

1 page

9/11/81

2 pages

cont.

Copy of attached mailed
To the Ray Reusche AIGI-
S.B.A on 9/29/81

U. S. Department of Labor

Inspector General

September 10, 1981

MEMORANDUM FOR: DAN MURPHY
Director, Office of Procurement.

FROM: THOMAS F. McBRIDE *Thomas F. McBride*
Inspector General

SUBJECT: Contract Award to
Mitchell, Titus and Company

1981 SEP 10 AM 9 26
O.K.

This is to request that contracts in response to RFP No. L/A81-17 for audit services in Regions I and II and for a pending 8A contract award in Region III to the firm of Mitchell, Titus and Company not be awarded. This request is based on my view that the firm is nonresponsible for reasons other than financial capacity and/or credit, i.e. for unethical business practices as detailed below.

This office in conjunction with the U.S. Attorney for the District of Columbia has been conducting an investigation of Ernest Green, a former Assistant Secretary of Labor. This investigation has uncovered the following facts.

Ernest Green stated to Special Agent Martin Squitieri of this office that during 1979 and 1980 he (Green) received three "loans" totaling \$26,000 from Bert Mitchell, a partner in Mitchell, Titus and Company. During this same period, Mitchell, Titus and Company held a substantial contract, or contracts, to perform audit work for the Employment and Training Administration, at that time headed by Green. This obviously raises serious questions of possible violations of criminal law and federal procurement regulations by Mitchell, Titus and Company. The former will be addressed in the course of the continuing investigation and the latter administratively, following the conclusion of the criminal investigation.

The contracts in question are for essential CETA audit work involving prime sponsors located in Regions I, II and III. Since it will be some time before this investigation is concluded, we cannot hold up necessary CETA audit coverage during this period; therefore, it is requested that you proceed to award the contracts in Regions I and II to the next highest ranked firm within the limits heretofore set. It is also requested that the 8A contract in Region III be awarded to another contractor as soon as necessary concurrence has been obtained from the Small Business Administration. If you have any questions about this, please contact me or Assistant Inspector General for Audit, Edward Stepnick.

11 SEP 1981

ACBB

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Bert N. Mitchell
Mitchell/Titus and Company
Certified Public Accountants
2 Park Avenue
New York, New York 10016

Dear Mr. Mitchell:

Reference is made to the offers you submitted to the Department of Labor (DOL), proposal for audit services supportive of DOL Regions I and II, under Solicitation No. RFP L/A 81-17.

Please be advised that your firm is in line for an award of contract in both Regions I and II, under the established evaluation and selection criteria of the solicitation. However, the Department has found your firm to be non-responsible, in this instant case under 41 CFR 1-1.1203. This determination was made upon information this Office received from the DOL Inspector General, please refer to enclosed memorandum dated September 10, 1981.

We have forwarded this matter to the Small Business Administration under Certificate of Competency procedures, 41 CFR 1-1.706-2(a)(5). The transmittal letter to the SBA is enclosed for your information.

Should you have any questions, do not hesitate to contact this Office at (202) 523-6445.

Sincerely,

DENNIS L. TRIPPEL
Chief, Division of Contract
Negotiations and ADP Procurement
Office of Procurement

Enclosures

cc: T. McBride (OIG) ✓
SBA, New York
D. Murphy

SEP 14 1981

MEMORANDUM FOR: DAN MURPHY
Director, Office of Procurement

FROM: *Thomas F. McBride*
THOMAS F. MCBRIDE
Inspector General

SUBJECT: Contract Award to
Mitchell, Titus and Company

Attached is a memo I received from the special agent assigned to the Ernest Green investigation. I believe it should be attached and made part of my memo to you of September 10, 1981.

Attachment

IG:DSTAUFENBERGER:cbj:9/11/81
Room:S1303:Ext. 37296

CONCURRENCES	Initials	▼							
	Date	▼							
	Last Name	▼	Staufenberger						
	Office Symbol	▼							

OFFICIAL FILE COPY Return to: Room _____ Bldg. _____

DL 1-441, Rev. July 1976

U. S. Department of Labor

Office of Inspector General
Investigations (Fraud)
4040 Fairfax Drive
Suite 1002
Arlington, VA 22203
Reply to the Attention of:



September 11, 1981

MEMORANDUM FOR:

THOMAS McBRIDE
Inspector General

FROM:

Martin M. Squitieri
MARTIN M. SQUITIERI
Team Leader
Arlington Field Office

SUBJECT:

Your Memorandum to Dan Murphy, Director
of the Office of Procurement dated September
10, 1981 relative to Mitchell, Titus & Co.

I have read your memorandum to Dan Murphy dated September 10, 1981 relative to Mitchell, Titus & Co., which states that Bert Mitchell made three (3) loans to Ernest Green totalling \$26,000.00. As you know, the information contained in the memorandum was provided to you by me on September 9, 1981. Upon returning to the office, I read the Report of Interview of Green, which states that Green stated the existence of only one loan from Mitchell on January 24, 1980 in the amount of \$10,000.00.

I would like to once again apologize for the error and hope that it can be easily corrected.

SEP 11 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jesse R. Quigley
U.S. Small Business Administration
26 Federal Plaza
New York, New York 10278

Dear Mr. Quigley:

The Department of Labor (DOL), hereby forwards the enclosed information pursuant to the pre-award review performed under Solicitation No. RFP L/A 81-17, for audit services, supportive of DOL Regions I and II. This Office has determined that the firm, Mitchell/Titus and Company, which is in line for award in both said regions is non-responsible pursuant to 41 CFR 1-1.703. This determination is based wholly upon a recent investigation by the DOL Office of Inspector General, see enclosed memorandum dated September 10, 1981, from Thomas McBride. This Office has determined that it would not be in the best interest of the Government to award a contract to this firm.

We therefore request SBA to review our decision and to make a determination pursuant to the Certificate of Competency procedures 41 CFR 1-1.708-2(a)(5). We would hope to be advised of pending action, by your office, not later than five (5) working days from date of receipt of this letter.

Do not hesitate to call if you have any questions. I can be reached at (202) 523-6445.

Sincerely,

DENNIS L. TRIPPEL
Chief, Division of Contract
Negotiations and ADP Procurement
Office of Procurement

Enclosures

cc: Mitchell/Titus and Company
T. McBride (OIG) ✓ 9-1303
D. Murphy

O I to Green
Case file.

30. 0578-0002

ACBB

14 SEP 1981

Bert N. Mitchell
Mitchell/Titus and Company
Certified Public Accountants
2 Park Avenue
New York, New York 10016

Dear Mr. Mitchell:

Reference is made to your proposal, dated March 27, 1981 and amended July 13, 1981, submitted to the Department of Labor (DOL), under section 8(a) of the Small Business Act. This offer proposed audit services supportive of the DOL Region III, Office of Inspector General.

Please be advised that this instant case procurement is being withdrawn and NO CONTRACT WILL BE AWARDED.

Sincerely,

DENNIS L. TRIPPEL
Chief, Division of Contract
Negotiations and ADP Procurement
Office of Procurement

cc: T. McBride (OIG) ✓
D. Murphy

ACBB

14 SEP 1981

Mr. Jesse R. Quigley
U.S. Small Business Administration
26 Federal Plaza
New York, New York 10278

Dear Mr. Quigley:

Due to recent findings received by this Office, from the DOL Inspector General, relevant to pre-award reviews under Solicitation No. RFP L/A 81-17, to which Mitchell/Titus and Company responded, this office has determined it not be in the best interest of the Government to award a contract to subject firm at this time.

Consequently, the DOL hereby withdraws our match request of May 26, 1981, under Section 8(a) of the SBA, and approved by SBA July 7, 1981. NO CONTRACT WILL BE AWARDED IN THIS INSTANT CASE.

Sincerely,

DENNIS L. TRIPPEL
Chief, Division of Contract
Negotiations and ADP Procurement
Office of Procurement

cc: Mitchell/Titus and Company
T. McBride (OIG)
D. Murphy

U. S. Department of Labor

Office of Inspector General
Investigations (Fraud)
4040 Fairfax Drive
Suite 1002
Arlington, VA 22203
Reply to the Attention of:



file

August 26, 1981

MEMORANDUM FOR:

FROM:

SUBJECT:

A.M. STATHAM
Assistant Inspector General -
Investigations
Martin M. Squitieri
MARTIN M. SQUITIERI
Team Leader
Arlington Field Office

ERNEST GREEN
LAMOND GODWIN
ALEXIS HERMAN
30-0578-0002

This is in response to our verbal discussions and your memorandum of August 25, 1981. It is my opinion that additional resources are needed in areas that are geographically located in the New York, Chicago, Atlanta and Dallas Regions. It is requested that one Special Agent from each of the regions be specified as a liaison contact with the Arlington Office to handle requests relative to the above stated case in an expeditious manner. The names of the Agents are requested so that they could be included on the grand jury disclosure list.

The utilization of the Agents is to include conducting third party interviews, serving subpoenas and securing and analyzing documentation. Due to the many issues being considered in this case, it is suggested that each agent be briefed individually at the Arlington Field Office since that is where the case file is maintained.

NEW YORK: ERNEST P. Repetti

CHICAGO: WHITNEY HARRIS

ATLANTA: J.P. WALKER

DALLAS: ELAINE TRIMBLE

*advised
McKee 9-2-81*

7/9/81

3 pages

U. S. Department of Labor

Office of Inspector General
Investigations (Fraud)
4040 Fairfax Drive
Suite 1002
Arlington, VA 22203
Reply to the Attention of:



20-0570-0204

July 8, 1981

MEMORANDUM FOR:

LUANNE J. KNEELAND
ETA Desk

FROM:

David E. Sharnier for.
ROBERT M. McKEE
Special Agent-in-Charge
Philadelphia RIO

SUBJECT:

GAO Report #24222 Relative to LAMOND GODWIN,
ERNIE GREEN, RTP, URBAN LEAGUE and HRDI

The Arlington field office is presently conducting an investigation involving these subjects. This GAO Report will be associated with that case file.

U.S. DEPT
OF LABOR

Reply to the Attention of:

JUN 26 11 47 AM '81
OFFICE OF THE
INSPECTOR GENERAL
FRAUD DIVISION
PHILA. PA
OFFICE OF GENERAL
INVESTIGATION
WASHINGTON, D.C.

DATE: JUNE 24, 1981

MEMORANDUM FOR: NY RIO RSAC

FROM: ETA PROGRAM INVESTIGATIONS BRANCH

SUBJECT: Lamond Godwin, Ernie Green, RTP, Urban League, HRDI
New YorkATTACHED IS:

- ☐ INCIDENT REPORT NUMBER _____
- ☐ FBI OR OTHER INVESTIGATIVE AGENCY REPORT NO. _____
- ☐ OTHER _____
- ☒ GAO SUMMARY NUMBER 24222

ACTION:

- ☒ FOR INFORMATION AND/OR APPROPRIATE ACTION DEEMED NECESSARY.
- ☒ ADVISE THIS BRANCH OF FINAL DISPOSITION SO THAT GAO MAY BE NOTIFIED.
- ☒ OTHER Within 10 days please send index cards with your response as to whether or not a case will be opened.

Luanne J. Kneeland
(SIGNATURE)for
Dave Coffman

ATTACHMENT(S)

GAO # 24222

CC: GAO summary file
ETA suspense file
FYI Philadelphia RIO ✓

CONTROL NUMBER
24222

DATE
801107

CONTACT FOR FURTHER INFORMATION
NONE

BRIEF OF ALLEGATION: CLAIMING FRAUDULENT JOB PLACEMENTS

Caller alleges that three grantees of the Department of Labor's Targeted Outreach Program -- (1) R.T.P., Inc., 162 5th Avenue, New York, New York; (2) The Urban League; and (3) The Human Resources Development Institute (HRDI) in Washington, D.C. -- have regularly made false claims of the number of persons placed in jobs or in job apprenticeship programs. Caller claims that Department of Labor officials are already aware of this abuse since it was first brought to their attention in a 1979 GAO report on DOL's Targeted Outreach Program and more recently in an internal DOL study, which reportedly found the abuses cited by GAO to be greater today than they were in 1977. Despite this fact, caller claims DOL officials have no intention of making their internal study public.

According to the caller, the above-named grantees pad their job placement claims by citing persons already referred to apprenticeship programs or jobs by CETA authorities as their own placements. At times, even relatives of Outreach Program personnel are claimed as placements. Caller points out that the Targeted Outreach Program is administered by Lamond Godwin, head of DOL's Office of National Programs at 601 D Street, The Patrick Henry Building, Room 6402, Washington, D.C. Caller claims that, despite the cited job placement claims abuses, DOL officials intend to sign new 16 month contracts with grantees R.T.P., Inc., The Urban League, and HRDI in November 1980-- contracts totaling \$21 million.

The 1979 GAO report cited by the caller is entitled "Opportunities in Skilled Construction Craft Unions Have Had Little Effect" (dated March 15, 1979). The recent internal DOL study was reportedly done by Mark Battle Associates of Washington, D.C., at 466-2530.

The informant called back on November 19, 1980, to report that contracts with the above cited grantees were approved on November 7, 1980, by DOL's Employment and Training Assistant Secretary Ernest Green. According to the caller, Green used to be employed by R.T.P., Inc., until he became an Assistant Secretary at DOL four years ago.

NY

7/1/81

2 pages

7/1/81

2 pages

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 8, 1981

Date of Interview

On this date I interviewed DOROTHY HEIGHT in her office relative to her dealings with ERNEST GREEN, LAMOND GODWIN and ALEXIS HERMAN, HEIGHT stated the following:

HEIGHT stated that she has been President of the NATIONAL COUNCIL OF NEGRO WOMEN (NCNW) since 1956. She stated that she has known GREEN for approximately 20 years. She stated that she met him when he was operating a store front in Brooklyn to train blacks and get apprenticeship in unions. The operation was called the WORKERS DEFENSE LEAGUE. She stated that GREEN, HERMAN & ASSOCIATES were paid \$2,000.00 by NCNW to instruct the NCNW staff. She stated that NCNW never paid GREEN or HERMAN anything wither personally or in a corporate capacity with the exception of the stated \$2,000.00. She stated that GREEN and HERMAN were not reimbursed for expenses while instructing the NCNW staff and that the instruction was strictly internal and did not relate to any contract.

HEIGHT stated that she met HERMAN in Atlanta where she was developing a womens' program. She stated that she heard that HERMAN campaigned for CARTER but she does not know if she took leave from DOL. She stated that GREEN did take leave from DOL for approximately 2 months to campaign for CARTER.

HEIGHT stated that GODWIN was a socialologist with the SOUTHERN LAND BANK GROUP when she first met him. She stated that she believes that he is performing consulting work for some of the foundations but could not be specific as to which foundations. She stated that she is unaware of any parties or plaques given for GODWIN at the end of his tenure at DOL.

HEIGHT stated that she does not know if GREEN, HERMAN or GODWIN were involved with any other business while employed at DOL nor if either of them had other sources of income.

SERIES OF INTS.
RE FINAL DAYS

By Special Agent Martin Squitieri

At Washington, D. C.

Date Dictated 6/8/81

Date Transcribed 6/10/81

File No. 30-0578-0002

HEIGHT stated that the newspaper article was very upsetting to her and that she felt that the article was a racial attack. She stated that the situation would not have gotten as much attention if white programs were involved. She stated that the article gave the impression that the awarded contracts were "last minute handouts" when in fact the contracts awarded to NCNW began negotiations in September 1980 and earlier. She stated that she completed an analysis of all contracts awarded to NCNW by DOL and that she would mail me a copy of it.

HEIGHT stated that

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 8, 1981

Date of Interview _____

On this date I interviewed Federal Representative (Fed Rep) CHARLES LIBERTY regarding his knowledge of last minute contracts awarded by ERNEST GREEN, LAMOND GODWIN and ALEXIS HERMAN. LIBERTY stated the following:

LIBERTY stated that he has no knowledge of any wrongdoing in the awarding of contracts in January 1981. He stated that many rumors persist but he doubts if anyone has direct knowledge. He stated that RENEE CRUCIL and CONSUELA PARKER would be people to interview. He stated that PARKER is good friends with GREEN and GODWIN.

LIBERTY stated that the problem of administering ETA contracts begins with the fed reps. He stated that 90% of the fed reps are incompetent and that they don't take the time to research rules and regulations before reaching decisions. He stated that even his Supervisor (ERNIE HODGKINS) told him not to bother researching the regulations.

HODGKINS stated that he objected to the NATIONAL URBAN LEAGUE being awarded a modification for increased dollars back in 1978. He stated that he wrote a letter to HODGKINS explaining why he objected to the award but the modification was granted anyway. He stated that after this incident he complained about the situation and as a result, HODGKINS took away all his contracts. He stated that HODGKINS tried to make him look bad.

LIBERTY did and still does think that the AMERICAN ASSOCIATION OF SMALL CITIES is a good organization. He stated that he personally reviewed their proposal and that it appears to be practical and feasible.

LIBERTY stated that one area of concern for him is that contractors appear to have contracts which overlap in performance objectives. He stated that the fed rep handling the contract does not know if the contractor is presently performing under another contract.

6/8/81

Date Dictated _____

By Special Agent Martin Squitieri

Date Transcribed 6/10/81

At Washington, D. C.

File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 5, 1981

Date of Interview _____

On the above date LANCE GRUBB, Chief, Data and Cost Analysis section was interviewed in room 8208 of the Patrick Henry Building, by Special Agent Joan Nugent. After identification procedures Grubb voluntarily provided the following information.

Grubbs's is not a Fed Rep; however, he acted in that capacity in the one year contract with Mark Battle and Associates (99-0-493-08-97), because of his expertise in the area that the contract covered. The contract was a Data Analysis - to establish specific information pertaining to Migrants and Vets. Grubb's worked closely with the contractor, the contract was completed early August 1980, the work was good and the organization had no complaints.

The only other recent contract Grubbs was involved with was another 8-a contractor, Executive Research Associates.

Grubb's is not aware of contracts in this section that were in anyway involved in the so called "Midnight Giveaway".

By Special Agent Joan Nugent
At Washington, D. C.

Date Dictated 6/5/81
Date Transcribed 6/9/81
File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 5, 1981

Date of Interview _____

On the above date JOAN ANDERSON, Unit Chief for Program Design was interviewed in rm 7208 of the Patrick Henry Building, by Special Agent Joan A. Nugent. After identification procedures Ms. ANDERSON voluntarily provided the following information.

ANDERSON has been with the Office of Youth Programs for eleven years, approximately one year of that time she has been in her current position.

All of the contracts that this office processed in January had already had internal reviews in the fall. More reviews were required due to the freeze. After the second review many of the work statements were adjusted and funds were cut. The main reason for the adjustments was because so much time was lost when funds were frozen in the "pipeline".

The freeze caused a lot of problems for this office because they were trying to get all their summer programs started.

ANDERSON stated the "project people have a lot of integrity and do not want bad contracts".

The Office of Youth Programs operates with Discretionary Funds, mostly in the form of contracts, some to other state, city and counties as Prime Sponsors. Formula Funds are used for grants for regular youth activities.

Rumors are that contracts just appear and individuals are told to put the contracts through.

By Special Agent Joan Nugent
At Washington, D. C.

Date Dictated 6/5/81
Date Transcribed 6/9/81
File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 5, 1981

Date of Interview _____

On the above date David Newton, Supervisory Manpower Development Specialist, was interviewed in rm 8106 of the Patrick Henry Building by Special Agent Joan A. Nugent. After identification procedures NEWTON voluntarily provided the following information.

NEWTON is not a Fed Rep although he did act as one in contract number 99-1-493-36-5 with Mark Battle and Associates. Bob Dickman, Chief, Division of Automated Systems usually is the contracting officer, however he will delegate this responsibility to a staff member when they have expertise in the area that is being contracted out. The data analysis done in house was not specific enough and Mark Battle Associates were needed to supplement the sections requirements. This office is very pleased with the work being done by Mark Battle. The project is about half finished.

