

Western Regions Conference

**OIG Interim Alert Report on
Investigation into Potential Fraud, Waste, and Abuse**

Case Number: I1192222

May 3, 2011

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2010 WESTERN REGIONS CONFERENCE INVESTIGATION

Basis for Investigation

- 2010 Western Regions Conference held at M Resort Spa & Casino outside Las Vegas, NV
- Conference held October 25-29, 2010
- Hosted by Pacific Rim Region (Region 9)
- OIG received report of possible fraud, waste, or abuse
- Opened investigation in December 2010

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2010 WESTERN REGIONS CONFERENCE INVESTIGATION

Overview of Findings

- Entire conference, including preplanning, cost GSA almost \$835,000
- GSA employees attended at least **eight** off-site preplanning conferences over a 19 month period, including six at the M Resort
- Conference costs included \$75,000 for “team-building” exercise in which employees assembled bicycles, then donated them to charity

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2010 WESTERN REGIONS CONFERENCE INVESTIGATION

Proposed Conference Budget

Expense	Cost
Conference Planning Session	\$10,000
Conference Facility	\$90,000
Guest Speakers/Teambuilding	\$50,000
Conference Supplies & Printing	\$40,000
Audio/Visual	\$60,000
Total	\$250,000

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2010 WESTERN REGIONS CONFERENCE INVESTIGATION

Regional Conference Attendance

Region	Number of Attendees
7	60
8	40
9	60
10	40
Central Office	25
Other Regional Reps	25
Speakers / Staff	50
Total	300

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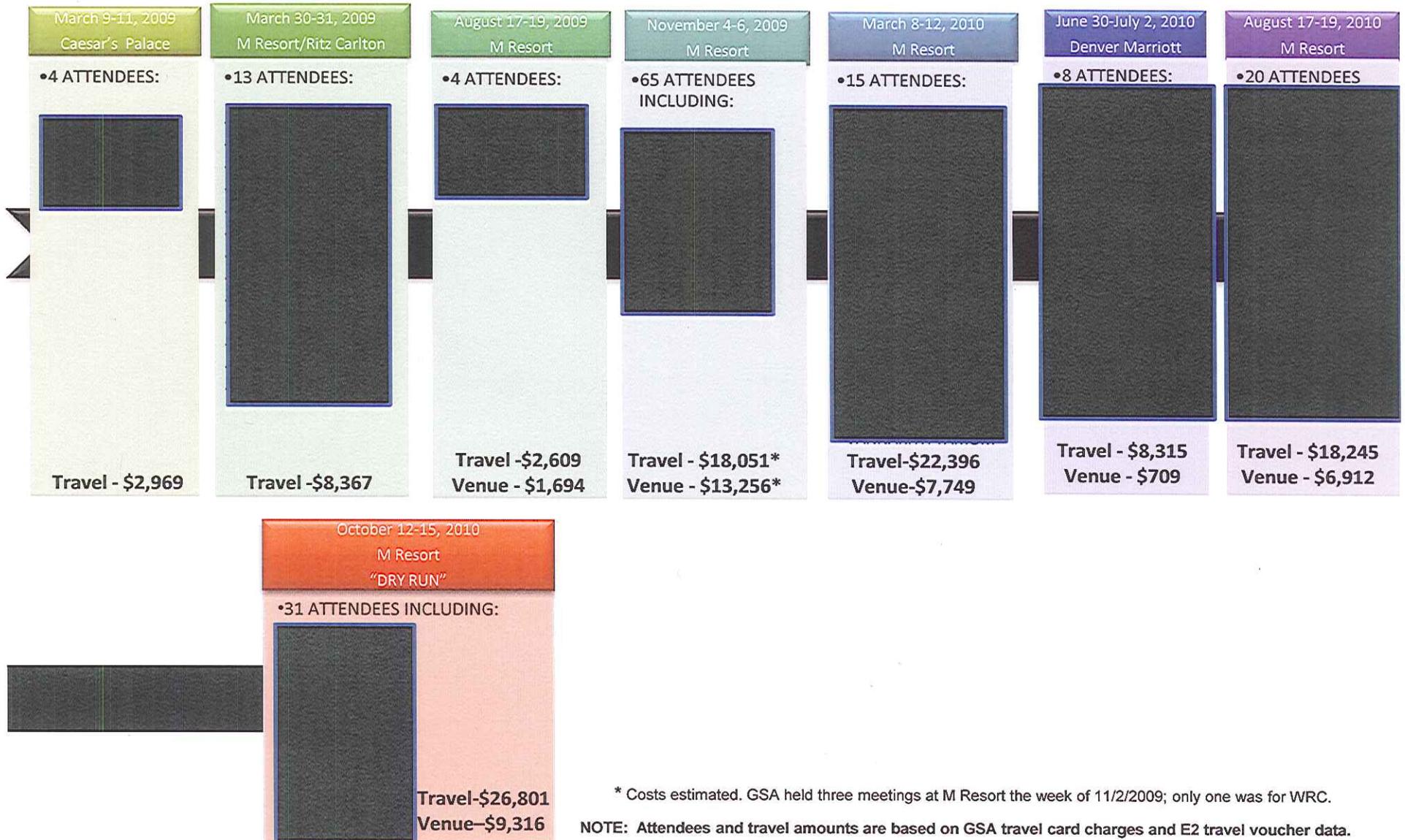
PLANNING COST

