

**U.S. Department of Justice  
Office of the Inspector General**



# **SEMIANNUAL REPORT TO CONGRESS**

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**OCTOBER 1, 2014 – MARCH 31, 2015**



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## Message from the Inspector General

It is my pleasure to submit this Semiannual Report on the operations of the Office of the Inspector General (OIG), which covers the period from October 1, 2014, to March 31, 2015.

This Semiannual Report demonstrates the breadth and quality of the OIG's work over the past 6 months. During this time, we completed important reviews assessing, for example, the handling of sexual harassment and misconduct allegations by the Department of Justice's (Department) law enforcement components, the policies and training governing off-duty conduct by Department employees working in foreign countries, the Federal Bureau of Investigations (FBI) use of Section 215 Orders, improper hiring practices in the International Criminal Police Organization (INTERPOL) Washington, and the Department's handling of sex offenders admitted into the federal Witness Security Program. We also conducted significant reviews of Department programs to assess the performance and effectiveness of the FBI's Philadelphia Regional Computer Forensic Laboratory, the Department's use and support of unmanned aircraft systems, the Drug Enforcement Administration's use of cold consent encounters at transportation facilities, and the Department's management of international fugitive removal activities.

In addition, the OIG's Investigations Division closed 155 criminal or administrative misconduct cases, and its work resulted in 40 convictions or pleas and 115 terminations, administrative disciplinary actions, and resignations.

In December 2014, Congress enacted a provision in the Fiscal Year 2015 *Appropriations Act*—Section 218—which prohibits the Department from using funds to deny, prevent, or impede the OIG's timely access to records, documents, and other materials in the Department's possession, unless it is in accordance with an express limitation of Section 6(a) of the *Inspector General Act*. The provision also included a requirement to inform Congress of instances where the Department has denied, prevented, or impeded the OIG's access to such documents. Despite this provision, we have continued to encounter significant delays in several reviews. Congress could not have provided a clearer statement of its intent, yet the FBI and the Department continue to proceed as they did before Section 218 was enacted; it is as if Section 218 was never adopted. Therefore, since the enactment of Section 218, the OIG has sent four letters to Congress, as required, to report that the FBI had failed to provide the OIG with timely access to certain records pertaining to ongoing reviews. During this reporting period, I testified on four occasions before Congress and discussed the access issues that the OIG has been having, and the consequences of impeding or delaying an Inspector General's access to documents. Access by Inspectors General to information in agency files goes to the heart of our mission to provide independent and non-partisan oversight, and a further discussion on this issue is available on page 14. I will continue to engage the Department, Members of Congress, and the Inspector General community on these matters so that we can conduct our important work independently, and in a timely manner.

In January, I assumed the position of Chair of the Council of Inspectors General on Integrity and Efficiency, which addresses issues facing the 72 federal Inspectors General. I am honored to serve the Inspector General community in that position. At a time of belt-tightening across the federal government, the mission of the Council of IGs—to address integrity, efficiency, and effectiveness issues that transcend individual federal agencies—could not be more important.

I am extremely proud of our accomplishments and would like to thank the OIG staff for their unyielding dedication to the OIG's mission and exemplary service to the agency.

A handwritten signature in blue ink, appearing to read "Michael E. Horowitz". The signature is fluid and cursive, with the first name "Michael" being the most prominent part.

Michael E. Horowitz  
Inspector General  
April 30, 2015

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# Highlights of OIG Activities



The following summaries highlight some of the OIG's audits, evaluations, inspections,

special reviews, and investigations, which are discussed further in this report. As the highlights illustrate, the OIG continues to conduct wide-ranging oversight of Department of Justice (Department) programs and operations.

## Statistical Highlights

October 1, 2014 – March 31, 2015	
Allegations Received by the Investigations Division <sup>1</sup>	5,583
Investigations Opened	193
Investigations Closed	155
Arrests	38
Indictments/Informations	27
Convictions/Pleas	40
Administrative Actions	115
Monetary Recoveries <sup>2</sup>	\$5,050,897.96
Audit Reports Issued	37
Questioned Costs	\$6,732,126
Funds for Better Use	\$901,536
Recommendations for Management Improvements	155
Single Audit Act Reports Issued	127
Questioned Costs	\$317,013
Recommendations for Management Improvements	338

<sup>1</sup> These figures represent allegations entered into the OIG's complaint tracking system. They do not include the approximate 36,000 additional hotline e-mail and phone contacts that were processed and deemed non-jurisdictional and outside the purview of the federal government.

<sup>2</sup> Includes civil, criminal and non-judicial fines, restitutions, recoveries, assessments, penalties, and forfeitures.

## Audits, Evaluations, Inspections, and Special Reviews Highlights

Examples of OIG audits, evaluations, inspections, and special reviews completed during this semiannual reporting period are:

- **Policies and Training Governing Off-Duty Conduct by Department Employees in Foreign Countries.** The OIG issued a report examining the policies and training governing off-duty conduct by Department employees working in foreign countries. The OIG focused on five Department components that, together, have the largest presence in foreign countries: the Criminal Division, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), Drug Enforcement Administration (DEA), Federal Bureau of Investigation (FBI), and U.S. Marshals Service (USMS). The report looked at the Department's off-duty conduct policies and training for specific behaviors, including: consuming excess alcohol, using illegal drugs, soliciting prostitutes, and engaging in notoriously disgraceful conduct. The review found a lack of Department-wide policies and training requirements that address off-duty conduct, whether in the United States or in foreign countries. A 1996 OIG report recognized that components have a need for such policies after some off-duty employees engaged in questionable conduct during a series of events known as the Good O'Boy roundups. The OIG's recent report found that most of the five components convey little or no information about off-duty conduct before sending their employees abroad. In addition, substantial gaps exist in the training that employees receive before going abroad, and much of the policy and training did not clearly communicate what employees can and cannot do

# Highlights of OIG Activities

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off-duty. The OIG found that of the five components reviewed, the FBI has done the most to prepare its employees to make day-to-day decisions about appropriate off-duty conduct, while the DEA provided its employees with the least information. The Criminal Division, ATF, and USMS also had weaknesses in their policies and training. The report included recommendations regarding the policies and training governing off-duty conduct. The Department and the five components agreed with the recommendations.

- **Handling of Sexual Harassment and Misconduct Allegations in Law Enforcement Components.** The OIG issued a report examining the handling of sexual harassment and sexual misconduct allegations by the Department's law enforcement components. The review focused on the nature, frequency, reporting, investigation, and adjudication of allegations of sexual harassment or sexual misconduct (including the transmission of sexually explicit texts and images) in four Department law enforcement components: ATF, DEA, FBI, and USMS. The review found instances of failure to report sexual harassment and misconduct by supervisors at each component, as well as a lack of communication between internal affairs offices and security offices at ATF, DEA, and USMS leading to potential security risks. The OIG also found failures to fully investigate credible allegations of sexual harassment and misconduct at the DEA, particularly in two cases related to overseas prostitution. Moreover, the review found that the FBI elected not to investigate multiple credible allegations of sexual harassment and sexual misconduct. Additionally, the OIG identified deficiencies in ATF, DEA, and USMS offense tables and that each component sometimes charged employees with broad offenses when more specific

offenses were more applicable. Finally, although the FBI is the strongest in this area, there were weaknesses in all of the components' ability to detect sexually explicit text messages and images and that the DEA did not archive the e-mails of employees based in a foreign country. The limitations affected the components' ability to make the information available to misconduct investigators and risk hampering the components' ability to satisfy their discovery obligations. The OIG's ability to conduct this review was significantly impacted and delayed by the repeated difficulties the OIG had in obtaining relevant information from both the FBI and the DEA, and as a result of these difficulties the OIG cannot be confident that the FBI and the DEA provided the OIG with all information relevant to this review. As a result, the OIG's report reflects the findings and conclusions the OIG reached based on the information made available to the OIG. The report included eight recommendations to improve the law enforcement components' disciplinary and security processes relating to allegations of sexual harassment and sexual misconduct. The Department and the four components agreed with all of the recommendations.

- **Department's Handling of Sex Offenders in the Witness Security Program.** The OIG examined the Department's handling of sex offenders in the federal Witness Security (WITSEC) Program, which identified significant concerns with the management of the WITSEC Program and found that the Department has not taken sufficient steps to mitigate the threat by WITSEC Program participants, including sex offenders, who commit crimes after being terminated from the WITSEC Program. The audit evaluated the Department's admission and vetting of sex offenders into the WITSEC Program; its handling

# Highlights of OIG Activities

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and monitoring of sex offenders who participate in the WITSEC Program; and its procedures for notifying states, local municipalities, and other law enforcement agencies when sex offenders in the WITSEC Program are relocated. The OIG's findings included the following. In July 2013, at the onset of this audit, the Department did not know how many sex offenders were in the WITSEC Program. By July 2014, the Department had identified a total of 58 sex offenders in the WITSEC Program who were convicted of sex offenses prior to admittance, while in the WITSEC Program, or after they were no longer in the WITSEC Program. The sex offenses committed by these individuals included crimes such as rape or sexual assault of children. The OIG believes that the Department generally did not use adequate safeguards to protect and notify the public and law enforcement about the risk posed by sex offender participants in the WITSEC Program. The Department did not have finalized policies in place to address the unique concerns regarding relocation, employment, and residency of sex offenders participating in the WITSEC Program until September 2014, after the OIG recommended that they implement such policies. The audit identified a loophole in the WITSEC Program process that leaves law enforcement agencies unnecessarily uninformed about these individuals and unable to utilize all available tools to perform their duties. The OIG reported that the Department has acknowledged this issue and is working to address it. Since the initiation of this audit in July 2013, the Department has taken several steps to improve its management and oversight of the WITSEC Program. The report discussed several recommendations that the Department has addressed and made two additional recommendations to the Department to improve its

oversight and management of the WITSEC Program. The Department agreed with both recommendations.

- **Cold Consent Encounters at Mass Transportation Facilities.** The OIG issued a report examining the DEA's use of cold consent encounters at mass transportation facilities. Cold consent encounters occur when an agent approaches an individual based on the officer's perception that the person is exhibiting characteristics indicative of drug trafficking without the officer having any independent predicated information. Within DEA operations, cold consent encounters are primarily used by task force groups comprised mainly of DEA Special Agents and state and local law enforcement officers who work to interdict drug trafficking at mass transportation facilities, such as airports and train and bus stations. The review identified three areas in which the DEA could improve its performance to protect the rights of citizens and strengthen the management and oversight of cold consent encounters. First, the review found that the DEA does not collect sufficient data on cold consent encounters to assess whether they are being conducted impartially. Without this information, the DEA cannot assess, and the OIG was unable to determine, whether the DEA is conducting these encounters in an unbiased manner. Second, because the DEA does not document all consent encounters with travelers and whether the contact resulted in an arrest or a seizure, neither the DEA nor the OIG can assess whether cold consent encounters are an effective means of interdiction. Third, the DEA does not centrally manage or coordinate its interdiction operations, resulting in confusion regarding training for and conducting cold consent encounters and searches at mass transportation facilities. The report included five recommendations to the

# Highlights of OIG Activities

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DEA to strengthen management and oversight of cold consent encounters in mass transportation facilities and protect the rights of the public. The DEA agreed with all of the recommendations.

- **Use of Section 215 Orders, 2007–2009.**

The OIG issued a classified report examining the FBI's progress in implementing recommendations from prior reports involving the use of Section 215 orders for business records. The report also examined the number of Section 215 applications filed by the FBI between 2007 and 2009, and any improper or illegal use of these authorities. This report follows up the OIG's March 2007 and March 2008 reports on the FBI's use of 215 authorities after the enactment of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (Patriot Act). The OIG will issue a public, unclassified version of the report, with any necessary redactions, at the conclusion of a final classification review that is currently being conducted by the FBI and the Intelligence Community (IC).

- **Department's Use and Support of Unmanned Aircraft Systems.**

The OIG audited the Department's use and support of unmanned aircraft systems (UAS), commonly referred to as "drones," which followed up on findings from the OIG's September 2013 interim report on the Department's use and support of UAS, as well as examined the extent to which Department components have relied on other agencies' UAS to support Department law enforcement efforts. The OIG found that the FBI, which remains the only Department component that operationally deploys its own UAS, faces discrete program management challenges regarding its use of UAS. Specifically, during the OIG's review the FBI maintained all 17 of its operational UAS

at a single location and had only one pilot team on staff adequately trained to fly all models of its UAS. In addition, ATF spent approximately \$600,000 on UAS but never flew them operationally. After a series of technological limitations with these UAS related to flight time and maneuverability, ATF subsequently suspended its UAS program in June 2014 and disposed of these UAS. Yet less than a week after that suspension, a separate unit within ATF purchased five small commercial UAS for approximately \$15,000 without coordinating with ATF's UAS program office. That unit of ATF has grounded these UAS until they receive further guidance regarding their use. Further, the audit found that while the FBI, ATF, DEA, and USMS have all received support from Predator-B UAS operated by the U.S. Department of Homeland Security (DHS), U.S. Customs and Border Protection (CBP), the Department components did not have recordkeeping policies or practices to document support received from non-Department operated UAS, and they maintained only minimal documentation of such support in the field. Without such efforts, the OIG believes that Department components may not be able to accurately assess their need for UAS support or how to use UAS most effectively and appropriately to support their operations. As a result, the OIG made four recommendations to help the Department continue to improve its UAS management and oversight. The Department, including the FBI and ATF, agreed with the recommendations.

- **ATF's Investigation of Jean Baptiste Kingery.**

The OIG issued a report examining ATF's investigation of Jean Baptiste Kingery. The report details a pattern of serious failures and inadequate consideration of the public safety by both ATF and the U.S. Attorney's Office for the District of Arizona in the handling of

# Highlights of OIG Activities

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the investigation of Kingery's purchase and suspected transportation of grenade components into Mexico, where Mexican law enforcement officials discovered some of those components were used to construct live hand grenades. The OIG initiated this review after receiving information about ATF's investigation of Kingery during its review of Operation Fast and Furious, including allegations that ATF was using a strategy and tactics similar to those employed in Operations Fast and Furious and Wide Receiver. The report highlighted ATF's failure to adequately coordinate its operations with the U.S. Immigration and Customs Enforcement (ICE), as well as ATF's failure to request that CBP agents be on the lookout for Kingery at the border. The OIG recommended that the Office of the Deputy Attorney General (ODAG), ATF leadership, and the Attorney General's Advisory Committee engage with the leadership at the DHS, ICE, and CBP in an effort to identify and develop opportunities to improve these important and highly consequential relationships. The Department and ATF agreed with the recommendation.

- **Management of International Fugitive Removal Activities.** The OIG audited the Department's and USMS's management of removal activities, including the coordination, efficiency, and cost effectiveness of these removal processes. Between Fiscal Year (FY) 2010 and FY 2013, the actual cost of all USMS removal activities increased by over 65 percent, from \$3.2 million to remove 646 international fugitives in FY 2010 to \$5.3 million to remove 875 international fugitives in FY 2013. While the audit found successful coordination between the USMS, Criminal Division's Office of International Affairs, other Department law enforcement components, and prosecutors

in executing the transportation of international fugitives to face prosecution in the United States, it identified a disconnect within the removal process between those approving removals and those executing them. The USMS, which has primary responsibility for funding and executing removal activities, is not involved in the decision-making process when individual removal events are considered. In addition, prosecutors consider many factors when making removal decisions, but are not provided with the USMS's cost information. While some removal events are conducted with minimal cost, the OIG identified several removal events that cost the USMS over \$200,000 each. The OIG further found the Department can improve its process for considering possible case outcomes when considering whether to conduct a removal. For example, of a sample of 145 removals, the OIG identified 11 instances where fugitives received a sentence of "time served" after being returned to the United States; 5 of these were non-U.S. citizens who faced immediate deportation from the United States following their sentencing. Finally, the OIG determined that the USMS could improve the management of the data it maintains about removal events by conducting routine analyses of this data. The OIG made nine recommendations to the ODAG and the USMS to improve the management of international fugitive removal activities. The ODAG and the USMS agreed with the recommendations.

- **Progress on the Department's Implementation of the Prison Rape Elimination Act.** The OIG issued a report on the Department's implementation of the *Prison Rape Elimination Act* (PREA), which required the Department to develop National Standards to Prevent, Detect, and Respond to Prison Rape (Standards), which apply to all federal, state, and

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local confinement facilities. The OIG found that while the Department has made significant progress complying with the Standards, there are several issues that, if left unresolved, may hinder implementation. The review found that while the Bureau of Prisons (BOP) and the USMS have both been proactive in adding PREA compliance language to their contracts with privately run facilities, the USMS has taken a passive approach to adding PREA compliance language to its intergovernmental agreements (IGAs). IGAs are formal agreements between the USMS or the BOP and a state and local detention facility to house federal detainees. The OIG found that the USMS generally waits to insert the language until the IGA facility requests a modification to its contract with the USMS, typically in the form of rate increases. As of January 2014, the USMS had inserted PREA compliance language into 134, or 14 percent, of its 925 actively used IGAs. In addition, the review found that there was uncertainty pertaining to Department guidance about how components that use IGA facilities would deem an IGA facility to be out of compliance with the Standards. The OIG also found that the Department does not have an effective mechanism in place to ensure compliance with the provisions of the Standards that place obligations on the Department's components that investigate sexual abuse in confinement settings, such as the FBI and the OIG. Finally, the OIG found that the BOP has faced challenges implementing the Standards, such as locating outside organizations capable of providing sexual assault support services. Because the Department's implementation of PREA is ongoing, the OIG did not make recommendations to the Department about how to address the areas of concern the OIG identified. However, the OIG encouraged the Department and its relevant components to take appropriate action to address the issues described

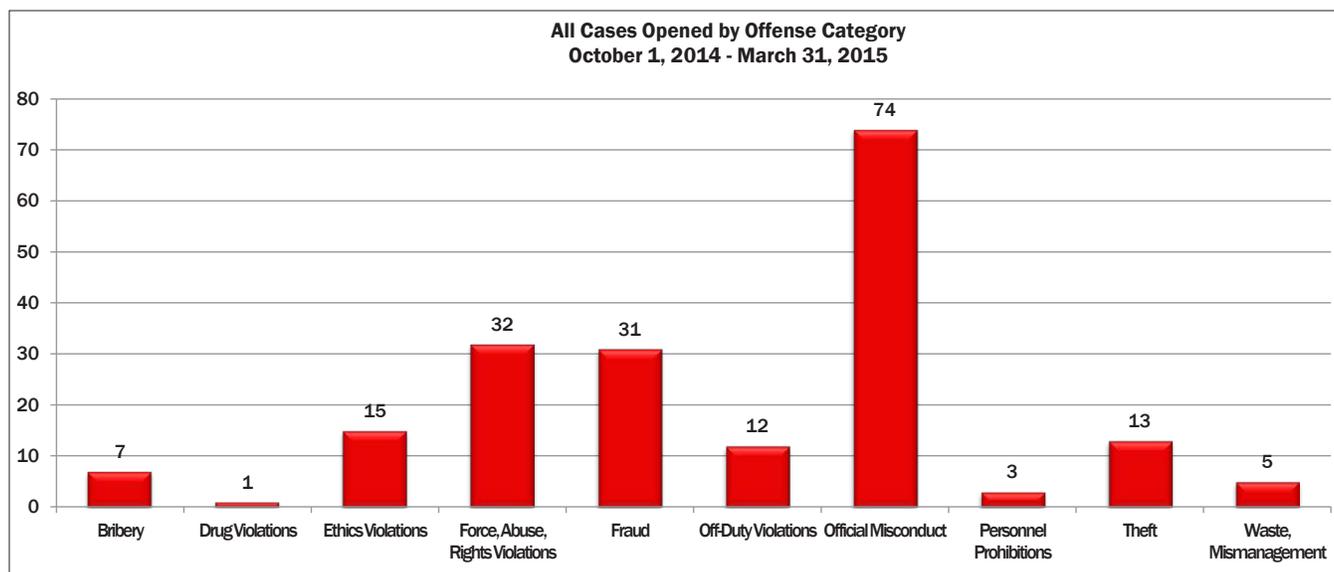
in the report, which have the potential to become increasingly significant if left unresolved.

## Investigative Highlights

As shown in the statistics at the beginning of this section and in the chart on the following page, the OIG investigates many allegations of misconduct involving Department employees or contractors and grantees who receive Department funds. Examples of such investigations are:

- On March 31, 2015, an FBI Special Agent pled guilty to a criminal information filed in the U.S. District Court for the District of Columbia containing 38 counts of obstruction of justice, 13 counts of conversion of property, and 13 counts of possession of heroin. According to his guilty plea, the Special Agent tampered with and ingested heroin that had been seized as evidence in support of FBI and task force drug investigations, and then attempted to avoid detection by replacing the missing heroin with cutting agents, such as Creatine or Purelax, and by falsifying and altering evidence custody documents. As a result of this investigation, the FBI terminated the Special Agent's employment on March 13, 2015. The investigation is being conducted by the OIG's Washington Field Office.
- On March 27, 2015, a former DEA Special Agent assigned to the Washington, D.C., Division as the primary undercover investigator on the DHS's Silk Road Task Force (SRTF) was arrested pursuant to a criminal Complaint filed in the U.S. District Court for the Northern District of California and charged with theft of government property, money laundering, wire fraud, and conflict of interest. According to the Complaint affidavit filed with the court, during the

# Highlights of OIG Activities



Source: Investigations Data Management System

former DEA Special Agent's involvement in the investigation of Silk Road—a web-based market for illegal narcotics transactions using a virtual currency known as Bitcoins—he is alleged to have misused his official position to steal virtual currency from targets, third parties, and the government for his personal enrichment. The DEA Special Agent resigned his position with the DEA on May 18, 2014. On March 21, 2015, a former U.S. Secret Service (USSS) Special Agent, also previously assigned to the SRTF, self-surrendered and was charged with wire fraud and money laundering. According to court records, the USSS Special Agent allegedly diverted to his personal account over \$800,000 in digital currency that he gained control of during the Silk Road investigations. These matters are being jointly investigated by the OIG's Washington Field Office, FBI, Internal Revenue Service (IRS)-Criminal Investigations Division, DHS OIG, and Treasury Department's Financial Crimes Enforcement Network.

- On December 1, 2014, the U.S. Attorney's Office for the Northern District of California announced that Cricket

Communications, Inc., agreed to pay a \$2,174,432 civil settlement, resolving alleged overcharging for intercept services that Cricket provided to federal law enforcement agencies. The investigation found that during the period from January 1, 2007, through December 31, 2009, Cricket overcharged by billing more than its reasonable expenses incurred in providing facilities or assistance in carrying out court-ordered wiretaps, pen registers, and trap and trace devices. The investigation was conducted by the OIG's Fraud Detection Office.

- On December 23, 2014, an FBI Special Agent pled guilty to a five-count indictment filed in the Southern District of New York charging him with conspiracy to engage in a bribery scheme, soliciting bribes, conspiracy to defraud the citizens of the United States and the FBI, theft of government property, and unauthorized disclosure of a Suspicious Activity Report. In pleading guilty, the Special Agent admitted to accepting cash from two individuals, who were also prosecuted, in return for confidential law enforcement information and

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confidential documents to which the FBI employee had access by virtue of his position as a Special Agent. One of the codefendants was the Special Agent's friend, and the second codefendant—a native of Bangladesh who wanted information concerning a prominent Bangladeshi political figure—was an acquaintance of the first codefendant. The Special Agent retired from the FBI effective September 24, 2012, following the OIG execution of a search warrant at his residence. Both codefendants pled guilty on October 17, 2014, to charges of bribery of a public official and conspiracy to commit honest services wire fraud. Sentencing is pending in all three cases. The investigation was conducted by the OIG's New York Field Office with assistance from multiple OIG field offices.

In a separate but related case, on March 30, 2015, the same Special Agent, and two co-conspirators were sentenced in the District of Utah pursuant to their guilty pleas to an 11-count indictment charging them with 1 count of conspiracy, 8 counts of honest services wire fraud, 1 count of obstructing justice, and 1 count of obstructing an agency proceeding. The Special Agent was sentenced to 10 years' incarceration. The two co-conspirators were sentenced to 13 months and 24 months of incarceration, respectively. All three were also sentenced to a period of 36 months on supervised release. In addition, the Special Agent and the first co-conspirator were ordered to forfeit \$70,000, jointly and severally. As noted in the press release issued by the Department, from October 2011 to September 2012, the Special Agent and the first co-conspirator conspired to use the FBI employee's official position as an FBI counterintelligence agent to obstruct a criminal investigation into the second co-conspirator, a businessman who owned and operated a security corporation. The second co-

conspirator was under investigation for allegedly paying kickbacks to obtain a series of contracts from the Department of Defense (DoD) worth approximately \$54 million. The second co-conspirator promised the Special Agent and the first co-conspirator that, in exchange for their help, he would provide them cash and multimillion dollar business contracts. The Special Agent retired from the FBI, effective September 24, 2012, following the OIG execution of a search warrant at his residence and days before his arrest by the OIG. This investigation was conducted by the OIG's New York Field Office with assistance from multiple other OIG field offices.

- On October 9, 2014, a former U.S. Marshal retired from the USMS after admitting to misconduct in an OIG investigation. The investigation determined that the former U.S. Marshal was sexually involved with three USMS employees—including two subordinates—while serving as the U.S. Marshal. During a compelled OIG interview, the former U.S. Marshal admitted to having inappropriate relationships with the three employees, misuse of position to assist one of the subordinate employees, operating a government-owned vehicle after consuming alcohol, and misuse of a government-owned vehicle and government-issued cell phone to further the relationships. The investigation was conducted by the OIG's Dallas Field Office.
- On December 18, 2014, a DEA program manager was arrested based on a criminal complaint filed in the District of Maryland charging her with access device fraud, wire fraud, and aggravated identity theft. The complaint alleges that the employee used her official position to procure and use 33 DEA credit cards issued by JP Morgan & Chase in names other than

# Highlights of OIG Activities

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her own. In addition, the complaint states that the employee admitted to the OIG to using one credit card issued in the name of a current DEA employee without the employee's knowledge. The complaint further alleges that from approximately June 2010 through October 2014, the employee used the cards to withdraw \$115,841.74 in cash advances at automated teller machines. The DEA program manager resigned effective January 22, 2015. The investigation is being conducted by the OIG's Washington Field Office.

