Description of document:	Closing documents for 33 Department of the Interior (DOI) Inspector General (OIG) investigations, 2010-2012
Request date:	19-January-2014
Released date:	16-September-2015
Posted date:	07-December-2015
Source of document:	FOIA Request Department of the Interior Office of Inspector General MS-4428, MIB 1849 C Street, NW Washington, DC 20240 Fax: (202) 219-1944 E-mail:foia@doioig.gov

OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

September 16, 2015

Re: OIG-2014-00024

This is in response to your FOIA request dated January 19, 2014, which was received by the Office of Inspector General (OIG) on January 21, 2014. You requested the following information under the Freedom of Information Act (FOIA), 5 U.S.C. § 552: a copy of the closing memo, final report, referral memo, and referral letter for 37 separate investigations. On January 28, 2015 you amended your request to limit the five cases to consult with DOJ to just the title page/first page of the document.

A search was conducted and enclosed are copies of the requested reports. There are 177 pages responsive to your request. Approximately 173 pages contain some information that is being withheld, two pages are being released in their entirety, and two pages are being withheld in full.

Deletions have been made of information that is exempt from release under the provisions of 5 U.S.C. §§ 552(b)(6) and (b)(7)(C). These sections exempt from disclosure are items that pertain to: (1) personnel and other similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy and (2) records of information compiled for law enforcement purposes, but only to the extent that the production of such law enforcement records or information could reasonably be expected to constitute an unwarranted invasion of personal privacy. Exemptions (b)(6) and (b)(7)(C) were used to protect the personal privacy interests of witnesses, interviewees, middle and low ranking federal employees and investigators, and other individuals named in the investigatory file.

We are withholding the first pages of reports PI-PI-07-0423-I and PI-VA-06-0275-I in full under FOIA Exemption 3. 5 U.S.C. § 552(b)(3). Exemption 3 allows the withholding of information protected by a nondisclosure provision in a federal statute other than FOIA. The OIG seeks to withhold information based on the Federal Rule of Criminal Procedure 6(e), which relates to "matter[s] occurring before the grand jury." See Fed. R. Crim. P. 6(e)(2)(B). Information may also be withheld Rule 6(e) if the disclosure would reveal some secret aspect of the grand jury's investigation, such as the identities or addresses of witnesses or jurors, the substance of testimony, the deliberations or questions of the jurors, the strategy or direction of the investigation.

If you disagree with this response, you may appeal this response to the Department's FOIA/Privacy Act Appeals Officer. If you choose to appeal, the FOIA/Privacy Act Appeals Officer must receive your FOIA appeal **no later than 30 workdays** from the date of this letter if Appeals arriving or delivered after 5 p.m. Eastern Time, Monday through Friday, will be deemed received on the next workday.

Your appeal must be made in writing. You may submit your appeal and accompanying materials to the FOIA/Privacy Act Appeals Officer by mail, courier service, fax, or email. All communications concerning your appeal should be clearly marked with the words: "FREEDOM OF INFORMATION APPEAL." You must include an explanation of why you believe the OIG's response is in error. You must also include with your appeal copies of all correspondence between you and the OIG concerning your FOIA request, including your original FOIA request and the OIG's response. Failure to include with your appeal all correspondence between you and the OIG will result in the Department's rejection of your appeal, unless the FOIA/Privacy Act Appeals Officer determines (in the FOIA/Privacy Act Appeals Officer's sole discretion) that good cause exists to accept the defective appeal.

Please include your name and daytime telephone number (or the name and telephone number of an appropriate contact), email address and fax number (if available) in case the FOIA/Privacy Act Appeals Officer needs additional information or clarification of your appeal. The DOI FOIA/Privacy Act Appeals Office Contact Information is the following:

Department of the Interior
Office of the Solicitor
1849 C Street, N.W.
MS-6556 MIB
Washington, DC 20240
Attn: FOIA/Privacy Act Appeals Office

Telephone: (202) 208-5339
Fax: (202) 208-6677
Email: FOIA.Appeals@sol.doi.gov

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of FOIA. *See* 5 U.S.C. 552(c). This response is limited to those records that are subject to the requirements of 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.

The 2007 FOIA amendments created the Office of Government Information Services (OGIS) to offer mediation services to resolve disputes between FOIA requesters and Federal agencies as a non-exclusive alternative to litigation. Using OGIS services does not affect your right to pursue litigation. You may contact OGIS in any of the following ways:

Office of Government Information Services
National Archives and Records Administration

8601 Adelphi Road - OGIS
College Park, MD 20740-6001
E-mail: ogis@nara.gov
Web: https://ogis.archives.gov
Telephone: 202-741-5770
Facsimile: 202-741-5769
Toll-free: 1-877-684-6448

Please note that using OGIS services does not affect the timing of filing an appeal with the Department's FOIA & Privacy Act Appeals Officer.

However, should you need to contact me, my telephone number is 202-219-2069, and the email is foia@doioig.gov.

Sincerely,

Cristal J. Garcia
Government Information Specialist

Enclosure

(1) Demonstrate you paid prior fee within 30 calendar days of the date of billing; or

(2) Pay any unpaid amount of the previous fee, plus any applicable interest penalties (see § 2.53 of this subpart), and pay in advance the estimated fee for the new request.

(c) When the bureau notifies you that an advance payment is due, it will give you an opportunity to reduce the fee by modifying the request.

(d) The bureau may require payment before records are sent to you; such a payment is not considered an "advance payment" under § 2.50(a) of this subpart.

(e) If the bureau requires advance payment, it will start further work only after receiving the advance payment. It will also notify you that it will not be able to comply with your FOIA request unless you provide the advance payment. Unless you pay the advance payment within 20 workdays after the date of the bureau's fee letter, the bureau will presume that you are no longer interested and will close the file on the request.

§ 2.51 What if the bureau needs clarification about fee issues?

(a) If your FOIA request does not contain sufficient information for the bureau to determine your proper fee category or leaves another fee issue unclear, the bureau may ask you to provide additional clarification. If it does so, the bureau will notify you that it will not be able to comply with your FOIA request unless you provide the clarification requested.

(b) If the bureau asks you to provide clarification, the 20-workday statutory time limit for the bureau to respond to the request is temporarily suspended.

(1) If the bureau hears from you within 20 workdays, the 20-workday statutory time limit for processing the request will resume (see § 2.16 of this part).

(2) If you still have not provided sufficient information to resolve the fee issue, the bureau may ask you again to provide additional clarification and notify you that it will not be able to comply with your FOIA request unless you provide the additional information requested within 20 workdays.

(3) If the bureau asks you again for additional clarification, the statutory time limit for response will be temporarily suspended again and will resume again if the bureau hears from you within 20 workdays.

(c) If the bureau asks for clarification about a fee issue and does not receive a written response from you within 20 workdays, it will presume that you are no longer interested and will close the file on the request.

§ 2.52 How will you be billed?

If you are required to pay a fee associated with a FOIA request, the bureau processing the request will send a bill for collection.

§ 2.53 How will the bureau collect fees owed?

(a) The bureau may charge interest on any unpaid bill starting on the 31st day following the billing date.

(b) The bureau will assess interest charges at the rate provided in 31 U.S.C. 3717 and implementing regulations and interest will accrue from the billing date until the bureau receives payment.

(c) The bureau will follow the provisions of the Debt Collection Act of 1982 (Public Law 97–365, 96 Stat. 1749), as amended, and its administrative procedures, including the use of consumer reporting agencies, collection agencies, and offset to collect overdue amounts and interest.

(d) This section does not apply if you are a state, local, or tribal government.

§ 2.54 When will the bureau combine or aggregate requests?

(a) The bureau may aggregate requests and charge accordingly when it reasonably believes that you, or a group of requesters acting in concert with you, are attempting to avoid fees by dividing a single request into a series of requests on a single subject or related subjects.

(1) The bureau may presume that multiple requests of this type made within a 30-day period have been made to avoid fees.

(2) The bureau may aggregate requests separated by a longer period only where there is a reasonable basis for determining that aggregation is warranted in view of all the circumstances involved.

(b) The bureau will not aggregate multiple requests involving unrelated matters.

§ 2.55 What if other statutes require the bureau to charge fees?

(a) The fee schedule in appendix A to this part does not apply to fees charged under any statute that specifically requires the bureau to set and collect fees for particular types of records.

(b) If records otherwise responsive to a request are subject to a statutorily-based fee schedule, the bureau will inform you whom to contact to obtain the records.

§ 2.56 May the bureau waive or reduce your fees at its discretion?

(a) The bureau may waive or reduce fees at its discretion if a request involves furnishing:

(1) A copy of a record that the bureau has reproduced for free distribution;

(2) One copy of a personal document (for example, a birth certificate) to a person who has been required to furnish it for retention by the Department;

(3) One copy of the transcript of a hearing before a hearing officer in a grievance or similar proceeding to the employee for whom the hearing was held;

(4) Records to donors with respect to their gifts;

(5) Records to individuals or private nonprofit organizations having an official, voluntary, or cooperative relationship with the Department if it will assist their work with the Department;

(6) A reasonable number of records to members of the U.S. Congress; state, local, and foreign governments; public international organizations; or Indian tribes, when to do so is an appropriate courtesy, or when the recipient is carrying on a function related to a Departmental function and the waiver will help accomplish the Department's work;

(7) Records in conformance with generally established business custom (for example, furnishing personal reference data to prospective employers of current or former Department employees); or

(8) One copy of a single record to assist you in obtaining financial benefits to which you may be entitled (for example, veterans or their dependents, employees with Government employee compensation claims).

(b) You cannot appeal the denial of a discretionary fee waiver or reduction.

Subpart H—Administrative Appeals

§ 2.57 When may you file an appeal?

(a) You may file an appeal when:

(1) The bureau withholds records, or parts of records;

(2) The bureau informs you that your request has not adequately described the records sought;

(3) The bureau informs you that it does not possess or cannot locate responsive records and you have reason to believe this is incorrect or that the search was inadequate;

(4) The bureau did not address all aspects of the request for records;

(5) You believe there is a procedural deficiency (for example, fees are improperly calculated);

(6) The bureau denied a fee waiver;

(7) The bureau did not make a decision within the time limits in § 2.16 or, if applicable, § 2.18; or

(8) The bureau denied, or was late in responding to, a request for expedited

processing filed under the procedures in § 2.20 of this part.

(b) An appeal under paragraph (a)(8) of this section relates only to the request for expedited processing and does not constitute an appeal of the underlying request for records. Special procedures apply to requests for expedited processing of an appeal (see § 2.63 of this subpart).

(c) Before filing an appeal, you may wish to communicate with the contact person listed in the FOIA response, the bureau's FOIA Officer, and/or the FOIA Public Liaison to see if the issue can be resolved informally. However, appeals must be received by the FOIA Appeals Officer within the time limits in § 2.58 of this subpart or they will not be processed.

§ 2.58 How long do you have to file an appeal?

(a) Appeals covered by § 2.57(a)(1) through (5) of this subpart must be received by the FOIA Appeals Officer no later than 30 workdays from the date of the final response.

(b) Appeals covered by § 2.57(a)(6) of this subpart must be received by the FOIA Appeals Officer no later than 30 workdays from the date of the letter denying the fee waiver.

(c) Appeals covered by § 2.57(a)(7) of this subpart may be filed any time after the time limit for responding to the request has passed.

(d) Appeals covered by § 2.57(a)(8) of this subpart should be filed as soon as possible.

(e) Appeals arriving or delivered after 5 p.m. Eastern Time, Monday through Friday, will be deemed received on the next workday.

§ 2.59 How do you file an appeal?

(a) You must submit the appeal in writing by mail, fax or email to the FOIA Appeals Officer (using the address available at *http://www.doi.gov/foia/appeals.cfm).* Your failure to send an appeal directly to the FOIA Appeals Officer may delay processing.

(b) The appeal must include:

(1) Copies of all correspondence between you and the bureau concerning the FOIA request, including the request and the bureau's response (if there is one); and

(2) An explanation of why you believe the bureau's response was in error.

(c) The appeal should include your name, mailing address, daytime telephone number (or the name and telephone number of an appropriate contact), email address, and fax number (if available) in case the Department needs additional information or clarification.

(d) An appeal concerning a denial of expedited processing or a fee waiver denial should also demonstrate fully how the criteria in § 2.20 or §§ 2.45 and 2.48 of this part are met.

(e) All communications concerning an appeal should be clearly marked with the words: "FREEDOM OF INFORMATION APPEAL."

(f) The Department will reject an appeal that does not attach all correspondence required by paragraph (b)(1) of this section, unless the FOIA Appeals Officer determines, in his or her sole discretion, that good cause exists to accept the defective appeal. The time limits for responding to an appeal will not begin to run until the correspondence is received.

§ 2.60 Who makes decisions on appeals?

(a) The FOIA Appeals Officer is the deciding official for FOIA appeals.

(b) When necessary, the FOIA Appeals Officer will consult other appropriate offices, including the Office of the Solicitor for denials of records and fee waivers.

(c) The FOIA Appeals Officer normally will not make a decision on an appeal if the request becomes a matter of FOIA litigation.

§ 2.61 How are decisions on appeals issued?

(a) A decision on an appeal must be made in writing.

(b) A decision that upholds the bureau's determination will notify you of the decision and your statutory right to file a lawsuit.

(c) A decision that overturns, remands, or modifies the bureau's determination will notify you of the decision. The bureau then must further process the request in accordance with the appeal determination.

§ 2.62 When can you expect a decision on your appeal?

(a) The basic time limit for responding to an appeal is 20 workdays after receipt of an appeal meeting the requirements of § 2.59 of this subpart.

(b) The FOIA Appeals Officer may extend the basic time limit, if unusual circumstances exist. Before the expiration of the basic 20-workday time limit to respond, the FOIA Appeals Officer will notify you in writing of the unusual circumstances involved and of the date by which he or she expects to complete processing of the appeal.

(c) If the Department is unable to reach a decision on your appeal within the given time limit for response, the FOIA Appeals Officer will notify you of:

(1) The reason for the delay; and

(2) Your statutory right to seek review in a United States District Court.

§ 2.63 Can you receive expedited processing of appeals?

(a) To receive expedited processing of an appeal, you must demonstrate to the Department's satisfaction that the appeal meets one of the criteria under § 2.20 of this part and include a statement that the need for expedited processing is true and correct to the best of your knowledge and belief.

(b) The FOIA Appeals Officer will advise you whether the Department will grant expedited processing within 10 calendar days of receiving the appeal.

(c) If the FOIA Appeals Officer decides to grant expedited processing, he or she will give the appeal priority over other pending appeals and process it as soon as practicable.

§ 2.64 Must you submit an appeal before seeking judicial review?

Before seeking review by a court of the bureau's adverse determination, you generally must first submit a timely administrative appeal.

Subpart I—General Information

§ 2.65 Where are records made available?

Records that are required by the FOIA to be made proactively available for public inspection and copying are accessible on the Department's Web site, *http://www.doi.gov/foia/libraries.cfm.* They may also be available at bureau office locations.

§ 2.66 What are public liaisons?

(a) Each bureau has a FOIA Public Liaison that can assist individuals in locating bureau records.

(b) FOIA Public Liaisons report to the Department's Chief FOIA Officer and you can raise concerns to them about the service you have received.

(c) FOIA Public Liaisons are responsible for assisting in reducing delays, increasing transparency and understanding of the status of requests, and assisting in resolving disputes.

(d) A list of the Department's FOIA Public Liaisons is available at *http://doi.gov/foia/servicecenters.cfm.*

§ 2.67 When will the Department make records available without a FOIA request?

(a) Each bureau must:

(1) Determine which of its records must be made publicly available under the FOIA (for example, certain frequently requested records);

(2) Identify additional records of interest to the public that are appropriate for public disclosure; and

(3) Post those records in FOIA libraries.

(b) Because of these proactive disclosures, you are encouraged to review the Department's FOIA libraries

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
Abramoff, Jack A., and Scanlon Michael	PI-MN-04-0383-I
Reporting Office	**Report Date**
Washington, D.C.	December 16, 2010
Report Subject	
Final Report	

SYNOPSIS

This investigation was initiated upon a request for assistance from [redacted] Special Agent, Federal Bureau of Investigation (FBI), [redacted], concerning fraudulent activity against the Saginaw Chippewa Indian Tribe, Mount Pleasant, Michigan. SA [redacted] reported that several Saginaw Chippewa tribal members were alleging that the previous tribal governmental administration had entered into a series of contracts for consulting and lobbying services worth several million dollars but received little, if anything, of value in return. The contracts were with or orchestrated by Washington, DC, lobbyist, Jack A. Abramoff, Senior Director of Government Affairs, Greenberg Traurig, LLP, Washington, DC.

A joint investigation by the FBI and this office determined that Abramoff and Michael Scanlon devised a scheme to defraud the tribe of funds and followed through with the scheme.

On November 11, 2005, Scanlon pled guilty to one count of Conspiracy, 18 USC § 371. Scanlon is cooperating with Federal prosecutors, and he has not yet been sentenced.

On January 3, 2006, Abramoff pled guilty to three separate counts consisting of Conspiracy, 18 USC § 371; Honest Services Mail Fraud, 18 USC §§ 1341, 1346 and 2; and Tax Evasion, 26 USC § 7201, respectively. On September 9, 2008, Abramoff was sentenced to forty eight months imprisonment on each of the three counts, to run concurrently, to be followed by three years of supervised release. He was also ordered to pay restitution in the amount of $23,134,695.

This is a final report. No further investigative activity is contemplated.

Reporting Official/Title	Signature
[redacted] Investigator	
Approving Official/Title	Signature
[redacted] Director, Program Integrity Division	

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OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
Rudy, Tony C.	**PI-PI-06-0358-I**
Reporting Office	**Report Date**
Program Integrity Division.	**December 7, 2010**
Report Subject	
Closing Report of Investigation	

SYNOPSIS

This investigation was initiated based on information developed during the task force investigation of lobbyist Jack Abramoff. Documents obtained during that investigation showed that Rudy, while serving on the staff of former U.S. Congressman Tom DeLay, accepted numerous gifts from Abramoff in exchange for official acts performed at the behest of Abramoff.

Details of the Investigation

From early 1997 to about March 2004, Tony Rudy, both as a staff assistant to former U.S. Congressman Tomy Delay, and as a lobbyist colleague of Jack Abramoff with Greenberg Traurig, LLC, accepted over $86,000 in cash payments and numerous tickets to sporting events, meals, golf and golf trips. A number of the acts performed by Rudy assisted Abramoff in the representation of his clients, which included several Indian tribes. In June 2002, Rudy solicited a $25,000 payment from the Saginaw Chippewa Indian Tribe, Mount Pleasant, Michigan, under the false pretenses that the money was to be used by a charitable organization. Instead the funds were used to partially fund a golf trip to Scotland by Rudy, Abramoff and others.

On March 31, 2006, Rudy appeared before Judge Ellen Segal Huvelle in U.S. District Court and pleaded guilty to a one-count Information charging him with participating in a conspiracy to commit honest services fraud and to violate the one-year ban imposed on former Congressional employees from communicating or appearing before his former Congressional office.

Reporting Official/Title	Signature
[redacted] Criminal Investigator	
Approving Official/Title	Signature
[redacted] Director, Program Integrity Division	

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As a part of his plea, Rudy has agreed to cooperate with law enforcement officials in the ongoing investigations. Sentencing has been postponed until such time as the Court deems appropriate.

This was a joint investigation with the Federal Bureau of Investigation. No further investigation of allegations involving Rudy is anticipated.

United States Department of the Interior
Office of Inspector General

REPORT OF INVESTIGATION

Case Title	Case Number
USGS - Cyberstalking	OI-CC-07-0047-I
Reporting Office	**Report Date**
Atlanta, GA	December 5, 2007
Report Subject	
Interim Report of Investigation	

SYNOPSIS

In October 2006, an investigation was initiated by the U. S. Department of the Interior Office of Inspector General (DOI-OIG) after being contacted by Detective [redacted], Lafayette Parrish Sheriff's Office, Lafayette, LA. Detective [redacted] was investigating allegations of a series of cyberstalking emails sent to [redacted] a resident of Lafayette, LA **(Attachment 1)**. The victim received one email that originated from a computer at the National Wetlands Research Center (NWRC), United States Geological Survey (USGS), Lafayette, Louisiana.

Special Agent [redacted] Computer Crimes Unit (CCU), DOI-OIG, conducted a review of publicly-available information on the Internet concerning the Internet Protocol (IP) address used to send one of the harassing emails. The network information for the IP address listed an organizational name of USGS.gov. Additionally, the IP address was associated with the NWRC. Further review of the NWRC revealed it was a USGS facility located in Lafayette, Louisiana. The computer that used the IP address was located in room 741 at the NWRC. The room was a private office belonging to [redacted], Facility Manager, NWRC, USGS.

On October 10, 2007, DOI-OIG agents and Lafayette Parrish Sheriff's Office deputies executed a Federal search warrant at [redacted] residence and one of his businesses. The agents seized documents, computer media, and numerous computer hard drives. The results of the investigation were forwarded for prosecution to Assistant United States Attorney [redacted], Western District of Louisiana.

BACKGROUND

On September 23, 2006, a Lafayette Parrish Sheriff's Deputy was dispatched to [redacted] residence. [redacted] informed the Deputy that she had been dating [redacted] for the past eight months **(Attachment 2)**. During that time, [redacted] and [redacted] had been intimate and the relationship was becoming serious until [redacted] learned that [redacted] was married with children.

Reporting Official/Title [redacted] / Special Agent	[redacted]
Approving Official/Title [redacted] / Special Agent in Charge	

Authentication Number: C5F3A319205103D19FF3C910485DC67D

OFFICE OF
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U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title Lawler, David A.	Case Number OI-CA-07-0424-I
Reporting Office Sacramento, CA	Report Date August 10, 2010
Report Subject Closing Report of Investigation	

On July 25, 2007, this office opened an investigation into allegations that David Lawler, former GS-12 Geologist and Abandoned Mine Lands Program Coordinator for the Sacramento, California office of the US Bureau of Land Management (BLM), had a conflict of interest between his private business, Lawler and Associates Geoscience, and his public position.

After investigation, this office determined that Lawler had filed false statements on his Office of Government Ethics Form 450s over a period of years, and had made false claims regarding his time and attendance (see the final Report of Investigation for more detail). This office recommended prosecution to the United States Attorney's Office in Sacramento, California.

On July 14, 2010, Lawler pled guilty to one count of 18 USC 1018, false statements in an official writing, for which he was sentenced to 12 months of probation, an assessment of $25.00, a fine of $3,750, and restitution to BLM for the amount of $16,838.80. Please see the attached order of Judgment and Commitment for further detail.

This investigation is now closed.

Reporting Official/Title Special Agent [redacted]	Signature
Approving Official/Title Special Agent in Charge [redacted]	Signature

Authentication Number: DCF63657DA2F032C8C43D020B8D86E34

OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

April 13, 2011

To: [redacted]
[redacted] Office of Natural Resource Revenue

From: [redacted]
[redacted] Energy Investigations Unit, Office of Inspector General

Subject: Referral – For Bureau Action as Deemed Appropriate
Response Required

Re: BP America Production Company
DOI-OIG, Case File No. OI-OG-09-0113-I

This office recently completed an investigation pertaining to allegations that BP Production America Company (BP) underpaid federal royalties for gas produced in the Jonah Field. We focused our investigation on the production volumes for the Corona Unit and the Cabrito Unit, two units in the Jonah Field. During the course of our investigation we found that production for these two units was taken in-kind beginning in 2007, so we narrowed our investigation to 2005 and 2006.

Our investigation found that BP and Encana improperly reported production on the Corona and Cabrito Units. The results of our investigation were discussed with the United States Attorney's Office (USAO), District of Colorado, Affirmative Civil Enforcement Office. It was determined that the investigation did not find any violations of the False Claims Act, and the USAO declined to pursue the matter further.

We are providing this report to you for your review. This report contains private company information considered to be proprietary and therefore must not be disseminated without first receiving written permission from this office. Upon completion of your review, please provide a written response with a completed Accountability Form (attached) **within 90 days** of the date of this memorandum, to Office of Inspector General, Office of Investigations, Attn: [redacted] 1849 C Street N.W., MS [redacted] Washington, D.C. 20240.

If you have any questions regarding this matter, please feel free to contact me at [redacted]

Attachments

1. ROI dated April 4, 2011
2. Accountability Form

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
BP AMERICA PRODUCTION COMPANY	OI-OG-09-0113-I
Reporting Office	**Report Date**
Lakewood, CO	April 4, 2011
Report Subject	
Final Report of Investigation	

SYNOPSIS

On December 1, 2008, this office initiated an investigation into allegations that BP America Production Company (BP) allegedly underpaid royalties owed to the federal government. [redacted], Office of Natural Resource Revenue (ONRR), alleged that BP incorrectly reported oil and gas production within the wrong properties, which resulted in a net underpayment of $7.9 million in federal mineral royalties. [redacted] stated that BP was notified of the reporting errors, and BP's reporting representative, [redacted], attributed the problems to BP's accounting system.

We focused our investigation on the production volumes for the Corona Unit and the Cabrito Unit, two units in the Jonah Field. During the course of our investigation we found that production for these two units was taken in-kind beginning in 2007, so we narrowed our investigation to 2005 and 2006.

As part of our investigation we interviewed government employees, BP employees, Encana employees, and other witnesses. Additionally, we reviewed records obtained from ONRR, the State of Wyoming Auditor's Office, and four IG subpoenas issued to BP, Williams Field Services (Williams), Texas Eastern Products Pipeline Company (TEPPCO), and Encana Corporation (Encana).

Our investigation found that BP and Encana improperly reported production on the Corona and Cabrito Units. The results of our investigation were discussed with the United States Attorney's Office, District of Colorado, Affirmative Civil Enforcement Office. It was determined that the investigation did not find any violations of the False Claims Act, and the USAO declined to pursue the matter further. This report will be referred to ONRR for consideration and administrative action as deemed appropriate.

Reporting Official/Title	Signature
[redacted], Special Agent	
Approving Official/Title	Signature
[redacted], Special Agent in Charge	

Authentication Number: C23696E6465493DAFE265E89F2BDBF14

BACKGROUND

Jonah Field is a large natural gas field in the Green River Basin in Sublette County, Wyoming. The field is approximately 32 miles south of Pinedale and 65 miles north of Rock Springs in southwestern Wyoming, and is estimated to contain 10.5 trillion cubic feet of natural gas. Managed by the Bureau of Land Management, the field has a productive area of 21,000 acres.

Jonah Field is known for being one of the largest on-shore natural gas discoveries in the United States. The major gas companies currently developing the field are the EnCana Corporation (Encana) and BP.

DETAILS OF INVESTIGATION

[redacted] alleged that BP incorrectly reported oil and gas production within the wrong properties, which resulted in a net underpayment of $7.9 million in federal mineral royalties (**Attachment 1**). [redacted] stated that BP was notified of the reporting errors, and BP's [redacted], [redacted], attributed the problems to BP's accounting system.

[redacted], [redacted], ONRR, was interviewed and told investigators that [redacted] compliance review team discovered significant under-reporting for agreement [redacted], this unit is referred to as the Corona Unit (**Attachments 2, 3, and 4**). [redacted] stated that the volume discrepancy was discovered through a comparison of gas volumes reported on Oil and Gas Operations Reports (OGORs) and Form 2014s, Report of Sales and Royalty Remittance (Form 2014). Both reports are submitted to ONRR. [redacted] said for purposes of the comparison [redacted] aggregated the volume for multiple (five) properties to determine if BP was under reporting volumes associated with property [redacted]. This aggregate review disclosed that BP did in fact under-report gas volumes by approximately 12 million, Million Metric British Thermal Units (MMBTU) on its Form 2014s. According to [redacted], this under-reporting amounts to approximately $8 million in underpaid royalties for all five properties. [redacted] suspected that some of the misreporting by BP is due to new development.

[redacted] explained that ONRR informed BP of the discovered misreporting and underpaid royalties. According to [redacted], [redacted] stated that BP did not owe ONRR any additional royalties. [redacted] also told ONRR that IBM submits reports to ONRR on behalf of BP. [redacted] explained that for property [redacted], [redacted] sent an email to ONRR in which [redacted] stated that BP's IBM group was making corrections, thus [redacted] believed that [redacted] admitted to BP's reporting errors.

We interviewed several auditors with the Wyoming Department of Audit, Mineral Audit Division (MAD) including [redacted]; [redacted]; [redacted]; and [redacted]. [redacted] team of MAD auditors is responsible for conducting field audits of BP (**Attachments 5 and 6**). [redacted] stated the production from the Jonah field goes to the OPAL gas plant (owned by [redacted]). [redacted] stated that Jonah Gas Gathering (JGG) moves all of the gas produced from the Jonah field.

[redacted] stated the Jonah oil field was first audited by MAD during the 2000 to 2002 time period. During the audit, BP told MAD auditors that the wells reviewed were not associated with the leases reviewed, which impacted the audit. [redacted] stated that BP under-reported in one area and over-reported (credits) in another area. Because of this problem, MAD auditors decided to audit the entire field during subsequent audits.

The team audited the Jonah field for the period January 2002 to December 2004. [redacted] described the reporting issues in the Jonah field as a mess. [redacted] explained that the Jonah audit finding amounted to $1.4 million in underpaid royalties, but BP amended its Form 2014 reports and corrected the problems identified by the auditors with the exception of approximately $45,000. [redacted] stated the original finding was over $5 million, but the auditors gave BP credit for all payments, including payments to the incorrect lease. In some instances BP paid on a lease basis as opposed to the required unit basis and BP paid royalties on units that were no longer active.

[redacted] stated that BP blamed the incorrect reporting on their system and "Tulsa." [redacted] stated that when MAD auditors report findings to BP, BP does not correct the problems across the board, it only addresses the findings for the properties and timeframe covered during the audit. As a result, the MAD auditors find the same problems in subsequent audits. [redacted] stated that if the problem is not discovered during an audit the problem goes uncorrected.

As part of our investigation, we interviewed [redacted], Encana, regarding Encana's reporting process for OGORs and Form 2014 reports (**Attachment 7&8**). [redacted] told investigators that on a monthly basis Encana receives a Jonah Gas Gathering Invoice and a "Producer Detail Information" report. The Producer Detail Information report is received from TEPPCO electronically in an Excel spreadsheet. The Producer Detail Information report provides the volume Encana received at the wellhead and the Gathering Statement shows the charge for gathering. The volume on the Producer Detail Information represents Encana's sales amount, because production from the Jonah field is sold at the wellhead. The "Total MCF" column and the "Total MMBTU" column are uploaded into Encana's accounting system, Excalibur.

Agent's Note: *An MCF is a unit of measure in the oil and gas industry representing 1,000 cubic feet of natural gas.*

Wellhead volumes are uploaded into Encana's Excalibur system through the gas control system which flows through to the production system. The Excalibur system calculates the British Thermal Unit (BTU). [redacted] said this BTU would not necessarily match the BTU reported on the OGOR B because the BTU is an average of all the wells on the lease. However, [redacted] said in Encana's system the BTU factor is reported on a well basis. The BTU factor is also found on the TEPPCO Producer Detail Information report. [redacted] said that the only information Encana employees manually enter onto an OGOR is oil transfers from one tank to another.

[redacted] explained that Encana performs production reporting on the Corona Unit and BP America Production Company (BP) performs production reporting for the Cabrito Unit. [redacted] said for a short period in August 2008, both Encana and BP were doing their own reporting on both the Corona and Cabrito Units. [redacted] said the ONRR system rejected OGORs because the system showed BP as the operator of some the wells on both units and Encana as the operator of some of the wells on both units.

According to [redacted], Encana pays royalties for wells it operates in the Corona Unit and Cabrito Unit. [redacted] said that Encana cannot verify that BP is reporting and paying its share of federal royalties. [redacted] said Encana can verify the production volume that BP reports on the Cabrito Unit using the TEPPCO Producer Detail Information report.

We interviewed several employees from BP (**Attachment 9**). [redacted], described the physical set-up of BP's Jonah Gas Field Operations. According to

[redacted], all BP's Jonah production is comingled in the Jonah Gas Gathering System (JGGS) and is processed at the [redacted] owned Opal Plant or the Enterprise owned Pioneer Plant.

[redacted] said each well has a three-phase meter. Production flows through a separator where water and condensate are separated from the gas stream. The gas then flows to a custody transfer meter that is owned by TEPPCO. TEPPCO produces a volume statement. In 2006, monthly well tests were performed to determine what portion of production to allocate to each well. Well tests are performed by BP field staff.

[redacted], explained how BP receives information from third parties and enters it into the BP accounting system. BP receives production information from third parties.

- JGGS provides a paper and electronic (PDF file) of well production information.
- The Opal Plant provides an electronic statement of volume at the tail end of the plant. NGLs are allocated based on well production.
- The Pioneer Plant provides a paper statement of the volume at the tail end of the plant.
- Silver Eagle provides a run ticket showing the amount of condensate trucked off the lease.

[redacted] explained that the JGGS Gathering Statement shows production by meter number. BP creates a cross reference to the meter number and the delivery network. The information from the Silver Eagle run ticket is manually entered into the EC system by BP field personnel, and then that information is automatically sent from the EC system to the PRA system (the PRA system is not a SAP system.) BP inputs information from the JGGS statement into an Excel spreadsheet and then it is saved into a file format that PRA can read. Every month, the production information is uploaded into SAP. There are a variety of checks that are run each month to make sure that the upload matches the third party documentation. BP keeps the Excel spreadsheets, consistent with retention policy, which is a minimum of six years.

For the Corona Unit, Encana takes its share of production in-kind and BP pays ONRR its [redacted] percent royalty. For example, the ownership interest for Corona meter [redacted] is:

- BP – [redacted]
- ONRR – [redacted]
- Encana – [redacted]

For Cabrito, ONRR has a [redacted] percent ownership interest. Cabrito is operated by BP and Encana pays ONRR based on the acreage that Encana contributed to the unit. BP pays on the acres that BP contributed. So BP pays ONRR [redacted] percent of the [redacted] percent royalty, and Encana pays the remainder.

We interviewed [redacted], and [redacted], ONRR Asset Sales and Accounting Division, formerly the Royalty in Kind Division **(Attachment 10)**. [redacted] said that ONRR has taken the production in-kind from the Corona and Cabrito Units of the Jonah field since January 1, 2007. [redacted] said that when production is taken in-kind, OGORs are filed by the operator under the same rules that apply to in-value OGOR reporting. [redacted] said that when the government takes its production in-kind, then RIK employees, as opposed to the reporter or payor for the lease, complete the Form 2014s.

Record Review

As part of our investigation, we subpoenaed records from TEPPCO, BP, Encana, and Williams Field Services (**Attachments 11, 12, 13, and 14**). Additionally, we downloaded Form 2014 and OGOR information from the ONRR Data Warehouse (**Attachments 15 and 16**).

[redacted], Beatty & Wozniak, P.C., who represents BP America Production Company, provided crosswalks showing which meter numbers on the invoices correspond to the Corona and Cabrito Units in the Jonah Field. [redacted] used the December 2006 production month when creating the crosswalks. Additionally, Encana provided crosswalks for wells it had a working interest in.

Using these crosswalks, we compiled production volumes listed in the "Wellhead MCF" column for the Corona and Cabrito Units. The gathering invoice volumes were compared to the volumes reported on the OGORs and 2014s. The table below shows the results of the comparison (See Attachments 15 and 16).

	OGOR B Volume	2014 Volume	JGGS Volume	Diff between 2014 & JGGS	Variance %
Cabrito	138,006,530	52,248,849	53,314,071	(1,065,222)	2.00%
Corona	47,209,706	47,406,347	45,086,086	(2,320,261)	4.89%

Agent's Note: *A variance under five percent between production statements and Form 2014s typically results from shrinkage and conversion factors used to convert processed gas and natural gas liquids, back to an unprocessed gas volume.*

Based on the comparison, the volumes reported on the Form 2014 reports for the Cabrito Unit were not under-reported (See Attachment 15). However, we noted a large variance between OGOR B volume and Form 2014 volume. We contacted [redacted] regarding this variance. [redacted] explained that BP reported production on inactive leases, therefore, the LDS system allocated the production volumes to active leases. However, because of a system error, the production reporting remained on the inactive leases as well, creating a large over-reporting in volume on the OGORs.

For the Corona Unit, a larger volume was reported on both the OGORs and Form 2014s than was shown on the JGGS gathering invoices (See Attachment 16). Based on our review, we determined that the OGORs contained wells that were not included in the crosswalks provided by Sumner or Encana. The table below shows wells that were reported as production on the Corona Unit OGOR A that were not included on the crosswalk or in the Jonah Gas Gathering invoice volume compilation.

Operator Well Number	Company Name	OGOR A Gas Production (mcf)
17-19	ENCANA OIL & GAS (USA) INC	17,734
31-19	ENCANA OIL & GAS (USA) INC	70,655
31-31	ENCANA OIL & GAS (USA) INC	13,382
32-31	ENCANA OIL & GAS (USA) INC	321,114
33-31	ENCANA OIL & GAS (USA) INC	1,030

Operator Well Number	Company Name	OGOR A Gas Production (mcf)
34-19	ENCANA OIL & GAS (USA) INC	81,525
47-19	ENCANA OIL & GAS (USA) INC	176,096
48-19	ENCANA OIL & GAS (USA) INC	107,596
CORONA 33-31	BP AMERICA PRODUCTION COMPANY	1,464
CORONA UNIT 18-	BP AMERICA PRODUCTION COMPANY	2,005,763
Grand Total		**2,796,359**

According to [redacted], only Encana should be reporting production on OGORs for the Corona Unit. The table above shows that BP reported over two million mcf of gas on the Corona Unit OGOR A.

SUBJECT(S)

BP America Production Company
501 Westlake Park Blvd
Houston, TX 77079

Encana Oil and Gas
370 17th St.
Denver, CO 80202

DISPOSITION

Our investigation found that BP and Encana improperly reported production on the Corona and Cabrito Units. The results of our investigation were discussed with the United States Attorney's Office, District of Colorado, Affirmative Civil Enforcement Office. It was determined that the investigation did not find any violations of the False Claims Act, and the USAO declined to pursue the matter further. This report will be referred to ONRR for consideration and administrative action as deemed appropriate.

ATTACHMENTS

1. IAR – Case Initiation Report on December 2, 2008
2. IAR – Interview of [redacted] on December 3, 2008
3. IAR – Interview of [redacted] on January 12, 2009
4. IAR – Interview of [redacted] on October 6, 2009
5. IAR – Interview of MAD auditors on January 13, 2009
6. IAR – Interview of MAD auditors on February 11, 2009
7. IAR – Interview of [redacted] on February 25, 2010
8. IAR – Interview of [redacted] on February 9, 2011
9. IAR – Interview of BP employees on April 12, 2010
10. IAR – Interview of [redacted] and [redacted] on September 9, 2009
11. IAR – BP Subpoena Service on October 23, 2009
12. IAR – Encana Subpoena Service on October 21, 2009
13. IAR – Williams Subpoena Service on November 3, 2009
14. IAR – TEPPCO Subpoena Service on October 27, 2009
15. IAR - Cabrito Sales/Production Comparison on November 11, 2010
16. IAR – Corona Sales/Production Comparison on March 28, 2011

United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

DEC 2 9 2009

Memorandum

To: Robert Abbey
Director, Bureau of Land Management (BLM)

From: John Dupuy
Assistant Inspector General for Investigations

Subject: Referral – For Bureau Action as Deemed Appropriate – Response Required

Re: BLM Utah Lease Sale
DOI-OIG Case File No. OI-OG-09-0173-I

This memorandum transmits the results of the Office of Inspector General investigation into allegations that BLM employees were pressured to complete Resource Management Plans (RMP) and rushed to include parcels from the deferred lands list in the December 19, 2008 lease sale by the BLM Utah State Office before a change in White House administration.

Our investigation found no evidence to support the allegation that undue pressure was exerted on BLM personnel to complete the RMPs so that previously deferred lease parcels could be included in the lease sale prior to a change in White House administration. We determined, however, that BLM contributed to the perception that the lease sale was rushed when BLM failed to provide advance notice to the National Park Service (NPS) of a revised parcel list, refused to place parcels identified by the NPS back on the deferred list to allow further review of their eligibility for leasing and announced the lease sale on Election Day.

This matter is being referred to you for your review and action as deemed appropriate. Please read the protective markings in the ROI, and upon completion of your review, please provide a written response with a completed Accountability Form (attached), **within 90 days** of the date of this memorandum, and mail it to the Office of Inspector General, Office of Investigations, Attn: [redacted] 1949 C Street N.W., MS 4428, Washington, DC 20240.

If you have any questions regarding this matter, please contact me at (202) 208-5351.

Attachments

United States Department of the Interior
Office of Inspector General

REPORT OF INVESTIGATION

Case Title	Case Number
BLM Utah Lease Sale	**OI-OG-09-0173-I**
Reporting Office	**Report Date**
Lakewood, CO	**December 29, 2009**
Report Subject	
Report of Investigation	

SYNOPSIS

We initiated this investigation to address allegations that Bureau of Land Management (BLM) employees were pressured to complete Resource Management Plans (RMP) and rushed to include previously deferred parcels in the December 19, 2008 oil and gas lease sale prior to a change of Administration. During the course of our investigation, a confidential witness specifically identified [redacted] as the official who pressured BLM employees to complete the RMPs and include previously deferred lease parcels in the December 2008 sale.

We interviewed current and former BLM employees as well as National Park Service (NPS) employees concerning BLM's lease sale process and the details of the December 2008 lease sale. We also obtained and reviewed documentation and correspondence relating to the administration of the lease sale and analyzed emails of senior BLM management personnel.

Our investigation found no evidence to support the allegation that undue pressure was exerted on BLM personnel to complete the RMPs before the December 2008 sale or to include previously deferred parcels in the lease sale prior to a change in the Administration.

Our investigation did reveal that BLM contributed to the perception that the sale was rushed prior to a change in White House administration because: BLM failed to provide advance notice to NPS of the revised sale list containing proposed lease parcels in close proximity to National Parks; BLM refused to defer the parcels identified by NPS prior to the list being posted for sale; and BLM announced the December 2008 sale on November 4, 2008, Election Day.

Reporting Official/Title	Signature
[redacted] Special Agent	
Approving Official/Title	Signature
[redacted] /Special Agent in Charge	

Authentication Number: 7E4B707A786B4A37762CF98FC91F6F58

BACKGROUND

The BLM's oil and gas lease sale process is governed by the Minerals Leasing Act (MLA) of 1920 and the Federal Onshore Oil and Gas Reform Leasing Act of 1987. According to these regulations:

- Oil and gas lease sales shall be conducted by oral bidding.
- Lease sales shall be held at least quarterly for each state where eligible lands are available.
- The Secretary shall accept the highest bid from a responsible qualified bidder that is equal to or greater than the minimum acceptable bid.
- Leases shall be issued within 60 days following payment by the successful bidder of the remainder of the bonus and the annual rental for the first lease year.

Regulations governing bidder qualifications are codified in 43 C.F.R. § 3102. According to those regulations, leases or interests therein may be acquired and held only by citizens of the United States; associations (including partnerships and trusts) of such citizens; corporations organized under the laws of the United States or of any State or Territory thereof; and municipalities. Leases shall not be acquired or held by anyone considered a minor under the laws of the state in which the lands are located.

On December 19, 2008, Timothy DeChristopher attended the oil and gas lease sale at the BLM USO located in Salt Lake City, UT. A BLM Special Agent attending the sale noticed that DeChristopher appeared to be bidding up the prices of certain oil and gas leases and later began winning oil and gas leases.

DeChristopher told BLM agents he was part of a bigger environmental movement and believed the only way to make a statement was through illegal means. According to DeChristopher, he initially intended to cause a disturbance at the auction, but instead decided to drive up the bid amounts which caused bidders to leave the auction. DeChristopher bid on and won parcels totaling about $1.7 million at the oil and gas lease sale. He subsequently told BLM agents he was unemployed and did not intend to pay for the parcels he successfully bid on.

BLM referred their investigative findings to the U.S. Attorney's Office for the District of Utah. On April 1, 2009, a Utah Federal Grand Jury charged DeChristopher with one count of 18 U.S.C. § 1001, False Statements and one count of 30 U.S.C. § 195(a)(1), violation of the Federal Onshore Oil and Gas Leasing Reform Act. DeChristopher's trial is scheduled for March 15, 2010.

The public attention and scrutiny of these events resulted in this office's investigation concerning allegations that BLM employees were pressured to complete RMPs and rushed to include parcels from the deferred lands list in the December 2008 sale prior to a change in White House administration.

Agent's Note: *The deferred lands list includes parcels nominated for sale but deferred pending the receipt of additional information, such as an Environmental Assessment (EA). Many parcels were placed on the deferred lands list until the new RMPs were completed since EAs are part of the RMP process.*

DETAILS OF INVESTIGATION

December 2008 Oil and Gas Lease Sale Process

We initiated this investigation to address allegations that BLM employees were pressured to complete RMPs and rushed to include parcels from the deferred lands list in the December 2008 sale prior to a change in the Administration.

In reviewing the sale process, we determined the BLM USO established a team of employees who worked on the December 2008 oil and gas lease sale. The members of the lease sale team - [redacted] - were interviewed concerning BLM's lease sale process and more specifically about the details of the December 2008 lease sale.

[redacted] Biologist, said she began working on the December 2008 lease sale by assisting in the preparation of an environmental assessment (EA) for the BLM Fillmore Field Office (**Attachment 1**). After the notice of proposed parcels available for lease was published [redacted] began reviewing the parcels to ensure that all biological stipulations were identified. [redacted] said it was her understanding that the lease sale date was moved from November 2008 to December 2008 so that BLM could try to complete the EA for the Fillmore Field Office prior to the sale. She said the EA was not completed in time, so BLM did not offer any Fillmore Field Office parcels in the December 2008 lease sale.

[redacted] Archaeologist, said she was responsible for reviewing the cultural resource component of parcels proposed for oil and gas leasing and ensuring BLM USO field offices comply with the National Historic Preservation Act (NHPA) and consult with Native American tribes and the State Historic Preservation Officer (SHPO) (**Attachment 2**). [redacted] explained that after potential parcels are identified for sale, the field offices have five to six weeks to review their RMPs and complete decisions of National Environmental Policy Act (NEPA) adequacy and identify lease stipulations for parcels proposed for oil and gas leasing. [redacted] said cultural stipulations were issued for the parcels offered in the December 2008 oil and gas lease sale. Additionally, [redacted] found all the decisions of NEPA adequacy to be sufficient for the oil and gas lease sale.

[redacted], said the December 2008 BLM USO oil and gas lease sale followed normal procedures (**Attachment 3**). She said new RMPs were completed before the sale and numerous parcels from the deferred lands list were placed on the proposed sale list. She told investigators the sale was moved from the originally scheduled date in November 2008 to December 2008 to allow for additional preparation time using the new RMPs. December 19, 2008 was selected as the sale date, and since parcels proposed for sale must be posted 45 days prior to the sale, the parcels were posted on November 4, 2008.

[redacted], said that he reviews parcels nominated for oil and gas lease sale to determine which special designations apply to each parcel. These special designations include [redacted] Study Areas, Wild and Scenic Rivers, Areas of Critical Environmental Concern, Visual Resource Management and recreation (**Attachment 4**). He said the December 2008 lease sale was originally scheduled for November 2008 but was postponed by BLM so they could complete an environmental assessment for some geothermal leases that were offered at the sale.

According to [redacted] Deputy State Director, Lands and Minerals, BLM USO, BLM normally consults with NPS about parcels proposed for sale. In this instance, however, [redacted]

[redacted] did not send the proposed parcels added from the deferred lands list to NPS for review and comment (**Attachment 5**). [redacted] told investigators this was an unintentional oversight on [redacted] part.

When interviewed, [redacted] said after the parcels from the deferred lands list were added to the proposed sale list, she forgot to send the revised list to NPS (**Attachment 6**). [redacted] denied she was directed not to send a copy of the list to NPS and added that it was a mistake. She explained this was the first time she was required to generate a revised proposed sale list.

[redacted] told us that around October 31, 2008, she became aware NPS did not receive the revised proposed sale list, which included parcels from the deferred lands list (**Attachment 7**). [redacted] said she received a call on Tuesday, November 4, 2008, from [redacted] Intermountain Region, NPS, who told her he wanted BLM to defer 40 parcels that were on the proposed sale list. [redacted] added that around November 5, 2008, articles started appearing in the media regarding the parcels NPS had concerns about. She characterized NPS' comments in the articles as inaccurate and "vicious."

[redacted] also said that BLM agreed to meet with NPS to discuss their concerns. Eventually, the list of parcels NPS had concerns with grew from 40 to 93. [redacted] said NPS received everything they requested in regard to the 93 parcels. This included additional stipulations for some parcels and the deferral of others. She said NPS subsequently agreed on every parcel included in the December 2008 sale.

[redacted], NPS, stated he first became involved in the Utah BLM oil and gas leasing process through a 1993 memorandum of understanding (MOU) between BLM and NPS governing BLM's notification to NPS concerning oil and gas lease sales (**Attachment 8**). [redacted] confirmed that the MOU had expired, but that BLM and NPS had continued to abide by its terms until the December 2008 sale.

[redacted] told us this sale was initially scheduled for November 2008, and in accordance with the terms of the MOU, BLM provided NPS with preliminary notification of the lease sale parcels in August 2008. [redacted] recalled that in late October 2008, he received information that the BLM added parcels to the November lease sale that were in close proximity to several National Parks located in Utah. [redacted] contacted [redacted] Deputy State Director, Natural Resources, BLM USO, and scheduled a meeting the following morning with [redacted] and [redacted] During the meeting, [redacted] and [redacted] confirmed parcels were being added to the sale. Moreover, [redacted] and [redacted] examined maps containing the proposed lease parcels around Canyonlands and Arches National Parks. According to [redacted] the maps revealed there were newly added lease parcels surrounding the two parks. [redacted] understood all of the newly added parcels had been previously deferred by BLM, but were resurrected with the implementation of new RMPs. [redacted] told [redacted] the addition of the new parcels was a problem because of their proximity to the parks, and because BLM had not provided any preliminary notification to NPS about the new parcels or their location. [redacted] further advised the parks were going to have extraordinary concerns about the added lease parcels and would want to provide comments to BLM. BLM provided [redacted] with the parcels' identifying information and maps, which he forwarded to the affected parks' superintendents.

