

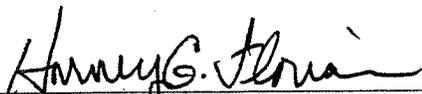
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ADMINISTRATIVE DATA PAGE

Character of Case: EMPLOYEE MISCONDUCT  
Subject: Lurita A. DOAN  
Administrator  
General Services Administration  
Washington, DC  
ALLEGED CONTRACT VIOLATIONS

Case File No: I-06-0248

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OFFICE OF INVESTIGATIONS  
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U.S. GENERAL SERVICES ADMINISTRATION

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**BASIS FOR INVESTIGATION**

On August 28, 2006, an anonymous source provided documents indicating that Lurita A. DOAN, Administrator, General Services Administration (GSA), personally awarded a sole source contract to a friend. The anonymous source indicated that DOAN does not have a contracting warrant.

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**SYNOPSIS**

The focus of the investigation was DOAN's award of a sole source contract to Edie Fraser, President and Chief Executive Officer (CEO), Public Affairs Group, Inc. (PAG), Washington, DC. PAG has three divisions; Diversity Best Practices (DBP), Business Women's Network (BWN) and Best Practices in Corporate Communications (BPCC). Fraser is the founder and President of PAG and also signed the contract on behalf of PAG/DBP.

Investigative findings confirmed that DOAN personally awarded a sole source contract for \$20,000 for public relations services at her own initiative and without consulting any contracting or legal professionals on her staff. The recipient of the contract was PAG, the President of which is Fraser, an individual with whom DOAN has had a prior personal and professional relationship.

During an interview DOAN stated that she did not have contract authority and that SHE considered the PAG Confirmation of Service Order (COSO) document she signed to be a draft proposal that was to be used to start the formal contracting process. In contrast, the GSA Office of General Counsel advised during the investigation that DOAN in fact has contract authority and that the COSO document SHE signed was in fact a contract that needed to be terminated when a sole source justification for a non-competitive award, could not later be determined.

Prior to DOAN's appointment as Administrator, GSA, her company, New Technology Management, Incorporated (NTMI), hired Fraser's company, PAG, to provide management consulting services. The amount of the management consulting contract was \$300,000 for two years. In addition, DOAN and NTMI paid \$206,411 in corporate and personal sponsorship of events produced by Fraser's companies from 2002 to 2005. DOAN did not disclose the extent of this professional relationship during the investigative interview. Their personal relationship is evidenced by Fraser's assistance in obtaining a Congressional internship for one of DOAN's daughters, promoting DOAN publicly as a business leader, personally urging Senators to support DOAN during DOAN's Senate confirmation, and other communications following DOAN's appointment as the Administrator, GSA. The relationship between DOAN and Fraser continued after DOAN became the Administrator, GSA. Fraser provided services to DOAN that included identifying proposed projects and facilitating and organizing various meetings and appointments with numerous business leaders. Email messages obtained from PAG by the GSA-OIG through subpoena disclosed numerous lobbying efforts by Fraser with DOAN to include facilitating meetings for DOAN with Native American businesses and attempts to set up personal meetings for DOAN with owners of various women-owned and minority-owned companies. Fraser later complained to DOAN about her lack of payment for these services and sought resolution.

GSA contracting officials and staff of the GSA Office of General Counsel reviewed the contract subsequent to DOAN's approval, and determined that it did not comply with existing laws and regulations governing such procurements. Specifically, the contract was awarded without required competition or, in the alternative, without the required sole source justification. As a result, GSA terminated the contract for convenience before any monies were paid. After the contract was terminated, DOAN immediately sought the initiation of a new contract to Fraser

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and asked HER Chief of Staff in an email message if Fraser was going to prepare the new Statement of Work (SOW).

The former GSA General Counsel stated that he was alarmed about the lack of competition for the contract and had serious concerns about its propriety and legality. He said that he repeatedly advised DOAN that the contract should be terminated, but he was unable to convince DOAN to do so.

DOAN's conduct in this matter may indicate possible violations of Federal ethics regulations for failing to act impartially and creating the appearance of providing preferential treatment. HER conduct also may indicate possible violations of Federal procurement regulations requiring competition in the award of contracts.

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**DETAILS OF INVESTIGATION**

**PAG Confirmation of Service Order form signed by DOAN**

The anonymous source provided a copy of a PAG Confirmation of Service Order (COSO) form signed and dated July 25, 2006 by DOAN. This COSO indicates the service to be provided as, "Produce a Best Practices report – to profile the best practices of GSA Contracting for minority and women owned business and publish a report with case studies." The fee on the form is listed as \$20,000. The term of service on the form is listed as, "Project to be completed by September 30, 2006." Immediately above the signature line the COSO provided, "By signing this Confirmation of Service Order, you agree to pay our fee for the services described above within thirty (30) days of receiving an invoice(s) . . ." (Exhibit W1-1)

**Interview of Lurita A. DOAN**

DOAN was initially interviewed on September 8, 2006. Present during the interview was Attorney, Michael J. Nardotti, Jr., (Patton Boggs LLP, 2550 M Street, NW, Washington, DC, Telephone Number: 202-457-6125). Nardotti advised that he was representing DOAN in this matter.

DOAN was provided a copy of the GSA-OIG form, Non-Custodial Warning and Assurances to Employee: This Statement is Voluntary and May be Used Against You in a Criminal Proceeding. SHE read the form and signed the form's waiver.

At the onset of the interview, DOAN was told that the purpose of the interview was to discuss with HER the facts and circumstances surrounding HER award of a contract to PAG. DOAN commented that SHE was taking exception to the statement that the award was made to PAG. SHE said that the award was made to DBP and not PAG. DOAN was shown that at the bottom of the COSO form it states that the form should be returned to PAG. SHE was also told that DBP, as well as another company, BWN, are both divisions of PAG. SHE said that regardless of what the COSO form indicated, the award was to be made to DBP, and not to PAG.

DOAN stated that after HER second or third day on the job as the Administrator of GSA, SHE met Felipe Mendoza, Office of Small Business Utilization. In discussions with Mendoza about his office, Mendoza expressed concern to DOAN that even though GSA awards many more contracts to small and minority businesses than other federal agencies, GSA was not getting the recognition that the other agencies were getting. Mendoza told HER that GSA had several small and minority business procurements coming up and wanted to know how they could raise GSA's visibility and profile in the area of small and minority business contracts. Mendoza told HER that the head of the agency had to be behind any such effort. SHE agreed to help Mendoza and told him that they needed to capture what Mendoza's office was doing in the area of small and minority business contracts into a professionally produced document. SHE told Mendoza that SHE knew the very best business practices company in the industry and that SHE had known the head of this company for many years. DOAN told Mendoza that SHE would have the head of this company speak with him. Mendoza told DOAN that he had no money to pay for these services, and DOAN told him that SHE had money in the Administrator's account to pay for

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special projects, reports and studies. SHE told Mendoza that as long as the report did not exceed \$20,000, SHE would pay for it. When asked how SHE determined the \$20,000 limit, DOAN said that the \$20,000 figure was a "ballpark figure." SHE said the \$20,000 figure was "a good fair number," in order to get a good job done, and was used so that "people would not go out of control."

DOAN said that SHE personally contacted Fraser about the project for Mendoza. Fraser later visited DOAN at DOAN's GSA office and brought several brochures of what DBP had prepared for others in this area. DOAN commented to the agents that DBP had done projects for the Department of Homeland Security (DHS) and Department of Housing and Urban Development (HUD). SHE said that DBP had also done work for all the Fortune 50 and Fortune 500 companies. DOAN asked Fraser to contact Mendoza; get a list of objectives from him; and draft a proposal for DOAN's signature.

