



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

FWS SUPERVISOR ALLEGEDLY VIOLATED CONFLICT OF INTEREST ETHICS LAW

This is a revised version of the report prepared for public release

SYNOPSIS

We investigated allegations that Richard Ruggiero, Chief of the Division of International Conservation (DIC), International Affairs, U.S. Fish and Wildlife Service (FWS), may have violated Federal ethics regulations when he issued a cooperative agreement and was involved in two grants to nonprofit organizations with which a family member was associated.

We found that Ruggiero violated Federal laws and regulations by participating in an FWS cooperative agreement that financially benefited his family member, and neither Ruggiero nor his family member disclosed their relationship in writing to the FWS. Ruggiero also shared nonpublic FWS information about the agreement with his family member. Ruggiero initially told us he did not participate in any decisions related to the agreement, but he later admitted his involvement and that he should have recused himself from working on the agreement.

One of Ruggiero's senior employees knew that Ruggiero's family member was involved with the agreement, and that Ruggiero authorized additional funding to the agreement. The senior employee later consulted with the FWS Ethics Office on behalf of Ruggiero, but failed to follow the guidance he received to have Ruggiero draft a recusal memorandum and submit it to the ethics office for review. In addition, other FWS employees also knew about Ruggiero's potential conflict of interest and did not report it to their supervisors or to the FWS Ethics Office.

We also found that Ruggiero was a decision maker on other grants awarded by the FWS with which his family member was involved, and that he did not report applicable income on his financial disclosure forms between 2012 and 2017.

We provided this report to the Acting FWS Director for any action deemed appropriate.

DETAILS OF INVESTIGATION

We initiated this investigation on June 13, 2017, after receiving an allegation that Richard Ruggiero, Chief, Division of International Conservation (DIC), International Affairs, U.S. Fish and Wildlife Service (FWS), may have violated Federal ethics regulations when the DIC issued a cooperative agreement to a nonprofit organization with which a family member was associated. Specifically, the allegation stated that Ruggiero's family member was involved with a project with the nonprofit organization International Fund for Animal Welfare (IFAW) that was funded by an FWS cooperative agreement issued by the DIC. Ruggiero also allegedly participated in reviewing and approving funding requests for two previous grants to other nonprofit organizations with which his family member was affiliated.

The DIC issued the \$126,871 cooperative agreement to the IFAW to establish a professional training program for conservation leaders overseas on August 20, 2014, 9 days after Ruggiero was selected as the chief of the DIC. The cooperative agreement was later modified five times, resulting in an almost 3-year extension of the period of performance and a total award of \$324,108.

Ruggiero Had a Clear Conflict of Interest

Neither Ruggiero nor His Family Member Officially Disclosed Their Relationship in Writing

We found that neither Ruggiero, his family member, nor the IFAW disclosed the relationship between Ruggiero and his family member in writing to anyone at the FWS during the course of the cooperative agreement with the IFAW. Disclosure in writing by the non-Federal entity of any potential conflict of interest is required under Federal conflict of interest regulation 2 C.F.R. § 200.112, which states that non-Federal entities must disclose in writing any potential conflict of interest to the Federal awarding agency.

The IFAW's funding application to the FWS, dated May 30, 2014, listed Ruggiero's family member as an instructor in the training program; the family member was an independent contractor to the IFAW. The IFAW failed to disclose on the application the relationship between Ruggiero and his family member as a potential conflict of interest.

A senior official at the IFAW told us that Ruggiero's family member was one of the conservation experts involved in writing the IFAW's funding request to the FWS. The IFAW senior official said neither Ruggiero's family member nor the IFAW disclosed the relationship with Ruggiero during the application process for funding from the FWS. The IFAW senior official added that he thought it was not the organization's responsibility to do so.

FWS personnel who reviewed the grant also told us that neither the IFAW nor Ruggiero's family member disclosed the relationship. FWS personnel stated Ruggiero's family member's name appeared in the IFAW's application package as an instructor in the training program in all the IFAW's funding requests, but the relationship to Ruggiero was never mentioned.

Ruggiero told us he did not notify the FWS Ethics Office, his employees, coworkers, or his supervisors that his family member was an active participant in the training program. Ruggiero said he thought that most employees in his division already knew about the relationship. He said, in hindsight, that he should have properly consulted with the FWS Ethics Office and documented the potential conflict.

