



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

INVESTIGATIVE REPORT OF ALLEGED ETHICS VIOLATIONS BY A SENIOR DOI OFFICIAL

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

SYNOPSIS

We investigated allegations that a senior U.S. Department of the Interior (DOI) official expressed to other DOI employees his intent to assist two American Indian tribes he had worked with before becoming a DOI employee. In addition, we learned during our investigation that the senior DOI official may have encouraged the hiring of former business associates involved in the guarantee of a DOI loan to another Indian tribe; the senior official himself had been involved in issuing the loan before he started working at the DOI, and the tribe had defaulted on it. The senior official allegedly suggested that a subordinate needed to approve payment of the loan guarantee even though the DOI had already decided not to pay it. He also allegedly asked a DOI employee to hire one of his relatives.

We found that in the short time he worked for the DOI, the senior official made several comments that created an appearance to other DOI employees that he was planning to give preferential treatment to entities he had relationships with. We confirmed that soon after he began working for the DOI, he told three DOI employees that he intended to continue assisting two tribes that he had worked with before coming to the DOI. We found that he assisted the tribes as a DOI employee only once, when he volunteered to schedule meetings between the tribes and Interior Secretary Ryan Zinke. The senior DOI official also spoke to his subordinates about hiring his former business associates and paying the guarantee on the loan he was associated with; although this did not violate regulations, his statements made his subordinates uncomfortable. In addition, we confirmed that he asked a DOI employee to hire his relative, but he claimed that he had been joking when he made the request.

The senior official left the DOI after we began our investigation. We provided this report to the Deputy Secretary of the Interior for any action deemed appropriate.

DETAILS OF INVESTIGATION

We initiated this investigation on September 1, 2017, after learning that a senior official with the U.S. Department of the Interior (DOI) had made several statements that created an appearance to DOI employees that he was planning to give preferential treatment to entities he had relationships with. He allegedly told three DOI employees that he intended to assist two American Indian tribes he had worked with before he came to work for the DOI. During our investigation, we also became aware that the senior DOI official, who before coming to the DOI had been involved in issuing a DOI loan to a third tribe, may have encouraged his subordinates to hire some of his former business associates who had also been involved in the loan, and to approve payment of the guarantee for the loan after a decision was made not to do so. In addition, the senior DOI official allegedly asked a DOI employee to hire one of his relatives.

Senior DOI Official's Stated Intent To Assist Tribes He Had Worked With

Three DOI employees told us that a few months after he started working at the DOI, the senior DOI official told them during a telephone call that he had worked on projects with two specific tribes in the past and planned to continue to assist these tribes on the same projects as a DOI employee.

The "Standards of Ethical Conduct for Employees of the Executive Branch" state that employees must act impartially and not give preferential treatment to any private organization or individual (5 C.F.R. part 2635). Employees must also avoid any actions that would create the appearance that they are violating either the law or these ethical standards.

Senior DOI Official Worked With Both Tribes Before Becoming a DOI Employee

An official of one of the tribes said that some time before the senior DOI official came to work at the DOI, the senior official told him about an opportunity to obtain a Federal grant and put him in contact with a company that could help the tribe write a grant proposal.

According to the senior DOI official, the grant was offered by DOI and was ultimately awarded to the tribe. He told us he had been scheduled to do some work that would have been funded by the grant, but before this happened he came to the DOI and thus never did any work under the award.

We also interviewed an official of the second tribe, who said that some time before the senior DOI official came to work at the DOI, the senior official supported the tribe for a few months in a discussion about acquiring a business. The tribal official said the discussion never resulted in an acquisition. The senior DOI official also recalled in his interview that he had tried to help the tribe acquire the business.

Senior DOI Official's Comments Caused Employees To Question His Ethics

All three DOI employees felt that the senior DOI official's comments about helping the two tribes were improper. One told us the comments shocked him, and another said everyone who

heard them was “in shock.” These two employees discussed the comments after the call and agreed that it would not be ethical for the senior DOI official to continue to assist the tribes. The third employee later asked both the senior official and the DOI Ethics Office whether the senior official had received ethics training. According to this employee, the senior official never answered the question, but the Ethics Office confirmed that he had received training.

An employee with the DOI Ethics Office told us he gave the senior DOI official his initial ethics training 4 days after the senior official became a DOI employee. As part of the training, the Ethics Office employee told the senior DOI official that he was prohibited from giving preferential treatment to any private organization or individual.

Senior DOI Official Offered To Schedule Meetings With Secretary Ryan Zinke, but No Evidence of Other Help

The senior DOI official told us he took only one action on behalf of either tribe as a DOI employee. He explained that after he learned Secretary Zinke was planning to meet with some local tribes, he offered to set up meetings with Zinke for the two tribes.

The two tribal officials we interviewed confirmed that they met with Zinke. Both told us that the senior official had not assisted them in any other way since he became a DOI employee.