NEWTON has no knowledge of any work being done any differently around January 19, 1981 than it was done at any other time. Work was processed through normal channels, business as usual, as far as he knows.

Special Agent Joan A. Nugent

Date Dictated 6/5/81

By _____

Date Transcribed 6/9/81

At Washington, D. C.

File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview June 9, 1981

On the above date GALE GIBSON, Manpower Development Specialists, Office of National Programs for Older Workers, was interviewed in room 6122, Patrick Henry Building, Washington, D. C. by Special Agent Joan A. Nugent. After identification procedures GIBSON voluntarily provided the following information.

The Older Workers Programs are funded through Grants.

The New York City Grant was caught in the freeze. The Old grant was to end December 31, 1980, new Grant expected to start January 1, 1981 for approximately \$5,000,000. More reviews were required on all monies held up in the freeze, the New York City grant was recently signed and had been cut to \$4,815,000 after final review. New York had overspent \$250,000 last year and said they had a verbal agreement (Gibson believes with Green) that ETA would cover the amount overspent. This was not approved by Angrisani.

The Title V funds are distributed by formula - part go to large national organizations - part direct to state government. The following is a list of Grants now being funded.

Green Thumb -----	\$80,000,000
Natl Council on Aging -----	\$23,000,000
Natl Council of Senior Citizens ---	\$45,000,000
Natl Retired Teachers -----	\$34,000,000
U. S. Forest Service -----	\$16,000,000
Natl Center on Black Aged-----	\$2,800,000
Natl Assoc. for Spanish Speaking Elderly----	\$2,800,000
Natl Urban League-----	\$4,700,000

Rural Transportation Grant for \$2,000,000. and Demonstration Project Grant for \$500,000. are both Title III.

Gibson said budget cuts predictable cuts due to overall cuts in budget. *hpt*

New York City and some of the Grants to States are being phased out due to duplication of effort with some of the national programs. New York went from \$4,000,000. in 1980 and no funds are to be granted to them in the 82 budget.

Date Dictated 6/9/81

Special Agent Joan Nugent

Date Transcribed 6/11/81

Washington, D. C.

File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview June 9, 1981

On the above date RAY PALMER, Manpower Development Specialist, was interviewed in room 7122, Patrick Henry Building, Washington, D. C. by Special Agent Joan A. Nugent. After identification procedures Palmer voluntarily provided the following information.

Palmer did not observe any major changes during the last week of Ernie Green or Lamond Godwin employment.

Palmer did not have any new projects put through in January. He had several modifications and continuing projects held up in the freeze. All of his projects had already been through the normal process before they were signed.

He felt the newspaper article was very biased and only mentioned minority contracts. Palmer felt the reason most of the contracts that were signed January 19, 1981 were minority because for one reason or another many minority contracts had taken longer than other non minority contracts had before they were issued a signed contract.

Palmer provided me with the names of Herman Scott and Frank Slobic of this division who may be able to provide more information if we needed it.

As a Fed Rep, Palmer visited SER - Jobs for Progress about 6 months ago. At that time he requested all SER projects be audited. He found many problems with the way they kept their records. SER did not separate the different projects, they constantly had over-runs and in general kept very poor records.

Joseph Handzo, Rm N-2427, Frances Perkins Building, Washington, D. C. Tel. 523-8391 does the cost determination for contractors. This office should have complete lists of all contracts any particular contractor may have. This information is used in coming up with a Cost Determination. A provisional rate is given for 90 days to allow Joseph Handzo time to obtain enough information to come up with a Cost Determination Rate.

By Special Agent Joan A. Nugent

Washington, D. C.

Date Dictated 6/9/81

Date Transcribed 6/11/81

File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 9, 1981

Date of Interview

On the above date James Aaron, Manpower Development Specialist, was interviewed in room 6213, Patrick Henry Building, Washington, D.C. by Special Agent Joan A. Nugent. After identification procedures Aaron voluntarily provided the following information.

PUSH for Excellence was a Grant that was issued around the 19th of January. Since then the Department of Labor wanted to negotiate with PUSH to cut the grant; however, PUSH says there is nothing to negotiate. The government cannot terminate a Grant for the convenience of the Government, they must terminate for cause. PUSH is suing the Department of Labor for slander.

Aaron is under the impression that there was some friction between Green and Barnicle. He believes that is the reason they handled the PUSH Grant. This section normally deals with Title III sec. 301 funds. PUSH comes under Title IV. Some of these projects have been jointly funded with Title IV; however these were exceptions rather than the normal.

On Title IV, discretionary funds Ernie Green could sign the sole source documents.

Other grants issued around the 19th of January besides PUSH were Greater Cleveland, American Management Assn., United Food and Commercial Workers and Virginia Cares.

According to the SES Performance Standards of Fernando L. Alegria his intentions were to issue more grants.

Aaron does not quite understand the reasoning behind why so many contracts were pushed through by Lamond Godwin and Ernie Green on their last day because he knows they were both aware of the fact that Contracts could be cancelled for the Government's convenience.

Date Dictated 6/9/81

Special Agent Joan A. Nugent

Date Transcribed 6/11/81

Washington, D.C.

File No. 30-0578-0001

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 10, 1981

Date of Interview

On the above date ERNEST HODGKINS, Program Operations Chief, was interviewed in room 6122 Patrick Henry Building, Washington, D.C. by Special Agent Joan A. Nugent. After identification procedures HODGKINS voluntarily provided the following information.

During a going-away party for Ernie Green and Lamond Godwin many contracts were being signed. Also, Lamond Godwin handed out several autographed pictures of himself.

Traditionally over the years this office has awarded the same Grants and contracts. During the last year Green and Godwin were with the Labor Department several new proposals were approved. The following is a list of new awards in the past year. PUSH for Excellence, American Federation of State County and Municipal Employees, United Food and Commerical Workers, Roselyn Foundation, Labor Council for Latin American Advance, Solar America, University of Texas and Virginia Cares.

The Labor Department, ETA has issued grants to approximately 18 to 20 Labor Unions.

Title III 301 monies are used for funding the programs of this office.

A committee consisting of Ernie Green, Nick Edes and someone from the Secretary's office review proposals and approved the ones this office was to fund.

Date Dictated 6/10/81

By Special Agent Joan Nugent

Date Transcribed 6/11/81

At Washington, D.C.

File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview June 8, 1981

On the above date PAT CARROLL, Manpower Development Specialist, Division of Private Sector Initiative Programs, was interviewed in Room 5327 by Special Agent, Joan A. Nugent. After identification procedures CARROLL voluntarily provided the following information.

CARROLL was the Fed Rep for contract number 99-0-2654-08-138 with Management Assistance Group in her prior job. When she left that job for her current position BETTY RIVERS took over as Fed Rep on that contract.

CARROLL's current unit does no contracting; therefore she has no knowledge of contracts issued on the 19th of January. Rumors she has heard regarding problems stemming from contracts issued during the mid-night special and the subsequent freeze on all funds is that most people got hurt. The freeze especially hurt small business. Many small firms had to lay off people and some went out of business.

CARROLL provided me with the names of two individuals that she worked with in her previous job who are knowledgeable about contract: Becky Sweeny and Kathryn Brown.

By Special Agent Joan Nugent

At Washington, D. C.

Date Dictated 6/8/81

Date Transcribed 6/9/81

File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 8, 1981

Date of Interview _____

On the above date MARY RHODEN, Manpower Development Specialist, Project Officer, was interviewed in room 7122 of the Patrick Henry Building, by Special Agent, Joan A. Nugent. After identification procedures RHODEN voluntarily provided the following information.

Several of the contracts RHODEN was working on were mentioned in newspaper articles criticizing the minority contracts that were signed off on the 19 of January. She was very upset by the negative reports in the paper, so much so that she gathered information that showed that less than 5% of the contracts from her office had gone to minority firms and during the last few months of the previous administration less than 1% of the minority contracts had been processed all the way through the system.

Most of the contract packages handled by RHODEN had been sent down for signatures in December or earlier. The package consist of Sole Source procurement, Memo, Purchase Agreement Request, showing purpose and brief work statement. These had to be signed before a contract could be issued. She showed me several copies of PARs and Sole Source documents that were signed in December. These signed documents were on several of the contracts that were put through the final step on the 19th of January and later the decision was made not to fund these projects. All the ones cancelled were with minority firms.

RHODEN stated that she tried to get all work through before December 15, 1980 to avoid the problem of shortage of personnel due to the Holidays and people who had "use or lost leave". Processing contracts was always slow during the Holidays at the end of the year.

Special Agent Joan A. Nugent

Date Dictated 6/8/81

By _____

Date Transcribed 6/10/81

At Washington, D.C.

File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 8, 1981

Date of Interview _____

On the above date DEBORAH BARNETT, Project Officer, was interviewed in room 7122 of the Patrick Henry Building, by Special Agent, Joan A. Nugent. After identification procedures BARNETT voluntarily provided the following information.

BARNETT is not a federal employee. She is on loan to the federal government from the city of Portland, Oregon. Originally _____ was to work for the government for one year; however, the time has been extended to two years.

The manner in which the bulk of the money available to the Office of Youth Programs, for contracting, is spent is viewed as politically motivated.

Forty percent of the funds available were used for research, less than one percent went to minority firms.

"All white projects moved, minority projects sat on".

Barnett feels that because the minority projects were sat on it was necessary for him to take the matter into his own hands and put the contracts through. She is not aware of any contracts that were put through during the so called midnight specials that had not already been through all the requirements such as, negotiations, sole source review and procurement action requests.

Special Agent Joan A. Nugent

By _____
Washington, D.C.

At _____

Date Dictated 6/8/81

Date Transcribed 6/10/81

File No. 30-0578-0003

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview June 8, 1981

On the above date John R. Downing (DICK) was interviewed in room 10415 of the Patrick Henry Building, by Special Agent, Joan A. Nugent. After identification procedures DOWNING voluntarily provided the following information.

DOWNING is the Fed Rep for contract number 99-8-1388-36-30 with Kaaren Johnson Associates. Other contracts he is involved with are Enterprises for New Direction and Virginia Commonwealth.

DOWNING did not have any new contracts caught up in the freeze; however, Modifications to contracts were effected. Due to time lost the modification was cut. Certain aspects of the modification had a suspense date that could not be met because of the delay in getting the funds.

Since the freeze was put on many people have been hurt. Everything that is done now must go another step. Angrisanie is reviewing all contracts and modifications. This means - more reviews - more rewrites.

DOWNING feels that what happened in ETA regarding contracts is common in an election year.

Special Agent Joan Nugent

Date Dictated 6/8/81

By _____

Date Transcribed 6/10/81

At Washington, D. C.

File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview June 10, 1981

On the above date CLAY ADAMS, Supervisory Manpower Development Specialist, Chief of Eastern Programs, was interviewed in room 6308, Patrick Henry Building, Washington, D. C. by Special Agent Joan A. Nugent. After identification procedures ADAMS voluntarily provided the following information.

The bulk of the funds issued through this office are Title III 303 Grants to train former farm workers in other areas. The contracts this office issues are for Technical Assistance and Training Programs. Many individuals who participate in the government funded projects receive enough training experience that they are able to transfer to private industry which enables them to improve their standard of living. Because of the number of people who are able to better themselves there is a heavy turnover which is the reason why this section has the continuing need for contracts for technical assistance and training.

88% of the 83.3 million dollar budget for 82 will be used for Farm Workers Grants. The remaining 12% will be used for TAT and housing grants. Many Grant applications are received every year. A definite procedure is followed in selecting the organizations that receive the grants. ADAMS provided me with a report by a Panel of the National Academy of Public Administration that has just been completed on the method used in selecting the recipients of the grants.

At the recommendation of The Carter administration, Secretary of Labor, and Lamond Godwin most TAT contracts were issued to 8a firms through SBA.

The budget for this office has already been submitted for 1982 fiscal year. Each year their budget is submitted in May.

This organization had two new contracts, Bob Tucker and Pacifica Services Inc., that were signed in January 1981. Both these contracts were terminated April 1, 1981.

Several of the contracts issued by ETA each year are ones that Congress strongly support. SER, Jobs for Progress, Urban League and OIC are among the contracts that Congress shows a particular interest.

By Special Agent Joan A. Nugent

At Washington, D. C.

Date Dictated _____

Date Transcribed _____

File No. _____

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 9, 1981

Date of Interview _____

On the above date BETTY RIVERS, Manpower Development Specialist, Technical Assistance and Training section was interviewed in room 5409, Patrick Henry Building, Washington, D.C. by Special Agent Joan A. Nugent. After identification procedures RIVERS voluntarily provided the following information.

She no knowledge of anything different or unusual going on just before Green and Godwin left the Labor Department.

A modification to the Aurora contract for \$11,000. was the only contract that she was working on that was effected by the freeze.

Date Dictated 6/9/81

Date Transcribed 6/11/81

File No. 30-0578-0002

By Special Agent Joan A. Nugent

At Washington, D.C.

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 16, 1981

Date of Interview

On June 16, 1981 Consuela J. Parker, Manpower Development Specialist, was interviewed by this writer at Washington, D.C. Prior to any questioning, the nature of this investigation was explained to Parker and her cooperation was requested.

Parker advised that she has been employed at the Employment and Training Administration, U.S. Department of Labor as a Manpower Development Specialist since November of 1978. Parker advised that as a Manpower Development Specialist she is responsible for the day to day monitoring of contractos assigned to her.

Upon questioning, Parker stated that she has met Mr. Ernest Green on one occasion, however her dealing with Mr. Godwin were more frequent. Parker advised that Godwin would call upon her on certain occasions to provide testimony in front of certain monitoring committees regarding contracts assigned to her.

Parker advised that she was never called upon between the period of January 15 through January 20, 1981 by either Mr. Green or Mr. Godwin to assist them in preparing contracts for any business organization. Parker stated that she has attended certain social functions with Mr. Green and Mr. Godwin, however they were infrequent.

In conclusion, Parker could not provide any information that Mr. Green or Mr. Godwin gave 8A contracts to favored business organization for subsequent favors or remuneration.

By Special Agent Nicholas Giordano
At Washington, D.C.

Date Dictated 6/17/81

Date Transcribed 6/19/81

File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 10, 1981

Date of Interview

Shirin Herndon, a Federal Representative with the Office of National Programs for Older Workers, Department of Labor, Patrick Henry Building, 6 and D Streets, Washington, D. C. telephone number 376-6233, room 6122 was interviewed by this Special Agent. Herndon is responsible for the contract with the Massachusetts Department of Elder Affairs, contract number 99-9-1076-11-19. She has just been assigned the contract with the National Counsel of Senior Citizens, contract number 99-0-737-41-6, and is not that familiar with it. Previously, this was the responsibility of Ronald Ludin. After identifying myself, Herndon voluntarily provided the following information.

This contract is a grant under Title V of the Older American's Act. All the money is allocated by formula. No additional money was added to the contract between October 1980 and January, 1981.

None of the money is discretionary money. The grants are refunded each year and the Department of Labor informed each grantee of its funding level, prior to the submission of the yearly proposal.

The last supplemental appropriation occurred in February, 1980. This was 10 million dollars of expansion money.

In 1979 the Massachusetts Department of Elderly Affairs received 1,184,000.00 for the Senior Community Service Employment Program (SCSEP). The 1980 grant was in the amount of 1,461,132.00. Grants under this program run from July 1, 1979 through June 30, 1981.

Herndon recalls that in 1977, a RSP was used to solicit three additional national organizations for the funding of programs for the elderly. These three organizations had to be minority organizations. She said that ten responses were received. Herndon chaired the panel which selected the three organizations, based on written rating criteria. Other representatives on the panel included the representative from Action, The Employment and Training Administration, and the U. S. Bar Service, and the Administration of the Aging. She said she received no pressure from either the White House or from the ETA Administration concerning which organization to choose.

Date Dictated 6/12/81

By Special Agent Irene Riegnor

Date Transcribed 6/15/81

At Washington, D. C.

File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 15, 1981

Date of Interview _____

On June 15, 1981 Robert J. Emmitt, United States Department of Labor, was interviewed by this writer at the Patrick Henry Building, Washington, D.C. Prior to any questioning, the nature of this investigation was explained to Emmitt, and his cooperation was requested.

Emmitt advised that he has been employed with the U. S. Department of Labor for over ten years and is presently Senior Educational Specialist with the Employment and Training Administration (ETA).

Emmitt advised that Team Associates, Washington, D. C. is currently under contract (contract number 99-0-998-43-154) amounting to \$200,000. to screen test and modify the Job Corps Mathematics program. In other words "how can Job Corp make it easier for students to understand the Metric System, Fractions, Decimal Equations, etc.". Additionally, the contracts calls for Team Associates to solicit the opinions of teachers in the career field of Mathematics.

Emmitt advised to date that he is presently ETA's monitor for the aforementioned contract and states that he is perfectly satisfied with the performance of Team Associates.

Upon questioning, Emmitt believes that the awarding of this contract to Team Associates was based on sound contractual procedures within the Employment and Training Administration. Emmitt stated that to the best of his knowledge no one in the Department of Labor granted the aforementioned contract to Team Associates for subsequent favors or other forms of remuneration.

In Conclusion, Emmitt was unable to provide any concrete evidences, rumors, hearsay that would lead this writer to believe that Mr. Green or Mr. Godwin, granted contracts to Business organizations in which they favored.

By Special Agent Nicholas Giordano

At Washington, D. C.

Date Dictated 6/15/81

Date Transcribed 6/17/81
30-0578-0002

File No. _____

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

6/17/81

Date of Interview

On June 17, 1981 Nancy Louise Stang Manpower Development Specialist was interviewed by this writer at Washington D. C. and provided the following information:

Stang advised that she is employed as a Manpower Development Specialist to negotiate contracts and subsequently monitor there day to day operation.

Stang was unable to provide any information that would lead her to believe that during the last days of Ernest Green administration that the awarding of contracts to business organizations, or adminisratively incorrect.

However, Stang stated that it was not unusually for individuals of business organization to negotiate directly with Green and Lamond Godwin for contracts. Stang stated that for informational purposes she had been uninformed she has heard that one of those contractors namely Bill Ross of Recruitment and Training Program of New York (RTP) has often negotiated with Ernest Green and Lamond Godwin for contracts and that RTP easily won U.S. Department of Labor grants because Ernest Green was once employed by RTP as Executive Director.

Date Dictated 6/18/81

By Special Agent Nicholas Giordano

Date Transcribed 6/19/81

At Washington, D. C.

File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

6/17/81

Date of Interview

On June 17, 1981 Dorothy Wigglesworth Social Science Advisor was interviewed by this writer at Washington, D.C. and provided the following information:

Wigglesworth advised that she has been a Social Science Advisor for the Women's Bureau, U.S. Department of Labor for approximately 2 years. Wigglesworth stated that the Director with her organization is Alexis Herman.

Wigglesworth advised that she is unaware of allegations that Alexis Herman gave preferential treatment and circumvented U.S. Department of Labor contracting procedures to favor business organizations.

Wigglesworth further denied allegations that she and counter part at Bureau of Youth Programs namely Linda Ross were fueling because Ross did not like the way Alexis Herman was handling contracting procedures.

Wigglesworth stated that she believes that the relationship between the Womens Bureau and the Office of Youth Programs are quite good and did not provide any additional information.

Date Dictated 6/18/81

By Special Agent Nicholas Giordano

Date Transcribed 6/19/81

At Washington, D.C.

