

Sent: Friday, June 12, 2009 8:59 AM
To: Earnest, Joshua R.
Subject: CBS Radio

Josh,

Steve Goldsmith got a call at home this morning from CBS Radio. He declined to comment and asked one of us to follow up. Do you want to take it? He didn't get a contact, just a number: [REDACTED]

Also, FYI, here are some more stories.

Associated Press, June 12, 2009, 5:00 AM PDT,
<http://www.google.com/hostednews/ap/article/ALeqM5iUZkMBy1mNzbML2mfvPzPWfi0wdwD98P0F>

Obama removes AmeriCorps's IG in spat with friend

By ANN SANNER and PETE YOST – 4 hours ago

WASHINGTON (AP) — President Barack Obama says he has lost confidence in the inspector general who investigates AmeriCorps and other national service programs and has told Congress he is removing him from the position.

Obama's move follows an investigation by IG Gerald Walpin of Sacramento Mayor Kevin Johnson, who is an Obama supporter and former NBA basketball star, into the misuse of federal grants by a nonprofit education group that Johnson headed.

Walpin was criticized by the acting U.S. attorney in Sacramento for the way he handled an investigation of Johnson and St. HOPE Academy, a nonprofit group that received hundreds of thousands of dollars in federal grants from the Corporation for National Community Service. The corporation runs the AmeriCorps program.

"It is vital that I have the fullest confidence in the appointees serving as Inspectors General," Obama said in a letter Thursday to House Speaker Nancy Pelosi and Vice President Joe Biden, who also serves as president of the Senate. "That is no longer the case with regard to this Inspector General."

The president didn't offer any more explanation, but White House Counsel Gregory Craig, in a letter to Sen. Charles Grassley, R-Iowa, cited the U.S. attorney's criticism of Walpin to an integrity committee for inspectors general.

"We are aware of the circumstances leading to that referral and of Mr. Walpin's conduct throughout his tenure and can assure you that the president's decision was carefully considered," Craig wrote.

Grassley had written Obama a letter pointing to a law requiring that Congress be given the reasons an IG is fired. He cited a Senate report saying the requirement is designed to ensure that inspectors general are not removed for political reasons.

Grassley said Walpin had identified millions of dollars in AmeriCorps funds that were wasted or misspent and "it appears he has been doing a good job."

Messages left for Walpin seeking comment were not immediately returned.

The IG found that Johnson, a former all-star point guard for the Phoenix Suns, had used AmeriCorps grants to pay volunteers to engage in school-board political activities, run personal errands for Johnson and even wash his car.

In August 2008, Walpin referred the matter to the local U.S. attorney's office, which said the IG's conclusions seemed overstated and did not accurately reflect all the information gathered in the investigation.

"We also highlighted numerous questions and further investigation they needed to conduct, including the fact that they had not done an audit to establish how much AmeriCorps money was actually misspent," Acting U.S. Attorney Lawrence Brown said in an April 29 letter to the federal counsel of inspectors general.

Walpin's office made repeated public comments just before the Sacramento mayoral election, prompting the U.S. attorney's office to inform the media that it did not intend to file any criminal charges.

The U.S. attorney's office reached a settlement in the matter. Brown cited press accounts that said Johnson and the nonprofit would repay half of nearly \$850,000 in grants it received.

Kevin Heistand, chairman of the board of St. HOPE Academy, said in a statement it was "about time" Walpin was removed. "Mr. Walpin's allegations were meritless and clearly motivated by matters beyond an honest assessment of our program."

Ken Bach, who works in the inspector general's office at the corporation, will be acting inspector general until Obama appoints someone to the position.

Walpin, a New York attorney, was appointed by then-President George W. Bush and sworn into office in January 2007 after being confirmed by the Senate, according to a news release on AmeriCorps' Web site. Walpin graduated from College of the City of New York in 1952 and received a law degree in 1955 from Yale Law School. He was a partner with the New York City law firm Katten Muchin and Rosenman LLP for more than 40 years.

Alan Solomont, a Democrat and the board chairman of the government-run corporation, and Stephen Goldsmith, a Republican and the board's vice chair, said they strongly endorsed Obama's decision.

Associated Press, 06/11/2009 08:29:01 PM PDT

<http://www.google.com/hostednews/ap/article/ALeqM5iUZkMByImNzbML2mfyPzPWfj0wdwD980Q>

Obama to fire inspector general of AmeriCorps

By ANN SANNER and PETE YOST

WASHINGTON (AP) — President Barack Obama plans to fire the inspector general who investigates AmeriCorps and other national service programs amid a controversy between the IG and Sacramento Mayor Kevin Johnson, who is an Obama supporter and former NBA basketball star.

The IG, Gerald Walpin, was criticized by the U.S. attorney in Sacramento for the way he handled an investigation of Johnson and his nonprofit group, which received hundreds of thousands of dollars in federal grants from the Corporation for National Community Service. The corporation runs the AmeriCorps program.

On Thursday, Obama said in a letter to Congress that he had lost confidence in Walpin. Neither the president nor deputy White House press secretary Josh Earnest would give details.

The president must give Congress 30 days' notice before removing Walpin, who is being suspended with pay for the 30 days.

Sen. Chuck Grassley, R-Iowa, criticized the White House's reluctance to specify why Walpin is being fired. Grassley pointed to a Senate committee report that says the requirement to notify Congress when an IG is removed is designed to ensure that inspectors general are not removed for political reasons.

The report accompanied an IG reform law passed by Congress last year. Grassley said Walpin had identified millions of dollars in AmeriCorps funds that were wasted or misspent.

"For obvious reasons, we won't get into details of a personnel decision like this, but I can tell you that the president lost confidence in Mr. Walpin's performance," Earnest said. "The president will appoint a replacement in whom he has full confidence as the corporation carries out its important mission."

Walpin serves at the pleasure of the president, the corporation said.

Messages left for Walpin seeking comment were not immediately returned.

The IG found that Johnson, a former all-star point guard for the Phoenix Suns, had used AmeriCorps grants to pay volunteers to engage in school-board political activities, run personal errands for Johnson and even wash his car.

In August 2008, Walpin referred the matter to the local U.S. attorney's office, which said the IG's conclusions seemed overstated and did not accurately reflect all the information gathered in the investigation.

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On Wednesday night, Alan Solomont, a Democrat and the board chairman of the government-run

corporation, and Stephen Goldsmith, a Republican and the board's vice chair, said they backed the president's decision.

In a written statement, Solomont and Goldsmith said: "We strongly endorse the president's decision with respect to Inspector General Gerald Walpin. We look forward to working with a new inspector general."

Sacramento Bee, Friday, Jun. 12, 2009 - 12:00 am | Page 1B
<http://www.sacbee.com/ourregion/story/1940228.html>

St. HOPE exec departs with \$98,916 severance

By Melody Gutierrez, mgutierrez@sacbee.com

St. HOPE Public Schools' board of directors announced Thursday that embattled executive director Rick Maya will leave the nonprofit and receive a severance package of \$98,916.

The move ends months of speculation. Maya resigned from the board of directors April 3 and was later put on paid administrative leave as executive director of the nonprofit that operates Sacramento Charter High School and PS7 Elementary School.

A former Bank of America executive, Maya was highly acclaimed by St. HOPE when he was hired in December 2007 to replace Kevin Johnson, who stepped down as director last year to focus on his winning mayoral bid.

Maya will receive four months of severance pay totaling \$56,916. He also will receive \$42,000 to work as a consultant to the charter over the next six months. St. HOPE officials said the four-month settlement constitutes one-third of Maya's annual salary.

St. HOPE board members called the split mutual and amicable. However, the eight-page letter Maya wrote in April when he resigned from the board of directors suggests otherwise.

Maya outlined a list of legal and ethical concerns about the operation of the charter schools. Among the claims was that a board member had deleted Johnson's e-mails during a federal investigation into the misuse of public funds at St. HOPE Academy.

Maya wrote that board members loyal to Johnson had ignored the "highly inappropriate and potentially unlawful incursion into our e-mail system."

Johnson's mayoral spokesman, Steve Maviglio, said the incident involved an information technology person from St. HOPE working to organize Johnson's e-mail to separate his mayoral campaign and St. HOPE communications. E-mails deleted from one account were fully backed up by another, Maviglio said.

However, Maya's claims – which The Bee reported in May – prompted Gerald Walpin, the inspector general of the Corporation for National and Community Service, to call for the U.S. attorney's office to take action.

Walpin's office had conducted the investigation of St. HOPE Academy's use of AmeriCorps funds and alleged that Johnson and officials with St. HOPE Academy improperly used some of the \$847,673 in federal money received between 2004 and 2007.

What's behind Obama's sudden attempt to fire the AmeriCorps inspector general?

By: Byron York
Chief Political Correspondent

06/11/09 8:14 PM EDT

Some strange and potentially suspicious events tonight concerning the Obama White House and the AmeriCorps program. I've been told that on Wednesday night the AmeriCorps inspector general, Gerald Walpin, received a call from the White House counsel's office telling him that he had one hour to either resign or be fired. The White House did not cite a reason. "The answer that was given was that it's just time to move on," one Senate source told me tonight. "The president would like to have someone else in that position."

Inspectors General are part of every federal department. They are given the responsibility of independently investigating allegations of waste, fraud, and corruption in the government, without fear of interference by political appointees or the White House. Last year Congress passed the Inspectors General Reform Act, which added new protections for IGs, including a measure requiring the president to give Congress 30 days prior notice before dismissing an IG. The president must also give Congress an explanation of why the action is needed. Then-Sen. Barack Obama was one of the co-sponsors of the Act.

Now, there is the hurried attempt to dismiss Walpin, without the required notice or cause. After last night's call, Walpin got in touch with Congress, and it appears the White House has backed off, at least for now. This afternoon, Republican Sen. Charles Grassley, who is something of a guardian angel for inspectors general, fired off a letter to the White House about the affair.

"I was troubled to learn that last night your staff reportedly issued an ultimatum to the AmeriCorps Inspector General Gerald Walpin that he had one hour to resign or be terminated," Grassley wrote. "As you know, Inspectors General were created by Congress as a means to combat waste, fraud, and abuse and to be independent watchdogs ensuring that federal agencies were held accountable for their actions. Inspectors General were designed to have a dual role reporting to both the President and Congress so that they would be free from undue political pressure. This independence is the hallmark of all Inspectors General and is essential so they may operate independently, without political pressure or interference from agencies attempting to keep their failings from public scrutiny."

