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Description of document: Department of Energy (DOE) Office of Inspector General (OIG) final report and closing memorandum for closed DOE OIG investigations on travel-related issues, 2006-2012

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Source of document: FOIA Officer
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585
Phone: (202) 586-5955
[Online FOIA Request Form](#)

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Department of Energy

Washington, DC 20585

AUG 14 2012

Re: Freedom of Information Act Request HQ-2012-00898-F

This is the Office of Inspector General (OIG) response to the request for information that you sent to the Department of Energy (DOE) under the Freedom of Information Act (FOIA), 5 U.S.C. § 552. You asked for a “copy of each final report and closing memorandum for any closed DOE OIG investigations (not audits or inspections) on travel-related issues between January 1, 2006 and the present.”

The OIG has completed the search of its files and identified 37 documents responsive to your request. A review of the responsive documents and a determination concerning their release has been made pursuant to the FOIA, 5 U.S.C. § 552. Based on this review, the OIG determined that certain material has been withheld from the responsive documents pursuant to subsections (b)(6), (b)(7)(C), and (b)(7)(E) (referred to as Exemptions 6, 7(C), and 7(E), respectively).

Documents 1 through 37 are released to you with certain material being withheld pursuant to Exemptions 6 and 7(C) of the FOIA. In addition, a portion of Document 8 is withheld pursuant to Exemption 7(E).

Exemption 6 protects from disclosure “personnel and medical and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy. . . .” Exemption 7(C) provides that “records or information compiled for law enforcement purposes” may be withheld from disclosure, but only to the extent the production of such documents “could reasonably be expected to constitute an unwarranted invasion of personal privacy. . . .”

Names and information that would tend to disclose the identity of certain individuals have been withheld pursuant to Exemptions 6 and 7(C). Individuals involved in OIG investigations, which in this case include subjects, witnesses, sources of information, and other individuals, are entitled to privacy protections so that they will be free from harassment, intimidation, and other personal intrusions.

Exemption 7(E) permits the withholding of records which “would disclose techniques and 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 being withheld pursuant to Exemption 7(E) includes processes related to coordination of investigations with other offices, the investigative process, and performance measure systems. Disclosure of this information would allow potential law violators to tailor their actions so as to minimize detection, tamper with the investigative process, and interfere with investigations into wrongdoing.

To the extent permitted by law, the DOE, in accordance with Title 10, Code of Federal Regulations (C.F.R.) § 1004.1, will make available records it is authorized to withhold pursuant to the FOIA unless it determines such disclosure is not in the public interest.

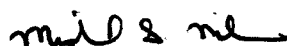
In invoking Exemptions 6 and 7(C), we have determined that it is not in the public interest to release the withheld material. In this request, we have determined that the public interest in the identity of individuals whose names appear in investigative files does not outweigh these individuals' privacy interests. Those interests include being free from intrusions into their professional and private lives. In invoking Exemption 7(E), we have determined it is not in the public interest to release investigative techniques or procedures not widely known to the public as release could reduce or nullify their effectiveness. Because the OIG has determined a foreseeable harm, this information continues to be withheld pursuant to Exemption 7(E).

As required, all releasable information has been segregated from the material that is withheld and is provided to you. See 10 C.F.R. § 1004.7(b)(3).

This decision may be appealed within 30 calendar days from your receipt of this letter pursuant to 10 C.F.R. § 1004.8. Appeals should be addressed to the Director, Office of Hearings and Appeals, HG-1/L'Enfant Plaza Building, U.S. Department of Energy, 1000 Independence Avenue, SW, Washington, DC 20585-1615.

Thereafter, judicial review will be available to you in the Federal district court either (1) in the district where you reside, (2) where you have your principal place of business, (3) where the Department's records are situated, or (4) in the District of Columbia.

Sincerely,



Michael S. Milner
Assistant Inspector General
for Investigations
Office of Inspector General

Enclosures

Document 1

United States Government

Department of Energy

memorandum

DATE: August 7, 2007

REPLY TO

ATTN TO: IG-221 (b)(6),(b)(7)(C)

SUBJECT: Case Closing Recommendation (OIG Case No. I06HQ008)

TO: (b)(6),(b)(7)(C) Region 1

The purpose of this memorandum is to recommend the closing of OIG Case Number I06HQ008.

PREDICATION

This case was predicated upon receipt of an anonymous letter, dated June 7, 2006, concerning cost mischarging and other related issues at the U.S. Department of Energy's (Department) Knolls Atomic Power Laboratory (Laboratory), Niskayuna, New York. The Office of Investigations focused on allegations that:

- (b)(6),(b)(7)(C)
- 1) (b)(6),(b)(7)(C) Lockheed Martin - KAPL Incorporated (KAPL), improperly charged over \$25,000 in personal expenses on (b)(6),(b)(7)(C) government-issued credit card;
 - (2) KAPL managers, including (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) covered-up (b)(6),(b)(7)(C) misuse of (b)(6),(b)(7)(C) government-issued credit card; and,
 - 3) (b)(6),(b)(7)(C) as well as KAPL (b)(6),(b)(7)(C) took trips to Cherry Hill, New Jersey; West Palm Beach, Florida; and, Arizona, at Government expense for the purpose of enhancing the value of corporate stock and rewarding key personnel with nice vacations.

The remaining allegations mentioned in the June 7th letter were referred to the OIG's Office of Audit Services for appropriate action.

POTENTIAL STATUTORY VIOLATIONS

This investigation focused on a potential violation of Title 18, U.S.C., Section 287 (False Claims); Title 18, U.S.C., Section 1001 (False Statements); and, Title 18, U.S.C., Section 371 (Conspiracy to Defraud the United States).

INVESTIGATIVE FINDINGS

The investigation determined that:

- (b)(6),(b)(7)(C)
- 1) (b)(6),(b)(7)(C) charged non-business expenses and excessive charges to (b)(6),(b)(7)(C) "KAPL Corporate Visa Card" in the amount of \$2,426.71 between July 8, 2002, and January 23, 2003; however, these charges were never billed to or paid by the Department.
 - 2) Prior to the initiation of the OIG investigation, KAPL management implemented measures to address (b)(6),(b)(7)(C) misuse and prevent a future recurrence; and,
 - 3) KAPL managers attended corporate sponsored events such as annual or finance meetings in Arizona; Cherry Hill, New Jersey; and West Palm Beach, Florida, as alleged; however, these trips were not billed to the Department as alleged.

Issues #1 and #2: Potential Misuse/Cover-Up of Government-Issued Credit Card

The investigation determined that (b)(6),(b)(7)(C) used (b)(6),(b)(7)(C) assigned KAPL Corporate Visa Card, in part, to charge relocation expenses associated with (b)(6),(b)(7)(C) July 8, 2002, corporate move from Fairfax, Virginia, to Ballston Lake, New York. As of January 16, 2003, (b)(6),(b)(7)(C) had an outstanding balance of \$20,964 on (b)(6),(b)(7)(C) corporate credit card. At the time, a review by KAPL officials determined that (b)(6),(b)(7)(C) charged "non-business expenses to the corporate credit card and excessive charges", which included, in part, meals totaling \$2,426.71 outside the relocation agreement. The remaining outstanding balance was attributed to costs associated with delays in (b)(6),(b)(7)(C) actual relocation. (b)(6),(b)(7)(C) corporate credit card was canceled on January 23, 2003.

KAPL officials, including (b)(6),(b)(7)(C) subsequently arranged for financial counseling for (b)(6),(b)(7)(C) to assess (b)(6),(b)(7)(C) current financial condition and (b)(6),(b)(7)(C) ability to continue to repay the outstanding credit card balance; reviewed the executive hiring process to ensure there was adequate financial counseling provided regarding the reimbursement of expenses association with a relocation agreement; and/or conduct a personal management counseling session with (b)(6),(b)(7)(C). Other KAPL managers were responsible for establishing a monitoring program to ensure that (b)(6),(b)(7)(C) continued to make timely payments to US Bank; maintained frequent communication with US Bank to avoid additional account write-offs and damage to (b)(6),(b)(7)(C) credit rating; reviewed the travel card process to assure there was adequate disclosure and instructions on the proper use of the card at the time of card issuance; and, continued to meet security disclosure requirements on changes in (b)(6),(b)(7)(C) account status.

When interviewed by the OIG, (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) Department, Schenectady Naval Reactors Office, (b)(6),(b)(7)(C) that no unallowable charges by (b)(6),(b)(7)(C) were paid for by the contract monies.

As of January 15, 2004, (b)(6),(b)(7)(C) had reimbursed US Bank in full (b)(6),(b)(7)(C) resigned from KAPL effective August 4, 2006.

Issue #3: Potential Travel Abuse by KAPL Managers

A review of KAPL records revealed that (b)(6),(b)(7)(C) traveled to Arizona; West Palm Beach, Florida; and, Cherry Hill, New Jersey, over a three year period from 2003 to 2006. The purpose of the trips was, in part, to attend corporate sponsored

events such as annual or finance meetings. Pursuant to KAPL's records, the Department was not charged for the costs associated with these trips.

When interviewed by the OIG, [REDACTED] that they never charged non-government related trips to KAPL's contract with the Department. Department officials further [REDACTED] that they were unaware of KAPL managers charging non-government related travel to the Department contract.

RECOMMENDATION:

I recommend closure of this case as all investigative activity has been exhausted and further expenditure of OIG resources are not warranted. The OIG Office of Audits plans no further action regarding this matter.

If you have any questions, please feel free to contact me at (412) 386 [REDACTED]

[REDACTED]

Special Agent
Region 1 Investigations Office
Pittsburgh Investigations Office
Office of Inspector General

[REDACTED]

11/13/07

Date

Region 1
Office of Inspector General

Document 2

United States Government

Department of Energy

memorandum

DATE: October 31, 2008

REPLY TO: IG-221 (b)(6),(b)(7)(C)

SUBJECT: Case Closing Memorandum (OIG Case No. I08HQ017)

TO: (b)(6),(b)(7)(C) Region I Investigations Office

The purpose of this memorandum is to recommend the closing of OIG Case Number I08HQ017. The investigation involved allegations of potential misuse of Government travel funds by (b)(6),(b)(7)(C) Office of Groundwater and Soil Remediation, EM-22, Washington, DC.

ALLEGATION

It was alleged that (b)(6),(b)(7)(C) improperly claimed and received payment for personal travel at Government expense. Specifically (b)(6),(b)(7)(C) allegedly was paid for expenses incurred while on travel to Oak Ridge, Tennessee where (b)(6),(b)(7)(C) maintains a personal residence. It was further alleged that (b)(6),(b)(7)(C) billed the U.S. Department of Energy for personal weekend travel to New York City prior to departing for Richland, Washington and other locales for official business the following week. (b)(6),(b)(7)(C)

POTENTIAL STATUTORY VIOLATIONS

This investigation focused on potential violation of Title 18 U.S.C. 287 "False Claims" and Title 18 U.S.C. 1001 "False Statements."

INVESTIGATIVE FINDINGS

The investigation determined that (b)(6),(b)(7)(C) traveled to Oak Ridge, Tennessee on 6 occasions during the period September 1, 2007, through September 26, 2008; however, no evidence was developed to suggest that (b)(6),(b)(7)(C) travel was improper. The investigation further determined that (b)(6),(b)(7)(C) traveled on weekends from D.C. to New York City on 3 occasions during the 1-year period prior to departing for official business the following week. Additionally, (b)(6),(b)(7)(C) diverted (b)(6),(b)(7)(C) return flight from New Mexico through New York and returned to DC after (b)(6),(b)(7)(C) layover. The 10 trips totaled \$14,793.85, which were charged to and paid by the DOE. (b)(6),(b)(7)(C)

Specifically, a review of (b)(6),(b)(7)(C) travel records identified 17 separate trips during the period September 1, 2007, through September 26, 2008. Six of (b)(6),(b)(7)(C) 17 trips were to

Oak Ridge, Tennessee at a cost of \$5,826.61. The official purpose of each trip was documented and approved by (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) EM-20. (b)(6),(b)(7)(C) did not claim, nor was (b)(6),(b)(7)(C) paid, for lodging costs associated with these trips. (b)(6),(b)(7)(C) was authorized to take leave during 3 of the 6 trips. (b)(6),(b)(7)(C) personal vehicle to travel to and from the D.C. metropolitan area on 5 of 6 occasions. The number of miles incurred totaled 5274 and cost the Government \$2,636.06 or approximately \$527 per trip. On the 1 occasion when (b)(6),(b)(7)(C) traveled by airplane to Oak Ridge, the Government was charged \$839 for a roundtrip airfare to and from Oak Ridge.

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

Additionally, (b)(6),(b)(7)(C) was found to have traveled on weekends to New York City on 3 occasions from September 1, 2007, through September 26, 2008, prior to departing from New York's La Guardia Airport on official business to Los Alamos National Laboratory; Idaho Falls, Idaho; and, Lakewood, Colorado. (b)(6),(b)(7)(C) approved all 3 trips. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) did not claim, nor was (b)(6),(b)(7)(C) paid, for lodging or subsistence cost for the layovers in New York. On 1 occasion, (b)(6),(b)(7)(C) traveled to Albuquerque, New Mexico from July 6-13, 2008, on official business and had (b)(6),(b)(7)(C) return flight diverted through New York, laid over in New York for a night, and returned to DC the next day. (b)(6),(b)(7)(C) did not claim, nor was (b)(6),(b)(7)(C) paid, for lodging or subsistence cost for the layover in New York. The 4 trips cost the Government a total of \$8967.24. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

The OIG coordinated the investigative findings with the Department's Office of Energy Finance and Accounting Services which found no improprieties associated with (b)(6),(b)(7)(C) travel.

RECOMMENDATION

This case is being recommended for closure as all prudent investigative steps have been taken and all investigative activities are complete and further expenditures of resources are not warranted.

Should you have any questions, please do not hesitate to call me on 202-586- (b)(6),(b)(7)(C)

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

Special Agent
Region 1 Investigations Office
Office of Inspector General

Concur:

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

Region 1 Investigations Office

11/2/08
Date

Office of Inspector General

Document 3

memorandum

DATE: February 14, 2012

REPLY TO

ATTN OF: IG-221 (b)(6),(b)(7)(C)

SUBJECT: Case Closing Recommendation (OIG Case No. I09HQ005)

TO: (b)(6),(b)(7)(C) Region 1 Investigations Office

The purpose of this memorandum is to recommend the closing of OIG Case Number I09HQ005.

ALLEGATION

On February 18, 2009, the U.S. Department of Energy (Department), Office of Inspector General (OIG), received an electronic mail message from (b)(6),(b)(7)(C) Department email account (b)(6),(b)(7)(C)@hq.doe.gov. The email read: "I submitted false information and false receipts in my travel vouchers, now I feel obliged to self report this mistake. Please tell me what to do next. Thanks."

POTENTIAL STATUTORY VIOLATIONS

The investigation focused on potential criminal violations of Title 18 United State Code, Section 641 (Theft of Government Property).

INVESTIGATIVE FINDINGS

(b)(6),(b)(7)(C)
During the investigation, (b)(6),(b)(7)(C) reviewed 34 travel vouchers (b)(6),(b)(7)(C) had submitted for reimbursement. (b)(6),(b)(7)(C) initialed 18 of the travel vouchers, telling the OIG that they contained false information. (b)(6),(b)(7)(C) did not provide an explanation for why (b)(6),(b)(7)(C) submitted false travel claims other than (b)(6),(b)(7)(C) wanted to get more money out of the travel vouchers. (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) (b)(6),(b)(7)(C)
As a result of the investigation, (b)(6),(b)(7)(C) pled guilty to converting government funds for (b)(6),(b)(7)(C) personal use. (b)(6),(b)(7)(C) agreed to reimburse the government \$1,584.94 for funds (b)(6),(b)(7)(C) received based on the false travel vouchers (b)(6),(b)(7)(C) submitted, and to resign (b)(6),(b)(7)(C) employment if asked to by the Department. (b)(6),(b)(7)(C) was sentenced to 6 months of probation; a \$100 special assessment fee; \$5,000 fine; and restitution in the amount of \$1,584.94. Subsequently, (b)(6),(b)(7)(C) resigned from (b)(6),(b)(7)(C) position with the Department. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

RECOMMENDATION

This case is being recommended for closure as the allegations were unsubstantiated and further expenditures of resources are not warranted.

Please contact me on 202-586-(b)(6),
(b)(7)
(C) should you have questions or require further information.

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

Special Agent
Region 1 Investigations Office
Office of Inspector General

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

Region 1 Investigations Office
Office of Inspector General

2-14-2022
Date

Document 4

United States Government

Department of Energy

memorandum

DATE: September 22, 2009

REPLY TO: IG-221 (b)(6),(b)(7)(C)

SUBJECT: Case Closing Recommendation (OIG Case Number I09HQ009)

TO: (b)(6),(b)(7)(C) Region 1 Investigations Office

The purpose of this memorandum is to recommend closing of Office of Inspector General (OIG) Case Number I09HQ009. The investigation focused on potential misuse of official position by (b)(6),(b)(7)(C) Office of Minority Economic Development (ED-2), U.S. Department of Energy (Department). Allegedly, (b)(6),(b)(7)(C) improperly used (b)(6),(b)(7)(C) official position to 1) award (b)(6),(b)(7)(C) a Department-funded scholarship to Spelman College (Spelman); 2) travel to Atlanta, GA, to visit (b)(6),(b)(7)(C) at Spelman; 3) schedule a meeting between the President of Spelman and Department Secretary Steven Chu; and, 4) award Department funds to (b)(6),(b)(7)(C) alma mater, Alabama A&M University (Alabama A&M).

The investigation did not substantiate the allegations. We determined that the Office of Minority Economic Development awarded one grant to Spelman during the period of Fiscal Year (FY) 2008 to FY 2013 valued at \$250,000. (b)(6),(b)(7)(C) solely granted the award, which (b)(6),(b)(7)(C) is authorized to do as the (b)(6),(b)(7)(C). When interviewed by the OIG, other individuals involved in the award process reported no irregularities.

(b)(6),(b)(7)(C) We determined that (b)(6),(b)(7)(C) was not eligible for, nor did (b)(6),(b)(7)(C) receive, a Department funded scholarship because (b)(6),(b)(7)(C) major was not in a Science, Technology, Engineering, and Mathematics (STEM) discipline. Regarding (b)(6),(b)(7)(C) travel, we determined that (b)(6),(b)(7)(C) made seventeen official trips from October 18, 2007, to May 26, 2009. Eleven of the seventeen trips were to Morehouse and Spelman Colleges in the Atlanta, GA area. We found that according to available documentation, (b)(6),(b)(7)(C) trips to Atlanta, GA, were pre-approved and appeared to contain appropriate justifications.

(b)(6),(b)(7)(C) We also found that (b)(6),(b)(7)(C) was not involved with scheduling a meeting with Secretary Chu; instead, Spelman's President contacted Secretary Chu's office directly via e-mail with a courtesy copy to (b)(6),(b)(7)(C). Finally, as the (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) approved funds to Alabama A&M for a summer immersion in mathematics programs for local high school students. The funds were in direct support of the furtherance of the Department's STEM disciplines. Other individuals involved in the award process were interviewed and did not report any irregularities.

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

Our investigative findings were coordinated with (b)(6),(b)(7)(C)
 (b)(6),(b)(7)(C) DOE, (b)(6),(b)(7)(C) did not identify any criminal or ethical violations based on the
 information provided (b)(6),(b)(7)(C) opinion was based on the following factors: 1)
 (b)(6),(b)(7)(C) has not received a Department scholarship, and 2) (b)(6),(b)(7)(C)
 travel to Atlanta, GA could be easily explained because the Department awarded funds to
 schools in that area.

This case is being recommended for closure as all prudent investigative activities are
 complete and further expenditure of resources is not warranted.

Please contact me at (202) 586- (b)(6),(b)(7)(C) if you have any questions.

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

Special Agent
 Washington, DC Investigations Office
 Office of Inspector General

Concur:

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

Region I Investigations Office
 Office of Inspector General

9/22/09
 Date

Document 5

United States Government

Department of Energy

memorandum

DATE: January 19, 2010

REPLY TO: IG-221 (b)(6),(b)(7)(C)

SUBJECT: Case Closing Recommendation (OIG Case Number I10PT002)

TO: (b)(6),(b)(7)(C) Region I

The purpose of this memorandum is to recommend closing of Office of Inspector General (OIG) Case Number I10PT002.

On November 17, 2009, the U.S. Department of Energy (DOE) OIG Hotline received an allegation involving alleged travel fraud by (b)(6),(b)(7)(C) Indiana Geological Survey (IGS), a partner in cooperative agreement DE-FC-05NT42589 with the Fossil Energy Carbon Sequestration Division, National Energy Technology Laboratory (NETL), DOE. Allegedly (b)(6),(b)(7)(C) traveled on extended trips to Russia, Egypt and Alaska from 2005-2007, that were not related to the cooperative agreement but were financed with monies from cooperative agreement DE-FC-05NT42589.

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

The investigation determined cooperative agreement DE-FC26-05NT42589 was awarded to Battelle Memorial Institute (Battelle) for the Midwest Regional Carbon Sequestration Project. Under the cooperative agreement, IGS submitted through Battelle, a budget of \$3,936 for travel expenses during Phase II (2005-2010), but Battelle actually invoiced \$9,094.22 in travel costs for IGS during that time. However, according to (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) even though IGS only budgeted for \$3,936, they had the flexibility to move money from one cost category to another if necessary.

An interview of (b)(6),(b)(7)(C) Sequestration Division confirmed during Phase II, Battelle employees and partners would not have had any reason to travel to Russia or Alaska. Furthermore, there would not have been any business reason for travel to Egypt.

A review of IGS' supporting documentation for travel revealed from March 2006 to July 2009, IGS submitted to Battelle 24 travel invoices totaling \$9,118.72 [a \$24.50 discrepancy in DOE's favor from the amount Battelle submitted (probably a mathematical error)]. (b)(6),(b)(7)(C) traveled 12 of the 24 trips totaling \$5,606.56 and except for one trip to California, (b)(6),(b)(7)(C) trips were regional (Ohio, Michigan, Kansas or Pennsylvania). None of (b)(6),(b)(7)(C) trips involved overseas travel.

Since the allegation is unsubstantiated, this matter is being recommended for closure as all prudent investigative activities are complete and further expenditure of investigative resources is not warranted.

Please do not hesitate to contact me at (412) 386-(b)(6),
(b)(7)
(C) if you have any questions or if I may be of further assistance to you.

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

Special Agent
Pittsburgh Investigations Office
Office of Inspector General

Concur:

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

Date

Region I Investigations
Office of Inspector General

Document 6

United States Government

Department of Energy

Memorandum

DATE: November 9, 2011

REPLY TO: IG-221 (b)(6),(b)(7)(C) Special Agent

SUBJECT: Case Closing Memorandum (OIG Case No. II 1HQ020)

TO: (b)(6),(b)(7)(C) Region I Investigations Office

The purpose of this memorandum is to recommend the closing of (OIG Case No. II 1HQ020).

ALLEGATION

On May 17, 2011, the Department of Energy (Department) Office of Inspector General (OIG) received a complaint alleging that (b)(6),(b)(7)(C) Office of Aviation Management (OAM), Department, was falsifying (b)(6),(b)(7)(C) time and attendance as well as using government tickets for personal travel to and from (b)(6),(b)(7)(C) permanent residence in Florida.

POTENTIAL STATUTORY VIOLATIONS

The investigation focused on potential criminal violations of Title 18 United State Code, Section 287 (False, fictitious or fraudulent claims).

INVESTIGATIVE FINDINGS

The investigation did not substantiate that (b)(6),(b)(7)(C) was submitting fraudulent time and attendance reports. The inquiry also did not support the allegation that (b)(6),(b)(7)(C) utilized government tickets for personal gain.

The (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) who acknowledged having traveled to Florida using government tickets in support of official Department business. (b)(6),(b)(7)(C) supervisor is cognizant of (b)(6),(b)(7)(C) frequent weekend travel to (b)(6),(b)(7)(C) permanent residence in Florida and approves (b)(6),(b)(7)(C) official travel in advance. According to (b)(6),(b)(7)(C) government tickets are used solely for official business purposes in conjunction with site audits, conferences, and trainings. (b)(6),(b)(7)(C) indicated (b)(6),(b)(7)(C) expenses personal funds to travel to (b)(6),(b)(7)(C) permanent residence in the absence of official Department business. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

The (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) Office of Management, Department, who was knowledgeable of (b)(6),(b)(7)(C) frequent travel between Florida and the (b)(6),(b)(7)(C)

Washington, DC metropolitan region. (b)(6),(b)(7)(C) official travel initiating from Florida was cost effective and represented a savings to the Department.

The OIG reviewed (b)(6),(b)(7)(C) travel authorizations, travel vouchers, Automated Time and Attendance Production System (ATAAPS), and the Department Forrester Building Access Log. The review resulted in no substantiation that (b)(6),(b)(7)(C) was misrepresenting (b)(6),(b)(7)(C) time and attendance or using government tickets for personal benefit when traveling to Florida.

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

Travel

(b)(6),(b)(7)(C) acknowledged having traveled to and from Florida since June 2010 on official Department business and (b)(6),(b)(7)(C) obtained approval from (b)(6),(b)(7)(C) in advance of travel. (b)(6),(b)(7)(C) indicated (b)(6),(b)(7)(C) travels approximately 50% of the month in support of the Department. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) has never expensed Department funds for personal travel. (b)(6),(b)(7)(C) indicated that (b)(6),(b)(7)(C) pays the difference in airfare if official travel costs are not advantageous to the government when (b)(6),(b)(7)(C) travel originates from Florida as opposed to (b)(6),(b)(7)(C) duty station in Washington, DC.

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

The OIG conducted a review of (b)(6),(b)(7)(C) travel authorizations, which revealed (b)(6),(b)(7)(C) travel itineraries associated with Florida were in conjunction with official business. Justifications are noted on the authorizations to provide explanations regarding the purpose and origin of travel. (b)(6),(b)(7)(C) submitted travel vouchers, which indicated the trips were sponsored by the Department.

Time and Attendance

(b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) While (b)(6),(b)(7)(C) acknowledged (b)(6),(b)(7)(C) does not have a telecommuting agreement with the Department, (b)(6),(b)(7)(C) indicated approximately 90% of (b)(6),(b)(7)(C) OAM responsibilities are coordinated telephonically and outside of the Forrester building. (b)(6),(b)(7)(C) noted (b)(6),(b)(7)(C) works an Alternate Work Schedule (AWS) with Friday serving as both (b)(6),(b)(7)(C) compressed day and scheduled day-off on alternate weeks.

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

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

Upon review of the building access log, (b)(6),(b)(7)(C) was unable to account for (b)(6),(b)(7)(C) time on the majority of the days (b)(6),(b)(7)(C) was in the building for less than five hours while being compensated for an entire workday. According to (b)(6),(b)(7)(C) daily (b)(6),(b)(7)(C) responsibilities do not always involve working inside the Forrester Building and (b)(6),(b)(7)(C) travels frequently, both locally and nationally, in support of Department business. (b)(6),(b)(7)(C) however, did recall an isolated date on which (b)(6),(b)(7)(C) departed Forrester to attend a meeting at Andrew's Air Force Base in Suitland, MD.

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

RECOMMENDATION

This case is being recommended for closure as all prudent investigative steps have been taken, all investigative activities are complete, and further expenditures of resources are not warranted.

Should you have any questions, please do not hesitate to call me on 202-586-(b)(6),(b)(7)(C)

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

Special Agent
Region 1 Investigations Office
Office of Inspector General

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

11-10-11

Date

Region 1 Investigations Office
Office of Inspector General

Document 7



U.S. Department of Energy
Office of Inspector General
Office of Investigations

March 29, 2011

MEMORANDUM FOR RECORD FOR MANAGEMENT

FROM: SA (b)(6), (b)(7)(C)

SUBJECT: Closing Notification for OIG Case No. I11TC001

The purpose of this Memorandum is to provide notification of the completion and closing of OIG Case Number I11TC001; Potential Mishandling of Personally Identifiable Information.

On October 20, 2010, the IG hotline received an anonymous complaint alleging potential security violations concerning the mishandling of personally identifiable information (PII) by Holiday Travel International (HTI), a DOE contracted travel agency.

The complaint was referred to the Office of Investigations to determine investigative sufficiency and potential criminality concerning the mishandling and/or neglectful management of PII belonging to DOE employees or related individuals by HTI. Based on the potential mishandling of this information via email and other electronic means, the DOE, OIG, Technology Crimes Section (TCS) opened an investigation.

Special Agent (SA) (b)(6), (b)(7)(C) conducted a telephonic interview with the complainant, who related they had witnessed improper disposal and handling of documents containing customer PII by employees of HTI. The complainant also related that the email used by HTI to conduct business with customers was unsecure and unencrypted. When asked, the complainant related there was no theft or specific loss of PII to their knowledge at this time. Further attempts to contact complainant were unsuccessful. No further information is available via this source.

Based on HTI's location in Huntingdon, PA, SA (b)(6), (b)(7)(C) contacted Joseph Terz, Assistant United States Attorney (AUSA), Middle District of Pennsylvania to determine any potential interest in the case. Terz related that there was no federal statute pertaining to such activities as identified by the complainant and stated the USAO has no prosecutorial interest.

OIG Case No. I11TC001

1

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U.S. Department of Energy
Office of Inspector General
Office of Investigations

March 29, 2011

In closing the allegation is unable to be substantiated and there is no prosecutorial interest at this time. As a result this case has been referred to DOE management and is being closed. A letter of referral has been sent to management to make notification of the allegation. No response was requested of the letter recipient.

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

Sincerely,

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

Technology Crimes Section

Document 8

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:11 PM

Page 1

Case Number: I06HQ003

Summary Date: 25-OCT-07

Title:

(b)(6),(b)(7)(C) MISUSE OF FE TRAVEL CARD

Executive Brief:

PREDICATION:

ON 18-JAN-2006, (b)(6),(b)(7)(C) OFFICE OF FINANCIAL POLICY, TELEPHONED THE OIG HOTLINE AND ALLEGED THAT (b)(6),(b)(7)(C) (GS-5), OFFICE OF CLEAN ENERGY COLLABORATION (FE-27), MISUSED (b)(6),(b)(7)(C) ASSIGNED DEPARTMENT TRAVEL CARD. (b)(6),(b)(7)(C) THAT IN LATE DECEMBER 2005/EARLY JANUARY 2006, (b)(6),(b)(7)(C) WAS CONTACTED BY BANK OF AMERICA (BOA) (b)(6),(b)(7)(C) ACCORDING TO (b)(6),(b)(7)(C) BOA STATED THAT NUMEROUS PURCHASES WERE CHARGED TO (b)(6),(b)(7)(C) ACCOUNT THAT DID NOT APPEAR TO BE TRAVEL RELATED. (b)(6),(b)(7)(C) MADE (b)(6),(b)(7)(C) MANAGEMENT AWARE OF THE MATTER PRIOR TO REPORTING THIS ISSUE TO THE OIG. (b)(6),(b)(7)(C)

ON 26-JAN- 2006, THE OIG HOTLINE RECEIVED AN ANONYMOUS TELEPHONE CALL ALLEGING MISUSE OF A DOE TRAVEL CARD AND THE GERMANTOWN SELF SERVICE STORE BY (b)(6),(b)(7)(C) ACCORDING TO THE ANONYMOUS COMPLAINANT, (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) CLEAN ENERGY COLLABORATION, "IS TRYING TO DOWN PLAY THIS (b)(6),(b)(7)(C) MISUSE OF THE GOV'T TRAVEL CARD] AND (b)(6),(b)(7)(C) WOULD LIKE TO SWEEP IT UNDER THE RUG." THE ANONYMOUS COMPLAINANT ALSO ALLEGED THAT (b)(6),(b)(7)(C) WAS MAKING EXCESSIVE PURCHASES FROM THE GERMANTOWN SUPPLY STORE. [AGENT'S NOTE: A ZZ # (I04ZZ038) WAS ASSIGNED TO THE ANONYMOUS COMPLAINT AND INCORPORATED INTO THE ONGOING CASE.] (b)(6),(b)(7)(C)

THIS MATTER WAS COORDINATED WITH THE CRIMINAL DIVISION OF THE U.S. ATTORNEY'S OFFICE (USAO) FOR THE DISTRICT OF MARYLAND (SOUTHERN DIVISION). DAVID SALEM, ASSISTANT UNITED STATES ATTORNEY, ADVISED THAT THE USAO'S PROSECUTIVE THRESHOLD FOR SUCH CASES IS (b)(7)(E) HE FURTHER ADVISED THAT HIS OFFICE MAY BE INTERESTED IN PURSUING CRIMINAL PROSECUTION OF THIS MATTER EVEN IF THE ESTIMATED LOSS DOES NOT MEET PROSECUTIVE THRESHOLDS, IF THE INVESTIGATION DETERMINES THAT (b)(6),(b)(7)(C) SUPERVISORS APPROVED OR CONDONED (b)(6),(b)(7)(C) MISUSE OF AN ASSIGNED TRAVEL CARD. HE ALSO STATED THAT THE DOE OIG COULD ACCESS THE DATA FROM (b)(6),(b)(7)(C) GOVERNMENT ASSIGNED COMPUTER PROVIDED THE BANNER MAKES CLEAR THAT THE COMPUTER BELONGS TO THE GOVERNMENT/DOE.

(b)(6),(b)(7)(C) MATTER WAS COORDINATED WITH (b)(6),(b)(7)(C) DOJ, PUBLIC INTEGRITY SECTION, WHO (b)(6),(b)(7)(C) OFFICE WOULD NOT PURSUE CRIMINAL PROSECUTION OF (b)(6),(b)(7)(C) DUE TO LOW DOLLAR VALUE OF THE QUESTIONABLE PUCHASES CHARGED TO THE TRAVEL CARD.

(b)(6),(b)(7)(C) U.S. ATTORNY'S OFFICE, DISTRICT OF MARYLAND, WAS BRIEFED ON THE ALLEGATIONS, WHO EXPRESSED NO PROSECUTIVE INTEREST IN THE CASE.

ON 11-JULY-2007, AUSA SALEM WAS RE-CONTACTED AND BRIEFED ON THE ALLEGATIONS. SA

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:11 PM

Page 2

(b)(6),(b)(7)(C) ASKED AUSA SALEM IF HE WOULD BE INTERESTED IN THE CASE ON THE BASIS OF FALSE CLAIMS BASED ON CERTIFICATIONS. SA (b)(6),(b)(7)(C) SITED ANOTHER DOE OIG CASE WHICH WAS SUCCESSFUL IN THE NORTHERN DISTRICT OF WEST VIRGINIA, USA VS (b)(6),(b)(7)(C) AUSA SALEM EXPRESSED ON PROSECUTIVE INTEREST IN THE CASE, UNLESS DOE COULD LINK (b)(6),(b)(7)(C) SUPERVISOR (b)(6),(b)(7)(C) FRAUDULENT PURCHASES.

INVESTIGATIVE FINDINGS:

ISSUE #1: MISUSE OF GOVERNMENT TRAVEL CARD/COVER-UP OF MISUSE

(b)(6),(b)(7)(C) WAS HIRED ON (b)(6),(b)(7)(C) WAS RESPONSIBLE, IN PART, FOR INDEPENDENTLY PERFORMING A VARIETY OF (b)(6),(b)(7)(C) AND OTHER SUBSTANTIVE (b)(6),(b)(7)(C) FE-27. (b)(6),(b)(7)(C) ON JANUARY 31, 2006, BUT IT WAS EFFECTIVE FEBRUARY 3, 2006.

ON 31-JAN-06, (b)(6),(b)(7)(C) REQUESTED ACCESS TO DATA ON (b)(6),(b)(7)(C) "LOCAL PC AND PERSONAL NETWORK DRIVE" TO LOOK FOR SOME MISSING FILES. ON 7-FEB-06, (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) FE-5, (b)(6),(b)(7)(C) REQUESTED (b)(6),(b)(7)(C) COMPUTER TO BE "CLEANED". THE COMPUTER WAS "WIPE" AND "A NEW INSTALL OF THE OPERATING SYSTEM AND APPLICATION FILES WERE ACCOMPLISHED."

THE DOE CSC HELP DESK MANAGEMENT STATED THAT THE REQUEST TO WIPE AND REINSTALL (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) COMPUTER PRIOR TO THE TERMINATION OF NETWORK ACCESS IS "HIGHLY IRREGULAR." TYPICALLY, DOE PERSONNEL SECURITY, AS OPPOSED TO A PROGRAM OFFICE, WILL NOTIFY THE CSC HELP DESK OFFICE TO WIPE AND REINSTALL A COMPUTER SEVERAL WEEKS AFTER AN EMPLOYEE RESIGNS FROM DOE.

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

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

DOE'S MANAGEMENT TEAM FOR THE EMAIL SERVICES REVEALED THAT THERE WERE ONLY 2MEGA BYTES ON (b)(6),(b)(7)(C) EMAIL SYSTEM. (b)(6),(b)(7)(C) KEPT A CLEAN EMAIL BOX. (b)(6),(b)(7)(C) WAS THE TYPE "THAT DUMPED (b)(6),(b)(7)(C) EMAIL ONCE (b)(6),(b)(7)(C) REVIEWED IT." WHEN INTERVIEWED, (b)(6),(b)(7)(C) DOE FACILITY, (b)(6),(b)(7)(C) THAT EACH INDIVIDUAL PROGRAM OFFICE HAS THEIR OWN PROCEDURES REGARDING TRANSFERRING DATA AND REMOVAL OF EQUIPMENT ONCE AN EMPLOYEES LEAVES DOE. (b)(6),(b)(7)(C) THAT IT IS NOT UNUSUAL FOR A PROGRAM OFFICE TO HAVE AN IMMEDIATE REQUEST TO EXCESS OR TRANSFER DATA ON A PIECE OF EQUIPMENT. EACH OFFICE HANDLES EACH INQUIRY DIFFERENT.

REVIEW OF (b)(6),(b)(7)(C) DATA NETWORK DIRECTORY STORAGE REVEALED THE FOLLOWING: A LETTER TO THE RITZ CARLTON IN GERMANY REQUESTING DETAILED INVOICE INFORMATION DURING (b)(6),(b)(7)(C) STAY FROM (b)(6),(b)(7)(C) IN ROOMS (b)(6),(b)(7)(C) AND (b)(6),(b)(7)(C) APPLICATION FOR A GOVERNMENT TRAVEL CARD.

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:11 PM

Page 3

REVIEW OF (b)(6)(b)(7)(C) TRAVEL DOCUMENTS REVEALED THAT (b)(6)(b)(7)(C) APPLIED FOR A BOA TRAVEL CARD ON 25-AUG-05. (b)(6)(b)(7)(C) WAS AUTHORIZED FOR ONLY ONE TRIP TO TRAVEL TO BERLIN, GERMANY FOR THE PERIOD OF (b)(6)(b)(7)(C) TRIP WAS COORDINATED AND APPROVED BY (b)(6)(b)(7)(C) ACCOMPANIED (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) (FE-27); (b)(6)(b)(7)(C) (FE-5); AND, (b)(6)(b)(7)(C) (FE-27) ON THE BERLIN TRIP. THE TRIP REQUEST REPORT STATES THAT AS A BENEFIT TO THE GOVERNMENT, (b)(6)(b)(7)(C) "TRAVEL WILL HELP THE US MEET ITS ORGANIZATIONAL RESPONSIBILITIES TO THE CSLF AND INFLUENCE CARBON SEQUESTRATION ISSUES." THE AUTHORIZATION WAS APPROVED BY (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) CLAIMED \$4,766.27 FOR (b)(6)(b)(7)(C) TRAVEL TO AND FROM BERLIN, GERMANY AND DULLES AIRPORT, PLUS EXPENSES. (b)(6)(b)(7)(C)

REVIEW OF BOA GOVERNMENT TRAVEL CREDIT CARD RECORDS REVEALED THAT (b)(6)(b)(7)(C) CHARGED OVER 71 TRANSACTIONS DURING A FOUR MONTH PERIOD FROM SEPTEMBER 20- DECEMBER 17, 2005. THE TRANSACTIONS CONSISTED, IN PART, OF CASH ATM ADVANCES; PAYMENTS TO AMAZON SUPERSTORE; PAY PAL; EBAY SERVICES; VONAGE DIGITAL; COMCAST OF MONTGOMERY COUNTY; AND, PURCHASES FROM VARIOUS RETAIL AND DEPARTMENT STORES; LOCAL GASOLINE STATIONS; AND, 7 ELEVEN STORES. THE QUESTIONABLE TRANSACTIONS TOTALED APPROXIMATELY \$20,193.42. AS OF FEBRUARY, 22, 2006, (b)(6)(b)(7)(C) STILL OWED APPROXIMATELY \$14,000.00 TO BOA.

THE DOE'S (b)(6)(b)(7)(C) THAT THERE IS NO DIRECT LOSS TO THE GOVERNMENT AS A RESULT OF (b)(6)(b)(7)(C) QUESTIONABLE TRANSACTIONS; HOWEVER, REBATES DUE TO THE GOVERNMENT COULD BE DIMINISHED BY UNRECOVERED CARDHOLDER DEBT AND THE DEPARTMENT COULD LOSE ITS CREDIBILITY WITH BOA.

REVIEW OF THE DOE GUIDANCE ON RESPONDING TO TRAVEL AND PURCHASE CARD MISUSE REVEALED THAT (1) DOE MANAGERS/SUPERVISORS WERE PROVIDED THIS UPDATED GUIDANCE IN JANUARY 2003; (2) SUPERVISORS ARE REQUIRED TO REVIEW TRAVEL CARD USAGE WITHIN THEIR ORGANIZATION(S); (3) EMPLOYEE(S) ARE RESPONSIBLE FOR THE FEDERALLY-APPROVED CARD; AND, (4) EMPLOYEES ARE RESPONSIBLE FOR PROMPT PAYMENT OF ALL CHARGES INCURRED ON TRAVEL CARDS AND FOR ADHERENCE TO PROCEDURAL REQUIREMENTS WHEN USING PURCHASE CARDS. THE UNAUTHORIZED USE OF AN INDIVIDUAL GOVERNMENT TRAVEL CARD AND FAILURE TO PAY FOR CHARGES INCURRED IN A TIMELY MANNER ARE CLEAR EXAMPLES OF MISUSE. THE SUGGESTED PENALTIES FOR MISUSE OF GOVERNMENT TRAVEL CARD INCLUDE THE FOLLOWING: 1ST BREACH-REPRIMAND TO A 5-DAY SUSPENSION; 2ND BREACH-5 DAY TO 14 DAY SUSPENSION-3RD BREACH 14 DAY SUSPENSION TO REMOVAL. THE DOUGLAS FACTOR, TWELVE FACTORS THAT HELP A DECIDING OFFICIAL DETERMINE WHETHER ANY ACTION SHOULD BE TAKEN AND THE DETERMINATION OF WHAT IS THE APPROPRIATE PENALTY OF THE MISCONDUCT, IS ALSO A CONSIDERATION IN DECIDING

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:11 PM

Page 4

MISUSE.

THE MANAGER'S/SUPERVISORS HAVE A 9 STEP GUIDANCE FOR RESOLVING PROBLEMS OF TRAVEL MISUSE. THE SUPERVISOR IS ALSO RESPONSIBLE FOR SENDING THE EMPLOYEE A COUNSELING MEMO FOR INAPPROPRIATE USE OF GOV'T TRAVEL CARD AND/OR DELINQUENT PAYMENT; REPRIMAND FOR REPEATED INAPPROPRIATE USE OF TRAVEL CARD AND/OR DELINQUENT PAYMENT; NOTICE OF PROPOSED SUSPENSION FOR CONTINUED INAPPROPRIATE USE OF TRAVEL CARD AND/OR CONTINUED DELINQUENT PAYMENT.

REVIEW OF DOE'S TRAVEL POLICY AND PROCEDURES DOE O 522.1 REVEALED THE FOLLOWING: SUPERVISORS (1) AUTHORIZE THE ISSUANCE OF TRAVEL CHARGE CARDS AS NEEDED; (2) COUNSEL EMPLOYEES WHO ARE DELINQUENT IN PAYING THEIR BILL OR WHO HAVE QUESTIONABLE CHARGES; (3) CONTACT THE SERVICING PERSONNEL OFFICE FOR DETERMINATIONS OF APPROPRIATE DISCIPLINARY ACTION; (4) CANCEL CARD AT ANY TIME; AND, (5) NOTIFY TRAVEL CHARGE CARD PROGRAM COORDINATOR TO SUSPEND CARD IF THERE IS A SECOND; AND, THIRD INSTANCE OF INAPPROPRIATE USE. THE EMPLOYEE MUST MEET TRAVEL CHARGE CARD OBLIGATIONS IN A PROPER AND TIMELY MANNER PURSUANT TO 5 CFR, PART 2635, "STANDARDS OF ETHICAL CONDUCT FOR EMPLOYEES OF EXECUTIVE BRANCH," OR BE SUBJECT TO APPROPRIATE DISCIPLINARY ACTION, I.E. REPRIMAND, SUSPENSION, OR DISMISSAL; REPORT LOST OR STOLEN TRAVEL CARD TO TRAVEL CHARGE COORDINATOR IMMEDIATELY.

ON 4-APRIL-2007, (b)(6)(b)(7)(C) OFFICE OF FOSSIL ENERGY WAS INTERVIEWED. (b)(6)(b)(7)(C) DOE IS THE SECRETARIAT, ADMINISTRATION ARM, FOR THE CARBON SEQUESTRATION LEADERSHIP FORUM (CSLF). THE CSLF WAS HELD IN GERMANY IN 2005 AND THE FOLLOWING FE EMPLOYEES ATTENDED: (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) ATTENDED THE CONFERENCE TO ASSIST THE GROUP WITH COMPUTER SUPPORT. (b)(6)(b)(7)(C) WAS VERY GOOD WITH COMPUTERS.

ON 6-JULY-2007, (b)(6)(b)(7)(C) FE-27, WAS INTERVIEWED. (b)(6)(b)(7)(C) IS TO MAKE SURE THE LAN AND EMAIL ACCOUNTS OF EMPLOYEES WHO HAVE BEEN TERMINATED OR WHO HAVE RESIGNED FROM THE DEPARTMENT ARE DELETED OR CLOSED OUT, SO THE EMPLOYEES CANNOT OBTAIN ACCESS. (b)(6)(b)(7)(C) CONTACTED (b)(6)(b)(7)(C) TO OBTAIN PERMISSION TO CLOSE OUT (b)(6)(b)(7)(C) LAN AND EMAIL ACCOUNTS. (b)(6)(b)(7)(C) KNEW OF (b)(6)(b)(7)(C) AND BELIEVED (b)(6)(b)(7)(C) LEFT SUDDENLY.