File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 10, 1981

Date of Interview _____

Renee' Crucil, Federal Representative for the Office of National Program for Older Workers, Department of Labor, Patrick Henry Building, 6 and D Streets, Washington, D. C., telephone number 376-6232, was interviewed by this Special Agent. About September, 1980, Crucil became responsible for the administration of a National Urban League Contract for the Elderly. The contract number is 99-9-162-11-33. Prior to that time, Marilyn Smith was responsible for this contract.

This program is the Senior Community Services Employment Program (SCSEP), under Title V of the Older American Act. The fiscal year 1979 contract, costing about 4 million dollars, was expected to end June 30, 1980 but was extended for 3 months to September 30, 1980 so that the National Urban League would have an opportunity to spend their left over money, about 13 percent of the total grant.

The fiscal year 1980 grant, which began July 1, 1980, was 4.176 million dollars. No additional money was put into the 1980 contract. During 1980, Congress did appropriate additional money for Title V, but this money will not be put into the grant until fiscal year 1981, beginning July, 1981.

The money for this contract is derived from allocation formula. 55 percent of the money goes to state programs for the elderly and 45 percent of the money goes to national organizations which serve the elderly. However, some of the state give all their money to a national organization to run all of the programs for the elderly in that state.

The closest that this agency comes to discretionary money is money under CETA Title III Section 308. Two million dollars from this Title was divided evenly among four providers, Green Thumb Inc., The National Counsel on the Aging, The National Urban League and the Steel Workers Union. Each received 500,000 dollars.

If the National Urban League disagreed with a decision made by Crucil of by the agency head, Paul Mayrand, Representative of the league would appeal to Lamond Godwin, the Director of the Office of National Programs.

Ronald Ludin is a federal representative for Innovated Programs for the Elderly under CETA Title III section 308. The National Urban league received a grant under this program. Crucil said that there was nothing Innovative about it and that the administrative money equal 28 percent.

Date Dictated 6/12/81

By Special Agent Irene Riegnor

Date Transcribed 6/15/81

At Washington, D. C.

File No. 30-0578-0002

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview June 10, 1981

Fleming W. Mathews, Jr., Federal Representative with the Job Corps, Division of Plans and Operations, Department of Labor, Patrick Henry Building, 6 and D Streets, Washington, D.C., telephone number 376-7600, room 6007, was interviewed by this Special Agent. Mathews is the federal representative for one of the team associates contracts, contract number 99-1-2842-43-38.

Under this contract, Team associates would evaluate the Advance Career Training (ACT) Program sponsored by the Job Corps. This provides locational training on the College or Jr. College level. The contract, signed March 23, 1981, cost 23,755.24 and last 6 months. A modification, which has not yet been signed, will increase the cost of the contract to 29,107.24.

Mathews said that he asked the Director of the Job Corps Richard Jaffe for permission to do this survey his self but was told that there was no travel money for this purpose. About April 1980, he wrote to Jaffe asking to have someone do this survey. The ACT program has been in operation for 2 years but has never been evaluated. Proposal were received from Cheynee College in Pennsylvania from Tuskegee Institute and from Team Associates. Mathews does not know how they heard about this project. Neither he or anyone from Job Corp sent out a Request For Proposal. The proposal were received about early February, 1981. Mathews reviewed the cheynee proposal but rejected it because it was much to expensive, 300,000 and much to detailed for his purpose. He said he did not thoughly review the Tuskegee Proposal but that this proposal was to expensive. He did not know if anyone else reviewed the proposal. He selected the team proposal; however, the final selection was made by Jaffe and by John Burgess, Mathews Supervisor.

The normal procedure for soliciting a contract is to send a request to the Job Corp Director who then forward it to Contracting Service. Since two minority bidders were submitting proposals, Job Corps decided to use a 8 A contract through the small business administration.

Mathews said that know one told him to approve the Team Contract.

Job Corps has no policy regarding the use of competitive or noncompetitive procedures.

Special Agent Irene Riegner

Date Dictated _____

By _____

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At Washington, D.C.

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U.S. DEPARTMENT OF LABOR
Office of the Secretary
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REPORT OF INTERVIEW

June 8, 1981

Date of Interview _____

On the above date ROBERT KALEY, Manpower Development Specialist, Recruitment Division was interviewed in room 6022 of the Patrick Henry Building by Special Agent Joan A. Nugent. After identification procedures KALEY voluntarily provided the following information.

Several individuals have worked on the NFL Players Association contract in the last couple of years. Jack Davis was the original field representative for approximately 2 years, then Susan Pollock had the contract for a few months. Kaley was the third Fed Rep. He was assigned this contract in October 1980 and since then it has been given to John Plummer.

Kaley not aware of any particular problem with contracts that were signed January 19, 1981. He has had problems due to the freeze. This office was not able to get necessary printing done that they needed to properly run their programs.

Other problems Kaley mentioned were that Fed Reps do not have the authority to check books and records of contractors. They approve invoices and monitor the contracts. Fed Reps are not involved in audits and the audits not done for two to three years after the contract is complete. He further stated that they have no control over management fees which are set by the department and often when they are increased contracts have over-runs.

Date Dictated 6/8/81

By Special Agent Joan A. - Nugent

Date Transcribed 6/10/81

At Washington, D. C.

File No. 30-0578-0003

U.S. DEPARTMENT OF LABOR
Office of the Secretary
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REPORT OF INTERVIEW

June 10, 1981

Date of Interview _____

Gerald Rosenthal, Director of Program Management Staff of the Office of Comprehensive Employment Development, (OCED) Department of Labor, Patrick Henry Building, 6 and D Streets, Washington, D. C., telephone number 376-6245, room 7122, was interviewed by this Special Agent. After identifying myself, Rosenthal voluntarily made the following comments.

This Department normally handles items such as space allocation and procurement. However, early in 1980 Rosenthal was assigned the CETA and the ARTS projects. The National Consortium, contract number 99-0-2403-08-1 and the Al Nellum and Associates, contract number 99-0-2661-08-81, were two contract under this program. These contracts were funded under the CETA, Title III discretionary money.

Rosenthal heard that Ernest Green was getting pressure from people in the ARTS. Green devised these program and appointed a female friend of his Rae Moore to administer the contracts. Green transferred her and her programs out of his office and into OCED. Rosenthal did not know why the program was moved to OCED instead of to the Office of Special National Program (OSNP) under Fernando Alegria. In early 1980, Rosenthal received a memo from his supervisor, Robert Anderson, Director of OCED, assigning Rosenthal to oversee the CETA and the ARTS project.

At the time that Rosenthal was assigned this project Moore was hired as a consultant to the government and could not sign vouchers. Rosenthal was to review the vouchers and sign them and to oversee Moore's activities. Even though Moore worked for Rosenthal and for Anderson, she took her orders from Green.

Moore was eventually hired as a temporary employee but her employment was terminated one month ago.

Her telephone number may be

She was in the Office the night of January 19, 1981.

Moore was suppose to monitor the ARTS contracts and there should be written reports concerning her finding. Rosenthal did not have any of these reports.

Date Dictated 6/12/81

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The vouchers that are submitted for payment are itemized. There is a line item for consulting fees and sub-contractor. Rosenthal said he would check the names of the sub-contractors and consultants listed on the vouchers. He will also review the contracts to see if they had an increase in the consulting fee between November, 1980 and January, 1981.

Prior to the new administration, Lamond Godwin, director of the Office of National Programs, sent telegrams to all the ARTS programs extending their contracts and telling them to spend all their money. Rosenthal said that only the people close to Godwin and to Green know about the telegrams and actually sent them. He did not think that William Kacvinsky, currently the Acting Director of the Office of National Programs, signed the telegrams.

The contract with the National ART Consortium (NAC) began in October, 1979 and should have ended September 10, 1980. In January the contract was modified to extend through the end of March, 1981. A modification is in the process to extend the contract until the end of fiscal year 1981. The contract is a program to train set and light designers and ARTS Managers. The contract was non-competitive.

The contract A.L. Nellum and Associates, costing about 550,000.00, was affected May, 1980 through May, 1981. It was 8A contract through the small business administration. Rosenthal said that Nellum is an old firm that does an excellent, professional job. Under the contract, Nellum is to arrange for a number of CETA sponsor ART conferences which would give skills to ARTS organizations and finding funding and setting up programs. There also producing a resource book for ARTS organization.

The contract was modified in January or February and extended through April, 1982. Rosenthal said this was not part of the January 19, mid-night give away. The contract is currently being modified reducing the time period to September 30, 1981 and reducing the dollar amount.

Rosenthal's contact at Nellum is Robert Lever, the Project Director for this contract. Rosenthal did not know Mr. Skuce.

Rosenthal said that he would provide me with a copy of the memo from Robert Anderson, a list of consultant and sub-contractors, and the results of a review of the consulting fees in the contracts, between November, 1980 and January, 1981.

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview June 9, 1981

Marilyn Smith, Federal Representative with the Department of Labor, Office of National Program for Older Workers, Patrick Henry Building, 6 and D Street, Washington, D. C., room 6122, telephone number 376-6232, was interviewed June 9, 1981 by this Special Agent. Smith's social security number is 211-34-7949.

Smith is a Federal Representative for the Grant involving the National Counsel on the Aging (NCOA). She administers contract number 99-0-162-33-48. This grant, which was affected from November 1, 1979 through October 31, 1980, was funded from discretionary money under CETA Title III, Section 301. The contract was extended last November 25, 1980 and will continue through November 30, 1981. This program, called Jobs for the Elderly, is an old program which was transferred from the Department of Commerce, Economic Development Administration, to the Department of Labor, at least 4 years ago. Smith did not notice any flurry of extensions or of increases in additional monies between November, 1980 and December 19, 1980.

Over the past several years, the Office for Older Workers has been trying to phase this program out and incorporate it under Title V of the Older Americans Act, the Senior Community Service Employment Program (SCSEP). These are continuation of old programs, such as operation main stream. No new contractors have been given this discretionary money.

Smith said she never received pressure from Supervisors or Administrators in reviewing the grants and contracts.

The usual procedure for grant approval is the following:

The Department of Labor sends out a grant package to the participating national organizations and states. The nationals and the states send in a preapplication and then an application. The application is reviewed by the federal representative. Negotiations perchanges are done by telephone or mail gram. Supervisors sign the mail grams usually, Paul Mayrand would sign the grant Signature Sheet. Then the official notification of the amount of money is given to a grantee. However, since January 20, 1981, Mayrand has not had signature authority and William Kacvinsky is signing the grants. Six copies are sent to Contracting Services. Contracts distributes copies of the grants. One copy goes to One America.

Date Dictated 6/12/81

By Special Agent Irene Riegnor

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At Washington, D. C.

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Under a contract with the Office of National Programs, this organization notify agencies and organization each region about what grants have been approved in that area.

The procedures to approve discretionary money are the same with one exception: No application package is sent to prospective contractors. Smith did not know how contractors hear about the availability of discretionary money.

In 1977, five national organizations provided services to the Elderly under Title V of the Older American Act. These organizations had previously administered operation main stream. The organizations were NCOA, The National Counsel On Senior Citizens, The U.S. Forest Service, Green Thumb Incorporated, The National Association of Retired Teachers. In 1977, the Administration decided to expand the number of providers of services for the elderly to include minority national organizations. A Request For Proposal (RFP) was devised. Out of this competition, three additional organizations were chosen to deliver services for the elderly; the National Urban League, the National Center and Caucus for the Black Aging, and the National Association for Pro-Spanish Speaking Elderly (ANPPM).

U.S. DEPARTMENT OF LABOR
Office of the Secretary
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REPORT OF INTERVIEW

June 5, 1981

Date of Interview

On the above date Chuck Easton, Manpower Development Specialist, was interviewed in room 6113 of the Patrick Henry Building by Special Agent Joan A. Nugent. After identification procedures EASTON voluntarily provided the following information.

EASTON has worked in this job since 1968. During that time he has had many title changes that were due to reorganizations, and/or change of administration.

EASTON is a Federal Representative working predominately with CETA On the Job Training programs.

He was not the original Fed Rep for contract number 99-0-141-042-15 with Association of Small Cities. Charles Liberty was the initial Fed Rep; however, after some adverse publicity regarding this contract, Easton was assigned as Fed Rep. His opinion is that this contract was "funded to do nothing". The Inspector General Office has conducted a case on this contract. The contract is no longer being funded and the organization was required to pay back some funds to the government.

Robert J. McConnon was the Director of Office of National Programs before Lamond Godwin. When Godwin took the job the title was changed to Administrator of the Office of National Programs. When McConnon was the Director the Fed Reps usually participated in negotiations; however once Godwin took the job Fed Reps were no longer included in the negotiations. This created many problems for the Fed Reps since they did not know what had been agreed to at negotiations. The Fed Reps had specific regulations to follow and wrote the contracts according to regulations. Items agreed to in negotiations that were over and above what the regulations stated had to get a waiver and/or approval from the Contracting Officer.

Most of the time the reason a Fed Rep was changed on a contract was due to normal circumstances, overload, change in procedures or reorganization.

Date Dictated 6/5/81

By Special Agent Joan Nugent

Date Transcribed 6/9/81
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The two units in this section are Target Outreach Program (TOP) and On Job Training (OJT). The Office of National Programs deal with contractors that service multi-states.

EASTON was aware that some Grants were issued on January 19, 1981. Some of the problems EASTON feels exist in issuing grants is that Grants permit contractors to shift money, and Grants cannot be stopped for convenience of the Government only stopped for cause. He is opposed to Grants.

Other problems the Fed Reps are dealing with are (a) Audits are being done without contacting the Fed Reps. (b) Most Fed Reps are overloaded (c) Easton also is of the opinion that indirect cost should not be allowed.

U.S. DEPARTMENT OF LABOR
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REPORT OF INTERVIEW

June 5, 1981

Date of Interview _____

On the above date Linda Ross, Project Officer, Office of Youth Programs Division, was interviewed in room 7120 of the Patrick Henry Building by Special Agent Joan Nugent. After identification procedures Ms. Ross voluntarily provided the following information.

Ross left for a Florida vacation on January 14, 1981 and did not return till the first part of February.

After she returned to work she was asked to trace the paper trail of several contracts dealing with the Womens Bureau project on Solo Parents.

Several proposals that were not acceptable to Ross when she left on vacation were completed in her absence.

Ross provided me with copies of what she found happened on the following contracts; Dr. Benson E. Penick, Alabama State Department of Pensions and Security, Delta Sigma Theta Sorrity, Inc, and University of the District of Columbia. Recommendations that all these contracts be terminated except Delta Sigma Theta which the recommendations state negotiations should be completed to draw up a statement of work and finish the "contracting" procedures.

Also provided be Ross was a detailed report concerning many problems the Office of Youth Programs and the Womens Bureau had. Attempts to develop a good working relationship between the 2 offices were unsuccessful and deteriorated significantly during the last few months Alexis Herman was the Womens Bureau director.

Linda Ross has an appointment early next week (June 8 or 9) with Dorothy Wigglesworth of the Womens Bureau to discuss Work Statements and other facets of the remaining contracts for Solo Parents. Ross hopes this meeting will be more productive than previous communication with the Womens Bureau. Ms. Wigglesworth in the past has not appeared to be

6/5/81

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By Special Agent Joan Nugent

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At Washington, D. C.

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very cooperative; however, Wigglesworth told Ross a few months ago she knew that the information she was providing the Office of Youth Programs was not what Ross wanted but that there was nothing she could do about it. Ross hopes that with Herman no longer being there the communications between the two agencies will improve.

Ross admitted that some of the projects for the Womens Bureau took an unusually long time for her to process. She was not satisfied with the work statements and attempts to coordinate with the Womens Bureau failed to correct the problem. Occasionally some of these questionable contracts would disappear and she would have to wait till she received another copy before she could work on the contract.

Another report provided gives details concerning the project Research Agent. This project was for \$484,000. and appears to have many questionable areas.

A copy of a telegraphic message sent to Dr. Benson Penick on January 19, 1981 signed by Lamond Godwin and a letter to Mona Bailey, President, Delta Sigma Theta Sorority, Inc. were among the documents turned over to me during this interview.

The original contracts for Solo Parents was for \$2,000,000. at this point only \$800,00 is to be funded.

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview June 10, 1981

Richard Carney, Federal Representative with the Office of Special National Programs, Department of Labor, Patrick Henry Building, 6 and D Streets, Washington, D. C., telephone number 376-7148, room 6200, was interviewed by this Special Agent. Carney is responsible for the contract solar america number 99-1-2475-42-9.

Solar America is the establish a computerized, recuitment and referral system to recuit Hispanics for professional jobs in the federal service.

During June and July, 1980, Solar America was awarded a planning contract, affected May 15, 1980, for 96,413. On December 5, 1980, they received a contract for 455,570. The money comes from CETA Title III discretionary money, rural initative. This is an 8A firm.

Carney was not involved in chosing solar america for this contract. He became the federal representative in July after the planning contract had been signed. Carney said that Lamond Godwin and Emile Melizzia chose Solar America for this grant. Melizzia, University of North Carolina, Chapel Hill, was on an IPA (Intergovermental Personal Act) in Godwin's office. Melizzia is not a computer expert. Godwin is the Director of the National of National Programs.

Prior to the contract with Solar America, the Department of Labor had a contract with a firm called IMPAG-VOS to establish the computerized job bank described above. Carney did not know anything else about the image contract.

Carney did not become involved with Solar America until negotiation for full-funding began in the fall of 1980. At a meeting on September 1980, attended by Carney, William Macko, A computer expert from the Inspector General's Office (but not representing the IG), Judy Sorum; Special Assistant to the Secretary of Labor, Ray Marshal, and Sam Degenova Director of the Office of Special Personnel Services, listen to a description of the Solar America Program, presented by Andrew Ramirez, Vice-President of Solar and Donald Morgan, the Fiscal Officer for Solar. The described the equipment they would be using in setting up this computerized system. After the meeting, Macko said that the equipment they had could not perform what they expected it to do.

Carney reviewed the proposal submitted by Solar, approxinately late October or early November, but did not recommend full funding (see memo). At that time he did not believe that Solar was able to produce the product because they

By Special Agent Irene Riegnor
Washington, D.C.
At _____

Date Dictated 6/12/81
Date Transcribed 6/15/81
File No. 30-0578-0002

were supposed to have had a workable product by the end of a planning grant. He recommended full funding but would give them only 150,000 until the systems becomes operational. This proposal cost over 500,000.

Carney described the usual funding procedures for the Secretary's discretionary money. He said that RFP's are rarely used. Usually an organization presents a proposal, which is National in scope, and the Office of Special National Programs reviews it. Proposals are not solicited from other organizations. The federal representative reviews the proposal by this submitted and makes a recommendation for funding. Then the proposal with the recommendation is sent to a committee for final determination. The committee was composed of Assistance Secretary Ernest Green, Godwin, and three or four other people. Fernando Alegria, the Director of the Office of Special National Programs is not on the committee. The committee has very general guidelines for reviewing proposals.

The proposal from Solar America did not follow these procedures and a meeting in November (see memo - no date), Godwin said that the Department would fund Solar America for approximately 455,000. Carney had recommended a medium level of funding. He was not aware of Godwin's decision prior to the meeting. Those attending the meeting were Godwin, Carney, Alegria, Ramirez, and one other representative from Solar. The meeting was held in Godwin's office. (see memo)

Prior to this meeting Carney had heard that the proposal would be funded but at a lower level. Through Alegria, he was told to negotiate a lower level of funding and, therefore, a lower level of service. He said that Solar America submitted proposals at various funding levels beginning with rather at about 230,000.

After he realized that Solar would be funded, he sent a letter dated January 23, 1981, telling Solar to upgrade their equipment and to obtain the services of the computer specialist. There was no increase in the amount of the grant. This step is unusual. The federal representative usually assumes that the organization knows how to proceed with the project. This advice was given as a result of the discussions with Macko that followed the September 24, 1980 meeting.

