



REPORT OF INVESTIGATION

CASE NUMBER: 2015SI000239I

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL

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INVESTIGATIVE RECORD REVIEW

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CASE NUMBER: 2015SI0002391

REGION/OFFICE: Special Investigations Division

TITLE: (b) (7)(C)

NARRATIVE:

SUBJECT IDENTIFICATION:

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

U.S. Department of Housing and Urban Development (HUD)

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

Washington, DC

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

HUD, (b) (7)(C)

Washington, DC

BASIS FOR INVESTIGATION:

On December 15, 2014, HUD, Office of Inspector General (OIG), Special Investigations Division (SID), Washington, DC, initiated an investigation into an allegation (b) (7)(C)(b) (7)(C)(b) (7)(C)(b) (7)(C)(b) (7)(C)
(b) (7)(C)(b) (7)(C)(b) (7)(C) Washington, DC, had a financial conflict of interested (b) (7)(C)
HUD official (b) (7)(C)(b) (7)(C)(b) (7)(C)(b) (7)(C)(b) (7)(C)(b) (7)(C)(b) (7)(C)(b) (7)(C)(b) (7)(C)
(b) (7)(C)(b) (7)(C)(b) (7)(C)(b) (7)(C)(b) (7)(C)(b) (7)(C)(b) (7)(C)

(b) (7)(C)

Special Investigations Division

Special Investigations Division

DATE: _____

January 8, 2016

POTENTIAL VIOLATIONS:

- Title 18 U.S.C. § 208, Acts Affecting a Personal Financial Interest.
- Title 18 U.S.C. § 1001, False Statements.

- Falsification of official documents.
- Fraud against the Government.

This investigation determined (b) (7)(C) provided false statements to SID, while under oath, regarding (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C). During two separate interviews with SID, (b) (7)(C) stated that (b) (7)(C) had “completely severed” ties (b) (7)(C) upon his departure from the company, and that (b) (7)(C) “made a very explicit decision not to get involved in contracts.” A review of (b) (7)(C) HUD email account clearly demonstrated (b) (7)(C) active involvement in the decision making process and/or discussions that pertained to (b) (7)(C) (b) (7)(C).

Additionally, during the course of this investigation it was reported (b) (7)(C) was involved in the misappropriation of HUD funds. It was reported (b) (7)(C) approved the expenditure of Salary and Expenses (S&E) funds to pay for Task Orders (TOs) (b) (7)(C)(b) (7)(C)(b) (7)(C). During an interview with SID, (b) (7)(C) admitted that (b) (7)(C) approved the usage of S&E funds for TOs, (b) (7)(C) in the summer of 2013. (b) (7)(C) also admitted that the accounting codes were later changed from S&E, back to the 0183 account, which was designated to fund contractual obligations. However, SID was not able to determine who made the decision to change the accounting code from S&E to 0183, or why it was changed.

Moreover, the investigation revealed that (b) (7)(C) also provided false statements under oath, regarding (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C). During an interview with SID (b) (7)(C) (b) (7)(C) (b) (7)(C) was not involved in any facet (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C). (b) (7)(C) However, this investigation revealed evidence that contradicted the statements made by (b) (7)(C).

[illegible]

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prosecution, due to lack of prosecutorial merit.

On February 11, 2015, SID received and reviewed OGC records related (b) (7)(C). A review of the OGC records revealed (b) (7)(C) had written and oral recusals on file relating (b) (7)(C). In addition, there were numerous correspondences between (b) (7)(C) and OGC regarding (b) (7)(C) recusals.

(b) (7)(C) acknowledged that [REDACTED] started discussions with HUD's Office of General Counsel (OGC) in or around March 2013, regarding the ethical rules and regulations that [REDACTED] would be subject to as a HUD employee. (b) (7)(C) stated (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C) HUD, (b) (7)(C) Washington, DC, and (b) (7)(C) (b) (7)(C) (b) (7)(C) OGC points of contact. (b) (7)(C) stated [REDACTED] was given guidance on the ethics rules and regulations, as well as the recusal process, by OGC directly. (b) (7)(C) stated that once [REDACTED] was on board with HUD, (b) (7)(C) [REDACTED] from any and all matters relating (b) (7)(C) (b) (7)(C) stated that [REDACTED] submitted [REDACTED] recusal in writing, and occasionally when matters concerning (b) (7)(C) were directed to him, he would orally remind (b) (7)(C) that [REDACTED] was recused from participating in matters related (b) (7)(C).

