

# F o r Y o u r I n s p e c t i o n



**"Mission First, People Always, Integrity Forever"**

**Volume III, Issue 3**

**Fall 2007**

[www.cncsoig.gov](http://www.cncsoig.gov)



**Office Of Inspector General, Corporation For National And Community Service**

## OIG Profile

**John J. Park, Jr. (Jack)**

**Special Assistant to the**

**Inspector General**

Veteran attorney Jack Park joined the Office of Inspector General in August 2007 as Special Assistant to Inspector General Gerald Walpin.



He bolsters an OIG legal team, including Inspector General Walpin and Vincent Malloy, Counsel to the Inspector General, that boasts a combined total of more than 99 years of experience.

Park previously served as an Assistant Attorney General for the State of Alabama from 1995 to 2007. His duties included representing the State, its agencies, and officials in litigation in State and Federal court. Park handled a variety of cases involving election law, redistricting, and the Voting Rights Act, as well as constitutional law, employment discrimination, and construction law.

In addition, Park for several years advised some of Alabama's boards, commissions, and agencies, including the Alabama Building Commission and the Alabama Judicial Inquiry Commission.

Earlier in his career, Park worked in private practice for almost ten years and served on active duty in the Army Judge Advocate General Corps.

Park, who grew up in Northern Virginia, is a graduate of the Yale Law School and the University of Virginia.

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## Misuse of Members Disservices All

Every Corporation grantee takes on a position of trust as a manager of community-spirited AmeriCorps members and other volunteers. However, a significant number of OIG investigations and audits have revealed betrayals of that trust through the misuse of members and Corporation funds.

Several timely OIG investigations uncovered violations before they resulted in a loss of Corporation funds.

Abuses included using members to supplant paid program employees, thereby supplementing staff salaries with grant funds, and the fraudulent enrollment of program employees as AmeriCorps members, who were also falsely certified by program officials as eligible for living allowances and education awards, thereby illegally using Federal funds to supplement staff compensation. Still other grantees have improperly assigned members to service projects and activities that were not included in their grant agreements.

"Most grantee officials carefully safeguard the money they receive for their programs and protect their members from being misused or detoured from the service they volunteer to give," said Inspector General Gerald Walpin. "Unfortunately, it is the few rogue officials who, acting in their self interest, subvert the ideals of community service. We, at the Office of Inspector General, are dedicated to rooting out the few bad apples."

Approved service activities are detailed in every Corporation grant agreement and grantees are not allowed to deviate from those provisions. Moreover, AmeriCorps members are banned from serving in program staff positions and supplanting paid employees.



*(Continued on page 2)*

## Major Problems Found at Grantee Serving Vets

The Office of Inspector General has issued an audit report that found major financial and operational problems involving the AmeriCorps program of United States Veterans Initiative (USVI), a Southern California-based nonprofit that serves homeless veterans at multiple locations nationwide.

The audit report, issued on September 10, 2007, also revealed a number of less-than-arms-length transactions involving USVI and Cantwell-Anderson Inc. (CAI), its for-profit joint venture partner headed by real estate developer Thomas F. Cantwell, a founder and former executive director of USVI.

"There can be no better use of Federal funds than for helping our veterans in need. But that good purpose is no excuse for misusing such funds and thus depriving veterans of money allocated to benefit them," said Inspector General Gerald Walpin. "Congress created the OIG to scrutinize the spending of taxpayers' money in

order to prevent fraud, waste and abuse. This audit spotlights substantial amounts improperly charged to a Federal grant, as well as substantial amounts not spent for veterans' services, the purpose of the grant. This office will continue its scrutiny to ensure proper use of Federal funds and the return of money improperly taken from the government."

The OIG audit focuses on a single Corporation AmeriCorps grant of \$6.8 million to USVI for the period September 1, 2003, to August 31, 2006, for programs at multiple service sites. Of that amount, USVI drew down \$5.36 million. The auditors questioned more than \$500,000 of the grant as improperly charged and almost \$250,000 in Corporation education awards as improperly given to USVI's AmeriCorps members.