Solar decided the use Wang equipment but Carney did not know the basis for this selection.

On April 21, 22, 23, 1980 Carney and Macko visited Solar America and saw a demonstration of the equipment. The system was working.

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 11, 1981

Date of Interview _____

Richard V. Anderson, a Government Authorized Representative with the Job Corps, Department of Labor, Patrick Henry Building, 6 and D Streets, Washington, D. C., room 6114, was interviewed by this Special Agent. Anderson is responsible for Job Corps Staff Training Project for the ten region and for the Job Corps Center. He reports to Wilbert Solomen, Deputy Director of the Job Corp. After identifying myself, Anderson made the following statements voluntarily.

Anderson is responsible for three contracts with Aurora Associates, 1140 Connecticut Avenue, Suite 1200, Washington, D. C., telephone number 659-0480. The contracts are 99-0-2167-36-0004, 99-0-2167-43-156, 99-1-2177-43-27.

Anderson explained his connection with Aurora Associates. The president of Aurora is Robert Walker. Anderson worked with Walker when Walker was employed by Executive System Corporation, an Education and Management consulting firm. When Walker opened his own consulting firm, Aurora Associates, Anderson continued to contract with either Aurora Associates or with Walker.

According to Anderson, the Employment and Training Administration (ETA) established a procurement policy which stressed contracting with Minority of Firms. This was promulgated by the assistant secretary, Ernest Green. Anderson said it was a written policy but he could not find a copy of it. The contracting priority was; Minority Business, Small Businesses, Competitive Bids, Sole Source. Anderson said that he "got the word" that Job Corp should contract with more 8A firms.

Contract number 99-0-2167-36-004, effective from January 29, 1980 through August 31, 1980, costing \$63,000, was to provide 5 sessions of three and a half days of training persession to project directors in the regional offices who administer the Job Corp Contracts. This contract was extended to December 31, 1981 and \$32,000. was added to the amount. The contract was again extended, the April 30, 1981, and 39,527.00 was added to the contract. With this money Aurora was expected to produce a training program on advance procurment procedures, for regional directors, and to create a handbook on financial management which would include procurement procedures.

Anderson said that he contracted with Aurora though the regular 8A process but did not know exactly what the steps of this process were.

Date Dictated _____

By Special Agent Irene Riegnor _____

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At Washington, D. C. _____

File No. _____

He identified Aurora as the organization to do this work because of his previous experience with Robert Walker.

Contract number 99-0-2167-43-156, affected September 29, 1980 through December 31, 1980 costing 132,700.00 (Anderson could not find the original award contract and reduce this from later modification), plus to provide an indepth analysis of training needs and a design of a management assistance and training system for the Job Corps. Modification one increase the cost of the contract by \$68,100. to a total of \$202,800. Modification number 2 extended the contract from December 31, 1980 through June 30, 1981. Modification number 3 set the final indirect cost rate at 100.2 percent. A modification to extended the contract and to added an additional \$76,000.00 to the contract is in process.

Anderson said that the Job Corp does not set the final indirect rate. This is established by the Office of Cost Determination. Joseph Handzo negotiated this rate.

Under this contract, CONSULT is a sub-contractor to Aurora. Consult is located in the ring building 1200 18th Street, N.W., Washington, D.C., Suite 707, telephone number 822-0971. Edwin Prego is the President of CONSULT, Edward Kazemek is the Vice-President and Jose Deolivares is the Senor Consultant.

Consult is not an 8A firm but Aurora is an 8A firm. (Different procedures would have to be persued in order to get a prime contract for consult.)

The original purpose of this contract, test 1-6, were completed by September 31, 1980. The remaining time and cost of the contract is taking up by task number 7. Under task number 7, Aurora provides "legistical support for the residential assessment efforts" in the Job Corps; they provide the backup for task force meeting. Dr. Kenneth Feigenbaum, who on an IPA from Antioch College, is sueing the assessment. According to Anderson there is only a tinous relationship between Feigenbaum and Aurora.

Contract number 99-1-2177-43-27, costing 5.7 million dollars over 3 years, is effective for 1 year January 1, 1981 though December 31, 1982 and will cost 2.5 million dollars for that one year. This is a two year contract with an option to renew for an additional year. This is an 8A contract through the Small Business Administration. The contract was signed December 31, 1980.

Under this contract Aurora is expected to implement and administer for the Job Corps a Management Assistance and Training System (MATS). The MATS is a consuladated system in 6 areas: 1. Program Activities, 2. Program Management, 3. Special Programs, 4. Contract Administration, 5. Special Activities, 6. Administration and Management.

There are several contractors under Aurora. CONSULT is again a sub-contractor. It's job is to maintain a quality control system of the training major which Aurora will create. Anderson agreed that this could be a source of conflict since they evaluate a program of the business to which they are subcontractors.

Anderson said, however, that the check on the quality of work from CONSULT is the "grapevine feedback" from the Job Corps Personnel.

CONSULT will also develop and implement an annual needs assessment of staff training needs in the centers operated by the Job Corp.

JTC Environmental Consultant Inc., another sub-contractor to Aurora, will monitor the health environment of the Job Corps Centers. This firm is located at 7979 Old George Town Road, Bethesda Maryland, 20014.

This multi million dollar contract with Aurora was not competitive. No consideration was given to invite other businesses to bid. Anderson wrote a memo, dated November 14, 1980, to the Small Business Administration just to find the selection of Aurora (see memo). The usual procedure in soliciting a contract is to ask the Small Business Administration for three to four names of possible providers. Each provider is asked for statement of work and a discussion is made on the spot.

CAPPA System, Inc., a Small Business, not a 8A firm, has large a complaint against Aurora. CAPPA wanted the opportunity to bid on this contract. CAPPA had had a contract with the Job Corps to monitor the health systems. Anderson decided that all the systems should be integrated under the MATS and decided to allow Aurora to take over the monitoring of the health system.

U.S. DEPARTMENT OF LABOR

Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 10, 1981

Date of Interview _____

Gerard Herbert, Unit Chief, Job Corp, Division of Technical Assistance in Vocational Education and Basic Education, Patrick Henry Building 6 and D Streets, Washington, D. C., telephone number 376-7615, room 6122, was interviewed by this Special Agent.

Herbert is responsible for the contract with Team Associates Contract, number 99-0-2842-43-155. After I identified myself, Herbert provided the following information.

This contract with TEAM effected September 15, 1980, cost 99,969.42. The contract has not yet been amended; however, a modification is currently in process to increase the amount of money. For Team to organize a Job Corp conference in September for all center directors (about 104). No modes were initiated in October, November, December.

The first Job Corps contract with Team began in 1978. Team is an 8A contractor. Other 8A contractors with the Job Corps are A. L. Nellum and Aurora Associates.

This Team contract was not actually not with the Job Corps. The contract was between Team and the Office of Technical Assistance and Training (OTAT). Herbert prepared a statement of work and a purpose request. Base on these specifications, Gerry (probably Geraldine) Fiella, at that time on an IPA from the University of Michigan. Herbert and Fiella interviewed representative from all these organizations and than, both recommended that Team receive the contract. The recommendation was not in writing. Herbert said that the president and Vice-president of Team, Merion Solomen and Joan Cooper, had been on the staff of a Job Corps Center in Washington, D. C. This gave them a slight advance among all the entrance.

According to Herbert, the Job Corps Director, Richard Jaffe, wanted to establish a system to get immediate feedback from Job Corp Center Director. He decided to establish a Center Director's Work Group comprising 25 Center Directors meeting two a year. The Job Corp System has approximately 104 Center Directors. Team said the administrative work in setting up these meeting. There have been two meeting thus far.

Date Dictated _____

By Special Agent Irene Riegnor _____

Date Transcribed _____

At Washington, D. C. _____

File No. _____

Herbert differentiate this contract from contracts for training Niger. This contract a request for proposal was not issued and was not advertised in the Commerce Daily. He said that no thought was given to other contractors and that he never analyzed the cost of this contract verses the Cost of Hiring additional staff in house to coordinate these conferences. Herbert said that he had recommended Team.

If work needs to be done under a Team contract, Herbert said he would initiate a statement of work and send this request to Robert Parker the Federal Representative with OTHE for this Team contract.

Herbert said he never had any pressure from above to approve contracts with Team. He said; I go with Team because they have a relatively good product. He said no special contracts were initiated or extended in November, December, or January. He said there was no midnight appointments or contract signing.

In January the following purchase orders for services were initiated;

1. Vocational Inturn Ship Project \$174,000.00 12-30-80 (Handicapped)
2. Cortez Peters Typing \$16,000.00 1/12/81 (Minority Firm)
3. Educational Testing Service \$50,000.00 1/19/81 (Evaluation of Training)
4. Audio Visual Training \$22,000.00 1/12/81
5. Driver Training Workshop \$15,000.00 1/12/81
6. John Willcox \$9,500.00 (Sole Source - Not Yet Approved)
(Develop competency base curriculum in various skill areas)

Purchase orders are usually signed within 10 working days of leaving this office.

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

June 11, 1981

Date of Interview _____

Margaret (Peg) Crosby, Acting Director of the Office of Migrant and Seasonal Farmworkers (MSFW), Department of Labor, Patrick Henry Building, 6 and D Streets, Washington, D.C., telephone number 376-7623, room 6318, was interviewed by this Special Agent. Crosby's usual position is that of Chief of Administration and Design. After identifying myself, Crosby gave the following information.

Crosby is responsible for administering contracts with One America, Inc., contract number 99-0-2554-08-55, and contract number 99-1-1921-08-41. One America is an 8A firm with contract through the small business administration.

In the evening of January 19, 1981 there was a farewell party for Lamond Godwin, the Director of the Office of National Programs, in his office. Among those at the party were Alexis Herman, Director of the Women's Bureau, Ernest Green, Assistant Secretary of Labor and Godwin. According to Crosby, Godwin allowed things to pile up on his desk. She believes that the contract signing that occurred on January 19, 1981 was a result of this habit. She said that Godwin had been in and out of the office several weeks prior to that evening and probably had not signed any contracts in the period. She said that he signed several contract that had been waiting for his signature for almost a year, for example, the contract with the National Counsel of Negro Women.

Contract number 99-1-1921-08-41, affected from January 19, 1981 through January 18, 1982, is costing \$339.00 this was Title III Section 303 discretionary money. Under this contract, One America was to establish a tracking an analysis system for tracking the money used in the MFFW Program.

No RFP was used to solicit proposal for the project. At least 2 years ago, Crosby said she suggested to her supervisor Lindsay Campbell, and to Godwin that a tracking system should be set up to analyse financial data. Sometime in early October, 1980, Campbell and Godwin said they wanted the (Energy) training program for MFFW's evaluated. Judy Jenkins, Vice-President of One America, reviewed the in house information and said she could not evaluate the program since it had already been done by the Department of Energy. Crosby said she pressed for a tracking system.

Date Dictated _____

By Special Agent Irene Riegnor

Date Transcribed _____

At Washington, D.C.

File No. _____

In early January, 1981, either Campbell or Godwin verbally told Crosby that she would get her tracking system.

A proposal, dated January 12, 1981, for the Design and implementation of a information system was received by Crosby from One America. The Procurement Action Request (PAR) was signed and dated January 9, 1981. (see exhibits)

Crosby reviewed the proposal made some minor cost changes and initial off. The proposal then went to Lowie Watts in contracts who coordinated the 8A contracts with the Small Business Administration. Godwin signed the contract.

Contract number 99-0-2554-08-55, affected March 10, 1980 through November 30, 1980, cost \$252,002. The money was CETA Title III discretionary money. Crosby thought that the time frame had been extended but could not find the mode to prove this. In cooperation with the Office of Personal Management, with the Department of Labor and with ten other Government agencies, One America was to recruit and screen Women for federal jobs in D.C. One America was to provide counseling and to prepare the Women to take the federal examinations for clerical positions.

Between August, 1979 and September, 1979, there was an in house recruitment of 25 Hispanic Americans for clerical jobs at the GS-2-3 levels. Godwin was pleased with the results of this program and decided to expand it to other agencies. When Crosby became involved, sometime in January or February, 1980, One America was already negotiating a proposal using the Mexican American Women's National Association (MANA) as the sub-contractor to do the recruiting. According to Crosby, MANA did not have the management capability to run the program on its own.

On December 14, 1979, Sam Degenova Director of the Office of Special Personnel Services Frank Yeager, Director of Personnel, Godwin, and Crosby met to discuss the hiring of additional hispanic. At this time they considered using people on IPA's recruited from grants to National Hispanic organizations. Later this was though to be illegal and the plan was dropped.

A memo dated December 14, 1975 to Godwin established the primaries of the program. At that time a PAR was drafted for \$200,000.00. This was later increased to \$252,000.00 because of increase travel cost.

In January, 1980 numerous support letters were received from hispanic organizations in favor of this program.

By the February 28, 1980 meeting between Crosby and MANA and One America, Crosby was receiving pressure from Godwin, Yeager and others to began the program.

On March 4, 1980, One America submitted a proposal to administer this program.

Crosby said that the MFFW program and the hiring of additional hispanic in the federal service was a priority of the Carter administration.

MANA is located at L'enfant Plaza Station, P.O. Box 2356, Washington, D.C. 20024. Wilma Espinoza was the project director. Elizabeth Montoya is another name associated with that organization.

Crosby said she was never pressured by Godwin when ever she was coordinating a panel and that he never interfered with the panel process.

She said that Godwin was ethical in his dealing innovative, and opened many new opportunities for MSFW's.

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview June 5, 1981

On the above date Shirley Smith, Employment Counselor, was interviewed in room 8120 of the Patrick Henry Building, by Special Agent, Joan A. Nugent. After identification procedures Ms. Smith voluntarily provided the following information.

Smith has been with the Labor Department for 20 years, 12 years as an Employment Counselor. She acts as Fed Rep since none are assigned to this office.

The contracts that were caught in the "pipeline freeze" that pertained to this unit had been in the works since last fall. In November or December during a meeting with Barnicle the decision to fund 3 of their projects through contract was approved. They were waiting for the money to be released.

Originally the Youth Career Development project was due to start in September 1980, and the Project Study was due to start in January 1981; however due to shortages projects were held up.

Funds given to these projects had to be transferred to Regions. In February they were given start up money. The end of January through February and March more specific information was required pertaining to contracts. After obtaining the specific information required initial funding was started.

Smith was unaware of contracts that had not been processed in the normal manner being funded on January 19, 1981.

By Special Agent Joan Nugent
At Washington, D. C.

Date Dictated 6/5/81
Date Transcribed 6/9/81
File No. 30-0578-0002

6/1/81

2 pages

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CERTIFIED PUBLIC ACCOUNTANTS
1825 K Street, N.W., Washington, D.C. 20006 (202) 293-5713

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Call Al Melberger
(016 Audit)
for details,
if necessary*

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VIRGILIO BLONDET, JR., CPA
FEYISSA GHENENE, CPA

May 27, 1981

Ms. Dawn E. Schraegle
200 Constitution Avenue, N.W.
Room S5030
Office of Inspector General
U.S. Department of Labor
Washington, D. C. 20210

Dear Ms. Schraegle:

As per our conversation this morning I am enclosing the new firm brochure for Mitchell/Titus & Co. This updates an overview of the character and structure of our firm.

Please do not hesitate to call me should the needs of the National Office require the services of a Washington, D. C. firm.

Sincerely yours,

MITCHELL/TITUS & CO.

Ronald P. Walker

Ronald P. Walker
Partner in Charge

Enclosure

OFFICE OF
INSPECTOR GENERAL
OFFICE OF AUDIT

MAY 29 3 52 PM '81

RECEIVED

006030

4'86 Contract

GARRETT, SULLIVAN & CO.

~~File~~ & Wash
Durham

Bowie, Oliver

Chen, Winston
Covington, Francis

Davenport, Walter
Davis, Willie
Doherty, Martin

Garrett, Nathan
Graham, Susan
Grant, Joyce

Hobgood, Charlie
Holmes, Douglas

Jackson, Harris
Jenkins, Frank
Jenkins, George

Martin, Bobby
Muhammed, Gretchen

McNamee, Richard
McQuay, Dave

Peterson, Ron

Rainey, George
Richardson, Kim

Sanders, Lee
Smith, William

Stubbs, James

Vital, Rose

Wright, Judith

26

115-10101

MITCHELL, TITUS & CO.

Nic E Wash

Blondet, Virgil

Defretos, Amory
Doctor, Abbas

Ember, Steve

Farley, Rick

Ghenene, Feyissa
Green, Jeff

Kanskinsky, Steve

Lewis, Toni

Mitchell, Bert

Ostrow, William

Paradee, Taweesak (Sak)
Petel, Vinod

Kagaza, Aurroa
Rangle, Carlos
Rao, Siddarth
Rubin, Michael

St.Helein, Sererian
Sloan, Edward
Stafford, LeRoy
Sterba, Jerome

Thompson, Jeffrey
Titus, Bob

Walker, Ronald
Westley, Merriam
Willis, Bob

Zupka, James

22

WATSON, RICE & CO., Inc.

Cleve E. Wash

Ahmad, Mario
Austin, Karen

Boyd, Lurether

Carnahan, Dale
Creel, Henry
Cruz, Conrad
Cruz, Sotelo

Forbes, Scott

Hadnott, Bennie
Hemphill, Jesse
Hester, Geraldine
Howard, John

Jones, Michael

Kulkarni, Gary

Little, William
Lovi, Donald

McMillian, Jimmy

Nwachukwa, Emelike

Okola, Timothy

Pan, Wei
Pennerman, Renee
Powers, Mark

Razzouk, Amtone
Rice, Robert
Richardson, James

Smith, Tony
Solomon, Fred

Taylor, Frank
Tramble, Renee

Watson, Thomas
Weisheit, Gregory
White, David
Williams, Mary

Zupka, James

Denver

Adamson, George
Ashby, Lucius

Buchanan, Nancy

Coston, Sandra

Fellerman, Henry

Gentry, Roy
Goldstine, James
Grant, Debra

Hinman, Rick
Huffman, Mike

Jackson, Elmer
Johnson, Dennis

Kolb, Catherine
Kramer, Terry

Lowrey, Joe

Malory, Charles
Mathew, George
Merhoff, Mark

McHenry, Beverly

Patel, Suresh
Pond, Thomas

Rankin, Beatrice
Rhyne, William
Ruthven, James

Scott, Kerry
Self, Frank
Son, Kee

Woods, James

U. S. Department of Labor

Office of Inspector General
Investigations (Fraud)
4040 Fairfax Drive
Suite 1002
Arlington, VA 22203
Reply to the Attention of:



20 MAY 1981

MEMORANDUM FOR: DEIRDRE TANAKA
Special Agent-in-Charge
Chicago Region *Deirdre Tanaka*

FROM: DAVID E. SHARRIER
Acting Special Agent-in-Charge
Philadelphia Region

SUBJECT: Request for Auxiliary Investigation
File #30-0578-0002

Forwarded herewith is a request for auxiliary investigation relative to the above stated case. Thank you for your assistance in this matter.

ROUTING AND TRANSMITTAL LIP		Date
		5/22/81
TO: (Name, office symbol, room number, building, Agency/Post)		Initials Date
1. Mac Statham		
2.		
3.		
4.		
5.		

Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	☒ For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

What is the status of the investigation?

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)	Room No.—Bldg.
Sylvia Horowitz	Phone No.

5041-102

★ GPO : 1976 O - 241-530 (3103)

OPTIONAL FORM 41 (Rev. 7-76)
 Prescribed by GSA
 FPMR (41 CFR) 101-11.206

30-0578-0002

CONTROL NUMBER: SOL-002680-81

SOL 2509

MAY 15 1981

Mr. John O'Connell
9842 Baseline Drive
Dallas, Texas 75243

Dear Mr. O'Connell:

Your letter of March 16, 1981, to President Reagan concerning the award of CETA funds in the last months of the previous administration has been referred to me for a response. We appreciate your concern as to these matters. We are looking into matters concerning last-minute approval of contracts and will take appropriate measures in the event that we find irregularities. I can assure you that the Office of Inspector General is doing its utmost to carry out its responsibility for prevention and detection of fraud and abuse in Department of Labor programs.

