

USAID Contractor Diverts Funds to Bogus Subcontractors

Written by Nick Sanders
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Mark-Anthony Elisha Adams, age 43, of Fort Washington, Maryland, held the position of Deputy Director at MasiMax Resources, Inc. MasiMax, a contractor to the US Agency for International Development (USAID), was acquired by RTI International in 2009 and has not existed as a separate entity since 2010. In 2011, RTI became aware of a possible subcontracting problem with MasiMax's prime contract with USAID, and notified authorities.

An investigation by the USAID's Inspector General and other Federal officials determined that Adams allegedly approved more than \$1 Million in fraudulent invoices from "subcontractors" controlled by Adam's wife and his friend. According to the story by Law360 (subscription required)—

Mark-Anthony Elisha Adams, 43, and his wife, Latasha Bell, 36, of Fort Washington, Md., pled not guilty to charges including wire fraud, mail fraud, conspiracy to launder money and aggravated identity theft in Washington federal court ... The indictment alleges Adams forged a coworker's name on various forms to get the bogus invoices approved. In one case, the couple allegedly submitted an invoice for more than \$3,600 for an honorarium and per diem for 'Latasha S. Bell, Ph.D.,' purportedly a participant in a research program attending a meeting in Tanzania. ...

Lipscomb, 42, of Aliso Viejo, Calif., pled guilty to conspiracy to commit wire fraud on March 2 in connection with the alleged scheme and agreed to forfeit more than \$386,000. He was released on his own recognizance pending sentencing. He faces a maximum sentence of 20 years in prison and a \$250,000 fine, prosecutors said.

The Law360 story noted that the funds allegedly diverted by Adams were intended to benefit global public health initiatives, including fighting the HIV/AIDS epidemic in Africa. The story quoted prosecutors as follows—

'Instead of the funds being used to assist in the treatment of conditions such as HIV/AIDS, the money was allegedly used by Mr. Adams and Ms. Bell to pay for expensive home renovations and purchase luxury vehicles such as a Cadillac EXT and a Mercedes S550.'

Normally we like to probe stories such as these to determine whether better internal controls may have detected this type of wrongdoing earlier. In this case, we have a company executive who allegedly forged a coworker's invoice approval. But there has to be more to this story, because it should take more than an approved invoice to generate payment to a subcontractor. There also needs to be an executed subcontract. That subcontract needs to have been awarded and the price determined to be fair and reasonable. We don't know whether that happened or how normal corporate procurement processes were subverted. All we know is that within a couple of years of acquiring MasiMax, RTI International detected some irregularity that

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caused them to bring in the authorities.

The Law360 article reported RTI's reaction as follows: "From our perspective, I think we've been wronged. Clearly the government has been wronged, and we really hope justice is carried out in this case." We are guessing that justice will be carried out.