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www.altgov2.org/watchdogs
Re: FOIA Request No. HQ-2018-01030-F

Dear Mr. Kick:

This is a final response from the Department of Energy (DOE), Office of Inspector General (OIG) to your request for information under the Freedom of Information Act (FOIA), 5 U.S.C. § 552. You requested the following:

Closing memo/report/document for the following OIG investigations:

13-0051-I
17-0021-I
17-0007-I
06-0153-I
16-0138-I
11-0010-I

We have completed the search and review of our files and identified seven documents responsive to your request. A review of these documents and a determination concerning their release has been made pursuant to the FOIA. Based on this review, the OIG determined that certain material should be withheld pursuant to subsections (b)(6) and b(7)(C) of the FOIA, referred to as 6 and 7(C), respectively:

- Documents 1, 2 and 4 through 7 are being released to you with certain material withheld pursuant to Exemptions 6 and 7(C).

- Document 3 originated with DOE’s Office of Legacy Management (LM) and has been forwarded to that office for a determination concerning its releasability. For questions, please contact Alexander Morris, FOIA Officer, by email at Alexander.Morris@hq.doe.gov or by phone 202-586-3159.

Exemption 6 protects from disclosure “personnel and medical and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy. . . .”

Exemption 7(C) provides that “records or information compiled for law enforcement purposes” may be withheld from disclosure, but only to the extent the production of such documents “could reasonably be expected to constitute an unwarranted invasion of personal privacy. . . .”
Names and information that would tend to disclose the identity of certain individuals have been withheld pursuant to Exemptions 6 and 7(C). Individuals involved in the OIG enforcement matters, which in this case include subjects, witnesses, sources of information, and other individuals, are entitled to privacy protections so that they will be free from harassment, intimidation and other personal intrusions.

In invoking Exemptions 6 and 7(C), we have determined that it is not in the public interest to release the withheld material. In this request, we have determined that the public interest in the identity of individuals who appear in these files does not outweigh these individuals’ privacy interests. Those interests include being free from intrusions into their professional and private lives.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. 552(c) (2006 & Supp. IV 2010). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

To the extent permitted by law, the DOE, in accordance with Title 10, Code of Federal Regulations (C.F.R.), Section 1004.1, will make available records it is authorized to withhold pursuant to the FOIA unless it determines such disclosure is not in the public interest.

As required, all releasable information has been segregated from the material that is withheld and is provided to you. See 10 C.F.R. § 1004.7(b)(3).

You may challenge the adequacy of this search for responsive documents by submitting a written appeal to the Director, Office of Hearings and Appeals, HG-1 /L’Enfant Plaza Building, U.S. Department of Energy, 1000 Independence Avenue, SW, Washington, DC 20585-1615 or by email to OHA.filings@hq.doe.gov, including the phrase “Freedom of Information Appeal” in the subject line. You should submit the appeal within 90 calendar days from your receipt of this letter pursuant to 10 C.F.R. § 1004.8.

Thereafter, judicial review will be available to you in the Federal district court either 1) in the district where you reside; 2) where you have your principal place of business; 3) where the Department’s records are situated, or 4) in the District of Columbia.

If you have any questions about the processing of your request, you may contact our FOIA Public Liaison, Mr. Alexander Morris, who may be contacted by phone (202) 586-5955, or by email at Alexander.Morris@hq.doe.gov to discuss any aspect of your request. Also, please know that you have the right to seek dispute resolution services from the FOIA Public Liaison or the
Office of Government Information Services (https://ogis.archives.gov) via telephone (202) 741-5770 / toll-free (877) 684-6448; fax: (202) 741-5769; or email ogis@nara.gov.

Sincerely,

Dustin R. Wright
Assistant Inspector General
for Investigations
Office of Inspector General
Document No. 1

23MAY2018

06-0153-DOE; MULTIPLE COMPROMISES; "SIRVIC"

Complaint: SA NCIS NOTIFIED DOE, OIG, TCS
Summary: THAT A SUBJECT OF A JOINT NCIS, NASA-IG AND FBI INVESTIGATION HAD COMPROMISED COMPUTERS AT SANDIA AND BROOKHAVEN NATIONAL LABORATORIES. THE SUBJECT HAD USED THE HACKER ALIAS OF "SIRVIC."

Current Status: Closed
Current Status Date: 28JUN2017
Current Status Notes:
Date Received: 15AUG2006
Date Initiated: 15AUG2006

Primary Investigator: [b](6), [b](7)(C)
Other Investigators: [Other]
Type: [Other]
Subject Type: [Other]
Special Flags: FBI Notified
Category: NAP

Received By: [Other]
Complaint Source: Law Enforcement
Complainant Location: Brookhaven National Laboratory
Allegation Location: Brookhaven National Laboratory
INV Assigned Office: Technology Crimes Section
Joint Agency: NASA OIG
Contains Classified (Information outside iPRISM): no
Hotline: no
HQ Program Office: Other
Use Name Outside of OIG: Yes
Retaliation: No
Recovery Act: No
Offense Location: Other
Joint Investigation: Yes
Process Date Type Sar Nar
FOIA Interest: No
Documents:
- Chain of Custody Form: 06-0153-i_cofc_final2.pdf
- Chain of Custody Form: 06-0153-i_cofc_final1.pdf
- Attachment: 2017jun05 - ausa case update email.pdf
- Memorandum of Investigative Activity (All Other): 2017jun05 - moia - ausa silber case update email(signed).pdf
- FBI Letter: fbinotification.pdf
- [Other]: sicvic_case.pdf
- [Other]: sicvic_case.pdf
- [Other] Templated Document: 141223-111858-moia(memo memorandums of investigat activity)
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Search - Warrant
19MAR2007

Subpoena - Grand Jury
02APR2007
Allegation #1:

Executive Brief

Allegation Location: [Other]

Summary:

PREDICATION:

ON AUGUST 15, 2006, SPECIAL AGENT (SA) TECHNOLOGY CRIMES SECTION (TCS), OFFICE OF INVESTIGATIONS (OI), OFFICE OF INSPECTOR GENERAL (OIG), UNITED STATES DEPARTMENT OF ENERGY (DEPARTMENT), RECEIVED INFORMATION FROM SPECIAL AGENT NAVAL CRIMINAL INVESTIGATIVE SERVICE (NCIS). SA PROVIDED OR STATED THE FOLLOWING:

AN ONGOING JOINT INVESTIGATION BETWEEN NCIS, THE FEDERAL BUREAU OF INVESTIGATION (FBI), AND THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) OFFICE OF INSPECTOR GENERAL OBSERVED A ROMANIAN SUBJECT USING THE HACKER ALIAS OF "SIRVIC" BOASTING OF HIS SUCCESSES HACKING INTO DEPARTMENT OF ENERGY COMPUTERS AT SANDIA NATIONAL LABORATORY AND BROOKHAVEN NATIONAL LABORATORY. THE JOINT INVESTIGATIVE TEAM HAD BEEN INVESTIGATING "SIRVIC" FOR NUMEROUS COMPUTER COMPROMISES AT NASA AND UNITED STATES NAVY FACILITIES. THROUGH INVESTIGATIVE EFFORTS THE SUBJECT HAS BEEN IDENTIFIED AND THE ROMANIAN AUTHORITIES HAVE BEEN APPROACHED BY THE UNITED STATES GOVERNMENT TO OBTAIN THE SUPPORT FOR AN ARREST AND PROSECUTION IN THIS CASE. SA PROVIDED THAT THE ROMANIAN GOVERNMENT IS SUPPORTIVE OF
ARRESTING AND PROSECUTING "SIRVIC".