Grassley said he was "deeply troubled" by the Walpin matter and closed by asking the president "to review the Inspector General Reform Act you cosponsored and to follow the letter of the law should you have cause to remove any Inspector General."

UPDATE 1: I've been trying to discover the real reason for Obama's move, and it's still not clear. I'm told that it could be a combination of the normal tensions that surround any inspector general's office, or the president's desire to get his own people in IG positions, or a dispute over a particular investigation. "Bottom line," one source wrote, "getting rid of a tough, Republican-appointed IG who has been aggressively going after waste and fraud gives Obama a chance to replace that IG with a more compliant team player."

I'm also told that a number of inspectors general around the government have been expressing concerns to Congress recently about threats to their independence.

UPDATE 2: More information now, from the Associated Press. The White House is going ahead with

firing Walpin. The firing apparently stems from Walpin's investigation of a non-profit group, St. HOPE Academy, run by Kevin Johnson, the former NBA star who is now mayor of Sacramento, California (and a big Obama supporter). "[Walpin] found that Johnson, a former all-star point guard for the Phoenix Suns, had used AmeriCorps grants to pay volunteers to engage in school-board political activities, run personal errands for Johnson and even wash his car," the AP reports. In April, the U.S. attorney declined to file any criminal charges in the matter and criticized Walpin's investigation. But at the same time Johnson and St. HOPE agreed to repay about half of the \$850,000 it had received from AmeriCorps.

Bottom line: The AmeriCorps IG accuses prominent Obama supporter of misusing AmeriCorps grant money. Prominent Obama supporter has to pay back more than \$400,000 of that grant money. Obama fires AmeriCorps IG.

KCRA, 4:07 pm PDT June 11, 2009

<http://www.kcra.com/politics/19729290/detail.html>

Inspector General In Mayor's Probe To Lose Job

Use Of Federal Funds At Issue In St. HOPE Investigation

WASHINGTON -- Inspector general Gerald Walpin, who was involved in a probe of Sacramento Mayor Kevin Johnson's use of federal funds, will soon lose his position.

President Barack Obama indicated Thursday that he intends to remove the inspector general from the Corporation for National and Community Service, corporation spokesperson Ranit Schmelzer said in a statement.

Walpin's removal will take effect in 30 days, acting CEO for the Corporation for National and Community Service said in a letter.

The issue with Johnson first surfaced during last year's campaign for mayor after the inspector general accused Johnson and his nonprofit, St. HOPE, of misusing federal funds by having subsidized volunteers wash Johnson's car, run personal errands and campaign for school board candidates.

Holland, Austin

From: Trinity, Frank
Sent: Friday, June 12, 2009 2:25 PM
To: Elana_J_Tyranglek [REDACTED]
Cc: Goren, Nicola; Glickman, Rhoda
Subject: FW: IG

We are alerting Steve Goldsmith, our vice-Chair, to see if he can reach out to Senator Collins' office to address her concerns. Let us know if you think that is inadvisable.

-----Original Message-----

From: Glickman, Rhoda
Sent: Fri 6/12/2009 2:03 PM
To: Trinity, Frank; Goren, Nicola
Cc:
Subject: IG

I just spoke to Lisa Newman with Senator Collins' office. I told her I had forwarded her concerns about the IG to the WH. She is very interested in hearing CNCS's stand on this. (I told her I was new and hadn't been involved.) She is already working with the WH (Eisen) and has requested more info from him - reasons for firing etc. but she has made it clear that if they don't get this information to their satisfaction, they will be sending a letter to the President TODAY saying he did not follow the law on this. Not sure it makes any difference if you call her (I said you were out of the office) but if you think it helps to talk to her, she can be reached at [REDACTED]

Holland, Austin

m: Tyrangiel, Elana J. [REDACTED]
t: Friday, June 12, 2009 2:31 PM
Trinity, Frank
Cc: Goren, Nicola; Glickman, Rhoda; Terrell, Louisa
Subject: RE: IG

[REDACTED]

-----Original Message-----
From: Trinity, Frank [mailto:[REDACTED]]
Sent: Friday, June 12, 2009 2:25 PM
To: Tyrangiel, Elana J.
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Holland, Austin

From: Trinity, Frank
Sent: Friday, June 12, 2009 2:39 PM
To: 'Elana J. Tyrangiel'
Subject: Re: IG

Got it.

----- Original Message -----

From: Tyrangiel, Elana J.
To: Trinity, Frank
Cc: Goren, Nicola; Glickman, Rhoda; Terrell, Louisa
Sent: Fri Jun 12 14:31:25 2009
Subject: RE: IG

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Holland, Austin

From: Trinity, Frank
Date: Friday, June 12, 2009 2:48 PM
Subject: 'Elana_J_Tyrangiel'
Re: IG

Understand you and Steve are in touch. Thank you.

----- Original Message -----

From: Trinity, Frank
To: 'Elana_J_Tyrangiel'
Sent: Fri Jun 12 14:39:12 2009
Subject: Re: IG

Got it.

----- Original Message -----

From: Tyrangiel, Elana J.
To: Trinity, Frank
Cc: Goren, Nicola; Glickman, Rhoda; Terrell, Louisa
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Holland, Austin

From: Trinity, Frank
Sent: Saturday, June 13, 2009 10:25 AM
To: Stan Soloway; Alan Solomont; Eric Tanenblatt; Hyepin Im; Jim Palmer; Julie Fisher Cummings; Laysha Ward; Mark Gearan; Steve Goldsmith
Cc: Goren, Nicola; Samose, Emily
Subject: Time-sensitive request from White House Counsel re IG matter

I was just contacted by Elana Tyrangiel, Associate Counsel to the President, seeking your assistance in responding to questions from Members of Congress about President Obama's removal of Gerald Walpin as Inspector General. Specifically, the White House Counsel's office would like to compile statements from Board members and CNCS staff who were present at the Inspector General's presentation to the Board immediately before the public board meeting last month.

Please confirm that you have received this message and let me know the best way for Elana to get in touch with you today. The plan is for Elana to call each of you. She will prepare statements for your review for accuracy.

Thank you for your time on this important matter. You can reach me at [REDACTED]

Frank

Holland, Austin

From: Trinity, Frank
Sent: Saturday, June 13, 2009 11:28 AM
To: 'Tyrangiel, Elana J.'
Subject: FT notes from 5-20-2009 IG presentation to Board

**Notes from IG presentation to Board of Directors
5-20-2009**

Gerald Walpin and Jack Park

**Board Members Alan Solomont, Steve Goldsmith, Eric Tanenblatt, Jim Palmer, Stan Soloway, Laysha Ward, Mark Gearan, Julia Cummings, Hyepin Im
CNCS staff Nicola Goren and Frank Trinity**

**Mr. Walpin expressed "discomfort" at "what is going on."
He said there was an "anything goes" attitude now with management, and no longer the mutual respect and constant communication that had existed under David Eisner.**

He said he had three things he wanted to discuss.

St. HOPE Academy

The U.S. Attorney's office said it was a "good civil case".

Media and political pressure, particularly after passage of the Recovery Act, resulted in U.S. Attorney's office putting pressing on the IG to settle.

Nicky said CNCS couldn't keep stimulus money from Sacramento.

The suspension respondents submitted "not one iota of fact" in opposition.

IG was cut out of the loop.

FT and the AUSA framed a settlement much less than what the Government would have received in court and lifted the suspension, with payment required by an organization that "totally insolvent" with no guarantee of payment or security.

Mr. Walpin said he had warned he would not be silent in the face of a "total waste of Corporation assets."

Mr. Walpin offered to provide copies of his report to the Board.

Mr. Walpin said that the AUSA, in "clear collaboration" with FT, sent a complaint to CIGIE. He said he was responding today to the complaint. He said that Nicky had disclosed the complaint and sent copies of it to Congress, when it is supposed to be confidential. He also said he had learned that the AUSA had sent a copy of the complaint to 2 members of the Board. He said the U.S. Attorney's letter was "absolutely a farce."

Mr. Walpin complained that the Corporation had avoided responding to his Special Report by referring to the Integrity Committee matter, which he said had "nothing to do with" the Special Report.

Mr. Walpin said he was trying to protect the Corporation and now there was a breakdown in trust and

communication that had adversely affected OIG staff, especially to have the St. HOPE matter taken away.

Mr. Walpin said there was a "sequel". The Executive Director St. HOPE Academy resigned because two St. HOPE directors at the behest of Kevin Johnson "cleansed" Johnson's emails. Johnson still controls the board. Financial records are under Johnson's control in a private storage place.

Mr. Walpin said he would be asking for the FBI and a Special Prosecutor, not the current U.S. Attorney, to convene a grand jury to investigate these allegations.

CUNY

Mr. Walpin reported that the audit had revealed sloppiness but that the auditors came to him and said that the grant and education awards should never have been paid to CUNY, upwards of \$80 million. The program doesn't meet an unmet need, because the program met needs in the absence of AmeriCorps funding. The New York Times is reporting that NYC will only allow in ½ the number of Teaching Fellows this year. A final report will be issued next week.

The Corporation's response was "not at all appropriate for the merits." We're paying out money that shouldn't be paid out.

At this point, Mr. Walpin lifted the sheets on his note pad up and down, up and down, over and over again for an extended period. He did raise a third matter for discussion.

Finally, he said it is not a happy situation.

Discussion

One of the Board members asked about Mr. Walpin's plan to issue another public statement on the St. HOPE matter. Mr. Walpin denied having said that. Lots of back and forth on whether the IG had said he would issue a public statement on St. HOPE -- the Board members said he did, and referred to their notes of his presentation just made. Mr. Walpin said he didn't say that.

Steve Goldsmith asked Mr. Walpin if it was ethical to be making such public statements, indicating that as a prosecutor for 12 years he did not believe it was appropriate. Mr. Walpin denied having said he would issue a public statement. Jack Park said that Pat Fitzgerald made lots of public statements as U.S. Attorney in Chicago and that a public statement was permissible.

For about ten minutes, there were long pauses in the discussion while Mr. Walpin reviewed his notes. It did not appear that he was able to process the information on his notes for lengthy periods of time; he would flip the notes and then stop flipping without ever saying anything more from the notes. I was sitting right next to Mr. Walpin and I thought he might be experiencing some type of medical event, perhaps a mini-stroke or series of mini-strokes. I was concerned for his health. Once he finished his presentation, he was unable to engage substantively with the Board on any questions they raised; he simply argued that what they were saying was not the case.