DOAN continued that later, Fraser provided HER with a draft outline proposal letter with a signature page attached, either by facsimile copy, or by personally dropping it off at DOAN's office. SHE could not now recall which. SHE said that the proposal letter looked good, SHE signed it and gave it to HER Administrative Assistant, Megan Espinoza, in order to have a purchase order prepared and sent to DBP.

DOAN said that it was HER expectation that the signed draft proposal letter would be sent to the appropriate GSA contracting office or General Counsel's office in order to prepare and issue a purchase order to DBP in order to begin work on this project. DOAN said that it was HER intent, by signing the draft proposal letter that a contract would eventually be issued to DBP and would allow GSA to allocate the money to fund the project.

DOAN stated that while SHE was on travel status in St. Louis, Missouri, on the 2<sup>nd</sup> or 3<sup>rd</sup> of August 2006, SHE received a telephone call from HER Chief of Staff, John Phelps. Phelps told HER that Mendoza was getting a lot of telephone calls from Fraser's staff and that Fraser thought she had a contract. Phelps advised DOAN that DBP should wait until the purchase order was issued and the formal procurement process was completed before allowing DBP to begin work on the project. DOAN said that SHE personally called Fraser and told her to wait until the procurement process was completed. Fraser's staff continued to call Mendoza, so Phelps told HER that he thought it was a good idea to formally terminate the contract and send a termination letter to Fraser. Phelps told HER that he had advised Mendoza not to return Fraser's staff's calls. DOAN approved the sending of the termination notice.

DOAN said that in HER mind a contract with DBP did not exist, and a contract was not awarded to DBP. SHE said SHE signed the draft outline of a proposal from DBP in order to begin the process of awarding a contract.

DOAN was asked why was it necessary to send DBP a formal termination notice canceling a contract if no contract actually existed. DOAN said that it appeared that Fraser believed that DBP had been awarded a contract and that the termination notice was a way of voiding this perception and cleaning up the situation. SHE said that when SHE learned that the contracting

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process was conducted improperly, SHE did everything to clean it up. SHE did not recall speaking to anyone in the Office of General Counsel about this matter.

DOAN was provided for review a copy of the two-page COSO that bears HER signature and the date of July 25, 2006. DOAN acknowledged that it was HER signature as the Customer/Client, but stated that the first page of the form was not part of the original document SHE recalled signing. SHE said that the signature portion of the form was actually the second page of another document that listed on the first page a more detailed draft outline of the services that were to be provided by DBP. DOAN was then shown a copy of a one-page document entitled, "General Services Administration Office of Small Business Utilization Annual Report Draft Outline." DOAN stated this one-page document was part of a multi-page document that SHE recalled signing. DOAN said that the draft outline was prepared by Fraser and Mendoza and was provided to HER for signature. SHE said that the second page of the document that SHE recalled signing contained the signature portion of the form that SHE had just been shown during the interview. DOAN then folded the first and second pages of the two-page COSO document initially shown to HER, and said that the top of page one was on top of the draft outline document, and that the signature portion was on another page. DOAN said that SHE would not have signed a document like the one initially shown to HER (the COSO) because it lacked detail. SHE read aloud the task portion that states, "Produce a report with data and case examples, show progress and significance of where GSA stands and its deep commitment to the future," and commented, "What does that mean?"

DOAN stated that SHE understood that to award a sole source contract there had to be a unique product or that an industry leader was going to be used. SHE said that DBP is a leader in best practices and diversity issues, repeating again that both the Fortune 50 and Fortune 500 companies use DPB. SHE said that SHE understood that a written justification was needed for a sole source contract. DOAN said that this was the first time SHE had ever conducted a purchase like this and that SHE has not done any procurements since.

DOAN said that SHE does not have a contract warrant, nor does SHE have authority to sign contracts.

DOAN said that SHE has known FRASER for seven years and described their relationship as professional. SHE said that SHE does not socialize with Fraser, but said they are friends. SHE said that SHE did not have a familial relationship with Fraser. DOAN commented that Fraser is a legend and respected leader in the field of women, minority and small business areas.

DOAN indicated that neither SHE, nor any family members, had any financial interest, direct or indirect, in PAG, DBP or DWN.

DOAN was asked to read and respond to an Internet website comment from a September 2003 DBP/BWN Monthly Newsletter that stated that DOAN is a "partner of DBP/BWN." DOAN stated that HER former company, NTMI, purchased tickets to banquets sponsored by DPB and BWN and mentored small businesses. SHE said that DBP is industry funded and that SHE

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thought BWN was a non-profit venture. Because of NTMI's assistance to DBP and BWN, they called HER and others who did the same thing, "partners." (Exhibit W1-2)

**Receipt of Supplemental Statement from DOAN**

By transmittal letter dated September 14, 2006, DOAN's attorney provided a statement dated September 13, 2006, signed by DOAN. The transmittal letter also provided copies of DOAN's personal calendar entries for the days that the PAG documents were received and sent. Also provided were copies of various PAG documents retrieved from office files of DOAN's staff, as well as a copy of a PAG document received by facsimile (fax) copy at DOAN's residence. DOAN's statement offers that based on HER review of the documents recently retrieved from HER files, that, "I now assume my recollection was incorrect . . ." DOAN then confirms that the document SHE signed was the two-page COSO document shown to HER during the interview of September 9, 2006. In the statement, DOAN says that HER confusion is attributed to HER busy schedule during the timeframe that these documents were received and signed by HER, and that the busy schedule affected the attention SHE devoted to the detail of the COSO document SHE signed. (Exhibit W1-3)

The GSA-OIG made a request to conduct a second, follow-up interview with DOAN to clear up additional matters. Speaking through HER attorney, DOAN indicated that SHE would not agree to be interviewed until after HER testimony before the House Committee on Oversight and Government Reform.

**Interview of Lennard S. Loewentritt**

On September 21, 2006, Lennard S. Loewentritt, then Acting Associate General Counsel, Office of General Counsel (OGC), GSA, Washington, DC was interviewed. Loewentritt stated that sometime in late July, or early August, Tauna Delmonico, Executive Assistant to the Chief of Staff, telephonically contacted him, and later met with him personally, telling him that DOAN had entered into a sole source contract and that Delmonico was concerned because there was no justification for the award. Loewentritt stated he had no notes concerning the meeting and could not recall the exact date it occurred. Delmonico wanted to know what were the requirements for making a \$20,000 contract award. Loewentritt said that he explained to Delmonico that a \$20,000 contract [REDACTED]

Loewentritt said that he asked Delmonico [REDACTED]

He said that he told her [REDACTED]

He said that he had no further conversations with Delmonico concerning this matter and that was the extent of his direct involvement in the matter. He did not participate in any subsequent meetings concerning this matter. His Deputy, Janet Harney, later worked with Donna Hughes, a Contracting Officer with the Office of the Chief Acquisition Officer (CAO), to terminate the contract. Harney told him that the contract had been terminated.

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Loewentritt explained that he then advised the General Counsel, Alan Swendiman, [REDACTED]. Swendiman told Loewentritt that he would speak to DOAN about the matter. Loewentritt said that he was not certain, but that he thought that Swendiman had given a copy of the book Loewentritt had prepared to Phelps.

Loewentritt said that he advised Swendiman [REDACTED].

Loewentritt stated [REDACTED].

Loewentritt was asked about the propriety of preparing a sole source justification, after the fact. He said [REDACTED].

Loewentritt did not know how Delmonico became aware of the sole source contract, or what her involvement in the matter was. Delmonico showed him the two-page document DOAN signed, awarding the contract to PAG when they met. He recalled that the document was a vendor's commercial form, not a GSA task order, which was unusual and not normal contracting procedure, but that the contract was enforceable.