- On March 5, 2015, a couple and their two daughters were sentenced in the District of Montana, pursuant to their guilty pleas. The wife pled guilty to wire fraud, theft from a local government receiving federal funding, and aggravated identity theft, and was sentenced to 44 months' incarceration, to be followed by 36 months on supervised release, and ordered to pay restitution in the amount of \$132,563.95. The husband pled guilty to wire fraud and was sentenced to 20 months' incarceration, to be followed by 36 months on supervised release, and also ordered to pay restitution in the amount of \$132,563.95. One daughter pled guilty to theft from a local government receiving federal funding and was sentenced to 6 months' incarceration, to be followed by 24 months on supervised release—of which the first 5 months will be on home confinement—and ordered to pay restitution in the amount of \$39,774.07. The second daughter pled guilty to theft from a local government receiving federal funding and was sentenced to 5 months' incarceration, to be followed by 24 months on supervised release—of which the first 5 months will be on home confinement—and ordered to pay restitution in the amount of \$93,656. According to the indictment by which they were charged, the defendants defrauded the Town of Brockton, Montana, of

\$132,563.95—\$99,989.90 of which was Community Oriented Policing Services (COPS) grant funds—between on or about January 15, 2013, and continuing thereafter until on or about March 26, 2014. In pleading guilty, the wife acknowledged that she fraudulently used the name and signature of the Town of Brockton Mayor. The investigation was conducted by the OIG's Denver Field Office and the FBI Glasgow, Montana, Resident Agency.

- On February 11, 2015, a BOP chaplain pled guilty in the Northern District of Illinois to a charge of conspiracy to defraud the United States. According to the plea agreement, the chaplain knowingly conspired with an inmate, Frank Calabrese, Sr., to defraud the United States and the BOP. Calabrese, now deceased, was serving a life sentence under measures that limited his visitors and were designed to prevent him from passing any messages to further criminal activity. On one occasion, the chaplain accepted a handwritten note from Calabrese detailing the location of an alleged Stradivarius violin supposedly hidden in a Wisconsin residence formerly owned by Calabrese. The chaplain met with two associates of Calabrese and discussed a plan to prevent the government from locating and seizing the violin and thereafter applying the proceeds toward a \$4.4 million restitution judgment that Calabrese owed to his victims. The investigation found that the violin has not been recovered. The chaplain retired from his BOP position during the investigation and is scheduled to be sentenced on June 23, 2015. The investigation was conducted jointly by the OIG's Chicago Field Office and the FBI.
- On February 19, 2015, an FBI Special Agent was indicted in the Southern District of California on charges of obstruction of justice, witness tampering, and making false statements

# Highlights of OIG Activities

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to a federal officer. The indictment alleged that in 2007 the Special Agent obtained temporary authorization for a Korean national to remain in the United States for 6 months, submitted a request to extend the authorization that was denied, and then made a subsequent successful request to extend the temporary authorization for 1 year, expiring in early 2009.

Between 2009 and 2013—after the Korean national’s temporary authorization to remain in the United States had expired—the Special Agent provided her with personal funds totaling nearly \$20,000 and, at one point, moved into an apartment with her. In 2013, while the OIG was conducting a criminal investigation into his actions and a federal grand jury in the Southern District of California was investigating his conduct, the Special Agent made false and misleading statements regarding the whereabouts of the Korean national, notified the individual of his plans to serve her with a grand jury subpoena, encouraged and induced the individual to leave the United States in order to avoid service of a grand jury subpoena, and—after the individual was served with a grand jury subpoena—provided financial support for her to leave the country. The Special Agent is on unpaid administrative leave. The case is being investigated by the OIG’s San Francisco Area Office.

- On December 9, 2014, a DEA Resident Agent in Charge assigned outside of the United States was arrested based on a complaint filed in the District of Columbia charging him with conspiracy and making false statements. The complaint alleged that the DEA employee provided false information to the Department of State as a favor for a Mexican national conspirator—causing two Mexican citizens to have their visas revoked—and that he allegedly flew on approximately 27 private charter flights in 2013 (approximate

total value ranging from \$32,400 to \$210,600) arranged by associates of the conspirator. The complaint also alleges that the DEA employee did not pay for the private charter flights and failed to disclose them as gifts on his financial disclosure report. The DEA employee’s security clearance was revoked due to the investigation, which resulted in his retirement. The investigation is being conducted by the OIG’s Dallas Field Office and the Department of State’s Bureau of Diplomatic Security.

- On November 19, 2014, a BOP correctional officer was sentenced to 24 months’ imprisonment, to be followed by 3 years on supervised release pursuant to his guilty plea in the Southern District of Texas to an indictment charge of bribery. The wife of the correctional officer—a state employee—was sentenced to 10 months’ imprisonment to be followed by 3 years on supervised release pursuant to her guilty plea to a charge of conspiracy. During an OIG undercover operation, the correctional officer accepted \$5,000 total in exchange for smuggling a watch and tobacco into the facility. The wife of the correctional officer admitted that she assisted her husband in arranging times and locations for receiving contraband and bribe payments. The husband and wife resigned their positions during the investigation. The investigation was conducted jointly by the OIG’s Dallas Field Office and the FBI.
- On February 5, 2015, a defendant was sentenced in the U.S. District Court for the Western District of Washington, pursuant to his guilty plea to wire fraud, aggravated identity theft, and filing a false income tax return, to 120 months of incarceration and ordered to pay restitution of \$7,280,253. According to court records, between 2007 and 2013, the Computers for Learning program, which transfers

# Highlights of OIG Activities

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excess government computers and related equipment directly to qualified schools and educational non-profit organizations, was defrauded by the defendant, who was posing as 14 different non-profit organizations obtaining computers for free while selling the computers for his personal profit. Over the course of the scheme, 19,442 items were obtained through the program from various federal agencies, originally purchased for \$30.3 million and worth an estimated fair market value of \$7.2 million. Of the \$30.3 million (the original purchase price), equipment worth approximately \$305,000 came from various Department agencies. The defendant also did not report the income. The investigation was conducted jointly by the OIG's San Francisco Area Office, General Services Administration, IRS, Department of Transportation, Social Security Administration, DHS, Veterans Administration, and Army Criminal Investigations Division.

- On March 17, 2015, a former Boys and Girls Club of Central Pennsylvania State project director was sentenced in the Court of Common Pleas of the Commonwealth of Pennsylvania after pleading guilty to a criminal complaint charging him with theft by unlawful taking or disposition, theft by deception, and theft by failure to make required disposition of funds received. According to his guilty plea, the project director procured funds belonging to the Boys and Girls Club of Central Pennsylvania for his own personal use. The investigation determined that between July 1, 2007, and December 31, 2011, the project director redirected \$208,833.77 in Office of Juvenile Justice and Delinquency Prevention (OJJDP) funds and State of Pennsylvania grants from the bank account of the Boys and Girls Club of Central Pennsylvania to his personal bank accounts. He was sentenced to between 11.5 months and 23 months'

incarceration at a county jail/work release program, to be followed by 36 months on probation; ordered to perform 200 hours of community service; and fined \$8,500 for investigative and prosecution costs in addition to his prior restitution payment of \$200,000 to the Boys and Girls Club. The joint investigation was conducted by the OIG's New Jersey Area Office and the Pennsylvania State Police Special Investigations Division.

## Ongoing Work

The OIG continues its important ongoing work, including the following audits, evaluations, inspections, and special reviews:

- The Department's and ATF's implementation of recommendations in the OIG's September 2012 report, *A Review of Operation Fast and Furious and Related Matters*.
- ATF's oversight of certain of its storefront operations that continued or began after the inception of the Monitored Case Program, including an evaluation of the effectiveness of the Monitored Case Program as an oversight tool.
- ATF's investigation of subjects involved in trafficking firearms that were used in an attack on ICE agents in Mexico in 2011.
- The impact of the BOP's aging inmate population on inmate and custody management, including programming, housing, and costs. The review will also assess the recidivism rate of inmates aged 50 and older that were released from FY 2006 through FY 2013.
- The OIG is examining how the BOP monitors its private contract prisons; whether contractor performance meets certain inmate safety and security

# Highlights of OIG Activities

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requirements; and how contract prisons and similar BOP institutions compare in an analysis of certain inmate safety and security data and costs.

- Post-incident responses by the Department of State (State) and the DEA to three drug interdiction missions in Honduras in 2012, all involving the use of deadly force; the State OIG is also participating in the review.
- The DEA's management of its Confidential Source Program, including compliance with rules and regulations associated with the use of confidential sources, supervision and controls over confidential source activities, and administration and oversight of payments and other benefits provided to confidential sources.
- Domestic sharing of counterterrorism information, a joint agency Inspectors General review, which will identify and examine the federally supported field-based intelligence entities engaged in counterterrorism information-sharing; determine whether counterterrorism information is being adequately and appropriately shared with all participating agencies; and identify any gaps and/or duplication of effort among these entities.
- The progress made by the Department to more effectively manage the International Prisoner Transfer Program, which allows selected foreign national inmates to serve the remainders of their sentences in their home countries' prison systems. The review will also further evaluate factors that limit the number of inmates ultimately transferred.
- The BOP contract with the Reeves County (Texas) Detention Center, which will assess the BOP's and contractor's compliance with contract terms and conditions in the areas of billings and payments, staffing requirements, and contract oversight and monitoring.
- Next Generation Cyber Initiative, which is intended to enhance the FBI's ability to combat cyber intrusions.
- The DEA's use of administrative subpoenas to obtain broad collections of data or information, including the existence and effectiveness of any policies and procedural safeguards established with respect to the collection, use, and retention of the data.
- The FBI's use of information derived from the National Security Agency's (NSA) collection of telephony metadata obtained from certain telecommunications service providers under Section 215 of the Patriot Act.
- The FBI's use of its pen register and trap-and-trace authority under the *Foreign Intelligence Surveillance Act* (FISA).
- Correctional Systems and Correctional Alternatives on Tribal Lands Program, which will assess the Office of Justice Programs (OJP) management and oversight of this program, including the contracting activities of program grantees, and determine the extent of OJP's cooperation and coordination with the Bureau of Indian Affairs to ensure efficient and effective correctional services in Indian Country.
- Handling of drug seizures to determine if the DEA's controls over accountability of drug evidence are adequate to safeguard against theft, misuse, and loss.
- National Instant Criminal Background Check System, which will evaluate processes related to the FBI's referral of

# Highlights of OIG Activities

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denials to ATF, ATF's initial screening and referral of denials to its field offices for investigation, and the prosecution of crimes associated with denials.

- Pre-trial diversion and drug court programs, which will evaluate the design and implementation of the programs, variances in the usage of the programs among the U.S. Attorneys' Offices (USAO), and costs savings associated with successful program participants.

The OIG's ongoing work is also available at [www.justice.gov/oig](http://www.justice.gov/oig).

# Disagreement with a Significant Department Management Decision

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Section 5(a)(12) of the *Inspector General Act of 1978* (IG Act), as amended, directs each Inspector General to include in each Semiannual Report to Congress “information concerning any significant management decision with which the Inspector General is in disagreement.” In the OIG’s preceding Semiannual Report to Congress, the OIG described its disagreement with a significant management decision regarding the OIG’s timely and complete access to documents deemed relevant by the OIG during the course of its reviews. As noted previously, beginning in 2010 and continuing into the 6-month period covered by this report, the FBI and other Department components have objected in certain instances to providing the OIG with access to certain types of records that were in the Department’s possession and were responsive to OIG document requests. As a result, a number of OIG reviews have been significantly impeded.

Congress recognized the significance of this impairment to the OIG’s independence and ability to conduct effective oversight, and included a provision in the FY 2015 *Appropriations Act*—Section 218—which prohibits the Department from using appropriated funds to deny, prevent, or impede the OIG’s timely access to records, documents, and other materials in the Department’s possession, unless it is in accordance with an express limitation of Section 6(a) of the IG Act. Despite Congress’s clear statement of intent, the Department and the FBI continue to proceed exactly as they did before Section 218 was adopted—spending appropriated funds to review records to determine if they should be withheld from the OIG. The effect is as if Section 218 was never adopted. The OIG has sent four letters to Congress to report that the FBI has failed to comply with Section 218 by refusing to provide the OIG, for reasons unrelated to any express limitation in Section 6(a) of the IG Act, with timely access to certain records in ongoing OIG reviews. Those reviews are:

- Two FBI whistleblower retaliation investigations, letter dated February 3, 2015, which is available [here](#);
- The FBI documents related to review of the DEA’s use of administrative subpoenas, letter dated February 19, 2015, which is available [here](#);
- The FBI’s use of information derived from collection of telephony metadata under Section 215 of the Patriot Act, letter dated February 25, 2015, which is available [here](#); and
- The FBI’s security clearance adjudication process, letter dated March 4, 2015, which is available [here](#).

As of March 31, 2015, the OIG document requests were outstanding in every one of the reviews and investigations that were the subject of the letters above. The OIG is approaching the 1 year anniversary of the Deputy Attorney General’s request in May 2014 to the Office of Legal Counsel for an opinion on these matters, yet that opinion remains outstanding and the OIG has been given no timeline for the issuance of the completed opinion. Although the OIG has been told the opinion is a priority for the Department, the length of time that has now passed suggests otherwise. Instead, the status quo continues, with the FBI repeatedly ignoring the mandate of Section 218 and the Department failing to issue an opinion that would resolve the matter. The result is that the OIG continues to be prevented from getting complete and timely access to records in the Department’s possession. The OIG’s ability to conduct effective and rigorous oversight is being undercut every day that goes by without a resolution of this dispute.

The danger inherent in allowing the Department and its components to decide on their own what documents they will share with the OIG, and even whether the IG Act requires them to provide the OIG with the information the OIG requested, was starkly demonstrated during the OIG’s review of the handling of sexual

# Disagreement with a Significant Department Management Decision

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harassment and misconduct allegations by Department law enforcement components, issued in March 2015. As the OIG described in its report, the FBI and the DEA initially refused to provide the OIG with unredacted information which the OIG was entitled to receive under the IG Act. When the FBI and the DEA finally provided the information, the OIG found that it still was incomplete. The OIG was also concerned by an apparent decision by the DEA to withhold information regarding a particular open misconduct case despite the fact that the OIG was authorized to receive the information. These actions by the FBI and the DEA impeded the OIG's work, delayed the OIG's ability to discover the significant issues the OIG ultimately identified, wasted Department and OIG resources during the pendency of the dispute, and affected the OIG's confidence in the completeness of its review.

During this reporting period, the Inspector General testified before Congress on four occasions and discussed the OIG's access to information:

- "Inspectors General: Independence, Access and Authority" before the U.S. House of Representatives Committee on Oversight and Government Reform on February 3, 2015, which is available [here](#);
- "Improving the Efficiency, Effectiveness, and Independence of Inspectors General" before the U.S. Senate Committee on Homeland Security and Governmental Affairs on February 24, 2015, which is available [here](#);
- Oversight Hearing of the Department of Justice, Commerce, and NASA before the U.S. House of Representatives Committee on Appropriations, Subcommittee on Commerce, Justice, Science, and Related Agencies on February 25, 2015, which is available [here](#); and

- "Whistleblower Retaliation at the FBI: Improving Protections and Oversight" before the U.S. Senate Committee on the Judiciary on March 4, 2015, which is available [here](#).

All congressional testimony provided by the Inspector General is available at [www.justice.gov/oig](http://www.justice.gov/oig).

# OIG Profile

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The OIG is a statutorily created, independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct involving Department programs and personnel and promote economy and efficiency in Department operations. The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of Department employees in their numerous and diverse activities. The OIG also audits and inspects Department programs and assists management in promoting integrity, economy, efficiency, and effectiveness. The OIG has jurisdiction to review the programs and personnel of the FBI, ATF, BOP, DEA, USAO, USMS, and all other organizations within the Department, as well as contractors of the Department and organizations receiving grant money from the Department.

The OIG consists of the Immediate Office of the Inspector General and the following divisions and office:

- **Audit Division** is responsible for independent audits of Department programs, computer systems, and financial statements. The Audit Division has regional offices in the Atlanta, Chicago, Denver, Philadelphia, San Francisco, and Washington, D.C., areas. Its Financial Statement Audit Office and Computer Security and Information Technology Audit Office are located in Washington, D.C., along with Audit Headquarters. Audit Headquarters consists of the immediate office of the Assistant Inspector General for Audit, Office of Operations, Office of Policy and Planning, and Advanced Audit Techniques.
- **Investigations Division** is responsible for investigating allegations of bribery, fraud, abuse, civil rights violations, and violations of other criminal laws and

administrative procedures governing Department employees, contractors, and grantees. The Investigations Division has field offices in Chicago, Dallas, Denver, Los Angeles, Miami, New York, and Washington, D.C. The Investigations Division has smaller, area offices in Atlanta, Boston, Detroit, El Paso, Houston, New Jersey, San Francisco, and Tucson. The Fraud Detection Office and the Cyber Investigations Office are co-located with the Washington Field Office. This office includes personnel in (or operating out of) the Dallas and Los Angeles Field Offices. Investigations Headquarters in Washington, D.C., consists of the immediate office of the Assistant Inspector General for Investigations and the following branches: Operations I, Operations II, Investigative Support, and Administrative Support.

- **Evaluation and Inspections Division** conducts program and management reviews that involve on-site inspection, statistical analysis, and other techniques to review Department programs and activities and makes recommendations for improvement.
- **Oversight and Review Division** blends the skills of attorneys, investigators, program analysts, and paralegals to conduct special reviews and investigations of sensitive allegations involving Department employees and operations.
- **Management and Planning Division** provides advice to OIG senior leadership on administrative and fiscal policy and assists OIG components in the areas of budget formulation and execution, security, personnel, training, travel, procurement, property management, information technology, computer network communications, telecommunications, records management, quality assurance, internal controls, and general support.

# OIG Profile

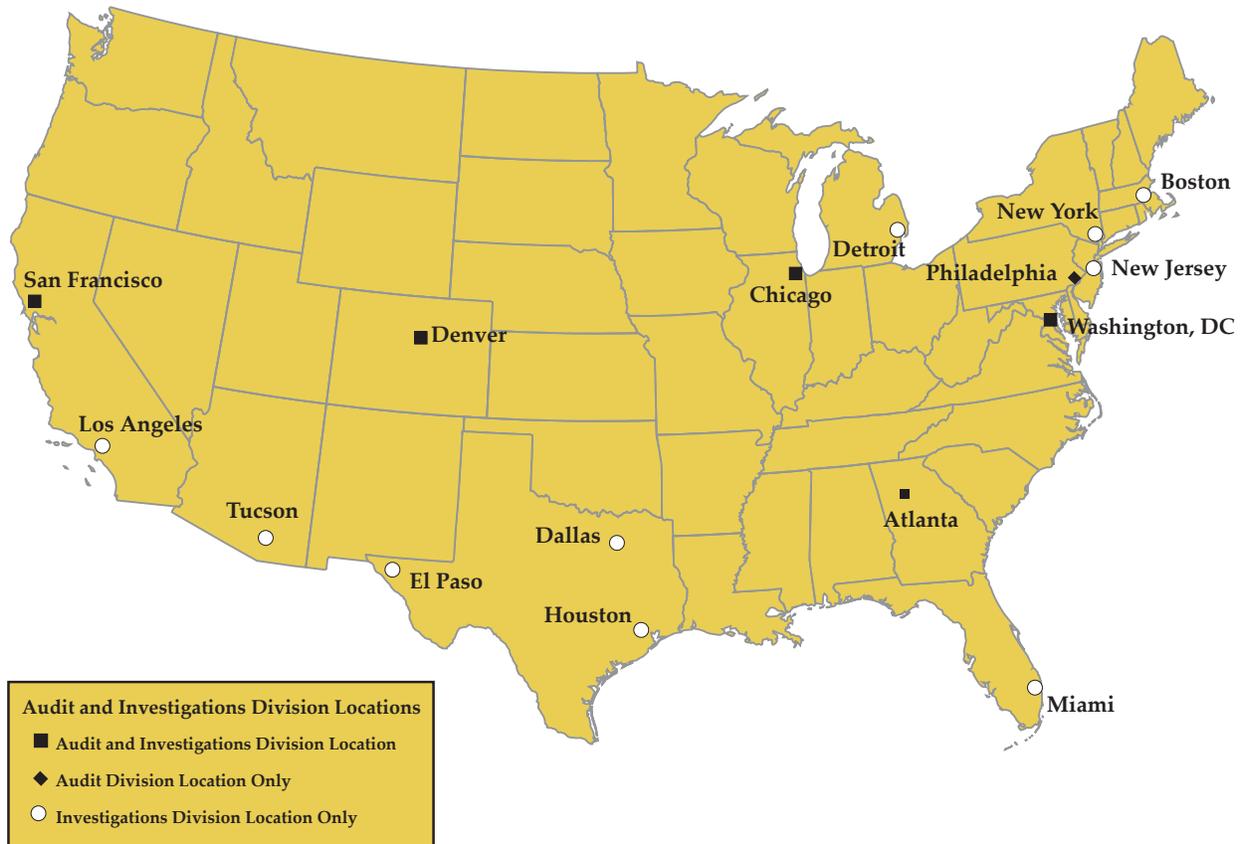
- **Office of General Counsel** provides legal advice to OIG management and staff. It also drafts memoranda on issues of law; prepares administrative subpoenas; represents the OIG in personnel, contractual, and legal matters; and responds to *Freedom of Information Act* requests.

As required by Section 5 of the IG Act, as amended, this Semiannual Report to Congress is reviewing the accomplishments of the OIG for the 6-month period of October 1, 2014, through March 31, 2015.

Additional information about the OIG and full-text versions of many of its reports is available at [www.justice.gov/oig](http://www.justice.gov/oig).

The map below shows the locations for the Audit and Investigations Divisions.

The OIG has a nationwide workforce of more than 440 special agents, auditors, inspectors, attorneys, and support staff. For FY 2015, the OIG direct appropriation is approximately \$88.6 million, and the OIG expects to earn an additional \$4 million in reimbursements.



# Multicomponent

While many of the OIG's activities are specific to a particular component of the Department, other work covers more than one component and, in some instances, extends to Department contractors and grant recipients. The following describes OIG audits, evaluations, inspections, special reviews, and investigations that involve more than one Department component.



## Reports Issued

### ATF's Investigation of Jean Baptiste Kingery

The OIG issued a report examining ATF's investigation of Jean Baptiste Kingery. The report details a pattern of serious failures and inadequate consideration of the public safety by both ATF and the U.S. Attorney's Office for the District of Arizona in the handling of the investigation of Kingery's purchase and suspected transportation of grenade components into Mexico, where Mexican law enforcement officials discovered some of those components were used to construct live hand grenades.

The OIG initiated this review after receiving information about ATF's investigation of Kingery during its review of Operation Fast and Furious, including allegations that ATF was using a strategy and tactics similar to those employed in Operations Fast and Furious and Wide Receiver. The OIG found that the investigation of Kingery was seriously flawed in several respects and that Kingery should have been arrested and charged with violating the *Arms Export Control Act* by criminal complaint or indictment long before he was finally charged.

The OIG's review concluded that the Kingery investigation suffered from some of the same flaws that the OIG observed in its review of Operation Fast and Furious. Both were relatively

complex investigations with international implications that suffered from inadequate resources being devoted to meet the cases' objectives, poor supervision by ATF field office supervisors, and insufficient oversight from officials at ATF headquarters and supervisors and management officials at the USAO. Prosecutors and agents in both investigations also failed to take or insist on overt enforcement action against the subjects of the investigations when there was sufficient evidence to do so. The OIG's reviews of both cases concluded that, in failing to act, neither ATF nor the USAO for the District of Arizona adequately considered the risk to public safety in the United States and Mexico created by the subjects' illegal activities.

The report also highlighted ATF's failure to adequately coordinate its operations with ICE, as well as ATF's failure to request that CBP agents be on the lookout for Kingery at the border. The OIG concluded that these failures to coordinate predictably produced poorly conceived and executed operations. In order to address the tensions that were apparent in the Kingery investigation, the OIG recommended that the ODAG, ATF leadership, and the Attorney General's Advisory Committee engage with the leadership at the DHS, ICE, and CBP in an effort to identify and develop opportunities to improve these important and highly consequential relationships. The Department and ATF agreed with the recommendation.

# Multicomponent

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## **Department's Handling of Sex Offenders in the Witness Security Program**

The OIG issued an audit of the Department's handling of sex offenders in the federal WITSEC Program, which identified significant concerns with the management of the WITSEC Program and found that the Department had not taken sufficient steps to mitigate the threat by WITSEC Program participants, including sex offenders, who commit crimes after being terminated from the WITSEC Program.

The audit evaluated the Department's admission and vetting of sex offenders into the WITSEC Program; its handling and monitoring of sex offenders who participate in the WITSEC Program; and its procedures for notifying states, local municipalities, and other law enforcement agencies when sex offenders in the WITSEC Program are relocated.

In July 2013, at the onset of this audit, the Department did not know how many sex offenders were in the WITSEC Program. By July 2014, the Department had identified a total of 58 sex offenders who were in the WITSEC Program at some point. This included 10 individuals who were convicted of sex offenses prior to admittance, 10 individuals who were convicted of a sex offense while in the WITSEC Program, and 38 individuals who were convicted of a sex offense after they were no longer in the WITSEC Program. The sex offenses committed by these individuals included crimes such as rape or sexual assault of children. In August 2014, the Department informed the OIG that at least four individuals—in addition to those above—who were convicted of sex-related offenses were current WITSEC Program participants and had received a new name. The OIG believes that the Department generally did not use adequate safeguards to protect and notify the public and law enforcement about the risk posed by sex offender participants in the WITSEC Program.

While the USMS provided directives and procedures that had been marked as “under review” since 2007, the Department did not have finalized policies in place to address the unique concerns regarding relocation, employment, and residency of sex offenders participating in the WITSEC Program until September 2014, after the OIG recommended that they implement such policies.

According to Department officials, thousands of individuals who received a legal name change subsequently left the WITSEC Program either voluntarily or involuntarily. The audit identified a loophole in the WITSEC Program process that leaves law enforcement agencies unnecessarily uninformed about these individuals and unable to utilize all available tools to perform their duties. As the OIG reported, the Department has acknowledged this issue and is working to address it.

Since the initiation of this audit in July 2013, the Department has taken several steps to improve its management and oversight of the WITSEC Program in response to OIG recommendations, including finalizing additional policies and procedures addressing the provision of relocation services to sex offenders; the handling and monitoring of sex offenders who are WITSEC Program participants; and the oversight and management of terminated WITSEC Program participants.