Ruggiero's Family Member Benefitted Financially from the Cooperative Agreement

We found that Ruggiero's family member was paid \$5,684.29 for involvement with the training program. The IFAW told us it paid Ruggiero's family member \$2,100 on June 26, 2015, for teaching fees. The IFAW's partner organization in the agreement also paid Ruggiero's family member \$3,375.23 in teaching fees and \$209.06 in travel-related expenses. The IFAW also told us that the fourth modification to the agreement included a \$1,600 teaching stipend for the family member, but to date, the family member has not invoiced the IFAW for payment.

Another nonprofit organization also agreed to contribute \$14,400 to fund Ruggiero's family member's involvement with the training program. While the family member did not tell us about this arrangement, the IFAW told us that the family member worked for this organization, and that the organization agreed to pay the family member's salary for work on the training program.

The training program budget also included a \$7,500 in-kind contribution by Ruggiero’s family member. The IFAW and the family member explained that the family member charged the IFAW a reduced fee for work as an instructor; the IFAW credited the family member with an in-kind, tax-deductible contribution for an amount equivalent to the family member’s teaching-fee deduction.

Ruggiero denied that his family member benefited financially, despite the family member receiving payments for teaching, a matching salary contribution by the nonprofit organization, and a potentially tax-deductible credit for donated hours to the training program. Ruggiero told us that while he acknowledged that the IFAW paid his family member for participating, the time the family member volunteered to work in the agreement and money spent while traveling, he believed that his family member lost money from her involvement in the agreement rather than received a net benefit.

Ruggiero Took Actions That Affected the Agreement and Made False Statements to the OIG

Because Ruggiero’s family member gained financially from the cooperative agreement, Ruggiero’s involvement violated 18 U.S.C. § 208, which states that Federal employees are prohibited from participating in an official capacity in any matter in which they, or any person whose interests are imputed to them, have a financial interest, if the matter will affect that interest.

We found that Ruggiero approved a \$30,000 modification to the award in September 2015 and often communicated with FWS staff about the program status, but we found no evidence that Ruggiero was involved in the panel review process that selected the IFAW for the cooperative agreement or the approval of the IFAW’s initial funding request. Ruggiero initially claimed that he was not involved with the cooperative agreement; he later admitted to approving the September 2015 modification, communicating with his staff about the agreement, and sending his family member an email that contained nonpublic information about the agreement. Table 1 details his participation.

Date	Action
Before May 2014	Ruggiero stated that he had several discussions with a former FWS senior official about the need for conservation leadership training around the world. Ruggiero said he and the senior official discussed initiatives that the FWS could fund. Ruggiero said he also had similar conversations with another FWS senior official to generate new initiatives to address conservation needs.
August 11, 2014	Ruggiero selected as DIC chief, which was announced to staff on August 15, 2014. The promotion was effective August 24, 2014.
August 20, 2014	The FWS awarded the \$126,871 cooperative agreement to the IFAW on August 20, 2014. The agreement was modified five times, increasing total funding to \$324,108, and extending the period of performance to November 30, 2018.
May 4, 2015	An FWS senior official emailed Ruggiero to discuss funding for the training program.

Date	Action
July 2015	Ruggiero said he attended a meeting in which the training program was discussed as the FWS' most significant effort in that specific region.
July 2015	Ruggiero emailed his direct reports, informing them that he had approved a \$30,000 modification to the cooperative agreement.
September 4, 2015	An FWS senior official approved the \$30,000 modification, effective September 4, 2015. The modification also extended the period of performance to January 30, 2017.
September 23, 2015	An FWS project officer emailed Ruggiero, with the subject line "Modification;" the email chain showed that Ruggiero asked for details regarding upcoming travel.
May 2016	An FWS senior official told us that in May 2016, Ruggiero asked about the FWS' funding plans for the training program. The senior official said that a few weeks earlier, an FWS employee had met with the program's board of directors and suggested that the board look for sources of funding other than the FWS. The senior official did not know how Ruggiero found out about the meeting, but a few weeks later, Ruggiero asked the senior official about the FWS' intentions to continue funding the training program.

Table 1. Timeline showing Ruggiero's involvement with the cooperative agreement that funded the training program.

When we first interviewed Ruggiero, he told us he was not involved with the cooperative agreement, and he never told us about the actions described in Table 1, even after we questioned him about his involvement.

