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Description of document:	Closing memo and final report for 17 Environmental Protection Agency (EPA) Office of Inspector General (OIG) investigations, 2003-2008
Requested date:	02-July-2010
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Source of document:	FOIA Officer EPA OIG Mail Code 2411T Washington, DC 20460-0001 Email: oig.foia@epa.gov Online FOIA Request form

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

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OFFICE OF
INSPECTOR GENERAL

Re: Freedom of Information Act Request (HQ-FOI-1576-10)

This letter responds to your Freedom of Information Act (FOIA) request dated July 2, 2010, seeking disclosure of the closing memo and final report for seventeen Environmental Protection Agency Office of Inspector General investigations.

Documents responsive to your request are enclosed. In some instances, the Quarterly Status Report also served as the Closing Status Report for an investigation. Where applicable, these Quarterly Status Reports have been substituted for the requested closing memo.

Some redactions of information have been made to the documents pursuant to the FOIA, 5 U.S.C. § 552, Sections (b)(4), (b)(5), (b)(6), (b)(7)(c), and (b)(7)(e). Exemption (b)(4) protects trade secrets and commercial or financial information obtained from a person that is privileged or confidential. In some cases, company names have been removed pursuant to Exemption (b)(4). Exemption (b)(5) exempts from disclosure inter-agency or intra-agency memoranda or letters which would not be available by law to a party other than an agency in litigation with the agency. This exemption generally allows agencies to exempt those documents that are privileged in the context of civil discovery. In some cases documents have been withheld under the attorney work-product privilege pursuant to Exemption (b)(5). The names of law enforcement personnel and personal identifying information have been withheld pursuant to Exemption (b)(6). Exemption (b)(7)(c) provides protection for personal information in law enforcement records the disclosure of which could reasonably be expected to constitute an unwarranted invasion of personal privacy. The names of law enforcement personnel and personal identifying information have been withheld pursuant to Exemption (b)(7)(c). Exemption (b)(7)(e) allows agencies to protect from disclosure all law enforcement information that would disclose techniques and procedures for law enforcement investigations or prosecutions or which would disclose guidelines for law enforcement investigation or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. § 552(c) (2006 & Supp. IV 2010). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

If you consider this to be a partial denial, you may appeal to the Counsel to the Inspector General, Office of Counsel, Office of Inspector General, 1200 Pennsylvania Avenue NW, Mail Code (2411T), Washington, D.C. 20460, Fax (202) 566-0870, e-mail oigfoia@epa.gov. The appeal must be made in writing and must be submitted no later than 30 calendar days from the date of this letter. The appeal letter should include the FOI number listed above. If possible the appeal letter and its envelope should be marked "Freedom of Information Act Appeal."

If you have any questions concerning this matter, you may contact Shushona Hyson, Freedom of Information Officer at (202) 566-0869.

Sincerely,

A handwritten signature in cursive script, appearing to read "Helen A. Mollick".

Helen A. Mollick
Senior Associate Counsel
Office of Counsel

Enclosures
cc: FOIA Office



OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSING STATUS REPORT

CASE NUMBER: 03-2015
ASSN NUMBER: 2003-1472
CASE TITLE:

DATE: March 23, 2007
OFFICE: Northeastern - Washington
AGENT: [redacted] b6, 7C
CASE CAT: Employee Integrity
CASE TYPE: Stolen Property

ALLEGATIONS: This case was opened on August 14, 2003, based on an e-mail complaint received from [redacted] Human Organizational Services Center, Office of Superfund Remediation and Technology Innovation (OSRTI), Office of Solid Waste and Emergency Response (OSWER) on July 9, 2003. The complainant alleged [redacted] b6, 7C
[redacted] illegally authorized payment of invoices to purchase ORACLE Software/Licenses against an Interagency Agreement (IAG) # DW-47-93789101-9, between EPA and the General Services Administration (GSA). The draft notes of [redacted] b6, 7C
[redacted] Analytical Operations and Data Quality Center (AOC), Office of Emergency and Remedial Response (OERR), OSWER, were attached to the above mentioned e-mail complaint. [redacted] was also the [redacted] for this IAG. On June 12, 2002, [redacted] b6, 7C
[redacted] advised that [redacted] inappropriately used the IAG funds to purchase a laptop computer. This laptop computer was not required for the IAG and was not used by LOCKHEED MARTIN, Contractor, GSA, in performing the requirements of the task outlined in the IAG. Also, the laptop computer was not listed on LOCKHEED MARTIN's final property inventory sheet [redacted] b6, 7C
[redacted] was in possession of the laptop computer and software. The potential damage to EPA involved approximately \$17,000. This investigation was within the EPA OIG's jurisdiction because [redacted] b6, 7C
[redacted] was an EPA employee and EPA funds were misdirected to purchase computer equipment. The potential violations were 18 U.S.C. 641 (Theft of Property), 18 U.S.C. 1341 (Wire Fraud), 18 U.S.C. 1001 (False Statements), and 18 U.S.C. 287 (False Claims).

APRIL 1, 2007 CLOSING: In April 2004, SHAUN PALMER, Trial Attorney (TA), Department of Justice (DOJ), Criminal Division (CD), Public Integrity Unit (PIU), Washington, D.C., was assigned to this case. On May 25, 2004, OI received an e-mail from [redacted] with an inventory from LOCKHEED MARTIN of IT equipment which was possessed by [redacted] relative to the IAG. On May 26, 2004, OI received an e-mail from [redacted] b6, 7C
[redacted] indicating [redacted] never logged any equipment into EPA property that was ordered by [redacted] b6, 7C
[redacted] relative to the IAG. On May 26, 2004, OI met with [redacted] b6, 7C

[redacted] OARM and [redacted] b6, 7C
[redacted] OARM [redacted] stated, per the EPA Certified Project Officer (PO) Database, [redacted] had been a certified PO since [redacted] stated if IT equipment b6, 7C
[redacted] was authorized under this IAG, it would have been reflected in the statement of work and a dollar

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March 23, 2007

amount would have been written in the equipment field. [] stated based on the statement of [] work, this IAG was paying for IT services and the contractor should already have had IT equipment. On May 26, 2004, OI reviewed records from the EPA Certified PO Database, which indicated [] took refresher training and were certified until [] On June 9, 2004, OI received an e-mail from [] GSA, with an attached inventory of all task orders related to the equipment ordered under this IAG through GSA. The total value of the equipment ordered by [] through GSA was \$25,106.49. b6,7c b6,7c b6,7c

On August 13, 2004, OI obtained records from the National Archives and Records Administration containing IAG DW-47-937453-01, [] was the [] for this IAG. On November 18, 2004, OI met with BRENDA MORRIS, Deputy Chief for Litigation (DCL), DOJ, CD, PIU, and [] DCL MORRIS directed OI to continue the investigation with the possibility of prosecution. On November 23, 2004, OI re-interviewed [] and [] both of whom provided case background information and confirmed the laptop and software ordered by [] under the IAG were unaccounted for. On December 9, 2004, [] GSA was re-interviewed and provided documentation showing [] requested Oracle software, via the IAG, on April 22, 2002, before [] was taken off the IAG as the [] b6,7c b6,7c b6,7c b6,7c b6,7c

On May 10, 2005, DCL MORRIS declined prosecution in this matter in lieu of administrative action. On May 11, 2005, OI interviewed [] In a sworn statement, [] admitted confiscating computer equipment [] and purchased without authorization on IAG DW-47-93789101-9. Further, [] admitted doing the same on other IAGs as far back as 1992. On May 20, and 24, of 2005, [] surrendered hardware and software to [] and OI, all of which was provided to the Computer Crimes Directorate (CCD) for forensic analysis. On September 20, 2005, CCD concluded forensic analysis of the above mentioned computer equipment. CCD reported negative findings. b6,7c b6,7c b6,7c

On October 28, 2005, OI submitted a Report of Investigation (ROI) to MICHAEL B. COOK, Director of Superfund Remediation and Technology Innovation, Office of Solid Waste and Emergency Response, for appropriate administrative action. On November 15, 2005, OI submitted the same ROI to EPA's Office of Grants and Debarment (OGD) in order to initiate debarment proceedings against [] On February 27, 2006, OI was informed [] was transferred to the Office of Environmental Information (OEI). Subsequently, the ROI was given to [] OEI, for administrative action. OI contacted [] on numerous occasions to ensure a timely and prompt resolution in this matter. On March 16, 2006, [] stated [] was working diligently to review the ROI and was seeking counsel from EPA's Office of Human Resources for the appropriate penalty. b6,7c b6,7c b6,7c

Pursuant to this investigation, on June 21, 2006, [] took administrative action against [] by officially reprimanding [] via a memorandum. On September 1, 2006, after lengthy deliberations [] Attorney, OGD, concluded that [] would not b6,7c b6,7c

March 23, 2007

b5
proceed with debarment against [redacted] because, as an EPA employee, debarment would not prevent [redacted] from working on grants and contracts. OI determined that [redacted] misconduct, and OI took steps to address this concern in a report generated and issued in March 2007, by the OIG for EPA. Based on the aforementioned facts, this case is closed.

Approved: /s/ [redacted]
Acting Special Agent in Charge



OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

90-DAY STATUS REPORT
CASE CLOSING

CASE NUMBER: 06-0002
ASSN. NUMBER: 2005-0306
CASE TITLE:

b6, 7c

DATE: February 16, 2007
OFFICE: SIU
AGENT:
CASE CAT.: Employee Integrity
CASE TYPE: False Statements

b6, 7c

ALLEGATIONS: This case was initiated on November 7, 2005, based upon information that Region 6 (R6), Dallas, TX has been practicing law without a valid license since April 1988. Further, a Confidential Source (CS-11001) alleged that LAWRENCE STARFIELD, Deputy Regional Administrator, Region 6, Dallas, TX, as well as CHARLES SHEEHAN, EPA, Regional Counsel for Region 6 were both aware of licensing status and failed to take corrective action. Additionally, job applications for two Regional Counsel positions may have contained fraudulent information concerning membership in the Pennsylvania Bar. This matter is within the jurisdiction of the EPA OIG because of possible fraudulent activities by an EPA employee. Possible violations include 18 USC 1001 (False Statements), and Section 38.122 of the Texas Penal Code which provides that any person who holds him or herself out as a lawyer with the intent to obtain economic benefit has committed a third degree felony.

b6, 7c

b6, 7c

b6, 7c

b6, 7c

SYNOPSIS: Investigation has demonstrated that is not an active member of any bar. was only licensed in the Commonwealth of Pennsylvania and has been placed on inactive status by the Disciplinary Board of the Supreme Court of Pennsylvania on April 29, 1988. currently remains inactive due to his failure to pay required annual dues. In May 1995, was hired as GS-905-11, Attorney-Advisor, Washington, D.C. During the course of time spanning from date of hire through approximately December 2005, was responsible for providing legal opinions on matters involving contracts, personnel actions, and equal employment opportunity (EEO) matters to R6 senior management. A review of Official Personnel File disclosed that did not represent s an active member of any bar in employment application to the EPA.

b6, 7c

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The investigation did not develop any information that R6 officials were aware of inactive status. Investigation has determined that as a result of their own inquiry, R6 officials removed from any representative matters on November 15, 2005. An interview of the Regional Counsel, who is also supervisor, revealed that the unlicensed allegations surfaced in October 2005. stated to the Regional Counsel that there was a bureaucratic mistake on the part of the Pennsylvania Bar Association having to do with Continuing Legal Examination (CLE) credits.

b6, 7c

b6, 7c

On November 29, 2005, was interviewed and stated that had only recently been made aware of inactive membership status by supervisor and that had never received

b6, 7c

b6, 7c

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February 16, 2007

any correspondence from the Pennsylvania Bar Association indicating inactive membership. provided a sworn statement on November 30, 2005, indicating that had been paying the PACLE for several years for an out-of-state exemption for CLE credits and for retaining a bar membership. Information received from the PACLE disclosed that 2004 and 2005 applications for membership in the PACLE for were rejected due to non-active bar status and monies refunded. PACLE financial records indicate that the refund checks were never cashed. during a follow-up interview on January 31, 2006, told investigators that did not receive the rejected application notifications or the refunded application fees.

A consent search of office disclosed documents indicating that performed a number of legal activities for EPA as Deputy Regional Counsel and copies of an EPA 1981 policy stating that EPA Attorneys must be active members of a Bar Association while employed at EPA. Senior Agency attorneys and ethics officials were interviewed in January 2006, to ascertain the policies governing the GS-905 series, Office of Personnel Management regulations, and EPA requirements. These interviews confirmed that active membership in a state bar is a mandatory requirement of Attorney Advisor positions at the EPA. Documentation from both the EPA and the OPM reinforces the mandated active membership requirement.

On January 20, 2006, filed a Petition for Reinstatement from Inactive to Active Status before the Disciplinary Board of the Supreme Court of Pennsylvania. In the petition, indicates that is not currently the subject of any investigation by any law enforcement agency and is not the subject of any disciplinary complaint filed with any agency. The petition answers provided by may be false statements and could be violations of Pennsylvania's Title 18 § 4904 - Unsworn Falsification to Authorities.