Loewentritt said that it was unusual, but not improper, for the Administrator to sign a contract, but that he had never heard of it happening before. But, he also commented that DOAN was a much more "hands on" Administrator than others before HER.

Loewentritt continued that Delmonico had been reassigned to the CAO's staff. He said that Delmonico was a career government employee and that she was a Special Assistant to the prior Chief of Staff. She did not have a contract warrant, but was familiar with contracting and worked in the contracting area.

Harney told him that PAG did not have a GSA Multiple Award Schedule (MAS) contract.

Loewentritt did not know of any relationship DOAN may have with PAG. (Exhibit W2-1)

**Interview of Tauna T. Delmonico**

On September 22, 2006, Tauna T. Delmonico, Director, Traffic and Transportation Management Division, Federal Acquisition Service (FAS), GSA, Washington, DC was interviewed. Delmonico could not recall the exact date, but Donna Hughes, a Contracting Officer from the CAO, and who supports the Administrator's office, telephonically contacted her and said that

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Espinoza had called Hughes and asked for a purchase order number. Delmonico said that Hughes was giving her a "heads up" and questioned why Espinoza was asking for a purchase order number. Delmonico said that she and Hughes work closely together and keep each other informed of such matters. Delmonico said that within an hour of Hughes' call to her, Espinoza called her and asked her to come to Espinoza's office. Espinoza then gave Delmonico a copy of what Delmonico called a "Statement of Work," (SOW) or "project" and asked Delmonico how they could get this done. The interviewing agents showed Delmonico a copy of the PAG COSO document dated July 25, 2006 and signed by DOAN. Delmonico confirmed that this was the document shown to her by Espinoza. Delmonico stated that based on the date of the PAG document, she thought that her meeting with Espinoza was probably on or about July 26, 2006. Delmonico said that she asked Espinoza for a copy of the document and went back to her office to determine what needed to be done.

Upon reading the PAG document, and based on her prior Department of Defense (DOD) contracting officer experience, she sought the advice of legal counsel to ensure that the guidance she was going to provide to Espinoza and the Administrator was correct. She met with Loewentritt. Loewentritt looked at the PAG document and told her that it could be done if a sole source justification existed. Delmonico said that the problem was, could a sole source justification be made in this matter and she went to work reviewing the FAR to determine what was needed to justify a sole source procurement. She said that Loewentritt was researching [REDACTED]. Later, Janet Harney, an OGC attorney, told her [REDACTED].

Delmonico said that she reviewed the FAR to determine what constituted a sole source justification and that she could not find what was unique about PAG or the services they were offering in order to justify a sole source determination. She said that she needed to prepare a Determination and Findings (D&F) to justify a sole source determination, but that the SOW provided by PAG that she was provided by Espinoza had limited information. She continued that she reviewed her analysis with Hughes, who also assisted her in attempting to prepare the sole source justification. She said that this issue of attempting to find a sole source justification "took on a life of its own." At some point, she and Hughes had a meeting with Loewentritt, another OGC attorney, whose name she now could not recall, Aaron Collmann and Elizabeth Ivey, both from the GSA, Office of Small Business Utilization, to "brainstorm" exceptions to the FAR for a sole source finding. She said there were exceptions to the FAR for disadvantaged businesses and small businesses, but that they couldn't identify the company that was going to do the work; PAG, DBP or BWN. Delmonico called PAG to get more information about the company and ended up talking to an intern. She could not recall the intern's name. She never talked to Fraser. Delmonico did not know who asked Ivey to contact PAG for more information, but what they got from PAG was more of the same information that was in the original SOW. They got no information that made PAG unique, such as their reputation, or who they employed, as examples.

Eventually, it was decided that someone would approach Phelps or Espinoza and tell them that a sole source justification could not be made. She did not know who did this. She said that Loewentritt provided Swendiman with a book Loewentritt prepared on the proper procedures

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needed to award a small purchase contract in this matter and Delmonico believed that Swendiman gave the book to DOAN. She believes that Loewentritt gave his copy of the book to Phelps.

It was not until later that Loewentritt discussed the termination for convenience issue with Delmonico. At first there were several attempts and meetings to try and justify a sole source procurement. Nothing was happening in this matter to cancel the contract, so Delmonico said she got "sick and tired" of the matter and she finally approached Phelps and told him to give her the PAG document and she would work on the termination. She and Hughes met with Harney and prepared the termination for convenience letter. Hughes was reluctant to cancel the contract because she thought that it would bring bad publicity in the press and she did not want her name associated with the termination letter. Harney and Delmonico told Hughes the termination action was a good idea before the contractor incurred any costs. Hughes was uncomfortable with signing the termination letter because she wanted to protect her warrant authority. Hughes eventually signed the termination letter. Delmonico reviewed and verified a copy of the termination letter dated August 4, 2006 as a copy of the letter she, Hughes and Harney had worked on.

Harney developed the language in the termination for convenience letter sent to PAG. The letter did not reference any damage clauses because the PAG SOW document did not have any normal contract clauses in it, including damage clauses. Delmonico did not know if PAG incurred any costs, and to her knowledge PAG has not asked for any monies. Delmonico faxed the termination letter to PAG and called Sandy Strzyzewski, whose name was on the PAG document, to verify that they had received it.

After the termination letter was completed, Delmonico met with Ivey, Collmann and Phelps in Phelps' office to discuss the proper way to get this project done. She said that Phelps asked Ivey how she would normally get this type of a project done and she told him she would have used a Multiple Award Schedules (MAS) contractor. Since PAG did not hold an MAS contract, Delmonico told Ivey and Collmann that they should prepare a SOW or Statement of Objectives (SOO) that was inclusive. She said that she told Ivey the SOW/SOO should not favor PAG, nor should it exclude it, either. They should do a full and open competition. She does not know how this procurement is currently being handled because she has been reassigned.

Delmonico stated that her recent reassignment had nothing to do with her handling of this matter, nor was it an act of retribution.

Delmonico never reviewed PAG's fee for fairness and reasonableness in the course of attempting to prepare a D&F for the sole source justification, because they never got that far in the process. They could not make a case for a sole source determination. Delmonico did not know how the \$20,000 fee was derived. (Exhibit W3-1)

**Interview of Donna Hughes**

On October 12, 2006, Donna Hughes, Contracting Officer (CO), GSA, Washington, DC was interviewed. Hughes has been a CO with GSA for approximately 14 years. During her tenure

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with GSA she worked in the Facilities Management Division, Chief Financial Officer's Office, and Operational Contracting Staff Office.

On July 21, 2006, Hughes received the COSO from Delmonico. Delmonico informed Hughes that Espinoza contacted her in an attempt to get a purchase order number. Delmonico informed Espinoza that a purchase order number needed to be obtained from a CO. After initially reviewing the COSO, Hughes noticed there was no SOW and the second page, which was signed by DOAN, stated that DOAN agreed to pay the fee within thirty days of GSA receiving the invoice from PAG. Hughes began asking Delmonico questions such as, "Who was paying for this work?"; "What were we getting for \$20,000"; and, "Why wasn't this competed?". Hughes stated in all her years as a CO she had never received anything like this. Normally, individuals provide a SOW, an Acquisition Plan or a Purchase Request (GSA Form 49).

Hughes informed Delmonico of the appropriate contracting procedures. Since this order was over \$2,500 it must be competed or a sole source justification must be provided. Hughes emailed Delmonico the regulations governing sole source justification. Delmonico took the information Hughes provided to the Office of General Counsel for assistance.

