Conference Costs and Other Issues

Brian D. Miller
Inspector General, U.S. General Services Administration
Audits
Investigations
Forensic Auditing, Evaluation and Analysis
GSA seeks to recover artwork produced in New Deal project

By Ed O'Keefe
Washington Post Staff Writer
Monday, June 7, 2010; A15

Government watchdogs spend most of their time tracking allegations of waste, fraud and abuse, but some investigators pursue long-lost or stolen government art.

A project quietly launched nine years ago by the agency responsible for most federal property is encouraging art dealers, auctioneers, museums and yard-sale customers to look out for paintings, drawings and sculptures produced by artists paid by the New Deal's Works Progress Administration.

During the Depression, the government paid artists as much as $42 a week, resulting in more than 20,000 images of sandy beaches, snowy farmland and portraits of everyday people. Many submissions are still displayed at schools, libraries, hospitals and post offices. The art usually carries a WPA maker and National Archives records can account for most of the pieces.

Responsibility for the art -- valued from $3 to $250,000 for a painting by John French Sloan -- was transferred to the General Services Administration when the WPA was dissolved after World War II. GSA's Fine Arts Program manages more than 19,000 paintings, murals and statues at federal buildings nationwide, because federal law requires government-owned buildings to display artwork.

But the office is also on the lookout for WPA art that was misplaced, stolen or given away when the program ended. GSA's inspector general got involved in 2001 when some of the art started showing up on eBay and at auction houses.
GSA OIG Fiscal Year 2012 Results

- $298.5 million in criminal, civil, administrative and other recoveries
- $663 million in recommendations of funds be put to better use and in questioned costs
- $547 million in management decisions agreeing with audit results
- 70 criminal indictments / informations
- 67 successful prosecutions
- 10 civil settlements
- 99 audit reports, 24 audit memoranda
- 284 suspensions/debarments
GSA must secure online construction data, audit finds

Public Building Service needs to lock down sensitive building project data when posting in a shared online intranet

--- By Matthew Weigelt --- Apr 03, 2010

The General Services Administration needs greater security for its sensitive building information in online environments, according to a new report.

Officials in GSA’s Public Building Service (PBS) began using electronic project management software applications (e-PMs) in the 1990s to more easily share project information.

However, they put sensitive information at risk by using the e-PMs and other “groupware,” such as intranet Web sites, according to a GSA inspector general’s audit report. The report was released March 31. Even so, officials have not included these online systems under the purview of its security program or ensured that the e-PMs comply with Federal Information Security Management Act requirements.

News: Watchdog

WATCHDOGS: IG says GSAers don’t know their stuff

May 30, 2012
0 Comments

A new report from the General Services Administration’s Inspector General (IG) says managers of the telecommunications division in the agency’s Pacific Rim Region don’t know what’s in their inventory, what they are paying for some of it, or even, at least recently, who is in charge of the shop that does the buying.
Investigations

Former White House official in prison for lying about ties to lobbyist

SEPTEMBER 29, 2011 | UNCATEGORIZED | POSTED BY SARAH CHENG

David Safavian, the Bush-era White House official who accepted a lengthy trip to Scotland from lobbyist and friend Jack Abramoff, has entered federal prison for lying to federal officials about his dealings with the lobbyist.

Safavian is serving a year sentence at Federal Medical Center Devens in Massachusetts for obstruction of justice and lying to federal ethics officers. Investigators and Congress about his relationship with Abramoff and the 2002 escrow. He entered the prison custody on July 24, according to the Federal Bureau of Prisons.

Safavian was first convicted in 2006. That conviction was overturned by the U.S. Court of Appeals for the District of Columbia, which said the Justice Department failed to allow Safavian to present evidence that he had helped his defense.

Safavian was convicted a second time in December 2008 and attempted to overturn his conviction. But Judge Paul Friedman of the U.S. District Court for the District of Columbia ruled that Safavian was not entitled to have his conviction overturned.

Safavian was a General Services Administration chief of staff at the time of the golf trip. He was head of the Office of Federal Procurement Policy at the time of his arrest.

Pay phone owner gets 3 months in $4M fraud case

WEDNESDAY, 19:00 CDT 6:00 PM ET
By JESSICA GREKOSK
Associated Press

GREENBELT, Md. - A Washington-area pay phone owner who rigged phones to automatically dial 911 for free was sentenced Wednesday to three months in prison.

Nicholas Kenter pleaded guilty in September to using more than 100 pay phones to make phantom calls. Because the calls are free to legitimate users, the party getting the call pays costs that include a call for the pay phone operator. Kenter, 63, was paid each time his phones rang the numbers, even though most calls lasted only a few seconds.