The report discusses several recommendations that the Department has addressed and makes two additional recommendations to the Department to improve its oversight and management of the WITSEC Program. The Department agreed with both recommendations.

# Multicomponent

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## **Policies and Training Governing Off-Duty Conduct by Department Employees in Foreign Countries**

The OIG issued a report on policies and training governing off-duty conduct by Department employees working in foreign countries. The OIG report found that despite the Department's significant international presence, it lacks Department-wide policies and training to address off-duty conduct—whether in the United States or in foreign countries—and that most of the Department's components reviewed by the OIG convey little or no information about off-duty conduct before sending their employees abroad.

This review focused on the Department's off-duty conduct policies and training for specific behaviors—including consuming excessive alcohol, using illegal drugs, and soliciting prostitutes—and encompassed the Department's Criminal Division, DEA, ATF, FBI, and USMS. Together, these components have more than 1,200 overseas positions and account for more than 6,100 trips a year to over 140 countries.

The OIG found no indication that the Department had revisited its off-duty policies or training in any comprehensive manner since 1996, when the OIG published a report about the Good O'Boy Roundups, in which the OIG determined that the Roundups gatherings were characterized by rampant public drunkenness, widespread public lewdness, and, in later years, episodes of racist conduct. At that time, the OIG determined that the Department had only general provisions in place governing off-duty conduct and that many Department employees did not well understand their off-duty responsibilities.

This report also found that most of the five components reviewed convey little or no information about off-duty conduct before sending their employees abroad. Although all five components have policies that touch on off-duty conduct in some way, the OIG found

that much of the policy and training did not clearly communicate what employees can and cannot do off duty. Of the five components reviewed, the FBI had done the most to prepare its employees to make day-to-day decisions about appropriate off-duty conduct while working abroad. The DEA—which has the largest international presence—provided its employees with the least information about off-duty conduct while abroad and its policies and training had significant gaps. The OIG determined that the Criminal Division, ATF, and USMS also had weaknesses in their policies and training but noted that the Criminal Division was in the process of strengthening its materials at the time of this review.

The report made six recommendations regarding the policies and training governing off-duty conduct by Department employees working abroad. The Department and the five components agreed with all of the recommendations.

## **Management of International Fugitive Removal Activities**

The OIG issued an audit of the Department's management of international fugitive removal activities. The USMS requested that the OIG review the international fugitive removal process, with a specific emphasis on what the Department could do to better manage and control the “spiraling cost” of returning international fugitives to the United States for judicial proceedings. According to USMS records, between FY 2010 and FY 2013, the actual cost of all USMS removal activities increased by over 65 percent, from \$3.2 million to remove 646 international fugitives in FY 2010 to \$5.3 million to remove 875 international fugitives in FY 2013.

Although the audit found successful coordination between the USMS, Criminal Division's Office of International Affairs, other federal law enforcement components, and prosecutors in executing the transportation of

# Multicomponent

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international fugitives to face prosecution in the United States, it identified a disconnect within the removal process between those approving removals and those executing them. The USMS, which has primary responsibility for funding and executing removal activities, is not involved in the decision-making process when individual removal events are considered. In addition, prosecutors consider many factors when making removal decisions but are not provided with the USMS's cost information. While some removal events are conducted with minimal cost, the OIG identified several removal events that cost the USMS over \$200,000 each. Given the impact that high-cost removals can have on the USMS budget, the OIG believes that Department officials should be aware of the estimated costs as one of the factors to consider before approving a removal.

The OIG further found the Department can improve its process for considering possible case outcomes when considering whether to conduct a removal. Of a sample of 145 removals, the OIG identified 11 instances where fugitives received a sentence of "time served" after being returned to the United States. These 11 instances included 5 fugitives who were non-U.S. citizens who faced immediate deportation from the United States following their sentencing. The audit also identified a case prosecution that was dismissed after the non-U.S. citizen was returned to the United States at a reported cost of over \$13,000.

The OIG also determined that the USMS could improve the management of its international fugitive program by routinely analyzing the data it maintains about removal events, as well as establishing stronger internal controls to ensure the USMS is conducting the removal of international fugitives in the most fiscally responsible manner possible.

The OIG made nine recommendations to the ODAG and the USMS to improve the management of international fugitive removal activities. The ODAG and the USMS agreed with all of the recommendations.

## **The Handling of Sexual Harassment and Misconduct Allegations by the Department's Law Enforcement Components**

The OIG issued a report examining the Department's law enforcement components' handling of employee sexual harassment and sexual misconduct allegations. Although the OIG found that there were relatively few such allegations during the period from 2009 through 2012, the report identified significant systemic issues with the components' processes that the OIG believes require prompt corrective action.

The OIG conducted this review in response to congressional inquiries after allegations arose regarding the conduct of U.S. government personnel, including DEA agents, during the President's 2012 trip to Cartagena, Colombia. The review focused on the nature, frequency, reporting, investigation, and adjudication of allegations of sexual harassment or sexual misconduct (including the transmission of sexually explicit texts and images) at ATF, DEA, FBI, and USMS.

The review found that component supervisors did not always report allegations of sexual harassment and misconduct to their respective internal affairs offices as required by component policies. In several instances, these supervisors were not disciplined for their failure to report. Additionally, the FBI's and the USMS's internal affairs offices chose not to investigate some allegations of sexual harassment and misconduct despite significant evidence that misconduct had occurred and the DEA's internal affairs office did not always fully investigate allegations of sexual misconduct related to prostitution.

At ATF, DEA, and USMS, the OIG found a lack of coordination between the internal affairs offices and security personnel. As a result, security departments at these components were sometimes unaware of allegations that may impact an employee's eligibility to hold

# Multicomponent

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a security clearance and access classified information. In contrast, the OIG found that the FBI's internal affairs office alerts the FBI security department to any such misconduct allegations it receives.

Further, all four components either did not have adequate offense tables or did not properly use their offense tables for charging employees with sexual harassment and sexual misconduct offenses. The offense tables at ATF, DEA, and USMS did not contain adequate language to address the solicitation of prostitutes in jurisdictions where the conduct is legal or tolerated. The FBI offense table contains such a category, but the OIG found instances where general offense categories were applied instead of the specific category.

Moreover, all four components have weaknesses in detecting the transmission of sexually explicit text messages and images by employees. Although the FBI archives and proactively monitors its employees' text messages, there are limitations to its ability to use this information. Misconduct investigators at ATF, DEA, and USMS cannot easily obtain such text message evidence. These issues may hamper the components' ability to conduct misconduct investigations, fulfill their discovery obligations, and deter misconduct.

Finally, the report noted that the OIG's ability to conduct this review was significantly impacted and unnecessarily delayed by repeated difficulties in obtaining relevant information from the FBI and the DEA. Specifically, the FBI and the DEA initially refused to provide the OIG with the unredacted information the OIG was entitled to receive under the IG Act. When they finally did provide the information without extensive redactions, the OIG found that it still was incomplete. The OIG was also concerned by an apparent decision by the DEA to withhold information regarding a particular open misconduct case despite the fact that the OIG was authorized to receive the information. Because of these difficulties, the OIG cannot be

completely confident that the FBI and the DEA provided the OIG with all information relevant to this review.

The OIG made eight recommendations to improve the law enforcement components' disciplinary and security processes relating to allegations of sexual misconduct and harassment. The Department and the four components reviewed agreed with all of the recommendations.

## **Department's Use and Support of Unmanned Aircraft Systems**

The OIG issued an audit of the Department's use and support of UAS, commonly referred to as "drones." The report followed up on findings from the OIG's September 2013 interim report on the Department's use and support of UAS, and also examined the extent to which Department components have relied on other agencies' UAS to support Department law enforcement efforts.

The OIG found that as of August 2014, the FBI remained the only Department component that operationally deploys its own UAS. The FBI had deployed its UAS exclusively to provide targeted aerial surveillance in the context of 13 investigations, including search and rescue operations, kidnappings, fugitive manhunts, national security missions, and anti-drug trafficking interdictions. The OIG confirmed that the FBI obtained all required approvals from the Federal Aviation Administration (FAA) to operate UAS in the field between 2010 and 2014.

The report determined that the FBI faces discrete program management challenges regarding its use of UAS. Specifically, during the OIG's review the FBI maintained all 17 of its operational UAS at a single location and had only one pilot team on staff adequately trained to fly all models of its UAS. The OIG believes this could limit the FBI's ability to deploy UAS to distant locations quickly, or to multiple locations simultaneously. FBI officials

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emphasized that its manned aircraft program is capable of deploying to multiple locations quickly, but they acknowledged that UAS can have operational advantages. The FBI had begun addressing these challenges by training additional UAS pilots and establishing a goal to deploy UAS to additional FBI field divisions over the next 5 years; although the OIG found that the FBI had not fully developed plans to implement this goal. The OIG also found that the FBI and FAA have drafted, but not yet finalized, rules which would expand the locations and times that the FBI could operate its UAS without first requesting written FAA permission.

The OIG also found that ATF spent approximately \$600,000 on UAS but never flew them operationally. ATF officials told us that they encountered a series of technological limitations with these UAS related to flight time and maneuverability and concluded that the systems were unreliable or unsuitable to support operations. ATF subsequently suspended its UAS program in June 2014 and disposed of these UAS. Yet less than a week after that suspension, a separate unit within ATF purchased five small commercial UAS for approximately \$15,000 without coordinating with ATF's UAS program office. That unit of ATF has grounded these UAS until they receive further guidance regarding their use.

Finally, the report confirmed that the FBI, ATF, DEA, and USMS have all received support from Predator-B UAS operated by the DHS CBP. The OIG's review of CBP records identified 95 CBP UAS flights in support of missions that involved Department components between 2010 and 2013. The DEA was involved in 73, the FBI in 13, ATF in 4, the USMS in 3, and 2 involved multiple Department components. The OIG found that the Department components did not have recordkeeping policies or practices to document support received from non-Department operated UAS, and that they maintained only minimal documentation of such support in the field. Without such efforts,

the OIG believes that Department components may not be able to accurately assess their need for UAS support or how to use UAS most effectively and appropriately to support their operations.

The OIG made four recommendations to help the Department continue to improve its UAS management and oversight. The Department, including the FBI and ATF, agreed with the recommendations.

## **Progress on the Department's Implementation of the Prison Rape Elimination Act**

The OIG examined the progress of the Department's implementation of the PREA, which required the Department to develop Standards that apply to all federal, state, and local confinement facilities. The OIG found that while the Department has made significant progress in complying with the Standards, there are several issues that, if left unresolved, may hinder implementation.

The OIG found that while the BOP and the USMS both have been proactive in adding PREA compliance language to their contracts with privately run facilities, the USMS has taken a passive approach to adding PREA compliance language to its IGAs with state and local detention facilities that house federal detainees. The OIG found that the USMS generally waits to insert the language until the IGA facility requests a modification to its contract with the USMS, typically in the form of rate increases. As of January 2014, the USMS had inserted PREA compliance language into 134, or 14 percent, of its 925 actively used IGAs.

In addition, the OIG found there was uncertainty pertaining to Department guidance for how components that use IGA facilities would deem an IGA facility to be out of compliance with the Standards. The OIG also found that the Department does not have an effective mechanism in place to ensure

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compliance with the provisions of the Standards that place obligations on the Department's components that investigate sexual abuse in confinement settings, such as the FBI and the OIG. Finally, the OIG found that the BOP has faced challenges implementing the Standards, such as locating outside organizations capable of providing sexual assault support services.

Because the Department's implementation of PREA is ongoing, the OIG did not make recommendations to the Department about how to address the areas of concern the OIG identified. However, the OIG encouraged the Department and its relevant components to take appropriate action to address the issues described in the report, since these issues may become increasingly significant if left unresolved.

## **Federal Information Security Management Act Audits**

The *Federal Information Security Management Act* (FISMA) requires the Inspector General for each agency to perform an annual independent evaluation of the agency's information security programs and practices. The evaluation includes testing the effectiveness of information security policies, procedures, and practices of a representative subset of agency systems. The Office of Management and Budget (OMB) is responsible for the submission of the annual FISMA report to Congress. The DHS prepares the FISMA metrics and provides reporting instructions to agency Chief Information Officers, Inspectors General, and Senior Agency Officials for Privacy. The FY 2014 FISMA results were due to OMB by November 15, 2014. The OIG provided OMB with this submission within the deadline.

For FY 2014, the OIG issued separate reports for its review of the Justice Management Division's (JMD) information security program and its sensitive but unclassified system, the Justice Communication System. The OIG is finalizing its FY 2014 review of the individual

information security programs of four other Department components: the FBI, ATF, BOP, and Federal Prisons Industries (FPI). Within these components, the OIG selected for review one classified system within the FBI and the following four sensitive but unclassified systems: the FBI's Internet Crime Complaint Center Network, ATF's National Field Office Case Information System, BOP's Trust Fund Accounting and Commissary System, and FPI's Vehicle Management Information System. The OIG is finalizing reviews of these systems and plans to issue reports evaluating each of these systems as well as reports on each component's information security program.

## **The Department's Financial Statement Audits**

The *Chief Financial Officers Act of 1990* and the *Government Management Reform Act of 1994* require annual financial statement audits of the Department. The OIG oversees and issues the reports based on the work performed by independent public accountants. During this reporting period, the OIG issued the audit report for the Department's Annual Financial Statements for FY 2014.

The Department received an unmodified opinion on its FYs 2014 and 2013 financial statements.<sup>1</sup> The independent public accountants also issued reports on internal control over financial reporting and on compliance and other matters. The auditors did not identify any material weaknesses, nor did they report any significant deficiencies in the FY 2014 *Independent Auditors' Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. During FYs 2009 through 2014, the Department made

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<sup>1</sup> An unmodified opinion results when the financial statements present fairly, in all material respects, the financial position and results of operations of the reporting entity, in accordance with U.S. generally accepted accounting principles.

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measurable progress toward implementing the Unified Financial Management System, which replaced four of five major non-integrated legacy accounting systems. However, the Department still does not have a unified financial management system to readily support ongoing accounting operations and preparation of financial statements and achieve the economies of scale that it originally envisioned. As discussed in past years, the OIG believes the most important challenge facing the Department in its financial management is to fully implement an integrated financial management system to replace the remaining major non-integrated legacy accounting system used by three of the Department's nine reporting components.

No instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* were identified during the audit in the FY 2014 *Independent Auditors' Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. Additionally, the independent public accountant's tests disclosed no instances in which the Department's financial management systems did not substantially comply with the *Federal Financial Management Improvement Act of 1996*.

## Reviews of the Annual Accounting of Drug Control Funds and Related Performance FY 2014

The OIG issued reviews of the Department's annual detailed accounting of funds obligated by each drug control program and related performance summary. The report contains the results of the 8 attestation reviews conducted by the OIG of the reported \$7.7 billion of drug control obligations and 23 related performance measures for FY 2014. The reviews are required by 21 U.S.C. § 1704(d), as implemented by the Office of National Drug Control Policy Circular, Accounting of Drug Control Funding and Performance Summary, dated January 18, 2013.

An attestation review is less in scope than an examination and, therefore, does not result in the expression of an opinion. The OIG reported that nothing came to its attention that caused it to believe the submissions were not presented, in all material respects, in accordance with the requirements of the Office of National Drug Control Policy Circular, and as otherwise agreed to with the Office of National Drug Control Policy.

## Single Audit Act Reports

The *Single Audit Act of 1984*, as amended, promotes sound financial management of federal financial assistance provided to state, local, and tribal governments, colleges, universities, and nonprofit organizations. Under OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, such entities that expend \$500,000 or more in federal funds in 1 year must have a "single audit" performed annually covering all federal funds expended that year.<sup>1</sup> Single audits are conducted by state and local government auditors, as well as independent public accounting firms. The OIG reviews these audit reports when they pertain to Department funds in order to determine whether the single audit reports meet federal requirements and generally accepted government auditing standards. In addition, the OIG reviews single audit reports to determine whether they contain audit findings related to Department grants. As a result of the OIG's review of the single audits, during this semiannual period the OIG issued to OJP 127 single audit reports encompassing over

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<sup>1</sup> On December 26, 2014, OMB Circular A-133 was superseded by 2 C.F.R. 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). The new guidance, which affects all audits of fiscal years beginning on or after December 26, 2014, raises the audit threshold to \$750,000. According to OMB, although OMB Circular A-133 has been replaced by the Uniform Guidance, the Circular will have a continuing effect of 2 years or more. Audits performed under the requirements of the new Uniform Guidance are not expected to be submitted until calendar year 2016.

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640 contracts, grants, and other agreements totaling more than \$169 million. The OIG also monitors these audits through the resolution and closure process.

The single audits disclosed that costs charged to Department grants were not always related to the grant programs or properly allocated. In addition, some required financial and program reports were inaccurate or not filed in a timely manner, if at all. The state and local government auditors and independent public accounting firms that conducted the single audits also found examples of incomplete or missing records, inadequate segregation of duties, failure to conduct physical inventories of assets purchased with federal funds, failure to submit timely single audit reporting packages to the Federal Audit Clearinghouse (an office operating on behalf of OMB that facilitates federal oversight of entities expending federal money), and failure to reconcile significant accounting records with the general ledger and subsidiary ledgers. They also reported that grantees did not adequately monitor their grant sub-recipients to ensure that the sub-grantees were properly accounting for the grant funds and ensuring compliance with the terms and conditions of the grant. To address these deficiencies, the auditors recommended 338 management improvements and questioned costs totaling \$317,013.

## **Civil Rights and Civil Liberties**

Section 1001 of the Patriot Act directs the OIG to receive and review complaints of civil rights and civil liberties abuses by Department employees, to publicize how people can contact the OIG to file a complaint, and to send a semiannual report to Congress discussing the OIG's implementation of these responsibilities. In March 2015, the OIG issued its most recent such report, which summarized the OIG's Section 1001 activities from July 1 through December 31, 2014. The report described the number of complaints the OIG received under this section, the status of investigations conducted by the OIG and Department components in response to those

complaints, and an estimate of the OIG's expenses for conducting these activities. The report also describes other OIG reviews that are related to potential civil rights and civil liberties issues but not explicitly required by Section 1001.

## **Investigations**

The following are examples of cases involving more than one component that the OIG investigated during this reporting period:

- On December 1, 2014, the U.S. Attorney's Office for the Northern District of California announced that Cricket Communications, Inc., agreed to pay a \$2,174,432 civil settlement, resolving alleged overcharging for intercept services that Cricket provided to federal law enforcement agencies. The investigation found that during the period from January 1, 2007, through December 31, 2009, Cricket overcharged by billing more than its reasonable expenses incurred in providing facilities or assistance in carrying out court-ordered wiretaps, pen registers, and trap and trace devices. The investigation was conducted by the OIG's Fraud Detection Office.
- On February 5, 2015, a defendant was sentenced in the U.S. District Court for the Western District of Washington, pursuant to his guilty plea to wire fraud, aggravated identity theft, and filing a false income tax return, to 120 months of incarceration and ordered to pay restitution of \$7,280,253. According to court records, between 2007 and 2013, the Computers for Learning program, which transfers excess government computers and related equipment directly to qualified schools and educational non-profit organizations, was defrauded by the defendant, who was posing as 14 different non-profit organizations obtaining computers for free while

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selling the computers for his personal profit. Over the course of the scheme, 19,442 items were obtained through the program from various federal agencies, originally purchased for \$30.3 million and worth an estimated fair market value of \$7.2 million. Of the \$30.3 million (the original purchase price), equipment worth approximately \$305,000 came from various Department agencies. The defendant also did not report the income. The investigation was conducted jointly by the OIG's San Francisco Area Office, General Services Administration, IRS, Department of Transportation, Social Security Administration, DHS, Veterans Administration, and Army Criminal Investigations Division.

## Ongoing Work

### Denials from the National Instant Criminal Background Check System

The OIG is auditing the National Instant Criminal Background Check System, which provides criminal background checks in support of the *Brady Handgun Violence Prevention Act of 1993*. The OIG will evaluate the effectiveness of processes related to the FBI's referral of denials to ATF; ATF's initial screening and referral of denials to its field offices for investigation; ATF field offices' investigation of denials; and the USAOs prosecution of crimes associated with denials.

### Follow-up to the Fast and Furious Report

The OIG is reviewing the Department's and ATF's implementation of recommendations in the OIG's September 2012 report, *A Review of Operation Fast and Furious and Related Matters*. The OIG made six recommendations in that report designed to increase oversight of ATF operations, improve coordination among the Department's law enforcement components, and enhance the Department's wiretap application review and authorization process.

Since the Fast and Furious report was issued, the Department has provided the OIG with information describing measures it has taken to implement the OIG's recommendations. The current review is examining this and other information to evaluate the progress and effectiveness of these measures.

### Department's Conference Expenditures

The OIG is continuing to examine the Department's conference expenditures. The audit will determine whether components complied with Department conference approval guidelines and the Deputy Attorney General's instruction to postpone or scale back planned conferences.

### Oversight of Asset Seizure Activities

The OIG is examining the Department's oversight of asset seizure activities, with a focus on assessing the scope of federal seizure operations and the success rate of those actions, as well as the nature and extent of Department-organized or funded asset seizure training initiatives. The OIG's review will cover the policies, practices, documentation, and outcomes of these activities and training programs for FY 2007 through FY 2014.

### Use of Extended Temporary Duty Travel

The OIG is auditing the Department's Use of Extended Temporary Duty Travel (TDY). The objectives are to evaluate whether the Department, specifically the FBI, Criminal Division, USAOs and Executive Office for U.S. Attorneys (EOUSA), and National Security Division: (1) is making appropriate use of extended TDY, (2) has sound extended TDY policies and practices that promote cost effectiveness, and (3) has adequate tracking systems and documentation for extended TDY expenditures.

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## **Follow-up to the International Prisoner Transfer Program Report**

The OIG is examining the progress made by the Department to more effectively manage the International Prisoner Transfer Program, which allows selected foreign national inmates to serve the remainders of their sentences in their home countries' prison systems. The review will also further evaluate factors that limit the number of inmates ultimately transferred.

## **Domestic Sharing of Counterterrorism Information**

In response to a congressional request, the Inspectors General of the IC, Department, and DHS initiated a coordinated, joint review focusing on the domestic sharing of counterterrorism information. The objectives of this review are to: (1) identify and examine the federally supported field-based intelligence entities engaged in counterterrorism information-sharing to determine their overall missions, specific functions, capabilities, funding, and personnel and facility costs; (2) determine whether counterterrorism information is being adequately and appropriately shared with all participating agencies; and (3) identify any gaps and/or duplication of effort among these entities.

## **Risk Assessment of the Department's Charge Card Programs**

As required by the *Government Charge Card Abuse Prevention Act of 2012* and consistent with the OMB memorandum, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, dated September 6, 2013, the OIG is conducting a risk assessment of the Department's charge card programs. The risk assessment will identify and analyze risks of illegal, improper, or erroneous purchase and payments to determine the scope, frequency, and number of periodic audits of Department charge card program transactions.



# Federal Bureau of Investigation

The FBI seeks to protect the United States against terrorist and foreign intelligence threats; enforces the criminal laws of the United States; and provides criminal justice services to federal, state, municipal, and international agencies and partners. FBI headquarters in Washington, D.C., coordinates activities of nearly 35,000 employees in 56 field offices located in major cities throughout the United States and Puerto Rico, approximately 360 resident agencies in smaller cities and towns across the nation, and more than 60 international offices in U.S. embassies worldwide.



## Reports Issued

### **Use of Section 215 Orders, 2007–2009**

The OIG issued a classified report examining the FBI's progress in implementing recommendations from prior reports involving the use of Section 215 orders for business records. The report also examined the number of Section 215 applications filed by the FBI between 2007 and 2009 and any improper or illegal use of these authorities. This report follows up the OIG's March 2007 and March 2008 reports on the FBI's use of 215 authorities after the enactment of the Patriot Act.

The OIG provided a final draft of the report to the IC in June 2014 for a classification review, but the OIG did not receive assurances about when that review would be completed. The OIG therefore provided the classified report—with certain information redacted—to the relevant Congressional oversight and intelligence committees, as well as to Department leadership offices. The OIG will issue a public, unclassified version of the report, with any necessary redactions, at the conclusion of a separate and final classification review currently being conducted by the FBI and the IC.

### **CODIS Audits**

The FBI's CODIS program allows crime laboratories around the country to compare and match DNA profiles electronically, thereby assisting law enforcement in solving crimes and identifying missing or unidentified persons. The National DNA Index System (NDIS) is the national database containing the DNA profiles contributed by federal, state, and local laboratories participating in the CODIS program. The OIG performs audits of these crime laboratories to ensure they are in compliance with key NDIS operational procedures and certain FBI Quality Assurance Standards (QAS) and to ensure that their forensic DNA profiles maintained in CODIS databases are complete, accurate, and allowable for inclusion in NDIS. The QAS describe quality assurance requirements that CODIS laboratories must follow to ensure the quality and integrity of the data generated by the laboratory.

During this reporting period, the OIG audited CODIS activities at two laboratories. The results of those audits are described below.

- The OIG found that the Arizona Department of Public Safety, Northern Regional Crime Laboratory (Arizona Laboratory), in Flagstaff, Arizona, was in compliance

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with the NDIS operational procedures and QAS the OIG tested. The OIG also tested 100 forensic CODIS DNA profiles and determined that 94 were complete, accurate, and allowable for inclusion in the NDIS. However, the audit questioned the eligibility of six profiles that were not from crime scene evidence, were developed from the suspect, or did not have sufficient detail in the case file to determine eligibility. The Arizona Laboratory deleted four of the six profiles prior to the issuance of the OIG's draft audit report. Two of the four questioned profiles migrated from the Arizona Laboratory's local database as a result of human error associated with a 2007 CODIS software upgrade. In response to the draft report, the FBI concluded that one of the remaining profiles was unallowable and had it removed from the NDIS, and that the other remaining profile was allowable and provided additional case documentation to support that determination. As a result, one recommendation in the audit report was closed and two were resolved. The Arizona Laboratory and the FBI indicated that they are progressing on the implementation of the remaining two recommendations.