[redacted] confirmed with us that the normal protocol between NPS and BLM governing lease sales involved coordination between [redacted] and [redacted] (**Attachment 9**). [redacted] recalled that in late October 2008, he was contacted by [redacted] concerning some parcels that BLM proposed to include in their December 2008 lease sale. [redacted] inquired whether BLM added a number of new parcels to be included

in their upcoming quarterly oil and gas lease sale. [redacted] suggested that [redacted] come to the BLM offices the following day to discuss the matter. [redacted] recalled he met with [redacted] and [redacted] the next day, and after preliminary discussions, [redacted] left the meeting. [redacted] and [redacted] then met with [redacted] who provided more detailed information concerning the newly proposed lease sale parcels.

[redacted] confirmed he later met with [redacted] Associate Utah State Director, BLM, after [redacted] visit and informed him about the meeting with [redacted] [redacted] explained to [redacted] that [redacted] was concerned because BLM had not notified NPS that parcels in close proximity to national parks were added to the lease sale. [redacted] stated he did not express any personal concerns that he or any other BLM employee had about the sale; he was simply reporting NPS' concerns to [redacted]

[redacted] confirmed that during [redacted] meeting with [redacted] and [redacted] and [redacted] discovered BLM had not provided advance notice to NPS about additional lease parcels BLM proposed to include in the December 2008 lease sale (**Attachments 10 and 11**). [redacted] acknowledged that either [redacted] or [redacted] had notified him of NPS' concerns after their meeting with [redacted] but he did not recall specifically meeting with either of them. [redacted] stated it became apparent to BLM following their meeting with [redacted] that a mistake had been made concerning the lack of advance notification to NPS.

[redacted] said that in early August 2008, BLM provided advance notice to NPS about proposed parcels to be included in their upcoming quarterly oil and gas lease sale. The advance notice included parcel descriptions and maps that indicated each parcel's location. [redacted] stated that in September 2008, a revised list of proposed parcels was prepared that included a number of parcels in close proximity to national parks. The revised list was prepared because RMPs for Utah were going to be approved prior to the rescheduled December 2008 lease sale. Established RMP guidelines allowed previously deferred parcels to be included in the sale. [redacted] confirmed BLM inadvertently failed to provide NPS with advance notice of the revised parcel list. He said that no one in his office was directed not to send the list to NPS and that it was just an error. [redacted] added that because of this error, the USO has implemented a mailing checklist as a part of their lease sale process to ensure that all parties are notified in the future.

According to [redacted] NPS conducted an expedited review of the added parcels when they received a copy of the revised list from BLM (See Attachment 8). NPS identified specific concerns about the newly added parcels and requested they be deferred and not included in the lease posting. BLM denied the referral request, and the parcels were advertised on November 4, 2008 for inclusion in the December 2008 lease sale.

According to [redacted] BLM decided not to defer the parcels prior to the sale's posting because the parcels had been selected utilizing the criteria established by newly implemented RMPs (See Attachment 5). In addition, BLM maintained that NPS would get the opportunity to provide input concerning deferrals during the 30-day protest period following BLM's posting of the proposed sale parcels.

According to [redacted] supervisor of the USO lease sale team, the team screened the proposed lease parcels against RMPs to ensure they were available for leasing, and a list of the nominated parcels was created and forwarded to the field offices for further review (See Attachment 3). The USO subsequently posted the list of proposed parcels to be offered for lease, and there was a 30-day protest period that followed. [redacted] said BLM receives protests on about 70-100 percent of parcels proposed for leasing. These protests are reviewed, and leasing decisions are issued one week prior to the sale date.

[redacted] NPS Regional Director, Intermountain Region, recalled that on November 3, 2008, he was notified BLM had added a number of parcels to their upcoming oil and gas lease sale located in close proximity to national parks in Utah (**Attachment 12**). [redacted] stated he contacted [redacted] and told her NPS became aware of the changes to BLM's oil and gas sale on October 31, 2008. He reminded her of past conversations and agreements concerning coordination and cooperation between BLM and NPS. [redacted] recalled [redacted] told him NPS participated in the development of BLM's RMPs and suggested that [redacted] did not understand the lease process. In response, [redacted] told [redacted] he had been involved with the BLM lease process in the past and expressed concern that BLM had not followed established procedures governing their notification to NPS of proposed lease parcels located in close proximity to park lands.

[redacted] suggested to [redacted] that both BLM and NPS do some internal fact-finding and discuss concerns about the sale. [redacted] said he felt it was important for both agencies to speak with one voice as the Department of the Interior; he told [redacted] however, if BLM did not defer the newly added parcels, he would be forced to oppose the sale. According to [redacted] [redacted] told him to do what he felt necessary because she had approval from the Assistant Secretary's office to go forward with the sale.

[redacted] recalled participating in a conference call with Stephen Allred, Assistant Secretary for Land and Minerals Management, on November 17, 2008, during which BLM and NPS personnel agreed to work together at the field level to resolve NPS' concerns about the proposed parcels. [redacted] stated that staff from BLM and NPS met and established a satisfactory compromise on the lease sale. He also said BLM agreed to defer a number of the proposed parcels from the December 2008 sale, and NPS conditionally withdrew their objections to a number of parcels. [redacted] explained that the conditions included the addition of some protective stipulations and the development of a process for consultation before BLM made any modifications, exceptions or waivers to leases.

[redacted] similarly recalled being directed by [redacted] to get all BLM district managers together on a conference call and instruct them to immediately discuss every new parcel on the revised list that affected a National Park with their respective park superintendents (See Attachment 11). The meetings at the field level eventually led to a November 24, 2008 meeting between [redacted] and other NPS and BLM personnel. This meeting resulted in a consensus between BLM and NPS concerning what parcels would be deferred from the lease sale and what stipulations and conditions would be placed on included parcels.

[redacted] then BLM Deputy Director for Operations, told us he was involved in discussions at the Secretary's office involving the NPS Director and the BLM Director that set the tone for the NPS Regional Director and the BLM State Director to engage in negotiations to resolve their differences concerning the lease sale (**Attachment 13**). [redacted] was subsequently involved in conference calls involving [redacted] and [redacted], NPS Deputy Director, during which they discussed NPS' concerns about BLM's process of selecting parcels for the lease sale and ways to resolve those concerns. [redacted] told us that BLM district managers and NPS park superintendents held meetings in Utah, and each parcel located in close proximity to NPS lands was evaluated prior to inclusion in the lease sale. [redacted] stated BLM and NPS negotiated an amicable solution, and BLM ultimately deferred more than half of the parcels from the sale.

Allegations the Utah State Office was Pressured to Complete the RMPs and Lease Sale

In their interviews, none of the USO lease sale team members said they felt pressured to complete the sale before a change in the Administration. Furthermore, none of the members said they felt the sale was rushed or that it was characterized properly by the media and environmentalists as a fire sale.

[redacted] and [redacted] both commented that BLM is required by law to hold a quarterly lease sale (See Attachments 4 and 5). [redacted] also stated there was no way BLM would issue any leases from the December 2008 sale prior to the change in administration because any protests must be resolved first.

Agent's Note: *All of the leases at the December 2008 sale were protested and will not be issued until the protests are resolved.*

After we interviewed the members of the lease sale team, a confidential witness (CW) reported that [redacted] pressured employees to include parcels from the deferred lands list in the December 2008 sale that should not have been offered (**Attachment 14**). The CW felt BLM was pressured to complete RMPs prior to a change in the Administration and opined that the new RMPs are not as protective as the old RMPs. The CW felt the pressure came through [redacted] from [redacted] The CW offered no evidence beyond an opinion to support these allegations and did not specifically identify any USO employee who had allegedly pressured by [redacted] Moreover, the CW was unaware of any policies or regulations [redacted] may have violated.

When interviewed, [redacted] said she became the [redacted] (See Attachment 7). At that time, the preparation of six RMPs had already begun in the state of Utah. [redacted] explained RMPs guide decisions for leasing and other resource allocations. She was not involved in most of the decisions concerning the RMPs because preparation for the RMPs started in 2001 and 2002.

[redacted] stated the new Utah RMPs were more restrictive than the prior resource allocation plans because more lands were closed to oil and gas leasing. [redacted] also said 1.5 million acres of land previously open to standard leasing became leasable contingent upon moderate or major constraints under the new regulations.

[redacted] said the new RMPs were not driven by politics, and there was never any pressure to finish the RMPs before a change in the Administration. She also said there was never a mandate for completion of the RMPs, but she attempted to meet a self-imposed deadline to complete the RMPs by June 2008; [redacted] said BLM missed this deadline and the RMPs were not completed until October 31, 2008.

[redacted] said neither [redacted] nor [redacted], BLM Director, were involved in the decision to include deferred lands in the December 2008 sale or the decision to postpone the sale from November 2008 to December 2008. Moreover, [redacted] said the first discussion she had with [redacted] regarding RMPs and the lease sale was when she received a call from [redacted] on November 6, 2008, to discuss NPS' concerns.

[redacted] asserted that she was not directed to offer parcels from the deferred lands list at the December 2008 oil and gas lease sale, and she was not pressured to offer lands from the deferred lands list for oil and gas leasing prior to a change in White House administration. In addition, [redacted] said she never notified BLM personnel which parcels from the deferred lands list should be included in the December 2008 oil and gas lease sale.

According to [redacted] did not express any reluctance to include lands from the deferred lands list in the sale or any concern BLM would not have time to properly screen the parcels prior to offering them in the lease sale. Furthermore, [redacted] said [redacted] never told her that any of his staff or the field office staff was reluctant to offer the parcels from the deferred lands list in the sale. [redacted] said none of the decisions for leasing the parcels included in the December 2008 lease sale were inappropriate or illegal.

[redacted] confirmed that BLM had been working on the development of the Utah RMPs for several years and completed them just prior to the December 2008 oil and gas lease sale (See Attachment 8). In addition, [redacted] agreed with [redacted] assessment that the current RMPs offer more protections than past management plans, and there are more lands closed to leasing now than there were prior to the implementation of the current RMPs. [redacted] opined, however, that the deadline imposed on the RMPs completion definitely had a negative effect on the quality of the BLM's land classifications and ultimately the RMPs.

[redacted] stated that [redacted] clearly imposed October 2008 as the completion date for the RMPs, but he could not recall [redacted] stating the RMPs needed to be completed prior to the change in White House Administration.

[redacted] advised that although there were a number of controversial issues related to the December 2008 lease sale, such as failure to timely notify NPS and improper implementation of the new RMPs, there was nothing wrongful about how the lease sale was conducted (See Attachment 9).

[redacted] confirmed that neither [redacted] nor [redacted] expressed any personal concerns to him about the December 2008 lease sale. In addition, [redacted] stated he was not pressured by anyone to include the additional parcels proposed for the December 2008 oil and gas lease sale. [redacted] also said that that there was no pressure placed on BLM to complete the RMPs or to include parcels from the deferred lands list in the December 2008 lease sale before a change in the White House Administration (See Attachments 10 and 11).

[redacted] told us that no one from the BLM USO expressed any concerns that the December 2008 lease sale was rushed or conducted improperly (See Attachment 13). [redacted] added that he did not instruct anyone to rush the sale or take shortcuts to facilitate the sale. [redacted] stated that to his knowledge, the sale was conducted in accordance with applicable regulations.

[redacted] confirmed that his first conversation with [redacted] concerning the December 2008 Utah oil and gas lease sale occurred following the appearance of a New York Times newspaper article. The article expressed NPS' concerns relating to previously deferred parcels that were proposed to be included in the BLM lease sale. [redacted] stated that he did not have any conversations with [redacted] about the conduct of the lease sale, or the parcels to be included in the lease sale, until after the sale was advertised, and the newspaper article was published. [redacted] noted that although BLM had historically provided advance notification to NPS about BLM oil and gas lease sales, the newly approved RMPs established the criteria that determined which parcels were eligible for inclusion in the lease sale. [redacted] added that NPS reviewed the RMPs prior to final approval and implementation.

[redacted] stated that he was unaware of any nexus between the completion of BLM's Utah RMPs, the December 2008 lease sale, and the November 2008 Presidential election. [redacted] advised the completion dates of the RMPs were rescheduled many times. [redacted] stated his only conversations with [redacted] and the Utah BLM staff were regarding the RMPs and addressed completing the RMPs.

[redacted] explained BLM spent millions of dollars and took eight years to complete the RMPs. [redacted] stated he never had a conversation with anyone that insinuated the completion of RMPs was connected with the 2008 election.

[redacted] said that as Deputy Director for Operations, one of his responsibilities was to complete performance evaluations for the state directors. [redacted] said he evaluated [redacted] progress in completing the Utah RMPs and acknowledged she may have felt pressure to complete them. [redacted] stated he never instructed [redacted] to finish the RMPs before the change in Administration or so that parcels could be included in the December 2008 lease sale.

[redacted] opined that BLM rushed to complete the December 2008 oil and gas lease sale (See Attachment 12). He stated that in addition to the lease sale being advertised within days of the Utah RMPs being signed, BLM's initial sale maps were incorrect, and BLM management was unaware of the added lease parcels' proximity to park lands.

We reviewed emails of [redacted] and [redacted] (**Attachment 15**), and identified approximately 200 emails pertaining to the BLM Utah State Office's December 2008 oil and gas sale and the corresponding RMPs. Our review of the emails found no evidence to indicate that [redacted] or [redacted] exerted any undue pressure to complete the December 2008 oil and gas lease sale prior to the change in White House Administration. Moreover, the emails confirmed that updating the RMPs had been an ongoing process for over seven years and that [redacted] set June 2008 as the initial target deadline for completion.

SUBJECT(S)

[redacted]
Salt Lake City, Utah 84101
Phone: [redacted]

DISPOSITION

On April 1, 2009, DeChristopher was charged by a Federal Grand Jury, United States District Court, District of Utah, with one count of 18 U.S.C. § 1001, False Statements and one count of 30 U.S.C. § 195(a)(1), Violation of Federal Onshore Oil and Gas Leasing Reform Act. DeChristopher's trial has been scheduled for March 15, 2010.

This report will be referred to the USAO, Salt Lake City, UT and the Director, BLM for action deemed appropriate.

ATTACHMENTS

1. IAR-Interview of [redacted] dated January 27, 2009.
2. IAR-Interview of [redacted] dated January 27, 2009.
3. IAR-Interview of [redacted] dated January 27, 2009.
4. IAR-Interview of [redacted] dated January 27, 2009.
5. IAR-Interview of [redacted] dated January 27, 2009.
6. IAR-Interview of [redacted] dated January 27, 2009.
7. IAR-Interview of [redacted] dated March 12, 2009.

8. IAR-Interview of [redacted] dated June 8, 2009.
9. IAR-Interview of [redacted] dated July 15, 2009.
10. IAR-Interview of [redacted] dated March 9, 2009.
11. IAR-Interview of [redacted] dated July 15, 2009.
12. IAR-Interview of [redacted] dated June 4, 2009.
13. IAR-Interview of [redacted] dated July 16, 2009.
14. IAR-Interview of a Confidential Witness dated March 6, 2009.
15. IAR- Document Review of Bureau of Land Management email dated June 4, 2009.

OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

NOV - 1 2010

Memorandum

To: Jonathan Jarvis
Director, National Park Service

Attn: [redacted]
Human Resources Specialist, Labor and Employee Relations

From: [redacted]
Special Agent-In-Charge

Subject: **Referral – Bureau Action as Deemed Appropriate**
For Informational Purposes – No Response Required

Re: Hawaii State Historic Preservation Division; OIG Case Number OI-HI-09-0300-I

My office recently completed an investigation involving allegations of bribery related to programs receiving federal funds and the misuse of federal funds by [redacted], State Historic Preservation Division, Department of Land and Natural Resources, State of Hawaii.

Although our investigation revealed an appearance of possible conflict by [redacted] and a real estate developer, the allegations could not be substantiated. As a result, the U.S. Attorney's Office declined prosecution.

The attached Report of Investigation (ROI) is provided for your understanding of our investigation and the NPS related issues. Please read the disclosure warning sheet and follow the directions therein. The ROI is to be returned to us upon completion of your review. Additionally, if you take any action regarding this matter, you must include a written response detailing your actions within 90 days of the date of this memorandum.

My office considers this investigation closed. If you have any questions regarding this matter, please contact me at (916) 978-5630.

Attachment

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title Hawaii State Historic Preservation Division	Case Number OI-HI-09-0300-I
Reporting Office Honolulu, Hawaii	Report Date September 27, 2010
Report Subject Investigation Complete – Closing Report	

SYNOPSIS

An investigation of [redacted] State Historic Preservation Division, Department of Land and Natural Resources, State of Hawaii, was initiated after OIG received allegations of misuse of federal funds and bribery concerning programs receiving federal funds by [redacted] Although the investigation revealed an appearance of possible conflict by [redacted] and a real estate developer, the allegations could not be substantiated. As a result, the U.S. Attorney's Office declined prosecution. This case in now closed.

BACKGROUND

Hawaii State Historic Preservation Division

The State Historic Preservation Division (SHPD), Department of Land and Natural Resources (DLNR), State of Hawaii, is responsible for implementing the National Historic Preservation Act of 1966 and supports other laws pertaining to historic and cultural preservation in the islands. It is supported with grants from the NPS as it receives over $500,000 annually from the NPS's Historical Preservation Fund and other programs. [redacted] ([redacted] is the [redacted] of the SHPD. Her office is located in [redacted] on the Island of Oahu. Prior to being promoted [redacted] [redacted] served as [redacted] for the [redacted].

Reporting Official/Title [redacted], Special Agent	Signature
Approving Official/Title	Signature

Authentication Number: BFE0A76D7B1848DB554EB879A0FFFD5D

DETAILS OF INVESTIGATION

Receipt of Complaint

NPS officials reported possible fraud, waste and abuse by [redacted], NPS, worked closely with the SHPD and [redacted] and reported that [redacted] Financial Officer, SHPD, had related several allegations of improprieties by [redacted] including allegations that SHPD funds were being improperly reprogrammed under the direction of [redacted] said that these funds may have involved NPS grant funds. (Attachment 1)

During an interview of [redacted] (Attachment 2), she related a number of concerns regarding [redacted] Of significance were:

1) [redacted] may have profited from a transaction involving a real estate developer that had business with the SHPD. Hokulia Development (Hokulia), a real estate developer on the Big Island of Hawaii, allegedly donated real property on Kauai to the SHPD. [redacted] then [redacted] SHPD, authorized the transfer of the property to [redacted] for a nominal price. [redacted] lived on the property and conducted her responsibilities as Archaeologist for Kauai, before selling it at a very significant profit.

2) The SHPD had received and accepted a $108,000 donation from a real estate developer on Kauai which could lead to a compromising situation. The purpose of the donation was purportedly to staff an [redacted], a position which [redacted] once held and which she may someday want to return to. Although the state's Ethics Office approved of the acceptance of the donation under the condition that the check be made payable to the State of Hawaii, concerns have been raised about possible conflict of interest. [Agent's Note: One of the responsibilities of the SHPD is to make archaeological assessments prior to the development of real property.]

3) [redacted] made unusual purchases using her government purchase card. The charges, however, were for de minimis amounts. She identified [redacted] and [redacted] SHPD, as being responsible for the federal grants account and who should have information concerning its use. They may also be aware of additional improprieties by [redacted]

The referral was discussed with NPS S/A [redacted] and FBI SSA [redacted] who agreed to jointly investigate this matter.

Results of Investigation

1) Obtaining of Real Property from R/E Developer

During an interview of [redacted] she explained that she first occupied the home located at [redacted] simultaneous with the opening of the SHPD Kauai Office in 1994. She initially rented the property, consisting of a house and lot, from Grove Farm at a rental rate of $600 per month, which she believes was fair rental value. The property was initially an empty lot and Grove Farm relocated a house structure from another site. The house structure had been a model home from Embassy Unit, another real estate development. [redacted] did not participate in the transfer of the

house from Embassy Unit to Grove Farm. That was done by those businesses prior to her renting the home.

[redacted] further explained that the arrangements for [redacted] to rent the home from Grove Farm were made by [redacted] ([redacted]) and [redacted] (Burial Council Member and then Chief Executive Officer, Grove Farm). At the time, [redacted] had been working at the SHPD King Street location in Honolulu, Hawaii. The idea was for [redacted] to relocate or transfer to Kauai to reside there and to operate the Kauai SHPD Office. The Burial Council wanted the SHPD to have an office in Kauai. [redacted] believes that [redacted] supported this because he simply wanted to help out.

Grove Farm had been trying to sell the property through [redacted] and it was available for sale to the general public. [redacted] was laid off from the SHPD in August 1995, at a time when she had been trying to buy the property. About a year later, in about 1996 or 1997, she purchased the property including house and lot from [redacted] at the appraised price of about $180K. In 2007, [redacted] sold the property to [redacted] via an Agreement of Sale for a price of either $615K or $645K. (Attachment 3)

The sale by Grove Farm to [redacted] was corroborated during an interview of [redacted]. [redacted] said that the property was part of Grove Farm's Waikomo Subdivision and was sold to [redacted] in about 1997, at Fair Market Value. The properties in the subdivision were first made available for sale to employees of Grove Farm and any unsold lots were then offered for sale to the general public which included [redacted] (Attachment 4)

[Agent's Note: The Statute of Limitations is 5-years for violations of 18 U.S.C. 666, Theft and Bribery Concerning Programs Receiving Federal Funds.]

2) <u>SHPD Receipt of $100,800 Donation from [redacted] Pahio Development</u>

[redacted] acknowledged that on behalf of her department, she sought donations to fund the hiring of an Archaeologist from [redacted] She described [redacted] as a wealthy businesswoman who operates [redacted], a time share business on Kauai. In January 2009, [redacted] asked [redacted] if she knew someone who could help fund an Archaeologist position for the Island of Oahu. [redacted] said that she could help give something and donated over $100K. From their association with the Kauai Island Land Board, [redacted] was aware the [redacted] had the "means" to donate.

[redacted] explained that [redacted] did not require that her money be used for a Kauai position but that it could be used to fund the hiring of any qualified Archaeologist for any office and not necessarily for the [redacted]. [redacted] denied that the position would be for her, [redacted] on [redacted] and said that the position would be physically located on Oahu and that it would probably not be for working on [redacted] projects. [redacted] said that she would work on the [redacted] projects from Oahu.

[redacted] also denied that the donation was given by [redacted] with an expectation that she, [redacted] would get something in return and said that [redacted] wanted to help the DLNR and her out by funding the [redacted] position. (Attachment 3)

However, according to [redacted] SHPD, when he received [redacted] check from [redacted] advised him that the donation was for the purpose of funding [redacted] old [redacted] position. Moreover, [redacted] overheard [redacted] inform [redacted] of the same. When asked if it could be determined if [redacted] gave preferential treatment to any SHPD work related to [redacted], [redacted] opined that that would be difficult. (Attachments 5 & 6)

During an interview of [redacted]), [redacted], SHPD, she said that the arrangements for [redacted] donation were made between [redacted] and [redacted] [redacted] advised that the SHPD also solicited financial assistance from others. Contrary to any belief that [redacted] wanted to use to donation to fund her own position on [redacted] said that [redacted] told her that she wanted to *eventually* return to [redacted] and therefore did *not* want to fill the [redacted] position but instead wanted to keep it open for herself. She also could not recall if [redacted] had discussed with her that the position to be funded was for [redacted].

[redacted] believed that [redacted] condition for the donation was that if it were not used, it would be returned to her. Gov. Linda Lingle froze hiring of the [redacted] and the position could not be funded. [redacted] anticipates that [redacted] donation would therefore be refunded. [redacted] was also not aware of any payback in the form of work or preferential treatment given by [redacted] to [redacted] or [redacted]. (Attachments 7 & 8)

While interviewing [redacted] ([redacted]), she explained that [redacted] had asked her if she could help pay for one (1) year of funding to hire an [redacted]. [redacted] agreed. She said that [redacted] determined the amount that was needed and initially indicated that the position would be for a [redacted] for the [redacted]. [redacted] did not care which island the [redacted] would service but she did not want to lose [redacted] work on the [redacted].

[redacted] explained that over the years she and [redacted] have donated sizable contributions to various charities. Her largest donation ever was a $250,000 contribution she made to the [redacted]

[redacted] said that she expected nothing in return for her donation to the SHPD and she does not expect work on [redacted] projects to receive any preferential treatment in return for the donation. [redacted] further said that she does not believe that [redacted] intended that the donation be used to fund her, [redacted] position for relocation to [redacted] added that she believes that [redacted] did not want to work in [redacted] because she was interested in the Deputy Administrator position on Oahu. (Attachment 9)

3) <u>Questionable Purchases Made Using Government Credit Card</u>

[redacted] said she was only aware of some unusual and small dollar charges made by [redacted] and deferred to [redacted] and [redacted] for more information. (Attachment 2) However, when [redacted] was asked if she was aware of any misappropriation of federal funds, she said that she was responsible for the NPS grant funds and that the only concerns raised about the federal funds were relating to the previous

administration's time, not [redacted] and that some corrections had been made to the accounts as a result. (Attachment 7)

[redacted] explained that some errors had been made by a former SHPD employee, [redacted] resulting in mischarges to federal accounts. The amounts, however, were small and aggregated to less than $5,000, and they occurred during the previous administrations time. She also said that the NPS was aware of this matter. (Attachment 3)

The investigative results were shared with [redacted], Assistant United States Attorney, U.S. District of Hawaii. AUSA [redacted] concurred that there was insufficient evidence of criminal violations [redacted] and he declined prosecution.

SUBJECT

[redacted]
Department of Land and Natural Resources
State of Hawaii

DISPOSITION

In as much as criminal violations by [redacted] could not be substantiated, this investigation is now closed.

ATTACHMENTS

1. IAR – Information Gathering from [redacted] dated March 9, 2009.
2. IAR – Interview of [redacted] dated April 16, 2009.
3. IAR – Interview of [redacted] dated June 25, 2009.
4. IAR – Interview of [redacted] dated September 17, 2009.
5. IAR – Interview of [redacted] dated April 16, 2009.
6. IAR – Interview of [redacted] dated June 2, 2010.
7. IAR – Interview of [redacted], dated June 25, 2009.
8. IAR – Interview of [redacted] dated June 2, 2010.
9. IAR – Interview of [redacted] July 9, 2009.

All redactions are 5 U.S.C. §§ (b)(6) and (b)(7)(C) of the FOIA unless marked otherwise.

United States Department of the Interior
Office of Inspector General

REPORT OF INVESTIGATION

Case Title	Case Number
Improprieties of the U.S. Park Police - OPR	**PI-PI-09-0568-I**
Reporting Office	**Report Date**
Program Integrity Division	**February 3, 2010**
Report Subject	
Closing Report of Investigation	

SYNOPSIS

We initiated this investigation based on allegations provided by [redacted] U.S. Park Police (USPP), through his attorney John Berry, Berry & Berry, P.L.L.C. [redacted] alleged that the USPP, Office of Professional Responsibility (OPR), failed to investigate his May 1, 2009 disclosure of safety issues within the USPP's Aviation Unit, which was submitted through his attorney. On June 17, 2009, [redacted] received a letter from OPR, informing him of the agency's decision to officially decline recognition of Berry as his legal representative and to resubmit the information in another format if he wanted it considered by OPR.

We determined that OPR did not initiate an investigation into [redacted] allegations of safety issues within the USPP Aviation Unit, which was in violation of their own General Orders. OPR explained that they believed Berry & Berry to have a conflict in representing [redacted] due to the law firm's contractual representation of the Fraternal Order of Police (FOP). OPR stated that since [redacted] was a [redacted] he could in the future supervise someone in the FOP who is represented by Berry & Berry. OPR further stated that based on the Department of the Interior (DOI) manual, they have the discretion to decline recognition of [redacted] attorney. Our review of the manual, however, showed that this discretionary authority only applies when the attorney is a DOI employee and it presents a conflict of interest.

BACKGROUND

The USPP Aviation Unit published a notice of its intent to establish an eligibility list for candidates for an open pilot's position. Only two applicants were eligible for the position: [redacted] and [redacted]. [redacted] was selected for the position and subsequently, [redacted] filed a

Reporting Official/Title	Signature
[redacted] /Investigator	
Approving Official/Title	Signature
Harry Humbert/Director, Program Integrity Division	

grievance. During the process, [redacted] testified on [redacted] behalf which was heard by an independent arbitrator who ultimately upheld USPP's decision **(Attachment 1)**.

DETAILS OF INVESTIGATION

On July 8, 2009, we initiated this investigation based on the allegations provided by [redacted] Aviation Unit, U.S. Park Police (USPP), through his attorney, John Berry, Berry & Berry, P.L.L.C. **(Attachment 2)**. [redacted] alleged that the USPP, Office of Professional Responsibility (OPR), failed to investigate his disclosure of safety issues within the USPP's Aviation Unit that he submitted on May 1, 2009, through his attorney **(Attachment 3)**.

We interviewed [redacted] who said that during the November 2008 [redacted] arbitration hearing, he testified on behalf of [redacted] about several alleged safety violations within the USPP Aviation Unit and about procedures related to how pilots log their pilot in command (PIC) hours **(Attachments 4 and 5)**. [redacted] said that [redacted], was present during his testimony. According to [redacted], his testimony was in stark contrast to [redacted] testimony and as a result [redacted] was unhappy with him.

[redacted] claimed that on April 23, 2009, he met with [redacted] said that during the meeting, he was questioned about issues related to his flight safety in certain weather conditions. He said he took exception to the meeting because they were creating a contradiction in policy regarding pilot discretion. In addition, [redacted] claimed that [redacted] told him that because of his testimony during the arbitration hearings, "We're going to have to change the way we do business." [redacted] said that as a result of the meeting he decided to file [redacted] (Attachment 3). [redacted] **(Attachment 6)**.

[redacted] complaint to OPR included the Aviation Unit's failure to keep accurate or complete aviation safety records; failure to file required Federal Aviation Administration and National Transportation Safety Board aircraft accident reports following a minor accident; and failure to follow strict legal requirements for maintenance of records (Attachment 2). According to USPP General Order Number 32.04, the Force shall record and investigate each verbal or written complaint or allegation of misconduct against a Force officer, member of the Guard Force, or Force civilian employee **(Attachment 7)**.

On June 17, 2009, [redacted] received a letter from OPR stating that there was a conflict of interest with his legal representation **(Attachment 8)**. In the letter, OPR explained that they believed Berry & Berry to have a conflict in representing [redacted] due to the law firm's contractual representation of the Fraternal Order of Police (FOP). They stated that since [redacted] was a [redacted] he could in the future supervise a bargaining unit officer in the FOP who is represented by Berry & Berry. The letter concluded by stating that [redacted] could re-submit his complaint in another format if he wanted OPR to consider the information. This letter was signed by Major Diana Smith, Commander of OPR, USPP.

Agent's Note: [redacted] *was represented by Berry & Berry through his Hylant insurance policy, which is a legal defense insurance plan purchased by law enforcement officers to cover legal fees in the event*

of administrative, civil, criminal, or administrative off-duty actions or proceedings against them. [redacted] *said that he and* [redacted] *signed waivers of conflict of interest should the issue arise.*

We interviewed [redacted], who said that [redacted] was aware of the arbitration hearings where [redacted] testified, bu[redacted] was not privy to all of the details **(Attachments 9, 10, 11 and 12)**. [redacted] said that [redacted] OPR, USPP, addresses all arbitration matters related to employees and the FOP. Regarding the June 17 letter, [redacted] said [redacted] drafted the letter and told [redacted] that [redacted] received concurrence from [redacted], Office of the Solicitor. [redacted] then signed the letter. When asked if [redacted] received the conflict of interest waivers signed by [redacted] and [redacted], [redacted] said [redacted] did not remember receiving the waivers.

We interviewed [redacted], who said that there was a problem with the firm of Berry & Berry representing [redacted] because of [redacted] status as a supervisor with the USPP **(Attachments 13 and 14)**. [redacted] acknowledged that the complaint filed by [redacted] contained allegations of safety issues and she remembered meeting with [redacted] and [redacted] "to get an explanation, and they either denied that it happened, or they indicated tha[redacted] exacerbated the truth." [redacted] said that with regard to the safety issues, that was beyond her expertise and that in her opinion that would be something the commander of the unit should address.

We interviewed [redacted] who said [redacted] was the legal representative for the USPP in the [redacted] arbitration hearings **(Attachments 15 and 16)**. Regarding the June 17 letter, [redacted] said, "That's strictly [redacted] writing." [redacted] said that [redacted] did not help draft the letter [redacted] Ex. 5 [redacted] **(Attachment 17)** The following is the actual verbiage of Part 370, DM 771, 1.8 (C):

> Employees may represent themselves, or be represented by someone of their choice. ***However, the choice of representative, if a DOI employee, may be denied if it would result in a conflict of interest or position, a conflict with mission priorities, or unreasonable costs. With the concurrence of the SHRO, bureaus have the authority to deny the choice of representative for the reason stated, and such determinations are not subject to review or appeal.*** Requests for attorney or representative fees will not be considered under these procedures.

[redacted] Ex. 5

[redacted] Ex. 5

DISPOSITION

This investigation has been forwarded to Sal Lauro, Chief of Police, USPP, for any action he deems appropriate.

ATTACHMENTS

1. [redacted] Arbitrator decision. (15 pages)
2. Berry & Berry letter to OIG. (14 pages)
3. Transcript of interview with [redacted]. (56 pages)
4. IAR – Interview of [redacted] U.S. Park Police (USPP) on July 8, 2009. (2 pages)
5. Berry & Berry letter to Office of Professional Responsibility (OPR). (6 pages)
6. [redacted] complaint against [redacted] to OPR. (4 pages)
7. USPP Personnel and Administrative Complaints, General Order Number 32.04. (5 pages)
8. June 17, 2009, letter to [redacted] written by [redacted] and signed by [redacted]. (1 page)
9. Transcript of interview with [redacted] (July 23, 2009). (36 pages)
10. IAR – Interview of [redacted] OPR on July 23, 2009. (2 pages)
11. Transcript of interview with [redacted] (August 26, 2009). (23 pages)
12. IAR – Interview of [redacted] OPR on August 26, 2009. (1 page)
13. Transcript of interview with [redacted]. (45 pages)
14. IAR – Interview of [redacted] on August 25, 2009. (1 page)
15. Transcript of interview with [redacted]. (52 pages)
16. IAR – Interview of [redacted], Department of the Interior on August 10, 2009. (2 pages)
17. Departmental E-mail from [redacted] to [redacted]. (1 page)

OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

August 30, 2010

To: Paul Tsosie, Chief of Staff
Office of the Assistant Secretary – Indian Affairs

Attention: Michael Oliva, Director
Office of Internal Evaluation and Assessment
Bureau of Indian Affairs

From: [redacted]
Special Agent in Charge

Subject: Referral – For Bureau Action as Deemed Appropriate
Response Required

Re: BIE Officials Receiving Perks from Meeting Planner
DOI-OIG, Case File No. OI-NM-09-0604-I

This memorandum transmits the results of the Office of Inspector General investigation into allegations involving Bureau of Indian Education (BIE) officials receiving perks from a government contractor. It was alleged that a Meeting Planner with American Meeting and Management (AMM), secured and distributed perks, to include two hotel room upgrades, four baseball tickets and access to a stadium suite, relative to the planning of the BIE Summer Institute Conference. In particular, [redacted] were identified as two BIE officials who received perks.

Our investigation involved interviewing BIE officials, the AMM Meeting Planner and reviewing relevant documents. Specifically, we found that AMM did not have a contract with the government nor were they paid a fee for their services by BIE. We also found that AMM did not provide upgrades, incentives, and/or gifts to BIE officials. Nonetheless, our investigation discovered that the Fort McDowell Reservation did in fact offer four baseball tickets, which provided access to the suite at Gila River Casino to BIE officials. Specifically, during our interview of [redacted] he admitted to accepting the four suite-level baseball tickets from the Tribe. [redacted] disclosed that he attended the game and invited three other BIE employees, who in turn attended. [redacted] was offered the same tickets; however, she declined the offer.

This matter is being referred to you for your review and action as deemed appropriate. Please read the attached Report of Investigation and upon completion of your review, please provide a written response with a completed Accountability Form (attached) **within 90 days** of the date of this memorandum, and mail your response to Office of Inspector General, Office of Investigations, Attn: [redacted] 1849 C Street NW, Mail Stop 4428, Washington, DC 20240.

If you have any questions regarding this matter, please contact Special Agent [redacted] at (505) 816-9114 or me at (303) 236-8296.

Attachments:

1. ROI dated August 19, 2010.
2. Accountability Form.

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
BIE Officials Receiving Perks from Meeting Planner	**OI-NM-09-0604-I**
Reporting Office	**Report Date**
Albuquerque, NM	**August 19, 2010**
Report Subject	
Report of Investigation	

SYNOPSIS

This investigation was initiated in July 2009 after the Office of Inspector General (OIG) received an anonymous complaint alleging Bureau of Indian Education (BIE) senior management officials received perks from a government contractor. Specifically, a Meeting Planner with American Meeting and Management (AMM), secured upgrades, incentives, and gifts relative to the planning of the BIE Summer Institute Conference held in June 2009. Allegedly, the Meeting Planner distributed two hotel room upgrades, four baseball tickets and access to a stadium suite to BIE officials. In particular, [redacted] were identified as two BIE officials who received perks.

We conducted interviews of BIE officials and the AMM Meeting Planner. We also reviewed contract and travel documents. We found that AMM did not have a contract with the government nor were they paid a fee for their services by BIE. We also found that AMM did not provide upgrades, incentives, and/or gifts to BIE officials. Specifically, the hotel room upgrades given to BIE management and other employees were included in the government's hotel agreement, and the individual upgrades were not determined or distributed by AMM. The four baseball tickets, which provided access to the suite at Gila River Casino, were offered and provided by the Fort McDowell Reservation to BIE officials.

During our interview of [redacted] he admitted to accepting the four suite-level baseball tickets from the Tribe. [redacted] disclosed that he attended the game and invited three other BIE employees, who in turn attended. [redacted] was offered the same tickets; however, she declined the offer. No criminal violation was identified. This matter is being referred to BIE for review of any administrative action deemed appropriate.

Reporting Official/Title [redacted] Special Agent	Signature
Approving Official/Title [redacted], Special Agent in Charge	Signature
Authentication Number: 7A4E719352B7213100AD25353C2C312D	

BACKGROUND

The following Code of Federal Regulation (C.F.R.) and Standards of Ethical Conduct for Employees of the Executive Branch was determined to be relevant to this investigation:

5 C.F.R. Part 2635.202, Subpart B – Gifts from Outside Sources, states that an employee shall not, directly or indirectly, solicit or accept a gift from a prohibited source given because of the employee's official position.

DETAILS OF INVESTIGATION

We initiated this investigation on July 24, 2009, after the OIG received a complaint from an anonymous source alleging that BIE senior management officials received perks from contractor, [redacted] Meeting Planner, AMM, relative to her planning a BIE conference **(Attachment 1 and 2)**. The annual BIE Summer Institute Conference was held in Phoenix, AZ, on June 23 through 26, 2009. Specifically, in negotiating with the host hotel, convention center, and other vendors, [redacted] was able to secure and receive a range of service and product upgrades, incentives, and gifts. Specifically, the following were allegedly distributed to BIE officials by [redacted] two hotel room upgrades from standard rooms to two bedroom suites; four baseball tickets to an Arizona Diamondbacks game; and access to a stadium suite located at Gila River Casino at Chase Stadium. [redacted] GS-14 Education Programs Specialist, Albuquerque, NM, and [redacted] SES Associate Deputy Director-[redacted] AZ, were identified as two BIE officials who received perks. The complaint further alleged that [redacted] stated that the baseball tickets were secured and offered to BIE officials in order to continue to do business with the BIE.

Record Reviews

As a part of this investigation, we completed reviews of contract and travel documents **(Attachment 3 and 4)**.

The Hyatt Regency Phoenix contract agreement with the government disclosed that the BIE was to occupy the entire hotel, which included multiple 'VIP Suites' at the government per diem rate (See Attachment 3). Additionally, the agreement with the Wyndham Phoenix hotel included multiple 'Junior Suites' at the designated government rate.

We also reviewed travel documents, to include authorizations and vouchers in relation to official travel by [redacted] and [redacted] to the conference (See Attachment 4). The review confirmed that [redacted] and [redacted] attended the conference and that the hotel rooms were reported and charged at the government rate.

Interviews

During our interview of [redacted], Administration, BIE, he explained the purpose of the conference was academic and for BIE staff development in math and reading **(Attachment 5)**. [redacted] advised over 1,500 people attended the conference and stayed at two hotels. He said BIE officials planned the conference and did not recall a contractor being hired for planning purposes. The only activity [redacted] recalled being offered to the attendees during the conference was discounted tickets to attend a Diamondbacks baseball game.

During our initial interview of [redacted] she provided us with background and contract information regarding the BIE conference **(Attachment 6)**. [redacted] explained that she was the chair of the conference planning committee and she contacted [redacted] to request her services in planning details of the conference, such as location and hotels. She explained that former BIE Director [redacted] issued a policy memorandum directing personnel to utilize [redacted] to assist with arrangements for large conferences. Once [redacted] made arrangements for hotels, BIE provided attendees with the hotel information and the attendees booked their own hotel rooms.

[redacted] said the government does not contract with [redacted] for her services. [redacted] obtained their fee (10%) through the hotel and other facilities where the activities are scheduled. [redacted] said the government contracted with the Hyatt Regency Hotel, the Phoenix Convention Center, and the Wyndam Hotel for use of their facilities. [redacted] said the only activity offered to the attendees of the conference were discounted Phoenix Diamondback baseball tickets obtained through the City of Phoenix. She said [redacted] obtained the discount, but the attendees had to buy the tickets themselves at the box office or online.

During our interview of [redacted] she confirmed that she reserved the entire Hyatt Regency Phoenix hotel and a block of rooms at the Wyndham Phoenix hotel **(Attachment 7)**. According to [redacted] each employee booked his/her own room and she did not determine who received a suite. [redacted] also confirmed that she contacted the Arizona Diamondbacks' marketing department and informed them that she had a group of people who were interested in attending a baseball game during the conference.

[redacted] said that the Diamondbacks made it possible for the group to sit together by preserving group tickets. [redacted] believed approximately 50 to 80 BIE employees attended the game, however, [redacted] stated that she did not know if the tickets were discounted or not. [redacted] denied giving anyone a baseball ticket. Additionally, according to [redacted] she did not tell anyone that the baseball tickets were secured and offered to BIE officials in order to continue doing business with them. In addition, [redacted] said she would not do anything to ruin her reputation, her employer's reputation, or her integrity.

During our follow-up interview of [redacted] she explained that [redacted] told her [redacted] that the Fort McDowell Reservation owned a suite at Chase Field and they [the Tribe] were willing to give baseball tickets to the BIE in order for employees to occupy the suite during a Diamondbacks game **(Attachment 8)**. [redacted] said she declined the offer and was unaware if any BIE employees utilized the tickets. [redacted] never saw the actual baseball tickets nor did she know the ticket value.

During our interview of [redacted] he admitted accepting four suite-level baseball tickets to a Diamondbacks game during the BIE conference **(Attachment 9)**. [redacted] believed that the baseball tickets were from an Indian Tribe (name of which he could not recall) and that the tribe owns the Gila River Casino Suite at Chase Field associated with the tickets. [redacted] could not specifically recall the details on when or how he obtained the tickets; however, he believed that the Tribe provided the tickets to [redacted] who in turn distributed them to him. [redacted] extended the invite to three other BIE employees: [redacted], Secretary, [redacted], Chief, Division of Performance and Accountability, and possibly [redacted], Education Line Officer. [redacted] stated that he did not know the value of the baseball tickets; however, he believed they may have been valued at $30 to $50 each. [redacted] recalled that no other BIE employees or [redacted] staff attended the game in the stadium suite.

SUBJECT(S)

[redacted], GS-14, Albuquerque, NM
[redacted] SES, [redacted] AZ

DISPOSITION

We consulted with our Office of General Counsel (OGC) who advised that the ethics regulations regarding gifts from outside sources are applicable to an Indian tribe; therefore, this ethics matter is being referred to BIE for any action they deem appropriate.

ATTACHMENTS

1. Hotline Complaint, dated July 18, 2009.
2. Complaint letter, dated July 18, 2009.
3. IAR – Review of BIE Conference Documents, received by [redacted] dated August 17, 2009.
4. IAR – Review of Govtrip documents, received by [redacted], dated March 30, 2010.
5. IAR – Interview of [redacted] dated July 31, 2009.
6. IAR – Interview of [redacted] dated July 31, 2009.
7. IAR – Interview of [redacted] dated February 8, 2010.
8. IAR – Interview of [redacted] dated, March 10, 2010.
9. IAR – Interview of [redacted] dated, March 9, 2010.

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
Indian Trust Appraisal Request System	**OI-NM-09-0649-I**
Reporting Office	**Report Date**
Albuquerque, NM	**September 20, 2010**
Report Subject	
Closing Report of Investigation	

SYNOPSIS

In August 2009, the Office of Inspector General (OIG) received a referral from the U.S. Office of Special Counsel (OSC) alleging that [redacted] employees of the Office of Special Trustee for American Indians (OST), misspent more than $1 million on a government contract with Chickasaw Nation Industries (CNI) to develop a standardized appraisal tracking system known as the Indian Trust Appraisal Request System (ITARS). It was also alleged that after spending two years to develop ITARS, OST officials terminated CNI's contract since it was too expensive. ITARS was reportedly never completed or implemented as a functioning system at OST. However, OST officials reportedly authorized the expenditure of funds to develop another appraisal tracking system known as the Appraisal Request and Review Tracking System (ARRTS).

In an attempt to substantiate the allegation, we interviewed current and former agency employees and CNI managers, and we obtained and reviewed CNI's contract with OST. During our investigation, additional issues were raised about the contract being sole sourced to CNI; CNI developing ITARS when the original intent of the contract had been to migrate ARRTS to OST, and CNI failing to provide a final, functioning deliverable (i.e. ITARS). We also received allegations that the agency's Contracting Officer's Technical Representative (COTR) [redacted] lost her objectivity, improperly advocated for CNI, provided CNI with a favorable evaluation though CNI's performance had reportedly been poor, and sought employment with CNI while serving as COTR.

Our investigation found that OST paid nearly $2 million to develop ITARS; the appraisal tracking software was subsequently abandoned by most OST regional appraisal offices since it was not user friendly and not properly supported. We were unable to substantiate wrongdoing by [redacted] or anyone involved with the contract, and we found that most agency officials considered ITARS to be a waste of taxpayer money. This matter will be closed with no further activity.

Reporting Official/Title	Signature
[redacted] / Resident Agent-In-Charge	
Approving Official/Title	Signature
[redacted] / Special Agent-In-Charge	

Authentication Number: 3ED379E07224264075676CD8FD043395

BACKGROUND

Office of Appraisal Services

We learned that OST's Office of Appraisal Services (OST/OAS) was responsible for conducting appraisals, appraisal reviews, and appraisal consulting of real property interests in support of the Secretary of the Interior's Indian trust asset management responsibilities in determining the fair market value of Indian lands. Through its 12 regional offices, OST/OAS provides appraisal services to the Bureau of Indian Affairs (BIA) and tribes, pursuant to P.L. 93-638. The office provides services for sales, agricultural and non-agricultural leases, rights-of-way, land exchanges, acquisitions, trespass settlement, and other types of real estate transactions.

Consolidation of Department's Real Estate Appraisal Functions

We learned that one function of the Department of the Interior (DOI), through its various bureaus, was to appraise land for purchase, sale, or exchange for the purpose of providing recreational opportunities for the public, conserving critical wildlife habitat, and opening land to the development of energy and mineral resources. Appraisals are used to determine the market value of land before entering into these land transactions. Prior to November 2003, appraisals for land transactions within the Bureau of Land Management (BLM), the Bureau of Reclamation (Reclamation), the Fish and Wildlife Service (FWS), and the National Park Service (NPS) were conducted by staffs reporting to realty managers in each of those bureaus.

Prior reviews by our office (OIG Report Numbers 92-I-933, 98-I-689, and W-IN-MOA-0085-2004), the Government Accountability Office (Report Number GAO-06-1050), and the Appraisal Foundation, dating back to 1987, found that the procedures used by BLM, FWS, and NPS did not comply with recognized appraisal standards. Additionally, prior reviews found that bureau appraisers lacked the institutional independence necessary to conduct objective appraisals; faced heavy pressure from their realty managers to conduct appraisals that would expedite land transactions, and had negotiated away the agency's substantial interest in potentially valuable resources and improperly valued other federal and state lands. DOI subsequently concluded that a lack of appraiser independence and inconsistent application of appraisal standards were problematic within DOI land management agencies.

Agent's note: *The Appraisal Foundation, a non-profit organization, was formed in 1987 by eight major appraisal organizations to help regulate the appraisal profession within the United States. It is composed of two separate and independent boards: 1) the Appraisal Standards Board (ASB) which establishes the generally accepted standards of the valuation profession, known as the Uniform Standards of Professional Appraisal Practice (USPAP), and 2) the Appraiser Qualifications Board (AQB) which establishes the minimum education, experience and examination criteria for appraisers, known as Real Property Appraiser Qualification Criteria (RPAQC).*

To address these issues, in November 2003, DOI removed appraisers from each bureau's realty office and consolidated them in a new formed National Business Center (NBC) office - the Appraisal Services Directorate (NBC/ASD). NBC, a fee-for-service organization with experience in financial management, acquisition services, procurement, and human resource operations, now had the dual responsibility of performing appraisals as well as reviewing appraisals performed by co-workers and contractors.

In October 2005, OST entered into a memorandum of understanding (MOU) with NBC/ASD, whereas NBC/ASD's Chief Appraiser would fully manage all Indian appraisal activity for OST/OAS (**Attachment 1**). Under the General Responsibilities section of the MOU, the NBC/ASD agreed, in part, to "establish a viable, accountable compliance review program" and to "develop and implement an electronic appraisal request system" (See Attachment 1).