(b)(6)(b)(7)(C) ON 10-JULY-2007, (b)(6)(b)(7)(C) BANK OF AMERICA (BOA), WAS (b)(6)(b)(7)(C) THAT AS OF JULY 26, 2006, BOA WROTE OFF THE BALANCE OF (b)(6)(b)(7)(C) BALANCE OF

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:11 PM

Page 5

\$16,063.70. THEY CLOSED OUT THE CASE BECAUSE BOA COULD NOT LOCATE (b)(6)(b)(7)(C)

ON 11-JULY-2007, (b)(6)(b)(7)(C) STATE OF GEORGIA DEPARTMENT OF DRIVERS LICENSE SERVICE, CONYERS, GEORGIA, WAS CONTACTED. (b)(6)(b)(7)(C) PROVIDED A FAXED COPY, WITH A PICTURE, OF (b)(6)(b)(7)(C) DRIVER LICENSE. THE NAME ON THE DRIVER LICENSE WAS (b)(6)(b)(7)(C) WHICH MATCHED THE DATE OF BIRTH; SOCIAL SECURITY NUMBER; AND, PICTURE OF (b)(6)(b)(7)(C)

ON 11-JULY-2007, (b)(6)(b)(7)(C) SOCIAL SECURITY ADMINISTRATION (SSA) OIG WAS CONTACTED. (b)(6)(b)(7)(C) THAT ACCORDING TO SSA'S SYSTEM, (b)(6)(b)(7)(C) LEGALLY CHANGED (b)(6)(b)(7)(C) NAME TO (b)(6)(b)(7)(C) WAS UNSURE WHAT DOCUMENTS (b)(6)(b)(7)(C) PROVIDED TO THE SSA OFFICE IN GEORGIA TO ALLOW THE NAME CHANGE. (b)(6)(b)(7)(C)

ON 17-JULY-2007, (b)(6)(b)(7)(C) WAS INTERVIEWED. (b)(6)(b)(7)(C) IS A (b)(6)(b)(7)(C) FOR FE-27 AND IS (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) ATTENDED THE CSLF CONFERENCE IN BERLIN, GERMANY, ALONG WITH (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) AND OTHER CONTRACTORS AND DOE HEADQUARTER EMPLOYEES. (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) LEFT GERMANY EARLIER BECAUSE (b)(6)(b)(7)(C) NEEDED (b)(6)(b)(7)(C) TO RETURN HOME. (b)(6)(b)(7)(C)

(b)(6)(b)(7)(C) HEARD THROUGH THE "RUMOR MILL" THAT (b)(6)(b)(7)(C) LEFT DOE BECAUSE (b)(6)(b)(7)(C) OVERCHARGED (b)(6)(b)(7)(C) GOVERNMENT TRAVEL CARD. (b)(6)(b)(7)(C) ALSO HEARD AND KNEW THAT (b)(6)(b)(7)(C) WAS EXCESSIVELY CHARGING AND BUYING PRODUCTS IN THE SUPPLY STORE IN GERMANTOWN. (b)(6)(b)(7)(C) (b)(6)(b)(7)(C)

ACCORDING TO (b)(6)(b)(7)(C) TRUSTED (b)(6)(b)(7)(C) EMPLOYEES AND WAS FAIR. IN (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) DID NOT THINK (b)(6)(b)(7)(C) KNEW ABOUT (b)(6)(b)(7)(C) SPENDING HABITS ON (b)(6)(b)(7)(C) TRAVEL CARD, NOR DID (b)(6)(b)(7)(C) EVER RECIEVE ANY DELINQUENCY NOTICES VIA EMAIL. (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) WOULD HAVE SAID SOMETHING. (b)(6)(b)(7)(C)

(b)(6)(b)(7)(C) REQUESTED FILE INFORMATION FROM (b)(6)(b)(7)(C) COMPUTER WHEN (b)(6)(b)(7)(C) DID NOT RETURN. THE FILES WERE WORKING DOCUMENTS FOR THE OFFICE WHICH SUPPORTED (b)(6)(b)(7)(C) WORK. (b)(6)(b)(7)(C)

ON 26-JULY-2007, (b)(6)(b)(7)(C) WAS INTERVIEWED. (b)(6)(b)(7)(C) FIRST LEARNED OF (b)(6)(b)(7)(C) CREDIT CARD ABUSE FROM (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) SOMETIME IN JANUARY 2006. (b)(6)(b)(7)(C) HAD A MEETING WITH THE DEPARTMENT'S (b)(6)(b)(7)(C) TO DISCUSS (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) CASE. THE DECISION WAS TO WAIT UNTIL (b)(6)(b)(7)(C) RETURNED FROM TRAVEL TO SPEAK WITH (b)(6)(b)(7)(C) BEFORE ANY ACTION WAS TAKEN. (b)(6)(b)(7)(C)

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:11 PM

Page 6

(b)(6)(b)(7)(C) HAD A MEETING WITH (b)(6)(b)(7)(C) SOMETIME IN JANUARY 2006 IN (b)(6)(b)(7)(C) OFFICE. (b)(6)(b)(7)(C) TO PRODUCE ALL SUPPORTING RECIEPTS AND DOCUMENTATION OF THE PURCHASES MADE FROM THE CREDIT CARD. (b)(6)(b)(7)(C) DID NOT KNOW ABOUT (b)(6)(b)(7)(C) SPENDING HABITS PRIOR TO THIS MEETING. FOLLOWING THIS MEETING, (b)(6)(b)(7)(C) CONTACTED (b)(6)(b)(7)(C) AND TOLD (b)(6)(b)(7)(C) RESIGNED.

ON 26-JUY-2007, (b)(6)(b)(7)(C) WAS INTERVIEWED. (b)(6)(b)(7)(C) FIRST LEARNED OF (b)(6)(b)(7)(C) CREDIT CARD ABUSE FROM (b)(6)(b)(7)(C) IN JANUARY 2006. ABOUT THE SAME TIME, (b)(6)(b)(7)(C) RECIEVED THE LIST OF DELINQUENT CHARGES FROM THE DEPARTMENTS TRAVEL CHARGE CARD (b)(6)(b)(7)(C) CONTACTED (b)(6)(b)(7)(C) TO INQUIRE ABOUT THE STORY BEHIND THIS MATTER.

ON 18-AUG-2007, (b)(6)(b)(7)(C) WERE INTERVIEWED. (b)(6)(b)(7)(C) A MEETING OCCURED ON 17-JAN-2006, REGARDING (b)(6)(b)(7)(C) CREDIT CARD ABUSE. ON 3-JAN-2006, (b)(6)(b)(7)(C) RECIEVED A VOICEMAIL MESSAGE FROM (b)(6)(b)(7)(C) RESIGNED TO (b)(6)(b)(7)(C) OVER THE PHONE ON SUNDAY EVENING, 29-JAN-2006. (b)(6)(b)(7)(C) THAT THERE WAS NOTHING WRONG IWTH (b)(6)(b)(7)(C) OR ANY OTHER MANAGER TELLING THEIR EMPLOYEEET THAT DOE WAS PROPOSING TO FIRE THAT INDIVIDUAL.

ISSUE#2: EXCESSIVE SUPPLY STORE PURCHASES (b)(6)(b)(7)(C)

ON 3-NOV-2006, (b)(6)(b)(7)(C) DOE, (b)(6)(b)(7)(C) FE-6, WAS INTERVIEWED. (b)(6)(b)(7)(C) THAT EMPLOYEES FROM FE-27 WENT TO (b)(6)(b)(7)(C) ABOUT (b)(6)(b)(7)(C) PURCHASES IN THE SUPPLY STORE. (b)(6)(b)(7)(C) REVIEWED (b)(6)(b)(7)(C) PURCHASING LIST FROM THE SUPPLY STORE AND DID NOT SEE ANYTHING OUT OF THE ORDINARY; ALL OF (b)(6)(b)(7)(C) PURCHASES SEEMED LEGITIMATE. IN (b)(6)(b)(7)(C) AND EXPERIENCES, (b)(6)(b)(7)(C) CANNOT RECALL ANYONE PURCHASING THE AMOUNT OF STUFF (b)(6)(b)(7)(C) DID ESPECIALLY DURING THE LIMITED AMOUNT OF TIME (b)(6)(b)(7)(C) WAS AT DOE. THERE IS A MAXIMUM OF 10 EMPLOYEES IN FE-27 UNDER (b)(6)(b)(7)(C)

(b)(6)(b)(7)(C) KNEW ABOUT (b)(6)(b)(7)(C) PURCHASING LIST. (b)(6)(b)(7)(C) CANNOT RECALL IF (b)(6)(b)(7)(C) EVER LOOKED AT THE LIST, OR WHEN (b)(6)(b)(7)(C) ASKED FOR (b)(6)(b)(7)(C) LIST. (b)(6)(b)(7)(C) THE BUDGET OFFICE TRACKS PURCHASES IN THE SUPPLY STORE THROUGH THE WORKING CAPITAL FUND. (b)(6)(b)(7)(C) IS NOT SURE IF THEY HAD CONTACTED (b)(6)(b)(7)(C)

WHEN INTERVIEWED, (b)(6)(b)(7)(C) PAPERCLIPS ETC. DOE, GERMANTOWN FACILITY, (b)(6)(b)(7)(C) THAT ARE NO POLICY AND/OR PROCEDURES WITHIN (b)(6)(b)(7)(C) STORE TO MONITOR SUPPLIES BOUGHT BY DOE EMPLOYEES. (b)(6)(b)(7)(C) THAT IN ORDER FOR A DOE EMPLOYEE TO SHOP IN THE

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:11 PM

Page 7

STORE, SHE/HE MUST HAVE FILLED OUT THE STORE ACCESS FORM, WHICH HAS TO BE SIGNED BY A SUPERVISOR. THE SUPPLY STORE HAS NO CONTROL OVER PURCHASES ONCE THAT FORM IS SIGNED.

FUTURE INVESTIGATIVE ACTIVITY:
CASE CLOSURE

Document 9

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:12 PM

Page 1

Case Number: I06HQ013

Summary Date: 19-MAY-08

Title:

(b)(6)(b)(7)(C) (IN-30); TRW; COI; FALSE TRAVEL CLAIMS

Executive Brief:

PREDICATION:

ON AUGUST 21, 2006, THE U.S. DEPARTMENT OF ENERGY'S (DOE) OFFICE OF INSPECTOR GENERAL (OIG) HOTLINE RECEIVED AN ANONYMOUS LETTER ALLEGING ETHICS AND PROCUREMENT VIOLATIONS, FALSE STATEMENTS AND CLAIMS, AND TRAVEL FRAUD ON THE PART OF (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) TRW EMPLOYEE NOW WORKING FOR THE DOE'S OFFICE OF COUNTERINTELLIGENCE.

THIS MATTER WAS REFERRED TO THE DOE-OIG'S OFFICE OF INVESTIGATIONS (OI) IN A MEMORANDUM DATED AUGUST 28, 2006, FROM THE (b)(6)(b)(7)(C) THE DOE-OIG'S CAPITAL INSPECTION REGION, OFFICE OF INSPECTIONS AND SPECIAL INQUIRIES. PURSUANT TO THE MEMORANDUM, THE INVESTIGATION IS TO FOCUS ON ALLEGATIONS THAT (b)(6)(b)(7)(C) IMPROPERLY: (b)(6)(b)(7)(C)

- 1) MAINTAINS A FINANCIAL INTEREST IN NORTHROP GRUMMAN (FORMERLY TRW);
- 2) USED (b)(6)(b)(7)(C) GOVT POSITION TO AWARD A DOE CONTRACT TO (b)(6)(b)(7)(C) TRW COLLEAGUE (b)(6)(b)(7)(C) (b)(6)(b)(7)(C)
- 3) MAINTAINS A PERSONAL RELATIONSHIP WITH (b)(6)(b)(7)(C) BY VACATIONING WITH (b)(6)(b)(7)(C) IN JAMAICA AND OTHER LOCALES; AND,
- 4) MAKES UNNECESSARY TRIPS WITH (b)(6)(b)(7)(C) UNDER THE GUISE OF OFFICIAL BUSINESS.

*** NOTE: IN LIEU OF INVESTIGATIVE RESULTS AS OF 1/21/08, THIS CASE DESIGNATED AS A ROUTINE INVESTIGATION. AT CASE CLOSURE, THIS CASE TO BE RE-CLASSIFIED A PRIORITY INVESTIGATION. ***

INVESTIGATIVE ACTIVITY:

ISSUES #1 AND #2: POTENTIAL CONFLICT OF INTEREST

THE OIG INVESTIGATION DETERMINED THAT (b)(6)(b)(7)(C) MAINTAINS A FINANCIAL INTEREST IN NORTHROP GRUMMAN (FORMERLY TRW); HOWEVER, THE OIG FOUND NO EVIDENCE THAT (b)(6)(b)(7)(C) PARTICIPATED PERSONALLY AND SUBSTANTIALLY IN AN OFFICIAL CAPACITY IN ANY PARTICULAR MATTER HAVING A DIRECT AND PREDICTABLE EFFECT ON (b)(6)(b)(7)(C) FINANCIAL INTEREST.

SPECIFICALLY, THE OIG INVESTIGATION DETERMINED THAT AS OF 1997, (b)(6)(b)(7)(C) SERVED AS A (b)(6)(b)(7)(C) TRW SYSTEMS IN SAN ANTONIO, TX. IN OCTOBER 2001, (b)(6)(b)(7)(C) ASSUMED THE POSITION OF (b)(6)(b)(7)(C) WITH THE DEPARTMENT OF ENERGY'S OFFICE OF COUNTERINTELLIGENCE.

ON SEPTEMBER 11, 2002, THE OFFICE OF COUNTERINTELLIGENCE AWARDED CONTRACT NUMBER AD01-02CN60059 TO NORTHROP GRUMMAN COMPUTING SYSTEM IN THE AMOUNT OF \$99,627. THE

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:12 PM

Page 2

CONTRACT WAS FOR THE PURCHASE OF "REMEDY HELP DESK SOFTWARE" TO PROVIDE COMPUTER BASED SOFTWARE SUPPORT, INSTALLATION, AND TRAINING. THE DEPARTMENT "ORDER FOR SUPPLIES OR SERVICES" FORM DATED SEPTEMBER 11, 2002, WAS SIGNED (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) AND LISTED (b)(6)(b)(7)(C) AS THE (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) NAME DID NOT APPEAR IN THE CONTRACT FILE.

ACCORDING TO A MEMORANDUM TO FILE DATED SEPTEMBER 11, 2002, AND SIGNED (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) THE "...ISSUANCE OF THE SUBJECT DELIVERY ORDER" OCCURRED "...UNDER NASA'S COMPETITIVELY AWARDED INDEFINITE DELIVERY/INDEFINITE QUANTITY SEWP II CONTRACT PROCESS... SINCE THE CONTRACT WAS COMPETITIVE INDEFINITE QUANTITY AWARD RATHER THAN A STANDARD GSA SCHEDULE, NO ADDITIONAL COMPETITION IS REQUIRED; NO CBD SYNOPSIS IS REQUIRED... BASED ON THE ABOVE FACTS, AWARD FOR THE SUBJECT DELIVERY ORDER IS CONSIDERED IN THE BEST INTEREST OF THE GOVERNMENT, AND IS RECOMMENDED FOR APPROVAL."

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

PURSUANT TO A NORTHROP GRUMMAN PRESS RELEASE, NORTHROP GRUMMAN CORPORATION ANNOUNCED ON DECEMBER 11, 2002, THE COMPLETION OF THE MERGER OF A WHOLLY-OWNED SUBSIDIARY OF NORTHROP GRUMMAN WITH AND INTO TRW, INCORPORATED. IN (b)(6)(b)(7)(C) OGE FORM 450, "EXECUTIVE BRANCH CONFIDENTIAL FINANCIAL DISCLOSURE REPORT" DATED OCTOBER 12, 2004, (b)(6)(b)(7)(C) REPORTED DIVIDENDS FROM PUTNAM INVESTMENTS. ACCORDING TO A HANDWRITTEN NOTE ON THE OCTOBER 12TH FORM, PUTNAM INVESTMENTS CONSISTED OF A NORTHROP GRUMMAN FUND AS WELL AS BOTH STABLE VALUE AND SMALL CAP FUNDS. IN A FOLLOW-UP E-MAIL TO THE OFFICE OF GENERAL COUNSEL ON APRIL 12, 2005, (b)(6)(b)(7)(C) IN PART THAT THE PUTNAM FUNDS WERE TRANSFERRED TO MELLON BANK AND CONSISTED OF THE FOLLOWING: STABLE VALUE FUND; SMALL CAP FUND; AND, NORTHROP GRUMMAN FUND. IN A SUBSEQUENT E-MAIL DATED JANUARY 8, 2007, TO THE OFFICE OF GENERAL COUNSEL, (b)(6)(b)(7)(C) IN PART, THAT (b)(6)(b)(7)(C) "PUTNAM INVESTMENT LISTING IS THE SAME AS IT WAS ON THE FY2005 REPORT, THAT IS, NORTHROP GRUMMAN IS PART OF THAT PORTFOLIO. THIS IS LEFT OVER FROM MY EMPLOYMENT WITH TRW (PRE-NORTHROP GRUMMAN) THAT TERMINATED IN JANUARY 2002." IN AN E-MAIL DATED JANUARY 19, 2007, THE OFFICE OF GENERAL COUNSEL FURNISHED (b)(6)(b)(7)(C) WITH CONFLICT OF INTEREST PROVISIONS AND CAUTIONED (b)(6)(b)(7)(C) TO AVOID PARTICIPATION AS A GOVERNMENT EMPLOYEE IN ANY PARTICULAR MATTER THAT WOULD HAVE A DIRECT AND PREDICTABLE EFFECT ON NORTHROP GRUMMAN CORPORATION WITHIN THE MEANING OF SECTION 208 FOR AS LONG AS (b)(6)(b)(7)(C) HOLDS SUCH INTEREST.

SUBSEQUENT TO NORTHROP GRUMMAN'S MERGER WITH TRW IN DECEMBER 2002, THE DEPARTMENT'S OFFICE OF COUNTERINTELLIGENCE AWARDED 2 OTHER CONTRACTS TO NORTHROP GRUMMAN; HOWEVER, A REVIEW OF BOTH CONTRACT FILES FOUND NO MENTION OF EITHER (b)(6)(b)(7)(C)

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:12 PM

Page 3

(b)(6)(b)(7)(C) NAMES OR IDENTIFIED ANY INVOLVEMENT IN THE CONTRACTS BY (b)(6)(b)(7)(C)
(b)(6)(b)(7)(C) WHEN INTERVIEWED BY THE OIG, BOTH (b)(6)(b)(7)(C) DENIED BEING
PRESSURED OR INFLUENCED IN ANY MANNER TO AWARD CONTRACTS TO NORTHROP GRUMMAN.

WHEN INTERVIEWED BY THE OIG, (b)(6)(b)(7)(C) NORTHROP GRUMMAN'S OFFICE
OF MANAGEMENT, (b)(6)(b)(7)(C) HAVE BEEN FRIENDS FOR ABOUT (b)(6)(b)(7)(C)
WHEN THEY WORKED TOGETHER AT TRW. (b)(6)(b)(7)(C) HAS WORKED ON NORTHROP
GRUMMAN'S DEPARTMENT OF ENERGY CONTRACT SINCE (b)(6)(b)(7)(C) FURTHER
(b)(6)(b)(7)(C) DOES NOT REPORT TO (b)(6)(b)(7)(C) NOR IS (b)(6)(b)(7)(C) MANAGEMENT
CHAIN. (b)(6)(b)(7)(C) DOES NOT BELIEVE THAT (b)(6)(b)(7)(C) HAS TRIED TO USE (b)(6)(b)(7)(C) INFLUENCE
AS A DOE EMPLOYEE TO AWARD NORTHROP GRUMMAN CONTRACTS.

(b)(6)(b)(7)(C)
WHEN INTERVIEWED BY THE OIG, (b)(6)(b)(7)(C) DENIED USING (b)(6)(b)(7)(C) GOVERNMENT POSITION TO
AWARD CONTRACTS TO NORTHROP GRUMMAN. (b)(6)(b)(7)(C) FURTHER DENIED RECEIVING ANY TYPE
OF GIFT, PAYMENT, OR REIMBURSEMENT FROM TRW OR NORTHROP GRUMMAN. (b)(6)(b)(7)(C)
THAT (b)(6)(b)(7)(C) HAS VERBALLY RECUSED (b)(6)(b)(7)(C) IN THE PAST FROM MATTERS INVOLVING NORTHROP
GRUMMAN BECAUSE OF (b)(6)(b)(7)(C) THE PUTNAM INVESTMENT FUND.
(b)(6)(b)(7)(C)

ISSUES #3 AND 4: POTENTIAL TRAVEL FRAUD

THE OIG DETERMINED THAT (b)(6)(b)(7)(C) HAVE TRAVELED TOGETHER ON
OCCASION FOR OFFICIAL AND PERSONAL BUSINESS; HOWEVER, THE OIG FOUND NO EVIDENCE THAT
(b)(6)(b)(7)(C) PERSONAL RELATIONSHIP RESULTED IN A LOSS OF
IMPARTIALITY IN THE PERFORMANCE OF (b)(6)(b)(7)(C) OFFICIAL DUTIES.

SPECIFICALLY, THE OIG DETERMINED THAT (b)(6)(b)(7)(C) TOOK TWO OFFICIAL
TRIPS TOGETHER DURING THE PERIOD OF JUNE 9, 2003, TO AUGUST 21, 2006. THE FIRST
TRIP OCCURRED IN OCTOBER 2004 TO ATTEND A CONFERENCE IN ORLANDO, FLORIDA. THE
SECOND TRIP OCCURRED IN NOVEMBER 2005 TO LAS VEGAS, NEVADA TO ATTEND A RECORDS
MANAGEMENT CONFERENCE FOR SENIOR COUNTERINTELLIGENCE OFFICERS. BOTH TRIPS WERE
APPROVED BY (b)(6)(b)(7)(C)
(b)(6)(b)(7)(C) OFFICE OF COUNTERINTELLIGENCE.

THE OIG FURTHER DETERMINED THAT (b)(6)(b)(7)(C) VACATIONED TOGETHER IN
JAMAICA IN 2004 AND 2005 WITH THEIR (b)(6)(b)(7)(C) RESPECTIVELY. WHEN INTERVIEWED
BY THE OIG, BOTH (b)(6)(b)(7)(C) THAT THEY SEPARATELY PAID FOR
THEIR INDIVIDUAL VACATION COSTS. (b)(6)(b)(7)(C) DENIED EVER RECEIVING ANY TYPE OF
"BENEFIT" OR PREFERENTIAL TREATMENT BECAUSE OF (b)(6)(b)(7)(C) FRIENDSHIP WITH (b)(6)(b)(7)(C)
(b)(6)(b)(7)(C)

CASE DISPOSITION

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:12 PM

Page 4

THE FACTS AND CIRCUMSTANCES OF THIS CASE WERE COORDINATED WITH THE U.S. DEPARTMENT OF JUSTICE'S (DOJ) PUBLIC INTEGRITY SECTION (CRIMINAL DIVISION). THE DOJ DEFERRED ANY ACTION IN THIS MATTER TO THE DEPARTMENT OF ENERGY.

THE OIG COORDINATED THIS MATTER WITH THE DEPARTMENT OF ENERGY'S (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) THAT ADMINISTRATIVE ACTION COULD ONLY BE TAKEN AGAINST THE SUBJECT EMPLOYEE IF THE OIG DEMONSTRATED THAT THE INDIVIDUAL SUBJECT

- * KNOWINGLY TOOK ACTION TO BENEFIT THE SUBJECT COMPANY (ISSUE #1); AND/OR
- * ENGAGED IN OFFICIAL OR PERSONAL TRAVEL FOR HIS/HER PERSONAL GAIN OR THE PRIVATE GAIN OF HIS/HER PERSONAL FRIEND.

THIS CASE IS CLOSED AS ALL PRUDENT INVESTIGATIVE ACTIVITY HAS BEEN COMPLETED, THE DOJ DEFERRED ANY ACTION IN THIS MATTER TO THE DEPARTMENT OF ENERGY, AND THE OIG HAS FOUND NO EVIDENCE TO SUGGEST THAT (b)(6)(b)(7)(C) TOOK ACTIONS TO BENEFIT NORTHROP GRUMMAN OR TRAVELED WITH (b)(6)(b)(7)(C) PERSONAL GAIN.

Document 10

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:19 PM

Page 1

Case Number: I07AL005

Summary Date: 18-OCT-11

Title:

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

FALSE CLAIMS (T&A); SANDIA NAT'L LABS - NM

Executive Brief:

PREDICATION:

ON 22-NOV-06 (b)(6)(b)(7)(C) SECRETARY OF THE AIR FORCE, (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) CONTACTED THE DEPARTMENT OIG REGARDING POSSIBLE FRAUD, WASTE AND ABUSE BY A SANDIA EMPLOYEE. SPECIFICALLY, (b)(6)(b)(7)(C) ALLEGED THAT (b)(6)(b)(7)(C) MAY HAVE "DOUBLE BILLED" THE FEDERAL GOVERNMENT FOR (b)(6)(b)(7)(C) NATIONAL GUARD DUTY HOURS AND (b)(6)(b)(7)(C) SANDIA NATIONAL LABORATORIES HOURS.

DURING THE TIME PERIOD 22-NOV-06, UNTIL THE CASE WAS OPENED, SPECIAL AGENT (SA) (b)(6)(b)(7)(C) DEPARTMENT OIG, HAD BEEN GATHERING INFORMATION IN REGARDS TO THIS CASE. SA (b)(6)(b)(7)(C) DETERMINED THAT (b)(6)(b)(7)(C) DID IN FACT REPORT TIME AND ATTENDANCE ON (b)(6)(b)(7)(C) SANDIA TIME CARD WHEN (b)(6)(b)(7)(C) WAS ALSO ON TRAVEL FOR THE NATIONAL GUARD.

DURING FISCAL YEAR 2004, (b)(6)(b)(7)(C) REPORTED 214 HOURS ON (b)(6)(b)(7)(C) SANDIA TIME CARD WHEN (b)(6)(b)(7)(C) WAS ALSO ON TRAVEL WITH THE NATIONAL GUARD. IN FISCAL YEAR 2005, (b)(6)(b)(7)(C) REPORTED 797 HOURS ON (b)(6)(b)(7)(C) SANDIA TIME CARD WHEN (b)(6)(b)(7)(C) WAS ALSO ON TRAVEL WITH THE NATIONAL GUARD. IN FISCAL YEAR 2006, (b)(6)(b)(7)(C) REPORTED 618 HOURS ON (b)(6)(b)(7)(C) SANDIA TIME CARD WHEN (b)(6)(b)(7)(C) WAS ON TRAVEL FOR THE NATIONAL GUARD. (b)(6)(b)(7)(C) (b)(6)(b)(7)(C)

INVESTIGATIVE ACTIVITY:

SANDIA HAS BEEN REQUESTED TO PROVIDE PROJECT AND TASK DESCRIPTIONS FOR THE PROJECT AND TASKS (b)(6)(b)(7)(C) CHARGED (b)(6)(b)(7)(C) TIME TO WHEN (b)(6)(b)(7)(C) WAS ALSO ON TRAVEL FOR THE NATIONAL GUARD.

CASE AGENT REVIEWED PROJECT AND TASK DESCRIPTIONS OF THE PROJECT CODES. ADDITIONALLY, CASE AGENT HAS DETERMINED THERE IS A TOTAL OF 825 HOURS IN QUESTION.

CASE AGENT PARTICIPATED IN INTERVIEW CONDUCTED BY AIR FORCE OIG. THE INTERVIEWEES WERE (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) CURRENT SUPERVISOR) AND (b)(6)(b)(7)(C) (SNL (b)(6)(b)(7)(C) IT WAS DETERMINED THAT (b)(6)(b)(7)(C) WORK WAS MOSTLY WORK-FOR-OTHERS (NOT DEPARTMENT FUNDED).

CASE AGENT WAS INFORMED BY (b)(6)(b)(7)(C) THAT (b)(6)(b)(7)(C) WAS INFORMED BY (b)(6)(b)(7)(C) THAT SNL WOULD NO LONGER ALLOW (b)(6)(b)(7)(C) TO CHARGE SNL PROJECT CODES WHILE (b)(6)(b)(7)(C) WAS ON NATIONAL GUARD DUTY. THIS ACTION PROMPTED (b)(6)(b)(7)(C) TO PERSONALLY REVIEW (b)(6)(b)(7)(C) TIME (b)(6)(b)(7)(C) CHARGES TO SNL FOR THE PERIODS OF 2007, 2006 AND PART OF 2005. (b)(6)(b)(7)(C) INFORMED CASE AGENT THE (b)(6)(b)(7)(C) REVIEW CAUSED (b)(6)(b)(7)(C) TO WRITE TWO CHECKS TO SNL FOR "MIS (b)(6)(b)(7)(C) CHARGES" TO SNL. THE TWO CHECKS TOTALED \$23,255.

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

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:19 PM

Page 2

CASE AGENT RE-INTERVIEWED (b)(6)(b)(7)(C) TO DETERMINE WHICH PROJECT CODES (b)(6)(b)(7)(C) CHARGED WERE DEPARTMENT FUNDED AND WHICH WERE WORK FOR OTHERS FUNDED. (b)(6)(b)(7)(C) THOUGHT MOST OF THE PROJECT CODES CHARGED BY (b)(6)(b)(7)(C) WERE WORK-FOR-OTHERS FUNDED AND WERE ALSO INDIRECT FUNDED.

CASE AGENT REVIEWED CASE FILE I05ZZ106. IT WAS DETERMINED THAT I05ZZ106 REVIEWED TIME CHARGES BY (b)(6)(b)(7)(C) FOR THE PERIOD SEPTEMBER 4, 2003 THROUGH JANUARY 31, 2005 AND DETERMINED "THE TIME SHEETS SUBMITTED BY (b)(6)(b)(7)(C) FAILED TO REVEAL ANY INAPPROPRIATE OR INACCURATE TIME REPORTING BY (b)(6)(b)(7)(C) SINCE I05ZZ106 REACHED THIS CONCLUSION, CASE AGENT HAS ELIMINATED ANY HOURS THAT WERE IN OVERLAP FROM THE CURRENT CASE (152 HOURS). THE TOTAL HOURS NOW QUESTIONED BY THE CURRENT CASE IS 673.

INTERVIEWED (b)(6)(b)(7)(C) SANDIA NATIONAL LABORATORIES, AND DETERMINED THAT FUNDING SOURCES FOR THE PROJECT CODES CHARGED BY (b)(6)(b)(7)(C) WERE BOTH DEPARTMENT AND WORK-FOR-OTHERS. ALL PROJECT CODES CHARGED BY (b)(6)(b)(7)(C) FOR THE 673 HOURS, WERE INDIRECTLY FUNDED.

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

24-JUL-07 THE OIG INTERVIEWED (b)(6)(b)(7)(C) IS REPRESENTED BY KENNEDY & HAN, P.C., A LOCAL ALBUQUERQUE LAW FIRM. (b)(6)(b)(7)(C) COUNSEL WAS PRESENT DURING THE OIG INTERVIEW. (b)(6)(b)(7)(C) PROVIDED A SWORN WRITTEN STATEMENT TO THE OIG IN REGARDS TO THE INFORMATION (b)(6)(b)(7)(C) PROVIDED IN (b)(6)(b)(7)(C) INTERVIEW. (b)(6)(b)(7)(C) ACKNOWLEDGED THAT (b)(6)(b)(7)(C) SUBMITTED (b)(6)(b)(7)(C) TIME AND ATTENDANCE RECORDS (ELECTRONICALLY) FOR THE PERIOD IN QUESTION. (b)(6)(b)(7)(C) SOMETIMES FILLED IN (b)(6)(b)(7)(C) TIME AND ATTENDANCE RECORDS WEEKS OR MONTHS IN ADVANCE OF WHEN THE RECORD WAS DUE. (b)(6)(b)(7)(C) SUBMITTED (b)(6)(b)(7)(C) TIME AND ATTENDANCE RECORDS IN ADVANCE DUE TO (b)(6)(b)(7)(C) CONSTANT TRAVELING. (b)(6)(b)(7)(C) DID NOT CHARGE SNL TIME AND ATTENDANCE WHILE (b)(6)(b)(7)(C) WAS ON NGB DUTY "WITTINGLY", AND THERE WAS NOTHING MALICIOUS OR INTENTIONAL ABOUT IT. (b)(6)(b)(7)(C) TRIED TO ESTIMATE WHAT (b)(6)(b)(7)(C) WOULD BE DOING FOR SNL, BUT THAT (b)(6)(b)(7)(C) SHOULD HAVE GONE BACK AND READJUSTED (b)(6)(b)(7)(C) TIME AND ATTENDANCE RECORDS. (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) ACKNOWLEDGED THERE WERE TIMES WHEN (b)(6)(b)(7)(C) DID PROPERLY CODE (MILITARY LEAVE OR VACATION LEAVE) (b)(6)(b)(7)(C) TIME AND ATTENDANCE RECORDS TO REFLECT (b)(6)(b)(7)(C) NGB DUTY HOURS. (b)(6)(b)(7)(C) (b)(6)(b)(7)(C)

17-SEP-07 THE OIG PROVIDED A CASE SUMMARY TO AUSA SIEMEL. THE PURPOSE OF THE SUMMARY WAS TO ALLOW THE DEPARTMENT OF JUSTICE TO DETERMINE IF A CONFLICT-OF-INTEREST EXISTED BETWEEN THE DISTRICT OF NEW MEXICO AND (b)(6)(b)(7)(C) AUSA SIEMEL WILL BE PROVIDING THE SUMMARY TO MAIN JUSTICE FOR THEIR REVIEW. MAIN JUSTICE WILL BE MAKING THE DETERMINATION IF A CONFLICT-OF-INTEREST EXISTS BETWEEN THE DISTRICT OF NEW MEXICO AND (b)(6)(b)(7)(C)

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:19 PM

Page 3

ON 3-JAN-08 SA (b)(6)(b)(7)(C) WAS CONTACTED BY AUSA DARRELL FUN, DISTRICT OF WYOMING. AUSA FUN WAS SEEKING AN UPDATE ON THE CASE STATUS AND REQUESTED THAT SA (b)(6)(b)(7)(C) PROVIDE HIM WITH MATERIAL ON THE CASE SO THAT A PROSECUTIVE DETERMINATION COULD BE MADE.

ON 9-JAN-08 THE DOE OIG SENT A REQUEST LETTER TO THE AIR FORCE OIG (C/O (b)(6)(b)(7)(C)) REQUESTING THE AIR FORCE BACK UP DOCUMENTATION RELATED TO THEIR REPORT ALLEGATIONS 4 & 5:

(4) (b)(6)(b)(7)(C) WRONGFULLY FORGED THE SIGNATURES OF (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) OWN TRAVEL VOUCHERS FOR THE PURPOSE OF OBTAINING PAYMENT OF THE VOUCHERS, IN VIOLATION OF ARTICLE 132, FRAUDS AGAINST THE UNITED STATES, OF THE UNIFORM CODE OF MILITARY JUSTICE; AND,

(5) (b)(6)(b)(7)(C) WRONGFULLY USED (b)(6)(b)(7)(C) PUBLIC OFFICE AS (b)(6)(b)(7)(C) NATIONAL GUARD BUREAU FOR PRIVATE GAIN BY WORKING ON OFFICIAL MILITARY ORDERS WHILE ON THE SAME DUTY DAYS AS (b)(6)(b)(7)(C) WORKED FOR SANDIA NATIONAL LABORATORIES, IN VIOLATION OF 5 C.F.R. 2635.101 (C)

ON 11-JAN-08, SA (b)(6)(b)(7)(C) REQUESTED FROM SANDIA NATIONAL LABORATORIES, RELATED TO (b)(6)(b)(7)(C) TIME AND ATTENDANCE 1. WHO (OR USER ID) ENTERED THE TIME ORIGINALLY, 2. WHEN (TIME AND DATE) THE TIME WAS ENTERED ORIGINALLY, 3. ANY CHANGES TO THE TIME AND ATTENDANCE RECORD FOR THE SPECIFIC DATES, 4. WHEN (TIME AND DATE) THE CHANGES WERE MADE, 5. WHO (USER ID) MADE THE CHANGES.

ON 17-JAN-08 AND ON 25-JAN-08, SA (b)(6)(b)(7)(C) RECEIVED THE REQUESTED INFORMATION FROM SANDIA NATIONAL LABORATORIES AND THE AIR FORCE OIG, RESEPECTIVELY.

ON 27-MAR-08 SA (b)(6)(b)(7)(C) WAS INFORMED BY SANDIA NATIONAL LABORATORIES CORPORATE INVESTIGATIONS THAT THEY HAD COMPLETED THEIR REVIEW OF (b)(6)(b)(7)(C) TIME AND ATTENDANCE AND THE ALLEGATION OF MISCHARGING (b)(6)(b)(7)(C) TIME CARDS WAS SUBSTANTIATED. SA (b)(6)(b)(7)(C) HAS REQUESTED A COPY OF THE REPORT. (C)

SA (b)(6)(b)(7)(C) OBTAINED THE SNL REPORT REGARDING (b)(6)(b)(7)(C) BASED ON SNL CORPORATE (b)(6)(b)(7)(C) INVESTIGATIONS; INVESTIGATION, THEY FOUND SUFFICIENT EVIDENCE TO SUPPORT THE ALLEGATION THAT (b)(6)(b)(7)(C) INCORRECTLY CHARGED SANDIA PROJECTS FOR TIME THAT WAS ALSO REIMBURSED FOR BY THE AIR FORCE FOR WORK AS PART OF AIR FORCE RESERVE FUNCTION. SNL CORPORATE INVESTIGATIONS WROTE THAT (b)(6)(b)(7)(C) POOR TIMEKEEPING PRACTICES CREATED THIS DOUBLE BILLING SITUATION. (b)(6)(b)(7)(C)

ON 01-APR-08 SA (b)(6)(b)(7)(C) REVIEWED THE TIME CARD INFORAMTION RECEIVED FROM SNL ON 11-

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:19 PM

Page 4

JAN-08. BASED ON THE REVIEW, THERE WERE APPROXIMATELY 38 PAY PERIODS THAT ENCOMPASSED THE DATES IN QUESTION REGARDING (b)(6)(b)(7)(C) TIME AND ATTENDANCE. ACCORDING TO THE TIMECARD ENTRY REPORTS, (b)(6)(b)(7)(C) ENTERED IN (b)(6)(b)(7)(C) OWN TIME AND ATTENDANCE FOR 24 OF THE 38 PAY PERIODS. FOR THE OTHER 14 PAY PERIODS, SA (b)(6)(b)(7)(C) DETERMINED (b)(6)(b)(7)(C) ENTERED IN (b)(6)(b)(7)(C) TIME AND ATTENDANCE.

THE OIG RECEIVED A LETTER FROM (b)(6)(b)(7)(C) SNL (b)(6)(b)(7)(C) DATED 26-AUG-08, REGARDING THE FACT THAT (b)(6)(b)(7)(C) PROVIDED SNL (b)(6)(b)(7)(C) RESIGNATION DATE OF OCTOBER 2008. ADDITIONALLY, (b)(6)(b)(7)(C) WAS REQUESTING GUIDANCE FROM THE OIG REGARDING THE CASHING OF THE TWO CASHIER CHECKS (b)(6)(b)(7)(C) PROVIDED TO SNL. (b)(6)(b)(7)(C)

ON 5-SEP-08 SA (b)(6)(b)(7)(C) CONTACTED AUSA FUN TO DISCUSS THE ISSUES IN THE LETTER THE OIG HAD RECEIVED FROM (b)(6)(b)(7)(C) AUSA FUN STATED HE HAD NO ISSUE WITH SNL CASHING THE CHECKS (b)(6)(b)(7)(C) PROVIDED TO SNL. ADDITIONALLY, AUSA FUN STATED HE HAD NO ISSUE WITH SNL TAKING ADMINISTRATIVE ACTION(S) AGAINST (b)(6)(b)(7)(C)

SA (b)(6)(b)(7)(C) INTERVIEWED (b)(6)(b)(7)(C) REGARDING THEIR INPUT OF (b)(6)(b)(7)(C) TIME AND ATTENDANCE FOR SOME OF THE DATES IN QUESTION. ACCORDING TO EACH, THEY WOULD HAVE EITHER RECEIVED A PHONE CALL OR E-MAIL FROM (b)(6)(b)(7)(C) INFORMING THEM THE NUMBER OF HOURS TO INPUT AND THE PROJECT CODES TO CHARGE (b)(6)(b)(7)(C) TIME TO. ADDITIONALLY, THEY EACH STATED THEY COULD NOT RECALL, BUT THEY MIGHT HAVE ALSO GOTTEN (b)(6)(b)(7)(C) TIME AND ATTENDANCE DATA FROM (b)(6)(b)(7)(C) THEN (b)(6)(b)(7)(C) (b)(6)(b)(7)(C)

ON 30-SEP-08 SA (b)(6)(b)(7)(C) INTERVIEWED (b)(6)(b)(7)(C) SNL, WHO APPROVED (b)(6)(b)(7)(C) TIME AND ATTENDANCE FOR SOME OF THE DATES IN QUESTION. (b)(6)(b)(7)(C) WAS ALSO NAMED BY BOTH (b)(6)(b)(7)(C) HAS ONE WHO MIGHT HAVE PROVIDED TIME AND ATTENDANCE DATA FOR (b)(6)(b)(7)(C) TO INPUT. (b)(6)(b)(7)(C) DID NOT RECALL EVER PROVIDING (b)(6)(b)(7)(C) DATA TO INPUT FOR (b)(6)(b)(7)(C) TIME AND ATTENDANCE. (b)(6)(b)(7)(C) ALSO DID NOT RECALL EVER RECEIVING AN E-MAIL OR PHONE CALL FROM (b)(6)(b)(7)(C) CONCERNING THE HOURS TO INPUT FOR (b)(6)(b)(7)(C) TIME AND ATTENDANCE OR THE PROJECT CODES TO CHARGE (b)(6)(b)(7)(C) TIME TO.

ON 3-OCT-08 SA (b)(6)(b)(7)(C) AND (b)(6)(b)(7)(C) CONTACTED AUSA FUN TO DISCUSS ITEMS BROUGHT UP DURING A PHONE CALL BETWEEN (b)(6)(b)(7)(C) ACCORDING TO (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) IS WILLING TO PROVIDE ANOTHER CHECK TO SNL IN THE AMOUNT OF APPROXIMATELY \$30,000. AUSA FUN STATED HE HAD NO ISSUES WITH (b)(6)(b)(7)(C) PROVIDING THE CHECK OR SNL ACCEPTING THE CHECK. THE OTHER ITEM WAS THAT SNL WANTED TO ENTER INTO A WRITTEN AGREEMENT WITH SNL REGARDING THE CONCLUSION OF THE TIME AND ATTENDANCE ISSUE. AUSA FUN STATED HE DID NOT SEE A PROBLEM WITH THE WRITTEN AGREEMENT, BUT STATED THE AGREEMENT COULD NOT RELEASE (b)(6)(b)(7)(C) FROM THE CRIMINAL ASPECTS OF THE ISSUE.

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:19 PM

Page 5

ON 6-OCT-08 SA (b)(6)(b)(7)(C) CONTACTED (b)(6)(b)(7)(C) TO PROVIDE (b)(6)(b)(7)(C) THE INFORMATION REGARDING THE ADDITIONAL CHECK AND THE WRITTEN AGREEMENT. SA (b)(6)(b)(7)(C) INFORMED (b)(6)(b)(7)(C) THAT SNL SHOULD DUE AS THEM DEEM APPROPRIATE REGARDING THE ADDITIONAL CHECK AND THAT THE AUSA DID NOT HAVE ANY ISSUES REGARDING SNL CASHING THE CHECK IF ONE WAS PROVIDED AND ACCEPTED. SA (b)(6)(b)(7)(C) INFORMED (b)(6)(b)(7)(C) THAT THE AUSA DID NOT SEE AN ISSUE WITH THE WRITTEN AGREEMENT, BUT INFORMED (b)(6)(b)(7)(C) THAT THE AGREEMENT, PER THE AUSA, COULD NOT RELEASE (b)(6)(b)(7)(C) FROM THE CRIMINAL ASPECTS OF THE ISSUE. (b)(6)(b)(7)(C) WAS WORKING ON DRAFTING THE LANGUAGE OF THE AGREEMENT AND WOULD BE WILLING TO PROVIDE SA (b)(6)(b)(7)(C) WITH A DRAFT ONCE COMPLETED.

ON 13-OCT-08 (b)(6)(b)(7)(C) PROVIDED SA (b)(6)(b)(7)(C) WITH A DRAFT ON THE AGREEMENT SNL WANTED TO PROVIDE TO (b)(6)(b)(7)(C) IN ADDITION TO PROVIDING THE DRAFT TO SA (b)(6)(b)(7)(C) PROVIDED IT TO (b)(6)(b)(7)(C) SANDIA SITE OFFICE COUNSEL. SA (b)(6)(b)(7)(C) PROVIDED THE DRAFT TO AUSA FUN. THROUGH DISCUSSIONS WITH AUSA FUN AND (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) WAS PROVIDED GUIDANCE ON THE AGREEMENT.

DURING THE PERIOD 14-OCT-08 THROUGH 12-NOV-08, (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) WERE INTERVIEWED TO DETERMINE WHAT IF ANY WORK PRODUCT WAS PRODUCED BY (b)(6)(b)(7)(C) DURING THE TIME PERIODS IN QUESTION. BASED ON RESPONSE FROM ALL MANAGERS, IT APPEARS NO PHYSICAL WORK PRODUCT WAS REQUIRED FOR (b)(6)(b)(7)(C) DUTIES AND RESPONSIBILITIES DURING THE PERIOD IN QUESTION. (b)(6)(b)(7)(C) DUTIES AND RESPONSIBILITIES WERE CONCENTRATED ON DEVELOPING BUSINESS OPPORTUNITIES WITH (b)(6)(b)(7)(C) NETWORKING ABILITIES.