Alan Solomont responded for the Board.

Alan Solomont said he regrets any morale issues. The Corporation acted in consultation with and in support of the U.S. Attorney's Office. The Board sees no reason to question the settlement. The CIGIE communication was from the U.S. Attorney not the Corporation. No reason to question the CIGIE process, a body of IG peers, equipped to provide a dispassionate review. The Board wants to respect

the CIGIE process.

Regarding CUNY, the audit raises issues appropriate for resolution in the regular audit resolution process. But on the policy question, our view is that Congress has decided the policy question of permitting professional corps programs like CUNY to receive AmeriCorps support.

The Board has no interest in having a contentious relationship with the IG. Some of your statements and accusations are personal, and the Board takes umbrage at your personal attacks on Board members and staff. The Board wonders if your own judgment is clouded. Please keep the discussion on a professional basis. The Board's position is that there is no reason to question the St. HOPE settlement. The Corporation did not initiate the CIGIE process but will cooperate with it. Let's lift the discussion. Your accusations are unwarranted.

Mr. Walpin asked which accusations.

Alan said that remarks today that the Corporation was "hostile" to OIG and that the Board was negligent.

Alan said the Board has complete confidence in the management team.

Mr. Walpin said he was "just amazed" reiterating his belief that there are 2 issues. He said he needed to consider "what went on here."

Alan offered to continue discussion through the MAG Committee next week.

Mr. Walpin said he wanted more time to present to the full Board.

After Mr. Walpin and Mr. Park left, the Board members expressed concern over Mr. Walpin's behavior.

Eric Tanenblatt subsequently called Jack Park to express concern over Mr. Walpin's health, and Mr. Park reassured him that there were no grounds for concern.

Flowe, Meredith

From: Tyrangiel, Elana J. [REDACTED]
Sent: Saturday, June 13, 2009 12:52 PM
To: Trinity, Frank
Cc: Goren, Nicola; Samose, Emily
Subject: RE: contacting CNCS Board and staff today (status as of 12 noon)

Thank you.

From: Trinity, Frank [mailto:[REDACTED]]
Sent: Saturday, June 13, 2009 12:13 PM
To: Tyrangiel, Elana J.
Cc: Goren, Nicola; Samose, Emily
Subject: contacting CNCS Board and staff today (status as of 12 noon)

Confirmed availability:

Alan Solomons
Cell [REDACTED]

Steve Goldsmith
Cell [REDACTED]

Eric Tanenblatt
Cell [REDACTED]

Mark Gearan
Cell [REDACTED] (after 2 pm.)

Nicola Goren
Cell [REDACTED] (after 1 p.m.)

Frank Trinity
Cell [REDACTED]

Email and cell phone messages left -- no contact

Stan Soloway
Cell [REDACTED]

Julie Cummins
Cell [REDACTED]

Email messages sent but not acknowledged (trying to get cell numbers now)

Hyepia Im

Laysha Ward

Jim Palmer (we know he's on vacation till June 17)

Holland, Austin

From: Trinity, Frank
At: Saturday, June 13, 2009 3:27 PM
To: 'soloway [REDACTED]'
Subject: Re: Time-sensitive request from White House Counsel re IG matter

Thanks Stan. I let Elana know.

----- Original Message -----
From: Stan Soloway [REDACTED]
To: Trinity, Frank
Sent: Sat Jun 13 15:16:51 2009
Subject: RE: Time-sensitive request from White House Counsel re IG matter

Frank
FYI...no word from Elana yet. I am available today until about 430...
SS

Stan Z. Soloway
President & CEO
Professional Services Council
4401 Wilson Blvd. Suite 1110 Arlington, VA 22203
P: [REDACTED] F: [REDACTED]
www.pscouncil.org

The Unified Voice of the Government Services Industry

Mark your calendars now for the PSC Annual Conference; Oct.4-6, 2009 Nemaquin
Woodlands, Farmington, PA

-----Original Message-----
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Please confirm that you have received this message and let me know the best way for Elana to get in touch with you today. The plan is for Elana to call each of you. She will prepare statements for your review for accuracy.

Thank you for your time on this important matter. You can reach me at [REDACTED]

Frank

Holland, Austin

From: Trinity, Frank
Sent: Saturday, June 13, 2009 4:35 PM
To: 'Elana_J._Tyrangiel@ [REDACTED]
Subject: Re: contacting CNCS Board and staff today (status as of 12 noon)

Mark Gearan can do a call tomorrow. 2 pm is best for him.

From: Tyrangiel, Elana J. [REDACTED]
To: Trinity, Frank
Sent: Sat Jun 13 15:27:16 2009
Subject: RE: contacting CNCS Board and staff today (status as of 12 noon)

Thank you!

From: Trinity, Frank [mailto: [REDACTED]
Sent: Saturday, June 13, 2009 3:27 PM
To: Tyrangiel, Elana J.
Subject: Re: contacting CNCS Board and staff today (status as of 12 noon)

Jus received a note from Stan Soloway -- He's available till 4:30 today.

From: Tyrangiel, Elana J. [REDACTED]
To: Trinity, Frank
Cc: Goren, Nicola; Samose, Emily
Sent: Sat Jun 13 12:52:08 2009
Subject: RE: contacting CNCS Board and staff today (status as of 12 noon)
Thank you.

From: Trinity, Frank [mailto: [REDACTED]
Sent: Saturday, June 13, 2009 12:13 PM
To: Tyrangiel, Elana J.
Cc: Goren, Nicola; Samose, Emily
Subject: contacting CNCS Board and staff today (status as of 12 noon)

Confirmed availability:

Alan Solomont
Cell [REDACTED]

Steve Goldsmith
Cell [REDACTED]

Eric Tanenblatt
Cell [REDACTED]

Mark Gearan

8/6/2009

Cell [REDACTED] (after 2 pm.)

Nicola Goren

Cell [REDACTED] (after 1 p.m.)

Frank Trinity

Cell [REDACTED]

Email and cell phone messages left -- no contact

Stan Soloway

Cell [REDACTED]

Julie Cummings

Cell [REDACTED]

Email messages sent but not acknowledged (trying to get cell numbers now)

Hyepin Im

Laysha Ward

Jim Palmier (we know he's on vacation till June 17)

Holland, Austin

From: Trinity, Frank
Sent: Sunday, June 14, 2009 4:22 PM
To: 'Hyepin Im'; 'Jim Palmer'; 'Julie Fisher Cummings'; 'Laysha Ward'; 'Mark Gearan'
Cc: Goren, Nicola; Samose, Emily
Subject: Time-sensitive request from White House Counsel re IG matter

I just spoke with Elana Tyrangiel in the White House Counsel's office, who has been in touch with several other Board members on this matter. At this point, Elana does not need to follow up with you. If the need arises for Elana to circle back with you, we'll let you know.

I understand a call is being set up by Emily to update everyone and address any concerns or questions. In the meantime, please feel free to contact me.

Frank R. Trinity
General Counsel
Corporation for National and Community Service
[REDACTED] (direct)

From: Trinity, Frank
Sent: Saturday, June 13, 2009 10:25 AM
To: Stan Soloway; Alan Solomont; Eric Tanenblatt; Hyepin Im; Jim Palmer; Julie Fisher Cummings; Laysha Ward; Mark Gearan; Steve Goldsmith
Cc: Goren, Nicola; Samose, Emily
Subject: Time-sensitive request from White House Counsel re IG matter

I was just contacted by Elana Tyrangiel, Associate Counsel to the President, seeking your assistance in responding to questions from Members of Congress about President Obama's removal of Gerald Walpin as Inspector General. Specifically, the White House Counsel's office would like to compile statements from Board members and CNCS staff who were present at the Inspector General's presentation to the Board immediately before the public board meeting last month.

Please confirm that you have received this message and let me know the best way for Elana to get in touch with you today. The plan is for Elana to call each of you. She will prepare statements for your review for accuracy.

Thank you for your time on this important matter. You can reach me at [REDACTED]

Frank

Holland, Austin

From: Trinity, Frank
Sent: Monday, June 15, 2009 11:07 AM
To: 'Stan Soloway'
Cc: Glickman, Rhoda
Subject: RE: follow up

Both Nicky and I have spoken with Elana. She told us both that WH Leg Affairs would be coordinating. Rhoda Glickman is following up with WH Leg Affairs and should have more info for the 1:00 mtg.

Frank R. Trinity
General Counsel
Corporation for National and Community Service
[REDACTED] (direct)

From: Stan Soloway (mailto:[REDACTED])
Sent: Monday, June 15, 2009 10:51 AM
To: Trinity, Frank
Subject: follow up

Frank:
I trust you are speaking w/Elana et al at the WH? If so, we left it that they likely wanted me to talk w/Susan Collins's folks today but I am waiting for the greenlight...if you get a chance to check w/Elana on timing, that would be great...

Thx
Talk to you at 1

SS

Stan Z. Soloway
President & CEO
Professional Services Council
4401 Wilson Blvd. Suite 1110 Arlington, VA 22203
P: [REDACTED] F: [REDACTED]
www.pscouncil.org

The Unified Voice of the Government Services Industry

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PSC ANNUAL CONFERENCE - October 4-6
Nemacolin Woodlands Resort, Farmington, PA
Contact the hotel directly to reserve your room today! 1-800-422-2736

Flowe, Meredith

From: Schmelzer, Ranit
Sent: Thursday, July 09, 2009 6:19 PM
To: Holland, Austin
Subject: FW: Weekend stories on Walpin matter

From: Schmelzer, Ranit
Sent: Monday, June 15, 2009 11:17 AM
To: 'Earnest, Joshua R.'
Subject: FW: Weekend stories on Walpin matter

Hey Josh,

Here are some of the main stories -- there's more on the blogs. We really need to push back. Thanks for your help on this.