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(b) (7)(C) continued that (b) (7)(C) went above and beyond what was required of (b) (7)(C) relative to recusing (b) (7)(C) from matters (b) (7)(C). (b) (7)(C) stated that (b) (7)(C) delegated the contract/requisition process (b) (7)(C) matter (b) (7)(C). Specifically, (b) (7)(C) the Blanket Purchase Agreement (BPA) that was awarded (b) (7)(C) prior (b) (7)(C) joining HUD. (b) (7)(C) noted that (b) (7)(C) made all budgetary decisions on the BPA, without any involvement or input from (b) (7)(C).

(b) (7)(C) noted that in September and October of 2014 (b) (7)(C) updated (b) (7)(C) recusals to include companies that (b) (7)(C) entered into employment negotiations with, or was considering entering into employment negotiations with. (b) (7)(C) advised that he was in negotiations with (b) (7)(C) (b) (7)(C). (b) (7)(C) said that (b) (7)(C) did not share (b) (7)(C) recusal information with (b) (7)(C) staff, because (b) (7)(C) was concerned if they learned (b) (7)(C) was planning to leave HUD, they might start to look for employment outside of HUD as well. Furthermore, (b) (7)(C).

(b) (7)(C)

HUD "could potentially impact the entire financial industry."

(b) (7)(C) provided copies of two (2) Notification of Post-Employment Negotiation or Agreement and Recusal Statements, which (b) (7)(C) filed with OGC in September and October 2014. A review of the notifications revealed that (b) (7)(C) signed and dated the notifications on September 30, 2014, and October 6, 2014, however, there were no signatures or dates, on either document, in the section titled "Agency Ethics Official Signature" and "Date Received." On the notification, dated September 30, 2014, (b) (7)(C) indicated that (b) (7)(C) entered into negotiation or agreement (b) (7)(C) on September 30, 2014. In the section titled "Name(s) of Non-Federal Entity or Entities," the instructions stated "Disclose each non-federal entity with which you are negotiating for or have an agreement of future employment or compensation." (b) (7)(C) (b) (7)(C) as the non-federal entity (b) (7)(C) was negotiating with or had an agreement for future employment or compensation.

On March 27, 2015, SID conducted a review of the HUD Blanket Purchase Agreement (BPA) (b) (7)(C) U.S. General Services Administration (GSA) contract (b) (7)(C) and determined that the BPA was (b) (7)(C). Under the BPA, 29 TOs were completed, at a cost of (b) (7)(C) for consulting services which primarily supported (b) (7)(C) (b) (7)(C).

On (b) (7)(C) was interview by SID (Exhibit 6). (b) (7)(C) was in constant communication with OGC regarding potential ethical conflicts since joining HUD. (b) (7)(C) was given clear guidance regarding the ethical restrictions that (b) (7)(C) was subject to, as (b) (7)(C) and that (b) (7)(C) was told, (b) (7)(C) cannot work on particular matters (b) (7)(C) (b) (7)(C). (b) (7)(C) was "good" at communicating with OGC, and constantly sought out OGC's legal opinions on ethical related issues. (b) (7)(C) continued that OGC's communication with (b) (7)(C) started in February 2013,

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months before (b) (7)(C) started working at HUD. (b) (7)(C) thought it was a good practice for incoming executives to have ethical discussions with OGC before accepting a position in HUD, and explained that it allowed the in-coming executive an opportunity to sever any questionable ties before entering into the federal system.

On (b) (7)(C) HUD, (b) (7)(C) Washington, DC, was interviewed by SID (Exhibit 7). (b) (7)(C) did not personally witness (b) (7)(C) participating in any matters (b) (7)(C) since (b) (7)(C) employment with HUD. (b) (7)(C) was not part of any meetings and/or any conversations (b) (7)(C) was discussed, in (b) (7)(C) presence. (b) (7)(C) did not have direct knowledge of (b) (7)(C) involvement (b) (7)(C) but advised that (b) (7)(C) has indirect knowledge based on information that was reported to (b) (7)(C) by other people.

(b) (7)(C) HUD, (b) (7)(C) New York, NY, reported (b) (7)(C) in September 2013, that (b) (7)(C) participated in meetings, during which there were open discussions (b) (7)(C) (b) (7)(C) with concerns regarding (b) (7)(C) because it was known by the Housing staff that (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C) were not sure if (b) (7)(C) was recused from matters pertaining (b) (7)(C) but (b) (7)(C) were not comfortable with the (b) (7)(C) (b) (7)(C) presence.