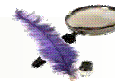
As a result of the OIG's findings, the Corporation on May 8, 2007, deferred action on further funding for USVI's AmeriCorps program, which was operated at USVI service sites in California, Hawaii, Texas, Nevada, Arizona and Washington, DC.

The auditors cited 10 internal control and compliance findings, including four material weaknesses, most of

*(Continued on page 2)*



## For Your Inspection



# Major Problems Found at Grantee Serving Vets

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which resulted from USVI's widespread lack of documentation of its grant costs and expenditures.

An OIG analysis of USVI's joint venture agreements and business services agreement with Cantwell, his development company and its subsidiaries, found a number of questionable transactions. For example, the joint venture agreement between Cantwell and USVI at the Westside Residence Hall in Inglewood, CA, which was essentially copied and used at other USVI sites, called for the partners to evenly split all income.

From 1994-2005, Westside Residence Hall, owned and headed by Cantwell, generated \$20 million of revenue, but Cantwell determined that USVI received only \$900,000, or less than 5 percent of the total. USVI officials said that they never reviewed Cantwell's computations and could not explain significant expenses Cantwell charged, which resulted in USVI's less than 5 percent share. In fact, USVI never received the \$900,000, which was said to be applied to reduce its loans from Cantwell's companies.

Walpin cited Carol Bates, Assistant Inspector General for Audit, Stewart Axenfeld, OIG Audit Manager, and the California audit firm of Mayer Hoffman McCann P.C. for "their excellent work resulting in the USVI audit report."

## OIG Adds Four Professionals

Three new auditors and a senior special agent have recently joined the staff of the Office of Inspector General.

The new OIG auditors include Karen Gardner, a 10-year veteran of the Naval Audit Service; Thomas Chin, who formerly audited Federal agencies for the Public Sector Practice of Ernst & Young LLP; and Sharon Brown, who formerly served at the Department of Justice and the OIG of the Department of Housing and Urban Development.

Senior Special Agent Christopher Dillard has joined the OIG Investigations Section. He was formerly a special agent with the Air Force Office of Special Investigations.

## Misuse of Members Disservices All

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The type of community service proposed - and agreed to - by the grantee is often the basis for a Corporation or State commission decision to fund a program that is chosen from a number of applicants. Detouring members and Federal funds to purposes - even worthwhile purposes - not included in the approved grant proposal is not permitted.

In the past year, an OIG investigation found that a former nonprofit program director fraudulently enrolled her employees in the VISTA program to supplement their salaries with VISTA funds. The grantee had to make restitution of more than \$53,000 as part of a civil settlement, and Corporation management debarred the former executive director and the phony VISTA members.

A recent OIG audit found that a grantee had assigned members to projects that were outside of the scope of the grant, and also falsified timesheets for the members in order to qualify them for education awards they had not earned.

Yet another grantee was found to have mismanaged its program by failing to schedule enough service hours for its members during their one-year term of service, making it impossible for them to compile the hours needed to earn a full education award. Program officials then compounded the problem by illegally inflating member service hours to try to make it appear there were no deficits.

Misuse of members can result in a range of penalties for programs and officials, including questioned and disallowed costs, debarment from access to all Government programs, and criminal prosecution for false statements and other Federal offenses.

But the real victims of these abuses are often the members, many of whom are unaware of the scams hatched by their supervisors. After a term of well-intended service on behalf of their community, they can find their education awards have been disallowed due to unapproved or falsely reported service.

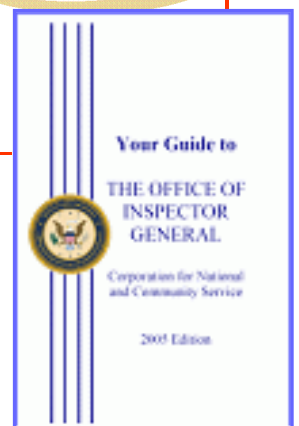
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