News Articles or Media Blogs

Ousted AmeriCorps watchdog defends waste probe Walpin-gate (EDITORIAL) More Details Emerge In President Obama's Firing of Inspector General Gerald Walpin speaks: The inside story of the AmeriCorps firing	Associated Press, Fri Jun 12, 9:39 pm Washington Times, 6/15 ABC -- Political Punch, 6/13, 8:37 am Washington Examiner, 6/14 7:00 PM
What's behind Obama's sudden attempt to fire the AmeriCorps inspector general?	Washington Examiner, 6/12, 8:14 PM
President fires official 'out of the blue' Obama Cans CNCS Inspector General Who Wrote Negative Report Obama Fires CNCS Watchdog Firing of IG followed his probe of Obama friend Fired National-Service Inspector General Says He Acted Properly St HOPE mess costs Inspector General his job Grassley calls on administration to safeguard independence of inspectors General Obama Is Asked to Explain Firing of AmeriCorps Inspector General	Washington Times 6/13 NonProfit Times, June 13 Youth Today, 6/11 CongressDaily Chronicle of Philanthropy Sacramento News & Review, 6/12 Senator Grassley Chronicle of Philanthropy, 6/12

Associated Press, Fri Jun 12, 9:39 pm ET
http://news.yahoo.com/s/ap/20090613/ap_on_go_pr_wh/us_national_service_inspector_general_ylt=AiGDPJYN7

Ousted AmeriCorps watchdog defends waste probe

By ANN SANNER and PETE YOST, Associated Press Writers

WASHINGTON -- An inspector general fired by President Barack Obama said Friday he acted "with the highest integrity" in investigating AmeriCorps and other government-funded national service programs. Gerald Walpin said in an interview with The Associated Press that he reported facts and conclusions "in an honest and full way" while serving as inspector general at the Corporation for National and Community Service.

In a letter to Congress on Thursday, Obama said he had lost confidence in Walpin and was removing him from the position.

Walpin defended his work on Friday. "I know that I and my office acted with the highest integrity as an

independent inspector general should act," he said.

Obama's move follows an investigation by Walpin finding misuse of federal grants by a nonprofit education group led by Sacramento Mayor Kevin Johnson, who is an Obama supporter and former NBA basketball star. Johnson and a nonprofit education academy he founded ultimately agree to repay half of \$847,000 in grants it had received from AmeriCorps.

Walpin was criticized by the acting U.S. attorney in Sacramento for the way he handled the investigation of Johnson and St. HOPE Academy.

"It is vital that I have the fullest confidence in the appointees serving as inspectors general," Obama said in the letter to House Speaker Nancy Pelosi, D-Calif., and Vice President Joe Biden, who also serves as president of the Senate. "That is no longer the case with regard to this inspector general."

The president didn't offer any more explanation, but White House Counsel Gregory Craig, in a letter late Thursday to Sen. Charles Grassley, R-Iowa, cited the U.S. attorney's criticism of Walpin to an integrity committee for inspectors general.

"We are aware of the circumstances leading to that referral and of Mr. Walpin's conduct throughout his tenure and can assure you that the president's decision was carefully considered," Craig wrote.

Walpin said he gave the integrity committee "a full and complete response" that was also signed by several people who worked on the case. "I have no question but that we acted totally properly," he said in the interview.

Grassley had written Obama a letter pointing to a law requiring that Congress be given the reasons an inspector general is fired. He cited a Senate report saying the requirement is designed to ensure that inspectors general are not removed for political reasons.

Grassley said Walpin had identified millions of dollars in AmeriCorps funds that were wasted or misspent and "it appears he has been doing a good job."

The inspector general found that Johnson, a former all-star point guard for the Phoenix Suns, had used AmeriCorps grants to pay volunteers to engage in school-board political activities, run personal errands for Johnson and even wash his car.

In August 2008, Walpin referred the matter to the local U.S. attorney's office, which said the watchdog's conclusions seemed overstated and did not accurately reflect all the information gathered in the investigation.

"We also highlighted numerous questions and further investigation they needed to conduct, including the fact that they had not done an audit to establish how much AmeriCorps money was actually misspent," Acting U.S. Attorney Lawrence Brown said in an April 29 letter to the federal counsel of inspectors general.

Walpin's office made repeated public comments just before the Sacramento mayoral election, prompting the U.S. attorney's office to inform the media that it did not intend to file any criminal charges.

In settling the case, the government agreed to lift its suspension of any future grants to the academy and Johnson agreed to immediately repay \$73,000 in past grants. The academy was given 10 years to repay the remaining \$350,000.

Brown said at the time of the settlement that prosecutors determined there was no fraud, but rather a culture of "sloppiness" in St. HOPE's record-keeping.

Kevin Hiestand, chairman of the board of St. HOPE Academy, said in a statement it was "about time" Walpin was removed. "Mr. Walpin's allegations were meritless and clearly motivated by matters beyond an honest assessment of our program," he said.

Ken Bach, who works in the inspector general's office at the national service corporation, will be acting inspector general until Obama appoints someone to the position.

Walpin, a New York attorney, was appointed by then-President George W. Bush and sworn into office in January 2007 after being confirmed by the Senate, according to a news release on AmeriCorps' Web site. Walpin

graduated from College of the City of New York in 1952 and received a law degree in 1955 from Yale Law School. He was a partner with the New York City law firm Katten Muchin and Rosenman LLP for more than 40 years.

Alan Solomont, a Democrat and the board chairman of the government-run corporation, and Stephen Goldsmith, a Republican and the board's vice chair, said they strongly endorsed Obama's decision.

Washington Times, 6/15, 2009, EDITORIAL

http://washingtontimes.com/news/2009/jun/15/walpin-gate/?feat=home_editorials

Walpin-gate

Congress ought to open an investigation, New York Times editorialists should be in a state of apoplexy, and MSNBC hosts ought to be frothing at the mouth. Without appropriate documentation or good reason, President Obama has fired a federal investigator who was on the case against a political ally of the president's. Mr. Obama's move has the stench of scandal.

On June 11, Mr. Obama fired Gerald Walpin, inspector general for the Corporation for National and Community Service. He offered no public reason for doing so other than that he "no longer" had "the fullest confidence" in Mr. Walpin. Sen. Charles E. Grassley, Iowa Republican, is rightly questioning the firing and the explanation for it.

The senator noted that the Inspector General Reform Act requires the president to "communicate in writing ... the reasons for any such removal." Losing one's "fullest confidence" hardly qualifies as a justifiable reason. The Senate report language attached to the act explains: "The requirement to notify the Congress in advance of the reasons for the removal should serve to ensure that Inspectors General are not removed for political reasons."

Yet, as Associated Press noted, "Obama's move follows an investigation by IG Gerald Walpin finding misuse of federal grants by a nonprofit education group led by Sacramento Mayor Kevin Johnson, who is an Obama supporter and former NBA basketball star." Further, "The IG found that Johnson ... had used Americorps grants to pay volunteers to engage in school-board political activities, run personal errands for Johnson and even wash his car."

Sacramento U.S. Attorney Larry Brown criticized Mr. Walpin for publicly announcing the investigation rather than more quietly cooperating with federal prosecutors. Clearly, though, there was merit to Mr. Walpin's charges: Mr. Brown's office reached a settlement ordering the nonprofit organization to repay half of the \$850,000 in grant money it received - with \$72,836.50 of that repayment coming from Mr. Johnson's own pocket.

Mr. Grassley said, "There have been no negative findings against Mr. Walpin by the Integrity Committee of the Council of the Inspectors General on Integrity and Efficiency, and [Mr. Walpin] has identified millions of dollars in Americorps funds either wasted outright or spent in violation of established guidelines. In other words, it appears he has been doing his job. We cannot afford to have Inspector General independence threatened." We concur.

It is highly unusual and very suspicious when an IG is summarily fired, especially when political entanglements are involved. There will be much more to report in coming days on this White House action, which was heavy-handed and almost certainly unethical.

ABC News Political Punch, 6/13, 8:37 AM

<http://blogs.abcnews.com/politicalpunch/2009/06/more-details-emerge-in-president-obamas-firing-of-inspector-general.html>

More Details Emerge In President Obama's Firing of Inspector General

Jake Tapper

It was Wednesday evening and Gerald Walpin was pleading for his job.

Just a few hours before, at around 5:20 pm, Walpin -- , Inspector General of the Corporation for National and Community Service (CNCS) -- was driving on a highway when he had received a phone call from Norm Eisen, special counsel to the president for ethics and government reform, informing him that President Obama no longer had confidence in him and wanted him to resign.

Walpin had an hour to make up his mind as to whether he was going to resign or have the president seek his suspension and termination, as indicated in email from Walpin to Eisen obtained by ABC News.

(A White House official tells ABC News that on Wednesday afternoon, "Walpin was informed, as a courtesy, of the president's decision to replace him. Mr. Walpin asked for time to consider resigning. He was told the decision to replace him was final, but for logistical reasons having to do with preparing the Congressional notifications, he could call back within the hour if he chose to resign.")"

In that email, as well as other documents surrounding Walpin's termination obtained by ABC News, a picture emerges of an ambitious and aggressive inspector general whose actions repeatedly offended officials of the US Attorney's office, to the point that the Republican-appointed in the US Attorney's office filed an official complain against the Republican-appointed Inspector General.

Walpin -- appointed to his job under President George W. Bush -- wrote to Eisen that "Congress intended the Inspector General of CNCS to have the utmost independence of judgment in his deliberations respecting the propriety of the agency's conduct and the actions of its officers. That is why the relevant statute provides that the President may remove the IG only if he supplies the Congress with a statement of his reasons--which is quite a different matter than executive branch officials who serve at his pleasure and can therefore be removed for any reason and without notification to Congress."

Walpin told Eisen that he took "this statutorily-mandated independence of my office very seriously, and, under the present circumstances, I simply cannot make a decision to respect or decline what you have said were the President's wishes within an hour or indeed any such short time."

Walpin had just issued two reports that were very critical of the actions taken by the Corporation for National and Community Service.

"It would do a disservice to the independent scheme that Congress has mandated--and could potentially raise questions about my own integrity--if I were to render what would seem to many a very hasty response to your request," Walpin wrote. "I heard your statement that this request that you communicated on behalf of the President and the timing of our reports and disagreement with the CNCS Board and management are 'coincidence,' as you put it on the phone, but I would suggest there is a high likelihood that others may see it otherwise."

Walpin said that he suspected that "when presented with the circumstances I have just discussed, the President will see the propriety of providing me additional time to reflect on his request. If however he believes that my departure is a matter of urgency, then he will have to take the appropriate steps toward ordering my removal, without my agreement."

The latter scenario is the one that played out, with President Obama informing congressional leaders of his decision in a letter stating that "it is vital that I have the fullest confidence in the appointees serving as Inspectors General. That is no longer the case with regard to this Inspector general."