Indian Trust Appraisal Request System

Through our investigation, we learned that ITARS was a web based appraisal request tracking software application, developed by CNI for OST, to assist in OST/OAS appraisal efforts (**Attachment 2**). The intent of the application was to enable users to follow an appraisal request from initiation to completion and allow users to initiate and track requests in all stages of the process. ITARS was also intended to simplify the appraisal request process for OST/OAS regional offices by standardizing data entry fields and automating the appraisal request process. ITARS provided users the ability to conduct a variety of searches by field (i.e. region, agency, land area/tribe, appraiser, reviewer, requestor, type of request, etc.). Additionally, ITARS was intended to provide users with the ability to electronically attach supporting appraisal documentation (i.e. mineral evaluations, timber evaluations, maps, etc.), for the easy referencing of materials used to complete the appraisal process. The software application was to improve the communication between all levels of users and to enable advanced analysis by OST managers. Furthermore, ITARS was to incorporate built in security features requiring user authentication - allowing for the user's identity to be checked and verified. Access to material could be granted or denied based upon a wide variety of criteria (e.g. network address of the client; the employee's role and/or responsibilities, or the browser being used).

Appraisal Review and Request Tracking System

Through our interviews of NBC/ASD officials, we learned that ARRTS was a standardized, web based program that NBC developed in 2004 to track appraisal requests within the various DOI bureaus – the BLM, BOR, NPS, and FWS. Its purpose, like ITARS, was also to enable users to follow an appraisal request from initiation to completion and allow users to initiate and track requests in all stages of the process.

Potential Violations

We determined that the following laws and regulations were relevant to our investigation:

18 USC 208(a) - Acts affecting a personal financial interest
18 USC 209 - Salary of Government Officials
5 CFR, Part 2635 - Standards of Ethical Conduct for Employees of the Executive Branch
Public Law 96-303, July 3, 1980, 94 Stat. 855 (IV and VII)

DETAILS OF INVESTIGATION

On August 12, 2009, we received a referral from the U.S. Office of Special Counsel (OSC) alleging that OST employees may have misspent more than $1 million dollars on a government contract with CNI to develop a standardized appraisal tracking system known as ITARS (**Attachment 3**). The complaint alleged that after spending two years to develop ITARS, OST officials reportedly terminated the CNI contract since they considered it to be too expensive. The ITARS system was reportedly never

completed or implemented as a functioning system. However, OST officials have now reportedly authorized the expenditure of funds to develop another appraisal tracking system known as ARRTS. The complaint identified the responsible individuals as [redacted] OSC advised that the aforementioned complaint had come from an anonymous source and was being provided to our office for appropriate action.

During the course of our investigation, additional allegations were developed through interviews of current and former NBC/ASD and OST/OAS officials. Those allegations were the following:

- poor oversight and management of the contract by NBC/ASD (**Attachments 4 and 5**);
- improper sole sourcing of the task order to CNI (See Attachment 5);
- OST official(s) improperly having a financial interest in CNI (**Attachments 4, 6 and 7**);
- CNI unqualified and lacking required knowledge/expertise to perform on the contract/task order (See Attachments 4, 5, and 7);
- CNI's improper development of ITARS (See Attachments 4, 5, 6, 7, and 8);
- CNI failing to provide acceptable deliverables (See Attachments 4 and 7);
- COTR's loss of objectivity on contract (See Attachments 6 and 7);
- COTR improperly authorizing final payment to CNI absent acceptable deliverables (See Attachments 5, 6, and 7);
- COTR improperly providing CNI with a favorable evaluation though CNI's performance was poor (See Attachment 5), and
- COTR improperly seeking employment with CNI (See Attachment 6).

To address the many issues reported in the OCS referral and raised in witness interviews, this report has been organized into the following sections: 1) Review of CNI Contract; 2) Investigation of OCS Referral, and 3) Investigation of Developed Issues.

I. REVIEW OF CNI CONTRACT

Review of Contract File

During the course of our investigation, we obtained and reviewed the indefinite delivery/indefinite quantity (IDIQ) contract (contract number NBCHD040023) that NBC awarded to CNI on April 22, 2004 (**Attachment 9**). We determined that the contract was awarded to CNI by NBC/ASD Business Development Specialist [redacted] as an 8(A) set aside, time and materials contract. On April 21, 2009, the contract's period of performance ended.

Our review of task order D0400230033, awarded off NBCHD040023 to CNI on January 5, 2006 for $955,024.88, identified the period of performance as January 5, 2006 through September 30, 2006, with four one year options coinciding with the Government Fiscal Years through 2010 (**Attachment 10**). We found that the task order was subsequently modified in September 2006 to extend the period of performance from October 1, 2006 to March 31, 2007 (**Attachment 11**). The task order was modified (mod) five different times - September 30, 2006, December 19, 2006, March 21, 2007, July 26, 2007, and March 18, 2008. The total amount spent on the task order was $1,630,527.29. Though there were multiple NBC/ASD contracting officers assigned to the contact, during various periods of time; [redacted] served as the Contracting Officer's Technical Representative (COTR) throughout the entire duration of the task order (**Attachment 12**).

Our review of the Statement of Work (SOW), section C.3.5, found that the only deliverable required of CNI was to "...prepare and forward to the Government, a monthly status report by activity location detailing project progress in a format determined by the COTR" (**Attachment 13**). The task order incorporated a technical proposal submitted by CNI in November 2005, entitled "Office of Appraisal Services Real Estate Appraisal - Valuation Services," that required CNI to "develop, maintain, and administer an automated appraisal request and review tracking system for Indian Trust customers" with "similar" capabilities to ARRTS (**Attachment 14**). CNI's technical proposal was accepted by [redacted] on November 30, 2005 (**Attachment 15**).

Our review of contracting documents determined that by January 25, 2007, CNI had developed ITARS software for OST/OAS. On January 25, 2007, CNI prepared an *Acceptance Test Plan* report for NBC/ASD and OST/OAS (**Attachment 16**). The report indicated that the "purpose of the ITARS Acceptance Test Plan was for the project sponsor to indicate formal acceptance of the ITARS software." That acceptance meant that "the project sponsors have examined the software and agree the software meets the end user functional requirements of the project." In January 2007 [redacted] indicated that all CNI requirements had been accepted (See Document 16). [redacted] subsequently completed a *Performance Questionnaire* for CNI; rating CNI "excellent" or "very good" in all categories of performance (**Attachment 17**).

Subsequent to the completion of the task order, OST/OAS officials raised warranty and technical support issues with the ITARS software (**Attachments 18**). While CNI addressed and fixed ITARS warranty issues at no additional cost to the government, CNI disavowed any responsibility for Tier 2 and 3 technical level support since the task order only required them to provide Tier 1 support (**Attachment 19**). In January 2007, [redacted] noted that although CNI had completed warranty issues, she had a "differing opinion on the contractor's performance" (**Attachment 20**).

Interview of NBC/ASD Contracting Officials

We interviewed [redacted], NBC/ASD, about her knowledge and involvement in awarding the sole source, 8(A) set aside, IDIQ, time and materials contract to CNI in April 2004 (**Attachment 21**). She explained that at the time, there had been a need for information technology (IT) contractors and NBC/ASD wanted to "put vehicles in place to meet" their customer's needs. Her evaluation of CNI determined that CNI had an excellent past performance, a solid management structure, and was capable of performing IT work. Because CNI was an 8(A) tribally owned business, the Federal Acquisition Regulation (FAR) permitted her to sole source the contract to CNI. She awarded the contract as an IDIQ time and materials contract, instead of a fixed price contract, since there was no way of predicting what agencies would use the contract, how often, or what the deliverables would be.

With respect to the task order D0400230033, [redacted] advised that around November 3, 2005, she received a telephone call and subsequent email from [redacted] advising that OST/OAS needed a task order issued for appraisal services from CNI's IDIQ contract with NBC/ASD (See Attachment 21). As a result of [redacted] request, [redacted] contacted CNI and asked them to submit a proposal. On November 21, 2005, [redacted] received CNI's proposal (See Attachment 14). She noted that CNI's initial proposal did not specify that they planned to develop ITARS. Instead, CNI's proposal mentioned that they planned to 'develop and administer' an appraisal tracking system with 'similar capabilities to ARRTS.' She said that CNI's proposal closely followed the language of the scope of work which did not specify that ARRTS would be migrated to OST (See Attachment 13). She subsequently received an

email from [redacted] stating that CNI's proposal was acceptable (See Attachment 15). [redacted] noted that the term "ITARS" subsequently appeared in CNI's second proposal to extend the period of proposal to March 2007 (**Attachment 22**).

With respect to [redacted] performance as COTR on the task order, [redacted] advised that she was unaware of any issues (See Attachment 21). [redacted] said that she has worked with [redacted] on other contracts and task orders and described [redacted] as being a "capable" COTR.

We interviewed [redacted] NBC/ASD, who served as the contracting officer during two periods of time in [redacted] (**Attachment 23**). [redacted] had no specific recollection about the task order and was unaware of any issues on the contract/task order.

II. INVESTIGATION OF OSC REFERRAL

In an attempt to substantiate allegations that OST officials misspent more than $1 million by terminating CNI's contract with the government before a usable ITARS deliverable was received, we interviewed current and former NBC/ASD officials, CNI officials, as well as [redacted] and [redacted] – reportedly the responsible OST officials. Our investigation found no evidence of wrongdoing by anyone involved in the administration of the task order – including [redacted] and [redacted] We disproved that [redacted] or [redacted] had any involvement in terminating CNI's task order and found that the task order ended when the period of performance ended. Although we learned that ITARS was rolled out as a final deliverable to each of the 12 OST/OAS regional offices, we found some evidence to suggest that the ITARS product was not "usable" resulting in most of the regional offices abandoning ITARS within a year of its deployment. However, we were unable to determine whether ITARS' failure was the result of bad software, poor IT support, incompetent users, or a combination thereof. Lastly, we substantiated that OST/OAS planned to use an upgraded version of the ARRTS appraisal tracking software in lieu of ITARS.

We interviewed former NBC [redacted] about his knowledge and involvement with the task order (**Attachment 24**). He told us that in 2003 former DOI Secretary Gale Norton issued a Secretarial Order calling for the consolidation of DOI appraisal offices under NBC. Up until this time, each DOI bureau, including BOR, BLM, NPS, and FWS, had their own appraisal office. As NBC's [redacted], [redacted] was assigned oversight over the appraisal functions for these bureaus. Because the Secretarial Order had not consolidated OST/OAS appraisal functions under NBC/ASD, a MOU was established to do so.

[redacted] reported that his oversight of OST/OAS was a challenge because of a court order (Cobell v. Secretary Norton) requiring OST to provide quarterly reports tracking Indian trust payments, appraisals, and appraisal backlogs. [redacted] quickly realized that quarterly reporting to the court would be difficult since OST/OAS still used paper (i.e. forms and spreadsheets) to track appraisal requests – a method that was time consuming, burdensome, and duplicative. Additionally, there were no standards among the various OST/OAS regional offices for tracking appraisals. OST's outdated system became the "driving force" for getting an electronic appraisal tracking system at OST that would reduce the backlog and allow for changing priorities.

At the time that an electronic appraisal tracking system was being considered for OST/OAS, NBC/ASD was already using ARRTS for the other DOI bureaus. Former [redacted]

[redacted] asked [redacted] to migrate ARRTS to OST to resolve backlog and appraisal tracking issues at OST/OAS. To accomplish this, [redacted] assigned [redacted] an experienced NBC/ASD Appraiser, to spearhead the project. [redacted] explained that [redacted] was very knowledgeable, came from an appraisal background, and had helped develop ARRTS. Though the original plan had been to migrate ARRTS to OST, it was later realized that ARRTS could not be migrated and a customized version of ARRTS would need to be developed (i.e. ITARS). [redacted] told us that he had been unaware of issues on the task order because he left NBC/ASD before the project was completed.

We interviewed former NBC/ASD [redacted] about her knowledge and oversight of CNI's task order (See Attachment 6). [redacted] told us that [redacted] assigned her to oversee the administration of the project to automate OST/OAS's appraisal tracking. According to [redacted] the plan was to migrate NBC/ASD's appraisal tracking system (ARRTS) to OST/OAS. However, by summer 2006, it became clear to [redacted] that the appraisal tracking system was "far off" from where it should be (i.e. CNI developing ITARS instead of migrating ARRTS to OST) and that CNI would be unable to provide OST/OAS with a functioning appraisal tracking system by the end of the contract (September 30, 2006). By this time, things had "blown up" and people were starting to realize that the government was "bleeding money on something we didn't want." [redacted] options were to either to allow the contract task order to expire without a usable product, or to extend the period of performance in an attempt to salvage a usable appraisal tracking system. It was decided, through consultation with OST/OAS officials, that the contract would be extended an additional six months. Because CNI likely saw the contract as a revenue stream, they had no incentive to provide OST with a usable product by the end of the contract extension. [redacted] told us that she wanted to end the contract since she feared that it might become a "bottomless pit" without a functioning product ever being produced. By the end of the task order, she reported that the government had spent nearly $2 million on the project. "Regrettably," she believed that the project may have been a waste of taxpayer money since ITARS failed to work at OST/OAS.

We interviewed [redacted] former [redacted], OST/OAS, about her involvement in the task order (See Attachment 5). [redacted] told us that she served as OST/OAS' [redacted] CNI and NBC/ASD. She explained that in summer or fall 2006, [redacted] asked her to get involved with the task order since there were problems with getting deliverables from CNI; that CNI was claiming to be running out of money, and might have to furlough employees.

[redacted] denied that she had any involvement in terminating the task order since NBC/ASD had been responsible for administering the contract. She reported that it had been necessary to extend the task order's period of performance an additional six months to ensure that CNI provided a final product – ITARS. She said that [redacted] was only willing to extend the task order for six months and had refused to spend more money on the project. She explained that [redacted] did not want to further fund the project since it was perceived that CNI planned to continue developing ITARS indefinitely to continue a lucrative revenue stream on a time and materials contract.

[redacted] confirmed that OST/OAS planned to replace ITARS with ARRTS in the near future. She explained that although a final ITARS product had been previously deployed to each of the OST/OAS regional offices, the software had been plagued with problems. She said that user issues began coming in from the regional offices almost immediately after ITARS was deployed. While few regional offices were able to "make ITARS work," others could not. As a result, several regional offices returned to their former methods of tracking appraisals. [redacted] worked with the regional offices to identify the various issues with ITARS. The problems were recorded on an excel spreadsheet and given to CNI to

correct under the product warranty (**Attachment 25**). However, not all of the problems were fixed under the terms of the warranty and CNI wanted more money to fix unresolved problems. As a result of the ongoing issues with ITARS, [redacted] directed [redacted] in April 2008 to 'scrap' ITARS and go with ARRTS.

We questioned [redacted] OST, about the issues identified in the complaint (See Attachment 8). She also denied having any involvement in terminating CNI's task order to develop an appraisal tracking system for OST/OAS. She explained that [redacted] not her, had directly overseen the project. Because she had no involvement, she denied having any knowledge of the task order or its deliverables.

We questioned [redacted] former [redacted], OST/OAS, about the issues identified in the complaint (See Attachment 4). [redacted] denied having any involvement in terminating CNI's task order to develop an appraisal tracking system for OST/OAS. [redacted] confirmed that most regional offices abandoned using ITARS after its deployment. He explained that the software was time consuming and difficult to use; was not able to modify, sort, or search appraisal data; was inconsistent with appraisal business practices and did not fully consider user requirements, and contained design flaws resulting in duplicate records being created. Additionally, CNI program support was difficult to obtain whenever new users needed access or existing users had been bumped off the system. Lastly, CNI only provided one half day of training to OST/OAS users with no subsequent follow-up training. As a result, out of the 12 regional offices, only the Great Plains, Southern Plains, Pacific, and Navajo Regional Offices were still using ITARS in a limited capacity. He confirmed that OST/OAS will begin converting over to ARRTS in March 2010.

We interviewed [redacted], Office of Evaluation Services (OES), about her knowledge of the issues (See Attachment 7). [redacted] who helped manage NBC/ASD's MOU with OST/OAS for awhile, told us that she agreed with the allegation that taxpayer money had been misspent. However, she did not attribute blame to OST officials. She blamed CNI for failing to provide a functioning appraisal system for OST/OAS.

We interviewed [redacted] NBC/ASD, about her knowledge and involvement in the matter (**Attachment 26**). [redacted] reported that in late 2005, [redacted] approached her and asked her to serve as COTR on the task order. [redacted] assigned this responsibility to [redacted] because she had helped develop ARRTS for NBC; understood how ARRTS functioned; was an experienced appraiser, and had served as COTR on many other contracts.

[redacted] told us that CNI's period of the performance had to be extended for several reasons – 1) CNI had received more work on the task order than what had been originally anticipated; 2) OST/OAS regional appraisal offices were taking too long to send their data to CNI; 3) OST users had been unavailable for trainings, and OST was still developing a "trust portal" to access ITARS via the Internet. [redacted] discounted claims that CNI had intentionally delayed development of ITARS to continue a revenue stream. Instead, she attributed the delays to the difficult task of developing and implementing a new software product, within a short period of time, in a difficult environment at OST.

We asked [redacted] to respond to allegations that ITARS had been poorly designed, was unnecessary, and was thought by many to be a waste of taxpayer money since it was ultimately abandoned by most of the OST/OAS regional offices. She told us that OST/OAS users had given her "mixed messages" about the quality of ITARS. She explained that while ITARS seemed to work well at some regional offices,

it didn't for others. Looking back, she had thought that unique regional issues had been the reason for those differences. With respect to the claim that ITARS had been unnecessary, she told us that NBC/ASD had no choice but to develop a customized appraisal tracking system for OST since the migration of ARRTS would not work at OST/OAS for many reasons. She believed that ITARS may have been more successful had NBC/ASD and OST officials further funded and extended the task order. Because Internet restrictions have been recently lifted from OST/OAS regional offices, [redacted] believes that ITARS would have a better chance of working if OST returned to using it. Otherwise, she conceded that it would be a waste of taxpayer money if OST/OAS completely abandons ITARS. We discussed the complaint with [redacted] (**Attachment 27**). She told us that the project had been a time and materials contract since the government did not have a detailed SOW and wasn't sure what it would take to automate OST/OAS' appraisal tracking system. Because of all the unanswered questions about the scope of the project, CNI would not have accepted the work as a firm-fixed contract since it would have involved too much risk. With respect to the claim that CNI had no intention to provide OST/OAS with a functioning product since the work on ITARS represented a continued revenue stream, [redacted] said that the claim was false. She acknowledged that though this tactic might have netted short gains for her company, CNI would never resort to these tactics since it would negatively affect CNI's ongoing business relationship with OST – a relationship that CNI values.

Agent's note: *Because there was no evidence of wrongdoing by NBC and/or OST officials, a decision was made not to interview former* [redacted] *about the matter.*

III. INVESTIGATION OF DEVELOPED ISSUES

During the course of our investigation, several allegations were developed through interviews of current and former OST/OAS and NBC/ASD employees. The following allegations are addressed in this section: 1) poor oversight and management of the contract by NBC/ASD; 2) improper sole sourcing of the task order to CNI; 3) OST official(s) improperly having a financial interest in CNI; 4) CNI being unqualified and lacking the required knowledge/expertise to perform on the task order; 5) CNI's improper development of ITARS; 6) CNI failing to provide acceptable deliverables; 7) COTR's loss of objectivity on contract; 8) COTR improperly authorizing final payment to CNI absent acceptable deliverables; 9) COTR improperly providing CNI with a favorable evaluation though CNI's performance was poor; 10) COTR improperly seeking employment with CNI.

1) NBC/ASD's Alleged Poor Oversight and Management of CNI's Contract

During the course of our investigation, we received allegations that NBC/ASD officials had poorly managed the task order and had failed to keep OST/OAS officials informed about CNI's work and progress. Though we found some evidence to support these allegations, we determined that the agency removed [redacted] and [redacted] from the MOU to correct the matter.

Based upon the poor outcome of the contract with CNI, [redacted] opined that NBC/ASD officials did a poor job in managing the task order (See Attachment 4). [redacted] reported that [redacted] and [redacted] were removed from overseeing NBC/ASD's MOU with OST/OAS, at OST's request, because of their poor management of the CNI task order (See Attachment 5). She explained that [redacted] and [redacted] had mismanaged the contract and failed to keep OST management informed about work on the task order. With respect to [redacted] work as the COTR, [redacted] said that [redacted] failure to adequately monitor CNI's work on the task order ultimately caused things to "fall apart." For example, she said

that [redacted] accepted the ITARS product without requiring CNI to fix issues identified at user group meetings. Additionally, [redacted] failed to document or modify new requirements to the task order.

[redacted] confirmed that in October 2006, she and [redacted] were removed from managing the MOU with OST/OAS (See Attachment 6). Then NBC [redacted] told [redacted] and [redacted] that OST had asked for their removal because of ongoing problems on the CNI contract. [redacted] told us that she and [redacted] became "scapegoats" for the issues on the CNI contract that were beyond their control. She explained that no one, particularly [redacted] was sharing information about the contract with them. [redacted] acknowledged that her lack of contracting experience likely prevented her ([redacted] from being able to effectively stop or redirect work on the task order as soon as abnormalities became apparent. Additionally, [redacted] said that her responsibilities on the task order were never really made clear to her by [redacted]

When asked who [redacted] thought was responsible for mismanaging the task order, she said that "everyone" shared some of the blame. She explained that [redacted] detailed [redacted] to serve as COTR even though [redacted] did not come from an IT background and had no known experience with overseeing IT contracts. [redacted] departed from the agency halfway through the initial year of the task order, leaving [redacted] as the senior executive. [redacted] lacked the knowledge and experience in contract administration to know how to resolve contractor performance problems. [redacted] was difficult, non-responsive, and would not collaborate with either her ([redacted] or [redacted] As a result, neither she nor [redacted] could obtain clear information from [redacted] about the reasons why the contract had proceeded in a different direction. Because [redacted] and [redacted] were not provided opportunities to review CNI's proposal prior to it being accepted and incorporated into the statement of work, neither [redacted] nor [redacted] had been aware that CNI proposed developing an "ARRTS like" program. [redacted] said that [redacted] would have never approved the proposal since it deviated from his plan to migrate ARRTS to OST/OAS. She said that the aforementioned was an example of bad contract administration.

[redacted] confirmed what [redacted] told us and agreed that NBC/ASD had failed to keep OST managers informed about the contract/task order (See Attachment 7).

2) Alleged Improper Sole Sourcing of the Task Order to CNI

We received allegations that the project, to develop an appraisal tracking system, had been improperly awarded via a task order from a sole source contract with CNI. We found no evidence that the sole sourcing of the task order to CNI had been improper.

[redacted] questioned why NBC/ASD had used an 8(A), IDIQ contract with CNI to accomplish OST/OAS's need for a uniform appraisal tracking system (See Attachment 5). She told us that CNI was not known for their work in software development. [redacted] opined that NBC/ASD should have put the contract out for bids instead of sole sourcing it to CNI on a labor-hour contract.

[redacted] told us that [redacted] had made the decision to sole source the work to CNI (See Attachment 24). He said that [redacted] wanted to use CNI because OST already had an existing contract with CNI to perform IT work, and CNI understood OST security requirements. It made sense to [redacted] to use the existing CNI contract since there had been an urgent need to collect and report appraisal information to the court involved in the Cobell litigation.

[redacted] and [redacted] confirmed that [redacted] made the decision to sole source the task order to CNI (See Attachments 6 and 7). [redacted] opined that OST/OAS's needs should have been accomplished through an open bid contract instead of sole sourcing it to CNI (See Attachment 7). She explained that OST/OAS's expectations for an appraisal tracking system were never addressed on the task order performed by CNI.

[redacted] told us that there was nothing wrong with sole sourcing the task order to CNI (See Attachment 21). She maintained that using the existing contract with CNI was preferable, more efficient, and faster than competing a separate contract. Additionally, she reported that the cost of the work (i.e. approximately $1 million) was not large enough to justify using a separate contract, and the decision had been appropriately vetted through NBC/ASD's branch chief, contracting officer, and legal staff.

3) OST Official(s) Allegedly Having a Financial Interest in CNI

During the course of our investigation, we received allegations that OST officials may have owned stock and/or held a financial interest in CNI. We found no evidence to substantiate this claim.

[redacted] told us that she heard a rumor that [redacted] was financially invested in CNI (See Attachment 6). Though the rumor was just "hallway chatter" and "nothing concrete," she admitted that the sole source award of the task order to CNI made her suspicious. [redacted] further confirmed the rumor, stating that [redacted] was reportedly pressuring [redacted] to provide as much cash to CNI as possible – with [redacted] being the "purse carrier" (See Attachment 7). Lastly, [redacted] told us that he had read something in either Indian Country or Indianz.com, reporting a relationship between [redacted] and CNI (See Attachment 4).

[redacted] outright dismissed the allegation when we questioned her (See Attachment 27). She told us that CNI was a tribally owned company - not a publicly traded company. She said that it would be impossible for anyone at OST to own stock in the company unless he or she was a member of the Chickasaw tribe. [redacted] confirmed what [redacted] told us (See Attachment 8). [redacted] denied that she, or anyone that she has known at OST, has ever owned stock or had a financial interest in CNI.

[redacted] [redacted] and [redacted] denied that they knew of anyone at OST owning stock or having a financial interest in CNI (See Attachments 5, 21, and 24). [redacted] told us that she never saw or witnessed anything to support this allegation (See Attachment 26).

Our search of [redacted] tribal affiliation on the Internet (i.e. Wikipedia – the free encyclopedia) revealed that he was an enrolled member of the Cherokee Nation – not the Chickasaw Nation (**Attachment 28**).

4) CNI Allegedly being Unqualified to Perform on the Contract/Task Order

We received allegations that CNI was not technically qualified to perform on the task order. Our investigation found no evidence to support this claim.

[redacted] told us that he and other regional appraisers questioned whether CNI had the expertise to develop an appraisal tracking system since CNI was not known for software development (See Attachment 4). [redacted] told us that she believed CNI lacked the necessary qualifications to perform

the task order, and that CNI's project manager did not have the technical capability to successfully develop the appraisal tracking software for OST/OAS (See Attachment 7). [redacted] also questioned CNI's technical abilities (See Attachment 5). However, other NBC/ASD and OST officials thought differently when we interviewed them about CNI's ability to perform on the contract.

[redacted] told us that although she believed that the task order should have been competitively bid and not sole sourced to CNI; she acknowledged that CNI had been technically competent to perform the work (See Attachment 6). [redacted] told us that he believed that CNI possessed the required level of knowledge and expertise to successfully develop an automated appraisal tracking system for OST/OAS (See Attachment 24).

OST [redacted] also agreed that CNI possessed the required level of knowledge and expertise to develop the appraisal tracking system for OST (**Attachment 29**). However, he did not believe that the award of the task order to CNI had been right decision since ITARS was not "up and running" at OST/OAS.

[redacted] further confirmed that CNI possessed the required level of knowledge and expertise to successfully develop an appraisal tracking system for OST/OAS (See Attachment 26). She reported that CNI's software programmers had been innovative in their approach to developing the ITARS program; ITARS was well thought out; CNI had excellent communication and a good working relationship with the customer, and CNI was "willing to fix anything" and to take on new assignments.

[redacted] and CNI Project Manager [redacted] told us that CNI absolutely had the required level of knowledge and expertise to work on the task order (**Attachments 27 and 30**). [redacted] told us that CNI had become proficient in software development from their work on other government contracts (See Attachment 27). Additionally, she said that CNI went the added mile to put a couple of developers through an appraisal certification course to ensure that the developers understood the appraisal process.

5) CNI's Alleged Improper Development of ITARS

During the course of our investigation, we received allegations that CNI improperly developed the ITARS software in lieu of migrating ARRTS to OST/OAS; that the migration of ARRTS had been a task order requirement; that there was no justification to develop ITARS, and that agency funds had been misused to do so. Our investigation was unable to substantiate any of these claims.

[redacted] and [redacted] reported that the original intent of the task order had been to migrate ARRTS to OST/OAS (See Attachments 6 and 7). [redacted] alleged that CNI, under [redacted] questionable oversight of the contract, improperly changed the scope of work to develop a customized appraisal tracking system for OST/OAS (i.e. ITARS) in lieu of migrating ARRTS to OST/OAS (See Attachment 6). [redacted] further alleged that the decision to develop ITARS was never vetted through NBC/ASD management or explained – that by the time she realized the change in direction, it was too late to return to migrating ARRTS to OST/OAS.

[redacted] told us that she had no involvement in abandoning ARRTS for ITARS; that the decision was not properly vetted through NBC/ASD management and that she should have been notified (See Attachment 7).

[redacted] complained that OST management had been "kept out of the loop" and thought that they were getting ARRTS (See Attachment 5). Instead, for reasons that OST management didn't know or understand, ITARS was developed off the task order. [redacted] said that ITARS was "definitely not an OST idea" and "wasn't needed." She reported that [redacted] didn't like ITARS; wanted to stop OST funding of the task order, and asked [redacted] how OST ended up with ITARS.

Neither [redacted] nor [redacted] knew why ITARS had been developed in lieu of migrating ARRTS to OST/OAS (See Attachments 4 and 8). Additionally, neither [redacted] nor [redacted] knew who was responsible for the change in direction. [redacted] said that when he and other appraisers asked for a copy of the CNI contract, no one would give them a copy of it (See Attachment 4).

[redacted] told us that although the original intent of the task order had been to migrate ARRTS to OST/OAS, it was not possible to do so (See Attachment 24). He explained that security and technical issues prevented ARRTS from being used. In particular, ARRTS was a web-based program and OST/OAS appraisers did not have access to the Internet because of restrictions imposed in the Cobell litigation. For reasons such as these, [redacted] explained that it became necessary for CNI to customize and design an appraisal tracking system for OST/OAS. [redacted] explained that ITARS was essentially a modified and enhanced ARRTS program. [redacted] said that the decision to develop ITARS became known to everyone involved, including [redacted] and [redacted]

[redacted] told us that it had not been possible to migrate ARRTS to OST/OAS without CNI significantly customizing the software (See Attachment 26). [redacted] explained that ARRTS lacked OST/OAS user requirements for security, documentation, and was not "508 compliant." Additionally, she reported that ARRTS was "archaic" and designed from an old platform; that NBC's software developer was leaving the agency and would not be able to support the migration of ARRTS to OST/OAS; that the ARRTS code had not been adequately documented; that ARRTS was a web-based program and OST did not have Internet access, and that OST had unique user needs (i.e. data fields) that differed from the other DOI bureaus. [redacted] told us that through her discussions of the aforementioned deficiencies with CNI developers, it became obvious to those involved that ARRTS wasn't going to work.

Though it was not possible to simply "lift and drop" the ARRTS code into an appraisal tracking application at OST/OAS, [redacted] said that CNI did their best to use as much of the ARRTS code as possible. She explained that what gradually evolved from the development of the appraisal tracking program was ITARS. [redacted] told us that ITARS was essentially an enhanced version of the ARRTS program that satisfied OST security requirements. [redacted] explained that although they had originally intended to call the customized program "ARRTS," OST staff wanted it called something different since OST was already using a software program, unrelated to appraisal tracking, named "ARTS."

[redacted] further confirmed that although the original intent of the task order had been to migrate ARRTS to OST/OAS, it was not possible to do so (Attachment 29). He explained that the ARRTS application lacked particular data fields needed by OST/OAS appraisers. Additionally, the ARRTS fields, for reasons unknown to [redacted] would not transfer "one for one" over to OST. He confirmed that OST users had been disconnected from the Internet because of the Cobell litigation and ARRTS was a web-based program. Therefore, it became necessary for CNI to develop a customized tracking system. [redacted] reported that he and other OST personnel were aware of the aforementioned issues with ARRTS and the need for CNI to develop a customized system. He denied that anyone at NBC/ASD or CNI attempted to hide this information from OST managers.

[redacted] reported that [redacted] contacted him, during the period of time that CNI was trying to migrate ARRTS to OST, and asked [redacted] to look into the matter. [redacted] recalled that [redacted] was confused and didn't understand why NBC's ARRTS program couldn't just be "cloned" and brought to OST. In response to [redacted] request, [redacted] assigned a member of his staff to contact and discuss the issue with NBC Programmer [redacted]. [redacted] conveyed that it was not going to be possible to migrate ARRTS to OST since ARRTS was a web-based program. This information was subsequently relayed to [redacted]

We questioned [redacted] about her knowledge and involvement in matter (See Attachment 30). As the CNI project manager, she oversaw a team of CNI employees on the task order. She told us that around July 2006, CNI meet with NBC/ASD and OST officials to discuss whether the government wanted CNI to modify the ARRTS code in an attempt to get it to work at OST, or wanted a customized system (i.e. ITARS) developed. [redacted] thought that [redacted] and [redacted] were at the meeting. [redacted] said that after discussing the problems with migrating ARRTS to OST/OAS, [redacted] subsequently notified them that the government favored the development of ITARS. As a result of this decision, CNI began the process of developing ITARS for OST/OAS.

[redacted] told us that although there had been questions about whether ARRTS could be migrated to OST/OAS, she thought that CNI developers could have modified ARRTS to get it to work at OST (See Attachment 5). [redacted] also believed that ARRTS could have been modified to perform better and should have been used instead of developing ITARS (See Attachment 7).

[redacted] disagreed that ARRTS could have been modified to work at OST (See Attachment 24). He reiterated that it was clear to everyone that ARRTS wouldn't work at OST since it was a web-based program and "no one had a reason to believe that OST would ever have Internet access." He explained that OST's technical requirements for a tracking system became the critical reason for why ARRTS had to be modified, leading to the development of ITARS.

[redacted] told us that while he didn't know whether OST/OAS specifically needed ITARS, it definitely needed some type of appraisal tracking system (See Attachment 29).

6) CNI Allegedly Failing to Provide Acceptable Deliverables

Though several NBC/ASD and OST/OAS officials alleged that CNI failed to provide acceptable deliverables on the task order, we determined that Section C.3.5 of the task order only required CNI to provide a "monthly status report by activity location detailing project progress in a format determined by the COTR" (See Attachment 13).

[redacted] told us that although OST/OAS did technically receive a deliverable from CNI (i.e. ITARS); there were serious deficiencies with the deliverable that caused frustration for many OST/OAS appraisers (See Attachment 4). [redacted] reported that after the completion of the task order, he bumped into one of CNI developers who had helped create ITARS. When [redacted] asked the individual why CNI's development of ITARS had just stopped, the person told him that OST 'had cut the cord' before ITARS could be finished.

[redacted] expressed her dismay that the contract had been a time and material contract that did not obligate CNI to provide OST with a complete, functioning, ITARS product (See Attachment 6). In hind sight, [redacted] said that the way that the contract was written "screwed us over since CNI had no

commitment to give us something usable." [redacted] said that she had been unaware that the only required deliverable on the contract was for CNI to provide monthly progress reports. [redacted] said that she had no way of knowing this at the time since no one would give her a copy of the contract and [redacted] had been unresponsive to questions.

[redacted] told us that by the time of his departure from NBC/ASD in October 2006, CNI had successfully completed the fractionated interest study and was still working on the automated appraisal tracking system (See Attachment 24). The fractionated interest study was submitted on time and was acceptable to the government. Additionally, the work being turned in by CNI on the automated appraisal tracking system was timely and acceptable as well.

We asked [redacted] about the task order deliverables (See Attachment 26). She confirmed that she received monthly status reports from CNI during the length of the period of performance. To her knowledge, the task order deliverables had been acceptable and on time.

7) The COTR's Alleged Loss of Objectivity on the Contract

During the course of our investigation, we received allegations that [redacted] had lost her objectivity as COTR and was advocating on behalf of the vendor. Though two senior level NBC/ASD managers held this belief, we were unable to substantiate the allegation.

[redacted] told us that she began to notice that things were getting "off track" soon after the task order was awarded to CNI (See Attachment 6). Although she discussed her concerns with [redacted] and tried to get information about the contract from her, [redacted] did not provide clear information and defended and advocated CNI's position as the work progressed. [redacted] emphasized that it had been [redacted] responsibility as the COTR to advocate the government's position on the contract – not CNI's position.

[redacted] also told us that [redacted] had lost her objectivity and inappropriately covered for CNI's poor performance by failing to provide [redacted] with CNI progress reports (See Attachment 7). She explained that although [redacted] was required to furnish written progress reports, the reports that [redacted] furnished lacked substantial information.

When confronted, [redacted] denied that she had lost her objectivity or that she had become CNI's advocate on the contract (See Attachment 26). She denied that she had refused to provide [redacted] with contract materials or that she had avoided taking or returning [redacted] and/or [redacted] calls. She said that she would have had no reason to withhold contract documents from [redacted] told us that she was surprised by the allegations since her recollection was that [redacted] was happy with the way that ITARS progressed.

8) The COTR Allegedly Authorizing a Final Payment to CNI Absent Acceptable Deliverables

We received allegations that [redacted] had improperly authorized final payments to CNI even though the ITARS software application was reportedly unacceptable to OST/OAS. Though we substantiated that [redacted] had certified CNI's invoices for payment; the ITARS software was problematic and had been unacceptable to many OST/OAS officials, we determined that CNI's time and materials did not require them to provide a functioning appraisal tracking system as a deliverable (See Attachment 13).

[redacted] complained that although ITARS did technically function, the problem laden system was not worth the money that OST/OAS paid for it (See Attachment 5). Additionally, [redacted] complained that NBC/ASD officials failed to hold CNI responsible for the many issues with ITARS and should have required CNI to fix it before making final payment to them. [redacted] confirmed that NBC/ASD had improperly accepted deliverables that were unacceptable to OST/OAS, and authorized payments to CNI that should have been withheld until acceptable deliverables were received (See Attachment 7). [redacted] admitted that when she first saw ITARS product demonstrations, she walked away with the impression that ITARS wasn't finished; that it was hard to use, and that people would avoid using it (See Attachment 6). She told us that OST/OAS users had universally "panned" ITARS. [redacted] denied that anyone had complained about CNI performance issues on the contract and that her office "couldn't fix problems" they didn't know about (See Attachment 21). Additionally, she reported that there was nothing noted in the contract file to indicate issues with CNI's performance. To the contrary, she said that [redacted] had certified all CNI invoices for payment and had provided CNI with favorable performance ratings (See Attachment 17). Had there been issues with CNI's performance, [redacted] should have refused to certify the invoices for payment until the problems were resolved (See Attachment 21).

[redacted] and [redacted] both disputed that there had been CNI performance issues on the contract or that CNI had provided a poorly designed ITARS product (See Attachments 27 and 30). [redacted] reported that CNI software developers had worked closely with OST/OAS users throughout the entire ITARS design phase (See Attachment 27). Additionally, CNI personnel had traveled to each of the OST/OAS regional offices to train appraisers how to use the ITARS software. The feedback that CNI received was that ITARS was good and helpful software. She does not recall receiving any feedback that ITARS was not user friendly. In response to the complaint that CNI failed to provide adequate technical support, she said that it was a misperception and that OST had been responsible for providing Tier 2 and 3 support. She explained that whenever new software is implemented at an agency, employees often need to be "hand held" through a transition period. Tier 1 support fails to provide this level of support to the employee. Regarding the claim that ITARS had been abandoned approximately one year after its implementation, [redacted] said that the claim was not entirely correct since some regional offices were still using the ITARS software.

9) COTR Improperly Providing CNI with a Favorable Evaluation though CNI's Performance was Allegedly Poor

During our investigation, we received an allegation that [redacted] had improperly provided CNI with a favorable evaluation though CNI's performance on the task order had been allegedly poor. Though our investigation confirmed that [redacted] had provided CNI with a favorable evaluation, we were unable to substantiate that [redacted] actions were improper or unwarranted.

[redacted]

[redacted] told us that CNI had been undeserving of a favorable evaluation since CNI had failed to debug the ITARS software prior to delivering it to OST/OAS, and had failed to complete their work on the task order within the original period of performance – requiring the task order to be extended for an additional six months at an additional cost to OST (See Attachment 5).

told us that during the design phase of the task order, he and other appraisers met with and responded to questions from CNI developers (See Attachment 4). Even though and OST/OAS appraisers provided ideas and suggestions on how to incorporate OST's various legacy systems into ITARS, CNI developers failed to listen or use any of the ideas and suggestions.

agreed that CNI's performance was poor; pointing out that CNI had failed to deliver anything on time or per the contract requirements (See Attachment 7). She said that CNI's poor performance forced to re-negotiate the contract, giving CNI more money and time to produce something useful for the client. The final ITARS product proved to be poorly designed, difficult to use, and not supported by CNI's technical staff.
and disagreed that CNI's performance had been poor on the task order (See Attachments 27 and 30). told us that CNI had provided OST with good service; the deliverables were accepted by OST, and CNI had delivered quality work product on time (See Attachment 27).

We asked why she had provided CNI with high ratings when OST/OAS had reportedly been dissatisfied with ITARS; CNI reportedly provided poor customer service, and had reportedly failed to provide adequate training to OST users (See Attachment 26). told us that except for one complaint about CNI's timeliness from either or no one ever raised issues with CNI's performance on the task order. said that she would have been unaware of any complaints or issues after March 31, 2007, since COTR responsibilities ended and she was reassigned to other responsibilities. She told us that she rated CNI favorably since she believed, at the time, that CNI had performed well on the contract. She said that she never had an issue with CNI's performance or a reason to report them to the contracting officer.

10) The COTR Allegedly Seeking Employment with CNI

During the course of our investigation, we received an allegation that may have improperly sought employment with CNI while serving as COTR on the task order. We found no evidence to substantiate this claim.

told us that she became suspicious of motives in advocating CNI's position on the task order and suspected that was attempting to get a job with CNI (See Attachment 6).

When we questioned and about this allegation, both told us that they had no knowledge of ever contacting CNI about a job (See Attachments 27 and 30).

When we confronted with the allegation, she told us that it was false and had no merit (See Attachment 26). She explained that the allegation was false because 1) CNI was an Indian-owned business and she was not Native-American; 2) the task order ended more than three years ago and she had continued to work for NBC/ASD, and 3) she has never had an interest in leaving her home and family in California to pursue work elsewhere.

SUBJECT(S)

Name:
Grade:

Post of Duty: [redacted]

Name: [redacted]
Grade: [redacted]

Name: [redacted]
Grade: [redacted]

DISPOSITION

Based upon a lack of evidence to indicate a violation of law or regulations, this matter will be closed. No further action is anticipated.

ATTACHMENTS

1. Copy of MOU between OST and NBC, effective October 1, 2005.
2. Copy of informational write-up on ITARS, prepared by CNI, undated.
3. Copy of referral letter, with attached anonymous complaint, from the U.S. Office of Special Counsel, dated July 27, 2009.
4. IAR – Interview of [redacted] dated February 4, 2010.
5. IAR – Interview of [redacted], Finance and Administration, OST, dated February 12, 2010.
6. IAR – Interview of [redacted], Office of Acquisition and Property Management, DOI, dated March 11, 2010.
7. IAR – Interview of [redacted], Office of Evaluation Services, DOI, dated April 27, 2010.
8. IAR – Interview of [redacted], OST, dated April 2, 2010.
9. Copy of NBC Contract Number NBCHD040023, awarded to CNI on April 22, 2004.
10. Copy of NBC Task Order D0400230033, awarded to CNI on January 5, 2006.
11. Copy of Modification 0001 to NBC Task Order D0400230033, effective September 29, 2006.
12. Copy of Memorandum from NBC Contracting Officer [redacted] designating [redacted] as COTR on Task Order D0400230033, dated September 25, 2006.
13. Copy of Statement of Work for Task Order D0400230033, undated.
14. Copy of Technical Proposal, submitted by CNI to NBC/ASD, dated November 21, 2005.
15. Copy of email message from NBC COTR [redacted] to [redacted] regarding [redacted] acceptance of CNI's Technical Proposal, dated November 30, 2005.
16. Copy of ITARS Acceptance Test Plan, prepared by CNI for NBC/ASD, dated January 25, 2007.
17. Copy of Performance Questionnaire evaluation, completed by [redacted] for CNI, undated.
18. Copy of email message from [redacted] to [redacted] regarding issues on Task Order D0400230033, dated June 6, 2007.
19. Copy of email message from [redacted] regarding issues on Task Order D0400230033, dated June 7, 2007.
20. Copy of note from [redacted] to [redacted], regarding CNI's work on Task Order D0400230033, dated January 28, 2007.

21. IAR – Interview of [redacted] NBC/ASD, dated February 17, 2010.
22. Copy of CNI Technical Proposal for Period of Performance October 1, 2006 through March 31, submitted to NBC/ASD, dated September 26, 2006.
23. IAR – Interview of [redacted], NBC/ASD, dated February 22, 2010.
24. IAR – Interview of [redacted], U.S. Department of Justice, dated May 13, 2010.
25. Copy of excel spreadsheet identifying OST/OAS user issues with ITARS, prepared by [redacted] undated.
26. IAR – Interview of [redacted] NBC/ASD, dated April 13, 2010.
27. IAR – Interview of [redacted] dated May 18, 2010.
28. Copy of Internet Wikipedia search on [redacted] conducted on September 17, 2010.
29. IAR – Interview of [redacted] OST, dated May 5, 2010.
30. IAR – Interview of Sue [redacted] CNI, dated May 20, 2010.

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title USGS Core Research Center	Case Number OI-OG-10-0006-I
Reporting Office Lakewood, CO	Report Date September 22, 2010
Report Subject Report of Investigation	

SYNOPSIS

This investigation was initiated on October 9, 2010 after a anonymous complaint was received requesting the OIG investigate the Core Research Center (CRC), a division of the United States Geological Survey (USGS) located on the Denver Federal Center. The allegation stated that the USGS had provided oil shale core samples (cores) to Shell Oil Company (Shell) despite ethical concerns by USGS employees.

The investigation revealed the USGS entered into two agreements with Shell, A Collaborative Agreement (CA) **(Attachment 1)** and a Technical Assistance Agreement (TAA) (**Attachment 2)**. The CA allowed Shell to transport 713 pallets of cores to the CRC facility in Denver, CO and the TAA allowed for Shell to conduct research on a select number of cores, with the information gained to be provided to the USGS. Both documents were reviewed by ethics personnel.

This investigation determined the agreements between Shell and the USGS followed proper procedure and no federal criminal violations were identified. The investigation determined the CRC did not have an official inventory policy in place, and as such approximately 20 cores are unaccounted for. Due to the fact that the cores are not considered controlled property, inventory barcodes were not fixed to the samples and the monetary value of these cores was unable to be determined. Multiple witnesses stated there would be no reason for an individual or corporation to steal these cores. A Management Advisory has been drafted and will be issued to the USGS. This investigation is closed.

BACKGROUND

According to the CRC website, "The Core Research Center (CRC) was established in 1974 by the U.S. Geological Survey (USGS) to preserve valuable rock cores for use by scientists and educators from

Reporting Official/Title [redacted]	Signature
Approving Official/Title [redacted]/Special Agent in Charge	Signature

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government, industry, and academia. The cylindrical sections of rock are permanently stored and available for examination and testing at the core storage and research facility in Denver, Colorado. The CRC is currently one of the largest and most heavily used public core repositories in the United States. The CRC encourages use of its facility by all interested parties. Tours of the facility are available by appointment."

In the 1990s the CRC sent approximately 713 pallets of cores to the Anvil Points Mine (APM) near Rifle, CO for storage. This mine was operated by the Bureau of Land Management (BLM) which notified the CRC in approximately 2007 that the facility would be closing. Several options were considered for transporting the cores back to the CRC, but ultimately the USGS entered into the CA and TAA with Shell to move the cores.

Some of the cores were transported to Daub and Associates (a contractor hired by Shell) for research with the remaining cores being returned to the CRC. While removing the cores from the APM, it was discovered there were cores in the mine not documented in a report prepared by [redacted] and [redacted] of the USGS (this report documented mine events and activities) as well as cores that were supposedly located in the mine that were unaccounted for.

All cores located in the APM identified as belonging to the USGS have been returned to the CRC as well as the information gained from Daub and Associates' research of the selected cores.

DETAILS OF INVESTIGATION

OIG Investigators interviewed USGS [redacted] **(Attachment 3).** [redacted] stated multiple avenues for obtaining the funding for transporting the cores were explored including speaking with the BLM, Department of Energy, and contacting multiple industry consortiums including the Colorado School of Mines as well as multiple oil and gas companies (to include Exxon, Total and Schlumberger) to solicit interest in funding the project. [redacted] advised these attempts to fund the project failed.

In approximately mid-2007 [redacted] attended a meeting at the National Academy of Sciences and while there met Shell employee [redacted] and several weeks later asked [redacted] if Shell would be interested in the project. Several months later [redacted] was contacted by [redacted], Shell's [redacted] who expressed interest. [redacted] stated she did not have any personal contacts associated with Shell, was unaware of anyone who personally benefited from the agreements and was not involved in the actual removal of the cores. [redacted] did not believe Shell gained an unfair advantage as once the cores were returned to the CRC they would be available to anyone.

Investigators interviewed CRC Physical Science Technician [redacted] who stated there was a discrepancy between the list of cores placed into the mine and the list of core samples the CRC received from the mine **(Attachment 4).** [redacted] added this discrepancy could have been a result of an incorrect list of cores stored in the mine. [redacted] stated the CRC never received a list of cores removed from the mine by Shell and was only on site at the APM for one day when Shell began removing the cores.

CRC [redacted] was interviewed and stated the USGS entered into a memorandum of agreement with Shell in 2008 where shell would transport the cores from the APM back to the CRC in return for the opportunity to analyze some of the cores **(Attachment 5).** [redacted] stated he was unaware why the USGS entered into the agreement and stated it was the decision of upper

management to do so.

[redacted] stated when Shell began returning the cores to the CRC in November 2008 and finished in May 2009. [redacted] stated there were discrepancies and based on the old inventory, determined there were cores from approximately 10 wells unaccounted for. [redacted] stated Shell also never provided them with a list of the cores removed from the APM.

[redacted] felt the agreements between Shell and the USGS were "shady" because the USGS lost control of the cores and now will not be able to determine if anything is truly missing. [redacted] also felt that Shell gained an unfair advantage over other companies because it was given the opportunity to examine the cores beyond what was included in the agreement. [redacted] stated he expressed his concerns to upper management to no avail.

Investigators interviewed USGS [redacted], [redacted] who stated USGS personnel visited the APM on multiple occasions while the cores were stored there and sometimes found the mine unsecured and minor vandalism to the cores **(Attachment 6).** Regarding the CA and the TAA, [redacted] stated both agreements were reviewed and approved by [redacted].

