

Department of Veterans Affairs

Memorandum

Date: December 13, 2016

From: Assistant Inspector General for Investigations (51)

Subj: Administrative Investigation – Alleged Conflict of Interest, Veterans Benefits Administration (VBA), Office of Economic Opportunity (20E), Washington, DC (2015-01879-IQ-0466)

To: VBA Principal Deputy Under Secretary for Benefits

Purpose

In October 2014, the House of Representatives Veterans' Affairs Committee (HVAC) referred multiple allegations of misconduct involving the Department of Veterans Affairs (VA) Veterans Benefits Administration (VBA) Office of Economic Opportunity (OEO) leadership to the VA Office of Inspector General (VA OIG). The majority of the allegations were referred to VA for an Administrative Investigations Board (AIB) inquiry. The allegations OIG investigated centered upon an alleged conflict of interest involving Ms. Rosye Cloud, Senior Advisor for Veteran Employment, and her husband, Mr. Chad Cloud, sole owner of an information technology company. More specifically, Ms. Cloud was alleged to have assisted in marketing her husband and his company's software to several VA partners present at an August 15, 2014, meeting. This meeting promoted veteran hiring at Tidewater Community College (TCC) and other organizations located in the State of Virginia. VA OIG also investigated claims that Ms. Cloud assisted in the marketing of her husband's software by using VA funds to pay for her husband's travel to accompany her to other VA-related veteran job summits.

Initially, OIG's Office of Audits and Evaluations, Contract Integrity Division, examined whether Ms. Cloud was involved in contract steering. Although they found no evidence to substantiate that Ms. Cloud steered contracts to her husband, they did not complete their review and referred the matter to OIG's Criminal Investigations Division when Ms. Cloud obtained legal counsel. OIG's Criminal Investigations Division then assessed whether there was evidence of Ms. Cloud engaging in a conflict of interest. They conferred with the Department of Justice (DOJ) who did not believe that this was a criminal matter, recommended VA use other administrative remedies, and they declined it. It was then referred to OIG's Administrative Investigations Division.

Objective, Scope, and Methodology

This investigation was limited to the alleged improper marketing of software by Ms. Cloud and her husband, Mr. Cloud, during the TCC meeting as well as whether Ms. Cloud allowed her husband to attend other VA-related veterans job summits. The software in question had been previously patented by Mr. Cloud as a "Compliance Gap

Assessment and Improvement Tool” and was also referred to as the “Skills Gap Assessment Program” (SGAP). OIG also investigated allegations that Mr. Cloud traveled, at VA expense, to VA-related veteran job summits.

We obtained Ms. Cloud’s sworn testimony, under a Kalkines grant of immunity in consultation with DOJ. We interviewed representatives of all organizations identified as present at the TCC meeting as well as the business partner with whom Mr. Cloud marketed the SGAP. OIG reviewed internal contracting databases with regard to Mr. Cloud’s company’s contracting activity as well as prior ethics legal opinions issued by VA’s Office of General Counsel (OGC).

In all, we interviewed 24 witnesses, with 11 other individuals who attended veteran job summits providing their recollection of events surrounding the allegations. We also reviewed email, travel, personnel and contract records, electronic device content, VA financial payment data, and Financial Disclosure records. The review also included applicable Federal law, regulations, and VA policy.

Results

Issue 1: Ms. Cloud Did Not Misuse Her VA Position to Give Preference to Her Husband’s Private Business

Federal employees are prohibited from participating personally and substantially in their official capacity in particular matters in which they or persons whose interests are imputed to them have a financial interest, if their participation will have a direct and predictable effect on that interest. For purposes of this subpart, the financial interests of an employee’s spouse are fairly imputed to the employee, meaning that the spouse’s interests also may disqualify the federal employee from participating in a particular matter. 5 CFR §2635.402(a)(b)(2)(i) and 18 USC 208(a).

Official personnel records revealed that Ms. Cloud first accepted an assignment as a White House Policy Director for Veterans, Wounded Warriors, and Military Families within the Army Senior Fellows program in January 2011.

