook. (b) (7)(C) acknowledged that all three of his government issued computers were seized by HUD OIG. (b) (7)(C) admitted that he listens to a lot of music at work and has installed iTunes on his government computers. (b) (7)(C) admitted that he has traded music files with other HUD employees. (b) (7)(C) admitted that it is not part of his job duties to be producing or burning music CD's. (b) (7)(C) denied that he kept any records of any music that he burned on his government computer and denied that he ever received any money for music from anyone, to include any HUD employee, since he did the CDs as a favor. (b) (7)(C) stated that he is not aware of the copyright laws regarding copying music though he admitted being in violation of HUD policy since he installed iTunes and Pando on his government computers.

(b) (7)(C) admitted to having both pornographic images and videos on his government computers.

(b) (7)(C) admitted that the pornography should not be there and that he "didn't think about what he was doing." (b) (7)(C) admitted to visiting pornographic sites on his government computer. (b) (7)(C) stated that some pornography was sent to him, while he learned about some sites through "word of mouth." (b) (7)(C) could not recall specific pornographic sites that he visited. (b) (7)(C) admitted that he probably forwarded some of the pornography to other individuals though he could not recall who he may have sent it to. (b) (7)(C) admitted to having the following videos on his government computer: "Deep Black Ass, Jacks Giant Jugs, Big Black Dick, Black Pussy Breakers, Booty Talk, 3DCreampie, and Bitchwife."

When questioned about possible employment with (b) (7)(C) Catering, (b) (7)(C) denied that he is an employee of (b) (7)(C). (b) (7)(C) stated that his college friend, (b) (7)(C), is the owner and that he helps (b) (7) out on occasion. (b) (7)(C) stated that his help consists of setting up and doing some of the cooking at catering events. (b) (7)(C) stated that he does not solicit business for (b) (7) while at work but has sent the (b) (7)(C) menu to individuals using his government computer. (b) (7)(C) stated that the menu was requested by these individuals around the holiday season.

(b) (7)(C) stated that he was issued a government credit card in June or July 2009, and that he travelled on government business to Seattle-San Francisco and Boston-New York. (b) (7)(C) acknowledged that his vouchers were not submitted in a timely manner because he did not "know what he was doing." (b) (7)(C) admitted that although he was reimbursed by the government for both trips, he did not pay off his government issued credit card for the expenses. (b) (7)(C) claimed that some of the money was garnished by Prince Georges County for child support, and stated that he used some of the money to pay his property taxes. (b) (7)(C) denied using any of the money to purchase electronic gadgets for himself or throw a Sweet 16 birthday party for his daughter. (b) (7)(C) admitted using his government credit card to obtain an upgrade to business class during official travel.

(b) (7)(C) admitted improperly using his government credit card while on non-travel status at restaurants, and for gas and parking. (b) (7)(C) admitted that he received a \$300 advance from an ATM and used the money to pay his utility bill. (b) (7)(C) stated that he currently owes \$3636.03 on his government credit card. (b) (7)(C) stated that he has entered into an agreement with CitiBank to settle this debt. (b) (7)(C) stated that he has used poor judgment in some of his decisions and did not realize what he was doing.

#### **PROSECUTORIAL COORDINATION:**

On September 22, 2010, this case was presented for prosecutorial consideration to Assistant United States Attorney (AUSA) (b) (7)(C), District of Columbia, Washington, D.C. (Exhibit 13). AUSA (b) (7) declined federal prosecution of (b) (7)(C) in lieu of HUD taking administrative action.