Former [redacted] was interviewed and stated Shell was tasked with devising a plan to remove and transport the cores and that they (Shell) provided the USGS with the opportunity to have a USGS official on site to observe the removal **(Attachment 7).** [redacted] stated she didn't feel that was necessary at the time and the USGS was not willing to pay for an employee to be in travel status during the entire process. [redacted] stated a CRC representative was on site for the beginning and end of the project but did not inventory or verify the cores that were removed from the mine by Shell.

[redacted] stated she could not rely on USGS records and believed these records were incorrect because Shell returned cores from the APM that were reportedly destroyed by the USGS. [redacted] further stated Shell was not required to prepare an inventory and she did not feel this was a critical aspect of the project, but stated if she could do it over again she would assign a USGS employee to verify the cores being removed.

[redacted] confirmed that her employees had notified her of the missing cores and that some suspected Shell of keeping cores from the mine but she did not agree with accusing Shell without evidence and did not contact Shell to discuss the missing cores. [redacted] stated she regretted not taking further action and stated she probably "screwed up."

Investigators interviewed [redacted] who stated he became involved when the cores were removed from the mine **(Attachment 8).** [redacted] stated while removing the cores he noticed many of the boxes the cores were stored in were in poor condition and marked incorrectly making identification difficult. [redacted] stated he noticed numerous discrepancies with what was in the mine and the report created by [redacted] and felt too much reliance had been placed on this report which the USGS had felt was highly accurate.

[redacted] stated the APM was not a secure site and observed evidence that vehicles had being driven inside the mine as well as other evidence of vandalism. [redacted] told investigators Shell did not gain an unfair advantage by entering in the agreements with Shell as the cores were available to other companies while located in the APM.

[redacted] stated his company simply described and documented the cores in a manner which they had never been done before and created a permanent record for the cores. According to [redacted] this work product could not provide information relating to the potential for oil and gas reserves in the areas from which the cores were taken. [redacted] stated he was not sure what the value of his work was to Shell and the OIG would need to pose that question to Shell.

According to [redacted] a USGS representative was on site at times during the removal of the cores but not throughout the process. [redacted] assured investigators neither he nor Shell was involved in any inappropriate activities, there would be no reason for him or Shell to keep any of the cores and the cores hold only a scientific value. [redacted] advised the information gained by his company's work was provided to the USGS in both electronic and hard copy form on December 17, 2009.

There are additional Investigative Activity Reports, not cited in this report maintained in the case file

DISPOSITION

This investigation determined the agreements between Shell and the USGS followed proper procedure and no federal criminal violations were identified. The investigation determined the CRC did not have an official inventory policy in place, and as such approximately 20 cores are unaccounted for. Due to the fact that the cores are not considered controlled property, inventory barcodes were not fixed to the samples and the monetary value of these cores was unable to be determined. Multiple witnesses stated there would be no reason for an individual or corporation to steal these cores. A Management Advisory has been drafted and will be issued to the USGS. This investigation is closed.

ATTACHMENTS

Attachment 1 – Copy of the Collaborative Agreement between Shell and the USGS
Attachment 2 – Copy of the Technical Assistance Agreement between Shell and the USGS
Attachment 3 – Interview of [redacted]
Attachment 4 – Interview of [redacted]
Attachment 5 – Interview of [redacted]
Attachment 6 – Interview of [redacted]
Attachment 7 – Interview of [redacted]
Attachment 8 – Interview of [redacted]

OFFICE OF
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U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title Worley, Kyle	Case Number OI-OR-10-0070-I
Reporting Office Portland Resident Office	Report Date August 11, 2011
Report Subject Final Report of Investigation	

SYNOPSIS

On November 2, 2010, former Bureau of Land Management Human Resources Manager Kyle D. Worley was sentenced to 120 months in federal prison and 60 months probation following his guilty plea to one count of online enticement of a minor in the District of Oregon, a violation of 18 U.S.C. §2422(b).

This investigation originated in November, 2009 when it was determined that Worley used his Government issued computer in order to solicit and entice a 14 year old girl to meet him and engage in sexual activity. The girl's parents intercepted Worley's communications before any meeting took place and provided those communications to the Portland Police Bureau. The investigation was conducted jointly between the Department of the Interior, Office of Inspector General, the Portland Police Bureau, and U.S. Immigration and Customs Enforcement, who assumed the online identity of the 14 year old girl and continued corresponding with Worley. Worley was arrested after appearing at a pre-determined destination where he thought he was going to meet his 14 year old victim.

Shortly after Worley's arrest BLM placed him on unpaid administrative leave pending trial. He has since resigned his position with BLM.

The investigation is complete. All evidence has been properly disposed of and no further judicial action is anticipated.

BACKGROUND

Reporting Official/Title [redacted] / Special Agent	Signature
Approving Official/Title [redacted] / Special Agent in Charge	Signature

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REPORT OF INVESTIGATION

Case Title	Case Number
BLAIR, JASPER NEIL	OI-OR-10-0174-I
Reporting Office	**Report Date**
Sacramento, CA	March 4, 2013
Report Subject	
Report of Investigation	

RESTRICTED INFORMATION – FEDERAL GRAND JURY MATERIAL
FEDERAL RULES OF CRIMINAL PROCEDURE, RULE 6(e) APPLIES

SYNOPSIS

This investigation originated in January 2010 after the Department of the Interior (DOI), Office of the Chief Information Officer, Enterprise Services Network captured and reported to the DOI Office of Inspector General (OIG) email correspondence pertaining to the sexual exploitation of a minor originating from Bureau of Indian Affairs (BIA) employee Jasper Blair's government issued computer. The correspondence contained an image of child pornography and was captured by a usage monitoring software program.

This investigation was conducted jointly between the DOI-OIG and Department of Homeland Security, Immigration and Customs Enforcement (ICE), Office of Investigations. Our investigation confirmed that Jasper Blair solicited, received, and possessed an image of child pornography over the internet from Portland, OR, resident Michael Marceau. These findings were provided to the United States Attorney's Office in Portland, OR, for criminal prosecution.

Blair was terminated from his position with BIA for misuse of his government issued computer during a probationary period of employment. On May 31, 2012, Blair pleaded guilty to one count of possession of child pornography, in violation of Title 18, United States Code, Sections 2252A(a)(5)(B) and (b)(2). On October 4, 2012, Blair was sentenced to 30 months of federal incarceration.

As a result of our joint investigation, Marceau and his wife Lisa Ford were indicted in United States District Court for the District of Oregon on 27 counts related to violations of Title 18, United States Code, Sections 2251(a) and (e) and 2, Sections 2251 (b) and (e) and 2252A(a)(1) and (b)(1) for

Reporting Official/Title [redacted] Special Agent	Signature [redacted]
Approving Official/Title [redacted] Special Agent in Charge	Signa [redacted]

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OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

JUN 24 2010

Memorandum

To: Rowan Gould
Acting Director, U.S. Fish and Wildlife Service

From: John Dupay
Assistant Inspector General for Investigations, Office of Investigations

Subject: Report of Investigation – FWS Grant Management – HI
PI-10-0176-I

The Office of Inspector General concluded an investigation of Special Agent [redacted] involvement in an $80,000 "Lehua grant" donation to the Hawaii Chapter of The Wildlife Society in October 2005.

Information obtained during an evaluation of U.S. Fish and Wildlife Service grants and cooperative agreements in Hawaii and the Pacific Islands disclosed that [redacted] Office of Law Enforcement, FWS, Honolulu, HI, negotiated the donation from the Kauai Island Utility Cooperative. The utility company's infrastructure was threatening the habitat and migration patterns of endangered seabirds, and [redacted] arranged the donation for the company to fulfill a conservation measure outlined in a December 2004 Memorandum of Agreement with FWS. At that time, [redacted] was a voting board member of The Wildlife Society but failed to claim his affiliation on his annual Confidential Financial Disclosure Report until February 2008, more than three years after the negotiation.

Although the law enforcement reports documenting Kauai Utility's donation depicted a transparent process, the fact that [redacted] was serving on The Wildlife Society Board at the time of the donation was inappropriate and presented a possible violation of conflict-of-interest statute Title 18 U.S.C. § 208. The U.S. Attorney's Office declined criminal prosecution of [redacted] based on lack of criminal intent.

We are providing this report to you for whatever administrative action you deem appropriate. Please send a written response to this office within **90 days** advising us of the results of your review and actions taken. Also enclosed is an Investigative Accountability form. Please complete this form and return it with your response. Should you need additional information concerning this matter, you may contact me at (202) 208-6752.

Attachment

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
FWS GRANT MGMT – HI	PI-PI-10-0176-I
Reporting Office	**Report Date**
Program Integrity Division	June 23, 2010
Report Subject	
Closing Report of Investigation	

SYNOPSIS

This investigation was initiated pursuant to information obtained during a recent Office of Inspector General (OIG) evaluation of U.S. Fish and Wildlife Service Grants and Cooperative Agreements in Hawaii and the Pacific Islands. In the OIG evaluation, the "Lehua grant" awarded to the Hawaii Chapter of The Wildlife Society disclosed that Special Agent [redacted] U.S. Fish and Wildlife Service, negotiated an $80,000 donation to The Wildlife Society from Kauai Island Utility Cooperative (Kauai Utility or KIUC), whose infrastructure was threatening endangered seabirds.

Our investigation determined that in December 2004, [redacted] who at the time was a voting board member of The Wildlife Society, negotiated the $80,000 donation from Kauai Utility while acting in his official capacity as a law enforcement official. The donation was part of Kauai Utility's effort to assist in seabird protection based on years of unlawful takes on the Island of Kauai. Although the law enforcement reports documenting Kauai Utility's donation depicted a transparent process, the fact that [redacted] was serving on The Wildlife Society Board at the time of the donation was inappropriate and presented a possible violation of conflict-of-interest statute Title 18 U.S.C. § 208. Further, it was not until February 2008 that [redacted] claimed his association with The Wildlife Society on his annual Confidential Financial Disclosure Report (OGE 450).

A civil injunction and criminal case against Kauai Utility for failing to protect the seabirds' habitat (referred in March 2008 to the Wildlife and Marine Resources Section, Environment and Natural Resources Division, U.S. Department of Justice) is pending disposition.

We briefed the U.S. Attorney's Office for Honolulu, HI, on this investigation. The U.S. Attorney's Office declined criminal prosecution of [redacted] based on lack of criminal intent.

Reporting Official/Title	Signature
[redacted] Investigator	
Approving Official/Title	Signature
[redacted] Program Integrity Div	

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BACKGROUND

For several years, Kauai Utility's exposed power lines and unprotected lighting on the Island of Kauai were suspected of taking endangered seabird fledglings (Hawaiian petrel and Newell's Shearwater) as a result of them striking the power lines and lights. Since November 2002, the Office of Law Enforcement, U.S. Fish and Wildlife Service (FWS) and Kauai Utility were involved in negotiations to minimize and mitigate the unauthorized take of seabirds. The ultimate goal of all parties was for Kauai Utility to establish a Habitat Control Plan, which would have facilitated the issuance of an incidental take permit to KIUC under Section 10 of the Endangered Species Act, 16 U.S.C § 1539. In the absence of a Habitat Control Plan, FWS negotiated Memoranda of Agreement (MOA) with Kauai Utility in November 2002 and December 2004, in an effort to implement interim conservation measures and provide time for Kauai Utility to complete its Habitat Control Plan.

As part of the MOA signed in December 2004, Kauai Utility agreed to make an $80,000 donation to The Wildlife Society to assist in completing rabbit eradication on Lehua Island, which would ultimately benefit seabirds known to nest on Lehua, a seabird sanctuary near Kauai Island. Ultimately, KIUC failed to meet the established Habitat Control Plan benchmarks and FWS Office of Law Enforcement referred the matter for civil and criminal prosecution in March 2008.

DETAILS OF INVESTIGATION

This investigation was initiated on January 10, 2010, based on information developed during an OIG evaluation of grants and cooperative agreements awarded by FWS' Pacific Island Fish and Wildlife Office (PIFWO), Honolulu, HI. Our evaluation determined that on December 13, 2004, Special Agent [redacted] Office of Law Enforcement, FWS, Honolulu, HI, negotiated an $80,000 donation from Kauai Utility to The Wildlife Society, of which [redacted] was a voting board member at the time. In turn, The Wildlife Society grants manager improperly posted the Kauai Utility donation to the financial ledger related to the Lehua grant (FWS Grant Agreement No. 122003G003) instead of to a separate ledger. This discrepancy is what brought this issue to light.

Agent's Note: *Although there were several bookkeeping issues identified with how the Lehua grant was managed and modified, as well as a secondary issue involving the building of a predator control fence on Kaena Point on Oahu by a New Zealand company, the focus of this investigation was the $80,000 donation negotiated by* [redacted] *Additional investigative efforts regarding the Lehua grant's management and the predator fence will be pursued by the OIG Hawaii Field Office in a separate investigation.*

We started our investigation by collecting and reviewing several documents related to the $80,000 donation **(Attachment 1)**. This included both MOAs, dated November 7, 2002, and December 13, 2004 **(Attachments 2 and 3)**, the law enforcement case notes related to the Kauai Utility investigation **(Attachment 4)**, a copy of the check from Kauai Utility to The Wildlife Society **(Attachment 5)**, and meeting minutes from The Wildlife Society **(Attachment 6)**.

A review of the MOA, dated December 13, 2004, showed that the $80,000 donation was signed by Special Agent-in-Charge [redacted] FWS, Office of Law Enforcement, Portland, OR. [redacted] said that the matter of Kauai Utility taking seabirds had a 30-year history. [redacted] confirmed that at the time of [redacted] assignment to Hawaii, he told [redacted] that Kauai Utility's take of seabirds was an issue

law enforcement needed to address **(Attachments 7 and 8)**. [redacted] said [redacted] started going to Kauai to conduct surveillance, collect information about nesting habitats and flight patterns, and work with other biologists. [redacted] confirmed his involvement in signing the December 2004 MOA, and said he was not aware of [redacted] affiliation with The Wildlife Society at the time the MOA was negotiated. When asked if he had any issues with [redacted] being a member of The Wildlife Society, [redacted] went on to say, "I encourage our folks to be involved in conservation outside of work if they so choose. Our code of conduct, our methods for ethics issues, you absolutely need to recuse yourself in situations that might imply a conflict of interest. I believe that, well, I at least have been told that, he did recuse himself."

According to [redacted] the initial Kauai Utility investigation started around 2002, and the case was officially opened in 2004 **(Attachments 9 and 10)**. [redacted] said that Kauai Utility had been engaged in an ongoing unauthorized take of endangered seabirds for about 30 years. He said that Kauai Utility was approached through an MOA, with the first MOA signed in 2002 (See Attachment 2); that the MOA required a series of actions, referred to as "Interim Conservation Measures;" and that Kauai Utility was still in violation when the initial MOA expired in 2004. [redacted] said that based on this and FWS Regional leadership's reluctance in pursuing a criminal or civil case, a second MOA was negotiated in 2004 (See Attachment 3), against his and [redacted] better judgment.

[redacted] said that at the point the second MOA was signed, "on-the-ground conservation activities" for the species that Kauai Utility was taking should have been in place. He noted that Kauai Utility was struggling, or portraying itself as struggling, to identify areas that could be preserved. He said FWS was trying to help Kauai Utility identify projects to which they could contribute. During this process, [redacted] said he literally bumped into [redacted] the [redacted], in the hallway at the federal building and asked him if he was working on any seabird projects. [redacted] said that [redacted] identified Lehua Island as a possible location and provided an $80,000 figure needed to complete rabbit eradication. According to [redacted] research showed that the petrels and shearwaters that Kauai Utility was interested in protecting on Kauai did exist on Lehua, or at least had a historical nexus to Lehua. A project on Lehua would directly benefit the petrel and shearwater seabirds, and Kauai Utility ultimately agreed to donate the money.

According to [redacted] at some point, he became aware that [redacted] intended The Wildlife Society to be the recipient of Kauai Utility's $80,000 check donation earmarked for the Lehua grant. At that point, [redacted] said he became concerned about the appearance of a conflict of interest, and refrained from voting on issues related to the Kauai Utility donation. Although [redacted] claimed he became concerned when he discovered The Wildlife Society was going to process the $80,000 donation, the MOA, dated December 2004 lists the donation recipient as The Wildlife Society from the onset (See Attachment 3).

[redacted] also said that he did not claim his affiliation with The Wildlife Society on his OGE 450 until 2008 **(Attachment 11)**. [redacted] said that, early on, he did not perceive his board membership as an issue and did not seek ethics advice. [redacted] also said he recently changed his membership from board member to non-voting member.

We interviewed [redacted] who said that his involvement with Kauai Utility's donation to The Wildlife Society was minimal **(Attachments 12 and 13)**. He said that [redacted] made him aware of the possible Kauai Utility donation and asked if the funds could be used toward restoration efforts on Lehua Island.

During this time, [redacted] was the project manager of the Lehua grant. The purpose of the grant was to help restore the natural habitat on Lehua Island by eradicating rabbits and rats. [redacted] said documentation showed that the seabirds being threatened on Kauai by Kauai Utility also nested on the island. He said if the ecosystem could be restored on Lehua Island it would provide a safe nesting area. Regarding his knowledge of Kauai Utility money availability from [redacted] he said, "Basically this was an opportunity that was presented to me. I wasn't involved in the KIUC negotiations or talking with … other folks about choices of where to use it. I was just involved in my project and basically focused on Lehua." [redacted] said that the $80,000 was subsequently used to complete the rabbit eradication on Lehua Island.

[redacted] noted that [redacted] would often recuse himself from voting FWS issues during The Wildlife Society meetings. We reviewed The Wildlife Society minutes from January 2003 to October 2009 in an attempt to establish the number of times [redacted] recused himself when the KIUC donation was discussed (See Attachments 1 and 6). In the minutes dated June 2008, [redacted] indicated he might have a "conflict of interest" with the Oahu Offshore Islet grant, which was not directly related to this investigation, and in the same minutes recused from commenting on a Lehua seabird tracking project. These were the only recusal entries pertaining to [redacted]

When interviewed, [redacted], FWS, and [redacted], said [redacted] duties included writing the minutes after every Wildlife Society meeting and tracking member votes **(Attachments 14 and 15)**. [redacted] described [redacted] as very conscientious and concerned with certain issues on which he could not vote. She recalled [redacted] comment during a 2004 board discussion about a Kauai Utility light issue. She remarked that [redacted] said, "I can't be involved in any of this."

[redacted] who worked for the State of Hawaii Department of Land and Natural Resources and served as [redacted], said he posted the Kauai Utility donation to the Lehua grant ledger **(Attachments 16 and 17)**. He said that, in retrospect, he should have posted those monies to a separate ledger.

Agent's Note: *The issue of how the donation was processed by* [redacted] *and how he managed the Lehua grant will be addressed in a separate investigation. Several of these issues are also addressed in the Evaluation of U.S. Fish and Wildlife Service Grants and Cooperative Agreements in Hawaii and the Pacific Islands (Report No. HI-EV-0001-2009).*

[redacted], Habitat Conservation Division, PIFWO, FWS, said that during the timeframe of the second MOA, Kauai Utility biologists were unable to locate a nesting site on Kauai to protect and that was why the Lehua Island location was selected **(Attachments 18 and 19)**. He did not specifically know how the amount of the $80,000 donation was determined but believed it was the amount needed to complete the rabbit eradication on Lehua.

According to [redacted] and [redacted] upon expiration of the second MOA, the Kauai Utility matter was referred to the U.S. Department of Justice because the company failed to implement agreed-upon changes.

Law enforcement notes reflect both the donation and the referral of the case for criminal prosecution to the Wildlife and Marine Resources Section, Environment and Natural Resources Division, U.S. Department of Justice.

SUBJECT(S)

[redacted] Special Agent, U.S. Fish and Wildlife Service, Office of Law Enforcement, 3375 Koapaka St., Honolulu, HI

DISPOSITION

On March 10, 2010, this investigation was coordinated with [redacted] Criminal Law, U.S. Attorney's Office, Honolulu, HI, who declined criminal prosecution based on a lack of criminal intent. This Report of Investigation will be forwarded to the Office of Law Enforcement for FWS for action deemed appropriate.

ATTACHMENTS

1. IAR – pertaining to document review, dated March 19, 2010.
2. MOA – pertaining to the Kauai Island Utility Cooperative and FWS agreement, dated November 7, 2002.
3. MOA – pertaining to the Kauai Island Utility Cooperative and FWS agreement, dated December 13, 2004.
4. Law Enforcement Case Summary, Case Number 2004101828.
5. Copy of the Kauai Island Utility Cooperative check to The Wildlife Society, dated October 26, 2005.
6. Meeting minutes from The Wildlife Society, dated between January 2003 and November 2007.
7. IAR – interview of [redacted] dated April 4, 2010.
8. Transcript of interview with [redacted]
9. IAR – interview of [redacted] dated April 4, 2010.
10. Transcript of interview with [redacted]
11. OGE Forms 450, dated between 2001 and 2010.
12. IAR – interview of [redacted] dated April 4, 2010.
13. Transcript of interview with [redacted]
14. IAR – [redacted] dated April 8, 2010.
15. Transcript of interview with [redacted]
16. IAR – [redacted] dated April 8, 2010.
17. Transcript of interview with [redacted]
18. IAR – [redacted] dated April 8, 2010.
19. Transcript of interview with [redacted]

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
Independence National Historical Park Maintenance Facility	**OI-NY-10-0283-I**
Reporting Office	**Report Date**
Fort Lee, NJ	**January 25, 2012**
Report Subject	
Report of Investigation – Final	

SYNOPSIS

The Office of Inspector General initiated this investigation in March 2010, based on allegations of theft, misconduct, and mismanagement within the maintenance division at Independence National Historic Park (INHP), a National Park Service (NPS) site in Philadelphia, PA.

We ultimately determined that INHP did not track and account for its maintenance division equipment in a practical or responsible manner and that managers neglected to ensure that maintenance division supervisors complied with existing U.S. Department of the Interior (DOI) time and attendance policies and regulations. We also found circumstantial evidence suggesting time and attendance irregularities among maintenance division employees, as well as improper handling of Government equipment. We discovered no evidence of theft or criminal misconduct.

We presented the details of this investigation to the U.S. Attorney's Office for the Eastern District of Pennsylvania, which showed no interest in pursuing criminal prosecution. We are closing the case barring a renewed interest by the Eastern District of Pennsylvania, Assistant United States Attorney's Office.

DETAILS OF INVESTIGATION

We initiated this investigation on March 2, 2010, after receiving information from Independence National Historic Park ([redacted] alleging that INHP [redacted] may have received kickbacks from employees whom he allowed to work private jobs during their scheduled tour of duty. [redacted] allegedly used the National Park Service (NPS) time clock located within the maintenance facility to

Reporting Official/Title	Signature
[redacted]/Special Agent	
Approving Official/Title	Signature
[redacted]/Special Agent in Charge	

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record employees' attendance on duty while they were working off-site. According to the allegations, the maintenance facility used NPS funds to purchase equipment and supplies used later on private jobs. Finally, a substantial amount of supplies allegedly were stolen regularly from a storage facility in an INHP building (**Attachment 1**).

We conducted extensive surveillance operations but could not corroborate the allegations. During the investigation, however, the INHP maintenance division consistently could not locate employees at the park or provide a reliable work schedule for them. This was evident when we attempted to locate and interview these NPS park employees, who NPS maintenance supervisors could not find or account for. Also, supervisors could not reliably locate Government equipment worth less than $5,000 or prove Government ownership of this equipment when located. This lack of accountability for employees and property significantly hindered our investigative efforts (**Attachment 2**).

According to NPS policy, park employees are held accountable for property costing $5,000 or more, or fall into a special acquisition category (e.g., computers, monitors, printers, cameras, projectors, and law enforcement equipment). Items costing less or not listed as accountable property are considered non-capitalized property and tracked on an unofficial inventory overseen by the maintenance division (**Attachment 3**). Accountable property ordered for maintenance use receives a property and tag number on the purchase order. The NPS contracting division processes all purchases of more than $3,000, entering them into the Fixed Assets System (FAS), issuing an accountable property number, and automatically adding the item to the NPS accountable property inventory.

In addition to the complexities of the procurement system, we noted numerous rifts and complicated relationships among personnel based on personal biases revealed during our interviews of INHP maintenance division employees. These interpersonal issues generated a significant number of minor complaints and allegations of general corruption during interviews. Interviewed employees often gave detailed accounts of why they disliked a particular co-worker but then offered only vague third party accounts of the purported criminal activity associated with that coworker.

Government Equipment

We could not verify the alleged criminal misuse and theft of government property due to the absence of a comprehensive maintenance division inventory and a lack of NPS property tags on individual items under the $5,000 threshold.

Because supplies do not fall within the DOI definition of accountable property and are not maintained on an inventory by the maintenance division, we could not determine whether or not theft had occurred. Although our investigative efforts found no evidence suggesting that supplies were blatantly stolen, the manner in which supplies are distributed prevented us from determining whether they were used appropriately or had been misappropriated.

[redacted] a [redacted], stated that there is, "a lot of theft…going on and it is totally out of control." [redacted] recounted numerous rumors and anecdotal accounts of potential theft interspersed with personal opinions and assertions that he admitted he could not confirm and that we also could not confirm (**Attachment 4**).

[redacted] an [redacted] stated that, historically, the maintenance division allowed its employees to borrow NPS equipment unofficially to use at their homes. [redacted] admitted to borrowing equipment in the past but added that the current superintendent

put a stop to the practice. [redacted] added that the maintenance division made unnecessary purchases, particularly at the end of the fiscal year. Some items such as ladders and cleaning fluids were stored and forgotten. [redacted] did not have any knowledge of these purchases being stolen or used for private jobs, however (**Attachment 5**).

[redacted] an [redacted], said that improper maintenance of NPS equipment caused usable equipment to be thrown away prematurely. [redacted] also stated that employees took NPS equipment to the crusher at Camden Iron & Metal, Inc., in Camden, NJ, for which they received cash in exchange for the scrap metal (**Attachment 6**).

[redacted] an [redacted], explained that he processed receipts and cash from the scrap yard but that he only recorded the information he received. He said that if an employee took NPS equipment to be scrapped, [redacted] had no way of knowing whether the employee received cash and kept it or brought the money and receipt back to the park, since he lacked access to the maintenance files indicating what equipment had been scrapped. [redacted] noted that the account recording dollars for scrapped material currently has slightly less than $10,000. He estimated that a few hundred dollars is deposited annually. [redacted] also provided documents to that effect (**Attachment 7**).

Documents from Camden Iron & Metal, Inc., where the park takes scrapped materials, closely approximated the dollar amounts cited on the NPS documents that [redacted] provided. A statement from [redacted] the [redacted] noted that any small discrepancy could be accounted for by the fact that the company's computer system changed several years before, resulting in possible minor errors. [redacted] stated that a customer can choose cash or check (**Attachment 8**).

INHP maintenance division [redacted] corroborated previous statements made by others, stating that NPS equipment had not been sufficiently maintained or accounted for, resulting in equipment being stored and/or disposed of prematurely. He also alleged that employees stole money after taking NPS equipment for scrap metal but could not provide specific examples (**Attachment 9**).

Our review of NPS policy indicated that if accountable property is determined to be unusable, a report of survey is completed by the individual responsible for that property. A board of survey meeting chaired by the law enforcement division then determines whether any financial liability exists on behalf of the employee who might have damaged the property. If the board finds no culpability, the report of survey goes to the chief of administration for the park, who then reviews and approves the report before forwarding it to the deputy superintendent for final authorization. The report of survey lists the disposition of the item, indicating whether it will be used for parts or destroyed. If the board approves the report of survey, the responsible party is permitted to dispose of the property consistent with the disposition listed on the report of survey. If destruction of the property is authorized, this action has to be witnessed by two people.

Private Work Completed On Government Time

Circumstantial evidence that we were unable to substantiate indicated that INHP employees engaged in private work during NPS duty hours. Our interviews of current, former, and retired NPS employees consistently included third party accounts of employees who performed private work while on Government time. When questioned further, however, most of the witnesses said they had learned of these allegations directly from [redacted] the park's motor vehicles operator.

During his interview, we questioned retired facility manager [redacted] about Government employees working side jobs during duty hours. [redacted] stated that he had heard that [redacted] and a retired NPS electrician worked side jobs during their NPS tour of duty. [redacted] alleged that [redacted] and the electrician clocked in for their NPS shifts then left the site to work other jobs. [redacted] recalled being told by a maintenance division secretary that INHP maintenance personnel were working at her house on some plumbing problems that day. [redacted] said that after a house fire in an NPS employee's home, others from the maintenance division "redid" the house. [redacted] believed this was also done during working hours (see Attachment 4).

[redacted] recalled [redacted] handing [redacted] money through a car window. [redacted] speculated that this exchange was due to side jobs. He had heard that [redacted] set up side jobs for [redacted] In exchange, [redacted] allegedly received 10 percent of the profit. According to [redacted] was injured on the job. Rumors indicated that when [redacted] attempted to return to work, he could not get his position back. [redacted] allegedly threatened to "tell the whole story" involving the money kicked back to [redacted] ultimately returned to his previous position. [redacted] noted that this information came to him from others and that he did not have first-hand knowledge of these alleged activities.

[redacted] denied having knowledge of maintenance workers, specifically [redacted] working private jobs during Government time. He reiterated that he was unaware of any NPS employees working side jobs on Government time. He also denied knowledge of [redacted] allowing employees to work private jobs while being paid by NPS or of [redacted] receiving money for allowing employees to work private jobs (see Attachment 5).

When questioned about NPS employees working side jobs on Government time, irrigations gardener [redacted] said that, while serving as a union steward, he heard that people from the mechanical division worked side jobs while being paid by NPS. [redacted] stated that in approximately 2008 or 2009 [redacted] was injured on the job and temporarily detailed as a "rover," taking supplies and equipment around the park. During this time, [redacted] learned that [redacted] did not want to restore his HVAC job once [redacted] received clearance to return to work. [redacted] approached [redacted] to inquire about his options for filing a grievance, telling [redacted] that he continued to work side jobs while detailed away from the maintenance division. [redacted] approached [redacted] at that time to instruct him to continue to pay a percentage of his earnings from side jobs completed while detailed as a rover, even though [redacted] was not working for [redacted] (see Attachment 9).

Agents later interrogated [redacted] informing him that he was a subject of the investigation because of allegations that employees took private side jobs during Government hours, used Government property for non-Government purposes, and falsified time and attendance. [redacted] denied any involvement with or knowledge of the allegations. Agents then informed him that they possessed witness statements saying that he personally worked side jobs while on duty. They also confronted him with specific names and associated witness statements. [redacted] denied all allegations against him and stated that he welcomed an opportunity to contest those particular witnesses and their accounts (**Attachment 10**).

SUBJECT(S)

[redacted] retired INHP [redacted]

[redacted] INHP [redacted].

DISPOSITION

We presented the details of this investigation to the U.S. Attorney's Office for the Eastern District of Pennsylvania, which showed no interest in pursuing criminal prosecution. We are closing the case barring a renewed interest by the Eastern District of Pennsylvania, Assistant United States Attorney's Office.

Finding that the allegations resulted from a culture of lax and subjective enforcement of NPS policies, which required accounting for Government personnel and equipment, we discussed our investigation with INHP [redacted] and [redacted] who promptly took corrective action. The supervisory personnel regarded as subjects in this investigation have retired.

ATTACHMENTS

1. IAR – Case initiation on February 23, 2010.
2. IAR – Technical surveillance on covert camera installation, on April 15, 2010.
3. IAR – Interview of NPS property personnel on September 14, 2010.
4. IAR – Interview of [redacted] on June 21, 2010.
5. IAR – Interview of [redacted] on June 11, 2010.
6. IAR – Interview of [redacted] on August 3, 2010.
7. IAR – Interview of [redacted] on July 15, 2010.
8. Document from [redacted] on July 15, 2010.
9. IAR – Interview of [redacted] on August 6, 2010.
10. IAR – Interview of [redacted] on August 30, 2011.

OFFICE OF
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U.S. DEPARTMENT OF THE INTERIOR

INVESTIGATIVE ACTIVITY REPORT

Case Title	Case Number
Noble Energy Incorporated	OI-OG-10-0403-I
Reporting Office	**Report Date**
Energy Investigations Unit	June 22, 2010
Report Subject	
Closing IAR	

On April 20, 2010, employees of the Bureau of Land Management (BLM) Field Office, Farmington, NM reported to the OIG they had discovered that Noble Energy Incorporated (NEI) drilled a gas well on federal lands administered by BLM. According to the BLM personnel, the well had been operating in an Area of Environmental Concern (AEC) without a federal permit since about 2006. Additionally, BLM personnel expressed concern that NEI had not paid royalties on production from the well.

As part of our investigation we interviewed BLM inspection and enforcement personnel about their discovery of the well. We also contacted the BLM Special Investigations Group (SIG) who agreed to pursue the investigation jointly with the OIG.

On June 22, 2010, OIG management decided to administratively close this investigation due to lack of resources and the need to conduct higher priority investigations. [redacted] Special Agent, BLM SIG was informed of the decision to close the investigation on June 22, 2010 and was asked if the SIG would proceed with the investigation. [redacted] responded that the SIG would take the lead and pursue the investigation.

This investigation is closed.

Reporting Official/Title	Signature
[redacted]/Director, Energy Investigations Unit	

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REPORT OF INVESTIGATION

Case Title	Case Number
MMS Offshore Energy & Minerals Management Program (OEMM)	OI-OG-10-0502-I
Reporting Office	**Report Date**
Energy Investigations Unit	December 8, 2010
Report Subject	
Report of Investigation	

SYNOPSIS

This investigative file was initiated to assist the OIG Audit, Inspection and Evaluation (AI&E) Office with conducting an evaluation of the newly created Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), formerly known as the Minerals Management Service (MMS). The evaluation was conducted in response to a May 2010 request from Ken Salazar, Secretary, U.S. Department of the Interior (DOI), who requested the OIG review the performance of the agency's regulatory function and determine if deficiencies in MMS's policies and practices existed and if such deficiencies needed to be addressed to ensure that operations conducted on the Outer Continental Shelf (OCS) were performed in a safe manner, protective of human life and the environment.

In response to Secretary Salazar's request, the OIG assembled a team of auditors, evaluators, and investigators, and jointly with members from the DOI Energy Reform Team, evaluated BOEMRE and its operations during a 9-week period ending July 30, 2010. During this time, the joint team interviewed over 140 BOEMRE employees; administered 2 online surveys sent to over 400 BOEMRE employees; reviewed thousands of documents including regulations, policies, and procedures; conducted an analysis of the information, and prepared multiple issue papers which included recommendations addressing the most pertinent issues discovered.

On December 7, 2010, Inspector General Mary Kendall issued an evaluation report titled, "Outer Continental Shelf (OCS) Oil and Gas Operations Report No. CR-EV-MMS-0015-2010," and provided the report to Secretary Salazar and requested a response to the report within 90-days. The evaluation report is attached and captures the details and results of the evaluation. Based on the completion of the evaluation and the issuance of the evaluation report, no further investigative activity is anticipated and this case will be closed.

Reporting Official/Title	Signature
[redacted]/Special Agent	
Approving Official/Title	Signature
[redacted]/Director Energy Investigations Unit	

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INVESTIGATIVE ACTIVITY REPORT

Case Title	Case Number
MMS Pacific Region	OI-CA-10-0571-I
Reporting Office	**Report Date**
Sacramento, CA	July 28, 2010
Report Subject	
Closing Investigative Activity Report	

On July 26, 2010, this writer called Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE) (formerly Minerals Management Service [MMS]) Pacific Outer Continental Shelf (OCS) [redacted]. The contact regarded an anonymous complaint, received by this office, alleging that the former Regional Director for BOEMRE's Pacific OCS Region, [redacted] issued a letter of reprimand to [redacted] for issuing Potential Incident of Noncompliance letters (PINCs) to Pacific Offshore Operators, Inc (POOI). Following is a summary of the information that [redacted] provided:

Background Information

[redacted] has been employed at his current position for six to seven years. As a supervisory inspector, [redacted] performs the work of an inspection force lead, which includes tasks such as assigning inspections, reviewing inspection reports, conducting accident investigations, and making sure that drilling meters are calibrated in accordance with established BOEMRE policies.

[redacted] identified BOEMRE California District Supervisor [redacted] as his current supervisor. BOEMRE Regional Supervisor [redacted] was [redacted] supervisor in 1992, which is when the aforementioned allegation took place.

Allegations Concerning POOI

[redacted] stated that POOI previously had a history of violations of established BOEMRE regulations. There were times when inspectors tried to talk to POOI platform workers concerning these violations, and the workers told inspectors that platform supervisors did not allow them to talk directly to BOEMRE inspectors. Platform workers were reportedly instructed by their supervisor [redacted], to overlook any issues that they thought needed to be addressed until the issues were identified by BOEMRE inspectors. For example, according to rumors from workers at the platform, former platform worker [redacted] was deported from the United States because of information he provided to BOEMRE inspectors concerning faulty equipment at the plant. [redacted] brother,

Reporting Official/Title	Signature
[redacted] / Special Agent	

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[redacted] is still employed by POOI and working at POOI's platform in [redacted].

In August 1992, [redacted] visited POOI's [redacted] Onshore Oil and Gas Processing Facility to conduct a safety inspection. Upon entering the premises, [redacted] noticed that there were a lot of weeds and brushes that needed to be trimmed throughout the entire site, which created a fire hazard. Because of this hazard, [redacted] determined that he could not conduct the inspection, so he left the premises without completing one. On his way home from the site, [redacted] ran into [redacted] from the Ventura County Fire Department (VCFD). [redacted] explained to [redacted] what he found at the POOI plant, and that he ([redacted] could not conduct the inspection of the site because of the fire hazard. After telling [redacted] that he did the right thing by not conducting the inspection, [redacted] told him that VCFD was the agency that regulated this matter at the plant. [redacted] told [redacted] that VCFD previously instructed POO officials to remove those weeds from their premises. [redacted] subsequently brought this matter up to POOI officials again, and explained to them that [redacted] had brought this matter up to VCFD.

[redacted] stated that POOI officials complained to his managers that he had overstepped his bounds concerning the site inspection. On November 16, 1992, POOI [redacted] sent a letter to [redacted] stating that [redacted] visited the POOI site in La Conchita whithout checking in or out of the premises or talking to anyone at the site; that [redacted] did not file a report concerning the site visit; and that [redacted] reported his perceived non-compliance finding directly to VCFD without first informing POOI officials or his supervisor **(Document A)**. [redacted] opined that [redacted] actions were outside of POOI's policies.

Subsequent to [redacted] letter to [redacted] instructed [redacted] to administer a letter of reprimand to [redacted] Per [redacted] instructions, [redacted] administered a letter of reprimand to [redacted] dated December 8, 1992, which was temporarily kept in [redacted] personnel file **(Document B)**. [redacted] reportedly told [redacted] not to worry about the letter because it would only be kept temporarily in his ([redacted] personnel file. [redacted] believed that his supervisors felt they needed to reprimand him because they felt threatened by POOI. (***Agent's Note:*** *A copy of* [redacted] *official personnel file [OPF] was provided to this office by BOEMRE's Chief of Human Resources Branch* [redacted] ***[Document C]****. The aforementioned letter of reprimand was not in the OPF.*)

[redacted] noted that the POOI facility at La Conchita did not have sign in sheet in 1992, and still does not have one to this day. [redacted] asked [redacted] (surname unknown), a mechanic at this site, if they ever had a sign in sheet at the facility. [redacted] confirmed to [redacted] that the facility has never had a sign in sheet.

[redacted] said that, subsequent to the aforementioned hazardous finding, he conducted another safety inspection at POOI's La Conchita Onshore Oil and Gas Processing Facility that resulted in no negative findings.

[redacted] stated that prior to and after this incident with POOI, he never received any administrative actions against him or received any letters of reprimand. [redacted] described his relationship with [redacted] before the incident as professional and pleasant. [redacted] relationship with [redacted] did not change after this incident.

Conclusion

This interview, the review of [redacted] OPF, and the documentation provided to this office by [redacted] did not substantiate the allegation anonymously brought up to this office concerning [redacted] letter of reprimand. As a result, this matter is being closed with no further investigative activity.

Documents

A. Letter from [redacted] to [redacted] dated November 16, 1992.
B. Memorandum from [redacted] to [redacted] dated December 8, 1992
C. Copy of [redacted] OPF.

OFFICE OF
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U.S. DEPARTMENT OF THE INTERIOR

SEP 17 2010

Memorandum

To: Michael R. Bromwich,
Director, Bureau of Ocean Energy Management, Regulation and Enforcement

From: John E. Dupuy
Assistant Inspector General for Investigations

Subject: Report of Investigation for Alleged MMS Employee Misconduct –
Lake Jackson District (Harassment Claim), PI-PI-10-0629-I

The Office of Inspector General concluded an investigation into allegations that [redacted], [redacted] Gulf of Mexico Outer Continental Shelf Region, Bureau of Ocean Energy Management, Regulation and Enforcement, New Orleans, LA, was subjected to verbal harassment while employed in the MMS Lake Jackson District between August 2008 and August 2009. We initiated this investigation to determine if [redacted] supervisors took appropriate action upon learning of [redacted] concerns.

We found that [redacted] did not officially report harassment to any of the managers in her chain of command, rather, she confided separately in Lake Jackson District Manager [redacted] and Deputy Regional Director [redacted] on separate occasions once they befriended her. [redacted] and [redacted] each took appropriate action at the time [redacted] confided in them.

Specifically, [redacted] reported to [redacted] her supervisor at the time, that her coworker shouted profanities and was being "really mean" to her following a debate about a soccer game. [redacted] immediately and directly addressed [redacted] concerns with both parties. In August 2009, [redacted] transferred to New Orleans, where she became acquainted with [redacted]. She confided in him that she was gay and that she was mistreated by certain Lake Jackson District employees. [redacted] said that [redacted] did not report it to him as a formal complaint. Nevertheless, he directed that diversity training be provided for the Region and District offices.

We are providing this report to you for whatever administrative action you deem appropriate. Please send a written response to this office within **90 days** advising of the results of your review and actions taken. Also enclosed is an Investigative Accountability form. Please complete this form and return it with your response. Should you need additional information concerning this matter, you may contact me at 202-208-5745.

Attachment

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
Alleged MMS Employee Misconduct - Lake Jackson District (Harassment Claim)	**PI-PI-10-0629-I**
Reporting Office **Program Integrity**	**Report Date** **September 17, 2010**
Report Subject **Report of Investigation**	

SYNOPSIS

[redacted] Office of Production and Development, Gulf of Mexico Outer Continental Shelf Region, Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), New Orleans, LA, alleged that [redacted] was subjected to verbal harassment while employed in the MMS Lake Jackson District between [redacted] and [redacted]. We initiated this investigation to determine if [redacted] supervisors took appropriate action upon learning of [redacted] concerns.

In April [redacted], [redacted] reported to her supervisor, [redacted] that her coworker, [redacted], shouted profanities at her and was being "really mean." [redacted] immediately addressed her complaint by calling the pilot on the phone in [redacted] presence and directed them to refrain from engaging in such arguments again. In August [redacted] transferred to New Orleans where she became acquainted with [redacted] confided in [redacted] tha [redacted] and that she was mistreated by certain Lake Jackson District employees. [redacted] said that [redacted] did not report it to him as a formal complaint, yet he subsequently directed that diversity training be provided for the Region and District offices.

We found that [redacted] did not officially report harassment on the basis of [redacted] to any of the managers in her chain of command, but rather confided in [redacted] and [redacted] on separate occasions once they befriended her. [redacted] and [redacted] each took appropriate action based on the information [redacted] provided at the time she confided in them.

BACKGROUND

[redacted] sent an email to BOEMRE Ethics [redacted] on April 13, 2010, alleging

Reporting Official/Title	Signature
[redacted]/Investigator	
Approving Official/Title	Signature
[redacted], Director, Program Integrity	

Authentication Number: 24E8C753802D76781733E8151EF92337

numerous improprieties by employees in the Lake Jackson District. Among the improprieties, [redacted] alleged that she was mistreated because [redacted] (**Attachment 1**).

Department of the Interior Secretary memoranda stress zero tolerance for discrimination in the workplace and establish a commitment to expeditiously respond to discrimination, harassment, or reprisal complaints (**Attachment 2**). According to the DOI Office of Civil Rights Web site, "reports of sexual harassment to appropriate management officials are taken seriously and will be dealt with promptly. The specific action taken in any particular case depends on the nature and gravity of the conduct reported, and may include intervention, mediation, investigation, and the initiation of disciplinary processes as discussed above" (**Attachment 3**).

DETAILS OF INVESTIGATION

While being interviewed on July 19, 2010, by the OIG regarding other allegations of misconduct by Lake Jackson [redacted] alleged that she was subjected to verbal harassment and maltreatment on the basis of her [redacted] while employed in the MMS Lake Jackson District, Clute, Texas (**Attachment 4 and 5**). We initiated this investigation to determine if [redacted] supervisors took appropriate action upon learning of [redacted] concerns. Because of the distinction between the two allegations, the harassment claim was bifurcated from the reported misconduct for investigative purposes.

During the July 19 interview, [redacted] stated that she had knowledge about the alleged misconduct incidents because she regularly worked with [redacted] and [redacted] on inspections. [redacted] said that her relationship with [redacted] and [redacted] changed, however, after she divulged to them that she [redacted]

[redacted] reported that upon revealing [redacted] to them, [redacted] and [redacted] asked if she had ever had [redacted]. She said [redacted] was very religious and did not agree with people [redacted]. She recalled [redacted] telling her that right before Hurricane Katrina happened, [redacted] events occurred, and he believed they caused Katrina. [redacted] said [redacted] would flirt with her, touch her, or gesture at her with [redacted]. [redacted] said it would make her "uncomfortable." Further, [redacted] said [redacted] and [redacted] would no longer work with her.

[redacted] said [redacted] [redacted] and Lake Jackson Inspector [redacted] made derogatory comments to her on a regular basis about [redacted] people. [redacted] stated that she did not want to say anything initially about the verbal abuse or inappropriate behavior of her colleagues because she was new at Lake Jackson and was still on probation.

[redacted] said [redacted] who was assigned transport responsibilities at Lake Jackson, also knew about [redacted]. [redacted] recalled [redacted] telling her that he could [redacted] from [redacted]. She said she felt [redacted] was implying that by having [redacted], he could make her want to have [redacted].

[redacted] also reported that she and [redacted] had a disagreement in April 2009 about the Mexico soccer team losing to the United States, in which [redacted] said that soccer was a "crappy" sport and only [redacted] played it. [redacted] stated she told [redacted] that U.S. baseball players were fat. [redacted] said [redacted] responded by screaming at her and yelling profanities. She said that after her argument with [redacted] she did not want to sit inside the heliport (where [redacted] worked) anymore because she felt

uncomfortable.

[redacted] said she reported the incident to her supervisor at that time, Lake Jackson District Manager [redacted] said she told [redacted] that [redacted] was being "really mean" to her, had yelled at her, and told her to "shut the fuck up." [redacted] said [redacted] immediately called [redacted] while she was sitting there and questioned [redacted] about the argument regarding the soccer match. According to [redacted] denied the allegations and requested to speak to [redacted] said [redacted] told [redacted] "No, I don't want to meet, because if we meet and we all talk about it, it has to be official, and I don't want this to get official and get like a bigger deal." [redacted] said she felt [redacted] did not want [redacted] to get in trouble. [redacted] said she did not think [redacted] was aware of the inappropriate touching or other verbal abuse by her coworkers.

[redacted] reported that she also told [redacted] that Lake Jackson was "horrible" and that she was treated "[redacted] after she relocated to New Orleans. [redacted] said [redacted] empathized with her and said that she should have told him at the time of the occurrence(s).

[redacted] said that [redacted] never told him directly that she was discriminated against (**Attachments 6 and 7**). [redacted] said that once [redacted] told him that she and [redacted] had a heated argument, he immediately confronted [redacted] warned him against future outbursts of anger, and directed him to avoid discussing sports with [redacted] [redacted] stated that after settling the argument regarding the soccer game, [redacted] remained in his office and "opened up" about her [redacted]. [redacted] said that [redacted] told him that her coworkers did not react favorably after she revealed that she was [redacted], but did not provide any specific information about their reactions. [redacted] said that he advised [redacted] not to discuss her [redacted] on the job, but to focus on the equipment and testing procedures.

[redacted] said he did not report any of [redacted] concerns to anyone in his chain of command because she asked him to keep the conversation in strict confidence. [redacted] said that [redacted] expressed regret for having divulged [redacted] to her colleagues.

[redacted] said he honored [redacted] confidentiality request, except for discussing the [redacted] issue with [redacted] said that [redacted] told him he did not have any hard feelings against [redacted] and he wished her the best. [redacted] said he told [redacted] not to discuss or bring up [redacted] because it could create friction at work. [redacted] stated that after the soccer incident, he began to mentor [redacted] to make sure she was not being treated differently or in a disrespectful manner because of her [redacted].

[redacted] said that eventually [redacted] transferred to the regional office, and he was supportive of her transfer. [redacted] said that all recommendations he provided about [redacted] during the transfer process were favorable and never mentioned anything regarding her [redacted].

***Agent's Note**: On August 9, 2010, [redacted] emailed additional information to the OIG regarding her discussions with [redacted] relating to the alleged harassment (**Attachment 8**). In the emails, [redacted] wrote that she was under the impression that [redacted] was aware of how she was mistreated by the other inspectors while at Lake Jackson because "he knew how some of the inspectors acted," since he had known them for some time and because they had a "history with [redacted]." In the emails, [redacted] admitted that the inspectors were never "mean" to her in front of [redacted] She also conceded that she did not "formally complain" to [redacted] about how much the mistreatment was*

bothering her because she "didn't want to cause any trouble for anyone."

*Similarly, [redacted] forwarded an email string to the OIG which depicted a close-knit, trustful mentoring relationship with [redacted] upon which she could rely for officially reporting any harassment or other concerns (***Attachment 9***).*

[redacted] said [redacted] introduced herself to him in March or April 2010, which was after she had been transferred from the Lake Jackson District to the Office of Production and Development, Gulf of Mexico Outer Continental Shelf Region (**Attachments 10 and 11**). [redacted] said that following [redacted] introduction, he learned that they shared some commonalities, such as living in the same downtown neighborhood and [redacted].

[redacted] said that later, as he and [redacted] became more acquainted with each other, [redacted] confided in him that while at Lake Jackson, a "young man [...] was making overtures," so [redacted] informed the "young man" that she was not interested in him and of her [redacted]. [redacted] stated that [redacted] shared the information as one friend to another and not as a complaint that she wanted him to pursue on her behalf.

