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January 16, 2019

Mr. Glenn A. Fine
Principal Deputy Inspector General
Department of Defense
4800 Mark Center Drive
Alexandria, VA 22350

Inspector General Fine,

I am writing to request: 1) A review of allegations that Department of Defense (DoD) Office of Net Assessment (ONA) contracts were used to support partisan political or other improper or wasteful activities; and 2) Progress reports on the whistleblower case of Mr. Adam Lovinger, which grew out of the alleged misuse of ONA contracts.¹

Late last year, a news report suggested that the ONA, which is an in-house think tank that normally conducts studies of U.S. vulnerabilities to emerging foreign military threats, had several contracts with a Cambridge University professor, Mr. Stephen Halper. Payments to the professor stretched over a six-year period, May 2012 and March 2018, including a substantial sum paid between July 2016 and September 2017.² Some of this money is suspected of having been used for partisan political and/or other allegedly illegal and wasteful purposes.

Before submitting this request, discussions with the Office of Inspector General (OIG) officials occurred to determine whether there was ongoing or completed work that might duplicate or conflict with my inquiry.

According to information provided, the OIG began investigating the Halper-Lovinger matter after the DoD OIG Hotline received the initial complaint on September 14, 2017. Since then, numerous allegations have been received, including potential violations of the Hatch Act, Privacy Act, contracting abuses, and whistleblower retaliation among others. Allegations were broken down into five different cases that were parceled out to four OIG organizations - Whistleblower Reprisal Investigations (WRI), Investigations of Senior Officials (ISO), Defense Criminal Investigative Service (DCIS), and the Audit Office.

¹ OIG staff tentatively agreed to my request for a review of this matter at meeting on January 10th but subject to your approval; This letter establishes a formal, written record for that request;

²Judicialwatch.org press release, October 2, 2018;

The original allegation of retaliation against Lovinger, which was referred to WRI, remains open “pending appeal to DOHA” [Defense Office of Hearings and Appeals], regarding his security clearance. Others have been closed for lack of evidence. However, apparently because “contracting concerns” along with alleged violations of post-employment restrictions by CNA officials were still hanging fire, ISO recommended they be assigned to DCIS. This move occurred on January 11, 2018. Following an investigation, DCIS presented evidence to an Assistant U.S. Attorney (AUSA), who declined prosecution on June 12, 2018. DCIS subsequently closed the case on September 6th. For unexplained reasons, ISO re-engaged on contracting issues and recommended that the Hotline refer the matter to the Audit Office for yet another review. That was done on October 3rd. On November 8th, the Audit office determined that DCIS had identified “nothing from an internal control ... or contracting perspective ... that would require audit” and closed the case.

For over 16 months, the OIG has been wrestling with the Halper-Lovinger matter. On the surface, at least, the level of scrutiny is encouraging, but I remain concerned about its true scope. Based on long experience watch-dogging the OIG, I fear the most challenging issue is really just getting kicked around the OIG bureaucracy instead of being subjected to aggressive, hard hitting oversight. Based on information provided thus far, the root cause problem – ONA contracts with Professor Halper – has not been examined. Even though ISO, DCIS, and the Audit Office made judgements about the Halper contracts, none examined those contracts. That fact defies understanding. How did OIG make judgements about contracts without ever looking at them? It’s time to put the Halper contracts under the OIG microscope.

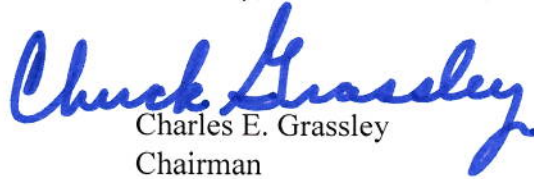
For these reasons, I now request that the Office of the Inspector General conduct a review of all ONA contracts with Professor Halper, including those summarized in the point paper provided at the meeting on January 10th: 1) 5 R&D contracts from May 2012 – July 2017 valued at approximately \$1 million; and 2) 2 R&D purchase orders, September 2016 and July 2017 valued at \$411,000.00. The contracts and purchase orders covered “professional support and special studies (foreign/national security).” All pertinent documentation needs to be examined, and all the dots need to be connected. Critical items to examine include contractual documents, statements of work, deliverables, invoices, receiving reports or comparable documents, and payment vouchers. All should match-up in every respect. What was Halper required to do, and what did he actually do, and was it done at the agreed upon price and schedule? The OIG review should determine whether the work performed and payments were consistent with all applicable laws and regulations, including 31USC1301 &1502. I also want to know who approved the contracts.

While using defense contracts for partisan political purposes may not constitute criminal conduct, it could be illegal and would surely be abusive, improper and wasteful. Such conduct, if it occurred, must never be tolerated. If evidence exists that shows defense dollars were misused for political purposes, then those responsible must be identified and appropriate corrective action must be recommended.

I also request that my oversight staff, Mrs. DeLisa Ragsdale, be given periodic progress reports on the Lovinger whistleblower case.

Your cooperation with my oversight work is always appreciated. A response is requested by February 1, 2019.

Sincerely,

A handwritten signature in blue ink that reads "Chuck Grassley". The signature is written in a cursive style with a large initial "C" and a long, sweeping tail on the "y".

Charles E. Grassley
Chairman
Committee on Finance