INVESTIGATIVE ACTIVITY

THE INVESTIGATION DETERMINED THAT SIRVIC (A COMPUTER Nickname reputed to be that of ARAD, ROMANIA) HAD COMPROMISED UNCLASSIFIED COMPUTERS AT THE FOLLOWING DEPARTMENT FACILITIES

- LBL/NERSC (FIFTEEN INCLUDING TWO SUPERCOMPUTERS)
- SANDIA (FIVE COMPUTERS AND SERVERS)
- JEFFERSON LAB (FOUR COMPUTERS)
- ORNL (ONE SUPERCOMPUTER)
- AMES LAB (AT LEAST EIGHT, THE FULL EXTENT HAS NOT YET BEEN DETERMINED)

IN ADDITION, THERE IS EVIDENCE THAT SIRVIC MAY HAVE COMPROMISED COMPUTERS AT:

- BNL (APPROXIMATELY TEN COMPUTERS)
- SLAC (TWO COMPUTERS)

THOUGH THE AVAILABLE SUPPORTING DATA IS LESS DEFINITIVE.

THE SOURCE OF THE INTRUSIONS IS FREQUENTLY A UNIVERSITY WHERE THE HACKER STEALS VALID CREDENTIALS OF ACADEMIC PERSONNEL WHO ALSO HAVE ACCESS TO DEPARTMENT COMPUTERS LOCATED AT NATIONAL LABORATORIES. SIRVIC AND HIS ASSOCIATES THEN USE THESE STOLEN CREDENTIALS TO ACCESS DEPARTMENT COMPUTERS WITHOUT AUTHORIZATION.
ADDITION, THESE COMPROMISED COMPUTERS ARE USED TO GAIN FURTHER ACCESS TO ADDITIONAL COMPUTERS AT THE DEPARTMENT AND ELSEWHERE.

THE COMPROMISED COMPUTERS ARE FREQUENTLY UTILIZED TO SET UP INTERNET RELAY CHAT (IRC) SOFTWARE WHICH CONNECTS TO UNDERNET.ORG. ON THE HACKERS CHAT GROUPS AND HIS ASSOCIATES OPENLY BRAG ABOUT COMPUTERS THAT THEY HAD COMPROMISED. ESTABLISHED A WEBSITE TO STORE THE SOFTWARE TOOLS THAT HE USED TO HACK INTO COMPUTERS. IN ADDITION AND HIS ASSOCIATES ESTABLISHED A PUBLICLY AVAILABLE WEBSITE THAT CONTAINED INFORMATION ABOUT DEPARTMENT, NAVY AND NASA COMPUTERS THAT HE AND HIS ASSOCIATES HAD COMPROMISED.

THE ROMANIAN POLICE SERVED A SEARCH WARRANT ON RESIDENCE AND DETAINED HIM FOR QUESTIONING. NOTHING OF INVESTIGATIVE INTEREST WAS RECOVERED FROM HIS RESIDENCE AND ONLY ADMITTED TO SOME OF THE ALLEGED HACKING ACTIVITY. ACCORDING TO NASA-IG IN SUBSEQUENT INTERVIEWS ADMITTED TO BEING SIRVIC AS WELL AS HAVING COMMITTED SOME INTRUSIONS INTO US GOVERNMENT COMPUTERS. IN ADDITION, DURING THE ROMANIAN NATIONAL POLICE INVESTIGATION, THE POLICE IMPLEMENTED A COURT APPROVED WIRETAP OF INTERNET CONNECTION FROM JUNE 2006 UNTIL
OCTOBER 2006.

AFTER INDICTMENT BY THE CENTRAL DISTRICT OF CALIFORNIA HE WAS INTERVIEWED ON ROMANIAN TELEVISION AND ADMITTED THAT HE WAS THE HACKER "SIRVIC."

ADDITIONAL COMPROMISES OF RED.SLAC.STANFORD.EDU AND DAVINCI.NERSC.GOV ARE BELIEVED TO HAVE BEEN COMMITTED BY A CO-CONSPIRATOR WHO USES THE NICKNAME ANDR. THIS ASPECT OF THE CASE REMAINS UNDER INVESTIGATION AND THE OIG IS WORKING WITH THE FBI, NASA-OIG AND ROMANIAN NATIONAL POLICE TO DETERMINE ANDR’S IDENTITY. THE OIG DID NOT MOVE FORWARD WITH THE INVESTIGATION OF ANDR DUE TO LACK OF SUBSTANTIAL EVIDENCE.

THE US ATTORNEY’S OFFICE FOR THE DISTRICT OF CENTRAL CALIFORNIA HAS CREATED AN OVERARCHING CASE CALLED "WHITEHAT TEAM" TO INCLUDE THE ACTIVITIES OF ANDR AND CHEBELEU. ALL OF WHICH HAVE ARE BELIEVED TO HAVE PARTICIPATED IN INTRUSIONS OF DOE, NASA AND THE DEPARTMENT OF THE NAVY.

ON APRIL 25, 2007, SA PROVIDED TESTIMONY ON BEHALF OF THE DEPARTMENT TO ROMANIAN PROSECUTORS IN BUCHAREST, ROMANIA.

ON JUNE 26, 2007, ROMANIAN PROSECUTORS PRESENTED THEIR CASE (INDICTMENT) TO THE
TRIAL JUDGE IN ARAD, ROMANIA AND ACCORDING TO NEWS MEDIA REPORTS MADE HIS INITIAL APPEARANCE BEFORE THE COURT. THE CASE NO. IS 6956/55/2007 REGISTERED AT JUDECATORIA MUNICIPIULUI ARAD

THE PRELIMINARY RESULTS OF THE INVESTIGATION WERE BRIEFED TO THE TECHNOLOGY AUDITS GROUP TO ASSIST THEM IN PLANNING AN UPCOMING AUDIT OF REMOTE ACCESS TO DEPARTMENT COMPUTER SYSTEMS.