ON 5-FEB-09 SA (b)(6)(b)(7)(C) RECIEVED FROM SNL (b)(6)(b)(7)(C) TERMINATION OF EMPLOYMENT PAPERWORK AND A COPY OF ALL THE CASHIER'S CHECKS (b)(6)(b)(7)(C) PROVIDED TO SNL. (b)(6)(b)(7)(C) RESIGNED FROM SNL EMPLOYMENT ON 18-OCT-2008 BECAUSE (b)(6)(b)(7)(C) BEGAN EMPLOYMENT IN MISSOURI. THE CASHIER'S CHECKS (b)(6)(b)(7)(C) PROVIDED TO SNL TOTALED \$48,061.13.

ON 6-FEB-09 SA (b)(6)(b)(7)(C) REVIEWED (b)(6)(b)(7)(C) TRAVEL DATES FOR SNL AND THE NATIONAL GUARD TO DETERMINE IF THEIR WERE ANY TRAVEL DATES THAT OVERLAPPED. SA (b)(6)(b)(7)(C) DETERMINED THREE DATES OVERLAPPED BETWEEN (b)(6)(b)(7)(C) SNL AND NATIONAL GUARD TRAVEL.

ON 10-FEB-09 SA (b)(6)(b)(7)(C) DETERMINED THAT (b)(6)(b)(7)(C) DID NOT DOUBLE CLAIM TRAVEL EXPENSES FOR THE THREE DATES ON (b)(6)(b)(7)(C) SNL OR NATIONAL GUARD TRAVEL VOUCHERS.

DURING THE PERIOD FEBRUARY 12 -18, 2009 SA (b)(6)(b)(7)(C) CORRGINATED EFFORTS OF THE REPORT OF INVESTIGATION (ROI) WITH AUSA FUN. AUSA FUN WAS CHECKING ON THE STATUS OF THE ROI. SA (b)(6)(b)(7)(C) INFORMED AUSA FUN (b)(6)(b)(7)(C) WAS WORKING ON THE REPORT.

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:19 PM

Page 6

ON 6-APR-09 SA (b)(6)(b)(7)(C) RECEIVED A LETTER OF NO INTEREST FROM AUSA FUN REGARDING THIS CASE.

ON 25-JUN-09 SA (b)(6)(b)(7)(C) BRIEFED CIVIL AUSA HOWARD THOMAS, DISTRICT OF NEW MEXICO, ON THE SUBJECT CASE. AUSA (b)(6)(b)(7)(C) WOULD LIKE TO REVIEW THE REPORT OF INVESTIGATION BEFORE MAKING A DETERMINATION ON PROSECUTION.

STAT ON 14-SEP-09, AN ROI WAS ISSUED AND THE CASE WAS REFERRED FOR CIVIL PROSECUTION.

STAT ON 29-SEP-09, THE USAO DECLINED CIVIL PROSECUTION AND AGREED TO DA REFERRAL.

ON 18-DEC-09, SA (b)(6)(b)(7)(C) BRIEFED THE DISTRICT ATTORNEY'S OFFICE ON THE SUBJECT CASE. DA (b)(6)(b)(7)(C) WOULD LIKE TO REVIEW THE REPORT OF INVESTIGATION BEFORE MAKING A DETERMINATION ON PROSECUTION.

STAT ON 05-JAN-10, AN ROI WAS ISSUED AND THE CASE WAS REFERRED FOR CRIMINAL PROSECUTION AT THE STATE LEVEL

ON 24-MAR-2010 AS MESSAGE WAS LEFT WITH THE DA'S OFFICE TO DETERMINE THEIR STATUS OF THE REVIEW OF THE ROI.

ON-15-APR-2010, HAVING NOT HEARD ANYTHING FROM THE 24-MAR-2010 CALL, SA (b)(6)(b)(7)(C) E-MAILED THE DA. ACCORDING TO THE DA, THE REVIEW OF THE ROI HAD BEEN REASSIGNED AND (b)(6)(b)(7)(C) WAS GOING TO TRACK DOWN THE STATUS OF THE REVIEW. THE DA (b)(6)(b)(7)(C) WOULD PROVIDE A RESPONSE WITHIN A WEEK.

HAVING NOT HEARD FROM THE DA, SA (b)(6)(b)(7)(C) RECONTACTED THE DA ON APRIL 27, 2010 REQUESTING STATUS OF THE REVIEW OF THE ROI.

ON 19-MAY-2010, STILL HAVING NOT HEARD ANYTHING FROM THE DA, SA (b)(6)(b)(7)(C) RECONTACTED THE DA TO DETERMINE THE STATUS OF THE REVIEW.

ON 12-JUL-2010, STILL HAVING NOT HEARD ANYTHING FROM THE DA, SA (b)(6)(b)(7)(C) RECONTACTED THE DA TO DETERMINE THE STATUS OF THE REVIEW. THE DA WROTE THAT (b)(6)(b)(7)(C) PARALEGAL TEAM TRY AND TRACK DOWN THE ROI. THEY HAD STILL NOT FOUND WHERE THE FILE WENT AND THE DA ASKED SA (b)(6)(b)(7)(C) TO RESUBMIT THE REPORT. SA (b)(6)(b)(7)(C) WILL RESUBMIT THE REPORT.

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:19 PM

Page 7

STAT ON 11-AUG-2010 THE 2ND JUDICIAL DISTRICT FOR THE STATE OF NEW MEXICO DECLINED PROSECUTION ON THE MATTER.

STAT ON 20-AUG-2010, THE OIG WAS NOTIFIED THAT (b)(6)(b)(7)(C) HAD REPAID SNL IN FULL (\$48,061.13) ON 16-OCT-2008. THUSLY, THE STAT FOR THE REPAYMENT WILL BE CLAIMED ON THE DATE THAT THE OIG BECAME AWARE OF THE REPAYMENT.

STAT ON 20-AUG-2010, THE OIG WAS NOTIFIED THAT SNL HAD REPAID THE DEPARTMENT IN FULL (\$48,061.13) ON 10-SEP-2009. THUSLY, THE STAT FOR THE REPAYMENT WILL BE CLAIMED ON THE DATE THAT THE OIG BECAME AWARE OF THE REPAYMENT.

DISCUSSION WERE HELD BETWEEN THE CASE AGENT AND THE (b)(6)(b)(7)(C) REGARDING THIS CASE. THE CASE AGENT WILL DISCUSS THE FINDINGS OF THE CASE WITH SANDIA SITE OFFICE PERSONNEL, SPECIFICALLY REGARDING (b)(6)(b)(7)(C) LACK OF WORK PRODUCT, AND DETERMINE IF SANDIA SITE OFFICE HAS ANY INTEREST IN ADDRESSING THE ISSUE.

ON 29-SEP-2011 SA (b)(6)(b)(7)(C) MET WITH SANDIA SITE OFFICE PERSONNEL, TO INCLUDE (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) REGARDING THE STATUS OF THE CASE AND SANDIA SITE OFFICES' INTEREST IN PURSUING THE MATTER FURTHER FROM A CONTRACT OVERSIGHT PERSPECTIVE. SANDIA SITE OFFICE PERSONNEL STATED THEY WOULD REVIEW THE INFORMATION AND PROVIDE A RESPONSE TO SA (b)(6)(b)(7)(C) IN THE COMING WEEKS.

ON 18-OCT-2011 (b)(6)(b)(7)(C) INFORMED SA (b)(6)(b)(7)(C) THAT GIVEN THE CRITERIA IN THE CONTRACT, THE FAR COST PRINCIPLES, AND APPLICABLE CASE LAW ON COST ALLOWABILITY, IT IS UNLIKELY SANDIA SITE OFFICE COULD SUPPORT A DETERMINATION THAT THE COSTS AT ISSUE ARE UNALLOWABLE. THUS, SANDIA SITE OFFICE DID NOT PLAN TO PURSUE DISALLOWANCE OF COSTS ASSOCIATED WITH (b)(6)(b)(7)(C) SANDIA EMPLOYMENT.

PLANNED INVESTIGATIVE ACTION:

NONE

CASE DISPOSITION:

CLOSED

Document 11

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:19 PM

Page 1

Case Number: I07CH001

Summary Date: 31-OCT-08

Title:

(b)(6)(b)(7)(C) P-CARD FRAUD; ARGONNE

Executive Brief:

10-JAN-07, SA (b)(6)(b)(7)(C) RECEIVED AND REVIEWED DOCUMENTS RELATED TO ALLEGED TRAVEL FRAUD AND MISUSE OF THE DEPARTMENT PURCHASE CARD BY (b)(6)(b)(7)(C) A DEPARTMENT (b)(6)(b)(7)(C) ARGONNE NATIONAL LABORATORY.

19-JAN-07, SA (b)(6)(b)(7)(C) INTERVIEWED COMPLAINANT (b)(6)(b)(7)(C) DOE CH. (b)(6)(b)(7)(C) PROVIDED DOCUMENTS RELATED TO (b)(6)(b)(7)(C) USE OF THE PURCHASE CARD FOR LODGING WHILE ON OFFICIAL TRAVEL. (b)(6)(b)(7)(C) SC CH, (b)(6)(b)(7)(C) ANL ORDERED PURCHASE CARD HOLDER, (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) SC CH, ANL TO USE THE PURCHASE CARD FOR (b)(6)(b)(7)(C) LODGING. (b)(6)(b)(7)(C) IS A (b)(6)(b)(7)(C) SC CH, ARGONNE, ILLINOIS.

31-JAN-07, SA (b)(6)(b)(7)(C) INTERVIEWED (b)(6)(b)(7)(C) DOE CH. (b)(6)(b)(7)(C) MADE HOTEL ARRANGEMENTS FOR (b)(6)(b)(7)(C) USING THE DOE PURCHASE CARD. (b)(6)(b)(7)(C) DOE CH (b)(6)(b)(7)(C) TOLD (b)(6)(b)(7)(C) TO USE THE PURCHASE CARD TO PAY FOR (b)(6)(b)(7)(C) LODGING. (b)(6)(b)(7)(C) TOLD (b)(6)(b)(7)(C) THAT USING THE PURCHASE CARD FOR OFFICIAL TRAVEL WAS PROHIBITED, BUT (b)(6)(b)(7)(C) PURSUADED (b)(6)(b)(7)(C) TO USE THE PURCHASE CARD.

2-MAR-2007, SA (b)(6)(b)(7)(C) INTERVIEWED (b)(6)(b)(7)(C) THAT THE PURCHASE CARD WAS USED TO PAY FOR (b)(6)(b)(7)(C) LODGING OVER A FOUR MONTH PERIOD. (b)(6)(b)(7)(C) RETURNED FREQUENTLY TO (b)(6)(b)(7)(C) RESIDENCE FROM (b)(6)(b)(7)(C) TDY LOCATION.

(b)(6)(b)(7)(C) WAS NOT AWARE THE PURCHASE CARD REGULATIONS PROHIBITED ITS USE FOR GOVERNMENT TRAVEL. (b)(6)(b)(7)(C) TOLD (b)(6)(b)(7)(C) TO USE THE PURCHASE CARD FOR A FOUR MONTH TDY.

7-MAY-2007, SA (b)(6)(b)(7)(C) INTERVIEWED (b)(6)(b)(7)(C) DOE CHICAGO OPERATIONS OFFICE. (b)(6)(b)(7)(C) AUTHORIZED (b)(6)(b)(7)(C) LODGING TO BE PAID FOR USING "CENTRALIZED PROCUREMENT". (b)(6)(b)(7)(C) BELIEVED, THAT (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) WAS OBJECTING TO (b)(6)(b)(7)(C) POLICY PROHIBITING THE USE OF CENTRALIZED PROCUREMENT AND NOT THE USE OF THE PURCHASE CARD WHEN (b)(6)(b)(7)(C) OBJECTED TO ITS USE TO PAY FOR (b)(6)(b)(7)(C) LODGING EXPENSE. IN ADDITION, (b)(6)(b)(7)(C) DID NOT KNOW THAT USING THE PURCHASE CARD TO PAY FOR TRAVEL EXPENSES WAS PROHIBITED.

STAT 12-JUN-2008, AN IRM WAS ISSUED TO THE MANAGER, CHICAGO OFFICE ADDRESSING THE PROHIBITED USE OF THE DEPARTMENT'S PURCHASE CARD. THE INVESTIGATION DETERMINED THAT A DEPARTMENT (b)(6)(b)(7)(C) INSTRUCTED A (b)(6)(b)(7)(C) TO USE (b)(6)(b)(7)(C) DEPARTMENT-ISSUED PURCHASE CARD FOR A PROHIBITED USE WHEN THE (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) ARRANGED FOR THE LODGING EXPENSE FOR (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) LONG-TERM TDY TO GERMANTOWN, MD. THE IRM RECOMMENDED THAT THE MANAGER

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

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:19 PM

Page 2

CHICAGO OFFICE DETERMINE IF ALL DEPARTMENT AND CONTRACTOR EMPLOYEES SHOULD BE MADE AWARE OF THE PROHIBITED USES OF THE PURCHASE CARD.

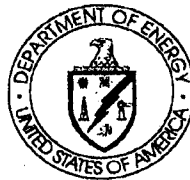
THE INVESTIGATION DETERMINED THAT (b)(6)(b)(7)(C) LODGING COSTS WERE IN COMPLIANCE WITH THE FEDERAL TRAVEL REGULATIONS THAT APPLY TO LONG-TERM TDYS.

STAT ON JULY 15, 2008, OIG RECEIVED A LETTER DATED JULY 8, 2008 (7/8/08 WILL BE USED TO CAPTURE STAT), FROM (b)(6)(b)(7)(C) CHICAGO OFFICE. (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) THAT CHICAGO CONCURRED WITH THE RECOMMENDATION IN THE IRM AND AS A RESULT ISSUED A MEMO TO ALL SC-CH AND APPLICABLE SITE OFFICE PURCHASE CARD HOLDERS REMINDING THEM THAT THE P-CARD IS NOT TO BE USED IN LIEU OF THE AUTHORIZED GOVERNMENT TRAVEL CARD.

PLANNED ACTIVITY:

PREPARE CASE FOR CLOSURE

Office of Inspector General
Office of Investigations
Case No. I07CH001



INVESTIGATIVE REPORT TO MANAGEMENT

June 12, 2008

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U.S. Department of Energy
Office of Inspector General
Office of Investigations

June 12, 2008

MEMORANDUM FOR THE MANAGER, CHICAGO OPERATIONS OFFICE

FROM:

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

Central Investigations Operations
Region 3 Investigations Group

SUBJECT:

Improper Use of the SmartPay Purchase Card and Alleged Travel Fraud at
Argonne National Laboratory (OIG Case No. IO7CH001)

This report serves to inform you of the results of an investigation by the U.S. Department of Energy (Department), Office of Inspector General, Office of Investigations.

The investigation focused on allegations that (b)(6), (b)(7)(C) Department, Chicago Office, pressured (b)(6), (b)(7)(C) Department, Chicago Office, to use (b)(6), (b)(7)(C) Department-issued Government Services Administration SMARTPAY Purchase Card to pay for a Washington, DC, hotel room for (b)(6), (b)(7)(C) Department, Chicago Office. The complainant stated that the use of a SMARTPAY Purchase Card to pay for lodging is prohibited; and (b)(6), (b)(7)(C) violated Federal Travel Regulations by paying for lodging on days (b)(6), (b)(7)(C) did not occupy the hotel room.

The investigation determined that Department guidelines prohibit the use of the SMARTPAY Purchase Card in lieu of the Government authorized travel card. (b)(6), (b)(7)(C) violated these guidelines when (b)(6), (b)(7)(C) instructed (b)(6), (b)(7)(C) to use the SMARTPAY Purchase Card to pay for (b)(6), (b)(7)(C) lodging. However, (b)(6), (b)(7)(C) lodging costs were in compliance with Federal Travel Regulations.

The enclosed report makes one recommendation for corrective action. If you have questions or need additional information, please feel free to contact me at (865) 576- (b)(6), (b)(7)(C) or Special Agent (b)(6), (b)(7)(C) at (630) 252- (b)(6), (b)(7)(C).

Enclosure

I. ALLEGATIONS

On December 6, 2006, the U. S. Department of Energy (Department), Office of Inspector General (OIG) received allegations that (b)(6),(b)(7)(C) Department, Chicago Office (CH), pressured (b)(6),(b)(7)(C) Department, CH, to use (b)(6),(b)(7)(C) Department-issued Government Services Administration (GSA) SMARTPAY Purchase Card (purchase card) to pay for a Washington, DC, hotel room occupied by (b)(6),(b)(7)(C) Department, CH. The complainant stated that the use of a purchase card to pay for lodging is prohibited; and that (b)(6),(b)(7)(C) violated Federal Travel Regulations by paying for lodging on days (b)(6),(b)(7)(C) did not occupy the hotel room.

II. POTENTIAL STATUTORY OR REGULATORY VIOLATIONS

The investigation focused on the potential violation of the *U.S. Department of Energy Chicago Operations Office Guidelines and Operating Procedures For Use Of The GSA SMARTPAY Purchase Card* (Purchase Card Guidelines), dated July 2002, and Federal Travel Regulation (FTR), Section 301-11.14, which addresses long-term travel.

III. BACKGROUND

In February 2006, (b)(6),(b)(7)(C) was assigned to a four-month temporary duty assignment (TDY) to Germantown, MD. The purpose of (b)(6),(b)(7)(C) extended TDY was to help negotiate an agreement between the Department's Office of Science and Chief Information Office related to a computer resource operating environment. In December 2006, a review by the CH Office of Acquisitions and Assistance was conducted to assure compliance with established laws, regulations, and guidelines in conjunction with Simplified Acquisition Purchases, to include the use of purchase cards. This review led to the above-mentioned allegations.

IV. INVESTIGATIVE FINDINGS

The investigation found that (b)(6),(b)(7)(C) violated the Purchase Card Guidelines by instructing (b)(6),(b)(7)(C) to use (b)(6),(b)(7)(C) purchase card to pay for (b)(6),(b)(7)(C) lodging at the Homestead Studio Suites (Homestead) in Germantown, Maryland during (b)(6),(b)(7)(C) TDY assignment but did not violate the FTR. In fact, (b)(6),(b)(7)(C) lodging cost was less than the maximum allowable amount.

The OIG reviewed the Purchase Card Guidelines, Section 7(e), which specifically covers prohibitions and restrictions. It states, "[t]he [Department's] purchase card will not be used in lieu of the Government authorized travel charge card." (b)(6),(b)(7)(C) told the OIG (b)(6),(b)(7)(C) instructed (b)(6),(b)(7)(C) to use centralized procurement in lieu of (b)(6),(b)(7)(C) government issued travel charge card. (b)(6),(b)(7)(C) defined "centralized procurement" as using either a purchase card or a purchase order to pay for lodging.

(b)(6),(b)(7)(C) told the OIG (b)(6),(b)(7)(C) did not know that using the purchase card to pay for lodging was prohibited. (b)(6),(b)(7)(C) had implemented a policy which prohibited a traveler from using centralized procurement for lodging.

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

Although (b)(6),(b)(7)(C) did not recall if he formalized this policy in writing, (b)(6),(b)(7)(C) violated it when instructing (b)(6),(b)(7)(C) to use (b)(6),(b)(7)(C) purchase card in this instance. (b)(6),(b)(7)(C) told the OIG (b)(6),(b)(7)(C) that the purchase card could not be used for travel expenses. According to (b)(6),(b)(7)(C) told (b)(6),(b)(7)(C) it was okay to use the purchase card for hotel charges because lodging was not considered a travel expense. (b)(6),(b)(7)(C) left and returned a second time and told (b)(6),(b)(7)(C) it was okay to use the purchase card for hotel charges for lodging expenses because lodging was not considered travel. (b)(6),(b)(7)(C) explained to (b)(6),(b)(7)(C) that the purchase card is used to expense hotel rooms for conferences, so (b)(6),(b)(7)(C) use of the purchase card to pay for lodging was okay. (b)(6),(b)(7)(C) would look into the matter and that (b)(6),(b)(7)(C) was not sure the purchase card could be used for lodging. (b)(6),(b)(7)(C) told (b)(6),(b)(7)(C) to use the purchase card for (b)(6),(b)(7)(C) lodging anyway. (b)(6),(b)(7)(C) did not believe (b)(6),(b)(7)(C) could say no to (b)(6),(b)(7)(C) because (b)(6),(b)(7)(C) was a manager. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) informed the OIG that (b)(6),(b)(7)(C) told (b)(6),(b)(7)(C) that the purchase card should be used to pay for (b)(6),(b)(7)(C) lodging. (b)(6),(b)(7)(C) did not raise any objection because (b)(6),(b)(7)(C) didn't think it was wrong" to use the purchase card to pay for (b)(6),(b)(7)(C) lodging. (b)(6),(b)(7)(C)

The OIG determined (b)(6),(b)(7)(C) did not violate FTRs. FTR Section 301-11.14 states: "When you obtain lodging on a long-term basis (e.g., weekly or monthly) your daily lodging rate is computed by dividing the total lodging cost by the number of days of occupancy for which you are entitled to per diem, provided the cost does not exceed the daily rate of conventional lodging. Otherwise the daily lodging cost is computed by dividing the total lodging cost by the number of days in the rental period. Reimbursement, including an appropriate amount for M&IE, may not exceed the maximum daily per diem rate for the TDY location." (b)(6),(b)(7)(C)

The OIG interviewed (b)(6),(b)(7)(C) CH. (b)(6),(b)(7)(C) confirmed that (b)(6),(b)(7)(C) TDY period was from February 18, 2006, to June 16, 2006--a total of 118 days. According to (b)(6),(b)(7)(C) stayed at Homestead for 56 days out of the total TDY period, at the monthly rate of \$45.99 per day. (b)(6),(b)(7)(C) total lodging costs were \$5,426.82. (b)(6),(b)(7)(C) said that (b)(6),(b)(7)(C) lodging costs were less than the maximum allowable lodging amount of \$7,002.00, and in compliance with the FTR. (b)(6),(b)(7)(C) that during the TDY in question, (b)(6),(b)(7)(C) was at (b)(6),(b)(7)(C) residence 42 days and was on temporary assignments to other locations for 20 days. (b)(6),(b)(7)(C) that (b)(6),(b)(7)(C) return trips home were approved by CH management.

V. COORDINATION

This matter was coordinated with (b)(6),(b)(7)(C) Department, CH.

VI. RECOMMENDATION

1. Based on the findings of this report, and other information that may be available to you, the OIG recommends that the Manager, Department, CH, determine if all Department and Contractor employees should be made aware of the prohibited uses of the purchase card.

VII. FOLLOW-UP REQUIREMENTS

The OIG is referring this matter to you for whatever action you deem appropriate. Please respond to this office within 30 days concerning any action(s) taken or anticipated in response to this report.

VIII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

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Document 12

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: February 18, 2009 12:00 PM

Page 1

Case Number: I07HQ007

Summary Date: 27-MAR-07

Title:

(b)(6),(b)(7)(C) MISUSE OF GOV; EID

Executive Brief:

PREDICATION:

ON 20-DEC-2006, AN ANONYMOUS COMPLAINANT ALLEGED THAT (b)(6),(b)(7)(C) OFFICE OF ECONOMIC IMPACT AND DIVERSITY, REGULARLY USES A GOVERNMENT OWNED VEHICLE (GOV) TO TRAVEL TO PERSONAL LUNCHEON ENGAGEMENTS AT THE CAPITOL HILL CLUB AND OTHER LOCATIONS.

INVESTIGATIVE FINDINGS

A REVIEW OF "DAILY LOGS" FURNISHED BY THE DEPARTMENT'S OFFICE OF TRANSPORTATION REVEALED THE FOLLOWING INFORMATION:

(b)(6),(b)(7)(C) A DEPARTMENT DRIVER ON 29 DIFFERENT DAYS DURING THE PERIOD (b)(6),(b)(7)(C) FROM SEPTEMBER 1 - DECEMBER 21, 2006. (b)(6),(b)(7)(C) A DRIVER ON 12 DAYS DURING THE MONTH OF SEPTEMBER, 9 DAYS DURING THE MONTH OF OCTOBER, 6 DAYS DURING THE MONTH OF NOVEMBER, AND 2 DAYS DURING THE PERIOD DECEMBER 1 - 21, 2006.

(b)(6),(b)(7)(C) ON 12 OF THE 29 DAYS IN WHICH (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) A DRIVER. SPECIFICALLY, (b)(6),(b)(7)(C) ON 4 (b)(6),(b)(7)(C) OF THE 12 DAYS (b)(6),(b)(7)(C) ASSIGNED A DRIVER DURING THE MONTH OF SEPTEMBER; ON 4 OF THE (b)(6),(b)(7)(C) 9 DAYS (b)(6),(b)(7)(C) A DRIVER DURING THE MONTH OF OCTOBER; ON 3 OF THE 6 DAYS (b)(6),(b)(7)(C) WAS ASSIGNED A DRIVER DURING THE MONTH OF NOVEMBER; AND ON 1 OF THE 2 DAYS (b)(6),(b)(7)(C) ASSIGNED A DRIVER DURING THE MONTH OF DECEMBER. ACCORDING TO THE DAILY LOGS, (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) WOULD DEPART FOR THE (b)(6),(b)(7)(C) BETWEEN THE HOURS OF 11:30 A.M. AND (b)(6),(b)(7)(C) 12:30 P.M. AND RETURN TO THE DEPARTMENT BETWEEN THE HOURS OF 12:30 P.M. AND 1:45 P.M. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (C)

- FOUR OF THE 17 REMAINING TRIPS WERE FROM THE DEPARTMENT TO THE OMNI SHOREHAM, THE CAPITOL HILTON HOTEL, THE HOTEL WASHINGTON, AND, THE MARIOTT HOTEL IN ROCKVILLE, MARYLAND. (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (C) (C)

WHEN INTERVIEWED BY THE OIG, (b)(6),(b)(7)(C) TO RECALL A SPECIFIC BUSINESS PURPOSE FOR 12 OF THE 17 TRIPS (b)(6),(b)(7)(C) ASKED ABOUT. WITH RESPECT TO THE REMAINING 5 TRIPS AND USE OF A GOV IN GENERAL, (b)(6),(b)(7)(C) EVER USING A GOV AND/OR ASSIGNED DOE DRIVER FOR ANYTHING OTHER THAN OFFICIAL BUSINESS. (b)(6),(b)(7)(C) (C)

(b)(6),(b)(7)(C) THE CAPITOL HILL CLUB AS A "MEETING PLACE" AND AS "A PLACE TO DO BUSINESS." (b)(6),(b)(7)(C) THAT IT IS (b)(6),(b)(7)(C) CONVENIENT TO BOTH MEET AND EAT AT THE SAME TIME. (C)

FUTURE INVESTIGATIVE STEPS: (b)(6),(b)(7)(C) (C)

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: February 18, 2009 12:00 PM

Page 2

- CASE CLOSED

Document 13

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:20 PM

Page 1

Case Number: I07SR006

Summary Date: 25-JUN-08

Title:

HILL INTL; TRAVEL REBATES; SRS

Executive Brief:

PREDICATION:

ON 05 MAR 2007, THE COMPLAINANT ALLEGES THAT HILL INTERNATIONAL HAS OVERBILLED THE U.S. DEPARTMENT OF ENERGY (DOE) FOR TRAVEL RESERVATIONS ARRANGED THROUGH WORLD TRAVEL INC.

IN A TELEPHONE CONFERENCE ON BETWEEN (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) SPECIAL AGENT (SA) (b)(6)(b)(7)(C) AND SA (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) DOE, OFFICE OF INSPECTOR GENERAL (OIG) IN WHICH (b)(6)(b)(7)(C) THAT HILL INTERNATIONAL, INC. MAY HAVE OVERBILLED DOE FOR TRAVEL EXPENSES. (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) REGION 6 RECEIVED INFORMATION ABOUT THIS ISSUE IN COMPLAINT FORM, PREDICATION P07HL141, FROM THE OIG HOTLINE ON 9-FEB-2007. (b)(6)(b)(7)(C) BELIEVES THAT REGION 2 WOULD HAVE MORE INVESTIGATIVE INTEREST IN THIS MATTER THAN REGION 6 SINCE HILL INTERNATIONAL LISTS THE SAVANNAH RIVER SITE AS THEIR LARGEST CONTRACT WITH DOE.

INVESTIGATIVE RESULTS:

FBI NOTIFICATION: ON 09 MAR 2007, THE OIG MADE OPENING NOTIFICATION TO THE FBI, COLUMBIA, SC, VIA FAX.

OFFICE OF CONTRACTS MANAGEMENT, DOE-SAVANNAH RIVER OPERATIONS ADVISED THE OIG THAT DOE SELECTED LOGISTICS MANAGEMENT INSTITUTE (LMI) THROUGH GENERAL SERVICE;S ADMINISTRATION (GSA) MANAGEMENT, ORGANIZATIONAL AND BUSINESS IMPROVEMENT SERVICES (MOBIS) SCHEDULE PROCEDURES ON 9/22/00, TASK ORDER NO. DE-AT09-00SR22191. LMI WAS TO PROVIDE DOE WITH OVERSIGHT MANAGEMENT AT SRS. LMI SUBCONTRACTED THIS CONTRACT TO HILL INTERNATIONAL. DOES CONTRACT WITH LMI WAS TERMINATED FOR THE CONVENIENCE OF THE GOVERNMENT ON 4/29/04. DOE PAID LMI \$1,538,467 DURING THIS CONTRACT. THIS AMOUNT INCLUDED TRAVEL EXPENSES.

OFFICE OF CONTRACT MANAGEMENT (OCM), DOE-SAVANNAH RIVER OPERATIONS ADVISED THAT LMIS TASK ORDER NO. DE-AT09-00SR22191 INCLUDED A REFERENCE TO FAR 52.232-7, PAYMENTS UNDER TIME-AND-MATERIALS AND LABOR-HOUR CONTRACTS. OCM ADVISED FAR 52.232.-7 REQUIRED LMI AND LMIS SUBCONTRACTOR HILL INTERNATIONAL TO GIVE CREDIT TO THE GOVERNMENT FOR CASH AND TRADE DISCOUNTS, REBATES, SCRAP, AND COMMISSIONS.

THE OIG DID NOT IDENTIFY ANY EVIDENCE OF REBATE FRAUD DURING A REVIEW OF HILL INTERNATIONALS TRAVEL RECEIPTS. DOE REIMBURSED LMI FOR TRAVEL EXPENSES INCURRED WHEN HILL INTERNATIONALS TWO CONTRACTOR EMPLOYEES TRAVELED TO AND FROM THEIR

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:20 PM

Page 2

PERMANENT PLACE OF RESIDENCY. THESE EXPENSES INCLUDED A MINIMAL AMOUNT OF AIR TRAVEL AND LODGING EXPENSES. NONE OF THE TRAVEL DOCUMENTS ATTACHED TO THESE INVOICES LISTED A TRAVEL AGENCY.

THE OIG RECEIVED A COPY OF LMIS SUBCONTRACT WITH HILL FROM (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) LMI. (b)(6)(b)(7)(C) THAT THIS SUBCONTRACT CONTAINED A REFERENCE TO FAR CLAUSE 52.232-7, PAYMENTS UNDER TIME-AND-MATERIALS AND LABOR-HOUR CONTRACTS.

THE OIG REQUESTED DCAA PROVIDE HILL INTERNATIONAL INCURRED COST AUDITS FROM 2000 TO 2004.

DCAA ADVISED THE OIG THAT THEY COULD NOT PROVIDE THE REQUESTED AUDITS TO THE OIG SINCE THEY WERE PROPERTY OF THE DEPARTMENT OF TRANSPORTATION AND THE NATIONAL INSTITUTE OF HEALTH.

THE OIG REQUESTED THAT THE DEPARTMENT OF TRANSPORTATION PROVIDE THE OIG WITH HILL INTERNATIONAL INCURRED COST AUDITS FROM 2000 TO 2004.

THE OIG REQUESTED DEPARTMENT OF TRANSPORTATION AND NATIONAL INSTITUTE OF HEALTH PROVIDE HILL INTERNATIONAL INCURRED COST AUDITS FROM 2000 TO 2004 TO THE OIG.

NIH CONTRACTING OFFICE PROVIDED THE OIG WITH A COPY OF HILL INTERNATIONALS INCURRED COST AUDIT FOR FY 2003 AND FY 2004. NIH CONTRACTING OFFICE REVIEWED THIS AUDIT AND DID NOT IDENTIFY ANY FINDINGS WHERE HILL INTERNATIONAL WAS OVERBILLING THE GOVERNMENT FOR TRAVEL EXPENSES.

THE OIG COMPLETED A DOCUMENT REVIEW OF NIHS AUDIT OF HILL INTERNATIONALS INCURRED COSTS FOR FY 2003 AND 2004. THE OIG DID NOT IDENTIFY ANY INSTANCES OF OVER BILLING, REBATE FRAUD, OR INAPPROPRIATE CHARGING OF THE GOVERNMENT IN REGARDS TO TRAVEL EXPENSES. THE OIG DID NOT DEVELOP ANY ADDITIONAL INVESTIGATIVE LEADS FROM THE REVIEW OF THIS DOCUMENT AND DID NOT SUBSTANTIATE THAT HILL INTERNATIONAL HAS OVERBILLED DOE OR COMMITTED REBATE FRAUD.

DISPOSITION:
CASE CLOSED.

Document 14

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:13 PM

Page 1

Case Number: I08HQ008

Summary Date: 25-JUN-08

Title:

(b)(6)(b)(7)(C) MISUSE OF POSITION; FALSE TRAVEL CLAIMS

Executive Brief:

PREDICATION

ON 05-FEB-2008, THE OIG HOTLINE RECEIVED AN ANONYMOUS LETTER FROM "CONCERNED EERE EMPLOYEES." ACCORDING TO THE LETTER, (b)(6)(b)(7)(C)

(b)(6)(b)(7)(C) (EERE), U.S. DEPARTMENT OF ENERGY (DOE) IS MISUSING (b)(6)(b)(7)(C) OFFICIAL POSITION BY

1) ADVERTISING FOR PUBLIC SPEAKING ENGAGEMENTS ON THE WEBSITE ALLAMERICANSPEAKERS.COM;

2) ACCEPTING EXPENSIVE AND LAVISH MEALS FROM PROHIBITED FINANCIAL SOURCES IN NEW YORK AND ELSEWHERE (b)(6)(b)(7)(C) NOTE: COMPLAINANT PROVIDED NO SPECIFIC INFORMATION AS TO THE DATES OR LOCATIONS OF THESE MEALS NOR THE IDENTIFY OF THE PROHIBITED SOURCES]; AND,

3) CONCOCTING OFFICIAL BUSINESS IN ORDER TO PAY FOR (b)(6)(b)(7)(C) ANNUAL TRIPS TO SWEDEN TO VACATION WITH (b)(6)(b)(7)(C) FAMILY IN (b)(6)(b)(7)(C) NATIVE LAND. (b)(6)(b)(7)(C)

ON 06-FEB-08, THIS MATTER WAS COORDINATED WITH THE FEDERAL BUREAU OF INVESTIGATION'S (FBI) PUBLIC CORRUPTION SECTION. THE FBI COORDINATED THIS MATTER WITH A TRIAL ATTORNEY FOR THE U.S. DEPARTMENT OF JUSTICE. THE TRIAL ATTORNEY EXPRESSED NO PROSECUTORIAL INTEREST AT THE PRESENT TIME. AS SUCH, THE FBI DEFERRED FUTURE INVESTIGATIVE ACTIVITY TO THE OIG UNTIL SUCH TIME AS EVIDENCE OF "SIGNIFICANT" CRIMINAL ACTIVITY IS DEVELOPED.

INVESTIGATIVE FINDINGS

ISSUE #1: ADVERTISING FOR PUBLIC SPEAKING ENGAGEMENTS (b)(6)(b)(7)(C)

WHEN INTERVIEWED BY THE OIG, (b)(6)(b)(7)(C) WAS UNAWARE THAT (b)(6)(b)(7)(C) NAME, PICTURE, AND BIOGRAPHICAL INFORMATION WAS POSTED ON THE ALLAMERICANSPEAKERS.COM WEBSITE. (b)(6)(b)(7)(C) DENIED EVER DISCUSSING THE POSTING OF (b)(6)(b)(7)(C) NAME AND BIOGRAPHY ON THE WEBSITE WITH REPRESENTATIVES OF ALLAMERICANSPEAKERS.COM. (b)(6)(b)(7)(C) ALSO DENIED ENTERING INTO ANY AGREEMENT WITH WEBSITE OFFICIALS TO POST (b)(6)(b)(7)(C) NAME AND BIOGRAPHY ON THE WEBSITE. (b)(6)(b)(7)(C) NOT RECEIVED INCOME OF ANY KIND OR ANYTHING ELSE OF VALUE AS A RESULT OF (b)(6)(b)(7)(C) NAME AND BIOGRAPHICAL INFORMATION APPEARING ON THE WEBSITE. (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) (b)(6)(b)(7)(C)

WHEN INTERVIEWED BY THE OIG, (b)(6)(b)(7)(C) ALL AMERICAN SPEAKERS BUREAU (BUREAU), (b)(6)(b)(7)(C) THAT A REVIEW OF BUREAU RECORDS FOUND NO EVIDENCE THAT (b)(6)(b)(7)(C) WAS KNOWLEDGEABLE THAT (b)(6)(b)(7)(C) NAME, PICTURE AND BIOGRAPHICAL INFORMATION WAS POSTED ON THE ALLAMERICANSPEAKERS.COM WEBSITE. (b)(6)(b)(7)(C)

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:13 PM

Page 2

(b)(6)(b)(7)(C) VOLUNTEERED THAT (b)(6)(b)(7)(C) DID NOTHING WRONG OR IMPROPER AND THAT THE BUREAU TAKES FULL RESPONSIBILITY FOR THE POSTING OF (b)(6)(b)(7)(C) NAME, PICTURE, AND BIOGRAPHICAL INFORMATION ON ITS WEBSITE. ACCORDING TO (b)(6)(b)(7)(C) THE BUREAU DOES NOT REQUIRE AN INDIVIDUAL'S PERMISSION TO POST HIS/HER NAME, PICTURE, OR BIOGRAPHICAL INFORMATION ON THE COMPANY'S WEBSITE AS A SPEAKER FOR HIRE. (b)(6)(b)(7)(C) THAT AN UNIDENTIFIED INDIVIDUAL RECOMMENDED THAT (b)(6)(b)(7)(C) BIOGRAPHICAL INFORMATION BE POSTED ON THE WEBSITE AFTER HEARING (b)(6)(b)(7)(C) SPEAK AS EERE (b)(6)(b)(7)(C) AT A 2007 FUNCTION SPONSORED BY THE ASPEN INSTITUTE.

(b)(6)(b)(7)(C) DENIED THAT THE BUREAU ARRANGED, EITHER DIRECTLY OR INDIRECTLY, ANY SPEAKING ENGAGEMENTS ON (b)(6)(b)(7)(C) BEHALF. (b)(6)(b)(7)(C) DENIED THAT THE BUREAU HAS ARRANGED, EITHER DIRECTLY OR INDIRECTLY, FOR (b)(6)(b)(7)(C) TO RECEIVE COMPENSATION FOR ANY SPEAKING ENGAGEMENTS. (b)(6)(b)(7)(C) HAS NO KNOWLEDGE IF ANY INDIVIDUAL OR ORGANIZATION SERVING AS AN "AGENT" OR REPRESENTATIVE FOR (b)(6)(b)(7)(C) GENERALLY OR FOR THE PURPOSE OF ARRANGING OR SCHEDULING SPEAKING ENGAGEMENTS ON (b)(6)(b)(7)(C) BEHALF. (b)(6)(b)(7)(C) THAT THE BUREAU HAD PROVIDED NO TYPE OF COMPENSATION TO (b)(6)(b)(7)(C). (b)(6)(b)(7)(C)

ISSUE #2: GIFTS FROM PROHIBITED SOURCES

WHEN INTERVIEWED BY THE OIG, (b)(6)(b)(7)(C) DENIED EVER ACCEPTING ANYTHING OF VALUE FROM A PROHIBITED SOURCE. (b)(6)(b)(7)(C) DENIED ALLEGATIONS THAT (b)(6)(b)(7)(C) ACCEPTED EXPENSIVE OR LAVISH MEALS FROM PROHIBITED SOURCES TO INCLUDE INDIVIDUALS FROM THE FINANCIAL SECTOR IN NEW YORK AND ELSEWHERE. (b)(6)(b)(7)(C)

(b)(6)(b)(7)(C) ALWAYS PAYS (b)(6)(b)(7)(C) PORTION FOR MEALS AND BEVERAGES WHEN MEETING WITH FRIENDS FROM THE BUSINESS OR FINANCIAL SECTORS DURING NON-OFFICIAL HOURS. (b)(6)(b)(7)(C) ALSO WORKS CLOSELY WITH (b)(6)(b)(7)(C) AND OTHER MEMBERS OF (b)(6)(b)(7)(C) STAFF TO ENSURE THAT (b)(6)(b)(7)(C) IS APPROPRIATELY BILLED FOR AND THAT (b)(6)(b)(7)(C) APPROPRIATELY PAYS FOR (b)(6)(b)(7)(C) PORTION OF ANY OFFICIAL LUNCHES OR DINNERS THAT (b)(6)(b)(7)(C) PARTICIPATES IN WHILE IN TRAVEL STATUS. (b)(6)(b)(7)(C) DENIED ALLEGATIONS THAT (b)(6)(b)(7)(C) AND/OR MEMBERS OF (b)(6)(b)(7)(C) STAFF MODIFIED INITIAL TRAVEL VOUCHERS IN AN ATTEMPT TO CONCEAL MEALS OR ANYTHING ELSE OF VALUE FROM PROHIBITED SOURCES. (b)(6)(b)(7)(C) (b)(6)(b)(7)(C)

(b)(6)(b)(7)(C) NOTE: NO ADDITIONAL INVESTIGATIVE ACTIVITY IS PLANNED RELATING TO THIS ALLEGATION AS COMPLAINANT PROVIDED NO SPECIFIC INFORMATION AS TO THE DATES OR LOCATIONS OF THESE MEALS NOR THE IDENTIFY OF THE PROHIBITED SOURCES];

ISSUE #3: FALSE TRAVEL CLAIMS

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:13 PM

Page 3

(b)(6)(b)(7)(C) HAS TRAVELED TO SWEDEN ON TWO OCCASIONS SINCE (b)(6)(b)(7)(C) CONFIRMATION AS EERE (b)(6)(b)(7)(C) IN MARCH 2006. THE FIRST TRIP OCCURRED FROM JUNE 27, 2006, TO JULY 8, 2006. THE PURPOSE OF THE TRIP WAS TO ATTEND A RECIPROCAL CLEAN ENERGY TECHNOLOGY/POLICY FORUM. THE TOTAL COST OF THE TRIP WAS \$1,557.63. WHILE IN SWEDEN, (b)(6)(b)(7)(C) TOOK 4 DAYS OF ANNUAL LEAVE AND ONE DAY HOLIDAY LEAVE. (b)(6)(b)(7)(C) WAS ALSO IN SWEDEN OVER A WEEKEND. EERE'S (b)(6)(b)(7)(C) REVIEWED (b)(6)(b)(7)(C) AUTHORIZATION AND VOUCHER. (b)(6)(b)(7)(C) THE DOE'S GOLDEN FIELD OFFICE AND EERE'S (b)(6)(b)(7)(C) APPROVED (b)(6)(b)(7)(C) TRAVEL (b)(6)(b)(7)(C) AUTHORIZATION AND VOUCHER RESPECTIVELY.

(b)(6)(b)(7)(C) (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) (b)(6)(b)(7)(C)
DURING THE SECOND TRIP, (b)(6)(b)(7)(C) TRAVELED (BUSINESS CLASS) TO COPENHAGEN, DENMARK ON MONDAY, JUNE 25, 2007, AT WHICH TIME (b)(6)(b)(7)(C) TRAVELED (ECONOMY CLASS) TO SWEDEN ON (b)(6)(b)(7)(C) WEDNESDAY, JUNE 27, 2007. (b)(6)(b)(7)(C) STAYED IN SWEDEN UNTIL SUNDAY, JULY 1, 2007. (b)(6)(b)(7)(C) THEN TRAVELED (ECONOMY CLASS) TO ASPEN, COLORADO FROM SUNDAY, JULY 1, 2007, TO THURSDAY, JULY 5, 2007, AT WHICH TIME (b)(6)(b)(7)(C) RETURNED (ECONOMY CLASS) TO (b)(6)(b)(7)(C) RESIDENCE IN ALEXANDRIA, VIRGINIA. THE PURPOSE OF THE TRIPS WAS TO 1) VISIT WITH EXECUTIVES OF NOVOZYMES; 2) MEET WITH HIGH LEVEL GOVERNMENT MINISTERS TO EXCHANGE INFORMATION ON US-DENMARK ENERGY ACTIVITIES IN DENMARK; 3) MEET WITH HIGH-LEVEL GOVERNMENT OFFICIALS INCLUDING THE SWEDISH PRIME MINISTER AND MEMBERS OF SWEDEN'S COMMITTEE FOR US-SWEDEN SCIENCE AND TECHNOLOGY COOPERATION; 4) SPEAK AT THE ASPEN IDEAS FESTIVAL; AND, 5) MEET WITH A LARGE GROUP OF EXECUTIVES AT NREL. THE TOTAL COST OF THESE TRIPS WAS \$9,623.11. EERE'S (b)(6)(b)(7)(C) REVIEWED (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) TRAVEL AUTHORIZATION AND VOUCHER. EERE'S (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) APPROVED (b)(6)(b)(7)(C) AUTHORIZATION AND VOUCHER.