[redacted] said he did not know what transpired after [redacted] disclosed her [redacted] to her Lake Jackson colleague. He said he did not know if there were comments made to [redacted] or others regarding her orientation once [redacted] made the disclosure. [redacted] stated that [redacted] was not specific about the incident, so he did not know the young man's identity.

[redacted] said that he was prompted to talk to the personnel office and request diversity training throughout the Region and District offices based on his discussion with [redacted] about her alleged maltreatment at Lake Jackson and an employee from another district office's racial harassment allegations. [redacted] said the training was to be presented in August 2010.

Each of the other managers in [redacted] chain of command, including [redacted] (**Attachments 12 and 13**), [redacted] (**Attachments 14 and 15**) and [redacted] (**Attachments 16 and 17**), reported that they were not aware of [redacted] or that she was allegedly treated "badly" for being [redacted]

SUBJECT(S)

[redacted], Lake Jackson District, Gulf of Mexico Outer Continental Shelf Region, BOEMRE (formerly MMS)
[redacted] Deputy Regional [redacted] Gulf of Mexico Outer Continental Shelf Region, BOEMRE (formerly MMS)

DISPOSITION

This report is being forwarded to BOEMRE for any action deemed appropriate.

ATTACHMENTS

1. Email from [redacted] to [redacted], dated April 13, 2010.

2. Memoranda from DOI Secretaries Kempthorn (February 28, 2007) and Salazar (September 4, 2009), regarding the "Policy on Equal Opportunity."
3. DOI Office of Equal Opportunity, "Guidance for the Prevention of Sexual Harassment," updated August 13, 2003.
4. IAR – Interview of [redacted] on July 19, 2010.
5. Transcript – Interview of [redacted] July 19, 2010.
6. IAR – Interview of [redacted] on July 28, 2010.
7. Transcript – Interview of [redacted] Gulf of Mexico Region, Bureau of Ocean Energy Management, Regulation and Enforcement on July 28, 2010.
8. Email string, dated August 9, 2010.
9. Email string, dated August 2, 2010.
10. IAR – Interview of [redacted] on July 29, 2010.
11. Transcript – Interview of [redacted], Gulf of Mexico Region, Bureau of Ocean Energy Management, Regulation and Enforcement, on July 29, 2010.
12. IAR – Interview of [redacted] on July 29, 2010.
13. Transcript – Interview of [redacted], Bureau of Ocean Energy Management, Regulation and Enforcement, on July 29, 2010.
14. IAR – Interview of [redacted] on July 29, 2010.
15. Transcript – Interview of [redacted], Gulf of Mexico Region, Bureau of Ocean Energy Management, Regulation and Enforcement, on July 29, 2010.
16. IAR – Interview of [redacted] on July 29, 2010.
17. Transcript – Interview of [redacted], Gulf of Mexico Region, Bureau of Ocean Energy Management, Regulation and Enforcement, on July 29, 2010.

OFFICE OF
INSPECTOR GENERAL

SEP 13 2010

Memorandum

To: [redacted]
SAC, Office of Professional Responsibility

From: [redacted]
Director, Program Integrity Division

Subject: Referral –Action as Deemed Appropriate – Response Required

Re: Erasure of Phone Conversations, NPS Dispatch Center
Independence Hall Philadelphia, PA.— PI-10-0705-R

The Office of Inspector General received an allegation from a National Park Service employee whom wished to remain anonymous, claiming that phone data records had been purposely erased from the Independence Hall, Dispatch Center (IHDC), in order to conceal the DUI arrest of Park Ranger [redacted] on August 13, 2010.

The complainant claims that all IHDC phone data records are stored on a hard drive that only [redacted] and Telecommunications Manager, [redacted] allegedly, have the authority to access. The complainant further alleged that on the night of [redacted] DUI arrest, the Delaware State Police placed a call to the IHDC in order to confirm [redacted] Law Enforcement commission.

We have opened a case file in order to track your investigation. Please send a written response to this office within **90 days** advising of the results of your review and actions taken. Also enclosed is an Investigative Accountability form, please complete this form and return it with your response. Should you need additional information concerning this matter, you may contact me at (202) 208-6752.

Attachment

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
Lawson, Keith James	OI-CA-11-0128-I
Reporting Office	**Report Date**
Sacramento, CA	July 24, 2012
Report Subject	
Case Closing	

SYNOPSIS

This case was opened after a local police department arrested Keith James Lawson, a Legal Instruments Examiner for the Bureau of Indian Affairs (BIA), Land Titles and Records Office (LTRO), Sacramento, CA, for allegedly leaving flyers depicting obscene photos at a school in December of 2010. The police department requested assistance from the U.S. Department of the Interior (DOI), Office of Inspector General (OIG) with obtaining potential evidence from Lawson's office. In response, the OIG seized Lawson's computer and typewriter ribbons from the LTRO and conducted interviews of current and former LTRO employees. Evidence the OIG gathered played an integral role in prosecuting Lawson for the December 2010 incident and for crimes Lawson allegedly committed against his ex-girlfriend and her family members dating back to 2008.

On April 13, 2011, Lawson was charged with four felony counts of stalking and one misdemeanor count of attempting to distribute harmful materials to minors. He initially pleaded not guilty to all charges, but on July 20, 2011, he pleaded no contest to one felony count of stalking and was subsequently sentenced to 180 days of incarceration and ordered to pay fines of over $3,000 and restitution of more than $18,000. Lawson resigned from the BIA on September 8, 2011, and he began serving his sentence on September 12, 2011.

DETAILS

This case was initiated on December 10, 2010, after Regional Solicitor [redacted] of the Southwest Pacific Regional Office of the Solicitor notified the OIG that BIA employee Keith Lawson, who worked in the Federal building located at 2800 Cottage Way, Sacramento, CA, had been arrested for stalking and attempting to distribute obscene material to minors.

Reporting Official/Title	Signature
Special Agent [redacted]	
Approving Official/Title	Signature
Special Agent in Charge [redacted]	

Authentication Number: 578E2E2D301B03EB76C2BD011AA5A5BC

Detective [redacted] of the Rocklin Police Department (PD), Rocklin, CA, subsequently informed Special Agent [redacted] that the PD arrested Lawson on December 9, 2011 for allegedly leaving flyers that depicted obscene images of Lawson's ex-girlfriend (victim) at the former school of the [redacted]. The images appeared to be still shots from a video. Typed words on the flyers identified the [redacted] of one of the [redacted] at the school and referred to the victim as "slutty", "diseased" and "alcoholic". The flyers also identified the victim's home address and telephone number. Detective [redacted] explained that the PD arrested Lawson during the execution of a search warrant at Lawson's house after they located a videotape depicting Lawson and the victim engaged in sexual acts that Lawson denied having.

Detective [redacted] added that Lawson had been a suspect in the commission of crimes against the victim and her family in previous years, but no one had been charged for those offenses due to insufficient evidence. Specifically, in 2008 and 2009, someone vandalized the homes of the victim and her parents, and someone littered slips of paper referring to the [redacted] as a "slut" at a swim meet the [redacted] attended in April 2008. All of the slips of paper left at the swim meet contained identical markings that appeared to have been made by a copier.

Detective [redacted] requested assistance from the OIG in obtaining evidence from the BIA, including Lawson's work computer. In response, Special Agent [redacted] seized Lawson's work computer and a typewriter from his office on December 10, 2011. Lawson's supervisor explained that LTRO uses typewriters to update identification cards for the beneficiaries of Native Americans' probates. Special Agent [redacted] provided Lawson's computer and the ribbon in the typewriter found in Lawson's office to the PD for forensic analysis. **(Attachment 1)**

While the PD was extracting data from Lawson's computer, Special Agent [redacted] conducted interviews with several of Lawson's current and former coworkers. Those interviews revealed that Lawson still harbored resentment for the victim five years after he and the victim stopped dating and that he was often in the office by himself after everyone else had left for the day. **(Attachments 2-7)**

The PD was not able to locate the text on the flyers left at the [redacted] school on the ribbon taken from the typewriter in Lawson's office. On January 18, 2011, Special Agent [redacted] seized 13 remaining typewriter ribbons within LTRO for review. While reviewing those ribbons with the PD on February 2, 2011, she discovered the exact verbiage typed on the flyers left at the school in December 2010.

One of Lawson's coworkers who worked in the office in 2008 recalled that a copier Lawson and others used at that time was "leaving marks" on copies that only appeared when a document was copied, not when one was printed from a computer. On March 28, 2011, Special Agent [redacted] retrieved examples of documents that had been copied from that printer in April 2008 from Lawson's supervisor to compare to the slips of paper that were left at the April 2008 swim meet. The markings on the copies closely resembled the markings on the slips left at the swim meet. **(Attachments 8 & 9)**

On April 13, 2011, the Placer County District Attorney's Office charged Larson with four felony counts and one misdemeanor. Two felony counts pertained to stalking; the other two pertained to vandalism. The stalking charges were tied to the December 2010 school incident and the April 2008 swim meet. One felony vandalism charge was filed due to the vandalism of the victim's house, and the other was filed due to the vandalism of the victim's parents' home. The misdemeanor count of "Attempted Distribution of Harmful Material to a Minor" pertained to the obscene flyers left at the

school in December 2010. Lawson pleaded not guilty to all charges. **(Attachment 10)**

On April 14, 2011, BIA proposed an indefinite suspension of Lawson from his position at LTRO due to the charges. Lawson subsequently pleaded no contest to one felony count of stalking on July 20, 2011 and resigned from his position with LTRO on September 6, 2011. On September 7, 2011, he was sentenced to 180 days of incarceration (with the option of applying for alternative sentencing after serving 60 days), five years of probation, 20 hours of community service, and a ten year restraining order applicable to all the victims. He was also ordered to complete a yearlong batterer's treatment program and pay over $3,000 in miscellaneous fines. **(Attachments 11-14)**

Lawson began serving his sentence on September 12, 2011. On March 7, 2012, the court ordered Lawson to pay restitution totaling $18,250 to the victims. **(Attachment 15)**

SUBJECT

Keith James Lawson
Legal Instruments Examiner
Bureau of Indian Affairs
Land Titles and Records Office
Sacramento, CA

DISPOSITION

On July 17, 2012, Special Agent [redacted] returned the computer and typewriter she obtained from LTRO to BIA. She also destroyed all remaining evidence, including used typewriter ribbons, after Lawson's supervisor confirmed that LTRO had no need for them. Original chain of custody records are maintained in the official case file.

The Rocklin PD's number for this case was 10-343-7. In order to protect the privacy and identities of the victims, reports and evidence generated by the PD under that case number are not attached to this report; only OIG reports are attached.

No further work is anticipated on this matter. The case is now closed.

ATTACHMENTS

1. Investigative Activity Report, "Interview of [redacted]", dated February 3, 2011
2. Investigative Activity Report, "Interview of [redacted]", dated February 3, 2011
3. Investigative Activity Report, "Interview of [redacted]", dated February 15, 2011
4. Investigative Activity Report, "Interview of [redacted]", dated February 15, 2011
5. Investigative Activity Report, "Interview of [redacted]", dated February 22, 2011
6. Investigative Activity Report, "Interview of [redacted]", dated February 23, 2011
7. Investigative Activity Report, "Interview of [redacted], dated February 24, 2011
8. Investigative Activity Report, "Second Interview of [redacted]", dated March 8, 2011
9. Investigative Activity Report, "Document Comparison", dated March 29, 2011
10. Placer County Superior Court of California Felony Complaint filed April 12, 2011

11. Notice of Proposed Suspension from BIA dated April 14, 2011
12. Placer County Superior Court of California Plea Agreement dated July 20, 2011
13. Placer County Superior Court of California Judgment dated September 7, 2011
14. Letter of resignation from Keith Lawson dated September 6, 2011
15. Placer County Superior Court of California Restitution Order dated March 7, 2012

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

INVESTIGATIVE ACTIVITY REPORT

Case Title	Case Number
Alleged Thefts by Navajo Council Members	**OI-CO-11-0193-I**
Reporting Office	**Report Date**
Lakewood, CO	**August 31, 2011**
Report Subject	
Closing report	

This investigation was initiated based on information provided by [redacted] and [redacted] for the Navajo Nation judicial branch. [redacted] alleged multiple financial irregularities and mismanagement by assorted Navajo political and government officials. The nature of [redacted] information was general and [redacted] did not specific potential criminal allegations, such as theft, fraud or bribery; rather, [redacted] complaint focused more on financial mismanagement and misallocation related to Bureau of Indian Affairs (BIA) grant funding and Public Law 93-638 self-determination contracts.

Based on the administrative nature of the allegations and direction by OIG Central Region management, this case will be closed.

Reporting Official/Title	Signature
[redacted]/Special Agent	

Authentication Number: 347803DB71B734C929950D7D7EB78AD0

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
Emanuelson, Michael	**OI-MT-11-0206-I**
Reporting Office	**Report Date**
Billings, MT	**April 27, 2011**

Report Subject
Prosecution Report – Michael Charles Emanuelson, Property Technician, National Park Service

SYNOPSIS

This investigation was initiated based upon information provided by [redacted] U.S. Department of the Interior (DOI), Office of the Chief Information Officer (OCIO), Advanced Security Operations [redacted]), Reston, Virginia, alleging that an employee of the National Park Service (NPS) may have viewed child pornography over the DOI network. [redacted] stated that network traffic for a NPS computer with the IP address [redacted] was viewed by ASOC personnel and during the review, the analyst found material that appeared to him to possibly be child pornography.

The allegations in this case were substantiated. Our investigation determined that the NPS computer with IP address [redacted] was assigned to Michael Emanuelson, Property Technician, NPS, Yellowstone National Park, Mammoth Hot Springs, WY. Our investigation involved the digital forensic analysis of Emanuelson's government issued desktop computer. The forensic analysis identified twenty nine (29) images in the network traffic logs for the NPS computer with IP address [redacted] that appeared to be child pornography images. The analysis further determined that Emanuelson was responsible for the activity viewed in the network logs.

When interviewed, Emanuelson admitted he used his government issued computer to access pornographic websites via the internet and view pornographic material. During his first interview, Emanuelson denied accessing and viewing any child pornography via his government computer. However, during his second interview, Emanuelson admitted that he viewed images of children engaged in sex acts on the internet, although he claimed he did not intentionally seek out images of children engaged in sex acts on the internet. Emanuelson said he had an addiction to pornography for which he was currently receiving medical treatment.

Our investigative findings are being referred to the USAO for a prosecutorial decision.

Reporting Official/Title	Signature
[redacted], **Special Agent**	
Approving Official/Title	Signature
[redacted] **Special Agent-in-Charge**	

Authentication Number: 37AC99B1F3706D633C3C61DE78CF5DB4

BACKGROUND

Michael Charles Emanuelson was born on [redacted]. According to his Official Personnel File, Emanuelson enlisted in the U.S. Navy before his 18th birthday and received an honorable discharge on May 31, 2002. Emanuelson held the rank of E-7 at the time of his discharge from the U.S. Navy.

Emanuelson was hired by the U.S. Naval Education and Training Command, Training Support Division, Pensacola, FL as a Supply Technician on August 6, 2007. He held that position until January 3, 2009, at which time he transferred from the U.S. Navy to the National Park Service (NPS). Emanuelson was hired by the NPS, Yellowstone National Park as a Property Technician on January 4, 2009. Emanuelson is currently employed with the NPS, Yellowstone National Park as a Property [redacted]

DETAILS OF INVESTIGATION

This investigation was initiated based upon information provided by [redacted] U.S. Department of the Interior (DOI), Office of the Chief Information Officer (OCIO), Advanced Security Operations Center (ASOC), Reston, Virginia, alleging that an employee of the National Park Service (NPS) may have viewed child pornography over the DOI network. [redacted] stated that network traffic for a NPS computer with the IP address [redacted] was viewed by ASOC personnel and during the review, the analyst found material that appeared to him to possibly be child pornography.

Our investigative findings are organized in this Report of Investigation in the following manner:

1. Interviews of Michael Emanuelson
2. Digital Forensics Analysis

1. Interviews of Michael Emanuelson

A. First Interview of Michael Emanuelson – January 27, 2011

Prior to any questioning, Michael Emanuelson, Property Technician, National Park Service, Yellowstone National Park, was read his Garrity Rights. Emanuelson said he understood his rights and was willing to answer questions. Emanuelson signed an OIG Form OI-014 – Warnings and Assurances for Voluntary Interviews. The interview was digitally recorded.

Emanuelson admitted that he used his government issued computer to access pornographic websites via the internet and view pornographic material. Emanuelson said he had taken the online DOI Information Technology Security Awareness Training and he knew that what he was doing was wrong. Emanuelson said he accessed and viewed adult pornography and denied accessing and viewing any child pornography via his government computer.

Emanuelson said he had an addiction to pornography. Emanuelson said he had contacted the Employee Assistance Program around the beginning of 2011 to seek assistance with his pornography addiction. Emanuelson said he was currently seeking medical treatment for his pornography addiction **(Attachment 1)**.

B. Second Interview of Michael Emanuelson – March 15, 2011

Prior to any questioning, Emanuelson was read his Garrity Rights. Emanuelson said he understood his rights and was willing to answer questions. Emanuelson signed an OIG Form OI-014 – Warnings and Assurances for Voluntary Interviews. The interview was digitally recorded.

Emanuelson said he did not intentionally seek out images of children engaged in sex acts on the internet, but admitted that he did view images of children engaged in sex acts during his pornography searching sessions. Emanuelson admitted that at some point during his addiction to pornography that for a very short period of time he needed to view images of naked children, including images of naked children engaged in sex acts, in order to satisfy his pornography craving **(Attachment 2)**.

2. Digital Forensics Analysis

The Department of Interior, Office of Inspector General, Computer Crimes Unit conducted a digital forensic analysis of the network traffic observed by ASOC and the government issued desktop computer assigned to Emanuelson. Based on a review of the network traffic, it appeared to the examiner that the photo sharing website "Flickr" was being used to search for and view pornographic material from IP address [redacted]. A total of twenty nine (29) images were located in the network traffic files that appeared to the examiner to be child pornography images (contraband). All of the pictures of evidentiary interest originated in a Flickr photo set named "boys_swiming" posted by a user known as "DIRTY TEACHER." The photos from the "boys_swiming" photo set were accessed on December 22, 2010 between approximately 16:21 and 16:51.

Based on the data recovered from the registry of the government issued desktop computer assigned to Emanuelson, it was confirmed that the government computer assigned to Emanuelson was responsible for the network traffic observed by the ASOC. The date/time/URL data from the internet history extracted from Emanuelson's government assigned computer was consistent with the date/time/URL information observed in the network traffic. Based on this information, it was determined that Emanuelson's user account was responsible for the network traffic observed by the ASOC. An analysis of the network traffic revealed that Emanuelson's Flickr ID (Hey Mikey he likes it) was logged in at the time the "boys_swiming" photo set was accessed.

Based on a forensic review of the internet history, the activity observed by the ASOC can be conclusively linked to Emanuelson's user account. However, that does not necessarily prove that Emanuelson himself was responsible for the activity. A timeline analysis was conducted to assist in determining the likelihood that Emanuelson was at his computer during the time the contraband images were accessed from Flickr. While there is no way to determine that Emanuelson was responsible with any forensic certainty, all of the events together can lead to a reasonable conclusion that Emanuelson was responsible for the activity.

The following observations lead to the conclusion that Emanuelson was probably in control of the computer at the time the contraband images were accessed:

- Emanuelson was the only person logged in at the computer at any time on 12/22/2010.
- Emanuelson admitted viewing pornographic material on his Government computer during an interview (See Attachment 1).
- Emanuelson admitted viewing contraband material during his second interview (See Attachment 2). The interview report did not identify which computer (personal or Government

owned) was used to view contraband material.
- Flickr appeared to be the primary website used to view pornographic material on Emanuelson's Government assigned computer, which was the source of contraband.
- The data in the network traffic showed Emanuelson's Flickr ID was logged in during the browsing activity.
- An examination of Emanuelson's NTUser.dat files revealed that passwords for internet sites were not saved in Internet Explorer. As a result, Emanuelson's Yahoo!/Flickr account had to be logged in manually for access.
- Browsing activity in Flickr was consistent throughout the day. The Flickr website activity on 12/22/2010 was consistent with activities observed on other days before and after.
- The activity on the computer was nearly constant. Not counting the prolonged periods of inactivity preceding account log in, there were only 29 occasions out of 1,681 events in which the time between two events was greater than two (2) minutes in duration. As a result, it appeared to the examiner that the computer was in use almost constantly in between the periods of prolonged inactivity.
- Group policy applied to the computer through the domain set the screensaver to engage after fifteen (15) minutes of inactivity, and the screensaver was password protected. On all but one occasion, every period of inactivity greater than fifteen minutes was followed by a login to Emanuelson's account.

The following conditions would have to be met for someone other than Emanuelson to be responsible for accessing contraband from his computer on 12/22/2010:

- The person would have to either know Emanuelson's password, or access the computer before it had time to automatically lock. Based on the timeline, there were limited opportunities for anyone to approach the computer while it was still logged in, and most of the prolonged periods of inactivity were followed by Emanuelson's account being unlocked using a password.
- The person would have to either know Emanuelson's Flickr account user name and password, or get on the computer while the account was still logged in.
- The person would have to browse the Internet (Flickr specifically) in a manner that was so similar to the browsing habits of Emanuelson that it was imperceptible during the review of the internet history.

Based on the above facts, it is the opinion of the examiner that it is unlikely that anyone other than Emanuelson used his government computer to access contraband via the Internet on December 22, 2010 **(Attachment 3)**.

SUBJECT(S)

Michael Charles Emanuelson
Property Technician, National Park Service, Yellowstone National Park
SSN: [redacted]
DOB: [redacted]
Current Address: [redacted]

DISPOSITION

Our investigative findings are being referred to the USAO for a prosecutorial decision.

ATTACHMENTS

1. IAR – Interview of Michael Emanuelson on January 27, 2011.
2. IAR – Interview of Michael Emanuelson on March 15, 2011.
3. IAR – Digital Forensic Report – Analysis of Network Data and Desktop Computer of Emanuelson.

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

SEP 14 2011

Memorandum

To: Jonathan B. Jarvis
Director of the National Park Service

From: John E. Dupuy
Assistant Inspector General for Investigations

Subject: Report of Investigation – Cape Lookout National Seashore
Case No. PI-PI-11-0348-I

We initiated this investigation on April 20, 2011, after receiving a written complaint from the National Park Service (NPS), Washington Support Office, concerning allegations of mismanagement at Cape Lookout National Seashore (Cape Lookout) involving the use of third-party drafts, the existence of a "slush fund," and a failure to reconcile the budget for fiscal years (FY) 2009 and 2010, as well as concerns about the management of special-use permits.

Our investigation found that Cape Lookout did not have adequate safeguards or internal controls and failed to follow NPS policies on the use of third-party drafts and regular audits of fee programs. We also found that the fee program lacked proper oversight and supervision by park managers, including the superintendent. We did not find a "slush fund" at the park, but it did appear that the park did not reconcile the budget for FY 2009 and FY 2010. Special-use permits also lack adequate oversight.

Our investigation also revealed that a Cape Lookout employee took home cash deposits, including one occasion where the employee kept the deposit at his home over a weekend. Our investigation did not determine that any park money had been misplaced or stolen.

We are providing this report to you for whatever administrative action you deem appropriate. Please send a written response to this office within **90 days** advising of the results of your review and actions taken. Also enclosed is an Investigative Accountability form. Please complete this form and return it with your response. Should you need additional information concerning this matter, you may contact me at 202-208-6752.

Attachment

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title Cape Lookout National Seashore	Case Number PI-PI-11-0348-I
Reporting Office Program Integrity Division	Report Date September 14, 2011
Report Subject Closing Report of Investigation	

SYNOPSIS

We initiated this investigation on April 20, 2011, after receiving a written complaint from [redacted] human resources specialist, Washington Support Office, National Park Service (NPS), concerning allegations of mismanagement of third-party drafts and a possible "slush fund" at Cape Lookout National Seashore (Cape Lookout). [redacted] also had concerns that Cape Lookout staff had not reconciled the budget for fiscal years (FY) 2009 and 2010 and that special-use permits were mismanaged.

Cape Lookout is a national park on the southern coast of North Carolina that offers public beaches, tourism attractions, and rental cabins. NPS maintains that park's natural and cultural resources as well as several historic structures.

We found that overall Cape Lookout lacked adequate safeguards and internal controls for its financial operations. Cape Lookout failed to follow NPS policy concerning regular audits of fee programs, which had inadequate oversight and supervision from park managers, including the superintendent. We also found that Cape Lookout failed to follow NPS policy for third-party drafts, which led to paying a term employee from the maintenance division by third-party draft after his term expired. While we found that Cape Lookout does not have a "slush fund," it appears that the park did not reconcile the budget for FY 2009 and FY 2010. Special-use permits also lack adequate oversight.

Our investigation also revealed that an employee from Cape Lookout was taking home cash deposits, including an occasion when the employee kept the deposit at his home over a weekend. Finally, our investigation did not determine that any park money was misplaced or stolen based on our review.

We are providing a copy of this report to the NPS Director for any action deemed appropriate.

Reporting Official/Title [redacted]/Special Agent	Signature
Approving Official/Title [redacted]/Director	Signature

Authentication Number: 9931D1E892650987AE8425090E78FF04

DETAILS OF INVESTIGATION

On April 12, 2011, the National Park Service (NPS), reported to the Office of Inspector General (OIG) that it conducted a financial audit of Cape Lookout National Seashore (Cape Lookout), after [redacted], Cape Lookout, left to take an NPS position in Washington, DC (**Attachment 1**). Specifically, [redacted] human resources specialist and NPS Liaison to the OIG, stated that when a park manager leaves a park, NPS conducts a management review at the park to identify major issues and priorities for the next park manager. This review identified several issues of concern, including policies for issuing third-party drafts, which are similar to checks to be paid against an agency's account; the creation of a "slush fund;" budget reconciliation for fiscal years (FY) 2009 and 2010; and the special-use permit program.

A DOI OIG auditor conducted a review of Cape Lookout's third-party draft program, special-use permit program, and the internal controls for deposits (**Attachment 2**). Our audit did not identify a "slush fund" during the review of the park's finances and did not identify any fraud or theft based on the review.

The DOI OIG audit compared FY2009, FY2010, and FY2011 third-party drafts received from the JP Morgan NPS account for Cape Lookout, which totaled $222,007.30. The audit compared the drafts to the NPS administrative financial system (AFS3) reports that included payee name, amount, and draft date. The audit was able to determine that, other than clerical errors, there were no problems to report.

The DOI OIG auditor spoke with [redacted] office automation assistant, Cape Lookout, about the special-use permit program, which manages parking permits and special-use permits for vehicles at the park. [redacted] was responsible for collecting the money and documenting activities related to the parking permit and the special-use program (see Attachment 2). The audit compared the spreadsheet [redacted] provided to the Federal financial system (FFS) for all of the deposits for the parking permit and the special-use programs. The auditor created a spreadsheet for all of the special-use activities for calendar years 2009, 2010, and 2011, which verified that all of the deposits with the special-use permit program were deposited and accounted for within the FFS system (**Attachment 3**).

Several park employees were interviewed at Cape Lookout who had knowledge of the fee collection program, third-party drafts, paying a maintenance worker with third-party drafts after his term of employment had expired, split purchases, and an employee taking cash deposits home.

Fee Collections

During this investigation, the collection of fees presented itself as a major issue at Cape Lookout. Fees include cabin rentals, gasoline, ice, and other purchases by visitors. The vulnerabilities in the fee collection process leave the collected fees open to theft and mismanagement.

When interviewed, [redacted] explained that when he took over as the [redacted] at Cape Lookout, the park decided to take over management of the park rental cabins from concessionaire [redacted] whose family now owns [redacted] (**Attachments 4 and 5**).

When [redacted] became [redacted], he said, he remembered having several conversations with his supervisors and the Office of the Solicitor about the management of the cabins at the park. Ultimately, the park decided to manage the cabins, and [redacted] told the [redacted] to

come up with standard operating procedures. He also recalled that [redacted] and the [redacted] helped [redacted] plan for managing the cabins. The rangers and the maintenance staff had some disputes, however, so he appointed [redacted] to oversee the rentals, including fee collections. [redacted] explained that the rangers would not clean the cabins or help with non-security tasks, so he thought having someone from maintenance, who was willing to perform all of the duties, would be better.

[redacted] said he did not get down in the "weeds" regarding how the fees were collected, but his understanding was the collections on the island were reconciled at the end of the day by the cashiers who counted the money and placed it in a locked bank bag. [redacted] said an NPS staff member traveling back to the headquarters office took the bag there, where it was counted and transported to the bank.

[redacted] admitted that vulnerabilities existed in the fee collection program, but he never felt that any of his staff took money. He said that sometimes a shortage of money occurred during counting, but [redacted] always determined this was based on error, not theft. He remembered only two occasions when money came up short. The first was for $70, and the second was for $120. [redacted] said the park was never able to figure out what happened to the missing money. The $120 equaled a 1-night stay in one of the park's cabins.

[redacted] told us that he did not reconcile the park's accounts and that he relied on his staff to do so. He explained that three people managed the money: [redacted] a budget specialist; and [redacted] said managing finances was not his "strong suit." He said he had meetings with his branch chiefs about their financial needs, but he never personally looked at the finances.

We interviewed [redacted], Cape Lookout, who explained he did not know a lot about the fee collection program because the maintenance staff ran it, not the budget office (**Attachments 6 and 7**). [redacted] said the former park [redacted], [redacted] was aware of this, which was why [redacted] did not get involved in managing the fee collection program.

When we interviewed [redacted], [redacted], Cape Lookout, he explained that in the past, his maintenance workers brought the cash from the cabin rentals on the island back to the Cape Lookout headquarters (**Attachments 8 and 9**). [redacted] maintenance worker, had been bringing the money back for the past 2 years. [redacted] brought the money back twice a week, he said. [redacted] said he did not like being responsible for the cash pickups, but he attended a meeting recently where attendees discussed having a law enforcement ranger bring the money back from the camps. [redacted] repeated that he did not like being responsible for the cash collected at the park.

[redacted] Cape Lookout, said that for the past 8 years she has been in charge of the remits and deposits at the park (**Attachments 10 and 11**). This involves counting the monies associated with the fee collection program and preparing it for deposit. [redacted] identified several types of fees the park collects, such as cabin fees, lighthouse fees, donations, special-use permits, and commercial use authorization permits (CUA). [redacted] said that the park also collects individual checks and credit card fees as well. [redacted] said that the money was collected by park employees, placed in locked bags then dropped in a safe at the Cape Lookout headquarters on Harkers Island. [redacted] said that in the past, she would remove the bags and count the money with another person. The process has since changed to a rotational basis so that one person is not always responsible for counting the money.

[redacted] said that each fee collection (lighthouse, cabin, donations, special-use permits, and CUAs) was a separate account, except for the two cabin areas on Great Island and Long Point. [redacted] said that the lighthouse staff completes a daily report and provides the administrative office a lockbox with the day's fees and receipts. [redacted]r said that the weekly deposit is done the following Mondays. [redacted] said that she compares the register tape to credit cards, cash, and checks against the shift reports, then prepares the deposit slips.

Regarding cabin rental fees, [redacted] said this process was a little more difficult. [redacted] said the daily log sheet, which was not always "accurately" kept by the employees at the cabins on Great Island and Long Point, was checked against the register tape and the checks, credit cards, and cash received by island employees. [redacted] then prepares the fees for deposit and puts the information into the OCNet system (online bank deposit) [redacted] said that the fees are then put in a plastic bag for night deposit, which is eventually taken to the bank by [redacted], Cape Lookout National Seashore, NPS.

[redacted] said that there are several problems with the current fee collection program [redacted] said that there was no way to confirm the amount of cash collected on Great Island and Long Point. [redacted] explained that the islands collect a large amount of cash and that she has prepared cash deposits in excess of $65,000. [redacted] said there is no backup system to confirm that cashiers are entering information into the register correctly because the "Z tape" (cash register) reflects credit card, checks, and cash, with one exception: there is a log sheet that should also reflect the amount of money collected for the day. [redacted] said the log sheet is sometimes inaccurate.

[redacted] said that the money is transported from Great Island and Long Point to Harkers Island by an NPS employee and placed in a drop box located behind the Cape Lookout administrative office. [redacted] said that she was the only person with a key to the drop box. She retrieves the locked bag from the drop box with another person and takes it to the conference room where they count the cash, credit card receipts, and checks, then prepare it for deposit. [redacted] said that once the deposit is prepared, it is placed in a plastic deposit bag, sealed and given to [redacted] [redacted] said that [redacted] usually drops off the deposit at the bank on his way home. [redacted] said that she has noticed that the deposit was occasionally not made the night it was given to [redacted] [redacted] opined that [redacted] must have taken the money home. [redacted] said that she remembered getting an email from [redacted] one morning saying that he would be late for work because he was dropping off the deposit that morning.

[redacted] said that typically the bank faxes a receipt to her when the deposit is processed. [redacted] said she would be notified the next day that the deposit cleared. According to [redacted], since [redacted] began dropping off the deposits, she has noticed a delay of 2 or 3 days before the deposit has cleared, and one time it took 4 to 5 days. When we asked if [redacted] had access to the plastic bags, [redacted] said that the plastic bags are sealed, but they can be ripped open, and all employees have access to empty plastic bags located in the back room. [redacted] said she did not like the system, but to date there have been no problems and she insisted that she feels no park employees, including [redacted] would take money.

Regarding cash fees from the islands, [redacted] said she has seen discrepancies mainly related to the cashiers' log sheets not being completed correctly and in conflict with their cash registers. [redacted] said that the largest discrepancy she saw was $70 to $100. [redacted] said the main issue is training. Island employees are either Student Educational Employment Program workers or seasonal temporary employees with little or no training. [redacted] said that she has brought this to the attention of [redacted] and retired employee [redacted] but [redacted] did not put her concerns in writing.

[redacted] explained that when she worked for the maintenance division, she took reservations and worked as a cashier at Great Island campground from 2008 to the middle of 2009 (**Attachments 12 and 13**). She said the park handled the cabins like a hotel. Visitors could call in advance for a reservation and then check-in on their arrival date. They typically paid at the end of their stay. [redacted] said the park had two cabin sites: Great Island, which is on the South Core Banks, and Long Point, which is on the North Core Banks. [redacted] stated that the park has two cashiers, one on Great Island and the other on Long Point. She added that the park also sold gas and ice.

[redacted] said the cashiers counted the money at the end of each day, and they compared the money in the register to the print-out of total purchases for the day. The cashiers' print-out was also referred to as a "Z tape," she said. [redacted] also remembered that the cashiers kept a written log of every purchase. Once the cashiers counted the cash, checks, and credit card receipts and compared them to the Z tape and the log, the cashiers placed these items into the safe in the cashiers' office. She recalled that a maintenance worker picked up the money two to three times per week to transport it back to park headquarters to be counted and deposited in the bank.

When we asked [redacted] if she ever witnessed a shortage of money when counting it at the end of the day, she said this happened on occasion. The only significant amount of money that she could remember going missing was $100, she said. She could not recall the details of the incident but said it was reported to park management.

According to [redacted], the park took in fee collections for parking permits out on the island. She recalled that the permits cost $15 per week. [redacted] said [redacted] an administrative assistant, was responsible for taking the parking permit money and placing it in the safe, where [redacted], another administrative assistant, would count it along with the additional fees collected from the cabins on the islands.

We interviewed [redacted] laborer/cashier, Facilities Management Division, Cape Lookout National Seashore, who explained the check-in process at the cabins (**Attachments 14 and 15**). She said that once visitors exited the ferry, they stopped by her office and filled out a card with their name and contact information. The visitors could either pay up front or pay when they checked out. [redacted] stated that many people paid up front. When we asked [redacted] if visitors often left without paying, she said this did happen on occasion, which was why the park encouraged people to pay up front. She said the park attempted to follow up with visitors if they forgot to pay, and employees provided any information to law enforcement rangers as well. [redacted] did not provide any specific information regarding how often this happened.

[redacted] stated that visitors could pay by check, cash, or credit card. When park employees took a payment, they entered the purchase amount into the cash register and then wrote it down in the headquarters log. At the end of the day, employees compared the checks, cash, and credit card receipts to the cash register's print-out and the headquarters log. [redacted] stated that in the past, employees forgot to add items to the log, and the three did not match.

When asked if anyone witnessed her counting the cash at the end of the day, [redacted] said she was alone, and no one else counted the money until it reached park headquarters. She also said that anyone could see her counting the cash through the front window, which did not have window coverings. In addition, no law enforcement rangers were assigned to monitor the office at the end of the day when she was counting the cash and opening the safe.

[redacted] said the park began each day with $597.77 in the cash register. She explained that a maintenance worker picked up the cash twice a week at the camp sites, and the rest of the time the cash stayed in the safe in the headquarters office until it was brought to the bank. All of the cashiers had access to the safe. [redacted] said that the weekend prior to her interview, $8,000 was in the office safe, which was locked.

[redacted] stated that she felt the fee collection process was vulnerable to theft but said she never took any money and did not know if anyone else took money.

Third-Party Drafts

Third-party drafts have been used at Cape Lookout to pay vendors for services when they do not accept credit cards. The management of third-party drafts has become a concern at Cape Lookout because they have taken the place of credit cards and contracts.

When we interviewed [redacted] for the second time, he stated that when he took over as the business management specialist at the park, he supervised [redacted] budget technician, who was responsible for the budget at Cape Lookout and third-party drafts (**Attachments 16 and 17**). [redacted] said he realized that [redacted] was not only drafting the third-party drafts and signing them, he was also the site manager. [redacted] said he brought this issue to the attention of former [redacted] who told him [redacted] was doing a good job and he did not want to change anything.

[redacted] said he oversaw third-party drafts and he knew that [redacted] and [redacted] facilities services assistant, were both drafting and signing them. He admitted that he was not reviewing their work. [redacted] said he was waiting until the new superintendent came to the park to address the problem, even though he knew [redacted] and [redacted] were not following the proper NPS regulations. He explained that the third-party drafts had been mismanaged since he arrived in 2008, and the process and controls needed to be changed.

[redacted] said that several years ago she was one of several individuals writing checks for the office (a draft agent), but to her knowledge, there are only three employees currently doing this at the park (see Attachments 10 and 11). [redacted] said that she knows nothing about how they run the third-party draft program, but was absolutely certain that the three current draft agents were not trained properly. [redacted] said that she is often asked questions about how to write a check and has identified that the three draft agents are writing third-party drafts without invoices, which violates NPS policy.

[redacted] said she drafted and signed third-party drafts at the park (see Attachments 12 and 13). When she received an invoice from a vendor, such as the ice company, she said, she filled out the draft and signed it, then attached the invoice to the draft and sent the paperwork to the vendor for payment. [redacted] said that in the past she would pay the bills as they were received. [redacted] stated that she was assigned a number of third-party drafts by [redacted] and she issues the assigned third-party drafts as needed. [redacted] stated that she does not issue many third-party drafts.

When we interviewed [redacted] she said that she did not know the dollar limit on third-party drafts and did not recall writing one over $3,000 (**Attachments 18 and 19**). [redacted] said that, in hindsight, she has not had the necessary training on third-party drafts to know what is right or wrong. [redacted] said that she only received training from the previous agency/organization program coordinator, [redacted] who retired in early 2011. [redacted] said that the park needs someone to train the staff on what to do and what

not to do regarding third-party drafts.

[redacted] said he did not know that [redacted], was the site manager and drafting agent and had the signature authority for the park's third-party drafts (see Attachments 4 and 5). He also was not aware of NPS policies governing third-party drafts. He said he never authorized specific expenditures to be paid through third-party drafts and relied on his staff to manage the drafts. [redacted] also stated that he did not recall a conversation with [redacted] about problems with [redacted] being the site manager and drafting agent and signing the drafts. [redacted] stated that if he had known this was a problem, he would have taken steps to ensure it was corrected.

Paying a Maintenance Worker with Third-Party Draft After Term Employment Expired

During the OIG's investigation, it appeared that a term employee was paid via third-party draft after his employment expired. [redacted] confirmed that [redacted], a small engine mechanic, was paid by third-party draft when his term employment expired earlier in the year (see Attachments 12 and 13). She estimated that he was paid $3,600 over two pay periods. [redacted] stated that [redacted] originally wrote the drafts, but [redacted] instructed her to do it. She also said that [redacted] was aware of the park paying [redacted] by third-party draft for two pay periods.

[redacted] said that [redacted] job was set for termination unexpectedly (see Attachments 18 and 19). [redacted] said that [redacted] spoke to [redacted], NPS human resources, and got clearance to pay [redacted] as a contractor once the job was terminated. [redacted] said that [redacted] worked about 4 weeks on a contract basis, roughly 72 to 80 hours. [redacted] said that at the direction of [redacted] she paid [redacted] with a third-party draft. [redacted] was shown a third-party draft for $1,821.60 and identified it as one of two she wrote to [redacted] at the direction of [redacted] (**Attachment 20**).

[redacted] said that for approximately two pay periods, Cape Lookout paid [redacted] with a third-party draft (see Attachments 12 and 13) [redacted] explained that for a month in between the time [redacted] first term position ended and a new one began, Cape Lookout needed a small engine mechanic to perform essential maintenance to park vehicles and boats. He said [redacted] told him he could pay [redacted] with a third-party draft check to do the work. [redacted] said he instructed [redacted] to write the third-party drafts to [redacted] for his work at the park. He felt that hiring [redacted] as a contractor during that time was okay, and he did not treat him differently than others he hired to perform duties on a limited basis.

[redacted] stated that he has known [redacted] for 20 years, but he did not hire him back specifically to help a friend. He explained that he hired [redacted] because Cape Lookout had a lot of work that needed to be done, and it would take 4 weeks to process the Government paperwork to hire him [redacted] again said he was trying to work quickly, and if he did something wrong, he wanted to know the correct way for the future.

[redacted] stated that he was involved in the decision to pay [redacted] for an additional two pay periods by third-party draft (see Attachments 16 and 17). He said that there was an immediate need to have a small engine mechanic on staff in preparation for their busy season at the park. They paid [redacted] in third-party drafts just long enough to get him hired again as a seasonal park employee.

[redacted] opined that [redacted] was paid via third-party drafts after this 2-year term expired (see Attachments 10 and 11) [redacted] said that she did not know for a fact, but knew he worked for NPS 2 or 3 weeks after his termination.

Split Purchases

During this investigation, investigators found that Cape Lookout employees were using split purchases, which is the separation of purchases in order to stay under the purchase limit, to pay vendors.

[redacted] explained that Cape Lookout did split purchases in order to get jobs done quickly (see Attachments 8 and 9). He said his office had always done business this way, but he was willing to learn the correct way. [redacted] gave the example of using the Government credit card to pay for $2,400 of cement and then using a third-party draft to pay the concrete company $2,000 for labor.

[redacted] said she knew what a split purchase was and she had never made a split purchase (see Attachments 12 and 13). She explained that [redacted] a facilities services assistant at Cape Lookout, did one a few months ago when the park needed a boat motor repaired. [redacted] said the estimated cost to repair the motor was $2,000, but it ended up costing an additional $2,000. She explained that the repair company gave two different invoices to the maintenance division at Cape Lookout, and [redacted] paid for one $2,000 invoice on her Government credit card, and [redacted], a maintenance division employee, paid for the other on his Government credit card. [redacted] said that [redacted] identified the problem and explained that she could not do this.

[redacted] said that until 2 weeks prior to her interview, the term "split purchase" had never been explained to her (see Attachment s 18 and 19). [redacted] said that [redacted] told her and [redacted] the definition of a split purchase, but she was still unclear about what it was. [redacted] said she has written two third-party drafts to one company in the same day. A company delivered merchandise to Long Point Island and to the administrative offices on the same day. [redacted] said that the company billed NPS on two different account numbers and [redacted] told her to write two separate checks (third-party drafts). [redacted] reiterated that she has not had any formal training on third-party drafts, split purchases, credit card use, or procurement regulations other than, "just scanning through" the online computer charge card training. [redacted] said that she was not required to read the NPS policy on third-party drafts.

Taking Cash Deposits Home

Investigators found that one NPS employee took cash deposits home instead of taking the deposit to the bank. This presents an opportunity for theft and misplacing Federal funds.

When we asked [redacted] again if he had ever taken park money home, [redacted] stated that he had taken money home on two occasions (see Attachments 16 and 17). He explained that on one occasion, he went home to change his clothes and then dropped off the money approximately 1 hour later at the bank's night deposit. After we continued to question him, he admitted to keeping a cash deposit from the park at his home over a weekend, but eventually he made the deposit. We then asked [redacted] if these were the only two instances where this occurred, and he said this was to the best of his "recollection." [redacted] then told us that he only lived two blocks from the bank, and he normally dropped the deposits off prior to going home.

[redacted] stated that he never opened up the bag and took any money. He did tell us that the extra bags were kept in the storage room and all park employees had access to the clear, sealable bags.

When asked why he previously told us that he had never taken deposit bags to his house, [redacted] told us, "Yesterday, when you asked me the question, I didn't even think about the exceptions, because I

have tried to be very straight arrow about this, and particularly in recent time." [redacted] then told us that he has not taken any money out of the deposit bags he was responsible for and that he had not taken any money from the park.

DISPOSITION

We are providing a copy of this report to the Director of NPS for any action deemed appropriate.

ATTACHMENTS

1. NPS financial audit of Cape Lookout dated March 29-30, 2011.
2. IAR – DOI OIG financial review dated May 24, 2011.
3. Excel spreadsheet detailing Cape Lookout special-use program deposits.
4. IAR – Interview of [redacted] on June 10, 2011.
5. Transcript of interview of [redacted] on June 10, 2011.
6. IAR – Interview of [redacted] on May 3, 2011.
7. Transcript of interview of [redacted] on May 3, 2011.
8. IAR – Interview of [redacted] on May 4, 2011.
9. Transcript of interview of [redacted] on May 4, 2011.
10. IAR – Interview of [redacted] on May 3, 2011.
11. Transcript of interview of [redacted] on May 3, 2011.
12. IAR – Interview of [redacted] on May 3, 2011.
13. Transcript of interview of [redacted] on May 3, 2011.
14. IAR – Interview of [redacted] on May 5, 2011.
15. Transcript of interview of [redacted] on May 5, 2011.
16. IAR – Interview of [redacted] on May 4, 2011.
17. Transcript of interview of [redacted] on May 4, 2011.
18. IAR – Interview of [redacted] on May 4, 2011.
19. Transcript of interview of [redacted] on May 4, 2011.
20. Copies of third-party drafts issued to [redacted] dated April 7, 2011, and April 22, 2011.

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
Pima-Maricopa Irrigation Project	**OI-CO-11-0349-I**
Reporting Office	**Report Date**
Billings, MT	**August 31, 2011** -
Report Subject	
Closing Report of Investigation	

SYNOPSIS

In May 2011, the OIG initiated an investigation pursuant to an anonymous complaint that alleged the Gila River Indian Community (GRIC), Sacaton, AZ issued a no-bid $4 million change order funded through the American Reinvestment and Recovery Act (ARRA) for the Pima Maricopa Irrigation Project (PMIP) to Granite Construction Company (Granite), Watsonville, CA. The complainant alleged the GRIC falsely declared there was an emergency which necessitated circumventing the procurement process. The complaint claimed Granite started the work on the additional check structures and PMIP waited until they received the ARRA funding to officially issue the change order. The complainant further alleged in the fall of 2009, Granite was also awarded a $22 million project even though Granite's bid was $2 million higher than the lowest bid with no significant difference in the proposal. Additionally, the PMIP allegedly awarded a contract to a company who reported that they would not be conducting at least 51% of the work on the project as required by the project specifications; failed to exclude companies that submit proposals and joint proposals on the same project, and failed to adhere to the Buy American Act.

The OIG's Acquisition Integrity Unit (AIU), Lakewood, CO conducted an evaluation of the complaint and the GRIC's Procurement Policy and determined their policy contained exemptions to each of the complaint issues.

BACKGROUND

The PMIP is a long range (spanning 20 years) irrigation project with an estimated cost in excess of $200 million and is designed to construct over 2,400 miles of canal and pipeline to deliver water to the Gila River Indian Community.

Reporting Official/Title	Signature
[redacted] Special Agent	
Approving Official/Title	Signature
[redacted] /Special Agent in Charge	

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The main source of funding for the PMIP is from the Bureau of Reclamation (BOR). In 2009, the PMIP received approximately $36.8 million in funding from the BOR under the ARRA. The BOR oversees the project by the use of P.L. 93-638 contracts, the tribe then contracts with commercial construction firms to complete various sections of the project.

DETAILS OF INVESTIGATION

In May 2011, the OIG initiated an investigation pursuant to an anonymous complaint that alleged in 2009, the GRIC did not follow Federal procurement regulations and improperly awarded PMIP contracts and change orders to Granite. The OIG's Acquisition Integrity Unit (AIU), Lakewood, CO conducted an evaluation of the complaint and the GRIC's Procurement Policy and determined their policy contained exemptions to each of the complaint issues with the exception of the Buy American Act allegations.

In April 2011, AIU evaluated the anonymous complainant dated March 31, 2011 which alleged the GRIC violated "an assortment of requirements" of ARRA **(Attachment 1).** The evaluation identified the following alleged violations committed by the GRIC;

- A subjective proposal-based procurement method was used instead of a low-bid proposal method.
- A contract was awarded to a company who reported they would not be conducting at least 51% of the work on the project as required by the project specifications.
- Companies that submitted proposals and joint proposals on the same project were not excluded.
- A no-bid contract was issued to a preferred contractor by falsely declaring there was an emergency which necessitated circumventing the procurement process.
- Non-compliance with the provisions of the Buy American Act.

In May 2011, AIU reviewed the GRIC 2008 Procurement Policy in relation to the anonymous allegation of procurement irregularities associated with the PMIP **(Attachment 2)**. The allegations were asserted against the GRIC and their acquisition of commercial construction contracts.

Section II of the GRIC Procurement Policy allows the use of a subjective standard in contractor proposal evaluation process at the discretion of the director of the Department of Property & Supply.

There is no provision in the GRIC Procurement Policy requiring a contractor to complete 51% of the work on a construction project. Although there may have been a 51% requirement in the solicitation of the project, it would not have precluded a contract award according to the policy.