ON AUGUST 24, 2007, MULTIPLE USER LEVEL COMPROMISES OF SUPERCOMPUTERS AT NERSC OCCURRED WHICH RELATE TO WHITEHAT. RO. PRELIMINARY INDICATIONS ARE THAT THE HACKER CHEBELEU, A ROMANIAN ASSOCIATE OF WAS RESPONSIBLE.

ON SEPTEMBER 6, 2007, TCS PROVIDED TESTIMONY TO THE CRIMINAL TRIAL OF BEFORE THE FIRST COURT OF ARAD "JUDECATORIA MUNICIPIULUI ARAD". THE TRIAL IS ONGOING.

ON MARCH 20, 2008, TESTIFIED BEFORE THE FIRST COURT OF ARAD "JUDECATORIA MUNICIPIULUI ARAD" IN ARAD, ROMANIA. THE TESTIMONY INCLUDED CROSS EXAMINATION BY THE DEFENSE ATTORNEYS. NO FURTHER IN-PERSON TESTIMONY IS REQUIRED.

STATISTICS
**STAT** ON AUGUST 15, 2006, NASA-OIG INFORMED CASE AGENT THAT AUSA BRIAN HOFFSTADT, CENTRAL DISTRICT OF CALIFORNIA, ACCEPTED THE CASE FOR PROSECUTION.

**STAT** ON SEPTEMBER 29, 2006, A 2703(F) PRESERVATION LETTER WAS SENT TO STANFORD UNIVERSITY TO RETAIN LOGS AND RELATED FILES FOR SCCM.STANFORD.EDU AND MELTING.STANFORD.EDU.

**STAT** ON SEPTEMBER 28, 2006 AN ROI WAS ISSUED TO AUSA BRIAN HOFFSTADT, CENTRAL DISTRICT OF CALIFORNIA. THIS STATISTIC IS REPORTED IN EIGPT AS 01-OCT-2006 DUE TO THE UNAVAILABILITY OF EIGPT AND THE CLOSE OF THE SEMIANNUAL REPORTING PERIOD.

**STAT** ON NOVEMBER 8, 2006, A GRAND JURY SUBPOENA WAS SENT.

**STAT** ON NOVEMBER 30, 2006, A GRAND JURY FROM THE CENTRAL DISTRICT OF CALIFORNIA INDICTED TEN-COUNTS INCLUDING CONSPIRACY AND UNAUTHORIZED ACCESS.

**STAT** ON DECEMBER 19, 2006, A 2703(F) PRESERVATION LETTER WAS SENT TO YAHOO! INC TO RETAIN LOGS AND RELATED FILES FOR WWW.GEOCITIES.COM/BLA44AA.

**STAT** ON FEBRUARY 16, 2007, A 2703(F) PRESERVATION LETTER WAS SENT TO IPOWERWEB TO RETAIN LOGS AND RELATED...
FILES FOR WWW.SIRVIC.BIZ.

**STAT** ON FEBRUARY 16, 2007, A 2703(F) PRESERVATION LETTER WAS SENT TO PCI SYSTEMS INC TO RETAIN LOGS AND RELATED FILES FOR DOUGJOHNSONENTERPRISES.COM

**STAT** ON MARCH 16, 2007, A 2703(F) PRESERVATION LETTER WAS SENT TO GLOBAL DOMAINS INTERNATIONAL TO RETAIN LOGS AND RELATED FILES FOR ANDR.WS.

**STAT** ON MARCH 19, 2007 AUSA MATT LAMBERTI, NORTHERN DISTRICT OF CALIFORNIA ACCEPTED THE 18 USC 1030 UNAUTHORIZED ACCESS CASE LOCATED IN THE NORTHERN DISTRICT OF CALIFORNIA FOR PROSECUTION.

**STAT** ON MARCH 19, 2007 A SEARCH WARRANT WAS ISSUED TO IPOWERWEB FOR LOGS AND DATA RELATING TO SIRVIC.BIZ.

**STAT** ON MARCH 19, 2007 A SEARCH WARRANT WAS ISSUED TO SERVER4YOU, INC FOR LOGS AND DATA RELATING TO WHITEHAT.RO

**STAT** ON APRIL 2, 2007 A GRAND JURY SUBPOENA WAS ISSUED FOR LOGS RELATING TO THREE EMAIL ADDRESSES.

**STAT** ON APRIL 2, 2007, A GRAND JURY SUBPOENA WAS ISSUED FOR LOGS RELATING TO TWO EMAIL ADDRESSES.

**STAT** ON APRIL 20, 2007, AN ROI WAS ISSUED
TO IOANA ALBANI, CHIEF PROSECUTOR, HEAD OF THE CYBERCRIME UNIT, DIRECTORATE FOR THE INVESTIGATION OF ORGANIZED CRIME AND TERRORISM, PROSECUTOR'S OFFICE ATTACHED TO THE HIGH COURT OF JUSTICE. THIS DATE ALSO USED FOR ACCEPTANCE OF CASE FOR CRIMINAL PROSECUTION.

--

**STAT** ON JUNE 26, 2007, AN INDICTMENT AGAINST \((b)(6), (b)(7)(C)\) WAS PRESENTED TO LOCAL COURT IN ARAD, ROMANIA BY THE PROSECUTOR'S OFFICE ATTACHED TO THE HIGH COURT OF JUSTICE, ROMANIAN GOVERNMENT.

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**STAT** ON OCTOBER 10, 2007, A 2703(F) PRESERVATION LETTER WAS SENT TO IPOWERWEB TO RETAIN LOGS AND RELATED FILES FOR \((b)(6), (b)(7)(C)\).

--

**STAT** ON JANUARY 23, 2008, AN ROI WAS ISSUED TO AUSA RICHARD CHENG, NORTHERN DISTRICT OF CALIFORNIA CONCERNING SIRVIC COMPROMISES OF UNCLASSIFIED DEPARTMENT COMPUTERS AT LBNL AND SANDIA.

--

ON MAY 27, 2008, AN ROI WAS ISSUED TO CHIEF PROSECUTOR IOANA ALBANI, WHICH PROVIDED AN EXPLANATION OF HOW THE MONETARY DAMAGES INCURRED BY THE DEPARTMENT WERE CALCULATED.

--

ON JUNE 2, 2008, AN ROI WAS ISSUED TO JUDGE ARAD COURT OF LAW, CRIMINAL DEPARTMENT, WHICH PROVIDED AN EXPLANATION OF HOW THE MONETARY DAMAGES INCURRED BY THE DEPARTMENT
WERE CALCULATED.

**STAT**ON NOVEMBER 6, 2008(b)(6). (b)(7)(c) WAS SENTENCED, BY THE ARAD COURT OF LAW (ROMANIA) TO 16 MONTHS INCARCERATION, SUSPENDED, 3 YEARS AND 4 MONTHS PROBATION, AND ORDERED TO PAY RESTITUTION AND FEES OF APPROXIMATELY $224,959.25, OF WHICH $19,032.25 TO THE DEPARTMENT. THE ROMANIAN STATE WILL RECEIVE 2,750 LEI (APPROXIMATELY $862.29) IN LEGAL EXPENSES. [NOTE: FOR SAR PURPOSES THE DATE OF NOVEMBER 6, 2008 IS BEING USED TO CAPTURE THE CONVICTION AND SENTENCING.]