Ms. Cloud’s personnel records reflected that, effective July 28, 2013, she transferred to VA, as the Senior Advisor for Veterans Employment reporting to the VA Deputy Undersecretary for Economic Opportunity (DUSEO) as a GS-16 SL employee. She was first assigned to the VA/DoD Program Office; however, at the time we received these allegations, she was the acting Director of the Office of Transition, Employment and Economic Impact (OTEEI). Ms. Cloud later oversaw the Veterans Economic Communities Initiative (VECI) and development of the Veterans Employment Center (VEC) website.

Mr. Chad Cloud, Ms. Cloud’s Spouse, Private Business Owner and Software Developer

Upon receipt of the initial allegations, OIG obtained a copy of the May 2013 patent application for the SGAP program at the center of this investigation. We subpoenaed

Mr. Cloud's company and obtained internal business records. These documents led to the discovery of a teaming agreement between Mr. Cloud and a partner with whom he developed and provisionally patented the SGAP. The partner, who was referred to as a "client" in a teaming agreement, provided corporate records revealing a 60/40 percent breakdown of SGAP with Mr. Cloud being majority owner.

Allegations of Misconduct

The TCC Meeting

The allegations arose when Mr. and Ms. Cloud both attended an August 15, 2014, meeting at the Virginia Beach campus of TCC, along with public and private stakeholders interested in the VA's efforts to increase veteran hiring (the TCC meeting). Some newspaper articles and public internet websites questioned Mr. and Ms. Cloud's motives, alleging Ms. Cloud engaged in a conflict of interest to facilitate Mr. Cloud's attempts to sell the SGAP. Of note, the Virginia Beach TCC campus and Center for Military and Veterans Education (CMVE) is located in the greater Tidewater, VA, area. The area includes the Hampton Roads, Norfolk, and Virginia Beach communities. Installations from all five military branches are in the area, according to the Hampton Roads Chamber of Commerce internet website. The area is further described as home to 83,000 active duty and military personnel, with transitioning service members estimated at 13,000 annually.

Email records showed that the CMVE Director approved an SGAP demonstration to be held at the CMVE facilities on August 15. They further showed that three private organization and local government representatives, three CMVE board members, and four VA representatives, including Ms. Cloud, attended the meeting.

Prior Ethics Opinion and Advice

Our investigation documented four occasions when Ms. Cloud asked a VA OGC attorney for ethical guidance regarding her husband's company. The OGC attorney responded to her concerns with advice and counsel.

The first occasion occurred on April 11, 2014, some 8 months after Ms. Cloud joined VA. This involved Ms. Cloud submitting a memorandum to the DUSEO, her supervisor, recusing her from any matters "directly and predictably affecting the interests of [her husband's company]" as well as any matters to which her husband's company "is a bidder, a contractor or a subcontractor." Emails from VA's OGC attorney also confirm that Ms. Cloud contacted him about her husband's company in April 2014, and that he provided her with the language used in the initial recusal memorandum. Evidence also indicates that this recusal was effectively conveyed to the DUSEO.

On the second occasion, Ms. Cloud requested additional legal advice in an email to VA's OGC attorney immediately following the August 15, 2014, meeting at TCC. In her email, Ms. Cloud told VA's OGC attorney of that day's events to include the meeting with her husband, stating "When I began working at VA I proactively disclosed that my husband

had a client who had hired him to develop veteran employment tools.” VA’s OGC attorney responded to Ms. Cloud’s email by telling her that she acted in accordance with her original recusal memo. Further, the attorney stated that Ms. Cloud “acted in accordance with [her] initial recusal and did everything [she] could to avoid even the appearance of a conflict of interest” and that further action by her was not necessary.

Ms. Cloud’s third encounter with OGC regarding her husband’s company occurred after the publication of a news article on January 11, 2015. The article suggested that Mr. and Ms. Cloud were involved in a conflict of interest by using VA influence in the Norfolk and Hampton Roads, VA, area to sell Mr. Cloud’s software. VA’s OGC attorney responded to an inquiry from VA’s former Chief of Staff about the article. However, before doing so, the OGC attorney sought clarification from Ms. Cloud and the DUSEO about whether Mr. Cloud or his company had any contracts with VA. Ms. Cloud and the DUSEO confirmed there were no such contracts, and the OGC attorney encouraged them to revise Ms. Cloud’s recusal memo to include taking steps to ensure that Ms. Cloud’s subordinates were also insulated from any matters affecting the interest of her husband’s company. This resulted in Ms. Cloud executing an amended recusal memorandum on January 15, 2015. In the amended recusal memorandum, Ms. Cloud took the additional step of recusing anyone on her staff from participating in particular matters impacting Mr. Cloud’s company.

