



## OFFICE OF INSPECTOR GENERAL

May 13, 2009

The Honorable Edward M. Kennedy  
Chairman, Committee on Health,  
Education, Labor, and Pensions  
United States Senate  
428 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Kennedy:

By letter dated May 12, 2009, Nicola Goren, Acting Chief Executive Officer, Corporation for National and Community Service, forwarded to you a Special Report prepared by my Office (“OIG”) regarding the waste of assets in, and impropriety of, the settlement of claims by the United States against St. HOPE Academy, Kevin Johnson, and Dana Gonzalez. That Special Report was submitted to Congress pursuant to, among other provisions, section 5(d) of the Inspector General Act of 1978, as amended. Section 5(d) calls for the agency head to transmit the report to the appropriate committees or subcommittees of Congress within seven calendar days **“together with a report by the head of the establishment containing any comments such head deems appropriate.”**

Instead of submitting any comments, however, the Corporation has declined to do so, on the ground that it is constrained from doing so because the Acting United States Attorney for the Eastern District of California “has formally communicated concerns about [OIG’s] conduct in this matter to the Chair of the Integrity Committee of the Council of the Inspectors General on Integrity and Efficiency.”

On May 12, we saw, for the first time, a copy of the April 29, 2009, letter to which Ms. Goren refers. That letter and the concerns it raises are entirely separate from the wisdom and propriety of the settlement of the claims that the United States had against St. HOPE, Johnson, and Gonzalez. It is, likewise, entirely separate from the Corporation’s responsibility to provide its response to our Special Report to Congress and, for that reason, should not be used to table the Special report until it is “old news.” We see no reason for Congress to wait for an uncertain period of time for the Corporation’s comments.

Indeed, since April 7, 2009, before the settlement was announced, Ms. Goren and the Corporation’s General Counsel knew of OIG’s dissatisfaction with the contemplated settlement, which was announced on April 9. So did the United States Attorney’s Office because we wrote to it about the proposed settlement on April 6, 2009. In short, all concerned knew some time ago of OIG’s concerns about the proposed settlement, and also knew that we would perform our duty



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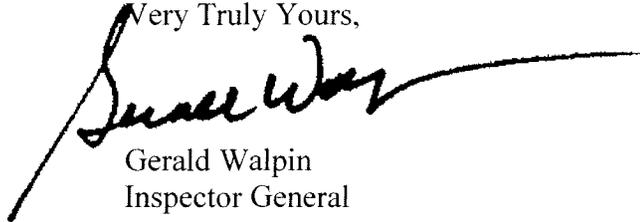


to report to Congress our views of its impropriety. The Corporation should not need an open ended extension of time to submit any comments it may have regarding the Special Report.

For our part, we believe the complaint of the Acting United States Attorney to be without merit and will push for its prompt resolution by the Integrity Committee. This Office's Special Report, which you have been provided, contains many facts relevant to the merits of that complaint. While this is not the forum to respond in detail to the Acting United States Attorney's complaint, I note, as an example, that the Acting United States Attorney complains that his Office first learned of our Office's determination to seek the immediate suspension of St. HOPE, Johnson, and Gonzalez through a newspaper article on September 25, 2008. In fact, a copy of this Office's referral of those three respondents for suspension was sent to the United States Attorney's Office on July 9, 2008, after that Office was telephonically advised of it on June 30, 2008. Further, at a meeting in the United States Attorney's Office on August 25, 2008, attended by various Assistant United States Attorneys, including the now Acting United States Attorney, and three representatives of OIG, the subject of OIG's suspension request was discussed. And, on September 9, 2008, the United States Attorney's Office supplemented OIG's suspension request with its own letter to the Debarment and Suspension Official, asking that, if the suspension were ordered, the Corporation "not conduct fact-finding" as part of its consideration of the suspension referral. Thus, the Acting United States Attorney's assertion of no knowledge of the suspension referral until reading about it in the newspapers is totally false.

In conclusion, the Corporation has no good reason for withholding its response. We believe Congress is entitled to learn at this time – not a year later – if the Corporation has any defense to what this Office believes to be conduct contrary to its responsibility to protect Federal funds and the interests of the United States Government. We ask Congress to direct the Corporation to furnish its comments at this time.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Gerald Walpin", with a long horizontal flourish extending to the right.

Gerald Walpin  
Inspector General