On (b) (7)(C) HUD, (b) (7)(C) Washington, DC, was interviewed by SID (Exhibit 8). (b) (7)(C) advised that between 2008 and 2011, (b) (7)(C) Washington, DC. (b) (7)(C) continued that during that timeframe (b) (7)(C) some TOs under the BPA, and at the time, (b) (7)(C) was (b) (7)(C) M&C. (b) (7)(C) was responsible for monitoring the TOs on behalf (b) (7)(C) until (b) (7)(C) did not personally witness (b) (7)(C) participating in any matters pertaining (b) (7)(C) since (b) (7)(C) employment with HUD, nor did (b) (7)(C) witness (b) (7)(C) participating in any meetings and/or any conversations (b) (7)(C) was discussed. (b) (7)(C) was aware of the fact that (b) (7)(C) recused (b) (7)(C) from working on anything (b) (7)(C) upon (b) (7)(C) arrival to HUD, and that (b) (7)(C) delegated (b) (7)(C) decision and signature authority over the contracts/TOs in Housing (b) (7)(C)

(b) (7)(C)

(b) (5)

(b) (7)(C)

(b) (5)

(b) (5)

(b) (5)

(b) (7)(C)

(b) (5)

(b) (5)

(b) (7)(C)

(b) (5)

(b) (5)

On (b) (7)(C) HUD, (b) (7)(C) (b) (7)(C)

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Washington, DC, was interviewed by SID (Exhibit 9). (b) (7)(C) had not personally witnessed (b) (7)(C) participate in any matters (b) (7)(C) since (b) (7)(C) HUD in (b) (7)(C) does have knowledge of the alleged conflict; however, (b) (7)(C) knowledge is solely based on information that was provided to (b) (7)(C) by subordinates. (b) (7)(C) reported a multitude of issues involving (b) (7)(C) to include, but not limited to a potential conflict between (b) (7)(C) (b) (7)(C)

(b) (7)(C) that individuals (b) (7)(C) indicated that the direction of the (b) (7)(C) that (b) (7)(C) came directly (b) (7)(C) made decisions that essentially affected each of the TOs that (b) (7)(C) (b) (7)(C) delegated the decisions through key individuals within Housing.

On (b) (7)(C) HUD, (b) (7)(C) (b) (7)(C) Washington, DC, was interviewed by SID (Exhibit 10). (b) (7)(C) met (b) (7)(C) was working (b) (7)(C) (b) (7)(C) was the primary point of contact (b) (7)(C) According to (b) (7)(C) personally attended meetings with (b) (7)(C) to discuss (b) (7)(C) (b) (7)(C) Upon (b) (7)(C) arrival to HUD, (b) (7)(C) continued to be involved in the transformation project. (b) (7)(C) participate in matters pertaining to (b) (7)(C) since (b) (7)(C) with HUD (b) (7)(C)

(b) (7)(C) was very involved in the budget request for Housing during (b) (7)(C) with HUD, which (b) (7)(C) was from July 2013 to April 2015. (b) (7)(C) (b) (7)(C) to be the principal decision maker on the transformation project, until (b) (7)(C) (b) (7)(C) As a result of (b) (7)(C) being the biggest project in Housing, according to (b) (7)(C) had to be involved to some degree because (b) (7)(C)

(b) (7)(C) an example; and related that during the initial (b) (7)(C) meeting, on April 26, 2014, (b) (7)(C) would be walking them through (b) (7)(C) processes and analysis work. (b) (7)(C) could not advise who the other participants were in the meeting, but could confirm that (b) (7)(C) were in attendance. (b) (7)(C) that this was the normal business protocol, from (b) (7)(C) continued that (b) (7)(C) was intimately involved in Housing's personnel matters.

(b) (7)(C) was advised that it was reported to SID that S&E funds were used (b) (7)(C) in or around August 2013. Specifically, it was alleged that S&E funds were used to pay for a Task Order (TO) that was associated with (b) (7)(C) because the funds in the administrative account (0183), which were designated to pay for the contract, were depleted. (b) (7)(C) that the TOs for (b) (7)(C) were paid out of Housing 0183 account. However, in or around August 2013, the funds in the 0183 account were completely

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depleted. As a result, \$500,000 of S&E funds was used (b) (7)(C). (b) (7)(C) noted that the mentioned \$500,000 was originally obligated for S&E, but was later transferred to the 0183 account and subsequently used (b) (7)(C). (b) (7)(C) HUD, (b) (7)(C) (b) (7)(C) Washington, DC, would be more knowledgeable of the procurement transactions.