ON FEBRUARY 1, 2011 A LETTER REQUESTING ASSISTANCE IN OBTAINING RESTITUTION WAS SENT TO (b)(6). (b)(7)(c) U.S. DEPARTMENT OF JUSTICE, (b)(6). (b)(7)(c) CIVIL DIVISION - EUROPEAN OFFICE.

ON JUNE 29, 2011, AUSA MATTHEW LAMBERTI, NORTHERN DISTRICT OF CALIFORNIA WAS CONTACTED REGARDING THE STATUS OF THE ACCEPTED CASE. LAMBERTI CONFIRMED THE CASE WAS ASSIGNED TO RICHARD CHENG AND HAD BEEN CLOSED WITHOUT FURTHER ACTION BY THE NORTHERN DISTRICT OF CALIFORNIA.

ON JUNE 30, 2011, AUSA ERIC SILVER, CENTRAL DISTRICT OF CALIFORNIA WAS CONTACTED REGARDING THE STATUS OF THE INDICTMENT CONCERNING THIS CASE. SILVER STATED THAT THE CASE WAS STILL OPEN AND REQUESTED DOE OIG NOT CLOSE THE INVESTIGATION.
SILVER EXPLAINED THAT THE CENTRAL DISTRICT OF CALIFORNIA INTENDS TO TAKE LEGAL ACTION ON THE CASE UPON COMPLETION OF ALL CRIMINAL AND CIVIL LITIGATION BY THE ROMANIAN GOVERNMENT. SILVER ADVISED NOT TO CLOSE THE DOE IG INVESTIGATION UNTIL FURTHER LEGAL ACTION WAS TAKEN BY THE U.S. ATTORNEY’S OFFICE, CENTRAL DISTRICT OF CALIFORNIA.

ON JANUARY 9, 2013, SA (b)(6), (b)(7)(C) CONTACTED AUSA ERIC SILVER, CENTRAL DISTRICT OF CALIFORNIA. ASUA SILVER SAID THE INDICTMENT WAS STILL OPEN AND REQUESTED DOE OIG NOT CLOSE THE INVESTIGATION AT THIS TIME. HOWEVER, PER A DISCUSSION WITH DOE OIG MANAGEMENT RECOMMENDS CLOSING THE CASE TO BE OPENED AGAIN SHOULD ANY FURTHER ACTIONS BECOME NECESSARY. THERE HAS BEEN NO ANSWER RECEIVED REGARDING A LETTER SENT ON FEBRUARY 1, 2011, TO U.S. DEPARTMENT OF JUSTICE CIVIL DIVISION - EUROPEAN OFFICE, REQUESTING ASSISTANCE IN OBTAINING RESTITUTION.

DISPOSITION:
CASE RE-OPENED PENDING ACTIVE RED NOTICE AND DOJ INTEREST.

On December 23, 2014, Special Agent (SA) of the U.S. Department of Energy (DOE), Office of Inspector General (OIG), reopened an investigation on “Sir Vic”, regarding previous network intrusions into the Department. SA received communication from SA
of the National Aeronautics and Space Administration (NASA) OIG that a Red Notice is still active on ____________ and the U.S. Attorney's Office (USAO) is working on a plea agreement. ____________ attorney reached out to the USAO regarding a plea agreement in exchange for providing information. No details are known on what information may be provided.

Finding Summary:
Financial Action #1: Restitution (Civil)
Amount: $19,032.25
Action Date: 06NOV2008
Person:

Financial Action #2: Restitution (Civil)
Amount: $224,959.25
Action Date: 06NOV2008
Person:

Financial Action #3: Fines/Penalties Imposed (Civil)
Amount: $862.29
Action Date: 06NOV2008
Person:
Referrals and Recommendations
Subject

Name: CHEBELEU
AKA: 
Bargaining Unit Employee: No
Victim: No
Fugitive: No
Employment Status: Other
Waive Confidentiality: N/A

DOB: 
Work
Address: 

Office Info:

Subject

Name: (b)(6), (b)(7)(C)
AKA: 
Bargaining Unit Employee: No
Victim: No
Fugitive: No
Employment Status: Other
Waive Confidentiality: N/A

DOB: 
Work
Org.: [Unknown]  
Pay Band: [Unknown]  
Location: [Other]  
Home: [Other]  
Office Info: [Other]  

Subject

Name: ANDR  
AKA:  
Bargaining Unit Employee: No  
Victim: No  
Fugitive: No  
Employment Status: Other  
Waive Confidentiality: N/A  

DOB:  

Address:  
Work Address 2:  
Org.:  
Work City: UNKNOWN  
Work State:  
Work Zip Code:  

Pay Band: [Unknown]  
Location: [Other]  
Home:  
Other:  
Office Info:  

Subject
### Subject

| Name: | (b)(6), (b)(7)(C) |
| AKA: |  |
| Bargaining Unit Employee: | No |
| Victim: | No |
| Fugitive: | No |
| Employment Status: | Other |
| Waive Confidentiality: | N/A |

**Work**

- **Address:**
- **Address 2:**
- **Org.:**
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  - **Work State:** XX
  - **Work Zip Code:**

**Other**

- **Work Address:**
- **Work Address 2:**
- **Work City:** CONSTANTA, ROMANIA
- **Work State:**
- **Work Mobile:**

### Subject

| Name: | (b)(6), (b)(7)(C) |
| AKA: |  |
| Bargaining Unit Employee: | No |
| Victim: | No |
| Fugitive: | No |
| Employment Status: | Other |
| Waive Confidentiality: | N/A |

**Work**

- **Address:**
- **Address 2:**
- **Org.:**
  - **Work City:**
  - **Work State:**
Subject

Name: SIRVIC
AKA:
Bargaining Unit Employee: No
Victim: No
Fugitive: No
Employment Status: Other
Waive Confidentiality: N/A

DOB:
Work Address:
Work Address 2:
Org.: Work City: ARAD, ROMANIA
Work State: XX
Work Zip Code:

Pay Band: [Unknown] Location: [Other]
Home: Mobile:
Other:

Complainant

Name: [(b)(6), 1(b)(7)(C)
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Bargaining Unit Employee: No
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User chronology entries:

23DEC2014 (b)(6), (b)(7)(C)
Case Notes
Case re-opened. USAO is considering plea agreement.

31DEC2014 (b)(6), (b)(7)(C)
File Review
Continue contacting the partnering agencies and the USAO for
information on the plea agreement. Next file review 3/30/15.