On July 31, 2006, a meeting was held in the Office of General Counsel. The attendees from GSA included Loewentritt, Thedlus Thompson, (both in OGC) as well as Ivey, Delmonico, and Hughes. During the meeting what constituted a sole source justification was discussed. According to the FAR, the order must be urgent and compelling, or only one responsible source and no other supplies or services will satisfy agency requirements, is needed to justify a sole source procurement. During the meeting Ivey telephonically requested Sandy Strzyzewski of PAG, to submit a sole source justification and pricing information. Hughes stated that even though a pricing estimate was received from PAG officials, no independent cost estimate was performed on behalf of the government. Hughes reviewed PAG's information and told Delmonico there is nothing unique about this order and this is going "nowhere."

Everything was placed on hold until August 3, 2006, when Hughes received a call from Delmonico. Delmonico stated a meeting was held to cancel the order since individuals in the Office of Small Business Utilization and the Administrator were receiving calls from PAG. Delmonico explained that Phelps requested the contract be terminated for convenience. As a result, Loewentritt and Harney drafted the termination for convenience letter. Hughes said that initially the termination letter was drafted for DOAN's signature. However, the signature block was later changed to Hughes' name. Prior to signing the letter, Hughes voiced her concerns to Harney, Delmonico and Thompson. She also went to see Phelps and Swendiman. She attempted to see Emily Murphy, Chief Acquisition Officer, GSA, about the matter, but Murphy was out on travel. Hughes wanted to ensure she would not "suffer" based on the fact that her signature was being placed on the letter. Furthermore, Hughes stated she did not want to get involved in some "mess." Harney informed Hughes that she could not be forced to sign the letter. Harney stated the letter was to instruct PAG to stop work immediately and to inform them that if GSA decided to later continue this job it would be competed and conducted in the proper manner. The letter was signed and faxed to PAG. Delmonico confirmed acceptance of the fax with Strzyzewski. A

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copy of the letter was also sent certified mail August 4, 2006, and copies were provided to Harney, Delmonico, Hughes, and the Office of the Administrator.

Hughes stated this entire contract process was "strange." Hughes never understood what they were buying. Hughes never spoke to DOAN directly regarding this matter.

In September 2006, an attempt was made by Cari Dominguez, Acting Deputy, Office of Small Business Utilization to initiate another award process to PAG. Dominguez telephonically contacted Hughes and requested a meeting. On September 14, 2006, Hughes met with Dominguez. Dominguez stated she was told by Phelps to get a "Factoid Book" together. Hughes reviewed the matter and confirmed that it was for, once again, an award to PAG. Hughes informed Dominguez that the work GSA wanted PAG to perform needed to be in a SOW. Hughes took the information and attempted to prepare a SOW. After assisting Dominguez, Hughes later was informed in an email that the Factoid Book would not be contracted out this year. (Exhibit W4-1)

**Interview of Felipe Mendoza and Elizabeth Ivey**

On September 8, 2006 Felipe Mendoza, Associate Administrator, Office of Small Business Utilization, GSA, and Elizabeth Ivey, Women's Business Program Manager, Office of Small Business Utilization, GSA, Washington, DC were jointly interviewed. Mendoza advised that the Office of Small Business Utilization is an advocate for assisting small and minority business in obtaining MAS contracts. Prior to the confirmation of DOAN as Administrator for GSA, Mendoza attended a luncheon given by the Small Business Administration (SBA). During the luncheon two agencies were honored for their advocacy in awarding contracts valued at \$150,000 and \$450,000, respectively, to small and minority business. Yet GSA, which awards billions of dollars towards small businesses and is considered a leader in the small and minority business community, was not recognized. Shortly after the luncheon, Mendoza met with DOAN to discuss the results of SBA's award ceremony as well as the role of the Office of Small Business Utilization. Mendoza said he complained to DOAN that GSA was not getting the recognition it should, for small and minority business awards. DOAN informed Mendoza that she wanted to create a publication that would highlight the goals, achievements and best practices of the Office of Small Business Utilization. The publication would be used at various conferences to publicize the Office of Small Business Utilization's small and minority business endeavors, similar to GSA's Annual Report.

After the DOAN meeting, Mendoza received a call from Fraser. Fraser stated that DOAN had hired her firm to create a publication for the Office of Small Business Utilization, and that the publication would be paid for from DOAN's budget.

On June 20, 2006, Mendoza held a meeting at his office to discuss the project details. In attendance for GSA were; Ivey, Mendoza, and Algeon Gaither, Director of Small Business Programs. Present from PAG were: Fraser and Kevin Briscoe, Vice President for Communications. During the meeting Fraser commented that she had spoken with DOAN in regards to the publication, however, Fraser did not provide any specific information on their

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discussion. Before PAG officials could begin the publication, they needed to obtain more information about the Office of Small Business Utilization.

Mendoza recommended that the PAG officials view the GSA website. At the conclusion of the meeting, PAG officials stated they looked forward to working with the GSA officials and planned to complete the job by September 2006. During July 2006, Briscoe provided GSA officials with a draft outline of the proposed publication. During July 2006, Ivey was telephonically contacted and requested to come to the GSA's Office of General Counsel. Upon arrival she found Delmonico, Hughes and Loewentritt, reviewing the FAR. They were attempting to determine [REDACTED]

[REDACTED]. Later that same day, Sandy Strzyzewski from PAG faxed the SOW. Ivey forwarded the SOW to Delmonico and Hughes, who later informed Ivey that the SOW received from Strzyzewski was "not going to fly."

Eventually Delmonico informed Ivey that the contract was cancelled. After the cancellation, Delmonico asked Ivey and Gaither what was required to restart the procurement process in the alternate manner. They provided no response to Delmonico. Delmonico also contacted Phelps regarding the necessary requirements. He suggested that a contract be let under a full and open competition. Phelps also stated he would speak with DOAN on this matter. Shortly after the meeting with the Office of General Counsel, Ivey gave Mendoza a newsletter that she had created about the Office of Small Business Utilization activities to present to DOAN. Mendoza provided the newsletter to Phelps and to date Mendoza has not heard anything from Phelps regarding the newsletter.

During this entire process Mendoza's office had no involvement in the procurement process. However, when asked about the manner in which the procurement had been handled, both Ivey and Mendoza advised that the award of the PAG contract was not consistent with the routine process they had used in the past to select a contractor. Normally, they would create a SOW, then request three quotes. Normally, they would refrain from obtaining a sole source contract. Since DOAN had hired PAG, no one in Mendoza's office questioned the process for procuring PAG's services. (Exhibit W5-1)

**Interview of Edie Fraser**

On December 20, 2006 Edie Fraser, President and Chief Executive Officer (CEO), PAG, was interviewed at the law offices of Jenner & Block, LCC, Suite 1200, 601 Thirteenth Street N.W., Washington, DC 20005. Also present during the interview were Kali N. Bracey, Attorney at Law, Jenner & Block and Randi Roberts, Senior Compliance Counsel, NBC Universal, 30 Rockefeller Plaza, New York, New York 10112.

Fraser was advised that she was being interviewed as a witness in this investigation, but that if she lied, those lies could be considered a violation of Title 18, United States Code, Section 1001, because she would be lying to Federal Agents in the conduct of an official investigation. Fraser started PAG in 1988 and still remains its President and CEO. There are three separate divisions within PAG that she identified as DBP, BWN and Best Practices in Corporate Communications (BPCC). She sold PAG to i-Village Company on July 16, 2001 and NBC

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Universal purchased i-Village Company on July 1, 2006. On December 19, 2006, Mother Media, a New York company, acquired the assets of DBP, BWN and BPCC. Roberts explained that PAG is the holding company for DBP, BWN and BPCC.