The fourth occasion on which Ms. Cloud consulted with VA’s OGC attorney occurred in March 2015, when she contacted him regarding the contract for the Accelerated Learning Program (ALP). Her office was closely involved in the selection process, and Ms. Cloud became concerned that her husband’s company or a related subcontractor might enter a bid. In response, the OGC attorney told Ms. Cloud that the U.S. Office of Government Ethics (OGE) clarified the conditions under which Ms. Cloud would have a conflict of interest. OGE opined that Ms. Cloud’s involvement with the ALP contract prior to knowing that her husband’s company might have an interest in bidding would not constitute a conflict of interest, so long as she abided by her previously executed recusal memorandum. To strengthen the recusal, Ms. Cloud also provided the OGC attorney a list of companies with whom her husband’s company consulted, contracted with, or represented.

Using the ALP contract number we verified through eCMS that, ultimately, neither Mr. Cloud nor his company submitted a bid for the ALP contract. Documents reflected there were 10 contractors who bid on the ALP contract, and Mr. Cloud’s company was not among them. His company was identified in the system as a “No bid.”

Analysis

a. Mr. Cloud and Software Performance Group, Inc.

VA’s FMS database established that neither Mr. Cloud nor his company ever received any sort of payment from VA in connection with a Governmental contract between January 2012 and August 2016. Additionally, OIG was unable to locate any evidence of Mr. Cloud or his company ever bidding on a VA contract in the Electronic Contract

Management System (eCMS) or the Federal Procurement Data System (FPDS) for the same time period. The eCMS system is not indexed by bidder, so we were unable to search by the name of Mr. Cloud's company; however, we specifically examined records relating to the ALP contract and confirmed that neither Mr. Cloud nor his company ever submitted a bid. With no evidence to the contrary, we conclude that neither Mr. Cloud nor his company ever submitted a bid for a VA contract during Ms. Cloud's employment at VA. This conclusion is consistent with Ms. Cloud's prior correspondence with VA's OGC attorney, indicating neither Mr. Cloud nor his company ever bid on a VA contract.

b. Marketing of the SGAP Tool

Through his attorney's written statement, Mr. Cloud asserted that he neither developed nor marketed the SGAP towards VA. He also stated that neither he nor his company ever met with VA officials in order to promote the SGAP.

Mr. Cloud's assertions are consistent with our findings with regard to the TCC meeting. The allegation that Ms. Cloud committed a conflict of interest by marketing the SGAP towards VA's partners is not supported by the evidence, and we found no meeting agenda reflecting both Mr. and Ms. Cloud presented. Further, although the TCC meeting generated at least three more SGAP demonstrations in 2014 and 2015, the interested organizations confirmed that none of the parties present at the TCC meeting purchased the SGAP. Mr. Cloud's partner who was the lead SGAP marketer also told us neither he nor Mr. Cloud successfully sold the SGAP to anyone.

c. OIG Interviews with the TCC meeting participants

The TCC meeting participants we interviewed all confirmed that both Mr. and Ms. Cloud attended and met at the demonstration. They further agreed that Mr. and Ms. Cloud appeared genuinely surprised when they realized that both were in attendance. All agreed that Ms. Cloud left the meeting after briefly explaining their apparent mishap. They said that Mr. Cloud demonstrated the SGAP after Ms. Cloud departed.

We interviewed 7 of the 10 attendees of the TCC meeting, including representatives of all organizations present. These interviewees included representatives of the Virginia Governor's Office; the charitable organization Goodwill of Central & Coastal Virginia; the (b) (7)(C) [REDACTED], City of Norfolk, Veterans Services and Military Affairs; the CMVE (b) (7)(C); and the VA and contractor employees, to include Ms. Cloud. We also interviewed another person who organized the meeting and witnessed events before and after. They provided the following accounts of the meeting:

1. Rosye Cloud

Ms. Cloud told us she did not know about her spouse's invitation to attend the TCC demonstration and was already traveling when he confirmed his meeting date. Ms. Cloud stated that her husband told her by phone the day before the TCC meeting that he had a last-minute meeting in Virginia Beach. She said her husband also informed her that the meeting might interfere with his plans to pick their son up from school and to meet her at the airport when she returned from her trip. She said her

logistical staff erroneously told her the TCC meeting site was at the Norfolk TCC campus, and she did not know until shortly before her meeting that it was actually at the Virginia Beach TCC campus.