- The OIG found that the Honolulu Police Department Laboratory (Honolulu Laboratory) in Honolulu, Hawaii, was in compliance with NDIS participation requirements regarding CODIS user training, server physical security, and data back-up procedures. However, the OIG found that in some instances where an uploaded DNA profile matched a profile already known to law enforcement, the Honolulu Laboratory did not follow up on the match in a timely manner. Further, the Honolulu Laboratory did not maintain adequate documentation in its case files regarding its notifications to investigators of matches and notified some investigators

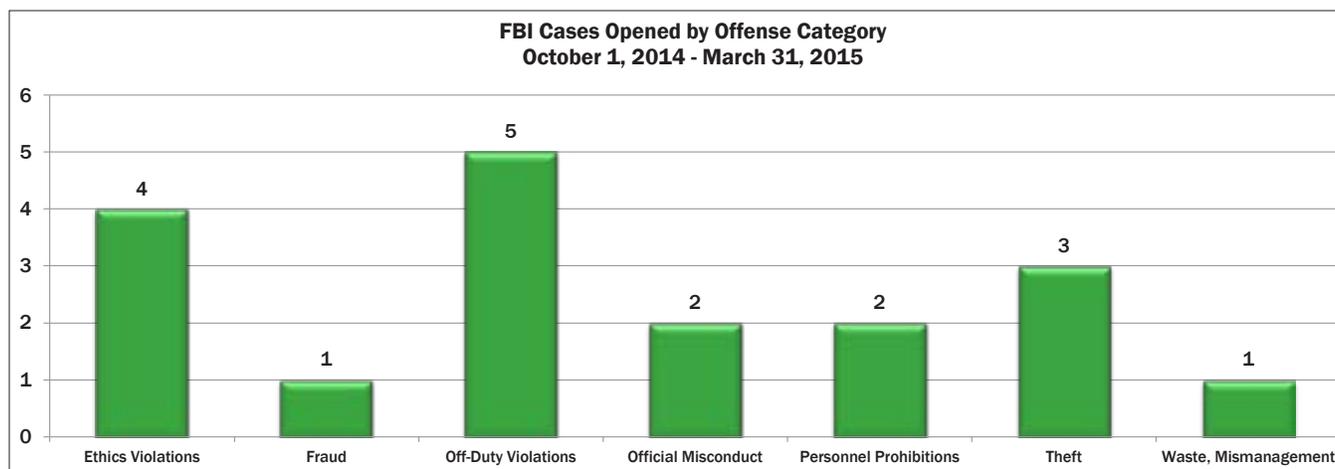
in an untimely manner. The audit also found that the Honolulu Laboratory's CODIS terminal was not adequately secured against unauthorized personnel gaining access to the equipment and that the Honolulu Laboratory's storage area was not always properly secured. The audit tested 100 forensic CODIS DNA profiles and determined that 97 were complete, accurate, and allowable for inclusion in the NDIS: 2 were unallowable because they were not attributable to a putative perpetrator; and 1 was inaccurate because it included part of the victim's DNA. The OIG also identified 7 profiles that were uploaded to the NDIS prior to the completion of a required technical review for accuracy and 42 profiles that were uploaded prior to the completion of a required secondary review for eligibility. The Honolulu Laboratory deleted the two unallowable profiles and corrected the inaccurate profile. The OIG made six recommendations to address the Honolulu Laboratory's compliance with standards governing CODIS activities, and both the FBI and the Honolulu Laboratory agreed with the recommendations.

## Investigations

During this reporting period, the OIG received 564 complaints involving the FBI. The most common allegations made against FBI employees were official misconduct, and waste and mismanagement. Most of the complaints received during this period were considered management issues and were provided to FBI management for its review and appropriate action.

During this reporting period, the OIG opened 18 investigations and referred 446 allegations to the FBI's Inspection Division for action or investigation. At the close of the reporting period, the OIG had 64 open criminal or administrative investigations of alleged misconduct related to FBI employees. The

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Source: Investigations Data Management System

criminal investigations covered a wide range of offenses, official misconduct and fraud. The administrative investigations involved serious allegations of misconduct.

The following are examples of cases involving the FBI that the OIG investigated during this reporting period:

- On March 31, 2015, an FBI Special Agent pled guilty to a criminal information filed in the U.S. District Court for the District of Columbia containing 38 counts of obstruction of justice, 13 counts of conversion of property, and 13 counts of possession of heroin. According to his guilty plea, the Special Agent tampered with and ingested heroin that had been seized as evidence in support of FBI and task force drug investigations, and then attempted to avoid detection by replacing the missing heroin with cutting agents, such as Creatine or Purelax, and by falsifying and altering evidence custody documents. As a result of this investigation, the FBI terminated the Special Agent's employment on March 13, 2015. The investigation is being conducted by the OIG's Washington Field Office.
- On December 23, 2014, an FBI Special Agent pled guilty to a five-count indictment filed in the Southern District of New York charging him with conspiracy to engage in a bribery scheme, soliciting bribes, conspiracy to defraud the citizens of the United States and the FBI, theft of government property, and unauthorized disclosure of a Suspicious Activity Report. In pleading guilty, the Special Agent admitted to accepting cash from two individuals, who were also prosecuted, in return for confidential law enforcement information and confidential documents to which the FBI employee had access by virtue of his position as a Special Agent. One of the codefendants was the Special Agent's friend, and the second codefendant—a native of Bangladesh who wanted information concerning a prominent Bangladeshi political figure—was an acquaintance of the first codefendant. The Special Agent retired from the FBI effective September 24, 2012, following the OIG execution of a search warrant at his residence. Both codefendants pled guilty on October 17, 2014, to charges of bribery of a public official and conspiracy to commit honest services wire fraud. Sentencing is pending in all three cases.

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The investigation was conducted by the OIG's New York Field Office with assistance from multiple OIG field offices.

In a separate but related case, on March 30, 2015, the same Special Agent, and two co-conspirators were sentenced in the District of Utah pursuant to their guilty pleas to an 11-count indictment charging them with 1 count of conspiracy, 8 counts of honest services wire fraud, 1 count of obstructing justice, and 1 count of obstructing an agency proceeding. The Special Agent was sentenced to 10 years' incarceration. The two co-conspirators were sentenced to 13 months and 24 months of incarceration, respectively. All three were also sentenced to a period of 36 months on supervised release. In addition, the Special Agent and the first co-conspirator were ordered to forfeit \$70,000, jointly and severally. As noted in the press release issued by the Department, from October 2011 to September 2012, the Special Agent and the first co-conspirator conspired to use the FBI employee's official position as an FBI counterintelligence agent to obstruct a criminal investigation into the second co-conspirator, a businessman who owned and operated a security corporation. The second co-conspirator was under investigation for allegedly paying kickbacks to obtain a series of contracts from the DoD worth approximately \$54 million. The second co-conspirator promised the Special Agent and the first co-conspirator that, in exchange for their help, he would provide them cash and multimillion dollar business contracts. The Special Agent retired from the FBI, effective September 24, 2012, following the OIG execution of a search warrant at his residence and days before his arrest by the OIG. This investigation was conducted by the OIG's New York Field Office with assistance from multiple other OIG field offices.

- On February 19, 2015, an FBI Special Agent was indicted in the Southern District of California on charges of obstruction of justice, witness tampering, and making false statements to a federal officer. The indictment alleged that in 2007 the Special Agent obtained temporary authorization for a Korean national to remain in the United States for 6 months, submitted a request to extend the authorization that was denied, and then made a subsequent successful request to extend the temporary authorization for 1 year, expiring in early 2009. Between 2009 and 2013—after the Korean national's temporary authorization to remain in the United States had expired—the Special Agent provided her with personal funds totaling nearly \$20,000 and, at one point, moved into an apartment with her. In 2013, while the OIG was conducting a criminal investigation into his actions and a federal grand jury in the Southern District of California was investigating his conduct, the Special Agent made false and misleading statements regarding the whereabouts of the Korean national, notified the individual of his plans to serve her with a grand jury subpoena, encouraged and induced the individual to leave the United States in order to avoid service of a grand jury subpoena, and—after the individual was served with a grand jury subpoena—provided financial support for her to leave the country. The Special Agent is on unpaid administrative leave. The case is being investigated by the OIG's San Francisco Area Office.
- On January 22, 2015, a retired FBI Special Agent—who was employed as an FBI contractor—was sentenced to a term of 3 years of probation and fined \$10,000 in the Central District of Illinois based on his plea of guilty to a criminal information charging him with one count of computer fraud. According to

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the plea agreement—on three separate occasions in November 2010 while working as a contractor for the FBI—the former Special Agent accessed the FBI’s wiretap room, logged into a password protected computer system, searched for and downloaded sensitive unclassified information to an external hard drive, and then disseminated the results of his searches and downloads to defense attorneys involved in an ongoing FBI public corruption trial. On March 4, 2011, the former Special Agent resigned from his contract position. The joint investigation was conducted by the OIG’s Atlanta Area Office and the FBI Mobile Division in Alabama.

- In the *Semiannual Report to Congress, April 1, 2014 –September 30, 2014*, the OIG reported that a former FBI support services technician and his wife were arrested and pled guilty to bank fraud. On January 14, 2015, the former employee and his wife were sentenced in the Northern District of California to 90 days’ incarceration to be followed by 6 months’ home confinement. They were also ordered to perform 200 hours of community service and to pay restitution to Wells Fargo Bank in the total amount of \$83,326.50. Both the former FBI employee and his wife admitted that beginning in June 2006 and continuing through at least March 2010, they created and carried out a plan to obtain money from First California Bank and Wells Fargo Bank by making promises and statements that they knew were false, inducing the banks to issue them mortgage loans and later to provide them with favorable modifications to those loans. The support services technician retired from his position approximately a month after his OIG interview. The case was investigated by the OIG’s San Francisco Area Office.

## Ongoing Work

### Bulk Telephony Review

The OIG is reviewing the FBI’s use of information derived from the NSA’s collection of telephony metadata obtained from certain telecommunications service providers under Section 215 of the Patriot Act. The review will examine the FBI’s procedures for receiving, processing, and disseminating leads the NSA develops from the metadata, as well as any changes that have been made to these procedures over time. The review will also examine how FBI field offices respond to leads and the scope and type of information field offices collect as a result of any investigative activity that is initiated. In addition, the review will examine the role the leads have had in FBI counterterrorism efforts.

### Next Generation Cyber Initiative

The OIG is evaluating the FBI’s implementation of its Next Generation Cyber Initiative, which is intended to enhance the FBI’s ability to combat cyber intrusions. The audit will also assess whether the FBI has established outreach efforts to facilitate information sharing and collaboration with the private sector.

### Regional Computer Forensic Laboratories<sup>1</sup>

The OIG is conducting an audit of the Philadelphia Regional Computer Forensic Laboratory located in Radnor, Pennsylvania. The audit will assess the efficiency and effectiveness of the laboratory’s performance and the effectiveness of its outreach and partnership with the law enforcement community. In addition, the audit will evaluate the laboratory’s case management system and its efforts to address its service request backlog.

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<sup>1</sup> The OIG completed this report in April 2015. The results of this audit will be described in the OIG’s next Semiannual Report, which will cover the period of April 1 through September 30, 2015.

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## **Critical Incident Response Group Tactical Section Procurements**

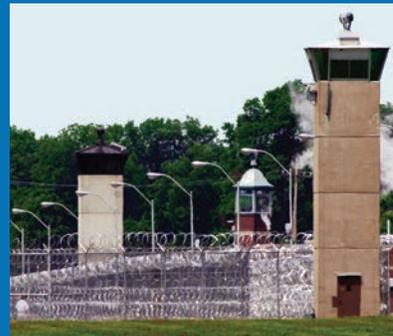
The OIG is examining the FBI's Critical Incident Response Group (CIRG) Tactical Section procurements. The preliminary audit objective will be to examine the internal controls established over CIRG Tactical Section procurements, including procurement needs, uses, and safeguards.

## **Use of Pen Register and Trap-and-Trace Authorities under FISA**

The OIG is conducting a review to evaluate the FBI's use of its pen register and trap-and-trace authority under FISA.

# Federal Bureau of Prisons

The BOP operates a nationwide system of prisons and detention facilities to incarcerate individuals imprisoned for federal crimes and detain those awaiting trial or sentencing in federal court. The BOP has approximately 39,700 employees and operates 121 institutions, 6 regional offices, a central office (headquarters), 2 staff training centers, and 22 community corrections offices. The BOP is responsible for the custody and care of approximately 208,800 federal offenders. Approximately, 170,400 of these inmates are confined in BOP-operated facilities, while the remainder is confined in privately managed or community-based facilities and local jails.



## Reports Issued

### **Contract for Management and Operation of Brooklyn Residential Reentry Center**

The OIG issued an audit of a BOP contract awarded to Community First Services, Incorporated (CFS), now known as the Core Services Group. The purpose of the contract was to operate and manage a residential reentry center located in Brooklyn, New York (Brooklyn House), for the purpose of providing assistance to inmates who are nearing release from custody. The contract, which was awarded in 2011, has an estimated award amount of over \$29 million for the 2-year base period and three 1-year options ending July 31, 2016. The audit found that Brooklyn House did not always comply with the contract requirements or with its own internal policies. Specifically, the OIG did not find sufficient evidence to conclude that Brooklyn House had met its obligations to prepare and submit resident inmates' Individualized Reentry Plans, release plans, and terminal reports; and to conduct employment verification and drug testing. The OIG also found that Brooklyn House's inmate sign-in/sign-out logs were missing signatures, time entries, and other documentation for some authorized inmate absences. The audit concluded that these internal control deficiencies undermine the BOP's ability to ensure effective contract administration surrounding individual inmate needs and requirements, inmate accountability, and overall inmate

monitoring and oversight. The OIG made five recommendations to address the deficiencies, and both the BOP and the CFS agreed with the recommendations, although the CFS stated in its formal response that it did not agree with all of the report's findings and conclusions.

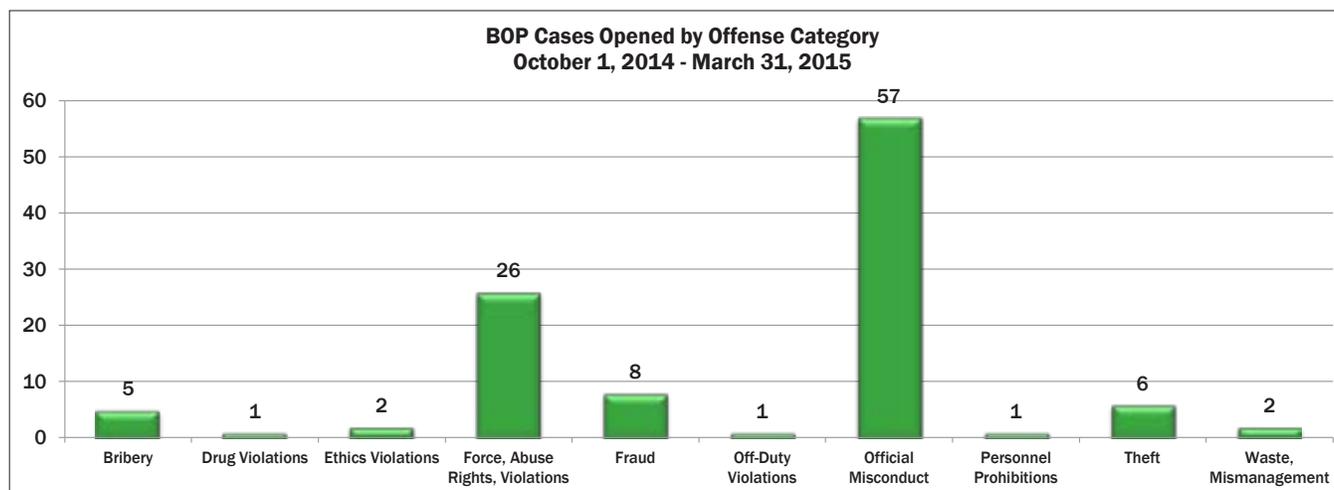
## Investigations

During this reporting period, the OIG received 3,547 complaints involving the BOP. The most common allegations made against BOP employees included official misconduct; and force, abuse, and rights violations. The majority of complaints dealt with non-criminal issues that the OIG referred to the BOP's Office of Internal Affairs for its review.

During this reporting period, the OIG opened 109 investigations and referred 3,297 allegations to the BOP's Office of Internal Affairs for action or investigation. At the close of the reporting period, the OIG had 241 open cases of alleged misconduct against BOP employees. The criminal investigations covered a wide range of allegations, including official misconduct; and force, abuse, and rights violations.

The following are examples of cases involving the BOP that the OIG investigated during this reporting period:

# Federal Bureau of Prisons



Source: Investigations Data Management System

- On December 19, 2014, a BOP correctional officer was sentenced in the Middle District of Florida for accepting bribes as a public official. The correctional officer pled guilty on September 23, 2014, to receiving \$28,450 in return for smuggling contraband, including tobacco, cell phones, alcohol, and pornography, to inmates. He was sentenced to 37 months' incarceration to be followed by 24 months on supervised release and ordered to forfeit \$28,450. The correctional officer resigned his position as a result of this investigation. The investigation was conducted by the OIG's Miami Field Office.
- On February 11, 2015, a BOP chaplain pled guilty in the Northern District of Illinois to a charge of conspiracy to defraud the United States. According to the plea agreement, the chaplain knowingly conspired with an inmate, Frank Calabrese, Sr., to defraud the United States and the BOP. Calabrese, now deceased, was serving a life sentence under measures that limited his visitors and were designed to prevent him from passing any messages to further criminal activity. On one occasion, the chaplain accepted a handwritten note from Calabrese detailing the location of an alleged Stradivarius violin supposedly hidden in a Wisconsin residence formerly owned by Calabrese. The chaplain met with two associates of Calabrese and discussed a plan to prevent the government from locating and seizing the violin and thereafter applying the proceeds toward a \$4.4 million restitution judgment that Calabrese owed to his victims. The investigation found that the violin has not been recovered. The chaplain retired from his BOP position during the investigation and is scheduled to be sentenced on June 23, 2015. The investigation was conducted jointly by the OIG's Chicago Field Office and the FBI.
- On October 22, 2014, a former BOP halfway house contract administrative aide was sentenced based on her guilty plea to a criminal information filed in the Southern District of Texas. According to the information to which she pled guilty, from March 1, 2012, through February 4, 2013, the administrative aide stole \$90,519.70 in funds from the halfway house. The investigation determined that the administrative aide stole over 600 money orders from inmates, forged the money orders, deposited them into her personal bank account, and manipulated halfway house records to conceal the

# Federal Bureau of Prisons

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fraudulent scheme. The inmate money orders were intended to reimburse the BOP for inmate subsistence expenses. The administrative aide resigned her position as a result of her misconduct and was sentenced to 14 months' confinement and 3 years' supervised release and ordered to make restitution of \$90,519.70. This investigation was conducted by the OIG's Dallas Field Office.

- On November 19, 2014, a BOP correctional officer was sentenced to 24 months' imprisonment, to be followed by 3 years on supervised release pursuant to his guilty plea in the Southern District of Texas to an indictment charge of bribery. The wife of the correctional officer—a state employee—was sentenced to 10 months' imprisonment to be followed by 3 years on supervised release pursuant to her guilty plea to a charge of conspiracy. During an OIG undercover operation, the correctional officer accepted \$5,000 total in exchange for smuggling a watch and tobacco into the facility. The wife of the correctional officer admitted that she assisted her husband in arranging times and locations for receiving contraband and bribe payments. The husband and wife resigned their positions during the investigation. The investigation was conducted jointly by the OIG's Dallas Field Office and the FBI.
- On February 23, 2015, a BOP contract correctional officer was sentenced in the Eastern District of California to 30 months' incarceration pursuant to his guilty plea to conspiracy to provide and possess contraband in prison. In his plea agreement, the contract correctional officer admitted that between November 2013 and February 27, 2014, he conspired with an inmate to smuggle prohibited items into the institution—including controlled substances, U.S. currency, cellular telephones, and alcohol—in return for

the payment of cash. The correctional officer resigned following his arrest. Previously, on September 2, 2014, the inmate conspirator was sentenced to 60 months' incarceration for conspiring to provide and possess contraband in prison. This case was investigated by the OIG's San Francisco Area Office and the FBI.

- On October 27, 2014, a BOP correctional officer was arrested pursuant to a two-count indictment filed in the District of Colorado charging her with sexual abuse of a ward and abusive sexual contact. According to the indictment, between on or about October 2 and October 29, 2013, the correctional officer engaged in sexual acts with a federal inmate who was in official detention and under her custodial, supervisory, and disciplinary authority. The correctional officer resigned from employment following her interview with the OIG. The investigation is being conducted by the OIG's Denver Field Office.

## Ongoing Work

### BOP Aging Inmates

The OIG is examining the impact of the BOP's aging inmate population on inmate and custody management, including programming, housing, and costs. The review will also assess the recidivism rate of inmates aged 50 and older that were released from FY 2006 through FY 2010.

### Metropolitan Detention Center, Brooklyn

The OIG is examining the management and security controls the BOP has in place for operating the Metropolitan Detention Center in Brooklyn, New York.

### Private Contract Prisons

The OIG is examining how the BOP monitors its private contract prisons; whether contractor performance meets certain inmate safety and

# Federal Bureau of Prisons

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security requirements; and how contract prisons and similar BOP institutions compare in an analysis of certain inmate safety and security data, and costs.

## **Reeves County Detention Center Compliance with BOP Contract Award<sup>1</sup>**

The OIG is auditing a BOP contract awarded to the Reeves County Detention Center in Pecos, Texas. The objective is to assess the BOP's and contractor's compliance with contract terms and conditions in the areas of billings and payments, staffing requirements, and contract oversight and monitoring. The scope of this audit is focused on but not limited to, contract performance from FY 2009 through December 31, 2013.

## **Process and Timing for Releasing Inmates**

The OIG's preliminary objectives are to: (1) assess the BOP's process for releasing inmates on their appropriate release dates; and (2) determine whether the BOP can reduce the number of inmates who are mistakenly released before or after their appropriate release dates. The review will assess the relevant responsibilities of the Designation and Sentence Computation Center located at the BOP's Grand Prairie Office Complex as well as the responsibilities of individual institutions.

## **Contraband Interdiction Efforts**

The OIG is reviewing current and planned security procedures employed by the BOP to detect and prevent contraband from entering BOP-operated institutions, to include staff, visitors, and inmate searches; cell phone detection/signal interruption technologies; and physical security measures.

## **Release Preparation Program**

The OIG is assessing the extent to which the BOP is meeting the goals of the Release Preparation Program and how the BOP tailors the program to meet inmate needs.

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<sup>1</sup> The OIG completed this report in April 2015. The results of this audit will be described in the OIG's next Semiannual Report, which will cover the period of April 1 through September 30, 2015.

# U.S. Marshals Service

The USMS is responsible for ensuring the safe and secure conduct of judicial proceedings, protecting approximately 2,200 federal judges and about 10,000 other court officials at approximately 440 court facilities; arresting federal, state, and local fugitives; protecting federal witnesses; transporting federal prisoners; managing assets seized from criminal enterprises; and responding to major national events, terrorism, and significant high-threat trials. The USMS Director and Deputy Director work with 94 U.S. Marshals to direct approximately 5,400 employees at 218 sub-offices and three foreign field offices.



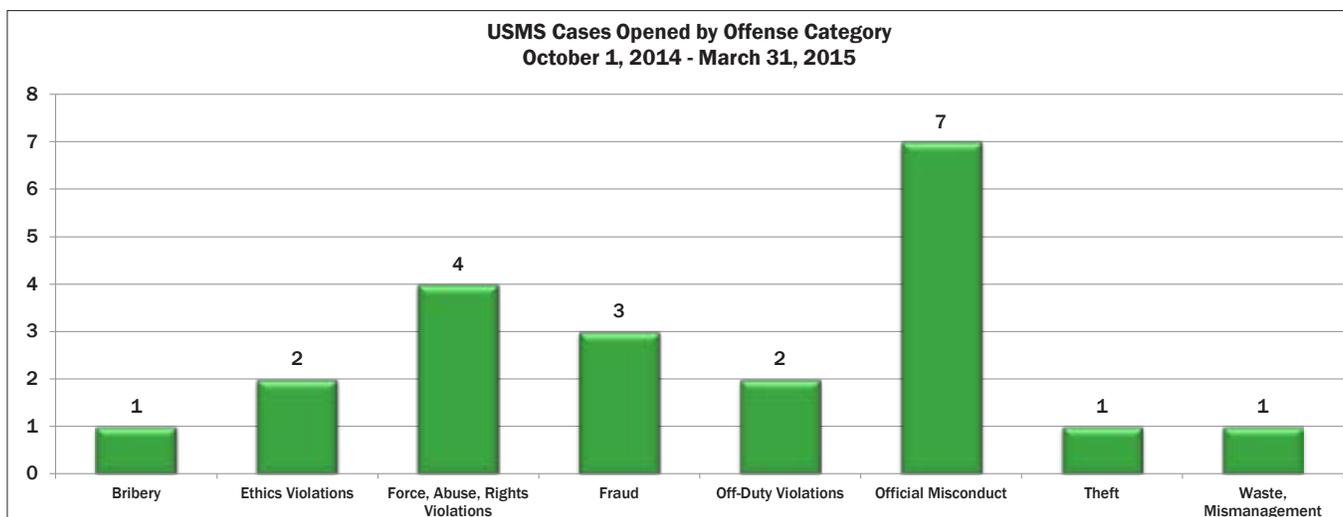
## Investigations

During this reporting period, the OIG received 338 complaints involving the USMS. The most common allegations made against USMS employees were official misconduct; and force, abuse, and rights violations. The majority of the complaints were considered management issues and were provided to the USMS's Office of Internal Affairs for its review and appropriate action.

During this reporting period, the OIG opened 21 investigations and referred 297 other allegations to the USMS's Office of Internal Affairs for its review. At the close of the reporting period, the OIG had 46 open cases of alleged misconduct against USMS employees. The most common allegations were official misconduct and fraud.

The following are examples of cases involving the USMS that the OIG investigated during this reporting period:

- On October 9, 2014, a former U.S. Marshal retired from the USMS after admitting to misconduct in an OIG investigation. The investigation determined that the former U.S. Marshal was sexually involved with three USMS employees—including two subordinates—while serving as the U.S. Marshal. During a compelled OIG interview, the former U.S. Marshal admitted to having inappropriate relationships with the three employees, misuse of position to assist one of the subordinate employees, operating a government-



Source: Investigations Data Management System

# U.S. Marshals Service

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owned vehicle after consuming alcohol, and misuse of a government-owned vehicle and government-issued cell phone to further the relationships. The investigation was conducted by the OIG's Dallas Field Office.