Authorities said his scheme spanned six years and some 8 million bogus calls.

Press release

CONSTRUCTION GIANT LEND LEASE (d/b/a BOVIS) CHARGED WITH DEFRAUDING CLIENTS IN THREE SEPARATE SCHEMES - WILL PAY OVER $50 MILLION AND INSTITUTE COMPREHENSIVE REFORMS

For Immediate Release

Contact:
Robert Nardozza
United States Attorney’s Office
(718) 254-6223

April 24, 2012

Earlier today, the U.S. Attorney’s Office for the Eastern District of New York filed fraud charges against the construction firm Lend Lease (US) Construction LMB Inc. (formerly Bovis Lend Lease LMB Inc. (“Bovis”)) and James Abodie, the former Principal in Charge of Bovis’ New York office. Abodie pled guilty this morning in United States District Court to conspiring to commit mail and wire fraud by fraudulently overbilling Bovis’ clients for over a decade. Also this morning, Bovis entered into a deferred prosecution agreement with the U.S. Attorney’s Office for the Eastern District of New York and the New York County District Attorney’s Office in which Bovis admitted to fraudulently overbilling clients for over 15 years. Bovis also admitted defrauding two of its principal business partners, thus fraudulently obtaining payments on lucrative contracts.

The deferred prosecution agreement requires Bovis to pay up to $50 million in penalties to the federal government and restitution to victims, and to institute far-reaching corporate reforms designed to eliminate future problems and enforce best industry practices.

Man guilty in $200,000 gas fraud case

Couple bilked government by using gas cards designed for fleet of cars at Fort Bragg

June 30, 2014 | By Peter Dejong, pdejong@dailypress.com (202) 282-4245

DURHAM, N.C. - A North Carolina man was found guilty Monday of bilking the government out of $200,000 by repeatedly using gas cards designed for a fleet of government-owned vehicles at Fort Bragg.

After sentencing today for these crimes, the jury found Lauren E. White, 39, guilty of three charges he faced, conspiracy to defraud the government, fraud in the government regarding government property, and theft of government property. White was sentenced to 41 months in prison.

Sentencing rules state that June 2015 showed White using cards to fuel up several government vehicles at a Fort Bragg gas station. White and thicke pay a few more times for gas and $3,000 for a few more times.

White pleaded guilty on May 3, 2013 to one count of fraud in the government regarding government property and one count of theft of government property. White was accused of fraudulently obtaining the cards for his personal use and bilking the government out of $200,000.

Another key witness at trial testified that White and her boyfriend, Alan Smith, also of Newnan, Georgia, used the cards to purchase gasoline for the couple’s personal vehicles and to obtain cash advances.

The case was handled by the U.S. Attorney’s Office for the Eastern District of North Carolina.
Forensic Auditing

A new tactic in the fight on fraud
Federal auditors launch forensics teams

By ELISE CASTELLI
ecastelli@federalsnews.com

When most people think of forensics, they think of the TV show "CSI" where fibers can unravel a suspect's alibi in 60 minutes flat, less commercials.

Now, federal auditors are starting to use forensic methods to root out fraud. Inspector general criminal investigators have used forensics techniques for years to investigate fraud, embezzlement, cyber espionage and other crimes. But not IG auditors — until recently.

Forensic auditing combines advanced computer investigative work — such as data mining and analysis, combing the content of computer hard drives, and conducting in-depth Web searches — with traditional auditing and accounting techniques to investigate fraud.

The General Services Administration inspector general's office last summer rolled out a five-person team devoted to using forensic auditing techniques to dig up evil.

See FORENSICS, Page 19

NEWS RELEASE
OFFICE OF THE UNITED STATES ATTORNEY
WESTERN DISTRICT OF MISSOURI

MATT J. WHITWORTH
Contact: Deidre Shafford, Public Affairs • (816) 426-6208 • 440 East Ninth Street, Room 1410 • Kansas City, MO 64106 • www.usdoj.gov/usao/mwo/index.html

AUGUST 13, 2009
FOR IMMEDIATE RELEASE

FORMER FEDERAL EMPLOYEE SENTENCED FOR EMBEZZLING NEARLY $600,000

KANSAS CITY, Mo. — Matt J. Whitworth, Acting United States Attorney for the Western District of Missouri, announced that a former federal government employee was sentenced in federal court today for embezzling nearly $600,000 from the government.

Michael T. Harrington, 44, of Lee's Summit, Mo., was sentenced by U.S. District Judge Dean Whipple this afternoon to three years and one month in federal prison without parole. The court also ordered Harrington to pay $593,549 in restitution.