Sincerely,

Frank Yeager
Acting Deputy Inspector General

BBrown:bmp:5/11/81
NDOL N2428:ext. 38176

EXECUTIVE SECRETARIAT
WHITE HOUSE BULK MAIL
CONTROL RECORD

Bureau
Letter for Deputy
APR 30 4 01 PM '81

DUE DATE: 81/05/13

CONTROL NUMBER: SOL-002680-81

Originator: John O'Connell

Date of Letter: 81/03/16

Date DOL Received: 81/04/28

ACTION AGENCY: SOL

DATE SENT: 81/04/28

Instructions:

- 1) Always keep Control Record #SOL-002680-81 with the attached correspondence.
- 2) SOL retains these original documents. Should you require a copy of these documents, please make a copy for your records. The Executive Secretariat does not retain the original nor a copy of these documents.
- 3) When a response has been sent to John O'Connell, please follow your agency correspondence guidelines so that the Executive Secretariat can be notified of the date of the response.
- 4) If Control Record #SOL-002680-81 is misrouted, immediately return these documents to the Executive Secretariat, Office of the Secretary located in the Frances Perkins Building, Room S-2519.

Executive Secretariat
FPB - S-2519
523-7661/6019

Sol
509

EXECUTIVE SECRETARIAT
WHITE HOUSE BULK MAIL
CONTROL RECORD

DUE DATE: 81/05/11

CONTROL NUMBER: EXSEC-002680-81

Originator: John O'Connell

Date of Letter: 81/03/16

Date DOL Received: 81/04/28

ACTION AGENCY:

~~EXSEC~~

SOL

DATE SENT: 81/04/28

Instructions:

- 1) Always keep Control Record #EXSEC-002680-81 with the attached correspondence.
- 2) EXSEC retains these original documents. Should you require a ccopy of these documents, please make a copy for your records. The Executive Secretariat does not retain the original nor a copy of these documents.
- 3) When a response has been sent to John O'Connell, please follow your agency correspondence guidelines so that the Executive Secretariat can be notified of the date of the response.
- 4) If Control Record #EXSEC-002680-81 is misrouted, immediately return these documents to the Executive Secretariat, Office of the Secretary located in the Frances Perkins Building, Room S-2519.

Executive Secretariat
FPB - S-2519
523-7661/6019



Department of Energy
Washington, D.C. 20585

April 27, 1981

Office of The Secretary
ATTN: Gail Lively
Correspondence Unit
Department of Labor
200 C Street, N. W.
Washington, D. C. 20210

Dear Ms. Lively:

Enclosed are two letters addressed to President Reagan which were incorrectly forwarded to the Department of Energy by the White House.

If you have any questions, please call me on 252-5106.

Sincerely,

A handwritten signature in cursive script that reads "Bonnie Betancourt".

Bonnie Betancourt
Director, Special Projects Division
Executive Secretariat

2 Enclosures

16
DOE

March 16, 1981

Labor

President Ronald Reagan
The White House
Washington, D.C.

Dear Mr. President,

I'm enclosing a newspaper clip from the March 8, 1981 Dallas Times Herald. It describes how one Ernie Green, an assistant labor secretary, shoveled out millions of dollars to various groups in the waning days of the Carter administration.

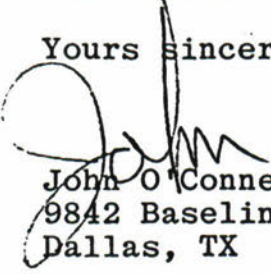
If what the story says is true, and it appears very well-documented, isn't there some way you can bring this guy to justice and put him in jail? Following policies is one thing, but what Mr. Green has done appears actually to be criminal.

I can't help but think that vigorous prosecution of Mr. Green would put all civil "servants" on notice that such contemptuous disregard for the rights of his employers, the people of this country, will no longer be tolerated.

You may be reluctant to prosecute him because he is black, fearing the political consequences. I can only say that justice is color blind and the only way you could discriminate would be not to prosecute him because he is black.

I support what you're trying to do in Washington. Don't hold back. Pull out all the stops and go for it!

Yours sincerely,


John O'Connell
9842 Baseline Drive
Dallas, TX 75243

301
0 28

Jul 2509

Carterite funneled CETA funds even after Reagan won election

by SPENCER RICH
Washington Post Wire

WASHINGTON — When Assistant Labor Secretary Ernie Green returned to the Labor Department last November after seven weeks as a paid consultant to the Carter-Mondale presidential campaign committee, he began turning out millions of dollars in post-election training grants. Many went to labor unions and established civil rights groups. Some went to individuals and groups that supported President Carter. Some went to Green's former firm, RTP Inc.

As assistant secretary of employment and training, Green had jurisdiction over the comprehensive employment and training program (CETA). Most of CETA's budget goes to state and local governments as sponsors of "area-wide projects, there are a few hundred million dollars in discretionary funds" that can be used for all individual grants such as job training and placement, for studies and experiments by community-based organizations.

Green had control of this money and the next few months he or aides acted assiduously at keeping out from

Even on Friday, Jan. 16, and then again on Monday, Jan. 19, the day before President Reagan was sworn in, they were still at their desks sending out commitments.

Some of these grant commitments are now under review by the new administration and will be investigated by Senate Labor Committee Chairman Orrin G. Hatch, R-Utah. Green, however, said in an interview that "I did not do anything illegal," improper or even irregular. "I've got nothing to hide on it, I'd love to see anybody who's interested raise the questions."

Green said with regard to the last-minute nature of the approvals: "My view of the job was to see that these organizations could continue to operate long after we left office," because it was clear to him that the philosophy of the new administration was "not one of support" for the kinds of training and job programs that minorities need.

Documents obtained by The Washington Post under the Freedom of Information Act show that among recipients were many, like Jesse Jackson, the AFL-CIO, and the Steelworkers, Food and Commercial Workers and United Auto Workers unions, that had strongly backed

the Carter-Mondale ticket in the 1980 campaign. Others, like the Martin Luther King Center for Social Change, the National Urban League and the National Council of Negro Women, involved people and groups with whom Green, the first

black graduate of Arkansas' famed Little Rock High, was familiar from his days as a civil rights activist.

The documents show that in the last few weeks before Reagan took office, tens of millions of dollars in "discretionary-fund" contracts were executed, including one for \$8.6

million on Dec. 31 to Green's former firm, RTP Inc. and a \$2 million one on Dec. 31 to Jesse Jackson's PUSH. On Jan. 16 and 19 alone, numerous contracts involving millions of dollars were executed. In many cases, where no contract had been negotiated, Green aides sent out a virtual blizzard

of last-minute telegrams informing various applicants that their requests for new funds or project renewals would be granted and they were permitted to spend a portion of the money until such time as a contract could be negotiated and signed.

Labor Department officials said that the normal

way of granting money is to examine the project, negotiate a contract and then sign it and that the volume of last-minute telegram commitments sent out just before Green, aide Lamond Godwin and others, left office is unprecedented.

Here are examples of grants on which notices

of approval went out in just the last few days before Reagan took office:

Telegram effective Jan. 12, \$199,200 to Athletes for Better Education; telegrams on Jan. 19, \$200,000 to Atlanta Junior College, \$175,000 to Benson Penick, \$102,000 to Black

Music Association, \$99,903 to Delta Sigma Theta, \$304,775 to National Council of Negro Women, \$650,000 to National Urban Coalition, \$423,767 to Headrest Inc., \$250,000 to National Council of Negro Women, \$50,000 to the National Urban Coalition; on Jan. 12, \$800,000 to the National Urban

League. And there are many more.

From November to Jan. 19, according to the records, at least 70 telegram commitments were made, totaling many millions of dollars. In the case of the Martin Luther King Center, according to an official, a request for \$200,000 was

made; officials said they would allow \$40,000 but no more until added materials justifying the project were submitted; but then without any further submissions a telegram was sent out okaying the whole

See GRANTS
on Page 31

Disbursement of federal contracts is being investigated by Reagan officials

GRANTS

— From Page 30

\$200,000. Similarly, officials now reviewing the PUSH contract consider that the documentation was too weak to support approval without substantial further study.

According to Labor Department records and

current program directors, the many telegram commitments, coupled with contracts that were granted without having been included in the spending plans drafted earlier by the department, added up to more, by the time Green left office, than the total of all the discretionary funds available for the

entire fiscal year, which ends next Sept. 30. Normally, only about 80 percent of the funds are committed in the first few months of the fiscal year, officials said.

On CETA Title III discretionary funds, as of Jan. 22 the entire \$137 million allocation available was used up and an

additional \$7 million committed, according to one memorandum obtained under the Freedom of Information Act. On Title IV youth project funds, it appeared from the records that the planned \$165 million had been overcommitted by about \$25 million, about half to two-thirds as a result of the last-

minute activities, officials said.

Records obtained under the Freedom of Information Act also show that during the years while Green was assistant secretary and in charge of CETA, fiscal 1978 to 1981, the firm Green headed before coming to the department, RTP of New

York, which helps place minority youths in construction training slots, obtained about \$36.5 million in contracts or commitments from CETA, including about \$16 million for fiscal 1981, far more than any previous year and about quadruple what it had been getting in fiscal 1978.

Rumors about the flurry of last-minute telegrams and the large grants to RTP reached the Reagan transition team for the Department of Labor, where Ray Donovan, and also were heard on Capitol Hill. The Labor Department is considering whether to cancel or re-

negotiate some of the commitments. Donovan, in a statement to The Washington Post, said, "We have been reviewing the situation. If there are violations of statutes, we will refer them to the U.S. attorney general." Green, however, said all the approvals were for projects that had

been previously okayed at least in concept by a special departmental committee consisting of himself and several other aides to then Secretary Ray Marshall. Moreover, he said there was full documentation to justify all approvals and if current officials say it was lacking in various places, "then they tore up the justification."

As for the grants to RTP, Green said first that since leaving it he hasn't had any financial connection to the non-profit group, and that department officers who had reviewed RTP's work judged that "they were competent, doing an outstanding job."

He also said all the RTP grants were cleared by the review committee. He said that other similar groups such as the National Urban League, National Council of Negro Women and OIC Inc. had also received substantially increased grants over the years of the Carter administration, because

"we did pursue an effort to bring community-based organizations into the targeting."

"There was no conflict, no impropriety. I don't have anything to do with RTP. RTP was doing contract work with the Labor Department when I got the appointment. They can stand or fall on their merits."

On the Jackson contract, Green said, "If anybody thinks the grant money to PUSH Excel is a political payoff, he's crazy." He said the project, to teach minority youngsters how to seek jobs, was a two-year continuation of smaller grants given two years ago (which totaled about \$550,000).

Finally, he asserted and the Labor Department confirmed that when he left the department to work for the Carter campaign in New York for seven weeks, for which the Carter-Mondale committee paid him \$5,086, it was on the strength of a ruling by the solicitor and Justice Department that such a leave would be legal as long as he didn't keep his government salary during the period. He produced canceled checks showing that he had reimbursed the government for salary he had paid him during the leave period.

1 page

5/19/81

2 pages
materials subpoenaed
by the QJ

MEL HARRIS
3226 Nevada Ave North
Crystal, Minnesota 55427
(612 537-0622)

- 1) Name, Address, Home telephone etc.
- 2) Employment & Educational Background.
- 3) How long has MEL HARRIS & ASSOC. been in business.
- 4) What is the purpose of the corporation/ What type of business do they conduct?
- 5) How large a firm is MEL HARRIS? Are they a subsidiary of or affiliated with other companies?
- 6) What is the source of most of their business?
- 7) Who are the principals and officers of MEL HARRIS?
- 8) What is his function in the corporation ?
- 9) Did he ever conduct business with GREEN, HERMAN, GODWIN or GREEN/HERMAN & ASSOC. INC?
- 10) What is his relationship with GPEEN, HERMAN and GODWIN?
- 11) How did he meet GREEN, GODWIN and/or HERMAN?
- 12) What type of service(s) does GREEN/HERMAN & ASSOC. provide?

attachment II

- 13) What services did they provide for MEL HARRIS?
- 14) Who in Harris' company handled the subcontract with GREEN, HERMAN & ASSOC.?
- 15) How much were they paid?
- 16) Dates they were paid?
- 17) Did he ever make a cash payment to the individuals or GREEN/HERMAN & ASSOC.? If so, for what?
- 18) Did HARRIS make financial contributions to the Carter or any other Democratic candidates campaign either individually or through a political activity committee?
- 19) Was MEL HARRIS awarded a DOL contract in the past 4 years?
- 20) Has Harris subcontracted work from anyone performing under a DOL contract in the past 4 years?
- 21) What was Harris relationship with GREEN, HERMAN and GODWIN while they were at DOL?

Note:

This is a suggested format. It will be necessary to ask follow up questions on some of these points. Also, if an employee other than HARRIS actually worked with GREEN, HERMAN & ASSOC., it will be necessary to interview that employee regarding the same basic points.



MAY 26

File
30-0578-8002

MEMORANDUM FOR: RAYMOND J. DONOVAN

FROM: *Frank A. Yeager*
FRANK A. YEAGER
Acting Deputy Inspector General

SUBJECT: ETA Contracting Procedures

Commencing on March 4, 1981 following receipt of information that numerous "last minute" contracts were awarded in ETA without proper documentation, the OIG began a probe to determine if any fraud, waste or abuse was associated with such actions.

The initial thrust of our investigative effort was designed to develop the information received to a point where a determination could be made as to whether or not the facts warranted further investigation. Approximately 160 contracts let by ETA to 45 different contractors valued in the vicinity of 3 billion dollars have been selected for further investigation.

At the present time, the OIG's Office of Investigations is reviewing selected contract files and pursuing other investigative steps to attempt to determine if anyone associated with awarding the contracts in question received personal gain.

To date, no evidence of criminal misconduct has been disclosed. The OIG will advise you of any significant developments in this matter. A copy of this report is being provided to Assistant Secretary Angrisani and Solicitor Ryan.

cc: Angrisani
Ryan

Dmr -
We will need
a briefing memo
to Yeager - So That
he can brief Sec. Sec. CIA
and/or Asst

U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210

Reply to the Attention of:



IG: COFFMAN. 5/15/81
RSRC-Phila
FN: 30-0578-0002✓
OI-0524-0001

MAY 19 1981

MEMORANDUM FOR: FRANK A. YEAGER
Acting Deputy
Inspector General

FROM : A. M. STATHAM
Assistant Inspector General-
Investigations

SUBJECT: Ernest Green, former Assistant
Secretary - ETA et al
FN: OI-0524-0001
30-0570-0002

Commencing on March 4, 1981 following receipt of information from officials of the Employment and Training Administration that numerous "last minute" contracts were awarded without proper documentation, the Office of Investigation began a probe to determine if any fraud, waste or abuse was associated with such actions.

The initial thrust of our investigative effort was designed to develop the information received to a point where a determination could be made as to whether or not the facts warranted a significant commitment of resources. The investigation also served to pull together numerous allegations pertaining to other questionable practices regarding ETA contracting as well as producing a complete understanding of the contracting process.

As a result of our initial effort, contracts let to 45 different contractors involving approximately 160 contracts valued in the vicinity of 3 billion dollars have been selected for further investigation. Twenty-six of the selected contractors secured business with ETA as Small Business Administration certified 8a minority contractors.

Upon determining the necessary background information and identifying those areas which required further attention, the Headquarters investigation was terminated and a case was initiated by the Philadelphia Regional Investigations Office.

At the present time that office is reviewing selected contract files and pursuing other investigative steps to determine if anyone associated with the contracts in question received personal gain. The investigation has disclosed that Alexis Herman, Ernie Green, Eula Bingham and Karen Clauss established a consulting firm on January 21, 1981 located in the District of Columbia entitled Green, Herman and Associates, Inc.

To date, no evidence of criminal mis-conduct has been disclosed. Further investigation is required to determine if any areas exist which may require attention by program management.

MAY 18 1981

Tacoma, Washington 98406

Dear

Thank you for your letter of April 21, 1981 concerning former Assistant Secretary Green.

In the event you possess additional information, you may wish to communicate directly with our Seattle Regional Investigations Office. They can be contacted in care of:

David Paul
(USDO) Special Agent-In-Charge
P.O. Box 4007
Pioneer Square
Seattle, Washington 98104
206-442-4504

I appreciate your concern in this matter.

Sincerely,

FRANK A. YEAGER
Acting Deputy
Inspector General

cc: Chron File
RSAC-Seattle w/attach

" Phila w/attach
Case file 30-0578-0002 w/attach ✓
Retyped in 5/303

Jacoma, No. 98206
21 April 1981

Inspector General
U.S. Dept. of Labor
200 Constitutional Ave.
Washington, D.C. 20202

Mr. Inspector General:

Ex - CETA head Ernest Gruen may
have improperly promised \$42 M in
U.S. Contracts.

I do know he looked the other
way with non-compliance by Black,
Community-based organizations like
OIC Urban League.

Barry Kowalecki, U.S. Dept. of Justice
can provide more information, re:

DSO: DLR: TPC: fg
DJ 170-37-0

The Hon. 98406



Inspector General
US Dept. of Labor
200 Constitutional Ave., N.W.
Washington, D.C.

26210

5/1/81

Duplicates



Type of Report		City/State of Investigation		DOL Program	
☒ Preliminary	☐ Final	Washington, D. C.		ETA	
☐ Special	☐ Supplemental	Date of Report		Case Number	
		4/14/81		30-0578-0002	
				30-0578-0004	
Subject		Reviewers' Initials			
ERNEST GREEN (Alleged improprieties LAMOND GODWIN in the awarding of ALEXIS HERMAN ETA contracts)					
		Date Reviewed			
Special Agent		Regional Office			
Martin M. Squitieri		Arlington Field Office Philadelphia Region			

This case is based upon information supplied by ETA that ERNEST GREEN the former Assistant Secretary of ETA made contract awards without sufficient documentation to substantiate the awards. The activity is alleged to have occurred during the evening hours of January 19, 1981 and lasted until the early morning hours of January 20, 1981. He is alleged to have been assisted by LAMOND GODWIN, former Director of ETA's Office of National Programs (ONP) and ALEXIS HERMAN, former Head of the Women's Bureau.

It is alleged by several ETA employees that GREEN, GODWIN and HERMAN had financial interests in some of the companies to whom contracts were awarded; that they formed a consulting firm and have been receiving funds by subcontracting from certain of the companies and that certain of the contracts were awarded for political considerations.

This case has been given my personal attention with the assistance of Special Agent JOAN NUGENT from March 20, 1981 through the present. The investigation has progressed as follows:

- 1) Several ETA employees have been interviewed to determine the normal course of action in awarding various types of contracts. The testimony received will assist in "targeting" contracts for a more specific review by showing diversions in the normal procurement process in the awarding of certain of the contracts.
- 2) A review of all ETA contracts awarded from January 1, 1978 through March 24, 1981 was completed. The review provided a universe of forty five (45) suspect contractors involving approximately one hundred sixty (160) contracts totalling approximately three (3) billion dollars. The universe is comprised of twenty six (26) minority (8A) contractors and nineteen (19) other companies located throughout the country. The 8A contractors were selected for review based on testimony that GODWIN assumed all control over the procurement process for 8A contractors. The remaining contractors were selected based on various allegations made by several ETA employees.