WHEN INTERVIEWED BY THE OIG, (b)(6)(b)(7)(C) DENIED ALLEGATIONS THAT (b)(6)(b)(7)(C) CONCOCTED OFFICIAL BUSINESS IN ORDER TO FINANCE ANNUAL TRIPS TO SWEDEN FOR A FAMILY VACATION. (b)(6)(b)(7)(C) DENIED THAT (b)(6)(b)(7)(C) TRIPS TO SWEDEN WERE EXCLUSIVELY OR PREDOMINATELY DRIVEN BY (b)(6)(b)(7)(C) FAMILY'S PERSONAL VACATION SCHEDULE. (b)(6)(b)(7)(C) THE TIMING OF THE TRIPS HAD MORE TO DO WITH THE AVAILABILITY OF (b)(6)(b)(7)(C) COUNTERPARTS IN SWEDEN AS WELL AS THAT OF THE U.S. AMBASSADOR TO SWEDEN. (b)(6)(b)(7)(C) THAT THE TIMING OF (b)(6)(b)(7)(C) TRIPS WAS DEPENDENT ON THE STATUS OF AGREEMENT NEGOTIATIONS BETWEEN THE MEMBERS OF (b)(6)(b)(7)(C) STAFF AND THEIR SWEDISH COUNTERPARTS (b)(6)(b)(7)(C)

THE OIG COORDINATED THE FACTS AND CIRCUMSTANCES SURROUNDING (b)(6)(b)(7)(C) TRIPS TO SWEDEN WITH (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) OFFICE OF THE CHIEF FINANCIAL OFFICER, DOE, GERMANTOWN, MD. ACCORDING TO (b)(6)(b)(7)(C) DOE MANUAL 552.1-1A, "U.S. DEPARTMENT OF ENERGY TRAVEL MANUAL," ADVISES THAT LEAVE BEFORE AND AFTER TDY ASSIGNMENTS ARE PERMISSIBLE PROVIDED NO PER DIEM IS CHARGED. (b)(6)(b)(7)(C) THAT THE RATIO OF DAYS WORKED TO

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:13 PM

Page 4

LEAVE DAYS HAS BEEN ABOLISHED. ALSO ACCORDING TO (b)(6)(b)(7)(C) DOE ORDER 552.1, "TRAVEL POLICY AND PROCEDURES" PERMITS HEADS OF DEPARTMENTAL ELEMENTS, TO APPROVE THEIR OWN TRAVEL OR DELEGATE THIS REPSONSIBILITY TO THEIR SUBORDINATES. (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) USE OF BUSINESS CLASS TO TRAVEL THE 8 HOURS FROM VIRGINIA TO DENMARK WAS APPROVED BY THE DOE'S (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) AS NO ECONOMY SEATS WERE AVAILABLE. (b)(6)(b)(7)(C) THAT THE REQUEST AND APPROVAL FOR (b)(6)(b)(7)(C) USE OF BUSINESS CLASS WAS IN ACCORDANCE WITH THE FEDERAL TRAVEL RULES AND REGULATIONS GOVERNING PREMIUM TRAVEL.

DISPOSITION

CASE CLOSED AS ALL REASONABLE INVESTIGATIVE STEPS HAVE BEEN TAKEN AND FURTHER EXPENDITURE OF RESOURCES IS NOT WARRANTED.

Document 15

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:14 PM

Page 1

Case Number: I08HQ014

Summary Date: 11-AUG-08

Title:

(b)(6)(b)(7)(C) MISUSE OF GOVT TRAVEL MONIES

Executive Brief:

PREDICATION:

IN A LETTER TO SENATOR BYRON DORGAN (D-ND) AND CONGRESSMAN JOHN DINGELL (D-MI), AN ANONYMOUS SOURCE ALLEGED THAT:

- (b)(6)(b)(7)(C)
- (b)(6)(b)(7)(C) (EE), IMPROPERLY BILLED THE DOE FOR A VACATION TO SWEDEN ON OR ABOUT JULY 7, 2008;
- (b)(6)(b)(7)(C) STAFF PARTICIPATE IN "QUESTIONABLE" FOREIGN TRAVEL; AND,
- (b)(6)(b)(7)(C) STAFF WERE INVOLVED IN A NUMBER OF POLITICAL ACTIVITIES IN 2006.

THE INSPECTOR GENERAL, AS WELL AS THE WASHINGTON POST AND WASHINGTON TIMES, WERE CARBON COPIED ON THE ANONYMOUS LETTER. IN COORDINATION WITH OIG SENIOR MANAGEMENT, THE CASE IS FOCUSING ONLY ON THE ALLEGATION THAT (b)(6)(b)(7)(C) MAY HAVE IMPROPERLY BILLED THE DOE FOR A SWEDISH VACATION.

ON JULY 31, 2008, THE OIG HOTLINE RECEIVED AN ANONYMOUS LETTER CONCERNING POTENTIAL MISUSE OF GOVERNMENT TRAVEL MONIES BY (b)(6)(b)(7)(C) SPECIFICALLY, (b)(6)(b)(7)(C) IS ALLEGED TO HAVE VIOLATED THE FLY AMERICA ACT AND IS FURTHER ALLEGED TO HAVE SUBMITTED FALSE TRAVEL CLAIMS FOR PURPOSES OF USING GOVERNMENT AIRFARE RATES FOR PERSONAL TRAVEL, CONDUCTING PERSONAL BUSINESS AT GOVERNMENT EXPENSE, AND, USING NON-CONTRACT CARRIERS FOR PERSONAL UNITED AIRLINE MILES. THIS ALLEGATION WAS INCORPORATED INTO THE ONGOING CASE. [REFERENCE OIG CASE NO. I08ZZ091]

INVESTIGATIVE FINDINGS

A REVIEW OF DOCUMENTATION PROVIDED BY THE DOE'S OFFICE OF GENERAL COUNSEL AND OFFICE OF THE CHIEF FINANCIAL OFFICER (CFO) REVEALED THAT (b)(6)(b)(7)(C) TRAVELED TO SWEDEN FROM JUNE 28, 2008, TO JULY 10, 2008. THE PURPOSE OF THE TRIP WAS FOR (b)(6)(b)(7)(C) TO PARTICIPATE IN A VARIETY OF MEETINGS, EVENTS, AND SITE VISITS THAT WILL INFORM AND LEVERAGE SHARED KNOWLEDGE OF U.S.-SWEDISH COLLABORATIONS IN RESEARCH AND POLICY INNOVATIONS, IMPACTS ON CLIMATE CHANGE AND RESILIENCE, INNOVATIVE RENEWABLE ENERGY TECHNOLOGIES, AND RENEWABLE RESOURCES AND BIO-ENERGY CHALLENGES, AMONG OTHER TOPICS.

(b)(6)(b)(7)(C)
ACCORDING TO (b)(6)(b)(7)(C) ITINERARY (AS RECENT AS JUNE 20, 2008), (b)(6)(b)(7)(C) HAD OFFICIAL BUSINESS SCHEDULED IN SWEDEN FOR ON MONDAY, JUNE 30TH; TUESDAY, JULY 1ST; THURSDAY JULY 3RD, FRIDAY, JULY 4TH, AND, MONDAY, JULY 7TH. WHILE IN SWEDEN, (b)(6)(b)(7)(C) WAS ON LEAVE WEDNESDAY, JULY 2ND; THE WEEKEND OF JULY 5TH AND JULY 6TH; TUESDAY, JULY 8TH; AND, WEDNESDAY, JULY 9, 2008. (b)(6)(b)(7)(C) WAS AUTHORIZED LEAVE ACCORDING TO

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 14, 2012 4:14 PM

Page 2

(b)(6)
(b)(7)
(C) TRAVEL AUTHORIZATION.

IN AN E-MAIL DATED MAY 29, 2008, (b)(6)(b)(7)(C)
OGC, DOE, (b)(6)(b)(7)(C) THAT IN COORDINATION WITH (b)(6)(b)(7)(C) DOE (b)(6)(b)(7)(C)
(b)(6)(b)(7)(C) "GC BELIEVES THAT YOU SHOULD BE PAYING FOR YOUR OWN AIRFARE TO AND FROM
SWEDEN." IN (b)(6)(b)(7)(C) E-MAIL, (b)(6)(b)(7)(C)
"COULD CLAIM PER DIEM FOR THE FEW DAYS IN WHICH YOU ARE DOING OFFICIAL ACTIVITIES."
(b)(6)(b)(7)(C)

IN AN E-MAIL TO (b)(6)(b)(7)(C) DATED JUNE 25, 2008, (b)(6)(b)(7)(C) REITERATED THAT DOE "MAY
PAY FOR YOUR PER DIEM AND HOTEL FOR THE DAYS IN WHICH YOU ARE CONDUCTING OFFICIAL
BUSINESS." (b)(6)(b)(7)(C) ALSO REMINDED (b)(6)(b)(7)(C) "MUST PERSONALLY PAY THE COST OF
THE ROUNDTRIP AIRFARE BETWEEN WASHINGTON, D.C. AND STOCKHOLM, SWEDEN."

ON JULY 29, 2008, (b)(6)(b)(7)(C) EE (b)(6)(b)(7)(C) CREATED
(b)(6)(b)(7)(C) INITIAL TRAVEL VOUCHER FOR THE SWEDEN TRIP. THE VOUCHER IS AWAITING
(b)(6)(b)(7)(C) SIGNATURE AND OTHERS' APPROVAL.

FUTURE INEVSTIGATIVE STEPS:

- OBTAIN AND REVIEW (b)(6)(b)(7)(C) SIGNED TRAVEL VOUCHER FOR THE SWEDEN TRIP
- INTERVIEW (b)(6)(b)(7)(C)

Document 16

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:20 PM

Page 1

Case Number: I08RL006

Summary Date: 01-APR-09

Title:

(b)(6)(b)(7)(C) TRAVEL FRAUD; BPA

Executive Brief:

PREDICATION:

ON 25-MAR-08, (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) BONNEVILLE POWER ADMINISTRATION, NOTIFIED THE OIG VIA E-MAIL OF ALLEGATIONS (b)(6)(b)(7)(C) HAD RECEIVED BY TELEPHONE, INDICATING THAT BPA EMPLOYEE (b)(6)(b)(7)(C) (NO FURTHER IDENTIFYING INFORMATION) MIGHT HAVE BEEN, AND MAY STILL BE, INVOLVED IN A CONSPIRACY TO DEFRAUD THE BPA RELATING TO TRAVEL CLAIMS.

INVESTIGATIVE FINDINGS:

PRELIMINARY INVESTIGATION INDICATED THAT (b)(6)(b)(7)(C) INCURRED OVER \$80K IN TRAVEL COSTS (PER DIEM, ETC.) SINCE BEING HIRED IN 2002. AUTOTRACK XP INQUIRIES DID REVEAL NUMEROUS DIFFERENT ADDRESSES BEING REPORTED TO VARIOUS CREDIT REPORTING AGENCIES.

(b)(6)(b)(7)(C) WAS INTERVIEWED BY THE OIG AND THE PORTLAND FBI IN JUNE 2008 AND DENIED ANY WRONGDOING; HOWEVER, (b)(6)(b)(7)(C) REFUSED TO PROVIDE A SWORN STATEMENT OR CONSENT TO REVIEW FINANCIAL RECORDS. (b)(6)(b)(7)(C)

INVESTIGATIVE EFFORTS FOCUSED ON TWO INVESTIGATIVE THEORIES: 1) THAT (b)(6)(b)(7)(C) CLAIMED AN "RV (RECREATIONAL VEHICLE) RATE" WHILE ON TRAVEL, BUT INSTEAD STAYED WITH (b)(6)(b)(7)(C) WITHOUT INCURRING ANY EXPENSES; AND/OR 2) THAT (b)(6)(b)(7)(C) NEVER MAINTAINED A PERMANENT RESIDENCE AND MAY NOT HAVE BEEN ELIGIBLE FOR ANY PER DIEM WHILE ON TRAVEL.

(b)(6)(b)(7)(C) AT THE BREMERTON (WASHINGTON) NAVAL SHIPYARD (PRIOR TO (b)(6)(b)(7)(C) EMPLOYMENT AT BPA) WAS INTERVIEWED BY THE OIG IN NOVEMBER 2008 AND INDICATED THAT (b)(6)(b)(7)(C) HAD ASKED TO USE (b)(6)(b)(7)(C) ADDRESS AS A MAILING ADDRESS AT ONE POINT, BUT THAT (b)(6)(b)(7)(C) HAD NO KNOWLEDGE OF (b)(6)(b)(7)(C) DOING ANYTHING IMPROPER.

(b)(6)(b)(7)(C) ON 30-JAN-09, THE OIG COORDINATED WITH (b)(6)(b)(7)(C) BPA (b)(6)(b)(7)(C) WHO CLARIFIED THAT (b)(6)(b)(7)(C) WOULD HAVE BEEN ENTITLED TO PER DIEM REGARDLESS OF WHETHER OR NOT (b)(6)(b)(7)(C) HAD MAINTAINED A PERMANENT RESIDENCE (THIS CONTRADICTED INITIAL INFORMATION RECEIVED BY THE OIG). (b)(6)(b)(7)(C) IF (b)(6)(b)(7)(C) NEVER MAINTAINED A PERMANENT RESIDENCE, (b)(6)(b)(7)(C) WOULD MERELY HAVE HAD TO PAY TAX ON THE PER DIEM (b)(6)(b)(7)(C) RECEIVED. IF (b)(6)(b)(7)(C) DID NOT MAINTAIN A PERMANENT RESIDENCE AND DID NOT PAY TAX ON IT, THIS WOULD STILL NOT RESULT IN A LOSS TO DOE/BPA. (b)(6)(b)(7)(C) EXPLAINED THE INTERNAL REVENUE SERVICE/DEPARTMENT OF TREASURY WOULD BE THE VICTIM AND THEIR "LOSS" WOULD ONLY BE THE AMOUNT OF TAX (b)(6)(b)(7)(C) SHOULD HAVE PAID ON THE PER DIEM (b)(6)(b)(7)(C) RECEIVED WHILE NOT MAINTAINING A PERMANENT RESIDENCE.

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

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

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:20 PM

Page 2

ON 9-MAR-09, THIS MATTER WAS REFERRED TO THE PORTLAND DIVISION OF THE INTERNAL REVENUE SERVICE - CRIMINAL INVESTIGATION DIVISION (IRS-CID), WHICH INDICATED THE MATTER WOULD LIKELY BE REFERRED TO THEIR CIVIL DIVISION FOR AN AUDIT IN WHICH PROOF OF PERMANENT RESIDENCE COULD BE SOUGHT/DEMANDED FROM (b)(6)(b)(7)(C)

DISPOSITION:

THIS CASE IS CLOSED AS ALL PRUDENT INVESTIGATIVE STEPS HAVE BEEN TAKEN. THIS MATTER HAS BEEN REFERRED TO THE IRS-CID, WHICH MAY AUDIT (b)(6)(b)(7)(C) AND CAN DEMAND PROOF OF (b)(6)(b)(7)(C) PERMANENT RESIDENCE AND/OR INVOKE PAYMENT OF APPLICABLE BACK INCOME TAX.

Document 17

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:21 PM

Page 1

Case Number: I08SR005

Summary Date: 24-JUL-09

Title:

(b)(6)(b)(7)(C) BYPASSING TSA SECURITY ON GOVT TRAVEL;SRS

Executive Brief:

PREDICATION

ON DECEMBER 7, 2007, THE OIG PROACTIVELY DEVELOPED AN INVESTIGATION INVOLVING (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) A CONTRACTOR EMPLOYEE AT THE DEPARTMENT'S SAVANNAH RIVER NATIONAL LABORATORY (SRNL) CARRYING A FIREARM ON BOARD A COMMERCIAL AIRCRAFT WHILE ON OFFICIAL GOVERNMENT TRAVEL. IT APPEARS THAT (b)(6)(b)(7)(C) USED (b)(6)(b)(7)(C) POSITION WITH THE COLUMBIA COUNTY SHERIFFS OFFICE (CCSO) TO BOARD THE AIRCRAFT WITH A FIREARM. THE OIG INVESTIGATION WILL ATTEMPT TO DETERMINE WHETHER (b)(6)(b)(7)(C) VIOLATED TSA REGULATIONS WHEN (b)(6)(b)(7)(C) CARRIED A FIREARM ABOARD A COMMERCIAL AIRCRAFT WHILE TRAVELING ON BEHALF OF THE GOVERNMENT. (b)(6)(b)(7)(C)

(b)(6)(b)(7)(C)
RESULTS OF INVESTIGATION

LAW ENFORCEMENT NOTIFICATION(S) AND USAO COORDINATION:

FBI NOTIFICATION: ON DECEMBER 7, 2007, THE OIG PROVIDED THE FBI COLUMBIA DIVISION WITH A CASE OPENING MEMORANDUM AND OIG COMPLAINT FORM RELATING TO THIS INVESTIGATION.

BECAUSE OF THE ALLEGED TSA VIOLATIONS COMMITTED BY (b)(6)(b)(7)(C) THE OIG COORDINATED INVESTIGATIVE FINDINGS WITH THE U.S. DEPARTMENT OF HOMELAND SECURITY (DHS), OIG, RESULTING IN DHS-OIG OPENING AN INVESTIGATION ON THIS MATTER.

OIG INTERVIEWS:

(b)(6)(b)(7)(C) TSA, SAID THAT TSA REGULATIONS STATE THAT ONLY FULL TIME STATE, LOCAL AND MUNICIPAL LAW ENFORCEMENT OFFICERS, WHO HAVE RECEIVED APPROPRIATE TSA FLYING ARMED TRAINING, MAY CARRY A FIREARM ONBOARD A COMMERCIAL AIRCRAFT. THE STATE, LOCAL, OR MUNICIPAL LAW ENFORCEMENT OFFICER MUST ALSO HAVE AN ORIGINALLY SIGNED LETTER FROM THEIR CHIEF OR SHERIFF STATING THE SPECIFIC REASON THAT THE LAW ENFORCEMENT OFFICER REQUIRES IMMEDIATE ACCESS TO THEIR WEAPON. (b)(6)(b)(7)(C) ARE NOT PERMITTED TO FLY ARMED, AS THEY ARE NOT CONSIDERED FULL TIME EMPLOYEES OF THE SPONSORING AGENCY.

THE OIG REVIEWED THE TSA ARMED LAW ENFORCEMENT OFFICER (LEO) LOGS BELONGING TO THE AUGUSTA (GEORGIA) REGIONAL AIRPORT, RONALD REAGAN NATIONAL AIRPORT, BALTIMORE WASHINGTON INTERNATIONAL AIRPORT, AND PHOENIX SKY HARBOR INTERNATIONAL AIRPORT. ADDITIONALLY THE OIG REVIEWED (b)(6)(b)(7)(C) WSRC TIME AND ATTENDANCE (T&A) RECORDS AS WELL AS TRAVEL VOUCHERS FROM 2004 TO PRESENT. THE REVIEW OF THESE RECORDS REVEALED THAT ON 26 SEPARATE OCCASIONS, (b)(6)(b)(7)(C) CHARGED (b)(6)(b)(7)(C) SALARY TO THE

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:21 PM

Page 2

DEPARTMENT OR TO WORK FOR OTHERS PROGRAMS, WHILE INDICATING IN THE TSA LEO LOGS THAT (b)(6)(b)(7)(C) WAS TRAVELING ON OFFICIAL BUSINESS FOR CCSO.

(b)(6)(b)(7)(C) CCSO, (b)(6)(b)(7)(C) THE (b)(6)(b)(7)(C) AUTHORIZED (b)(6)(b)(7)(C) TO FLY ARMED. (b)(6)(b)(7)(C) WAS NOT AWARE THAT TSA REGULATIONS AUTHORIZE ONLY FULL TIME EMPLOYEES OF (b)(6)(b)(7)(C) AGENCY TO FLY ARMED THAT HAVE A NEED TO HAVE IMMEDIATE ACCESS TO THEIR WEAPON. (b)(6)(b)(7)(C) ISSUED (b)(6)(b)(7)(C) LETTERS ALLOWING (b)(6)(b)(7)(C) TO FLY ARMED. (b)(6)(b)(7)(C) WOULD NO LONGER PERMIT (b)(6)(b)(7)(C) RESERVE DEPUTIES TO FLY ARMED.

(b)(6)(b)(7)(C) IS A (b)(6)(b)(7)(C) FOR CCSO. (b)(6)(b)(7)(C) WAS NOT AWARE THAT TSA REGULATIONS ONLY ALLOWED FULL TIME STATE, LOCAL AND MUNICIPAL EMPLOYEES TO FLY ARMED. (b)(6)(b)(7)(C) ISSUED THE (b)(6)(b)(7)(C) AUTHORIZATION TO FLY ARMED LETTERS WHICH (b)(6)(b)(7)(C) BELIEVED GAVE (b)(6)(b)(7)(C) THE AUTHORITY TO TRAVEL ARMED.

THE DOE (b)(6)(b)(7)(C) SRNL AND THE (b)(6)(b)(7)(C) SRNL (b)(6)(b)(7)(C) THAT IT WAS NOT APPROPRIATE FOR (b)(6)(b)(7)(C) TO CARRY A FIREARM DURING THE PERFORMANCE OF (b)(6)(b)(7)(C) SRNL DUTIES. BOTH ADDED THAT (b)(6)(b)(7)(C) DOES NOT HAVE THE AUTHORITY TO CARRY A FIREARM ON BOARD A COMMERCIAL AIRLINE WHILE ON OFFICIAL TRAVEL FOR SRNL OR OTHER FEDERAL AGENCIES THROUGH THE WORK FOR OTHERS (WFO) PROGRAMS. SRNL EMPLOYEES MUST FOLLOW SRNL POLICIES AND PROCEDURES WHEN PERFORMING WORK THROUGH WFO PROGRAMS FOR OTHER FEDERAL AGENCIES.

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

(b)(6)(b)(7)(C) SRNL, (b)(6)(b)(7)(C) WAS AWARE THAT (b)(6)(b)(7)(C) SERVES AS A (b)(6)(b)(7)(C) THE CCSO ON PERSONAL TIME. PRIOR TO THE OIG INTERVIEW, SOMEONE CONTACTED (b)(6)(b)(7)(C) REGARDING THE POSSIBILITY THAT (b)(6)(b)(7)(C) WAS FLYING ARMED WHILE ON OFFICIAL SRNL TRAVEL. (b)(6)(b)(7)(C) INVESTIGATION TO DETERMINE WHETHER (b)(6)(b)(7)(C) FLEW ARMED WHILE ON OFFICIAL SRNL TRAVEL. DURING THE COURSE OF (b)(6)(b)(7)(C) INVESTIGATION, (b)(6)(b)(7)(C) PROVIDED (b)(6)(b)(7)(C) WITH A LETTER FROM CCSO INDICATING THAT ON THE DATE LISTED IN THE LETTER, (b)(6)(b)(7)(C) FLEW ARMED ON OFFICIAL BUSINESS FOR CCSO. (b)(6)(b)(7)(C) FOUND THAT (b)(6)(b)(7)(C) WAS ON PERSONAL TIME ON THE DATE INDICATED IN THE LETTER. SRNL DOES NOT ALLOW (b)(6)(b)(7)(C) TO CARRY A FIREARM DURING THE PERFORMANCE OF (b)(6)(b)(7)(C) SRNL DUTIES. (b)(6)(b)(7)(C) WAS NOT AWARE THAT (b)(6)(b)(7)(C) FLEW ARMED ON COMMERCIAL AIRLINE FLIGHTS WHILE ON OFFICIAL SRNL TRAVEL.

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

AUSA CHARLIE BOURNE, USAO, SOUTHERN DISTRICT OF GEORGIA SAID THAT HIS OFFICE WAS NOT INTERESTED IN PROSECUTING THIS MATTER BECAUSE (b)(6)(b)(7)(C) AUTHORIZED (b)(6)(b)(7)(C) TO FLY ARMED.

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:21 PM

Page 3

DHS-OIG ADVISED THAT THEIR OFFICE ISSUED A REPORT OF INVESTIGATION TO THE ASSISTANT ADMINISTRATOR FOR THE TSA OFFICE OF INSPECTION. THE DHS-OIG REPORT OF INVESTIGATION STATES THAT THEIR OFFICE WAS CLOSING THEIR INVESTIGATION INTO THIS MATTER BECAUSE THE INVESTIGATION DID NOT REVEAL ANY FALSE STATEMENTS OR OTHER CRIMINAL ACTIVITY BY (b)(6)(b)(7)(C) OR OTHERS.

STAT ON JANUARY 28, 2009, THE OIG ISSUED AN IRM TO THE MANAGER OF THE SAVANNAH RIVER OPERATIONS OFFICE SUMMARIZING THIS INVESTIGATION AND MAKING TWO RECOMMENDATIONS FOR CORRECTIVE ACTION. 1) DETERMINE WHETHER DISCIPLINARY ACTIONS ARE WARRANTED AGAINST (b)(6)(b)(7)(C) FOR FLYING ARMED WHILE REPRESENTING THE DEPARTMENT ON OFFICIAL GOVERNMENT TRAVEL; AND, 2) DETERMINE WHETHER THE PERSONNEL SECURITY DIVISION SHOULD BE MADE AWARE OF (b)(6)(b)(7)(C) USE OF (b)(6)(b)(7)(C) STATE LAW ENFORCEMENT STATUS TO FLY ARMED ON DEPARTMENT ASSIGNMENT.

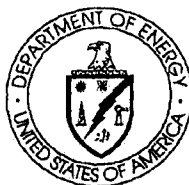
STAT ON JULY 10, 2009, THE MANAGER OF THE SAVANNAH RIVER OPERATIONS OFFICE ISSUED A RESPONSE TO THE IRM, COMPLYING WITH BOTH RECOMMENDATIONS. FOR RECOMMENDATION NO. 1, THE MANAGER RESPONDED THAT THE DEPARTMENT CANNOT TAKE DISCIPLINARY ACTIONS AGAINST A CONTRACTOR EMPLOYEE; HOWEVER, THE MATTER WAS REFERRED TO (b)(6)(b)(7)(C) EMPLOYER WHO ISSUED (b)(6)(b)(7)(C) AN 'INFORMATIVE RECORD' NOTIFYING (b)(6)(b)(7)(C) OF COMPANY POLICY RELATING TO GOVERNMENT TRAVEL. FOR RECOMMENDATION NO. 2, THE MANAGER RESPONDED THAT (b)(6)(b)(7)(C) MANAGEMENT NOTIFIED THE SAVANNAH RIVER SITE'S PERSONNEL SECURITY OFFICE ABOUT THE OIG INVESTIGATIVE FINDINGS CONTAINED IN THE IRM.

PLANNED ACTIVITIES

-CLOSE CASE

DISPOSITION

Office of Inspector General
Office of Investigations
Case No. I08SR005



INVESTIGATIVE REPORT TO MANAGEMENT

January 28, 2009

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U.S. Department of Energy
Office of Inspector General
Office of Investigations

January 28, 2009

MEMORANDUM FOR THE MANAGER, SAVANNAH RIVER OPERATIONS OFFICE

FROM:

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

Region 2 Investigations
Savannah River Investigations

SUBJECT:

Contractor Employee Flying Armed on Department Assignment in
Violation of Transportation Security Administration Regulations
(OIG Case Number I08SR005)

This report serves to inform you of the results of a joint investigation by the U.S. Department of Energy (Department), Office of Inspector General (OIG), and the U.S. Department of Homeland Security, OIG. The investigation involved potential violations of Transportation Security Administration (TSA) regulations by (b)(6), (b)(7)(C)

(b)(6), (b)(7)(C) Savannah River Nuclear Solutions, Savannah River National Laboratory (SRNL), for flying armed on commercial airline flights while on official Department travel.

Our investigation determined that on 26 occasions between 2004 and 2007, (b)(6), (b)(7)(C) flew armed on commercial airline flights while traveling on official Department and Work for Others (WFO) assignments. (b)(6), (b)(7)(C) was able to fly armed on Department assignments because the (b)(6), (b)(7)(C) Columbia County, Georgia, provided (b)(6), (b)(7)(C) with letters stating (b)(6), (b)(7)(C) was a Columbia County (b)(6), (b)(7)(C) on official business. (b)(6), (b)(7)(C) was a (b)(6), (b)(7)(C) for Columbia County and believed the (b)(6), (b)(7)(C) authorization allowed (b)(6), (b)(7)(C) to fly armed when actually on Department assignments. (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) (b)(6), (b)(7)(C)

This matter was coordinated with the U.S. Department of Homeland Security, OIG, and the United States Attorney's Office for the Southern District of Georgia. Because the Columbia County (b)(6), (b)(7)(C) authorized (b)(6), (b)(7)(C) to fly armed, the United States Attorney's Office was not interested in prosecuting (b)(6), (b)(7)(C) for violating TSA flying armed regulations. The report includes two recommendations for corrective action.

Please contact me on (803) 725- (b)(6), (b)(7)(C) should you have any questions regarding this matter or Special Agent (b)(6), (b)(7)(C) on (803) 725- (b)(6), (b)(7)(C)

Enclosure

I. ALLEGATION

Based upon an incident of a Department contractor employee at another facility flying armed on commercial flights, the Office of Inspector General reviewed U.S. Department of Homeland Security, Transportation Security Administration (TSA) armed law enforcement officer logs at the Augusta Regional Airport to determine whether Department personnel were flying armed while on official Department travel. This review identified (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) Savannah River Nuclear Solutions, Savannah River National Laboratory (SRNL), was using (b)(6),(b)(7)(C) status as a (b)(6),(b)(7)(C) for the Columbia County Sheriff's Office in Georgia (Columbia County) to carry a firearm on board commercial airlines while on Department assignment. (b)(6),(b)(7)(C)

II. POTENTIAL STATUTORY OR REGULATORY VIOLATION

This joint investigation with the U.S. Department of Homeland Security, OIG, focused on potential violation of Title 49, Code of Federal Regulations, Section 1544.219 (Carriage of Accessible Weapons). This statute states, in part, that armed law enforcement officers (Officer) must meet the following requirements to carry a loaded firearm on board a commercial airline: be a Federal agent or a full time state or local Officer who is a direct employee of the state or local agency; be authorized by their agency to have the weapon; complete the "Flying While Armed" training program; have a need to have the weapon accessible while on board the flight; and, be on official travel requiring that the Officer report to the travel location armed and prepared for duty. Additionally, state and local Officers must have an original letter of authority signed by their employing agency confirming their need to travel armed and detailing the itinerary of the travel while armed.

III. BACKGROUND

(b)(6),(b)(7)(C) routinely performed work for other federal agencies through various Work for Others (WFO) programs at SRNL. These WFO programs are carried out by SRNL through inter-agency agreements funded by and managed by other federal agencies. In addition to working for SRNL, (b)(6),(b)(7)(C) also is a (b)(6),(b)(7)(C) for Columbia County, and as such, is considered a sworn peace officer in the State of Georgia. Columbia County (b)(6),(b)(7)(C) do not receive monetary compensation or other benefits, but are issued a Columbia County law enforcement shield, credential, and firearm.

During the airline ticketing process state law enforcement Officers needing to fly armed are required at check in to present the airline with their state law enforcement credentials and a letter from their agency head detailing the Officer's need to travel armed. After receiving their boarding pass, the Officer then presents their credentials to TSA officials and completes a TSA armed law enforcement officers log detailing the Officer's name, badge number, agency name, and detailed flight information before being allowed to proceed to the boarding gate without undergoing passenger security screening checks.

IV. INVESTIGATIVE FINDINGS

Summary

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

Our investigation determined that on 26 occasions between 2004 and 2007, (b)(6),(b)(7)(C) flew armed on commercial airline flights while traveling on official Department and WFO assignments. (b)(6),(b)(7)(C) was able to fly armed on Department assignments because the Columbia County (b)(6),(b)(7)(C) provided (b)(6),(b)(7)(C) with letters stating (b)(6),(b)(7)(C) was a Columbia County (b)(6),(b)(7)(C) on official business. (b)(6),(b)(7)(C) was a (b)(6),(b)(7)(C) for Columbia County and believed the (b)(6),(b)(7)(C) authorization allowed (b)(6),(b)(7)(C) to fly armed when actually on Department assignments.

Details

Our investigation determined that from 2004 through 2007, (b)(6),(b)(7)(C) flew armed on commercial flights 26 times as a (b)(6),(b)(7)(C) Columbia County (b)(6),(b)(7)(C) while actually on official Department travel. (b)(6),(b)(7)(C) was allowed by the airlines and TSA to fly armed because (b)(6),(b)(7)(C) provided authorization letters from the Columbia County (b)(6),(b)(7)(C) representing that (b)(6),(b)(7)(C) was a state law enforcement officer traveling on official business for Columbia County. TSA regulation, Title 49, Code of Federal Regulations, Section 1544.219 (Carriage of Accessible Weapons) requires that a state law enforcement officer flying armed must be a full time employee and provide a letter from the agency chief (Sheriff) detailing the officials agency assignment requiring the officer to fly armed, i.e. escorting a prisoner, and their travel itinerary. The OIG obtained TSA flying armed log information that reflect (b)(6),(b)(7)(C) identifying (b)(6),(b)(7)(C) as a Columbia County (b)(6),(b)(7)(C) from Augusta Regional Airport, Ronald Reagan National Airport, Baltimore Washington International Airport, and Phoenix Sky Harbor International Airport. We also obtained copies of eight letters from the Columbia County (b)(6),(b)(7)(C) authorizing (b)(6),(b)(7)(C) to fly on official county business.

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

Our review of travel documents and time and attendance records for (b)(6),(b)(7)(C) found that the 26 trips where (b)(6),(b)(7)(C) flew armed were either funded directly by the Department or by other agencies through interagency WFO agreements with SRNL. The WFO agreements were funded by the Department of Justice and the Department of Homeland Security. Officials from the Department, the Department of Justice, and Homeland Security said there was no official reason for (b)(6),(b)(7)(C) to fly armed on any of these trips. In fact, Department of Justice officials pointed out that for at least six of (b)(6),(b)(7)(C) trips, (b)(6),(b)(7)(C) was traveling (flying armed) to be a guest speaker at their functions.

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

The (b)(6),(b)(7)(C) authorization letters for (b)(6),(b)(7)(C) obtained by the OIG provided no details about what (b)(6),(b)(7)(C) official business was that required (b)(6),(b)(7)(C) be armed or (b)(6),(b)(7)(C) travel itinerary as required by the regulation. The (b)(6),(b)(7)(C) told investigators that (b)(6),(b)(7)(C) authorized (b)(6),(b)(7)(C) to fly armed on all twenty-six flights. (b)(6),(b)(7)(C) gave (b)(6),(b)(7)(C) the authorization letters because (b)(6),(b)(7)(C) expects all of (b)(6),(b)(7)(C) to be armed at all times. The (b)(6),(b)(7)(C) did not realize TSA regulations prohibited (b)(6),(b)(7)(C) from flying armed or required details about their assignment or travel itinerary.

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

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

(b)(6),(b)(7)(C) told the OIG that (b)(6),(b)(7)(C) was on Department and/or WFO assignments during each of the 26 trips and was not carrying out any specific law enforcement duties for the Columbia County (b)(6),(b)(7)(C) was unaware that TSA regulations prohibit reserve deputies from flying armed and believed (b)(6),(b)(7)(C) was authorized because the Sheriff provided (b)(6),(b)(7)(C) with the required authorization letters.

V. COORDINATION

This matter was coordinated with the U.S. Department of Homeland Security, OIG, and the United States Attorney's Office for the Southern District of Georgia. The Department of Homeland Security OIG in conjunction with the Transportation Security Administration addressed violations of the flying armed regulation. The United States Attorney's Office was not interested in prosecuting (b)(6),(b)(7)(C) because the Columbia County (b)(6),(b)(7)(C) authorized (b)(6),(b)(7)(C) to fly armed.

VI. RECOMMENDATION (S)

(1) Consider determining if disciplinary actions are warranted against (b)(6),(b)(7)(C) for flying armed while representing the Department on official government travel.

(2) Consider determining whether the personnel security division should be made aware of (b)(6),(b)(7)(C) use of (b)(6),(b)(7)(C) state law enforcement status to fly armed on Department assignments.

VII. FOLLOW-UP REQUIREMENTS

Please provide the Office of Inspector General with a written response within 30 days concerning any action(s) taken or anticipated in response to this report.

VIII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

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Document 18

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:21 PM

Page 1

Case Number: I08SR014

Summary Date: 02-FEB-09

Title:

(b)(6)(b)(7)(C) TRAVEL VOUCHER FRAUD;SRS

Executive Brief:

PREDICATION:

ON 13 MAY 2008, REGION 2 DEVELOPED INFORMATION THAT (b)(6)(b)(7)(C) MAY HAVE CAUSED A FALSE CLAIM TO BE FILED AGAINST DOE BY SUBMITTING A FICTITIOUS TRAVEL VOUCHER TO WASHINGTON SAVANNAH RIVER COMPANY (WSRC). THIS INFORMATION WAS DEVELOPED BY THE OIG WHILE INVESTIGATING CASE # I05SR011, WSRC; OBSTRUCTION OF A FEDERAL AUDIT; SRS. DURING AN INTERVIEW OF A WSRC INTERNAL AUDITOR, THE OIG LEARNED THAT WSRC'S INTERNAL OVERSIGHT DIVISION HAD WITHHELD FINDINGS FROM DOE. THE AUDITOR SAID WSRC'S INTERNAL OVERSIGHT DIVISION WITHHELD FROM DOE THAT (b)(6)(b)(7)(C) COULD NOT PROVIDE SUFFICIENT DOCUMENTATION TO CONFIRM (b)(6)(b)(7)(C) ATTENDANCE AT A CONFERENCE IN 2004.

THE WSRC AUDITOR ESTIMATES THAT (b)(6)(b)(7)(C) MAY HAVE FALSELY CLAIMED \$2,000.00 BY BEING REIMBURSED FOR EXPENSES (b)(6)(b)(7)(C) DID NOT INCUR.

INVESTIGATIVE FINDINGS:

FBI NOTIFICATION: ON 13 MAY 2008, THE OIG MADE CASE OPENING NOTIFICATION TO THE FBI, COLUMBIA, SC, VIA FAX.

DOE OIG INTERVIEWED (b)(6)(b)(7)(C), INTERNAL OVERSIGHT DIVISION, WSRC CONCERNING THE 2004 PURCHASE CARD (P-CARD) AUDIT. (b)(6)(b)(7)(C) THAT IA HAD IDENTIFIED WHERE WSRC HAD USED A P-CARD TO PAY FOR A TRAINING CLASS IN CHARLESTON, SC IN 2004 FOR (b)(6)(b)(7)(C) WSRC. (b)(6)(b)(7)(C) DID NOT BELIEVE (b)(6)(b)(7)(C) HAD PROVIDED SUFFICIENT DOCUMENTATION TO CONFIRM (b)(6)(b)(7)(C) ATTENDANCE OF THIS TRAINING CLASS. (b)(6)(b)(7)(C) COULD NOT PROVIDE A TRAINING CERTIFICATE, HAD NO RECEIPT FOR (b)(6)(b)(7)(C) HOTEL, AND CLAIMED (b)(6)(b)(7)(C) COULD NOT PRODUCE ANY PERSONAL BANK RECORDS WHICH WOULD HAVE VERIFIED (b)(6)(b)(7)(C) ATTENDANCE (b)(6)(b)(7)(C).

THE OIG COORDINATED THIS INVESTIGATION WITH U.S. ATTORNEYS OFFICE, COLUMBIA, SC.

THE OIG DETERMINED THAT (b)(6)(b)(7)(C) DID INCUR TRAVEL EXPENSES AS STATED THROUGH (b)(6)(b)(7)(C) WSRC TRAVEL VOUCHER.

U.S. ATTORNEY OFFICE DIRECTED OIG TO DESTROY GRAND JURY MATERIALS AS THESE DOCUMENTS WERE NO LONGER NEEDED.

STATS

STAT ON 25 JUN 08, A GRAND JURY SUBPOENA WAS SERVED ON TRAVELOCITY.COM FOR (b)(6)(b)(7)(C) TRAVEL RESERVATIONS.

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:21 PM

Page 2

STAT ON 10 SEP 08, A GRAND JURY SUBPOENA WAS SERVED ON SUN TRUST BANK FOR
(b)(6)(b)(7)(C) BANK RECORDS.

DISPOSITION:

CASE CLOSED.

Document 19

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:21 PM

Page 1

Case Number: I09LV003

Summary Date: 06-MAY-10

Title:

(b)(6)(b)(7)(C) TRAVEL FRAUD; OCRWM/YMP

Executive Brief:

(b)(6)(b)(7)(C) OCRWM EMPLOYEE CONCERNS PROGRAM (OCP), RECEIVED AN ANONYMOUS COMPLAINT ALLEGING THAT (b)(6)(b)(7)(C) AN EMPLOYEE OF PROJECT ENHANCEMENT (b)(6)(b)(7)(C) CORPORATION (PEC), ATTENDED A CONFERENCE FROM MARCH 30 - APRIL 3, 2009, WHERE (b)(6)(b)(7)(C) WAS PAID BY BOTH DOE AND NATIONAL INSPECTION CONSULTANTS (NIC). (b)(6)(b)(7)(C) ATTENDED PART OF THE CONFERENCE AS A CLASS PARTICIPANT AND WAS HIRED AS A PRESENTER FOR PART OF THE CONFERENCE BY NIC. PEC IS A CONTRACTOR IN SUPPORT OF OCRWM QUALITY ASSURANCE PROGRAM. IT IS FURTHER ALLEGED THAT (b)(6)(b)(7)(C) PEC (b)(6)(b)(7)(C) APPROVED THE TRAVEL FOR (b)(6)(b)(7)(C) IN A SCHEME BY THE TWO OF THEM TO "DOUBLE DIP." (b)(6)(b)(7)(C) LIVES WITH (b)(6)(b)(7)(C) AS A ROOMATE AND PAYS RENT.

INVESTIGATIVE ACTIVITIES:

THE OIG MET WITH OCRWM OCP (b)(6)(b)(7)(C) AND RECEIVED THE INFORMATION FROM OCP COMPLAINT FILE (b)(6)(b)(7)(C) THE OIG REQUESTED TRAVEL AUTHORIZATION DOCUMENTS AND TRAINING REQUESTS/APPROVAL DOCUMENTS FROM OCRWM PROCUREMENT.

THE OIG MET WITH (b)(6)(b)(7)(C) DOE/OCRWM (b)(6)(b)(7)(C) THERE WERE SOME QUESTIONS REGARDING THE TRAVEL REQUEST. PEC MANAGEMENT WAS ASKED TO SUBMIT JUSTIFICATION MEMOS IN SUPPORT OF THE TRAVEL REQUEST PRIOR TO APPROVAL. THE OIG REQUESTED THE SIGNED DOCUMENTS AND JUSTIFICATION MEMOS IN SUPPORT OF THE AUTHORIZING OF THIS TRAVEL.

THE OIG RECEIVED AND REVIEWED TRAVEL AUTHORIZATION AND RELATED DOCUMENTS. APPROPRIATE SIGNATURES AND CHAIN OF REVIEW WERE FOLLOWED.

THE OIG INTERVIEWED PEC (b)(6)(b)(7)(C) THAT THERE WERE NO TRAVEL COSTS CHARGED TO THE OCRWM/PEC CONTRACT AS (b)(6)(b)(7)(C) WAS TREATED AS A 1099/CONTRACT EMPLOYEE OF NIC FOR SERVICES (b)(6)(b)(7)(C) PROVIDED AS AN INSTRUCTOR. COSTS WERE CHARGED TO THE OCRWM CONTRACT APPROPRIATELY FOR THE TWO DAYS (b)(6)(b)(7)(C) ATTENDED THE CONFERENCE AS A STUDENT/PARTICIPANT (b)(6)(b)(7)(C)

THE OIG INTERVIEWED (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) THAT SINCE (b)(6)(b)(7)(C) WAS ONE OF THE DEVELOPERS OF THE INVESTIGATIVE TRAINING PROGRAM FOR NIC, (b)(6)(b)(7)(C) WAS ASKED TO BE A PRESENTER/INSTRUCTOR FOR A PORTION OF THE CONFERENCE. (b)(6)(b)(7)(C) ATTENDED THE FIRST TWO DAYS AS A STUDENT AND ALL EXPENSES RELATED TO TRAVEL AND LODGING WERE (b)(6)(b)(7)(C) CHARGED TO THE PEC CONTRACT. (b)(6)(b)(7)(C) ATTENDED THE CONFERENCE FOR THE BENEFIT OF (b)(6)(b)(7)(C) WORK WITH PEC. THE LAST TWO DAYS (b)(6)(b)(7)(C) FOR THE INVESTIGATIVE SECTION OF THE CONFERENCE SINCE (b)(6)(b)(7)(C) WAS ONE OF THE INITIAL (b)(6)(b)(7)(C) WITH THE EMPLOYEE CONCERNS PROGRAM AT DOE/OCRWM. (b)(6)(b)(7)(C) EXPENSES RELATED TO TRAVEL AND LODGING WERE PAID BY NIC FOR THAT PORTION OF THE TRIP. (b)(6)(b)(7)(C) WAS EMPLOYED AS AN 1099 (b)(6)(b)(7)(C) (b)(6)(b)(7)(C)

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:21 PM

Page 2

(b)(6)(b)(7)(C)
CONTRACTOR. ACCORDING TO (b)(6)(b)(7)(C) THERE WERE TWO SEPARATE ARRANGEMENTS THAT WERE
CLEARLY OUTLINED TO (b)(6)(b)(7)(C) MANAGEMENT AND TO DOE/OCRWM. ALL TRAVEL WAS AUTHORIZED BY
(b)(6)(b)(7)(C) MANAGEMENT PRIOR TO THE COMMENCEMENT OF THE TRAINING CONFERENCE.

PLANNED ACTIVITIES:

- CLOSE CASE, ALLEGATIONS UNSUPPORTED.

DISPOSITION:

CLOSED

Document 20

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:22 PM

Page 1

Case Number: I09RL002

Summary Date: 11-FEB-11

Title:

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

TRAVEL FRAUD; BPA

Executive Brief:

PREDICATION:

ON 14-OCT-08, (b)(6)(b)(7)(C) BONNEVILLE POWER ADMINISTRATION (b)(6)(b)(7)(C) PROVIDED DOCUMENTS TO THE OIG BY MAIL INDICATING (b)(6)(b)(7)(C) BPA EMPLOYEE (b)(6)(b)(7)(C) MAY HAVE COMMITTED TRAVEL FRAUD.

INVESTIGATIVE FINDINGS:

ON 17-OCT-08, THE OIG AND PORTLAND FBI INTERVIEWED (b)(6)(b)(7)(C) WHO CONFESSED TO FILING TWO FALSE TRAVEL VOUCHERS. SPECIFICALLY, (b)(6)(b)(7)(C) CREATED AND APPROVED TWO VOUCHERS, TOTALLING APPROXIMATELY \$2000, USING THE GOVTRIP LOG-IN AND PASSWORDS OF ONE OR TWO OF (b)(6)(b)(7)(C) WHO HAD GIVEN THEM TO (b)(6)(b)(7)(C) FOR PERFORMING OFFICIAL TRAVEL RELATED FUNCTIONS.