Harrington was employed as a supervisory accountant at OSA. On Feb. 24, 2009, Harrington pleaded guilty to stealing $593,549 between May 9, 2006, and May 5, 2008, while he was employed at the OSA office at 1500 E. Bennett Rd., Kansas City. Harrington admitted that he created 15 government refund payment vouchers made payable to the NWR Fund, a fictitious business entity he created, and directed the checks to be deposited into the fund's bank account.
Western Regions Conference

OIG found:

- Excessive, wasteful, and impermissible expenditures.
- GSA followed neither federal procurement laws nor its own policy on conference spending in many instances.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Conference</td>
<td>Travel, Catering, Vendors, and Other Hotel Costs</td>
<td>$136,504</td>
</tr>
<tr>
<td>Conference</td>
<td>Travel, Catering, and Vendors</td>
<td>$686,247</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>$822,751</td>
</tr>
</tbody>
</table>
## Conference Planning

<table>
<thead>
<tr>
<th>Month</th>
<th>Activity Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>March ’09</td>
<td>Five GSA employees conducted a “scouting trip” to visit nine Las Vegas-area hotels.</td>
</tr>
<tr>
<td>March ’09</td>
<td>Fifteen GSA employees returned to visit two of the nine hotels again, staying at the M Resort and the Ritz-Carlton.</td>
</tr>
<tr>
<td>August ’09</td>
<td>Seven GSA employees stayed at the M Resort for a planning meeting.</td>
</tr>
<tr>
<td>November ’09</td>
<td>A second WRC planning meeting, attended by 11 GSA employees, was held at the M Resort following Region 9’s leadership council meeting.</td>
</tr>
<tr>
<td>March ’10</td>
<td>Sixteen GSA employees stayed at the M Resort again for a planning meeting.</td>
</tr>
<tr>
<td>June ’10</td>
<td>Nine GSA employees attended another planning meeting, this one at a Marriott Hotel in Denver, Colorado.</td>
</tr>
<tr>
<td>August ’10</td>
<td>Twenty-one GSA employees attended a conference planning meeting at the M Resort.</td>
</tr>
<tr>
<td>October ’10</td>
<td>Thirty-one GSA employees traveled to the M Resort for a “dry run” of the conference to be held later that month.</td>
</tr>
</tbody>
</table>

- Over $130,000 to plan the conference
  - $100,405 in employee travel costs
  - $30,000 for “scouting trip”, planning meetings, and dry run
- $44 lunches and $40 breakfasts
Improper Contracting
## Excessive Spending on Food

<table>
<thead>
<tr>
<th>Food and Beverage Catering</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light Refreshments and Breakfast Buffets</td>
<td>$ 79,511</td>
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<tr>
<td>In-Room Parties</td>
<td>$ 5,600</td>
</tr>
<tr>
<td>Networking Reception</td>
<td>$ 31,208</td>
</tr>
<tr>
<td>Cocktail Reception and Award Dinner</td>
<td>$ 30,208</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$146,527</strong></td>
</tr>
</tbody>
</table>
Other Impermissible and Questionable Expenses
GSA chief resigns amid reports of excessive spending

By Lisa Rein and Joe Davidson, Published: April 2

The chief of the General Services Administration resigned, two of her top deputies were fired and four managers were placed on leave Monday amid reports of lavish spending at a conference off the Las Vegas Strip that featured a clown, a mind reader and a $31,208 reception.

Administrator Martha N. Johnson, in her resignation letter, acknowledged a “significant misstep” at the agency that manages real estate for the federal government. “Taxpayer dollars were squandered,” she wrote. At the start of her tenure in February 2010 she called ethics “a big issue for me.”

Public Buildings Service chief Robert A. Peck, a fixture in the Washington area real estate community on his second stint running the department, was forced out, along with Johnson’s top adviser, Stephen Leeds. Four GSA managers who organized the four-day conference in October 2010 have been placed on administrative leave, officials said.

The leadership collapse came hours before GSA Inspector General Brian D. Miller released a scathing report on the $823,000 training conference, held for 300 West Coast employees at the M Resort and Casino, an opulent hotel in Henderson, Nev., just south of Las Vegas. From $130,000 in travel expenses for six scouting trips to a $2,000 party in Peck’s loft suite, event planners violated federal limits on conference spending.
Top GSA official tried to hide report on Vegas bash
Wanted to avoid ‘muffin’ scandal

By Jim McElhatton - The Washington Times
Tuesday, June 5, 2012

A top administrator at the General Services Administration who worked on President Obama’s presidential transition team sought to keep secret the agency report that uncovered massive waste at a lavish taxpayer-funded GSA conference in Las Vegas, records show.