In a follow-up letter, White House counsel Greg Craig -- responding to a letter of concern about Walpin's termination from Sen. Chuck Grassley, R-Iowa -- noted that Lawrence Brown, the "Acting United States Attorney for the Eastern District of California, a career prosecutor who was appointed to his post during the Bush Administration, has referred Mr. Walpin's conduct for review by the Integrity Committee of the Council of Inspectors General on Integrity and Efficiency."

Craig said that the White House was "aware of the circumstances leading to that referral and of Mr. Walpin's conduct throughout his tenure and can assure you that that the president's decision was carefully considered." He noted that Walpin's termination "is fully supported by the Chair of the Corporation (a Democrat) and the Vice-Chair (a Republican)."

As we detailed yesterday, Walpin was criticized by Acting US Attorney Brown for his handling of an investigation into the use of AmeriCorps funds by a community group called St. HOPE Academy, founded by Kevin Johnson,

former point guard of the Phoenix Suns, who was elected Mayor of Sacramento last November and is an ally of the president's.

In that April 29 letter from Brown to Kenneth Kaiser, chair of the Integrity Committee for the Counsel of the Inspectors General on Integrity and Efficiency, the Acting US Attorney wrote "to express my Office's concerns about the conduct" of Walpin in the handling of the Johnson case.

"In our experience," Brown wrote in the letter obtained by ABC News, "the role of an Inspector General is to conduct an unbiased investigation, and then forward that investigation to my Office for a determination as to whether the facts warrant a criminal prosecution, civil suit or declination. Similarly, I understand that after conducting such an unbiased investigation, the Inspector General is not intended to act as an advocate for suspension or debarment. However, in this case Mr. Walpin viewed his role very differently. He sought to act as the investigator, advocate, judge, jury and town crier."

In April of this year, St. HOPE Academy agreed to pay a \$423,836.50 settlement – \$72,836.50 of which would be paid personally by Mayor Johnson.

Brown expressed chagrin that US Attorney's office learned about the investigation into Johnson and St. HOPE through articles in the Sacramento Bee, and he said they found Walpin's comments surrounding the investigation unprofessional.

"Moreover, we considered the IG referral somewhat unusual in that it was accompanied by a letter from Mr. Walpin explaining that he viewed the conduct in this case as egregious and warranted our pursuing the matter criminally and civilly," he wrote.

On August 25 Brown's office met with Walpin and two investigators and "expressed our concerns that the conclusions in their report seemed overstated and did not accurately reflect all the information gathered in their investigation." For example, Brown wrote, Walpin's office had not actually done an audit to establish how much AmeriCorps money was actually misspent.

The next time Brown heard from Walpin's office, Brown wrote, was through the Bee a from a press release in which Walpin advocated to have St. HOPE, Johnson and Gonzales placed on the list of parties suspended from receiving federal funds – a serious move that Brown suggests his office did not know about until reading it in a press release.

On September 26, Brown said, the then-US Attorney McGregor Scott "emphatically informed Mr. Walpin that under no circumstance was he to communicate with the media about a matter under investigation and that his acts "were hindering our investigation and handling of this matter."

Ultimately the US Attorney's office determined that "a significant portion of the AmeriCorps grant funds were appropriately expended." They concluded that Walpin's investigation was wanting. For instance, Walpin's referral of his investigation to the US Attorney's office concluded that St. HOPE AmeriCorps members performed no tutoring," but the principal of an elementary school told the US Attorney's office that wasn't true, that St. HOPE AmeriCorps members had performed tutoring at his school. Upon further investigation, Brown wrote, the US Attorney's office found that Walpin had received a similar statement from the principal "but did not include it in their report or disclose it" to his office.

Walpin "overstepped his authority by electing to provide my Office with selective information and withholding other potentially significant information at the expense of determining the truth," Brown concluded.

In his official response to Brown's complaint against him, Walpin referred to the Inspector General Act of 1978 which asserts that the IG has the duty to "[a]ssume a leadership role in any and all activities which he deems useful to promote economy and efficiency in the administration of programs and operations or prevent and detect...waste in such programs and operations."

"IG offices are not intended to shy away from communication to the public through the media," Walpin wrote.

He disputed that he hadn't informed the US Attorney's office that he was considering asking the Corporation for National and Community Service to have Kevin Johnson and St. HOPE suspended from receiving federal funds. "The only thing that the United States Attorney's Office did not know was whether and when the Corporation would act."

As for the exculpatory testimony of the principal, Walpin said he found it irrelevant since the principal had told them that he had not "physically observed members on a daily basis...conducting tutoring."

Washington Examiner, 06/14/09 7:00 PM EDT

<http://www.washingtonexaminer.com/opinion/blogs/beltway-confidential/Gerald-Walpin-speaks-the-inside-story-of-the-AmeriCorps-firing-48030697.html>

Gerald Walpin speaks: The inside story of the AmeriCorps firing

Dispute that resulted in firing involved stimulus money

By: Byron York, Chief Political Correspondent

The White House's decision to fire AmeriCorps inspector general Gerald Walpin came amid politically-charged tensions inside the Corporation for National and Community Service, the organization that runs AmeriCorps. Top executives at the Corporation, Walpin explained in an hour-long interview Saturday, were unhappy with his investigation into the misuse of AmeriCorps funds by Kevin Johnson, the former NBA star who is now mayor of Sacramento, California and a prominent supporter of President Obama. Walpin's investigation also sparked conflict with the acting U.S. attorney in Sacramento amid fears that the probe — which could have resulted in Johnson being barred from ever winning another federal grant — might stand in the way of the city receiving its part of billions of dollars in federal stimulus money. After weeks of standoff, Walpin, whose position as inspector general is supposed to be protected from influence by political appointees and the White House, was fired.

Walpin learned his fate Wednesday night. He was driving to an event in upstate New York when he received a call from Norman Eisen, the Special Counsel to the President for Ethics and Government Reform. "He said, 'Mr. Walpin, the president wants me to tell you that he really appreciates your service, but it's time to move on,'" Walpin recalls. "Eisen said, 'You can either resign, or I'll tell you that we'll have to terminate you.'"

At that moment, Walpin says, he had finished not only a report on the Sacramento probe but also an investigation into extensive misuse of AmeriCorps money by the City University of New York, which is AmeriCorps' biggest program. Walpin says he told Eisen that, given those two investigations, neither of which was well-received by top Corporation management, the timing of his firing seemed "very interesting." According to Walpin, Eisen said it was "pure coincidence." When Walpin asked for some time to consider what to do, Eisen gave him one hour. "Then he called back in 45 minutes and asked for my response," Walpin recalls.

The method of Walpin's firing could be a violation of the 2008 Inspectors General Reform Act, which requires the president to give Congress 30 days' notice, plus an explanation of cause, before firing an inspector general. Then-Sen. Barack Obama was a co-sponsor of that legislation. In the case of Walpin, Eisen's efforts to force Walpin to resign could be seen as an effort to push Walpin out of his job so that the White House would not have to go through the 30-day process or give a reason for its action. When Walpin refused to quit, the White House informed Congress and began the 30-day countdown.

Eisen's phone call came after months of increasing conflict inside the Corporation for National and Community Service. "We issued two reports that the management of the Corporation and the board of directors didn't like, because they criticized what the board was doing," Walpin recalls. There is no question that Walpin discovered misuse of federal money in Kevin Johnson's program, known as St. HOPE, and at City University of New York. But as a result of those investigations, relations between Walpin and top executives became frosty, and he says they cut him out of Corporation business that should normally include the inspector general.

The heart of the matter is a dispute that began last year over Walpin's recommendation that Johnson and St. HOPE be barred from receiving and using federal grant money. The process is known as "suspension and debarment," meaning that Johnson would be suspended from receiving federal funds under any current arrangement and might ultimately be barred from receiving any such funds in the future. "The whole purpose of suspension and debarment," Walpin says, "is to say that somebody who was involved in the misuse of government funds in the past should not be trusted with federal funds in the future."

In the course of his investigation, Walpin found Johnson and St. HOPE had failed to use the federal money they received for the purposes specified in the grant and had also used federally-funded AmeriCorps staff for, among other things, "driving [Johnson] to personal appointments, washing his car, and running personal errands." Walpin came to the conclusion that Johnson and St. HOPE should be subject to suspension and debarment. But it was not Walpin's decision to make; there is another official at the Corporation whose job it is to make that call. In September 2008, after reviewing Walpin's evidence, the official decided to order a suspension, with the distinct possibility that it would lead to a permanent debarment.

That was during the Sacramento mayoral campaign, and the suspension quickly became a matter of controversy. Johnson's critics raised the possibility that, as mayor, the suspension would mean the city could not receive federal funds. Johnson dismissed the matter. "That's absurd," he told the Sacramento Bee. "As mayor, I'm going to go out there and shake down as many resources as I can for Sacramento."

But the issue did not go away after Johnson defeated the incumbent mayor and took office. It became far more pressing in late January, when Congress passed the \$787 billion stimulus bill and Sacramento officials hoped that millions of federal dollars would soon arrive. Johnson's suspension seemed like an insurmountable obstacle to getting all that money. On March 21, the Sacramento Bee reported that, "The city of Sacramento likely is barred from getting federal money -- including tens of millions the city is expecting from the new stimulus package -- because Mayor Kevin Johnson is on a list of individuals forbidden from receiving federal funds, according to a leading attorney the city commissioned to look into the issue." The issue was explosive. What if there were all that federal money raining down and Sacramento couldn't get any because its mayor had been found to have misused federal money in the past?

As this was happening, the matter was also under consideration by the local U.S. attorney's office after Walpin referred the matter to the office for a criminal inquiry. Since January of this year, the office has been headed by an acting U.S. attorney, Lawrence Brown, a career prosecutor who took over after the departure of the previous, Bush-appointed U.S. attorney. The office decided not to pursue criminal charges against Johnson, but also entered into settlement talks with Johnson and St. HOPE. What resulted was, according to Walpin, highly unusual.

Settlement talks would normally cover the issue of whether Johnson would be required to give the misused federal funds back to the government. But amid the frenzy surrounding the possible denial of federal stimulus funds, Brown wanted to negotiate not only some sort of repayment scheme but also an end to Johnson's suspension. Walpin learned about that during a March telephone conversation with Brown. "He said he wanted to settle," Walpin recalls, "and he said that lifting the suspension had to be part of it because that was the 800-pound gorilla in the way of a settlement."