In May 2006, a Prosecutive Report of Investigation was given to MARC MCBRIDE, Assistant United States Attorney, Northern District of Texas, Dallas, TX for prosecutive determination of Title 18 USC 1001, False Statements and Title 18 USC 1341 (Mail Fraud). On May 8, 2006, the federal prosecution of this subject was declined as the matter

Additionally, on April 21, 2006, the matter was referred to the Dallas county prosecutor for violating Section 38.122 of the Texas Penal Code which provides that any person who holds him or herself out as a lawyer with the intent to obtain economic benefit has committed a third degree felony. Assistant District Attorney, BEN STOOL, recommended that the Office of Investigations forward the Report of Investigation (ROI) to the Agency for administrative action before he considers prosecution. The case was referred on June 30, 2006, to Agency Officials for consideration of administrative action and, per request, to the Pennsylvania Disciplinary Board of the Supreme Court of Pennsylvania.

FEBRUARY 16, 2007 CLOSING: On December 1, 2006, accepted a position as a GS-9 Management Analyst, a voluntary downgrade from GS-15 position. remains employed at Region 6, Dallas, Texas. The EPA has advised that cannot be returned to the position. On July 6, 2006, the EPA implemented an PA Attorney's Certification of Active Bar Membership" memorandum requiring EPA The Pennsylvania Disciplinary Board of the Supreme Court of Pennsylvania reports that

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February 16, 2007

license to practice law has been suspended for a year and a day and that must reapply to the Board and appear before the Bar's Ethics Committee before application back into the Bar can be considered. On February 6, 2006, ADA Stool informed the OIG that will not prosecute the matter given that the Agency did not terminate and that is no longer practicing law in the state of Texas. No further information has been developed to warrant any additional investigative steps and this case is closed. b6, 7C b6, 7C b6, 7C

Approved: /s/ Michael Loughnane
Director, Special Operations Directorate



OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

90-DAY STATUS REPORT

CASE NUMBER: 06-0010
ASSN. NUMBER: 2006-1693
CASE TITLE: EPA EMPLOYEE

DATE: September 24, 2007
OFFICE: SIU
AGENT: [redacted]
CASE CAT.: Employee Integrity
CASE TYPE: False Statements

ALLEGATIONS: This case was initiated on September 22, 2006, based upon information received from [redacted] Office of Inspector General (OIG), Office of Investigations (OI),

[redacted] may have back-dated certain OIG-OI work products to indicate that they had been prepared in accordance with OI policy of documenting interviews no later than 7 days after the interview took place. [redacted] SAC [redacted] learned that [redacted] SA [redacted] prepared multiple interviews after this time frame, but made it appear as if they had been produced within the 7 day time period. This matter is within the jurisdiction of the EPA OIG because of possible fraudulent activities by an EPA employee. Possible violations include 18 USC 1001(False Statements) and 5 C.F.R. Part 2635. 701-Standards of Conduct for Employees of the Executive Branch, Misuse of Position.

SYNOPSIS: On September 13, 2006, in th [redacted] during a meeting attended by [redacted] SA [redacted] SAC [redacted] and Assistant Inspector General for Investigations (AIGI) STEPHEN NESBITT, SA [redacted] allegedly admitted that [redacted] back-dated five investigative documents associated with an ongoing ERC investigation to which [redacted] as assigned. According to SAC [redacted] and AIGI NESBITT, at that time [redacted] SA [redacted] indicated [redacted] created the investigative interviews and back-dated them to reflect that they had been prepared at an earlier point in time. At the conclusion of the meeting, [redacted] SA [redacted] was directed to provide various computer media; including diskettes, [redacted] office computer and an EPA computer maintained [redacted] residence. These items were subsequently forwarded to the Special Operations Directorate Computer Crime Laboratory in Washington, D.C., for analysis to determine what forensic information can be obtained—this activity is ongoing. The alleged back-dated documents were secured as evidence.

Examination of [redacted] SA [redacted] computer's indicated that the five documents were created on a computer that had date and time settings for August 2000. This made it appear as if all the documents had been created on August 2, 2000. Examination of email accounts of [redacted] SA [redacted] reviewing officials identified when the suspect documents were submitted for supervisory review. In the initial findings, the forensic analysis determined that certain media containing the five suspect documents had not been provided by [redacted] SA [redacted] after being directed on September 13, 2006. An attempt to interview [redacted] SA [redacted] was made on November 6, 2006, however, [redacted] SA [redacted] declined to be interviewed without the presence of [redacted] attorney.

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September 24, 2007

On November 21, 2006, with [] attorney present, SA [] was interviewed. SA [] was advised that this matter had been declined criminal prosecution by the United States Attorney. SA [] stated that [] never back-dated the five investigative documents and that when requested by SAC [] on September 13, 2006, [] provided computer diskettes. However, SA [] stated that [] subsequently discovered more diskettes in [] office that had not been turned over and [] had taken these diskettes to [] residence. SA [] was requested to provide these diskettes to the investigators, and on December 4, 2006, SA [] provided 21 more diskettes for analysis. SA [] was interviewed again on December 27, 2006, with [] attorney present, and stated that there was another diskette, which [] had not yet provided, but that [] gave this diskette to another OIG employee for "safe-keeping." SA [] subsequently provided the contact information for this individual, who was contacted, and this diskette taken into evidence. Forensic analysis of this diskette determined this to be the missing media and that the diskette contained the five suspect documents. Upon identifying that SA [] withheld evidence relevant to this investigation, this matter was presented to the United States Attorney's Office, District of Columbia, for prosecutive determination. Federal criminal prosecution of this matter was declined. SA [] was interviewed again on February 8, 2007, and provided a sworn statement on February 15, 2007. SA [] stated in [] interview that [] did not recall making statements to the effect that [] had back-dated interviews to [] and NESBITT. In both [] interview and sworn statement SA [] identified that [] viewed the date [] starts a document as it's "prepared date" and that if [] finishes the document at some later point, [] would not change the initial prepared date. SA [] also stated in [] sworn statement that the five documents which [] had dated as being prepared on July 12 and July 13, 2006, were not finalized until approximately the second week of August 2006. SA [] stated in [] interview that [] was aware of the diskette that contained the five suspect documents and that [] "hid" this diskette by providing it to another OIG employee. SA [] stated in [] sworn statement that [] did not believe that this diskette was [] diskette because [] recalled that upon reviewing it, all the files did not contain the same creation date—August 2, 2000. Forensic analysis of this diskette identified that all the files did, in fact, have the same creation date—August 2, 2000, and modification dates ranging from August 15 through August 27, 2006. On April 5, 2007, the Special Operations Division issued the forensic report documenting their analysis.

JULY 1, 2007 UPDATE: On April 24, 2007, A Report of Investigation was issued to []. On June 12, 2007, a Notice of Proposed Removal memorandum was signed by [] and presented to SA []. On September 19, 2007, [] was removed from Federal service. This investigation is closed.

Approved: /s/ Andrew F. McLaughlin
Acting Director, Special Operations Division



OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSING STATUS REPORT

CASE NUMBER: 06-2014
ASSN. NUMBER: 2006-1518
CASE TITLE:

Washington, DC

DATE: April 6, 2007
OFFICE: Northeastern-Washington
AGENT:
CASE CAT.: Employee Integrity
CASE TYPE: Conflict of Interest

ALLEGATIONS: On July 18, 2006, a Preliminary Inquiry (PI) was opened based upon OIG Hotline Complaint Number 6-152, from JEANETTE BROWN, Director, Office of Small and Disadvantaged Business Utilization (OSDBU), Office of the Administrator (OA), Environmental Protection Agency (EPA), Washington, D.C. In her complaint, BROWN alleged a possible violation of the Federal Acquisition Regulations (FAR), the Procurement Integrity Act (PIA), and ethics regulations b

According to the complaint, [redacted] on a Firm Fixed Price Contract, #EP-W-04-056, between OSDBU and CORPORATE SYSTEMS RESOURCES, INC. (CSR), Greenbelt, MD. Under the terms of the contract, CSR was to run the OSDBU Outreach Center. The contract was awarded on September 20, 2005, had a potential maximum value of \$1,021,754, a current value of \$518,796, and a maximum expiration date of September 19, 2008. BROWN advised the ethics matter first came to OSDBU's attention when former EPA Ethics Official KEN WERNICK received a letter from the law firm of WILLIAMS & CONNOLLY LLP, Washington, D.C. 20005, alleging [redacted] violated ethics regulations by hiring a former EPA contractor. BROWN further advised that on November 22, 2005, CSR informed OSDBU that [redacted] provided CSR with proprietary information about another contractor, allowed CSR to access information supplied by another contractor, and directed CSR to review and "tweak" this information. b6,7c b6,7c

The PI was opened to determine what role, if any, [redacted] had in the hiring of the former contractor; the circumstances regarding the conduct of the contract's administration; and whether, and to what extent, [redacted] violated FAR regulations, PIA regulations, or any ethics regulations. The investigation was within EPA OIG's jurisdiction because it involved an EPA employee and the integrity of the EPA ethics and procurement programs. b6,7c b6,7c

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Status Report Form

April 6, 2007

APRIL 6, 2007 CLOSING: On November 1, 2006, this PI was reassigned to SA [redacted] b6,7C
On November 3, 2006, a Request for Extension of PI was submitted to the Assistant Inspector General for Investigations, who subsequently approved the extension.

OI confirmed OSDBU hired a former [redacted] b6,7C
[redacted] OI determined [redacted] was the [redacted] at [redacted] b6,7C
prior to [redacted] EPA employment, and managed the contract between CSR and OSDBU. OI b6,7C
further determined [redacted] resigned from EPA [redacted] upon learning OSDBU was b6,7C
going to issue a Discharge During Probationary Period letter, that was to be effective the same b6,7C
date. OI also determined that in 2001, [redacted] for another EPA b6,7C
contractor, SYSTEMS SUPPORT ALTERNATIVES, INCORPORATED (SSA), Alexandria, VA. b6,7C
While employed at SSA, [redacted] allegedly spent an enormous amount of time in closed door b6,7C
meetings with [redacted] on the SSA contract. [redacted] is the subject in OI Case b6,7C
No. 02-2005, which involves allegations of contract administration improprieties by [redacted] b6,7C

OI interviewed CASSANDRA FREEMAN, Deputy Director, OSDBU, AO, EPA, who authored the Discharge During Probationary Period letter and accepted [redacted] resignation letter. b6,7C
FREEMAN stated [redacted] termination was based on [redacted] b6,7C

On November 6, 2006, OI interviewed BROWN who stated that she was [redacted] b6,7C
and that [redacted] had no role in the hiring of [redacted] BROWN stated [redacted] b6,7C
Grant Specialist, OSDBU, hired [redacted] BROWN confirmed that FREEMAN b6,7C
terminated [redacted] b6,7C

[redacted] BROWN b6,7C
confirmed that [redacted] was not involved with CSR's contract during [redacted] employment at EPA. b6,7C
BROWN stated her allegation that [redacted] provided proprietary information to CSR, was b6,7C
based on the fact that during contract progress review meetings between OSDBU and CSR, CSR
consistently seemed to have prior knowledge of, and prepared responses to, contract performance b6,7C
problems OSDBU had with CSR. It was BROWN's opinion that [redacted] gave CSR a "heads b6,7C
up," thereby allowing the company "time to prepare their responses." BROWN conceded, b6,7C
however, that eventually OSDBU would have discussed the contract performance problems with b6,7C
CSR. BROWN further stated that on one occasion, GLENDA TAYLOR, President and CEO of b6,7C
CSR, expressed knowledge of tensions between OSDBU and other contract bidders. BROWN b6,7C
stated it is her belief that [redacted] provided this information to TAYLOR. BROWN stated that b6,7C
on November 22, 2005, CSR informed her that [redacted] gave CSR a statement of work and a b6,7C
survey submitted to EPA by ACTIONET, INC. (ACTIONET), Fairfax, VA. BROWN advised that b6,7C
the survey was prepared by ACTIONET as part of an EPA contract to test CSR's work. BROWN b6,7C
stated [redacted] did not receive authorization to provide this information to CSR. BROWN b6,7C

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April 6, 2007

advised she exercised OSBDU's option to cancel CSR's contract after only two years, due to CSR's

b5

OI reviewed EPA Contract Number EP-W-04-056 and determined the contract began on September 20, 2005, before the November 22, 2005 conversation between CSR and [redacted] during which [redacted] allegedly disclosed what BROWN described as "proprietary information." OI interviewed [redacted] Contract Specialist, HPOD, OAM, OARM, EPA, [redacted] who confirmed the contract was active from September 20, 2005 to September 19, 2006. [redacted] stated OSBDU properly exercised its option not to continue the contract after Option Period I, which was the time period September 20, 2005 to September 19, 2006.