STAT ON 26-NOV-08, A REPORT OF INVESTIGATION WAS PROVIDED TO THE (b)(6)(b)(7)(C) WHITE COLLAR CRIMES, US ATTORNEY'S OFFICE FOR THE DISTRICT OF OREGON (USAO), WHO HAS EXPRESSED INTEREST IN PURSUING THIS MATTER.

STAT ON 31-MAR-09, THE USAO SENT A TARGET LETTER TO (b)(6)(b)(7)(C)

STATS ON 27-DEC-10, (b)(6)(b)(7)(C) ENTERED INTO AN 18-MONTH PRE-TRIAL DIVERSION AGREEMENT (APPROVED BY FEDERAL DISTRICT COURT JUDGE ON 5-JAN-11) FOR THEFT (18 USC 641) AND AGREED TO PAY \$2,011.43 IN RESTITUTION TO BPA.

DISPOSITION: THIS CASE IS CLOSED.

Document 21



U.S. Department of Energy
Office of Inspector General
Office of Investigations

July 24, 2009

MEMORANDUM FOR THE DIRECTOR OF HUMAN RESOURCES, CONSOLIDATED
BUSINESS CENTER

FROM:

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

Region 2 Investigations
Eastern Investigation Operations

SUBJECT:

Closing Notification for OIG Case No. I09SR005

Investigation of Falsified Time Sheet by (b)(6)(b)(7)(C)

This memorandum serves to advise that we have concluded our investigation of falsification of time and attendance by (b)(6)(b)(7)(C) Career Development Program (CDP), US Department of Energy (DOE). In summary, our investigation determined that (b)(6)(b)(7)(C) failed to attend training during the course of the Vanderbilt University Introduction to Nuclear Chemistry Fuel Cycle Separations course (Vanderbilt Course), conducted in Nashville, TN, December 16-18, 2008, and submitted a timesheet (b)(6)(b)(7)(C) certifying (b)(6)(b)(7)(C) worked 9 hours each day of the Vanderbilt Course. The full results of the investigation were briefed to your office. We understand, after consideration your office has determined no disciplinary action is warranted. As such, no additional investigative activity by this office is warranted, and our case will be closed.

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If I may be of further assistance to you, please do not hesitate to contact me at (803) 724-

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

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

Region 2 Investigations
Eastern Investigation Operations

cc: Office of Chief Counsel, Environmental Management Consolidated Business Center
OCF

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:22 PM

Page 1

Case Number: I09SR005

Summary Date: 27-JUL-09

Title:

(b)(6)(b)(7)(C) FALSE CLAIM/STATEMENT; SRS, AIKEN, SC

Executive Brief:

(b)(6)(b)(7)(C)
PREDICATION: (b)(6)(b)(7)(C) CAREER DEVELOPMENT PROGRAM (CDP), FAILED TO ATTEND A TRAINING COURSE (COURSE) AT VANDERBILT UNIVERSITY, NASHVILLE, TN, FROM DECEMBER 15-19, 2008. (b)(6)(b)(7)(C) FILED A TRAVEL VOUCHER AND RECEIVED A REIMBURSEMENT OF \$1876.02. IN ADDITION (b)(6)(b)(7)(C) COMPLETED A TIME SHEET INDICATING 40 HOURS OF WORK CONDUCTED FOR THE PERIOD DECEMBER 15-19, 2008. THE COST OF THE TRAINING WAS ALSO PAID BY DOE.

[FBI NOTIFICATION: A NOTIFICATION LETTER WAS MAILED TO THE FBI, COLUMBIA, SC ON JANUARY 28, 2009.]

INVESTIGATIVE FINDINGS: (b)(6)(b)(7)(C) FILED A TRAVEL VOUCHER AND TIME SHEET INDICATING (b)(6)(b)(7)(C) ATTENDED THE COURSE. THE TOTAL OF ALL COSTS ASSOCIATED WITH (b)(6)(b)(7)(C) ATTENDANCE INCLUDING, TRAVEL, PER-DIEM, AND SALARY IS APPROXIMATELY \$3,300.00.

(b)(6)(b)(7)(C) GOVERNMENT TRAVEL CARD TRANSACTIONS INDICATE (b)(6)(b)(7)(C) DID IN FACT TRAVEL TO NASHVILLE, TN, DURING THE TIMEFRAME OF THE COURSE.

INTERVIEWS OF FIVE CDP (b)(6)(b)(7)(C) WHO KNOW (b)(6)(b)(7)(C) AND ATTENDED THE COURSE, REVEALED THAT NONE OF THE FIVE, WHO WERE VIGILANT IN ATTEMPTING TO IDENTIFY (b)(6)(b)(7)(C) OBSERVED (b)(6)(b)(7)(C) ATTENDING THE COURSE. ONE OF THE INTERNS RECEIVED A TEXT MESSAGE FROM (b)(6)(b)(7)(C) REQUESTING THE INTERN TO COLLECT (b)(6)(b)(7)(C) PARTICIPATION CERTIFICATE AT THE END OF THE COURSE. THE INTERN DID COLLECT THE CERTIFICATE AND LATER MAILED THE CERTIFICATE TO (b)(6)(b)(7)(C) RESIDENCE IN ACCORDANCE WITH (b)(6)(b)(7)(C) INSTRUCTIONS.

LEGAL COORDINATION: THE USAO, COLUMBIA, SC, CRIMINAL DIVISION, WAS CONTACTED AND CONCURRED WITH THE USE OF A KALKINES WARNING, IF NECESSARY, COMPELLING TESTIMONY, NOTING THE LOW DOLLAR AMOUNT OF THE LOSS TO THE GOVERNMENT AND THE ABILITY OF THE DEPARTMENT TO APPROPRIATELY

SUBJECT INTERVIEW: (b)(6)(b)(7)(C) TOLD THE OIG THAT (b)(6)(b)(7)(C) DID TRAVEL TO THE COURSE AND ATTENDED APPROXIMATELY HALF OF THE COURSE. (b)(6)(b)(7)(C) WAS ILL DURING APPROXIMATELY HALF OF THE COURSE AND FREQUENTLY LOST CONSCIOUSNESS. (b)(6)(b)(7)(C) DID NOT SEEK MEDICAL ATTENTION AND DID NOT NOTIFY ANY SUPERVISOR, OR COWORKER OF (b)(6)(b)(7)(C) ILLNESS. (b)(6)(b)(7)(C) DID NOT REQUEST SICK LEAVE BECAUSE (b)(6)(b)(7)(C) BELIEVED (b)(6)(b)(7)(C) WAS NOT REQUIRED TO REQUEST SICK LEAVE AS LONG AS (b)(6)(b)(7)(C) WORKED SOME PORTION OF THE DAY. (b)(6)(b)(7)(C) HAD RECEIVED THE PARTICIPATION CERTIFICATE IN THE MAIL FROM THE (b)(6)(b)(7)(C) AS (b)(6)(b)(7)(C) REQUESTED. (b)(6)(b)(7)(C) CAN PROVIDE NO EVIDENCE (b)(6)(b)(7)(C) ATTENDED THE COURSE AND (b)(6)(b)(7)(C) IS NOT AWARE OF ANYONE WHO COULD CONFIRM (b)(6)(b)(7)(C) ATTENDED ANY PORTION OF THE COURSE (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) (b)(6)(b)(7)(C)

MANAGEMENT COORDINATION: ON JUNE 11, 2009, THE OIG COORDINATED WITH (b)(6)(b)(7)(C)

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:22 PM

Page 2

(b)(6)(b)(7)(C) ENVIRONMENTAL MANAGEMENT
CONSOLIDATED BUSINESS CENTER AND PROVIDED A BRIEFING OF THE INVESTIGATIVE FINDINGS.
ON JULY 22, 2009, (b)(6)(b)(7)(C) NOTIFIED THE OIG THAT FOLLOWING COORDINATION WITH (b)(6)(b)(7)(C)
(b)(6)(b)(7)(C) AND
BASED ON (b)(6)(b)(7)(C) ONGOING MEDICAL CONDITIONS, NO DISCIPLINARY ACTIONS WOULD BE
TAKEN REGARDING (b)(6)(b)(7)(C) ON JULY 24, THE OIG FORWARDED AN OFFICIAL CLOSING
MEMORANDUM TO (b)(6)(b)(7)(C)

DISPOSITION: CASE CLOSED

Document 22

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:24 PM

Page 1

Case Number: I09SR017

Summary Date: 09-AUG-11

Title:

(b)(6)(b)(7)(C) FALSE CLAIMS; SRS

Executive Brief:

PREDICATION

ON AUGUST 26, 2009, THE OIG LEARNED THAT (b)(6)(b)(7)(C) A SUBCONTRACTED (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) TO SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS), SUBMITTED FALSE CLAIMS RELATING TO (b)(6)(b)(7)(C) ELIGIBILITY TO RECEIVE PER DIEM BENEFITS. (b)(6)(b)(7)(C) WORKS FOR ASTRID CONTRACT TECHNICAL SERVICES, INC, (ACTS) A STAFF AUGMENTATION COMPANY PROVIDING TECHNICAL SUBCONTRACTOR EMPLOYEES TO THE SAVANNAH RIVER SITE.

ADMINISTRATIVE NOTICE

THIS COMPLAINT WAS PREDICATED ON AUGUST 27, 2009. THE SUBJECT AND ALL KEY WITNESS INTERVIEWS WERE CONDUCTED ON AUGUST 27, 2009. DUE TO LACK OF AGENT AND MANAGER AVAILABILITY AS A RESULT OF TRAVEL, TRAINING, AND ILLNESS, THIS CASE WAS OPENED ON SEPTEMBER 17, 2009.

FBI NOTIFICATION: ON SEPTEMBER 17, 2009 THE FBI, COLUMBIA WAS NOTIFIED OF THIS CASE OPENING.

INVESTIGATIVE FINDINGS

ON AUGUST 27, 2009, (b)(6)(b)(7)(C) WAS INTERVIEWED AND (b)(6)(b)(7)(C) PROVIDED AN INACCURATE CERTIFICATE OF PER DIEM ELIGIBILITY AT THE DIRECTION OF ACTS (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) A HOME IN NV WHICH (b)(6)(b)(7)(C) RENTED TO TENANTS AND HAD A VERBAL AGREEMENT TO RENT A ROOM FROM (b)(6)(b)(7)(C) IN TN. (b)(6)(b)(7)(C) USED THE TN ADDRESS AS (b)(6)(b)(7)(C) PERMANENT RESIDENCE AND THE NV MORTGAGE STATEMENT AS SUPPORTING EVIDENCE OF DUPLICATE EXPENSES AFTER EXPLAINING (b)(6)(b)(7)(C) SITUATION TO (b)(6)(b)(7)(C) AND BEING DIRECTED TO DO SO.

(b)(6)(b)(7)(C) ON AUGUST 27, 2009, (b)(6)(b)(7)(C) WAS INTERVIEWED AND (b)(6)(b)(7)(C) TOLD (b)(6)(b)(7)(C) MAINTAINED A PERMANENT RESIDENCE IN NV FOR WHICH (b)(6)(b)(7)(C) WISHED TO CLAIM DUPLICATE EXPENSES BUT THAT (b)(6)(b)(7)(C) WISHED TO HAVE ALL CORRESPONDENCES SENT TO (b)(6)(b)(7)(C) HOME, WHICH (b)(6)(b)(7)(C) WAS RENTING, IN TN. (b)(6)(b)(7)(C) NEVER (b)(6)(b)(7)(C) NV HOME WAS BEING RENTED TO TENANTS AND THAT SUCH A REVELATION WOULD HAVE MADE (b)(6)(b)(7)(C) INELIGIBLE FOR PER DIEM BENEFITS. (b)(6)(b)(7)(C) DID NOT DIRECT (b)(6)(b)(7)(C) TO FALSIFY ANY PORTION OF (b)(6)(b)(7)(C) CERTIFICATION. (b)(6)(b)(7)(C) SHOULD HAVE INSISTED (b)(6)(b)(7)(C) LIST (b)(6)(b)(7)(C) NV ADDRESS AS (b)(6)(b)(7)(C) PERMANENT RESIDENCE AND NOT ALLOWED (b)(6)(b)(7)(C) TO LIST (b)(6)(b)(7)(C) TN RESIDENCE FOR THE PURPOSES OF CORRESPONDENCES.

(b)(6)(b)(7)(C) ON NOVEMBER 11, 2009, A REVIEW OF INVOICES SUBMITTED BY ACTS TO SRNS REVEALED (b)(6)(b)(7)(C) RECEIVED \$10,906.95 IN PER DIEM AS A RESULT OF (b)(6)(b)(7)(C) FALSE CERTIFICATIONS.

LEGAL COORDINATION

ON NOVEMBER 3, 2009, THE OIG COORDINATED WITH THE UNITED STATES ATTORNEYS OFFICE FOR

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:24 PM

Page 2

THE DISTRICT OF SOUTH CAROLINA, CRIMINAL DIVISION. THE USAO EXPRESSED INTEREST IN PROSECUTING THIS CRIMINAL ACTIVITY.

STATISTICAL REPORTING

STAT ON SEPTEMBER 17, 2009 THE OIG RECEIVED NOTIFICATION FROM ACTS THAT (b)(6)(b)(7)(C) WAS TERMINATED, AFTER THE OIG INTERVIEW, AT THE REQUEST OF SRNS ON SEPTEMBER 9, 2009.

STAT ON NOVEMBER 3, 2009, THE UNITED STATES ATTORNEYS OFFICE FOR THE DISTRICT OF SOUTH CAROLINA ACCEPTED THIS CASE FOR PROSECUTION.

STAT ON JUNE 28, 2010, THE UNITED STATES ATTORNEY FOR THE DISTRICT OF SOUTH CAROLINA FILED A ONE COUNT OF FALSE STATEMENTS (1001(A)(3) CRIMINAL INFORMATION IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF SOUTH CAROLINA.

STAT ON NOVEMBER 18, 2010, THE DEPARTMENT'S SAVANNAH RIVER SITE OFFICE REPORTED RECEIPT OF \$10,906.95 IN VOLUNTARY RESTITUTION FROM (b)(6)(b)(7)(C)

STAT ON DECEMBER 7, 2010, THE UNITED STATES ATTORNEY'S OFFICE FOR THE DISTRICT OF SOUTH CAROLINA NOTIFIED THE OIG THAT A PRETRIAL DIVERSION AGREEMENT (PDA) WAS ENTERED INTO BETWEEN THE GOVERNMENT AND (b)(6)(b)(7)(C) THE PDA SUSPENDS (b)(6)(b)(7)(C) FROM ANY EMPLOYMENT WITH THE DEPARTMENT, ITS CONTRACTORS, OR AT ANY DEPARTMENT OWNED SITE OR FACILITY FOR A PERIOD OF 18 MONTHS.

STAT ON AUGUST 3, 2011, THE USAO NOTIFIED THE OIG THAT (b)(6)(b)(7)(C) HAD SUCCESSFULLY COMPLETED THE PRETRIAL DIVERSION AGREEMENT AND (b)(6)(b)(7)(C) CASE WAS DISMISSED ON MAY 23, 2011.

DISPOSITION: CASE CLOSED

Document 23

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:23 PM

Page 1

Case Number: I10AL021

Summary Date: 22-NOV-10

Title:

(b)(6)(b)(7)(C) FALSE TRAVEL VOUCHERS; SANDIA NATL LABS ALBUQUERQUE

Executive Brief:

PREDICATION

ON 21-JUL-2010, (b)(6)(b)(7)(C) SANDIA, CONTACTED THE DOE OIG WITH ALLEGATIONS THAT (b)(6)(b)(7)(C) AT SANDIA SUBMITTED TRAVEL VOUCHERS FOR TRIPS (b)(6)(b)(7)(C) WAS NOT GIVEN APPROVAL TO TAKE.

INVESTIGATIVE ACTIVITY:

ON NOVEMBER 5, 2010, THE DOE OIG INTERVIEWED (b)(6)(b)(7)(C) SANDIA NATIONAL LABORATORIES (SANDIA), ALBUQUERQUE, NM. (b)(6)(b)(7)(C) VERIFIED THAT (b)(6)(b)(7)(C) ATTENDED A CONFERENCE IN HAWAII FOR SANDIA BUSINESS. HOWEVER, (b)(6)(b)(7)(C) HAS NOT BEEN ABLE TO CONCLUSIVELY VERIFY THE SECOND PORTION OF (b)(6)(b)(7)(C) TRIP TO WAILEA HAWAII. (b)(6)(b)(7)(C) INTERVIEWED (b)(6)(b)(7)(C) REGARDING (b)(6)(b)(7)(C) TRIP TO WAILEA, HI. ACCORDING TO (b)(6)(b)(7)(C) CLAIMED (b)(6)(b)(7)(C) VISITED A NAVAL BASE ON WAILEA, HI, FOR BUSINESS.

(b)(6)(b)(7)(C) IS AWAITING A RESPONSE FROM (b)(6)(b)(7)(C) SANDIA TO DETERMINE IF (b)(6)(b)(7)(C) TRIP TO WAILEA, HI WAS AUTHORIZED. (b)(6)(b)(7)(C) THAT IF THE TRIP TO WAILEA, HI WAS NOT AUTHORIZED, THE ESTIMATED LOSS IS APPROXIMATELY \$2,000.

(b)(6)(b)(7)(C) TOOK ANOTHER TRIP TO SOUTH CAROLINA WHICH ALLEGEDLY WAS NOT AUTHORIZED. ACCORDING TO (b)(6)(b)(7)(C) OFFICE WAS ABLE TO VERIFY THAT (b)(6)(b)(7)(C) WAS AUTHORIZED AND ATTENDED A CONFERENCE IN SOUTH CAROLINA

BASED ON INFORMATION RECEIVED, THE CASE DOES NOT MEET THE PROSECUTIVE THRESHOLD FOR FRAUD LOSS FOR THE USAO DISTRICT OF NM.

PLANNED ACTIVITY:

NONE

DISPOSITION:

CASE CLOSED.

Document 24

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:23 PM

Page 1

Case Number: I10HQ008

Summary Date: 22-OCT-10

Title:

(b)(6)(b)(7)(C) MISUSE OF FINANCIAL INFO; MA-43

Executive Brief:

ON 20-JAN-2010, THE OIG RECEIVED ALLEGATIONS FROM (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) EE, THAT (b)(6)(b)(7)(C) MA-43, STOLE (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) PERSONAL CHECKING ACCOUNT INFORMATION FOR (b)(6)(b)(7)(C) PERSONAL USE.

INVESTIGATIVE FINDINGS:

ON 21-JAN-2010, SPECIAL AGENTS INTERVIEWED (b)(6)(b)(7)(C) DURING THE INTERVIEW, (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) ADMITTED TO USING (b)(6)(b)(7)(C) CHECKING ACCOUNT TO PAY (b)(6)(b)(7)(C) COMCAST UTILITY BILL. (b)(6)(b)(7)(C) THIS WAS THE ONLY INCIDENT IN WHICH (b)(6)(b)(7)(C) USED A DEPARTMENT EMPLOYEE'S FINANCIAL INFORMATION FOR PERSONAL USE.

ON 21-JAN-2010, (b)(6)(b)(7)(C) WAS TERMINATED FROM (b)(6)(b)(7)(C) DEPARTMENT POSITION AFTER BEING INTERVIEWED BY THE OIG; HOWEVER, MANAGEMENT WAS GOING TO TAKE THAT ACTION PRIOR TO REFERING THE MATTER TO THE OIG (HENCE, NO STAT CREDIT TAKEN).

ON 8-APR-10, VIRGINIA CHEATHAM, AUSA, WAS CONTACTED. SHE INDICATED THAT SHE HAD INTEREST IN THE CASE AND RECOMMENDED THAT WE REVIEW THE CONTENTS FOUND ON (b)(6)(b)(7)(C) COMPUTER. SA (b)(6)(b)(7)(C) BRIEFED MS. CHEATHAM ON DOE-OIG INVESTIGATIVE ACTIVITIES THUS FAR. MS. CHEATHAM REQUESTED SA (b)(6)(b)(7)(C) INFORM HER OF ANY PERSONALLY IDENTIFIABLE INFORMATION (PII) FOUND ON (b)(6)(b)(7)(C) COMPUTER. IN ADDITION, SHE REQUESTED SA (b)(6)(b)(7)(C) INFORM HER OF ANY SUBSEQUENT INSTANCES OR COMPLAINTS IN WHICH (b)(6)(b)(7)(C) MISUSED DOE EMPLOYEE FINANCIAL INFORMATION.

DOCUMENTATION REVIEW:

ON MARCH 2, 2010 SA (b)(6)(b)(7)(C) RECEIVED DOCUMENTATION, INCLUDING NUMEROUS PASSPORT AND VISA CORRESPONDENCE FROM (b)(6)(b)(7)(C) U.S. DEPARTMENT OF ENERGY (DEPARTMENT). INCLUDED IN THIS DOCUMENTATION WAS A LETTER DATED MAY 1, 2009 ADDRESSED TO THE EMBASSY OF THE PEOPLE'S REPUBLIC OF CHINA. THE CORRESPONDENCE INDICATED THAT (b)(6)(b)(7)(C) OFFICE OF FUEL CELL TECHNOLOGIES (EE-2H), WOULD ATTENDING A MEETING IN BEIJING, CHINA. (b)(6)(b)(7)(C) NAME AND CONTACT INFORMATION APPEAR AT THE BOTTOM OF THE LETTER IN A SIGNATURE BLOCK.

THE LETTER APPEARS TO BE A VISA APPLICATION FOR THE DATES MAY 22, 2009 -JUNE 1, 2009. THE LETTER ALSO INDICATES (b)(6)(b)(7)(C) OFFICIAL PASSPORT NUMBER.

TCS COMPUTER EXAMINATION:

IT WAS DETERMINED BY TCS THAT NO PII OR FINANCIAL ACCOUNT INFORMATION EXISTED ON (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) WORK COMPUTER.

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:23 PM

Page 2

EMAIL REVIEW:

ON MAY 13, 2009, (b)(6)(b)(7)(C) SENT (b)(6)(b)(7)(C) AN AN EMAIL REQUESTING THAT (b)(6)(b)(7)(C) PROVIDE THE DOE PASSPORT OFFICE WITH A \$130.00 MONEY ORDER FOR A VISA. THE MONEY ORDER WAS TO BE MADE OUT TO THE EMBASSY OF CHINA.

AUSA COORDINATION:

ON 12-OCT-10, SA (b)(6)(b)(7)(C) BRIEFED MS. CHEATHAM ON ALL DOE-OIG INVESTIGATIVE ACTIVITIES. MS. CHEATHAM COMMUNICATED THAT SHE HAD NO INTEREST IN PROSECUTING THIS MATTER.

CASE CLOSED-

Document 25



U.S. Department of Energy
Office of Inspector General
Office of Investigations

Investigative Report to Management

I10SR008

October 19, 2001



U.S. Department of Energy
Office of Inspector General
Office of Investigations

October 3, 2011

**MEMORANDUM FOR THE DIRECTOR, OFFICE OF PROCUREMENT AND
ASSISTANCE MANAGEMENT**

FROM:

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

Eastern Investigations Operations
Region 2 Investigations

SUBJECT: Theft of Government Funds, (OIG Case No. I10SR003)

This report serves to inform you of the results of an investigation by the U.S. Department of Energy's (Department) Office of Inspector General (OIG). The investigation involved allegations that Ms. Debra A. Schmidt fraudulently received Department funded per diem payments resulting in a loss to the government of \$14,598.00.

In summary, Ms. Schmidt, a subcontract employee working at the Department's Savannah River Site (SRS) through a staff augmentation firm, North American Technical Services, Inc. (Noramtec), stole Department funds in the form of per diem benefits between July 8, 2009 and March 1, 2010. Specifically, the investigation found Ms. Schmidt provided Noramtec with four per diem program eligibility certification forms which included false information. In support of the certifications, Ms. Schmidt provided Noramtec with a fraudulent lease agreement, claiming a rental home in Pittsburgh, PA as her permanent residence. Ms. Schmidt ultimately admitted that she did not pay \$400 per month to rent a home in Pittsburgh, as the lease agreement purported.

On February 2, 2011, Ms. Schmidt was indicted on one count of Theft of Government Funds, 18 USC 641 in Federal Court for the District of South Carolina. On August 31, 2011, Ms. Schmidt pled guilty to Theft of Government Funds, 18 USC 641.

This report includes one recommendation for corrective action. If you have any questions, please contact me at (803) 725-^{(b)(6),}_{(b)(7)(C)} or Special Agent ^{(b)(6), (b)(7)}_(C) at (803) 725-^{(b)(6), (b)(7)}_(C)

Enclosure

Cc: Office of General Counsel

OIG Case No. I10SR003

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INVESTIGATIVE REPORT TO MANAGEMENT

I. ALLEGATION

On February 19, 2010, the US Department of Energy (Department), Office of Inspector General (OIG) received a complaint from (b)(6),(b)(7)(C) Savannah River Nuclear Solutions (SRNS) that Ms. Debra A. Schmidt, Buyer, North American Technical Services, Inc. (Noramtec), may have fraudulently received per diem benefits from the Department by providing a false lease agreement purporting payment of rent for a home in Pittsburgh, PA.

II. POTENTIAL STATUTORY OR REGULATORY VIOLATIONS

This investigation focused on potential violations of Title 18, United States Code, Section 641, Theft of Public Money.

III. BACKGROUND

SRNS is the management and operating contractor at the Department's Savannah River Site (SRS). SRNS awards subcontracts to staff augmentation firms, which in turn provide labor to support SRNS in carrying out its contractual obligations to the Department at the SRS facility. Noramtec, a staff augmentation firm, received SRNS subcontracts to provide procurement services to SRS. SRNS policy provides per diem benefits to employees who incur duplicate living expenses when they live more than 100 miles from the SRS facility, and continue to maintain a permanent residence while also maintaining a temporary residence close to their work site. The policy requires recipients of per diem benefits to certify as to their eligibility using a Per Diem Eligibility Certification (Certification) form, and provide supporting documentation to verify expenses of a permanent residence.

IV. INVESTIGATIVE FINDINGS

False Documents

The OIG investigation revealed that Ms. Schmidt provided four per diem eligibility certifications (Certifications) which included false information. The certifications were provided between July 8, 2009 and January 25, 2010. As a result of her submissions of false documents Ms. Schmidt received \$14,598.00 in per diem benefits to which she was not entitled.

Specifically, the OIG investigation found Ms. Schmidt knowingly misled Noramtec by submitting a false lease agreement in support of her four Certifications, lied about her relation to purported Pittsburgh, PA landlords, and provided false documents in an attempt to prove rental payments for the Pittsburgh rental home.

When interviewed by the OIG, Ms. Schmidt admitted that she did not incur duplicate living expenses as purported. Ms. Schmidt admitted that the provided lease agreement was false for the following reasons: 1) She did not pay \$400 per month in rent for the Pittsburgh home; 2) She did not pay a \$200 security deposit; 3) She backdated the signing of the lease.

Furthermore, Ms. Schmidt admitted to the OIG that she lied to Noramtec when asked if she was related to her purported Pittsburgh landlords. She indicated to them that she was not related when, in fact, they were her (b)(6),(b)(7)(C). Ms. Schmidt admitted to the OIG she provided Noramtec with checks written to her (b)(6),(b)(7)(C) as proof of rental payments for the Pittsburgh home. In an attempt to explain why she paid her Pittsburgh rental payments to (b)(6),(b)(7)(C) Ms. Schmidt's (b)(6),(b)(7)(C) created a fraudulent letter stating that her Pittsburgh landlord asked (b)(6),(b)(7)(C) to collect rental payments for them. Ms. Schmidt admitted to the OIG she intended to mislead Noramtec into thinking she paid her Pittsburgh landlord through (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

On February 2, 2011, Ms. Schmidt was indicted in Federal Court for the District of South Carolina on one count of Theft of Public Funds, 18 USC 641. On August 31, 2011, Ms. Schmidt pled guilty to one count of Theft of Government Funds. Sentencing is pending.

Attached for informational purposes are copies of the following documents:

1. Indictment
2. Guilty Plea

V. COORDINATION

This investigation was coordinated with the U.S. Attorney's Office for the District of South Carolina. The nature of the recommendation in this report has been previously coordinated with the Office of Procurement and Assistance Management, Contract Administration Division.

VI. RECOMMENDATIONS

Based on the findings of this report, and other information that may be available to you, the OIG recommends that the Director, Office of Procurement and Assistance Management, determine if suspension and/or debarment action is warranted against:

Debra A. Schmidt	SS #:	(b)(6),(b)(7)(C)
(b)(6),(b)(7)(C)	DOB:	
Pittsburgh, PA 15236		

VII. FOLLOW-UP REQUIREMENTS

Please provide the OIG with a written response within 30 days concerning any action(s) taken or

anticipated in response to this report.

VIII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

This report, including any attachments and information contained therein, is the property of the Office of Inspector General (OIG) and is for ~~OFFICIAL USE ONLY~~. The original and any copies of the report must be appropriately controlled and maintained. Disclosure to unauthorized persons without prior OIG written approval is strictly prohibited and may subject the disclosing party to liability. Unauthorized persons may include, but are not limited to, individuals referenced in the report, contractors, and individuals outside the Department of Energy. Public disclosure is determined by the Freedom of Information Act (Title 5, U.S.C., Section 552) and the Privacy Act (Title 5, U.S.C., Section 552a).

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
AIKEN DIVISION

UNITED STATES OF AMERICA

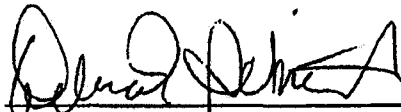
VS

CR NO. 1:11-112

DEBRA ANN SCHMIDT

PLEA

The defendant, DEBRA ANN SCHMIDT, having withdrawn her plea of Not Guilty entered February 15, 2011, pleads **GUILTY** to Count 1 of the Indictment after arraignment in open court.


(Signed) Defendant

Columbia, South Carolina
August 31, 2011

UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH CAROLINA
AIKEN DIVISION

UNITED STATES OF AMERICA

v.

DEBRA ANN SCHMIDT

CRIMINAL NO. 1:11 cr 112
18 U.S.C. § 641

INDICTMENT

COUNT 1

THE GRAND JURY CHARGES:

From on or about July 8, 2009, through on or about March 1, 2010, in the District of South Carolina, **DEBRA ANN SCHMIDT**, willfully and knowingly did embezzle, steal, and convert to her own use money in excess of \$1,000 belonging to the United States by unlawfully applying for and claiming per diem benefits paid by the United States Department of Energy;

In violation of Title 18, United States Code, Section 641.

A. TRUE BILL

Redacted

FOREPERSON

References

WILLIAM N. NETTLES (TDP)
UNITED STATES ATTORNEY

Document 26



**U.S. Department of Energy
Office of Inspector General
Office of Investigations**

Investigative Report to Management

I10SR007

June 3, 2011



U.S. Department of Energy
Office of Inspector General
Office of Investigations

June 3, 2011

MEMORANDUM FOR THE DIRECTOR, OFFICE OF PROCUREMENT AND
ASSISTANCE MANAGEMENT

FROM:

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

Eastern Investigations Operations
Region 2 Investigations

SUBJECT: Theft of Government Funds, Making False Statements (OIG Case No. I10SR007)

This report serves to inform you of the results of an investigation conducted by the U.S. Department of Energy's (Department) Office of Inspector General (OIG), Region 2 Investigations Office. The investigation involved allegations that Mr. Philip Stansberry fraudulently obtained Department funded per diem payments resulting in a loss to the government of \$44,415.45.

In summary, Mr. Stansberry was a subcontracted radiological control inspector working at the Department's Savannah River Site (SRS) through three staff augmentation firms, Astrid Contracting Technical Services, Inc. (ACTS), Noramtec Consultants Inc. (Noramtec), and Value Added Solutions (VAS). The OIG investigation substantiated that between June 23, 2008 and April 21, 2010 Mr. Stansberry submitted false reimbursement documentation in order to fraudulently receive per diem benefits. Specifically, the investigation found Mr. Stansberry fabricated two residential lease agreements, in addition to multiple cash receipts showing rental payments for the purported leased properties. He used these fraudulent documents to falsely certify a permanent residence and in order to gain eligibility for per diem payments. Mr. Stansberry submitted a total of five false certifications, resulting in fraudulently obtained per diem payments totaling \$44,415.45 from the Department.

On August 3, 2010, Mr. Stansberry was indicted in Federal Court for the District of South Carolina on one count of Theft of Government Funds, 18 USC 641, and six counts of Making False Statements, 18 USC 1001. On January 26, 2011, Mr. Stansberry pled guilty to one count of Making False Statements. On May 17, 2011, Mr. Stansberry was sentenced to five years probation and ordered to pay \$44,415.45 in restitution.

This report includes one recommendation for corrective action. If you have any questions, please contact me at (803) 725-^{(b)(6),}_{(b)(7)(C)} or Special Agent ^{(b)(6), (b)(7)}_(C) at (803) 725-^{(b)(6), (b)(7)(C)}_(C)

OIG Case No. I10SR007

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Enclosure

Cc: Office of General Counsel

INVESTIGATIVE REPORT TO MANAGEMENT

I. ALLEGATION

On April 21, 2010, an internal investigator working for the facilities management contractor firm at the Savannah River Facility, Savannah River Nuclear Solutions (SRNS), notified the US Department of Energy (Department), Office of Inspector General (OIG), that Mr. Stansberry may have fraudulently received per diem benefits by creating fraudulent residential lease agreements which he used as supporting documentation for claimed reimbursable living expenses.

II. POTENTIAL STATUTORY OR REGULATORY VIOLATIONS

This investigation focused on potential violations of Title 18, United States Code, Section 641, Theft of Public Money, and Title 18 United States Code, Section 1001, Making False Statements.

III. BACKGROUND

SRNS is the management and operating contractor at the Department's Savannah River Site (SRS). SRNS awards subcontracts to staff augmentation firms, which in turn provide labor to support SRNS in carrying out its contractual obligations to the Department at the SRS facility. Astrid Contracting Technical Services, Inc. (ACTS), Noramtec Consultants Inc. (Noramtec), and Value Added Solutions (VAS), staff augmentation firms, received SRNS subcontracts to provide radiological inspection services to SRS. The three named firms employed Mr. Philip Stansberry to carry out these services. SRNS's policy provides per diem benefits to employees who incur duplicate living expenses if their permanent residence is more than 100 miles away from SRS. The policy requires recipients of per diem benefits to certify their eligibility using a Per Diem Eligibility Certification (Certification) form and to provide documentation to support and verify expenses.

IV. INVESTIGATIVE FINDINGS

False Documents

Mr. Stansberry submitted, to SRNS, five false certifications covering the period June 23, 2008 to April 21, 2010, and in order to receive per diem benefits to which he was not entitled. Specifically, the OIG investigation found Mr. Stansberry fabricated two residential lease agreements, in addition to multiple cash receipts showing rental payments for the purported leased properties. Mr. Stansberry stated to the OIG that he never lived at the address he claimed as his permanent residence and that he never paid rent to the owner of the property. However, he did provide the owner \$120 for the use of the address. Mr. Stansberry admitted to the OIG to providing false documents in support of his certifications. Mr. Stansberry's five false

OIG Case No. 110SR007

1

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certifications resulted in fraudulently obtained per diem payments totaling \$44,415.45.

On August 3, 2010, Mr. Stansberry was indicted in Federal Court for the District of South Carolina on one count of Theft of Public Funds, 18 USC 641, and six counts of Making False Statements, 18 USC 1001. On January 26, 2011, Mr. Stansberry pled guilty to one count of Making False Statements. On May 17, 2011, Mr. Stansberry was sentenced to five years probation and ordered to pay \$44,415.45 in restitution.

Attached for informational purposes are copies of the following documents:

1. Indictment
2. Sentencing Report

V. COORDINATION

This investigation was coordinated with the U.S. Attorney's Office for the District of South Carolina. The nature of the recommendation in this report has been previously coordinated with the Office of Procurement and Assistance Management, Contract Administration Division.

VI. RECOMMENDATIONS

Based on the findings contained in this report, and other information that may be available to you, the OIG recommends that the Director, Office of Procurement and Assistance Management, determine if suspension and/or debarment action is warranted against:

Mr. Philip Stansberry
(b)(6), (b)(7)(C)
Columbia, SC 29223

SS #:
DOB:

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

VII. FOLLOW-UP REQUIREMENTS

Please provide the OIG with a written response within 30 days concerning any action(s) taken or anticipated in response to this report.

VIII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

This report, including any attachments and information contained therein, is the property of the Office of Inspector General (OIG) and is for ~~OFFICIAL USE ONLY~~. The original and any copies of the report must be appropriately controlled and maintained. Disclosure to unauthorized persons without prior OIG written approval is strictly prohibited and may subject the disclosing party to liability. Unauthorized persons may include, but are not limited to, individuals referenced in the report, contractors, and individuals outside the Department of Energy. Public

disclosure is determined by the Freedom of Information Act (Title 5, U.S.C., Section 552) and the Privacy Act (Title 5, U.S.C., Section 552a).

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
AIKEN DIVISION

UNITED STATES OF AMERICA

v.

PHILLIP STANSBERRY

CRIM. NO.

1:10 CR 787

18 U.S.C. § 641

18 U.S.C. 1001(a)(3)

INDICTMENT

COUNT 1

THE GRAND JURY CHARGES:

Between on or about June 23, 2008, and the date of this Indictment, in the District of South Carolina and elsewhere, PHILLIP STANSBERRY willfully and knowingly did embezzle, steal, and convert to his own use in excess of \$1,000 belonging to the United States, by falsely claiming eligibility for per diem benefits through a program funded by the United States Department of Energy;

In violation of Title 18, United States Code, Section 641.

COUNT 2

THE GRAND JURY FURTHER CHARGES:

On or about June 23, 2008, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, PHILLIP STANSBERRY knowingly and willfully did make and use a false writing and document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries in that he did prepare and submit an Employee Information Sheet on which he falsely claimed that his permanent

address was on Hwy 1 North in Cassatt, South Carolina, when in truth, as he then well knew, he did not live at the Cassatt, South Carolina, address;

In violation of Title 18, United States Code, Section 1001(a)(3).

COUNT 3

THE GRAND JURY FURTHER CHARGES:

On or about April 9, 2009, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, PHILLIP STANSBERRY knowingly and willfully did make and use a false writing and document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries in that he did prepare and submit a Per Diem Eligibility Certification on which he falsely claimed that his permanent address was on Hwy 1 North in Cassatt, South Carolina, when in truth, as he then well knew, he did not live at the Cassatt, South Carolina, address;

In violation of Title 18, United States Code, Section 1001(a)(3).

COUNT 4

THE GRAND JURY FURTHER CHARGES:

On or about July 9, 2009, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, PHILLIP STANSBERRY knowingly and willfully did make and use a false writing and document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries in that he did prepare and submit a Per Diem Eligibility Certification on which he falsely claimed that his permanent address was on Hwy 1 North

in Cassatt, South Carolina, when in truth, as he then well knew, he did not live at the Cassatt, South Carolina, address;

In violation of Title 18, United States Code, Section 1001(a)(3).

COUNT 5

THE GRAND JURY FURTHER CHARGES:

On or about August 7, 2009, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, PHILLIP STANSBERRY knowingly and willfully did make and use a false writing and document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries in that he did prepare and submit a Per Diem Eligibility Certification on which he falsely claimed that his permanent address was on Hwy 1 North in Cassatt, South Carolina, when in truth, as he then well knew, he did not live at the Cassatt, South Carolina, address;

In violation of Title 18, United States Code, Section 1001(a)(3).

COUNT 6

THE GRAND JURY FURTHER CHARGES:

On or about August 17, 2009, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, PHILLIP STANSBERRY knowingly and willfully did make and use a false writing and document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries in that he did prepare and submit a Per Diem Eligibility Certification on which he falsely claimed

that his permanent address was on Hwy 1 North in Cassatt, South Carolina, when in truth, as he then well knew, he did not live at the Cassatt, South Carolina, address;

In violation of Title 18, United States Code, Section 1001(a)(3).

COUNT 7

THE GRAND JURY FURTHER CHARGES:

On or about February 16, 2010, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, PHILLIP STANSBERRY knowingly and willfully did make and use a false writing and document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries in that he did prepare and submit a Per Diem Eligibility Certification on which he falsely claimed that his permanent address was on Hwy 1 North in Cassatt, South Carolina, when in truth, as he then well knew, he did not live at the Cassatt, South Carolina, address;

In violation of Title 18, United States Code, Section 1001(a)(3).

A ~~True~~ BILL


FOREPERSON


WILLIAM N. NETTLES (DAE)
UNITED STATES ATTORNEY

RECORD OF GRAND JURY BALLOT

CI 1:10-787

THE UNITED STATES V. PHILLIP STANSBERRY
(SEALED UNTIL FURTHER ORDER OF THE COURT)

UNITED STATES DISTRICT COURT
District of South Carolina

UNITED STATES OF AMERICA

JUDGMENT IN A CRIMINAL CASE

VS.

Case Number: 1:10-787 (001 MBS)

PHILLIP STANSBERRY

USM Number: 21878-171

Jack Swerling

Defendant's Attorney

THE DEFENDANT:

- ☒ pleaded guilty to count(s) 3 of the Indictment
☐ pleaded nolo contendere to count(s) _____ which was accepted by the court.
☐ was found guilty on count(s) after a plea of not guilty.

The defendant is adjudicated guilty of theses offenses:

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
18:1001(a)(3)	Please see Indictment	4/9/09	3

The defendant is sentenced as provided in pages 2 through 4 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

- ☐ The defendant has been found not guilty on count(s) _____
☒ Count(s) 1, 2, 4-7 ☐ is ☒ are dismissed on the motion of the United States.
☐ Forfeiture provision is hereby dismissed on motion of the United States Attorney.

It is ordered that the defendant must notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant must notify the court and United States attorney of any material changes in economic circumstances.

May 17, 2011

Date of Imposition of Judgment

/s/ Margaret B. Seymour

Signature of Judge

Margaret B. Seymour, United States District Judge

Name and Title of Judge

May 18, 2011

Date

DEFENDANT: PHILLIP STANSBERRY
CASE NUMBER: 1:10-787

PROBATION

The defendant is hereby sentenced to probation for a term of five (5) years

The defendant shall not commit another federal, state or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the court.

- ☐ The above drug testing condition is suspended, based on the court's determination that the defendant poses a low risk of future substance abuse. *(Check, if applicable.)*
- ☒ The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon. *(Check, if applicable.)*
- ☒ The defendant shall cooperate in the collection of DNA as directed by the Probation Office. *(Check, if applicable.)*
- ☐ The defendant shall comply with the requirements of the Sex Offender Registration and Notification Act (42 U.S.C. § 16901, et seq.) as directed by the probation officer, the Bureau of Prisons, or any state sex offender registration agency in which he or she resides, works, is a student, or was convicted of a qualifying offense. *(Check, if applicable.)*
- ☐ The defendant shall participate in an approved program for domestic violence. *(Check, if applicable.)*

If this judgment imposes a fine or a restitution, it is a condition of supervised release that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as the following additional conditions:

- 1) The defendant shall pay his restitution in minimum monthly installments of \$100.00 beginning 60 days after imposition of sentence.
- 3) The defendant shall satisfactorily participate in a mental health treatment program as approved by the U.S. Probation Office.
- 4) Unless able to secure stable and verifiable employment, the defendant shall participate in a vocational training program or Work Force Development program as approved by the U.S. Probation Office.

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer and shall submit a truthful and complete written report within the first five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training, or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity and shall not associate with any person convicted of a felony, unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court; and
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

DEFENDANT: PHILLIP STANSBERRY
CASE NUMBER: 1:10-787

CRIMINAL MONETARY PENALTIES

The defendant shall pay the total criminal monetary penalties under the schedule of payments on Sheet 4.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
TOTALS	<u>\$ 100.00</u>	<u>\$</u>	<u>\$ 44,415.45</u>

☐ The determination of restitution is deferred until _____. An Amended Judgment in a Criminal Case(AO245C) will be entered after such determination.

☒ The defendant must make restitution (including community restitution) to the following payees in the amount listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment unless specified in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. § 3664(l), all nonfederal victims must be paid before the United States is paid.

<u>Name of Payee</u>	<u>Total Loss*</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
U.S. Department of Energy	\$44,415.45	\$44,415.45	
TOTALS	\$ 44,415.45	\$ 44,415.45	

☐ Restitution amount ordered pursuant to plea agreement \$ _____

The defendant must pay interest on restitution and a fine of more than \$2,500, unless the restitution or fine is paid in full before the fifteenth day after the date of judgment, pursuant to 18 U.S.C. §3612(f). All of the payment options on Sheet 5 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. §3612(g).

☒ The court determined that the defendant does not have the ability to pay interest and it is ordered that:

- ☒ The interest requirement is waived for the ☐ fine ☒ restitution.
☐ The interest requirement for the ☐ fine ☐ restitution is modified as follows:

**Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

DEFENDANT: PHILLIP STANSBERRY
CASE NUMBER: 1:10-787

SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties is due as follows:

- A ☒ Lump sum payment of \$44,515.45 due immediately, balance due
☐ not later than _____, or
☒ in accordance with ☒ C, ☐ D, or ☐ E, or ☐ F below; or
- B ☐ Payment to begin immediately (may be combined with ☐ C, ☐ D, or ☐ F below); or
- C ☒ Payment in equal monthly installments of \$100.00 to commence 60 days after the imposition of sentence; or
- D ☐ Payment in equal _____ (weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (30 or 60 days) after release from imprisonment to a term of supervision; or
- E ☐ Payment during the term of supervised release will commence within (e.g., 30 or 60 days) after release from imprisonment. The court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or
- F ☐ Special instructions regarding the payment of criminal monetary penalties:

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the clerk of court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

☐ Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and Corresponding Payee, if appropriate.

- ☐ The defendant shall pay the cost of prosecution.
☐ The defendant shall pay the following court cost(s):
☐ The defendant shall forfeit the defendant's interest in the following property to the United States:

As directed in the Preliminary Order of Forfeiture, filed _____ and the said order is incorporated herein as part of this judgment.

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.

UNITED STATES DISTRICT COURT
District of South Carolina

UNITED STATES OF AMERICA

JUDGMENT IN A CRIMINAL CASE

VS.

