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Office of Inspector General
Investigations Staff

Case Closing Memorandum

I.   Administrative Data

Case No.: 2012-11273-I (b)(3) CIAAct
(b)(6)

Case Title: Alleged FreedomPay Theft

Investigator: SA (b)(7)(c)

Supervisor: SAC ___ (b)(3) CIAAct
(b)(6)
(b)(7)(c)

Date Received: 20 March 2012

Date Opened: 20 March 2012

Date Assigned: 20 March 2012   (b)(3) CIAActe: Full Investigation
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(b)(7)(d)

II.   Summary of Investigative Actions

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1. (U//FOUO) On 20 March 2013, ___ Directorate of Support, notified the Office of Inspector General (OIG) of an alleged theft from Agency vending machines involving the FreedomPay payment system[1]. ___ told OIG that the persons unknown were stealing vending goods by disconnecting the FreedomPay network cables connected to Agency vending machines. ___ explained that disconnecting the FreedomPay network cable terminates communication between the vending machine and the FreedomPay network server, which permits purchases to be made by non-paying individuals using unfunded FreedomPay cards. ___ stated he believed these thefts had been occurring since the late fall of 2012, but the rate of occurrence had recently accelerated, which prompted reporting to OIG.   (b)(3) NatSecAct

2. (U//FOUO) On 20 March 2013, OIG initiated an investigation into the matter. Under the direction of OIG, technicians from the Office of Security (OS) installed ___ surveillance cameras at several key vending locations where a high occurrence of thefts were taking place. Video footage recovered from the surveillance cameras captured numerous perpetrators engaged in the FreedomPay theft scheme, all of whom were readily identifiable as Agency contract personnel.

III.   Findings

3. (U//FOUO) The OIG investigation established that Agency contractors circumvented the FreedomPay payment system by disconnecting the associated network (AIN) cable, which then permitted them to steal vending goods from Agency vending machines located throughout the Headquarters complex using unfunded FreedomPay cards.

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4. (U//FOUO) OIG determined that the FreedomPay thefts originated with ___ contract employee ___ was identified as a perpetrator through other subject interviews by OIG. During his OIG interview, ___ admitted to originating the idea of how to effect the thefts based on his knowledge of computer networks. According to ___ he tested the scheme by disconnecting the FreedomPay network cable and using

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[1] The FreedomPay system is an electronic payment system utilized by Agency employees to purchase food, beverage, and vending goods. The FreedomPay system uses the Agency Internet Network (AIN) to communicate between FreedomPay field locations in Agency buildings and the FreedomPay network server.

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an unfunded FreedomPay card. By doing this, [____] admitted he obtained vending goods at no cost. [____] subsequently shared this technique with several colleagues, which resulted in the proliferation of the thefts by several other co-workers.

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5. (U//~~FOUO~~) The following [____] contract employees were identified as suspects in the FreedomPay thefts through use of the security surveillance cameras, and each of whom subsequently provided admissions to OIG of their role in the thefts during their respective interviews:

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6. (U//~~FOUO~~) Additionally, [_____] contract employee [_____] was identified by OIG as a subject in the FreedomPay thefts through use of the security surveillance cameras. During his interview with OIG, [____] admitted to his role in the FreedomPay thefts, having learned to commit the thefts from [_____]

7. (U//~~FOUO~~) Following their OIG interviews, all identified subjects who made admissions to the thefts surrendered their Agency access badges and were escorted from Agency premises by a Security Protective Officer (SPO). The identified subjects were also terminated from employment by their respective contract employers.

8. (U//~~FOUO~~) The cumulative loss caused by the thefts was estimated to be $3,314.40.

9. (U//~~FOUO~~) On 22 May 2013, OIG referred this matter to the Eastern District of Virginia, U.S. Attorney's Office, Department of Justice (DOJ). DOJ declined prosecution in lieu of administrative action by the Agency.

IV.   Review and Approval

Case Closing Memo submitted by Investigator to Supervisor:

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22 oct 13

(Sign / Date)

Case Closing Memo approved by Supervisor:

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(b)(7)(c)

22 Oct 2013.

(Date)