\$147,389

- Eight pre-planning meetings (six at the M Resort)
- Final planning meeting labeled as “dry run”

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WRC Pre-planning Meetings & Dry Run



* Costs estimated. GSA held three meetings at M Resort the week of 11/2/2009; only one was for WRC.

NOTE: Attendees and travel amounts are based on GSA travel card charges and E2 travel voucher data.

PLANNING & DRY RUN EXPENSES

EXPENSE	DATES	LOCATION	VENUE COST	TRAVEL COST
Planning Meeting	March 9 - 11, 2009	Caesar's Palace		\$2,969
Planning Meeting	March 30 - 31, 2009	M Resort and Ritz Carlton		\$8,367
Planning Meeting	August 17 - 19, 209	M Resort	\$1,694	\$2,609
Planning Meeting	November 4 - 6, 2009	M Resort	\$13,256*	\$18,051*
Planning Meeting	March 8 - 11, 2010	M Resort	\$7,749	\$22,396
Planning Meeting	June 30 - July 2, 2010	Denver Marriott	\$709	\$8,315
Planning Meeting	August 16 - 19, 2010	M Resort	\$6,912	\$18,245
Planning / "Dry Run"	October 12 - 15, 2010	M Resort	\$9,316	\$26,801
TOTAL				\$147,389

*Costs estimated. GSA held 3 meetings at M Resort week of 11/2/09; only one was for WRC.

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Conference Schedule

Monday, October 25th

Morning: Travel and Registration

Afternoon: Opening General Session

Evening: Networking Reception

Tuesday, October 26th

Day: Breakouts and General Session

Evening: Free Night (optional building tour)

Wednesday, October 27th

Day: Team Building / Service Event

Evening: Free Night

Thursday, October 28th

Day: General Session / Breakouts

Evening: Capstone Dinner Event (Awards / Keynote Speaker)

Friday, October 29th

Morning: General Session

Afternoon: Travel Home

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CONFERENCE ONLY COST

\$687,133

\$2,290 per Attendee

(planning costs not included; based on 300 attendees)