Additionally there is no reference in the GRIC Procurement Policy that would preclude a contractor from having an interest in two bids on the same project.

In August 2011, AIU received and reviewed information obtained from [redacted]), BOR, Phoenix Area Office **(Attachment 3)**. The information provided by [redacted] was intended to clarify and explain allegations of contracting improprieties regarding the PMIP. The complainant alleged the PMIP issued a change order of an existing contract to Granite and justified it by stating an emergency existed which necessitated the new work.

The review determined the PMIP did not rely on the emergency provisions of the GRIC's procurement policies for this change order. The PMIP was already under contract with Granite for a significant portion of the construction project when they were notified they would receive additional funding from the ARRA.

The PMIP considered proposals submitted by several contractors for the previous non-ARRA projects, performed a cost analysis and determined it would be cheaper to modify the existing, competitively awarded contract to add the additional work, than to re-compete for a new award. According to [redacted] this decision saved the PMIP money as well as the BOR and that they were within their procurement policies when they issued the change orders. [redacted] cited Section II of the GRIC Procurement Policy, which allowed the GRIC to determine that the use of competitive sealed bidding was either not practical or advantageous to the Community and that a contract for construction services could be awarded to a responsible contractor whose qualifications and experience were the most advantageous to the Community.

[redacted] stated the PMIP did not violate the Buy American Act provision of the ARRA because no ARRA funds were expended to purchase steel water control gates from Rubicon, an Australian company. PMIP had previously purchased and installed water control gates for their irrigation tunnels from Rubicon and decided to purchase the additional gates from Rubicon using normal appropriations that did not require compliance with the Buy American Act.

SUBJECT(S)

Gila River Indian Community
P.O. Box 97
Sacaton, AZ 85147

DISPOSITION

The investigation did not substantiate the complainant's allegations that the GRIC misused ARRA funds, did not follow Federal procurement regulations and improperly awarded PMIP contracts and change orders to Granite.

ATTACHMENTS

1. IAR-Complaint Evaluation dated April 28, 2011.
2. IAR- Review of Gila River Indian Community 2008 Procurement Policy dated May 11, 2011.
3. IAR- Complaint Evaluation Clarification dated August 4, 2011.

OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

December 19, 2011

Memorandum

To: Paul Tsosie, Chief of Staff
Office of the Assistant Secretary – Indian Affairs

Attention: Michael Oliva, Director
Office of Internal Evaluation and Assessment

From: [redacted]
Special Agent-in-Charge, Central Region

Subject: Referral – For Bureau Action as Deemed Appropriate – No Response

Re: BIA Albuquerque Acquisitions Office, BIA
DOI/OIG Case File No. OI-NM-11-0392-I

This memorandum is to inform you of information received by this office alleging contracting improprieties for the procurement of goods and services within the Bureau of Indian Affairs (BIA) Albuquerque Acquisitions Office.

These improprieties included violations of procurement rules and regulations, including expired contracts that were improperly extended; purchase requests for services outside of the scope of work; solicitations improperly excluding contractors; undue pressure on contracting officers; unauthorized commitments; multiple contracts for the same deliverable; lack of justification for sole sourcing; purchase requests not researched or competed; unauthorized BIA/Bureau of Indian Education (BIE) personnel signing contractor invoices for payment; and ratifications completed without proper authority. The complaint identified specific BIA and BIE contracts, including contracts with American Recovery and Reinvestment Act funds.

Our limited investigation of this matter to date has involved conducting interviews and reviewing documents. The following is a list of contracts, task orders, purchase requests and other documents that reportedly involved contract actions that violated procurement rules and regulations:

[redacted]					
CABQ908009	CBK60050003	CABQ9100003	CABQ9100007	CABQ9100011	PR - 11D00140003
CABQ9080015	CABQ7080014	CABQ9100004	CABQ9100008	CABQ9100012	PR - 11D01L0A165
CABQ9080012	CABQ9100001	CABQ9100005	CABQ9100009	CABQ9100013	PR - D20M0111032
DABQ2100003	CABQ9100002	CABQ9100006	CABQ9100010	CABQ9100014	PR - K6011000168
CABQ9100015	CBK60060001	CBM00070024	A12PC00014	RA000210488	PR - D02P0211063

CMK0E050010	RMN00110037	CABQ9080067	CBM000700151	CBK60050009	RA000210055
CABQ9080040	CBK60050001	M002406550	RA000210636	A11PS00620	

During our investigation, we learned that the Office of Acquisition and Property Management (PAM) had completed a review of multiple BIA Albuquerque Acquisition contract files in January 2010 and was in the process of reporting their findings and recommendations to BIA and BIE in a memorandum dated May 3, 2011. These findings included similar concerns reported to this office as previously described.

As a result of the recent review by PAM, this office and the Recovery Oversight Office will not conduct any further review at this time. We are instead notifying you of the alleged procurement violations so that you may take any action that you may deem appropriate. If you have any questions regarding the matter, please contact Special Agent [redacted] or me at [redacted]

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
BIA Albuquerque Acquisitions Office	OI-NM-11-0392-I
Reporting Office	**Report Date**
Albuquerque, NM	December 8, 2011
Report Subject	
Closing Report of Investigation	

SYNOPSIS

We initiated this investigation May 2011, after receiving information alleging contracting improprieties for the procurement of goods and services within the Bureau of Indian Affairs (BIA) Albuquerque Acquisitions Office. It was also alleged that government contractor, Informed Educators Consulting Group, LLC, submitted fraudulent claims to the BIA. In an attempt to substantiate the allegations we met with the complainant and obtained documents and original contract files. Our investigation found that in January 2010, the Office of Acquisition and Property Management (PAM) conducted a review of multiple BIA Albuquerque Acquisition contract files and reported their findings and recommendations in a memorandum dated May 3, 2011. These findings included concerns reported to the Office of Inspector General (OIG). Due to the recent review by PAM, it was determined that a separate review conducted by the OIG and the Recovery Oversight Office would not be conducted and the alleged contracting improprieties would be referred to the BIA. The alleged fraudulent claims were audited by an outside source and no evidence of fraud was found. This matter is being handled through the Civilian Board of Contract Appeals. No further investigative activities would be conducted regarding this complaint.

On June 14, 2011, additional allegations were received and incorporated into this investigation. It was alleged that high level BIE officials were involved in contracting improprieties violating procurement rules and regulations. We conducted an interview of the complainant and reviewed information in the Federal Procurement Data System. The OIG Program Integrity Division opened an investigation into some of these reported improprieties (PI-PI-12-0084-I). The other issues were deemed resolved and no further investigative activities would be conducted by this office.

On August 24, 2011, the BIA Albuquerque Acquisitions Office requested an expedited investigation concerning allegations of collusion. This matter was also incorporated into this investigation. After

Reporting Official/Title	Signature
[redacted]/Special Agent	
Approving Official/Title	Signature
[redacted]/Special Agent in Charge	

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conducting interviews and reviewing the original BIA contract file, we determined there was no collusion. No further investigative activities would be conducted by this office.

DETAILS OF INVESTIGATION

Complaint Submitted by [redacted]

On May 2, 2011, [redacted], [redacted], Bureau of Indian Affairs (BIA), Albuquerque, New Mexico, submitted a two-page written complaint alleging a number of contracting improprieties for the procurement of goods and services **(Attachment 1)**. [redacted] also identified specific BIA/Bureau of Indian Education (BI)E contracts, including contracts with American Recovery and Reinvestment Act funds, which he believed should be investigated for issues of fraud, waste, and abuse.

The Office of Inspector General (OIG) and the Recovery Oversight Office (ROO) met with [redacted] on multiple dates to discuss his complaint and obtain documentation and contract files **(Attachments 2, 3, 4, and 5)**. [redacted] reported allegations that involved violations of procurement regulations (Code of Federal Regulations and Federal Acquisition Regulations) concerning BIA and BIE contracts. These violations included expired contracts that were improperly extended; purchase requests for services outside of the scope of work; solicitations improperly excluding contractors; undue pressure on contracting officers; unauthorized commitments; multiple contracts for the same deliverable; lack of justification for sole sourcing; purchase requests not researched or competed; unauthorized BIA/BIE personnel signing contractor invoices for payment; and ratifications completed without proper authority. The following is a list of contracts, task orders, purchase requests and other documents that [redacted] indicated may involve contract actions that violated procurement rules and regulations:

[redacted]					
CABQ908009	CBK60050003	CABQ9100003	CABQ9100007	CABQ9100011	PR - 11D00140003
CABQ9080015	CABQ7080014	CABQ9100004	CABQ9100008	CABQ9100012	PR - 11D01L0A165
CABQ9080012	CABQ9100001	CABQ9100005	CABQ9100009	CABQ9100013	PR - D20M0111032
DABQ2100003	CABQ9100002	CABQ9100006	CABQ9100010	CABQ9100014	PR - K6011000168
CABQ9100015	CBK60060001	CBM00070024	A12PC00014	RA000210488	PR - D02P0211063
CMK0E050010	RMN00110037	CABQ9080067	CBM000700151	CBK60050009	RA000210055
CABQ9080040	CBK60050001	M002406550	RA000210636	A11PS00620	

During the course of this investigation, the OIG and ROO learned that in January 2010, the Office of Acquisition and Property Management (PAM) conducted a review of multiple BIA Albuquerque Acquisition contract files to determine if they were completed in accordance with federal and agency procurement policy **(Attachment 6)**. This review was reportedly requested by BIA [redacted]. PAM reported their findings and recommendations in a memorandum dated May 3, 2011. PAM's findings included concerns [redacted] reported to the OIG (Attachments 2, 4, and 5). PAM's recommendations included training and another contract review within six months to a year, following implementation of corrective actions.

During [redacted] initial interview, he also reported that government contractor, Informed Educators Consulting Group, LLC (IECG), submitted a false claim to the BIA (Attachment 2). [redacted] explained that IECG submitted an invoice for travel expenses and work that IECG performed at a BIE national

conference in Portland, OR. [redacted] said prior to the submission of the invoice, [redacted] refused to approve IECG's work and travel to Portland, but they went anyway. He said IECG tried to submit the invoice under a different contract number and some of the services claimed on the invoice were already paid by a U.S. Department of Education grant.

Due to the questionable expenses, BIA did not pay the invoice and IECG filed a complaint with the Civilian Board of Contract Appeals (date of filing unknown). In August 2011, and subsequent to the filing of the complaint, the BIA hired [redacted]., Albuquerque, NM, to conduct an audit of the unpaid invoices for IECG totaling $141, 229.98 **(Attachments 7 and 8)**. [redacted] found that the invoices were not valid obligations to the contract, but did not report findings of fraud. The litigation is ongoing and this office provided documents to the Office of the Solicitor (through the OIG Office of General Counsel) in response to discovery requests.

***Agent's Note**: In additional to [redacted] complaint of fraud, waste, and abuse, [redacted] reported he was being retaliated against for reporting these matters to the OIG. [redacted] submitted complaints with the Equal Employment Opportunity office and Whistleblower Protection Associate IG [redacted] All matters involving [redacted] performance and issues with BIA [redacted] and other individuals were not investigated by this office.*

Complaint Submitted by BIE Official (Confidentiality Requested)

On June 14, 2011, this office received a multiple page complaint from a BIE official alleging procurement violations within the BIE and BIA Albuquerque Acquisitions Office **(Attachment 9)**. It was reported that on March 4, 2011, a contract for a "BIE Organizational Evaluation" was awarded to Personal Group Incorporated (PGI), Pierre, South Dakota, but later cancelled due to protests. During an interview with the BIE official, his initial concern was that the contract was assigned to [redacted], who was located in the acquisitions office in Gallup, NM **(Attachment 10)**. He said the contract was initiated from the Reston, VA office, which are typically handled by the Reston Acquisitions office or the Albuquerque Acquisitions office, not Gallup. The BIE official felt [redacted] was selected by BIE Director [redacted] BIE Chief of Staff [redacted] and BIE [redacted] because they knew [redacted] would ensure PGI was selected for the contract. It was reported that the selection of PGI was important because [redacted] was, or is, a principle for PGI. Before the contract was cancelled, the BIE official reviewed PGI's proposal and was surprised PGI was selected with such a poorly written proposal. ***Agent's Note**: The OIG Program Integrity Division currently has an ongoing investigation concerning potential improprieties concerning the award of this contract to PGI (PI-PI-12-0084-I).*

In his complaint and during the interview, the BIE official also expressed his concerns regarding contractor, Danya International Incorporated (DII), and a contract to be solicited for a BIE data system termed, "Longitudinal Data System and Data Dashboard" (Attachments 9 and 10). The BIE official felt DII was provided an unfair advantage prior to the solicitation of the contract when [redacted] and [redacted] shared a BIE briefing paper containing information technology system data with DII. It was also reported that further discussions with DII, [redacted], and [redacted] occurred prior to the solicitation of the contract to discuss services DII could provide for the BIE. Information obtained by this office, through BIA Acquisitions Supervisory Contract Specialist [redacted] and the Federal Procurement Data System, confirmed that the contract was not awarded to DII, nor were any other BIE or BIA contracts **(Attachment 11)**.

Complaint Submitted by BIA Acquisitions Supervisory Contract Specialist

On September 2, 2011, another complaint was incorporated into this investigation concerning a request from the BIA Albuquerque Acquisitions Office **(Attachments 12 and 13)**. In a memorandum dated August 24, 2011, [redacted] requested an expedited investigation into possible collusion between Utah State University (USU), Logan, Utah, and Reeves and Associates Consulting and Training (RACT), Atlanta, Georgia. Specifically, [redacted] reported that USU and RACT submitted identical cost proposals for a bid on a BIE contract for Special Education Technical Assistance with Advisory Board for Exceptional Children. It was also reported that RACT included USU in their cost proposal.

The OIG obtained the original solicitation contract file from [redacted] and reviewed the original proposals from all three contractors that bid on the contract, including USU and RACT **(Attachment 14)**. We also interviewed BIA Contracting Officer [redacted], who reported the potential collusion to [redacted] **(Attachments 15)**. After a review of the contract file, the OIG determined that there was no collusion and the information the BIA used to base their collusion findings was inaccurately recorded by the BIA. [redacted] concurred with the OIG's findings **(Attachment 16)**.

SUBJECTS

1. [redacted] Owner, Informed Educators Consulting Group, LLC.
2. [redacted] Director, BIE – SES.
3. [redacted], Chief of Staff, BIE – SES.
4. [redacted] Acting Associate Deputy Director, Division of Administration, BIE – GS15.
5. Utah State University, Logan, UT.
6. Reeves and Associates Consulting and Training, Atlanta, GA.

DISPOSITION

Our investigation found that PAM conducted a recent review of contract files for the BIA Albuquerque Acquisitions office and their findings included concerns that were reported to the OIG by [redacted]. Due to the recent review, we determined that the alleged contracting improprieties reported by [redacted] would be referred to the BIA for any action they deemed appropriate. We also found that the audit of the alleged fraudulent claims by IECG did not indicate fraud and the matter was being handled by the Civilian Board of Contract Appeals. No further investigative activities would be conducted regarding these matters.

Our investigation determined that the matters reported by the BIE official involving alleged procurement violations by high level BIE officials were resolved or currently being investigated by the OIG Program Integrity Division. No further investigative activities would be conducted by this office.

The allegations submitted in the final complaint concerning collusion between USU and RACT were unfounded based on the findings of our investigation. This office will not conduct any further investigative activities regarding this matter.

ATTACHMENTS

1. Two-page complaint written by [redacted] dated May 2, 2011.
2. IAR – Interview of [redacted], dated May 9, 2011.

3. Case Initiation Report, dated May 24, 2011.
4. IAR – Contract files requested and obtained, dated May 23, 2011.
5. IAR – Interview of [redacted], dated June 3, 2011.
6. Report regarding the "Technical Assistance Review of Bureau of Indian Affairs, Southwest Region, Albuquerque Acquisition Office," conducted by the Office of Acquisition and Property Management, dated May 3, 2011.
7. IAR – Audit findings for invoices submitted by Informed Educators Consulting Group, LLC, dated November 1, 2011.
8. Audit report completed by [redacted] concerning invoices submitted by Informed Educators Consulting Group, LLC, dated September 2011.
9. Complaint submitted by BIE official, dated June 14, 2011.
10. IAR – Interview of BIE official, dated August 8, 2011.
11. IAR – Contract award concerning BIE Longitudinal Data System and Data Dashboard, dated November 2, 2011.
12. IAR – Request for investigation, dated November 4, 2011.
13. Memorandum from [redacted] requesting investigation, dated August 24, 2011.
14. IAR – Review of original contract file for solicitation number A11PS00398, dated November 30, 2011.
15. IAR – Interview of [redacted], dated November 15, 2011.
16. IAR – Meeting with [redacted], dated November 30, 2011.

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

OCT 28 2011

Memorandum

To: Keith Moore
Director, Bureau of Indian Education

From: John E. Dupuy
Assistant Inspector General for Investigations

Subject: Report of Investigation – Ethics Violations by BIE Officials
Case No. PI-PI-11-0531-I

The Office of Inspector General received information from [redacted] – Bureau of Indian Affairs (BIA), Bureau of Indian Education (BIE), and Assistant Secretary – Indian Affairs (AS-IA), that [redacted] alleged that ethics violations had occurred relative to the June 20-24, 2011 BIE Summer Institute Conference in Reno, NV. [redacted] reported that BIE officials received gifts or perks from the American Meeting and Management Company (AMM) and/or the Grand Sierra Resort (GSR).

According to [redacted], approximately 2,300 participants attended the BIE Summer Institute, an annual event intended to provide professional development for personnel at BIE-funded schools. [redacted] estimated the conference cost $3,450,000, considering airfare, hotel, per diem, and other expenses. He further estimated that if salaries and payments to consultants were included, the conference could have cost $6 million.

Our investigation revealed that AMM meeting planners did not request that any perks be provided to participants of the 2011 BIE Summer Institute. AMM specifically told GSR that perks and gifts were prohibited. GSR admitted that certain gratuities were provided to BIE meeting planners, but that the alleged perks were "an extension of [GSR's] commitment to customer service" and not an attempt to sway decisions regarding future conferences. A GSR manager stressed that no one from BIE or AMM requested any perks or gifts. The perks arguably fall into categories excepted from the Federal gift rules, so OIG recommended that BIE seek advice from the DOI Ethics Office on the propriety of accepting the items and services identified in this report.

We are providing this report to you for any administrative action deemed appropriate. Please send a written response to this office within **90 days** advising of the results of your review and actions taken. Also attached is an Investigative Accountability Form that should be completed and returned with your response. Should you need additional information concerning this matter, you may contact me at 202-208-6752.

Attachment

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title Ethics Violations by BIE Officials	Case Number PI-PI-11-0531-I
Reporting Office Program Integrity Division	Report Date October 27, 2011
Report Subject Report of Investigation	

SYNOPSIS

The Office of Inspector General initiated this investigation after receiving a complaint that Bureau of Indian Education (BIE) officials received gifts or perks from the American Meeting and Management Company (AMM) and/or the Grand Sierra Resort (GSR) during the 2011 BIE Summer Institute in Reno, NV. The complaint alleged that GSR provided perks to key BIE decision-makers to influence them to use GSR for future events or to continue to use AMM to arrange future conferences.

[redacted] Division of Performance and Accountability, BIE, was a member of the planning committee for the 2011 Summer Institute conference, an annual event intended to provide professional development for personnel in BIE-funded schools. [redacted] asserted that at the event this year, BIE officials and conference planners received a bottle of wine and a plate of crackers, cheese, and fruit in their rooms upon check-in; an upgrade from a standard room to a suite room; coupons for discounted or free items and meals; and the BIE Director was provided a limousine.

According to [redacted] approximately 2,300 participants attended the Summer Institute. [redacted] estimated that this year, the event cost about $3,450,000, considering airfare, hotel, per diem, and other expenses. He further estimated that if salaries and payments to consultants were added, the cost could reach $6 million.

Our investigation revealed that AMM meeting planners did not request perks for 2011 BIE Summer Institute participants. AMM told GSR that perks and gifts were prohibited. GSR admitted that it provided certain gratuities to BIE meeting planners, but that the alleged perks were provided as part of the hotel's commitment to customer service. The perks arguably fall into categories excepted from the Federal gift rules, so OIG recommended that BIE seek advice from the DOI Ethics Office on the propriety of accepting the items and services identified in this report.

Reporting Official/Title [redacted]/Investigator	Signature
Approving Official/Title [redacted]/Special-Agent-in-Charge	Signature

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BACKGROUND

Each year, thousands of educators from around the country attend BIE's Summer Institute. According to [redacted] BIE's [redacted], Division of Performance and Accountability, the purpose of the Summer Institutes is to provide professional development for personnel in BIE-funded schools and BIE administration, with a focus on student achievement.

Title 5 C.F.R. § 2635.201 prohibits Federal employees from soliciting or accepting gifts from prohibited sources, or if it is given because of an employee's official position. A prohibited source includes any person, company, or organization that conducts business with the U.S. Department of the Interior, conducts operations that are regulated by the agency, or has any interest that might be affected by the performance or non-performance of the employee's official duties.

The November 2008 Ethics Guide issued by the Departmental Ethics Office further states that there are some limited exceptions to the gift prohibition: Gifts valued at $20 or less (retail market value), that are offered from a prohibited source or because of an employee's official position may not exceed $20 per occasion or $50 from a single prohibited source within any given calendar year.

The Guide also states that discounts and similar benefits that are offered to the public, other groups that an employee belongs to, or to all Government employees are also an exception to the gift rules. This exception also includes favorable rates and commercial discounts offered to members of a group or class in which membership is unrelated to Government employment.

DETAILS OF INVESTIGATION

On July 13, 2011, the Office of Inspector General (OIG) received information from [redacted] Bureau of Indian Affairs (BIA), Bureau of Indian Education (BIE), and Assistant Secretary – Indian Affairs (AS-IA), that [redacted], Division of Performance and Accountability, BIE, alleged that BIE officials received gifts or perks from the American Meeting and Management Company (AMM) and/or Grand [redacted] Resort (GSR) during the June 20-24, 2011 BIE Summer Institute Conference in Reno, NV (**Attachment 1**). [redacted] reported that BIE officials received a bottle of wine and a plate of crackers, cheese, and fruit in their rooms upon check-in; an upgrade from a standard room to a suite room; coupons for discounted or free items and meals; and a limousine for the BIE Director.

On July 22, 2011, [redacted] reiterated his concerns to OIG investigators about the alleged perks provided to BIE conference officials (**Attachment 2**). [redacted] stated that AMM provided similar perks in the past, despite his direction to AMM that upgrades and perks are prohibited.

As a result of the perks provided at the Summer Institute, [redacted] said he consulted with the BIA Ethics Office to determine whether: 1) items like wine, cheese, crackers, free meals, or room upgrades are considered gifts under policy and regulation; 2) the hotel in which the conference was held is considered a prohibited source; and 3) the service AMM provided should be competed as an open-market procurement. [redacted] said he never received a response to his questions.

[redacted] stated that approximately 2,300 participants attended the annual event hosted at GSR in Reno, NV, from June 20-24, 2011. He estimated that the Summer Institute cost about $3,450,000, considering airfare, hotel, per diem, and other expenses. [redacted] further estimated that if salaries and

payments to consultants were added, the cost could reach approximately $6 million.

AMM owner [redacted] and AMM [redacted] each stated that they did not request that perks or upgrades be provided to BIE conference attendees (**Attachment 3**). Neither [redacted] nor [redacted] knew whether the hotel provided perks to the BIE conference participants. [redacted] said she specifically spoke to [redacted], and stressed to the hotel that no perks, amenities, or upgrades should be provided to the BIE conference participants.

[redacted] stated that the hotel staff knew the BIE conference planning committee members because they participated in conference calls and because the conference planners visited the hotel for a site inspection.

According to [redacted] AMM does not have a contract with BIE, and AMM does not collect any fees from BIE. AMM receives a percentage from the conference site for its services. [redacted] and [redacted] added that the costs to BIE are not hidden in the agreement between the hotel and BIE to disguise or hide AMM's fee.

[redacted] confirmed that AMM specifically directed the hotel not to provide any perks or gifts (**Attachment 4**). [redacted] said several items or services were provided to some BIE participants in accordance with the terms of the contract, but these gifts were not sent with intent to influence future business arrangements between GSR and BIE (**Attachment 5**). [redacted] stated that any alleged additional perks provided were "an extension of [GSR's] commitment to customer service" and were not intended to influence future business (see Attachment 4). She stressed that no one from BIE or AMM requested any perks.

For each of the items or services allegedly provided to BIE employees, [redacted] responded as follows:

Upgrade from a Standard Room to a Suite

[redacted] said she did not request upgrades for BIE personnel. According to [redacted] the hotel was sold out, so rooms were assigned as available. [redacted] said, consistent with standard operating procedures, she sent a list naming the BIE conference planning committee and the AMM meeting planners to the hotel's front desk so they would know the conference points of contact. [redacted] stated that the hotel likely assigned suites to the people on the list to upgrade rooms of the conference planners as a courtesy and to show their appreciation. [redacted] said that room upgrades were not assigned to influence personnel, and AMM did not direct her to provide upgraded rooms. [redacted] said AMM explicitly told GSR that perks could not be provided.

Crackers, Cheese, and Fruit Plates with a Bottle of Wine

[redacted] admitted that she requested that small crackers, cheese, and fruit plates and a bottle of wine be sent to each person on the list. [redacted] said she sent the plates as a "thank you" for selecting their hotel for the conference. She said that the retail value of the plates was about $16, which equated to about a $3 cost to the hotel. [redacted] said she did not provide the plates to influence the conference planners.

Coupon Books

[redacted] said all BIE conference attendees received a $10 voucher toward food at the hotel as part of the negotiated contract provisions. She said that the front desk can provide additional coupons to hotel

guests to supplement those negotiated as part of the conference contract. [redacted] did not know which, if any, other coupons were provided to hotel guests. She said that all hotel guests would have received any additional coupons upon check-in at the front desk.

Limousine for the BIE Director

[redacted] said she directed that a limousine transport the BIE director from and to the airport. [redacted] said the Director did not use the limousine for any other purpose during his stay. [redacted] said she provides this service as a courtesy to all high-profile clients.

The contract, dated February 17, 2011, between BIE and GSR also provided or stipulated the following concessions (see Attachment 5):

- "Hotel has waived Resort Fee [...]
- Three (3) complimentary staff rooms for AMM staff [...]
- Complimentary AM break with mid-morning refreshment, to include coffee/tea/decaf and muffins/breakfast breads – June 21 – 24, 2011
- Complimentary PM break to include iced tea and cookies/brownies or light snack (chef's choice) – June 21-23, 2011 [...]
- Complimentary Health Club admission for all attendees
- Complimentary guest room – in-room wireless Internet
- Free local calls and free 800 calls in guest rooms
- Complimentary bottled water refreshed daily in guest rooms [...]
- Complimentary airport shuttle to/from Reno-Tahoe International Airport [...]
- Hotel to provide one $10 food voucher that can be applied to any property-owned food outlet in the hotel upon check in."

[redacted], SOL, said he did not review allegations related to BIE officials receiving perks from AMM during the Summer Institute in June 2011 (**Attachment 6**). He did, however, review the contract for the Special Education Conference planned for September 2011 for legal sufficiency based on [redacted] concerns that similar perks might be provided.

[redacted] said he reviewed contract documents relating to the 2011 BIE Special Education conference to determine whether it was permissible to allow AMM to conduct conference planning on behalf of BIE at no cost to BIE. [redacted] said GAO Opinion B-308968 clearly states that agencies are permitted to engage the services of a conference planning company like AMM (**Attachment** 7). [redacted] said the GAO opinion concluded that agencies can accept free/no-cost arrangements with planning companies without violating the Anti-Deficiency Act (see Attachment 6).

Though neither AMM nor the individual employees appeared to solicit the perks, GSR did provide the BIE conference planning committee members with fruit platters and upgraded rooms. With the exception of [redacted] OIG did not find evidence that any of the committee members reported receipt of the items. Each BIE employee should have reported receiving these items and then been exonerated because they did not solicit perks from the hotel.

The OIG Office of General Counsel (OGC) reviewed the allegations and findings in this matter and recommended that the Bureau seek advice from the Department's Ethics Office on the propriety of accepting the items and services identified in this report.

SUBJECT(S)

American Meeting and Management Company, 100 Fairway Park Boulevard #1604, Ponte Vedra Beach, FL 32082.

DISPOSITION

We are providing a copy of this report to the Bureau of Indian Education Director for action deemed appropriate.

ATTACHMENTS

1. Complaint, dated July 8, 2011.
2. IAR – Interview of [redacted] on July 22, 2011.
3. IAR – Interview of [redacted] and [redacted] on August 1, 2011.
4. IAR – Interview of [redacted] on August 2, 2011.
5. Contract, dated February 17, 2011, between BIE and [redacted]
6. IAR – Interview of [redacted] on July 27, 2011.
7. GAO B-308968, No-Cost Contracts for Event Planning Services, November 27, 2007.

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

APR 26 2012

Memorandum

To: Rachel Jacobson
Acting Assistant Secretary for Fish and Wildlife and Parks

From: Mary L. Kendall
Acting Inspector General

Subject: Report of Investigation – Grand Canyon Bottle Ban
Case No. PI-PI-12-0076-I

The Office of Inspector General (OIG) has concluded an investigation based on a November 9, 2011 article published in The New York Times. The article alleged that Jonathan Jarvis, Director, National Park Service (NPS), blocked Grand Canyon National Park officials from implementing a ban on the sale of water in disposable bottles after having conversations with Coca-Cola, which distributes Dasani bottled water and is a major donor to NPS through the National Park Foundation. The article suggested that Jarvis had been "influenced unduly by business" in making his decision.

We found no evidence to suggest that bottling companies influenced Director Jarvis or any other NPS employee to suspend implementation of the ban on bottled water sales at Grand Canyon. We found that several months before Director Jarvis became aware of the proposal, NPS officials in Washington, DC, expressed concerns that the ban might have an adverse effect on visitor safety and access to fresh water. Director Jarvis told us he chose to postpone the bottle ban due to these concerns and the potential NPS-wide effects of a policy change at a major National park.

We are providing this report to your office for whatever administrative action you deem appropriate. Please send a written response to us within 90 days advising us of the results of your review and actions taken. Also enclosed is an Investigative Accountability form. Please complete this form and return it with your response. Should you need additional information concerning this matter, you may contact me at 202-208-5745.

Attachment

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
Grand Canyon Bottle Ban	**PI-PI-12-0076-I**
Reporting Office	**Report Date**
Program Integrity Division	**April 26, 2012**
Report Subject	
Closing Report of Investigation	

SYNOPSIS

We initiated this investigation based on a November 9, 2011 article published in The New York Times. The article alleged that Jonathan Jarvis, Director, National Park Service (NPS), blocked Grand Canyon National Park officials from implementing a ban on the sale of disposable water bottles after having conversations with Coca-Cola, which distributes Dasani bottled water and is a major donor to NPS through the National Park Foundation. The article suggested that Jarvis was "influenced unduly by business" in making his decision.

We reviewed thousands of emails and conducted interviews with NPS officials at Grand Canyon and at NPS headquarters in Washington, DC. We found no evidence to suggest that Coca-Cola influenced Jarvis or any other NPS employee to withhold implementation of the ban on bottled water sales at Grand Canyon. We found that several months before Jarvis became aware of the proposal, NPS officials in Washington, DC, expressed concerns that the ban might have an adverse effect on visitor safety and access to fresh water.

Jarvis first became aware of the proposed ban on the sale of bottled water on November 18, 2010. Due to concerns over the elimination of bottled water and the potential effects of the ban NPS-wide, Jarvis directed Grand Canyon to hold off implementation of the proposed ban until NPS staff could study the issue and develop an approach that could be applied throughout NPS.

On December 14, 2011, Jarvis issued an NPS-wide policy regarding the recycling and reduction of disposable plastic bottles in parks. This policy allows park superintendents to halt the sale of the bottles if they complete a "rigorous impact analysis, including an assessment of the effects on visitor health and safety," and submit a written request to and receive the approval of their regional director.

Reporting Official/Title [redacted]y/Investigator	S[redacted]
Approving Official/Title [redacted]/Acting Director, Program Integrity Division	S[redacted]

Authentication Number: F90F63DD6CDDCB9B518195C7495140F9

BACKGROUND

On May 12, 2010, Steve Martin, Superintendent (now retired), Grand Canyon National Park, Grand Canyon, AZ, sent park concessioners a letter notifying them that after December 31, 2010, they would no longer be permitted to sell bottled water, except in gallon jugs, within park boundaries (**Attachments 1 and 2**). Martin wrote that Grand Canyon was implementing this policy to reduce plastic bottle waste in the park. He based the new policy on a concessions contract provision that permitted the park director to "determine and control…the nature, type, and quality of merchandise, to be sold or provided by the concessioner within the Area." He further wrote that Grand Canyon would install water bottle filling stations at 11 locations around the park so that visitors could reuse their own bottles.

On September 17, 2010, [redacted], National Park Service (NPS), Denver, CO, learned that Grand Canyon intended to implement this ban on the sale of bottled water (**Attachment 3**). On November 24, 2010, [redacted] informed Jonathan Jarvis, Director, NPS, that he directed Martin to hold off implementing the ban pending further discussion with NPS officials (**Attachment 4**). On December 22, 2010, Martin wrote Grand Canyon concessioners that the plan to discontinue the sale of water in single-use plastic bottles had been delayed pending review by NPS officials in Washington, DC (**Attachment 5**).

On November 9, 2011, Felicity Barringer authored an article in The New York Times, stating that Jarvis blocked Grand Canyon's plans to ban the sale of disposable water bottles after representatives of Coca-Cola, a major donor to the National Park Foundation (NPF), contacted Neil Mulholland, President and Chief Executive Officer, NPF, Washington, DC, inquiring about the reasons for the bottle ban and how it would work (**Attachment 6**). Martin, whom Barringer described as the "architect of the plan," was quoted as stating: "That was upsetting news because of what I felt were ethical issues surrounding the idea of being influenced unduly by business." Martin was further quoted that the Grand Canyon plan to ban the sale of bottled water was approved by his superiors in Denver, CO, and Washington, DC, in the spring of 2010. Mulholland, who was also quoted in the article, stated that Coca-Cola did not object to the ban or imply that NPF would lose the company's support if the ban was implemented. According to the article, Jarvis said he did not hear of the ban until November 17, 2010, and that his "decision to hold off the ban was not influenced by [Coca-Cola], but rather the service-wide implications to our concessions contracts, and frankly the concern for public safety in a desert park."

DETAILS OF INVESTIGATION

Grand Canyon National Park Officials' Role in Developing the Bottle Ban

We contacted Steve Martin about his role in developing and implementing the proposed ban on the sale of bottled water at Grand Canyon National Park, as well as the comments attributed to him in the New York Times article. Martin initially agreed to provide us with emails, notes, and related material he still possessed about the bottle ban, but he never provided those documents.

We interviewed [redacted] Grand Canyon, about their knowledge of and roles in attempting to implement the ban on the sale of bottled water at the park (**Attachments 7, 8, 9, and 10**). [redacted] stated that the idea to implement a ban on bottled water started 2 or 3 years ago and that he and Martin were the guiding

forces on the project because they picked up discarded plastic water bottles every time they hiked trails below the canyon rim. [redacted] also recalled that park employees saw a lot of discarded water bottles on park trails within the inner canyon.

Both [redacted] and [redacted] said that Zion National Park (Zion) in Springdale, UT, successfully implemented a ban on the sale of bottled water. According to [redacted] Martin strongly believed that banning the sale of bottled water was a good idea and that other Grand Canyon managers agreed because it was the "environmentally right thing to do." [redacted] said they used the Zion model as a starting point for their program and focused predominantly on water bottles because the bottles constituted the majority of trash below the rim.

[redacted] and [redacted] recalled discussions that they held with park concessioners about their plan. The concessioners initially expressed concerns about the loss of profits from the sale of bottled water. According to [redacted] one concessioner, Delaware North Companies (DNC), supported the ban. Both [redacted] and [redacted] stated Grand Canyon officials did not have any formal meetings with concessioners about the implementation of the bottle ban. Grand Canyon informed DNC and Xanterra Parks & Resorts (Xanterra) of the proposed ban in the May 2010 letter from Martin (see Attachments 1 and 2). [redacted] stated that he and Martin did not have any conversations with any of the water bottlers or anyone from NPF about the proposed ban. [redacted] also said he did not discuss the proposed ban with the water bottlers or NPF.

[redacted] said that Martin told him that he briefed [redacted] retired Regional Director, IMR, about the proposed bottle ban shortly before [redacted] retired in the spring of 2010. [redacted] surmised that [redacted] gave them verbal approval for the bottle ban because he did not see any emails from [redacted] about the project. [redacted] did not know if Martin or [redacted] had any conversations with NPS officials in Washington, DC, about the proposed ban, but he assumed that Martin would have briefed [redacted] and that [redacted] would have briefed NPS officials in Washington if necessary.

[redacted] believed that Grand Canyon officials discussed the proposed ban with [redacted] prior to Martin's May 2010 letter to the concessioners, but said he was not privy to any conversations with IMR. He assumed that [redacted] told NPS officials in Washington, DC, about the plan to ban bottled water after [redacted] approved the project. [redacted] said the proposed bottle ban was a significant program change from the way Grand Canyon was doing business, and believed that it "would be very unusual" to make such a change without IMR approval, which he believed had been given. [redacted] noted that these types of projects were typically done with the "blessing" of IMR and Washington for fear of going outside established NPS policy. Neither [redacted] nor [redacted] knew if NPS legal advisors or anyone from the Department of the Interior's Office of the Solicitor was consulted about the proposed ban.

According to [redacted] Martin briefed [redacted] about the bottle ban in September 2010 during a meeting about Grand Canyon concession and business operating strategies. He said Martin told him that [redacted] initially assumed that Grand Canyon was going to implement the ban without consulting IMR officials, but Martin told [redacted] that [redacted] approved the project.

[redacted] did not know how NPS officials in Washington had been notified that Grand Canyon was going to implement the ban. He did not know what role, if any, that NPF played in the decision to stop the bottle ban other than what he had read about the issue. Neither [redacted] nor [redacted] had any direct knowledge that Coca-Cola or NPF tried to influence Jarvis or anyone else at NPS in the decision to stop the bottle ban. According to [redacted] some of the articles were inaccurate in that they portrayed

NPS as caving in to Coca-Cola, which he believed was not the case.

[redacted] believed that Jarvis made the correct decision to stop the implementation of the bottle ban to ensure that visitor health and safety were taken into consideration. He understood that Jarvis wanted to ensure that Grand Canyon had a policy that would provide visitors with adequate water resources and to ensure that NPS had reviewed all its options in case another park wanted to implement a similar plan. [redacted] noted that Grand Canyon was an "iconic park" and would set a precedent with NPS, which may not be appropriate for every park in the system. [redacted] said he understood that Jarvis wanted to hold off implementing the ban because he wanted more time to review the proposal, but [redacted] did not see any written communications explaining why Jarvis wanted to postpone the ban.

On December 14, 2011, Jarvis issued an NPS-wide policy regarding the recycling and reduction of disposable plastic bottles in parks (**Attachment 11**). This policy allows park superintendents to halt the sale of disposable plastic bottles if they complete a "rigorous impact analysis, including an assessment of the effects on visitor health and safety," and then submit a written request to and receive approval from their regional director.

[redacted] thought that the policy was comprehensive and robust, but workable (see Attachments 7 and 8), and [redacted] also believed that the policy's conditions seemed reasonable (see Attachments 9 and 10). Both [redacted] and [redacted] said that Grand Canyon had already done everything required by the policy. [redacted] expected that [redacted] would approve their request and that Grand Canyon would implement the ban on April 1, 2012. Grand Canyon officials have already contacted the concession managers to make them aware of the proposed date of implementation.

NPS Management's Discovery of the Proposed Ban

We also interviewed [redacted] NPS, Washington, DC, about her knowledge of the proposed ban (**Attachments 12 and 13**). According to [redacted] she first heard of Grand Canyon's proposal to ban the sale of bottled water in mid-September 2010, when she received a call from the Department's Office of Congressional and Legislative Affairs (OCL). [redacted] said someone representing Nestlé Waters North America (Nestlé) contacted OCL and asked to speak to the Department about the proposed bottle ban.

On September 15, 2010, [redacted] contacted [redacted], asking for information about the ban (**Attachment 14**). According to [redacted] IMR officials did not know about the proposed ban. She received an email from [redacted] on September 16, 2010, confirming that Grand Canyon intended to institute the ban (**Attachment 15**). [redacted] also provided [redacted] with copies of the May 12, 2010 letter Grand Canyon sent to its vendors about the proposed ban. [redacted] did not recall having any conversations with [redacted] about the issue and said she did not discuss the bottle ban with Martin.

On September 17, 2010, [redacted], NPS, Washington, DC, sent [redacted] an email in which he stated that his office had become aware of the pending ban at Grand Canyon and that the ban fit into Jarvis' sustainability goals (**Attachment 16**). [redacted] wrote that Jarvis could announce the pending Grand Canyon ban during a meeting of environmental journalists he was scheduled to attend in October 2010. [redacted] responded to [redacted] on September 28, 2010, suggesting that any statement made by Jarvis about the Grand Canyon bottle ban should be made with caution because of concerns over visitor safety, access to fresh water, cost of reusable water containers, and

locations of proposed water filling stations. She also cautioned [redacted] that if Jarvis decided to implement bottle bans throughout NPS' parks, he should only do so where it would be feasible and appropriate.

[redacted] did not know if Jarvis was briefed on the Grand Canyon bottle ban proposal at that time. She said that her supervisor, [redacted], NPS, Washington, DC, was responsible for briefing Jarvis and that much of the information she attributed to Jarvis during her interview came from [redacted]. According to [redacted] [redacted] expressed concerns about Grand Canyon making policy for all of NPS without it being reviewed by NPS officials.

On November 2, 2010, [redacted], DNC, sent [redacted] an email trying to get clarification about the Grand Canyon bottle ban and expressing concerns about the plan (**Attachment 17**). [redacted] forwarded [redacted] email to [redacted] and [redacted], [redacted], NPS, Washington, DC. [redacted] thought that [redacted] would inform Jarvis of DNC's concerns. She did not recall receiving any inquiries from Xanterra, the other Grand Canyon concessioner.

On November 16, 2010, [redacted] met with Nestlé representatives about their concerns over the proposed bottle ban. She did not recall specific details about that meeting; however, [redacted] sent [redacted] an email on November 18, 2010, relating their discussions about the proposed ban on bottled water and the effectiveness of existing bottle-ban programs at two other parks (**Attachment 18**). When asked if Nestlé tried to exert undue influence on NPS during this meeting to stop the ban, [redacted] responded that the company did not indicate it would take away support or withhold donations to NPF if NPS banned the sale of bottled water.

[redacted] first briefed Jarvis about the proposed bottled ban on December 13, 2010. She met with Jarvis and other NPS officials to discuss the proposed Grand Canyon bottle ban. [redacted] said Jarvis did not mention any worries he had about Coca-Cola withholding money from the NPF to her, either directly or through her supervisors. She recalled that she may have talked directly to Jarvis about the bottle ban one more time in the office hallway. [redacted] said Jarvis emphasized gathering all the facts and talking to stakeholders so that they could make a decision on the issue.

[redacted] sent an email to [redacted] the next day, relating that they discussed the pros and cons of banning bottled water and that they still needed to obtain more facts and get input from NPS water distributors and concessioners (**Attachment 19**). [redacted] also wrote that Jarvis reiterated his decision to have Grand Canyon and other parks hold off on implementing a ban until NPS met with the major bottlers and heard their position. [redacted] later received emails from [redacted] IMR, and [redacted] confirming that Grand Canyon would hold off implementing the bottle ban (**Attachment 20**).

On December 23, 2010, [redacted] sent an email to [redacted] and other NPS officials stating that [redacted] was taking the lead on an NPS-wide approach to the ban and that IMR staff would be surveying IMR parks to determine which parks were considering implementing a ban on the sale of bottled water (**Attachment 21**). [redacted] confirmed that Jarvis asked her to take the lead on the issue. She reiterated that their primary goal was to see how NPS could implement such a policy without negatively affecting visitors (see Attachments 12 and 13).

In order to evaluate the bottle ban issue from all angles, [redacted] sought input from all stakeholders, including water bottlers, concessioners, and park officials. She wanted to discuss visitor satisfaction,

safety and public health, environment, and financial issues as she originally expressed in her September 28, 2010 email to [redacted] She and [redacted] believed that a ban on the sale of bottled water sounded "like…a good thing to do on the surface because we believe in reducing waste," but they still wanted to ensure that such a policy was appropriate for park visitors and that the visitors were protected. [redacted] said that they were also concerned that banning the sale of bottled water might change the value of concession contracts by reducing the amount of revenue generated from a particular activity. She noted that a material change of activity might be a breach of contract that would require an adjustment to concessioner franchise fees. [redacted] noted, however, that a ban on the sale of bottled water at Grand Canyon would not materially affect the concessions contract there because bottled water was a very small percentage of sales.

According to [redacted] Jarvis asked her to work with Mulholland to set up a meeting with members of the beverage industry because Mulholland had contacts at Coca-Cola, Pepsi, and other water bottlers. [redacted] said Mulholland did not say or imply that Coca-Cola would withhold funds from NPF if NPS banned the sale of bottled water. [redacted] did not have any discussions with Coca-Cola until she met with the water bottlers on January 25, 2011.

When asked about any direction or guidance Jarvis had given her about the bottle ban issue, [redacted] responded that Jarvis was "actually pretty hands off." She did not recall Jarvis attending the January 25 meeting with the water bottlers. Instead, [redacted], NPS, Washington, DC, participated in the meeting. [redacted] recalled that each water bottler representative talked about his or her products during the meeting. None of them implied or directly stated they would withhold funding if NPS instituted a ban on the sale of bottled water.

On January 26, 2011, [redacted] sent [redacted] an email stating that the NPS officials in Washington, DC, wanted to conduct pilot studies of water bottle recycling and trash issues at a few parks and that [redacted] thought Grand Canyon would like to participate in the study (**Attachment 22**). [redacted] also wrote that [redacted] would recommend Jarvis continue the moratorium on parks banning disposable bottled water sales until the studies were done and an NPS-wide approach to the issue was developed. [redacted] said, however, that the pilot studies were ultimately not done; she concluded that they would not be helpful since each park was unique (see Attachments 12 and 13).

On March 17, 2011, NPS held its Concession Management Advisory Board meeting with concessioners. During the meeting, they discussed sustainable practices, including water issues. Representatives from most of the NPS major concessioners attended, including Xanterra and DNC. [redacted] said Xanterra publicly supported a water bottle ban in the national parks. Board members favored an approach that insured visitor safety and education, and believed a ban may be appropriate only after a study was done to ensure that it was not going to harm anyone.

On June 23, 2011, [redacted] sent an email to [redacted] describing a meeting between her and [redacted], NPS, Washington, DC, in which [redacted] said Jarvis did not want to ban the sale of bottled water; instead, he wanted park visitors to be able to make a choice about buying bottled water (**Attachment 23**). [redacted] asked if Jarvis should issue a policy to that effect. [redacted] said [redacted] drafted several versions of a proposed policy based on concerns expressed in her September 2010 email. They sent a draft of the proposed policy to the regions for comment, which [redacted] said was their normal practice. [redacted] provided them with extensive comments.

[redacted] did not work on the bottle ban issue again until November 2011 due to other priorities. She

reinitiated the project after the New York Times article was published that month. [redacted] believed that the article unfairly accused NPS of "selling out," which she said did not happen; rather, NPS officials were "trying to be prudent" by ensuring they "had a policy that would fit all parks and not just be devised by one park."

On November 7, 2011, [redacted] emailed Jarvis stating that Barringer called him and asked about a letter from NPS to Coca-Cola approving the bottle ban (**Attachment 24**). [redacted] also related that Barringer said NPS officials in Washington, DC, approved the plan before Jarvis "killed it." [redacted] was not aware of any letter that NPS sent to Coca-Cola (see Attachments 12 and 13). She noted that NPS officials in Washington, DC, were not asked to approve a plan or provide an opinion about the concept. [redacted] believed that it was "abnormal" for Grand Canyon not to have communicated with her office about the proposed ban.

On November 14, 2011, [redacted] sent [redacted] an email containing two draft policy options for implementing a ban on the sale of bottled water throughout NPS parks (**Attachment 25**). [redacted] said there were a number of edits and exchanges between her office and Jarvis' office on the policy wording.

On December 14, 2011, Jarvis issued the final NPS-wide policy with the steps required to ban the sale of bottled water (see Attachment 11). [redacted] stated that the policy actually involved the recycling and reduction of disposable plastic bottles in parks (see Attachments 12 and 13). She said she was "quite pleased" with the final policy because it contained everything that she thought it should from the beginning and was consistent with the thoughts she expressed in her September 28, 2010 email to [redacted] [redacted] believed that the policy would work because it did not require all parks to ban bottled water sales outright; rather, the policy only required compliance should a park choose to ban the sale of bottled water.

[redacted] stated that neither Coca-Cola, Pepsi, nor Nestlé attempted to unduly influence her decisions. She said none of the bottlers or anyone in her management chain ever suggested that the bottlers would withhold funding or donations from NPS as a result of its decision to ban the sale of bottled water. [redacted] was also not aware of any attempts by Coca-Cola, Pepsi, or any other water bottler to influence NPS officials or to threaten to withhold donations if a bottle ban was implemented.

NPS Director Jonathan Jarvis' Role in Postponing the Proposed Bottle Ban

We interviewed Jonathan Jarvis about his knowledge of and involvement with the proposed ban on the sale of bottled water at the Grand Canyon (**Attachments 26 and 27**). Jarvis recalled that he was informed that Grand Canyon proposed to implement the ban during a senior staff meeting held around the middle of November 2010. He said NPS senior leadership did not know about the proposed bottle ban until that moment. Jarvis also did not know that Nestlé representatives had contacted OCL about the issue in September 2010.

Jarvis recalled that Mulholland called him on November 18, 2010, expressing his concerns about Coca-Cola's reaction to the ban since Coca-Cola is an NPF sponsor and partner. He explained that Coca-Cola paid for several of NPS' major recycling efforts on the National Mall, including a waste stream analysis funded through NPF and the Trust for the National Mall. According to Jarvis, Mulholland told him that Coca-Cola and other bottling companies also expressed concern about the Grand Canyon ban. Mulholland sent Jarvis an email the next day summarizing the issues they had

discussed (see Attachment 19).