We interviewed Ruggiero a second time 5 months after the first interview. During those 5 months, Ruggiero never reached out to us about his involvement. In the second interview, however, Ruggiero admitted his involvement, to include approving modifications that added funds to the cooperative agreement. Ruggiero said that during his first interview he had been defensive but that he did not purposefully try to mislead the investigators.

Regarding his initial claim that he was not involved, Ruggiero said he did not understand our reference to the cooperative agreement; he said he did not think the term applied to the entire period of performance of the agreement or its modifications. Later in the interview, he acknowledged that because he had worked with cooperative agreements for more than 5 years, he knew that agreements often included modifications that added funding or extended the period of performance. He admitted that he should have told us that he had taken actions that affected the cooperative agreement when we first interviewed him.

Ruggiero also acknowledged, in hindsight, that he should have recused himself from approving the \$30,000 modification because of his family member's involvement. He said that his approval of the modification created the appearance of a conflict of interest.

Ruggiero Shared Nonpublic Information Related to the Agreement With His Family Member

We found that Ruggiero shared nonpublic information with his family member regarding the cooperative agreement, violating 5 C.F.R. § 2635.703, which states that Federal employees must not allow the improper use of nonpublic information to further their own or another's private interest.

On June 2, 2016, Ruggiero emailed his family member the FWS' internal comments on the IFAW's performance and the FWS' plans for the agreement. The email contained the FWS' plan to extend the training program for another 5 years. Ruggiero admitted that this information was not publicly available and that, in hindsight, he should not have shared this information with his family member.

Ruggiero said he and his family member discussed the overall need for capacity training overseas while his family member was preparing the IFAW's application for funding and before the IFAW submitted its application. Ruggiero said he did not believe this was a conflict of interest if the FWS did not pay his family member. Ruggiero said, in hindsight, that he should have fully recused himself from the award.

Ruggiero's family member said that she and Ruggiero discussed the funding request that she was working on in May 2014. She said they discussed splitting the funds between two organizations. We found that the IFAW eventually administered the agreement by splitting the funds between the IFAW and a foundation affiliated with a university local to the training program site.

Ruggiero Did Not Recuse Himself from the Cooperative Agreement

Ruggiero admitted that he did not recuse himself from the cooperative agreement, despite having had several reminders and opportunities to do so throughout the agreement's period of performance.

An FWS senior official said he told Ruggiero to recuse himself from working on the cooperative agreement in the summer of 2016, 2 years after the FWS initially awarded the cooperative agreement. Soon after this conversation, on August 22, 2016, Ruggiero emailed two other FWS employees saying that he was recusing himself from working on the cooperative agreement.

The FWS Ethics Office told us that for a document to serve as an official recusal, Ruggiero had to widely disseminate it, explain his reason for recusal, and identify his replacement. The August 22, 2016 email was only addressed to two of Ruggiero's subordinates and was not widely disseminated among his staff. In the email, Ruggiero did not explain why he was recusing himself nor did he identify his replacement. Ruggiero told us, in hindsight, that this email was not an official recusal, and that he continued to work on the agreement even after sending that email.

An FWS senior employee told us that in November 2016, he discussed with Ruggiero how Ruggiero's relationship with his family member created the appearance of a conflict of interest. The senior employee offered to seek an ethics review, and Ruggiero allowed the senior official to consult the FWS Ethics Office on Ruggiero's behalf. On November 18, 2016, the senior

employee asked the FWS Ethics Office about Ruggiero's potential conflict of interest with the cooperative agreement.

In a November 18, 2016 email, the FWS Ethics Office told the FWS senior employee to ask Ruggiero to draft a memorandum detailing all the issues and to send it through the FWS Ethics Office for an official review. Instead, the senior employee prepared a memorandum, dated November 21, 2016, that he neither sent to the ethics office nor asked Ruggiero to review. The senior employee said he stored the memorandum in the cooperative agreement's electronic files.

When we asked the FWS senior employee about the memorandum, he told us it was not meant to recuse Ruggiero but rather to document his and Ruggiero's conversations about the appearance of a conflict of interest. The senior employee wrote in the memorandum that Ruggiero had "zero involvement" in the cooperative agreement, which the senior employee admitted to us was a false statement because he knew Ruggiero had approved a \$30,000 modification to the agreement. The senior employee also wrote that he "would take care of it . . . and simply let [Ruggiero] know should he need to act further." The senior employee said he omitted the FWS Ethics Office's request to have Ruggiero draft a recusal memorandum for review and that he did not inform Ruggiero of the request. The senior employee stated that after he told Ruggiero he consulted with the ethics office, he and Ruggiero did not discuss the matter any further. Neither Ruggiero nor the senior employee took any other steps or actions to ensure Ruggiero had officially recused himself from the agreement. Ruggiero never had his own consultation with the ethics office about his involvement with the agreement.