Case Number: 1:10-787 (001 MBS)

PHILLIP STANSBERRY

USM Number: 21878-171

Jack Swerling
Defendant's Attorney

THE DEFENDANT:

- ☒ pleaded guilty to count(s) 3 of the Indictment
☐ pleaded nolo contendere to count(s) _____ which was accepted by the court.
☐ was found guilty on count(s) after a plea of not guilty.

The defendant is adjudicated guilty of these offenses:

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
18:1001(a)(3)	Please see Indictment	4/9/09	3

The defendant is sentenced as provided in pages 2 through 4 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

- ☐ The defendant has been found not guilty on count(s) _____
☒ Count(s) 1, 2, 4-7 ☐ is ☒ are dismissed on the motion of the United States.
☐ Forfeiture provision is hereby dismissed on motion of the United States Attorney.

It is ordered that the defendant must notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant must notify the court and United States attorney of any material changes in economic circumstances.

May 17, 2011

Date of Imposition of Judgment

/s/ Margaret B. Seymour

Signature of Judge

Margaret B. Seymour, United States District Judge

Name and Title of Judge

May 18, 2011

Date

DEFENDANT: PHILLIP STANSBERRY
CASE NUMBER: 1:10-787

PROBATION

The defendant is hereby sentenced to probation for a term of five (5) years

The defendant shall not commit another federal, state or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the court.

- ☐ The above drug testing condition is suspended, based on the court's determination that the defendant poses a low risk of future substance abuse. *(Check, if applicable.)*
- ☒ The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon. *(Check, if applicable.)*
- ☒ The defendant shall cooperate in the collection of DNA as directed by the Probation Office. *(Check, if applicable.)*
- ☐ The defendant shall comply with the requirements of the Sex Offender Registration and Notification Act (42 U.S.C. § 16901, *et seq.*) as directed by the probation officer, the Bureau of Prisons, or any state sex offender registration agency in which he or she resides, works, is a student, or was convicted of a qualifying offense. *(Check, if applicable.)*
- ☐ The defendant shall participate in an approved program for domestic violence. *(Check, if applicable.)*

If this judgment imposes a fine or a restitution, it is a condition of supervised release that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as the following additional conditions:

- 1) The defendant shall pay his restitution in minimum monthly installments of \$100.00 beginning 60 days after imposition of sentence.
- 3) The defendant shall satisfactorily participate in a mental health treatment program as approved by the U.S. Probation Office.
- 4) Unless able to secure stable and verifiable employment, the defendant shall participate in a vocational training program or Work Force Development program as approved by the U.S. Probation Office.

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer and shall submit a truthful and complete written report within the first five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training, or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity and shall not associate with any person convicted of a felony, unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court; and
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

AO 245B (SCDC Rev. 09/08) Judgment in a Criminal Case
Sheet 3 - Criminal Monetary Penalties

Page 3

DEFENDANT: PHILLIP STANSBERRY
CASE NUMBER: 1:10-787

CRIMINAL MONETARY PENALTIES

The defendant shall pay the total criminal monetary penalties under the schedule of payments on Sheet 4.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
TOTALS	\$ 100.00	\$	\$ 44,415.45

☐ The determination of restitution is deferred until _____. An Amended Judgment in a Criminal Case(AO245C) will be entered after such determination.

☒ The defendant must make restitution (including community restitution) to the following payees in the amount listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment unless specified in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid before the United States is paid.

<u>Name of Payee</u>	<u>Total Loss*</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
U.S. Department of Energy	\$44,415.45	\$44,415.45	
TOTALS	\$ 44,415.45	\$ 44,415.45	

☐ Restitution amount ordered pursuant to plea agreement \$ _____

The defendant must pay interest on restitution and a fine of more than \$2,500, unless the restitution or fine is paid in full before the fifteenth day after the date of judgment, pursuant to 18 U.S.C. §3612(f). All of the payment options on Sheet 5 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. §3612(g).

☒ The court determined that the defendant does not have the ability to pay interest and it is ordered that:

- ☒ The interest requirement is waived for the ☐ fine ☒ restitution.
☐ The interest requirement for the ☐ fine ☐ restitution is modified as follows:

**Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

DEFENDANT: PHILLIP STANSBERRY
CASE NUMBER: 1:10-787

SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties is due as follows:

- A ☒ Lump sum payment of \$44,515.45 due immediately, balance due
☐ not later than _____, or
☒ in accordance with ☒ C, ☐ D, or ☐ E, or ☐ F below; or
- B ☐ Payment to begin immediately (may be combined with ☐ C, ☐ D, or ☐ F below); or
- C ☒ Payment in equal monthly installments of \$100.00 to commence 60 days after the imposition of sentence; or
- D ☐ Payment in equal _____ (weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (30 or 60 days) after release from imprisonment to a term of supervision; or
- E ☐ Payment during the term of supervised release will commence within (e.g., 30 or 60 days) after release from imprisonment. The court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or
- F ☐ Special instructions regarding the payment of criminal monetary penalties:

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the clerk of court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

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Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and Corresponding Payee, if appropriate.

- ☐ The defendant shall pay the cost of prosecution.
☐ The defendant shall pay the following court cost(s):
☐ The defendant shall forfeit the defendant's interest in the following property to the United States:

As directed in the Preliminary Order of Forfeiture, filed _____ and the said order is incorporated herein as part of this judgment.

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.

Document 27



**U.S. Department of Energy
Office of Inspector General
Office of Investigations**

Investigative Report to Management

I10SR010

February 1984



U.S. Department of Energy
Office of Inspector General
Office of Investigations

February 18, 2011

MEMORANDUM FOR THE DIRECTOR, OFFICE OF PROCUREMENT AND
ASSISTANCE MANAGEMENT

FROM:

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

Eastern Investigations Operations
Region 2 Investigations

SUBJECT: Theft of Public Funds, False Statements (OIG Case No. I10SR010)

This report serves to inform you of an investigation by the U.S. Department of Energy's (Department) Office of Inspector General (OIG), Region 2 Investigations Office. The investigation involved allegations that (b)(6),(b)(7)(C) fraudulently received Department funded per diem payments resulting in a potential loss of \$22,561.50.

In summary, (b)(6),(b)(7)(C) working at the Department's Savannah River Site (SRS) through a staff augmentation firm, Noramtec Consultants Inc. (Noramtec), subcontract with the Department's management and operating contractor Savannah River Nuclear Solutions (SRNS) provided false per diem eligibility certifications between April 27, 2009 to February 26, 2010. Specifically, the investigation found (b)(6),(b)(7)(C) fabricated a lease and cash receipts to falsely certify a permanent residence for the purposes of being eligible to receive per diem payments. (b)(6),(b)(7)(C) made four false certifications resulting in payment of \$22,561.50 in American Recovery and Reinvestment Act (ARRA) funded per diem benefits. (b)(6),(b)(7)(C) admitted to providing false documents in support of (b)(6),(b)(7)(C) per diem certifications.

On November 16, 2010, (b)(6),(b)(7)(C) was indicted on one count of Theft of Public Funds, 18 USC 641, and four counts of False Statements, 18 USC 1001 in Federal Court for the District of South Carolina. On December 23, 2010, (b)(6),(b)(7)(C) made voluntary restitution of \$22,561.50 to the Department. On January 19, 2011, (b)(6),(b)(7)(C) entered into an Agreement for Pretrial Diversion (PDA) deferring prosecution for an 18 month period of supervision after which, having met all of the conditions of the PDA, the charges will be dismissed.

The report includes one recommendation for corrective action. If you have any questions, please contact me at (803) 725 (b)(6),(b)(7)(C) or Special Agent (b)(6),(b)(7)(C) at (803) 725 (b)(6),(b)(7)(C).

Enclosure

OIG Case No. I10SR010

i

This document is for ~~OFFICIAL USE ONLY~~. Public disclosure is determined by the Freedom of Information Act (Title 5, U.S.C., Section 552) and the Privacy Act (Title 5, U.S.C., Section 552a).

INVESTIGATIVE REPORT TO MANAGEMENT

I. ALLEGATION

On May 3, 2010, the Savannah River Nuclear Solutions (SRNS) (b)(6), (b)(7)(C) notified the US Department of Energy (Department), Office of Inspector General (OIG), that (b)(6), (b)(7)(C) may have fraudulently received per diem benefits by creating a fabricated lease agreement.

II. POTENTIAL STATUTORY OR REGULATORY VIOLATIONS

This investigation focused on potential violations of Title 18, United States Code, Section 641, Theft of Public Money, and Title 18 United States Code, Section 1001, False Statements.

III. BACKGROUND

SRNS the management and operating contractor at the Department's Savannah River Site (SRS) awards subcontracts to staff augmentation firms when it is necessary to augment the SRNS staff carrying out the Department's mission at SRS. Noramtec Consultants Inc. (Noramtec), a staff augmentation firm, received an SRNS subcontract to provide the services of (b)(6), (b)(7)(C) SRNS's policy provides per diem benefits to employees who incur duplicate expenses at a permanent residence more than 100 miles away from SRS. The policy requires recipients of per diem benefits to certify using a Per Diem Eligibility Certification form and provide supporting documentation to verify existence of the permanent residence.

SRNS received approximately \$1.2 billion in Department American Recovery and Reinvestment Act (ARRA) funds from which it paid (b)(6), (b)(7)(C) per diem benefits.

IV. INVESTIGATIVE FINDINGS

False Per Diem Eligibility Certifications

(b)(6), (b)(7)(C) provided four false Per Diem Eligibility Certificates for the period April 27, 2009 to February 26, 2010. Specifically the investigation found (b)(6), (b)(7)(C) fabricated a lease and cash receipts to falsely certify a permanent residence for the purposes of being eligible to receive per diem payments. (b)(6), (b)(7)(C) made four false certifications resulting in payment of \$22,561.50 in American Recovery and Reinvestment Act (ARRA) funded per diem benefits. (b)(6), (b)(7)(C) admitted to providing false documents in support of (b)(6), (b)(7)(C) per diem certifications.

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

Certification to Receive Per Diem Benefits

As part of receiving per diem benefits, SRNS's policy required that (b)(6),(b)(7)(C) certify that (b)(6),(b)(7)(C) will incur duplicate expenses at a permanent residence more than 100 miles away from the SRS. From April 17, 2009 through February 1, 2010, (b)(6),(b)(7)(C) completed and signed four Per Diem Eligibility Certifications (Certifications) and provided them to Noramtec. On every Certification, (b)(6),(b)(7)(C) listed (b)(6),(b)(7)(C) permanent residence at (b)(6),(b)(7)(C) NC, 28715, and certified (b)(6),(b)(7)(C) incurred duplicate expenses. In support of (b)(6),(b)(7)(C) Certifications, (b)(6),(b)(7)(C) submitted a lease agreement for (b)(6),(b)(7)(C) NC, 28715, and copies of cash rental payment receipts.

During a June 17, 2010, interview conducted by the Department's OIG, (b)(6),(b)(7)(C) falsified the lease agreement and cash receipts in order to receive per diem benefits. (b)(6),(b)(7)(C) the receipts were all produced in March 2010 by (b)(6),(b)(7)(C) and are fraudulent because (b)(6),(b)(7)(C) did not pay (b)(6),(b)(7)(C) \$400.00 a month as stated on the receipts. (b)(6),(b)(7)(C) signed the fraudulent lease and receipts as a favor to (b)(6),(b)(7)(C) and did not receive any payments to do so. (b)(6),(b)(7)(C) believed the lease and receipts were merely technicalities in order to get the rate (b)(6),(b)(7)(C) deserved.

On November 16, 2010, (b)(6),(b)(7)(C) was indicted on one count of Theft of Public Funds, 18 USC 641, and four counts of False Statements, 18 USC 1001 in Federal Court for the District of South Carolina. On December 23, 2010, (b)(6),(b)(7)(C) made voluntary restitution of \$22,561.50 to the Department. On January 19, 2011, (b)(6),(b)(7)(C) entered into an Agreement for Pretrial Diversion (PDA) deferring prosecution for an 18 month period of supervision, after which, having met all of the conditions of the PDA, the charges will be dismissed.

Attached for informational purposes are copies of the following documents:

1. Indictment
2. Agreement for Pretrial Diversion

V. COORDINATION

This investigation was coordinated with the U.S. Attorney's Office for the District of South Carolina. The nature of the recommendation in this report has been previously coordinated with the Office of Procurement and Assistance Management, Contract Administration Division.

VI. RECOMMENDATIONS

Based on the findings of this report, and other information that may be available to you, the OIG recommends that the Director, Office of Procurement and Assistance Management, determine if suspension and/or debarment action is warranted against:

(b)(6),(b)(7)(C) SSAN: (b)(6),(b)(7)(C)
(b)(6),(b)(7)(C) DOB: (b)(6),(b)(7)(C)
(b)(6),(b)(7)(C) SC 29072

VII. FOLLOW-UP REQUIREMENTS

Please provide the OIG with a written response within 30 days concerning any action(s) taken or anticipated in response to this report.

VIII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

This report, including any attachments and information contained therein, is the property of the Office of Inspector General (OIG) and is for ~~OFFICIAL USE ONLY~~. The original and any copies of the report must be appropriately controlled and maintained. Disclosure to unauthorized persons without prior OIG written approval is strictly prohibited and may subject the disclosing party to liability. Unauthorized persons may include, but are not limited to, individuals referenced in the report, contractors, and individuals outside the Department of Energy. Public disclosure is determined by the Freedom of Information Act (Title 5, U.S.C., Section 552) and the Privacy Act (Title 5, U.S.C., Section 552a).

Attachments

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE DISTRICT OF SOUTH CAROLINA
AIKEN DIVISION

UNITED STATES OF AMERICA

V.

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

CR. NO.

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

18 USC § 641

18 USC § 1001(a)(3)

INDICTMENT

COUNT 1

THE GRAND JURY CHARGES:

Between in or about April 2009 and in or about February 2010, in the District of South Carolina and elsewhere, (b)(6),(b)(7)(C) willfully and knowingly did embezzle, steal, and convert to his own use in excess of \$1,000 belonging to the United States, by falsely claiming eligibility for per diem benefits through a program operated and funded by the United States Department of Energy;

In violation of Title 18, United States Code, Section 641.

COUNT 2

THE GRAND JURY FURTHER CHARGES:

On or about April 17, 2009, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, [REDACTED] (b)(6), (b)(7)(C) knowingly and willfully did make and use a false writing and document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries in that [REDACTED] did prepare and submit a Per Diem Eligibility Certification on which [REDACTED] falsely claimed that [REDACTED] permanent residence was located in [REDACTED] (b)(6), (b)(7)(C) North Carolina; [REDACTED] (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) (b)(6), (b)(7)(C)

In violation of Title 18, United States Code, Section 1001(a)(3).

COUNT 3

THE GRAND JURY FURTHER CHARGES:

On or about July 23, 2009, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, (b)(6),(b)(7)(C) knowingly and willfully did make and use a false writing and document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries in that (b)(6),(b)(7)(C) did prepare and submit a Per Diem Eligibility Certification on which he falsely claimed that (b)(6),(b)(7)(C) permanent residence was located in (b)(6),(b)(7)(C) North Carolina;

In violation of Title 18, United States Code, Section 1001(a)(3).

COUNT 4

THE GRAND JURY FURTHER CHARGES:

On or about November 1, 2009, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, (b)(6),(b)(7)(C) knowingly and willfully did make and use a false writing and document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries in that (b)(6),(b)(7)(C) did prepare and submit a Per Diem Eligibility Certification on which (b)(6),(b)(7)(C) falsely claimed that (b)(6),(b)(7)(C) permanent residence was located in (b)(6),(b)(7)(C) North Carolina;

In violation of Title 18, United States Code, Section 1001(a)(3).

COUNT 5

THE GRAND JURY FURTHER CHARGES:

On or about February 1, 2010, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, (b)(6),(b)(7)(C) knowingly and willfully did make and use a false writing and document, knowing the same to

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

Date Filed 11/16/10 Entry Number 2 Page 3 of 3

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

contain materially false, fictitious, and fraudulent statements and entries in that ☐ did prepare and submit a Per Diem Eligibility Certification on which he falsely claimed that ☐ permanent residence was located in ☐ North Carolina;

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

In violation of Title 18, United States Code, Section 1001(a)(3).

A *TD&E* BILL

FOREPERSON /

WILLIAM N. NETTLES (DAE)
UNITED STATES ATTORNEY

UNITED STATES OF AMERICA

vs.

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

ADDRESS:

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

THURMOND KIRCHNER TIMBES & YELVERTON, P.A.
15 Mid-Atlantic Wharf, Suite 101
Charleston, South Carolina 29401.

Criminal Number:

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

FILE NUMBER:

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

AGREEMENT FOR PRETRIAL DIVERSION

You are reported to have committed an offense against the United States on or about April 6, 2009, in violation of Title 18, United States Code, Section 1001, in that you did willfully and knowingly make and use a false writing instrument, knowing the same to contain false, fictitious and fraudulent statements and entries to obtain Per Diem Eligibility.

Upon accepting responsibility for your behavior, and by your signature on this Agreement, it appearing after an investigation of the offense, and your background, that the interest of the United States and your own interest and the interest of justice will be served by the following procedure, therefore:

On the authority of the Attorney General of the United States, by WILLIAM N. NETTLES, United States Attorney for the District of South Carolina, prosecution in this District for this offense shall be deferred for a period of eighteen (18) months from this date, provided you abide by the following conditions and the requirements of the program set out below.

Should you violate the conditions of this Agreement, the United States Attorney may revoke or modify any conditions of this Pretrial Diversion Program or change the period of supervision which shall in no case exceed eighteen months. The United States Attorney may release you from supervision at any time. The United States Attorney may at any time within the period of your

plz prepare 18 months continuance
①
② copy to case agent. thy

supervision initiate prosecution for this offense should you violate the conditions of this supervision and will furnish you with notice specifying the conditions of your program which you have violated.

After successfully completing your Pretrial Diversion Program and fulfilling all the terms and conditions of the Agreement, no prosecution for the offense set out on page 1 of this Agreement will be instituted in this District, and the charges against you, if any, will be dismissed. This does not mean, however, that the records pertaining to this charge are expunged.

Neither this Agreement nor any other document filed with the United States Attorney as a result of your participation in the Pretrial Diversion Program will be used against you except for impeachment purposes, in connection with any prosecution for the above described offense.

GENERAL CONDITIONS OF PRETRIAL DIVERSION

1. You shall not violate any law (federal, state and local). You shall immediately contact your pretrial diversion supervisor if arrested and/or questioned by any law enforcement officer.
2. You shall attend school or work regularly at a lawful occupation or otherwise comply with the terms of the Special Program described below. If you lose your job or are unable to attend school, you shall notify your pretrial diversion supervisor at once. You shall consult him or her prior to job or schools changes.
3. You shall report to your supervisor as directed and keep him informed of your whereabouts.
4. In order to be accepted into the Pretrial Diversion Program, you must agree to be fingerprinted.
5. You shall follow the program and such special conditions as may be described below.

(A). Prior to execution of this agreement, you shall produce proof that you have paid restitution in the total amount of \$22,561.50. Shall payment shall have been made to:

US Department of Energy, Savannah River Operations Office
ATTN: Ms. Lucy Knowles
Chief Counsel
Office of Chief Counsel
Savannah River Operations Office
United States Department of Energy
PO BOX A
Aiken, SC, 29802

(B) Participate in mental health counseling to be coordinated and approved with the Probation Office.

(C) You will not seek, accept, or continue with any employment with the United States Department of Energy or with any contractor that provides services to the Department of Energy at any site owned or managed by the Department of Energy. This ban shall last during the full term of your Pretrial Diversion period of supervision.

(D) You will consent to an administrative debarment from future employment at any site owned or managed by the Department of Energy. You understand and agree that this debarment could last, at the election of DOE, for the rest of your life.

CERTIFICATION BY DIVERTEE

I assert and certify that I am aware of the fact that the Sixth Amendment to the Constitution of the United States provides that in all criminal prosecutions the accused shall enjoy the right to a speedy and public trial. I also am aware that Rule 48(b) of the Federal Rules of Criminal Procedure provides that the Court may dismiss an indictment, information or complaint for unnecessary delay in presenting a charge to the Grand Jury, filing an information or in bringing a defendant to trial. I hereby request that the United States Attorney for the District of South Carolina defer such

prosecution. I agree and consent that any delay from the date of this Agreement to the date of the initiation of the prosecution, as provided for in the terms expressed herein, shall be deemed to be a necessary delay at my request, and I waive any defense to such prosecution on the ground that such delay operated to deny my rights under Rule 48(b) of the Federal Rules of Criminal Procedure and the Sixth Amendment to the Constitution of the United States to a speedy trial or to bar the prosecution by reason of running of the statute of limitations for a period of months equal to the period of this Agreement.

I hereby state that the above has been read and explained to me. I understand the conditions of my Pretrial Diversion Program and agree that I will comply with them.

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

1/19/11
Date

~~DIVERTEE~~

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

1/10/11
Date

ATTORNEY

WILLIAM N. NETTLES
UNITED STATES ATTORNEY

BY:


Dean A. Eichelberger
Assistant U.S. Attorney

January 7, 2011
Date

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

UNITED STATES PRETRIAL SERVICES
OFFICER

1-19-2011
Date

Document 28

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: September 29, 2011 12:41 PM

Page 1

Case Number: I10SR011

Summary Date: 15-JUL-11

Title:

(b)(6)(b)(7)(C) THEFT OF GOVERNMENT FUNDS; SRS

Executive Brief:

PREDICATION

ON JUNE 02, 2010, THE OIG LEARNED THAT (b)(6)(b)(7)(C) A SUBCONTRACTED (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) FOR SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS), SUBMITTED FALSE CLAIMS RELATING TO (b)(6)(b)(7)(C) ELIGIBILITY TO RECEIVE PER DIEM BENEFITS.

INVESTIGATIVE FINDINGS:

FBI NOTIFICATION: ON JUNE 23, 2010, THE OIG MADE CASE OPENING NOTIFICATION TO THE FBI, COLUMBIA, SC, VIA FAX.

ARRA STATUS: (b)(6)(b)(7)(C) WORKED ON VARIOUS PROJECTS AS A (b)(6)(b)(7)(C) WHILE WORKING AT SRS.

ON 02-JUN-2010, (b)(6)(b)(7)(C) SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS), ALLEGED TO THE OIG THAT (b)(6)(b)(7)(C) ACTS., SAVANNAH RIVER SITE, MAY HAVE FRAUDULENTLY RECEIVED PER DIEM BENEFITS. (b)(6)(b)(7)(C) HAS RECEIVED APPROXIMATELY \$20,250 IN PER DIEM BENEFITS. (b)(6)(b)(7)(C) LISTED A VACANT LOT AS A PERMANENT RESIDENCE ON (b)(6)(b)(7)(C) PER DIEM CERTIFICATIONS AND THEREFORE WAS NOT ENTITLED TO THE ARRA FUNDS HE RECEIVED THROUGH ACTS.

ON JUNE 14, 2010, THE OIG INTERVIEWED (b)(6)(b)(7)(C) DENIES MISLEADING ACTS. (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) SUPPLY, NC IS NOT A VACANT LOT. (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) IS ON THIS PROPERTY. (b)(6)(b)(7)(C) ACTS THAT (b)(6)(b)(7)(C) DECEASED FATHERS HOUSE AFTER HE DIED IN MARCH OF 2009. (b)(6)(b)(7)(C) WORK AT SRS IN AUGUST OF (b)(6)(b)(7)(C) IS NOT ON THE DEED BECAUSE THE HOME WENT TO PROBATE COURT. AS WELL THE HOUSE CAUGHT FIRE IN 2008 AND HAS BEEN VACANT SINCE. (b)(6)(b)(7)(C) ACTS DOES NOT KNOW THAT THE HOME IS UNINHABITABLE AND THAT (b)(6)(b)(7)(C) DOES NOT PLAN TO RETURN TO THIS BURNT HOME AT THE COMPLETION OF (b)(6)(b)(7)(C) ACTS CONTRACT.

(b)(6)(b)(7)(C) SA (b)(6)(b)(7)(C) RECEIVED A COPY OF A 2010 BRUNSWICK COUNTY TAX NOTICE FOR (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) WHICH INDICATES (b)(6)(b)(7)(C) ARE THE CURRENT DEED HOLDERS. SINCE JANUARY OF 2009, (b)(6)(b)(7)(C) HAS MADE ONLY ONE PAYMENT OF \$50.00 TOWARDS THE TAXES OF (b)(6)(b)(7)(C) THE LAST TAX PAYMENT THAT BRUNSWICK COUNTY RECEIVED FOR (b)(6)(b)(7)(C) WAS FROM (b)(6)(b)(7)(C) ON JUNE 30, 2010.

SA (b)(6)(b)(7)(C) COORDINATED THIS INVESTIGATION WITH AUSA DEWAYNE PEARSON, DISTRICT OF SOUTH CAROLINA, COLUMBIA, SC. AUSA PEARSON HAS NO INTERESTS IN PURSUING CRIMINAL CHARGES

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: September 29, 2011 12:41 PM

Page 2

AGAINST (b)(6)(b)(7)(C) AUSA PEARSON BASED THIS DECISION ON THE FACT THAT (b)(6)(b)(7)(C) MADE A TAX
PAYMENT TOWARDS (b)(6)(b)(7)(C) COULD MAKE A REASONABLE ARGUMENT
THAT (b)(6)(b)(7)(C) OWNS PART OF (b)(6)(b)(7)(C)
(b)(6)(b)(7)(C)

STAT ON MAY 17, 2011 DOE'S SAVANNAH RIVER OPERATIONS OFFICE CONFIRMED THAT
SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS) REIMBURSED DOE FOR THE \$20,250 OF PER DIEM
MONIES THAT SRNS INAPPROPRIATELY PAID TO (b)(6)(b)(7)(C)

DISPOSITION:

CASE CLOSED.

Document 29

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:26 PM

Page 1

Case Number: I10SR013

Summary Date: 09-APR-12

Title:

CUNNINGHAM; FALSE PER DIEM CLAIMS; SRS

Executive Brief:

PREDICATION

ON JULY 22, 2010, (b)(6)(b)(7)(C) SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS) ALLEGED THAT ANTHONY CUNNINGHAM, A SRNS SUBCONTRACTOR EMPLOYEE, MAY HAVE FRAUDULENTLY RECEIVED \$16,783.80 OF PER DIEM BENEFITS. (b)(6)(b)(7)(C) THAT MR. CUNNINGHAM IS A STAFF AUGMENTATION SUBCONTRACTOR EMPLOYEE PERFORMING WORK AT THE SAVANNAH RIVER SITE FOR ASTRID CONTRACT TECHNICAL SERVICES, INC. (b)(6)(b)(7)(C) THAT MR. CUNNINGHAM MAY HAVE FALSELY RECEIVED THE PER DIEM BENEFITS BY REPORTING THAT HE INCURRED EXPENSES FROM HIS PERMANENT RESIDENCE LOCATED IN MEDFORD, MA WHEN IN FACT, MR. CUNNINGHAM REPORTED A DIFFERENT PERMANENT ADDRESS ON A SUBSEQUENT PER DIEM CERTIFICATION FORM AS WELL HIS SRNS SECURITY BADGING FORM. THE PER DIEM MONIES PAID TO MR. CUNNINGHAM WERE FUNDED BY THE AMERICAN RECOVERY AND REINVESTMENT ACT.

INVESTIGATIVE FINDINGS

ON JULY 23, 2010 THE OIG PROVIDED A CASE OPENING NOTIFICATION MEMORANDUM TO (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) OF THE FBI COLUMBIA, SC DIVISION.

ARRA STATUS: MR. CUNNINGHAM IS EMPLOYED AT THE SAVANNAH RIVER SITE (SRS) UNDER AN AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) SUBCONTRACT (RA02626N) AS A RADIOLOGICAL CONTROL INSPECTOR ASSIGNED TO THE EM SOLID WASTE REMEDIATION PROJECT AND THE EM TRU REMEDIATION PROJECT AT SRS. MR. CUNNINGHAM'S SALARY AND PER DIEM BENEFITS ARE FUNDED WITH ARRA FUNDS.

BACKGROUND: NUMEROUS SRNS SUBCONTRACTOR EMPLOYEES ARE PAID HOURLY PER DIEM ALLOWANCES IF THE EMPLOYEE MEETS THE ELIGIBILITY REQUIREMENTS OF THE SRNS TRAVEL COMPENSATION POLICY. IN ORDER TO RECEIVE PER DIEM, THE SUBCONTRACTOR MUST HAVE A PERMANENT RESIDENCE LOCATED GREATER THAN 100 MILES FROM SRS AND INCUR DUPLICATIVE LIVING EXPENSES ASSOCIATED WITH MAINTAINING THEIR CLAIMED PERMANENT RESIDENCE AS WELL AS A TEMPORARY RESIDENCE LOCATED WITHIN COMMUTING DISTANCE TO SRS. SUBCONTRACTOR EMPLOYEES ARE NOT ELIGIBLE TO RECEIVE PER DIEM IF THEIR CLAIMED PERMANENT RESIDENCE IS LEASED OR SUBLET TO ANOTHER INDIVIDUAL OR IF THE CLAIMED PERMANENT RESIDENCE IS AN INDIVIDUAL ROOM (NON- INDEPENDENT DWELLING) LOCATED INSIDE A HOME. FURTHERMORE, THE SUBCONTRACTORS ARE NOT ELIGIBLE FOR PER DIEM IF THE CLAIMED PERMANENT RESIDENCE IS OCCUPIED BY SOMEONE OTHER THAN THEIR IMMEDIATE FAMILY AND/OR LEGAL DEPENDENTS.

NCIC REVEALED THAT MR. CUNNINGHAM WAS FOUND GUILTY ON THE FOLLOWING CHARGES: FRAUDULENT ENLISTMENT, FALSE OFFICIAL STATEMENTS, AND WEARING UNAUTHORIZED DECORATIONS. THE CHARGING AGENCY WAS THE AIR FORCE, OFFICE OF SPECIAL

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:26 PM

Page 2

INVESTIGATIONS (OSI).

THE OIG CONTACTED THE OSI TO OBTAIN INFORMATION RELATING TO MR. CUNNINGHAM'S CONVICTION. OSI ADVISED THAT MR. CUNNINGHAM MADE FALSE STATEMENTS AND REPRESENTATIONS TO AN AIR FORCE PROMOTIONS BOARD. THE OSI INVESTIGATION FOUND THAT MR. CUNNINGHAM FALSELY REPORTED TO THE AIR FORCE THAT HE RECEIVED A B.S. DEGREE IN MATHEMATICAL PHYSICS FROM EXCELSIOR COLLEGE. EXCELSIOR COLLEGE CONFIRMED AWARDED HIM A B.S. DEGREE IN LIBERAL ARTS WITH AN UNDECLARED MAJOR, BUT DID NOT AWARD HIM A B.S. DEGREE IN MATHEMATICAL PHYSICS.

THE OIG OBTAINED MR. CUNNINGHAM'S PER DIEM DOCUMENTATION FROM HIS EMPLOYER. INCLUDED WITH THIS DOCUMENTATION WAS A COPY OF MR. CUNNINGHAM'S FIRST LEASE FOR HIS REPORTED PERMANENT RESIDENCE LOCATED AT 94 FREDERICKS AVE, MEDFORD, MA, AND A COPY OF ANOTHER LEASE HE LATER PROVIDED AFTER CHANGING HIS REPORTED PERMANENT RESIDENCE TO 129 FOREST STREET, MEDFORD, MA. HOWEVER, MR. CUNNINGHAM REPORTED ON HIS SITE ACCESS SECURITY DOCUMENTATION THAT HIS PERMANENT ADDRESS WAS 218 MARILYN DRIVE, JASPER, TN. BOTH OF THE LEASES IDENTIFY THE LANDLORD AS (b)(6),(b)(7)(C) AND THE MOST RECENT LEASE INDICATES THAT (b)(6),(b)(7)(C) RESIDES IN (b)(6),(b)(7)(C) NH. CLEAR DATABASE SEARCHES AND STATE REGISTRY OF DEEDS SEARCHES REVEALED THAT (b)(6),(b)(7)(C) DOES NOT OWN EITHER OF THE RESIDENCES REPORTED ON MR. CUNNINGHAM'S LEASES. FURTHERMORE, CLEAR DID NOT FIND A (b)(6),(b)(7)(C) RESIDING IN NH.

THE OIG OBTAINED MR. CUNNINGHAM'S RESUME FROM HIS EMPLOYER. MR. CUNNINGHAM REPORTS ON HIS RESUME THAT IN 1986 HE WAS AWARDED A B.S. DEGREE FROM THE UNIVERSITY OF THE STATE OF NEW YORK. MR. CUNNINGHAM'S RESUME DID NOT REFLECT THAT HE RECEIVED A B.S. IN LIBERAL ARTS FROM EXCELSIOR COLLEGE. HIS RESUME LISTS TWO REFERENCES, (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) AND CONTACT NUMBERS FOR EACH. CLEAR IDENTIFIED THAT THE TELEPHONE NUMBERS LISTED FOR THE REFERENCES FORMERLY BELONGED TO (b)(6),(b)(7)(C) (A.K.A. (b)(6),(b)(7)(C) AND (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) RESPECTIVELY. CLEAR REPORTS FURTHER IDENTIFY THAT MR. CUNNINGHAM IS RELATED TO (b)(6),(b)(7)(C)

MR. CUNNINGHAM'S EMPLOYER REPORTED THAT SRNS DID NOT SELECT MR. CUNNINGHAM FOR THE VACANT RADIOLOGICAL CONTROL INSPECTOR POSITION THE FIRST TIME MR. CUNNINGHAM APPLIED FOR THE POSITION. THE EMPLOYER SAID THAT THEY SPOKE DIRECTLY TO SRNS RADIOLOGICAL CONTROL MANAGEMENT AND HIGHLIGHTED MR. CUNNINGHAM'S RESUME, EDUCATION AND PAST WORK EXPERIENCE RESULTING IN SRNS SELECTING HIM FOR A SUBSEQUENT RADIOLOGICAL CONTROL INSPECTOR VACANCY.

MR. CUNNINGHAM TOLD THE OIG DURING AN INTERVIEW THAT HIS (b)(6),(b)(7)(C) NAME WAS

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:26 PM

Page 3

(b)(6)(b)(7)(C) AND THAT (b)(6)(b)(7)(C) LIVED IN (b)(6)(b)(7)(C) MA. HE SAID THAT (b)(6)(b)(7)(C) IS HIS LANDLORD, BUT HE DID NOT HAVE A CONTACT NUMBER FOR (b)(6)(b)(7)(C).

MR. CUNNINGHAM REPORTED THAT HIS TEMPORARY RESIDENCE WAS LOCATED IN JACKSON, SC AND THE LANDLORD FOR THIS RESIDENCE IS (b)(6)(b)(7)(C) STATE OF SOUTH CAROLINA TAX RECORDS INDICATE THAT MR. CUNNINGHAM HAS OWNED THE JACKSON, SC RESIDENCE SINCE SEPTEMBER 22, 2009.

ON NOVEMBER 1, 2010, THE OIG ISSUED A REPORT OF INVESTIGATION TO AUSA DEAN EICHELBERGER, U.S. ATTORNEYS OFFICE, DISTRICT OF SOUTH CAROLINA.

STAT ON AUGUST 17, 2010, (b)(6)(b)(7)(C) PERFORMED A CONSENSUALLY MONITORED TELEPHONE CALL WITH (b)(6)(b)(7)(C) (A.K.A. (b)(6)(b)(7)(C)).

CUNNINGHAM FRAUDULENTLY RECEIVED A TOTAL OF \$25,099.47 OF PER DIEM MONIES, OF WHICH, \$15,699.60 WAS PAID BY DOE USING ARRA FUNDS.

STAT ON MAY 17, 2011, DOE'S SAVANNAH RIVER OPERATIONS OFFICE CONFIRMED THAT SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS) REIMBURSED DOE FOR THE \$15,699.60 OF PER DIEM MONIES THAT SRNS INAPPROPRIATELY PAID TO CUNNINGHAM.

STAT ON MAY 19, 2011, A FEDERAL GRAND JURY IN THE DISTRICT OF SOUTH CAROLINA RETURNED A 5 COUNT INDICTMENT AGAINST CUNNINGHAM IN RELATION TO CUNNINGHAM'S SUBMISSIONS OF FALSE PER DIEM CERTIFICATIONS AND LEASE AGREEMENTS. THE INDICTMENT COUNTS ARE AS FOLLOWS: 1 COUNT 18 U.S.C. 641 AND 4 COUNTS 18 U.S.C. 1001 OF VIOLATIONS.

ON JUNE 1, 2011, CUNNINGHAM FAILED TO APPEAR FOR HIS ARRAIGNMENT IN THE U.S. DISTRICT COURT IN THE DISTRICT OF SOUTH CAROLINA, RESULTING IN THE JUDGE ORDERING A BENCH WARRANT FOR HIS ARREST. AS SUCH, ON JUNE 14, 2011, THE OIG LEARNED FROM THE LOCAL U.S. MARSHALS SERVICE THAT A WARRANT WAS ISSUED FOR CUNNINGHAM'S ARREST.

STAT ON JUNE 15, 2011, THE OIG AND THE U.S. MARSHALS SERVICE ARRESTED CUNNINGHAM PURSUANT TO HIS INDICTMENT AND FOR HIS FAILURE TO APPEAR FOR HIS ARRAIGNMENT.

STAT ON AUGUST 23, 2011, CUNNINGHAM PLED GUILTY IN THE U.S. DISTRICT COURT IN SOUTH CAROLINA TO ONE COUNT OF THEFT OF GOVERNMENT FUNDS.

STAT ON DECEMBER 19, 2011, THE OIG WAS NOTIFIED THAT ON DECEMBER 14, 2011, CUNNINGHAM WAS SENTENCED IN THE U.S. DISTRICT COURT IN SOUTH CAROLINA TO 3 YEARS

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:26 PM

Page 4

PROBATION, \$100 SPECIAL ASSESSMENT FEE, AND ORDER TO PAY RESTITUTION IN THE AMOUNT OF \$25,099.47.

STAT ON JANUARY 13, 2012, THE OIG ISSUED AN IRM TO THE DOE, DIRECTOR OF THE OFFICE OF PROCUREMENT AND ASSISTANCE MANAGEMENT RECOMMENDING SUSPENSION/DEBARMENT ACTIVITIES AGAINST CUNNINGHAM.

STAT ON MARCH 1, 2012, THE OIG LEARNED THAT ON FEBRUARY 17, 2012, DOE'S DIRECTOR OF THE OFFICE OF PROCUREMENT AND ASSISTANCE MANAGEMENT SUSPENDED CUNNINGHAM FROM FURTHER GOVERNMENT CONTRACTING.

STAT ON APRIL 5, 2012, DOE'S DIRECTOR OF THE OFFICE OF PROCUREMENT AND ASSISTANCE MANAGEMENT DEBARRED CUNNINGHAM FROM GOVERNMENT CONTRACTING.

PLANNED ACTIVITY

-CLOSE CASE

DISPOSITION



U.S. Department of Energy
Office of Inspector General
Office of Investigations

Investigative Report to Management

I10SR013

January 13, 2012



U.S. Department of Energy
Office of Inspector General
Office of Investigations

January 13, 2012

**MEMORANDUM FOR THE DIRECTOR, OFFICE OF PROCUREMENT AND
ASSISTANCE MANAGEMENT**

FROM:

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

Eastern Investigation Operations
Region 2 Investigations

SUBJECT: Theft of Government Funds, (OIG Case No. I10SR013)

This report serves to inform you of the results of an investigation by the U.S. Department of Energy's (Department) Office of Inspector General (OIG). The investigation involved allegations of false per diem claims by Mr. Anthony Cunningham. Mr. Cunningham was a subcontracted radiological control inspector working at the Savannah River Site (SRS) under an American Recovery and Reinvestment Act funded staff augmentation subcontract with Astrid Contract Technical Services, Incorporated (ACTS). The investigation determined Mr. Cunningham falsely claimed per diem reimbursement from ACTS totaling \$25,099.47, of which \$15,699.60 was from the Department.

In summary, Mr. Cunningham submitted misleading and fraudulent documents supporting his claims for Department funded per diem reimbursements covering the period September 1, 2009 to August 31, 2010. Mr. Cunningham submitted per diem eligibility certifications representing he incurred rental expenses when in fact those expenses were never incurred. Home lease agreements submitted by Mr. Cunningham purported that he rented two different Massachusetts residences from the same landlord between the above listed dates. Our investigation determined Mr. Cunningham was not the lessee of either residence, nor was the identified landlord the actual landlord for the properties. As a result of these false representations, ACTS reimbursed Mr. Cunningham for \$25,099.47 in per diem to which he was not entitled.

On August 23, 2011, Mr. Cunningham pled guilty in the U.S. District Court in South Carolina to one count of theft of government funds. On December 14, 2011, Mr. Cunningham was sentenced to 3 years of probation and ordered to pay \$25,099.47 in restitution, of which, \$15,699.60 will be returned to the Department.

This report includes one recommendation for corrective action. If you have any questions, please contact me at (803) 725-(b)(6),
(b)(7)
(C) or Special Agent (b)(6),(b)(7)(C) at (803) 725-(b)(6),(b)(7)
(C)

Enclosure

Cc: Office of General Counsel

OIG Case No. I10SR013

i

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INVESTIGATIVE REPORT TO MANAGEMENT

I. ALLEGATION

On July 22, 2010, the U.S. Department of Energy (Department), Office of Inspector General (OIG) developed information that Mr. Anthony Cunningham, a radiological control inspector employee at the Department's Savannah River Site (SRS) fraudulently received Department funded per diem payments.

II. POTENTIAL STATUTORY OR REGULATORY VIOLATIONS

This investigation focused on potential violations of Title 18, United States Code, Section 641, Theft of Public Funds; and, Title 18, United States Code, Section 1001, False Statements.

III. BACKGROUND

Savannah River Nuclear Solutions, LLC (SRNS) is the management and operating contractor at the Department's SRS. SRNS awards subcontracts to staff augmentation firms, which in turn provide labor to support SRNS in carrying out its contractual obligations to the Department at the SRS facility. SRNS awarded Astrid Contract Technical Services, Incorporated (ACTS), a staff augmentation subcontract to provide radiological control inspector services to SRS.

SRNS travel policy provides per diem benefits to subcontractor employees who incur "duplicate expenses" to maintain a permanent residence more than 100 miles away from SRS. Their travel policy defines duplicate expenses as lodging, meals and incidental costs incurred in addition to expenses associated with the employee's claimed permanent residence. Furthermore, the permanent residence may not be leased or sublet to any person or otherwise occupied by anyone outside of the employee's immediate family, which includes spouse, children or other legal dependents. The employee executes a Per Diem Eligibility Certification (Certification) affirming they meet eligibility in order to obtain per diem benefits.

IV. INVESTIGATIVE FINDINGS

Summary

The OIG investigation determined that Mr. Cunningham provided false documentation in order to certify eligibility for per diem benefits, paid by the Department, for the period covering September 1, 2009 to August 31, 2010. As a result, Mr. Cunningham received \$25,099.47 of per diem to which he was not entitled. SRNS used Department funds to reimburse ACTS for

\$15,699.60 of this amount.

Details

Mr. Cunningham submitted 4 per diem Certification forms to ACTS, dated September 16, 2009, December 13, 2009, March 24, 2010 and May 27, 2010. In support of these certifications, he submitted two home rental agreements for residences in the State of Massachusetts, dated August 31, 2009 and March 1, 2010, and one rental agreement for lodging in South Carolina, dated October 5, 2009.

The investigation found these rental agreements were false. Specifically, that Mr. Cunningham did not have a permanent residence in Massachusetts and that he did not reside at, nor pay rent for either residence represented on the rental agreements he produced for Massachusetts. Additionally, the investigation found the address for the rental agreement for lodging in South Carolina was a fictitious address.

On May 20, 2011, Mr. Cunningham was indicted in Federal Court for the District of South Carolina on one count of Theft of Public Funds, 18 U.S.C. 641, and four counts of Making False Statements, 18 U.S.C. 1001. On August 23, 2011, Mr. Cunningham pled guilty to one count of Theft of Public Funds. On December 14, 2011, Mr. Cunningham was sentenced to three years probation and ordered to pay \$25,099.47 in restitution.

Attached for informational purposes are copies of the following documents:

1. Indictment
2. Sentencing Report

V. COORDINATION

This investigation was coordinated with the U.S. Attorney's Office for the District of South Carolina. The nature of the recommendation in this report has been previously coordinated with the Office of Procurement and Assistance Management, Contract Administration Division.

VI. RECOMMENDATIONS

Based on the findings of this report, and other information that may be available to you, the OIG recommends that the Director, Office of Procurement and Assistance Management, determine if suspension and/or debarment action is warranted against:

- 1) Mr. Anthony Cunningham
(b)(6), (b)(7)(C)
Jackson, SC 29831

VII. FOLLOW-UP REQUIREMENTS

Please provide the OIG with a written response within 30 days concerning any action(s) taken or anticipated in response to this report.

VIII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

This report, including any attachments and information contained therein, is the property of the Office of Inspector General (OIG) and is for ~~OFFICIAL USE ONLY~~. The original and any copies of the report must be appropriately controlled and maintained. Disclosure to unauthorized persons without prior OIG written approval is strictly prohibited and may subject the disclosing party to liability. Unauthorized persons may include, but are not limited to, individuals referenced in the report, contractors, and individuals outside the Department of Energy. Public disclosure is determined by the Freedom of Information Act (Title 5, U.S.C., Section 552) and the Privacy Act (Title 5, U.S.C., Section 552a).

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
AIKEN DIVISION

UNITED STATES OF AMERICA

v.

ANTHONY CUNNINGHAM

CR. NO.

1:11cr638
18 U.S.C. § 641

18 U.S.C. § 1001(a)(3)

INDICTMENT

COUNT 1

THE GRAND JURY CHARGES:

Between in or about September 2009, and September 2010, in the District of South Carolina and elsewhere, ANTHONY CUNNINGHAM, willfully and knowingly did embezzle, steal, and convert to his own use in excess of \$1,000 belonging to the United States, by falsely claiming eligibility for per diem benefits through a program operated and funded by the United States Department of Energy through the American Recovery and Reinvestment Act;

In violation of Title 18, United States Code, Section 641.