Ms. Cloud stated that at one point during the meeting she “received a text message from her husband saying he was outside the meeting room waiting to be called in, and thought he heard her voice.” The text message was no longer available according to Ms. Cloud.

Ms. Cloud also testified that, after confirming that Mr. Cloud was outside the room, she informed the attendees her husband was the next presenter. Ms. Cloud further recalled that she told the attendees she did not know Mr. Cloud was going to attend, and neither she nor VA endorsed him. She said she excused herself prior to her husband’s presentation and reported the incident to VA’s ethics officials afterwards. As previously discussed, the VA’s OGC attorney emailed Ms. Cloud in response to their phone consultation about the TCC meeting events, thereby corroborating her claim of having reported the incident immediately after it occurred.

2. CMVE (b) (7)(C)

The Director told us that during the meeting Mr. Cloud was outside the conference room talking with the office manager. He also described the moment when Ms. Cloud emerged from the conference room and saw Mr. Cloud as awkward. He said his staff members also believed that the Clouds’ surprise was awkward as well.

3. (b) (7)(C), Governor of Virginia’s Office

The Governor’s (b) (7)(C) told us she was not previously aware that Mr. and Ms. Cloud were married. The (b) (7)(C) said that the Virginia Department of Veteran Services (DVS) had been searching for a mobile version of the tool Mr. Cloud demonstrated. During the meeting, the (b) (7)(C) heard Ms. Cloud say into her cell phone “Where are you?” Ms. Cloud then turned to ask the group, “Are you guys meeting with [Mr. Cloud’s company] after this?” When the (b) (7)(C) answered “yes,” Ms. Cloud exclaimed “Oh my gosh,” and “that’s my husband; I didn’t realize he was here, that’s so weird.” The (b) (7)(C) later attended a demonstration of the SGAP tool by Mr. Cloud for the DVS Secretary, the Virginia Values Veterans (V3) Director, and the Hampton Roads Community Foundation (HRCF). She said a local technical website expert representing HRCF found the SGAP tool unsuitable and after that demonstration, they lost interest in purchasing the software.

4. Calibre Systems Contractor

Two Calibre Systems contractors hereinafter referred to as “Contractor One” and “Contractor Two,” also attended the meeting. Contractor One agreed to be interviewed for this investigation and told us that she and Contractor Two drove Ms. Cloud to Norfolk on August 13th to prep for meetings in the greater Tidewater area on August 14-15.

However, Contractor One told us, on August 14, while walking to dinner with Contractor Two in Norfolk the night before the meeting, she and Contractor Two passed the TCC Norfolk campus. They mistakenly assumed Ms. Cloud's meeting the next day was to be held at the TCC Norfolk campus. Contractor One told us that on August 15, she and Contractor Two realized Norfolk was not the meeting location; rather it was the TCC Virginia Beach campus some 45 minutes away. With Ms. Cloud in tow, she said, they set out for Virginia Beach and called to inform the CMVE Director they would be late. Ms. Cloud told us that at no time did she realize they were traveling to Virginia Beach.

Contractor One recalled that near the lunch break Ms. Cloud appeared visibly shaken and stated, "He's outside the room." The contractor said that Ms. Cloud announced "My husband is supposed to give you guys an IT demonstration this afternoon and VA does not endorse this...we did not know this was happening." She said they left the meeting and Ms. Cloud stated she told her VA supervisor her husband had a software company, and that Mr. Cloud did not discuss the business with her. Contractor One explained that immediately afterwards Ms. Cloud called a VA attorney and disclosed the meeting's details. This was documented by an email exchange later that same day, in which VA's OGC attorney opined that Ms. Cloud acted appropriately to avoid a conflict of interest. Contractor One stated, "We were all just shocked."

5. VBA (b) (7)(C) Manager

We spoke with a VBA (b) (7)(C) Manager who accompanied Ms. Cloud to the TCC meeting on August 15. She also told us they originally believed the TCC Norfolk campus was the meeting site. The (b) (7)(C) Manager further recalled that Ms. Cloud stated that her spouse had a meeting in Tidewater, a location she said Ms. Cloud assured her was not in their "same area or distance."