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- 3) A review of the ETA contract files relative to all contracts awarded to the forty five (45) contractors has been initiated. This review will reflect any diversions from the normal procurement process and will determine the individuals involved in the negotiations and the awarding of the contracts for both ETA and the contractors.
- 4) Investigative leads were sent to several Regional Offices to examine contractors 8A files at SBA and to secure photocopies of corporate charters. These leads will be instrumental in determining the ownership and control of the companies since the SBA files contain voluminous documentation relative to principals of the corporations, financial information regarding the principals, affiliated companies, the principals of the affiliated companies, etc.
- 5) A formal request was sent to the Federal Elections Commission (FEC) to secure a computer printout of major contributors to the CARTER/ MONDALE Presidential Campaign. The printout will include the names and addresses of individuals and companies who contributed in excess of two hundred dollars (\$200.00). The printout will assist in determining if major contributors were awarded contracts during the final days of the CARTER Administration.
6. Formal requests for thirty (30) day Mail Covers were sent to the United States Postal Service relative to GREEN, GODWIN and HERMAN. This information could reveal the name of their alleged consulting firm and their alleged involvement with the selected forty-five (45) contractors and/or their principals.

The following is a summary of proposed action to be taken regarding this case:

- 1) Request a transcript from General Service Administration (GSA) which will indicate all commercial FTS telephone calls made from the FTS lines of GREEN, GODWIN and HERMAN. Additionally, a request for all telephone toll calls made from their home telephone for the previous six (6) months will be made to the C & P Telephone Company. This information will enable us to determine if GREEN, GODWIN and/or HERMAN had personal contact with any of the selected forty five (45) contractors and/or their principals. It can also potentially assist in identifying the subjects' alleged consulting firm.
- 2) A review of the fed rep files relative to each of the contracts will be completed subsequent to the review of the respective contract files. Each of the fed reps will be interviewed relative to the administration of the contracts. The review of the files and the testimony of the fed reps will indicate whether the fed reps were pressured to make certain decisions by a higher authority and/or whether their authority was circumvented in an attempt to favor certain contractors.

- 3) A determination as to whether we can "target" certain contracts and/or contractors must be made. An analysis of the data received from the aforementioned sources must be completed in an attempt to narrow the scope of the investigation.

In summary, the investigation at this point concerns itself with a multitude of issues and allegations. The thrust of our investigative efforts at this point is to narrow the scope of the investigation by gathering as much data as possible relative to the contractors and the subjects. It is imperative that we determine who are the principals of the corporations, who are their affiliates, who are their subcontractors, who are their employees etc. It is also imperative that we determine the interests of GREEN, GODWIN and HERMAN, by understanding what was and/or is their relationships with the contractors. Subsequent to making a determination as to whether or not a potential conflict of interest existed, our investigative efforts will be focused on specific contractors, contracts and allegations in an attempt to show that the subject(s) personally gained either monetarily or politically from the awarding of the contracts.


Martin M. Squitieri
Special Agent

Office of Inspector General
Report of Special Agent

U.S. Department of Labor



Type of Report ☒ Preliminary ☐ Final ☐ Special ☐ Supplemental		City/State of Investigation Washington, D.C.		DOL Program ETA	
Subject ERNEST GREEN (Alleged improprieties LAMOND GODWIN in the awarding of ALEXIS HERMAN ETA contracts)		Date of Report 4/14/81		Case Number 30-0578-0002 30-0578-0003 30-0578-0004	
		Reviewers' Initials [Signature]			
		Date Reviewed 4/21/81			
Special Agent Martin M. Squitieri		Regional Office Arlington Field Office Philadelphia Region			

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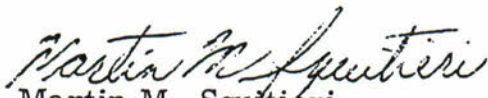
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- 4) Investigative leads were sent to several Regional Offices to examine contractors 8A files at SBA and to secure photocopies of corporate charters. These leads will be instrumental in determining the ownership and control of the companies since the SBA files contain voluminous documentation relative to principals of the corporations, financial information regarding the principals, affiliated companies, the principals of the affiliated companies, etc.
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In summary, the investigation at this point concerns itself with a multitude of issues and allegations. The thrust of our investigative efforts at this point is to narrow the scope of the investigation by gathering as much data as possible relative to the contractors and the subjects. It is imperative that we determine who are the principals of the corporations, who are their affiliates, who are their subcontractors, who are their employees etc. It is also imperative that we determine the interests of GREEN, GODWIN and HERMAN, by understanding what was and/or is their relationships with the contractors. Subsequent to making a determination as to whether or not a potential conflict of interest existed, our investigative efforts will be focused on specific contractors, contracts and allegations in an attempt to show that the subject(s) personally gained either monetarily or politically from the awarding of the contracts.


Martin M. Squitieri
Special Agent

U. S. Department of Labor

Office of Inspector General
Investigations (Fraud)
4040 Fairfax Drive
Suite 1002
Arlington, VA 22203
Reply to the Attention of:

EST-N



15 APR 1981

MEMORANDUM FOR:

TED LAWRENCE
Special Agent-in-Charge
San Francisco Region

FROM:

ROBERT M. McKEE *RM*
Special Agent-in-Charge
Philadelphia Region

SUBJECT:

Request for Auxiliary Investigation
File# 30-0578-0002
30-0578-0003
30-0578-0004

fl

Forwarded herewith is a request for auxiliary investigation relative to the above stated cases. Thank you for your assistance in this matter.

U. S. Department of Labor

Office of Inspector General
Investigations (Fraud)
4040 Fairfax Drive
Suite 1002
Arlington, VA 22203
Reply to the Attention of:



15 APR 1981

MEMORANDUM FOR:

MIKE MITCHELL
Special Agent-in-Charge
Atlanta Region

FROM:

ROBERT MCKEE
Special Agent-in-Charge
Philadelphia Region

SUBJECT:

Request for Auxiliary Investigation
File # 30-0578-0002
30-0578-0003
30-0578-0004

Forwarded herewith is a request for auxiliary investigation relative to the above stated cases. Thank you for your assistance in this matter.

Office of Inspector General
Report of Special Agent

U.S. Department of Labor



Type of Report		City/State of Investigation		DOL Program	
☐ Preliminary	☐ Final	Washington, D.C.		ETA	
☒ Special	☐ Supplemental	Date of Report	Case Number		
		4/10/81	30-0578-0002		
			30-0578-0003		
			30-0578-0004		
Subject		Reviewers' Initials			
ERNEST GREEN LAMOND GODWIN (Alleged conflict of ALEXIS HERMAN interest in awarding ETA contracts)					
Special Agent		Date Reviewed	4/13/81		
Martin Squitieri		Regional Office	Philadelphia, Arlington Field Office		

This request relates to the alleged conflict of interest in awarding contracts through the CETA, Office of National Projects (ONP), by ERNEST GREEN, former Assistant Secretary of ETA; LAMOND GODWIN, former director of ONP and ALEXIS HERMAN, former director of the Women's Bureau. It is alleged that preferential treatment was extended to certain contractors by GREEN, GODWIN and/or HERMAN in exchange for political and/or financial considerations.

It is requested that a Special Agent contact the Regional Small Business Administration (SBA) Office, 1375 Peachtree Street, N.E., 5th Floor Atlanta, Georgia 30367 to review the contents of the 8A files maintained relative to the following contractors:

- 1) CARPET/SULLIVAN & ASSOCIATES
1075 Parrish Street
Durham, N.C.
- 2) F & E CONSTRUCTION & CO.
2533 E. Glenwood Avenue
Knoxville, Tennessee 37917

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The review of the 8A files should include but not be limited to a determination as to the principals of the corporations, size of the corporations, function or purpose of the corporations, names and addresses of affiliated companies, names and addresses of subcontractors, relationships with DOL or DOL employees and any other information deemed pertinent. Photocopies of documentation reflecting the aforementioned information should be secured (ie. SBA Applications, Application Updates, Tax Returns, Corporate Charters, Lists of Potential Subcontractors, List of Employees, etc.). All documentation relative to DOL contracts should be photocopied.

It is also requested that photocopies of the corporate charters be attained from the locate Courthouse if they are not contained in the SBA files.

Thank you for your assistance in this matter. If further assistance is needed, please contact Special Agent Martin Squitieri at FTS 235-2420.


Martin Squitieri
Special Agent

U. S. Department of Labor

Office of Inspector General
Investigations (Fraud)
4040 Fairfax Drive
Suite 1002
Arlington, VA 22203
Reply to the Attention of:



15 APR 1981

MEMORANDUM FOR:

RAYMOND GLEASON
Special Agent-in-Charge
New York Region

FROM:

ROBERT McKEE /
Special Agent-in-Charge
Philadelphia Region

SUBJECT:

Request for Auxiliary Investigation
File # 30-0578-0002
30-0578-0003
30-0578-0004

Forwarded herewith is a request for auxiliary investigation relative to the above stated cases. Thank you for your assistance in this matter.

Office of Inspector General
Report of Special Agent

U.S. Department of Labor



Type of Report ☐ Preliminary ☐ Final ☒ Special ☐ Supplemental		City/State of Investigation Washington, D.C.		DOL Program ETA	
Subject ERNEST GREEN (Alleged conflict of LAMOND GODWIN interest in awarding ALEXIS HERMAN ETA contracts)		Date of Report 4/10/81		Case Number 30-0578-0002 30-0578-0003 30-0578-0004	
Special Agent MARTIN SQUITIERI		Reviewers' Initials [Signature] [Signature]		Date Reviewed 4/13/81 4-29-81	
		Regional Office Philadelphia, Arlington Field Office			

This request relates to the alleged conflict of interest in awarding contracts through the CETA, Office of National Projects (ONP), by ERNEST GREEN, former Assistant Secretary of ETA; LAMOND GODWIN, former director of ONP and ALEXIS HERMAN, former director of the Women's Bureau. It is alleged that preferential treatment was extended to certain contractors by GREEN, GODWIN and/or HERMAN in exchange for political and/or financial considerations.

It is requested that a Special Agent contact the local Small Business Administration (SBA) Office, 26 Federal Plaza, Room 3100, N.Y.C (Tel# 264-4355) to review the contents of the 8A files maintained relative to the following contractors:

- 1) KAAREN JOHNSON & ASSOCIATES
515 Madison Avenue
Suite 402
N.Y.C 10022
- 2) CLARK, PHIPPS, CLARK & HARRIS INC.
60 E. 48 Street
N.Y.C 10028
- 3) LUCAS TUCKER & CO.
141 Livingston Street
Bkin, N.Y. 11201
- 4) MITCHELL TITUS CO.
2 Park Avenue
N.Y.C.

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It is also requested that photocopies of the corporate charters be attained from the New York State Courthouse for each of the aforementioned corporations (if not attainable via SBA files) and for the following:

- 1) NATIONAL PUERTO RICAN FORUM INC.
450 Park Ave. South
N. Y. C. 10016
- 2) NATIONAL URBAN LEAGUE
500 E. Street
N. Y. C 10022
- 3) RECRUITMENT & TRAINING PROGRAMS INC. (RTP)
162 5th Avenue
N. Y. C. 10010

Thank you for your assistance in this matter. If further assistance is needed, please contact Special Agent Martin Squitieri at FTS 235-2420.


Martin Squitieri
Special Agent

U. S. Department of Labor

Office of Inspector General
Investigations (Fraud)
4040 Fairfax Drive
Suite 1002
Arlington, VA 22203
Reply to the Attention of:



15 APR 1987

MEMORANDUM FOR:

DEIRDRE TANAKA
Special Agent-in-Charge
Chicago Region

FROM:

ROBERT MCKEE
Special Agent-in-Charge
Philadelphia Region

SUBJECT:

Request for Auxiliary Investigation
File# 30-0578-0002
30-0578-0003
30-0578-0004

Forwarded herewith is a request for auxiliary investigation relative to the above stated cases. Thank you for your assistance in this matter.

Office of Inspector General
Report of Special Agent

U.S. Department of Labor



Type of Report		City/State of Investigation		DOL Program	
☐ Preliminary	☐ Final	Washington, D.C.		ETA	
☒ Special	☐ Supplemental	Date of Report		Case Number	
		4/10/81		30-0578-0004 30-0578-0003 ✓ 30-0578-0004	
Subject		Reviewers' Initials			
ERNEST GREEN (Alleged conflict of LAMOND GODWIN interest in awarding ALEXIS HERMAN ETA contracts)		[Signature] [Signature]			
		Date Reviewed			
		4/13/81		4-2981	
Special Agent		Regional Office			
Martin Squitieri		Philadelphia, Arlington Field Office			

This request relates to the alleged conflict of interest in awarding contracts through the CETA, Office of National Projects (ONP), by ERNEST GREEN, former Assistant Secretary of ETA; LAMOND GODWIN, former director of ONP and ALEXIS HERMAN, former director of the Women's Bureau. It is alleged that preferential treatment was extended to certain contractors by GREEN, GODWIN and/or HERMAN in exchange for political and/or financial considerations.

It is requested that a Special Agent contact the local Small Business Administration (SBA) Office, 219 S. Dearborn Street, Room 437, Chicago Illinois 60604 (Tel # 353-4528) to review the contents of the 8A file maintained relative to:

- 1) JAMES H. LOWFY & ASSOCIATES
444 N. Michigan Avenue
Suite 810
Chicago, Illinois 60611

The review of the 8A file should include but not be limited to a determination as to the principals of the corporation, function or purpose of the corporation, names and addresses of subcontractors, names and addresses of affiliated companies, relationships with DOL or DOL Employees and any other information deemed pertinent. Photocopies of documentation reflecting the aforementioned information should be secured (ie. SBA Application Updates, Tax Returns, Corporate Charters, Lists of Potential Subcontractors, List of Employees Etc.) All documentation relative to DOL contracts should be photocopied.

It is also requested that a photocopy of the corporate charter be attained from the local courthouse if not contained in the SBA file.

Thank you for your assistance in this matter. If further assistance is needed, please contact Special Agent Martin Squitieri at FTS 235-2420.

Martin Squitieri
Martin Squitieri
Special Agent

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U. S. Department of Labor

Office of Inspector General
Investigations (Fraud)
4040 Fairfax Drive
Suite 1002
Arlington, VA 22203
Reply to the Attention of:



15 APR 1981

MEMORANDUM FOR:

SAM LITTLETON
Special Agent-in-Charge
Dallas Region

FROM:

ROBERT M. McKEE
Special Agent-in-Charge
Philadelphia Region

SUBJECT:

Request for Auxiliary Investigation
File# 30-0578-0002
30-0578-0003
30-0578-0004

Forwarded herewith is a request for auxiliary investigation relative to the above stated cases. Thank you for your assistance in this matter.

Office of Inspector General
Report of Special Agent

U.S. Department of Labor



Type of Report		City/State of Investigation		DOL Program	
☐ Preliminary	☐ Final	Washington, D.C.		ETA	
☒ Special	☐ Supplemental	Date of Report		Case Number	
		4/10/81		30-0578-0002 30-0578-0003 30-0578-0004✓	
Subject		Reviewers' Initials			
ERNEST GREEN (Alleged conflict of LAMOND GODWIN interest in awarding ALEXIS HERMAN ETA contracts)		me		me	
Special Agent		Date Reviewed			
Martin Squitieri		4/13/81 4-29-81			
		Regional Office		Philadelphia, Arlington Field Office	

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It is requested that a Special Agent contact the local Small Business Administration (SBA) Office, at 4100 Rio Bravo, Suite 300, El Paso, Texas 79902 (Tel # 543-7586) to review the contents of the 8A files maintained relative to J.T. CONSTRUCTION CO., 9811 Carnegie Street, El Paso, Texas 70026 and GREEN THUMB GARDEN CENTER, 6259 Airport Rd, El Paso, Texas 79925; and at 5000 Marble Avenue, N.E. Room 320, Albuquerque, New Mexico 87100 (Tel# 766-3430) to review the 8A file maintained for SOLAR AMERICA INC. 2620 San Mateo NE, Albuquerque, New Mexico 87110

The review of the 8A files should include but not be limited to a determination as to the principals of the corporations, size of the corporations, function or purpose of the corporations, names and addresses of affiliated companies, names and addresses of subcontractors, relationships with DOL or DOL employees and any other information deemed pertinent. Photocopies of documentation reflecting the aforementioned information should be secured (ie. SBA Applications, Application Updates, Tax Returns, Corporate Charters, Lists of Potential Subcontractors, Lists of Employees etc.). All documentation relative to DOL contracts should be photocopied.

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It is also requested that photocopies of the corporate charters be attained from the local courthouse for each of the aforementioned corporations (if not attainable via SBA files) and for BOB TUCKER & ASSOCIATES, 210 Baronme St., New Orleans, Louisiana.

Thank you for your assistance in this matter. If further assistance is needed, please contact Special Agent Martin Squitieri at FTS 235-2420.

A handwritten signature in cursive script, reading "Martin Squitieri".

Martin Squitieri
Special Agent

Office of Inspector General
Report of Special Agent

U.S. Department of Labor



Type of Report		City/State of Investigation		DOL Program	
☐ Preliminary	☐ Final	Washington, D.C.		ETA	
☒ Special	☐ Supplemental	Date of Report	Case Number		
		4/10/81	30-0578-0002 30-0578-0003 30-0578-0004		
Subject		Reviewers' Initials			
ERNEST GREEN (Alleged conflict of LAMOND GODWIN interest in awarding ALEXIS HERMAN ETA contracts)			<i>R</i>		
		Date Reviewed	4/13/81		
Special Agent		Regional Office			
MARTIN SQUITIERI		Philadelphia, Arlington Field Office			

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It is requested that a Special Agent contact the Regional Small Business Administration (SBA) Office, 450 Golden Gate Ave, Room 15471, San Francisco, California 94102 (Tel # 556-7487) to review the contents of the 8A files maintained relative to the following contractors:

- 1) D & G ENTERPRISE INC.
1212 S. Eastern Ave.
Las Vegas, Nevada 89104
- 2) DEL GREEN & ASSOCIATES
1181 Chen Drive
Suite 200
Foster City, California 94404
- 3) PACIFICA SERVICES
1911 4th Avenue
Los Angeles, California
- 4) E. H. WHITE & CO.
245 Clement Street
San Francisco, California 94118

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Chicago, Illinois 60611

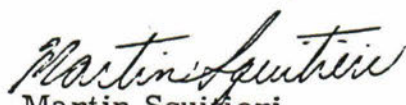
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Martin Squitieri
Special Agent



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This document is part of the OIG investigative files system which is exempt from various provisions of the privacy act, title 5 U.S.C. 552 A. Requests for access to or disclosure of the attached document must be referred to the Director, Information, Privacy and Management Information Systems, Office of Inspector General, Frances Perkins Building, Room S5512, 200 Constitution Avenue, N.W., Washington, D.C., 20210.

Date:

April 14, 1981

OIG File NO.

30-0578-0002

From:

Martin Squitieri

To:

Albert Angrisani, ETA

Subject:

ERNEST GREEN

Unless noted below, the attached documentation may be disclosed to Department of Labor Personnel whose official duties require access thereto. It must not be filed in personnel records or retained in other files except on a temporary basis. It is furnished for the following purpose and subject to the disposition indicated below:

- ☐ This document is referred for review and/or action by your agency.
- ☐ Please advise this office of action taken.
- ☐ Report is referred for information purposes. No action is required.
- ☐ Return to this office within _____ days.
- ☐ Destroy when it has served the purpose for which provided.
- ☐ Other:



☐ Request ☐ Access Granted
☒ Routine Use ☐ Copy Furnished

Date April 14, 1981
File Number 30-0578-0003

Indexed Individual LAMOND GODWIN

Disclosed to ALBERT ANGRISANI, ETA

Name or Organization and Address

Material involved

ASI dtd 4-1-81

Purpose

Basis for Disclosure

- ☐ FOIA/PA
☐ Routine use
☐ Outside agency request
☐ Congressional request
☐ GAO request
☐ Court order or subpoena (Date named individual notified: _____)
☐ Indexed individual's request
☐ Other _____

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Distribution:

GPO 672 967

OIG 104



To: Albert Angrisani
Assistant Secretary
Employment & Training
Administration

ASI Date: 4/1/81
File No: 30-0578-0002
Category: A

An investigation regarding the subject identified below will be conducted and a written notification of our findings will be provided. If you have, or should receive additional information concerning this matter, please forward it to this office. It is requested that no action regarding this matter be undertaken without prior coordination with this office.