Senior DOI Official’s Statements to Subordinates Involving Loan Guarantee

Several years ago, the DOI approved a guarantee on a loan for an Indian tribe. The tribe later defaulted on the loan after selling the guaranteed portion.

During our investigation, we learned that in the first weeks of his employment at the DOI, the senior official allegedly encouraged his subordinates to hire people he had worked with during the loan process and to pay the loan guarantee. As we stated in the previous section of this report, the ethical requirement to avoid the appearance of preferential treatment applied to him after he became a DOI employee (5 C.F.R. part 2635).

We were unable to ask the senior DOI official about the comments he made to his subordinates because we learned of them after we interviewed him and he did not respond to requests for a second interview.

Senior DOI Official Encouraged Subordinates To Consider Hiring Former Business Associates

A subordinate of the senior DOI official said that the senior official suggested to him that he consider hiring three of the senior official’s former business associates, all of whom had been involved in the loan guarantee. The subordinate said he had not hired any of the three (or anybody else) because a hiring freeze was in place at the time, but that he would “think twice” about hiring them because of their involvement in the loan, which he described as a “bad deal.”

Another subordinate said that shortly after the senior official became a DOI employee, the senior official gave him the names of a few candidates to consider for potential employment. The

subordinate said two of these candidates had been the senior official's business associates, and he found this "disturbing."

Senior DOI Official Encouraged Subordinates To Consider Paying the Loan Guarantee

Although it had been decided that the DOI would not pay the loan guarantee, a subordinate of the senior DOI official said that three or four times during the senior official's first 2 weeks as a DOI employee, the senior official had talked to him and to another subordinate about paying it. The subordinate said the senior DOI official asked them, "Why don't you guys just pay that guarantee?" and told them, "You know, people out there who depend on this program expect you guys to pay the guarantee when you should pay it, and you should pay it in this case."

The other subordinate also said the senior DOI official spoke to him about the need to resolve the matter of the loan guarantee. He said that soon after the senior official began working at the DOI, he mentioned the guarantee three times in 4 weeks, telling the subordinate that his office would lose its credibility with lenders if it did not resolve the matter. He said that the senior official told him the company that had purchased the guarantee had not done anything wrong and made statements such as, "It would be best for everybody if the problem went away." The subordinate got the impression from these comments that the senior official wanted him to engage with the company and consider paying the company part of the guarantee.

Senior DOI Official's Comments Caused a Subordinate To Contact the DOI Ethics Office

The two subordinates told us that they told the senior DOI employee they disagreed with him about the loan guarantee, that they were not going to pay it, and that they should not be discussing the matter. One reported his concerns to the DOI Ethics Office and, he said, the senior official had not discussed the matter with him since.

We learned that the senior DOI official also contacted the DOI Ethics Office about the loan guarantee. An Ethics Office employee advised the senior official to recuse himself from participating in the case in his official capacity and to notify his staff about the recusal so that they would not bring him matters related to the case. The senior official later emailed his staff telling them he was recusing himself from any involvement with the loan guarantee.

Senior DOI Official's Statements About Hiring His Relative

As a result of remarks by the senior DOI official, other DOI employees believed that he wanted them to hire one of his relatives. Federal employees are prohibited from advocating for the appointment or employment of any of their relatives to a civilian Federal position (5 U.S.C. § 2302(b)).

Senior DOI Official Made Comments About Hiring His Relative

A DOI employee said that the senior DOI official told her she would have to hire his relative. She said she told him he was not allowed to tell others to hire his relatives, but he replied that he could use a contract to hire anyone he wanted.

During his interview, the senior DOI official admitted that he had said something to this employee about hiring his relative, but he told us that he had been joking. The employee said, however, that the senior official was “very serious” and “aggressive” during their conversation and that he never told her he had been joking.

Another senior DOI official said the senior official had told him that he had joked to an employee about hiring his relative and the employee had taken him seriously. This official acknowledged during his interview that such a comment should not have been made, and said that senior officials who were new to the DOI needed to receive more training on the “impact” of their words.

Employee Believed Senior DOI Official Wanted Him to Hire Official’s Relative

A subordinate of the senior DOI official said that he once told the senior DOI official that he wanted to hire people under a contract, and the senior official said that he too had several people he wanted to hire. According to another DOI employee, this subordinate later called him to say that the senior DOI official wanted the employee to hire the senior official’s relative under the same contract. This employee said he told the subordinate he could not do this, and he heard no more about the matter.

According to the subordinate, he had heard that the senior DOI official had said that he wished his relative worked for the DOI. The subordinate said he told this story to the DOI employee as a joke and that the senior official had never discussed hiring any relatives with him.

SUBJECT

A former senior DOI official.

DISPOSITION

The senior official left the DOI after we began our investigation. We provided this report to the Deputy Secretary of the Interior for any action deemed appropriate.

