

~~SECRET//TALENT KEYHOLE~~



**NATIONAL RECONNAISSANCE OFFICE**

*Office of Inspector General  
14675 Lee Road  
Chantilly, VA 20151-1715*



9 December 2011

MEMORANDUM FOR DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
PRINCIPAL DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE  
OFFICE  
DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE  
DIRECTOR, GROUND ENTERPRISE DIRECTORATE  
DIRECTOR, OFFICE OF CONTRACTS  
GENERAL COUNSEL  
DIRECTOR, OFFICE OF SECURITY AND  
COUNTERINTELLIGENCE

SUBJECT: (U//~~FOUO~~) Investigative Summary: False Claims  
(Case Number 2010-133 I)

(U//~~FOUO~~) The National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation based on an allegation that a Virginia Systems and Technology, Inc. employee had engaged in false claims against the United States Government. The attached NRO OIG investigative summary report details the investigation results.

(U//~~FOUO~~) We request that the Director, Office of Security and Counterintelligence, place a copy of this report in the security file of the individual identified within, along with a notation in the appropriate security databases. All other copies of this report are for informational purposes and should be returned to the OIG.

(U//~~FOUO~~) The OIG investigative reports are to be read only by the individuals to whom OIG provides them, or to whom OIG specifically authorizes their release. If you believe other individuals require access to this report as part of their official duties, please let us know, and we will promptly review your request.

(U//~~FOUO~~) Please direct any questions regarding this summary to Special Agent [redacted] at secure [redacted] or to [redacted], Assistant Inspector General for Investigations, at secure [redacted].

(b)(3)

*Lanie D'Alessandro*  
Lanie D'Alessandro  
Inspector General

Attachment:  
(U//~~FOUO~~) Investigative Summary  
(~~SECRET//TALENT KEYHOLE~~)

CL BY: [redacted]  
DECL BY: 20361209  
DRV FM: NCG 6.0, 21 May 2005

UNCLASSIFIED//~~FOUO~~ when separated  
from classified attachment

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OIG/[ ] 9 Dec 11

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DISTRIBUTION:

Director, National Reconnaissance Office  
Principal Deputy Director, National Reconnaissance Office  
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Director, Ground Enterprise Directorate  
Director, Office of Contracts  
General Counsel  
Director, Office of Security and Counterintelligence  
Lead Agent - [ ]

(b)(3)

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### INVESTIGATIVE SUMMARY

False Claims - [redacted]  
(Case Number 2010-133 I)

(b)(3)  
(b)(7)(c)

#### (U) INVESTIGATIVE FINDINGS

~~(S//TK)~~ On 19 July 2011, the National Reconnaissance Office (NRO) Office of Inspector General (OIG) completed an investigation regarding potential labor mischarging by [redacted] was a Virginia Systems and Technology, Inc. (VAST) employee, working under the ZETA Associates MIDAS Studies Program (MIDAS). The MIDAS program existed under NRO contract [redacted] until [redacted] and under NRO contract [redacted] from [redacted]. The OIG initiated this investigation through a proactive review of badge ingress and egress data at [redacted] place of work from [redacted]. This review indicated that [redacted] submitted false hours on his timecards subsequently charged to the NRO. Further investigation showed that [redacted] mischarged approximately 465 hours over the period of [redacted] with a fully burdened value of [redacted]. Through extrapolation, the NRO's contracting officer used data collected by the OIG to independently identify a total loss of [redacted] caused by [redacted] false claims.

(b)(3)  
(b)(1)  
(b)(3)

~~(U//FOUO)~~ The investigation revealed sufficient evidence to support a conclusion that [redacted] actions violated 18 U.S.C. § 287, *False, Fictitious, and Fraudulent Claims*, which makes it unlawful for anyone to make a claim upon or to the United States, knowing the claim to be false, fictitious or fraudulent. [redacted], a signals analyst, mischarged 465 hours of time with a fully burdened value of [redacted]. In an interview with the OIG, [redacted] confessed to submitting false hours on his timecards. ZETA Associates removed [redacted] from MIDAS and he was debriefed from security clearances or [redacted]. The United States Attorney's Office (USAO) for the Eastern District of Virginia declined prosecution due to the relatively low dollar value of the mischarge, complications caused by the crime [redacted], and low prosecutorial resources.

(b)(3)

#### (U) INVESTIGATIVE DETAILS

~~(S//TK)~~ On 24 June 2010, the OIG initiated this investigation based on a review of NRO contractor badge data at [redacted]. This initial OIG review covered [redacted] and identified [redacted] NRO contractors having badge discrepancies. Of these 156 individuals, the OIG identified [redacted] contractor employees with more than 10 percent of their time unaccountable within the sample period. One of the contractors was [redacted]. The sample analysis showed [redacted] had 171 hours unaccountable out of 648 hours claimed. The OIG then compared [redacted] badge record data with his time card reporting for the period [redacted] and found that [redacted] had 465 hours unaccountable out of 1,624 hours claimed.

(b)(1)  
(b)(3)

(b)(3)

~~(U//FOUO)~~ After leaving [redacted] worked at the Aerospace Defense Facility-Southwest from Aug 2009 to July 2010 and at NRO Westfields after July 2010. The

All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

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All redactions per (b) (3) and (b) (7) (c) unless otherwise indicated.

OIG compared a sample of [ ] badge data to his time cards for this period and identified minimal discrepancies.

~~(S//TK)~~ On 3 March 2011, the OIG interviewed [ ] regarding the discrepancies within his time cards as compared to badge record data. [ ] confessed to submitting false hours on his time cards. [ ] stated that his actions were due in part to the stress of his assignment at [ ]. He was extremely unhappy and had marriage difficulties during this time. He could not estimate the time he mischarged, but stated it was significant. [ ] stated that he has recorded his hours accurately since leaving [ ] [ ] provided a sworn statement that he submitted false hours on his timecards while working at [ ].

(b)(1)  
(b)(3)

~~(U//FOUO)~~ The OIG provided [ ], the NRO's cognizant contracting officer for MIDAS, a summary of the OIG investigation into [ ] mischarging. [ ] extrapolated the OIG data to determine that, in addition to the [ ] of mischarging identified by the OIG, there was an additional loss of [ ]. [ ] derived this amount by taking the 465 mischarged hours identified by the OIG and extrapolating a loss estimate for the one-year period prior to the OIG period of analysis. [ ] determined that a total administrative recovery of [ ] was necessary. Based on the OIG investigation and the resulting calculation by the contracting officer, ZETA Associates agreed to reimburse the NRO [ ] due to the mischarge. [ ] ZETA removed [ ] from MIDAS, and [ ] was debriefed from NRO programs. ZETA also reported that VAST terminated [ ] employment. On 7 July 2011, the OIG confirmed that ZETA Associates reimbursed the NRO the amount of [ ] via a check to the NRO<sup>1</sup>.

~~(U//FOUO)~~ Prior to interviewing [ ], the OIG presented the facts of this case to the USAO, Eastern District of Virginia. The USAO declined to prosecute [ ] due to the relatively low dollar value of the mischarge, complications arising from the crime [ ] [ ], and low prosecutorial resources.

## (U) CONCLUSION

~~(U//FOUO)~~ Given the removal and security debriefing of [ ] from NRO programs, ZETA Associates' reimbursement of [ ] to the NRO for the mischarged hours, his removal from the NRO, and the termination of his employment, there is no further investigative action required. The OIG considers this investigation closed.

<sup>1</sup> NRO contract [ ] was closed and in settlement at the time this case was completed. ZETA and the NRO contracting officer mutually agreed that a check was the best way to expedite the return of funds to the NRO.

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