

Fraud Awareness Presentation

Special Inspector General for Afghanistan Reconstruction



Investigations Directorate



Mission Statements

- **SIGAR's Mission:**

- Provide for the independent and objective conduct and supervision of audits **and investigations** relating to the programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

- **Investigations Directorate Mission:**

- Conducts criminal and civil investigations relating to programs and operations supported with U.S. reconstruction dollars. It prevents and detects waste, fraud, and abuse through criminal prosecutions, civil actions, forfeitures, monetary recoveries, and suspension/debarment actions.
- Section 1229(g)(1) of SIGAR's enabling legislation provides SIGAR with law enforcement powers pursuant to Section 6(e) of the Inspector General's Act of 1978, as amended.



Investigations Directorate Overview

Headquarters and Washington Field Office Personnel:

- 1 Assistant Inspector General
- 1 Deputy Assistant Inspector General
- 1 Assistant Special Agent in Charge
- 18 Special Agents
- 7 Investigative Analysts
- 1 Management Analyst
- 1 Investigations Senior Analyst/Data Manager
- 2 Attorneys (detailed from SIGAR/OGC)
- 3 Special Inspector General Prosecutors (SIGPROs)

Afghanistan Field Offices:

- 1 Special Agent in Charge
- 1 Assistant Special Agent in Charge
- 10 Special Agents;
- 3 Investigative Analysts
- 1 Forensic Examiner
- 2 Foreign Service National - Investigators (Afghan Local Hire)



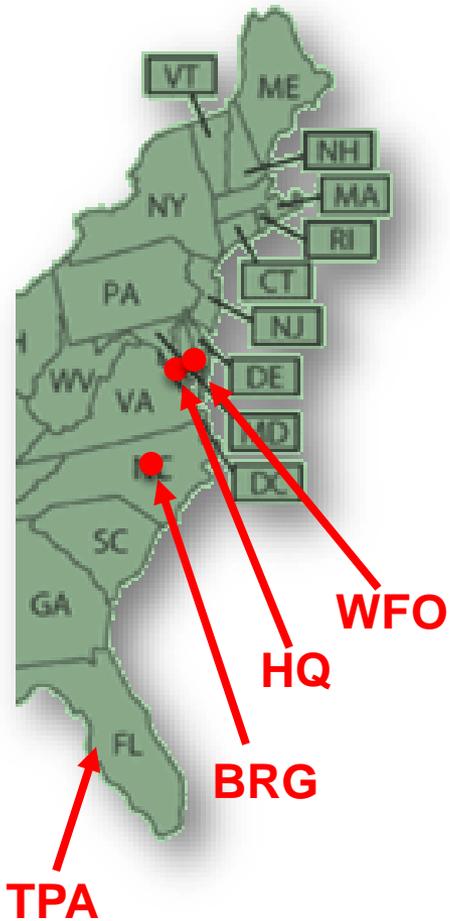
SIGAR Investigators Examining Fraudulent Claim for Installation of Culvert Denial System on Highway 1, Ghazni Province