On November 22, 2010, Jarvis forwarded Mulholland's email to [redacted] and [redacted] (**Attachment 28**). Jarvis wrote: "I guess I am just coming up to speed on the banning of plastic bottles at Grand Canyon. While I applaud the intent, there are going to be consequences, since Coca-Cola is a major sponsor of our recycling efforts. Let's talk about this before [Grand Canyon] pulls the plug. Neil [Mulholland] would like to host a meeting of beverage reps, which makes some sense to me."

Jarvis explained that he was reflecting Mulholland's concerns about Coca-Cola's reaction since the company was an NPF sponsor (see Attachments 26 and 27). Specifically, Mulholland was worried because Coca-Cola expressed concerns about sustainability and managing the entire cycle of bottled products. Jarvis said that Coca-Cola did not withdraw, or threaten to withdraw, any funding from NPS or NPF over concerns about a bottle ban, but he did not have any conversations with Coca-Cola representatives himself.

On November 22, 2010, [redacted] sent Jarvis an email about the proposed bottle ban stating that Steve Martin had "greased it" with [redacted] a year earlier (see Attachment 28). [redacted] also wrote that the proposed ban was "news to management team here." Jarvis did not believe that [redacted] approval was adequate because of the NPS-wide policy implications involved (see Attachments 26 and 27). Jarvis noted that [redacted] became regional director during the summer of 2010 and that Martin should have briefed [redacted] "on an impending policy decision of this consequence" because [redacted] as the senior NPS executive, was "vested in the stewardship and responsibilities for his region." As it was, Jarvis said, [redacted] was "caught flat-footed as much as I was."

Jarvis commented that there are approximately 80 concessioners in the NPS system. Companies such as DNC and Xanterra served multiple parks, which caused a "trickle effect" involving policies, franchise fees, and other issues from one park to another. Jarvis said that the Grand Canyon-proposed bottle ban had not been thought through regarding its implementation and effect on NPS concessions and cooperating associations. He said Grand Canyon's actions were "classic Steve Martin" in that Martin would not have tolerated an individual park setting policy while he was NPS deputy director, yet he immediately attempted to set a Nationwide policy when he transferred to Grand Canyon as its superintendent. Jarvis "cut him off at the knees" because he believed Martin could not "unilaterally set Nationwide policy out at the Grand Canyon."

Jarvis also said the Grand Canyon proposed bottle ban had to "go through a process" in which NPS officials developed NPS-wide procedures for eliminating and recycling water bottles, and installing water systems. He reiterated that NPS officials in Washington, DC, wanted to be involved any time an individual park decided to take actions that had long-term, NPS-wide consequences. When asked if those "consequences" involved Coca-Cola implying or threatening that it would withhold funding to NPS, Jarvis replied, "No, absolutely not."

After NPS officials stopped Grand Canyon from implementing its bottle ban, Jarvis said NPF hosted a meeting with the bottling industry to talk about recycling and waste stream management. He said NPS officials wanted to understand how a bottle ban would fit within a broader policy perspective about recycling and into the NPS draft green parks plan.

On December 14, 2011, Jarvis issued the NPS-wide policy that set forth requirements for parks considering a ban on the sale of bottled water (see Attachment 8). Jarvis recalled that he assigned a

team to develop a policy and set criteria that could be applied throughout NPS. The criteria included factors such as the cost of reusable bottles, availability of water, and the proper installation and testing of water sources. He noted that Grand Canyon was a large park with a robust fee program that could easily implement these things; however, some smaller parks that may not have the same level of resources may not be able to implement such a plan. Jarvis wanted to ensure that each park considering a bottle ban goes through an analysis to get to that point, culminating with the approval of the park's regional director. Doing so would preclude an individual park superintendent from making policies that would affect the entire NPS.

Jarvis said that Coca-Cola's concerns and the concerns expressed in the numerous emails he received were irrelevant in his decision. He reiterated that his goal was to have consistency throughout NPS—to prevent individual parks from making NPS-wide policy. He also wanted plastic water bottle recycling and reduction to be a component of the policy and to align it with the NPS Green Parks Plan.

Jarvis commented that Grand Canyon is getting ready to implement its ban according to the December 2011 policy and that other parks are following suit. At the time of our interview, Coca-Cola continued to be an NPF partner and had just given $1 million to the foundation; there had been no negative effects as a result of issuing the policy.

SUBJECT(S)

Jonathan Jarvis, Director, National Park Service, Washington, DC.

DISPOSITION

This case is being forwarded to the Acting Assistant Secretary for Fish and Wildlife and Parks for any action deemed appropriate.

ATTACHMENTS

1. Letter from Steve Martin to [redacted], Grand Canyon North Rim LLC on May 12, 2010.
2. Letter from Steve Martin to [redacted], Xanterra [redacted], on May 12, 2010.
3. Email from [redacted] to [redacted], dated September 17, 2010.
4. Email from [redacted] to Jon Jarvis, dated November 24, 2010.
5. Letter from Steve Martin to [redacted], Xanterra [redacted], on December 22, 2010.
6. "Parks Chief Blocked Plan for Grand Canyon Bottle Ban," Felicity Barringer, The New York Times, November 9, 2011.
7. IAR-Interview of [redacted] on January 11, 2012.
8. Transcript of interview of [redacted] on January 11, 2012.
9. IAR-Interview of [redacted] on January 11, 2012.
10. Transcript of interview of [redacted] on January 11, 2012.
11. National Park Service policy entitled "Recycling and Reduction of Disposable Plastic Bottles in Parks," issued on December 14, 2011.
12. IAR- Interview of [redacted] on January 20, 2012.
13. Transcript of interview of [redacted] on January 20, 2012.
14. Email from [redacted] to [redacted], dated September 15, 2010.
15. Email from [redacted] to [redacted] on September 16, 2010.
16. Email from [redacted] to [redacted] dated September 28, 2010.

17. Email from [redacted] to [redacted] dated November 2, 2010.
18. Email from [redacted] to [redacted], dated November 18, 2010.

19. Email from [redacted] to [redacted] dated December 14, 2010.
20. Emails from [redacted] and [redacted] to [redacted] dated December 16, 2010.
21. Email from [redacted] to [redacted] et al., dated December 23, 2010.
22. Email from [redacted] to [redacted] dated January 26, 2011.
23. Email from [redacted] to [redacted], dated June 23, 2011.
24. Email from [redacted] to Jon Jarvis, dated November 7, 2011.
25. Email from [redacted] to [redacted] dated November 14, 2011.
26. IAR-Interview of Jonathan Jarvis on February 8, 2012.
27. Transcript of interview of Jonathan Jarvis on February 8, 2012.
28. Email from Jon Jarvis to [redacted] and [redacted], dated November 22, 2010.

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
SUSPECTED CP AT USGS	OI-CO-12-0132-I
Reporting Office	**Report Date**
Lakewood, CO	August 16, 2012
Report Subject	
Report of Investigation-Administrative	

SYNOPSIS

This investigation was initiated in December 2011 based upon information forwarded to the Department of Interior (DOI), Office of Inspector General (OIG), from personnel with Computer Incident Response Capability (CIRC). According to the information, the IP address assigned to [redacted] U.S. Geological Survey (USGS) accessed Russian web sites known to contain child pornography.

Preliminary electronic investigative methods recovered numerous images associated with the computer assigned to [redacted] was interviewed and DOI OIG was informed that numerous individuals had remote access to the computer assigned to [redacted]. DOI OIG was subsequently contacted by USGS personnel and informed of similar computer misconduct pertaining to another USGS employee, [redacted]. USGS personnel also advised [redacted] had remote access via [redacted] computer. On June 27, 2012, [redacted] was interviewed and admitted he remotely accessed [redacted] computer and viewed nude images of women on Russian websites.

This case is referred to USGS pending administrative action.

BACKGROUND

DOI operates the Advances Security Operations Center (ASOC), USGS, Reston, VA, to monitor the security of DOI and subordinate bureaus' networks. The ASOC captures all packets of data that travel in and out of the network as part of their security monitoring. They subsequently archive the packets collected for analysis. Department of the Interior (DOI), Office of Inspector General (OIG), Computer Crimes Unit (CCU), Reston, Virginia, has access to the ASOC archived data. CCU periodically searches and analyzes the archived packets to support DOI OIG investigations.

Reporting Official/Title	Signature
[redacted]/Special Agent	
Approving Official/Title	Signature
[redacted], Special Agent-in-Charge	

Authentication Number: F0B3ED5284A9FA8CCC3432D20CF6E919

[redacted] is a [redacted] employed by the U.S. Geological Survey (USGS), Lakewood, CO. [redacted] has been employed by the USGS for approximately 33 years.

[redacted] is a [redacted] employed by the USGS, Lakewood, CO, and is a co-worker of [redacted] has been employed by the USGS for approximately 34 years.

DOI Policy

According to DOI Policy, *Standards of Conduct*,

> Employees may use Government computers and the Internet for personal use on their personal time (before and after work; during lunch and other breaks) provided there is no additional cost to the Government. Employees may make personal purchases over the Internet, provided they have the purchased item sent to a non-Government address. The following activities are absolutely prohibited on any Government-owned or leased computer:
>
> - Gambling
> - Visiting and downloading material from **pornographic** web sites [emphasis added]
> - Lobbying Congress or any Government agency
> - Campaigning – political activity
> - Online stock trading activities
> - Online real estate activities
> - Online activities that are connected with any type of outside work or commercial activity, including day trading
> - Endorsements of any products, services, or organizations
> - Fundraising for external organizations or purposes (except as required as part of the employee's official duties under applicable statutory authority and bureau policy)

DETAILS OF INVESTIGATION

This case is initiated based on information forwarded to the Department of Interior (DOI), Office of Inspector General (OIG), from the Computer Incident Response Capability (CIRC) personnel on December 12, 2012. According to the information, the Advanced Security Operations Center (ASOC) reported an IP address which appeared to be accessing Russian web sites, and was suspected to be accessing Child Pornography. IP address was identified as [redacted], belonging to the U.S. Geological Survey (USGS) and located in Denver, Colorado **(Attachment 1)**.

According to additional information obtained on December 13, 2012, [redacted] ASOC, indicated IP address [redacted] appeared to be accessing [redacted] a Russian website known to contain child pornography. [redacted] indicated the suspect, [redacted] USGS, circumvented security, utilizing Google searches; thus, masking the direct access to the blocked website **(Attachment 2)**.

On December 20, 2012, hard drives from [redacted] office were imaged (copied) for forensic analysis. A review of the hard drives indicated nude images of young females appeared on the hard drives. The thumbnails and images of the photos flagged by CCU contained over 100 images of females, ranging in age from infant to adults. Although not defined as potentially child pornographic by federal or state

statute, some images were series-shots of clothed females approximately 8-10 years old in provocative poses. The hard drives also determined numerous attempts to access web sites deemed inappropriate by agency computer servers. [redacted] contacted the U.S. Attorney's Office, Colorado District, and Assistant U.S. Attorney [redacted] orally declined to prosecute the case **(Attachment 3)**.

[Agent Note:** Due to the graphic nature of the photos imaged from the associated IP addresses in this case, attachments associated with images will only be provided via electronic disks only. The images reflect young females in various poses of undress and may be offensive and considered pornographic in nature. One (of two) electronic CD is submitted as **Attachment 4.]

Interview of [redacted] USGS

On June 4, 2012, [redacted] Jefferson and Gilpin Counties, First Judicial District Attorney's Office, provided [redacted] with a taped interview of [redacted]. [redacted] contacted [redacted], U.S. Geological Survey employee, at his residence located at [redacted]. [redacted] and his spouse requested legal counsel and the interview was terminated **(Attachment 5)**.

On June 7, 2012, [redacted] and [redacted], DOI-OIG, advised [redacted] of his Kalkines Administrative Rights and interviewed [redacted] stated he begins work at approximately 9:30-10 AM and his computer is turned on at all times. In essence, he develops software using applied mathematics to track surface and groundwater contaminants and normally spends approximately half the day on the computer editing and running programs. [redacted] stated he researches numerical methods and technical papers on the internet via Google searches **(Attachment 6)**.

[redacted] asked [redacted] if he searched the internet for female Russian brides. He replied, "Not at all. Ever. Never." [redacted] reviewed photos of images retrieved from [redacted] hard drive and asked if the images looked familiar. He replied, "It does not look familiar." [redacted] asked [redacted] if he knew the meaning of the Russian term "braut" (a term used in the internet searches from [redacted] computer). He replied, "No, I do not." [redacted] again presented the images asked [redacted] if he looked up the terms pulled from his computer. He replied, "I did not do this. I did not look these up."

[redacted] asked [redacted] how the images and searches appeared on his computer on his scheduled work days and work hours. [redacted] asked [redacted] for a reason he would use his work computer to look up the images. He replied, "Yeah, why would I do this?" and "Why would I do this on my work computer? I don't know. I didn't do it."

[redacted] presented [redacted] with copies of his timecards and asked [redacted] how someone could access his computer while he was working on his computer. [redacted] explained that the computers in the USGS offices are members of a local area network (LAN). He added, "For purposes of work, I have accessed other people's computers to run a particular program on their computer because their computer had a specific architecture that I needed to run my program. Everybody in the group is able to remote…to [another] colleague's computer and has access to it without leaving our offices." [redacted] asked how many people had access to his computer. [redacted] indicated that all the research personnel on the second floor at building #53 at the Federal Center in Lakewood had remote access to his computer (between 20-30 individuals).

[redacted] stated he knew when someone accessed his computer while he was working because he

sometimes would attempt to access a program but the license only allowed one (1) user at a time. When questioned by [redacted] stated he did not know if a generic search on Google from another user would show his [redacted] IP address. [redacted] stated he suspected this type of scenario. He added it was possible to perform a proxy log-in and conduct internet searches from his computer. [redacted] stated his computer may be a "way-station" and reflect his IP address if someone else was "hopping" and using his computer. [redacted] also stated there are also ways to get his password, such as the existence of an encrypted file on his hard drive that sometimes get copied "un-encrypted" on his desktop; thereby, allowing another remote user to see the file.

On June 12, 2012, DOI OIG CCU reviewed log-in history of [redacted] hard drive. The results were inconclusive **(Attachment 7)**.

On June 21, 2012, [redacted], USGS, verbally informed the case agent he recalled [redacted], USGS, was disciplined in the past (date unknown) for similar conduct pertaining to the visitation of inappropriate Russian websites containing nudity. According to [redacted], [redacted] retrieved browser history from [redacted] computer and determined multiple "RU" website searches were listed for the prior month. [redacted] stated [redacted] also had remote access to [redacted] computer.

Interview of [redacted]

On June 27, 2012, [redacted] and [redacted] interviewed [redacted], USGS. [redacted] explained the purpose of the interview to [redacted] immediately stated he viewed images on a Russian photo website (Photosight) for a long time. He explained that it is a general Russian photoweb sight with some nude photos that may be considered child pornography. [redacted] explained he peruses the photos on the website to divert his attention during the workday and, after 15-20 minutes of looking at photos, [redacted] said he feels "refreshed." [redacted] asked [redacted] if he ever encountered photos that were blocked by the server filters. [redacted] stated he tries to avoid those photos but inevitably encounters blocked computer access; however, he added PhotoSight images are not blocked. Regarding some of the images from other websites that are blocked, he stated those images appeared "innocuous" and did not understand the reasoning for blocking the images **(Attachment 8)**.

[redacted] asked [redacted] if he ever enlarged thumbnails of photos of nude females. He stated, "On occasion." He added he "thought they were particularly well-done or something." [redacted] asked [redacted] for criteria that interest him enough to open the thumbnails. [redacted] stated he normally looked for Russian architectural images because he found it very interesting. [redacted] asked [redacted] to explain the usage of "braut" in many of his search terms while using the internet search engines. [redacted] explained the minus sign indicated before the word "braut" (Russian term for "bride") meant he did not want sites to appear with this search term. In other words, those were the sites he tried to "miss." Additionally, [redacted] stated "live internet" and "Myspace" were always blocked by the filters, so he also placed a minus sign in front of those terms to avoid pulling up sites.

[redacted] showed [redacted] a printout of his browser history from December 2011-April 2012. [redacted] pointed out to [redacted] that numerous searches on his browser searches were for images on the Russian photo website and those searches were compared to images pulled from [redacted] computer. [redacted] reviewed images from [redacted] archived packed capture (PCAP) data that were enlarged via thumbnails. In particular, [redacted] asked [redacted] if he recalled searches using the search criteria "hanna" because it matched the enlarged thumbnail of a nude image found on [redacted] hard drive. He

replied, "It could be. I don't know." After reviewing all the enlarged images, he stated he would have never gone back to that site if he had seen images of the young females. [redacted] stated, "It's not like I…purposefully, er, searching out young women or something."

[redacted] noted the website address [redacted] on the enlarged images (retrieved from [redacted] computer) and noted he stopped accessing that site because the age of the children concerned him. [redacted] asked why [redacted] would pull up the images if the age of the children concerned him. He said that "after a while [he] began to realize that it was probably a child pornographic site." [redacted] recalled a notification warning him of the content of the website.

[redacted] asked [redacted] if he received counseling for accessing similar web sites in approximately 2005. [redacted] stated, "Yeah." He explained he went to a site that had a lot of "pop-up" pornography in the background and he was unaware of the "pop-ups" because the firewall caught them in the background without his knowledge. [redacted] said no one instructed him to cease browsing the Russian websites. He, however, stopped visiting the website that initially gained the attention of computer personnel but continued visiting the other Russian websites.

Pertaining to searches indicating names of individuals, i.e. "candi", "hanna", "rinata", "tinka" etc, [redacted] stated he input "random" names into the search criteria to "see what comes up." [redacted] reviewed the multiple warnings issued from the computer server advising him of the inappropriate content of the web sites. [redacted] pointed out that many of the warnings pertained to a comedian, Andrew Sullivan and the website associated with Sullivan. [redacted] stated he has not accessed the websites containing the nude photos of the young women for a few years. [redacted] informed him the images were pulled from the hard drive in December/January. He said, "Well maybe it was."

[redacted] asked [redacted] the reasoning for enlarging thumbnails of young women that were obviously nude. [redacted] said he "obviously [unintelligible] a prurient interest…I don't deny that. It's not like I go out and solicit young women." [redacted] reasoned he enjoyed looking at a lot of different photos, including pictures of old men and women in other countries and architecture. He indicated the images were questionable in many ways.

[redacted] explained he visited Europe and nudity was very common at the beaches. He questioned, "Where do you draw the line?" [redacted] asked [redacted] his thoughts on an appropriate age to be photographed nude and reminded [redacted] that he purposefully searched the Russian websites. [redacted] stated, "Part of it isn't just for the sexuality of it all. There's lots of reasons for visiting these sites." [redacted] reiterated he enjoyed the photos of architecture. He added he was disturbed by the website previously mentioned [redacted] because it appeared the photos were exploitive of young children. He added the pictures "bothered [him] after a while." He also said he enjoyed the Photosight website because it showed pictures of the children in poor villages playing which reminded him of his own childhood. [redacted] said the children appeared "mostly dressed." [redacted] stated he made a mistake going to the "other" website.

[redacted] asked [redacted] if he accessed any questionable websites recently and if content would be present on his computer. He stated there might be questionable photos of "mature females…posing in various things. I sorta lost interest in those things years ago." [redacted] informed [redacted] that the Computer Crimes Unit (CCU) retrieved his computer to image (copy) the hard drive during the interview. He said "I don't think I've stored any nude photographs on that computer." [redacted] informed [redacted] that making a false statement violated a federal statute. He said, "Let me think. Did I make a false statement any place?"

[redacted] asked [redacted] if he accessed websites for pictures of nude, younger women. [redacted] stated, "Yeah, I probably have." [redacted] again stated he usually uses the Photosight website and inputs random names that are "vaguely feminine." [redacted] asked [redacted] for reasons that he would input the name "Candi", which sounds like a common pornographic name. [redacted] said, "Yeah, you're right." [redacted] argued he looked at many sights using names that did not show nudity. [redacted] reminded [redacted] he searched "hanna" on more than one (1) occasion and even enlarged multiple images of "hanna" that were nude. [redacted] said, "Yeah, that's probably true."

[redacted] asked [redacted] if he would venture a guess at the percentage of nude images viewed. [redacted] stated that approximately 10% of his viewings included nudity. He reasoned he enjoyed the variety of images of villages and their surroundings which could not be found on American websites. [redacted] also stated his random search of "candi" brought many other images unrelated to sex.

[redacted] again asked [redacted] if nude photos would be found on his computer by the CCU team. He said his computer had an image of a Russian outhouse that he considered funny and other "blasé" photos. [redacted] asked [redacted] if he searched more for architecture or nudity in his search terms. He said, "I don't know. It's most diversion is what it is." [redacted] said he has been accessing the websites for approximately ten years and his objectives pertaining to nudity have changed and it does not affect him as it did ten years ago.

[redacted] asked [redacted] if images pertaining to children existed on his personal computer in his residence. [redacted] said his personal computer would not have any images on it because he only accesses the websites in question for diversion at work to recover from the hours of computer programming. He said he "invariably" conducted the searches on the internet during the late afternoons but did not save any of the images on a flash drive

.

[redacted] asked [redacted] the type of nude images that may be present on his [redacted] work computer. [redacted] stated there would be "typical" full nude shots of females in "artsy" poses from the Photosight website. [redacted] asked [redacted] if the websites were accessed only through [redacted] computer and his [redacted] computer. [redacted] stated he began "remoting" into [redacted] computer to access the websites after he was disciplined in 2004. He added he always used [redacted] computer when he wanted to access the Photosight websites. [redacted] stated "I knew there would be a problem [for accessing the sites]." He reasoned he knew someone would be monitoring his computer since he was disciplined in the past. [redacted] said he "mostly" used [redacted] computer but may have used [redacted] (a computer assigned to [redacted] USGS). [redacted] acknowledged that [redacted] did not know of his [redacted] remote internet searches.

[redacted] commented that other websites, such as the Google (sans PhotoSight), offered the same types of images. [redacted] said he preferred the Russian websites. [redacted] questioned why he would access the websites after he was disciplined for similar issues in the past. [redacted] argued he was not disciplined for the PhotoSight websites in 2004; however, he was disciplined for accessing another website of "clothed" Russian women looking for husbands.

[redacted] asked [redacted] if it would be appropriate for her to look at nude men on the internet while at work. He said, "I suppose you could." [redacted] agreed that agency policy disallows the practice but he also reasoned agencies probably disallow the practice of looking at nudity to prevent people from watching movies or reading or wasting government time. [redacted] asked [redacted] if he accessed websites that portrayed nude children or children "participating" in sexual intercourse. He said, "No."

[redacted] said he believed no similar images would be present on his home computer but was not positive that his son would not be conducting such searches.

[redacted] voluntarily provided a sworn written statement and was provided an opportunity to amend and/or add information. ***[Agent Note: See case file for original statement.]***

On July 3, 2012, [redacted] former [redacted] USGS, forwarded an email recalling his verbal counseling with [redacted] for prior computer misconduct (date unknown). According to [redacted], after advisement from other supervisors, he verbally counseled [redacted] indicated [redacted] admitted browsing inappropriate Russian websites and would cease any similar searches **(Attachment 9)**.

Final Computer Forensics Analysis

On August 13, 2012, DOI OIG CCU finalized computer analysis and electronic documentation of the analysis and provided copies of electronic files to [redacted]. Several records identified as relevant were located under the user profile, [redacted] A review of images associated to the '[redacted] user profile identified 145 images of relevance (nude images) **(Attachment 10)**. Although numerous nude images of young women were present, the case agent found no indications of overt child pornography, as defined by federal and state statute.

[Agent Note: *Due to the graphic nature of the photos imaged from the associated IP addresses in this case, attachments associated with images will only be provided via electronic disks only. The images reflect young females in various poses of undress and may be offensive and considered pornographic in nature. A second CD is submitted as* ***Attachment 11.]***

SUBJECT(S)

Name: [redacted]
Address: [redacted]
E-mail Address: [redacted]
Phone Number: [redacted] (work) [redacted] (home)
DOB: [redacted]
Employee Status: Active
Grade Level: 14 Step 10
Security Clearance Date: 01/02/1980
Service Computation Date: 07/24/1979
Duty Station: Lakewood/Jefferson/Colorado
Position Title OPM: [redacted]
Adjusted Basic Pay: $134,899

Name: [redacted]
Address: [redacted]
E-mail Address: [redacted] (personal)
[redacted] (work)
Phone Number: [redacted] (home)
DOB: [redacted]
Employee Status: Active
Grade Level: 14 Step: 10

Security Clearance Date: 06/13/2007
Service Computation Date: 07/19/1975
Duty Station: Lakewood-Jefferson-Colorado
Position Title OPM: [redacted]
Adjusted Basic Pay: $134,899
Driver's License Information: [redacted] Expires: [redacted]
Manager: [redacted] Denver Federal Center, [redacted]

DISPOSITION

This case is referred to USGS pending administrative action.

ATTACHMENTS

1. CIRC Email, dated 12/12/2011.
2. ASOC Email, dated 12/13/2011.
3. Information Activity Report (IAR). Imaging of hard drives, December 20, 2011.
4. CCU Analysis of computer assigned to [redacted] (CD)
5. IAR. Review of Interview conducted by [redacted] June 4, 2012.
6. IAR. Interview of [redacted] conducted by DOI-OIG, June 7, 2012.
7. CCU analysis of log-ins via remote access to computer assigned to [redacted]
8. IAR. Interview of [redacted] conducted by DOI-OIG, June 27, 2012.
9. Email from [redacted] RE: [redacted] verbal discipline of prior computer misconduct.
10. CCU Analysis of computer assigned to [redacted] (CD)
11. IAR. Final Computer Forensics Analysis for computer assigned to [redacted]

Unless otherwise noted all redactions are persuant to B(6) and B(7)(C).

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
NPS New River Gorge National River	PI-PI-12-0178-I
Reporting Office	**Report Date**
Program Integrity Division	June 18, 2012
Report Subject	
Report of Investigation	

SYNOPSIS

We initiated this investigation on January 22, 2012, following a complaint from [redacted] of Fayetteville, WV. [redacted] stated in his complaint that he received a $125 citation from the National Park Service (NPS) for violating the terms and conditions of a permit obtained by the New River Alliance of Climbers for upgrading fixed anchors on rock climbing routes at the NPS New River Gorge National River (NERI) in Glen Jean, WV. [redacted] also said in his complaint that he had elected not to pay the citation and planned to request a jury trial in U.S. district court, but someone paid the citation in his name and without his knowledge, which was, in effect, an admission of guilt. [redacted] did not believe he had done anything wrong, and the payment deprived him of the chance to contest the citation in Federal court. [redacted] alleged that several individuals in the NPS Law Enforcement Division paid his citation to avoid the case being heard since NPS inappropriately issued the citation.

When we interviewed [redacted], [redacted], NERI, he admitted to paying the citation. [redacted] stated that he sent a money order to the Central Violations Bureau of the Department of Justice without [redacted] knowledge or permission. [redacted] also admitted to writing [redacted] name and post office box number in the return address area of the envelope he sent to the Bureau.

This case was referred to the U.S. Attorney's Office for the Southern District of West Virginia. On May 2, 2012, it was declined for criminal prosecution. We are referring this matter to NPS for any administrative action deemed appropriate.

Reporting Official/Title	Signature
[redacted]/Special Agent	
Approving Official/Title	Signature
[redacted]/Acting Director Program Integrity Division	
Authentication Number: 6F39D020AE9027E879F26143C7DA2BEC	

DETAILS OF INVESTIGATION

The U.S. Department of the Interior Office of Inspector General (OIG) opened this investigation based on a request from [redacted] of Fayetteville, WV, who alleged that he was issued a citation by the National Park Service (NPS) at the New River Gorge National River (NERI) for violating the terms and conditions of a permit. [redacted] alleged that he was prepared to argue the citation in Federal court when his attorney, [redacted], informed him that the citation had been paid **(Attachment 1)**.

When we interviewed [redacted] he explained that the New River Alliance of Climbers (NRAC) is a local advocacy group founded by rock climbers **(Attachments 2 and 3)**. NRAC provides labor to NERI under a permit issued on November 6, 2009, to do trail maintenance work and mitigate damage to the trails caused by rock climbers **(Attachment 4).** Part of NRAC's work involves replacing rusted anchors and bolts. NRAC raises money to replace the old anchors and bolts with stainless steel hardware; the organization does not charge NPS for this service. [redacted] said that he had replaced thousands of bolts across the country. He also said that he was among a few climbers authorized by NERI to replace old anchors and bolts under the NRAC permit, due to his experience and knowledge of re-bolting.

[redacted] said that [redacted], Park Ranger, NERI, called him in February or March 2011, asking questions about a particular route known as "Bromancing the Stone." He told [redacted] that he installed the bolts along that route and four or five others. [redacted] called him about a month later asking for his address so that he could send [redacted] a citation for installing the bolts. [redacted] provided [redacted] with his post office box address, and on June 19, 2011, [redacted] issued [redacted] a $125 citation for violating the terms and conditions of the permit issued by NERI to NRAC.

[redacted] described the citation as a "huge deal" because it showed that NPS could retroactively change the terms and conditions of permits. After he received the citation, [redacted] called [redacted], [redacted] of the Access Fund in Boulder, CO, a national advocacy group for climbers. [redacted] said that [redacted], the Access Fund's national attorney, determined that the Fund would contest the citation to ensure that a precedent would not be set prohibiting NRAC from fixing anchors or allowing NPS to change rules already outlined in permits.

[redacted] also retained [redacted], a local attorney, to represent him. [redacted] requested a jury trial. [redacted] said that both [redacted] and [redacted] told him they would get the citation dismissed on technical terms because it was poorly written from a "legal point of view."

According to [redacted] [redacted] sent him an email on October 4, 2011, stating that the citation had been paid via a money order purchased in Beckley, WV, on September 23, 2011. [redacted] said he was working at the Veterans Administration hospital in Asheville, NC, on that date and that he did not pay the citation. [redacted] emailed [redacted] a copy of the citation and payment information.

[redacted] said he did not care about the fine associated with the citation; rather, he was concerned that someone had paid it in his name, which was, in effect, an admission of guilt of a misdemeanor. [redacted] did not believe he had done anything wrong, and the payment deprived him of the chance to contest the citation in Federal court. He did not know what harm, if any, the payment of the citation had caused him or might cause him in the future.

According to [redacted] suggested that [redacted] file an affidavit with the court declaring that he did not pay the citation. [redacted] sent the court an affidavit on October 14, 2011, stating that he did not pay the fine and did not admit guilt. Ultimately, [redacted] said, he would like to see this citation dismissed (see Attachment 1).

[redacted] told us he issued [redacted] a ticket because [redacted] installed two additional top bolts on the "Bromancing the Stone" climbing route (instead of just replacing existing bolts), which violated the terms and conditions of the NRAC permit. When we asked [redacted] why he cited [redacted] instead of simply giving him a warning, [redacted] said [redacted] was "fully aware" of the terms of the NRAC permit and the signer of the permit was required to review it with [redacted] to make sure he knew what was allowed **(Attachments 5 and 6)**. He also noted [redacted] understood the permit process because he had previously applied for a permit to develop a new route, but backed out during the approval process because of the $50 permit fee.

When [redacted] was asked if anyone else was cited as a result of their investigation, he said that NRAC members were suspected of installing 20 to 30 bolts on 6 to 10 new routes without a permit (see Attachments 5 and 6). [redacted] has been unable to contact those suspects or cite them because of the issues surrounding the citation issued to [redacted] He believed that either the Access Fund or NRAC told them not to cooperate with him in the investigation. [redacted] said he did not have enough evidence to cite them for the unauthorized trails without interviewing them.

[redacted] recalled that park officials began receiving lots of phone calls, emails, and other correspondence from the Access Fund after he issued [redacted] citation. According to [redacted] the Access Fund did not believe the citation was just and asked park officials to dismiss the charges against [redacted] did not respond to the Access Fund's attempts to make contact; he surmised that [redacted], of NERI, responded to them.

[redacted] met with Assistant U.S. Attorney [redacted], Southern District of West Virginia, about the [redacted] citation. According to [redacted] believed that this was a contract issue, not a criminal violation, because [redacted] was working under a current permit. [redacted] said that [redacted] did not tell him that he was going to drop the charges, nor did he mention anything about taking the case to trial. He disagreed with [redacted] interpretation and said he was willing to go to trial on the issue because the permit did not include development of new routes; it only involved repairing old routes.

[redacted] recalled checking with the Department of Justice's Central Violations Bureau (the bureau at which Federal citations are processed) and discovering that the violation notice had been paid and the case was closed. He said [redacted] told him the Access Fund had paid it, but [redacted] did not know why the Fund would have done so.

When we interviewed [redacted] he told us that he began receiving calls from the NRAC and the Access Fund asking him to dismiss the citation **(Attachment 7 and 8)**. [redacted], of NERI, also received some calls and spoke to [redacted] about the citation. [redacted] stated that [redacted] never instructed him to "make the ticket disappear," but he felt pressure from her and from [redacted], the NERI Superintendent, to resolve the situation. When we asked [redacted] if he could have taken any actions to dismiss the citation, he stated that he does not have a way to make a citation "disappear." He felt that acting to dismiss the citation would have been the wrong thing to do.

[redacted] stated that he had heard the Access Fund was thinking about paying the citation, but that never happened. He did not know who told him this. [redacted] then confessed to paying the citation, stating: "Didn't think much about it at the time. But I know I was feeling like something needed to happen here, because things were pretty grim. So I just went and paid the ticket, got a money order and paid it. I thought that will take care of that, everybody will be happy." [redacted] told us he paid the citation with his own money.

When we showed [redacted] a copy of the envelope addressed to "Central Violations POB 71363 Philadelphia, PA 19176-1363," [redacted] confirmed that was the envelope he addressed and sent from the Beckley, WV, post office **(Attachment 9)**. [redacted] also admitted that he addressed the top left corner of the envelope with [redacted]." [redacted] then told us that he filled out the request for a money order at the Beckley post office and gave them the $125 to receive a postal money order **(Attachment 10)**. [redacted] identified postal money order 19162408770 as the money order he sent to the Bureau to pay [redacted] citation.

Agent's Note: *We attempted to obtain the original documents from the Central Violations Bureau, but were told that the Bureau destroys originals once they are scanned into its system.*

When we asked [redacted] if he had considered the fact that [redacted] would be convicted of a misdemeanor charge by him paying the citation, [redacted] stated that "if you just pay the fine, it's not a guilty plea, and there is no record." [redacted] was adamant that [redacted] was not convicted of the charge until we showed him the section at the bottom of the citation that states: "By paying the amount due you may be admitting to a criminal offense and a conviction may appear in a public record with adverse consequences to you." [redacted] then told us he wished he had not paid the citation and had just let the case go to trial.

[redacted] also told us that he had never met [redacted] and had no personal issues with him. [redacted] was primarily concerned about what the outcome of a trial would do to the relationship between the park and the climbing associations, and never realized this would have a personal impact on [redacted]

[redacted] said that no one else, including [redacted] knew that he was going to pay or had paid the citation. We reviewed [redacted] and [redacted] Government email accounts **(Attachment 11)** and did not find any emails indicating that [redacted] corresponded with anyone else to pay the citation, which was consistent with what he told us.

On April 2, 2012, [redacted] issued an NPS memorandum to [redacted] informing him his law enforcement commission was being temporarily suspended pending the outcome of our investigation **(Attachment 12)**.

This case was referred to the U.S. Attorney's Office for the Southern District of West Virginia on April 17, 2012. It was declined for criminal prosecution on May 2, 2012 **(Attachment 13)**.

SUBJECT(S)

[redacted], [redacted], NERI, NPS, GS-13

DISPOSITION

This matter is being referred to NPS for any administrative action deemed appropriate.

ATTACHMENTS

1. [redacted] complaint to the OIG dated January 17, 2012.
2. IAR – interview of [redacted] on March 16, 2012.
3. Transcript of interview of [redacted] on March 16, 2012.
4. NPS report, case number 2011-0379 dated July 28, 2011.
5. IAR – interview of [redacted] on March 15, 2012.
6. Transcript of interview of [redacted] on March 15, 2012.
7. IAR – interview of [redacted] on March 15, 2012.
8. Transcript of interview of [redacted] on March 15, 2012.
9. Copy of the envelope that was sent by [redacted] to Central Violations Bureau postmarked September 23, 2011.
10. Copy of postal money order, dated September 23, 2011, which [redacted] sent to Central Violations Bureau to pay [redacted] $125 citation.
11. Email review of [redacted] and [redacted] government email accounts dated May 11, 2012.
12. NPS memorandum to [redacted] from [redacted], [redacted] temporarily suspending [redacted] law enforcement commission dated April 2, 2012.
13. Declination letter from the U.S. Attorney's Office dated May 2, 2012.

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
Misuse of Federal Funds by Commissioners in Daggett County, Utah	**OI-CO-12-0195-I**
Reporting Office	**Report Date**
Lakewood, Colorado	**March 7, 2013**
Report Subject	
Report of Investigation	

SYNOPSIS

This investigation was opened on February 14, 2012 at the request of [redacted] and [redacted] Assistant United States Attorneys (AUSA), Salt Lake City, UT, based on a complaint they received from [redacted] a private citizen of Dutch John, UT. [redacted] alleged that the commissioners for Daggett County, UT, may have misused/mishandled hundreds of thousands of dollars in federal funds held in a transition fund established for the Dutch John Federal Property Disposition and Assistance Act of 1998 (The Act). The Act consisted of a 15-year grant totaling approximately $4.6 million dollars, ending in 2013, which the Bureau of Reclamation (BOR), U.S. Department of the Interior (DOI), provided to Daggett County, UT. The purpose of the grant was to support the community of Dutch John in making its way toward being self-sufficient. As background, Dutch John was founded by DOI in 1958 on BOR land as a community to house personnel, administrative offices, and equipment for project construction and operation of the Flaming Gorge Dam and Reservoir.

As part of our investigation, we interviewed multiple witnesses, including [redacted] The interviews failed to identify any criminal activity associated with missing or unaccounted grant funds. The interviews did, however, determine that BOR officials failed to properly monitor the grant, and that Daggett County officials failed to understand the terms and conditions of the Act. Specifically, BOR did not conduct annual reviews of the grant until [redacted] made the allegations in 2012, and Daggett County commissioners did not understand that grant funds were to be spent yearly and could not be placed in an interest bearing account.

This matter has been referred to OIG's Office of Audit Inspections and Evaluations (AIE) who agreed to conduct a Quality Control Review (QCR). Based on the results of the QCR, a decision will be made concerning whether a full audit is needed. No further investigation will be conducted at this time.

Reporting Official/Title	Signature
[redacted] Special Agent	
Approving Official/Title	Signature
[redacted], Special Agent in Charge	

Authentication Number: 9557D6BF9CF6056429A0075DD4B40451

BACKGROUND

The purpose of the Dutch John Federal Property Disposition and Assistance Act of 1998 (The Act), Public Law 105-326 – October 30, 1998, is:

(1) To privatize certain lands in and surrounding Dutch John, UT.
(2) To transfer jurisdiction of certain Federal property between Secretary of Agriculture and the Secretary of the Interior.
(3) To improve the Flaming Gorge National Recreation Area.
(4) To dispose of certain residential units, public buildings and facilities.
(5) To provide interim financial assistance to local government to defray cost of providing basic governmental services.
(6) To achieve efficiencies in operation of the Flaming Gorge Dam and Reservoir and the Flaming Gorge National Recreation Area.
(7) To reduce long-term Federal outlays.
(8) To serve the interests of the residents of Dutch John and Daggett County, Utah and the general public.

Section 13 of the Act outlines how a transition of services to local government control would occur, as follows **(Attachment 1)**:

> (b) TRANSITION COSTS.—For the purpose of defraying costs of transition in administration and provision of basic community services, an annual payment of $300,000 (as adjusted by the Secretary for changes in the Consumer Price Index for all-urban consumers published by the Department of Labor) shall be provided from the Upper Colorado River Basin Fund authorized by section 5of the Act of April 11, 1956 (70 Stat. 107, chapter 203; 43 U.S.C. 620d), to Daggett County, Utah, or, in accordance with subsection (c), to Dutch John, Utah, for a period not to exceed 15 years beginning the first January 1 that occurs after the date of enactment of this Act.
> (c) DIVISION OF PAYMENT.—If Dutch John becomes incorporated and becomes responsible for operating any of the infrastructure facilities referred to in subsection (a)(1) or for providing other basic local governmental services, the payment amount for the year of incorporation and each following year shall be proportionately divided between Daggett County and Dutch John based on the respective costs paid by each government for the previous year to provide the services.

Solicitor's Opinion

On July 18, 2012, [redacted], Office of the Solicitor, DOI, provided an opinion to any limitations on uses which Daggett County may make in regard to grant monies that were being provided to it pursuant to the Act. The conclusion was that the funds must be used "for the purpose of defraying the costs" associated with either or both of two separate categories of activities: 1) the "transition in administration" of Dutch John from the federal government to "local government control;" and 2) the provision of "basic community services" to Dutch John. The opinion also states that exactly what costs may be included in those two categories is not specified in the Act.

The Solicitor's Opinion stated that until 1999, the costs of providing "basic services and facilities and building maintenance" and the "administrative costs of operating the Dutch John community" were paid out of funds controlled by the Secretaries of the Interior and Agriculture. When the Dutch John

Act was passed, it authorized both Secretaries to: 1) sell certain federal properties in Dutch John to private parties; 2) provide the bulk of the revenues from those sales to Daggett County "to be used by the County; 3) transfer without consideration any properties not sold within a certain period; 4) "provide interim financial assistance to local government" in the form of 15 annual payments of $300,000 "to defray the cost of providing basic governmental services" to Dutch John during the period of transition to complete local responsibility for the administration of Dutch John as a community.

The Solicitor's Opinion states that those costs may obviously include costs not directly associated with the provision of "basic community services" to Dutch John. Examples given include a proportionate share of the administrative overhead of county government or the costs of promoting economic development in Dutch John. The Solicitor's Opinion states that "basic community services" is not defined **(Attachment 2)**.

DETAILS OF INVESTIGATION

On August 21, 2012, [redacted] was interviewed by Special Agent (SA) [redacted] Office of Inspector General (OIG). [redacted] said he has served as a Daggett County Commissioner since January 1, 2011. [redacted] said was responsible for overseeing Dutch John and his role was the equivalent to being a town mayor.

[redacted] said BOR built Dutch John in 1956 in order to accomplish the building of the dam and house its employees. Of the current Dutch John inhabitants, [redacted] estimated that about one quarter of the population was comprised of dam employees and their families. [redacted] said in the late 1990s the BOR still provided oversight of Dutch John and owned most of the homes. The BOR paid for all Dutch John costs and contracted with the Daggett County Sheriff's Department (DCSD) to have a part time deputy live in Dutch John and provide assistance with dam security. After the September 11, 2001, terrorist attacks, the dam received a security contract for full coverage 24 hours a day, seven days a week. The BOR contracted with the DCSD for dam security and discontinued their contract for the part time deputy.

[redacted] said when the Act was passed, 56 homes were transferred to Daggett County for sale. Of the proceeds from the sale of those homes, or any other lands and property, 15 % went back to the federal government. The remaining 85% of the proceeds were set aside in an interest bearing account to be used by Daggett County for the purpose associated with the provision of governmental and community services to the Dutch John community. In addition, [redacted] said the Act provided Daggett County an annual stipend for 15 years, beginning in 1999, in the amount of $300,000, which was adjusted for inflation.

It was the opinion of [redacted] and Daggett County officials, that there were no deadlines by which all of the funds had to be spent, according to the original Act. [redacted] explained that during a BOR audit conducted in 2012, Daggett County was first told that there was a spending deadline and that all unused funds would be forfeited to the federal government.

However, [redacted] pointed out that most grants were for a specific project or item(s) to be purchased. [redacted] said the spending deadline being debated only pertained to the stipend money, and there was no deadline to use the proceeds from the land, home, and property sales.

[redacted] said the number of accounts used by Daggett County for the Dutch John grant funds has changed over the years. [redacted] said that there is only one bank account and that all of the above referenced accounts are for record-keeping purposes only.

[redacted] said that the stipend money was being "saved" for the future. The land sales money was also saved to use for the development of Dutch John. [redacted] said there really haven't been any concerns with how the land sales money has been used. He said the land sales proceeds are now in the Redevelopment Agency (RDA) fund or have been used for capital improvements (sewer, water, utilities, land improvements and roads). [redacted] estimated that approximately $800,000 from land sales remains most, if not all, in the RDA account.

Regarding any tax revenues used to fund Dutch John, [redacted] said it was an issue because he never saw the general tax money from Daggett County going to Dutch John. For example, he said that general administrative and law enforcement costs for Dutch John should be paid with the taxes raised by Daggett County, yet no tax money ever gets transferred to the Dutch John "town" fund. [redacted] said the people of Dutch John pay Daggett County taxes, yet none of those taxes pay for services in Dutch John. The BOR stipends end up paying for the Dutch John related services. [redacted] said that historically, "proportions" of Daggett County's expenses related to Dutch John have never been calculated and used to determine how stipend money was spent. He said in 1998, before the Act, the county did not charge Dutch John for any of the services it received.

[redacted] said after the Act passed, no stipend funds were used by Daggett County until 2000, when $305,000 was used for unknown expenses. Then, in 2007, another $60,000 was used for unknown "administrative purposes." In 2008, $200,000 was used by Daggett County, followed by $300,000 in 2009, $340,000 in 2010, $280,000 in 2011, and $456,000 in 2012. [redacted] said that once "they" (Daggett County) figured out they could take money out the amounts began to grow each year to cover unknown expenses. [redacted] said that none of the expenses paid for by these stipend funds were ever identified until the BOR audit in 2012. He went on to say that without the use of the stipend funds which supplement the county's budget, Daggett County would be running about a $900,000 yearly deficit. [redacted] said there is no way to verify these amounts provided to BOR.

[redacted] said he thought [redacted], came up with the portion calculations, which he described as a figment of their imagination. [redacted] said the figures were never calculated until requested during the BOR audit so they were all created "after the fact."

[redacted] said that because there is so much federal property in Daggett County, the county also receives another federal grant called PILT (Payment In Lieu of Taxes). [redacted] explained the purpose of the PILT was to make up for the taxes that the county loses because it can't tax federal land. Some of the lands are in Dutch John. Dutch John does not receive any of these funds either as these funds also go into the county's general fund.

[redacted] said there were two courts in the county, one each in Manila and Dutch John. [redacted] explained documents indicate that the costs are split evenly between the courts in both towns. However, the revenue is not spent proportionately, even though roughly half is generated in Dutch John. [redacted] said he has pointed out this issue to the other two commissioners. He said their response was a plan to close down the Dutch John court in order to capture all of the revenue for Daggett County.

Regarding water rights, [redacted] said Dutch John had 12,000 acre-feet of water and the commissioners are in the process of trying to lease a portion of it. [redacted] said the previous commission gave away the water rights of 4,700 acre-feet to the Sheep Creek irrigation district around 2007. [redacted] said that was an illegal act and when the current commission discovered it in 2011 they reversed the decision.

[redacted] said he does not feel like any of the current or past commissioners have done anything for personal gain. His concern is whether Dutch John received the amount of benefits it should have received according to grant funds awarded between 1999 and present **(Attachment 3)**.

Interview of [redacted]

On November 28, 2012, SA [redacted] OIG, interviewed [redacted] said for a number of years the local residents of Dutch John have complained that the Daggett County Government has taken federal funds intended for Dutch John and used them inappropriately. [redacted] said he tried to work with the county government but they refused to cooperate, so he contacted the United States Attorney's Office (USAO) in Salt Lake City, Utah. [redacted] said he spoke to AUSA [redacted] and a meeting was scheduled.

Agent Note: *On February 14, 2012, SA* [redacted] *attended a meeting at the United States Attorney's Office in the District of Utah. Present at the meeting was AUSA's* [redacted] *Federal Bureau of Investigation (FBI) SA* [redacted] *s; Bureau of Reclamation (BOR)* [redacted]

[redacted] reported since the meeting with AUSA [redacted] BOR conducted an audit of the Dutch John federal funds. [redacted] said the biggest contention is that Daggett County has used federal funds intended to benefit Dutch John for general use. [redacted] said the residents of Dutch John pay taxes just like everyone else in the county, but the county has taken the stand that the federal funds will be used to pay for services for everyone in Daggett County. [redacted] said the residents of Dutch John feel the federal funds should have been used to benefit Dutch John, and not to subsidize the general fund.

[redacted] said according to documents in 2007, Dutch Johns portion of Daggett County expenses was approximately $186,000. [redacted] said when BOR conducted its audit in 2012 the county reported Dutch Johns portion for the same time was $393,506. [redacted] said he feels the numbers were "cooked up" by the county to show the grant funds were spent appropriately.

[redacted] said his goal a year ago was to have BOR supply the county with some guidance as to how the federal money was to be used. [redacted] said he also asked for the Solicitors Office to review the Act and provide an interpretation of the law, so the county could correctly spend the money.

[redacted] said according to [redacted] legal opinion, it allows the county to steal money from Dutch John. [redacted] said he made a suggestion to AUSA [redacted] to have BOR put the last two years of federal payments in a suspense account and give up the claim to interest accrued. [redacted] explained this would allow Dutch John time to incorporate and then the money could be used for Dutch John. [redacted] said this suggestion is also in the interest of BOR because they still have homes and offices in the community of Dutch John.

[redacted] reported he does not believe any county officials are guilty of gross criminal offenses that were not originating from a desire other than to see the county benefit. [redacted] said he does believe BOR is guilty of criminal activities from their desire to avoid embarrassment over the abysmal mismanagement of federal grant monies allocated from Dutch John. [redacted] further explained BOR never conducted one audit in 13 years and allowed or encouraged Daggett County to "cook" the books for its audit. [redacted] said it's a "win win" for the county and BOR if everything shows to be up to par for the last 13 years **(Attachment 4)**.