Walpin was adamantly opposed to a lifting of the suspension; after all, he had recommended that Johnson not only be suspended but be barred for receiving future federal funds. Walpin says that after that, he was cut out of the settlement talks; Brown worked directly with top officials of the Corporation, who seemed eager to work out a deal in a case involving a high-profile Obama supporter and lots of stimulus money. (The Corporation is now headed by Alan Solomon, a philanthropist and Democratic fundraiser appointed by President Obama.)

Together, Brown and the top Corporation brass negotiated a deal. Johnson and St. HOPE would pay back about half of the \$850,000 in AmeriCorps grant money it had received, and the suspension against Johnson would be lifted.

Walpin was very unhappy. First of all, he said it was a terrible deal for the U.S. government, because St. HOPE was essentially insolvent and would never pay the money back. Second, he felt lifting Johnson's suspension would dilute the effectiveness of future investigations; why should grant recipients worry about their misconduct if any sanctions can be so easily lifted? In the end, Johnson was not suspended, not debarred, and was probably not going to pay the vast majority of the money back.

Walpin told the Corporation's board of directors of his opinion. He told other officials. And he sent a report to Congress. "I was bringing Congress in to try to get its assistance in putting a spotlight on this," he says.

Walpin's actions undoubtedly angered top officials at the Corporation, and most likely at the White House as well. It would not be long before he was summarily dismissed. But he has no regrets. Whatever happens, he wrote recently, he is proud that he "refused to go along with the U.S. attorney's office and the Corporation in bowing to the media and political pressure that resulted in this hasty settlement, contrary to the interests of the United

States government."

Washington Examiner, 6/12, 8:14 PM EDT

<http://www.washingtonexaminer.com/opinion/blogs/beltway-confidential/Whats-behind-Obamas-sudden-firing-of-the-AmeriCorps-inspector-general-47877797.html>

What's behind Obama's sudden attempt to fire the AmeriCorps inspector general?

By: Byron York
Chief Political Correspondent

New info: See updates below for Walpin's "one-hour deadline" e-mail to the White House.

There are a number of unanswered questions today about President Obama's abrupt decision to fire the inspector general of the AmeriCorps program, Gerald Walpin. Obama sent letters to House and Senate leaders yesterday informing them that he was firing Walpin, effective 30 days from the date of the letters.

"It is vital that I have the fullest confidence in the appointees serving as Inspectors General," the president wrote. "That is no longer the case with regard to this Inspector General."

The 30 day requirement is important because last year Congress passed the Inspectors General Reform Act, which was designed to strengthen protections for IGs, who have the responsibility of investigating allegations of waste, fraud and abuse within federal agencies, against interference by political appointees or the White House. Part of the Act was a requirement that the president give Congress 30 days' notice before dismissing an IG. One of the co-sponsors of the Act was then-Sen. Barack Obama.

The Act also requires the president to outline the cause for his decision to remove an IG. Beyond saying that he did not have the "fullest confidence" in Walpin, Obama gave no reason for his action.

There are two big questions about the president's actions. One, why did he decide to fire Walpin? And two, did he abide by the law that he himself co-sponsored?

According to Republican Sen. Charles Grassley, a strong advocate of inspectors general, Walpin received a call from the White House Counsel's office on Wednesday evening. Walpin was told that he had one hour to either resign or be fired. Senate sources say Walpin asked why he was being fired and, according to one source, "The answer that was given was that it's just time to move on. The president would like to have someone else in that position." Walpin declined to resign.

Grassley fired off a letter to the president on Thursday saying that, "I was troubled to learn that [Wednesday] night your staff reportedly issued an ultimatum to the AmeriCorps Inspector General Gerald Walpin that he had one hour to resign or be terminated," Grassley wrote. "As you know, Inspectors General were created by Congress as a means to combat waste, fraud, and abuse and to be independent watchdogs ensuring that federal agencies were held accountable for their actions. Inspectors General were designed to have a dual role reporting to both the President and Congress so that they would be free from undue political pressure. This independence is the hallmark of all Inspectors General and is essential so they may operate independently, without political pressure or interference from agencies attempting to keep their failings from public scrutiny."

Grassley's version of events suggests that the White House first tried to muscle Walpin out of his job without having to go through the 30-day process. It was only when Walpin refused to resign that the White House then notified Congress of the president's intention to fire Walpin.

The bigger question is why the president is doing this and why he is attempting to do it so quickly. Senate sources now believe Obama is firing Walpin over Walpin's investigation of Kevin Johnson, a former NBA star and a prominent supporter of the president.

Johnson, now the mayor of Sacramento, California, started a non-profit organization called St. Hope. The group's mission, according to its website, is "to revitalize inner-city communities through public education, civic leadership, economic development and the arts." As part of its work, St. Hope received a grant of about \$850,000 from

AmeriCorps.

Last year, Walpin began an investigation of how Johnson's group spent the money. According to the Associated Press, "[Walpin] found that Johnson, a former all-star point guard for the Phoenix Suns, had used AmeriCorps grants to pay volunteers to engage in school-board political activities, run personal errands for Johnson and even wash his car." Walpin asked federal prosecutors to investigate. In April, the U.S. attorney in Sacramento, a Bush holdover, declined to file any criminal charges in the matter and also criticized Walpin's investigation.

That might suggest that St. HOPE was OK, and it was Walpin who was in the wrong. But at the same time prosecutors decided not to file any charges against St. HOPE, the U.S. attorney's office also entered into a settlement with St. HOPE in which the group also agreed to pay back about half of the \$850,000 it had received from AmeriCorps.

In his letter to the president, Grassley defended Walpin's performance. "There have been no negative findings against Mr. Walpin by the Integrity Committee of the Council of the Inspectors General on Integrity and Efficiency (CIGIE), and he has identified millions of dollars in AmeriCorps funds either wasted outright or spent in violation of established guidelines," Grassley wrote. "In other words, it appears he has been doing his job."

The bottom line is that the AmeriCorps IG accused a prominent Obama supporter of misusing AmeriCorps grant money. After an investigation, the prominent Obama supporter had to pay back more than \$400,000 of that grant money. And Obama fired the AmeriCorps IG.

UPDATE, 1:55 PM Friday:

There are a number of new developments since my post above was published. First, the White House is confirming that it decided to fire IG Walpin because of the Kevin Johnson/St. HOPE affair. In a letter sent Thursday night to Sen. Charles Grassley, White House counsel Gregory Craig cited a complaint lodged by the acting U.S. attorney in Sacramento, Lawrence Brown, accusing Walpin of misconduct in the St. Hope investigation. "The Acting United States Attorney for the Eastern District of California, a career prosecutor who was appointed to his post during the Bush Administration, has referred Mr. Walpin's conduct for review by the Integrity Committee of the Council of Inspectors General on Integrity and Efficiency (CIGIE)," Craig wrote. "We are aware of the circumstances leading to that referral and of Mr. Walpin's conduct throughout his tenure and can assure you that that the President's decision was carefully considered." This is the White House's first public statement of its reason for firing Walpin.

In the referral which Craig mentioned, which was sent April 29, Lawrence Brown accused Walpin of conducting a biased investigation and seeking "to act as the investigator, advocate, judge, jury and town crier." Brown was particularly angry that Walpin's office had talked with the press at various times in the St. HOPE investigation. Brown asked AmeriCorps to investigate Walpin's behavior. In a stinging response, Walpin wrote that several of Brown's points were flat-out wrong.

More importantly, Walpin's response sheds light on the process by which St. Hope will allegedly return to the government about half of the \$850,000 grant it received from AmeriCorps. Walpin accused the U.S. attorney's office of undermining Walpin's attempt at "suspension and debarment" -- that is, from taking action that prevents an organization that has engaged in misconduct from receiving any other federal money.

According to Walpin, the U.S. attorney's office resisted efforts to get St. HOPE to repay the money. Even though AmeriCorps inspector general officials had found "six specific instances of diversion and misuse of [AmeriCorps] grant funds," and even though Kevin Johnson never "submitted a single fact to dispute those findings," the U.S. attorney, according to Walpin, insisted that the settlement agreement forbid suspension or debarment.

Further, according to Walpin, even with the settlement agreement as it now exists, there is little hope the government will ever get any of its money back. "As St. HOPE is insolvent, the absence of any obligation imposed on... [Kevin Johnson], and the absence of any guarantee or security to ensure payment, makes the settlement a farce," Walpin wrote.

"Mr. Brown knows," Walpin concluded, "that the settlement agreement was carefully drafted so that no obligation is imposed on Mr. Johnson to pay to [AmeriCorps] a single penny of the amount supposedly to be paid to [AmeriCorps] by St. HOPE."

Walpin's response has led congressional investigators to want to know more about Brown, the acting U.S.

attorney. I referred to him earlier as a "Bush holdover." That's not entirely accurate. Brown is now the acting U.S. attorney, and he was in the office during the Bush years, but he is a career official, not a Bush appointee. In the days to come, congressional investigators will be weighing Brown's claims versus Walpin's. A lot is going on with the story, and it is happening very quickly.

UPDATE, 4:55 PM Friday:

On Wednesday night, after the White House counsel's office called AmeriCorps inspector general Gerald Walpin on his cell phone to tell him he had one hour to resign or be fired, Walpin sent an extensive e-mail account of the call to the man who had phoned him, Norman Eisen, the Special Counsel to the President for Ethics and Government Reform. In the e-mail, Walpin explained that he would not make a decision in such a short period of time. He also noted that Eisen had said any appearance of a connection between Walpin's firing and recent conflicts over Walpin's handling of high-profile investigations was "coincidence." Here is the whole e-mail, sent from Walpin to Eisen at 7:32 p.m. on June 10:

My email responds to your telephone call to me while I was in a car driving on a highway, at about 5:20 p.m. I have now reached a destination and therefore can write you this email.

In your telephone call, you informed me that the President wishes me to resign my post as IG of CNCS [Corporation for National and Community Service, which includes AmeriCorps]. You told me that I could take no more than an hour to make a decision.

As you know, Congress intended the Inspector General of CNCS to have the utmost independence of judgment in his deliberations respecting the propriety of the agency's conduct and the actions of its officers. That is why the relevant statute provides that the President may remove the IG only if he supplies the Congress with a statement of his reasons—which is quite a different matter than executive branch officials who serve at his pleasure and can therefore be removed for any reason and without notification to Congress.