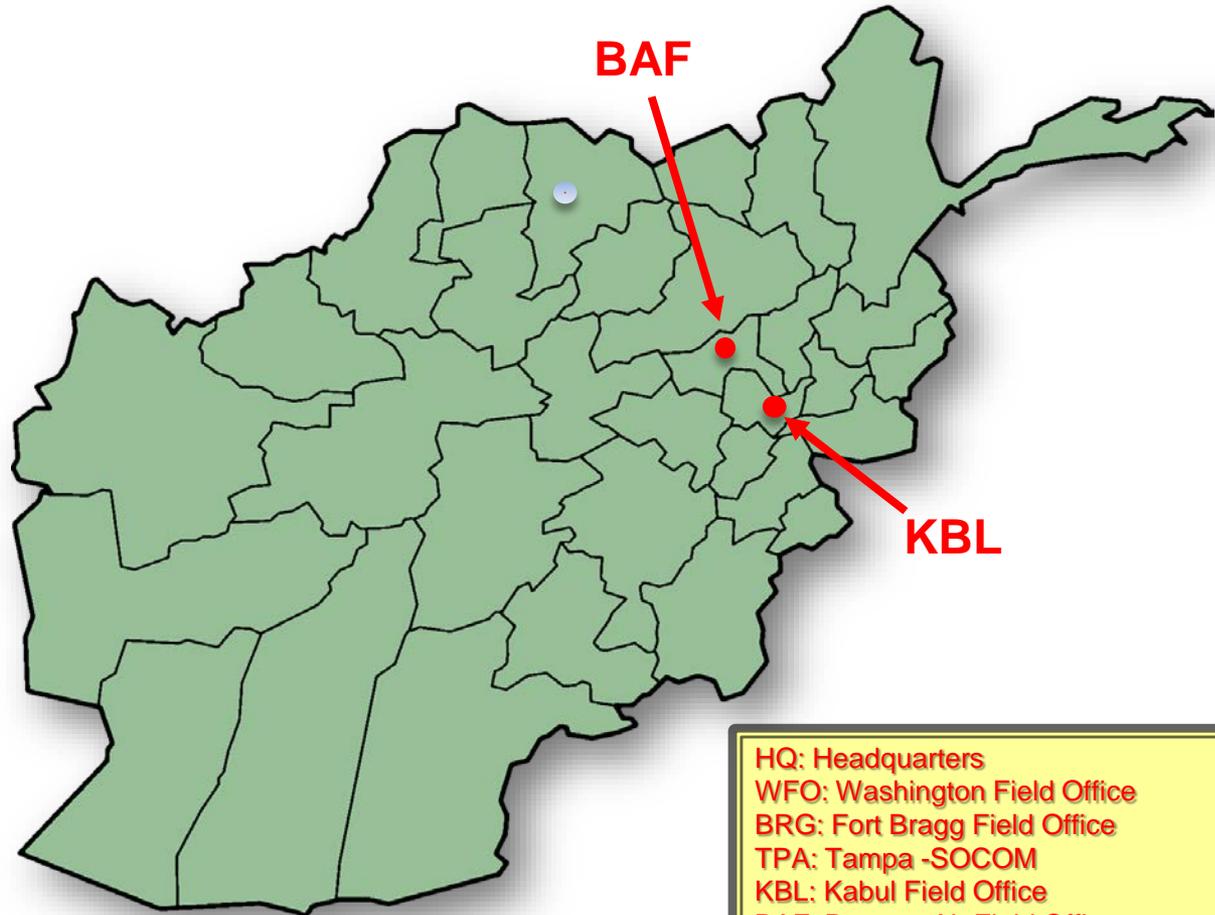


SIGAR ID Office Locations

United States



Afghanistan



HQ: Headquarters
WFO: Washington Field Office
BRG: Fort Bragg Field Office
TPA: Tampa -SOCOM
KBL: Kabul Field Office
BAF: Bagram Air Field Office



Investigations Directorate Overview

- **Investigations Current**

Status: (March 2017)

- 267 ongoing criminal investigations
- 703 closed criminal investigations
- 105 arrests
- 142 criminal charges (Fed & GiROA)
- 108 criminal convictions
- 100 sentencings

- **Types of Cases:**

- Fraudulent Claims for Payment
- Bribery and Kickbacks
- Poor or Non-Performance of Contracts
- Public Corruption
- Financial Fraud and Money Laundering
- Theft of Government Property

- **Sources of Information:**

- Hotline Complaints
- Referrals from Other Agencies
- Audit/Inspection Reports
- Walk-in Reports of Witnesses to Crime
- Observations by Investigators
- Other Sources



Investigations Directorate Overview

- SIGAR is a member of the International Contract Corruption Task Force (ICCTF) the principal organization coordinating contract fraud and corruption cases involving U.S. Government spending in Southwest Asia.
- Provides a framework for joint investigations for U.S. federal law enforcement efforts in Afghanistan.
- DCIS, DoS IG, USAID, SIGAR, Air Force OSI, Army CID, NCIS, and FBI are members.
- Liaison office in Washington D.C., field office at Bagram Airfield.



Hotline & Complaints Management

- Complaints may be reported by phone, fax, e-mail, web form or in person.
 - Phones in HQ and Kabul are answered during business hours with 24/7 voicemail; voicemail in Kabul is in English, Dari and Pashtu.
 - Posters are distributed in Afghanistan at USG installations, Afghan ministries and, where practicable, job sites; in English, Dari and Pashtu.
- SIGAR refers matters not within its purview to appropriate IG or other agency.
- SIGAR receives on average 100 Hotline complaints per quarter – 2545 to date (March 2017)
 - In FY2015 and 2016, approximately 4% resulted in the opening of a preliminary or full investigation.
 - The remainder are either referred internally, to other agencies or closed with no further action.



