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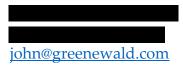
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Via Electronic Mail

April 12, 2017

Mr. John Greenewald



Re: Freedom of Information Act Request

Dear Mr. Greenewald:

Amtrak's Office of the Inspector General (OIG) received your January 17, 2017 request for information made under the Freedom of Information Act (FOIA) seeking the final reports of investigation on OIG cases: DC-15-0188-O and DC-16-0168-HL-O. This request was referred to the OIG by the Amtrak FOIA Office as your request pertained to OIG reports and records. In response, enclosed are all reasonably segregable portions of the final reports of investigation or closing memos you requested from the OIG.

With respect to OIG case DC-15-0188-O, no final report of investigation is available. Therefore, in lieu of a final report, we have provided a case closing memorandum. The redacted portions on the enclosed records were determined to be exempt from disclosure for the following reasons: the names, titles and other personal identifying information relating to suspects, witnesses, and sources have been withheld pursuant to FOIA Exemptions 6 and 7(C).

Exemption 7(C), in particular, provides protection for personal information contained in law enforcement records, recognizing that law enforcement records, such as OIG memos, are inherently more invasive of privacy than other types of records. An individual whose name or other personal identifying information is disclosed in connection with an investigation may become the subject of rumor and innuendo. The release of names and other personal identifying information could subject those individuals "to unanticipated and unwanted injury to their reputations, and to derogatory publicity or interferences arising from their connection to law enforcement." See, e.g., Ruston v. DOJ, No. 06-0224, 2007 WL 809698, at *5 (D.D.C. Mar. 15, 2007). Therefore, named individuals have substantial interests in nondisclosure of their identities and connection to particular investigations.

Exemption 6 protects the privacy interest of individuals identified in connection with an OIG investigation, whose substantial interest in personal identity protection outweighs any public interest in disclosure of information that could be used to identify them. In cases such as this, the public's interest in identification of witnesses, targets, and sources is minimal because the information reveals nothing about the activities or programs of Amtrak.

You have the right to file an administrative appeal within 90 days of the date of this letter. By filing an appeal, you preserve your rights under FOIA and give the OIG a chance to review and reconsider your request and the decision. A copy of your initial request, a copy of this letter, and your statement of circumstances, reasons, and arguments should accompany your letter of appeal. Please address your letter of appeal to:

National Railroad Passenger Corporation Office of Inspector General 10 G Street, NE, 3W-300 Washington, D.C. 20001 ATTN: FOIA Appeal

If you would like to discuss our response before filing an appeal to attempt to resolve your dispute without going through the appeals process, you may contact our FOIA Public Liaison for assistance. If you are unable to resolve your FOIA dispute through our FOIA Public Liaison, the Office of Government Information Services (OGIS), the Federal FOIA Ombudsman's office, offers mediation services to help resolve disputes.

We have not assessed any charges to you for processing this request. If you have any questions concerning this response to your request, please contact me.

Sincerely,

Nadine Jbaili

Associate Counsel

National Railroad Passenger Corporation (Amtrak)

Office of Inspector General

Enclosure

Via Electronic Mail

Memorandum

То:	DJ Stadtler Jr. EVP/ Chief Operations Officer
From:	LaVan Griffith LaVan Huffith Assistant Inspector General, Investigations
Date:	October 11, 2016
Subject:	Investigative Report: Violation of Corporate Policy by Amtrak Amtrak Amtrak and Amtrak (OIG-I-2017-502)
Amtrak (the from W.W. (oresents the results of our investigation into allegations that the following company) employees violated company policy by accepting paid trips Grainger Inc. (Grainger), an industrial supply distributor, to its annual tradeger Show) in Orlando, Florida while involved with procuring products er:
Bear	Bear Maintenance Facility; Delaware (Non-agreement employee)
•	; Bear Maintenance Facility; Bear, ware (Non-agreement employee)
•	Bear
agreen	renance Facility; Bear, Delaware (Non-agreement employee) ; Philadelphia, Pennsylvania (Non-ment employee) ; Bear Maintenance Facility; Bear, ware (Agreement employee)
the Grainger	e that these employees violated company policy by accepting paid trips to Show(s) in violation of the company's Ethical Conduct and Conflict of
and	cy, which prohibits gifts totaling more than \$150 for one year. attended multiple Grainger Shows. In addition, we believe their

supervisory chain failed in their duty to recognize this matter as an ethics issue, and staff it accordingly. This matter is referred to you for administrative action, as appropriate.