The (b) (7)(C) Manager told us that she sat beside Ms. Cloud during the meeting as her Government representative. She said at one point Ms. Cloud received a text message, and made an "audible (gasp), like sound, like...shock...like an audible shock." The (b) (7)(C) Manager recalled Ms. Cloud showed her a text from Mr. Cloud which said "I think you're in the room where they're running late for me to do this demo." She reported that Ms. Cloud announced to the meeting, "I think my husband is waiting outside for another meeting..." She left the room and returned, appearing "visibly shaken" and stated, "Apparently, he's here to do some demo. It must be the demo that you all want to show us. We can't stay here for any demo he's doing. I'm not involved in his business at all."

The Manager stated Ms. Cloud continued telling the meeting attendees, "I don't endorse anything...that he does in his business." Then, the Manager said, they left. The (b) (7)(C) Manager stated that when Ms. Cloud's group reached their car, Ms. Cloud said that she needed to speak with a VA ethics attorney. When the Manager contacted OGC by phone, Ms. Cloud spoke with OGC's attorney, who recommended Ms. Cloud prepare a memo documenting the events. The (b) (7)(C) Manager stated, "it could have been an act, but it sure didn't feel like it. She seemed surprised, shaken and confused so she called the ethics official, which seemed to be the right thing to do."

6. (b) (7)(C), Goodwill of Central & Coastal Virginia

The (b) (7)(C) recalled Mr. Cloud entered the room for the meeting's second session, and said to Ms. Cloud, "I didn't realize you were here." Ms. Cloud left, and then Mr. Cloud proceeded with his presentation. She said Ms. Cloud seemed embarrassed and made a "fuss" about her and her spouse not sharing their schedules, which was unusual and made it seem as if they were trying to "cover it up."

The (b) (7)(C) told us Mr. Cloud's software "piqued" Goodwill's interest for their veteran and non-veteran employment programs. She said Mr. Cloud and his partner demonstrated the SGAP for Goodwill during a second meeting at the Town Center Club, Virginia Beach. However, the (b) (7)(C) told us that Goodwill lost interest and did not budget funds to purchase the software.

7. (b) (7)(C), Norfolk Veterans Services and Military Affairs

The (b) (7)(C) told us that he attended the August 15 TCC meeting. At one point during the meeting, he said, Ms. Cloud displayed a distressed look as she read a text on her device. She asked the (b) (7)(C) where they were located. He responded to her by telling her that the meeting was occurring at the TCC campus in Virginia Beach. He said Ms. Cloud then revealed that Mr. Cloud could hear her voice inside the conference room. The CMVE Director explained to the group about Mr. Cloud's impending software demonstration. The (b) (7)(C) said that Ms. Cloud confirmed Mr. Cloud was a vendor but stated she did not know he was going to attend the meeting. At that point, the (b) (7)(C) said, "we can't bring him in." Ms. Cloud then thanked the (b) (7)(C) and left the TCC. Mr. Cloud then entered and gave his SGAP presentation. During the interview, the (b) (7)(C) also expressed dissatisfaction at having been omitted from the invitation list for a meeting with Ms. Cloud on August 14, which he felt impeded him in performing his job duties for the City of Norfolk.

8. CMVE (b) (7)(C) Manager

Though she did not directly attend the August 15 meeting, the CMVE (b) (7)(C) manager's desk was located just outside the meeting room. The (b) (7)(C) manager planned the meeting and scheduled all the attendees. She told us she did not know that Mr. and Ms. Cloud knew each other when she planned the meeting and that Mr. Cloud seemed to be routinely showing his product. She said she and several attendees were surprised that the Clouds knew each other.

d. Coincidental Meeting

The preponderance of the evidence showed that neither Mr. Cloud nor Ms. Cloud was aware that the other planned to attend the August 15 TCC meeting. Further, the preponderance of the evidence indicated that their meeting was coincidental and the result of an unlikely combination of factors. The investigation showed that Mr. Cloud and his partner indirectly obtained an invitation to the TCC meeting through marketing efforts directed at their Congressional Representative. These marketing efforts did not involve Ms. Cloud or her position.