On (b) (7)(C) was interviewed by SID (Exhibit 11). (b) (7)(C) was aware that (b) (7)(C) recused (b) (7)(C) from matters (b) (7)(C) after (b) (7)(C) with HUD (b) (7)(C). (b) (7)(C) was actively involved in business discussions in HUD. (b) (7)(C) and that (b) (7)(C) was involved with (b) (7)(C) which was an (b) (7)(C) (b) (7)(C) that (b) (7)(C) was involved with the transformation project throughout (b) (7)(C) Housing. (b) (7)(C) that (b) (7)(C) instructions on contracts that involved (b) (7)(C).

(b) (7)(C) that (b) (7)(C) were paid out of Housing's 01E3 (administrative contract expense account previously referred to as the 0183 account). However, the funds allocated to that account were diminished at the time. As a result, the staff started writing FHA (b) (7)(C) so funding that was designated for FHA, could be utilized on the (b) (7)(C) under Housing. (b) (7)(C) that S&E funds were used, at least once, to pay for part of (b) (7)(C) (b) (7)(C) in Housing misused Housing and/or FHA funds, in order to pay for parts of (b) (7)(C) (b) (7)(C). (b) (7)(C) misused Housing and/or FHA funds to pay for parts of (b) (7)(C). When asked if HUD funds were misappropriated, in order to (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C).

(b) (7)(C) voiced (b) (7)(C) concerns (b) (7)(C) however, (b) (7)(C) was "overruled." (b) (7)(C) (b) (7)(C) who was (b) (7)(C) that were distributed (b) (7)(C) but (b) (7)(C) that it was (b) (7)(C) responsibility to input the transactions into the (Housing) procurement electronic system, as instructed. (b) (7)(C) responsibility to review and approve the transaction. (b) (7)(C) that the transactions were inappropriate, but the transactions were approved anyway.

On (b) (7)(C) was interviewed by SID (Exhibit 12). (b) (7)(C) (b) (7)(C) related that during that time, (b) (7)(C) had signature authority on all Housing contracts; which included, but was not limited to (b) (7)(C). (b) (7)(C) that the signature authority is normally placed with (b) (7)(C). (b) (7)(C) however, (b) (7)(C) from all contract matters. As a result, the signature authority and all contract decisions were (b) (7)(C) was not involved with (b) (7)(C) (b) (7)(C) that (b) (7)(C) was used for the (b) (7)(C) (b) (7)(C) within the HUD, Housing, Multifamily Program Office. (b) (7)(C) also did not

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have any involvement with the (b) (7)(C). When asked if (b) (7)(C) participated in any meetings where (b) (7)(C) (b) (7)(C) "I can't say (b) (7)(C) was never in a meeting." (b) (7)(C) stated, "I would admit that there would be a fragment of a conversation, so I can't say that we never (b) (7)(C), but it was brief."

When asked if (b) (7)(C) to do anything improper or unethical with (b) (7)(C) (b) (7)(C) replied that (b) (7)(C) "never felt pressure to do something." (b) (7)(C) was not present for every meeting on the (b) (7)(C) and therefore could not speculate on whether or not (b) (7)(C) participated in matters that (b) (7)(C) was prohibited from participating in.

When asked about the accounting codes used to pay the (b) (7)(C) (b) (7)(C) (b) (7)(C) with guidance on which account code would be appropriate for (b) (7)(C) (b) (7)(C) Based on (b) (7)(C) that Housing used an administrative account (0183) to pay for the TOs. When asked if (b) (7)(C) ever approved the use of the S&E account to pay for (b) (7)(C) TO, (b) (7)(C) approved usage of the S&E account for a TO, in the summer of 2013, but stated that (b) (7)(C) could not recall why. (b) (7)(C) remembered discussing the matter with (b) (7)(C) and that after a conversation with (b) (7)(C) decided that the statement of work (SOW) would be re-written so that funds from the S&E account could be used. When asked if the contract allowed for the usage of the S&E accounting code for TOs associated with (b) (7)(C) (b) (7)(C) never read (b) (7)(C) even though (b) (7)(C) had signature authority. (b) (7)(C) also conceded that (b) (7)(C) did not know who the assigned Contracting Officer (CO) was for (b) (7)(C).

(b) (7)(C) that it was decided to change the accounting code from S&E, back to the 0183 account, but could not recall who decided to change the accounting code from S&E to 0183, or why it was changed.