Why We Conducted the Investigation

On March 16, 2016, the Amtrak Office of Inspector General (OIG) received from the company an anonymous complaint that was submitted to the Amtrak Ethics Helpline¹ on February 8, 2016 stating that and "used Amtrak funds on a trip to SeaWorld Florida, using credit cards and turning in expense reports for alcohol and food. They also received kickbacks from Grainger products who paid for 95 percent of the trip in exchange for ordering products paid with Amtrak funds." The complainant also provided a link to a YouTube video posted by in 2015 that appears to show singing Karaoke at a Grainger event at SeaWorld in Orlando, FL. After assessing these allegations and relevant company policies, we opened an investigation to determine whether company employees acted inconsistently with or violated any company policies.

The Activities We Conducted

Our investigation focused on the following matters:

- Identifying the employees who attended the Grainger Shows and the expenses paid by Grainger
- Determining whether these employees submitted expense reports and were paid by the company for their travel and attendance at the Grainger Show
- Determining the purchase history between Grainger and the employees who attended the Grainger Show
- Determining these employees' and their supervisory chain's knowledge and compliance with the company's policy on Ethical Conduct and Conflict of Interest Policy under P/I 1.3.6

To conduct the investigation, we took the following actions:

- Reviewed travel authorizations and expense reports
- Reviewed corporate cellular records

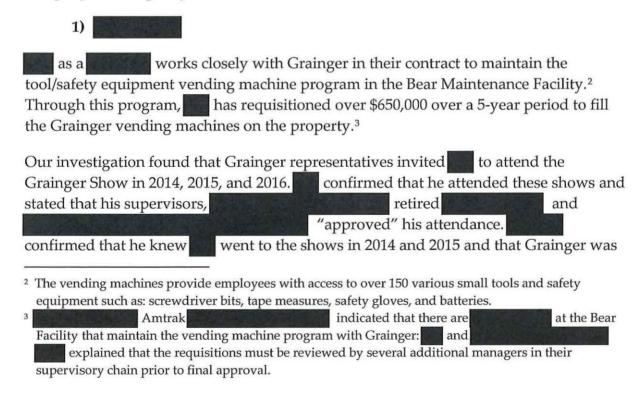
¹ Under paragraph 19.0 of Amtrak's Ethical Conduct and Conflict of Interest policy, P/I 1.3.6, employees are required to report suspected violations of the policy or suspected violations of law to the OIG or to the Amtrak Ethics Help Line. This complaint was originally submitted to the Amtrak Ethics Help Line.

- Reviewed purchase card history with Grainger
- Interviewed individuals from these employees' supervisory chain
- Interviewed Procurement representatives
- Reviewed compliance letters and detailed cost breakdown provided by Grainger legal counsel for employees who attended the Grainger Shows from 2014 through 2016

The Results of the Investigation

Our investigation found that company employees improperly accepted gifts from Grainger, a contractor doing business with the company and, thus, violated or acted inconsistently with the Ethical Conduct and Conflict of Interest policy. Further, they failed to disclose these gifts on their respective Certificates of Compliance.

Mitigating these violations, however, is the role local management played in "approving" these trips. Notably, as discussed below they failed to recognize Grainger's offer directly implicated the company's ethics policy. As a result, they did not aggressively develop the facts, circumstances, and implications of these trips, nor did they seek assistance from the Law department, which has staff cognizance over the company's ethics policy.