I take this statutorily-mandated independence of my office very seriously; and, under the present circumstances, I simply cannot make a decision to respect or decline what you have said were the President's wishes within an hour or indeed any such short time. As you are aware, I have just issued two reports highly critical of the actions of CNCS, which is presently under the direction of the President's appointee and, I am advised, someone with a meaningful relationship with the President.

Chairman Solomon and I have had significant disagreements about the findings and conclusions contained in these reports. It would do a disservice to the independent scheme that Congress has mandated—and could potentially raise questions about my own integrity—if I were to render what would seem to many a very hasty response to your request.

I heard your statement that this request that you communicated on behalf of the President and the timing of our reports and disagreement with the CNCS Board and management are "coincidence," as you put it on the phone, but I would suggest there is a high likelihood that others may see it otherwise.

I suspect that, when presented with the circumstances I have just discussed, the President will see the propriety of providing me additional time to reflect on his request. If however he believes that my departure is a matter of urgency, then he will have to take the appropriate steps toward ordering my removal, without my agreement.

Gerald Walpin

Washington Times, June 13, 2009

<http://washingtontimes.com/news/2009/jun/13/fired-official-says-call-was-a-surprise/print/>

President fires official 'out of the blue'

Sean Lengele (Contact)

An inspector general fired by President Obama says he was given no warning and only one hour to decide whether to resign or be let go, hinting the action was retaliation for a report highly critical of Sacramento Mayor Kevin Johnson, a former NBA basketball star and an Obama supporter.

Gerald Walpin, a 2006 Bush appointee who reviewed grants awarded by AmeriCorps and other national service programs, said the telephone call he received Thursday evening from White House counsel Norman L. Eisen informing him he was ousted "occurred totally out of the blue."

Mr. Walpin said he and his staff had always acted with the "highest integrity" during his two-and-a-half-year tenure. "We performed very well the responsibility of the independent overseer of the agency, and reported things as we saw it," he said.

The White House hasn't said specifically why it fired Mr. Walpin, other than to say that the president has lost confidence in him.

"It is vital that I have the fullest confidence in the appointees serving as Inspectors General," said Mr. Obama in a letter to Congress Thursday. "That is no longer the case with regard to this Inspector General."

In an e-mail response to Mr. Eisen Thursday, Mr. Walpin said he refused to resign on such short notice because "it would do a disservice to the independent scheme [for inspector generals] that Congress had mandated - and could potentially raise questions about my own integrity - if I were to render what would seem to many a very hasty response to your request."

But Mr. Walpin, in his e-mail to Mr. Eisen, said he wasn't convinced of the White House's assertion that his firing and the release of two reports he recently submitted that are highly critical of AmeriCorps parent group, the Corporation for National and Community Service (CNCS), wasn't "coincidence."

"I would suggest there is a high likelihood that others may see it otherwise," Mr. Walpin wrote.

One of Mr. Walpin's reports dealt with his investigation of a highly publicized case accusing St. Hope Academy - founded by Mr. Johnson - of mishandling some of the \$850,000 it received in CNCS grants, which came out during the Sacramento mayoral race. Mr. Johnson's nonprofit group has promised to repay about half of the money.

But Sacramento's Acting U.S. Attorney Lawrence G. Brown has sharply criticized Mr. Walpin's handling of his investigation of Mr. Johnson and the nonprofit group.

In August 2008, while Mr. Johnson was campaigning for his successful November election, Mr. Walpin referred the matter to the local U.S. attorney's office, which said his conclusions seemed overstated and didn't accurately reflect the information gathered in the investigation.

The report said Mr. Johnson used grants to pay volunteers to engage in school-board political activities and to run personal errands for Mr. Johnson.

Mr. Brown accused Mr. Walpin of overstepping his authority, compromising his impartiality and withholding information from the U.S. Attorney's Office.

"The Inspector General is not intended to act as an advocate for suspension and debarment," complained Mr. Brown in a letter to the Council of the Inspectors General on Integrity and Efficiency. "He sought to act as the investigator, advocate, judge, jury and town crier."

On Wednesday night, Alan Solomon, a Democrat and the board chairman of the government-run corporation, and Stephen Goldsmith, a Republican and the board's vice chair, said they backed the president's decision, which they learned about ahead of time.

Ken Bach, who works in the CNCS inspector general's office, has been named acting inspector general until Mr. Obama appoints a replacement to Mr. Walpin.

Mr. Walpin declined to say what his next move will be.

"I'll let the facts speak for themselves," he said. "We did our job as we saw it with high integrity, issuing two

reports that the corporation objected to and the [CNCS] chairman of the board objected to. That's the job of the inspector general."

Sen. Charles E. Grassley, Iowa Republican, on Friday praised Mr. Walpin for identifying millions of dollars in wasted or misspent grants.

The Obama administration has requested \$1.149 billion for CNCS and its programs for fiscal year 2010, a \$259 million - or 29 percent increase - over its previous budget.

NonProfit Times, June 13, 2009

<http://www.nptimes.com/09Jun/bnews-090612-1.html>

Obama Cans CNCS Inspector General Who Wrote Negative Report

By Michele Donohue

A week after issuing a blistering report about a Corporation for National and Community Service (CNCS) grant, the agency's inspector general will be removed from his position, according to a CNCS statement issued late yesterday.

President Barack Obama will remove Gerald Walpin from his post, a move that would take effect in 30 days, consistent with the Inspector General Act. A CNCS official said the OIG's latest report was unrelated to the decision to remove Walpin.

The report, issued June 4, criticized the use of CNCS grants for the Research Foundation for the City University of New York (RFCUNY) Fellows Program, which provided AmeriCorps member designation to teachers in the program. The OIG report said the RFCUNY-CNCS grant relationship "adds no service to the community which is not already provided by the Fellows Program" and that "taxpayers are not getting their money's worth" with the grants.

The report also recommended CNCS terminate the grants, recover education awards and accrued interest awards paid, and all grant costs - approximately \$45.1 million.

A statement issued by CNCS said Board Chair Alan Solomont, Stephen Goldsmith, board vice chair, and Eric Tanenblatt, chair of the board's management, audit, and governance committee, support the decision to remove Walpin.

"We strongly endorse the President's decision with respect to Inspector General Gerald Walpin. We look forward to working with a new Inspector General," according to the statement.

The CNCS Office of Inspector General (OIG) conducts and supervises audits and investigations into the Corporation's programs. Walpin, a former New York attorney, was nominated for the inspector general post by former President George W. Bush, confirmed by the U.S. Senate and sworn into office in January 2007.

As a general principle, the independence of an inspector general (IG) is crucial, according to Rick Cohen, former executive director of the National Committee For Responsive Philanthropy (NCRP) in Washington, D.C. Cohen said he could not speak to the quality of Walpin's work in CNCS OIG.

"The independence of the IG is a critical bulwark to ensure the federal agencies are kept on the straight and narrow," he said. Rapid expansion that CNCS will face with the Edward M. Kennedy Serve America Act would be a "huge challenge to any agency," Cohen said, and critical scrutiny and transparency will be vital.

The Edward M. Kennedy Serve America Act, to take effect on Oct. 1, includes expanding AmeriCorps volunteers from 75,000 to 250,000 a year by 2014. The legislation authorizes \$5.7 billion over the next six years, but Congress must still approve funding.

"The political independence of the IG is essential. And in this administration with the expansion of AmeriCorps, the expansion of the Corporation and with the overall stimulus expansion, the role of the IG in any department, not just the Corporation, is more important than ever," Cohen said.

Kenneth Bach will serve as the acting Inspector General in the transition, according to a CNCS official. Bach previously served as an investigator with the CNCS OIG and the Department of the Interior OIG before coming

back to CNCS in 2005 as OIG's Chief Technology Officer (CTO). In May 2008, Bach was named the Assistant Inspector General for Support, while continuing his role as CTO, according to CNCS.

Youth Today, June 11, 2009

http://www.youthtoday.org/publication/article.cfm?article_id=2949

Obama Fires CNCS Watchdog

Inspector general removed after scathing report on AmeriCorps grantee.

by Nancy Lewis

The Inspector general (IG) of the Corporation for National and Community Service is being removed by President Barack Obama, a week after the IG questioned the eligibility of the largest and most expensive AmeriCorps program, and while the IG was contesting the "propriety" of a settlement made with a mayor for alleged misuse of AmeriCorps funds.

Gerald Walpin, an appointee of President George W. Bush who has served as the corporation's IG for more than two years, could not be reached for comment yesterday, and a spokesman for his office said neither the office nor Walpin could say anything about the removal.

Officials insisted that Walpin's removal was not connected to recent controversies but was merely a routine change that came with a change in administrations. But those routine changes are rarely announced or characterized as "removal."

A statement issued by Nicola Goren, acting CEO of the corporation, said that board chairman Alan Solomont and vice chair Stephen Goldsmith fully supported the move. CNCS spokeswoman Ranit Schmelzer would not say if they requested Walpin's removal. The announcement said he has 30 days to vacate the office.

The action leaves the top four positions at CNCS - chief executive officer, chief operating officer, chief financial officer and inspector general - vacant or filled temporarily, at a time when the corporation is charged with increasing its capacity to 250,000 volunteers by 2017. By then the budget is expected to rise to nearly \$6 billion annually, from \$1.19 billion.

Maria Eitel, a Nike vice president chosen by Obama to lead CNCS, abruptly withdrew her name late last month, five weeks after her selection was announced, citing health problems. The president's announcement of the choice of Eitel was made with great public fanfare, but her withdrawal was also announced through a statement from Goren, released late on the Friday before Memorial Day.

There is no indication when new leadership will be chosen, though Obama has made service a hallmark of his administration.

Some decisions about CNCS are being made by First Lady Michelle Obama, according to service advocates (who asked not to be named). Last week, Mrs. Obama announced that her chief of staff, Jackie Norris, would move to CNCS as a senior adviser. Officials said yesterday that Norris is scheduled to arrive on June 22.

Asked why the announcement of Walpin's removal came late Wednesday from CNCS instead of the White House, Schmelzer of CNCS said it's because Walpin - who serves at the pleasure of the president - is a corporation employee.

IG Controversies

Funding for the largest AmeriCorps program - the Teaching Fellows Program, run by the Research Foundation of the City University of New York - is in abeyance pending resolution of widespread problems identified in a recent audit. Although Walpin recommended that funding be curtailed and that previous funds (perhaps as much as \$75 million) be repaid to the corporation, the corporation has said it will take no action on that matter.

