

# 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)



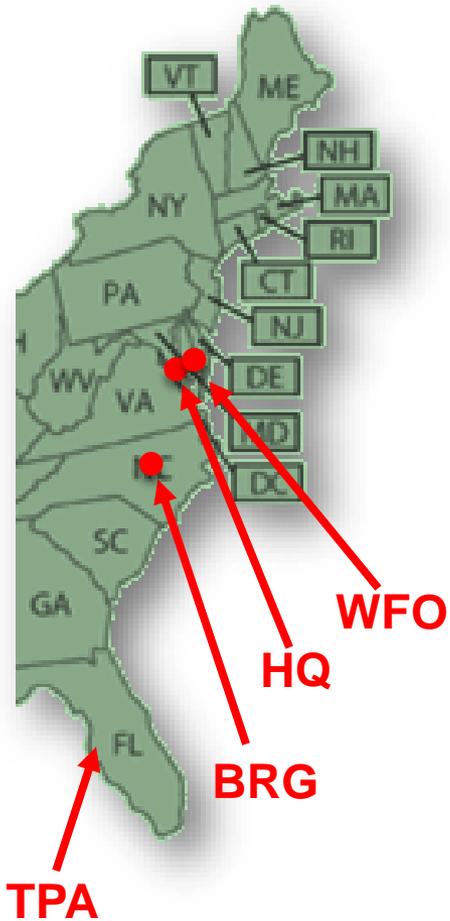
SIGAR Investigators Examining Fraudulent Claim for Installation of Culvert Denial System on Highway 1, Ghazni Province



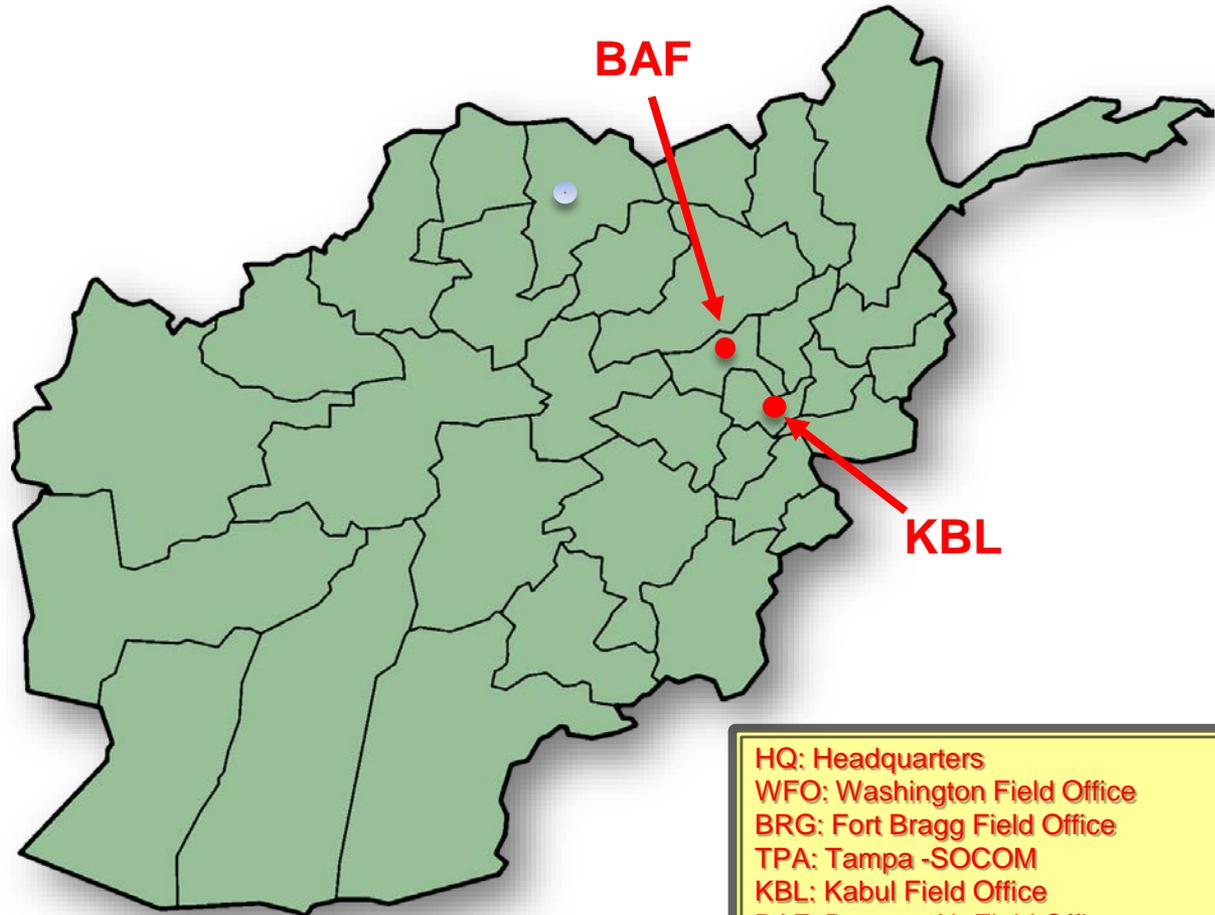


# SIGAR ID Office Locations

## 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

- 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](mailto:sigarhotline@state.gov)  
[sigar.pentagon.inv.mbx.hotline@mail.mil](mailto:sigar.pentagon.inv.mbx.hotline@mail.mil)



**SIGAR HOTLINE**









Example of Poor Performance – Improperly Built Bridge Support





Example of Poor Performance – Non-Conforming Concrete Used in Retaining Wall





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)**





# The **IMPORTANCE** of **SIGAR's** work

- Promote the effectiveness of US reconstruction programs in Afghanistan
- Gain the trust and confidence of the Afghan people by ensuring programs are administered with integrity and fairness
- Protection of U.S. taxpayer dollars through audits and criminal investigations
- Recommend criminal and civil actions against those engaging in wrongful activity



# Employee Orientation Program

Special Inspector General for Afghanistan Reconstruction



## Suspension & Debarment



# SIGAR Suspension and Debarment Program

**Number of individuals and entities referred for suspension and/or debarment since 2008: 837**

**Number of final actions taken against individuals and entities based on SIGAR's referrals: 796**

- Suspensions: 133
- Debarments/Special Entity Designations: 504
- Administrative Agreement (Settled): 14
- Terminated prior to final agency action: 145

**Individuals and entities referred by SIGAR that are currently awaiting agency action: 43**

**2nd Quarter 2017 Totals:**

- 28 Referrals for suspension or debarment/special entity designation
- 9 finalized Debarments/Special Entity Designations





# 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



# SIGAR Suspension and Debarment Program

- Designed to improve contractor accountability and ensure the integrity of procurements.
- Necessary adjunct to its investigative and audit responsibilities, especially in instances where non-U.S. nationals are concerned
  - Every SIGAR investigative case is considered for suspension and/or debarment action in conjunction with civil and criminal actions by the Department of Justice.
- Program will:
  - Review and evaluate every case for potential action;
  - Track each case
  - Assess progress and verify action prior to closing,
  - Target contractors are alleged to be engaged in fraud or have performed questionably on reconstruction projects; and
  - Provide information in a package to the appropriate Suspension and Debarment Official for action.
- S&D actions send a clear message to contractor community that fraud and poor performance will not be an acceptable way of doing business on Afghanistan reconstruction contracts.





## 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?