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CONFERENCE EXPENSES

ITEM	AMOUNT
ALL VENDORS*	\$346,484
TRAVEL EXPENSES	\$340,649
TOTAL	\$687,133

**Excluding \$12,602 Location Solvers commission paid by M Resort.*

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WRC TOP 10 VENDORS

VENDOR	AMOUNT
THE M RESORT – hotel	\$153,976
MVP ASSOCIATES – 1-day “team building” bicycle assembly project	\$75,000
ROYAL PRODUCTIONS – audio-visual services	\$61,808
PREMIER PRINTING – 325 conference books	\$9,036
EAGLES TALENT CONNECTION, INC. – motivational speaker	\$8,700
WALKER LEWIS RENTS – ARRA coin & velvet box for each employee	\$6,325
GENSLER – facilitation for WRC “breakout” sessions	\$5,900
HALO/LEE WAYNE – canteen and carabineer mementos	\$4,622
OUT OF THE BLUE – t-shirts as mementos of team building	\$3,749
MOTIVATIVE AND COMMUNICATIVE CONCEPTS – mind reader	\$3,203

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2010 WESTERN REGIONS CONFERENCE INVESTIGATION

ONE-DAY TEAM BUILDING EXERCISE

- \$75,000 contract, #GS-P09-10-KS-5009, awarded to MVP/Delta 4 for bicycle-assembling exercise
- No solicitation posted to FedBizOpps
- Bid over \$100k; immediately dropped to \$75k when told this was PBS's limit
- Between April 2009 and December 2010, MVP/Delta 4 awarded four other PBS contracts totaling \$288,530

AUDIO-VISUAL SERVICES

- \$58,808 contract awarded to Royal Productions
- No solicitation posted to FedBizOpps
- \$3,000 cost increase covered by purchase card
- Only one other company (M Resort's in-house vendor) considered

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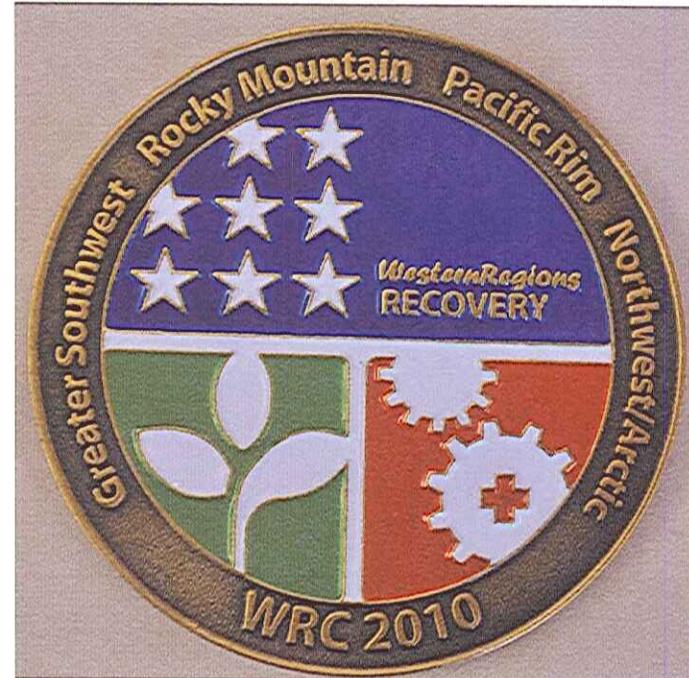
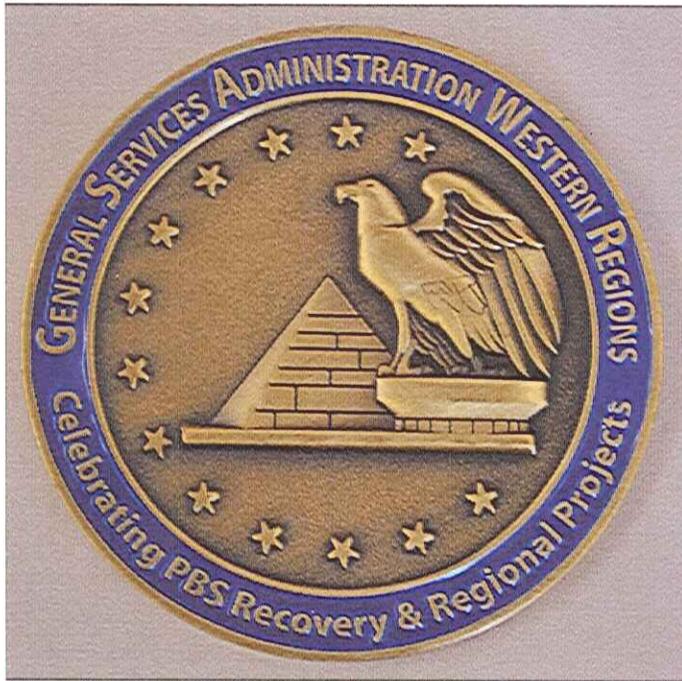
SELECTION OF VENUE