b6, 7C
b6, 7C
b6, 7C

OI interviewed [redacted] Contract Specialist, HPOD, OAM, OARM, EPA, [redacted] who stated [redacted] was the Team Leader responsible for oversight and guidance of contract EP-W-04-056. [redacted] confirmed that CSR's contract was terminated [redacted] stated [redacted] recollection that BROWN hired [redacted]

b6, 7C

b6, 7C, 5

b6, 7C

OI also interviewed [redacted] Contract Specialist, HPOD, OAM, OARM, EPA, [redacted] who further confirmed that CSR's contract was terminated [redacted] that as [redacted] oversaw the administration of the CSR contract with OSBDU, including daily contract work, paid invoices to CSR, and CSR staff. [redacted] stated [redacted] was not aware of any allegations or evidence that [redacted] received bribes, illegal gratuities, or any personal gain from [redacted] relationship with CSR.

b6, 7C

b6, 7C

b6, 7C

b6, 7C

OI interviewed [redacted] Grants Specialist, OSBDU, AO, EPA, [redacted] [redacted] stated [redacted] FREEMAN was the supervisor who hired, supervised, and terminated [redacted] [redacted] was friendly and outgoing and that this might have resulted in questions about [redacted] impartiality. [redacted] stated [redacted] had no reason to believe that [redacted] received any financial benefits or gratuities from or through [redacted] association with CSR.

b6, 7C

b6, 7C

b6, 7C

b6, 7C

OI interviewed JUSTINA FUGH, Supervisory Attorney Advisor, OA, Office of Executive Services, EPA, Washington, D.C., who confirmed that EPA's Office of General Counsel concluded the hiring of [redacted] was not a conflict of interest. FUGH stated that conflict of interest and post-employment concerns, do not apply in the reverse. Furthermore, FUGH stated, there were no impartiality problems regarding [redacted] because [redacted] is not involved with CSR's contract during [redacted] nployment at EPA.

b6, 7C

b6, 7C

b6, 7C

OI interviewed GLENDA TAYLOR, President, CSR who stated [redacted] never socialized with her or members of her office; never received any compensation from CSR; and never

b6, 7C

b6, 7C

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April 6, 2007

received any financial consideration, such as gratuities, from CSR. TAYLOR further stated that she never received any information from [redacted] that wasn't also provided to CSR by BROWN and OSBDU. b6,7c

OI reviewed FAR § 3.104-5 which addresses disclosure protection; marking of contractor bid or proposal information; and source selection information. Section 104-5 states that no person or other entity may disclose contractor bid or proposal information or source selection information to any person other than a person authorized in accordance with applicable agency regulations or procedures, by the head of the agency or designee, or the contracting officer, to receive such information. OI determined through interviews conducted of and documentation obtained from OSBDU supervisors and EPA employees, that neither [redacted] played any role in procuring bid or proposal information for CSR's contract with OSBDU. OI further determined that information characterized as "proprietary" in the complaint, was not proprietary, but rather routine information that was released to CSR prematurely by [redacted] b6,7c

OI reviewed FAR § 3.104-7 which addresses conflict of interest and post-employment concerns when a government employee terminates his federal employment to work for a company providing goods or services to the Federal government. FAR § 3.104.7 does not say that there is a conflict of interest when an employee of a company providing goods or services accepts Federal employment, as [redacted] did. b6,7c

OI reviewed Title 41, Chapter 7, United States Code (U.S.C) Section 423 (a) (the PIA), which addresses restrictions on disclosing and obtaining contractor bid or proposal information or source selection information. U.S.C. § 423 (a) prohibits U.S. government officials from knowingly disclosing contractor bid or proposal information or source selection information before the award of a Federal agency procurement contract to which the information relates. Documentation and statements from OSBDU supervisors BROWN and FREEMAN; and EPA employees [redacted] b6,7c

[redacted] revealed that neither [redacted] played any role procuring bid or proposal information for CSR's contract EP-W-04-056 with OSBDU. OI also reviewed § 423 (b) which states that a person shall not, other than as provided by law, knowingly obtain contractor bid or proposal information or source selection information before the award of a Federal agency procurement contract to which the information relates. This PI failed to reveal any information that either [redacted] obtained or solicited any contractor bid information related to CSR's contract EP-W-04-056 with OSBDU. b6,7c

Section 3.104-7, § 423 © and (d) addresses conflict of interest and post-employment concerns when a government employee terminates [redacted] federal employment to work for a company providing goods or services to the Federal government. There is no conflict of interest when an b6,7c

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April 6, 2007

employee of a company providing goods or services accepts Federal employment, as [] did. b6, 7C

OI reviewed EPA's Code of Ethics which discusses many broad areas requiring employees to maintain their integrity when receiving confidential information; to maintain separate financial interests; to avoid the appearance or reality of illegal activity; and to maintain high ethical standards. The EPA ethics website references the U.S. Office of Government Ethics, August 9, 2006, memorandum to Designated Agency Ethics Officials, whose subject is Ethics and Working with Contractors – Questions and Answers. OI reviewed this memorandum and determined that one of the areas covered is federal employees' relationships with their former private employers. OI determined there was no conflict regarding [] employment with EPA, because [] b6, 7C had no continuing financial interest in CSR, in compliance with Title 5 of the Code of Federal Regulations, Section 2635.502 (5 C.F.R. § 2635.502). 5 C.F.R. § 2635.5025 requires recusal from work for one to two years with any contract or other particular matter of the former employer. Investigation revealed [] did not work on the CSR contract with OSBDU and [] b6, 7C impartiality was determined by BROWN and applicable EPA Ethics officials.

OI's interview of BROWN revealed that she never verbally counseled or provided written counsel to [] about any issues raised in the complaint, such as [] closeness to close b6, 7C to CSR, prior to [] departure to another EPA office. BROWN exercised OSBDU's option to cancel the CSR contract after one year, short of the four year total, due to CSR's b6, 7C

b5 This investigation found no evidence to support the allegations that [] or b6, 7C OSBDU violated applicable sections of the FAR, PIA or ethics regulations by hiring a former contractor, [] EPA's Office of General Counsel determined the hiring of [] was b6, 7C not an issue because [] was an EPA contract employee, and post-employment concerns b6, 7C do not apply in the reverse. This investigation failed to reveal any evidence that [] had a b6, 7C continuing financial tie to CSR after [] became an EPA employee. OI determined there were no b6, 7C impartiality problems with [] because [] was not involved with CSR's contract with EPA b6, 7C while [] was an EPA employee. The investigation determined that information characterized as "proprietary" in the complaint, was not proprietary, but rather routine information, that was released to CSR prematurely by [] There was no allegation or evidence that b6, 7C [] received bribes, illegal gratuities or any personal gain from CSR. The allegations in this matter were unsubstantiated. No further investigation is warranted. Thus, this case is closed.

Approved: /s/ [] b6, 7C
Acting Special Agent in Charge

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OFFICE OF INVESTIGATIONS

CLOSING STATUS REPORT

CASE NUMBER: 06-16002
ASSN. NUMBER: 2006-0769
CASE TITLE:

Centerville, OH

DATE: March 28, 2007
OFFICE: Central-Cincinnati
AGENT: **b6,7C**
CASE CAT: Employee Integrity
CASE TYPE: Conflict of Interest

ALLEGATIONS: This investigation was initiated on February 6, 2006, based upon a Statement of Facts (SOF) which had been provided to

Office of General Counsel (OGC), which outlined the actions of

relative to EPA contractor PEGASUS TECHNICAL SERVICES, INC.

(PEGASUS), Cincinnati, OH. The SOF consisted of a chronology of events which occurred

during direct involvement with PEGASUS as a contracting official with the EPA Cincinnati Procurement Operations Division (CPOD), and following retirement from EPA during January, 2006. The contract awarded to PEGASUS (EP-C-05-056) is administered by the CPOD, a component of the Office of Acquisition Management (OAM) in Norwood, OH.

The contract award occurred during September, 2005. The SOF indicated that actively and directly participated in the evaluation phase of the subject contract, during the period March-August, 2005. On August 8, 2005, duties with the PEGASUS contract were re-assigned. HENNESSEY retired from EPA after 35 years of service on January 3, 2006. On January 26, 2006, contacted CPOD Administrative

Contracting Officer for the PEGASUS contract, and requested a meeting to discuss PEGASUS subcontracts.

explained he had been retained by PEGASUS as a consultant to assist them in understanding government contracting and related procedures. In the meeting with CPOD, same date, discussed PEGASUS subcontracting issues which may have

been previously addressed while was an EPA contracting official. Following a discussion among CPOD officials, told that future participation would not be allowed, pending an ethics evaluation. Potential criminal violations include 18 U.S.C. 207

(Restrictions on former officers, employees, and elected officials of the executive and legislative branches).

SYNOPSIS: On February 10, 2006, the EPA computer formerly assigned to seized. On March 9, 2006, was interviewed and related

January 6, 2006, to discuss intent to work for PEGASUS, and to inquire as to whether was violating post-employment restrictions applicable to former federal employees. explained that

although was involved in the solicitation was not involved in the contract award or its subsequent administration. also told that PEGASUS contacted during

October, 2005, concerning a potential job, upon which told PEGASUS to contact after retired from EPA. On January 11, 2006, rendered a written opinion in which pinned

did not participate "personally and substantially" in the award or administration of the PEGASUS contract and believed it would be legally permissible for to work for PEGASUS. On February 3, 2006, received the SOF, generated by CPOD, which

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outlined involvement with PEGASUS. related that although this information was cause for further inquiry, the SOF alone were not sufficient to alter opinion. On March 22, 2006, OGC, Cincinnati, OH, was interviewed. indicated office completed the Conflict of Interest Analysis, Solicitation Review, and Competitive Range Determination on what became the PEGASUS contract. stated restructured the procurement on May 3, 2005, which led to a Small Business Set Aside (SBSA) with a single offeror, PEGASUS. also related the procurement was a re-compete, and the previous contractor was the University of Cincinnati (UC). opined was personally and substantially involved in the matter. Further investigative activity disclosed that although restructured the contract to a SBSA, did so at the direction of based upon a decision to change the contract type made by CPOD Service Center Manager. On April 7, 2006, reviews of e-mails revealed no evidence of collusion between and PEGASUS. On April 20, 2006, was interviewed, and related that although represented PEGASUS as a consultant in order to clarify subcontracting issues, made no attempt to influence the government during the January 26, 2006, meeting. stated interaction with OGC Cincinnati was wholly consistent with Contract Specialist duties at the time. On July 11, 2006, was interviewed. related that during January 2006, PEGASUS Vice President and UC staff member, held a retirement party for at personal residence never observed interact with PEGASUS employees during on-site contractual activity. On August 3, 2006, was interviewed. assumed duties during August 2005, and was the contract specialist of record during the PEGASUS contract award and subsequent administration. stated approached during an August 2005, meeting, at which communicate hope to eventually hire related after assumed duties on the PEGASUS matter, continued to be involved as an advisor to due to the proximity of their work spaces, and relative seniority. indicated was present at the January 26, 2006, meeting at CPOD. could not give a definite opinion as to whether tried to influence the government during the meeting, but believed mere presence there was ill-advised. On August 21, 2006, the reporting agent coordinated this investigation with Assistant United States Attorney (AUSA) ANNE L. PORTER. Per coordination with AUSA PORTER, a Financial Crimes Enforcement Network (FinCEN) report and an IG Subpoena were requested pursuant to discovering a potential violation of 18 U.S.C. 208 (Acts affecting a personal financial interest), specifically to determine if used official position as an EPA employee to influence and/or advocate the contract award to PEGASUS. Pursuit of an 18 U.S.C. 207 violation was discontinued based upon the aforementioned discussion with AUSA PORTER. On October 6, 2006, a review of real property and other personal assets, as disclosed by an intelligence report provided by FinCEN, revealed no indicators of possible kickback activity. With regard to PEGASUS, was not listed as a capitol stock holder. On October 24, 2006, a review of IG subpoena materials disclosed was hired as a consultant by PEGASUS, specifically on January 23, 2006. Additional disclosures included the existence of two personal service contracts between and PEGASUS for support of contract administration requirements. did not appear on a list provided by PEGASUS which disclosed persons having a financial interest in the company. During

November, 2006, an OI computer forensic report disclosed that [redacted] viewed a document titled "PEGASUS FEE WK4" on 46 days during the period August 4, 2005, through January 2, 2006. On December 11, 2006 [redacted] was re-interviewed and could not provide a logical, justifiable reason as to why [redacted] would have viewed the document with such frequency after [redacted] duties regarding PEGASUS were transferred to [redacted]

MARCH 28, 2007, CLOSING: On January 8, 2007 [redacted] was re-interviewed pursuant to clarification on the document identified via the computer forensic report.