Fraser said that PAG's main purpose is to seek the advancement of minorities and workingwomen in business. PAG represents over 200 corporations and numerous Federal agencies. DBP provides a benchmarking service with 200 members designated by sectors. Corporate sector members of DBP pay an annual membership fee of \$15,000, while Government and non-profit sector organizations pay an annual membership fee of \$10,000. BWN is dedicated primarily to the advancement of women entrepreneurs and minorities. BWN organizes various events such as the annual WOW! Conferences. The members of BWN fund these events. Members of BWN pay "branding fees" of \$10,000 to \$35,000 to list their company or agency name on a BWN membership directory. The higher fees are charged for the front cover of the directory, while lower fees are charged for the back cover. BPCC is a smaller division, providing benchmarking services and executive branding. It represents some 35 major corporations.

Fraser said that the first time she ever met DOAN was at an Office Depot-sponsored conference held in Florida in either late 2002 or early 2003. Both Fraser and DOAN were speakers at the conference and are both members of a women's organization called The Committee of 200. The Committee of 200 is headquartered in Chicago, Illinois and is made up of women in businesses whose companies have annual sales in excess of \$40 million. DOAN was the President of NTMI at the time. They subsequently developed a professional relationship. DOAN, on behalf of NTMI, entered into a contractual relationship with PAG in 2003 that lasted for two years. PAG provided NTMI with management services for a fee of \$20,000 a month. The second year, the fee was reduced to \$10,000 per month. NTMI also sponsored some events for PAG at additional fees during this two-year period. The contractual relationship lasted up to about six months before DOAN sold NTMI in 2005. The monthly consulting fee was reduced to \$10,000 during the second year because DOAN was looking to sell NTMI.

Fraser said that she and DOAN have a mutual respect for each other. Neither they, nor their families, socialize together. Fraser and DOAN share no familial relationship. Fraser met DOAN's husband when he was at NTMI with DOAN and knew that DOAN's husband later worked for the Department of Homeland Security (DHS) for a time. PAG received no contracts from DHS when DOAN's husband was employed at DHS.

The last time Fraser spoke to DOAN was on September 13, 2006, when they were both at a Women Impacting Public Policy (WIPP) event held at the Hyatt Hotel in Washington, DC. DOAN was making a speech at the event and Fraser said she went up to her to say hello. They had no discussion about the investigation due to the fact that a subpoena had been earlier served on PAG.

Fraser said that DOAN called her about a day or so before PAG was served (September 5, 2006) with a subpoena for records and told Fraser that she (Fraser) might be getting a call about the work PAG had done for GSA. Fraser said that after DOAN told her this, DOAN ended the

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conversation by hanging up. Fraser did not call DOAN back to ask HER any more questions, nor did she call DOAN after she was served with the subpoena. She has never discussed the subpoena, or the production of records requested pursuant to the subpoena, or the investigation, with DOAN. On September 6, 2006, Fraser had an occasion to meet with DOAN in HER office along with several representatives of various Native American organizations. DOAN hosted the meeting that Fraser described as a, "listening session." Fraser said that they were "very careful," and did not discuss the subpoena or the investigation during this meeting.

DOAN did not promise Fraser, or any of Fraser's companies, any future contracts or any other type of business relationship, at the time DOAN was nominated to become the Administrator of GSA. Fraser was never promised any future business with GSA from DOAN upon HER confirmation.

Fraser said that on June 14, 2006, she was at DOAN's GSA office for a visit, and to see DOAN's office. DOAN's assistant, Espinoza, had set up the meeting. DOAN told Fraser what HER goals for GSA were and how SHE wanted to support women and minority-owned businesses. It was during this visit that DOAN first told Fraser that SHE wanted Fraser to prepare an annual report on the status of GSA's women and minority contracting efforts. DOAN called Mendoza into HER office and introduced him to Fraser. Mendoza wanted a report that reflected GSA's success stories in minority contracting. Mendoza appeared to be very excited about the project.

During the June 14, 2006 meeting with DOAN, DOAN told Fraser that SHE had \$20,000 in the Administrator's budget to support the Office of Small Business Utilization and to fund the annual report, which DOAN said was an important project. Mendoza said during this meeting that he also probably had the funds in his budget to fund the project. Mendoza might have been present when DOAN said that SHE had \$20,000 in the Administrator's budget to fund the project.

Subsequently, on June 20, 2006, Fraser and three other PAG employees met with Mendoza, Ivey and possibly other members of Mendoza's staff to begin planning the project. The other PAG employees who met with Mendoza and his staff were Kevin Briscoe, Vice President of Communications; Sandra Strzyzewski, Vice President of Operations; and, Jamie Gnall, an Intern. Fraser was shown a copy of the PAG COSO form dated July 25, 2006 and signed by DOAN. Fraser said that Strzyzewski prepared the COSO based on their earlier meeting with Mendoza and his staff as to what the project was to entail. The \$20,000 fee listed on the COSO was based on DOAN's earlier discussion with Fraser at the June 14, 2006 meeting in DOAN's office, wherein DOAN said that SHE had \$20,000 in the Administrator's budget to fund the project. The tasks outlined on the COSO were developed in conjunction with Mendoza and his staff.

Fraser was shown a copy of an undated and unsigned COSO document and fax transmission sheet, indicating that this COSO document was faxed to DOAN's residence (telephone fax number 703-759-9601) on July 19, 2006 at 4:48 p.m. Fraser said that she believed that the reason this initial COSO was sent to DOAN's residence, and not HER GSA office, was done at DOAN's direction because DOAN was preparing to travel, and that DOAN wanted the COSO sent to HER residence so that SHE could review it. DOAN, or HER assistant, Espinoza, gave

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Fraser DOAN's home fax number in order to send the COSO. Fraser identified her handwriting on the fax transmission sheet and the notations, "Based on this, GSA will issue a Purchase Order" "Work to be completed by 9-30-06" It was Fraser's interpretation that a Purchase Order would be issued.

Fraser said that PAG never started work on this project. They did a lot of pre-planning, which was not billed for. PAG never bills for planning a project. Fraser, Briscoe and Strzyzewski spent a total of about eight to ten hours of planning time on the project. No monies were ever received by PAG on this project. No purchase order was ever issued by GSA for this project.

Fraser advised that she could not recall why the project was initially called a Best Practices Report on the COSO, but later was changed to an Annual Report. The draft outline of the Annual Report was prepared by PAG based on discussions between Mendoza and his staff, as well as with Fraser, Briscoe and Gnall. The term "Annual Report" is a more common industry term for what GSA wanted.

Fraser was asked why, after the fact, and after the PAG COSO had already been signed by DOAN, did GSA request PAG to provide sole source justification and pricing verification data for the project. Fraser said that because PAG was not a woman, minority-owned business, GSA needed a sole source justification for awarding the project to PAG. Fraser said that an email message dated July 31, 2006 from Strzyzewski to Ivey, with a copy to Fraser, provided PAG's sole source justification and pricing verification data. Fraser, Briscoe and Strzyzewski, as a team, prepared the sole source justification information, as well as the pricing verification data.

Fraser was asked how the pricing verification data, which lists specific numbers of labor hours, by various categories and hourly billing rates for each category, was prepared.

Fraser said that her labor hours were designated as the Executive Manager, and that Briscoe's labor hours were designated as the Team Leader. The hourly rate for the Executive Manager's time was listed at \$ [REDACTED] per hour and the Team Leader's time was listed at \$ [REDACTED] per hour. Fraser said that Strzyzewski, using Fraser's annual salary of \$ [REDACTED] and Briscoe's annual salary of \$ [REDACTED], prepared the rates for her and Briscoe's hourly time. It was pointed out to Fraser that using an annual salary of \$ [REDACTED] did not compute to an hourly rate of \$ [REDACTED]. Fraser's counsel, Kali Bracey, then opined that overhead and other administrative costs could be included in the establishment of the \$ [REDACTED] hourly rate for Fraser's time on the project. It was pointed out to Fraser that the hourly billing rates and the number of days (using an 8 hour workday) provided in the PAG price verification equaled exactly \$20,000, which was the amount DOAN budgeted for the project. Fraser was told that it looked like they had established labor hours and billing rates in an effort to back into the \$20,000 fee, thereby validating the fee DOAN set for the project. Fraser said that PAG was going to build a report based on the tasks to be accomplished and that the report would be geared towards the \$20,000 fee that was budgeted. The hours were a best estimate, and a realistic amount of time that they would spend in creating the desired report. The hourly rates were correct and they were backed into the \$20,000 fee. The tasks to be completed were set against the budget of \$20,000 and the time needed to complete them. Fraser said that the \$20,000 fee was a low budgeted amount.