Interviews of various Daggett County officials

On November 28, 2012, SA [redacted] interviewed [redacted] said she worked for the Daggett County Jail in 2002 for approximately six months, before getting a job as the [redacted]. [redacted] said she worked as the [redacted] four years and was supervised by [redacted]

[redacted] related the only thing she could remember about the Dutch John grant funds was that she heard [redacted] and [redacted] talk about borrowing money from the Dutch John account and paying it back. [redacted] explained before [redacted] and [redacted] could use the Dutch John money they would have needed the approval of the County Commissioners. [redacted] said Dutch John money was put into the general fund and used to pay bills. [redacted] said a lot of times the money was used to cover the payroll for the county, which was about $100,000. [redacted] said she estimated money was moved to the general fund on at least 24 different occasions. [redacted] said she did not know if the money was ever paid back to the Dutch John account **(Attachment 5)**.

On November 28, 2012, SA [redacted] interviewed [redacted] said he was a Daggett County Commissioner for four years starting in 2001. [redacted] said Dutch John had two separate accounts of money, one account was for federal money provided for Dutch John and the other account was for money sold from real estate in Dutch John. [redacted] said this was one of the problems because the county did not always know what account money was being used from relating to Dutch John. [redacted] said when he was a commissioner he understood the federal money provided for Dutch John was to be used to help with infrastructure. [redacted] said he was not aware the federal money given to Dutch John was a grant until two years ago. [redacted] said had Daggett County realized the money being given to Dutch John was a grant it would have been spent differently.

[redacted] said he was aware of money being borrowed from Dutch John to make payroll, but he did not know which account the money came from. [redacted] said he remembers this happening on two or three occasions. [redacted] said he was told by Clerk Treasure [redacted] the money had been paid back on all of the occasions. [redacted] said he remembers using between $20,000 and $60,000 a year from the Dutch John account to pay for county administrative fees associated with Dutch John. [redacted] said the fees were a flat rate and were reasonable in his opinion **(Attachment 6)**.

On November 29, 2012, SA [redacted] interviewed [redacted] Daggett County. [redacted] said Daggett County Sheriff's Department had a total of six individuals assigned to patrol. [redacted] said two of the individuals lived in the community of Dutch John, but they were not resident deputies. [redacted] said the annual salary of a deputy in Daggett County was approximately $75,000 including benefits.

[redacted] was provided a document which showed his department's actual spending in 2011 was $628,197.23, and of that, $157,049.31 was charged to Dutch John. [redacted] said the numbers appeared to be correct but the amount did not just include patrol; it also included administration costs, vehicles and equipment costs associated with Dutch John **(Attachment 7)**.

On November 29, 2012, SA [redacted] interviewed [redacted] said she has been the [redacted] since January 2007 and prior to that she had been the [redacted] for four years. [redacted] explained when she started working for Daggett County she knew the Dutch John federal money was paid yearly and as she understood the legislation, the money was to be used to provide basic services for Dutch John. [redacted] said the payment was around $300,000 per year for 15 years.

[redacted] said when the yearly payment is received by Daggett County it is placed in the Dutch John fund. [redacted] explained in the past there had been times when money from the Dutch John fund had been put into the general fund, to offset the cost of Dutch John. [redacted] said she was not aware of anytime that the Dutch John fund was used to cover payroll for the county. [redacted] said she would have been aware if this had happened anytime since January 2007.

[redacted] said when she was the [redacted], [redacted] was the [redacted] explained that [redacted] kept a spread sheet of the percentage of time departments spent working on issues relating to Dutch John and a flat fee would be paid based on the percentage. [redacted] said the flat fee was always less than what Dutch John received in yearly federal money. [redacted] said when she was elected [redacted] the spreadsheet disappeared.

[redacted] said in April of 2012, BOR conducted an audit of the Dutch John federal funds. [redacted] said during the audit she was asked by BOR to pull several specific invoices, which she did. [redacted] said she was also asked for supporting documents for the administration cost being billed to Dutch John. [redacted] said she explained to BOR she did not have supporting documentation for administration cost prior to January 2007. [redacted] said she was told by BOR to "guess". [redacted] said the administration costs prior to January 2007 were created on the day of the BOR audit.

[redacted] explained she felt BOR was trying to cover up the fact that they had not conducted yearly audits as required by the grant for the last 13 years. [redacted] said BOR spent a day and a half trying to make up for 13 years. [redacted] said she was not comfortable with the administration cost charged to Dutch John, but she did the best she could **(Attachment 8)**.

On November 29, 2012, SA [redacted] interviewed [redacted]. [redacted] said she has been an employee of Daggett County for 26 years and has been County Clerk Treasurer for 18 of those years. [redacted] said her only involvement in the recent BOR audit was she helped Commissioner [redacted] in determining how much time Dagget County Commissioners and the Clerk Treasurer office spent working on Dutch John issues.

[redacted] said she used agenda items from past commission meetings to help determine the percentage of time spent on Dutch John. [redacted] said she did the best she could but there was nothing that showed actual hours spent working on Dutch John issues. [redacted] said she felt 78% of the time allocated to Dutch John from her office was accurate.

[redacted] said the County Commissioners have always tried to ensure Dutch John money was spent appropriately. [redacted] said at times the county borrowed money from the Dutch John affordable housing fund but it was always returned. [redacted] said the cost to administer Dutch John was more than the money being generated from resident property taxes, so money was used from the Dutch John account to offset the costs. [redacted] said those monies were never returned to the Dutch John account because the money was used to benefit Dutch John.

[redacted] said Daggett County has one general fund checking account, but the general ledger is broken down into separate categories which are all tracked separately. [redacted] said the expenses and revenues for Dutch John are tracked separately. [redacted] said she was not aware of any criminal activities relating to the Dutch John money and if she had been she would have reported it **(Attachment 9)**.

On November 30, 2012, SA [redacted] interviewed [redacted]. [redacted] said he has lived in Daggett County for 20 years and has been a County Commissioner for almost two years. [redacted] explained due to the privatization of Dutch John in 1997, there has been a responsibility put on Daggett County to take care of the needs of residents and land within of Dutch John. [redacted] said when he started as a Commissioner he immediately realized that there was an urgency to create a revenue stream for Dutch John because the federal dollars Daggett County was receiving for Dutch John was going to stop in two years. [redacted] said due to a few individuals in Dutch John filing lawsuits against the county they cannot obtain outside development.

[redacted] said when he became commissioner he thought the previous commissioners had been spending and investing the yearly federal money for Dutch John correctly. He therefore continued to spend and invest the federal money the same way to benefit Dutch John. [redacted] said he did not know the federal money was a grant until 2012, when BOR was conducting an audit of the federal money.

[redacted] explained the purpose of putting the federal money in an interest bearing account was to help offset the costs for Dutch John after the federal money stopped in 2014. [redacted] said the plan in 2014 was to start using the federal money that was put aside, along with the interest from the money to help pay for Dutch John. [redacted] related during the BOR audit Daggett County was told that any money that had not been spent by the end of the grant was to be returned. [redacted] said at the time there was over a million dollars that had been put aside. [redacted] explained Daggett County would never have saved the federal money for Dutch John or put it in an interest bearing account if they had known they were going to have to pay the money back to government. [redacted] said that would be bad business on the county's part.

[redacted] said the Daggett County welcomed the BOR audit in April of 2012. [redacted] said he was questioned by BOR as to how the county commission determined how much time was being spent for Dutch John. [redacted] explained the percentages for the commissioners time was calculated by using the past agenda items from commissioner meetings relating to Dutch John. [redacted] said BOR scrutinized the percentage for the commissioner's time charged to Dutch John, which was 75%. [redacted] said BOR dropped the percentage down to 65%. [redacted] said BOR told him it was better to be under than over, which he agreed.

[redacted] explained each of the department heads went through their documents to determine what percentage of time was related to Dutch John. [redacted] said the only department he had any questions about was the [redacted], which determined 78% of its time was spent dealing with Dutch John.

[redacted] said he brought it to BOR's attention and was told not to worry about it. [redacted] said Daggett County did not have all of the records from the start of the grant (1998) because the county was only required to keep records for 7 years, but they took a "stab in the dark" with what they had. [redacted] said the county tried to do the best they could with the information available.

[redacted] explained the property taxes assessed to Dutch John residences, which he estimated to be under $20,000 are used to administer the needs of the whole county. [redacted] explained the residences of Dutch John are part of the county and the county does not spend collected tax revenue based on the location where the taxes were paid. [redacted] said if Dutch John became a township that would be different.

[redacted] said there was lack of oversight on both Daggett County and BOR relating to the grant. [redacted] explained if BOR had conducted audits as required by the grant, the county would have known the federal money needed to be spent yearly. Also [redacted] said the county would have known that the money could not have been put in an interest bearing account. [redacted] said both Daggett County and BOR need to work together, so this issue does not bankrupt Daggett County **(Attachment 10)**.

On November 30, 2012, SA [redacted] interviewed [redacted] said he has been the Dagget County Economic Developer since June of 2003. [redacted] said his main duty is to bring economic development to Dagget County, which includes Dutch John. [redacted] said his only involvement relating to the Dutch John federal grant was that part of his salary comes from the grant. [redacted] explained he was paid from the grant based on the percentage of time he spends working on economic development relating to Dutch John, while the rest of his hours are billed to the general fund. [redacted] said he is very careful to only bill hours to the grant for work that is related to Dutch John. [redacted] said earlier in 2012, BOR conducted an audit of the Dutch John Grant. [redacted] said he provided some data to the County Commissioners and to [redacted] relating to the hours he spent working on Dutch John projects but he never actually spoke to anyone from BOR **(Attachment 11)**.

On November 30, 2012 SA [redacted] interviewed [redacted] said she worked in the Daggett County Auditor's office for 35 years until retiring in 2006. [redacted] said she worked both as the Deputy Auditor Recorder and the Auditor Recorder. [redacted] related she did not track what percentage of her time was spent working on Dutch John issues but thought 27 % sounded reasonable. [redacted] said during her time as the [redacted] she never conducted an audit to determine what percentage of federal money was actually spent on Dutch John. [redacted] said Daggett County had yearly outside audits conducted by [redacted] from Price, Utah and if there had been an issue with the federal money relating to Dutch John he would have found it.

[redacted] recalled periodically federal money was being used outside of Dutch John but she could not remember any details or if the money was paid back to Dutch John. [redacted] said she was aware Daggett County had been recently audited by BOR relating to federal money and Dutch John. [redacted] said she was not contacted by anyone from BOR or Daggett County in regards to the audit **(Attachment 12)**.

BOR review of grant

On April 25 and 26, 2012, BOR conducted a site visit at Manila, UT, to review the Dutch John grant. The scope of the review was to determine (1) the amount of grant funds spent and (2) whether the

money that was spent defrayed the "cost of transition in administration and provision of basic community services" to Dutch John.

Particular attention was given to the rationale provided by Daggett County for these expenditures. The reviewers reported that they did not see any indication that the funds were spent in violation of the agreement **(Attachment 13)**.

DISPOSITION

At the request of AUSA [redacted] a request was been submitted to AIE for an audit review of the Dutch John grant. A Quality Control Review (QCR) will be conducted by AIE. This case will be closed pending any new criminal leads developed from the QCR.

ATTACHMENTS

1. Dutch John Federal Property Disposition and Assistance Act of 1999
2. Office of Solicitor Opinion relating to The Dutch John Law
3. IAR [redacted]
4. IAR [redacted]
5. IAR [redacted]
6. IAR [redacted]
7. IAR [redacted]
8. IAR [redacted]
9. IAR [redacted]
10. IAR [redacted]
11. IAR [redacted]
12. IAR [redacted]
13. IAR BOR Review of Dutch John Grant

OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

DEC 17 2012

Memorandum

To: [redacted]
Director, Office of Surface Mining Reclamation and Enforcement

From: Robert A. Knox
Assistant Inspector General for Investigations

Re: Report of Investigation – Improprieties at OSM Knoxville Field Office
Case No. PI-PI-12-0297-I

The Office of Inspector General has concluded an investigation into allegations of a "possible cover-up" in the Office of Surface Mining Reclamation and Enforcement's (OSM) Knoxville Field Office (KFO), Knoxville, TN, of inaccurate water samples taken from a site owned by Lexington Coal Company (LCC), Lexington, KY. The complainant, [redacted], also alleged that his supervisors retaliated against him when he brought the possible cover-up to their attention, and that one of his supervisors attempted to purchase land owned by LCC so he could build a hunting cabin on it.

We were unable to substantiate [redacted] allegations of cover-up and retaliation. We found that [redacted] supervisor did discuss hunting on LCC property with LCC executives, but he never purchased or hunted on the property in question.

We are providing this report to your office for review and any action deemed appropriate. If during the course of your review you develop information or have questions that should be discussed with this office, please do not hesitate to contact me at (202) 208-6752.

Attachments

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
Improprieties at OSM Knoxville Field Office	**PI-PI-12-0297-I**
Reporting Office	**Report Date**
Program Integrity	**December 17, 2012**
Report Subject	
Report of Investigation	

SYNOPSIS

The Office of Inspector General initiated this investigation based on a request by Joseph Pizarchik, Director of the Office of Surface Mining Reclamation and Enforcement (OSM), to investigate allegations of "a possible cover-up" in OSM's Knoxville Field Office (KFO), Knoxville, TN, of inaccurate water samples taken from a site owned by Lexington Coal Company (LCC), Lexington, KY.

Pizarchik received this allegation in a letter, dated February 9, 2012, from [redacted], OSM, KFO. [redacted] also alleged in the letter that when he originally brought this issue to his supervisors' attention in April 2010, they retaliated against him by giving him a negative performance evaluation. In addition, [redacted] alleged that his direct supervisor, [redacted], OSM, KFO, had attempted to purchase land owned by LCC so he could build a hunting cabin on it.

[redacted] allegations of cover-up and retaliation were reviewed in 2011 by the U.S. Office of Special Counsel (OSC). OSC terminated its inquiry without reaching a decision and suggested that [redacted] seek corrective action from the U.S. Merit Systems Protection Board. [redacted] did so, but eventually dropped his complaint.

We were unable to substantiate [redacted] allegations of cover-up and retaliation by his managers. We found that [redacted] did discuss hunting on LCC property with LCC executives, but he never purchased or hunted on the property in question.

We are forwarding this report to the OSM Director for any administrative action deemed appropriate.

Reporting Official/Title [redacted], Investigator	[redacted]
Approving Official/Title [redacted], Director, Program Integrity	for [redacted]

Authentication Number: DA02F657F10C356C3C214E7EC661CD71

BACKGROUND

In Tennessee, mining companies are required by Federal law to monitor water quality on mine sites. A company may either collect water samples itself or contract out to a third party to collect the samples and take them to a laboratory for analysis. For mine sites in Tennessee, copies of the lab analysis are regularly sent to the mining company, the Tennessee Department of Environment and Conservation, and the Knoxville, TN, Field Office (KFO) of the U.S. Department of the Interior's Office of Surface Mining Reclamation and Enforcement (OSM).

Based in Lexington, KY, Lexington Coal Company (LCC) was formed as the result of the bankruptcy reorganization of Horizon Natural Resources, LLC. According to its profile on the Bloomberg BusinessWeek Web site, LCC's purpose was to reclaim Horizon's mine properties in five States, including Tennessee. As part of the settlement, LCC is required to meet Federal water-quality standards. OSM established a water-quality treatment plan to evaluate water changes, consistency, impacts, and quantity at a mine site known as Big Brush 2 in Sequatchie, TN. A contractor handles water sample collection and reports the results to OSM (**Attachments 1 and 2**).

On April 21, 2010, [redacted] of KFO sent an email to KFO supervisors entitled "Unreliable water monitoring data – Internal memo" (**Attachment 3**). The email claimed that data from water quality samples taken at Big Brush 2 over the past decade were "unreliable" due to various sampling errors. He ended the correspondence with the sentence: "This email is for general information purposes only and should be deleted." KFO management determined that no action was needed to address these alleged errors.

[redacted] manager, Supervisory Program Specialist [redacted] gave [redacted] his annual performance evaluation on November 8, 2010 (**Attachment 4**). [redacted] took exception to the ratings he received and to a time-off award that he felt should have been larger in light of his discovery of the water-quality issue. He demanded a review of his performance evaluation, but the OSM Regional Office in Pittsburgh, PA, upheld the evaluation (**Attachments 5 and 6**).

[redacted] then filed a protected disclosure complaint with the U.S. Office of Special Counsel (OSC) in January 2011 (**Attachment 7**). In the complaint, he asserted that his 2010 email about the water-quality issue was a protected disclosure and that he was a whistleblower who had been retaliated against by his managers after he alerted them to the issue. On March 23, 2011, OSC ended its inquiry into [redacted] complaint and directed him to the U.S. Merit Systems Protection Board (MSPB) to pursue corrective action (**Attachment 8**).

On May 31, 2011, [redacted] filed a whistleblower complaint with MSPB (**Attachment 9**). An MSPB administrative judge informed [redacted] on July 1, 2011, that it did not appear that he had made a protected disclosure because his email "had not disclosed any wrongdoing by [Government] employees or . . . contractors" (**Attachment 10**). [redacted] requested an extension to prove the validity of his case and was given until July 14, 2011 (see Attachment 9). In early July, [redacted] deposed several OSM employees and others in an attempt to support his claims (**Attachment 11**). Nevertheless, on July 13, 2011, before the Department's attorney was able to depose him, [redacted] dropped his complaint (**Attachment 12**).

Over the next 5 months, OSM supervisors documented what they described as aggressive, argumentative, and hostile behavior by [redacted] in the workplace. On January 27, 2012, [redacted] received a draft notice of suspension from KFO management for inappropriate workplace conduct and failure to follow instructions (**Attachment 13**).

On February 9, 2012, in a letter titled "Response to Proposed Notice of Suspension," [redacted] made the same allegations of cover-up and retaliation, this time to OSM Appalachian Regional Director [redacted] and copying OSM Director Joseph Pizarchik **(Attachment 14)**. [redacted] also alleged that [redacted] had asked an LCC representative about the ownership of land around one of the company's mines; [redacted] said that [redacted] was attempting to buy the land so that he could build a hunting cabin on it.

DETAILS OF INVESTIGATION

On March 14, 2012, Pizarchik referred [redacted] allegations of a "possible cover-up" of water-quality issues at KFO to the Office of Inspector General (OIG) for investigation (**Attachment 15**). OIG interviewed [redacted] several OSM employees, and others to obtain information about the alleged "cover-up," whistleblower retaliation against [redacted] and attempt by [redacted] supervisor to purchase land owned by LCC so that he could build a hunting cabin on it.

Allegations Concerning Water-Quality Issues

[redacted] told us that in January 2009, he discovered that water-quality monitoring being conducted at Big Brush 2, a former LCC mine site in Sequatchie, TN, did not reflect realistic conditions (see Attachments 5 and 6). [redacted] explained that the water samples were not being preserved correctly, that LCC's contractor did not pump stale water out of the wells before taking samples, and that samples sat in trucks when outdoor temperatures were high. [redacted] also said he discovered the contractor was not sampling after rain fell at the site; rather, the contractor would go out twice a month and take samples from the ponds only if there was water runoff from the mine. When asked if the regulations said that companies had to do this, he replied: "It says you have to sample at least twice a month during rainstorms." [redacted] said if it did not rain during a particular month, no sample had to be taken.

[redacted] said [redacted] the [redacted] of LCC, told him that for 7 years LCC's water-quality monitoring had not been conducted properly. [redacted] also stated that he called a reclamation specialist he knew, [redacted] who does consulting work for LCC, and asked if [redacted] knew that water samples had been collected inaccurately at Big Brush 2. He told us [redacted] corroborated [redacted] statement that water samples at the mine had been collected improperly for the past 7 years.

Agent's Note: *[redacted] died in 2010, so we were unable to confirm that he spoke to [redacted] about LCC's water-quality monitoring.*

[redacted] sent an email on April 21, 2010, to OSM [redacted] and [redacted] ([redacted] supervisor), and to [redacted] manager, [redacted], OSM, KFO. In the email, [redacted] informed them of the water-sampling issue (see Attachment 3). [redacted] told us he did not believe that [redacted] or [redacted] knew about the issue before he voiced his concerns (see Attachments 5 and 6). He also said he mentioned in the email that [redacted] had told him the issue "was widespread in Tennessee." Our review of the email, however, found no mention of [redacted] (or anyone else) asserting that sampling issues were "widespread" in the State. Moreover, when we spoke to

[redacted] he recalled that the water samples in question had exceeded the preservation date for a specific parameter—"pH or something," he said—but he did not remember telling [redacted] that the improper collection of water samples was a systemic problem (**Attachments 16 and 17**).

[redacted] told us that after he sent the email, [redacted] called him into his office (see Attachments 5 and 6). He said [redacted] yelled at him for putting the information in an email and told him he should have kept the matter "under the table." [redacted] said that [redacted] also accused him of "dumping this issue" on him and writing a "cover-your-ass memo." According to [redacted] however, he was trying to protect OSM and expected that his email to [redacted] would have been deleted so that no citizen group could submit a request for it under the Freedom of Information Act (FOIA). [redacted] told us that [redacted] threatened him, saying the email would affect his performance evaluation and that he would not receive an award for discovering the problem. [redacted] therefore informed [redacted] that [redacted] had yelled at him and threatened his performance evaluation. According to [redacted] told him that [redacted] denied this allegation.

We interviewed [redacted] who confirmed that [redacted] saw some irregularities in the sample data and discovered that the contractor collecting the samples had not preserved them correctly (see Attachments 1 and 2). According to [redacted] put this information in an email but said the issues had been resolved and the contracting company had corrected the problem. [redacted] also told us that in the same email, [redacted] mentioned that it was important to look at water quality more carefully; [redacted] said that monitoring Big Brush 2 had been [redacted] responsibility for over 15 years and so he was "shocked" that [redacted] was just then seeing irregularities.

[redacted] denied that [redacted] was criticized for putting the water-quality issue in an email. He admitted that he advised his staff to be aware of the subject matter in their emails because they were discoverable under FOIA, but said: "As far as jumping on somebody [for sending an email about a problem], no." [redacted] also denied telling [redacted] he should have come to him and [redacted] before putting the information in the email.

We also interviewed [redacted] about the "possible cover-up" (**Attachments 18 and 19**). [redacted] said he believed the water samples in question were collected before he came to KFO in August 2008 and that the issue was discovered in 2008 or 2009. He recalled that [redacted] had twice told him he had information indicating that 2 or 3 years before, LCC had not correctly monitored groundwater at Big Brush 2.

[redacted] explained that the sampling errors occurred because an LCC contractor had had a heart attack and the contractor who temporarily took over sampling duties for the site did not preserve the samples correctly. He recalled that he had spoken with [redacted] about the matter and was told that a consultant for LCC had "caught" the problem and fixed it. At the time, said [redacted] did not allege that LCC or its contractor had committed fraud. [redacted] remembered that [redacted] wrote in his 2010 email about the issue that the information was meant for "general information purposes only and should be deleted," which, [redacted] said, "made sense to us because the problem [had been] corrected" (see Attachments 18 and 19).

[redacted] said he also spoke with the LCC contractors and did not feel a cover-up or fraud had occurred. Rather, he said, it was an error resulting from the contractor's medical condition and the inexperience of the temporary contractor. We asked [redacted] if OSM was required to issue a notice of violation when a company, in this case LCC, collected water samples incorrectly. He replied that if it was

determined that the company willfully, fraudulently, or negligently collected samples incorrectly, a process existed to take action. Since this was not the case, he said, no action was taken.

We also asked [redacted] if OSM was required to issue permit violations retroactively when a violation was discovered years later and had already been corrected by the violator (see Attachments 5 and 6). [redacted] did not directly answer the question, saying that the OSM inspection group should have notified [redacted] "so he could determine how many violations they should write." We pointed out that [redacted] had sent his April 2010 email to [redacted] as well as [redacted] admitted that he had, but claimed that [redacted] told him he did not open the email and thus was not aware of the problem. [redacted] acknowledged that as far as he knew, the sampling problem was corrected before he discovered it, but he continued to maintain that the OSM inspection group should have been reviewing the water sample results more often, even though it was not required to do so.

[redacted] who supervises the inspection group, told us [redacted] email expressed concern that LCC staff, or the contractor that collected the water samples, did not preserve the samples correctly, causing an inaccurate reading (**Attachments 20 and 21**). [redacted] said, however, that this problem occurred in 2004 or 2005—years before [redacted] sent his email. He said a new LCC employee took over the sampling duties at the site and preserved samples correctly, which solved the problem. [redacted] said no fraud was associated with the inaccurate sampling during that period of time, and the only environmental impact was the lack of accurate data between 2004 and 2005. According to [redacted] claimed that [redacted] failed to take action when he received [redacted] email, but [redacted] could have done nothing about the issue because it had occurred 4 or 5 years earlier and had already been resolved.

About [redacted] complaint that water samples were not being taken after each rainfall, [redacted] and [redacted] both explained that under the Clean Water Act, National Pollutant Discharge Elimination System (NPDES) permits issued pursuant to 40 CFR § 136 do not require water sampling after every rainfall **(Attachments 22, 23, and 24)**. [redacted] added that OSM and the Tennessee Department of Environment and Conservation have also discussed the issue and determined that there is no requirement to sample water after every rainfall. He said [redacted] wanted to sample after every rainfall on every pond, but doing so would not be feasible (see Attachments 18 and 19).

Performance Evaluation and Alleged Retaliation by KFO Management

[redacted] said he believed [redacted] performance evaluation in November 2010 was what made "the wheels [fall] off this bus" (see Attachments 18 and 19). On a performance scale of 1 to 5, [redacted] gave [redacted] two 3s and one 4 (see Attachment 4). [redacted] took exception to these results, and from that point on, [redacted] said, [redacted] became intent on proving him wrong. He said [redacted] became combative and confrontational and started complaining about his treatment at KFO.

Agent's Note: *We reviewed* [redacted] *performance evaluations for the years 2005 through 2009, noting that 2009 was the first year* [redacted] *evaluated him.* [redacted] *performance scores on all of these evaluations were consistent with his 2010 score.*

As part of his evaluation, [redacted] received a 7-hour time-off award. [redacted] told us he felt that management was trying to make an example out of him due to his complaint about water-quality issues by giving him 7 hours off instead of a full 8-hour day (see Attachments 5 and 6). He also thought he deserved a large monetary award. "In fact, I felt I should have been recognized personally for

discovering a major programmatic issue in Tennessee," he said. [redacted] appealed his evaluation to both [redacted] and the OSM Human Resources Division in Pittsburgh, but both rejected his appeal. He told us that when [redacted] continued to retaliate against him for exposing the water quality issue, he filed a complaint with the Office of Special Counsel (OSC).

According to [redacted] OSC told him his complaint was valid, but he was not covered under the Whistleblower Protection Act. OSC, however, never made a determination about his case. In a letter to [redacted] dated March 23, 2011, OSC wrote: "[W]e have terminated our inquiry into your allegations," and advised him: "You may file a request for corrective action with the MSPB [Merit Systems Protection Board]" (see Attachment 8). [redacted] filed a request with the MSPB on May 31, 2011 (see Attachment 9).

[redacted], Office of the Field Solicitor, U.S. Department of the Interior, Knoxville, TN, handled the July 2011 depositions for the MSBP case [redacted] filed (**Attachments 25 and 26**). We interviewed [redacted] who explained that [redacted] did not make a protected disclosure and did not prove Government fraud because the water-quality issues in question had ended 5 years before he sent his email reporting them.

According to [redacted] [redacted] felt that coal companies should have to monitor water quality from runoff into ponds and streams immediately after a rainfall even though the regulations do not require that level of testing (see Attachments 25 and 26). She said that [redacted] was allowed to depose anyone he wanted to for the MSPB case, including Tennessee mining regulators. No one he deposed said that the current regulations were wrong, but [redacted] still claimed that water-quality testing standards were faulty in the 2012 letter he sent to the OSM Director and Regional Director. [redacted] described [redacted] as a "very, very bright man," but told us that when he takes a position, "I'm not sure he even hears . . . positions that are contradictory to his."

Regarding the 7-hour time-off award [redacted] received in 2010, [redacted] told us that [redacted] had initially been scheduled to receive a cash award for the year, but told [redacted] that he preferred time off over money. [redacted] pointed out that the dollar amount of the cash bonus divided by [redacted] hourly pay rate equaled 7 hours, but she said that when she explained this to [redacted] "he said, 'Oh, okay.' But that didn't stop [his claims that] 7 hours was in retaliation and that he had been singled out."

During [redacted] interview, he told us that he deposed KFO employees and Pizarchik during the MSPB hearings to see if they had known about the water-quality issue (see Attachments 5 and 6). [redacted] admitted that no "smoking gun" was uncovered during the depositions to indicate that LCC had collected water samples incorrectly or that any OSM employee had been aware of an issue. [redacted] said he withdrew his complaint prior to his own deposition because he felt he had spent enough time and money and did not think he was going to win the case.

Hunting Property Allegation Against [redacted]

[redacted] told us that sometime in 2008, he was in the KFO conference room with [redacted] former LCC owner [redacted] and consultant [redacted] (see Attachments 5 and 6). [redacted] said the four were discussing an upcoming LCC board meeting about the Big Brush 2 mine site. According to [redacted] [redacted] asked [redacted] who owned the mine site, and [redacted] pulled out a map. [redacted] said [redacted] told [redacted] that he liked to hunt and was interested in putting up a "hunting property." According to [redacted] [redacted] told [redacted] that he knew some perfect spots and the two discussed locations while

[redacted] and [redacted] sat at the other end of the table and listened. He said [redacted] eventually asked [redacted] to have his realtor contact him.

Because [redacted] died in 2010, we were unable to confirm the alleged KFO conference room incident with him. Neither [redacted] nor [redacted] verified that the incident took place as [redacted] related it.

[redacted] said he did not remember the conference room incident, but admitted he had discussed hunting with [redacted] (see Attachments 16 and 17). He recalled being on a mine site one day with [redacted] another OSM employee, and [redacted] The site had "quite a bit of wildlife" on it, and [redacted] inquired if LCC allowed hunting on the property. [redacted] said [redacted] was told that the site was no longer owned by LCC and hunting was not allowed, but LCC had some adjoining property where it was allowed. [redacted] stated: "But I still do not remember anything being asked about purchasing the land." [redacted] told [redacted] he was welcome on [redacted] property to hunt turkey with him, but [redacted] replied: "No, that wouldn't look right."

We also asked [redacted] about the hunting property allegation (see Attachments 18 and 19). He denied that the conference room incident took place. He recalled, however, riding in a truck on one occasion with [redacted] LCC [redacted], and others. [redacted] was not present. [redacted] told us a deer ran out in front of the vehicle, which sparked a conversation about deer hunting. "Frankly, we all hunted, and I said: 'Yes, I'm looking for some places to deer hunt,'" he said. According to [redacted] told him LCC had hunting cabins in the area. [redacted] said he asked [redacted]: "If the land ever goes for sale, who's your real estate agent?" [redacted] denied, however, that he ever purchased land on LCC's property, hunted there, or participated in any quid pro quo with any employee or agent of LCC.

SUBJECT(S)

1. [redacted] Knoxville Field Office, OSM.
2. [redacted] Knoxville Field Office, OSM.

DISPOSITION

We are referring this report to the OSM Director for any action deemed appropriate.

ATTACHMENTS

1. IAR – Interview of [redacted] on June 12, 2012.
2. Transcript of interview of [redacted] on June 12, 2012.
3. Copy of the email [redacted] sent to KFO supervisors on April 21, 2010.
4. [redacted] employee performance appraisal, dated November 8, 2010.
5. IAR – Interview of [redacted] on June 12, 2012.
6. Transcript of interview of [redacted] on June 12, 2012.
7. Confirmation of receipt of [redacted] complaint by OSC, dated January 6, 2011.
8. OSC letter to [redacted] referring him to MSPB.
9. [redacted] complaint filed with MSPB, dated May 31, 2011.
10. Administrative judge's order and summary of [redacted] MSPB case status.
11. Email from [redacted] confirming deposition dates for [redacted]

12. Administrative judge's order confirming the withdrawal of [redacted] complaint and closure of the case.
13. January 27, 2012, draft notice of suspension.
14. Copy of [redacted] response to notice of suspension.
15. Director [redacted] request for investigation.
16. IAR – Interview of [redacted] on June 11, 2012.
17. Transcript of interview of [redacted] on June 11, 2012.
18. IAR – Interview of [redacted] on June 12, 2012.
19. Transcript of interview of [redacted] on June 12, 2012.
20. IAR – Interview of [redacted] on June 11, 2012.
21. Transcript of interview of [redacted] on June 11, 2012.
22. Copy of LCC Tennessee, Big Brush Creek Mine SMCRA Permit 3186.
23. Electronic Code of Federal Regulation, 40 CFR § 136, precipitation events.
24. Clean Water Act analytical methods, 40 CFR § 136.
25. IAR – Interview of [redacted] on June 11, 2012.
26. Transcript of interview of [redacted] on June 11, 2012.

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
POSSIBLE CP AT NPS	OI-VA-12-0575-I
Reporting Office	**Report Date**
Herndon, VA	November 13, 2012
Report Subject	
Final Report of Investigation	

SYNOPSIS

This investigation was initiated upon notification that on August 1, 2012, during a review of network archived data at the Advanced Security Operations Center (ASOC), Department of Interior (DOI), the computer/device at IP [redacted] was identified as performing an internet search for pre-teen images, and accessing the site photosight.ru, a known web site that hosts child pornography. Information provided by the ASOC on August 7, 2012 revealed the computer/device at IP 10.147.43.229 was assigned to an NPS computer/device located in Eminance, MO, at Ozark National Scenic Riverways Campground.

Network traffic analysis was conducted by the Computer Crimes Unit (CCU), Office of Inspector General (OIG) and contraband material was not revealed. An additional review of computer files obtained from the subject computer was conducted and while this review of evidence was extremely limited in scope, enough artifacts were observed to suggest that further examination or investigation was unwarranted.

The CCU analysis determined that the user logged in during the time of the activity had not logged in since August 7, 2012. Also, a possible user name was not located in the NPS directory. Based on the CCU analysis, there is insufficient evidence to merit further investigation.

DETAILS OF INVESTIGATION

In August 2012, network logs indicated that a computer user at the Ozark National Scenic Riverways Campground in Eminence, Missouri, had conducted a search for contraband material from a Government computer. Logs indicated that a user used the "Bing" search engine to search for the terms "Pre Teen RU" and "Pre Teenagers" between the hours of 15:34 and 15:37 on July 30, 2012

Reporting Official/Title	Signature
[redacted] / Special Agent	
Approving Official/Title	Signature
[redacted] / Special Agent in Charge	

Authentication Number: B143A06B63EF4C623AC81C7D566013EA

from a computer with the IP address [redacted].

Network traffic was obtained for the subject IP address and reviewed. This review revealed photographs and drawings of minors, but no material that would fit the definition of child pornography or child erotica. During this review, it was revealed that internet based email accounts [redacted] and [redacted] were accessed from the subject computer.

Based on the lack of contraband material in the network traffic, CCU tasked personnel at the ASOC to remotely acquire a limited set of files from the subject computer in order to analyze them for evidence of illegal activity. The files were provided to CCU for review. While the review of evidence was limited in scope, enough artifacts were observed to suggest that further examination or investigation is unwarranted **(Attachment 1)**. Based on the following factors, it was the opinion of the CCU examiner that the likelihood of finding contraband material on the subject computer system was low:

1. There is no information from the ASOC or any place else that the computer was used on any date other than July 30, 2012, to search for contraband material.
2. A review of the network traffic on and around July 30, 2012, did not reveal any contraband images. The images that were observed to have been produced as a result of the internet search consisted of benign photographs or drawings of teenagers.
3. A review of internet "cookie" files from the suspects user account did not reveal any evidence that the subject visited any known pornography or contraband web sites.
4. A review of the "ntuser.dat" files from all users did not locate any information that any computer user was downloading, saving, viewing or collecting pornographic images of any kind.

Additionally, this review found that that the user logged in during the time of the activity had not logged in since August 7, 2012 and the name of the user was unable to be located in the NPS directory which indicated that the employee likely no longer worked for the NPS.

SUBJECT(S)

[redacted]

DISPOSITION

Based on the CCU analysis, there is insufficient evidence to merit further investigation. This case is closed.

ATTACHMENTS

1. IAR - Remote Acquisition and Subsequent Examination of Media Related to Subject Computer, dated September 17, 2012.

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title BLM Dickinson, ND	Case Number OI-OG-12-0598-I
Reporting Office Energy Investigations Unit	Report Date December 21, 2012
Report Subject Report of Investigation	

SYNOPSIS

[redacted], a former assistant field manager employed by the Bureau of Land Management (BLM) in the Dickinson, ND field office (NDFO), initiated a complaint with the BLM Office of Law Enforcement and Security, Special Investigations Group (SIG), and the Office of Inspector General (OIG) concerning mismanagement and possible illegal conduct by NDFO staff. [redacted] alleged the following: (1) NDFO employees gave preferential treatment to several energy companies; (2) NDFO employees received kickbacks or payments for the preferential treatment; (3) at least one NDFO employee sold confidential information to speculators; (4) operators were allowed to drill wells in order to hold unproductive leases; (5) a major undesirable event on June 13, 2012 was not properly reported and the employee responsible for the report was not honest; (6) Applications for Permit to Drill (APDs) were inappropriately approved because the APDs were non-compliant, deficient, or lacking in specificity; and (7) NDFO employees did not work during regular business hours so they could work in an overtime capacity.

On September 6, 2012, BLM terminated [redacted] employment. [redacted] contested his termination and filed complaints with the Merit System Protection Board (MSPB) and the Office of Special Counsel (OSC) for consideration and relief. Any allegations by [redacted] pertaining to prohibited personnel practices and related personnel matters are within the jurisdiction of the MSPB and OSC and were not included in the scope of this investigation.

This investigation was conducted jointly by the OIG and SIG. We reviewed and analyzed emails, payroll records, financial disclosure statements, and data from the Automated Fluid Minerals Support System (AFMSS). We also interviewed a former NDFO acting field manager, the current NDFO acting field manager, NDFO staff, and other BLM employees who interacted with NDFO. None of the allegations were supported. This investigation is closed with the submission of this report.

Reporting Official/Title [redacted], Special Agent	Signature
Approving Official/Title [redacted], Special Agent in Charge	Signature

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BACKGROUND

[redacted] was hired as the NDFO assistant field manager on January 17, 2012 and he worked in that capacity until he was terminated during his probationary period on September 6, 2012. On or about August 21, 2012, [redacted] initiated a complaint with the BLM Office of Law Enforcement and Security, Special Investigations Group, and the OIG concerning mismanagement and possible illegal conduct by NDFO staff. On or about that date, [redacted] son, [redacted], forwarded two emails to the then chief of the Special Investigations Group, [redacted], providing details of [redacted] allegations (Attachment 1). Between August 29 and September 5th 2012, [redacted] provided similar information via email to OIG attorney [redacted] (Attachment 2).

On October 12, 2012, OIG Special Agent (SA) [redacted] and SA [redacted], BLM Special Investigations Group, telephonically interviewed [redacted] to obtain additional details about his allegations (Attachment 3). On October 17, 2012, [redacted] followed-up on his conversation with SAs [redacted] and [redacted] by emailing additional thoughts and details concerning his allegations (Attachment 4).

On November 5, 2012, [redacted] telephonically contacted SA [redacted] and was referred to OIG SA [redacted] SA [redacted] spoke with [redacted] by phone and obtained a few more details about his complaint (Attachment 5).

The allegations made by [redacted] during these communications are summarized as follows: (1) NDFO employees gave preferential treatment to several energy companies, namely WPX, Marathon Oil, Kodiak, Petro-Hunt, and Continental; (2) NDFO employees received kickbacks or payments for the preferential treatment; (3) NDFO employee [redacted] sold confidential information to speculators; (4) operators were allowed to drill wells in order to hold unproductive leases; (5) a major undesirable event on June 13, 2012 was not properly reported and the employee responsible for the report, [redacted] was not honest; (6) Applications for Permit to Drill (APDs) were inappropriately approved because the APDs were non-compliant, deficient, or lacking in specificity; and (7) NDFO employees did not work during regular business hours so they could work in an overtime capacity.

DETAILS OF INVESTIGATION

Review of [redacted] computer and BLM emails

In his email communications and conversations with the OIG and BM, [redacted] specifically identified [redacted] a GS-11 Land Law Examiner, as one of the NDFO employees that he felt showed preferential treatment to certain oil and gas companies and may have received kickbacks from those companies. [redacted] also alleged that [redacted] inappropriately inserted herself into management meetings and that she was resistant to [redacted] suggestions to establish formal procedures for approving APDs.

[redacted] normal duty station was the BLM Montana State Office in Billings, MT. She was detailed to NDFO sometime prior to [redacted] hiring at NDFO. At the end of February 2012, [redacted] detail to NDFO ended and she returned to Billings, although she continued to work on NDFO matters. In approximately July 2012 [redacted] left BLM to accept another position within the Department of the

Interior, Office of Natural Resources Revenue. The computer used by [redacted] during her BLM employment was taken into custody by the BLM Special Investigations Group and transferred to the OIG Computer Crimes Unit where it was imaged and analyzed. The Computer Crimes Unit did not identify any internet based email accounts that were accessed by [redacted] using her government issued computer (Attachment 6).

The BLM Special Investigations Group obtained all emails that were sent and received by [redacted] using her "blm.gov" email account from January 1, 2012 through July 13, 2012, which consisted of 4,818 emails. SA [redacted] reviewed the emails and found no supporting evidence for preferential treatment being given to any particular company by [redacted] or other NDFO staff (Attachment 7). Further, there was no evidence to support that [redacted] ran the NDFO office or otherwise acted in a manner that exceeded her grade and official duties.

Review of Earnings and Leave Statements

SA [redacted] obtained and reviewed the earnings and leave statements for fiscal year (FY) 2012 for NDFO staff and did not find any evidence to support that NDFO staff worked impossibly excessive overtime hours or, after overtime hours were curtailed by NDFO managers, that NDFO mangers used awards to compensate employees for the loss of income (Attachment 8).

Review of Automated Fluid Minerals Support System Data

SA [redacted] obtained an electronic spreadsheet listing all APDs approved or pending during FY 2012 for NDFO, data that is maintained BLM in AFMSS (Attachment 9). Of 941 APDs submitted to NDFO during FY 2012, 275 APDs were pending as of September 30, 2012 and 666 APDs had come to a disposition (approval, cancellation, rejection, return, withdrawal, expiration, or rescission). Of the 666 APDs with a disposition, 601 were approved. Attachment 9 includes several tables that illustrate that NDFO's processing of APDs is consistent with the volume of APDs submitted by various companies, and the processing times for the companies alleged to have received special treatment were neither excessively short nor excessively long.

Financial Disclosure Statements

SA [redacted] obtained copies of the 2012 financial disclosure statements (OGE Forms 450 and 278) completed by [redacted], the BLM state director responsible for the NDFO, and the following current and former NDFO employees: [redacted], [redacted], [redacted], [redacted], [redacted], and [redacted] (Attachments 10 and 11). The financial disclosure reports did not indicate ownership of any financial assets related to work performed in the NDFO.

Interviews

Between November 5 and December 18, 2012, SA [redacted] sometimes accompanied by either BLM SA [redacted] or OIG SA [redacted], interviewed the following BLM employees:

- [redacted] field manager, BLM Miles City Field Office, and part of a NDFO review team (Attachment 12).
- [redacted], current acting NDFO field manager (Attachment 13).
- [redacted], former acting NDFO field manager (Attachment 14).
- [redacted], NDFO natural resources specialist (Attachment 15).

- [redacted], NDFO petroleum engineering technician (Attachment 16).
- [redacted], NDFO supervisory petroleum engineering technician (Attachment 17).
- [redacted], NDFO supervisory petroleum engineering technician (Attachment 18).
- [redacted], NDFO physical science technician (Attachment 19).
- [redacted], NDFO production accountability technician (Attachment 20).
- [redacted], human resource specialist and ethics officer, BLM Montana State Office (Attachment 21).

None of the individuals interviewed provided information to substantiate any of [redacted] allegations.

With respect to the specific allegation that [redacted] sold confidential information to [redacted] or other [redacted] relatives, [redacted] denied engaging in such conduct or knowing anyone named [redacted] (see Attachment 18). None of [redacted] co-workers professed any knowledge of any NDFO staff selling confidential information.

With respect to the specific allegation that [redacted] was dishonest in his reporting of a major undesirable event at Petro-Hunt on June 13, 2012, [redacted] denied any dishonesty in reporting of the event (see Attachment 15). Glaser provided email documentation to substantiate that Petro-Hunt notified both [redacted] and [redacted] of the event and the company completed the required major undesirable report form (Attachment 22). [redacted] also provided email documentation to substantiate that [redacted] was aware of the event within 24 hours of its occurrence (Attachment 23). Based on these emails, [redacted] immediately reported the event in AFMSS, as he is required to do. [redacted] supervisor, acting field manager [redacted] told SA [redacted] that he spoke with [redacted] and reviewed emails and other documents related to the June 13, 2012 event. [redacted] concluded that [redacted] acted appropriately and was in no way dishonest.

With respect to the allegation that operators drill a single well and put it into production to avoid losing an expiring lease, [redacted] and [redacted] provided information related to that allegation (see Attachments 13 and 14). Both of them confirmed that some operators only drill and produce one well, rather than multiple wells, so they can prevent leases form expiring. [redacted] recalled that [redacted] felt that the practice was illegal because it denied the land owners royalties from a fully developed lease site. [redacted] and [redacted] held a conference call to discuss this with two regulatory experts from the Montana state office: [redacted], branch chief for fluid minerals, and [redacted], program lead for inspection and enforcement. They explained to [redacted] that such a practice is not illegal. [redacted] likewise did not think there was anything unethical about the practice and said it does not violate any state and federal regulations.

During the interviews several people alleged that while [redacted] was employed by the BLM he also worked as an oil and gas industry consultant. One of the individuals alleged to have first-hand information about that allegation, [redacted], did not have any information to provide on that subject (see Attachment 20). [redacted] told [redacted], human resource specialist in the BLM Montana State Office, that he owned two inactive limited liability corporations (see Attachment 21). [redacted] completed a Request for Ethics Approval to Engage in Outside Work or Activity form to document his ownership of the businesses. [redacted] noted at the bottom of the form that he discussed the restrictions and rules with [redacted] [redacted] was satisfied that any ethics concerns about the situation were addressed.

SUBJECT(S)

1. [redacted]
   BLM, Montana/Dakotas State Director

2. [redacted]
   BLM, Petroleum Engineer
   Dickinson, ND

3. [redacted]
   BLM, Natural Resource Specialist
   Dickinson, ND

4. [redacted]
   Former BLM, Land Law Examiner
   Billings, MT

5. [redacted]
   BLM, Supervisory Petroleum Engineer
   Dickinson, ND

6. [redacted]
   BLM, Supervisory Petroleum Engineering Technician
   Dickinson, ND

7. **Continental Resources, Inc.**
   20 N. Broadway,
   Oklahoma City, Oklahoma, 73102

8. **Marathon**
   521 S Boston Ave
   Tulsa, Oklahoma, 74103

9. **WPX Energy**
   One Williams Ctr #2
   Tulsa, Oklahoma, 74172

10. **Whiting Petroleum Company**
    1700 Broadway, Suite 2300
    Denver, CO, 80290-2300

11. **Kodiak Oil and Gas Corporation**
    1625 Broadway, Suite 250
    Denver, CO 80202

DISPOSITION

No evidence was identified to support any of the allegations made by [redacted] This investigation is closed with the submission of this report.

ATTACHMENTS

1. Two emails sent on August 21, 2012 by [redacted] to BLM SIG Chief [redacted].
2. Five emails sent between August 29 and September 5, 2012 by [redacted] to OIG attorney [redacted].
3. Investigative Activity Report (IAR) – Interview of [redacted] on [redacted] 12, 2012.
4. Email sent on October 17, 2012 by [redacted] to SAs [redacted] and [redacted]
5. IAR – Telephonic interview of [redacted] on November 5, 2012.
6. IAR – Digital Forensic Examination Report of [redacted] Computer
7. IAR – Review of [redacted] BLM Emails
8. IAR – Review of Earnings and Leave Statements
9. IAR – Review of Fiscal Year 2012 Applications for Permit to Drill
10. IAR – Review of Financial Disclosure Reports
11. IAR –Review of Additional Financial Disclosure Reports
12. IAR – Interview of [redacted] on November 5, 2012
13. IAR – Interview of [redacted] on December 11, 2012
14. IAR – Interview of [redacted] on December 13, 2012
15. IAR – Interview of [redacted] on December 18, 2012
16. IAR – Interview of [redacted] on December 18, 2012
17. IAR – Interview of [redacted] on December 18, 2012
18. IAR – Interview of [redacted] on December 18, 2012
19. IAR – Interview of [redacted] on December 18, 2012
20. IAR – Interview of [redacted] on December 18, 2012
21. IAR – Interview of [redacted] on December 21, 2012
22. Email dated June 14, 2012 at 09:47 from [redacted] to [redacted] and copied to [redacted] Attached to the email are three Undesirable Event Report forms concerning events on June 13, 2012.
23. Three emails sent on June 13 and 14, 2012 from [redacted] to [redacted] and others concerning events at Petro-Hunt operated well sites on June 13, 2012.

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

REPORT OF INVESTIGATION

Case Title	Case Number
Mobil Oil Corporation	OI-VA-98-005-I
Reporting Office	**Report Date**
Herndon, VA	June 25, 2010
Report Subject	
Closing IAR	

This investigation was initiated on March 6, 1998, as a result of OIG Case Number 1997-I-242 Underpayment of Gas Royalties. This investigation was based on qui tam actions filed on August 2, 1996 by Relator, [redacted] in U.S. District Court for the Eastern District of Texas alleging widespread underpayment of federal royalties for the production of natural gas and natural gas liquids by multiple oil companies including Mobil Oil Corporation (Mobil). The U.S. Department of Justice (DOJ) requested investigative assistance to evaluate the complaints in these qui tam actions and to investigate alleged underpayments. As a result, DOJ intervened in the qui tam action and filed a complaint alleging that Mobil under paid federal royalties on natural gas. Subsequently, on April 5, 2010, a settlement agreement was executed and stated in part that Mobil would pay $29,900,000 not including $1,000,000 in attorney fees for the relator's estate.

As a result of the settlement agreement, this investigation is being closed.

Reporting Official/Title	
[redacted] Special Agent SAC	[redacted]

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