(b) (7)(C) that Housing continued to use the 0183 account for all future TOs on (b) (7)(C). Since the transaction took place towards the end of the fiscal year, the RAs (b) (7)(C) if they used the S&E account because the funds in the 0183 account were depleted. (b) (7)(C) did not recall why they decided to use the S&E account. When referring to the verbiage used in the SOW, for (b) (7)(C) (b) (7)(C) stated "If there were things [within the SOW] that mentioned S&E, we took the wording out," in order to utilize the 0183 account.

On (b) (7)(C) was interviewed by SID (Exhibit 13). (b) (7)(C) personally witnessed (b) (7)(C) participate in matters (b) (7)(C) since (b) (7)(C) with HUD, (b) (7)(C) (b) (7)(C) participated in meetings, in (b) (7)(C) office, where open and/or potential acquisitions/procurements were discussed; and (b) (7)(C) was part of the discussion. (b) (7)(C) was part of a hand selected team, which was put together (b) (7)(C) for (b) (7)(C) initiative." (b) (7)(C) that the team included (b) (7)(C) (b) (7)(C) HUD, (b) (7)(C) Washington, DC; (b) (7)(C) (b) (7)(C) HUD, (b) (7)(C) Washington, DC; (b) (7)(C) (b) (7)(C)

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(b) (7)(C) HUD, Washington, DC; (b) (7)(C) HUD, (b) (7)(C) Washington, DC; (b) (7)(C) that the team met periodically in (b) (7)(C) office to discuss the initiative.

(b) (7)(C) the (b) (7)(C) was a new initiative to train members of the Housing leadership. According (b) (7)(C) proposed a training program that (b) (7)(C) previously attended. (b) (7)(C) insisted on using a vendor (b) (7)(C) knew for the training. (b) (7)(C) noted that (b) (7)(C) mentioned this vendor in several meetings; so much that (b) (7)(C) was under the impression that the particular vendor was already selected for the tasking. (b) (7)(C) later discovered that the solicitation was not announced; however, (b) (7)(C) announced, during one of their meetings, that (b) (7)(C) was planning to (b) (7)(C) with the vendor.

(b) (7)(C) had limited knowledge of acquisitions and procurement rules and regulations at the time, but remembered feeling uncomfortable with the cavalier way the mentioned team members discussed the vendor and (b) (7)(C) during some of their meetings. (b) (7)(C) felt uncomfortable because (b) (7)(C) knew (b) (7)(C) (b) (7)(C) (b) (7)(C) and (b) (7)(C) did not think it was appropriate for them to be discussing (b) (7)(C) in (b) (7)(C) presents. As a result, (b) (7)(C) concerns (b) (7)(C) noted that (b) (7)(C) voiced (b) (7)(C) concerns (b) (7)(C) because, in addition to (b) (7)(C) is "by the book."

(b) (7)(C) was currently in acquisition/procurement training. As a result, (b) (7)(C) is certain that the manner in which the "Leadership Development Program initiative" team conducted business (b) (5) (b) (7)(C) were looking for any angle to get (b) (7)(C) preferred vendor into HUD, whether it was appropriate or not. (b) (7)(C) noted that the initial contract the (b) (7)(C) team discussed was a large (one – two million dollar) contract, but was later modified because the preferred vendor did not qualify under the General Services Administration (GSA) schedule. (b) (7)(C) continued that it was later discussed, during one of their meetings, that the vendor could not be certified as a small business by the Small Business Administration (SBA). (b) (7)(C) after that failed (b) (7)(C) initially copied the mission statement from the vendor's company website, into the justification statement for the acquisition. However, it was later discovered and (b) (7)(C) initiative" was shut down.

On (b) (7)(C) was interviewed by SID (Exhibit 14). (b) (7)(C) met with (b) (7)(C) every two weeks, for routine updates. (b) (7)(C) did not discuss (b) (7)(C) during their meetings, because (b) (7)(C) from any dealings (b) (7)(C) (b) (7)(C) "I was aware of his recusal." Additionally, (b) (7)(C) was never involved in meetings, where (b) (7)(C) was present, where there were any discussions about (b) (7)(C)

(b) (7)(C) office manages and/or monitors the contracts within Housing. Consequently, (b) (7)(C) was asked if the product that was presented (b) (7)(C) for the transformation project for the

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Multifamily Housing Program was actually "working." (b) (7)(C) could not confirm if the project was "working." When asked why (b) (7)(C) could not confirm if a product, for which HUD paid approximately \$40 million dollars, was "working" or not, (b) (7)(C) that it was too early to tell if the project would be successful or not. When asked if \$40 million dollars was a reasonable amount to pay for a product that HUD executives are not certain will work, (b) (7)(C) that \$40 million dollars is a lot to pay for a product that is not tangible. When asked directly if (b) (7)(C) thought HUD spent too much money on the transformation project, (b) (7)(C) (b) (5)