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Fraser said that PAG does not normally bill on an hourly basis. They bill set fees based on the requested tasks to be accomplished. PAG has not billed any Government customer on an hourly basis this year.

Fraser said that DOAN did not contact her prior to receiving the formal notification that the contract was being terminated for convenience. The receipt of the fax notification was the first time Fraser knew that the contract was being terminated. The termination came as a "big surprise." She did not question the reason for the termination. Fraser did not call DOAN or anyone else at GSA when the termination notice was received because she is a very busy person. Fraser assumed that the reason for the termination was GSA needed the correct paperwork and PAG "didn't have it." Fraser said that if GSA eventually wanted to get this project done, they would inform PAG. She was not promised another contract by DOAN, nor was she told that she would eventually get another contact for this project.

Fraser advised that neither DOAN, nor any of DOAN's family members, currently have or have had any financial interest, direct or indirect, in PAG, DBP or BPCC.

Fraser was asked to explain the comment in the DBP/BWN September 2003 newsletter, congratulating DOAN for being recognized by the SBA. DOAN is listed in the newsletter article as, "one of BWN and DBP's partners." Fraser said that because of the contractual relationship NTMI/DOAN had with PAG, DOAN was listed as a partner.

Fraser said that neither of DOAN's two daughters had ever participated in any internships, or part-time or summer employment positions with PAG, DBP, BWN, BPCC, or i-Village. Fraser was never asked, nor did she in fact provide, any letters of recommendation for DOAN's daughters in an effort for them to obtain internships, summer employment or any other employment opportunities.

Fraser said that DOAN had contacted her about DOAN's [REDACTED] daughter, [REDACTED], and asked if Fraser could obtain a summer internship on the Hill for her, specifically with a Democratic Senator. DOAN owned NTMI at the time. Fraser said that DOAN is a Republican and that she (Fraser) is a Democrat. Fraser was able to get DOAN's daughter a summer internship position with Senator Debbie Stabenow (Michigan). (Exhibit W6-1)

**Review and Discussion of PAG Email Messages**

A review of PAG email messages obtained through OIG subpoena disclosed several email messages of interest to this investigation, some of which were discussed with Fraser during her interview. These email messages, in part, appear to disclose a distinctive level of influence by Fraser with DOAN and a close friendship. (Exhibit W7-1a thru k)

The emails reviewed are:

Email dated 4/17/2006, from Fraser to Jon Ahlbrand, cc: Dennis Archer, subject line: "Dennis to call Lurita Doan on her cell ASAP re Carl Levin and MI and her hearing as she gets confirmed to head GSA." Part of the body of the email message states, "Alert Special Lurita Doan nominated

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for GSA. Our friend and leader Lurita Doan for GSA!!!!!" "Share the news! Write this up on your own web site (sic) and newsletter." (Exhibit W7-1a)

Email dated 5/7/2006, from Fraser to Diversity Network: Dennis Archer, Subject line: "Lurita Doan as GSA Administrator: Edie's Letter to Senator Collins hand delivered by Monday COB." The body of the email message is a letter dated 5/6/2006, from Edie Fraser to Senator Susan Collins seeking Senator Collin's support of DOAN's nomination. The letter states, in part, "This letter is such a strong endorsement of Lurita Alexis Doan as our next Administrator of the General Services Administration when the senate confirms her nomination." (Exhibit W7-1b)

Email dated 5/8/2006, from Fraser to "Sally\_Cluthe@stabenow.senate.gov", subject line: "Lurita Doan nominated to head GSA (for Senator Stabenow)." The email is addressed to Senator Stabenow and states, "As Sally and I just discussed, would appreciate your support and your discussing with Carl Levin. Dennis Archer called Carl as well. Lurita's daughter loved working for you. Thank you so much for all you do. Edie" Fraser earlier in the interview discussed her seeking a summer internship for DOAN's daughter, [REDACTED], with Senator Stabenow. Fraser said that this email message cites that summer internship. (Exhibit W7-1c)

Email dated 6/14/2006, from Fraser to DOAN, subject line: "Checklist for GSA and Lurita." This email is addressed to DOAN's personal email account at "luritad@yahoo.com". Fraser said that this email outlined several matters she wanted to discuss with DOAN, or to bring to DOAN's attention. Fraser said that she was acting to facilitate meetings for DOAN. Under the subheading, "OMEGA Travel and GSA and government overall: Gloria Bohan," Fraser said that Bohan is the CEO and President of Omega Travel. Bohan is a member of the Committee of 200, a woman's professional group of which she and DOAN are also members, and Bohan is a professional friend of both DOAN's and Fraser's. Fraser provided DOAN with Bohan's personal cellular telephone number so that DOAN could call Bohan. Bohan's husband had been ill and Fraser thought DOAN might want to contact Bohan. Under the subheading, "DSC Logistics," Fraser said that Ann Drake is the CEO of DSC Logistics and also a member of the Committee of 200. Fraser said she told Drake that Drake should contact DOAN and talk to HER about DSC Logistics and their services, "outsourcing logistical and supply chain management, warehousing." Fraser provided DOAN with Drake's telephone number in this email. Under the subheading, "The Diversity Network," The email message lists the names of Dennis Archer and Jon Ahlbrand. Fraser said that Archer is the former President of the American Bar Association and former Mayor of the City of Detroit. Archer, along with Ahlbrand, own Diversity Network. Fraser said that Archer and Ahlbrand wanted a courtesy visit with DOAN in August. The email states, "You name the date and I will get it set up (sic) They become a GSA certified business." Fraser believes that the meeting was set up for August 31, 2006. The email listed two more subheadings, "ETHEL Batten for August (YES)" and another stating "CFO for GSA." (Agent's Note: Ethel Batten is the Human Resources Vice President of Lucent Technologies.) (Exhibit W7-1d)

Emails dated 7/11/2006, between DOAN and Fraser, subject line: RE: WOW! You exceeded expectations." The text of these emails are in response to Fraser's offer to introduce DOAN at the July 12 WOW! Conference in Washington, D.C. In her 6:35am email to Fraser, DOAN

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states, in part, " You are a marvelous role model that I try to emulate each and every day." In response to DOAN's indication of a conflict, Fraser's 7:01am reply email states, in part, "we WILL introduce you. So name the time. I love you." Fraser's 10:34am email to DOAN went on to provide a proposed introduction of Lurita, which states, in part, "The new GSA Administrator named by President Bush is ... an entrepreneur with extraordinary achievement and a committed supporter of BWN and Diversity Best Practices." (Agent's Note: It is not clear from the current record whether DOAN spoke at the WOW! Conference or if so, whether this draft was the final version of the introduction used by Fraser). (Exhibit W7-1e)

Email dated 7/21/2006, from Fraser to herself and Catherine Smith regarding "GSA VISA." The text of the messages says, "Should know by Monday COB for VISA." Fraser said that Smith works for her in sales and that VISA is a PAG client. Initially, Fraser was going to ask DOAN and GSA what volume of business VISA provides to GSA as compared to other credit card companies. Fraser said that she did not make this inquiry because she felt that it might create a potential conflict for PAG because they were working on the women and minority-owned annual report for GSA at the time. (Exhibit W7-1f)