paying all of expenses. It is stated that he was not concerned, however, because used vacation days to attend. It is stated that he knew went to the show in 2016 and paid for his airfare out of his own pocket. However, did not know that Grainger was paying for the rest of the expenses.
We found that Grainger paid the following expenses for to attend the Grainger Shows:
• \$1,258.76 for flight costs, hotel, and event fees in 2014
 \$1,471.70 for flight costs, hotel, and event fees in 2015
• \$1,011.76 for hotel and event fees in 2016
Grainger provided us with documents known as "Customer Approval" forms that required conference attendees to "certify" they were not violating their corporate ethics policy. completed these forms for the 2015 and 2016 shows. was listed as the approving manager/ethics officer on both forms, and his supervisors told us they were not provided the form to review. stated that he recalled vetting the issue of Grainger covering the costs through the Amtrak Law department in 2014, however, he could not provide the name of the contact person. We contacted the Amtrak Law department and they did not have any record of addressing this issue.
Of note, assertions that these trips were "approved" and "vetted" were largely the basis of the other attendees' belief that acceptance of Grainger's gifts was proper. Of all the employees who accepted gifts, bears the most responsibility.
2)
as a is also directly involved in purchasing safety equipment and other items from the Grainger catalog through the use of an Amtrak purchase card. It told us that ordering items for the Bear Maintenance Facility is a part of his daily duties.
In addition to we also found that Grainger representatives invited to attend the Grainger Show in 2015 and 2016. Confirmed that he attended these shows and stated that his supervisors, and knew he was attending. Confirmed that he knew went to the Grainger Show in 2015 and that Grainger was paying all of expenses. Stated that he was not concerned because used vacation time to attend.

⁴ The form indicates that the approving manager/ethics officer is confirming that attendance at the Grainger show "does not violate [the] organization's ethics requirements and business conduct guidelines and policies."

was attending the show in 2016 and paid for his airfare out of his own pocket. However, he did not know that Grainger was paying some of expenses.
We found that Grainger paid the following expenses for to attend the Grainger Shows:
• \$1,491.70 for flight costs, hotel, and event fees in 2015
• \$1,011.76 for hotel and event fees in 2016
provided Grainger Customer Approval forms for the 2015 and 2016 shows. signed both forms as the approving manager, and direct supervisors told us they were not provided the forms to review. was listed as the approving manager/ethics officer on the form.
3)
as a is also directly involved in purchasing safety equipment and other items from the Grainger catalog. It told us that he purchases safety related equipment from Grainger as part of his daily duties, including safety glasses, gloves, and flame-resistant materials.
Additionally, our investigation found that Grainger representatives invited attend the Grainger Show in 2015 and 2016. Confirmed that he attended these shows and stated that his supervisors, and Amtrak approved his attendance. Stated that told him that attendance at the shows had been cleared by the Amtrak Law department, therefore thought attendance was approved. Confirmed that he knew went to the Grainger Show in 2015 and that Grainger was paying all of expenses. However, stated that he was not concerned because used vacation time to attend. Stated that he also knew was attending the Grainger Show in 2016, but he did not know that Grainger was paying some of the costs and did not see the Grainger Customer Approval form.
 Grainger paid the following for to attend the Grainger Shows: \$1,473.70 for flight costs, hotel, and event fees in 2015. \$1,011.76 for hotel and event fees in 2016.
completed the Grainger Customer Approval forms for the 2015 and 2016 Grainger Shows. Again, was listed as the approving manager/ethics officer on the forms, but direct supervisors told us they were not provided the form to

4)
as a in Philadelphia, is no longer directly involved in purchasing safety equipment through the Grainger catalog. told us that he has not utilized the Grainger catalog since leaving his position at the Bear Maintenance Facility.
Similarly however, we found that Grainger representatives invited to attend the Grainger Show in 2015. confirmed that he attended the show and stated that his supervisor, authorized him to do so. confirmed that he knew was attending the show and that Grainger was paying all of expenses. stated that told him that had vetted attendance at the show through the Amtrak Law department.
We found that Grainger paid the following for to attend the Grainger Show:
• \$1,740.72 for flight costs, hotel, and event fees in 2015
completed the Grainger Customer Approval form for the 2015 Grainger and listed himself as the approving manager/ethics officer on the form because his supervisor was not available. He also told us that he approved his own form because, according to a Grainger representative, told us he did not recall telling to sign his own name as the approving manager, and he would have told to have his immediate supervisor sign the form.
5)
as the former at the Bear Maintenance Facility, had a long standing business relationship with the Grainger representative described above. also told us that he has purchased materials directly through the Grainger catalog.
Our investigation found that Grainger representatives invited to attend the Grainger Show in 2015. Confirmed that he attended the show with the approval of his supervisor, stated that he did not know how much Grainger paid for his attendance.
We found that Grainger paid the following for to attend the Grainger Show:

• \$1,696.72 for flight costs, hotel, and event fees in 2015.