Similarly, email documentation revealed that Ms. Cloud's appearance at that same meeting resulted from Calibre Systems Contractor Two offering the TCC President a "meet and greet" with Ms. Cloud in conjunction with Ms. Cloud's meeting the previous day in Norfolk. The TCC President forwarded the email to the CMVE Director. The CMVE Director, without the input of Mr. or Ms. Cloud, then combined Ms. Cloud's proposed meeting with Mr. Cloud's software demonstration. The confusion apparently culminated when the Calibre contractors driving Ms. Cloud to the meeting arrived some 90 minutes late because of confusion as to whether the meeting was at the TCC Norfolk campus or the TCC Virginia Beach campus.

1. Mr. Cloud's participation

Mr. Cloud declined to be interviewed without receiving the questions in advance. Our office does not provide questions in advance as a matter of policy, thus he was not interviewed. However, (b) (7)(C) stated that the marketing efforts addressed at the Congressional Representative's office were initiated by his lawyer. Emails between the two (b) (7)(C) and Congressional staff reflected they began demonstrating the SGAP tool by fall of 2013, predating the 2014 TCC meeting. By late November 2013, the Congressman's Military Liaison referred the parties to State and Federal representatives from other heavily veteran populated regions.

By July 31, 2014, a Virginia DVS Program Director introduced the partners to the TCC CMVE Director in Virginia Beach. They were demonstrating their software product to the CMVE Director by August 5, 2014. Impressed by the SGAP, the Director scheduled a demonstration at CMVE for other regional veterans hiring organizations.

2. Ms. Cloud's participation

Ms. Cloud's travel calendar was often kept by Calibre Systems Contractor Two, who has since left Calibre employment and declined to be interviewed. Email communications between Contractor Two, who scheduled Ms. Cloud's TCC visit, and the CMVE Office Manager showed that Contractor Two contacted TCC's President five days before Ms. Cloud's Norfolk trip and offered a meeting with Ms. Cloud on August 14 or 15. The President forwarded the email to the CMVE Director. By August 12, while already traveling, the contractor and the (b) (7)(C) manager settled on August 15, 2014 as Ms. Cloud's TCC meeting date.

Mr. and Ms. Cloud's Joint Travel Examined

A January 2015 newspaper article reported on the Cloud's TCC meeting, while online media sources also alleged that Mr. Cloud traveled to Chicago soon after the August 15, 2014, meeting to exploit Ms. Cloud's VA access and market the SGAP. Allegations also surfaced regarding Mr. Cloud's alleged appearance at an October 2014 Joint Base Lewis McChord (JBLM) job summit in Washington State. To examine the travel allegations, we subpoenaed and reviewed five commercial air carriers' records for Mr. and Ms. Cloud from May 1, 2013, to August 21, 2015, and reviewed Ms. Cloud's VA travel records from July 28, 2013, to April 2016. We also spoke with contractors, subcontractors, VA

employees, and other individuals who traveled with and met Ms. Cloud at the Chicago and JBLM summits.

We found no evidence that VA paid for Mr. Cloud or any other Cloud family members to accompany Ms. Cloud to Chicago or JBLM. Further, examination of travel records revealed only one occasion during which Mr. Cloud accompanied Ms. Cloud during a VA sponsored business trip. On that occasion, Mr. Cloud accompanied Ms. Cloud to Orlando, FL, in August 2013, when she attended a national veterans' group legislative summit.

Mr. Cloud did so at his own expense. For purposes of this investigation, we did not perform a complete audit of Ms. Cloud's overall travel, as VA has its own mechanism for doing so. For purposes of this alleged conflict of interest case, we found no evidence that Mr. Cloud's airfare was ever reimbursed by VA.

a. JBLM Veteran Job Summit, Tacoma, Washington, October 2014

A Program Analyst from VA told us that he accompanied Ms. Cloud to the Tacoma, WA, JBLM veteran job summit. He traveled separately from Ms. Cloud, but he joined Ms. Cloud at the summit site, accompanied her during most of the meetings, and had dinner with her one evening after hours. At no time did he see Mr. Cloud or hear Ms. Cloud mention Mr. Cloud as being present. We also spoke with two job summit officials, the (b) (7)(C), Washington State Department of Veterans Affairs, and (b) (7)(C) JBLM Transition Office. Both met separately with Ms. Cloud during the job summit. However, neither recalled seeing Mr. Cloud, hearing Ms. Cloud speak of him, or hearing Ms. Cloud promote SGAP.