Email dated 7/21/2006, from Fraser to DOAN, subject line: "Administrator Doan Outreach Initiative." The text of this message includes the following, "Excellent have a recommendation re Public/Private Partnership as for the meetings I have two companies that would join in hosting GSA in this huge deal for doing all year long for two meetings per month or at least through Dec . . ." (Exhibit W7-1g)

Email dated 8/11/2006, from Fraser to DOAN and Espinoza, subject line: "GSA what has happened to us?" Fraser said that she presumed that this email was in response to the termination of their contract. She did not recall getting any response to this email from DOAN. (Exhibit W7-1h)

Email dated 8/15/2006, from Fraser to herself and TPAG Group, subject line: "Edie Schedule Tues." The text of this email includes the following notation, "YES on GSA GSA: John Phelps COS 5010800." (Agent's Note: John Phelps is DOAN's Chief of Staff. The original COSO was terminated for convenience on 8/4/2006. Fraser said during the interview that she was not promised a new contract after the termination.) (Exhibit W7-1i)

Email dated 8/17/2006, from Fraser to DOAN, subject line: "GSA relationship." The text of this message states: "Meet the Administrator all we did was Native American on Sept 6th until we get further direction and clarification" (Agent Note: Other emails show Fraser was involved in the planning, and attended, a meeting on 9/6/2006 with DOAN at GSA, together with other individuals and companies proposing a specialty GSA schedule for Native American companies; the record does not show the level of Fraser's specific involvement.) The email text continues: "The REPORT: on GSA plate and awaiting response  
August 31st and Edie's first day back from London  
Dennis Archer meeting at 10:30  
Six Sigma meeting at 1 PM

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Lurita speaking at Med-Week and team will be there; Edie returning from London." (Exhibit W7-1j)

Email dated 9/6/2006, from Fraser to DOAN (both to DOAN's GSA email and personal accounts), subject line: "Lurita Doan and GSA." The text of this message includes the following statement, "Lurita, I will do anything for you and will do for the rest of my life. Bottom line, want relationship with GSA and will keep delivering as you know. But I have spent so much time at GSA from report planning to these sessions with ZERO \$\$ How do we solve" (Exhibit W7-1k)

**Review of Documents Submitted by Doan to Congressional Committee**

The House Committee on Oversight and Government Reform asked DOAN to provide copies of, among other documents, documents relative to HER dealings with Fraser. A review of those documents disclosed an email message dated August 8, 2006 from DOAN to HER Chief of Staff, John Phelps. The subject line of this email message is "Re: Termination of Diversity Contract." The text of this email message includes the following statement by DOAN: "Now, for the next step: the SOW. Who is doing that, Felipe or Edie?" The email message continues that DOAN wants one point person to move this new contract along. (Exhibit W7-2)

**Interview of Sandra Strzyzewski**

On March 9, 2007, at approximately 10:35 a.m., Sandra Strzyzewski, Senior Vice-President, PAG, was interviewed at the law offices of Jenner & Block, LCC, Suite 1200, 601 Thirteenth Street N.W., Washington, DC 20005. Also present during the interview were Kali N. Bracey, Attorney at Law, Jenner & Block; and Randi Roberts, Senior Compliance Counsel, NBC Universal, New York, New York.

Strzyzewski stated Fraser hired her on October 2, 1995, and that she is a PAG employee. Her duties involve finance, invoicing, paying vendors, Human Resources, hiring and basic office operations. She could not recall what her job title was when she was initially hired. She obtained her current title of Senior Vice-President in July 2001 when PAG was purchased by iVillage. Her duties have remained the same from the time she was hired in 1995, to the current time. Fraser had been her immediate supervisor until December 19, 2006, when Working Mother Media, Incorporated (WMMI) purchased PAG. When WMMI purchased PAG, her immediate supervisor became Bruce Appel, Chief Financial Officer and Senior Vice-President, WMMI. On March 2, 2007, Fraser stepped down as the President of PAG. She did not know the reason that Fraser stepped down as President. There currently is no President operating at PAG.

Strzyzewski verified a copy of a letter dated March 8, 2007, with attachment, that she sent to the GSA-OIG. The attachment listed a spreadsheet of various payments received by PAG from DOAN and/or DOAN's company at the time, NTMI. Strzyzewski stated that the payments were, to the best of her knowledge, all payments PAG had received from DOAN/NTMI. She did not believe that there were any payments prior to January 2002, because she could not find any earlier payments listed in the PAG computerized accounting system. She personally did not know of any earlier payments, or the existence of any payments that may have been made

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directly to Fraser by DOAN/NTMI. If any such payments existed, only Fraser and DOAN would have known about them. The spreadsheet of payments, dates and descriptions of the payments was deciphered directly from a PAG Accounts Receivable Report (ARR). The descriptions listed on the spreadsheet were exactly as they appeared in the PAG ARR. She found only one copy of a PAG invoice billed to DOAN/NTMI in her files, and that was one for \$7,500 to pay for the travel expenses for some Negro Baseball League players to attend the 2005 Summit & Gala. All payments from DOAN/NTMI would have been sent directly to iVillage in New York. She assumed that copies of all the DOAN/NTMI invoices listed on the spreadsheet would be available from iVillage. She did not keep copies in her files. Her client files are kept in alphabetical order, and any documentation PAG had in their offices for DOAN/NTMI were in a file under the letter "N." The one invoice for \$7,500 was found in the "N" client files. The normal business practice was for all invoices billed for any services provided by PAG, or its divisions, or for sponsorship fees, to state that the checks were to be made payable to PAG, but that the payments were to be remitted directly to iVillage's offices in New York.

Strzyzewski explained the descriptions of the payments listed on the spreadsheet. A payment categorized as "Diversity" would have been for sponsorship for one of three annual events put on by DBP during the year. The actual invoices would have a more detailed description of what the payment was for. Other payments were listed for sponsorships of the annual Summit & Gala events. Payments for sponsorships to the Summit & Gala events, and other events, would have entitled DOAN/NTMI to at least one table at the event and various other deliverables. She described the deliverables as special roles given to the purchaser during the event, such as possibly being formally introduced at the event, or introducing a speaker at the event, or possibly even speaking at the event. The deliverables changed for each event and each year, so Strzyzewski could not say exactly what DOAN/NTMI would have received for the payments listed as sponsorships for the various events listed on the spreadsheet. But for a \$50,000 payment, Strzyzewski opined that it would have entitled DOAN/NTMI to at least one table, and possible two tables at an event, with other deliverables. The publication costs were associated with branding of a company's name or logo on the PAG website, or the WOW! Facts book, or other similar publications. The higher the fee, the better the placement of the company name or log on the publication covers and event programs.

Concerning the consulting fees paid by DOAN/NTMI to PAG, Strzyzewski stated that she did not know the specific services that were provided pursuant to the consulting fees. The consulting services would have been between Fraser and DOAN, but it would have involved being introduced at PAG events and speaking engagements. She explained that she did not know what was to be provided pursuant to the specific number of four appointments per month that were listed in the consulting agreements between PAG and DOAN/NTMI. She said it could be referring to speaking engagements and introductions at PAG events, and not actual appointments, but she was not sure.

Strzyzewski did not know if Fraser encouraged DOAN to use other businesswomen who consulted with PAG.

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Strzyzewski did not know the extent of any awards Fraser or PAG would have been instrumental in obtaining for DOAN/NTMI.

Strzyzewski did not know of any personal services provided by Fraser to DOAN or HER family. She did not know that Fraser obtained a Congressional internship for one of DOAN's daughters. She was not aware if Fraser assisted DOAN's husband in obtaining a position with the Government. She said that these were not the type of services provided by PAG. Regarding consulting agreements with PAG, if a payment was late, Strzyzewski would occasionally send email message reminders to the clients. She did not know if iVillage also sent "reminder invoices," if payments were delinquent.