While defending (b) (7)(C) to use another government contractor for more consulting (b) (7)(C) that (b) (7)(C) about (b) (7)(C) approaching (b) (7)(C) about additional work (b) (7)(C) (b) (7)(C) (b) (7)(C) approached (b) (7)(C) to solicit additional work for (b) (7)(C) According (b) (7)(C) that HUD does not have any upcoming work on which (b) (7)(C) could assist. (b) (7)(C) this because (b) (7)(C) did not think it was a "good perception," based (b) (7)(C) about the conversation (b) (7)(C) assessment.

After confirming that (b) (7)(C) designated (b) (7)(C) signature and decision authority over all matters that involved (b) (7)(C) (b) (7)(C) was asked why (b) (7)(C) did not go directly (b) (7)(C) concerns. (b) (7)(C) "He's my boss. I told (b) (7)(C) because (b) (7)(C) my boss." When asked why (b) (7)(C) thought it would be appropriate for (b) (7)(C) on any matter (b) (7)(C) when (b) (7)(C) was aware of (b) (7)(C) that it was (b) (7)(C) was only recused from (b) (7)(C) (b) (7)(C) "In my mind, if (b) (7)(C) was sitting as (b) (7)(C) then his former employer should not have been considered for other contracts." When asked if (b) (7)(C) thought it was fair (b) (7)(C) to be penalized based of career decisions that (b) (7)(C) made, (b) (7)(C) responded (b) (5)

On (b) (7)(C) HUD, (b) (7)(C) (b) (7)(C) Washington, DC, was interviewed by SID (Exhibit 15). (b) (7)(C) never personally witnessed (b) (7)(C) participate in any matters with (b) (7)(C) since (b) (7)(C) with HUD. (b) (7)(C) (b) (7)(C) knowledge of the alleged conflict was based merely on rumors that have circulated around the department, and acknowledged that (b) (7)(C) (b) (7)(C) (b) (7)(C) was told, (b) (7)(C) would not be participating in any discussions that (b) (7)(C) (b) (7)(C) acting or (b) (7)(C) recusal, by removing (b) (7)(C) from meetings in (b) (7)(C) was mentioned.

On (b) (7)(C) was re-interviewed by SID (Exhibit 16). (b) (7)(C) reported that (b) (7)(C) was completely removed from any and all decisions and/or discussions (b) (7)(C) (b) (7)(C) and contracts within Housing, during (b) (7)(C) first interview with SID. (b) (7)(C) reiterated by saying "I made a very explicit decision not

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to get involved in contracts.” (b) (7)(C) was then advised that information was discovered in his official HUD email account that demonstrated (b) (7)(C) involvement in decisions and/or discussions (b) (7)(C)

(b) (7)(C) was advised that there were email correspondences found in (b) (7)(C) HUD email account were acquisitions, contracts and procurements were discussed. Specifically, there were email correspondences between (b) (7)(C) and HUD contractors. (b) (7)(C) again denied having any involvement with HUD contracts, and stated, “I don’t get involved with contracts.” Based on the statements made by (b) (7)(C) to SID, while under oath, (b) (7)(C) was informed it was unexpected to see the amount of email discussion (b) (7)(C) had regarding (b) (7)(C). (b) (7)(C) responded by stating that (b) (7)(C) did not expect to be taken “literally.”

(b) (7)(C) was reminded that (b) (7)(C) was very adamant that (b) (7)(C) was not involved with any contract, since coming to HUD (b) (7)(C) that, when (b) (7)(C) initially came to HUD, all contract authority and/or decisions were made (b) (7)(C) (b) (7)(C) then delegated all signature and decision authority (b) (7)(C)

(b) (7)(C) was informed that in (b) (7)(C) initial interview with SID, (b) (7)(C) “completely severed” ties (b) (7)(C) upon (b) (7)(C) again denied being involved with any HUD contract. (b) (7)(C) also denied influencing (b) (7)(C) or anyone else, on contract/procurement matters. (b) (7)(C) stated that (b) (7)(C) made all the decisions on the contract, to include the accounts that were used to make payments. (b) (7)(C) was kept abreast of the amount of funds spent on contracts within Housing. (b) (7)(C) (b) (7)(C) was briefed on the top ten contracts in Housing, on a routine basis, but would not opine on the matters. (b) (7)(C) then noted that (b) (7)(C) had an understanding of the difference between the S&E accounting codes. (b) (7)(C) continued by explaining the different coding within the administrative accounting code; for example, the difference between the Non Personnel Services (NPS) and 0183 codes. However, (b) (7)(C) denied participating in matters that involved (b) (7)(C) specifically (b) (7)(C) and stated “I don’t get involved with contracts.”