b. Bush Institute Event, Chicago, April 2015

VA travel records reflected that Ms. Cloud's first VA travel to Chicago occurred from April 15-17, 2015. The travel was necessary so that she could attend a panel discussion at the Bush Institute's Serving 9/11 Vets and Families event. We spoke with a VA subcontractor who accompanied Ms. Cloud to Chicago but used a different flight. The subcontractor told us the Chicago itinerary included meetings with representatives from the Mayor's Office and a statewide collaborative veteran services program called "Illinois Joining Forces." It concluded with an offsite meeting at a veteran entrepreneur's program known as "Bunker Labs." The subcontractor said she did not see Mr. Cloud or hear Ms. Cloud mention him while on that trip. The subcontractor said she also traveled with Ms. Cloud to a Nashville event in January 2016, and she did not see Mr. Cloud there either.

Bush Institute's Military and Service Initiative (b) (7)(C) told us Ms. Cloud spoke at their Chicago event. However, they did not meet Mr. Cloud and or see him at any of the Bush Institute events. We also contacted the (b) (7)(C) of Bunker Labs, Chicago, who told us he worked with Ms. Cloud and that she visited that organization as well. However, he said he never met Mr. Cloud, nor did Ms. Cloud promote any type of "services on his behalf." The (b) (7)(C) of the State of Illinois Department of Veterans Affairs told us she

met with Ms. Cloud at the Bush Institute event. However, she also did not meet Mr. Cloud, nor was she aware of him having attended. We attempted to reach several others who attended the Chicago meetings and events but they did not respond to our requests for information.

Conclusion

In order to have engaged in a conflict of interest, the employee must have knowingly participated in a particular matter likely to have a direct and predictable effect upon the finances of a covered party. In this case, that would include not only Ms. Cloud but also her husband, Mr. Cloud. For the following reasons, we could not substantiate a claim of conflict of interest against Ms. Cloud.

We investigated the allegations that Mr. and Ms. Cloud jointly attended the August 15 TCC meeting to promote VA-related software known as SGAP and attended subsequent events for the same purpose. We found that both attended the TCC meeting, but we could not substantiate the allegation that Ms. Cloud improperly enriched her family by using her VA position to promote SGAP. Moreover, our investigation developed substantial evidence supporting Mr. and Mrs. Cloud's position that their meeting at the TCC was coincidental. We also found no evidence that Ms. Cloud allowed Mr. Cloud to accompany her to official meetings taking place at the JBLM Job Summit or Chicago, IL.

Finding no record of contracts or financial payments to Mr. Cloud or his company through searches of VA's corresponding records systems, we concluded that Mr. Cloud had no business relationship with VA between 2012 and 2016. We found credible testimony that Mr. Cloud did not sell the SGAP to any of the TCC meeting attendees, nor did we find any evidence disputing those assertions. Though some TCC meeting attendees found Mr. and Ms. Cloud's surprise meeting implausible, overall, attendees provided no tangible evidence the Clouds pre-planned their joint attendance. In fact, we found evidence that Mr. and Ms. Cloud's scheduling efforts for the TCC meeting took entirely separate and independent paths, neither one involving the other. Further, by speaking with people who work at the Washington State and Chicago, IL, veteran employment organizations Ms. Cloud visited during respective job summits, we found no one who observed or spoke with Mr. Cloud at their sites. Ms. Cloud obtained safe harbor rulings from VA's OGC ethics attorneys. Regarding specific situations and incidents involving her husband's company, we found that Ms. Cloud sought counsel and adhered to OGC attorneys' advice which enabled her to avoid a conflict of interest.



QUENTIN G. AUCOIN
Assistant Inspector General for
Investigations

Report Distribution

VA Distribution

Office of the Secretary
Veterans Health Administration
Veterans Benefits Administration
National Cemetery Administration
Assistant Secretaries
Office of General Counsel

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction, Veterans Affairs, and
Related Agencies
House Committee on Oversight and Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction, Veterans Affairs, and
Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget

To Report Suspected Wrongdoing in VA Programs and Operations:

Telephone: 1-800-488-8244

Email: vaoighotline@va.gov

Hotline Information: www.va.gov/oig/hotline