Subject: Ernest Green, Former
Assistant Secretary, Employment
and Training Administration

Address: Washington, D.C.

Source of Information:

Date of Complaint

Date Complaint Received
By OIG/OI

ETA Program Officials

3/4/81

3/4/81

Basis for Investigation

Information supplied by ETA that the former Assistant Secretary of ETA made contract awards without sufficient documentation to substantiate the awards. The activity is alleged to have occurred during the evening hours of January 19, 1981 and lasted until the early morning of January 20, 1981. He is alleged to have been assisted by Lamond Godwin (former Director of ETA's Office of National Programs) and Alexis Herman (former Head of the Women's Bureau).

Regional Special Agent-in-Charge

ROBERT MCKEE

Robert M. McKee

Distribution

S/A M. Squitieri
OIG HQ
RAM Phila
File

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April 14, 1981

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Martin Squitieri

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Subject:

ERNEST GREEN

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☐ Request	☐ Access Granted	Date April 14, 1981
☒ Routine Use	☐ Copy Furnished	File Number 30-0578-0002
Indexed Individual ERNEST GREEN		Disclosed to ALBERT ANGRISANI, ETA
Name or Organization and Address		

Material involved

ASI dtd 4-1-81

Purpose

Basis for Disclosure

- ☐ FOIA/PA
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- ☐ GAO request
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Distribution:

GPO 872 967

OIG 10

Office of Inspector General
Report of Special Agent

U.S. Department of Labor

Invest File ③



Type of Report		City/State of Investigation		DOL Program	
☐ Preliminary ☒ Final ☐ Special ☐ Supplemental		Washington, DC		ETA	
		Date of Report		Case Number	
		5-7-81		OI-0524-0001	
Subject Ernest Green, Former Assistant Secretary, Employment & Training Admin; Alleged impropriety in the awarding of ETA discretionary funds.		Reviewers' Initials			
		Date Reviewed			
Special Agent		Regional Office			
DAVID R. COFFMAN		Headquarters			

- Investigation was initiated upon information supplied by officials of the Employment and Training Administration that Mr. Green, Mr. Lamond Godwin, former Director Office of National Programs, and Alexis Herman, former Director of the Women's Bureau were alleged to have made contract awards of ETAs funds during the final days of the Carter Administration without having sufficient documentation to substantiate such awards. This case has been given my personal attention with assistance from Special Agent Martin Squitieri of the Arlington Field Office at Washington, D.C. during the period March 23, through April 14, 1981.
- The scope of this investigation has been to secure additional information relative to allegations concerning ETA contracting during Mr. Green's tenure as Assistant Secretary, identify potentially suspect contracts requiring additional investigative follow-up by the appropriate field offices, and to gather information on the ETA contracting procedure to provide Field Offices with an understanding of the contracting process.
- Interviews of several witnesses both within ETA and those familiar with ETA operations through oversight responsibility e.g. Congressional employees, developed additional information beyond the initial allegations which indicated a potential for fraud, waste and abuse in connection with the awarding of ETA contracts. Specific allegations focused on such areas as favoritism in the awarding of contracts by Mr. Green to his former employer, RTP, Inc. and others; kickbacks by unspecified parties to Godwin in connection with ONE-AMERICA and a sub-grantee, MONA; questionable billing practices by the Garrett/Sullivan consortium; awarding of contracts to the National

Investigative File #3
Box #35

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Council on Employment Policy with knowledge that officials of the program had prior bribery convictions; and the removal by Lamond Godwin of the 8a Minority Contractor Program from the responsibility of the ETA Contracting Office to Godwin's own office and direct supervision.

4. Employment and financial disclosure records of all prior top level DOL officials named by witnesses as having been associated in some fashion with the awarding of ETA contracts, were examined. Such records confirmed relationships prior to employment by the Department between Ray Marshall and Lamond Godwin, Marshall and Chuck Knapp, Ernie Green and Alexis Herman. The financial records failed to disclose any discernable conflict of interests or significant income beyond Department salaries.
5. This investigation was primarily concerned with CETA Title III contracts let by the Office of National Programs and CETA Title IV contracts let by the Office of Youth Programs. Normal procurement practices call for the program office to develop a contract package and procure the contract. ETA's contracting office then administers the contract to insure that the contracting terms are met.
6. The majority of such contracts are let by sole source procurement and are not competitively bid. This is possible due to an exception from sole source procurement known as "Demonstrated Effectiveness". Under this exception contractors of proven ability need not re-bid on subsequent contracts. A complete description of the contracting process and the circumstances surrounding areas of interest to this investigation is contained in interviews of Ms. Jeanette Cohen, Mr. Kacvinsky, and Mr. Goldberg.

7. This investigation has disclosed numerous questionable activities concerning ETA contracting. I recommend that copies of this report be provided to all Regional Special Agents-In-Charge for their consideration as to initiation of cases on subjects in their areas of jurisdiction with the Philadelphia Region being given responsibility to actively pursue the allegations pertaining to Mr. Green and other former ETA officials. I further recommend that those offices give consideration to all other allegations contained in this report and its attachments to avoid overlooking any potential areas of fraud, waste and abuse.



David R. Coffman
Special Agent
Assistant Director
ETA Branch Investigations

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview 3/10/81

TED GOLDBERG Director, Office of Grants and Procurement Policy (OASAM) was interviewed at his office, Room S-1323, Francis Perkins Building, telephone, 523-9174 on the above date. He was advised that I was conducting an official investigation into the awarding of certain contracts and grants by the Employment and Training Administration.

In response to questions he stated:

The Department of Labor Manual Series Chapter 2 section 830 deals with the requirements of the Department's Procurement Management. Policy requires that agencies submit Advance Procurement Plans which include all types of contracts they intend to let during a given fiscal year. He explained that this covers such contracting as sole source, 8a, and contracts which are to be bid. Upon receipt of this document MR. GOLDBERG reviews the plan and determines if there are any initial problems. A copy of this plan is then forwarded to the Department's Budget Office so that they may establish quarterly allotments to the respective agencies providing funds in accordance with the Procurement Plan.

Department policy requires that at least 60 days prior to procurement requests for sole source contracts the requesting agency supply MR. GOLDBERG's Office with an explanation as to why the contract can't be bid. He stated that, although this is policy, most agencies are unable to meet the time requirements and often submit the documents only a few weeks prior to the need.

After he examines the requests for sole source he forwards it to the Procurement Review Board, which is made up of the Department's Comptroller, MR. REISE, BOB DAVIS, The Deputy Assistant Secretary for Administration and Management, and Associate Solicitor, PAUL MYERSON. MR. GOLDBERG also attends meetings as a non-voting member. Upon completion of their review, the Board reaches a decision as to whether or not sole source procurement is appropriate. Their recommendation is forwarded to OASAM Assistant Secretary, AL ZUCK. MR. ZUCK then approves or disapproves the request.

By DAVID R. COFFMAN
At Washington, DC

Date Dictated 3/10/81
Date Transcribed 3/11/81
File No. OI-0524-0001

The function performed by the Procurement Review Board is essentially one of checks and balances designed to avoid abuse of sole source contracting.

ETA has three principal areas that are exceptions to the requirements for sole source procurement. The first area deals with Grants and awards that are made to State and local Governments. In addition, programs designed to benefit Indian Groups are also exempted. The third area, "Demonstrated Effectiveness" causes the most significant problem in terms of sole source contracting.

The Demonstrated Effectiveness exclusion from sole source contracting was written into the 1978 CETA Act. It basically has been interpreted to mean that Community Based Organizations (CBO) which have had past contracts with the Department and have successfully administered those contracts are to be given priority consideration in the awarding of contracts. In reality this means that those who have had contracts in the past with ETA frequently receive renewals that are not subject to the Procurement Review Board's examination. To deal with this potential problem an agreement exists between OASAM (MR. GOLDBERG's Office) and ETA which delineates what comes under the concept of Demonstrated Effectiveness. MR. GOLDBERG agreed to provide a copy of that document to this office.

MR. GOLDBERG noted that in addition to contracts let to organizations which are exempted under Demonstrated Effectiveness, many of the Youth Program contracts are also not reviewed by the Procurement Review Board. He cited as an example those contracts which were let by former Youth Programs Director, MR. TAGGART who at the time was under a great deal of pressure to get money out to the various recipients. It was obvious to MR. GOLDBERG that MR. TAGGART had strong political backing to accomplish this task. As a result the Procurement Review Board did not want to stand in the way of awarding any of these contracts. MR. GOLDBERG stated that he felt that the pressure was coming through former Assistant Secretary GREEN which in all probability related back to the White House in the person of STEWART EISENSTAT.

MR. GOLDBERG has attended all Procurement Review Board meetings, has a complete file noting what transpired at those meetings and which contracts were approved or disapproved.

Pressure has not been put on MR. GOLDBERG to assist in awarding certain contracts and he feels that the Board has remained relatively independent. While no one has expressed that they have been pressured as an individual to vote a certain way on any given contract, those contracts which had the support of high level DOL officials were known to the Procurement Review Board.

MR. GOLDBERG feels that there may have been situations where the Board reached a decision which was subsequently reversed by MR. ZUCK in response to pressure placed on MR. ZUCK. He suggested that this matter be discussed with MR. ZUCK.

MR. GOLDBERG was then provided with a copy of information made available to the Washington Post under a Freedom of-Information Act request and asked to review each contract noted therein. The purpose of this was to have him identify those contracts with which he had been familiar as a member of the Procurement Review Board. Those he recalled as having seen were described as follows:

ONE AMERICA - described as a poor proposal which did not stand up to review.

BOB TUCKER - former Assistant Secretary GREEN was sending numerous contracts his way which never appeared to accomplish anything.

NATIONAL COUNCIL ON AGING - not sure that he had seen it, but thinks they may have turned it down.

URBAN LEAGUE - turned down an \$800,000 request as merely a blank check.

OIC - turned down, same reason as above.

SER - turned down, same reason as above.

UNITED FOODS - turned down.

RUAL AMERICA - Approved a contract for them.

NATIONAL COUNCIL NEGRO WOMEN - Approved a contract for them.

NEW ENGLAND COUNCIL OF PRIME SPONSERS - may have approved this.

JOHN J. PRESCOTT - believes they may have approved this also.

It was MR. GOLDBERG's impression the former Assistant Secretary GREEN made numerous awards available to friends and associates of his who were 8a minority contractors. Frequently little or no work occurred on these contracts. He stated that MR. JOE HANDZO recieved a letter of complaint concerning lack of work performed by one of MR. GREEN's associates.

MR. GOLDBERG then introduced MR. HANDZO. MR. HANDZO produced a copy of letter directed to MR. ZUCK from the Catholic University of Puerto Rico complaining about the GARRETT and SULLIVAN Consortium. He explained that this consortium was to provide technical assistance to grantee, however, they did an audit. The writer went on to complain that under the concept of "cognizant agency"

DOL was not the proper auditing authority. He explained that in situations where grantees are funded by numerous Federal agencies, the agency having the principle amount of funds involved frequently is required to perform audit services on all Federal funds awarded to the agency. GARRETT and SULLIVAN's audit was therefore improper and redundant of work performed by the cognizant agency. The Catholic University letter went on to protest that while an audit was performed no technical assistance was provided by GARRETT and SULLIVAN.

MR. HANDZO went on to explain that GARRETT and SULLIVAN prior to forming a consortium were found by the Department of Labor to be individually technically incompetent to conduct Department Technical Assistance and Audits. The reason for this was that the staff did not possess the level of experience and other criteria which would permit them to perform audits and technical assistance for the Department.

As a result of this initial decision GARRETT and SULLIVAN merged with numerous other accounting firms throughout the U.S. and formed a consortium. They were then found to possess the necessary skill levels and subsequently began to receive contracts from ETA.

It has been MR. HANDZO's experience that all work performed by members of the consortium has taken much longer than would normally be expected to accomplish the task. He also explained that under the method of billing used by GARRETT and SULLIVAN the Department frequently winds up paying more for services and getting less. This is because time charges for senior level people are higher than for junior level people and invoices from GARRETT and SULLIVAN reflect a disproportionate amount of senior level time.

GARRETT and SULLIVAN employ approximately 40 people in the consortium. Prior to securing the services of the consortium one individual performed the same service for ETA.

In the past 2½ to 3 years somewhere in the vicinity of \$6 to \$9 million has been directed to GARRETT and SULLIVAN for technical assistance.

APR 1 1981

MEMORANDUM FOR: DOUG COCHENNOUR
Special Review Staff

FROM: A. M. STATHAM
Assistant Inspector General-
Investigations

SUBJECT: Incident Report 81-ETA-SRS-01

The above Incident Report is accepted, in total, for investigation by this office. I appreciate the comprehensive nature of the content and the obvious effort which went into preparation of the Report.

The allegations reported will be investigated in connection with our inquiry into the ETA contracting process during the final months of the previous administration (FN: OI-0524-0001).

IG:Coffman:cbj:3/26/81

cc: ETA Chron File
Statham
Case File OI-0524-0001 ✓

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview 3/27/81

On this date, S/A David Coffman and I interviewed NANCY STANG at Harvey's Restaurant, Washington, D.C. STANG responded to our questions as follows:

STANG stated that she is a Fed. Rep. for ETA. Her office telephone number is 376-7615 and her home telephone number is STANG stated that ERNIE HODGKINS (Fed. Rep.) received a complaint from a contractor regarding on She stated that complainant wanted to know why he was required to pay 15% of his DOL contract price. STANG stated that she doesn't know the name of the contractor but stated that MAURICE SOLOMON was the fed rep handling the contract. STANG stated that HANK SULLIVAN (fed rep) was and still is close to She stated that visits SULLIVAN at his office from time to time. She stated that CONSUELO PARKER (fed rep) shares an office with SULLIVAN and that she could provide more information regarding STANG stated that it is her belief that ZIMMER authored a book for DOL relative to the handicapped. She stated that DICK CARNEY is the fed rep who handles the handicap programs.

STANG stated that VIRGINIA REED (fed rep) was told by LAMOND GODWIN to get contractors to arrange a party and a plague for him.

STANG stated that JIM AARON is the fed rep for ONE AMERICA INC. She stated that GODWIN relied heavily on AARON.

STANG stated that ALEXIS HERMAN and ERNIE GREEN are allegedly working together in a consulting firm.

STANG stated that fed rep files contain all documents relative to individual contracts. She stated that the fed rep files are more complete than are the contract files.

By Special Agents MARTIN SQUITIERI & DAVID COFFMAN

At Washington, D.C.

David P. Coffman

Date Dictated 3/27/81

Date Transcribed 3/31/81

File No. 0I-0524-0001

Office of Inspector General
Report of Special Agent

U.S. Department of Labor



Type of Report		City/State of Investigation		DOL Program	
☒ Preliminary	☐ Final	Washington, DC		ETA	
☐ Special	☐ Supplemental	Date of Report		Case Number	
		3-23-81		OI-0524-0001	
Subject Ernest Green, Former Assistant Secretary, Employment & Training Admin; Alleged impropriety in the awarding of ETA discretionary funds.		Reviewers' Initials			-
		Date Reviewed			
Special Agent		Regional Office			
DAVID R. COFFMAN		Headquarters			

- Investigation was initiated upon information supplied by officials of the Employment and Training Administration that Mr. Green, Mr. Lamond Godwin, former Director Office of National Programs, and Alexis Herman, former Director of the Women's Bureau were alleged to have made contract awards of ETAs funds during the final days of the Carter Administration without having sufficient documentation to substantiate such awards. This case has been given my personal attention with assistance from Special Agent Martin Squitieri of the Arlington Field Office at Washington, D.C. during the period March 4, through March 23, 1981.
- During this reporting period several witnesses have been interviewed and numerous documents examined. Details of this investigation will be contained in a final report which is expected to be issued in the near future.

David R. Coffman

For Official Use Only

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U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview -3-23-81

BUD PATTON, Senior Evaluator, CHRIS CHRISMAN and JIM RATZENBERGER, evaluators for the GAO, telephone 523-8701 were interviewed at their office N 1519 FPB on the above date. I advised them that I was conducting an official investigation into certain contracts let by ETA.

In response to questions they stated:

Senator Hatch's committee requested that they conduct an extensive review of contracts let by former top level ETA administrators. They were concerned about a possible duplication of effort since they were aware of this office's investigation. I told them that the program people were conducting a review of all contracts let by ONP from 10-1-80 to 1-19-81 and that our investigation was limited to whether or not program funds have been misappropriated or if conflicts of interest existed. I told them that we had allegations or information concerning approximately 15 -20 such contracts and, in response to their questions, confirmed that RTP and ONE AMERICA were included.

They stated that they had recently completed a detailed audit on ONP's contracting procedures and would provide this office with access to all their work. They noted that GARRETT/SULLIVAN had many problems and that they had talked to several people concerning questionable conduct in the awarding of this contract.

They noted that a confidential source had told them that the HIRE program made funds available to grantees who were required to pay a 15% commission in order to participate. Fed Reps on this contract were HANK SULLIVAN and CONSUELO PARKER. This information was reported to ONP Deputy Director, ERNIE HODGKINS who took no action. He is reported to be less than cooperative. is alleged to be associated with



DAVID R. COFFMAN

By _____
At Washington, DC

Date Dictated 3-23-81

Date Transcribed _____

File No. OI-0524-0001

in some fashion. MR. RATZENBERGER agreed to contact the source to see if they would meet with this office to discuss the allegations in depth.

MR. RATZENBERGER also stated that they had information concerning irregularities in the operation of "COMPREHENSOS" (Phonetic) an Indian program which he would check and provide to this office.

They stated that they intended to use a scientific random sample of contracts to comply with Senator Hatch's request and that they would advise this office of proposed subjects for audit by them to avoid any conflict with our investigations.

MEMORANDUM
OF CALL

TO:

Clarice

☐ YOU WERE CALLED BY—

☐ YOU WERE VISITED BY—

OF (Organization)

☐ PLEASE CALL → PHONE NO.
CODE/EXT.

☐ FTS

☐ WILL CALL AGAIN

☐ IS WAITING TO SEE YOU

☐ RETURNED YOUR CALL

☐ WISHES AN APPOINTMENT

MESSAGE

*Typed in
Signature Block
(See other report)*

RECEIVED BY

DATE

TIME

63-109

☆ U.S. G.P.O. 1980-341-529/21

STANDARD FORM 63 (Rev. 8-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.6

**MEMORANDUM
OF CALL**

TO: _____

☐ YOU WERE CALLED BY—

☐ YOU WERE VISITED BY—

OF (Organization) _____

☐ PLEASE CALL → PHONE NO. CODE/EXT. _____

☐ FTS

☐ WILL CALL AGAIN

☐ IS WAITING TO SEE YOU

☐ RETURNED YOUR CALL

☐ WISHES AN APPOINTMENT

MESSAGE

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DATE

TIME

2-76

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview 3/23/81

JEANETTE COHEN, Operations Unit Chief and SANFORD COHN, Director of ETA's Contract Office, Telephone 376-7254 were interviewed on the above date at their offices, Room 6328, Patrick Henry Building. They were advised that we were conducting an official investigation into contracts let during the final months of the previous administration.