COUNT 2

THE GRAND JURY FURTHER CHARGES:

On or about December 13, 2009, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, ANTHONY CUNNINGHAM, knowingly and willfully did make and use a false writing and document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries in that he did prepare and submit a Per Diem Eligibility Certification form on which he falsely claimed that his

permanent address was 94 Fredericks Avenue, Medford, MA, when in truth, as he then well knew, such address was not his permanent residence;

In violation of Title 18, United States Code, Section 1001(a)(3).

COUNT 3

THE GRAND JURY FURTHER CHARGES:

On or about March 24, 2010, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, ANTHONY CUNNINGHAM, knowingly and willfully did make and use a false writing and document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries in that he did prepare and submit a Per Diem Eligibility Certification form on which he falsely claimed that his permanent address was 129 Forest Street, Medford, MA, when in truth, as he then well knew, such address was not his permanent residence;

In violation of Title 18, United States Code, Section 1001(a)(3).

COUNT 4

THE GRAND JURY FURTHER CHARGES:

On or about May 27, 2010, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, ANTHONY CUNNINGHAM, knowingly and willfully did make and use a false writing and document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries in that he did prepare and submit a Per Diem Eligibility Certification form on which he falsely claimed that his permanent address was 129 Forest Street, Medford, MA, when in truth, as he then well knew, such

address was not his permanent residence;

In violation of Title 18, United States Code, Section 1001(a)(3).

COUNT 5

THE GRAND JURY FURTHER CHARGES:

On or about September 3, 2010, in the District of South Carolina, in a matter within the jurisdiction of the executive branch of the government of the United States, ANTHONY CUNNINGHAM, knowingly and willfully did make and use a false writing and document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries in that he did prepare and submit a Per Diem Eligibility Certification form on which he falsely claimed that his permanent address was 129 Forest Street, Medford, MA, when in truth, as he then well knew, such address was not his permanent residence;

In violation of Title 18, United States Code, Section 1001(a)(3).

REDACTED

A TRUE BILL

REDACTED

FOREPERSON

WILLIAM N. NETTLES (DAE)
UNITED STATES ATTORNEY

RECORD OF GRAND JURY BALLOT

ca 1:11cr638

THE UNITED STATES V. ANTHONY CUNNINGHAM

(SEALED UNTIL FURTHER ORDER OF THE COURT)

UNITED STATES DISTRICT COURT
District of South Carolina

UNITED STATES OF AMERICA

JUDGMENT IN A CRIMINAL CASE

vs.

Case Number: 1:11-638 (001 JFA)

ANTHONY CUNNINGHAM

USM Number: 22895-171

John H. Hare, AFPD

Defendant's Attorney

THE DEFENDANT:

- ☒ pleaded guilty to count(s) 1 of the indictment on 8/23/11
☐ pleaded nolo contendere to count(s) _____ which was accepted by the court.
☐ was found guilty on count(s) after a plea of not guilty.

The defendant is adjudicated guilty of these offenses:

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
18 USC 641	Please see indictment	Sept. 2010	1

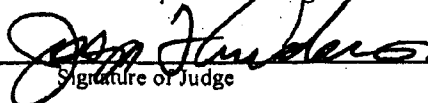
The defendant is sentenced as provided in pages 2 through 4 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

- ☐ The defendant has been found not guilty on count(s) _____
☒ Count(s) 2-5 of the indictment ☐ is ☒ are dismissed on the motion of the United States.
☐ Forfeiture provision is hereby dismissed on motion of the United States Attorney.

It is ordered that the defendant must notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant must notify the court and United States attorney of any material changes in economic circumstances.

December 14, 2011

Date of Imposition of Judgment


Signature of Judge

Joseph F. Anderson, Jr., United States District Judge
Name and Title of Judge

December 15, 2011
Date

D7

DEFENDANT: ANTHONY CUNNINGHAM
CASE NUMBER: 1:11-638

PROBATION

The defendant is hereby sentenced to probation for a term of Three (3) years.

The defendant shall not commit another federal, state or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the court.

- ☐ The above drug testing condition is suspended, based on the court's determination that the defendant poses a low risk of future substance abuse. *(Check, if applicable.)*
- ☒ The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon. *(Check, if applicable.)*
- ☒ The defendant shall cooperate in the collection of DNA as directed by the probation officer. *(Check, if applicable.)*
- ☐ The defendant shall comply with the requirements of the Sex Offender Registration and Notification Act (42 U.S.C. § 16901, *et seq.*) as directed by the probation officer, the Bureau of Prisons, or any state sex offender registration agency in which he or she resides, works, is a student, or was convicted of a qualifying offense. *(Check, if applicable.)*
- ☐ The defendant shall participate in an approved program for domestic violence. *(Check, if applicable.)*

If this judgment imposes a fine or restitution, it is a condition of probation that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as any additional conditions: Unless able to secure stable and verifiable employment, the defendant shall participate in a Vocational Training or Work Force Development Program as approved by the US Probation Office. The defendant shall provide the US Probation Office with access to all requested financial information to include income tax returns and bank statements. The defendant shall not open additional lines of credit without the approval of the US Probation Office.

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer in a manner and frequency directed by the court or probation officer.
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training, or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity and shall not associate with any person convicted of a felony, unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court; and
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

DEFENDANT: ANTHONY CUNNINGHAM
CASE NUMBER: 1:11-638**CRIMINAL MONETARY PENALTIES**

The defendant shall pay the total criminal monetary penalties under the schedule of payments on Sheet 4.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
TOTALS:	<u>\$ 100.00</u>	<u>\$</u>	<u>\$ 25,099.47</u>

☐ The determination of restitution is deferred until _____. An Amended Judgment in a Criminal Case(AO245C) will be entered after such determination.

☒ The defendant must make restitution (including community restitution) to the following payees in the amount listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment, unless otherwise specified in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. §3664(i), all nonfederal victims must be paid before the United States is paid.

<u>Name of Payee</u>	<u>Total Loss*</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
Savannah River Nuclear Solutions	\$ 25,099.47	\$ 25,099.47	
TOTAL	\$ 25,099.47	\$ 25,099.47	

- ☐ Restitution amount ordered pursuant to plea agreement \$ _____.
- ☐ The defendant must pay interest on restitution and a fine of more than \$2,500, unless the restitution or fine is paid in full before the fifteenth day after the date of judgment, pursuant to 18 U.S.C. §3612(f). All of the payment options on Sheet 5 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. §3612(g).
- ☒ The court determined that the defendant does not have the ability to pay interest and it is ordered that:
- ☒ The interest requirement is waived for the ☐ fine ☒ restitution.
 - ☐ The interest requirement for the ☐ fine ☐ restitution is modified as follows:

**Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

DEFENDANT: ANTHONY CUNNINGHAM
CASE NUMBER: 1:11-638

SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties is due as follows:

- A ☒ Lump sum payment of \$100.00 special assessment and \$25,099.47 restitution due immediately, balance due ☐ not later than _____, or ☒ in accordance with ☐ C, ☐ D, or ☒ E, or ☒ F below; or
- B ☐ Payment to begin immediately (may be combined with ☐ C, ☐ D, or ☐ F below); or
- C ☐ Payment in equal _____ (weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (30 or 60 days) after the date of this judgment; or
- D ☐ Payment in equal _____ (weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (30 or 60 days) after release from imprisonment to a term of supervision; or
- E ☒ Any remaining restitution shall be paid in minimum monthly installments of not less than \$50.00 beginning 30 days after imposition of this sentence.
- F ☒ Special instructions regarding the payment of criminal monetary penalties: If restitution, fine and/or special assessment are ordered due immediately, payments made pursuant to this judgment while the defendant is incarcerated, on supervised release, or on probation are minimum payments only and do not preclude the government from seeking to enforce this judgment against other assets or non-prison income of the defendant. In other words if ordered due immediately, the government may seek to enforce the full amount of any monetary penalty at any time pursuant to 18 U.S.C. § 3612, 3613 and 3664(m).

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the clerk of court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

☐ Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.

- ☐ The defendant shall pay the cost of prosecution.
- ☐ The defendant shall pay the following court cost(s):
- ☐ The defendant shall forfeit the defendant's interest in the following property to the United States:

As directed in the Preliminary Order of Forfeiture, filed _____ and the said order is incorporated herein as part of this judgment.

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.

Document 30

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: September 29, 2011 12:42 PM

Page 1

Case Number: I10SR014

Summary Date: 01-MAR-11

Title:

(b)(6)(b)(7)(C) FALSE PER DIEM CLAIMS; SRS

Executive Brief:

PREDICATION

ON JULY 22, 2010, (b)(6)(b)(7)(C) SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS) ALLEGED THAT (b)(6)(b)(7)(C) A SRNS SUBCONTRACTOR EMPLOYEE, MAY HAVE FRAUDULENTLY RECEIVED \$13,510.20 OF PER DIEM BENEFITS BY FALSELY CLAIMING THAT (b)(6)(b)(7)(C) HAS A RENTAL AGREEMENT WITH A LANDLORD NAMED (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) (LANDLORDS). (b)(6)(b)(7)(C) MAY BE RELATED TO (b)(6)(b)(7)(C) LANDLORDS AND AS SUCH, MAY NOT BE PAYING (b)(6)(b)(7)(C) LANDLORDS THE REPORTED RENTAL PAYMENT(S). (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) MUST INCUR DUPLICATIVE EXPENSES, SUCH AS RENTAL PAYMENTS, IN ORDER TO RECEIVE PER DIEM BENEFITS. THE PER DIEM MONIES PAID TO (b)(6)(b)(7)(C) WERE FUNDED BY THE AMERICAN RECOVERY AND REINVESTMENT ACT.

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

INVESTIGATIVE FINDINGS

ON JULY 23, 2010, THE OIG PROVIDED A CASE OPENING NOTIFICATION MEMORANDUM TO (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) FBI COLUMBIA DIVISION.

ARRA STATUS: (b)(6)(b)(7)(C) IS EMPLOYED AT THE SAVANNAH RIVER SITE (SRS) UNDER AN AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) SUBCONTRACT (RA01589N) AS A (b)(6)(b)(7)(C) THE EM SOLID WASTE PROJECT AND EM TRU REMEDIATION PROJECT. (b)(6)(b)(7)(C) SALARY AND PER DIEM BENEFITS ARE FUNDED WITH ARRA FUNDS.

BACKGROUND: NUMEROUS SRNS SUBCONTRACTOR EMPLOYEES ARE PAID HOURLY PER DIEM ALLOWANCES IF THE EMPLOYEE MEETS THE ELIGIBILITY REQUIREMENTS OF THE SRNS TRAVEL COMPENSATION POLICY. IN ORDER TO RECEIVE PER DIEM, THE SUBCONTRACTOR MUST HAVE A PERMANENT RESIDENCE LOCATED GREATER THAN 100 MILES FROM SRS AND INCUR DUPLICATIVE LIVING EXPENSES ASSOCIATED WITH MAINTAINING THEIR CLAIMED PERMANENT RESIDENCE AS WELL AS A TEMPORARY RESIDENCE LOCATED WITHIN COMMUTING DISTANCE TO SRS. SUBCONTRACTOR EMPLOYEES ARE NOT ELIGIBLE TO RECEIVE PER DIEM IF THEIR CLAIMED PERMANENT RESIDENCE IS LEASED OR SUBLET TO ANOTHER INDIVIDUAL OR IF THE CLAIMED PERMANENT RESIDENCE IS AN INDIVIDUAL ROOM (NON- INDEPENDENT DWELLING) LOCATED INSIDE A HOME. FURTHERMORE, THE SUBCONTRACTORS ARE NOT ELIGIBLE FOR PER DIEM IF THE CLAIMED PERMANENT RESIDENCE IS OCCUPIED BY SOMEONE OTHER THAN THEIR IMMEDIATE FAMILY AND/OR LEGAL DEPENDENTS.

(b)(6)(b)(7)(C) (b)(6)(b)(7)(C)
ON AUGUST 19, 2010, (b)(6)(b)(7)(C) THE OIG DURING AN INTERVIEW THAT THE ADDRESS REPORTED ON (b)(6)(b)(7)(C) PER DIEM CERTIFICATION FORM WAS (b)(6)(b)(7)(C) ADDRESS AND THAT THE LANDLORDS LISTED ON (b)(6)(b)(7)(C) LEASE AGREEMENT WERE (b)(6)(b)(7)(C) HAS USED (b)(6)(b)(7)(C) ADDRESS AS (b)(6)(b)(7)(C) PERMANENT RESIDENCE SINCE (b)(6)(b)(7)(C) WAS IN THE (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) (b)(6)(b)(7)(C)

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

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: September 29, 2011 12:42 PM

Page 2

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

EXPLAINED THAT ALTHOUGH [REDACTED] LEASE AGREEMENT STATES THAT [REDACTED] IS TO PAY [REDACTED] PARENTS MONTHLY RENT, [REDACTED] OFTEN DID NOT PAY THEM EACH MONTH. [REDACTED] HAS PAID [REDACTED] ALL RENT MONEY OWED AS OF THE DATE OF THE INTERVIEW, MOST OF WHICH WERE LUMP SUM PAYMENTS. [REDACTED] AGREED TO PROVIDE THE OIG WITH COPIES OF [REDACTED] BANK STATEMENTS SHOWING [REDACTED] MADE RENTAL PAYMENTS TO [REDACTED] [REDACTED]

STAT ON SEPTEMBER 28, 2010 A FEDERAL GRAND JURY SUBPOENA WAS SERVED

SRNS DETERMINED THAT [REDACTED] WAS NOT ELIGIBLE TO RECEIVE PER DIEM BENEFITS IN ACCORDANCE WITH THE SRNS TRAVEL COMPENSATION POLICY. SPECIFICALLY, SRNS FOUND THAT [REDACTED] DID NOT MAKE LEASE PAYMENTS FOR [REDACTED] CLAIMED PERMANENT RESIDENCE AS OUTLINED IN THE TERMS OF HIS LEASE AGREEMENT. FURTHERMORE, SRNS DETERMINED THAT [REDACTED] WAS LEASING A ROOM LOCATED INSIDE OF [REDACTED] RESIDENCE. SRNS WILL INCLUDE THE \$23,696.25 OF PER DIEM MONIES PAID TO [REDACTED] IN AN UPCOMING CREDIT BACK TO DOE.

STAT ON JANUARY 3, 2011, SRNS NOTIFIED THE OIG THAT ON DECEMBER 27, 2010, SRNS TERMINATED THE EMPLOYMENT OF [REDACTED]

STAT ON MARCH 1, 2011, SRNS NOTIFIED THE OIG THAT THE \$23,696.25 OF PER DIEM MONIES INAPPROPRIATELY PAID TO [REDACTED] WAS CREDITED BACK TO DOE.

PLANNED ACITIVITY
CLOSE CASE

DISPOSITION

Document 31

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:26 PM

Page 1

Case Number: I11SR001

Summary Date: 13-JAN-11

Title:

(b)(6),(b)(7)(C) THEFT OF GOVERNMENT;SRS

Executive Brief:

PREDICATION

ON SEPTEMBER 30, 2010, THE OIG LEARNED THAT (b)(6),(b)(7)(C) A SUBCONTRACTED FOR SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS), MAY HAVE SUBMITTED FALSE CLAIMS RELATING TO (b)(6),(b)(7)(C) ELIGIBILITY TO RECEIVE PER DIEM BENEFITS.

INVESTIGATIVE FINDINGS

FBI NOTIFICATION: ON OCTOBER 7, 2010, THE OIG MADE CASE OPENING NOTIFICATION TO THE FBI, COLUMBIA, SC, VIA FAX.

ON SEPTEMBER 30, 2010, (b)(6),(b)(7)(C) SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS), ALLEGED TO THE OIG THAT (b)(6),(b)(7)(C) ACTS., SAVANNAH RIVER SITE, MAY HAVE FRAUDULENTLY RECEIVED PER DIEM BENEFITS. (b)(6),(b)(7)(C) HAS RECEIVED APPROXIMATELY \$76K IN PER DIEM BENEFITS. (b)(6),(b)(7)(C) BELIEVES (b)(6),(b)(7)(C) MAY HAVE CREATED A FALSE LEASE IN ORDER TO QUALIFY FOR PER DIEM BENEFITS.

ACTS PROVIDED THE OIG WITH COPIES OF ALL PER DIEM ELIGIBILITY CERTIFICATIONS FOR (b)(6),(b)(7)(C) AND ALL SUPPORTING DOCUMENTS THEY RECEIVED FROM (b)(6),(b)(7)(C) PERTAINING TO (b)(6),(b)(7)(C) PER DIEM BENEFITS.

(b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) SA (b)(6),(b)(7)(C) TELEPHONICALLY INTERVIEWED (b)(6),(b)(7)(C) PROVIDED ACTS WITH LETTERS FROM JANUARY OF 2008 THROUGH OCTOBER OF 2009 STATING THAT (b)(6),(b)(7)(C) WAS ASSISTING (b)(6),(b)(7)(C) MORTGAGE PAYMENTS. THIS MADE (b)(6),(b)(7)(C) PART OWNER OF (b)(6),(b)(7)(C) HOUSE. (b)(6),(b)(7)(C) ADMITTED (b)(6),(b)(7)(C) DID NOT PAY (b)(6),(b)(7)(C) MORTGAGE PAYMENTS FROM APRIL OF 2009 TO NOVEMBER OF 2009. (b)(6),(b)(7)(C) DID NOT TELL (b)(6),(b)(7)(C) THAT (b)(6),(b)(7)(C) HOUSE HAD GONE INTO FORECLOSURE UNTIL THEY WERE FORCED TO MOVE TO RENT A NEW RESIDENCE. (b)(6),(b)(7)(C)

(b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) SA (b)(6),(b)(7)(C) INTERVIEWED (b)(6),(b)(7)(C) PAID APPROXIMATELY \$4K PER YEAR TO (b)(6),(b)(7)(C) FOR (b)(6),(b)(7)(C) MORTGAGE IN CASH WHEN (b)(6),(b)(7)(C) VISITED (b)(6),(b)(7)(C) IN SAN DIEGO. (b)(6),(b)(7)(C) ALSO WROTE CHECKS FOR (b)(6),(b)(7)(C) PORTION OF THE MORTGAGE AND RENT FOR THE TWO HOMES LISTED AS PERMANENT RESIDENCES ON (b)(6),(b)(7)(C) CERTIFICATIONS. (b)(6),(b)(7)(C) DID NOT KNOW THAT (b)(6),(b)(7)(C) HOME WAS GOING INTO FORECLOSURE WHEN (b)(6),(b)(7)(C) SIGNED A LEASE AGREEMENT ON NOVEMBER 1, 2009. (b)(6),(b)(7)(C) DENIED KNOWING (b)(6),(b)(7)(C) QUIT MAKING (b)(6),(b)(7)(C) MORTGAGE PAYMENTS.

(b)(6),(b)(7)(C) (b)(6),(b)(7)(C) SA (b)(6),(b)(7)(C) COORDINATED THIS INVESTIGATION WITH AUSA DEAN EICHELBERGER. MR. EICHELBERGER WAS NOT INTERESTED IN PROSECUTING (b)(6),(b)(7)(C) SINCE THEY DID NOT DEMONSTRATE THE PROPER LEVEL OF CRIMINAL INTENT TO DEFRAUD DOE.

STAT (b)(6),(b)(7)(C) SRNS (b)(6),(b)(7)(C) THAT SRNS TERMINATED (b)(6),(b)(7)(C) ON OCTOBER 19, 2010. SRNS BELIEVES (b)(6),(b)(7)(C) MADE FALSE (b)(6),(b)(7)(C)

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:26 PM

Page 2

STATEMENTS ON (b)(6),
(b)(7)
(C) PER DIEM ELIGIBILITY CERTIFICATIONS.
(b)(6),(b)(7)(C) AFTER SA (b)(6),
(7)(C) (b)(7)
(C) ON OCTOBER 15, 2010.

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

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

PLANNED ACTIVITY

DISPOSITION

Document 32

Office of the Inspector General (OIG)

Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:27 PM

Page 1

Case Number: I11SR002

Summary Date: 25-JAN-11

Title:

(b)(6),(b)(7)(C) FALSE PER DIEM CLAIMS; SRS

Executive Brief:

PREDICATION (b)(6),(b)(7)(C)
ON SEPTEMBER 30, 2010, (b)(6),(b)(7)(C) SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS) TOLD THE OIG THAT A FORMER SRNS SUBCONTRACTOR EMPLOYEE NAMED (b)(6),(b)(7)(C) MAY HAVE FALSELY RECEIVED \$27,539.43 OF PER DIEM BENEFITS. (b)(6),(b)(7)(C) ALLEGEDLY FALSELY RECEIVED THESE BENEFITS BY CLAIMING ON (b)(6),(b)(7)(C) PER DIEM CERTIFICATION FORM THAT (b)(6),(b)(7)(C) PERMANENT ADDRESS WAS SANTA FE, NM; HOWEVER, (b)(6),(b)(7)(C) SUBSEQUENTLY STATED ON A SRS SECURITY FORM THAT (b)(6),(b)(7)(C) PERMANENT ADDRESS WAS AIKEN, SC. PUBLIC RECORDS INDICATE THAT (b)(6),(b)(7)(C) JOINTLY OWN THE RESIDENCE IN AIKEN, SC CLAIMED BY (b)(6),(b)(7)(C) FOR PER DIEM PURPOSES. FURTHERMORE, A SEARCH OF THE SRS TELEPHONE DIRECTORY SHOWS THAT (b)(6),(b)(7)(C) IS A SENIOR LEVEL MANAGER WITH SRNS. (b)(6),(b)(7)(C) CONTRACT AND PER DIEM WAS NOT FUNDED THROUGH ARRA.

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

INVESTIGATIVE FINDINGS

FBI NOTIFICATION: ON OCTOBER 20, 2010 THE OIG PROVIDED THE FBI COLUMBIA DIVISION WITH A CASE OPENING NOTIFICATION MEMORANDUM.

BACKGROUND: NUMEROUS SRNS SUBCONTRACTOR EMPLOYEES ARE PAID HOURLY PER DIEM ALLOWANCES IF THE EMPLOYEE MEETS THE ELIGIBILITY REQUIREMENTS OF THE SRNS TRAVEL COMPENSATION POLICY. IN ORDER TO RECEIVE PER DIEM, THE SUBCONTRACTOR MUST HAVE A PERMANENT RESIDENCE LOCATED GREATER THAN 100 MILES FROM SRS AND INCUR DUPLICATIVE LIVING EXPENSES ASSOCIATED WITH MAINTAINING THEIR CLAIMED PERMANENT RESIDENCE AS WELL AS A TEMPORARY RESIDENCE LOCATED WITHIN COMMUTING DISTANCE TO SRS. SUBCONTRACTOR EMPLOYEES ARE NOT ELIGIBLE TO RECEIVE PER DIEM IF THEIR CLAIMED PERMANENT RESIDENCE IS LEASED OR SUBLET TO ANOTHER INDIVIDUAL OR IF THE CLAIMED PERMANENT RESIDENCE IS AN INDIVIDUAL ROOM (NON- INDEPENDENT DWELLING) LOCATED INSIDE A HOME. FURTHERMORE, THE SUBCONTRACTORS ARE NOT ELIGIBLE FOR PER DIEM IF THE CLAIMED PERMANENT RESIDENCE IS OCCUPIED BY SOMEONE OTHER THAN THEIR IMMEDIATE FAMILY AND/OR LEGAL DEPENDENTS.

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

THE OIG OBTAINED EMPLOYMENT DOCUMENTATION FROM (b)(6),(b)(7)(C) EMPLOYER, ASTRID CONTRACT TECHNICAL SERVICES, INC (ACTS). THE DOCUMENTS PROVIDED BY ACTS SHOW THAT (b)(6),(b)(7)(C) CLAIMED ON (b)(6),(b)(7)(C) PER DIEM DOCUMENTATION THAT (b)(6),(b)(7)(C) PERMANENT RESIDENCE WAS LOCATED IN SANTA FE, NM AND THAT (b)(6),(b)(7)(C) TEMPORARY RESIDENCE WAS LOCATED IN AIKEN, SC. (b)(6),(b)(7)(C) ALSO PROVIDED ACTS COPIES OF A PERSONAL PROPERTY TAX BILL AND MORTGAGE STATEMENTS RELATING TO (b)(6),(b)(7)(C) CLAIMED SANTA FE, NM PERMANENT RESIDENCE IN SUPPORT OF

(b)(6),(b)(7)(C) CLAIM FOR PER DIEM BENEFITS. (b)(6),(b)(7)(C)

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

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:27 PM

Page 2

THE OIG DETERMINED THAT (b)(6),(b)(7)(C) PREVIOUSLY WORKED AT LOS ALAMOS NATIONAL LABORATORY BETWEEN DECEMBER 2007 AND MARCH 2009. DURING THIS TIME, (b)(6),(b)(7)(C) REPORTED ON EMPLOYMENT DOCUMENTS THAT (b)(6),(b)(7)(C) MAILING ADDRESS WAS THE SAME SANTA FE, NM ADDRESS THAT (b)(6),(b)(7)(C) CLAIMED AS (b)(6),(b)(7)(C) PERMANENT RESIDENCE WHILE WORKING AT SRS. (b)(6),(b)(7)(C)

THE OIG LOCATED (b)(6),(b)(7)(C) CLAIMED PERMANENT RESIDENCE IN NM. THE PERMANENT RESIDENCE IS LOCATED IN A CONDOMINIUM COMPLEX. THE MANAGERS OF THE CONDOMINIUM COMPLEX TOLD THE OIG THAT (b)(6),(b)(7)(C) OF THIS RESIDENCE AND CONFIRMED THAT (b)(6),(b)(7)(C) DOES NOT RENT/LEASE THE RESIDENCE.

SRNS NOTIFIED THE OIG THAT (b)(6),(b)(7)(C) WAS NOT ELIGIBLE TO RECEIVE PER DIEM IN ACCORDANCE WITH THE SRNS TRAVEL COMPENSATION POLICY. SRNS DETERMINED THAT (b)(6),(b)(7)(C) WERE (b)(6),(b)(7)(C) CLAIMED TEMPORARY RESIDENCE IN AIKEN, SC, WHICH MADE (b)(6),(b)(7)(C) INELIGIBLE TO RECEIVE PER DIEM BENEFITS. AS A RESULT, SRNS IS INCLUDING THE \$27,539.42 OF PER DIEM MONIES PAID TO (b)(6),(b)(7)(C) IN A LARGER ADJUSTMENT BACK TO DOE SAVANNAH RIVER OPERATIONS OFFICE (SRO). (b)(6),(b)(7)(C)

STAT ON JANUARY 19, 2011, THE DOE SRO, OFFICE OF CONTRACTS MANAGEMENT NOTIFIED THE OIG THAT SRNS REDUCED THEIR M&O CONTRACT AWARD FEE DRAWDOWN BY \$998,929 IN RELATION TO PER DIEM BENEFITS PAID BY SRNS TO SUBCONTRACTOR EMPLOYEES THAT WERE NOT ELIGIBLE TO RECEIVE PER DIEM BENEFITS. SRNS INCLUDED THE \$27,539.42 OF PER DIEM MONIES INAPPROPERLY PAID TO (b)(6),(b)(7)(C) AS PART OF THIS AWARD FEE REDUCTION.

PLANNED ACTIVITY
-CLOSE CASE

DISPOSITION

Document 33

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:27 PM

Page 1

Case Number: I11SR003

Summary Date: 30-NOV-10

Title:

(b)(6),(b)(7)(C) THEFT OF GOVERNMENT FUNDS; SRS

Executive Brief:

PREDICATION

ON SEPTEMBER 29, 2010, THE OIG LEARNED THAT (b)(6),(b)(7)(C) A SUBCONTRACTOR FOR SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS), MAY HAVE SUBMITTED FALSE CLAIMS RELATING TO (b)(6),(b)(7)(C) ELIGIBILITY TO RECEIVE PER DIEM BENEFITS FROM APRIL OF 2009 TO SEPTEMBER OF 2010. (b)(6),(b)(7)(C)

INVESTIGATIVE FINDINGS

FBI NOTIFICATION: ON OCTOBER 7, 2010, THE OIG MADE CASE OPENING NOTIFICATION TO THE FBI, COLUMBIA, SC, VIA FAX.

ON SEPTEMBER 29, 2010, (b)(6),(b)(7)(C) SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS), ALLEGED TO THE OIG THAT (b)(6),(b)(7)(C) ACTS., SAVANNAH RIVER SITE, MAY HAVE FRAUDULENTLY RECEIVED PER DIEM BENEFITS. (b)(6),(b)(7)(C) HAS RECEIVED APPROXIMATELY \$36K IN PER DIEM BENEFITS. (b)(6),(b)(7)(C) BELIEVES (b)(6),(b)(7)(C) MAY HAVE RENTED (b)(6),(b)(7)(C) PERMANENT RESIDENCE WHILE RECEIVING PER DIEM BENEFITS. PER DIEM RECIPIENTS ARE NOT ALLOWED TO RENT THEIR HOMES AND RECEIVE PER DIEM BENEFITS. (b)(6),(b)(7)(C)

THE OIG INTERVIEWED (b)(6),(b)(7)(C) PER DIEM RECIPIENT. (b)(6),(b)(7)(C) DENIED EVER RENTING (b)(6),(b)(7)(C) PERMANENT RESIDENCE WHILE RECEIVING PER DIEM BENEFITS. NO ONE BESIDES (b)(6),(b)(7)(C) HAS LIVED IN (b)(6),(b)(7)(C) LISTED PERMANENT RESIDENCE SINCE PURCHASED THE HOME IN 2005.

PLANNED ACTIVITY

DISPOSITION

CLOSE CASE.

Document 34

Investigations - Executive Brief Report (REB)

Report run on: March 27, 2012 3:45 PM

Page 1

Case Number: I11SR005

Summary Date: 18-JAN-12

Title:

FALSE PER DIEM CLAIMS; SRNS; SRS

Executive Brief:

PREDICATION:

IN FISCAL YEAR 2010, THE OIG RECEIVED NUMEROUS COMPLAINTS FROM SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS) LEGAL COUNSELS OFFICE THAT THEIR SUBCONTRACTORS MAY HAVE FRAUDULENTLY RECEIVED PER DIEM BENEFITS WHILE WORKING AT SRS. DURING THE COURSE OF INVESTIGATING THESE FRAUD CASES, THE OIG REPEATEDLY IDENTIFIED INSTANCES WHERE SRNS FAILED TO PROVIDE THE PROPER ADMINISTRATIVE OVERSIGHT WHICH LED TO INELIGIBLE PER DIEM RECIPIENTS TO RECEIVE DOE FUNDS.

ON NOVEMBER 15, 2010, THE OIG OPENED AN INVESTIGATION TO DETERMINE IF SRNS KNOWINGLY MADE FALSE CLAIMS TO THE DEPARTMENT CONCERNING PER DIEM BENEFITS PAID TO ITS TEMPORARY SUBCONTRACTOR.

RESULTS OF INVESTIGATION:

AT THE SAVANNAH RIVER SITE (SRS), THE DEPARTMENT OF ENERGYS (DEPARTMENT) MANAGEMENT & OPERATIONS CONTRACTOR, SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS) HIRES TEMPORARY STAFF EMPLOYEES TO MEET SRNS STAFFING NEEDS. SRNS UTILIZES APPROXIMATELY TWENTY TEMPORARY STAFFING AGENCIES TO HIRE NEEDED EMPLOYEES WHEN IT IS DIFFICULT TO LOCATE AND HIRE INDIVIDUALS WITH CERTAIN SKILL SETS. ALONG WITH THE TEMPORARY EMPLOYEES SALARIES, THEY ALSO RECEIVE PER DIEM BENEFITS WHICH THE DEPARTMENT ULTIMATELY PAYS.

IN FEBRUARY OF 2010, SRNS BEGAN A REVIEW OF APPROXIMATELY 400 PER DIEM FILES TO IDENTIFY IF THEIR TEMPORARY EMPLOYEES MADE FALSE STATEMENTS IN ORDER TO RECEIVE PER DIEM BENEFITS.

ON JUNE 2, 2010, SA (b)(6)(b)(7)(C) SCHEDULED A MEETING WITH SRNS'S LEGAL COUNSEL TO DISCUSS THE RESULTS OF SRNS'S REVIEW. THE FOLLOWING IS A LIST OF INDIVIDUALS WHO ATTENDED THIS MEETING: (b)(6)(b)(7)(C) SRO, DOE; SA (b)(6)(b)(7)(C) DOE, (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) GENERAL COUNSEL, SRNS; (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) GENERAL COUNSEL, SRNS; AND (b)(6)(b)(7)(C) GENERAL COUNSEL, SRNS. (b)(6)(b)(7)(C) AT THIS MEETING THAT (b)(6)(b)(7)(C) OFFICE WOULD COORDINATE THEIR ONGOING REVIEW OF PER DIEM FILES WITH THE OIG. SINCE THIS MEETING, THE OIG HAS REVIEWED OVER THIRTY PER DIEM FILES WITH THE SRNS. THE OIG HAS DEVELOPED APPROXIMATELY FIFTEEN INTO OPEN CASES. WHILE REVIEWING THESE PER DIEM FILES, THE OIG IDENTIFIED INSTANCES WHERE SRNS PAID PER DIEM TO INELIGIBLE RECIPIENTS.

ON OCTOBER 19, 2010, (b)(6)(b)(7)(C) SRO, DOE STATED SRNS IS PREPARING TO RETURN UNALLOWABLE MONIES TO SRO WHICH WERE MISSENT ON INELIGIBLE PER DIEM RECIPIENTS. (b)(6)(b)(7)(C) BELIEVES THE OIGS ROLE IN THIS MATTER GREATLY INFLUENCED

Investigations - Executive Brief Report (REB)

Report run on: March 27, 2012 3:45 PM

Page 2

SRNS DECISION TO SELF-REPORT AND TO RETURN THE MISSPENT MONIES. A PORTION OF THESE MONIES IS ARRA.

(b)(6)(b)(7)(C) SRO, DOE COORDINATED THIS MATTER WITH AUSA FRAN TRAPP, CIVIL DIVISION, US ATTORNEYS OFFICE, COLUMBIA, SC. (b)(6)(b)(7)(C) AND TRAPP AGREED IF SRO ACCEPTS SRNS'S PROPOSAL TO RETURN MISSPENT MONEY ON PER DIEM BENEFITS THEN FALSE CLAIMS VIOLATIONS WOULD NOT BE PURSUED.

STAT ON 01/19/11, SA (b)(6)(b)(7)(C) MET WITH (b)(6)(b)(7)(C) ARRA, SRO. (b)(6)(b)(7)(C) THAT ON 1/18/11 SRNS REDUCED THEIR AWARD FEE BY \$998,929 TO DOE FOR UNALLOWABLE COSTS DISTRIBUTED TO INELIGIBLE PER DIEM RECIPIENTS AT SRS. \$700K OF THE \$998,929 WAS FUNDED USING ARRA MONIES. (THIS STAT IS BEING CLAIMED WITH HQ APPROVAL. THOUGH THE CONTRACTOR VOLUNTARILY RETURNED FUNDS TO DOE THEY DID SO BECAUSE OF OIG INVESTIGATIVE EFFORTS AND JUDICIAL RESULTS ON THE OTHER LTTA-RELATED CASES AGAINST SRNS AND ITS EMPLOYEES; THAT IS, I11SR002, I10SR003, I10SR007, I10SR008, I10SR010, I10SR012, AND I10SR013. \$27,539 OF THE \$998,929 WILL BE CLAIMED IN A RELATED CASE, I11SR002 BY SA (b)(6)(b)(7)(C)

STAT ON 02/3/11, (b)(6)(b)(7)(C) ARRA, SRO (b)(6)(b)(7)(C) THAT SO FAR SRNS HAS REDUCED THEIR AWARD FEE REDUCTION BY \$1,141,200. THE ORIGINAL AMOUNT OF \$998,929 CHANGED TO \$1,141,200 AFTER ADDITIONAL PER DIEM BENEFITS WERE DEEMED UNALLOWABLE.

STAT ON MAY 18, (b)(6)(b)(7)(C) SAVANNAH RIVER OPERATIONS, DOE CONFIRMED FOR SA (b)(6)(b)(7)(C) THAT THE TOTAL AMOUNT OF MONEY SRNS REIMBURSED DOE CHANGED FROM \$1,141,200 TO \$1,843,711. OF THE \$1,843,711, SRNS REIMBURSED \$348,090 FOR SPECIFIC CASES REFERRED TO THE OIG. THE \$348,090 WILL BE CLAIMED IN INDIVIDUAL CASES BY THE ASSIGNED CASE AGENT AND THE REMAINING BALANCE OF \$355,621 WILL BE CLAIMED IN I11SR005. THE TOTAL AMOUNT OF ARRA FUNDS WILL ALSO BE NOTED IN THE INDIVIDUAL CASES. RESTITUTION IS NOW OWED TO SRNS IN THESE INDIVIDUAL CASES.

ACTS PER DIEM PAYMENTS:

IN A MEETING WITH THE US ATTORNEYS OFFICE IN COLUMBIA, SC SRNS ALLEGED THAT ACTS INVOICED THE GOVERNMENT FOR INELIGIBLE PER DIEM RECIPIENTS AFTER SRNS NOTIFIED ACTS TO STOP PAYING THESE INDIVIDUALS PER DIEM BECAUSE THEY MAYBE INELIGIBLE. ACTS CONTINUED TO PAY THESE INELIGIBLE RECIPIENTS PER DIEM. ACTS IS NOW DEMANDING REIMBURSEMENT FOR THESE EMPLOYEES PER DIEM PAYMENTS AND THE INTEREST OWED TO THEIR PAYROLL COMPANY. SRNS BELIEVES THAT EVERY INDIVIDUAL INVOICE SUBMITTED FOR EACH OF THEIR EMPLOYEES IS A FALSE CLAIM SINCE ACTS KNEW THESE PER DIEM RECIPIENTS WERE

Investigations - Executive Brief Report (REB)

Report run on: March 27, 2012 3:45 PM

Page 3

INELIGIBLE TO RECEIVE PER DIEM. AS OF SEPTEMBER 2010, ACTS DEMANDED SRNS PAY \$338,276 FOR OVERDUE PER DIEM INVOICES AND \$719,523 OF DAMAGES AS A RESULT OF NOT PAYING THE OVERDUE PER DIEM INVOICES.

ON MAY 17, 2011, ACTS (b)(6)(b)(7)(C) MET WITH THE US ATTORNEYS OFFICE TO DISCUSS ACTS REQUEST FOR SRNS PAY \$338K FOR OVERDUE PER DIEM INVOICES AND \$719K OF DAMAGES AS A RESULT OF NOT PAYING THE OVERDUE PER DIEM INVOICES. THE USAO ADVISED ACTS (b)(6)(b)(7)(C) THAT IF A ZERO SETTLEMENT AGREEMENT WAS ACCEPTED THEN A CIVIL FALSE CLAIMS ACT VIOLATION CASE WOULD NOT BE PURSUED.

ON JUNE 3, 2011, SA (b)(6)(b)(7)(C) MET WITH SRNS (b)(6)(b)(7)(C) AND DOE, SRC (b)(6)(b)(7)(C) TO SELECT EXAMPLES OF PER DIEM FILES WHERE ACTS MADE FALSE CLAIMS.

ON AUGUST 31, 2011, ACTS, SRNS, AND USAO, DISTRICT OF SOUTH CAROLINA SIGNED A SETTLEMENT AGREEMENT. THE USAO AGREED NOT TO SEEK \$1.1 MILLION IN DAMAGES FROM FALSE CLAIMS ACT VIOLATIONS AGAINST ACTS AND ACTS AGREED TO NO LONGER SEEK \$1.1 MILLION IN DAMAGES ARISING FROM SRNS FAILURE TO PAY ACTS MONIES OWED FROM INVOICES RELATED TO PER DIEM BENEFITS. \$338K OF THE \$1.1 MILLION SETTLEMENT RELATES TO ARRA FUNDS.

DISPOSITION

CLOSE CASE.

Document 35



U.S. Department of Energy
Office of Inspector General
Office of Investigations

Investigative Report to Management

111SR009

October 20, 1991

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U.S. Department of Energy
Office of Inspector General
Office of Investigations

October 3, 2011

MEMORANDUM FOR THE DIRECTOR, OFFICE OF PROCUREMENT AND
ASSISTANCE MANAGEMENT

FROM:

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

Eastern Investigations Operations
Region 2 Investigations

SUBJECT: Theft of Government Funds, (OIG Case No. I11SR009)

This report serves to inform you the results of an investigation by the U.S. Department of Energy's (Department) Office of Inspector General (OIG). The investigation involved allegations that (b)(6), (b)(7)(C) fraudulently received Department funded per diem payments resulting in a loss to the government of \$7,430, some of which were funded by the American Recovery and Reinvestment Act.

In summary, (b)(6), (b)(7)(C) a subcontracted structural designer working at the Department's Savannah River Site (SRS) through a staff augmentation firm, National Engineering Service Corporation (National), provided misleading and fraudulent documents to receive Department funded per diem benefits between April 14, 2010 and October 31, 2010. Specifically, during this 7 month period, the investigation found (b)(6), (b)(7)(C) provided National with 27 lodging receipts claiming to incur local lodging costs in excess of his actual expenses. As a result of (b)(6), (b)(7)(C) scheme, (b)(6), (b)(7)(C) received \$7,430 in fraudulently obtained Department funded per diem benefits. (b)(6), (b)(7)(C) admitted to the OIG that the rental expense identified on his lodging receipts was not the amount paid to (b)(6), (b)(7)(C) landlord. (b)(6), (b)(7)(C)

On June 2, 2011, (b)(6), (b)(7)(C) reached a settlement agreement (Agreement) with the Civil Division of the U.S. Attorney's Office in the District of South Carolina. Pursuant to the Agreement, (b)(6), (b)(7)(C) will pay the United States a total of \$22,290, of which, \$7,430 were actual damages to the Department related to his false per diem claims, and which will be returned to the Department.

This report includes one recommendation for corrective action. If you have any questions, please contact me at (803) 725- (b)(6), (b)(7)(C) or Special Agent (b)(6), (b)(7)(C) at (803) 725- (b)(6), (b)(7)(C)

Enclosure

Cc: Office of General Counsel

OIG Case No. I11SR009

i

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INVESTIGATIVE REPORT TO MANAGEMENT

I. ALLEGATION

On February 4, 2011, the U.S. Department of Energy (Department), Office of Inspector General (OIG) received an allegation that (b)(6),(b)(7)(C) may have fraudulently received per diem benefits by claiming lodging expenses (b)(6),(b)(7)(C) did not incur.

II. POTENTIAL STATUTORY OR REGULATORY VIOLATIONS

This investigation focused on potential violations of Title 18, United States Code, Section 641, Theft of Public Money; Title 18, United States Code, Section 1001, False Statements; and, Title 31, United States Code, Section 3729, False Claims Act.

III. BACKGROUND

Savannah River Remediation, LLC (SRR) is a Department prime contractor at the Savannah River Site (SRS) for liquid waste processing. SRR awards subcontracts to staff augmentation firms, which in turn provide labor to support their liquid waste processing responsibilities. SRR awarded a staff augmentation subcontract to National Engineering Service Corporation (National), to provide staff supporting structural designer services. SRR's travel policy, SRR-PPS-2009-00015, Rev 0 (attached) allows subcontractor employees to claim per diem benefits while working at SRS as long as they are incurring "Duplicate Expenses." SRR's Department approved travel policy defines duplicate expenses as lodging, meals and incidental costs incurred in addition to expenses associated with the employee's claimed permanent residence. Furthermore, the policy allows for reimbursement of actual lodging costs, not to exceed federal government lodging rates for the SRS area. To obtain the per diem benefit the employee must certify their eligibility by executing a Per Diem Eligibility Certification (Certification) and provide supporting documentation verifying their eligibility. National, in turn, submits their employees' documentation with its per diem reimbursement claims/invoices to SRR.

IV. INVESTIGATIVE FINDINGS

False Documents

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

The OIG investigation determined that between April 6, 2010 and October 31, 2010, (b)(6),(b)(7)(C) submitted three Certification forms acknowledging (b)(6),(b)(7)(C) eligibility to receive per diem, dated April 6, 2010, July 7, 2010, and September 21, 2010. Along with the certifications (b)(6),(b)(7)(C) provided 27 weekly lodging receipts supporting (b)(6),(b)(7)(C) per diem claims. The OIG investigation determined that these local lodging receipts contained false information, as (b)(6),(b)(7)(C) did not pay the rental amount identified on the receipts (b)(6),(b)(7)(C) did not pay (b)(6),(b)(7)(C) rent on a weekly basis as identified on the receipts; and, (b)(6),(b)(7)(C) did not pay (b)(6),(b)(7)(C) rent in cash as written on the receipts. As a result of the 27 receipts, (b)(6),(b)(7)(C) received \$7,430 in per diem benefits to which (b)(6),(b)(7)(C) was not

OIG Case No. I11SR009 (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) 1

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entitled.

When interviewed by the OIG, (b)(6),(b)(7)(C) admitted that (b)(6) did not pay the amount identified on the weekly rental lodging receipts, resulting in (b)(6),(b)(7)(C) receiving per diem reimbursements for expenses not incurred.

On June 2, 2011, (b)(6),(b)(7)(C) reached a settlement agreement (Agreement) with the Civil Division of the U.S. Attorney's Office in the District of South Carolina. Pursuant to the Agreement, (b)(6),(b)(7)(C) will pay the United States a total of \$22,290, of which, \$7,430 were actual damages to the Department related to (b)(6),(b)(7)(C) false per diem claims, and which will be returned to the Department.

Attached for informational purposes is a copy of the following document:

1. SRR Travel Policy
2. Settlement Agreement

V. COORDINATION

This investigation was coordinated with the U.S. Attorney's Office for the District of South Carolina. The nature of the recommendation in this report has been previously coordinated with the Office of Procurement and Assistance Management, Contract Administration Division.

VI. RECOMMENDATIONS

Based on the findings of this report, and other information that may be available to you, the OIG recommends that the Director, Office of Procurement and Assistance Management, determine if suspension and/or debarment action is warranted against:

(b)(6),(b)(7)(C)	SS #:	(b)(6),(b)(7)(C)
(b)(6),(b)(7)(C)	DOB:	
(b)(6),(b)(7)(C)	LA 70785	

VII. FOLLOW-UP REQUIREMENTS

Please provide the OIG with a written response within 30 days concerning any action(s) taken or anticipated in response to this report.