- In the *Semiannual Report to Congress, April 1, 2014 – September 30, 2014*, the OIG reported that a Deputy U.S. Marshal was arrested and pled guilty to a criminal information charging him with two counts of introduction and delivery in interstate commerce of unapproved drugs with intent to defraud and mislead. On December 22, 2014, the Deputy U.S. Marshal was sentenced in the Northern District of California to 5 years' probation, fined \$5,000, and ordered to complete 200 hours of community service. According to the guilty pleas, on or about November 2010 and July 2012, the Deputy U.S. Marshal knowingly caused the manufacture and distribution in interstate commerce of two purported dietary supplements—Methastadrol and Lipodrene—both which contained drugs that were not approved by the Food and Drug Administration. Both products were knowingly labeled dietary supplements but, in fact, could not be defined as dietary supplements. The active ingredient in Methastadrol was a Schedule III anabolic steroid, and the active ingredient in Lipodrene was the unapproved drug Ephedrine. The Deputy U.S. Marshal resigned his position during this investigation. This joint investigation was conducted by the OIG's New York Field Office, DEA, and Food and Drug Administration's Office of Criminal Investigations.
- On March 6, 2015, a U.S. Marshals Service contract correctional officer pled guilty in the District of Rhode Island to one count of bribery of a public official. According to the criminal information

filed in the case, the correctional officer received approximately \$500 from an inmate in March and May 2013 to deliver contraband. The correctional officer resigned from his BOP position. This investigation is being conducted by the OIG's Boston Area Office.

# Drug Enforcement Administration

The DEA enforces federal laws and regulations related to the growth, production, or distribution of controlled substances. In addition, the DEA seeks to reduce the supply of and demand for illicit drugs, both domestically and internationally. The DEA has more than 9,200 employees staffing its 221 offices, which are organized in 21 divisions in the United States and 86 foreign offices in 67 countries.



## Reports Issued

### **Cold Consent Encounters at Mass Transportation Facilities**

The OIG conducted a review of the DEA's use of cold consent encounters at mass transportation facilities. The OIG report identified three areas in which improvements to the DEA's operations would result in better protection of the rights of citizens and stronger management and oversight of cold consent encounters at mass transportation facilities.

The OIG report found that the DEA does not collect sufficient data on cold consent encounters to assess whether they are being conducted impartially, raising both civil rights concerns and questions regarding the best use of limited law enforcement resources. For example, the task force groups do not collect demographic information about each cold consent encounter they conduct. Without this information the DEA cannot assess—and the OIG was unable to determine—whether the DEA is conducting these encounters in an unbiased manner.

The DEA previously collected demographic information about these encounters as part of a pilot project intended to examine the DEA's use of race in interdiction operations, but it terminated the project in 2003. Neither the DEA nor the Department was able to draw any conclusions about racial profiling from that pilot data because the DEA was unable to obtain a demographic baseline of the relevant population in the pilot locations.

The OIG found that—because the DEA does not document all cold consent encounters with travelers, including whether or not the contact

resulted in an arrest or a seizure—neither the DEA nor the OIG can assess whether cold consent encounters are an effective means of interdiction. Without current data about cold consent encounters and their results, the DEA cannot assess whether and under what circumstances this interdiction technique is an effective use of its limited law enforcement resources.

The OIG also found that the DEA does not centrally manage or coordinate its interdiction operations. This has contributed to confusion about training requirements and procedures for conducting cold consent encounters and searches at mass transportation facilities. Without establishing better coordination among the DEA officials who promulgate policy, those who provide interdiction training, and those who supervise and conduct interdiction operations, the DEA cannot ensure that its traveler interdiction activities are being conducted appropriately.

The OIG made five recommendations to the DEA to strengthen management and oversight of cold consent encounters in mass transportation facilities and to protect the rights of the public. The DEA agreed with all five recommendations.

### **DEA's Relationship with K. Wayne McLeod**

The OIG released a report examining the DEA's use of Kenneth "Wayne" McLeod—a Florida-based financial planner—to provide retirement and financial planning seminars

# Drug Enforcement Administration

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to its employees. McLeod committed suicide in June 2010 after admitting to Securities and Exchange Commission investigators that a purported bond fund he operated, the FEBG Bond Fund, was a Ponzi scheme. The report details a series of shortcomings by the DEA, including that the DEA failed to adequately vet McLeod's credentials and qualifications before allowing him to teach seminars in DEA facilities; allowed McLeod to promote his businesses to DEA employees in violation of federal regulations and Office of Personnel Management (OPM) guidance; permitted DEA field divisions to use unapproved vendors; and allowed McLeod's financial contributions to the DEA Survivors Benefit Fund (SBF) to influence his use as an instructor.

Approximately 130 individuals invested over \$30 million in the FEBG Bond Fund. The OIG determined that more than half of the investors were current or former DEA employees or individuals with a nexus to the DEA, such as those who learned about McLeod while assigned to a DEA Task Force or through a family member or friend who attended a DEA-sponsored seminar. McLeod deposited monies that he received from investors into his business and personal bank accounts and used it for other purposes, including to provide all-expenses-paid trips to the Super Bowl for his friends and clients, to pay existing FEBG Bond Fund investors, and to make large donations to the non-profit DEA SBF.

The report concludes that several warning signs about McLeod were not widely communicated or were insufficient to raise questions about his honesty, and thus no DEA officials clearly erred in failing to act to restrict his access to DEA employees. However, the report does detail ethics violations by a number of DEA employees who attended Super Bowls with McLeod, participated in selecting McLeod to provide seminars while maintaining a business relationship with him, and solicited McLeod for contributions to the DEA SBF. The OIG

recommends that the DEA implement improved vetting for financial education instructors, finalize DEA "ground rules" for classes by financial planners, and conduct a review of the agency's relationship with the DEA SBF. The DEA agreed with these recommendations.

## Investigations

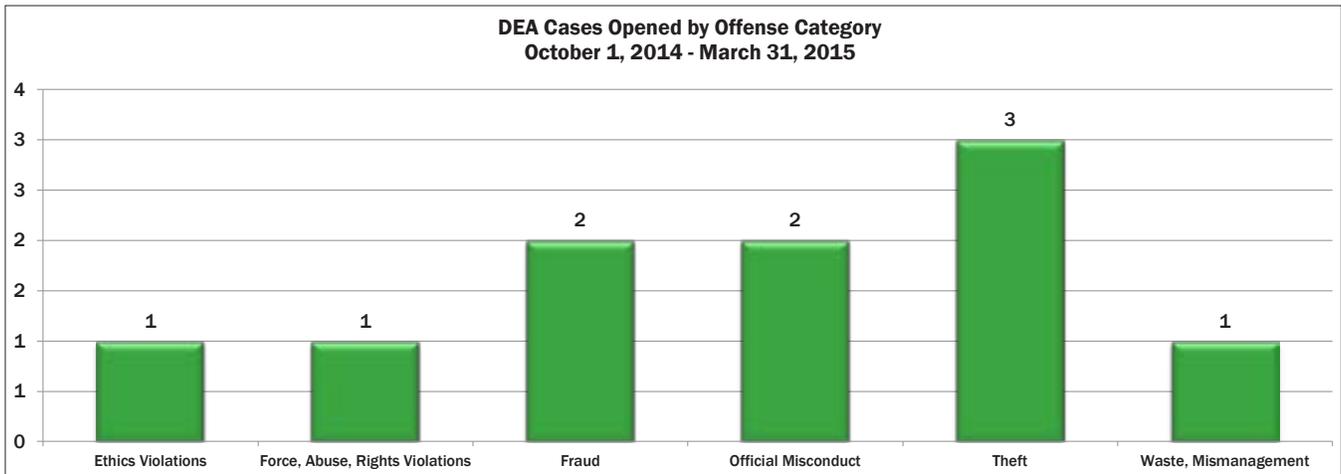
During this reporting period, the OIG received 292 complaints involving the DEA. The most common allegations made against DEA employees included official misconduct, and waste and mismanagement. The majority of the complaints were considered management issues and were provided to the DEA for its review and appropriate action.

During this reporting period, the OIG opened 10 cases and referred 270 allegations to the DEA's Office of Professional Responsibility for action or investigation. At the close of the reporting period, the OIG had 36 open cases of alleged misconduct against DEA employees. The most common allegation was official misconduct.

The following are examples of cases involving the DEA that the OIG investigated during this reporting period:

- On March 27, 2015, a former DEA Special Agent assigned to the Washington, D.C., Division as the primary undercover investigator on the DHS's SRTF was arrested pursuant to a criminal Complaint filed in the U.S. District Court for the Northern District of California and charged with theft of government property, money laundering, wire fraud, and conflict of interest. According to the Complaint affidavit filed with the court, during the former DEA Special Agent's involvement in the investigation of Silk Road—a web-based market for illegal narcotics transactions using a virtual currency known as Bitcoins—he is alleged to have misused his official position to steal virtual

# Drug Enforcement Administration



Source: Investigations Data Management System

currency from targets, third parties, and the government for his personal enrichment. The DEA Special Agent resigned his position with the DEA on May 18, 2014. On March 21, 2015, a former USSS Special Agent, also previously assigned to the SRTF, self-surrendered and was charged with wire fraud and money laundering. According to court records, the USSS Special Agent allegedly diverted to his personal account over \$800,000 in digital currency that he gained control of during the Silk Road investigations. These matters are being jointly investigated by the OIG's Washington Field Office, FBI, IRS-Criminal Investigations Division, DHS OIG, and Treasury Department's Financial Crimes Enforcement Network.

- On December 9, 2014, a DEA Resident Agent in Charge assigned outside of the United States was arrested based on a complaint filed in the District of Columbia charging him with conspiracy and making false statements. The complaint alleged that the DEA employee provided false information to the Department of State as a favor for a Mexican national conspirator—causing two Mexican citizens to have their visas revoked—and that he allegedly flew on approximately 27 private charter flights in 2013 (approximate

total value ranging from \$32,400 to \$210,600) arranged by associates of the conspirator. The complaint also alleges that the DEA employee did not pay for the private charter flights and failed to disclose them as gifts on his financial disclosure report. The DEA employee's security clearance was revoked due to the investigation, which resulted in his retirement. The investigation is being conducted by the OIG's Dallas Field Office and the Department of State's Bureau of Diplomatic Security.

- On December 18, 2014, a DEA program manager was arrested based on a criminal complaint filed in the District of Maryland charging her with access device fraud, wire fraud, and aggravated identity theft. The complaint alleges that the employee used her official position to procure and use 33 DEA credit cards issued by JP Morgan & Chase in names other than her own. In addition, the complaint states that the employee admitted to the OIG to using one credit card issued in the name of a current DEA employee without the employee's knowledge. The complaint further alleges that from approximately June 2010 through October 2014, the employee used the cards to withdraw \$115,841.74 in cash advances at

# Drug Enforcement Administration

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automated teller machines. The DEA program manager resigned effective January 22, 2015. The investigation is being conducted by the OIG's Washington Field Office.

- On February 9, 2015, a DEA task force officer was sentenced to 30 months' imprisonment to be followed by 18 months on supervised release and fined \$500 pursuant to his guilty plea to bribery of a public official. According to a criminal information filed in the Western District of Virginia, the task force officer acknowledged that he corruptly demanded and received sexual favors from a cooperating witness in return for making a favorable sentencing recommendation to a federal prosecutor on behalf of the cooperating witness. According to the statement of facts filed in court, the federally deputized task force officer engaged in sex acts with three cooperating witnesses in exchange for his promises to assist them. The officer was terminated from his position effective December 16, 2014. The investigation was conducted by the OIG's Washington Field Office.
- On January 22, 2015, a DEA office assistant was arrested and pled guilty in the Middle District of Pennsylvania to a criminal information charging her with embezzlement of government funds. According to court documents, the DEA employee—who served as the impress fund cashier—admitted she stole \$2,079 in U.S. currency from the impress fund in August 2012. The money was discovered missing during a DEA audit on September 9, 2012. The DEA employee resigned effective September 24, 2012. The case is being investigated by the OIG's New Jersey Area Office.

## Ongoing Work

### Administrative Subpoenas

The OIG is examining the DEA's use of administrative subpoenas to obtain broad collections of data or information. The review will address the legal authority for the acquisition or use of these data collections; the existence and effectiveness of any policies and procedural safeguards established with respect to the collection, use, and retention of the data; the creation, dissemination, and usefulness of any products generated from the data; and the use of "parallel construction" or other techniques to protect the confidentiality of these programs.

### Confidential Source Program

The DEA uses confidential sources—individuals who provide information to the DEA regarding criminal activities—to aid in its enforcement of U.S. controlled substance laws and regulations and investigations of those involved in the growing, manufacturing, or distribution of controlled substances. The audit will assess the DEA's management of its Confidential Source Program, including compliance with rules and regulations associated with the use of confidential sources, supervision and controls over confidential source activities, and administration and oversight of payments and other benefits provided to confidential sources.

### Post-Incident Response to Missions in Honduras

The OIG is conducting a joint review with State's OIG of the post-incident responses by the DEA and State to three drug interdiction missions in Honduras in 2012, all involving the use of deadly force. The missions were conducted jointly among the Government of Honduras, DEA, and State as part of an aerial interdiction program known as Operation Anvil. The joint review will address, among other things, pertinent pre-incident planning and the rules of engagement governing the use of deadly

# Drug Enforcement Administration

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force, the post-incident investigations by State and the DEA, the cooperation by State and DEA personnel with the post-shooting reviews, and the information provided to Congress and the public by State regarding the incidents.

## **Handling of Drug Seizures**

The OIG is conducting an audit to determine if the DEA's controls over accountability of drug evidence are adequate to safeguard against theft, misuse, and loss.

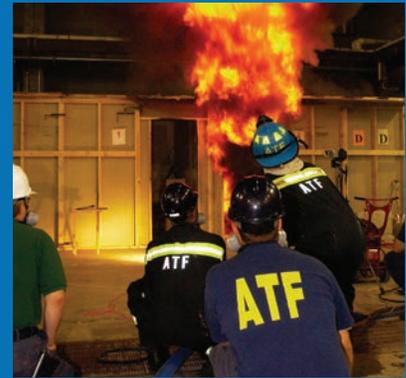
## **Memoranda of Understanding with the Department of Defense Supporting Aviation Operations in Afghanistan**

The OIG is conducting an audit of the DEA's compliance with memoranda of understanding (MOU) between it and the DoD supporting aviation operations in Afghanistan. The preliminary audit objective is to assess the DEA's compliance with the MOUs and determine how the DEA utilized DoD funding.



# Bureau of Alcohol, Tobacco, Firearms and Explosives

ATF's more than 4,800 employees enforce federal criminal laws and regulate the firearms and explosives industries. ATF investigates violent crimes involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products. ATF also provides training and support to its federal, state, local, and international law enforcement partners and works in 25 field divisions with representation throughout the United States, Puerto Rico, U.S. Virgin Islands, and Guam. Foreign offices are located in Mexico, Canada, and Colombia, as well as a Regional Firearms Advisor in El Salvador.



## Investigations

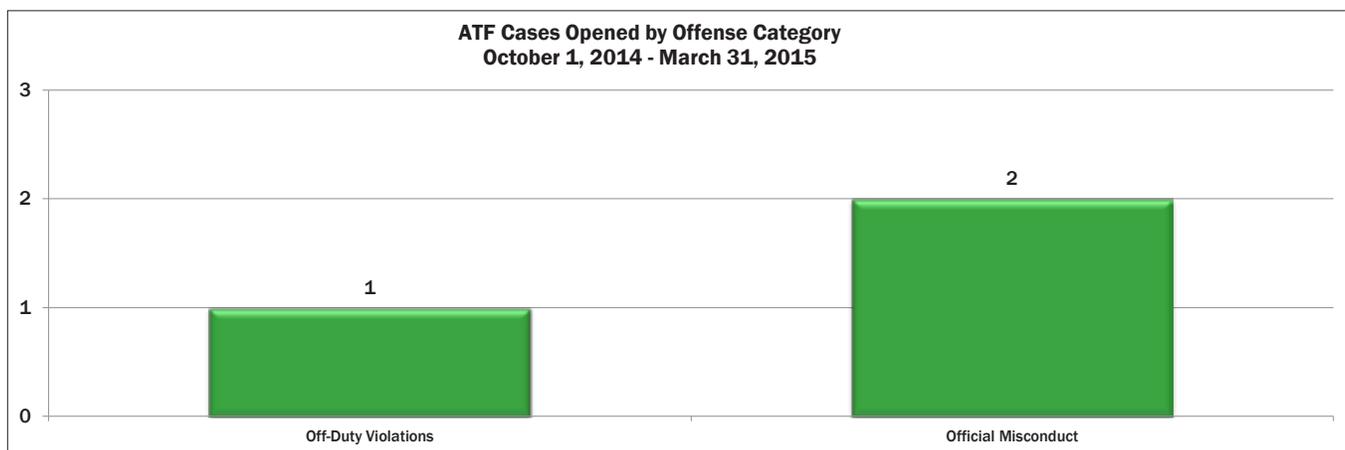
During this reporting period, the OIG received 144 complaints involving ATF personnel. The most common allegation made against ATF employees were official misconduct, and waste and mismanagement. The majority of the complaints were considered management issues and were provided to ATF for its review and appropriate action.

During this reporting period, the OIG opened 3 cases and referred 140 allegations to ATF's Office of Professional Responsibility for action or investigation. At the close of the reporting period, the OIG had 10 open criminal or administrative investigations of alleged misconduct related to ATF employees. The investigations include official misconduct and off-duty misconduct.

## Ongoing Work

### Oversight of Certain Storefront Operations

The OIG is reviewing ATF's oversight of certain of its storefront operations. One of the key findings of the OIG's September 2012 report, *A Review of ATF's Operation Fast and Furious and Related Matters*, was that ATF failed to exercise sufficient oversight of activities that posed a danger to the public or otherwise presented special risks. ATF recognized this problem and established a Monitored Case Program to improve its oversight capabilities. The OIG's review will examine several storefront operations that continued or began after the inception of the Monitored Case Program and will evaluate the effectiveness of the Monitored Case Program as an oversight tool.



Source: Investigations Data Management System

# Bureau of Alcohol, Tobacco, Firearms and Explosives

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## **ATF's Investigation of the Osorio and Barba Firearms Trafficking Rings**

The OIG is reviewing allegations that ATF failed to timely investigate and arrest subjects involved in trafficking firearms that were used in an attack on ICE agents in Mexico in 2011. One of the agents, Jaime Zapata, died from injuries he sustained during the attack. The OIG investigation is examining the information that was available to ATF about the firearms traffickers prior to Agent Zapata's death.

# Office of Justice Programs

OJP manages the majority of the Department's grant programs and is responsible for developing initiatives to address crime at the state and local levels. OJP has six bureaus and program offices—Bureau of Justice Assistance (BJA), Bureau of Justice Statistics (BJS), National Institute of Justice (NIJ), OJJDP, Office for Victims of Crime (OVC), and the Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking. In this section, the report discusses OJP's oversight of grant funds and OIG reviews of grant recipients.



## Reports Issued

### Audits of Grants to State and Local Entities

The OIG also conducts audits of various grants and other financial assistance provided by OJP to recipients outside the Department. These recipients include state and local governments, universities, non-profit agencies, and for-profit agencies. During this reporting period, the OIG audited nine external OJP grant recipients. Summaries of findings from some of these audits follow.

- The OIG issued an audit of six OJP grants totaling \$1.25 million to Childhelp, Inc., of Phoenix, Arizona (Childhelp), to help develop and implement effective approaches for preventing and controlling juvenile delinquency. The OIG audit revealed that Childhelp's internal controls were not effective for documenting grant performance or safeguarding grant funds. Specifically, Childhelp did not manage drawdowns of funds in compliance with grant rules, did not maintain adequate records to justify personnel costs, and submitted inaccurate grant reports. Further, Childhelp did not achieve all of the grant goals and objectives and could not support grant performance for three grants. As a result of these deficiencies, the OIG questioned \$1,044,081 in grant funds, mostly comprised of unsupported costs, but also including \$30,076 in unallowable costs. OJP agreed with the audit's 18 recommendations; Childhelp agreed with 11 but disagreed with 7 of the OIG's recommendations.
- The OIG issued an audit of a cooperative agreement totaling \$1,513,207 awarded by OJP's OJJDP, to the County of Delaware, Pennsylvania (Delaware County). The award was provided to expand the investigatory and forensic capabilities of the Pennsylvania Internet Crimes Against Children Task Force operated through the Delaware County District Attorney's Office, as well as to strengthen the task force's community outreach. The OIG determined that Delaware County: (1) did not properly safeguard award funds; (2) did not adhere to its own purchasing procedures; (3) did not use competitive bidding to procure consultant services; (4) did not require its employees, subawardees, and consultants to submit personnel activity reports; (5) made unsupportable and unallowable expenditures using award funds; (6) did not properly safeguard property acquired with award funding; (7) did not adhere to the approved budget; and (8) neither adequately monitored subawardees nor required them to provide documentation to support award-funded reimbursements. The OIG identified \$989,365 in questioned costs, mostly due to inadequate support

# Office of Justice Programs

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for personnel-related (\$662,108) and consultant (\$227,369) expenditures. The OIG made 14 recommendations to OJP regarding the use of award funds. Both OJP and Delaware County agreed with the recommendations.

- The OIG audited two OJP grants totaling \$1,499,360 awarded to the County Sheriffs of Colorado, Inc. (CSOC), in Littleton, Colorado. The grants were for the CSOC to improve the tracking and notification to victims of the custody status of offenders. The OIG determined that the CSOC did not comply with essential award conditions in the areas of expenditures, drawdowns, financial reporting, and performance. Specifically, the CSOC made advanced requests for drawdowns based on upcoming expenses, resulting in the CSOC having excess cash on hand for a longer time period than it was allowed. The audit also identified numerous instances where the federal and match expenditures reported in the federal financial reports did not match the CSOC's accounting records. In addition, the progress reports contained information that could not be supported and the CSOC did not comply with all of the awards' special conditions. Overall, the OIG identified \$704,886 in unallowable and unsupported questioned costs, which included \$16,299 in duplicate costs that were questioned for more than one reason, resulting in net questioned costs of \$688,587. The OIG made eight recommendations to OJP to assist in its oversight of the CSOCs grant management—three recommendations to address dollar-related findings and five recommendations to improve the management of the grant. OJP agreed with the recommendations.
- The OIG issued an audit of five OJP grants totaling \$2.7 million to the city of Trenton, New Jersey (Trenton), for at-risk

youth, anti-gang efforts, and ShotSpotter technology programs. Of the \$1,718,047 in grant funds that Trenton drew down through February 2014, the OIG audit identified \$253,380 (15 percent) in dollar-related findings, including approximately \$111,000 used to supplant local funds, \$55,000 paid to consultants in excess of the contracted amounts, missing laptops that Trenton was unaware were missing, and payments without adequate support. In addition to the missing property, the OIG also found Trenton did not have property control procedures in place, did not perform inventory of accountable property, and purchased \$102,860 in camera equipment that was not being used. The audit disclosed several other internal control deficiencies, including a lack of written grant administration policies; drawdowns that were not based on actual expenditures; inadequate contractor and sub-grantee monitoring; late and inaccurate financial and progress reports; and \$63,444 in grant funds that could be put to better use. The OIG also concluded that Trenton failed to meet all the program objectives for which the grants were awarded. The OIG made 17 recommendations to address these deficiencies. Both OJP and Trenton agreed with the recommendations.

- The OIG issued an audit of \$789,802 in legal assistance grants to the Hoh-Kue-Moh Corporation (Hoh-Kue-Moh) in Klamath, California. The grants were issued through OJP's Tribal Civil and Criminal Legal Assistance Program (Legal Assistance Program), which aims to enhance and improve tribal court systems so that they are more accessible for Indian tribes. Hoh-Kue-Moh is a non-profit organization established by the Yurok tribe and is located on the Yurok reservation in Klamath, California. The Legal Assistance Program grants were intended to help improve Hoh-Kue-Moh's

# Office of Justice Programs

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ability to resolve disputes by providing the assistance of legal representation in criminal and civil matters. However, the OIG found deficiencies with Hoh-Kue-Moh's compliance with grant terms and conditions. Specifically, the IRS revoked Hoh-Kue-Moh's 501(c)(3) non-profit status for 5 months in 2013, during which time Hoh-Kue-Moh unallowably drew down \$109,023 in grant funds restricted for IRS-designated non-profit entities. The grantee also charged \$493 in unallowable telecommunications expenditures and failed to maintain adequate support for \$2,607 in fringe benefits. Further, Hoh-Kue-Moh submitted inaccurate performance measure and financial report data to OJP. OJP agreed with the audit's seven recommendations to address the deficiencies, while Hoh-Kue-Moh agreed with six of the seven recommendations.

- The OIG issued an audit of two BJA grants totaling \$1,767,373 awarded to Pueblo of Laguna in Laguna, New Mexico (Pueblo of Laguna), under the Correctional Systems and Correctional Alternatives on Tribal Lands Program. The purpose of the grants was to plan, construct, and renovate tribal justice facilities associated with the incarceration and rehabilitation of juvenile and adult offenders subject to tribal jurisdiction, as well as the enhancement of tribal justice system infrastructure. The audit identified several grant management weaknesses, including that Pueblo of Laguna used an indirect cost rate that expired in 2010, did not take sufficient steps to ensure grant funds are only paid to recipients that are eligible to receive federal funding, did not fully achieve the objectives for one of its grants, and made expenditures that violated a special condition of one of its grants without permission. Additionally, Pueblo of Laguna officials told the OIG that, as of July 2014, a separate \$1 million

Department grant awarded in FY 2012 to fund a juvenile detention facility had not yet been used. The OIG made four recommendations to improve Pueblo of Laguna's management of awards. Both OJP and Pueblo of Laguna agreed with the recommendations.