[redacted] related the document was a CPOD Weighted Guidelines spreadsheet, derived from Lotus Notes 1-2-3, version 4, depicting approved cost information relating to PEGASUS and EPA Request for Proposal Number CI-05-10314. [redacted] stated the spreadsheet disclosed negotiated costs associated with what would become EPA contract EP-C-05-056, awarded to PEGASUS on September 15, 2005. [redacted] related the cost figures would have been useful to [redacted] and/or [redacted] as assigned contract specialists; however, there was no further plausible use for the document which would indicate fraud. [redacted] related [redacted] directed [redacted] to reconcile task orders on other contracts unrelated to PEGASUS during the same period in question, and opined [redacted] may have used the document as a template during [redacted] reconciliation activities. On January 17, 2007, [redacted] provided two documents, including an EPA Sources Sought Notice, posted January 11, 2005, authored by [redacted] and a sign-in sheet for a meeting titled RFP CI-05-10314 Meeting Attendance, dated May 12, 2005. On February 12, 2007, and February 21, 2007, representatives from two of the contractors who participated in the May 12, 2005, meeting who did not place a bid were identified and interviewed. During both interviews, the representatives indicated that their respective companies did not submit a bid because they did not have the expertise to perform on the requirements specified in the RFP. Additionally, both denied any influence was exerted on them by [redacted] or anyone else, not to submit a bid. On March 20, 2007, interviews were conducted with both [redacted] stated [redacted] was the EPA contracting officer on the preceding UC contract. Both interviews disclosed [redacted] refused to socialize with [redacted] in any manner to include allowing [redacted] to buy [redacted] a cup of coffee. [redacted] advised [redacted] contacted [redacted] during late 2005, upon learning that [redacted] was retiring from EPA, regarding a post retirement position with PEGASUS. Both [redacted] stated that [redacted] responded by [redacted] telling [redacted] that the conversation was inappropriate. [redacted] related [redacted] contacted [redacted] in mid-January 2006, advising [redacted] that [redacted] was interested in a potential job; however, prior to accepting any employment, [redacted] would contact ethics officials at EPA. After receiving the aforementioned approval to work with PEGASUS from [redacted] an agreement was drafted for [redacted] to become a consultant for PEGASUS. [redacted] a part owner in PEGASUS, authored the proposal for the EPA contract which ultimately resulted in the award of the contract. [redacted] denied contacting [redacted] for advise or assistance on the proposal, and stated questions were posed to [redacted] When asked about the retirement party for [redacted] which [redacted] hosted at [redacted] residence, [redacted] explained the party was not just for [redacted] but also for [redacted] employee who had worked with UC over the years. [redacted] explained that because [redacted] was unable to do anything for [redacted] or [redacted] while they were employed by the EPA, [redacted] wanted to show [redacted] appreciation post retirement. [redacted] denied receiving or asking for any favors from [redacted] confirm [redacted] explanation of the retirement party and stated that when [redacted] asked

[redacted] about having the party, [redacted] felt there would be no problem since [redacted] was already retired. Regarding the January 26, 2006, meeting at CPOD, [redacted] explained [redacted] wanted to clarify questions with regard to what type of contracting mechanism PEGASUS could use for their subcontracts. [redacted] explained, in retrospect, [redacted] having the meeting with [redacted] was not the best use of judgement; however, [redacted] emphasized that it was not [redacted] intent to influence any type of contracting action but merely to obtain clarification on what was already written into the contract. Both [redacted] and [redacted] denied any inappropriate actions on the part of [redacted] to influence the contract award or influence subsequent contract actions. [redacted] related [redacted] participation in the pre-solicitation actions ceased after the technical evaluation during approximately July, 2005, and all actions on the procurement were turned over to [redacted] during August, 2005. [redacted] agreed. [redacted] relationship with [redacted] could be described as that of a mentor. [redacted] was questioned about the aforementioned computer spreadsheet, and stated that [redacted] recalled the spreadsheet was like one which CPOD used regularly for cost determinations. [redacted] could not recall accessing the one for PEGASUS during this time, and opined [redacted] would have had no reason to since [redacted] was responsible for the contract with PEGASUS. [redacted] agreed the explanation provided by [redacted] during a previous interview was plausible in that [redacted] may have used the spreadsheet as a template for completing paperwork on other contracts; however, [redacted] could not understand the need for accessing it 46 times. [redacted] had no further explanation regarding this matter except to say there was no benefit to be gained either by [redacted] or on behalf of PEGASUS, to continually access this spreadsheet since the contracting action was already complete, and such access could in no way impact future contract matters with PEGASUS. [redacted] had no further relevant information to provide and declined to provide a written statement. The allegations against [redacted] were **DISPROVEN**. Accordingly, this matter is closed.

Approved: [redacted]
Special Agent in Charge



OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSING STATUS REPORT

CASE NUMBER: 07-0002
ASSN. NUMBER: 2007-0495
CASE TITLE:

DATE: January 29, 2007
OFFICE: Central-Chicago
AGENT:

ALLEGATIONS: This Preliminary Inquiry (PI) was initiated based upon information provided to the Acting Inspector General and the Financial Fraud Directorate by DEBRA WONG YANG, United States Attorney (USA), Central District of California, Los Angeles, CA. The allegation was that

Office of Criminal Enforcement, Forensics and Training (OCEFT), Office of Enforcement and Compliance Assurance (OECA), Washington, D.C., received gratuities and things of value in return for using [redacted] official positions and authority to further the personal gain of a Hollywood television producer. [redacted] and [redacted] relationship with [redacted]

[redacted] may have facilitated law enforcement benefits, such as a personally led tour of the Federal Law Enforcement Training Center (FLETC) located in Glynco, GA. This tour was provided to several of [redacted] production company staff and actors. This allegation was that the tour may have been provided in exchange for [redacted] hiring [redacted] at [redacted] Hollywood studio with a very high starting salary.

SYNOPSIS: This is first Status Report for this case. Accordingly, there is no activity to include in this section.

JANUARY 29, 2007, CLOSING STATUS REPORT: According to FLETC personnel, it is not unusual for tours of the training center to be requested. [redacted] Special Agent in Charge (SAC), EPA-OCEFT-CID, FLETC, advised that [redacted] sponsored [redacted] and a 3-person video film crew. The purpose of the tour was for general fact finding. The film crew were doing a DEPARTMENT OF HOMELAND SECURITY type show and wanted to include EPA-CID in one of the episodes. When asked if [redacted] mentioned anything to the effect of [redacted] was arranging the tour in order for [redacted] son to get a job, [redacted] stated "absolutely, positively not". [redacted] stated that [redacted] can make such a definitive response because [redacted] would have remembered a request made in that manner. Based upon the information provided by [redacted] it appears the actions of [redacted] were not a misuse of [redacted] office and authority and the tour was of minimal value. No further investigation is anticipated.

Approved: /s/ Michael Loughnane
Director, Special Operations Directorate

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL OFFICE OF INVESTIGATIONS

QUARTERLY STATUS REPORT : DETAIL

Investigative Case File: 2007-CS-0001

IGOR

CLOSE

Subjects:

SYSTEMS SUPPORT ALTERNATIVES, INCORPORATED

Allegations:

This case was initiated on April 24, 2002, based on information referred by an anonymous complainant, regarding a contract violation in the Office of Enforcement and Compliance Assurance (OECA), Administration and Resources Management Support Staff (ARMSS) by [redacted] The contract is [redacted] with SYSTEMS SUPPORT ALTERNATIVES, INCORPORATED (SSA), contract number: GS 35

Statutes:

Title 18 U.S.C. 287
Title 18 U.S.C. 1001
Title 18 U.S.C. 641
Title 18 U.S.C. 1341
Title 18 U.S.C. 371

Complaint:

No Complaint found.

SEPTEMBER 26, 2007, CLOSING: This case was initiated on April 24, 2002, based on information referred by an anonymous complainant, regarding a contract violation in the Administration and Resources Management Support Staff (ARMSS), Office of Enforcement and Compliance Assurance (OECA), b [redacted]

The contract was with SYSTEMS SUPPORT ALTERNATIVES, INCORPORATED (SSA), contract number: GS 35F 5930H. This contract was awarded via the General Services Administration supply-schedule on September 23, 1998 and ended on September 22, 2004. The total contract amount awarded was \$747,249. This award for SSA was to provide Help Desk and User Support Services to OECA users.

The complaint stated that since March 2001, [redacted] spent an enormous amount of time in closed door meetings with [redacted]

Allegedly, the Delivery Order Project Officer (DOPO) of the Information Management Team (IMT) was denied the opportunity to monitor the performance of the contract.

[redacted] allowed SSA to write their own contract modification. It is further alleged, SSA performed training for ARMSS personnel, but this is not part of the task duties listed in the contract. Potential criminal violations include 18 U.S.C. 1001 (False Statements), 18 U.S.C. 286 (Conspiracy), and 18 U.S.C. 287 (False Claims). This investigation is within EPA OIG jurisdiction because [redacted] is an EPA employee and SSA had an EPA contract.

During the course of this investigation there were numerous interviews of ARMSS employees, including computer

specialists, budget officers, program analysts and the Director of ARMSS. The results of these interviews identified systematic weaknesses in the development, execution and management of this contract from the creation of the statement work to subsequent modifications-however no criminal evidence related to false statements, conspiracy, or false claims were identified.

Further, during the course of this investigation there were numerous interviews with Office of Acquisition Management (OAM) staff including personnel responsible for OAM policies, the Contracting Officer (CO) and supervisory staff in the service center in which this contract originated. Various OAM weaknesses were identified; for example the Contract Officer (CO) incorporated SSA's proposal as part of a modification to provide "web services" without following-up and delineating the specific tasks that were to be performed via the generation of a statement of work. Additionally, the CO failed to include several contract clauses in a modification of SSA's contract. As a result of this; OAM changed various policies to assure that the proper contract clauses were included in future contracts, that OAM staff, as well project officer staff, receive the proper training in oversight and administration of contracts and that the CO would be more timely in responding to future Project Officer (PO) requests for clarification.

Allegedly, SSA had begun a new series of tasks which resulted in the hiring of additional staff before a formal modification had been issued. According to OAM supervisory staff, SSA did not begin working or charging EPA for any tasks until after the modification in question had been issued. The CO incorporated SSA's proposal into the contract, thereby, according to OAM supervisory officials, authorizing SSA to work outside the original scope and the PO approved invoices for services that were received by EPA.

During the course of this investigation, OI sought the assistance of OIG Audit staff in reviewing SSA billing records in the form of employee time-sheets to determine if there were any improper billings. A review SSA's billings under this contract, as well as a comparison with the various task order documentation identified that while there were errors in SSA's billings, no fraud indicators were identified. The review subsequently did question \$28,636.59 in SSA billings under this contract because these billings were for a task order modification that might have been beyond the scope of the contract. However EPA personnel incorporated the changes and approved payment for services that were provided.

During the course of this investigation an OIG Subpoena, as well as other complex investigative techniques were employed. Analysis of this information did not provide any evidence of criminal conduct.

On March 7, 2003, [redacted] was reassigned from Supervisory Program Analyst to Program Analyst. On June 11, 2003, [redacted] was reassigned to the Office of Environmental Information. According to [redacted] supervisor, these actions were taken because of the way in which [redacted] administered the SSA help desk contract and that [redacted] had exceeded the scope of [redacted] authority. b6 b7C

On November 28, 2005, the Department of Justice declined criminal prosecution of this matter. On May 22, 2007, the Department of Justice declined civil prosecution of this matter.

As mentioned earlier, no evidence was identified to indicate that [redacted] financially benefited from the relationship with SSA. Since [redacted] is no longer in a position with this type of responsibility, an interview of [redacted] at this juncture would be untimely and provide nearly no investigative value given the criminal and civil declinations have been obtained. Although the questioned amount of \$28, 636.59 is unresolved, b6 b7C b5

low dollar amount, and, in comparison with the overall contracts' value, it is recommended that this investigation be closed with no further work required. SSA has no current contracts with EPA



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL OFFICE OF INVESTIGATIONS

QUARTERLY STATUS REPORT

Investigative Case File: 2007-CS-0016

IGOR [] b6,7c

CLOSE

Subjects: 7 b6,7c

Allegations:

[] EPA employee, had a conflict of interest between [] and EPA grantee, b6,7c
the NEETF, on EPA Grant 830354-0. Additionally [] obstructed a federal audit (Audit Report b6,7c
2005-P-0027) relating to the grant.

Statutes:

Title 18 U.S.C. 208

Complaint:

No Complaint found.