Strzyzewski was familiar with the PAG Confirmation of Service Order (COSO) form. She said that some clients required that other, more extensive confirmation documents, be associated with the PAG COSO form. She did not necessarily consider the COSO a binding document. Some clients such as, Kodak, Shell and the Government required a purchase order in conjunction with the COSO form. Internally, it was her policy that she would not bill a Government client without a purchase order having been issued. Strzyzewski was shown a copy of a string of email messages dated July 26, 2006 between her to Fraser dealing with the COSO form signed by DOAN as the Administrator of GSA to PAG. Her email asks when will they get a purchase order from GSA and Fraser responded that, "This is it with signature," referring to the COSO form. Strzyzewski stated that regardless of what Fraser said, Strzyzewski was responsible for billing and she needed a purchase order from GSA. Without the purchase order, Strzyzewski did not consider the COSO from DOAN a binding agreement. The COSO was not a contract for her financial purposes. Without a purchase order, she could not bill GSA and therefore she never did bill GSA for any services under the COSO.

Strzyzewski was shown a copy of the Termination for Convenience letter dated August 4, 2006, sent by GSA to PAG. She identified her handwriting at the top of the copy, noting this document as, "PAID Client file". She said that PAG was never paid, but that her filing system has only Pending and Paid files. She had no other place to file the Termination for Convenience letter but in the Paid files since the project was not pending any longer. The COSO form would have been placed on what she called a "hold pile" on her desk, awaiting the purchase order. It would have been filed in the Paid file after the Termination for Convenience letter was received. The termination letter did not surprise her because Kevin Briscoe told her earlier that the project was being terminated. She was never told that the project would again be awarded at a later date. Fraser did not tell her that the project was being terminated or that another one was being awarded later.

Regarding the GSA project, Strzyzewski described it as a study of women-owned businesses doing work for the Government, specifically GSA. She had no role in the project. The project never went anywhere beyond the planning stage and the preparation of an outline. No work had ever started on the project. Briscoe was involved in preparing the outline. Fraser was to provide the research and help Briscoe prepare the final report document.

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Regarding the email message dated July 31, 2006 from Strzyzewski to Fraser and GSA providing sole source capability and pricing data, Strzyzewski stated that Fraser completed all parts of the email except for the total consulting days (18) and hourly rates portion of the email. She said that she prepared this portion of the email message. She explained that she used the project outline prepared by Briscoe and "guessed" at what tasks Fraser and Briscoe would be doing in order to complete the project and how long it would take them to complete the tasks (Fraser - 3 days; Briscoe - 11 days). She prepared the hourly billing rate calculations (Fraser - \$█; Briscoe - \$█) provided in the email message for Fraser and Briscoe by using their annual salary information, plus fringe benefits, overhead costs and other estimated direct expenses they would each incur, such as taxi fares to be incurred to complete the project. She did not keep a copy of her calculation of these hourly billing rates. She said she wished she had kept the documentation now. When questioned about her purported methodology, Strzyzewski stated that this was in fact the manner in which she derived at her figures and that this was the "truth."

When told that her billing rates and the hours "guessed" at to complete the GSA project equaled exactly \$20,000, which was the amount DOAN had given to PAG to complete the project, Strzyzewski said that she did not know this. Strzyzewski said that she could not remember if she knew at the time she was preparing the billing rates and total days needed to complete the GSA project that these figures totaled exactly the \$20,000 fee offered to PAG by DOAN for the project.

Strzyzewski guessed at how long it would take Fraser and Briscoe to complete the GSA project based on other projects Fraser and Briscoe had worked on before. This was the first time she had ever calculated an hourly billing rate. PAG does not bill on an hourly basis for projects.

Strzyzewski thought the \$20,000 fee for the GSA project was a "good deal" considering the amount of work PAG personnel had done on other projects and charged more for the work done on those projects. However, she said that she was not aware if PAG had never done a project like this one before. (Exhibits W8-1, 2)

**Former GSA General Counsel's Comments**

According to a letter dated March 6, 2007, from Congressman Henry A. Waxman, Chairman, Committee on Oversight and Government Reform, to DOAN, it was related that Alan Swendiman, former GSA General Counsel, advised Committee staff that he had never seen any GSA Administrator personally award a contract and that it was highly irregular. Swendiman is reported to have stated that he had serious concerns about the contract's propriety and legality. Swendiman stated he was alarmed that the contract was not competed and that the file lacked a justification for the sole source award. According to Swendiman, he immediately and repeatedly advised that the contract should be terminated, but that he was unable to convince DOAN to do so. DOAN could not understand why the contract needed to be terminated. Swendiman submitted a proposed termination for DOAN to sign, but SHE never signed it. Swendiman became concerned and decided to take matters into his own hands. He directed the appropriate contracting officer to sign the termination letter without waiting for DOAN's approval. (Exhibit W1-4)

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POTENTIAL OFFENSES

DOAN's course of conduct may constitute administrative and civil violations including, but not necessarily be limited to:

1. Federal ethics violation – (Impartiality in Performing Official Duties) Executive Orders 12674(¶8)(1989) & 12731 (1990); Presidential Memo January 20, 2001; 5 C.F.R. § 2635.101(b)(8); 5 C.F.R. §§ 2635.501, 502:

Federal executive branch ethics principles provide that employees “shall act impartially and not give preferential treatment to any private organization or individual”; those regulations further provide that employees should be aware of situations that may raise an appearance of impartiality, and can discuss those issues with the designated agency ethics official.

From the facts developed, it is evident that the Administrator had a recent and not insignificant business and personal relationship with PAG/DBP/BWN and Ms. Fraser. The Administrator did not consult with OGC or an ethics official in connection with the matter. The existence of this relationship, and the level of the Administrator's position within GSA, suggest that an appearance of impropriety could reasonably be raised with any individuals with information regarding the PAG matter. The more cautious course of action would have been for the Administrator to either not have personally handled the matter, or to have sought ethics counseling for a prior authorization. These facts suggest that the Administrator involved HERSELF personally in actions that raised an appearance of impropriety, and failed to avail HERSELF of a mechanism specifically designed to ensure that the public does not question the impartiality of her actions, and the integrity of related GSA programs and activities.

2. Federal contracting violation – (Competition Violations) 48 C.F.R. §§ 13.104(a) & (b); 13.106-1(b):

Federal Acquisition Regulations (FAR) regarding simplified acquisitions require competition to the maximum extent practicable by 1) providing that procurement officials shall “consider soliciting three sources”; and 2) specifically prohibiting soliciting quotes based on personal preference; also, related FAR provisions provide such acquisitions can be sole sourced *only* if a CO deems one source to be reasonably available, as in urgent situations or situations where only one vendor holds an exclusive license; such sole source awards must be documented pursuant to 48 C.F.R. § 13.106-3(b)(3).

The facts, as developed, indicate that neither the Administrator, nor any other GSA official, attempted to compete the COSO contract procurement properly or to solicit quotes from anyone other than PAG/DBP/BWN. Further, the facts establish that the Administrator had a relationship, both business and personal, with PAG and its founder/President; this suggests that the Administrator contacted PAG for this task based on “personal preference.” Also, the contract awarded to PAG does not appear to satisfy the regulatory basis for sole sourcing the task, as expressed in the statement of work, was for consulting services in the small business contracting area. Presumably, other firms could have provided similar services to GSA. The facts further do not support the view that the procurement was an urgent one, or that an exclusive licensing agreement was involved. Finally, no attendant sole source documentation appears to

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exist regarding this procurement within GSA; indeed, the attempted sole source justifications, produced after the contract was signed, were rejected by GSA contracting personnel.

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