05JUN2017 (b)(6), (b)(7)(C)
Case Notes
SA contacted and received an email with a DOJ case update
from AUSA Silber of the Central District of California. AUSA Silber said
the case remained open and there had been no change.

28JUN2017 (b)(6), (b)(7)(C)
Case Notes
On 27 June 2017, SA entered all evidentiary items into the DOE
OIG Evidence Tracking system (Tracker). The available records do not
indicate why this had not been done previously.
U.S. Department of Energy
Office of Inspector General
Office of Investigations

Investigative Report to Management

11-0010-I
May 9, 2017

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MEMORANDUM FOR THE PRINCIPAL DEPUTY ASSISTANT SECRETARY, OFFICE OF ENVIRONMENTAL MANAGEMENT, DEPARTMENT OF ENERGY

FROM:
(b)(6), (b)(7)(C)
Central Field Office
(b)(6), (b)(7)(C)

SUBJECT: Lovelace Respiratory Research Institution (OIG Case No. 11-0010-I)

This report serves to inform you of the results of an investigation by the U.S. Department of Energy (Department), Office of Inspector General (OIG), Office of Investigations regarding allegations that Lovelace Respiratory Research Institution, located on Kirtland Air Force Base, Albuquerque, N.M., improperly disposed of radiologically contaminated material from a Department funded decontamination and decommission project.

In summary, the investigation determined that on November 5, 2007, radiologically contaminated waste material was disposed of at a waste facility not authorized to accept such waste. While the OIG understands it has been some time since the disposal activities took place, the information is being brought to your attention because radiological materials were involved.

The enclosed report makes one recommendation for corrective action. Please direct any questions concerning this report to me at (505) 845-.

Attachments

cc: Office of General Counsel, Department of Energy
INVESTIGATIVE REPORT TO MANAGEMENT

I. ALLEGATION

On January 6, 2011, the United States Department of Energy (Department) Office of Inspector General (OIG), Office of Investigations received multiple allegations involving the Lovelace Respiratory Research Institution (Lovelace). While looking into these allegations, the Department OIG received an additional allegation on September 17, 2012, that Lovelace improperly disposed of radiologically contaminated material (mixed hazardous waste) from a Department funded decontamination and decommission project at Kirtland Air Force Base, Albuquerque, N.M.

II. POTENTIAL STATUTORY AND REGULATORY VIOLATION(S)

The investigation focused on potential violations of 18 USC § 1001, False Statements and 18 USC § 287, False Claims.

III. BACKGROUND

In 1960, the U.S. Atomic Energy Commission (the Department’s predecessor agency) created the Inhalation Toxicology Laboratory (ITL), located on property permitted to the Department on the Kirtland Air Force Base, to study late-occurring health risks from inhaling small amounts of radioactive particles. The ITL was constructed and operated by the Department Management & Operating contractor, Lovelace. Historical operations resulted in radiological contamination at numerous areas within the ITL complex.

As a result of decreased Department funding in 1996, Lovelace began efforts to convert the facility into a private-sector operation. To avoid the cost of total shutdown, the Department entered into a Cooperative Agreement with Lovelace to assist with the privatization operations at the ITL. Under the Cooperative Agreement, the Department provided Lovelace with limited start-up funding at the beginning of the privatization effort and agreed to fund any environmental cleanup required for ITL.

The environmental cleanup efforts included a Department Environmental Management (EM) Project with the objective to clean out laboratories and workspaces at ITL by removing all Department legacy hazardous and radioactive wastes. All waste was to be identified, collected, characterized, packaged and disposed of in accordance with Federal and local regulations.

OIG Case No. 11-0010-I
IV. INVESTIGATIVE FINDINGS

The investigation found that on November 5, 2007, two bags containing mixed hazardous waste were transported and improperly disposed of at a facility not authorized to accept mixed hazardous waste.

As part of the EM Project, cleanup efforts included removing mixed hazardous waste from Room 209 of the ITL. Due to a historical spill of Strontium-90 within Room 209, contamination soaked into the floor and mastic where it remained. A Radiological Work Permit (RWP) was required to delineate radiological controls for the adequate removal and prevention of radioactive contamination from Room 209. According to the “RWP Provisions for the Room 209 Asbestos Abatement,” dated October 30, 2007, radiological contaminated floor tiles and mastic were to be removed from Room 209, generating mixed hazardous waste containing asbestos and Strontium-90 radiological waste. Additionally, mixed waste from Room 209 was to be containerized in Room 209 and later held on site or transported to another approved radioactive material area pending disposal. The waste was required to be disposed of in accordance with Lovelace procedures and applicable regulations.

Southwest Hazard Control Incorporated was contracted by Lovelace to remove and transport the waste from both Rooms 208 and 209 of the ITL, to an appropriate disposal facility. The removal was scheduled to take place from October 30, 2007, through November 2, 2007. Daily project logs dated from October 30, 2007, through November 2, 2007, specify work commenced on this project on October 30, 2007, in Room 208, in which eight bags of non-friable material were bagged. The project was completed on November 1, 2007, in Room 209, wherein two bags of non-friable material was bagged. The two bags generated from Room 209 were identified to be contaminated with Strontium-90 and were required to be controlled as mixed waste and disposed of at a hazardous waste facility.

The “Special Waste Disposal Waste Manifest for Shipment of Asbestos Wastes to Special Waste Disposal Facility,” dated November 5, 2007, identified that Southwest Hazard Control transported ten bags of non-friable waste containing vinyl flooring, poly mastic and suits for disposal, without identifying the mixed hazardous waste removed from Room 209. The manifest documented that all ten bags were transported to and received by Keers Industries, Inc., DBA Special Waste Disposal (Keers) at their special waste disposal facility. Keers is a controlled asbestos waste facility located outside of Mountainair, N.M. that specializes in asbestos removal and asbestos disposal. The investigation did not find that the two bags extracted from Room 209 had been separated or later transported for disposal at another facility.

Attached for your review are copies of the following documents:


OIG Case No. 11-0010-I

This document is for OFFICIAL USE ONLY. Public disclosure is determined by the Freedom of Information Act (Title 5, U.S.C., Section 552) and the Privacy Act (Title 5, U.S.C., Section 552a).
6. RWP Provisions for the Room 209 Asbestos Abatement, dated October 30, 2007; and,

V. COORDINATION

The investigation was coordinated with the Department and the National Nuclear Security Administration.

VI. RECOMMENDATION

Based on the findings of this report, and other information that may be available to you, the OIG recommends that the Office of Environmental Management:

1. Determine if the information included in this report warrants notification to Keers for any appropriate follow-up at their Special Waste Disposal Facility.

VII. FOLLOW-UP REQUIREMENTS

In accordance with Departmental Order 221.2A, the OIG requests a written response, within 30 calendar days of your office's receipt of this memorandum, regarding the actions you have taken or plan to take.

