Introduction to the GSA OIG
Office of Investigations

GEOFFREY CHERRINGTON, DEPUTY ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS
History of the Inspector General

The Inspector General Act of 1978, as amended, establishes the responsibilities and duties of an Inspector General. The Act has been amended several times to increase the number of agencies with statutory IGs, as well as enhance their authority and independence. There are now 64 statutory Inspectors General.
Mission of the Inspector General

The Office of Inspector General mission is to help the General Services Administration effectively carry out its responsibilities by promoting economy, efficiency and integrity in GSA programs and operations through independent auditing and investigative services.
Mission of the Inspector General

Three impediments to the effective operation of the General Services Administration:

- Fraud
- Waste
- Abuse
Mission of the Inspector General

- **Fraud**: an act of knowing deception undertaken to unlawfully deprive the United States/GSA of something of value, or to secure from the United States a benefit, privilege, allowance, or consideration to which an individual(s) is not entitled.
Mission of the Inspector General

• **Waste:** the extravagant, careless, or needless expenditure of Government funds, or the consumption of Government property that results from deficient practices, systems, controls, or decisions.
Mission of the Inspector General

• **Abuse:** The intentional or improper use of Government resources. Examples include misuse of position or authority, or the misuse of resources such as tools, vehicles, or office equipment.
General Services Administration

• **Public Buildings Service (PBS)**
  - PBS is the *largest public real estate organization* in the country.
  - PBS has an inventory of 351,900,000 square feet of workspace serving 1.1 million federal employees in over 2,100 communities.
  - GSA’s inventory includes 1,513 government-owned buildings and 7,106 leased assets.

• **Federal Acquisition Service (FAS)**
  - FAS manages over $60 Billion in Annual Business.
  - FAS provides $30 Billion in products and Services to DOD.
  - FAS manages Fleet Management for GSA; purchasing 58,000+ Vehicles, including 17,000+ alternative fuel vehicles.
  - Manages Multiple Award Schedules Program, Government-wide Acquisition Contracts, Assisted Acquisition Services, Global Supply, Fleet, Travel Services, City pairs (Air Travel), and Credit Card Programs such as Fleet, Purchase & Travel.
OIG Independence from GSA

– The Inspector General is a Presidentially appointed, Senate confirmed official and is not an employee of the Agency.

– OIG personnel are independent from GSA.

– Special Agents are federal law enforcement officials.

– IG reports to Congress on the results of investigations/audits/reviews of the GSA.
Audits

Investigations

Audits

Field and Resident Offices
GSA OIG Structure

Inspector General

Deputy Inspector General

Investigations
Audits
Administration
Counsel to the IG
Office of Counsel

• The OIG in-house legal staff.
• Provides legal advice and assistance to all OIG components.
• Represents the OIG in litigation arising out of or affecting OIG operations.
• Each OIG is required by IG Act to obtain legal advice from OIG counsel.
Office of Audits

• Provides comprehensive coverage of GSA operations through program reviews, assessments, and financial, regulatory, and system audits.

• Conducts external reviews in support of GSA contracting officials to carry out their procurement responsibilities and obtain best value.

• Performs other services to assist management in evaluating and improving their program.
Office of Administration

• An in-house staff that provides information systems, budgetary, administrative, personnel, and communications services.
Office of Internal Evaluations & Analysis

• Conducts internal OIG investigations and reviews.
• Conducts operational assessments of OIG components.
• Performs special projects for the Inspector General.
Forensic Auditing Group

• Housed in the Office of Evaluation & Analysis.
• An independent multi-disciplinary team that utilizes innovative strategies to detect potentially fraudulent activities; assesses situations when fraud has been committed; and, produces evidence meeting the standards required by criminal courts.
MINING DATA
Mining Data

- The Office of Forensic Auditing acquires their data from the Agency’s financial systems and other systems (Payroll PAR, Pegasys, FMIS, PBS Portal, SP1 & SP2 card data, travel card data).

- **Data Mining** – the methods used to sift through volumes of data searching for symptoms of fraud in databases and to find specific answers.
  - Finding hidden patterns in large data sets.
  - Analyzing relationships (anticipating behavior and patterns, finding logical relationships).

- **Data Matching** – cross checking of data either concurrently or historically.
Mining Data cont.

• **Most Data Mining projects start with identifying areas of high risk:**
  – Understanding the background, the process and the system used
  – Brainstorming potential fraud schemes
  – Determining the fraud scheme indicators
  – Using software to gather the data
  – Analyze results
  – Investigate indicators

• **Ways to look at the data:**
  – Trend Analysis
  – Calculate data norms
  – Duplicates (invoices)
  – Focus on data outliers
  – Average product prices
  – Missing invoices
  – Bid Schemes
  – Abnormal product price increase
  – Multiple billing addresses
Mining Data cont.