Ruggiero told us he did not recuse himself from the cooperative agreement, nor did he consult with the FWS Ethics Office. He admitted he knew it was wrong to have approved the funding modification and to have engaged in communications about the agreement. He said he did not intend to violate any rules or improperly benefit himself or his family member from their involvement. Ruggiero said it was a mistake that he did not recuse himself and that it was his responsibility to consult with the ethics office directly, regardless of his senior employee's assurances.

Ruggiero's training records indicated that he completed ethics training in 2013 and 2014. The FWS Ethics Office confirmed that conflicts of interest were covered during this training.

FWS Employees Did Not Report Ruggiero's Conflict of Interest

In addition to the FWS senior employee, we found that four other FWS employees who reported to Ruggiero knew about his family member's involvement with the training program funded by the cooperative agreement. None of these employees raised the issue with FWS managers or with the FWS Ethics Office.

In June 2014, two FWS employees coordinated the FWS panel that reviewed the IFAW's proposal. These employees told us they knew about Ruggiero's family member's involvement but did not notify their supervisors, the FWS Ethics Office, or the panel review members. One of the FWS employees told us about a discussion regarding potential conflicts due to Ruggiero's family member's involvement before convening the panel review members, but decided

Ruggiero's family member played a limited role and was not directly compensated by the FWS. The two FWS employees told us they should have consulted with the ethics office or at least discussed the issue with their first-line supervisor.

In addition, two of the six panel members who reviewed the IFAW's proposal told us they knew about Ruggiero's family member's involvement in the cooperative agreement. The two panel members believed that the family member's involvement was not a conflict because the family member had a limited role and because the FWS did not compensate the family member. Neither panel member raised the issue with the FWS Ethics Office during the panel review process.

The four panel members who were unaware of Ruggiero's family member's involvement told us they believed the involvement should have disqualified the IFAW from applying for funding. All members of the panel said no one influenced them to approve the IFAW's funding request.

One FWS employee said she later became concerned after Ruggiero sent her and another employee the August 22, 2016 email stating that he was recusing himself from the agreement. The employee explained that she thought Ruggiero had already recused himself in 2014, and she never felt pressured by Ruggiero regarding the training program. She said she consulted with an FWS senior employee about the email and felt that he had addressed the potential conflict.

Ruggiero Was Involved in Other Grants Involving His Family Member

Ruggiero also worked on two other FWS grants that involved his family member, although we could not obtain detailed information about these grants.

In 2002, Ruggiero's family member worked for a nonprofit organization that applied for and received approximately \$30,000 from an FWS grant from the FWS' Near East, South Asia, and Africa Branch. Ruggiero told us he was involved in this grant as a program officer, but he did not remember many details about his involvement. The FWS could not provide us any information regarding this grant, citing that this award took place over 15 years ago before the FWS started keeping electronic records of financial assistance awards, and records were most likely destroyed.

In 2009, Ruggiero's family member, who was still employed by the same nonprofit organization, partnered with another organization to apply for a grant from the FWS. The partnership received the grant, which later totaled \$240,848.68 after all modifications. The FWS' Near East, South Asia, and Africa Branch awarded the grant under Ruggiero's direction as branch chief. He said he knew about the grant and that he may have reviewed the proposal. The FWS could not provide us any additional information regarding this grant, citing that not all records related to this award were uploaded to the electronic record system.

The FWS did, however, provide us with records showing that in 2008 Ruggiero served on the panel that reviewed a funding request from the IFAW for a project that Ruggiero told us was a precursor to the training program funded by the current agreement. Ruggiero's family member was listed as an employee on the 2008 funding request. Ruggiero said he reviewed the request

and recommended the grant for approval. Ruggiero, his family member, the IFAW, and one FWS employee told us that Ruggiero's family member was not paid using funds from this grant.

SUBJECTS

1. Richard Ruggiero, GS-15, Chief, Division of International Conversation, FWS
2. FWS employees

DISPOSITION

We presented this case to the U.S. Attorney's Office for the Eastern District of Virginia, which declined prosecution. We provided a copy of this report to the Acting FWS Director for any action deemed appropriate.

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