VIII. PRIVACY ACT AND FREEDOM OF INFORMATION ACT NOTICE

This report, including any attachments and information contained therein, is the property of the OIG and is for OFFICIAL USE ONLY. The original and any copies of the report must be appropriately controlled and maintained. Disclosure to unauthorized persons without prior OIG written approval is strictly prohibited and may subject the disclosing party to liability. Unauthorized persons may include, but are not limited to individuals referenced in the report, contractors, and individuals outside the Department. Public disclosures are determined by the Freedom of Information Act (Title 5, U.S.C., Section 552) and the Privacy Act (Title 5, U.S.C., Section 552a).
MEMORANDUM FOR THE DIRECTOR, OFFICE OF ACQUISITION & PROJECT MANAGEMENT, NATIONAL NUCLEAR SECURITY ADMINISTRATION

FROM:
Region 5 Investigations
Western Field Operations

SUBJECT: Investigation of Grant Fraud by Former Lawrence Livermore National Laboratory Employee (OIG Case No. 13-0051-1)

This memorandum and attached supporting documentation serves to inform you of the results of an investigation conducted by the U.S. Department of Energy (DOE), Office of Inspector General (OIG). On June 14, 2016, Shawn Darin Kinion, former physicist and research scientist at the Lawrence Livermore National Laboratory (LLNL), pleaded guilty in U.S. District Court for the Northern District of California on the following charge: Mail Fraud in violation of Title 18, U.S.C., § 1341.

The DOE OIG investigation determined, as stated in the attached plea agreement, Mr. Kinion, while a LLNL employee, "devised, engaged, and participated in a material scheme and plan to defraud IARPA [Intelligence Advanced Research Projects Activity], and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises in connection with IARPA's funding of my [his] research and development of quantum computing components at LLNL."

Based on these facts and other information that may be available to you, the OIG recommends that your office determine if suspension and debarment action is warranted against:

Shawn Darion Kinion

In accordance with Departmental Order 221.2A, the OIG requests a written response, within 30 calendar days of your office's receipt of this memorandum, regarding the actions you have taken or plan to take.

OIG Case No. 13-0051-1
Please contact me at (925) (b)(6) should you have any questions regarding this matter.

Attachment

cc: (b)(6), (b)(7)(C) Livermore Field Office
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

S. DARIN KINION,

Defendant.

I, S. Darin Kinion, and the United States Attorney's Office for the Northern District of California ("the government") enter into this written plea agreement (the "Agreement") pursuant to Rule 11(c)(1)(A) and 11(c)(1)(B) of the Federal Rules of Criminal Procedure:

The Defendant's Promises

1. I agree to plead guilty to Count One of the captioned information charging me with mail fraud, in violation of 18 U.S.C. § 1341.

I agree that the elements of the offense are as follows:

(1) I knowingly participated in or devised a scheme or plan to defraud, or a scheme or plan for obtaining money or property by means of false or fraudulent pretenses, representations, or promises;
the statements made or facts omitted as part of the scheme were material, that is, they had a natural tendency to influence, or were capable of influencing, a person to part with money or property;

(3) I acted with the intent to defraud, that is, the intent to deceive or cheat; and

(4) I used, or caused to be used, the mails to carry out or attempt to carry out an essential part of the scheme.

I agree that the maximum penalties are as follows:

a. Maximum prison term 20 years

b. Maximum supervised release term 3 years

c. Maximum fine $250,000, or twice gross gain or loss, whichever is greater

d. Mandatory special assessment $100

e. Restitution

f. Forfeiture

2. I agree that I am guilty of the offense to which I am pleading guilty, and I agree that all of the following facts are true:

a. Between January 2008 and September 2012, I was a physicist and research scientist for the Lawrence Livermore National Laboratory ("LLNL") located in Livermore, California, and within the Northern District of California. During that time, I obtained millions of dollars of funding from Intelligence Advanced Research Projects Activity ("IARPA") for me to be the primary scientific investigator at LLNL in designing, building, and testing components that could potentially be used in quantum computing. As a condition of IARPA’s funding, I was required not only to report my results, but also to provide my components to IARPA’s testing and validation team at MIT Lincoln Laboratory located in Lexington, Massachusetts, for independent testing and validation.

b. Beginning no later than July 2010, and continuing through September 2012, I devised, engaged, and participated in a material scheme and plan to defraud IARPA, and to obtain money and property by means of materially false and fraudulent pretenses,
representations, and promises in connection with IARPA's funding of my research and
development of quantum computing components at LLNL.

c. Specifically, I repeatedly falsely reported and represented to IARPA and to
IARPA's testing and validation team that I had successfully built components at LLNL using a
fabrication system purchased with IARPA funds, that I had successfully tested and obtained
results from components at LLNL at low temperatures (specifically, less than 4 Kelvin) using a
dilution refrigerator purchased with IARPA funds, and that I had successfully tested and
obtained results from components at LLNL at high frequencies (specifically, more than 2 GHz).

I knew that all of these reports and representations were false because I never used the
fabrication system that I purchased with IARPA funds to build any components, I never operated
the dilution refrigerator that I purchased with IARPA funds to test components, and I never
conducted such high frequency tests at LLNL or any other location for IARPA.

d. In making these false reports and representations, I used my education,
experience, and training as a physicist and research scientist to defraud and to deceive IARPA
and IARPA's testing and validation team.

e. I knew that the false reports and representations described above were material, in
that they had a natural tendency to influence a person to part with money and property, and I
made such reports and representations knowing that they were false and with the intent to
defraud. In particular, I made the false reports and representations repeatedly and through
various means, including by telephone, through email, and in person, to IARPA and to IARPA's
testing and validation team in order to deceive IARPA into continuing to expend funds on my
purported research and development at LLNL.

f. Additionally, in order to conceal further and to prevent IARPA from discovering
my fraudulent scheme, I acted to deceive and to obstruct the efforts of IARPA to test and
validate the results that I falsely reported and the components that I falsely claimed I had built
and tested. For example, I falsely claimed to mail functioning components when I knew that I
had mailed "bogus" non-functioning components; I falsely claimed to conduct multiple
experiments during another scientist's visit when I knew that I had conducted a "charade"
g. As a result of my false and fraudulent conduct, I agree that I have caused a loss to IARPA and the United States. In particular, I know, and knew at the time, that IARPA would have stopped funding my research and development and would not have expended these funds upon discovering the false and fraudulent nature of my reports and representations.

h. I used, and caused to be used, the mails to carry out and to attempt to carry out an essential part of my scheme and plan to defraud IARPA. In particular, I deposited the package described in Count One of the Information with Federal Express, thereby causing that package to be mailed from the Northern District of California. I falsely represented to IARPA that this package contained one of my functioning experimental components that I had built and tested. I knew, however, that I did not have any functioning experimental components either in my possession or to send. In an effort to prevent and to delay IARPA from discovering my fraudulent scheme, I placed a standard connector (that I knew would be a "bogus" part) inside the package and mailed it via Federal Express to MIT Lincoln Laboratory in Massachusetts.