(b) (7)(C) had on-going personal and professional relationships with (b) (7)(C) reported that (b) (7)(C) has had only two jobs since graduating from college (b) (7)(C) and HUD. As a result, (b) (7)(C) claimed that (b) (7)(C) developed friendships with individuals while (b) (7)(C) and has maintained those friendships throughout the years. After being reminded that (b) (7)(C) reported that (b) (7)(C) “completely severed” (b) (7)(C) before joining HUD, (b) (7)(C) again stated that (b) (7)(C) did not think (b) (7)(C) comments would be taken “literally.”

When asked about (b) (7)(C) acknowledged that (b) (7)(C) is a good personal friend and is one of the points of (b) (7)(C) for the Multifamily program and (b) (7)(C) (b) (7)(C) has kept in contact with (b) (7)(C) throughout (b) (7)(C) at HUD. (b) (7)(C) volunteered an example that (b) (7)(C) used

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to articulate (b) (7)(C) to meet with a Senior Executive Service (SES) (b) (7)(C) regarding the types of (b) (7)(C) could (b) (7)(C) According to (b) (7)(C) (b) (7)(C) had or was attempting to get a contract with (b) (7)(C) for similar services that M&C provided to HUD. In addition, (b) (7)(C) that the SES (b) (7)(C) held a similar position that (b) (7)(C) held at HUD, and that the (b) (7)(C) had a similar personality (b) (7)(C) to speak with the (b) (7)(C) executive about (b) (7)(C)

When asked how (b) (7)(C) could speak on HUD's contract/procurement (b) (7)(C) to anyone outside of the organization, if (b) (7)(C) was truly acting on (b) (7)(C) was willing to speak to (b) (7)(C) executive based on (b) (7)(C) prior experience (b) (7)(C) not as a HUD official.

[Agent's Note: (b) (5)

(b) (5)

(b) (7)(C) was asked to explain (b) (7)(C) communications with (b) (7)(C) who was the point of contact for the (b) (7)(C) (b) (7)(C) acknowledged that (b) (7)(C) was personnel friends with (b) (7)(C) that they remained in contact during (b) (7)(C) with HUD, and that their communications were strictly personal. It was again brought to (b) (7)(C) attention that (b) (7)(C) reported, during both interviews with SID, that (b) (7)(C) severed all ties (b) (7)(C) (b) (7)(C) again stated that (b) (7)(C) did not think (b) (7)(C) comments were going to be taken "literally."

On (b) (7)(C) HUD, (b) (7)(C) (b) (7)(C) Philadelphia, PA, was interviewed by SID (Exhibit 17). (b) (7)(C) when the BPA was awarded (b) (7)(C) (b) (7)(C) continued that (b) (7)(C) when the (b) (7)(C) (b) (7)(C) HUD. (b) (7)(C) (b) (7)(C) Philadelphia, PA) was (b) (7)(C)

(b) (7)(C) that before the BPA (b) (7)(C) was awarded, it was determined that two BPAs would be sought; one would cover the research conducted and recommendations made by one contractor for the multi-family transformation, and the other would cover the execution of those recommendations by a different contractor. (b) (7)(C) that the BPA for the research aspect was announced on the General Services Administration (GSA) website, and competed by HUD. (b) (7)(C) of the roughly 1,700 businesses registered on the GSA schedule, only the following four responded to the announcement: (b) (7)(C) (b) (7)(C) (b) (7)(C) (b) (7)(C)

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(b) (7)(C) Deloitte withdrew from the competition when they determined there to be a conflict, and that the technical evaluation panel determined Accenture Consulting was not qualified. (b) (7)(C) it was determined, based on the GSA rates, (b) (7)(C) was the least expensive, yet highest technically rated competing contractor. (b) (7)(C) that as a result (b) (7)(C) was awarded the BPA. (b) (7)(C) that because the BPA was competed "on the front side," it would not have been possible to announce and compete individual TOs, and that accordingly, (b) (7)(C) covered by that BPA. (b) (7)(C) the BPA (b) (7)(C) expired last summer; however, under the agreement, TOs could still be completed (b) (7)(C) up to 12 months after the BPA expired. (b) (7)(C) that the BPA for the execution aspect was handled entirely by GSA, and therefore, HUD had no authority over, or input in, selecting the contractor. (b) (7)(C) (b) (7)(C) (b) (7)(C) was selected for the second BPA, by GSA, and that the CO for that BPA was a GSA employee.