completed the Grainger Customer Approval form for the 2015 Grainger Show and was listed as the approving manager/ethics officer on the form.
The Violation
In sum, we concluded that and all violated company policy by accepting prohibited gifts under the company's Ethical Conduct and Conflict of Interest policy, P/I 1.3.6, such as free transportation, living expenses, and over \$150 for entertainment costs. Further, we found that the managers associated with these trips, particularly and failed to properly assess and staff (primarily through the Law department) Grainger's offer before accepting these gifts.
For Your Information
Appendix A provides the details of the investigation. At the request of the appropriate officials, we will provide support for the information referenced in this report.
Please advise us within 45 days of the date of this report of any action taken on this matter. If you have any questions about this investigative report, please contact me at
cc:

APPENDIX A

INVESTIGATIVE RESULTS

W.W. Grainger, Inc. (Grainger) has a contract with the company to provide tools and
materials to employees through its Grainger catalog. The Grainger catalog is accessible
for Amtrak employees through the Etrax system. Grainger describes itself as a leading
distributor of industrial supplies, equipment, and tools with access to over 900,000
industrial supply products available online and in its print catalog.
Amtrak stated that the company spent over \$12 million on
Grainger purchases for calendar year 2014.
explained that the Bear Maintenance facility has a program with Grainger through
which Grainger fills vending machines for employees to use for their daily work.
Employees can access these vending machines for over 150 various small tools and
safety equipment such as: screwdriver bits, tape measures, safety gloves, and batteries.
The vending machine program is run by
These
employees work jointly with the Grainger account managers for the restocking of the
vending machines. Every week a Grainger representative completes an inventory of the
vending machines and submits an order through either of the two Amtrak
or then submit a requisition for approval through their supervisory chain,
which includes , Senior ; and ;
A purchase card payment is released to purchase the
items following approval of the requisition. had over \$72,000 worth of purchases
related to this program in fiscal year 2016, and had over \$68,000.
explained that it would not be unusual for and to have large purchases
given that they manage this program.
given that they manage this program.
An internet search revealed that the 2016 Grainger Show was the 12th annual trade show
Grainger hosted in Orlando. ⁵ The show provides networking opportunities and gives
suppliers and customers a chance to learn more about Grainger. Over 700 suppliers
were expected to participate.
Grainger provided the following information
on how many attendees' expenses Grainger paid over the past 3 years:
 333 attendees, including 1 Amtrak employee, in 2014

This report contains sensitive information. It may not be released to any person or organization outside Amtrak without the written consent of the Office of Inspector General.

⁵ Hockett, Mike, "A Look at Grainger Show 2016," *Industrial Distribution*. February 9, 2016, http://www.inddist.com/blog/2016/02/700-suppliers-on-hand-grainger-show-2016.

- 496 attendees, including 7 Amtrak employees, in 2015
- 374 attendees, including 3 Amtrak employees, in 2016

explained that attendees must complete a Customer Approval form as part of the registration process. The form specifically provides language regarding the attendees' responsibility to ensure that their attendance at the Grainger Show does not violate the attendees' organization's ethics rules or policies and that accepting Grainger's offer to cover the costs of attendance also does not violate any ethical rules or policies. On March 16, 2016, the company referred to us an anonymous complaint from the and Amtrak's Ethics Helpline stating that "used Amtrak funds on a trip to SeaWorld Florida and turned in expense reports for alcohol and food. They also allegedly received kickbacks from Grainger products who paid for 95 percent of the trip in exchange for ordering products paid with Amtrak funds." The complainant also provided a video posted to YouTube in 2015 that appears to show singing Karaoke at a Grainger event at SeaWorld in Orlando, FL. We reviewed expense reports for and and did not locate travel authorizations or expense reports for any activities in Orlando. We also reviewed corporate cell phone records, which revealed and all had calls originating from Orlando at the same time as Grainger Shows they attended. In addition, we obtained records from Grainger that provided a cost breakdown for each Amtrak employee that attended the shows over the years as well as the Customer Approval forms. According to Grainger's records, was the only Amtrak employee that attended the show in 2014. Grainger paid \$1,258.76 for airfare, hotel, and event fees. In 2015, and two additional employees6 attended the show. Grainger paid airfare, hotel, and event fees as follows: \$1,471.70 for \$1,491.70 for \$1,473.70 for