- Solicitation for sleeping rooms and meeting space posted to FedBizOpps on February 2, 2009
- CO contacted Location Solvers to find venue
- Location Solvers contacted M Resort immediately
- M Resort paid Location Solvers a \$12,601.50 commission for selecting M Resort (GSA did not pay Location Solvers)
- In 2010, GSA used Location Solvers to select 14 hotels as venues for GSA functions instead of competing the requirements

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ARRA COINS FOR EACH GSA EMPLOYEE



at a cost of \$6,325

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TOTAL CONFERENCE & PLANNING COSTS

\$834,522

\$2,781 per Attendee

(including planning costs; based on 300 attendees)

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Legal Requirements Implicated

- “For proposed contract actions expected to exceed \$25,000,” COs must synopsise on FedBizOpps. (FAR 5.101(a)(1))
- COs may only procure at “fair and reasonable prices”; must request offeror data to evaluate price unless based on adequate competition. (FAR 15.402(a))
- Agencies “shall obtain full and open competition.” (41 U.S.C. 253(a)(1)(A))
- For agency conferences for 30 or more attendees, agencies “must consider at least three sites” and “must maintain a record of the cost of each alternative conference site considered.” (FTR 301-74.19)

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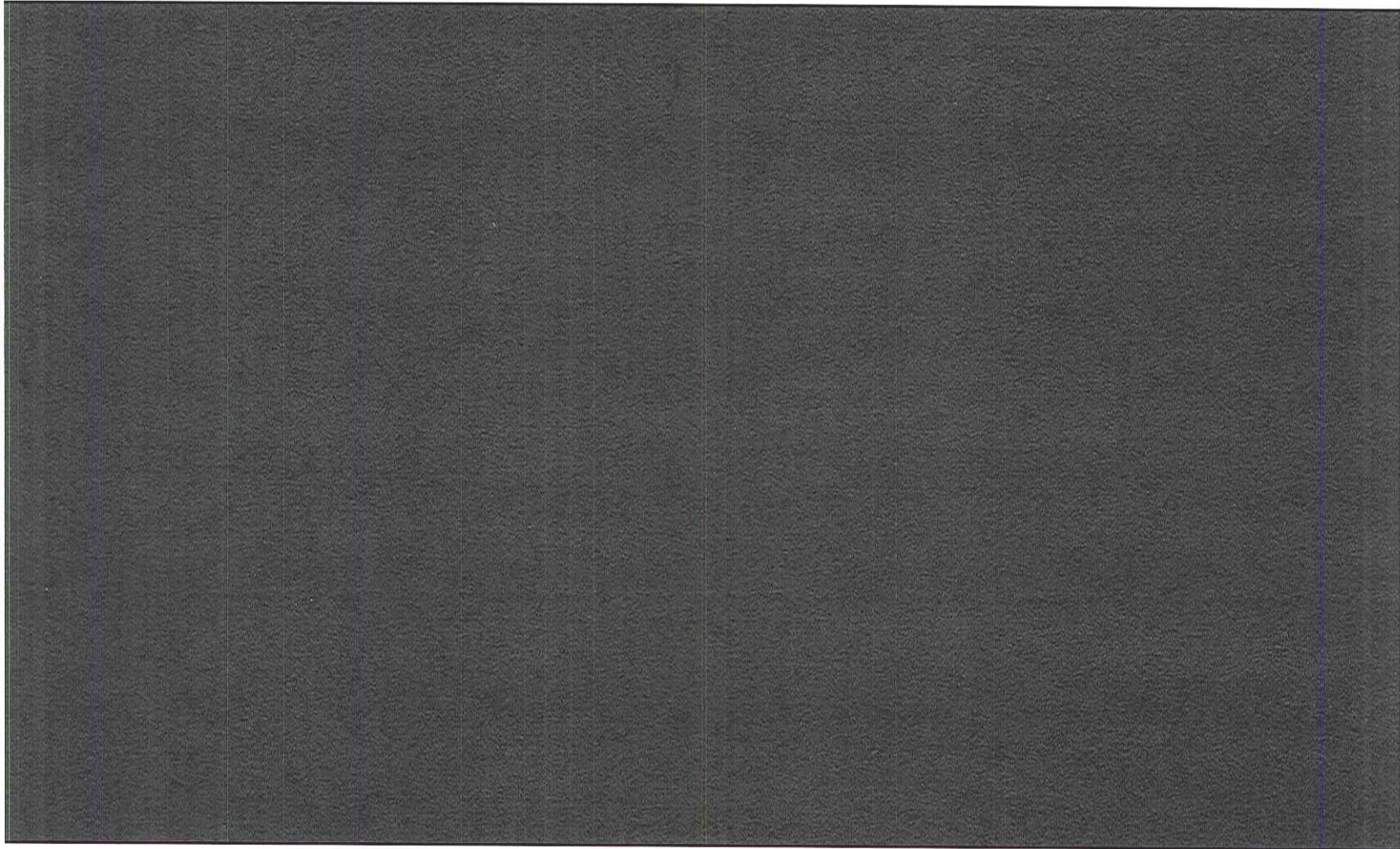
Legal Requirements Implicated, cont.