VIII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

This report, including any attachments and information contained therein, is the property of the Office of Inspector General (OIG) and is for ~~OFFICIAL USE ONLY~~. The original and any copies of the report must be appropriately controlled and maintained. Disclosure to unauthorized persons without prior OIG written approval is strictly prohibited and may subject the disclosing party to liability. Unauthorized persons may include, but are not limited to, individuals referenced in the report, contractors, and individuals outside the Department of Energy. Public disclosure is determined by the Freedom of Information Act (Title 5, U.S.C., Section 552) and the Privacy Act (Title 5, U.S.C., Section 552a).

SAVANNAH RIVER REMEDIATION LLC
TRAVEL COMPENSATION SCHEDULE FOR
SUBCONTRACTS

UNDER U.S. DEPARTMENT OF ENERGY PRIME
CONTRACT NO. DE-AC09-09SR22505

These provisions establish standards by which transportation and per diem costs shall be reimbursed.

In this Travel Compensation Schedule any reference to Subcontractor includes Subcontractors of any tier.

I. DEFINITIONS:

A. ASSIGNMENT

The number of continuous calendar days that employees of the Subcontractor will provide support to the Savannah River Remediation LLC (SRR) under a SRR Subcontract.

B. BUSINESS TRAVEL STATUS

Assignments associated with work under a SRR subcontract of 90 continuous calendar days or less.

C. TEMPORARY ASSIGNMENT STATUS

Assignments associated with work under a SRR subcontract of 91 continuous calendar days or more. (Includes one trip home per month, if allowable.)

D. PRINCIPAL PLACE OF BUSINESS

The normal place of employment where the employee commutes to and from work on a daily basis when not at SRS.

E. PERMANENT RESIDENCE

The dwelling that the employee of the Subcontractor will return to upon completion of the assignment at Savannah River Site (SRS). A dwelling does not qualify as a permanent residence if it is leased or sublet to any person or entity or is otherwise occupied by someone outside the employee's immediate family. Immediate family includes the spouse, children, and other legal dependents of the employee residing in the employee's permanent residence at the time the employee is notified of the assignment to SRS.

F. DUPLICATE EXPENSES

Lodging, Meals and Incidental costs, incurred in addition to those costs associated with the "Permanent Residence", which are a direct result of being on "Temporary Assignment" or "Business Travel" status while performing work under a SRR subcontract.

G. FAR

Federal Acquisition Regulations

H. FTR

Federal Travel Regulations

II. PER DIEM ENTITLEMENT:

A. A Subcontractor may be entitled to reimbursement for per diem for any employee working at SRS or other facility under a SRR subcontract if the Subcontractor employee meets the following conditions:

1. The employee is not performing work at his/her "Principal Place of Business";
2. The employee maintains a "Permanent Residence":

(a) that is located more than 100 miles from Building 703-A at SRS, as determined by standard mileage tables (SRS is defined to be 18 miles from Aiken, SC);

(b) for which the employee incurs expenses in the form of monthly mortgage payments, rental expenses, or property taxes (if there is no mortgage), and

(c) the employee incurs "Duplicate Expenses";

(d) the residence is not leased or sublet to any person or entity or is not otherwise occupied by someone outside the employee's immediate family.

3. The employee does not commute daily to the SRR work location from the "Permanent Residence".

B. Employees on Temporary Assignment Status must document the expenses associated with the "Permanent Residence" by submittal of one of the following to the Subcontractor upon initial assignment:

(1) Proof of monthly mortgage payment,

(2) A current rental agreement which obligates the employee to pay rent for a "Permanent Residence", or

(3) Evidence of property tax liability for a "Permanent Residence".

The employee requesting per diem must certify the incurrence of costs associated with his/her "Permanent Residence". Certifications must be: (a) completed on the attached Form PF-6, "Per Diem Eligibility Certification", and (b) provided to SRR for review and approval. Any changes to a Subcontractor employee Per Diem Eligibility Certification must be approved by the SRR Procurement Representative. Approved Subcontractor employee Per Diem Eligibility Certifications shall be maintained by the Subcontractor. SRR reserves the right to audit all Subcontractor employee Per Diem Eligibility Certifications as well as all documents submitted thereunder and to contact all parties providing such documents. Approval by SRR does not relieve the subcontractor from his responsibility to ensure the validity of these certifications. Certifications shall be submitted every 90 days during a temporary assignment.

- C. Prior to requesting reimbursement of per diem, Subcontractor shall review all documentation

for compliance with the eligibility requirements set forth herein. Invoices shall contain the names of the individuals for which per diem is being claimed.

- D. Subcontractor employees shall be reimbursed for per diem only so long as they continue to be eligible. Subcontractor shall require each Subcontractor employee to promptly provide written notification of any change which may affect his/her eligibility.
- E. Subcontractor is entitled to receive reimbursement for per diem for eligible employees during the continuous term of the employee's assignment to SRS, including weekends and holidays. However, per diem is not reimbursable for any vacation or personal absence, nor for periods covering trips home while in business travel status. Furthermore, per diem shall not be paid for days not worked due to illness of more than one (1) consecutive work day unless the absence is supported by a written physician's statement. In addition, Subcontractor employees must work a minimum of four (4) hours each workday to be eligible for per diem for that day.

III. REIMBURSEMENT FOR PER DIEM:

A. ASSIGNMENTS TO THE SAVANNAH RIVER SITE

1. Business Travel Status

Reimbursement for per diem shall be in accordance with the applicable Federal Travel Regulation Rates for the Savannah River Site, in effect at the time of travel. Lodging shall be reimbursed at the actual cost incurred not to exceed the applicable FTR rates; receipts for such lodging shall be provided.

2. Temporary Assignment Status

- a. Reimbursement for the first 30 days shall be in accordance with the applicable Federal Travel Regulation Rates for the Savannah River Site, in effect at the time of travel. Lodging shall be reimbursed at the actual cost incurred not to exceed the applicable FTR rates; receipts for such lodging shall be provided.
- b. Reimbursement starting on the 31st day shall be at a maximum rate of \$74.00 per day. The maximum rate of \$74.00 per day includes \$20.00 per day for meals and incidental expenses (no receipts required), and a maximum of \$54 per day (including applicable taxes) for lodging (receipts required).

B. TRAVEL TO LOCATIONS OUTSIDE THE SRS AREA

1. Business Travel Status

For business travel to locations outside the SRS area, when required in the

performance of the subcontract, reimbursement shall be in accordance with the applicable FTR rates applicable to that location, or the Subcontractor's corporate rate, whichever is less. Per Diem shall not be paid for lodging expenses or M&IE in connection with any business travel to the employee's permanent residence location.

2. Temporary Assignment Status

When a Subcontractor employee on temporary assignment to SRS makes a return trip home or is required to perform duties on business travel at locations outside the SRS area, (except if business travel is to the permanent residence location) the employee's maximum \$74.00 per diem shall be reduced to a maximum of \$54.00 for lodging (including taxes and with receipts) for each day he/she is away from the temporary assignment at SRS, provided they maintain their SRS temporary residence during this absence.

C. CONTRACT EXTENSIONS

1. Business Travel Status

If a Business Travel assignment is extended, the total cumulative contractual period remaining at the time of contract extension will determine the reimbursement rate for per diem. For example, if the initial assignment is for 90 days, and the assignment is extended for 30 days on the 70th day (50 days total remaining at time of extension), the Temporary Assignment per diem rates would apply for the remainder of the assignment: i.e., commencing on the 71st day, a maximum rate of \$74.00 per day that includes \$20.00 per day for meals and incidental expenses (no receipts required), and a maximum of \$54 per day (including applicable taxes) for lodging (receipts required).

2. Temporary Assignment Status

Per diem for extensions to temporary assignments will continue to be reimbursed at the temporary assignment rate.

- D. Reimbursement for per diem shall be limited to one (1) year for subcontractor personnel on temporary assignment, unless otherwise approved by the SRR Procurement Representative.

IV. REIMBURSEMENT FOR TRANSPORTATION EXPENSES:

A. GENERAL

Reimbursable transportation expenses include local transit system and taxi fares and fees for parking, tolls, ferries, etc. in addition to

expenses detailed in sections B, C and D below. Travel to and from SRS on a daily basis for the purpose of reporting to work shall not be reimbursed.

B. AIRFARE

Receipt required. Allowable costs for air travel will be limited to the lowest available airfare. Such costs shall not be construed as authorization of first class airfare without the express approval of the SRR Procurement Representative. Such approval shall be based on the requirements set forth in FAR 31.205-46. To the extent reasonable, the Subcontractor will make use of commercial discount airfares, Government contract airfares, and customary standard airfares. Airfare costs in excess of the above standard must be justified in writing and approved in advance of travel by a SRR Procurement Representative.

C. RENTAL CARS

1. Receipt required. Rental car expenses for "Business Travel" are allowable if the nature of the travel or the location of the business is such that the use of public transportation is not cost effective or practical, considering the traveler's time. Rental car expenses for "Temporary Assignments" are allowable at the discretion of the SRR Procurement Representative. Written justification for such use shall be submitted and approved in advance.

2. Only lowest available car rates are allowable. Exceptions to the use of lowest available car rates may only be made when

- (a) more than two employees are traveling together;
- (b) extra equipment is being transported by the traveler; or
- (c) the traveler has a medical/health condition that prohibits the use of a lowest available car rate.

When the lowest car rate is unavailable, the next higher class of car may be used. If the lowest class car is not used and a higher rate is paid, written justification must be submitted to justify the additional expense. To avoid costly rental car agency refueling charges the Subcontractor should encourage its employees to refuel his/her rental car.

D. PERSONAL VEHICLES

1. The allowance for the use of personal automobile shall be reimbursed in accordance with the applicable Federal Travel Regulation Rates, Part 301-4. Such allowance shall be based on the mileage between the authorized points of travel as listed in Rand-McNally standard distance charts. A variation of ten

percent, if reasonable under the circumstances, is allowable, except when a longer route is necessitated by road or weather conditions.

2. Additional allowances shall be made for daytime and overnight parking and for ferry, toll road, tunnel, or toll bridge charges. In the event two or more persons travel in one automobile, only one mileage allowance will be paid.

3. The allowance for an employee on official travel who uses a privately owned automobile for the employee's own convenience in lieu of commercial transportation will be air coach fare plus a reasonable allowance for other normal travel costs, such as for taxi fare, required to get to the airport and to the point of destination and origin, or the applicable mileage rate, whichever is less. In such instances, reimbursement of per diem will be limited to the time required as if the employee had used air transportation.

4. SRR shall only reimburse Subcontractor for its employees' initial transportation costs from their permanent residence to the temporary residence at SRS and for the same transportation trip for the final return to the permanent residence at the completion of the assignment to SRS. If a Subcontractor employee moves his/her permanent residence to the local SRS area during his/her assignment, return to the point of origin shall not be reimbursed.

V. FOREIGN TRAVEL:

Foreign travel, when required under the subcontract, shall be subject to the prior approval of SRR for each separate trip regardless of whether funds for such travel are contained in an approved budget. Foreign travel is defined as any travel outside of Canada and the United States and its territories and possessions. Requests for approval shall be submitted at least 60 days prior to the planned departure date, on a Request for Approval of Foreign Travel Form (DOE F 1512.1).

VI. RETURN TRIPS HOME:

Subcontractor employees on "Temporary Assignment" may be entitled to periodic trips to their "Permanent Residence" location only. SRR shall reimburse eligible Subcontractor employees for transportation expenses for not more than one (1) trip home per month while on assignment at SRS. SRR will NOT reimburse the Subcontractor for employee travel to locations other than the "Permanent Residence". A monthly trip home shall not be allowed if taken within two (2) weeks of the end of the assignment. Any exceptions require the prior written consent of the SRR Procurement Representative. Evidence of actual travel to the "Permanent Residence" shall be verified by

Subcontractor before reimbursement is made to the Subcontractor employee. SRR shall not reimburse Subcontractor for personal trips home for those Subcontractor employees who have been relocated under a SRR subcontract. Eligibility for return trip(s) home is not transferable from one Subcontractor employee to another.

VII. RELOCATION:

Subpart 31.205 of the FAR prohibits reimbursement for relocation costs for less than twelve (12) month assignments. SRR reserves the right to waive this restriction if the Subcontractor provides SRR with a cost comparison which shows that it is cost effective to relocate a Subcontractor employee versus paying the Subcontractor employee per diem.

On any proposed assignment greater than twelve (12) months, the Subcontractor must provide SRR with a cost comparison to determine if the proposed Subcontractor employee should be placed on per diem or should be relocated to the SRS area. For the purpose of cost comparisons, relocation costs are to be computed in accordance with the Subcontractor's standard corporate policy, subject to the limitations contained in Subpart 31.205 of the FAR.

VIII. RECEIPTS:

Receipts for lodging are required regardless of amount. Receipts for other expenses are required if the amount of such expenses are greater than \$75.00. Unless requested by SRR, such receipts are not required to be submitted with invoices under cost reimbursement subcontracts which are subject to final audit. However, under these subcontracts, the Subcontractor must retain the receipts and provide them upon request to support billings and/or cost incurred audits. These standards do not relieve the Subcontractor of its responsibility to retain whatever documentation is considered necessary to support cost incurred audits or to satisfy the rules and regulations of other US Government agencies or any Local, State or Federal Law or to validate the accuracy of supporting documentation.

PER DIEM ELIGIBILITY CERTIFICATION

- I. A. Employee Name: _____
- II. A. Principle Place of Business: _____

- B. Permanent Residence Address: _____

- C. Do you intend to return to the Permanent Residence at the completion or termination of your assignment:
 Yes? _____ No? _____
- III. A. Will you incur duplicate expenses as a direct result of your assignment at SRS: Yes? _____ No? _____
 If yes, attach to this certification proof of the Primary Residence (Mortgage, Rental Agreement or Property Tax documentation if there is no Mortgage).
- B. Will you use your Permanent Residence for lodging while on assignment to SRS: Yes? _____ No? _____
 If yes, how often will you use your Permanent Residence for your own lodging:
 Return home each night: _____
 Return home each week-end: _____
 Other (explain) _____
- C. Will you lease or sublet the Permanent Residence while on assignment to SRS: Yes? _____ No? _____
- D. Will the Permanent Residence be occupied by someone outside of your immediate family?
 Yes? _____ No? _____
- E. Do you understand that you are not entitled to claim or be paid per diem for business trips back to the permanent residence location: Yes? _____ No? _____
- IV. I hereby certify the above data to be true to the best of my knowledge. I agree as a condition of my assignment at SRS, initial or continued, to notify my employer, in writing, of any change in the information given above regardless of whether such change may affect my continued eligibility to receive a Per Diem allowance. I further acknowledge that my failure to provide the information herein may result in a delay or denial of Per Diem payments, revocation of my eligibility for Per Diem or repayment to SRR of funds previously received. **FURTHERMORE I ACKNOWLEDGE THAT THE FALSE STATEMENTS ACT, 18 U.S.C. 1001 AND THE FALSE CLAIMS ACT PROVISIONS 31 U.S.C. 3729 AND 18 U.S.C. 287 SHALL GOVERN THIS CERTIFICATION AND SHALL BE ENFORCED TO THE FULLEST EXTENT OF THE LAW.**

Employee Signature _____ Date _____

Notary _____

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the Department of Energy (collectively the "United States"), and [REDACTED] (hereafter collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. [REDACTED] is currently an employee of National Engineering Service Corporation (National).

B. On April 7, 2010, [REDACTED] entered into a contract to work at the Savannah River Site for Savannah River Remediation LLC (SRR), a prime contractor for the Department of Energy. [REDACTED] signed a second contract with SRR on February 1, 2011. Both contracts allowed for weekly per diem benefits provided that [REDACTED] submitted receipts each week for actual expenses incurred to support [REDACTED] per diem claim.

C. COVERED CONDUCT: The United States contends that [REDACTED] submitted false claims to the United States for per diem benefits in violation of the False Claims Act. The United States contends that [REDACTED] submitted claims for expenses that [REDACTED] did not in fact incur.

D. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. [REDACTED] shall pay to the United States the sum of \$22,290 (Settlement Amount).

Said sum to be paid as follows:

a. Within five days of the effective date of this agreement, (b)(6),(b)(7)(C) shall pay an initial \$10,000;

b. Thereafter, beginning on or before July 15, 2011, (b)(6),(b)(7)(C) shall make monthly payments of \$528.17 for two years to pay the remaining \$12,290 plus interest at the Prime Rate of 3.25% per annum compounded monthly.

2. In the event that (b)(6),(b)(7)(C) fails to pay any amount as provided in paragraph 1, above, within fifteen business days of the date upon which such payment is due, (b)(6),(b)(7)(C) shall be in default of (b)(6),(b)(7)(C) payment obligations ("Default"). The United States will provide written notice of the Default, and (b)(6),(b)(7)(C) shall have an opportunity to cure such Default within five (5) business days from the date of receipt of the notice. Notice of Default will be delivered to (b)(6),(b)(7)(C) or to such other representative as (b)(6),(b)(7)(C) shall designate in advance in writing.

3. If (b)(6),(b)(7)(C) fails to cure the Default within five (5) business days of receiving the Notice of Default, the United States may, at its sole option, declare the remaining unpaid balance of the Settlement Amount immediately due and payable, and interest shall accrue at the rate of 12% per annum compounded monthly from the date of Default on the remaining unpaid total (principal and interest balance) and seek to specifically enforce this Agreement. Alternatively, the United States may declare this Agreement null and void and reinstate the law suit seeking damages and penalties under the False Claims Act. In the event the law suit is reinstated, the United States shall retain all sums paid under this Agreement as partial payment on any judgment rendered in the case. The statute of limitations shall toll until the final payment is made under this Agreement or until an event of Default.

4. Subject to the exceptions in Paragraph 5 (concerning excluded claims) below, and

conditioned upon (b)(6),(b)(7)(C) full payment of the Settlement Amount, the United States releases (b)(6),(b)(7)(C) from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; civil remedies contained in 7 U.S.C.A. § 2011-2030, or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

5. Notwithstanding the release given in paragraph 4 of this Agreement, or any other term of this Agreement, the following claims of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- d. Any liability based upon obligations created by this Agreement;
- e. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- f. Any liability for failure to deliver goods or services due;
- g. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

6. (b)(6),(b)(7)(C) waives and shall not assert any defenses (b)(6),(b)(7)(C) may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the

Internal Revenue laws, Title 26 of the United States Code.

7. (b)(6),(b)(7)(C) fully and finally releases the United States, and its agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that (b)(6),(b)(7)(C) has asserted, could have asserted, or may assert in the future against the United States, and its agencies, employees, servants, and agents, related to the Covered Conduct and the United States' investigation and prosecution thereof.

8. This Agreement is intended to be for the benefit of the Parties only.

9. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

10. Each party and signatory to this Agreement represents that it freely and voluntarily enters in to this Agreement without any degree of duress or compulsion.

11. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of South Carolina. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

12. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

13. The undersigned represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

14. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

15. The terms of this Agreement are binding on (b)(6), (b)(7)(C) successors, transferees, heirs, and assigns.

16. All parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

17. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

ON BEHALF OF THE UNITED STATES OF AMERICA

Dated: 6/2/11

By: 

WILLIAM N. NETTLES
United States Attorney

James C. Leventis, Jr.
Assistant United States Attorney

ON BEHALF OF (b)(6), (b)(7)(C)

Dated: 6-1-11

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

Document 36

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:28 PM

Page 1

Case Number: I11SR010

Summary Date: 25-AUG-11

Title:

MARLOWE; FALSE ARRA PER DIEM CLAIMS; SRS

Executive Brief:

PREDICATION

SAVANNAH RIVER REMEDIATION, LLC (SRR) ALLEGED TO THE OIG THAT DAVID MARLOWE, SRR SUBCONTRACTOR, FRAUDULENTLY RECEIVED PER DIEM MONIES BY CLAIMING INFLATED LIVING EXPENSES ON HIS PER DIEM DOCUMENTATION. SPECIFICALLY, MARLOWE CLAIMED THAT HIS LOCAL RENTAL EXPENSE WAS \$375 A MONTH WHEN, IN FACT, HIS LOCAL RENT WAS \$150. MARLOWE IS AN EMPLOYEE OF GLOBAL PUNDITS TECHNOLOGY CONSULTANCY, INC (GLOBAL) AND PERFORMED WORK FOR SRR THROUGH ARRA AND NON-ARRA SUBCONTRACTS AT THE SAVANNAH RIVER SITE.

FBI NOTIFICATION: ON FEBRUARY 17, 2011, THE OIG PROVIDED CASE OPENING NOTIFICATION TO SSA ROB WAIZENHOFER, FBI, COLUMBIA SC DIVISION.

ARRA STATUS: MARLOWE IS EMPLOYED AS A SUBCONTRACTOR AT THE SAVANNAH RIVER SITE (SRS) UNDER BOTH AN AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) SUBCONTRACT (ARRA000282) AND A SAVANNAH RIVER REMEDIATION SUBCONTRACT (SRR0000282). MARLOWE IS A TRAINER ASSIGNED TO SRR'S LIQUID WASTE CONTRACT AT SRS.

THE OIG DETERMINED THAT NONE OF THE PER DIEM MONIES FALSELY PAID TO MARLOWE WERE FUNDED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT.

INVESTIGATIVE FINDINGS:

THE OIG INVESTIGATION DETERMINED THAT SRR REIMBURSES ELIGIBLE PER DIEM LODGING EXPENSES BASED ON RECEIPTS SUBMITTED BY THE EMPLOYEE, UP TO A DAILY MAXIMUM OF \$54. ANY LODGING COSTS LESS THAN \$54 A DAY WILL BE REIMBURSED AT THE ACTUAL COSTS INCURRED. STAFF AUGMENTEE COMPANIES, SUCH AS GLOBAL, PAYS THEIR EMPLOYEES PER DIEM BEGINNING ON THE FIRST DAY OF THE EMPLOYEE'S ASSIGNMENT AT SRS. EACH WEEK THE EMPLOYEE IS RESPONSIBLE FOR SUBMITTING A WEEKLY EXPENSE REPORT IN SUPPORT OF THE EMPLOYEE'S CLAIMED PER DIEM EXPENSES. INCLUDED WITH THESE WEEKLY EXPENSE REPORTS ARE LODGING RECEIPTS TO SUPPORT THAT THE CLAIMED LODGING EXPENSES WERE INCURRED BY THE EMPLOYEE. THE STAFF AUGMENTEE COMPANIES SUBSEQUENTLY INVOICE SRR FOR PER DIEM MONIES PAID TO EMPLOYEES PERFORMING WORK UNDER SRR SUBCONTRACTS.

THE OIG INVESTIGATION FOUND THAT SRR REIMBURSED GLOBAL FOR MARLOWE'S PER DIEM FOR THE MONTHS OF APRIL, MAY, JUNE, AND NOVEMBER OF 2010. THE OTHER MONTHS WERE NOT REIMBURSED FOR VARIOUS REASONS. INCLUDED IN THE MONTHS THAT SRR REIMBURSED GLOBAL WERE SEVEN RECEIPTS PROVIDED BY MARLOWE FOR HIS LOCAL LODGING EXPENSES PURPORTING HIS LOCAL MONTHLY RENT AT \$375. THESE RECEIPTS WERE FROM (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) LOCATED IN JACKSON, SC. EACH OF THE (b)(6),(b)(7)(C) RECEIPTS WAS

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:28 PM

Page 2

SIGNED BY (b)(6),(b)(7)(C)

THE OIG DETERMINED THAT MARLOWE'S ALLEGED PER DIEM FRAUD AMOUNT WAS LESS THAN THE PROSECUTIVE THRESHOLD OF THE UNITED STATES ATTORNEY'S OFFICE, DISTRICT OF SOUTH CAROLINA. AS SUCH, THIS MATTER WILL BE COORDINATED WITH DOE, SAVANNAH RIVER OPERATIONS OFFICE FOR REFERRAL TO THE CRIMINAL INVESTIGATIVE DIVISION OF WACKENHUT SERVICES INCORPORATED (WSI-CID).

THIS MATTER WAS COORDINATED WITH (b)(6),(b)(7)(C) DOE, SAVANNAH RIVER OPERATIONS OFFICE (SRO). AS REQUESTED BY (b)(6),(b)(7)(C) THE OIG PROVIDED (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) DOE, SRO, COPIES OF ONLY THE INFORMATION PREPARED BY SRR RELATING TO MARLOWE'S ALLEGED FALSE PER DIEM CLAIMS. (b)(6),(b)(7)(C) AGREED TO PROVIDE THE INFORMATION TO WSI-CID.

ON FEBRUARY 15, 2011, (b)(6),(b)(7)(C) CRIMINAL INVESTIGATIONS DIVISION, WSI CONTACTED THE OIG AND CONFIRMED RECEIPT OF (b)(6),(b)(7)(C) ALLEGED PER DIEM FRAUD FROM (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) THE OIG BRIEFED (b)(6),(b)(7)(C) ON THE REQUIREMENTS OF SRR'S PER DIEM PROGRAM AND DISCUSSED THE MATERIAL PROVIDED TO (b)(6),(b)(7)(C) OFFICE BY (b)(6),(b)(7)(C) (b)(6),(b)(7)(C)

ON FEBRUARY 17, 2011, THE OIG AND (b)(6),(b)(7)(C) INTERVIEWED (b)(6),(b)(7)(C) CONFIRMED THAT (b)(6),(b)(7)(C) DID NOT PROVIDE MARLOWE WITH THE (b)(6),(b)(7)(C) RECEIPTS IN WHICH MARLOWE SUBMITTED WITH HIS WEEKLY EXPENSE REPORTS IN ORDER TO RECEIVE PER DIEM MONIES. (b)(6),(b)(7)(C) THAT MARLOWE'S MONTHLY LOT RENT WAS \$150 PLUS THE ELECTRICITY USED FOR THE MONTH PRIOR AND NOT THE \$378 MONTHLY RENT CLAIMED BY MARLOWE.

THE OIG DETERMINED THAT MARLOWE'S FALSE PER DIEM CLAIMS RESULTED IN HIM FALSELY RECEIVING \$666.07 OF PER DIEM PAYMENTS.

INVESTIGATIVE RESULTS:

STAT ON FEBRUARY 28, 2011, AS A RESULT OF THE INTERVIEW OF (b)(6),(b)(7)(C) WAS ARRESTED DURING NORMAL WORK HOURS AT SRS AND CHARGED WITH ONE COUNT OF FORGERY (S.C. CODE OF LAW 16-13-10).

STAT ON MARCH 17, 2011 THE OIG WAS NOTIFIED THAT MARLOWE'S EMPLOYMENT WAS TERMINATED SUBSEQUENT TO HIS ARREST.

STAT ON MARCH 17, 2011 THE OIG WAS NOTIFIED THAT MARLOWE VOLUNTARILY PAID

Office of the Inspector General (OIG)
Investigations - Executive Brief Report (REB)

Report run on: May 17, 2012 5:28 PM

Page 3

RESTITUTION IN THE AMOUNT OF \$666.07 TO GLOBAL. GLOBAL WITHHELD THE \$666.07 OF RESTITUTION PAID BY MARLOWE FROM REMAINING LABOR INVOICES RELATING TO HOURS WORKED BY MARLOWE PRIOR TO HIS ARREST.

****STAT**** ON MAY 4, 2011, MARLOWE PLED GUILTY IN THE STATE OF SOUTH CAROLINA, AIKEN COUNTY SUMMARY COURT (COURT) TO ONE COUNT OF OBTAINING PROPERTY UNDER FALSE PRETENSES UNDER \$1000 AND WAS ORDERED BY THE COURT TO PAY \$1,092.50 FINE.

ON MAY 23, 2011, DOE'S OFFICE OF PROCUREMENT ASSISTANCE REQUESTED THAT THE OIG PROVIDE THEIR OFFICE WITH AN INVESTIGATIVE REPORT ON THIS MATTER FOR SUSPENSION/DEBARMENT CONSIDERATION. THE OFFICE OF PROCUREMENT ASSISTANCE'S REQUEST WAS IN RESPONSE TO A PREVIOUS OIG COORDINATION WITH THEIR OFFICE ON THE INVESTIGATIVE FINDINGS IN THIS MATTER.

****STAT**** ON JUNE 3, 2011, AN IRM WAS ISSUED TO DOE'S DIRECTOR OF THE OFFICE OF MANAGEMENT AND PROCUREMENT ASSISTANCE RECOMMENDING SUSPENSION AND DEBARMENT CONSIDERATION AGAINST MARLOWE.

****STAT**** ON AUGUST 10, 2011, DOE'S DIRECTOR OF THE OFFICE OF MANAGEMENT AND PROCUREMENT ASSISTANCE NOTIFIED THE OIG THAT ON JUNE 17, 2011 MARLOWE WAS SUSPENDED.

****STAT**** ON AUGUST 25, 2011, DOE'S DIRECTOR OF THE OFFICE OF MANAGEMENT AND PROCUREMENT ASSISTANCE NOTIFIED THE OIG THAT MARLOWE WAS DEBARRED FOR 3 YEARS.

PLANNED ACTIVITY
CLOSE CASE

DISPOSITION



U.S. Department of Energy
Office of Inspector General
Office of Investigations

Investigative Report to Management

I11SR010

June 3, 2011

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U.S. Department of Energy
Office of Inspector General
Office of Investigations

June 3, 2011

MEMORANDUM FOR THE DIRECTOR, OFFICE OF PROCUREMENT AND
ASSISTANCE MANAGEMENT

FROM:

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

Eastern Investigations Operations
Region 2 Investigations

SUBJECT: Theft of Public Funds, False Statements (OIG Case No. I11SR010)

This report serves to inform you of the results of an investigation conducted by the U.S. Department of Energy's (Department) Office of Inspector General, Region 2 Investigations Office. The investigation involved allegations that Mr. David Marlowe fraudulently claimed and received Department funded per-diem payments.

In summary, Mr. Marlowe was a subcontracted technical trainer working at the Department's Savannah River Site through a staff augmentation firm, Global Pundits Incorporated (Global). Global operates under a subcontract with the Department's liquid waste contractor, Savannah River Remediation, LLC (SRR). OIG's investigation substantiated that Mr. Marlowe provided false per-diem lodging receipts to the government through Global and SRR. Specifically, the investigation found that Mr. Marlowe fabricated weekly lodging receipts that purported lodging costs in excess of actual costs incurred. Mr. Marlowe submitted these fabricated receipts over a four month period resulting in his receiving \$666.07 of Department reimbursed per-diem monies to which he was not entitled.

On May 4, 2011, Mr. Marlowe pled guilty in the State of South Carolina, Aiken Summary Court to obtaining property under false pretenses. He was subsequently fined \$1,092.50.

This report includes one recommendation for corrective action. If you have any questions or require further assistance, please contact me at (803) 725-^{(b)(6), (b)(7)(C)} or Special Agent ^{(b)(6), (b)(7)(C)} at (803) 725-^{(b)(6), (b)(7)(C)}

Enclosure

Cc: Office of General Counsel

OIG Case No. I11SR010

i

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INVESTIGATIVE REPORT TO MANAGEMENT

I. ALLEGATION

On February 8, 2011, a Savannah River Remediation, LLC (SRR) procurement specialist alleged to the U.S. Department of Energy (Department), Office of Inspector General (OIG), that Mr. David Marlowe may have fraudulently received per-diem benefits by claiming local living expenses which he did not incur.

II. POTENTIAL STATUTORY OR REGULATORY VIOLATIONS

This investigation focused on potential violations of Title 18, United States Code, Section 641, Theft of Public Money; Title 18 United States Code, Section 1001, False Statements; and South Carolina Code of Law, Section 16-13-260, Obtaining Property Under False Tokens or Letters.

III. BACKGROUND

SRR, the liquid waste contractor at the Department's Savannah River Site (SRS), awards subcontracts to staff augmentation firms to provide supplemental labor when it is necessary to assist them in carrying out their contractual obligations at the SRS facility. SRR's policy provides per-diem benefits to eligible employees who incur duplicate living expenses, that is, expenses associated with maintaining the employee's specified permanent residence in addition to expenses for local lodging and living expenses. SRR's policy allows for employees to receive reimbursement for actual lodging expenses in the local area of up to \$54 a day. Employees are required to submit documentation supporting their actual expense claims.

IV. INVESTIGATIVE FINDINGS

Summary of Investigative Findings

As a result of fabricating local lodging receipts, Mr. Marlowe fraudulently claimed and was reimbursed a total of \$666.07. The OIG investigation found Mr. Marlowe submitted fraudulent lodging receipts to SRR through Global in order to obtain inflated lodging per-diem reimbursements. On May 4, 2011, Mr. Marlowe pled guilty in the State of South Carolina, Aiken Summary Court to obtaining property under false pretenses and was subsequently fined \$1,092.50.

Certification to Receive Per Diem Benefits

In order to receive per-diem benefits, SRR's policy required that Mr. Marlowe certify the incurrence of duplicate living expenses for his claimed permanent residence and his local or temporary residence. In accordance with the policy, Mr. Marlowe was required to submit receipts supporting incurred costs and was eligible to receive up to \$54 a day in local lodging reimbursements.

Mr. Marlowe provided his employer, Global, with a lease agreement for his claimed permanent residence, in addition to multiple lodging receipts from Sparky's Mobile Home and R.V. Park (Sparky's) to support his claimed local lodging expenses.

Mr. Marlowe provided Global with lodging receipts from Sparky's, beginning with one dated April 6, 2010 and purporting his monthly rent at \$375. Global, in turn, included these receipts, along with Mr. Marlowe's monthly expense statements, in their monthly invoice submissions to SRR. The Sparky's invoices served as Global's supporting documentation for reimbursement of per-diem monies it paid to Mr. Marlowe.

During an internal review conducted by SRR of the Global invoices provided by Mr. Marlowe, SRR learned that (b)(6), (b)(7)(C) monthly rent was less than the amount claimed by him. Specifically, SRR's review found that Mr. Marlowe's monthly Sparky's rent was \$140, plus utilities, and not the \$375 claimed.

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

The OIG investigation subsequently found that Mr. Marlowe obtained a Sparky's receipt from the (b)(6), (b)(7)(C) of Sparky's, and that he altered the document by concealing the date with white-out. He then made copies of the altered receipt. Mr. Marlowe admitted to the OIG that he used the copied receipts to claim lodging expenses. Specifically, he would enter a date on the copied receipts, input a \$375 dollar amount and then submit the receipts in support of his claimed expenses. The investigation found that Mr. Marlowe was reimbursed for the lodging claimed on the falsified Sparky's receipts over a four month period, resulting in his fraudulently receiving \$666.07 in per-diem monies.

On February 28, 2011, Mr. Marlowe was arrested and charged with one count of Forgery in the State of South Carolina, Aiken Summary Court. On May 4, 2011, Mr. Marlowe pled guilty in the State of South Carolina, Aiken Summary Court to a one count violation of South Carolina Code of Law, Section 16-13-260, Obtaining Property Under False Tokens or Letters and was subsequently fined \$1,092.50.

1. Attached for an informational purpose is a copy of the State of South Carolina arrest warrant and final disposition for Mr. Marlowe.

V. COORDINATION

This investigation was coordinated with the Office of Procurement and Assistance Management, Contract Administration Division.

OIG Case No. I11SR010

2

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VI. RECOMMENDATIONS

Based on the findings of this report, and other information that may be available to you, the OIG recommends that the Director, Office of Procurement and Assistance Management, determine if suspension and/or debarment action is warranted against:

Mr. David Kelly Marlowe

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

SSAN:

DOB:

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

Indianapolis, IN 46227-6001

VII. FOLLOW-UP REQUIREMENTS

Please provide the OIG with a written response within 30 days concerning any action(s) taken or anticipated in response to this report.

VIII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

This report, including any attachments and information contained therein, is the property of the Office of Inspector General (OIG) and is for ~~OFFICIAL USE ONLY~~. The original and any copies of the report must be appropriately controlled and maintained. Disclosure to unauthorized persons without prior OIG written approval is strictly prohibited and may subject the disclosing party to liability. Unauthorized persons may include, but are not limited to, individuals referenced in the report, contractors, and individuals outside the Department of Energy. Public disclosure is determined by the Freedom of Information Act (Title 5, U.S.C., Section 552) and the Privacy Act (Title 5, U.S.C., Section 552a).

Attachment

ARREST WARRANT

M-020331

STATE OF SOUTH CAROLINA

☒ County/ ☐ Municipality of
Aiken

THE STATE
against

David Kelly Marlowe

Address: (b)(6),(b)(7)(C)
Jackson, SC 29831-

Phone: _____ SSN: (b)(6),(b)(7)(C)
Sex: **M** Race: **W** Height: _____ Weight: _____
DL State: _____ DL #: _____

DOB: _____ Agency ORI #: **SC0021000**

Prosecuting Agency: **Wackenhut Security**
Prosecuting Officer: (b)(6),(b)(7)(C)

Offense: **Forgery / Forgery, value less than \$5,000**

Offense Code: **2427**
Code/Ordinance Sec: **16-13-0010(B)(2)**

This warrant is **CERTIFIED FOR SERVICE** in the
☐ County/ ☐ Municipality of _____

The accused
is to be arrested and brought before me to be
dealt with according to the law.

(L.S.)

Signature of Judge

Date: _____

RETURN

A copy of this arrest warrant was delivered to
defendant David Kelly Marlowe
on 7-28-11

Signature of Law Enforcement Officer

RETURN WARRANT TO:
General Sessions
P O Box 583
109 Park Avenue
Aiken, SC 29802

ORIGINAL

ORIGINAL

STATE OF SOUTH CAROLINA)
☒ County/ ☐ Municipality of)
Aiken)

AFFIDAVIT

ORIGINAL

Form Approved by
S.C. Attorney General
April 21, 2003
SCGA 518

Personally appeared before me the affiant
(b)(6),(b)(7)(C) who
being duly sworn deposes and says that defendant (b)(6),(b)(7)(C)
did within this county and state on or about **05/04/2010** violate the criminal laws of the
State of South Carolina (or ordinance of ☒ County/ ☐ Municipality of **Aiken**)
in the following particulars:

DESCRIPTION OF OFFENSE **Forgery / Forgery, value less than \$5,000**

I further state that there is probable cause to believe that the defendant named above did commit
the crime set forth and that probable cause is based on the following facts:

Upon information and belief comes Inv. RE Hardt stating that on or about the following dates **May 5, 2010 and November 1, 2010**
in the county of Aiken, one David Kelly Marlowe did submit falsely made per diem receipts latched from (b)(6),(b)(7)(C)
(b)(6),(b)(7) for payment and billed to Savannah River Remediation in the amount of \$375.00 per month for a total of \$1,500.
When his actual expense for lot rent and electricity was \$833.93. This being in violation of SC Code of law 16-13-0010.

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

Signature of Affiant

STATE OF SOUTH CAROLINA)
☒ County/ ☐ Municipality of)
Aiken)

Affiant's Address **Savannah River Site**
Aiken, SC 29802-

Affiant's Telephone _____

ARREST WARRANT

TO ANY LAW ENFORCEMENT OFFICER OF THIS STATE OR MUNICIPALITY OR ANY CONSTABLE OF THIS COUNTY:

It appearing from the above affidavit that there are reasonable grounds to believe that

on or about **5/4/2010** defendant **David Kelly Marlowe**

did violate the criminal laws of the State of South Carolina (or ordinance of

☒ County/ ☐ Municipality of **Aiken**) as set forth below:

DESCRIPTION OF OFFENSE: **Forgery / Forgery, value less than \$5,000**

Having found probable cause and the above affiant having sworn before me, you are empowered and directed to arrest the said defendant and bring him or
her before me forthwith to be dealt with according to law. A copy of this Arrest Warrant shall be delivered to the defendant at the time of its execution, or as
soon thereafter as is practicable

Sworn to and subscribed before me

on **02/24/2011**

Carolyn Phinicky Neal
Judge Code: **5849**

Judge's Address **Savannah River Research Park**
Aiken, SC 29803-

Judge's Telephone **(803)652-7227**

Issuing Court: ☒ Magistrate ☐ Municipal ☐ Circuit

ORIGINAL

ORIGINAL

ORIGINAL

ORIGINAL

ORIGINAL

BAIL set by
Judge Thyler
on 02-28-11
Type and Amount \$5,000
Name of Surety _____

PRELIMINARY HEARING held by

Judge _____
on _____
Defendant Attorney _____
Decision: _____

DISPOSITION before
Judge Cassidy
on 5-4-11
by Plica
(indicate jury trial, bench trial, plea, not pros., etc.)

Disposition: Guilty
Sentence: \$1092.50 ~~\$~~ 1092.50

JURORS

WITNESSES

Name: _____
Address: _____
Telephone: _____

Name: _____
Address: _____
Telephone: _____

Name: _____
Address: _____
Telephone: _____

Name: _____
Address: _____
Telephone: _____

Name: _____
Address: _____
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Telephone: _____

Name: _____
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Telephone: _____

Name: _____
Address: _____
Telephone: _____

CODEFENDANTS

Document 37

Investigations - Executive Brief Report (REB)

Report run on: March 27, 2012 3:48 PM

Page 1

Case Number: I11SR020

Summary Date: 08-DEC-11

Title:

WEIRICH; ARRA PD RELATED FALSE CLAIMS ON PAYROLL; SRS

Executive Brief:

PREDICATION: ON MARCH 18, 2011, (b)(6)(b)(7)(C) (b)(6)(b)(7)(C) WEIRICH CONSULTING (WEIRICH), WHO PREVIOUSLY PERFORMED WORK FOR WEIRICH AS A SUBCONTRACTOR TO THE MANAGEMENT AND OPERATING CONTRACTOR AT THE SAVANNAH RIVER SITE (SRS), SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS), CONTACTED THE HOTLINE AND ALLEGED WEIRICH CONSULTING, A STAFF AUGMENTATION FIRM MISUSED ARRA FUNDS BY DELAYING DELIVERY OF (b)(6)(b)(7)(C) PAYCHECK AND WITHHOLDING SOME OF (b)(6)(b)(7)(C) EXPECTED PER DIEM PAYMENTS. ON MARCH 30, 2011 THE CCC DISPOSITIONED THE ALLEGATION REQUESTING AN INVESTIGATION BE OPENED. ON APRIL 15, 2011, THE MATTER WAS FORWARDED TO R2I FOR INVESTIGATION.

INVESTIGATIVE FINDINGS:

FBI NOTIFICATION: ON APRIL 19, 2011, THE FBI, COLUMBIA, SC WAS NOTIFIED OF THIS CASE OPENING VIA FACSIMILE.

(b)(6)(b)(7)(C) (b)(6)(b)(7)(C) TOLD THE OIG (b)(6)(b)(7)(C) PAYMENTS WERE BEING HELD UP DUE TO AN SRNS REVIEW OF (b)(6)(b)(7)(C) PER DIEM ELIGIBILITY. SRNS TOLD THE OIG THAT (b)(6)(b)(7)(C) SUPPORTING DOCUMENTATION WAS INCOMPLETE AND WITHOUT COMPLETE SUPPORTING DOCUMENTATION SRNS COULD NOT COMPLETE ITS REVIEW TO DETERMINE (b)(6)(b)(7)(C) ELIGIBILITY. THE OIG REVIEWED (b)(6)(b)(7)(C) EXISTING SUPPORTING DOCUMENTATION AND OBSERVED INDICATORS OF POSSIBLE FRAUDULENT REPORTING SUCH AS DATE AND HANDWRITING INCONSISTENCIES. THE OIG REQUESTED (b)(6)(b)(7)(C) PROVIDE BANK RECORDS TO EVIDENCE DUAL EXPENSES REQUIRED TO BE ELIGIBLE TO RECEIVE PER DIEM.

(b)(6)(b)(7)(C) (b)(6)(b)(7)(C) TOLD THE OIG THAT WEIRICH HAS WITHHELD (b)(6)(b)(7)(C) PER DIEM PAYMENTS AND SCHEDULED HOURLY RAISE BEGINNING IN NOVEMBER 2010 BECAUSE (b)(6)(b)(7)(C) PER DIEM ELIGIBILITY IS UNDER REVIEW BY SRNS. (b)(6)(b)(7)(C) EXPLAINED THAT (b)(6)(b)(7)(C) WAS PAID (b)(6)(b)(7)(C) OCTOBER 2010 PER DIEM BY WEIRICH IN ADVANCE OF SRNS APPROVAL AND WEIRICH IS WITHHOLDING THE HOURLY PAY INCREASE TO OFFSET THE ADVANCED PER DIEM, UNTIL (b)(6)(b)(7)(C) PER DIEM ELIGIBILITY IS DETERMINED AT WHICH TIME WEIRICH WILL RECONCILE (b)(6)(b)(7)(C) PAY ACCOUNT AND DETERMINE IF WEIRICH OWES (b)(6)(b)(7)(C) ANY MONEY. (b)(6)(b)(7)(C)

(b)(6)(b)(7)(C) (b)(6)(b)(7)(C) FAILED TO PRODUCE DOCUMENTS TO SUPPORT (b)(6)(b)(7)(C) ELIGIBILITY. THE USAO ISSUED A LETTER TO (b)(6)(b)(7)(C) REQUESTING THE INFORMATION. (b)(6)(b)(7)(C) CONTINUED TO FAIL TO PRODUCE DOCUMENTS TO SUPPORT (b)(6)(b)(7)(C) ELIGIBILITY. (b)(6)(b)(7)(C)

LEGAL COORDINATION:

AFTER EXTENSIVE EFFORTS TO SECURE SUPPORTING DOCUMENTATION SUPPORTING (b)(6)(b)(7)(C) ELIGIBILITY TO RECEIVE ANY PER DIEM, THE OIG COORDINATED WITH THE USAO WHO CONCURRED WITH CLOSING THIS MATTER BASED ON THE FACT THAT FURTHER REVIEW OF RECORDS SECURED THROUGH A SUBPOENA WOULD BE UNLIKELY TO PRODUCE SUBSTANTIAL EVIDENCE, AND THE FACT

Investigations - Executive Brief Report (REB)

Report run on: March 27, 2012 3:48 PM

Page 2

THAT THE GOVERNMENT HAS ALREADY RECOUPED THE PER DIEM PAYMENTS FROM SRNS.

STATISTICAL REPORTING:

STAT ON MAY 17, 2011 DOE'S SAVANNAH RIVER OPERATIONS OFFICE CONFIRMED THAT SAVANNAH RIVER NUCLEAR SOLUTIONS (SRNS) REIMBURSED DOE FOR THE \$22,975.35 OF PER DIEM MONIES THAT SRNS INAPPROPRIATELY PAID TO (b)(6),(b)(7)
(C)

DISPOSITION: CLOSED