3. I agree to give up all rights that I would have if I chose to proceed to trial, including the rights to a jury trial with the assistance of an attorney; to confront and cross-examine government witnesses; to remain silent or testify; to move to suppress evidence or raise any other Fourth or Fifth Amendment claims; to any further discovery from the government; and to pursue any affirmative defenses and present evidence.

4. I agree to give up my right to appeal my conviction, the judgment, and any orders of the Court, as well as any aspect of my sentence, including any orders relating to forfeiture and/or restitution, except that I reserve my right to claim that my counsel was ineffective.

5. I agree not to file any collateral attack on my conviction or sentence, including a petition under 28 U.S.C. § 2255 or 28 U.S.C. § 2241, except that I reserve my right to claim that my counsel was ineffective. I also agree not to seek relief under 18 U.S.C. § 3582.

6. I agree not to ask the Court to withdraw my guilty plea at any time after it is entered. I understand that by entering into this Agreement: (a) I agree that the facts set forth in Paragraph 2 of this

PLEA AGREEMENT

CR
Agreement shall be admissible against me under Fed. R. Evid. 801(d)(2)(A) in any subsequent proceeding, including at trial, in the event I violate any of the terms of this Agreement, and (b) I expressly waive any and all rights under Fed. R. Crim. 11(f) and Fed. R. Evid. 410 with regard to the facts set forth in Paragraph 2 of this Agreement in such subsequent proceeding. I understand that the government will not preserve any physical evidence obtained in this case.

7. I understand that the Court must consult the United States Sentencing Guidelines and take them into account when sentencing, together with the factors set forth in 18 U.S.C. § 3553(a). I agree that the Guidelines offense level will be calculated starting with USSG § 2B1.1. I understand that the Court may apply other enhancements, such as USSG § 3B1.3 (Abuse of Position of Trust or Use of Special Skill), that the Court is not bound by the Guidelines calculations, and that the Court may sentence me above the Guidelines range that the Court calculates. I further understand that the parties have reached no agreement regarding my (and thus, the United States is not bound to recommend any particular) Guidelines offense level, Criminal History Category, or range, that the United States may recommend a sentence above the Guidelines range that the Court calculates, and that the United States reserves its right to oppose any of my arguments for a downward departure or sentencing variance under 18 U.S.C. § 3553(a). I agree that regardless of the Guidelines offense level, Criminal History Category, or range and regardless of the sentence that the Court imposes on me, I will not be entitled, nor will I ask, to withdraw my guilty plea.

8. I agree that regardless of any other provision of this Agreement, the government will provide the Court and the Probation Office with all information relevant to the charged offense and the sentencing decision.

9. I agree to pay restitution for all the losses caused by all the schemes or offenses with which I was charged in this case, and I agree that the amount of restitution will not be limited to the loss attributable to the count to which I am pleading guilty, pursuant to 18 U.S.C. § 3663(a)(3). I agree that the Court may order and I will pay restitution in the full amount of each victim’s losses, as determined by the Court and without consideration of my economic circumstances, and in no event less than the loss amount determined by the Court for USSG § 2B1.1 purposes at sentencing. I agree that any fine, forfeiture, or restitution imposed by the Court against me will be immediately due and payable and

PLEA AGREEMENT
CR
subject to immediate collection by the government. I understand that the government may seek
immediate collection of the entire fine, forfeiture, or restitution from any assets without regard to any
schedule of payments imposed by the Court or established by the Probation Office. I agree that I will
make a good-faith effort to pay any fine, forfeiture, or restitution I am ordered to pay. Before or after
sentencing, I will upon request of the Court, the government, or the Probation Office, provide accurate
and complete financial information, submit sworn statements and give depositions under oath
concerning my assets and my ability to pay, surrender assets I obtained as a result of my crimes, and
release funds and property under my control in order to pay any fine, forfeiture, or restitution. I agree to
pay the special assessment at the time of sentencing.

10. I agree not to commit or attempt to commit any crimes before sentence is imposed or
before I surrender to serve my sentence. I also agree not to violate the terms of my pretrial release; not
to intentionally provide false information to the Court, the Probation Office, Pretrial Services, or the
government; and not to fail to comply with any of the other promises I have made in this Agreement. I
agree that if I fail to comply with any promises I have made in this Agreement, then the government will
be released from all of its promises in this Agreement, including those set forth in the Government’s
Promises Section below, but I will not be released from my guilty plea.

11. I agree that this Agreement contains all of the promises and agreements between the
government and me, and I will not claim otherwise in the future. No modification of this Agreement
shall be effective unless it is in writing and signed by all parties.

12. I agree that the Agreement binds the U.S. Attorney’s Office for the Northern District of
California only, and does not bind any other federal, state, or local agency.

13. I agree that my participation in the District Court’s Conviction Alternative Program is not
appropriate and that I will not request to be considered for and will not participate in that program.

The Government’s Promises

14. The government agrees not to file any additional charges against the defendant that could
be filed as a result of the investigation that led to the captioned Information, unless the defendant
violates the terms of the Agreement above.
The Defendant's Affirmations

15. I confirm that I have had adequate time to discuss this case, the evidence, and the Agreement with my attorney and that my attorney has provided me with all the legal advice that I requested.

16. I confirm that while I considered signing this Agreement, and at the time I signed it, I was not under the influence of any alcohol, drug, or medicine that would impair my ability to understand the Agreement.

17. I confirm that my decision to enter a guilty plea is made knowing the charge that have been brought against me, any possible defenses, and the benefits and possible detriments of proceeding to trial. I also confirm that my decision to plead guilty is made voluntarily, and no one coerced or threatened me to enter into this Agreement.

Dated: 6/14/2016

S. DARIN KINION
Defendant

BRIAN J. STRETCH
Acting United States Attorney

Dated: 6/14/2016

JEFFREY H. ROSES
Assistant United States Attorney

18. I have fully explained to my client all the rights that a criminal defendant has and all the terms of this Agreement. In my opinion, my client understands all the terms of this Agreement and all the rights my client is giving up by pleading guilty, and, based on the information now known to me, my client's decision to plead guilty is knowing and voluntary.

Dated: 6/14/16

JAMES PHILLIP VAUGHNS
Attorney for S. Darin Kinion
23MAY2018

17-0021-I

Misuse of Government Funds; Lawrence Livermore National Laboratory; NNSA

Complaint Summary: On 29 November 2016, the Hotline received a complaint forwarded from the Livermore Audit Group Team in which an anonymous complainant alleged that (b)(6), (b)(7)(C) Operations and Business, at Lawrence Livermore National Laboratory (LLNL), misused Department funds and his position for personal gain.