August 31, 2007 CLOSING: This investigation was opened on February 7, 2006, as a result of information received from OA, OIG, Dallas, TX Office. The referral alleged a possible conflict of interest and an obstruction of an audit by EPA employee [] Office of the Administrator (OA). The conflict appeared to exist between [] and an EPA grantee, the National Environmental Education and Training Foundation (NEETF), on EPA Grant 830354-0. According to e-mails, [] was interviewed during the course of an audit, (Audit Report 2005-P-0027, titled: EPA Managers Did Not Hold Supervisors and Project Officers Accountable for Grants Management) and provided vague and evasive answers to the auditor's questions. It was also alleged that [] while [], was also a [] b6,7c

Interviews with members of the EPA grant review staff overseen by DIANE BAZZLE, Director, Office of Executive Services, OA, indicate [] incorrectly monitored the original \$50,000 EPA grant. The grant review staff advised OI they had previously informed [] the relationship with the NEETF was, or had the appearance of, a conflict of interest. Upon being notified, [] ended [] relationship to the NEETF. After OIG Report 2005-P-0027 was issued, [] was removed as PO on the NEETF grant. b6,7c

[] provided information that [] received conflict of interest training during original PO training on March 26, 2003, and during subsequent training on December 1, 2005. OI reviewed two of [] OGE Form 450's for 2004 and 2005 and identified no disclosure from [] that [] received any form of compensation from NEETF. OI contacted CHARLES KENT, Director, Office of Business and Community Innovation, OA, and found no letter of recusal from actions involving the NEETF in [] files. b6,7c

As part of the periodic Grants Management Self Assessment (GMSA) audit, interviews of [redacted] were conducted by [redacted] Office of Audit (OA), OIG, Philadelphia Office; [redacted] Program Integration Branch (PIB), Office of Human Capital, OIG; and [redacted]. According to the GMSA auditors, and their relevant audit work papers, [redacted] had significant grant management weaknesses, missing file documentation, followed improper procedures, and showed a continuing lack of grant understanding or candor during the audit interview process. OI completed a review of OA's work papers that documented OA's dealings with [redacted] and upon which OA based its allegations of a conflict of interest between [redacted] and NEETF. OI found no evidence to support the allegation that [redacted] received compensation or any other item of value from NEETF during [redacted] tenure as a PO on the NEETF grant in question. b6, 7c

OI received and completed a review of computer files from [redacted] computers. The files reviewed included the NEETF cooperative agreement with the EPA, correspondence with NEETF officials overseeing the cooperative agreement with the EPA, and documentation of [redacted] 2002, 2003 and 2004 Performance Plans. No evidence was identified that demonstrated that [redacted] had a financial relationship with NEETF, or [redacted] engaged in activities to obstruct the OIG's audit. b6, 7c

Records reviews, interviews, and correspondence provided by current and former NEETF officers, including the current President, Director of Administration, and the former Director of Marketing, indicated that [redacted] participated in several meetings of an advisory board of the NEETF GreenBiz Advisory Committee. These series of investigative steps indicated that [redacted] received no direct compensation beyond some refreshments, light breakfasts, or lunches provided at annual meetings. No evidence was identified that indicated that [redacted] was ever a board member for the NEETF. b6, 7c

On July 13, 2007, OI interviewed DIANA WOOD, President, NEETF. WOOD stated NEETF conducted an extensive search of its internal records and determined that all relevant records relating to [redacted] association with NEETF have previously been provided to OI, to include minutes of meetings [redacted] attended. The information provided by WOOD confirmed that NEETF never provided any form of compensation to [redacted]. b6, 7c

Also on July 13, 2007, OI interviewed [redacted] who stated [redacted] was confident that [redacted] did not have a financial or administrative relationship with the NEETF. [redacted] further opined that although [redacted] was upset with the Audit Report findings, [redacted] did not believe that [redacted] had obstructed the OIG audit. [redacted] stated some of the conclusions in the Audit Report were based on erroneous assumptions, adding that [redacted] recommended the possibility of \$3,000,000 in future EPA funding to the NEETF; not a single grant in the amount of \$3,000,000, as claimed in the Audit Report. [redacted] related that [redacted] was held accountable for poor administration of the grant, in that [redacted] received an unsatisfactory rating in the relevant element on [redacted] 2005 Performance Appraisal. b6, 7c

On July 14, 2007, OI interviewed [redacted] who stated [redacted] never served in any capacity on the NEETF Board of Directors and had never received compensation, or any thing of value, from the NEETF. [redacted] stated [redacted] was invited to, and attended, two or three meetings in 2004 and two meetings in 2005 at the NEETF offices. [redacted] claimed [redacted] received no compensation at these meetings, where items such as soda, sandwiches, etc. were served. [redacted] denied any attempt to obstruct the EPA audit and stated that [redacted] only tried to correct factual errors contained in the Audit Report. b6, 7c

This investigation demonstrated that there is no evidence that [redacted] benefited from [redacted] relationship with the NEETF, in any material, non incidental way. [redacted] association with NEETF was within the scope of [redacted] employment as a [redacted] and [redacted] was counseled by EPA management for the appearance of a conflict of interest. During reviews of [redacted] EPA Grant 830354-0 file, it was revealed that the file lacked documentation and support for [redacted] actions most likely due to [redacted] weaknesses and poor performance as the grant's PO. [redacted] was counseled concerning [redacted] poor PO management and performance on the NEETF grant. [redacted] was placed on a Performance Improvement Plan to address [redacted] performance problems with grant administration. Subsequently, [redacted] received an unsatisfactory rating in the relevant critical element on [redacted] EPA Performance Appraisal in 2005. [redacted] has since been removed as PO. There has been no identified financial loss to EPA and according to Agency officials, the NEETF fulfilled its grant obligations. No further investigation is warranted. The initial allegations have been disproved. It is recommended this investigation be closed. b6, 7c



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSING STATUS REPORT - October 06, 2008

Investigative Case File: 2007-CS-0017

Investigative Title: IGOR [] b6,7c

Agent: [] b6,7c

Office: SOD - SIU/EI - Washington

Case Category: Employee Integrity

Date Opened: December 12, 2006

SUBJECTS:

ALLEGATIONS:

The conflict of interest is a post-employment violation because [] is allegedly b6,7c
representing EPA contractor in a matter before the Government in b6,7c
which [] was involved, while [] was a Government employee. b6,7c

STATUTES:

Title 18 U.S.C 207 - Restrictions on former officers, employees, and elected officials of the
executive and legislative branches

Title 18 U.S.C. 208 - Personal financial interest

COMPLAINT:

No Complaint found.

SEPTEMBER 8, 2008 CLOSING: This investigation was opened on March 17, 2006, and
converted to a case on April 17, 2006, based on a memorandum received from the Counsel to the
Inspector General, Washington, DC. The referral alleged a possible conflict of interest involving
[] former [] b6,7c

potential conflict concerned [] representation of EPA contractor The b6,7c
in a matter before the Government in
which [] was involved while a Government employee, in violation of [] post- b6,7c
employment restrictions. In addition, information in a quote attributed to [] on b6,7c
website, appeared to be prohibited under the Standards of Conduct, 5 Code of
Federal Regulations (CFR), 2635.702(c).

During the course of this investigation, OI interviewed multiple EPA employees with knowledge of [redacted] involvement with the [redacted] project, or of [redacted] understanding of [redacted] b6,7C post-employment restrictions. These interviews indicated [redacted] was significantly involved b6,7C in the [redacted] project while employed with the EPA. [redacted] project was one in which EPA supervisors would be better able to retrieve information more easily from the databases EPA employed at that time. Additionally, these interviews indicated [redacted] represented [redacted] b6,7C new employer [redacted] in at least one meeting with the EPA and participated in another. Interviews also revealed [redacted] believed [redacted] was b6,7C acting properly in regards to [redacted] post-employment restrictions. It appears that [redacted] b6,7C believed, as a result of a conversation with KENNETH WERNICK, former Senior Counsel and Alternate Designated Agency Ethics Official, Ethics Office, Office of the General Counsel (OGC), EPA, [redacted] that [redacted] b6,7C participation at these meetings was proper. It should be noted that [redacted] received a 1.5 million dollar contract to administer the [redacted] project. [redacted] previous employer, was subsequently hired by [redacted] as a b6,7C subcontractor on the [redacted] project. [redacted] was employed by [redacted] immediately prior to [redacted] b6,7C employment with EPA and immediately after leaving EPA.

During the course of the investigation a review of [redacted] emails was conducted. This b6,7C review revealed a 06/15/2004 e-mail, from [redacted] to an individual at [redacted] with the email b6,7C address of [redacted] titled "OAM: Phase One Requirements." This b6,7C e-mail stated, "We are relying on a partnership between us, [redacted] and Oracle to achieve this. I am creating an initial SOW for the follow consulting(sic) on about this order of priority. I'm sending you this as a 'head up.' I know it can take a couple of weeks to line up resources. My most important(sic) immediate goal is to get someone from [redacted] in to do an architectural review (figure about 3 days, it's not complicated.) I would like to get that part done ASAP. If we need to change the environment, I need to know before we can go any further. Here's the general background for the SOW as a heads up." In an April 4, 2008, interview with [redacted] b6,7C Headquarters, Procurement Operations Division (HPOD), OAM, [redacted] b6,7C OARM, 1200 Pennsylvania Avenue, Washington, D.C. 20460, [redacted] stated b6,7C [redacted] felt that [redacted] email to [redacted] was improper for several reasons. [redacted] explained that b6,7C the email appears to be a request for advisory service from the private sector. [redacted] further b6,7C explained that this should have been issued by a Contracting Officer. [redacted] stated that if the b6,7C contract in question had been competitively bid, every company should have received the same email so that [redacted] did not receive an unfair advantage. Lastly, [redacted] explained that at the very b6,7C least [redacted] ran the risk of an appearance issue, when [redacted] wrote the SOW for a contract b6,7C which was subsequently awarded to [redacted] with [redacted] previous and subsequent b6,7C employer, receiving the majority of work. [redacted] stated had [redacted] been aware of these issues b6,7C regarding [redacted] previous employment with [redacted] at the time the [redacted] contract was b6,7C awarded, [redacted] would have preferred contacting an Agency ethics official so as to avoid putting the b6,7C Agency at risk.

The investigation failed to reveal any evidence [redacted] steered the [redacted] project to b6,7C Additionally, during the investigation, OI reviewed multiple documents detailing [redacted] b6,7C relationship to [redacted] and [redacted] as well as documents obtained from [redacted] financial b6,7C

institutions. These reviews failed to reveal [redacted] received any payments or gratuities from [redacted] b6,7C
or [redacted] for any official acts [redacted] performed while an EPA employee. b6,7C

On August 14, 2008, OI received, via email, a letter from RONALD SHARPE, Assistant United States Attorney, United States Attorney's Office, District of Columbia, Judiciary Center, 555 4th Street, N.W., Washington, DC 20530, (202) 353-9460, in which SHARPE declined this Case for possible prosecution. Previous conversations between OI and SHARPE revealed that although the investigation confirmed [redacted] the allegations that [redacted] participated in meetings b6,7C between EPA and [redacted], the investigation was unable to substantiate that [redacted] b6,7C intended to influence, which is an element of Title 18 U.S.C. 207- Restrictions of former officers, employees, and elected officials of the executive and legislative branches. Additionally, as stated above, the investigation failed to substantiate any financial gain by [redacted] which is b6,7C an element of Title 18 U.S.C. 208- Acts affecting a personal financial interest. Lastly, although [redacted] admitted in a January 30, 2008, interview, that [redacted] provided the quote which appeared b6,7C on [redacted] website, prosecution was declined [redacted] Based b5 upon this declination, no further investigation is merited. This Case is closed.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL OFFICE OF INVESTIGATIONS

QUARTERLY STATUS REPORT

Investigative Case File: 2007-CS-0019
IGOR - [] b6, 7c

CLOSE

SUBJECTS:

[] b6, 7c

ALLEGATIONS:

That [] allegedly converted government property to [] own use. b6, 7c
That [] allegedly filed false claims relative to [] conducting personal business during b6, 7c
working hours.
That [] allegedly represented [] as having the authority to initiate civil action on b6, 7c
behalf of EPA.

STATUTES:

Title 18 U.S.C. 287
Title 18 U.S.C. 641

COMPLAINT:

No Complaint found.

DECEMBER 19, 2007 CLOSING: A Preliminary Inquiry was opened on April 28, 2006, and converted into a case on July 14, 2006, based on a referral received on April 27, 2006. This referral referenced an anonymous letter sent to the Environmental Protection Agency (EPA) hotline dated March 1, 2006. This letter alleged that EPA employee, [] b6, 7c

[] Office of Civil Rights (OCR), Office of the Administrator (OA), Washington, DC, had utilized federal computers, telephones, and work time to prepare extensive correspondence concerning [] position as a member of the b6, 7c

where [] resides. b6, 7c
Additionally, the complaint alleged that [] made a statement at a board of directors b6, 7c
meeting that, [] and I will sue
you."

In October 2006, OI conducted interviews with two members of the [] both of whom
concurred that while [] did often state that [] was a [] never b6, 7c
threatened to sue anyone as an [] or on behalf of EPA.

b7e

From June 2, 2006, until June 29, 2006, OI analyzed
[redacted] account. The review disclosed that [redacted] of [redacted] n b6,7c
[redacted] referenced the following: [redacted] b6,7c
[redacted] and [redacted] b6,7c
[redacted] related to [redacted] position on the [redacted] b6,7c
[redacted] in [redacted] b6,7c
The investigation identified that the
account was de minimis.

This matter was declined criminal prosecution by the United States Attorney's Office,
Washington, D.C.