\$1,740.72 for

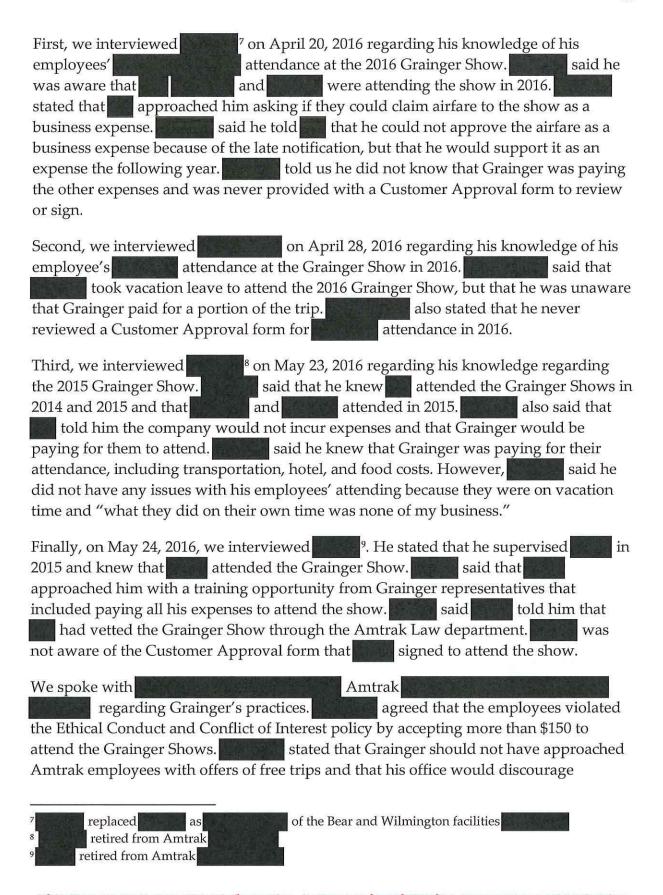
⁶ The names of the two employees that are not included in this report have been removed due to an ongoing investigation.

• \$1,696.72 for
In 2016, only and and attended the show. This was the first year Grainger did not pay for attendees' airfare. Grainger continued to pay hotel and event fees as follows:
• \$1,011.76 for
• \$1,011.76 for
• \$1,011.76 for
Grainger could not locate the Customer Approval form completed for the 2014 show, but provided Customer Approval forms for all 5 employees, mentioned above, that attended the 2015 show and all 3 employees that attended in 2016.
In addition to obtaining this information, we also interviewed the employees that attended the Grainger Show to confirm the records. First, we interviewed on May 12, 2016. He confirmed that he attended the Grainger Show for the past 3 years, and that Grainger paid all of his expenses except for airfare in 2016. Said that knew that he attended in 2014 and 2015 and that Grainger paid these expenses. He stated that his current supervisor, knew that he attended in 2016, and that Grainger paid his expenses, except for airfare. Stated that the show was "very educational" based on several meetings, conferences, and seminars on safety and inventory issues he attended. Said that he completed Customer Approval forms for each show he attended. Said that he completed attended the show with him in 2015 and 2016, and that said attended the show with him in 2015. Stold us that he vetted the attendance of the show through the Amtrak Law department; however, he could not provide the name of the individual he contacted. However, we contacted the Amtrak Law department regarding any contacts they may have had with regarding attendance at the Grainger Show, and they could not confirm that anyone approved or even spoke to an Amtrak employee regarding attendance at the Granger shows.
We also interviewed on May 12, 2016 regarding his attendance at the Grainger Show. He confirmed that he attended the Grainger Show for the past 2 years and that Grainger paid all of his expenses in 2015 and all of his expenses except airfare in 2016. Said that knew that he attended in 2015 and that Grainger paid his expenses. He stated that his current supervisor, knew that he attended in 2016 and that Grainger paid his expenses. He stated that he completed the Customer Approval forms for each show he attended; however he could not recall who signed his