The 2010 conference, which cost $823,000 and featured a mind-reader, clowns, magicians and a red-carpet party, forced the ouster of several top GSA officials after the agency’s Office of Inspector General released its findings in April.
Is there something we can do to prevent another potentially embarrassing episode from unfolding, and keep this report from being made public?
“Sunlight is said to be the best of disinfectants; electric light the most efficient policeman.”

- Justice Louis D. Brandeis
GSA is achieving greater efficiencies and more savings as a result of GSA OIG’s work.

GSA Saves More Than $11 Million in Initial Travel and Conference Reforms

August 27, 2012

WASHINGTON — Today, the U.S. General Services Administration announced that the agency is projected to save more than $11 million in taxpayer dollars through an initial set of policies implemented in April 2012 by the new head of the agency, Dan Tangherlini, to cut travel and conference costs. A financial audit showed that since April 2012 and through the rest of the fiscal year, more than $11 million has been saved in meetings, conferences, trainings and travel costs. This is just one step in the ongoing top to bottom review of all agency operations.

“Four months ago we began a rigorous top to bottom review of all agency operations. We've made significant cuts in travel and conference spending and these savings are just the beginning,” said GSA Acting Administrator Tangherlini. “We are deepening our commitment to promoting efficiency, driving steeper bargains, delivering better value, and creating greater opportunities for savings here at GSA and across the government.”

To date, GSA has cancelled 47 conferences and implemented strong oversight to ensure that all travel and events are limited to necessary and essential functions. Tangherlini has consolidated oversight of conference and travel expenses in the new Office of Administrative Services.

Recently, Tangherlini also cut $500,000 in executive bonuses and instituted a hiring freeze across the agency through the end of the fiscal year while his review of all agency operations is underway.

The new leadership at GSA will continue to make changes to make the agency more accountable, transparent, and efficient as part of the ongoing top to bottom review.

Last Reviewed 08/27/2012
There is no kind of dishonesty into which otherwise good people more easily and frequently fall than that of defrauding the government.”

-Benjamin Franklin
Oracle to pay government $200M in false-claims settlement

By SARAH CHACKO
schacko@federaltimes.com

Oracle Corp. will pay $199.5 million to settle claims that it lied about sales practices and discounts and ultimately cost the government millions of dollars in higher prices, the Justice Department announced last week.

Oracle, based in Redwood City, Calif., was awarded a contract in 1998 to sell software licenses and technical support to government agencies through the General Services Administration’s Multiple Award Schedule (MAS) program, which allows companies to sell to multiple agencies under one contract.

‘It’s more important now than ever before to make sure that taxpayer dollars are not wasted on higher prices.’

Brian Miller
GSA INSPECTOR GENERAL

To be awarded an MAS contract, contractors must agree to disclose commercial pricing policies and practices. Oracle’s contract also included a price reduction clause, which required the company to offer greater discounts to the government than it did its commercial customers.

The settlement resolves a False Claims Act lawsuit that alleges Oracle intentionally gave GSA inaccurate information about discounts it gave to commercial customers and failed to pass those discounts on to the government.

It is the largest False Claims Act settlement that GSA has ever obtained, according to the Justice Department.

“It’s more important now than ever before to make sure that taxpayer dollars are not wasted on higher prices,” GSA Inspector General Brian Miller said in a statement. “We will not let contractors victimize the taxpayers by hiding their best prices.”

Oracle denies any wrongdoing, company spokeswoman Deborah Hellinger said in an email.

“The company has always had strong controls in place to insure that the government agencies who purchased from the GSA schedule received fair pricing,” she said.

Given the amount of time since the contract was awarded, many witnesses are no longer available or do not clearly recall the events, Hellinger said. Oracle settled to “avoid the distraction and high cost of litigation,” she said.

“We remain committed to the highest principles of integrity in our relationships with government customers,” she said.

The lawsuit was filed on behalf of the government by former Oracle employee, Paul Frascella, who will receive $40 million as his share of the recovery in the case. □
Fraud Prevention

- Financial Fraud Enforcement Task Force
- Information sharing
  - FAPIIS, Public and Private Sector Outreach Committee
- Suspension and debarment
- New regulations (FAR Contractor Reporting Rule)
- More proactive efforts
Financial Fraud Enforcement Task Force

- Established by Executive Order 13519
- "Brodest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud."