• Examples of Procurement Fraud Trends/Indicators:
  – Unusual bid patterns. Bids have round numbers; Bids come in on the same day; Same bidder is always last.
  – Multiple awards for similar work are given to the same contractor.
  – Losing bidders hired as subcontractors.
  – No purchase order for invoiced goods or services.
  – Companies conducting business under several different names.
  – Poor control over government property in contractor’s possession.
  – Invoice prices exceed or do not match contract terms.
  – Multiple contracts awarded for concurrent work on project/item.
  – Government estimates/contract award prices are consistently close.
  – Unusual variances between estimated costs and actual costs.
  – Unreasonably narrow contract specifications.
  – Bids with identical line item amounts between two competing bids.
  – Split purchases to avoid competitive bidding limits.
  – Contractor refuses, delays or is unable to provide supporting documentation for costs.
  – Multiple invoices with the same amount.
  – Multiple invoices with the same purchase order number.
Office of Investigations

• Investigative arm of the OIG.
• Manages a nationwide program to prevent and detect illegal and/or improper activities involving GSA programs, operations and personnel.
• Special Agents gather evidence; serve subpoenas; execute search warrants; conduct surveillances; and make arrests.
OIG Investigations

The Office of Investigations performs three types of investigations:

1. **Criminal**: false statements, false claims, bribery, extortion, bid rigging, theft.

2. **Civil**: defective pricing/price reduction, product substitution.

3. **Administrative**: employee misconduct, suspension/debarment.
FY 2009 Investigative Statistics
Recent Cases

- Criminal
- Civil
FBI, prosecutors thank Crane for pivotal role in Seyfert case

By ED PALATTELA

Harold "Tom" Crane was not present at the trial of Mark Seyfert, but his testimony was crucial in the case. Crane, who had been a high-ranking official in the FBI, provided key evidence that helped lead to Seyfert's conviction.

Crane testified that he had been approached by a confidential informant who claimed to have information about Seyfert's activities. Crane met with the informant and confirmed the information, which he then passed on to the FBI.

The FBI subsequently launched an investigation, and Seyfert was arrested and charged with a variety of crimes, including fraud and money laundering.

The trial lasted for several weeks, and Seyfert was found guilty on all counts. During the trial, Crane testified that his testimony was accurate and that he had not been influenced by any factors other than his own knowledge of the case.

Crane's testimony was a key factor in the prosecution's case against Seyfert, and his testimony helped secure Seyfert's conviction. His efforts were praised by the FBI and other law enforcement agencies.

Seyfert is currently serving a lengthy prison sentence for his crimes. Crane, who retired from the FBI after 30 years of service, continues to live in retirement.

"Crane's testimony was critical to the prosecution's case against Seyfert," said Assistant U.S. Attorney Tom Larrabee. "Without Crane's information, we might not have been able to build a strong case against Seyfert. Crane's efforts were invaluable, and we are grateful for his contributions."
Matsushita agrees to pay U.S. $1.8M

The Associated Press

WASHINGTON — Matsushita Electric Corporation of America will pay $1.8 million to settle claims that Panasonic overcharged the government for the purchase of typewriters and copiers, the Justice Department said Thursday.

The government alleged that the Panasonic Communications & Systems Co., an unincorporated division of Matsushita, failed to disclose certain pricing data in negotiating contracts with the General Services Administration.

Assistant Attorney General Stuart M. Gerson, head of the Justice Department's civil division, said the government alleged that Matsushita had falsely certified that it provided Washington with the same discounts offered to state governments when the company had not done so.

The government also alleged that the company had failed to offer the government the same price reductions extended to commercial customers for the five contracts.

A recording at Matsushita in Secaucus said the company's offices were closed Thursday.

Under the Truth in Negotiations Act, Panasonic was required during the negotiations to provide its most accurate and complete data to the government.

By depriving the government of this pricing data, Panasonic obtained an inflated price for its products, said the Justice Department.

The department said the settlement was reached after an investigation and audit by the GSA's Inspector General's Office.
Former Federal Official Pleads Guilty to Embezzling Taxpayer Money

• SAN FRANCISCO - A former federal official, Daniel Voll, pleaded guilty in federal court in San Francisco today to embezzling taxpayer money, United States Attorney Joseph P. Russoniello announced.

• In pleading guilty, Voll admitted to having engaged in a scheme dating back to 2005 whereby he defrauded the United States government of tens of thousands of dollars. During the time of his criminal conduct, which spanned four years, Voll was employed by General Services Administration Public Building Service as a senior official, having served as Deputy Regional Commissioner for that federal agency’s Western Region (encompassing California, Nevada, Arizona, Hawaii, Guam and America Samoa).

• According to the plea agreement, Voll incurred expenses of a purely personal nature on his government-issued credit card at various luxury hotels, dining, and spa establishments across the Bay Area, and then falsely represented that these were legitimate business expenses of the United States government. The United States government did in fact pay for these expenses.