- “Memento items of any dollar value given to agency employees as a souvenir or keepsake of the training conference or meeting that are not necessary to carry out the official agency business are prohibited.” (GSA Order OGC 5090.1A, para. 4.b; Comp. Gen. No. B-257488)
- Federal surplus property is donated to eligible recipients through state agencies for surplus property; federal property may be donated directly to eligible non-federal recipients only with specific statutory authority. (FMR 102-37.90, 102-37.125(b))
 - No such authority cited for donation of the bicycles

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2010 WESTERN REGIONS CONFERENCE INVESTIGATION

Core Planning Team Members



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Core Planning Team Members:

Jeffrey E. Neely, Acting Regional Administrator, Region 9

- Budgeted \$250K - \$300K and approved additional funding that ran hundreds of thousands of dollars over the original budget
- Advocated \$75,000 award to team building vendor
- Consulted Office of Regional Counsel for advice on allowing team building vendor to purchase 25 children's bikes for the event, then donate them to charity. Did not seek opinion in writing because that "becomes discoverable – FOIA"
- His explanation for all of the preplanning was that he wanted to see whether the M Resort was a good fit for the conference. He attended five of the eight planning/dry run meetings – four of which he stayed at the M Resort

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Core Planning Team Members:



- Region 9 Lead for WRC; decision maker
- Participated in approval of M Resort as venue
- Not a contracting officer; nevertheless, selected MVP/Delta 4 and “negotiated” its price
- No synopsis posted on FedBizOpps; team building exercises were ordered against a Region 9 BPA
 - BPA was apparently not based on a schedule contract

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Core Planning Team Members:

[REDACTED]

- GSA [REDACTED] Event Planner; [REDACTED]
- Formerly \$100k warranted contracting officer
- Lost warrant due to overspending warrant amount on a conference
- Contacted Royal Productions about \$58,000 WRC contract; did not advertise requirement on FedBizOpps
- Considers loss of warrant a “blessing in disguise” because it prevents conflicts of interest and allows “checks and balances” on [REDACTED] event procurement contracts

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Core Planning Team Members:



- Contracting officer with a \$25K warrant
- Has been using Location Solvers almost exclusively to find venues for GSA events; learned of Location Solvers from 

- Denied receiving monetary benefit from Location Solvers (admitted receiving flowers on several occasions)

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