show by attending safety seminars and reviewing new products displayed by vendors. Additionally, we interviewed on the same day regarding his attendance at the Grainger Show. He confirmed he attended the Grainger Show for the past 2 years and that Grainger paid all of his expenses in 2015 and all of his expenses except airfare in knew that he attended in 2015 and that Grainger paid 2016. said that his expenses. He stated that his current supervisor, knew that he attended the show in 2016, but did not tell him that that Grainger paid his expenses. said that he completed a Customer Approval form for both years and that was the approving manager. stated that told him that he had vetted attendance at the show through Amtrak Law department, and that is why he felt comfortable attending. Finally, on May 12, 2016, we interviewed regarding his attendance at the Grainger Show. He stated that he took vacation leave and attended the Grainger Show in 2015 and that Grainger paid all of his expenses, including a night of entertainment at SeaWorld. stated that his supervisor, knew he was attending the show and approved his time off. stated that he believed he did not do anything wrong because the trip was on his own time and his supervisor approved it. said that he went to classes and viewed new product lines at the show. We also interviewed on May 13, 2016 regarding his attendance at the Grainger Show. He confirmed that he attended the Grainger Show in 2015 and that Grainger paid all of his expenses. said that his supervisor at the time, of the trip and that Grainger paid his expenses. provided a copy of his Customer Approval form that was submitted with his own name as the approving manager was not available. He also alleged that because a who invited to the show, told him to sign his own Grainger name. We interviewed on July 6, 2016 to confirm statement. told us that he remembered inviting to the 2015 show, but he did not recall telling to sign his own name as the approving manager on the Customer Approval letter. In fact, stated that he would have told immediate supervisor review the form and sign as the approving manager. explained that he does not review all of the compliance letters after they are completed. He stated that the forms are simply part of the registration process and each customer must fill one out.

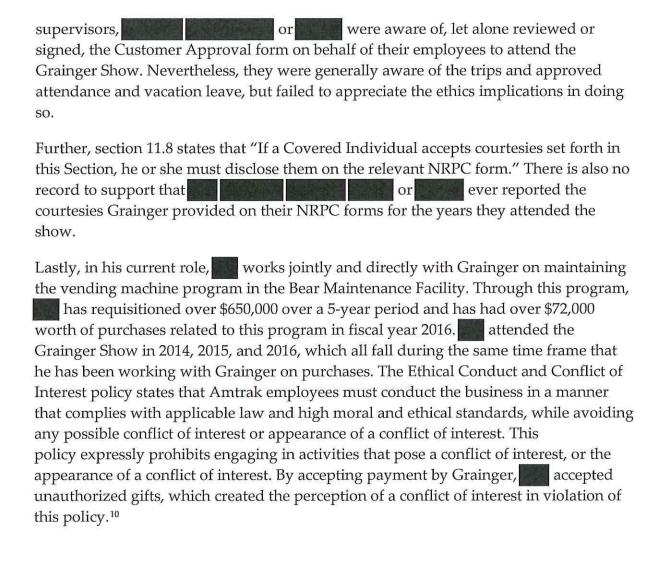
forms as the approving manager. He stated that they put in two full days of work at the

In addition to interviewing the employees that attended the Grainger Show, we also interviewed the supervisors that the employees said were aware of their attendance.



Grainger representatives from this practice. added that, if the show benefits Amtrak, it should be considered a business expense, and the company should be paying for it. It should not be paid for by a vendor that the company does millions of dollars of business with each year.
This investigation was presented to United States Attorney's Office for the District of Delaware. However, they declined to prosecute the individuals based on the fact Violation of Amtrak Policy
Violation of Amtrak Policy
As a result of our investigation, we concluded that violated Amtrak's Ethical Conduct and Conflict of Interest policy, P/I 1.3.6, by accepting prohibited gifts.
Section 11.4 of the policy states, "No covered individual may directly or indirectly solicit or accept:
• Cash;
 Services or gifts, greater than \$50 in value, except with respect to entertainment, as described below;
 Free transportation;
• Favors;
Bonuses;
 Commissions or kickbacks;
Living expenses; or
• Entertainment such as dinners, theater or sports tickets and golf outings in excess of \$75 total in value per occurrence, or \$150 total in value in the aggregate from any individual or organization per calendar year, except with the prior approval of a member of the Executive Committee in consultation with the Corporate Ethics Officer." (Emphasis added)
and violated the company's Ethical Conduct and Conflict of Interest policy by allowing Grainger to pay for airfare, hotel expenses, and event fees, which were well over \$150 per calendar year. Further, the policy provides that employees may be excluded from this provision, but only with the prior approval

of the Executive Committee. However, there is no record to support that even



END OF REPORT

and also made purchases through the Grainger catalog. As a result, they all face the same potential appearance of a conflict of interest by accepting gifts from a vendor that is doing business with Amtrak. However, their potential conflicts do not rise to the same level as