SIGAR HOTLINE

DON'T LET IT GO TO WASTE



REPORT FRAUD
INVOLVING
U.S. RECONSTRUCTION DOLLARS TO
SIGAR
THE SPECIAL INSPECTOR GENERAL
FOR AFGHANISTAN RECONSTRUCTION

IN AFGHANISTAN:
0700107300 (cell)
318-237-3912 x7303 (DSN)

IN UNITED STATES:
+1-866-329-8893 (int'l line)
94-312-664-0378 (DSN)

<http://www.sigar.mil>
sigarhotline@state.gov
sigar.pentagon.inv.mbx.hotline@mail.mil



SIGAR HOTLINE

Examples of Recent ID Cases

- On September 29, 2015, **US Army Sergeant First Class Jeffery Edmondson, former US Army Sergeant Christopher Ciampa, former US Army Sergeant Enmanuel Lugo, and former US Army Staff Sergeant Geoffery Montague were sentenced for conspiracy and bribery.** Collectively, the sentences for all four conspirators was \$27,647,400 in court ordered restitutions, 27 years' incarceration in federal prison and 12 years supervised probation upon release. Additionally, the investigative team seized and forfeited \$150,000 in bulk cash, 22 single and semi-automatic weapons and 2 vehicles.

The investigation determined these military members falsified up to 114 transportation movement requests at Kandahar, AFG enabling the theft of fuel in 10,000 gallon jingle trucks by an Afghan contractor. The contractor sold the fuel on the black market and used the falsified documents to bill the US government for the fuel. The investigation involved over 25 interviews, the issuance of numerous Grand Jury subpoenas and review of voluminous documents before securing full confessions and subsequent guilty pleas in federal court by all four conspirators.

SIGAR AGENT SEIZES WEAPONS AND CASH





Example of Poor Performance – Improperly Built Bridge Support





SIGAR Undercover Operation Arrest





What is Fraud?

Intentional misrepresentation causing damages and usually monetary losses

- Fraud is cheating for profit.
- Fraud is characterized by acts of:
 - Concealment or breach of confidence used to gain unfair or dishonest advantage involving money, property or services





Money Laundering

Money laundering operations are designed to take the proceeds of illegal activity and disguise the existence, source, or application of those funds so the proceeds appear to come from a legitimate source. Money laundering is a common element in many fraud, corruption and terrorist-financing cases and has an economic impact on most businesses and government entities





Judicial Actions

- **Indictment and Conviction**
 - Present investigations to Department of Justice for prosecutions
- **Criminal and Civil Fines**
 - Can exceed the amount of the fraud
- **Suspension and Debarment Program**
 - An administrative remedy that prevents non-responsible business entities from receiving U.S. Government contracts.
- **Uniformed Code of Military Justice (UCMJ)**
 - All military members are subject to prosecution within the military judicial system.
 - Non-judicial punishment may also be leveraged (Article 15)
- **Afghanistan Attorney General (AAG) - Agents work with the AAG when Afghan contractors and sub-contractors are subjects.**
- **Special Inspector General Prosecutors (SIGPRO's) / Asst. United States Attorney's (AUSA's)**



Employee Orientation Program

Special Inspector General for Afghanistan Reconstruction



Suspension & Debarment



Suspension and Debarment: Usefulness in Afghanistan and Contingency Contracting Cases

- Effect is the elimination of contractors from the ability to receive contract awards, task orders, purchase orders, grants, loans or other benefits of Government programs.
- Especially effective in addressing cases of misconduct and poor performance by foreign nationals who, for various reasons, are beyond the reach of criminal or civil remedies due to the negative impact on business reputation and future ability to obtain work financed by the Government.
 - Impacts potential subcontract awards due to the need for prime contractors to review their suppliers of goods and services as part of the vendor vetting process.
 - Can be applied to foreign nationals and foreign companies without regard to their location – the only criteria is being the beneficiary of a Government contract.
 - Excluded Parties are listed on the System for Award Management, www.sam.gov, a publically accessible database listing all parties excluded from contracting, regardless of the agency taking action.



Suspension and Debarment: Differences Between the Remedies

- Suspension - Used when “Immediate Action” is necessary to protect Government interests.
 - Temporary measure pending the completion of an investigation or legal proceeding
 - Shall not exceed 12 months unless legal proceedings initiated
- Debarment – Exclusion from Government contracting for a set period of time based on a finding of non-responsibility.
 - The Government may debar a contractor based upon a preponderance of the evidence of:
 - Serious contract performance shortfalls
 - Illegal activity
 - Any other cause of so serious or compelling a nature impacting present responsibility
 - Duration of Debarment period is at least 3 years



Performance-Based Debarment Example:



Improper installation of a culvert denial system in a concrete lined culvert. Note the use of two short pieces of rebar on each side and one on top used as the only anchors for rebar grill to the culvert wing walls. Also, note the lack of any concrete work and the presence of gaps on each side of the culvert denial system.



Questions?

