

More Government Employee Misconduct

Written by Nick Sanders

Tuesday, 12 June 2012 00:00

From time to time we like to write about the misconduct of Federal employees. We do this because we want to remind readers—especially readers who work for the Federal government—that not all contractors are crooks and there is probably no more contractor misconduct than there is Federal civilian service employee misconduct or military serviceperson misconduct. Wherever you find lax internal controls and people with lax consciences, you'll find corruption and self-dealing.

Today's story starts with Michael Strayer and his wife, Karen Earle, both of Lovettsville, Virginia. Mr. Strayer was a member of the Senior Executive Service at the Department of Energy (DoE). According to [this DOJ press release](#), Mr. Strayer and his wife were indicted by a Federal grand jury on 13 counts "arising from a conspiracy to defraud the government of \$1,263,330 by causing government contracts to be awarded which secretly benefitted the defendants personally."

Allegedly, in 2004 Mr. Strayer "used program funds he controlled" to start publication of a magazine ("SciDAC Review"), which was intended "to promote his division's advanced computing work with the DoE and academic communities." We'll let the DoJ tell the rest of the story—

Strayer used a foreign publishing company to put issues of the Review together on a no-bid, non-competitive contract, whereby the publisher was reimbursed for all its costs in producing the Review by the DoE. In mid-2006, Strayer directed the Review's publisher to hire Earle as a consultant for \$60,000 per year, despite the fact that she had no scientific computing or publishing background and lived in Tennessee, ostensibly to obtain articles for the SciDAC Review to publish. Shortly thereafter, Strayer began a romantic relationship with her, and directed that the publisher later increase her consulting fees.

In late 2006, Strayer reorganized the publication's editorial board and notified the board members that Earle was assuming charge of the SciDAC Review's editorial duties. Unbeknownst to the publisher, Strayer allegedly imposed a new requirement that board members, computing directors at DoE's national laboratories who received substantial funding from Strayer's office, provide Earle articles for publication in the SciDAC Review at no cost to the publication. In the summer of 2007, Strayer directed the publisher to contract with Earle's company, KJE Science Consultants, to pay her nearly \$100,000 for each quarterly issue to obtain articles for the magazine and to gain his approval for each issue, knowing that he had arranged that she be provided those articles at no cost by laboratory employees he exercised funding authority over. The indictment alleges that in September 2008, Strayer threatened to terminate Corporation A's contract to publish SciDAC Review if it did not renew Earle's contract for a second full year.

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In July 2008, Strayer and Earle purchased a \$740,000 home together in Lovettsville, Virginia, on which Earle made the entire \$120,000 downpayment, in part from funds she obtained on the SciDAC Review contract. Earle also paid over \$57,000 in renovations expenses and several mortgage payments on the home while Strayer lived there alone and Earle remained in Tennessee until the couple married in August 2009.

In June 2009, shortly before their marriage, Strayer signed a document with DoE's Office of the General Counsel recusing himself from participating in 'any Departmental matter in which Karen Jean Earle or KJE Consultants is a party.' The indictment alleges that despite this recusal, Strayer continued his involvement with Earle and KJE and concealed this fact from relevant DoE officials who contracted with the publishing company, while falsely leading officials at the publishing company to believe that DoE officials knew of his relationship with Earle and nevertheless had approved the subcontracting arrangement with KJE. It also alleges that despite his formal recusal, Strayer met personally with Earle and officials from the Review's publisher in August 2009 to plan a significant expansion of SciDAC Review and KJE's role. As a result of those discussions, Earle and the publisher executed three contracts on September 1, 2009 that would have provided for payments to KJE of over \$950,000 over the following 15 months.

On July 20, 2010, DoE investigators met with Strayer and told him that they were investigating allegations of impropriety surrounding the publication of SciDAC Review. The indictment alleges that Strayer stated that he had no part in drafting the subcontract between the publisher and Earle, whereas in fact employees of the publisher and Earle had repeatedly sent draft subcontracts to him for his review and approval. Additionally, Strayer is alleged to have maintained a file folder on his DoE computer named 'KJE' that contained multiple draft subcontracts between the publishing company and Earle. Strayer also allegedly told investigators that although he and Earle jointly owned their Virginia home, he alone paid the mortgage. In fact, however, Earle had made at least \$23,516.60 in mortgage payments by that date, in addition to the \$120,000 down payment on the home and \$57,443 in home renovations expenses, primarily paid for from funds derived from her SciDAC Review subcontract.

As a result of the scheme, Strayer caused the publisher to pay Earle consulting fees and subcontract payments totaling more than \$1,263,330 from DoE program funds that paid for the SciDAC Review.

We note that Mr. Strayer is now a "former" employee of DoE. If DoJ prosecutors achieve their objectives, he may soon become a member of the SES at a Federal prison.

The second story concerns Dr. Shih Chi Liu, of Silver Spring, Maryland, who was employed by the National Science Foundation (NSF) from 1981 until 2011, as a Program Director. Liu

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recently pleaded guilty to filing a false financial disclosure report that concealed payments and gifts he had received, according to this [DoJ press release](#). Let's let DoJ fill in the details—

Liu was required in his official position to submit a yearly financial disclosure report detailing travel-related reimbursements and gifts totaling more than a particular amount that he received during the reporting period. In the years 2006, 2007, 2008, 2009 and 2010, Liu filed false reports that failed to report payments and gifts he had received. In doing so, he concealed that he had arranged for an accredited university to pay false invoices for services that the university did not receive, pocketing the fraudulently obtained money himself. He also concealed that he had received money for international travel from an accredited university, at times simultaneously requesting and receiving reimbursements from NSF for that same travel.

So Liu was a senior, 30-year NSF employee who generated invoices for services he did not perform and who double-billed his travel expenses. Now he's looking at up to five years in prison and a fine of up to \$250,000 for his duplicitous behavior. That's 30 years down the drain. We doubt it was worth it.