Parent: 17-0090-C

Current Status: Closed

Current Status Date: 10MAR2017

Current Status Notes: All investigative activity completed.

Date Received: 29NOV2016

Date Initiated: 12DEC2016

Primary Investigator: (b)(6), (b)(7)(C)

Other Investigators: (b)(6), (b)(7)(C)

Type: Administrative

Subject Type: DOE Contractor/Grantee Company

Special Flags: FBI Notified

Category: Contract and Grant Fraud

Conflict of Interest

[None]

Received By: E-Mail

Complaint Source: Anonymous

Complainant Location: Lawrence Livermore National Laboratory

Allegation Location: Lawrence Livermore National Laboratory

Retaliation: No

Recovery Act: No

HQ Program Office: HQ, National Nuclear Security Admin (NNSA)
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Allegation #1:
Initial Allegations

Allegation Location: Lawrence Livermore National Laboratory

Summary: On 29 November 2016, the Hotline received a complaint forwarded from the Livermore Audit Group Team in which an anonymous complainant alleged that Operations and Business, at Lawrence Livermore National Laboratory (LLNL), misused Department funds and his position for personal gain. According to the complainant, a former employee of Lawrence Livermore National Security, LLC (LLNS), misused Department funds to benefit his personal friend and fellow church member Arches Leadership, LLC, a contracted consulting firm. The complainant stated that required managers within his directorate to attend the “Shingo” training provided by Arches Leadership to support business. In return, has promised a “retirement job” at Arches Leadership in Utah when departs LLNL.

According to the complainant, LLNL managers has attended training sessions frequently over the past two years, in which they were held in Washington, DC in 2016 and Provo, Utah in 2015. In addition to the managers brought his administrative staff to both conferences even though they did not have any operational responsibilities; resulting in the training event being used more as a “sightseeing” trip.

Further, the complainant alleged the following mismanagement:
1) The subcontract was awarded to Arches Leadership
without any evaluation or competition.
2) The travel costs and work hours associated with attending the training were in the hundreds of thousands of dollars.
3) There was no benefit to attending the training and "spreading this operational religion" at LLNL.

Finally, the complainant alleged that this is a serious misuse of LLNL funds that should be used to accomplish LLNL missions.

Case Assignment:

ASA opened this Stage 1 investigation on 12/12/16.

Investigative Activity:

SA and SA met with DOE-OIG Audits regarding their ongoing project of LLNL subcontracts and inquired if they had any data related to either or Arches Leadership LLC. Audits provided a spreadsheet that listed two subcontracts for Arches Leadership LLC in year 2005 with a total of $73,000.00 award amount.

DOE was provided with a copy of the anonymous allegation letter via E-mail prior to meeting with SA and SA. Audits queried his database and did not find any consulting agreements for advised that based on the allegation letter, he did not believe there was any conflict of interest solely on shared religious background. The spreadsheet provided by Audits was shared with who thought that the amounts
were nominal. \(b(6), (b)(7)(C)\) also stated that it would have been the LLNL Procurement department and not \(b(6), (b)(7)(C)\) who would have reviewed and approved Arches' invoices for the payments. \(b(6), (b)(7)(C)\) also added that the actual subcontract agreements would disclose more information on what the costs covered to evaluate the reasonableness of the amounts.

Based on discussions with \(b(6), (b)(7)(C)\) SA provided subcontract agreements for Arches from LLNL Procurement \(b(6), (b)(7)(C)\) provided four subcontracts and purchase history for Arches which included the following amounts and award dates:

1. \$7,500.00 (04/13/2015)
2. \$65,500.00 (07/21/2015)
3. \$282,696.50 (01/21/2016)
4. \$184,500.00 (02/24/2017)

for a total of \$540,196.50. The information received from \(b(6), (b)(7)(C)\) was subsequently forwarded to \(b(6), (b)(7)(C)\) for his review and analysis.

\(b(6), (b)(7)(C)\) advised that based on the documents, \(b(6), (b)(7)(C)\) was the requester for these procurements. He stated that the daily rate of \$3,500.00 was high, but not the highest he had seen. \(b(6), (b)(7)(C)\) concluded that he saw "no apparent conflict of interest or fraud indicators" with Arches.

Investigative Findings:
None

Planned Activity:

Allegation was not substantiated based on the subcontracts reviewed from LLNL. No fraudulent
Finding Summary: None.
Referrals and Recommendations
<table>
<thead>
<tr>
<th>Subject</th>
<th>Name: (b)(6), (b)(7)(C)</th>
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<td>Victim:</td>
<td>No</td>
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<tr>
<td>Fugitive:</td>
<td>No</td>
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Complainant

Name: Anonymous
AKA: 
Bargaining Unit Employee: No
Victim: No
Fugitive: No
Employment Status: 
Waive Confidentiality: N/A

DOB: 
Org.: 
Pay Band: [Unknown]
Location: [Other]

Work Address: 
Work Address 2: 
Work City: 
Work State: 
Work Zip Code: 
Country: 
Work: 
Mobile: }

Home: 
Other: 
Office Info: 
Home Address 
Home State 
Home Zip 
Code 
Internal Oversight
Position/Title 
Home Address2 
Home Email 
Home City
User chronology entries:

08DEC2016 (b)(6), (b)(7)(C)
Case Notes
Received complaint 17-0090-C forwarded from ASAC for review from Hotline.

21DEC2016 (b)(6), (b)(7)(C)
Case Notes
FBI memo prepared and forwarded to FBI SAC in San Francisco, CA via fax.

27FEB2017 (b)(6), (b)(7)(C)
Case Notes
Interviewed (b)(6), (b)(7)(C)

27FEB2017 (b)(6), (b)(7)(C)
File Review
Since last review:
 reviewed anonymous allegation letter
 FBI notified - FBI inquired if parallel investigation was needed - advised FBI, not at this time.
 made contacts with (b)(6), (b)(7)(C) on basic contract questions
 LLNL site for more intel on (b)(6), (b)(7)(C) and organizational chart
 Internet for intel on Arches Leadership and (b)(6), (b)(7)(C)
 Researched potential statutes for case

To do:
 interview in person to discuss further on case
 follow additional leads as identified
 seek guidance from ASAC as needed
 CLEAR on (b)(6), (b)(7)(C) for cross index information.

27FEB2017 (b)(6), (b)(7)(C)
File Review
Concur with work to be done. Continue working investigation. Seek assistance from ASAC when needed.

01MAR2017 (b)(6), (b)(7)(C)
Case Notes
made contact with LLNL Procurement for copies of subcontracts pertaining to Arches Leadership LLC.

03MAR2017
Case Notes
E-mailed with copies of the subcontracts for Arches Leadership and requested his review and analysis of the records.

06MAR2017
Case Notes
received an E-mail reply from his review of the subcontracts. Prepared MOIA. Discussed with ASAC.