On March 23, 2007, OI interviewed and obtained a sworn statement from [redacted] Consistent b6,7c
with OI's findings, [redacted] denied making the statement that [redacted] would initiate a lawsuit as a b6,7c
i. Given that the primary allegation has been disproved, it is recommended
that this matter be closed with no further work required.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL OFFICE OF INVESTIGATIONS

QUARTERLY STATUS REPORT : DETAIL

Investigative Case File: 2007-CS-0012
IGOR - HANSEN, BRIAN WADE (et.al)

CLOSE

Complaint:

JUNE 21, 2007 CLOSING: This investigation was opened based on information provided by

provided OI with information related to alleged narcotics use and distribution on EPA property by TTE employee BRIAN HANSEN, Technician. This was a joint investigation with the United States Drug Enforcement Agency (DEA) and the Edison, New Jersey Police Department Narcotics Unit (Edison PD). b6, 7c b6, 7c b6, 7c

was interviewed by OI on June 15, 2005 and reiterated most of the information provided by advised on numerous occasions left the warehouse facility only to return later to find all the doors locked. HANSEN allegedly placed large metal signs near the doors to alert him to people entering the warehouse unannounced. On at least two occasions, observed HANSEN with a large briefcase. Upon approach, HANSEN slammed the briefcase shut and immediately returned it back to his locker. b6, 7c b6, 7c b6, 7c

OI conducted surveillance of HANSEN on five separate occasions, of which only one yielded suspicious activity by HANSEN. On February 2, 2006, HANSEN was interviewed by OI, DEA and several Edison PD detectives. HANSEN provided OI with written consent to search his locker and its contents. In addition, HANSEN provided OI with a signed, sworn, written statement describing the circumstances surrounding his storage and use of narcotics at EPA Edison. HANSEN was found to be in possession of approximately 35 grams of narcotics, including the contents found in his briefcase. HANSEN stated that the narcotics were for his personal use and denied dealing narcotics at the EPA Edison.

On February 2, 2006, was interviewed by OI and Edison PD detectives. admitted to "doing a line" with HANSEN before noticing OI's arrival in the building. stated that this was the first and only time ever "did a bump" or "did a line." b6, 7c b6, 7c b6, 7c

OI contacted EPA contracting officials on February 3, 2006, to advise them of the circumstances surrounding HANSEN and. b6, 7c

On February 17, 2006, OI was advised that Assistant United States Attorney (AUSA) BRAD HARSCH, Criminal Division, District was assigned to the HANSEN matter. On March 17, 2006, an arrest warrant was issued for HANSEN.

On May 19, 2006, JULIE DAVIDSON, Assistant Prosecutor, Middlesex County, advised that they did not have

any jurisdiction in the _____ matter. On July 5, 2006, AUSA HARSCH declined prosecution on the _____ matter indicating the _____

b6, 7c
b5, 6, 7c

On July 12, 2006, HANSEN was arrested by the U.S. Marshal Service and charged with violating 21 U.S.C. Sections 841(a) (1) and (b) (1)(C) (Possession with intent to distribute cocaine). On August 10, 2006, HANSEN pled guilty to a one count Information, charging him with violating 21 U.S.C. 844 (Penalty for Simple Possession). On September 15, 2006, HANSEN's employment with TT was terminated. On November 20, 2006, HANSEN was sentenced in United States District Court, District of New Jersey, before United States Magistrate Judge CLAIRE C. CECCHI. HANSEN was sentenced to 12 months probation without a judgment of conviction first being entered.

On February 23, 2007, EPA's Suspension and Debarment Division (S&D) declined to pursue an action relative to HANSEN. DAN BARROS, Debarment Counsel, U.S. EPA, Office of Grants and Debarment, S&D, advised that the regulations require that for a person to be debarred, that person must be a principal (manager, officer, etc.) or participant (solicits work, submits bids, etc.) in an entity that is trying to obtain Government grants and/or contracts. HANSEN was a technician and does not fall into these categories. On June 14, 2007, BARROS declined to pursue S&D action relative to _____ for the same reasons cited in the HANSEN declination.

On March 23, 2007, a Report of Investigation was sent to EPA on the _____ employment with TT was terminated _____

_____ matter. On April _____

This investigation proved the allegation that HANSEN was using and storing narcotics at the EPA Edison facility and that the narcotics were also used by _____ another TT employee, while at the facility. The investigation did not yield any evidence that HANSEN was distributing narcotics to any other EPA personnel or contractor personnel at EPA Edison. No further investigation is warranted. This investigation is closed.

b6, 7c
b6, 7c



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL OFFICE OF INVESTIGATIONS

QUARTERLY STATUS REPORT : DETAIL

Investigative Case File: 2007-CS-0026

IGOR -

b6 b7c

CLOSE

SUBJECTS:

b6 b7c

ALLEGATIONS:

This case is being opened to determine if abuses occurred relating to the EPA federal credentialing process; and, in particular, how the credentials were issued to and used by

STATUTES:

Title 18 U.S.C. 1017

Title 18 U.S.C. 1001

Title 18 U.S.C. 701

Title 18 U.S.C. 506

Title 18 U.S.C. 912

COMPLAINT:

No Complaint found.

October 1, 2007 Update: During this reporting period, several attempts to obtain information from [redacted] family and friends met with negative results. No additional b6 b7c information was developed to address the question of how [redacted] may have used the federal credentials in the 23-months between [redacted] resignation from NYSDEC (April 2004) and the retrieval of the federal credentials (March 2006). This information will be relayed to AUSA LORD during the next reporting period to see if she is interested in obtaining information on [redacted] pesticide application activity during those 23-months to determine b6 b7c whether [redacted] used the federal credentials to influence that activity. OI previously learned that after resigning from NYSDEC, [redacted] began doing business as [redacted] b6 b7c To date, OI has not uncovered any information that [redacted] had used the federal credentials to advance this business. If AUSA LORD is not interested in pursuing this matter further, then OI will request a declination and close this case based on that opinion.

DECEMBER 19, 2007 CLOSING: This case was opened on August 18, 2006, based upon discussions between the Special Agent in Charge (SAC), Northeastern Resource Center and the Assistant Inspector General for Investigations (AIGI) regarding a recently closed proactive investigation concerning EPA federal credentials issued to state employees under the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) (Assignment No. 2006-1214). On or about July 7, 2006, the AIGI and the SAC determined that OI would open an investigation that would address potential criminal activity previously identified in the earlier proactive investigation.

OI obtained information from [redacted] New York State Department of Environmental Conservation (NYSDEC), Environmental Conservation Police Investigator.

[redacted] advised OI that an unidentified person turned in a wallet found at a rest stop along the New York State Thruway. The wallet was found to consist of a black leather case marked as USEPA with the EPA seal, a small silver NYSDEC Pesticide Inspector badge (attached to case) and USEPA Inspector's [redacted] issued to and signed by [redacted] b6 b7c

Other items found in the credential case included a New York State Driver License and a NYSDEC Employee Identification card, both bearing [redacted] b6 b7c

[redacted] name and picture. OI determined that [redacted] credentials [redacted] were issued in February 2004. [redacted] had started a pesticide application business [redacted] after resigning from [redacted] position with NYSDEC on April 14, 2004. [redacted] pointed out that [redacted] the New York State drivers license found in the credential case was not issued until December 17, 2004, approximately eight months after [redacted] resigned from [redacted] NYSDEC [redacted] position. b6 b7c

Six interviews were conducted with NYSDEC employees that included [redacted] former supervisor and co-workers. Attempts to obtain information on how [redacted] may have used the federal credentials met with negative results. A review of NYS Better Business Bureau website revealed no negative reports associated with [redacted] business [redacted] b6 b7c

[redacted] ChoicePoint/Autotrack reports obtained on December 19, 2006, also revealed no significant findings relating to either [redacted] b6 b7c

On December 21, 2006, [redacted] was interviewed and [redacted] reiterated [redacted] claims that [redacted] was never issued the federal credentials during [redacted] last term of employment with NYSDEC. [redacted] further stated [redacted] still stands by the response [redacted] provided to NYSDEC [redacted] dated November 11, 2004 and comments made to [redacted] on April 28, 2006. b6 b7c

OI presented this case to SARA LORD, Assistant U.S. Attorney (AUSA), Department of Justice, Northern District of New York, who initially expressed interest in providing prosecutorial support in this matter. AUSA LORD requested OI to obtain details regarding [redacted] health insurance card and replacement drivers license both of which met with inconclusive findings. AUSA LORD did not believe it was necessary to obtain any records from [redacted] former employer. On April 5, 2007, AUSA LORD expressed concern with the ability to show a criminal violation with [redacted] retention or [redacted] wrongful use of the federal credentials. b6 b7c

Several attempts to obtain information from [redacted] family and friends met with negative results. No additional information was developed to address the question of how [redacted] may have used the federal credentials in the 23-months between [redacted] resignation from NYSDEC (April 2004) and the retrieval of the federal credentials (March 2006). OI has not uncovered any information that [redacted] had used the federal credentials to advance [redacted] business,

DECEMBER 12, 2007 CLOSING: On November 28, 2007, AUSA SARA LORD, Northern District of New York was advised of the facts and circumstances of this investigation. AUSA LORD was informed that no additional information was developed as to how [redacted] may have used the federal credentials. On that same day, AUSA LORD gave OI a verbal declination in this matter. b6 b7C

On December 7, the silver NYSDEC Pesticide Inspector Badge and the NYSDEC Employee Identification Card in the name of [redacted] were returned to NYSDEC. On December 12, 2007, after consultation with the EPA program office that issued the federal pesticide credentials, the one [redacted] issued to [redacted] obtained during the course of the investigation was destroyed. No further investigative efforts are required for this matter. This case is closed.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL OFFICE OF INVESTIGATIONS

QUARTERLY STATUS REPORT : DETAIL

Investigative Case File: 2007-CS-0031
IGOR -

CLOSE

SUBJECTS:

ALLEGATIONS:

It has been alleged that [redacted] concealed assets while filing for Chapter 11 bankruptcy to avoid a \$4 million civil judgment to the EPA. b6,7c

STATUTES:

Title 18 U.S.C. 152

Title 18 U.S.C. 157

Title 18 U.S.C. 1509

COMPLAINT:

No Complaint found.

October 1, 2007 Update: During this reporting period, OI learned from [redacted], Assistant Regional Counsel,

[redacted] that her resignation from EPA has been delayed. [redacted] continues to serve as a special prosecutor

supporting this case. As previously reported, under a March 29, 2007 ruling by the Court,

[redacted] was ordered to surrender [redacted] to have competency to stand trial evaluated.

[redacted] advised OI that [redacted] had not complied with the Court order until June 8, 2007.

The evaluation was expected to last for 90-days, which should have been concluded on or about

[redacted]. However, as of September 13, 2007, [redacted] informed OI that there has been no change in the status of this matter and no additional decisions have been issued by the Court. OI anticipates this issue to be resolved during the next reporting period. b6,7c

This case was opened or [redacted] based upon a referral from the Financial Fraud Directorate who received information from

[redacted] Department of Justice (DOJ). [redacted] The referral involves a \$4 million civil judgment to the EPA against [redacted] who, on

[redacted] allegedly concealed assets while filing for Chapter 11 bankruptcy. This b6,7c

investigation is within EPA OIG jurisdiction since it involves allegations of fraud relating to financial obligations in the form of cost recovery for a Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) cleanup and Resource Conservation and Recovery Act (RCRA) violations. b6,7c

On April 19, OI met with representatives of the DOJ, including Environment and Natural Resources Division, Environmental Enforcement Section, Washington, D.C., of the Office of the US Trustee. At this meeting, OI learned that [redacted] filed for bankruptcy. On the civil trial commenced in United States v. [redacted] company owned and operated by This matter focused on recovering environmental response costs under CERCLA and penalties for violations under RCRA. The Court found in favor of the EPA, awarding a judgement of \$4.26M against [redacted] b6,7c b6,7c b6,7c b6,7c

According to bank record [redacted] began liquidating a securities account valued at \$1.5M. By this same account was valued at less than \$10,000. Under the bankruptcy requirements, [redacted] was required to submit appropriate schedules concerning assets or statements of financial affairs within 15 days of filing. [redacted] failed to comply with this requirement. Both schedules submitted by [redacted] failed to disclose the security account originally valued at \$1.5M. [redacted] falsely signed, under oath, the schedules submitted on both [redacted] after failing to appear at a Hearing of Creditors, the Bankruptcy Court issued an Order of Apprehension for [redacted]. On [redacted] was apprehended and [redacted] later appeared at a Hearing of Creditors to meet obligations before the Bankruptcy Court [redacted] was held in custody until [redacted] when obligations were satisfied with the Court. b6,7c b6,7c b6,7c b6,7c b6,7c b6,7c b6,7c b6,7c

OI learned that

[redacted] had been assigned as a Special Prosecutor for the U.S. Attorney's Office in [redacted] had been part of the team that brought the civil case against [redacted] and [redacted] b6,7c b6,7c b6,7c

On [redacted], an indictment and an arrest warrant had been issued for [redacted] charging with 18 U.S.C. 152(1) concealment of assets; 18 U.S.C. 152 (3) providing false statements in submissions to the Bankruptcy Court; and, 18 U.S.C. 152 (7) fraudulently transferring property. [redacted] was arrested on [redacted] and, during an Initial Appearance, the Court ordered [redacted] to be held pending trial. On [redacted], OI testified at a Detention Hearing for [redacted]. The Magistrate hearing the matter denied the motion and ordered [redacted] to be returned to custody. On [redacted] after a second Detention Hearing [redacted] was released from custody after meeting the conditions of the presiding Magistrate. A status conference with Defense Counsel was scheduled for [redacted] b6,7c b6,7c b6,7c b6,7c b6,7c b6,7c

OI learned that on [redacted] field a Civil Tort and Bivens Claims with a request to stay the Bankruptcy proceedings, which was later dismissed by the Court. b6,7c

[redacted] informed OI that on [redacted] the Court made a preliminary ruling supporting the court appointed mental health care providers who found [redacted] to be [redacted] b6,7c b6,7c

incompetent to stand trial. Under this ruling [redacted] was ordered to surrender [redacted] have [redacted] b6,7c
[redacted] competency evaluated. [redacted] advised OI that [redacted] had not complied with the Court [redacted] b6,7c
order until [redacted]. The evaluation was expected to last for 90-days, which should have [redacted] b6,7c
been concluded on or about [redacted]. However, as of [redacted] b6,7c
[redacted] informed OI that there has been no change in the status of this matter and no [redacted] b6,7c
additional decisions had been issued by the Court.