(b) (7)(C) that HUD has since moved away from the practice of having a single contractor on a BPA. (b) (7)(C) continued that under the current BPA, there are two large businesses, and two small. (b) (7)(C)

(b) (7)(C)

(b) (7)(C) was not responsible for funding or accounting; however, noted (b) (7)(C) was paid primarily from the FHA Administrative funds (0183). (b) (7)(C) believed that at least one TO may have been paid out of the S&E fund, at some point. (b) (7)(C) was never involved in drafting statements of work, and only saw them in their finalized state, when they were ready for requisition. (b) (7)(C) denied ever discussing requisitioning (b) (7)(C) or anything else with (b) (7)(C) continued that when work was needed, (b) (7)(C) would receive a Statement of Work and Requisition order from the respective program office, which (b) (7)(C) would send (b) (7)(C) would then respond with a formalized Technical Approach and price. According (b) (7)(C) would then send the Technical Approach to the Program Officer for approval. (b) (7)(C) (b) (7)(C) that once approved, the funds were allocated and the task order was issued.

(b) (7)(C) copies of three requisition forms related to the BPA, and noted that the three TOs were funded out of the 0183 accounting code. (b) (7)(C) continued that each transaction was uploaded by (b) (7)(C) and subsequently approved/certified (b) (7)(C) was not involved in this process, and that accounting codes were determined by the budgeting offices, since they have control of the funds.

(b) (7)(C) HUD, (b) (7)(C) (b) (7)(C) (b) (7)(C) requested an overview of the funds awarded under the BPA, in August 2014. (b) (7)(C) (b) (7)(C) (b) (5) (b) (7)(C) (b) (7)(C) was looking for information about the different types of Housing funding codes used on (b) (7)(C) but could not recall any additional information regarding the matter.

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On (b) (7)(C) HUD, (b) (7)(C) Washington, DC, was interviewed by SID (Exhibit 18). (b) (7)(C) never personally witnessed (b) (7)(C) participate in any matters (b) (7)(C) since (b) (7)(C) employment with HUD, (b) (7)(C) and therefore did not have direct knowledge of the alleged conflict. (b) (7)(C) knowledge of the alleged conflict was based merely on rumors that have circulated around the department. (b) (7)(C) witnessed (b) (7)(C) advocate for outsourcing Housing functions to contractors during a senior staff meeting, but conceded that (b) (7)(C) (b) (7)(C)

Between May 1, 2015, and July 31, 2015, (b) (7)(C) HUD email account activity (July 1, 2013 through March 1, 2015) was conducted (Exhibit 19), which revealed numerous email correspondence within (b) (7)(C) account relating (b) (7)(C)

On (b) (7)(C) HUD, (b) (7)(C) Washington, DC was interviewed by SID (Exhibit 20). (b) (7)(C) worked directly for (b) (7)(C) on the transformation project; however, denied (b) (7)(C) involvement with or influence over (b) (7)(C) (b) (7)(C) that all contract decisions were made by either (b) (7)(C) and that (b) (7)(C) received guidance not to include (b) (7)(C) in "matters that (b) (7)(C) Additionally, (b) (7)(C) HUD requested Congressional approval for (b) (7)(C) and received the approval in April 2014.

On (b) (7)(C) provided a copy of the memorandum by Congress, dated April 4, 2014, approving HUD's plan for the Multifamily Housing transformation (Exhibit 21).

DISPOSITION:

On (b) (5) (b) (5) this case was declined for prosecution, (b) (5) (b) (5) (b) (5)

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EXHIBITS:

1. Advise of Investigation, dated December 15, 2015
2. Memorandum of Activity, Office of General Counsel Records Review, dated February 27, 2015
3. Memorandum of Activity, Human Resources Records Review, dated March 9, 2015
4. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
5. Memorandum of Activity, Contract Review, dated March 27, 2015
6. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
7. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
8. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
9. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
10. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
11. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
12. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
13. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
14. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
15. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
16. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
17. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
18. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
19. Memorandum of Activity, Email Review, dated May 1, 2015-July 31, 2015
20. Memorandum of Interview, (b) (7)(C) (b) (7)(C)
21. Memorandum of Activity, Congressional Approval, dated September 18-October 5, 2015
22. Memorandum of Activity, Prosecution Declination, dated July 29, 2015

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