![The Washington Post](image)

**Task force to take up financial fraud cases**

By Zachary A. Goldfarb
Washington Post Staff Writer
Wednesday, November 18, 2009, A15

Top Obama administration officials on Tuesday announced a new federal task force to combat financial fraud after deciding that the number and complexity of investigations linked to the economic crisis require a more coordinated response from government agencies.

Created by executive order, the Financial Fraud Enforcement Task Force targets fraud related to mortgage lending and modification, securities law, stimulus spending and the government's bailout of the financial sector.

"This task force's mission is not just to hold accountable those who helped bring about the last financial meltdown, but to prevent another meltdown from happening," Attorney General Eric H. Holder Jr. said at a news conference at the Justice Department.

- Co-chair Public and Private Sector Outreach Committee
Interactive Map
Debarred Vendor List

Vendors debarred from doing business with the State of Texas, effective from the Date of Debarment for the length of time indicated.

View the printable list

<table>
<thead>
<tr>
<th>Vendor ID Number</th>
<th>Vendor Name/Address</th>
<th>Date of Debarment</th>
<th>Length of Debarment</th>
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<tr>
<td>17601350246</td>
<td>Blast Incorporated 1238 Iowa Street South Houston, TX 77587</td>
<td>November 2, 2009</td>
<td>5 Years</td>
</tr>
<tr>
<td>14319583135</td>
<td>Blue Moon Solutions, Inc. 12117 Bee Caves Rd. Suite 180 Austin, TX 78738</td>
<td>December 20, 2007</td>
<td>5 Years</td>
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<tr>
<td>17603361605</td>
<td>Daystar Residential, Inc. 2026 Bahler Manvel, TX 77578</td>
<td>May 17, 2011</td>
<td>5 Years</td>
</tr>
<tr>
<td>11343506066</td>
<td>DBuilders2 LLC. PO Box 248 Mansfield, TX 75063</td>
<td>September 19, 2011</td>
<td>5 Years</td>
</tr>
<tr>
<td>1311799583000</td>
<td>Fine Line Products 5533 Glasgow Place Columbus, Ohio 43235</td>
<td>October 15, 2009</td>
<td>5 Years</td>
</tr>
<tr>
<td>16114778200</td>
<td>Robopack Systems Corporation 10836 Grissom Lane Ste. 110 Dallas, TX 75229</td>
<td>December 11, 2009</td>
<td>3 Years</td>
</tr>
<tr>
<td>12001717417</td>
<td>Spartan Filtration dba: New Life Environmental, Inc. 1461 Avilla Drive Perris, CA 92571</td>
<td>November 2, 2007</td>
<td>5 Years</td>
</tr>
</tbody>
</table>
Silvers Sold Counterfeit Smoke Detectors Before

Submitted by Jennifer Mayerle - email

ATLANTA (CBS ATLANTA) - Atlanta News has uncovered the company that sold the fake smoke detectors to the Atlanta Fire Rescue Department had done it before.

Before Silver Sails sold counterfeit smoke detectors to Atlanta, they sold fakes to the federal government. Owners Bob and Judie Silver plead guilty in that case.

The Silvers won a bid to provide smoke detectors to General Services Administration in 2004. That's the federal government.

"GSA purchased over 20,000 of these smoke alarms," said GSA Inspector General Brian Miller. The smoke detectors were sent to various federal offices around the country. But soon after receiving them, Miller said they realized there was a problem.

Atlanta's Department of Procurement will change policy after CBS Atlanta News Investigation

Posted: Jun 09, 2011 4:57 PM EDT
Updated: Nov 08, 2011 7:15 PM EST
By Jennifer Mayerle - email

ATLANTA (CBS ATLANTA) - CBS Atlanta's Jennifer Mayerle uncovered a five minute search on the Internet could have saved the Atlanta Fire Rescue Department from buying more than 18,000 counterfeit smoke detectors. The exclusive investigation led to the recall. And it prompted an internal investigation in the Department of Procurement.

"I think we've got to do a better due diligence," said Adam Smith, Chief Procurement Officer for the city of Atlanta.
Suspension and Debarment
52.203–13 Contractor Code of Business Ethics and Conduct.

(3)(i) The Contractor shall timely disclose, in writing, to the agency Office of the Inspector General (OIG), with a copy to the Contracting Officer, whenever, in connection with the award, performance, or closeout of this contract or any subcontract thereunder, the Contractor has credible evidence that a principal, employee, agent, or subcontractor of the Contractor has committed—

(A) A violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code; or

Fraud Audit Process

1. Brainstorming
2. Obtaining Risk Information
3. Assessing Risks
4. Responding to Risks
5. Communicating
6. Documenting
Questions

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