DECEMBER 19, 2007 CLOSING: During this reporting period, OI learned from [redacted] b6,7c
that she was notified by the District Court [redacted] on [redacted], as to the [redacted] b6,7c
findings of [redacted] competency evaluation. [redacted] informed OI that the preliminary [redacted] b6,7c
findings that [redacted] was incompetent to stand trial were upheld. As a result, on [redacted] b6,7c
[redacted] filed a Motion to Dismiss this matter without prejudice, which was accepted [redacted] b6,7c
by the Court on [redacted]. With the dismissal of this case, no further investigative [redacted] b6,7c
efforts are required for this matter. This case is closed.



OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSING STATUS REPORT

CASE NUMBER: 05-2006
ASSN. NUMBER: 2005-0473
CASE TITLE:

DATE: October 26, 2006
OFFICE: Northeastern-Washington
AGENT:
CASE CAT.: Program Integrity
CASE TYPE: Credit Card Misuse

ALLEGATIONS: This investigation was opened on December 17, 2004, based on a referral from the Financial Fraud Directorate (FFD). The referral indicated that [redacted] Office of Site Remediation Enforcement, Office of Enforcement and Compliance Assurance (OECA), provided FFD with information regarding a potential fraud involving [redacted] EPA purchase card. [redacted] stated [redacted] received a call from a merchant, [redacted] FARO COMMUNICATIONS INC. (FARO), Gardena, CA, who stated [redacted] received a telephonic purchase order for office supplies using [redacted] EPA purchase card number. [redacted] stated [redacted] did not make the purchase order and the transaction was cancelled. FFD spoke with [redacted] who confirmed [redacted] story. [redacted] reported the attempted purchase was for approximately \$20,000, and was ordered by a man identifying himself as [redacted] [redacted] used a prepaid cell phone to make the order, and may have attempted to make additional purchases using other government agency purchase card numbers, including GSA and the US Department of Education (ED). A multi-agency task force was convened in order to examine the possible relationship between the use of [redacted] purchase card number and other attempted purchases using additional government purchase card numbers. This case is within EPA's jurisdiction because attempted fraud using EPA purchase cards is an EPA program integrity matter. Possible violations include Title 18 U.S.C. 1029 (Fraud in connection with access devices).

SYNOPSIS: In September 2004, [redacted] reported a [redacted] claiming to be an ED employee named [redacted] used [redacted] government credit card number to fraudulently order \$7,811 in printer toner drums and cartridges from LAZER CARTRIDGE PLUS (LAZER), Walla Walla, WA, via the telephone. [redacted] stated the credit card [redacted] was using belonged to [redacted] colleague [redacted] noticed the fraudulent toner purchases while at work reviewing incoming faxes. As soon as [redacted] discovered the unauthorized purchases, [redacted] contacted BANK OF AMERICA, supervisors, the ED-Office of Inspector General (OIG) Hotline, and GSA-OIG.

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FEDERAL EXPRESS records showed that six boxes were delivered to an apartment in New Carrollton, MD, and an individual named [redacted] signed for the package(s) relating to the LAZER purchase.

In November 2004, PEACE CORPS (PC) OIG (PC-OIG), notified ED-OIG, a man claiming to be [redacted] with PC, used the government credit card for the real [redacted] a PC employee, to fraudulently order \$15,150 in toner drums and cartridges from ACCESS PRODUCTS (ACCESS), Colorado Springs, CO. The contact telephone number given for the ACCESS purchase matched the one given for the above-mentioned LAZER purchase. The shipping address for the ACCESS purchase was in Capital Heights, MD. The contact number given for the attempted fraudulent [redacted] purchase was the same telephone number used to make the LAZER and ACCESS fraudulent orders [redacted] b6 b7c

OI determined that [redacted] is an apartment complex. OI further determined that FARO initially kept a voice message left by [redacted] during the attempted use of the [redacted] purchase card. However, when OI went to collect the tape recording, it was determined that [redacted] answering machine had not been updated and the message left by [redacted] had been deleted. [redacted] b6 b7c

On March 2, 2005, an informal task force meeting was held to discuss future investigative actions. That meeting, attended by Special Agents (SA) from EPA-OIG, ED-OIG, GSA-OIG, PC-OIG, US Department of Justice (DOJ) - OIG, and US Housing and Urban Development (HUD)-OIG, concluded that the chief suspect in the fraudulent use of government purchase cards in this case was [redacted]. According to ED-OIG, in 1998, [redacted] was investigated by agents from the US Department of Transportation (DOT) for using unauthorized government credit cards to purchase printer toner cartridges. During DOT's investigation, [redacted] attorney and DOJ attempted to reach a plea agreement. However, [redacted] was incarcerated in Virginia at that time for similar charges and DOJ ultimately declined prosecution in the DOT case. [redacted] was chosen as the primary subject by the task force due to the similar nature of the fraudulent government credit card purchases of printer toner cartridges. A decision was made during this meeting to conduct surveillance on [redacted] and VACANT PROPERTY SECURITY (VPS), Washington, D.C. The VPS address had been identified as a location where individuals had previously used the VPS telephone number for fraudulent office supply orders using government credit cards. [redacted] b6 b7c

The task force identified and interviewed numerous other potential victims from various federal agencies. Investigation concluded that [redacted] was not connected to the DC metropolitan area at the relevant times, and no evidence was discovered that connected [redacted] to this case. Thus, [redacted] was no longer considered the chief suspect. [redacted] b6 b7c

A review of Maryland Department of Labor payroll information revealed [redacted] was an employee of VPS. Resultant from a fraud bulletin posted by GSA-OIG, it was further revealed that [redacted] was the subject of an investigation by [redacted] for fraudulent toner purchases, and that [redacted] left employment with [redacted] b6 b7c

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_____ in November 2004. At _____ was the federal sales representative and _____ managed the following federal accounts: EPA, ED, PC, DOJ, HUD, Department of Health and Human Services, Department of Energy, Department of Labor, Department of Agriculture, Bureau of Engraving and Printing, the Federal Circuit Court, the Federal Reserve Board, and the US Food Service. In addition, investigation confirmed _____ had direct access to government credit card information for _____

On April 5, 2005, the task force caused a Criminal Complaint charging _____ with one count of conspiracy to defraud the United States to be filed in the US District Court, District of Maryland, Greenbelt, MD. Subsequently, an arrest and search warrant relative to _____ and _____ were issued. OI participated in the search at _____ was not at _____ thus, the arrest warrant was not executed. On April 27, 2005, GSA-OIG and ED-OIG SA's arrested _____ at a homeless shelter in Glen Burnie, MD. On May 27, 2005, the complaint against _____ was dismissed. The prosecutor decided to seek an indictment against _____ in lieu of proceeding on the complaint.

The task force discovered that _____ had been a suspect in an earlier unsuccessful US SECRET SERVICE (USSS) investigation involving the fraudulent use of government credit cards and office supplies. Task force members interviewed witnesses previously identified by the USSS during their unsuccessful investigation on _____ in order to ascertain if any fraudulent purchases were made on their respective government credit cards. OI interviewed witnesses from the NAVAL RESEARCH LABORATORY, NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, and the NAVAL SURFACE WARFARE DIVISION, all located within the DC area. No significant information against _____ was revealed.

On August 12, 2005, GSA-OIG and ED-OIG jointly applied for and received search warrants for _____ YAHOO and CABLESPEED accounts in order to obtain incriminating evidence in furtherance of an indictment against _____. No useful information was obtained from CABLESPEED or YAHOO.

The joint investigation disclosed the attempted loss of government funds resulting from the fraudulent credit charges was \$170,742.12, the actual loss was \$54,298.60 and the total government loss was \$25,549.24. The difference between the actual loss and the government loss was the loss suffered by the financial institutions.

During the course of this investigation, other investigative techniques were utilized.

On June 13, 2006, ED-OIG informed OI the joint investigation has been declined for prosecution by HOLLIS WEISMAN, Assistant United States Attorney (AUSA), United States Attorney's Office, Greenbelt, MD.

OCTOBER 26, 2006 CLOSING: On July 5, 2006, ED-OIG provided OI a copy of the declination from AUSA WEISMAN who stated in the declination letter

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October 26, 2006

This ~~4~~ 5

investigation involved an attempted \$20,000 fraudulent telephonic purchase of toner cartridges using an EPA purchase card. The attempted purchase was thwarted by the merchant who telephonically contacted the EPA employee, to whom the EPA purchase card was assigned, for charge verification. Consequently, the charge was halted and EPA suffered no financial loss. While the integrity of the EPA purchase card program was compromised, the evidence to support a criminal conviction could not be obtained. The investigation revealed numerous federal agencies were either victims or targets of fraudulent government purchase card toner purchases. The outcome of this joint investigation was that although the allegation of an attempted purchase card theft was substantiated, sufficient evidence to support an indictment could not be obtained. All investigative steps in this case have been completed, this case is closed.

Approved: /s/ [Signature] 66
Acting Special Agent in Charge

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Status Report Form



OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSING STATUS REPORT

CASE NUMBER: 05-3005
ASSN. NUMBER: 2005-1495
CASE TITLE:
b4

DATE: December 20, 2006
OFFICE: Central-Chicago
AGENT: [redacted] b6, 7C
CASE CAT.: Program Integrity
CASE TYPE: Wire Fraud

ALLEGATIONS: This investigation was opened on October 12, 2005, based on the results of a Preliminary Inquiry. In a memorandum received from [redacted] it was alleged b4 that [redacted] are distributing and selling b4 unregistered pesticides in the State of California. [redacted] claims that both [redacted] and [redacted] distribute b4 and sell their products throughout the states and are currently under investigation by the State of California Department of Pesticide Registration (CDPR). The CDPR has concluded its investigation and has forwarded their findings to the CDPR legal office for enforcement action. The findings indicate that [redacted] did in fact use a false EPA registration number on the products b4 which they were distributing which will have an adverse impact on program integrity. This investigation is within EPA OIG's jurisdiction because [redacted] is using false EPA Registration b4 numbers to distribute unregistered products. Potential criminal violations include: 18 U.S.C. 1001 (False Statements); and 18 U.S.C. 1341/1343 (Mail/Wire Fraud).