- The OIG issued an audit of OJP Edward Byrne Memorial Justice Assistance Grants totaling \$3,531,339 awarded to the East Baton Rouge Sheriff's Office, Baton Rouge, Louisiana (Sheriff's Office). From 2007 to 2011, the Sheriff's Office was the recipient of six grants from the Justice Assistance Grant program, which is the largest source of federal criminal justice funding for state and local jurisdictions and allows state and local governments to support activities that prevent and control crime based on their own local needs and conditions. While the Sheriff's Office complied with most grant requirements, the OIG identified weaknesses in the areas of internal controls, accountable property, grant reporting, and monitoring of subrecipients. Specifically, the audit found that grant-funded property items were not accurately recorded in the inventory system; progress and performance reporting did not describe measurable outcomes or how the operations were improved as a result of new equipment purchases; grant progress reports submitted were inaccurate and incomplete based on the actual accounting expenditures per quarterly reporting period; and subrecipients were not properly monitored and there were no written procedures for monitoring subrecipients. Based on these findings, the OIG made five recommendations to OJP to improve the management of Department grants. Both OJP and the Sheriff's Office agreed with the recommendations.

# Office of Justice Programs

- The OIG issued an audit of OJP DNA backlog awards totaling over \$3.1 million to the City of Philadelphia (Philadelphia) for use by the Philadelphia Police Department Forensic Science Bureau Criminalistics Unit Laboratory. This funding was awarded as part of OJP’s DNA Backlog Reduction Program to reduce DNA backlogs in state and local government crime laboratories by enhancing the laboratories’ capability to analyze DNA samples. The audit found that Philadelphia met the performance measurement standards established for the awards, but that the performance measurement results were sometimes difficult to interpret. While the number of backlogged cases decreased by 9 percent, the OIG found that turnaround time for DNA requests on average increased from 172 days to 182 days and DNA analysis throughput decreased on average. The OIG also found that the Philadelphia Laboratory’s equipment inventory list did not meet OJP standards for accountable property recordkeeping. Both OJP and Philadelphia agreed with the audit’s recommendation to address the accountable property deficiency.

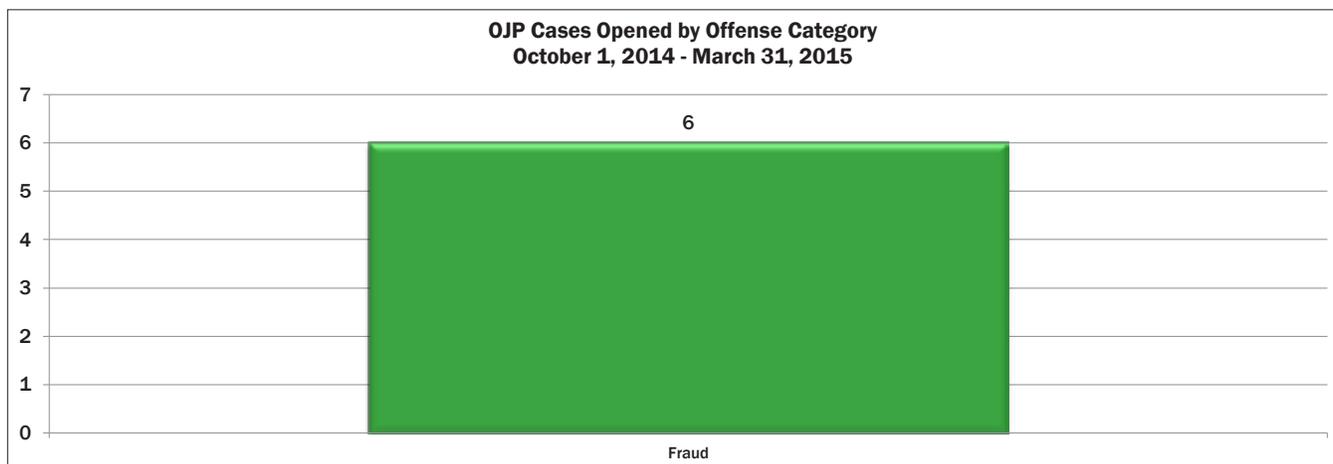
## Investigations

During this reporting period, the OIG received 19 complaints involving OJP. The most common allegation made against OJP employees, contractors, or grantees was fraud.

During this reporting period, the OIG opened 6 cases. At the close of the reporting period, the OIG had 22 open criminal or administrative investigations of alleged misconduct related to OJP employees, contractors, or grantees. The majority of these criminal investigations were related to grantee fraud.

The following are examples of cases involving OJP that the OIG investigated during this reporting period:

- On December 12, 2014, the U.S. Attorney’s Office for the District of New Jersey entered into a civil settlement in which a grantee’s treasurer agreed to pay the United States \$105,000 after an OIG audit of the treasurer’s management of a Department cooperative agreement. In 2001, an Atlanta resident and Justice Solutions Group (JSG)—a business entity located in Closter, New Jersey—formed a partnership known as Justice Planners International (JPI). The Atlanta resident served as the JPI’s treasurer. Beginning on October 1, 2005, OJP awarded the JPI



Source: Investigations Data Management System

# Office of Justice Programs

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- a cooperative agreement—which totaled \$2,369,838—to provide training and technical assistance to Native American tribes in planning and constructing correctional facilities. An audit by the OIG’s Denver Regional Audit Office identified that the JPI commingled some of these award funds with other sources of revenue, could not fully support their use of funds, and found over \$1,605,600 in questioned costs. The settlement relates to the treasurer’s personnel and fringe benefit cost claims. The investigation, which is still ongoing, is being conducted by the OIG’s Fraud Detection Office.
- On March 17, 2015, a former Boys and Girls Club of Central Pennsylvania State project director was sentenced in the Court of Common Pleas of the Commonwealth of Pennsylvania after pleading guilty to a criminal complaint charging him with theft by unlawful taking or disposition, theft by deception, and theft by failure to make required disposition of funds received. According to his guilty plea, the project director procured funds belonging to the Boys and Girls Club of Central Pennsylvania for his own personal use. The investigation determined that between July 1, 2007, and December 31, 2011, the project director redirected \$208,833.77 in OJJDP funds and State of Pennsylvania grants from the bank account of the Boys and Girls Club of Central Pennsylvania to his personal bank accounts. He was sentenced to between 11.5 months and 23 months’ incarceration at a county jail/work release program, to be followed by 36 months on probation; ordered to perform 200 hours of community service; and fined \$8,500 for investigative and prosecution costs in addition to his prior restitution payment of \$200,000 to the Boys and Girls Club. The joint investigation was conducted by the OIG’s New Jersey Area Office and the Pennsylvania State Police Special Investigations Division.
  - In the *Semiannual Report to Congress, April 1, 2014 – September 30, 2014*, the OIG reported that the former executive director of the Lighthouse Shelter, Inc., a shelter for victims of domestic violence and sexual assault, was arrested and pled guilty in the U.S. District Court for the Western District of Missouri to a two-count criminal information charging her with theft of government property and submission of a false claim against the United States. On March 18, 2015, the former executive director was sentenced to 2 years and 6 months’ incarceration to be followed by 3 years on supervised release and ordered to pay a total of \$433,688.17 in restitution. In pleading guilty, the former executive director admitted that she embezzled and converted for her own use funds that had been received by the Lighthouse Shelter from the Department through the *Victims of Crime Act* (VOCA) and the State Services for Victims Fund (SSVF) programs. She also admitted that she submitted a claim upon and against the Department for funds under the SSVF grant in the amount of \$11,513.24, knowing the claim was fraudulent in that it included expenses for individuals performing duties unrelated to the SSVF grant. The investigation found that Lighthouse Shelter received approximately \$1,202,049 in combined VOCA and SSVF grant funds from September 2007 through May 2013. The former executive director resigned from her position on April 11, 2013, as a result of the OIG investigation and has agreed not to contest federal debarment proceedings. The investigation was conducted by the OIG’s Chicago Field Office and the FBI.
  - On February 5, 2015, two employees of the Alameda Heights Outreach Center were sentenced pursuant to their guilty pleas to misprision of a felony and federal program theft, respectively, in the Northern District of Texas. According to the plea agreements

# Office of Justice Programs

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and court documents, Alameda Heights is a Dallas-based organization receiving Department benefits in excess of \$10,000 annually. The two employees admitted that they fraudulently obtained and intentionally misapplied approximately \$75,000 in grant funds received from the OJJDP and created fictitious student records to indicate that Alameda Heights was mentoring youths in accordance with the grant so they could continue receiving funds. The two employees were each sentenced to 3 years of probation and ordered to pay restitution in the total amount of \$75,000. The investigation was conducted by the OIG's Dallas Field Office.

## Ongoing Work

### Public Safety Officers' Benefits Programs

Public Safety Officers' Benefits (PSOB) Programs provide education and death benefits to eligible survivors of federal, state, or local public safety officers, as well as disability benefits to eligible public safety officers as the direct result of death or catastrophic personal injury sustained in the line of duty. The audit will assess the process used by the PSOB to make determinations for death and disability claims, paying particular attention to claims for which no initial determination had been made within 1 year of the claim's initiation.

### Correctional Systems and Correctional Alternatives on Tribal Lands Program

The Correctional Systems and Correctional Alternatives on Tribal Lands (CSCATL) Program funds the planning and construction of new or renovation of existing tribal justice facilities, as well as community-based alternatives to help prevent and control jail overcrowding due to alcohol and other substance abuse-related crime. The BJA administers the CSCATL Program in coordination with the Bureau of Indian Affairs, within the Department of the Interior, which, with tribal grantees, is

responsible for supporting, operating, and maintaining the correctional facilities. The OIG's audit will assess OJP's management and oversight of the CSCATL Program, including the contracting activities of program grantees, and determine the extent of OJP's cooperation and coordination with the Bureau of Indian Affairs to ensure efficient and effective correctional services in Indian Country.

### Office of Juvenile Justice and Delinquency Prevention Title II Formula Grant Program

The OIG initiated a review of the OJJDP Title II Formula Grants Program, which provides funding directly to states, territories, and the District of Columbia to help implement comprehensive state juvenile justice plans based on needs studies for delinquency prevention and intervention efforts, as well as juvenile justice system improvements. The objectives are to assess compliance with certain *Juvenile Justice and Delinquency Prevention Act* protections and requirements.

### Crime Victims Fund

The Crime Victims Fund (CVF), established by the *Victims of Crime Act of 1984*, is a major funding source for victim services throughout the nation. Funding for the CVF is generated from criminal fines, forfeited bail bonds, penalties, and special assessments collected from offenders convicted of federal crimes, and the Congressionally-established CVF distribution cap increased from \$745 million in FY 2014 to \$2.35 billion in FY 2015. The OIG has initiated a risk assessment of OJP's management of the CVF with a preliminary objective of assessing the risks associated with the recent funding increases.

### Reporting of Program Income by DNA Backlog Reduction Grantees

The DNA Backlog Reduction Program works to increase the capacity of public forensic and DNA database laboratories to process more DNA samples to reduce the number of database

# Office of Justice Programs

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samples awaiting analysis. The DNA Backlog Reduction Program provides grants to eligible state and local governments to increase their capacity to process, record, screen, and analyze forensic DNA and DNA database samples. The OIG initiated an audit of OJP's reporting and use of program income by DNA Backlog Reduction grantees. The objectives are to determine how OJP managed DNA Backlog Reduction grantees' accounting and use of program income and determine if grantees are accurately reporting and appropriately using program income.



## Other Department Components

### Office of Community Oriented Policing Services

#### Reports Issued

##### Audits of COPS Grants

COPS provides funding to state, local, territory, and tribal law enforcement agencies to hire and train community policing professionals, acquire and deploy crime-fighting technologies, and develop and test policing strategies. During this reporting period, the OIG audited four recipients of COPS grants as described below.

- The OIG audited three COPS grants totaling over \$4.5 million awarded to DeKalb County, Georgia (DeKalb County), to fund entry-level police officers and support efforts to reduce child endangerment. The audit questioned a total of \$2,334,094 and identified \$783,186 in funds for better use. The audit found that DeKalb County could not support data submitted to COPS in its 2009 COPS Hiring Recovery Program (CHRP) grant application. Specifically, it could not support its reported reduction in civilian agency personnel, underreported by 1.5 percent the local area unemployment statistics, and overstated all crime incidents. The OIG determined that, based on the audited application data, DeKalb County would not have been awarded the CHRP grant—instead, the \$3,112,845 in CHRP funds would have been awarded to other grant applicants. In addition, the OIG found that \$783,186 in CHRP grant funds were not expended by DeKalb County and could be put to better use. Further, some grant-funded officer salary and fringe benefits were unsupported and unallowable, grant-funded officer positions were not always filled during the grant period, a drawdown request was unsupported, financial and Recovery Act reports were not always



accurate, and 3 of the 15 required officer positions were not retained by the Police Department after the 36-month federal funding period ended. For the COPS Child Sexual Predator Program grant, unallowable salary and fringe benefits were charged to the grant. The OIG made 11 recommendations to COPS to address these issues, including remedying the total of \$2,334,094 in questioned costs identified in this audit. COPS and Dekalb County agreed to address all 11 recommendations.

- The OIG issued an audit of a CHRP grant totaling \$607,194 awarded to the Paducah, Kentucky, Police Department (Paducah PD) to fund the hiring of three sworn officers. The audit found that, in general, the Paducah PD's internal controls established adequate separation of duties and controlled access to its accounting system and that the Paducah PD filed required reports in a timely manner. However, the OIG also found several issues with the Paducah PD's grant application and management, including that information reported in the grant application did not match the supporting data the OIG obtained during the review; accounting records relating to grant-related costs were insufficiently detailed; and written procedures were

## Other Department Components

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inadequate to ensure that requests for grant reimbursements were based only on allowable costs and that grant reports were accurate and appropriately reviewed prior to submission. In addition, the audit identified \$54,906 that remained unspent at the close of the grant that the OIG believes the Department should de-obligate and put to better use. The report made five recommendations to the COPS Office, which agreed with all of the recommendations. The Paducah PD agreed with four of the recommendations and disagreed with one.

- The OIG issued a follow-up audit of \$3.4 million in COPS Methamphetamine Initiative grants and \$3.8 million in OJP Recovery Act subgrants awarded to the Mississippi Bureau of Narcotics (MBN). The OIG's 2005 audit found the MBN to be in material non-compliance with the terms and conditions of the COPS Methamphetamine Initiative grant and questioned approximately \$2 million in grant funds. Since the 2005 audit, the MBN established controls to improve the flow of information between the grant administrator and the Fiscal Department to ensure that drawdown requests included allowable costs. However, the OIG also found similar deficiencies as those identified in its previous audit in the areas of grant drawdowns and financial reporting. For example, the accounting procedures and system were not sufficiently revised to ensure that the financial system accurately reflected grant expenditures and the MBN did not use the financial system when preparing drawdown requests or financial reports. As a result, the OIG questioned \$8,762 in grant expenditures and made 12 recommendations to address these issues. The grantor of the subawards to MBN, the Mississippi Division of Public Safety Planning (MDPS), agreed with the recommendations to improve the

MBN's financial management processes; but the MBN did not respond to those recommendations. The MBN disagreed with some of the questioned costs but also agreed or provided documentation to remedy the remaining. The MDPS disagreed with all of the questioned costs regarding the OJP subgrants. COPS agreed to address all of the recommendations.

- The OIG audited a COPS grant for \$499,852 awarded to the city of Superior, Wisconsin, Police Department (Superior PD). The audit identified weaknesses in the documentation, certification, and approval of task force officer timesheets, as well as weaknesses in the documentation of related written procedures. Specifically, the audit found that a large number of timesheets reviewed were not properly signed and that the timesheets of non-Superior PD task force officers were not required to be approved by the task force supervisor. Additionally, the city of Superior and the Superior PD lacked a written policy for how invoices were to be approved and processed. The audit made two recommendations, and the COPS Office and the grantee agreed with the recommendations.

### Investigations

The following are examples of cases that the OIG investigated during this reporting period:

- On January 7, 2015, a former town clerk and a former mayor reached a settlement with the U.S. Attorney's Office, Middle District of Alabama, and repaid \$20,000 arising from the misuse of CHRP grant funds. On February 10, 2015, a former police chief repaid an additional \$10,000. According to the OIG investigation, the town police chief—with the assistance of the town clerk and the approval of the mayor—applied for and received

## Other Department Components

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a CHRP grant for the hiring of one new law enforcement officer to be paid \$43,000 per year for 3 years beginning on July 1, 2009. In accepting the grant, the town committed “to retain all sworn officer positions awarded under the CHRP grant for a minimum of 12 months at the conclusion of 36 months of federal funding for each position.” The investigation showed that the town did not hire a new law enforcement officer but, instead, supplanted the police chief’s salary with the CHRP grant funds. The investigation was conducted jointly by the OIG’s Miami Field Office and the FBI.

- On March 5, 2015, a couple and their two daughters were sentenced in the District of Montana, pursuant to their guilty pleas. The wife pled guilty to wire fraud, theft from a local government receiving federal funding, and aggravated identity theft, and was sentenced to 44 months’ incarceration, to be followed by 36 months on supervised release, and ordered to pay restitution in the amount of \$132,563.95. The husband pled guilty to wire fraud and was sentenced to 20 months’ incarceration, to be followed by 36 months on supervised release, and also ordered to pay restitution in the amount of \$132,563.95. One daughter pled guilty to theft from a local government receiving federal funding and was sentenced to 6 months’ incarceration, to be followed by 24 months on supervised release—of which the first 5 months will be on home confinement—and ordered to pay restitution in the amount of \$39,774.07. The second daughter pled guilty to theft from a local government receiving federal funding and was sentenced to 5 months’ incarceration, to be followed by 24 months on supervised release—of which the first 5 months will be on home confinement—and ordered to pay restitution in the amount of \$93,656. According to the indictment by which they were charged, the defendants defrauded

the Town of Brockton, Montana, of \$132,563.95—\$99,989.90 of which was COPS grant funds—between on or about January 15, 2013, and continuing thereafter until on or about March 26, 2014. In pleading guilty, the wife acknowledged that she fraudulently used the name and signature of the Town of Brockton Mayor. The investigation was conducted by the OIG’s Denver Field Office and the FBI Glasgow, Montana, Resident Agency.

## Criminal Division

### Reports Issued

#### Equitable Sharing Audits

Under the Department’s Asset Forfeiture Program, state and local law enforcement agencies receive equitable sharing assets when participating directly with the Department’s law enforcement components in joint investigations that lead to the seizure or forfeiture of cash and property. Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of certain criminal investigations. During this reporting period, the OIG audited equitable sharing revenues received by two law enforcement agencies as described below.

- The OIG issued an audit report examining the equitable sharing activities of the City of Sunrise, Florida, Police Department (Sunrise PD). The audit identified weaknesses in the Sunrise PD’s reconciliation of asset forfeiture funds and questioned \$374,257 in equitable sharing funds that were paid to a private law firm for civil forfeiture litigation services. From FYs 2008 to 2014, the Sunrise PD received \$5,551,343 in equitably shared cash and proceeds and \$71,778 in property. The audit found that, during this period, the Sunrise PD either did not record or incorrectly recorded 14 equitable sharing receipts in its

## Other Department Components

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receipts log. The Sunrise PD had written procedures for recording these receipts but the procedures were not consistently followed by responsible officials. With respect to the equitable sharing funds paid to a private law firm, the OIG questioned these costs as unallowable because the Sunrise PD could not provide adequate documentation of the selection and procurement process. The OIG also concluded that paying for the litigation services with equitable sharing funds was not consistent with Department standards for using equitable sharing funds to pay for consulting services. The OIG made two recommendations to the Department's Criminal Division to address these issues, including remedying the \$374,257 in questioned costs. The Criminal Division and the Sunrise PD both agreed with the recommendations.

- The OIG issued an audit of the Taylor, Michigan, Police Department's (Taylor PD) equitable sharing program activities for July 1, 2011, through June 30, 2013, and determined that the Taylor PD expended \$2,181,385 in equitable sharing funds in accordance with the equitable sharing guidelines during our review period. However, the audit found that the Taylor PD does not perform periodic inventories of its assets, including those assets purchased with equitable sharing funds. The OIG made two recommendations to the Criminal Division to assist in its oversight of the Taylor PD's equitable sharing program. The Criminal Division and the Taylor PD both agreed with the recommendations.

### Investigation

The following is an example of a case that the OIG investigated during this reporting period:

- On November 18, 2014, the Criminal Division's Asset Forfeiture and Money Laundering Section ordered the Sweetwater Police Department (SPD), Sweetwater, Florida, to repay \$14,120 drawn from the federal equitable sharing funds. According to the investigation, during FYs 2010 through 2012, the SPD falsely reported balances in its federal equitable sharing account, failed to report earned interest, commingled funds from various revenue sources in the federal equitable sharing account, and was unable to provide documentary justification for \$14,120 in law enforcement related expenditures. The investigation was conducted by the OIG's Miami Field Office.

### Environment and Natural Resources Division

#### Ongoing Work

##### Audit of FYs 2013 and 2014 Superfund Activities

The *Comprehensive Environmental Response, Compensation and Liability Act of 1980* (known as CERCLA or Superfund), which was expanded by the *Superfund Amendments and Reauthorization Act of 1986*, established the Superfund program to clean up the nation's worst hazardous waste sites. The OIG is conducting an audit to determine if the cost allocation process used by the Environment and Natural Resources Division and its contractor provided an equitable distribution of total labor costs, other direct costs, and indirect costs to Superfund cases during FY 2013 through FY 2014.

## Other Department Components

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### Executive Office for Immigration Review

#### Report Issued

##### Hiring Practices by Senior Officials

The OIG released a report examining allegations of improper hiring practices by senior officials in the Department's Executive Office for Immigration Review (EOIR). The OIG's investigation focused on possible violations of the federal nepotism prohibition and other personnel rules arising from the hiring of four students who were relatives of the three most senior officials in the organization—EOIR Director Juan Osuna, Chairman of the Board of Immigration Appeals David Neal, and Chief Immigration Judge Brian O'Leary. The OIG also found that the practice of hiring relatives of employees into Student Temporary Employment Program (STEP) positions in EOIR generally was widespread, constituting 16 percent of hires into the program from 2007 through 2012.

Although the OIG's investigation was focused on the conduct of Osuna, Neal, and O'Leary, the OIG learned that the practice of hiring relatives of employees into STEP positions in EOIR was widespread. The OIG found that, from 2007 to 2012, 32 of the 200 students hired into STEP positions had relatives working at EOIR. Multiple EOIR officials confirmed that hiring relatives for paid student positions was a standard practice or commonplace.

The OIG's review was initiated as a result of information voluntarily disclosed to the OIG by EOIR. In July 2012, the OIG issued a public report on improper hiring practices in JMD. Shortly thereafter, EOIR Director Osuna ordered an internal review of the hiring practices at EOIR. Senior Officials in EOIR also put in place a new anti-nepotism policy consistent with the OIG's recommendations in the JMD report. EOIR subsequently informed the OIG that its

internal review revealed that numerous students hired into EOIR through the STEP had relatives at EOIR when they were hired.

The OIG's report notes that EOIR and Department leadership have begun taking steps to eradicate improper hiring practices, including adopting policies requiring an applicant's relative to certify that he or she has not participated in any manner related to the component's consideration of the application and requiring the hiring official to give a certification aimed at avoiding the granting of unauthorized preferences. EOIR has also informed the OIG that it intends to provide agency-wide training regarding nepotism. While these steps are commendable, the OIG's report recommends that EOIR take additional action to modify its training to focus not only on the need to avoid improper advocacy, but also to emphasize the broader provisions of the Merit Systems Principles and Prohibited Personnel Practices that prohibit the granting of unauthorized preferences to relatives. EOIR agreed with the recommendation.

### INTERPOL

#### Report Issued

##### Improper Hiring Practices at INTERPOL Washington

The OIG released a report examining allegations of improper hiring practices by senior officials in the International Criminal Police Organization (INTERPOL) Washington, a Department component co-managed by the DHS. The OIG report describes the efforts of Warren Lewis, the organization's Executive Officer, to obtain positions for his son and three additional persons associated with members of his family; as well as the efforts of Lewis and other INTERPOL Washington managers to obtain internships for people they knew.

This investigation, which was prompted by a complaint made by a former INTERPOL

## Other Department Components

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Washington employee, follows several prior OIG reports dating back to 2004 that detail improper hiring practices at the Department, including three reports on improper hiring practices in JMD and, most recently, a November 2014 report on improper hiring practices at the EOIR. The OIG referred its findings regarding Lewis and other INTERPOL Washington managers to the ODAG for its review and appropriate action.

### U.S. Attorneys' Offices

#### Ongoing Work

##### USAO Debt Collection

The OIG is examining the efforts of the USAOs and EOUSA to collect criminal and civil debts. The OIG is also assessing the extent to which management processes and organizational structures in place at USAOs and EOUSA facilitate or hinder the Department's debt collection mission.

##### Pre-trial Diversion and Drug Court Programs

Pre-trial diversion and drug court programs are alternatives to incarceration that enable prosecutors, judges, and correctional officers to divert certain offenders from traditional criminal justice proceedings into programs designed to address the underlying cause for criminal behavior. This OIG audit will evaluate the design and implementation of the programs, variances in the usage of the programs among the USAOs, and costs savings associated with successful program participants.

#### Investigations

The following are examples of cases that the OIG investigated during this reporting period:

- On March 2, 2015, an EOUSA's legal assistant was sentenced in the Northern District of West Virginia to 12 months of probation, pursuant to her guilty plea to unlawful access to stored

communications. In pleading guilty, the legal assistant acknowledged that she intentionally accessed—without authorization—a facility through which a social media service is provided and obtained, altered, and prevented authorized access to a wire and electronic communication. The legal assistant resigned her position on January 9, 2015. This investigation was conducted by the OIG's Washington Field Office.

- On January 9, 2015, an EOUSA's paralegal and a former San Diego County Sheriff's deputy—following their arrest on charges of conspiracy to commit mail fraud—entered into a deferred prosecution agreement with the U.S. Attorney's Office for the Southern District of California. According to the criminal information filed with the court, from in or about January 2010 and continuing through about December 2012, both individuals engaged in a "mortgage elimination scheme" by filing false documents with the San Diego County Recorder's Office. Both individuals admitted to making material misrepresentations in an attempt to eliminate their mortgage debt and future loan payments. The EOUSA paralegal was suspended for a period of 10 days and was subsequently placed on paid administrative leave. The deferred prosecution agreement requires that the defendants comply with the conditions set forth in the agreement for a period of 18 months, after which the charges will be dismissed. The investigation is being conducted by the OIG's Los Angeles Field Office and the FBI.