In response to questions they stated:

Processing of contracts is handled by the operations unit. Questions concerning policy and procedures fall under the jurisdiction of MARGARET SHEARER. The contract closeout unit, run by DICK MURPHY, handles closing of the books on contracts.

The contracting office is concerned primarily with processing paperwork relative to ETA Contracts. They handle very few grants with the exception of grants or the National Commission on Employment Policy.

Government contracting falls generally under Title 41 USC Chapters 1 & 2. Agencies also adopt regulations pursuant to this statute. DOL procurement is done in accordance with the Procurement Handbook.

Procurement by ETA differs significantly from normal government contracting practices in one respect. For the past 10 years or so the Contracting Officer and Contract Monitoring function have been combined in the same person. Under normal conditions the contract is let by one individual in a contracting section and then monitored by a separate individual to avoid potential conflict. What this amounts to in terms of the Office of National Programs is that LAMOND GODWIN as Administrator and BILL KASVINSKY as Deputy Administrator had the authority to negotiate for the ultimately let contracts. They also had the additional responsibility of insuring that the terms of the contract were met as contract monitors.


By DAVID R. COFFMAN

At Washington, DC

Date Dictated 3/23/81

Date Transcribed 3/24/81

File No. OI-0524-0001

MS. COHEN provided copies of documents which pertain to the actual step by step processing of contracts and grants as well as documentation that is required for those contracts and grants.

She described the process of awarding 8(a) contracts, which she characterized as being restricted sole source, as follows:

1. The Small Business Administration certifies that contractor is eligible for consideration under section 8(a).
2. 8a Contractors visit program offices to "market" their services.
3. When the program agency feels that contractors have a worthwhile proposal they contract the SBA to begin the contracting process.
4. SBA grants DOL permission to negotiate with the firm.
5. The negotiation process consists of requesting technical and cost proposals. This is done in response to a DOL work statement which states the requirements of the contract and the amount of money that is available. The 8a contractor submits a proposal and it is evaluated.
6. The Small Business Administration and the DOL agree to award a contract to the 8(a) contractor.
7. The Department of Labor signs a prime contract with the Small Business Administration.
8. The Small Business Administration and the 8(a) contractor (which is always a profit-maker) sign a sub-contract to perform the work.
9. The administration of the contract is performed by the Department of Labor through the responsible program office.

The 8(a) contracting process was performed by the ETA Contracting Office as part of their normal duties until approximately 2 to 3 years ago when LAMOND GODWIN withdrew their responsibility for such contracts and placed it directly in his office. He appointed ANDREW SIMS, a former Contracting Specialist as the person to work directly for him in administration of 8(a) contracts.

MR. COHN stated that he had been SIMS' supervisor and was familiar with his contracting ability. He described SIMS as an average Contracting Specialist. SIMS secured the job in GODWINS' Office by bidding on a position - description to work from MR. GODWINS' Office by bidding on a position description to work from MR. GODWIN. The job was a promotion to GS-13 and SIMS' selection was believed by many to have been pre-selection. There is no proof of this however. SIMS had also been a union steward for lodge 12 AFGE. He died in December 1980 after having been ill for several months.

As a result of moving SIMS into an office close to MR. GODWIN, all 8(a) contracts were handled by GODWIN and SIMS. The ETA contracting office had no authority in this area any longer. They provided me with a copy of the memorandum which caused this process to occur.

Upon MR. SIMS death he was replaced by LILLIE WATTS, a Contracting Specialist for the ETA contract office. She performed her duties in the ETA contracting office during the period December 80 - January 21, 1981 when the 8(a) contracting was returned to ETA Office of Contracting.

During fiscal year 1980 approximately 59 8(a) contract actions occurred with a total a value of \$14,000,000.

MS. COHEN stated that one unusual aspect of a requirement imposed by MR. GODWIN is that all contracts which are awarded must be described on a form which is sent to ONE AMERICA. She provided a copy of the form which is used to transmitt this information. She does not know why they are required to provide this information to ONE AMERICA.

She stated that there is another unique situation in the contracting process. Under normal Government regulations the individual who procures the contract and the person who monitors it for performance are generally different people with different lines of authority. The purpose of this is to provide checks and balances to ensure that the Government gets what it has contracted for. With respect to ETA Contracts the contract procurer, which in the case of the Office of National Programs was either LAMOND GODWIN or BILL KASVINSKI, contracts were procured by them as Contracting Officers, AND MONITORED BY THEM ALSO.

During their absence SANDY McNABB also had procurement authority. After the contract had been let the administration was performed by members of their staff. Only when there was a modification to the original contract did ETA contracting office become involved again in a contract.

ETA Contracting Office presently has all contract files and will make them available for inspection as needed. - Records pertaining to contracts let from October 1, 1980 thru January 19, 1981 are under lock and key. MR. COHN stated that FRANK SILBEY of Senator HACH's committee had requested access to all of ETA's contracts.

MS. COHEN provided a chart of contract numbers which explains the contract numbering system and identifies the contract as to type of contract, year let and so on.

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview 3/9/81

WILLIAM J. KACVINSKY, Acting Administrator, Office of National Programs (ONP) STEVE PUTERBAUGH, Director, Program Management Staff, ONP and JAYNE SEIDMAN, Director Program Management Staff, Office of Youth Programs, ETA all with telephone number 376-6093 were interviewed on the above date at MR. KACVINSKY's Office, room 6402, Patrick Henry Building. They were advised that I was conducting an official investigation concerning contract activities by ETA officials in connection with the CETA Program.

In response to questions they stated:

MR. KACVINSKY has overall responsibility for the operation of the Office of National Programs. Certain allegations appeared in the newspaper which involved contracts administered by his office. All of the contracts noted in that article involved either Title III or Title IV programs.

MR. PUTERBAUGH explained that he is familiar with the Title III contracts and described the normal procedure for awarding such contracts. He said that a certain amount of funding done under Title III comes from what is known as "discretionary" funds. Contracts let under this process are generally sole source procurement. Discretionary contracts under Title III are handled by ONP's Office of Special National Programs which is run by FERNANDO ALLEGRIA.

Approximately 99% of the funds available for Title III discretionary contracts go for the renewal of existing programs. The bulk of these programs were developed under the old Manpower Development Act and their continued renewal is based on "demonstrated effectiveness" which is part of the terminology of the CETA Act.

The process for awarding these funds in FY 81 began in March 1980 when then Deputy Assistant Secretary for ETA, CHUCK KNAPP, requested that program administrators develop funding requests for the upcoming fiscal year. ETA normally develops programs and objectives to be accomplished with the available funding. Administrators submitted requests pursuant to


DAVID R. COFFMAN

By _____
At Washington, DC _____

Date Dictated 3/9/81

Date Transcribed 3/11/81

File No. OI-0524-0001

MR. KNAPP's solicitation for the FY 81 objectives. When totaled up these proposals came to 200% more than available funding.

In order to narrow down the requests for funding the "Title III Steering Committee" was formed. This group consisted of MR. KNAPP, ERNIE GREEN, PAUL JENSEN and NIK EDES. MR. PUTERBAUGH sat in on all meetings as secretary to the committee. He prepared notes of all discussion and will make copies of those notes available to this office. Decisions were then made by the Steering Committee concerning funding for various discretionary funded programs.

MR. PUTERBAUGH stated that at no time during any Steering Committee meetings did he ever hear any discussion of personal gain in connection with the awarding or failure to award any contracts. To the best of his knowledge all decisions were made in conformity with existing law and regulations. He noted that political considerations were sometimes discussed in the awarding of contracts, however, he stated that there was never any discussion of direct linkage between funding and political favoritism.

Prior to each meeting of the committee the staff was required to prepare one page summaries with recommendations as to appropriate funding levels and whether or not a program should be funded. MR. PUTERBAUGH stated that several summaries were prepared which stated that funding should not be reconsidered, however, at least 60% of these programs were funded anyway.

The Advanced Annual Procurement Plan prepared by ONP listed all contracts they intended to renew in the upcoming FY. These contracts, because they were renewals, were covered by a blanket exemption from the normal requirements of sole source procurement. The reason for this was that they were merely a continuation of contracts already in operation.

All new contracts, after they had been approved by the Title III Steering Committee, had to go before the Procurement Review Board. This board is convened by the Office of Assistant Secretary for Administration and Management, (OASAM) AL ZUCK, and it is comprised of two members from OASAM and one member from the Solicitor's Office. Staff support is provided by the Grants and Procurement Policy section of OASAM under the direction of TED GOLDBERG. They maintain all records of activity which occurs before the board. During the final months of the Carter Administration this board examined many reviews for sole source procurement from ETA and frequently disagreed that sole source was permissible.

Once a prospective grantee has been selected for potential inclusion in sole source procurement, ETA administrators and the grantee negotiate a proposed contract and draw up

the guidelines for administration of that contract. This package is then made available to the Procurement Review Board for approval of sole source procurement.

Upon securing the Board's approval a Procurement action Request (PAR) is prepared. Once signed by either the Deputy Assistant Secretary or the Assistant Secretary this document authorizes the release of funds to the grantee.

Funds are made available generally through letters of credit. All paperwork concerning this process is handled by the Regional Treasury Dispersing Department. Letters of credit generally allow the grantee to have no more than three days cash on hand. Usually one or two request weekly come from the grantee for payment pursuant to the letter of credit.

MS. SEIDMAN explained that the Title IV process is very similar to Title III. She noted that the major difference is that most plans suggested for inclusion under Title IV are developed by ETA. She noted that of approximately \$175,000,000 dedicated for this purpose only 8,000,000 or 9,000,000 was not controlled internally by ETA.

The ~~same~~ committee existed for screening Title IV programs as met for Title III. While most suggestions for Title IV programs came from within ETA (staff) MR. GREEN and MR. KNAPP also added their own suggestions as to how such funds should be spent.

The committee was provided with one page summaries of each program both on the in-house suggestions from staff and from MR. GREEN and MR. KNAPP. These documents will be made available.

Some Title IV Proposals were sent to the Procurement Review Board for sole source approval.

MR. KACVINSKY stated that with respect to Title III and IV contracts let during the period November 4, 1980 thru January 19, 1981 top DOL policy makers entered into the process at a magnitude never before experienced. During past administrations it has not been uncommon for out going Assistant Secretaries or other high level political appointees to suggest that certain programs be given additional funds. These requests were usually confined to one or two particular grantees and never did they result in providing the grantee with more money than had been originally requested. They also did not include new contractors in the requested grants.

During the final hours of the Carter Administration both MR. GREEN and ALEXIS HERMAN, Director of the Women's Bureau, participated in evaluating proposals for grants and contracts and in insuring that these were awarded. They stated that MS. HERMAN was involved in the process since funds had been

available to the Women's Bureau under both Title III and Title IV to conduct programs. Their contact was principally with the Office of National Programs Office of Contracting Services. According to MR. KACVINSKY, all actions taken by MR. GREEN and MS. HERMAN conformed with the technical contracting requirements even if there actions may have been otherwise questionable. He stated that MR. GREEN had the authority to approve sole source contracting.

During the planning process for FY 81, ONP budgeted \$131,000,000 for programs. They had an additional \$25,000,000 left over from FY 80 for projects that had been approved in FY 80 but not as yet implemented, yielding a total of \$156,000,000 available. Of that total \$148,000,000 had been already committed. This left a total of almost \$8,000,000 which remain to be committed. MR. PUTERBAUGH brought this to the Steering Committee's attention, including MR. GREEN and his staff, who already had a list of projects available. MR. GREEN immediately began instructing ONP as to what funding should be done. About half way through his list MR. PUTERBAUGH advised MR. GREEN that they had already committed \$2,000,000 more than the \$8,000,000 that was available. This occurred during late November or early December. During the remaining weeks of 1980 and early on into 1981 MR. GREEN or members of his staff continued to make requests for ONP to begin funding additional FY 81 project. Their proposals would have placed ONP approximately \$7.3,000,000 in the red for FY 81.

MR. KACVINSKY stated that this would not violate the anti-deficiencies act because Title III doesn't get funded all at one time. He stated that at the time commitments were made not all \$156,000,000 was obligated. What would occur is that in July or August when the funds were exhausted, grantees who had programs scheduled to begin in July, August and September would not have funding available. Since no actual money would be spent there would be no violation of the act. If no action were taken to deobligate the Department, what this in effect means is that the new administration would be deprived of two or three months funding for programs during the months July, August and September 1981.

They stated that to their knowledge neither MR. GREEN nor MS. HERMAN worked late into the evening of January 19, 1981. They noted that on the Friday before, however, both had spent a great deal of time working with ONP contracting section to get funding available to certain grantees that they felt should receive priority treatment and funding. It was MR. KACVINSKY's belief that MR. GREEN and MS. HERMAN did this because they had attached an urgency to accomplishing their objectives and were not satisfied with letting ONP doing it in a routine fashion. In addition to the contracts which had already been placed into the system, MR. GREEN added additional contracts. With respect to some contracts which were originally small and which the staff may have recommended not to be refunded, MR. GREEN saw that they not only got refunded but that they got more funds

than they had asked for. In other instances he increased the duration of the contract from one year to two years.

MR. GREEN and MS. HERMAN spent a great deal of time with the Office of Contracting Services (run by MR. SANFORD COHN Tele 376-7465). They were preparing many contracts for LAMOND GODWIN's signature. GODWIN, GREEN and HERMAN each had a small list of contracts that they wanted to be let. These lists are available and will be provided.

On January 19, 1981 approximately 60 TWX's were sent out advising prospected grantees that they had received their contract. MR. KACVINSKY does not believe that the staff was kept late on the 19th.

MR. KACVINSKY knows MR. GREEN, MS. HARMAN, LAMOND GODWIN, Secretary MARSHAL, WELDON ROUGEAU and others employed by the Department of Labor to have been previously associated through Recruitment Training Program (RTP). MR. MARSHAL was connected to RTP through a sub-contract the name of which he cannot recall. MR. ROUGEAU was also connected to RTP through a sub-contractor.

MS. SEIDMAN pointed out that in June 1976 she first met MR. GREEN, MS. HERMAN, and MR. MARSHAL regarding the MINORITY WOMEN's PROGRAM and a request by them for funding. She stated that all three individuals were associated with that program. The June 1976 meeting was held at OPER through HOWARD ROSEN that was an attempt by MINORITY WOMEN's PROGRAM to get additional funding.

None of the individuals interviewed knew the names of any consulting firms associated with any of the individuals, however, they stated that MR. MARSHAL is involved in a consulting firm as is MS. HERMAN and MR. GREEN. They do not know if they are in the same firm. It is also unknown if MR. GODWIN is associated. They stated that MR. GODWIN recently attended an OIC Conference in the mid-west where he was a speaker. His address to that group concerned Fiscal Management Systems.

MR. GREEN also advocated several Title IV programs. One of them was the GREATER CLEVELAND PROGRAM. The contract was for \$500,000. Based on his request the money was made available.

Upon returning to work from leave on January 21, 1981, MR. KACVINSKY was advised of the last minute activity of MR. GREEN and MS. HERMAN. He immediately contacted then Acting Deputy Assistant Secretary WEATHERFORD and requested instruction. At that time they issued a procurement freeze pending evaluation of all contracts let from October 1, 1981 on forward. The purpose of this was to stop any new contracting and that which may already have been in the system to evaluate it. This review is presently in progress.

They noted that the Senate appropriation's sub-committee Majority Staff Director, GAR KAGANOVICH was in contact with them on the day the article appeared in the Washington Post. He conducted an interview and secured essentially the same information as was provided to me in this interview. He also asked for copies of documents. These documents are to be made available to him by MR. WEATHERFORD. He questioned them as to whether the newspaper was accurate and they stated that it was essentially correct with the exception of dollar amounts noted.

They agreed to make copies available of all documents in their possession. This is to include minutes of meetings, copies of TWX's, one page summaries of contracts, miscellaneous notes taken in response to direction from MR. GREEN and his staff, and any other revelant correspondence or communications. They stated that they would fully cooperate in this investigation.

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview 3/6/81

RICHARD GRAWLEY counsel to the Manpower and Housing Sub-Committee of the House Government Operations Committee, Telephone 225-6751, was interviewed by telephone on the above date. He was advised that I was conducting an official investigation concerning the awarding of certain CETA contracts.

In response to questions he stated:

He has been involved in CETA oversight for the past two and a half years and had certain information that he wanted to bring to my attention. He stated that the National Council on Employment Policy had recently received a significant contract to review certain pilot programs which were conducted by the Office of Youth Programs, ETA. He was upset by this because last summer his sub-committee conducted fraud, waste and abuse hearings and used as an example of problems in the CETA program the National Institute for Public Management (NIPM). Inciting that as an example, the committee pointed out that a contract awarded to NIPM had numerous modifications and additional contracts to accomplish what they were suppose to have done in the first contract. They were also using CETA funds to develop programs for overseas use, such as in Ghana. In addition, they received a contract to review Youth Programs very similar to the one which was given to the National Council on Employment and Policy.

When the Congress asked ETA why they were presenting the Youth Programs contract to NIPM since the operation appeared on the surface to be so poorly run, ETA withdrew the contract and awarded it to the National Council on Employment Policy.

NIPM was run by GARTH L. MANGUM, who was Chairman. PHIL RUTLEDGE was on the Board of NIPM. RUTLEDGE also heads up the National Council on Employment Policy.



By DAVID R. COFFMAN

At Washington, DC

Date Dictated 3/6/81

Date Transcribed 3/8/81

File No. OI-0524- 0001

RUTLEDGE is part of what GRAWAY described as an "old boy network" of CETA grantees. He is reported to have met with ERNIE GREEN on occasion, GREEN subsequently returned and told ONP to consider what RUTLEDGE could do for ETA if given a contract of \$100,000 or so.

MANGUM, who comes from Utah, has a prior arrest and conviction for fraud in connection with the bribery of an Assistant Commissioner for Education in the State of Massachusetts. He also heads two companies, one called OLYMPUS PUBLISHING and another called OLYMPUS RESEARCH which was involved in the Massachusetts conviction. GRAWAY stated that additional information on the conviction could be obtained from the Massachusetts State Police, Lieutenant NALLY, Telephone (617) 727-8072 or Detective MARTY NORTON, Telephone (617) 223-0425. The NATIONAL POLICY GROUP, run by R. THANE ROBSON was a co-defendant in this case. HARRY McKINNA is the court reporter who may be able to supply copies of the transcript. MANGUM was represented in this matter by TIMOTHY R. HANSON of the Law Firm HANSON, RUSSON, HANSON and DUNN, 702 Kearns Blvd., Salt Lake, Utah 84104.

As a result of his conviction MANGUM was fined \$115,000 and sentenced to 30 days in jail. He is alleged to have written to the "old boy network" and told them that the charges were specious.

CHUCK KNAPP, former Deputy Assistant Secretary for ETA, said, when apprised of these facts, that MANGUM should be barred for one year from doing business with the Government but beyond that he would be able to return to do business.

A good source for information on this is DOL employee BERT BARNOW, Telephone 376-7335.

OLYMPUS RESEARCH is allegedly a non-profit outfit which sub-contracts a considerable amount of work to OLYMPUS PUBLISHING, a for profit entity.

NIPM has had a series of contracts none of which have ever been audited although the amount provided is well over a million dollars. They have been doing business since 1978. They allegedly have extremely expensive offices and equipment. Of particular note are certain trips to Mexico for a conference on Youth Unemployment in Europe and trips to Surinam which do not appear to constitute sound practices for Federal grantees. On these trips wives accompanied their husbands. 14 employees plus wives attended.

GRAWAY stated that he would make his complete file available for inspection by this office. He did not issue a report covering in detail the facts which he provided to me, however, he did say that some of the information had appeared in a committee hearing report.

He stated that he would cooperate in any way that he could and that he would be willing to examine any list of contractors so that he could point out those which he knew to have questionable reputations.