SYNOPSIS: The reporting agent received and reviewed the report from the CDPR which has also been forwarded to the CDPR's Legal Office for enforcement action, and to EPA Region 9. This report corroborated the fact that a product identified as [redacted] tub sanitizer was b4 using as [redacted] However, this number was registered to b4 [redacted] and is in no way connected with [redacted] Further, this number was b4 cancelled on October 10, 1989, due to non payment of a maintenance fee concerning the BIO- b4 product. Also being distributed and sold by [redacted] was a carton of individual packets of b4 [redacted] and an EPA establishment number [redacted] Contact was made with [redacted] b4 EPA Office of Regulatory Enforcement, Toxics and Pesticides Enforcement Division (TPED), concerning the registration numbers and Est. No. to confirm that these numbers are not b4 registered to [redacted] stated that the [redacted] does not exist within the EPA. b4 b6, 7C [redacted] reported that EPA registration number [redacted] is registered to [redacted] b4 located in New Jersey. A check of [redacted] website no longer lists the products in question for sale. b4

December 20, 2006

A Dunn & Bradstreet (D&B) report concerning [] was obtained, which showed that the company [] was started in 1985, and currently employs approximately 50 people. An inspection report

prepared on October 25, 2005 by the EPA Region 9, Pesticide Enforcement Branch, concerning [] was reviewed. The report shows that [] used expired, and/or false EPA registration numbers [] on some their products. [] was contacted to schedule an []

interview date. [] advised that [] would like to have [] and [] the [] company attorney present for the interview. [] the attorney representing []

[] contacted the reporting agent and stated that a third party contractor was responsible for providing the registration and establishment numbers, and the design of the label and packaging for the [] products in question. [] stated that [] would arrange a meeting with []

officers, if it was still needed after a review of records which [] was going to provide. [] advised that [] was in the process of obtaining company documents and records, as well as a report, which would substantiate this claim. [] another []

Attorney, provided copies of e-mails which indicate that the registration numbers and establishment number in question were provided to [] by [] the company who supplied the products to [] dealt with []

[] was contacted, and the owner [] advised that [] did provide the EPA registration numbers and establishment number to [] for the products in question on January 14, 2003. [] did state that [] was in [] the hospital during the time frame in question and [] handled this transaction. []

Upon leaving the hospital, [] realized what had happened and advised [] that [] could not use any of the numbers in question on products being distributed by [] [] also advised that [] is no longer with the company and is [] [] The investigation has not revealed evidence of false EPA registration numbers being used by [] []

DECEMBER 20, 2006: On October 19, 2005, [] was interviewed again and advised that [] never had their own EPA registration number. [] used the EPA registration and EST number of their supplier [] which was valid for a product [] unrelated to [] contacted [] and [] could [] not recall where [] got the EPA registration numbers or [] number which was used on the [] products. [] stated it may have been from the supplier, off the packaging or [] may have gotten [] it over the phone. This investigation did not produce results within the jurisdiction of the EPA/OIG per the Memorandum of Understanding between EPA/OIG and EPA/CID. Further, this matter has been briefed to the EPA/CID on August 17, 2005, for whatever action, if any, they deem necessary. Also, the [] will not seek administrative action against [] The [] has [] already issued fines to [] clients for using the [] products which displayed non [] registration [] numbers. On December 19, 2006, Suspension and Debarment was briefed concerning this investigation and declined action in this matter.

Approved []
Special Agent in Charge []



OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSING STATUS REPORT

CASE NUMBER: 05-12002
ASSN. NUMBER: 2005-0449
CASE TITLE: b4

DATE: February 21, 2007
OFFICE: Western-Los Angeles
AGENT: [redacted] b6, 7c
CASE CAT.: Program Integrity
CASE TYPE: False Statements

ALLEGATIONS: This investigation was initiated on December 10, 2004, based on a referral from Headquarters (HQ), Environmental Protection Agency (EPA), Office of Inspector General (OIG), Washington, D.C. The referral contained allegations forwarded from Special Agent (SA) b6, 7c

[redacted] stating that [redacted] had allegedly provided false b4
asbestos training certificates to individuals who perform asbestos abatement activities under the auspices of the Asbestos Hazard Emergency Response Act. This case is currently a joint investigation with EPA CID. This investigation is within EPA OIG's jurisdiction because fraudulent activity could ultimately undermine Agency programs. Potential criminal violations include 18 U.S.C. § 1001.

SYNOPSIS: A review of investigative activity conducted by EPA CID disclosed that on July 1, 2003 b6, 7c of the [redacted] stated reviewed three b4
training certificates from [redacted] and had suspicions they may have been altered. On July 23, 2003, [redacted] admitted to paying \$900 for an asbestos training certificate b6, 7c
[redacted] allegedly from [redacted] On July 24, 2003, [redacted] admitted to paying b6, 7c
\$1000 for an asbestos training certificate allegedly from [redacted] and b6, 7c
[redacted] claimed to have purchased the certificates from an unknown individual located in b4
Portland, Oregon, and not directly from [redacted] b4

[redacted] California Division of Occupational Safety and Health (DOSH), Asbestos Consultant and Trainer Approval Unit, b6, 7c
[redacted] were interviewed in order to obtain information concerning their b6, 7c
regulatory oversight and to collect historical information related to [redacted] and b4, b6, 7c
[redacted] stated that EPA regulations require that training providers of accredited asbestos b6, 7c
training courses maintain all required records for a minimum of three years. The information to be maintained includes a list of students names, test scores of the provided courses, instructor name, and possibly the sign-in sheet. EPA's last inspection of [redacted] occurred in 1999 or 2000, b4

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February 21, 2007

where a number of deficiencies were noted and a Notice of Noncompliance was issued. [] b6, 7C
stated as of 2001, [] has not followed the appropriate DOSH requirements. DOSH's records b4
showed there was no indication that [] had issued certificates, submitted names of trainees, or b4
paid roster fees for any course since December 2001. Also, [] has not paid their annual fees or b4
provided course materials to DOSH for review and approval. [] explained that workers b4
engaged in asbestos related work must attend a four day initial course and an eight hour refresher
course annually.

[] EPA OIG, interviewed, b6, 7C

b6, 7C [] stated that [] is not a certified trainer and cannot perform training or issue Oregon State b4
certificates of training. [] can provide certified training and issue certificates of training in the b4
state of California. Information was also obtained from the Oregon DEQ identifying additional
individuals who allegedly obtained training from

b6, 7C [] met with AUSA BRENT TABACCHI, Criminal Division, Santa
Ana, California, to re-examine the case. This investigation has been re-assigned to AUSA
TABACCHI and he expressed interest in this matter if it could be established that [] is b4
providing individuals with asbestos work certifications without proper training.

An EPA Inspector General (IG) subpoena was served on Employment Development Department
(EDD) for [] quarterly wage reports in order to identify additional witnesses who may b4
corroborate [] submission of fraudulent asbestos training certificates. EDD conducted an
"employer inquiry" for [] quarterly wage reports and stated that [] was inactive. b4

b6, 7C [] interviewed [] Oregon DEQ, Portland,
[] Oregon [] provided recent copies of AHERA Asbestos Abatement Worker b4
Certificates. Efforts to interview [] one of the alleged suppliers of b6, 7C
the fraudulent certificates, were unsuccessful.

An EPA IG subpoena was served on [] requesting records that included student applications b4
and attendance, administered tests, individual student test scores, sign-in sheets, records of all
graduates and their certificate of attendance, and names of instructors who conducted the
AHERA Asbestos Abatement Worker 32-hour course. One box of records was produced in
response to the subpoena. The subpoenaed records were used to determine whether students
receiving an asbestos abatement certificate completed all training course requirements.

Because this matter was determined not to be a designated tier three case, this case was re-
opened per the direction of HQ EPA OIG.

February 21, 2007

Analysis of third party documents in response to the EPA IG subpoena served on resumed. b4
No evidence was developed to corroborate allegations that provided false asbestos training b4
certificates.

FEBRUARY 21, 2007, CLOSING: Due to the closure of the EPA OIG Los Angeles field office in late December 2006, and limited EPA OIG jurisdiction, this investigation is being referred back to [redacted] Reporting agent coordinated with both AUSA TABACCHI and [redacted] and advised them of EPA OIG's decision to close this investigation. No further b6, 7c
investigative work is warranted. This investigation is closed.

Approved: [redacted] b6, 7c
Special Agent in Charge



OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSING STATUS REPORT

CASE NUMBER: 2006-8003
ASSN. NUMBER: 2006-0815
CASE TITLE: **ENVIRONMENTAL
EDUCATION
FOUNDATION**
724 E. Iris Drive
Gilbert, Arizona

DATE: February 15, 2007
OFFICE: Western-Denver
AGENT:
CASE CAT.: Program Integrity
CASE TYPE: False Statement

ALLEGATIONS: This investigation was opened on February 17, 2006, in response to a referral from the Financial Fraud Directorate regarding misuse of the Environmental Protection Agency (EPA) logo and inaccurate representations by ENVIRONMENTAL EDUCATION FOUNDATION (EEF), Gilbert, Arizona. The referral indicated that EEF advertises on an internet website using the official EPA logo and represents that EEF is acting on behalf of, or is endorsed by, the EPA. The website also represents that EEF's training classes use EPA endorsed Indoor Air Quality (IAQ) software. In March 2004, EEF was awarded EPA Purchase Order (PO) Number 4W-2121-NANX to develop a program to promote IAQ management techniques. The contract ended in August 2005, and EEF was given an unsatisfactory rating because of poor performance and failure to deliver the required products. This investigation is within the jurisdiction of the EPA Office of Inspector General because it involves fraudulent assertions of product endorsement and the unauthorized use of the EPA logo by EEF. Potential criminal violations include 18 U.S.C. 1017 (Government Seals Wrongfully Used and Instruments Wrongfully Sealed), 18 U.S.C. 701 (Unauthorized Use of Official Badges, Identification Cards, Other Insignia), and 18 U.S.C. 1001 (False Statements).

SYNOPSIS:

_____ Economist, Indoor Environments 667C
Division, EPA, Washington, D.C., was interviewed. _____ stated in March 2004, EEF was
awarded EPA PO Number 4W-2121-NANX, in the amount of \$49,984. _____ was the
Project Officer for the PO. According to _____ the principal performance requirements of
the contract were to (1) work cooperatively with insurance and financial risk management
entities to develop a program to train their building clients on IAQ management techniques,
using EPA's I-BEAM program as a technical basis, (2) pilot test a draft training module
developed by EPA and provide detailed suggestions for improvement, and (3) provide comments
solicited from a variety of building interests on preliminary draft guidance that EPA had
developed and a program that would encourage acceptance in the building community.

667C
_____ explained that _____ ended up providing EEF with more assistance in fulfilling the PO
than _____ had anticipated. EEF seemed to be using the contract with EPA to publicly enhance their

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February 15, 2007

credibility in the IAQ community and gain additional clients, rather than implement and deliver the training and other activities called for under the contract. EPA repeatedly admonished EEF for going beyond the statement of work in their outreach activities. [redacted] considered many of the statements made by EEF to be misleading. EEF did not satisfactorily meet all of the performance requirements and received an unsatisfactory rating from [redacted]. EEF was paid \$43,678 because of their work effort, but the remaining balance was not paid due to their unsatisfactory performance. [redacted] asked EEF to remove all references to the EPA contract from their public solicitations, and not imply EPA endorsement of their program in any way. [redacted] related [redacted] has been contacted by the heads of many IAQ organizations, such as the Air & Waste Management Association, inquiring about the legitimacy of EEF. A check of the Dun & Bradstreet Records Database did reveal an executive board associated with EEF. No public filings were found for EEF. A check of the Central Contractor Registration Database did not disclose any other contracts associated with EEF.

[redacted] provided the following: 1) the names and telephone numbers of the heads of the IAQ organizations that have contacted him with regard to EEF; 2) the names, organizations, and telephone numbers of any insurance and financial risk management entities that EEF may have contacted in order for EEF to provide training to them on management of IAQ using EPA's I-BEAM guidelines (per the statement of work set forth in the EPA Purchase Order), if known; and 3) the comments solicited by EEF from any building interests on the preliminary draft guidance that EPA had developed and a program that would encourage acceptance in the building community.

Assistant United States Attorney (AUSA) PETER SEXTON, Phoenix, Arizona, was briefed on this investigation. AUSA SEXTON stated it did not appear EEF was misrepresenting themselves to possible clients by telling them they had secured a contract with the EPA as they had secured a contract and attempted to fulfill that contract in accordance with the statement of work. AUSA SEXTON deferred this case to EPA's legal department.

Assistant Inspector General for Investigations (AIGI) STEPHEN NESBITT related this investigation would be better served by having an attorney from EPA's Office of General Counsel (OGC) draft and serve a Cease & Desist (C&D) letter on EEF, directing them to refrain from using the EPA logo on their web site and to further remove the inferences on their web site that EPA supports their organization or recommends them in any way.

On August 10, 2006, a written and oral overview of this investigation was provided to [redacted] Trademark Division, OGC, EPA, Washington, D.C. On October 3, 2006, [redacted] issued a C&D letter to EEF with a 30-day suspense. To date, EEF has not complied with the C&D Letter and phone messages left for EEF's Executive Director remain unreturned. Attorney [redacted] is currently working with the Federal Trade Commission (FTC) in an attempt to force EEF to refrain from using the EPA logo on their web

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February 15, 2007

site and remove the inferences on their web site that EPA supports their organization or recommends them in any way.

FEBRUARY 15, 2007, CLOSING: On February 15, 2007, coordination was effected with [redacted] who stated [redacted] was contacted by a newspaper reporter from Phoenix, [redacted] Arizona, pertaining to EEF and possible misrepresentations on EEF's part to present and potential clients. Attorney [redacted] stated [redacted] released a copy of the C&D Letter to the reporter [redacted] but informed the reporter that since the investigation was still on-going, no further information could be provided.

Since all logical leads have been pursued and the allegations against EEF have been proven, no further investigative work is warranted. [redacted] will continue to work with the FTC to remedy the situation with EEF. This case is closed.

Approved: [redacted] [redacted]
Special Agent in Charge