## Other Department Components

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### Office on Violence Against Women

#### Reports Issued

##### Audits of OVW Grants

The Office on Violence Against Women (OVW) administers financial and technical assistance to communities across the country for the development of programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking. The OVW recipients include state and local governments, universities, non-profit agencies, and for-profit agencies. During this reporting period, the OIG conducted eight audits of OVW grant recipients, which are summarized below.

- The OIG audited three grants totaling \$2,539,545 awarded to the Osage Nation of Oklahoma (Osage), Pawhuska, Oklahoma. The purpose of these grants, which were awarded as part of the Grants to Indian Tribal Governments Program, was to provide funding to Osage to develop and strengthen effective responses to violence against women. The OIG found that Osage did not comply with essential award conditions relating to grant expenditures, grant reporting, property management, and special conditions, and identified \$522,552 in net questioned costs resulting from unallowable and unsupported costs, including payroll expenditures. Findings included that the OIG was unable to verify 60 percent of the accomplishments it tested from Osage's progress reports; 53 percent of the property items tested were not included in Osage's inventory system; and the OIG was unable to physically verify 39 percent of the property items it tested. The report made six recommendations to the OVW to address dollar-related findings and improve the management of Department grants. The OVW agreed with all of the recommendations. Osage indicated that it

has addressed or intends to address five of the recommendations and did not directly address one recommendation.

- The OIG audited a grant totaling \$1,074,941 awarded to the Denver Center for Crime Victims (DCCV), Denver, Colorado, which supports survivors of theft, domestic and sexual violence, as well as suicide and homicide survivors. The audit found that the DCCV did not comply with essential grant conditions in the areas of internal control environment, grant expenditures, reporting, special grant requirements, and program performance and accomplishments. In addition, the DCCV charged unallowable and unsupported costs to the grant. Specifically, the audit identified \$300,112 in questioned costs, which included \$54,499 in duplicate costs that were questioned for more than one reason, resulting in net questioned costs of \$245,613. The OIG made two recommendations to the OVW to address dollar related findings and eight recommendations to improve the management of the grant. The OVW agreed with all of the recommendations. The DCCV disagreed with a recommendation regarding compliance with financial management requirements and partially agreed with two recommendations regarding unsupported and unallowable costs.
- The OIG issued an audit of three Transitional Housing grants totaling \$1,033,795, awarded to the Advocates Against Family Violence (AAFV), of Caldwell, Idaho. The purpose of the grants was to fund organizations to assist victims of domestic violence, dating violence, sexual assault, and stalking who are in need of transitional housing, short-term housing assistance, and related supportive services. The OIG found that the AAFV did not comply with essential award

## Other Department Components

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conditions, including that drawdowns significantly exceeded expenditures, some expenses tested were unsupported, financial reports were generally late and inaccurate, and progress reports were unsupported. Additionally, the AAFV charged unallowable fines and unbudgeted personnel to its grants and did not maintain sufficient documentation to determine that contractors were adequately monitored. Due to the grantee's accounting weaknesses, the OIG was unable to perform a comparison of the AAFV's actual grant expenses to the approved budget. The OIG made four recommendations to the OVW to remedy \$203,906 in excess drawdowns and unsupported or unallowable costs, and four additional recommendations to improve grant management. Both the OVW and the AAFV agreed with all of the recommendations.

- The OIG audited a \$250,000 Transitional Housing Grant awarded to the Crisis Center for South Suburbia (Crisis Center), Tinley Park, Illinois. The audit identified weaknesses in the Crisis Center's grant management activities. Specifically, the Crisis Center's policies and procedures did not contain all of the OVW-required elements relating to procurement, drawdowns, and contractor monitoring. In addition, although the Crisis Center executed a written agreement with partners with which it intended to collaborate during the grant, it did not use these partners to the extent expected, utilized other entities for certain grant services, and did not notify the OVW of these programmatic changes, as required. Further, the Crisis Center did not comply with the OVW's approved budget relating to personnel costs for grant-funded employees and housing rates paid for program participants. As a result of the procurement and personnel issues, the audit questioned \$12,937 in unallowable

and unsupported costs. The OIG made 11 recommendations to the OVW to remedy questioned costs and ensure the Crisis Center adheres to the grant requirements. Both the OVW and the grantee agreed with the recommendations.

- The OIG audited a \$476,885 OVW grant to Pyramid Lake Paiute Tribe (PLPT) in Nixon, Nevada. The purpose of the grant, which was awarded in 2012 under the Rural Domestic Violence, Dating Violence, Sexual Assault and Stalking Assistance Program, was to offer accessible counseling services and support groups through an on-site counselor; provide victim services such as emergency shelter, child care, and transportation assistance; develop education and prevention strategies; and fund outreach activities. The audit found that the PLPT did not comply with essential award requirements in four of the seven areas that were tested. Specifically, the PLPT lacked sufficient controls and segregation of duties over gift cards that were purchased and distributed to victims. The OIG also identified expenditures totaling \$4,534 that lacked adequate supporting documentation, including expenditures for food and gas gift cards and expenditures based on unsupported allocation rates. Further, the PLPT comingled \$1,379 in grant-related personnel expenditures with non-grant-related expenditures, contrary to grant requirements, and it submitted inaccurate financial and progress reports to the OVW. The OIG made seven recommendations to the OVW to improve the PLPT's grant management and to remedy the \$5,913 in questioned costs. The OVW agreed with the report's recommendations, and the PLPT has identified specific corrective actions to implement them.

## Other Department Components

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- The OIG audited two cooperative agreements totaling \$6.38 million to Praxis International (Praxis), located in Saint Paul, Minnesota. Praxis used the grants to work with communities to coordinate a criminal justice system response to domestic assault criminal cases and provide training for community advocates for survivors of violence against women. While the audit determined that Praxis was progressing on the goals of both awards, the OIG identified some management improvements for Praxis to undertake to address weaknesses identified during the audit. Specifically, the OIG found instances of drawdowns that exceeded amounts needed to be paid out within the 10-day period stipulated by OVW guidelines. Further, Praxis reported inaccurate performance data to the OVW, did not adequately monitor one of its subrecipients, and did not have a process to ensure that it meets the OVW's approval and reporting requirements for meetings involving food and beverage costs. The OIG made four recommendations to the OVW to improve Praxis' grant management. The OVW agreed with all of the recommendations, and Praxis agreed with three of the OIG's recommendations and expressed its willingness to work with the OVW to address the fourth recommendation.
- The OIG audited two OVW awards totaling \$1,451,921 to Shalom Task Force, located in New York, New York. These OVW grants were awarded under the Legal Assistance for Victims Grant Program to provide civil legal services to, and to operate a sexual assault hotline serving, members of the Orthodox Jewish community. The audit found that the Shalom Task Force did not fully comply with the OVW grant requirements and special conditions, that it had several deficiencies in its award financial management, and that, overall, it had an insufficient internal control framework. Specifically, the Shalom Task Force lacked comprehensive written procedures for its operations, including for grant drawdowns; charged the grants based on estimated personnel expenses rather than actual expenses, as required; and submitted inaccurate financial reports. The audit also found that the Shalom Task Force did not adequately monitor its grant-funded consultants and contractors, some of whom operated without a written contract and submitted expenses for reimbursement without proper support. The report made eight recommendations to improve the Shalom Task Force's ability to effectively manage the awards. Both the OVW and the Shalom Task Force agreed with all eight recommendations.
- The OIG audited a Tribal Governments Program grant totaling \$450,000 awarded to the Reno Sparks Indian Colony (RSIC), in Reno, Nevada. The audit found that the RSIC was in compliance with essential grant requirements in all but two areas that were tested, expenditures and reporting. Specifically, the RSIC overstated base expenses and did not use the correct indirect cost rate in its calculations. Also, the RSIC inaccurately reported expenditures and indirect costs on its Federal Financial Reports, resulting in incomplete and erroneous reporting. Finally, the RSIC included inaccurate statistical information on its Progress Reports. The OIG made three recommendations to the OVW to address these deficiencies. The OVW and the RSIC agreed with the recommendations.

## Other Department Components

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### Investigation

The following is an example of a case that the OIG investigated during this reporting period:

- In the *Semiannual Report to Congress, April 1, 2014 – September 30, 2014*, the OIG reported that a former employee of the Domestic Violence Intervention Project (DVIP)—a non-profit organization in La Crosse, Wisconsin—was arrested and pled guilty to one count of theft of government funds. On November 12, 2014, the former employee was sentenced in the Western District of Wisconsin to 6 months' incarceration, to be followed by 2.5 years on supervised release with the requirement that she spend 6 months in home confinement. The former employee also was ordered to pay restitution in the amount of \$116,988.87 to the OVW. According to the defendant's guilty plea between about June 2007 and June 2010, the employee intentionally had given herself an unauthorized pay increase exceeding \$100,000 and used the organization's credit card to make unauthorized purchases for personal items. The investigation was conducted by the OIG's Chicago Field Office.

by providing false statements to the government in order to avoid paying Department obligations. Specifically, the individual and his brother, who had an outstanding restitution obligation in the amount of \$3,358,440, used a scheme that consisted of real estate transfers, limited liability corporations, and trusts to allow the brother to conceal assets and avoid paying his debts. The OIG's investigation previously resulted in a consent judgment ordered against the brother for damages totaling \$10,075,320. The investigation was conducted by the OIG's Fraud Detection Office.

### Other Investigations

The OIG occasionally investigates matters that do not pertain to specific Department components. The following is an example of such a case that the OIG investigated during this reporting period:

- On October 1, 2014, an individual signed a civil settlement agreement with the United States Attorney's Office for the Middle District of Florida and the Civil Division Commercial Litigation Branch agreeing to pay the United States \$250,000. The OIG's investigation determined that the individual and his brother conspired to violate the *False Claims Act*



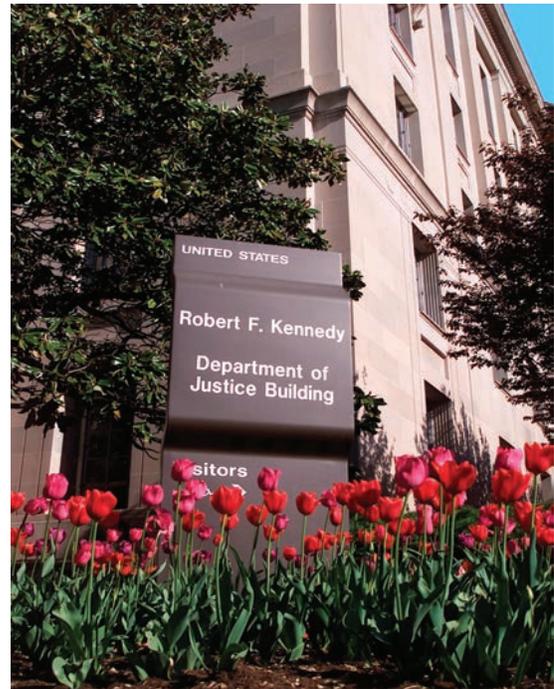
# Top Management and Performance Challenges

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The OIG has published a list of top management and performance challenges facing the Department annually since 1998. The list is based on the OIG's oversight work, research, and judgment. By statute the list is required to be included in the Department's Agency Financial Report.

This year's list identifies seven challenges that we believe represent the most pressing concerns for the Department. While the challenges are not rank-ordered, the OIG believes that challenges in three critical areas—federal prisons, national security, and cybersecurity—will continue to occupy much of the Department's attention and require its sustained focus for the foreseeable future.

In addition, one of the challenges, *Effectively Implementing Performance-Based Management*, offers the Department the opportunity to realize improvements and positive results across the spectrum of its programs and operations. In order to succeed in meeting this challenge, the Department must ensure it uses current and reliable data, develops result-oriented measurements, and adopts a data-driven analytical approach in its evaluation of program performance. The OIG recognizes that achieving result-oriented measurement is particularly difficult in areas such as litigation and law enforcement, but it is of critical importance to the Department's ability to effectively monitor whether its programs are accomplishing their intended goals. Performance-based management will enhance the Department's ability to achieve its strategic management objectives and address its most salient challenges.



## Top Management and Performance Challenges in the Department of Justice – 2014

1. Addressing the Persisting Crisis in the Federal Prison System
2. Safeguarding National Security Consistent with Civil Rights and Liberties
3. Enhancing Cybersecurity in an Era of Ever-Increasing Threats
4. Effectively Implementing Performance-Based Management
5. Ensuring Effective and Efficient Oversight of Law Enforcement Programs
6. Upholding the Highest Standards of Integrity and Public Service
7. Protecting Taxpayer Funds from Mismanagement and Misuse

Detailed information about the Department's management and performance challenges is available online at [www.justice.gov/oig/challenges/](http://www.justice.gov/oig/challenges/).



# Congressional Testimony/Legislation and Regulations

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## Congressional Testimony

During this reporting period, the Inspector General testified on four occasions:

- “Inspectors General: Independence, Access and Authority” before the U.S. House of Representatives Committee on Oversight and Government Reform on February 3, 2015, which is available [here](#);
- “Improving the Efficiency, Effectiveness, and Independence of Inspectors General” before the U.S. Senate Committee on Homeland Security and Governmental Affairs on February 24, 2015, which is available [here](#);
- Oversight Hearing of the Department of Justice, Commerce, and NASA before the U.S. House of Representatives Committee on Appropriations, Subcommittee on Commerce, Justice, Science, and Related Agencies on February 25, 2015, which is available [here](#); and
- “Whistleblower Retaliation at the FBI: Improving Protections and Oversight” before the U.S. Senate Committee on the Judiciary on March 4, 2015, which is available [here](#).



## Legislation and Regulations

The IG Act directs the OIG to review proposed legislation and regulations relating to the programs and operations of the Department. Although the Department’s Office of Legislative Affairs reviews all proposed or enacted legislation that could affect the Department’s activities, the OIG independently reviews proposed legislation that could affect its operations and legislation that relates to waste, fraud, or abuse in the Department’s programs and operations. For example, during this period, the OIG reviewed legislation including the *Inspector General Empowerment Act of 2015*, the *Inspector General Access Act of 2015*, the *FOIA Improvement Act of 2015*, the *USA FREEDOM Act*; and proposals relating to national security, cybersecurity, privacy, alternatives to incarceration, federal sentencing, and human trafficking.



# Whistleblower Ombudsperson Program

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The OIG continues to play a leading role in ensuring that whistleblowers are educated regarding their rights and protections and that their valuable contributions to combating waste, fraud, and abuse within their offices are not used as a basis for retaliation or reprisal. During this 6-month period, the OIG Whistleblower Ombudsperson Program has continued expanding its efforts to work with Department components to ensure that all employees receive appropriate training in this critical area. The OIG continues to work with the FBI to develop an interactive training program for all employees that will focus on the specific requirements of the FBI Whistleblower Regulations, Title 28, Code of Federal Regulations, Sections 27.1, et seq., both for making a protected disclosure of wrongdoing and for pursuing a complaint of having suffered an adverse personnel action in reprisal for doing so. The OIG participated in a review by the U.S. General Accountability Office into the handling of FBI whistleblower matters within the Department; and the Inspector General testified before the Senate Judiciary Committee on March 4, 2015, regarding the OIG's role in the handling of FBI whistleblower matters and its efforts to work with the FBI to develop targeted training in this area. The OIG is also working with other Department components to enhance their whistleblower training efforts, building on materials developed and provided by the OIG, including the video prepared by the OIG that is publicly available on the Whistleblower Protection page on the OIG's [website](#).

The OIG Ombudsperson program continues to coordinate and lead the efforts of the Whistleblower Ombudsman working group established through the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and to chair its now-quarterly meetings. At these meetings, OIG Whistleblower Ombudsmen from across the federal government discuss emerging issues and best practices in addressing these matters. At the most recent meeting, the U.S. Office of Special Counsel—a regular and active participant in the Whistleblower Ombudsman working group meetings—gave a detailed presentation and led the discussion regarding current developments in the investigation and handling of whistleblower reprisal complaints.

The OIG also continues to utilize the tracking system developed through the OIG Ombudsperson Program to ensure that it is handling these important matters in a timely manner. The relevant numbers of employee complaints received by the OIG, complaints received from individuals identifying themselves as whistleblowers, complaints resulting in the opening of investigations by the OIG, complaints referred by the OIG to the components for investigation, and employee complaint cases closed by the OIG during the reporting period are set forth in the table below.

<b>October 1, 2014 – March 31, 2015</b>	
Employee complaints received <sup>1</sup>	211
Complainants asserting to be whistleblowers <sup>2</sup>	17
Employee complaints opened for investigation by the OIG	88
Employee complaints that were referred by the OIG to the components for investigation	88
Employee complaint cases closed by the OIG <sup>3</sup>	62

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<sup>1</sup> Employee complaint is defined as an allegation received from whistleblowers, defined broadly as complaints received from employees and applicants with the Department, or its contractors, subcontractors, or grantees, either received directly from the complainant by the OIG Hotline, the field offices, or others in the OIG, or from a Department component if the complaint otherwise qualifies and is opened as an investigation.

<sup>2</sup> These complainants may or may not qualify as whistleblowers under relevant laws.

<sup>3</sup> This number reflects cases closed during the reporting period regardless of when they were opened.



# Statistical Information

## Audit Overview

During this reporting period, the OIG's Audit Division issued 37 internal and external audit reports, which contained more than \$6.7 million in questioned costs, reported over \$901 thousand in funds to better use, and made 155 recommendations for management improvement.<sup>1</sup> Specifically, the Audit Division issued 12 internal audit reports of Department programs funded at more than \$23 million; 25 external audit reports of contracts, grants, and other agreements funded at over \$80 million; and 127 *Single Audit Act* audits of programs funded at more than \$169 million. In addition, the Audit Division issued one Management Advisory Memorandum and one other report.<sup>2</sup>

Questioned Costs <sup>3</sup>			
Reports	Number of Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs <sup>4</sup>
<b>Audits</b>			
No management decision made by beginning of period <sup>5</sup>	0	\$0	\$0
Issued during period	20 <sup>6</sup>	\$7,049,139	\$6,190,872
Needing management decision during period	20	\$7,049,139	\$6,190,872
Management decisions made during period:			
–Amount of disallowed costs <sup>7</sup>	20	\$7,049,139	\$6,190,872
–Amount of costs not disallowed	0	\$0	\$0
No management decision at end of period	0	\$0	\$0
<b>Evaluations</b>			
Nothing to report from the Evaluation and Inspections Division.			
<b>Special Reviews</b>			
Nothing to report from the Oversight and Review Division.			

<sup>1</sup> See glossary for definition of "Questioned Costs" and "Funds Recommended to Be Put to Better Use."

<sup>2</sup> "Other Reports" are identified in Appendix 3. Notifications of Irregularity include instances of Audit Division referrals to the OIG Investigations Division.

<sup>3</sup> See glossary for definition of "Questioned Costs."

<sup>4</sup> See glossary for definition of "Unsupported Costs."

<sup>5</sup> Includes reports previously issued for which no management decision has been made. See glossary for definition of "Management Decision."

<sup>6</sup> Of the audit reports issued during this period with questioned costs, seven were *Single Audit Act* reports.

<sup>7</sup> Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken. See glossary for definition of "Disallowed Costs."

# Statistical Information

<b>Funds Recommended to Be Put to Better Use<sup>1</sup></b>		
<b>Reports</b>	<b>Number of Reports</b>	<b>Funds Recommended to Be Put to Better Use</b>
<b>Audits</b>		
No management decision made by beginning of period <sup>2</sup>	0	\$0
Issued during period	3	\$901,536
Needing management decision during period	3	\$901,536
Management decisions made during period:		
-Amounts management agreed to put to better use <sup>3</sup>	3	\$901,536
-Amounts management disagreed to put to better use	0	\$0
No management decision at end of period	0	\$0
<b>Evaluations</b>		
Nothing to report from the Evaluation and Inspections Division.		
<b>Special Reviews</b>		
Nothing to report from the Oversight and Review Division.		

<sup>1</sup> See glossary for definition of "Funds Recommended to Be Put to Better Use."

<sup>2</sup> Reports previously issued for which no management decision has been made.

<sup>3</sup> Includes instances in which management has taken action to resolve the issue and/or the matter is being closed because remedial action was taken.

# Statistical Information

<b>Significant Recommendations for Which Corrective Actions Have Not Been Completed</b>			
<b>Report Number and Date</b>	<b>Report Title</b>	<b>Rec. No.</b>	<b>Recommendation</b>
<b>Audits</b>			
15-10 March 2015	Audit of the Department of Justice's Handling of Sex Offenders Admitted to the Federal Witness Security Program	1	The text of this recommendation is law enforcement sensitive and not for public release.
GR-70-13-006 June 2013	Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Grants Awarded to Big Brothers and Big Sisters of America	1	Remedy the \$19,462,448 in unsupported expenditures.
09-25 May 2009	Audit of the Federal Bureau of Investigation's Terrorist Watchlist Nomination Practices	5	Evaluate the overall watchlist nomination process, determine the total amount of time that is needed and can be afforded to this process, and determine how much time should be allocated to each phase of the process.
<b>Evaluations</b>			
15-3 (January 2015)	Review of the DEA's Use of Cold Consent Encounters at Mass Transportation Facilities	1	The OIG recommends that the DEA consider how to determine if cold consent encounters are being conducted in an impartial manner, including reinstating the collection of racial and other demographic data and how it could be used to make that assessment.
I-2014-004 (July 2014)	An Assessment of the 1996 Department of Justice Review of the FBI Laboratory	3	Provide case-specific notice to currently and previously incarcerated defendants whose cases were reviewed by the Task Force (approximately 2,900).
I2014002 (March 2014)	Organized Crime Drug Enforcement Task Forces Fusion Center	4	The OFC work with SOD to define the management and workflow responsibilities of the OSF section, including what actions the OSF section can and should take to allow appropriate information sharing between SOD and OFC and increase the intelligence value of OFC products.
<b>Special Reviews<sup>1</sup></b>			
August 2014	A Review of the FBI's Use of National Security Letters: Assessment of Progress in Implementing Recommendations and Examination of Use in 2007 through 2009	8	The FBI and the Department should revive their efforts to bring about a legislative amendment to Section 2709 by submitting another proposal that defines the phrase "toll billing records."
March 2013	A Review of the Operations of the Voting Section of the Civil Rights Division	3	The OIG recommends that the Voting Section should adopt hiring criteria that better account for the significant contributions that applicants with limited or no civil rights backgrounds can make to the Section, including those with defensive litigation experience.
		4	The OIG recommends that the Civil Rights Division not place primary emphasis on "demonstrated interest in the enforcement of civil rights laws" as a hiring criterion.

<sup>1</sup> Special Reviews do not have report numbers.

# Statistical Information

<b>Reports Without Management Decisions for More than 6 Months</b>		
<b>Report Number and Date</b>	<b>Report Title</b>	<b>Report Summary</b>
<b>Audits</b>		
Nothing to report from the Audit Division.		
<b>Evaluations</b>		
Nothing to report from the Evaluation and Inspections Division.		
<b>Special Reviews</b>		
Nothing to report from the Oversight and Review Division.		

<b>Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period</b>			
<b>Report Number and Date</b>	<b>Report Title</b>	<b>Rec. No.</b>	<b>Recommendation</b>
<b>Audits</b>			
Nothing to report from the Audit Division.			
<b>Evaluations</b>			
Nothing to report from the Evaluation and Inspections Division.			
<b>Special Reviews</b>			
Nothing to report from the Oversight and Review Division.			

<b>Significant Recommendations in Disagreement for More than 6 Months</b>			
<b>Report Number and Date</b>	<b>Report Title</b>	<b>Rec. No.</b>	<b>Recommendation</b>
<b>Audits</b>			
Nothing to report from the Audit Division.			
<b>Evaluations</b>			
Nothing to report from the Evaluation and Inspections Division.			
<b>Special Reviews</b>			
Nothing to report from the Oversight and Review Division.			

# Statistical Information

## **National Defense Authorization Act Reporting**

### **OIG Reporting Required by the National Defense Authorization Act for FY 2008**

The *National Defense Authorization Act for FY 2008* requires all Inspectors General appointed under the IG Act to add an annex to their Semiannual Reports: (1) listing all contract audit reports issued during the reporting period containing significant audit findings; (2) briefly describing the significant audit findings in the report; and (3) specifying the amounts of costs identified in the report as unsupported, questioned, or disallowed. This Act defines significant audit findings as unsupported, questioned, or disallowed costs in excess of \$10 million or other findings that the Inspector General determines to be significant. It defines contracts as a contract, an order placed under a task or delivery order contract, or a subcontract.

The OIG did not issue any audits that fit these criteria during this semiannual reporting period.

## **Audit Follow-up**

### **OMB Circular A-50**

OMB Circular A-50, *Audit Follow-up*, requires audit reports to be resolved within 6 months of the audit report issuance date. The Audit Division monitors the status of open audit reports to track the audit resolution and closure process. As of March 31, 2015, the Audit Division was monitoring the resolution process of 390 open reports and closed 131 reports this reporting period.

## **Evaluation and Inspections Workload and Accomplishments**

The following chart summarizes the workload and accomplishments of the Evaluation and Inspections Division during the 6-month reporting period ending March 31, 2015. In addition, the Division issued a non-public product during this period.<sup>1</sup>

<b>Workload and Accomplishments</b>	<b>Number of Reviews</b>
Reviews active at beginning of period	10
Reviews cancelled	0
Reviews initiated	5
Final reports issued	4
Reviews active at end of reporting period	10

<sup>1</sup> The Division issued a letter to a complainant in response to an OIG Hotline complaint.

# Statistical Information

## Investigations Statistics

The following chart summarizes the workload and accomplishments of the Investigations Division during the 6-month period ending March 31, 2015.

Source of Allegations <sup>1</sup>	
Hotline (telephone, mail and e-mail)	2,187
Other sources	3,396
Total allegations received	5,583
Investigative Caseload	
Investigations opened this period	193
Investigations closed this period	155
Investigations in progress as of 3/31/15	483
Prosecutive Actions	
Criminal indictments/informations	27
Arrests	38
Convictions/Pleas	40
Administrative Actions	
Terminations	30
Resignations	38
Disciplinary action	47
Monetary Results	
Fines/Restitutions/Recoveries/ Assessments/Forfeitures	\$2,491,465.97
Civil Fines/Restitutions/Recoveries/ Penalties/Damages/Forfeitures	\$2,559,431.99

## Investigations Division Briefing Programs

OIG investigators conducted 62 Integrity Awareness Briefings for Department employees throughout the country. These briefings are designed to educate employees about the misuse of a public official's position for personal gain and to deter employees from committing such offenses. The briefings reached more than 3,290 employees.