• The investigation began when federal agents received notification of questionable transactions on Voll’s government-issued credit card.

• Voll, 66 of Orinda, Calif. was charged by the United States Attorney in a Criminal Information on March 15, 2010, with embezzlement of public money in violation of 18 United States Code Section 641. Voll pled guilty to that charge and has agreed to pay restitution to the government.

• The sentencing of Voll is scheduled for July 8 at 2:30 p.m. before U.S. District Court Judge Jeffrey White in San Francisco. The maximum statutory penalty for the count in violation of embezzlement of public money in violation of 18 United States Code Section 641 is 10 years imprisonment and a fine of $250,000, plus restitution. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

FOR IMMEDIATE RELEASE
April 1, 2010
WWW.USDOJ.GOV/USAOCAN
Former GSA Official Sentenced in Embezzlement Scheme

• On August 13, 2009, Michael T. Harrington, former Supervisory Accountant, GSA, was sentenced in U.S. District Court for the Western District of Missouri, to thirty-seven (37) months incarceration for one count each of violating: Theft of Government Funds/Embezzlement, Money Laundering, with the sentences to run concurrently, plus $593,549.44 restitution, three (3) years supervised release and a $200 special assessment. Harrington declined a formal plea agreement with the stipulation that the government dismiss two additional counts of Money Laundering.

• Investigators in GSA OIG’s Mid-West regional Office were contacted by representatives of IRS-Criminal Investigations, who found that Harrington had deposited high dollar U.S. Treasury Checks made payable to “MWR FUND” into a bank account, and subsequently made overpayments on his bank credit cards. A search of GSA records showed that from May 2006 through May 2008 thirteen payments totaling $593,549.44 had been paid to “MWR FUND” from the GSA.

• The investigation revealed that in April 2006 Harrington started the fictitious company called “MWR FUND” and acquired a post office box and bank account for the same. Harrington then used his position as a GSA Supervisory Accountant to create, sign and submit thirteen fraudulent vouchers causing U.S. Treasury checks to be dispensed to his fictitious company.
FLEET FRAUD INVESTIGATIONS
Transaction Details for GSA Region 06 - Ad Hoc Reporting - Transaction Details Results

For qualified tax exempt customers, additional tax information is included in the download file.

Filtered Criteria
- Site Type: Query by: Transaction Date
- Date From: 01/12/2010
- Date To: 04/13/2010
- Transaction Type: FUEL
- Filter By: Optional Embossing
- Filter Value: G10 6077D
- Sort By: Transaction Date
- Order: Ascending

Download Report
- CSV

### Displaying 1-10 of 10 Records Found

<p>| Transaction Date | Transaction Time | Post Date | Account Number | Account Name | Card Number | Department | Optional Embossing | Custom Vehicle/Asset ID | Units | Units of Measure | Unit Cost | Total Fuel Cost | Service Cost | Other Cost | Gross Cost | Exempt Tax | Discount | Net Cost | Reported Tax | Product Description | Transaction Description | Memo (Blk) |
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| 01/12/2010       | 09:10:37         | 01/14/2010| xxxxx3121      | GSA Region 06| 04          | G10 6077D  | G10 6077D        | 4402 GA                | 3     | $3.010          | $13.25    |               |             |           |           |           | $0.00     | $0.00    | $13.25    | -1.73    | UN      | $0.00     | Indoor Payment Terminal | Phil                  |           |
| 01/12/2010       | 09:10:37         | 01/14/2010| xxxxx3121      | GSA Region 06| 04          | G10 6077D  | G10 6077D        | 11229 GA               | 3     | $3.010          | $33.80    |               |             |           |           |           | $0.00     | $0.00    | $33.80    | -4.41    | UNL     | $0.00     | Indoor Payment Terminal | Phil                  |           |
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| 02/02/2010       | 18:01:00         | 02/04/2010| xxxxx3121      | GSA Region 06| 04          | G10 6077D  | G10 6077D        | 12708 GA               | 3     | $2.459          | $31.25    |               |             |           |           |           | $0.00     | $0.00    | $31.25    | $5.00    | UN      | $0.00     | Outdoor Plus Ethanol (5.7% blend) | Chance Str |           |</p>
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**Fuel**

$2,919.04

19 transactions

**Oil**

$0.00

0 transactions

**Maintenance**

$0.00

0 transactions

**Other**

$24.00

4 transactions

**Grand Total**

$2,943.04

23 transactions
Credit Cards

Skimmed “Blank”  Government
Mules at Gas Stations
Mules
Hidden Mule Gas Tank
Fuel Farm Operation
Delivering Stolen Fuel
Fuel Farm (arial view)
Large Fuel Tankers Pick-Up Stolen Fuel
Tankers Deliver Back to Stations
Conclusion of Briefing

Questions