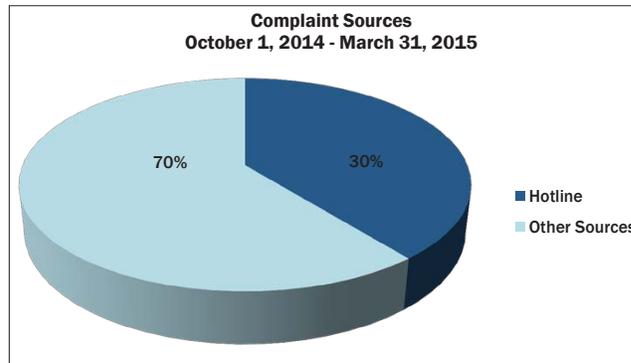
<sup>1</sup> These figures represent allegations entered into the OIG's complaint tracking system. They do not include the approximate 36,000 additional Hotline e-mail and phone contacts that were processed and deemed non-jurisdictional and outside the purview of the federal government.

## OIG Hotline

During FY 2015, the OIG received the majority of its Hotline complaints through its electronic complaint form located within the OIG website at [www.justice.gov/oig](http://www.justice.gov/oig).

In addition, Department employees and citizens are able to file complaints by telephone, fax, e-mail, and postal mail. The online access, e-mail, fax, and postal mail all provide the ability to file a complaint in writing to the OIG.

From all Hotline sources during the first half of FY 2015, 2,187 new complaints related to Department operations or other federal agencies were entered into the OIG's complaint tracking system. Of the new complaints, 1,487 were forwarded to various Department components for their review and appropriate action; 274 were filed for information; 355 were forwarded to other federal agencies; and 16 were opened by the OIG for investigation.



Source: Investigations Data Management System

Approximately, 36,000 additional Hotline e-mail and phone contacts were processed and deemed non-jurisdictional and outside the purview of the federal government and therefore were not entered into the OIG' complaint tracking system.



# Appendices

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## Appendix 1

### Acronyms and Abbreviations

ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
AUSA	Assistant U.S. Attorney
BJA	Bureau of Justice Assistance
BJS	Bureau of Justice Statistics
BOP	Federal Bureau of Prisons
CBP	Customs and Border Protection
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CODIS	Combined DNA Index System
COPS	Office of Community Oriented Policing Services
CHRP	COPS Hiring Recovery Program
CVF	Crime Victims Fund
DEA	Drug Enforcement Administration
Department	Department of Justice
DHS	Department of Homeland Security
DoD	Department of Defense
DOL	Department of Labor
EOIR	Executive Office for Immigration Review
EOUSA	Executive Office for U.S. Attorneys
FBI	Federal Bureau of Investigation
FISA	<i>Foreign Intelligence Surveillance Act of 1978</i>
FISMA	<i>Federal Information Security Management Act</i>
FY	Fiscal Year
IC	Intelligence Community
ICE	Immigration and Customs Enforcement
IG Act	<i>Inspector General Act of 1978</i>
INTERPOL	International Criminal Police Organization
IRS	Internal Revenue Service
JMD	Justice Management Division
NIJ	National Institute of Justice
ODAG	Office of the Deputy Attorney General
OIG	Office of the Inspector General
OJP	Office of Justice Programs
OJJDP	Office of Juvenile Justice and Delinquency Prevention
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OPR	Office of Professional Responsibility
OVC	Office for Victims of Crime
OVW	Office on Violence Against Women
Patriot Act	<i>Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act</i>
PREA	<i>Prison Rape Elimination Act</i>
Recovery Act	<i>American Recovery and Reinvestment Act of 2009</i>
Standards	National Standards to Prevent, Detect, and Respond to Prison Rape

# Appendices

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State	Department of State
UAS	Unmanned Aircraft Systems
USAO	U.S. Attorneys' Offices
USMS	U.S. Marshals Service
USSS	U.S. Secret Service
WITSEC	Witness Security

# Appendices

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## Appendix 2

### Glossary of Terms

The following are definitions of specific terms as they are used in this report.

**Combined DNA Index System:** A distributed database with three hierarchical levels that enables federal, state, and local forensic laboratories to compare DNA profiles electronically.

**Cooperative Agreement:** Term used to describe when the awarding agency expects to be substantially involved with the award's activities; often used interchangeably with "grant."

**Drawdown:** The process by which a grantee requests and receives federal funds.

**Disallowed Cost:** The IG Act defines "disallowed cost" as a questioned cost that management, in a management decision, has sustained or agreed should not be charged to the government.

**External Audit Report:** The results of audits and related reviews of expenditures made under Department contracts, grants, and other agreements. External audits are conducted in accordance with the Comptroller General's Government Auditing Standards and related professional auditing standards.

**Funds Recommended to Be Put to Better Use:** Recommendation by the OIG that funds could be used more efficiently if management of an entity took actions to start and complete the recommendation, including: (1) reductions in outlays; (2) deobligation of funds from programs or operations; (3) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (4) costs not incurred by implementing recommended improvements related to the operations of the entity, a contractor, or grantee; (5) avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or (6) any other savings that specifically are identified.

**Internal Audit Report:** The results of audits and related reviews of Department organizations, programs, functions, computer security and information technology, and financial statements. Internal audits are conducted in accordance with the Comptroller General's Government Auditing Standards and related professional auditing standards.

**Management Decision:** The IG Act defines "management decision" as the evaluation by the management of an establishment of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary.

**Questioned Cost:** A cost that is questioned by the OIG because of: (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

# Appendices

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**Registrant Actions:** Under the *Controlled Substances Act of 1970* (Act), businesses or health care practitioners dealing in controlled substances must become registrants with the DEA. If a registrant is found to have violated the Act, the DEA may issue an order to show cause why the DEA should not revoke, suspend, or deny the registration. If the violation appears to pose an imminent threat to the public health, the DEA may issue an immediate suspension order, which deprives the registrant of the right to deal in controlled substances immediately. Collectively, orders to show cause and immediate suspension orders are known as “registrant actions.”

**Single Audit Act Audits:** *Single Audit Act* audits are performed by public accountants or a federal, state or local government audit organization in accordance with generally accepted government auditing standards. They are intended to determine whether the financial statements and schedule of expenditures of federal awards are presented fairly, to test internal controls over major programs, to determine whether the grant recipient is in compliance with requirements that may have a direct and material effect on each of its major programs, and to follow up on prior audit findings. These audits are required to be performed for organizations that expend \$500,000 or more in federal awards in accordance with the *Single Audit Act of 1984*, as amended, and OMB Circular A-133.

**Sole Source Contract:** Soliciting and negotiating with only one vendor.

**Supervised Release:** Court-monitored supervision upon release from incarceration.

**Supplanting:** For a state or unit of local government to reduce state or local funds for an activity specifically because federal funds are available (or expected to be available) to fund that same activity.

**Unsupported Cost:** A cost that is questioned by the OIG because the OIG found that, at the time of the audit, the cost was not supported by adequate documentation.

# Appendices

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## Appendix 3

### Audit Division Reports

#### Internal Audit Reports

##### *Multicomponent*

Audit of the Department of Justice's Handling of Sex Offenders Admitted to the Federal Witness Security Program

Audit of the Department of Justice's Management of International Fugitive Removal Activities

Audit of the Department of Justice's Use and Support of Unmanned Aircraft Systems

Audit of the U.S. Department of Justice Annual Closing Package Financial Statements Fiscal Year 2014

Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2014

##### *Federal Bureau of Prisons*

Audit of the Federal Bureau of Prisons Annual Financial Statements Fiscal Year 2014

##### *Federal Bureau of Investigation*

Audit of the Federal Bureau of Investigation Annual Financial Statements Fiscal Year 2014

##### *U.S. Marshals Service*

Audit of the United States Marshals Service Annual Financial Statements Fiscal Year 2014

##### *Other Department Components*

Audit of the Assets Forfeiture Fund and Seized Asset Deposit Fund Annual Financial Statements Fiscal Year 2014

Audit of the Federal Prison Industries, Inc., Annual Financial Statements Fiscal Year 2014

Audit of the Justice Management Division's Information Security Program Pursuant to the *Federal Information Security Management Act* Fiscal Year 2014

Audit of the Justice Management Division's Justice Communication System Pursuant to the *Federal Information Security Management Act* Fiscal Year 2014

#### External Audit Reports

##### *Arizona*

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Arizona Department of Public Safety Northern Regional Crime Laboratory, Flagstaff, Arizona

Audit of the Office of Justice Programs Grants to Childhelp, Incorporated, Phoenix, Arizona

##### *California*

Audit of the Office of Justice Programs Tribal Legal Assistance Program Grants Awarded to the Hoh-Kue-Moh Corporation, Klamath, California

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## *Colorado*

Audit of the Office of Justice Programs Bureau of Justice Assistance Developing and Enhancing Statewide Automated Victim Information and Notification Program Grants Awarded to the County Sheriffs of Colorado, Littleton, Colorado

Audit of the Office on Violence Against Women Grant Awarded to the Denver Center for Crime Victims, Denver, Colorado

## *Florida*

Audit of the City of Sunrise Police Department's Equitable Sharing Program Activities, Sunrise, Florida

## *Georgia*

Audit of the Office of Community Oriented Policing Services Grants Awarded to DeKalb County, Georgia

## *Hawaii*

Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Honolulu Police Department Scientific Investigation Section Forensic Laboratory, Honolulu, Hawaii

## *Idaho*

Audit of the Office on Violence Against Women Grants Awarded to the Advocates Against Family Violence, Caldwell, Idaho

## *Illinois*

Audit of the Office on Violence Against Women Transitional Housing Grant Awarded to the Crisis Center for South Suburbia, Tinley Park, Illinois

## *Kentucky*

Audit of the Office of Community Oriented Policing Services 2009 COPS Hiring Recovery Program Grant Awarded to the Paducah Police Department, Paducah, Kentucky

## *Louisiana*

Audit of the Office of Justice Programs Justice Assistance Grants Awarded to the East Baton Rouge Sheriff's Office, Baton Rouge, Louisiana

## *Michigan*

Audit of the Taylor Police Department's Equitable Sharing Program Activities, Taylor, Michigan

## *Minnesota*

Audit of Office on Violence Against Women Cooperative Agreements Awarded to Praxis International, Incorporated, Saint Paul, Minnesota

## *Mississippi*

Audit of the Office of Community Oriented Policing Services Grants and Office of Justice Programs Subgrants Awarded to the Mississippi Bureau of Narcotics

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## *Nevada*

Audit of the Office on Violence Against Women Grant Awarded to the Pyramid Lake Paiute Tribe of the Pyramid Lake Reservation, Nixon, Nevada

Audit of the Office on Violence Against Women Tribal Governments Program Grant Awarded to the Reno Sparks Indian Colony, Reno, Nevada

## *New Jersey*

Audit of the Office of Justice Programs Grants Awarded to Trenton, New Jersey

## *New Mexico*

Audit of the Office of Justice Programs Correctional Systems and Correctional Alternatives on Tribal Lands Program Grants Awarded to Pueblo of Laguna, Laguna, New Mexico

## *New York*

Audit of the Federal Bureau of Prisons Residential Reentry Center in Brooklyn, New York, Contract No. DJB200055

Audit of the Office on Violence Against Women Awards to Shalom Task Force, New York, New York

## *Oklahoma*

Audit of the Office on Violence Against Women Grants Awarded to the Osage Nation of Oklahoma, Pawhuska, Oklahoma

## *Pennsylvania*

Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Cooperative Agreement Awarded to the County of Delaware, Pennsylvania

Audit of the Office of Justice Programs National Institute of Justice DNA Backlog Reduction Program Cooperative Agreements Awarded to the City of Philadelphia, Pennsylvania

## *Wisconsin*

Audit of the Office of Community Oriented Policing Services Child Sexual Predator Program Grant Awarded to the Superior, Wisconsin, Police Department

## **Single Audit Act Reports of Department Activities**

Alaska Network on Domestic Violence and Sexual Assault, Inc., Juneau, Alaska FY 2013

City of Alma, Michigan FY 2013

County of Amador, California FY 2013

City of Annapolis, Maryland FY 2013

The Arab-American Family Support Center, Inc., Brooklyn, New York FY 2013

City of Auburn, California FY 2013

City of Austell, Georgia FY 2013

City of Azusa, California FY 2013

City of Bartlesville, Oklahoma FY 2013

City of Bell Gardens, California FY 2013

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City of Beverly Hills, California FY 2013  
City of Brea, California FY 2013  
City of Cambridge, Massachusetts FY 2013  
Canyon County, Idaho FY 2013  
Chesapeake Center for Youth Development, Inc., Baltimore, Maryland FY 2013  
City of Claremont, California FY 2013  
County of Clarion, Pennsylvania FY 2012  
Clinton Community School District, Clinton, Iowa FY 2013  
Coffee County, Tennessee FY 2013  
City of Colton, California FY 2013  
Village of Corrales, New Mexico FY 2013  
City of Costa Mesa, California FY 2013  
City of Creve Coeur, Missouri FY 2013  
Cumberland County, Tennessee FY 2013  
Town of Cumberland, Rhode Island FY 2013  
Dallas County, Iowa FY 2013  
City of Deer Park, Texas FY 2013  
City of DeKalb, Illinois FY 2013  
City of Desloge, Missouri FY 2013  
City of DeSoto, Missouri FY 2013  
Douglas County, Nebraska FY 2013  
City of Dover, Delaware FY 2013  
City of Downey, California FY 2013  
Dubuque County, Iowa FY 2013  
City of Elizabethton, Tennessee FY 2013  
City of Escondido, California FY 2013  
City of Everett, Massachusetts FY 2013  
City of Farmersville, California FY 2013  
City of Flint, Michigan FY 2013  
City of Fort Bragg, California FY 2013  
City of Freeport, Illinois FY 2013  
Incorporated Village of Freeport, New York FY 2013  
Fremont County, Wyoming FY 2013  
Gallatin County, Montana FY 2013  
City of Glendora, California FY 2013  
City of Grants Pass, Oregon FY 2013

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Gratiot County, Michigan FY 2013  
Township of Grosse Ile, Michigan FY 2013  
Habersham County, Georgia FY 2013  
City of Haleyville, Alabama FY 2013  
Hall County, Georgia FY 2013  
City of Hamtramck, Michigan FY 2013  
Hartsville/Trousdale County Government, Tennessee FY 2013  
Department of the Attorney General, State of Hawaii FY 2013  
City of Herculaneum, Missouri FY 2013  
Town of Hinesburg, Vermont FY 2013  
Village of Homewood, Illinois FY 2013  
Jefferson County, Montana FY 2013  
City of Kalispell, Montana FY 2013  
Village of Kenmore, New York FY 2013  
County of Kings, California FY 2013  
City of La Puente, California FY 2013  
Village of Lansing, Illinois FY 2013  
City of Lansing, Michigan FY 2013  
Laramie County, Wyoming FY 2013  
City of Las Vegas, Nevada FY 2013  
City of Las Vegas, New Mexico FY 2013  
Lawrence County, Tennessee FY 2013  
Lee County, Illinois FY 2013  
Lincoln County, Nebraska FY 2013  
Lincoln County, Wyoming FY 2013  
County of Linn, Iowa FY 2013  
Logan City School District, Logan, Utah FY 2013  
Village of Los Lunas, New Mexico FY 2013  
County of Luna, New Mexico FY 2013  
Madison County, Tennessee FY 2013  
Maricopa County, Arizona FY 2013  
Maryland Network Against Domestic Violence, Inc., Lanham, Maryland FY 2013  
Town of Middleton, Delaware FY 2013  
Town of Milton, Vermont FY 2013  
State of Montana FYs 2012 and 2013  
City of Monterey Park, California FY 2013

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State of Nebraska FY 2013  
State of New Mexico Corrections Department FY 2013  
State of New Mexico, Administrative Office of the Courts FY 2013  
City of New York, New York FY 2013  
City of Newark, California FY 2013  
City of Norfolk, Virginia FY 2013  
City of North Miami Beach, Florida FY 2013  
County of Orange, California FY 2013  
The Partnership Against Domestic Violence, Inc., Atlanta, Georgia FY 2013  
County of Pittsylvania, Virginia FY 2013  
City of Portland, Oregon FY 2013  
Prince George's County, Maryland FY 2013  
Pueblo of Nambe, Santa Fe, New Mexico FY 2013  
Commonwealth of Puerto Rico, Puerto Rico Police FY 2013  
City of Redlands, California FY2013  
Roosevelt County, Montana FY 2013  
City of Rutland, Vermont FY 2013  
City of Salinas, California FY 2013  
County of San Bernardino, California FY 2013  
City of San Gabriel, California FY 2013  
City of San Leandro, California FY 2013  
City of San Pablo, California FY 2013  
City of Santa Ana, California FY 2013  
City of Sergeant Bluff, Iowa FY 2013  
City of South El Monte, California FY 2013  
Town of South Windsor, Connecticut FY 2013  
Story County, Iowa FY 2013  
Sweet Grass County, Montana FY 2013  
City of Tifton, Georgia FY 2013  
Tipton County, Tennessee FY 2013  
City of Trenton, New Jersey FY 2013  
City of Tucson, Arizona FY 2013  
City of Union City, Georgia FY 2013  
University of New Haven, West Haven, Connecticut FY 2013  
City of Urbandale, Iowa FY 2013  
Van Buren County, Michigan FY 2013

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City of Walterboro, South Carolina FY 2013

Town of Warren, Rhode Island FY 2013

City of Waukegan, Illinois FY 2013

Williamson County, Tennessee FY 2013

Village of Willow Springs, Illinois FY 2013

Wilson County, Tennessee FY 2013

Wood County, West Virginia FY 2013

City of Woodlake, California FY 2013

County of Yuba, California FY 2013

## **Other Reports**

Reviews of the Annual Accounting of Drug Control Funds and Related Performance Fiscal Year 2014

# Appendices

## Appendix 4

### Quantifiable Potential Monetary Benefits

Audit Report	Questioned Costs (including unsupported costs)	Unsupported Costs	Funds Put to Better Use
<b>Audits Performed by the DOJ OIG</b>			
Audit of the Office of Justice Programs Grants to Childhelp, Inc., Phoenix, Arizona	\$1,044,081	\$1,023,217	\$0
Audit of the Office of Justice Programs Tribal Legal Assistance Program Grants Awarded to the Hoh-Kue-Moh Corporation, Klamath, California	\$112,123	\$2,607	\$0
Audit of the Office of Justice Programs Bureau of Justice Assistance Developing and Enhancing Statewide Automated Victim Information and Notification Program Grants Awarded to the County Sheriffs of Colorado, Littleton, Colorado	\$688,587	\$623,362	\$0
Audit of the Office on Violence Against Women Grant Awarded to the Denver Center for Crime Victims, Denver, Colorado	\$245,613	\$233,618	\$0
Audit of the City of Sunrise Police Department's Equitable Sharing Program Activities, Sunrise, Florida	\$374,257	\$0	\$0
Audit of the Office of Community Oriented Policing Services Grants Awarded to DeKalb County, Georgia	\$2,334,094	\$2,329,659	\$783,186
Audit of the Office on Violence Against Women Grants Awarded to the Advocates Against Family Violence, Caldwell, Idaho	\$203,906	\$196,052	\$0
Audit of the Office on Violence Against Women Transitional Housing Grant Awarded to the Crisis Center for South Suburbia, Tinley Park, Illinois	\$12,937	\$1,470	\$0
Audit of the Office of Community Oriented Policing Services 2009 COPS Hiring Recovery Program Grant Awarded to the Paducah Police Department, Paducah, Kentucky	\$0	\$0	\$54,906
Audit of the Office of Community Oriented Policing Services Grants and Office of Justice Programs Subgrants Awarded to the Mississippi Bureau of Narcotics	\$8,762	\$7,622	\$0
Audit of the Office on Violence Against Women Grant Awarded to the Pyramid Lake Paiute Tribe of the Pyramid Lake Reservation, Nixon, Nevada	\$5,913	\$4,534	\$0
Audit of the Office of Justice Programs Grants Awarded to Trenton, New Jersey	\$189,936	\$128,566	\$63,444
Audit of the Office on Violence Against Women Grants Awarded to the Osage Nation of Oklahoma, Pawhuska, Oklahoma	\$522,552	\$423,026	\$0
Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Cooperative Agreement Awarded to the County of Delaware, Pennsylvania	\$989,365	\$955,622	\$0
<b>Subtotal (Audits Performed by the DOJ OIG)</b>	<b>\$6,732,126</b>	<b>\$5,929,355</b>	<b>\$901,536</b>

# Appendices

<b>Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i><sup>1</sup></b>			
City of Escondido, California FY 2013	\$1,569	\$1,569	\$0
City of Flint, Michigan FY 2013	\$40	\$40	\$0
City of Hamtramck, Michigan FY 2013	\$23,785	\$23,785	\$0
Maricopa County, Arizona FY 2013	\$61,330	\$61,330	\$0
State of Montana FYs 2012 and 2013	\$11,548	\$11,548	\$0
State of Nebraska FY 2013	\$163,245	\$163,245	\$0
City of Trenton, New Jersey FY 2013	\$55,496	\$0	\$0
<b>Subtotal (Audits Performed by State/Local Auditors and Independent Public Accounting Firms Under the <i>Single Audit Act</i>)</b>	<b>\$317,013</b>	<b>\$261,517</b>	<b>\$0</b>
<b>Total</b>	<b>\$7,049,139</b>	<b>\$6,190,872</b>	<b>\$901,536</b>

<sup>1</sup> These audits are reviewed by the OIG to assess the quality and the adequacy of the entity's management of federal funds. The OIG issues these audits to the responsible component and performs follow-up on the audit reports' findings and recommendations.

# Appendices

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## Appendix 5

### Evaluation and Inspections Division Reports

Progress Report on the Department of Justice's Implementation of the *Prison Rape Elimination Act*

Review of Policies and Training Governing Off-Duty Conduct by Department Employees Working in Foreign Countries

Review of the Drug Enforcement Administration's Use of Cold Consent Encounters at Mass Transportation Facilities

The Handling of Sexual Harassment and Misconduct Allegations by the Department's Law Enforcement Components

### Oversight and Review Division Reports

A Review of ATF's Investigation of Jean Baptiste Kingery

Report Regarding Investigation of Improper Hiring Practices by Senior Officials in the Executive Office for Immigration Review

Report of Investigation Regarding the DEA's Relationship with K. Wayne McLeod

Investigation of Allegations of Improper Hiring Practices at INTERPOL Washington

The Federal Bureau of Investigation's Use of Section 215 Orders: *Assessment of Progress in Implementing Recommendations and Examination of Use in 2007 through 2009*

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## Appendix 6

### Peer Reviews

#### Peer Reviews Conducted by Another OIG

##### *Audit Division*

The most recent peer review of the Audit Division was performed by the Department of Agriculture OIG (USDA OIG). In its report issued March 18, 2013, the DOJ OIG received a peer review rating of pass for its system of quality control for FY 2012. The USDA OIG did not make any recommendations.

##### *Investigations Division*

The most recent peer review of the Investigations Division was performed by the Department of Labor (DOL OIG) in March 2013. The DOL OIG found that the DOJ OIG is in full compliance of its internal safeguards and management procedures. The DOL OIG did not make any recommendations.

#### Outstanding Recommendations from Peer Reviews of the OIG

There are no outstanding recommendations from peer reviews of the OIG.

#### Peer Reviews Conducted by the OIG

On September 17, 2014, the OIG initiated a peer review of the DHS OIG to determine whether the DHS OIG audit organization's system of quality control provides it with reasonable assurance of conformance with applicable professional standards. The peer review will be conducted in accordance with *Government Auditing Standards* and guidelines established by the CIGIE.

#### Outstanding Recommendations from Peer Reviews Conducted by the OIG

There are no outstanding recommendations from peer reviews conducted by the OIG.

# Appendices

## Appendix 7

### Reporting Requirements Index

The IG Act specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages.

IG Act References	Reporting Requirements	Page
Section 4(a)(2)	Review of Legislation and Regulations	71
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	18-67
Section 5(a)(2)	Significant Recommendations for Corrective Actions	18-67
Section 5(a)(3)	Significant Recommendations for Which Corrective Actions Have Not Been Completed	77
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	26-27, 31-34, 36-38, 40-41, 43-45, 48, 53-55, 59-61, 63, 67
Section 5(a)(5)	Refusal to Provide Information	None
Section 5(a)(6)	Listing of Audit Reports	86-92
Section 5(a)(7)	Summary of Significant Reports	18-67
Section 5(a)(8)	Questioned Costs	75
Section 5(a)(9)	Funds Recommended to Be Put to Better Use	76
Section 5(a)(10)	Reports Without Management Decisions for More than 6 Months	78
Section 5(a)(11)	Description and Explanation of the Reasons for Any Significant Revised Management Decision Made During the Reporting Period	78
Section 5(a)(12)	Significant Recommendations in Disagreement for More than 6 Months	78
Section 5(a)(14)	Peer Reviews Conducted by Another OIG	96
Section 5(a)(15)	Outstanding Recommendations from Peer Reviews of the OIG	96
Section 5(a)(16)	Outstanding Recommendations from Peer Reviews Conducted by the OIG	96



# Report Waste, Fraud, Abuse, or Misconduct

To report allegations of waste, fraud, abuse, or misconduct regarding Department of Justice programs, employees, contractors, or grants, please go to the DOJ OIG website at [www.justice.gov/oig](http://www.justice.gov/oig) or call the OIG's Hotline at (800) 869-4499.

The OIG website has complaint forms that allow you to report the following to the OIG:

- General allegations of fraud, waste, and abuse in Department programs or by Department employees;
- Contract fraud, including mandatory disclosures required by contractors when they have credible evidence of violations of the civil *False Claims Act* or certain violations of criminal law;
- Grant fraud, including fraud, waste, or abuse related to the Department's award of Recovery Act funds; and
- Violations of civil rights or civil liberties by Department employees.

To give information by mail or facsimile, please send to:

Office of the Inspector General  
U.S. Department of Justice  
950 Pennsylvania Avenue, N.W.  
Room 4706  
Washington, D.C. ,20530  
Fax: (202) 616-9881

For further information on how to report a complaint to the OIG, please call (800) 869-4499.

**U.S. Department of Justice**  
**Office of the Inspector General**