Walpin concluded that nothing was being gained by the grants to CUNY and that the money was simply being used to subsidize an existing and funded program.

At the same time, Walpin was challenging the resolution of charges against Sacramento mayor Kevin Johnson stemming from the Hood Corps, a project of St. Hope Academy, which he started in one of the city's low-income neighborhoods. The IG audit found that the program misused virtually all its funds and did little of what was outlined in its grant proposal.

Specifically, the audit found that Johnson and other officials of Neighborhood Corps used AmeriCorps volunteers to recruit students for a charter school run by its parent program, improperly paid at two school employees with AmeriCorps funds for duties they did not perform, improperly used volunteers to perform personal errands for Johnson (including washing his car and driving him to personal appearances) and used the AmeriCorps volunteers to engage in political activities in connection with a board of education election.

Johnson, who was elected mayor in November, was barred from receiving federal grant money - the most serious action that the agency can take against a person or program.

When questions were raised about whether Johnson's city would therefore be ineligible to receive federal stimulus funds, a settlement was reached with the U.S. attorney's office calling for repayment of about half the grant money. Johnson was to pay a portion of the money, with the agency he had headed paying the remainder over five years. The ban on funds to Johnson was also lifted.

In a letter to Sen. Edward Kennedy (D-Mass.), head of the Senate committee that oversees the corporation, and other congressional leaders, Walpin objected to the settlement, saying St. Hope was insolvent and likely would not be able to repay the money.

Walpin, who as inspector general usually would have been involved in any settlement, was cut out of the deal after the acting U.S. attorney filed a complaint with the Integrity Committee of the Council of Inspectors General on Integrity and Efficiency.

No one from the committee returned calls inquiring about that matter and a copy of the complaint has not been released. The complaint appears to center on claims that the U.S. attorney's office learned about the action against Johnson from a local newspaper. Walpin's office maintains that office was notified of the pending action months before.

CongressDaily June 12, 2009
<http://www.govexec.com/dailyfed/0609/061209cdpm2.htm>

Firing of IG followed his probe of Obama friend

By Carrie Dann

After criticism from a high-ranking Republican senator over President Obama's dismissal of the inspector general overseeing AmeriCorps Thursday, the White House has provided assurances that the decision was "carefully considered" and conducted in full compliance with the Inspector General Reform Act.

Gerald Walpin, inspector general for the Corporation for National and Community Service, recently spearheaded an investigation into the alleged misuse of AmeriCorps grants by a nonprofit agency run by recently elected Sacramento, Calif., Mayor Kevin Johnson, a former National Basketball Association star and a friend of Obama's.

Walpin's conduct of the investigation has been questioned by the acting U.S. attorney for Sacramento, who referred the case to an ethics panel that oversees IGs.

Obama's announcement Thursday that he intended to fire the AmeriCorps overseer prompted a fiery letter from Sen. Charles Grassley, R-Iowa, a champion of federal watchdogs, who cautioned that Obama's abrupt decision to terminate Walpin could demonstrate a threat to the independence of federal IGs.

In a written response to Grassley sent late Thursday, White House Counsel Gregory Craig attributed Walpin's dismissal to the U.S. attorney's complaint and subsequent request that his conduct of the Sacramento investigation be reviewed by the IG oversight panel.

"We are aware of the circumstances leading to that referral and of Mr. Walpin's conduct throughout his tenure and can assure you that the president's decision was carefully considered," Craig said.

Walpin's investigation of Johnson's St. HOPE nonprofit agency alleged that managers improperly diverted over \$800,000 in AmeriCorps funding from 2004-2007. Federal officials subsequently determined that the allegations did not warrant criminal charges, and the mayor attributed any improprieties to "administrative errors."

St. HOPE repaid almost \$425,000 in the federal funds as part of a settlement in April.

Danielle Brian, executive director of the Project on Government Oversight, said Johnson's connection to Obama warrants a hard look by lawmakers to assure the legitimacy of Walpin's dismissal.

"I hope Congress holds hearings soon," she said.

Chronicle of Philanthropy, June 12, 2009

<http://philanthropy.com/news/government/index.php?id=8555>

Fired National-Service Inspector General Says He Acted Properly

Gerald Walpin, who was fired from his post as inspector general of the Corporation for National and Community Service, said he acted properly and questions the timing of the decision.

"I and my office acted throughout with the highest integrity in reports and dealing with the corporation and its management in performing the IG's responsibility to be an independent overseer of the corporation's activities," he said in an interview. He said he told the White House it might not appear coincidental that the president's decision to remove him followed two reports he issued that criticized the national-service agency.

But the White House said the decision was made solely because of Mr. Walpin's conduct, citing a decision by an acting U.S. attorney in Sacramento to file a complaint against him.

"We are aware of the circumstances leading to that referral and of Mr. Walpin's conduct throughout his tenure and can assure you that the President's decision was carefully considered," Gregory B. Craig, White House counsel, said in a letter to Sen. Charles E. Grassley of Iowa, senior Republican on the Senate Finance Committee.

President Obama told Congress on Thursday he planned to remove Mr. Walpin from his post because he no longer had the "fullest confidence" in him. Mr. Craig wrote to Mr. Grassley after the senator raised questions about whether the administration had properly notified Congress of the reasons for the decision.

"Inspectors general need to know they have independence and won't be removed for arbitrary reasons," Sen. Grassley said in a statement.

The U.S. attorney complained about Mr. Walpin's conduct in a case involving St. Hope Academy, a nonprofit group started by Kevin Johnson, a former basketball star who is now mayor of Sacramento. The Corporation for National and Community Service last September barred the group from receiving any federal grants or contracts for up to one year after finding that it had misused members of AmeriCorps, the national-service program.

Mr. Walpin referred the case to the U.S. attorney's office so it could consider prosecuting Mr. Johnson and a colleague for misusing federal funds. The office reached a settlement with the academy that required the group repay some of the money it had received — an agreement that Mr. Walpin criticized in a report that he issued in May.

The acting U.S. attorney, Lawrence Brown, filed a complaint against Mr. Walpin with the integrity committee of the Council of Inspectors General on Integrity and Efficiency, a federal body. The complaint was not immediately available, but Mr. Walpin's defense refers to charges that he overstepped his authority as an auditor and improperly communicated to the press. Mr. Walpin denies both charges.

Mr. Walpin also filed a "report": <http://philanthropy.com/news/government/8495/audit-criticizes-ameri-corps-program-at-city-university-of-new-york-month-criticizing-spending-on-an-AmeriCorps-program-at-City-University-of>

New York.

He said that the White House asked him to resign on Wednesday, giving him one hour to decide. He said he declined to make such a hasty move, telling the White House in an email "it would do a disservice to the independent scheme that Congress has mandated."

The president is required to give Congress 30 days notice before removing an inspector general, so Sen. Grassley questioned the propriety of the ultimatum. The White House told him it contacted Mr. Walpin as a way to start the 30-day notification clock ticking.

Mr. Walpin, who lives in New York, was appointed to his post by President George W. Bush in 2007. A White House spokesman noted that the decision to remove him was supported both by Alan Solomont, the corporation's board chair, a Democrat, and Stephen Goldsmith, the vice chair, a Republican.

— Suzanne Perry

Sacramento News & Review, 6/12

<http://www.newsreview.com/sacramento/snog/blogs/post?oid=1012710>

St HOPE mess costs Inspector General his job

Just a few weeks after releasing a report blasting the US Attorney's settlement with St HOPE over alleged misuse of federal funds, Inspector General Gerald Walpin has been fired by President Obama.

Walpin, the inspector general of the Corporation for National and Community Service, investigated Kevin Johnson's St HOPE Academy and found that Johnson had volunteers in his AmeriCorps-funded program drive him around and wash his car, and that he used volunteers for political activities, among other violations.

The inspector barred Johnson from receiving federal funds then turned the case over to U.S. Attorney McGregor Scott for further investigation and possible criminal charges. Scott's successor, Lawrence Brown settled the case with St Hope, amid fears that Johnson's legal status would jeopardize federal stimulus funding to Sacramento.

Walpin excoriated the settlement, saying it was "akin to deciding that, while one should not put a fox in a small chicken coop, it is fine to do so in a large chicken coop."

Kevin Johnson's supporters, especially his spokesman Steve Maviglio have all along said that Walpin was a "rogue inspector" and a right-wing nut job with an axe to grind.

"This is a Bush appointee who wants to put an exclamation point on his career," Maviglio told us a while back. Instead, it looks like the White House has added a period to Walpin's tenure as IG. While not spelled out by the administration, Walpin's ouster is being widely attributed to his handling of the St HOPE mess. What Obama did say, in a written statement on the firing, was that, "It is vital that I have the fullest confidence in the appointees serving as Inspectors General. That is no longer the case with regard to this Inspector general."

(The Washington Examiner on Friday reported that the firing was indeed over the St HOPE affair, for what it's worth.)

Johnson is probably feeling vindicated right now, but many observers are already questioning Obama's decision. Republican Senator Charles Grassley of Iowa wrote to Obama saying that Walpin had been doing his job, and that "We can not afford to have Inspector General independence threatened."

And the watchdog group Project on Government Oversight complained that, "Even the appearance of political favoritism can cast a shadow on the independence of the IG community."

Senator Grassley, June 11, 2009

http://grassley.senate.gov/news/Article.cfm?customer_dataPageID_1502=21209#

Grassley calls on administration to safeguard independence of Inspectors General

WASHINGTON — Senator Chuck Grassley is urging the administration to follow the letter and spirit of the law, which the President co-sponsored as legislation as a U.S. senator in 2007, regarding the dismissal of the Inspector General for the AmeriCorps program, after reports last night that administration officials gave the watchdog an hour to resign or be terminated.

Grassley said it looks like the White House is today modifying its stance and saying that last night's ultimatum started the 30-day notification clock. "Either way, it looks like the letter and spirit of the law Congress passed last year to try to safeguard the independence of Inspectors General from the heavy hand of the executive branch that it's supposed to oversee might have been circumvented," he said.

Grassley has worked for many years to empower Inspectors General to act as effective watchdogs for taxpayers and federal program beneficiaries. He's also worked to hold Inspectors General accountable when they've failed to fulfill the responsibilities of the role. Grassley has conducted extensive and active oversight of the federal bureaucracy.

"The importance of constant, independent review of the work of federal agencies has been proven again and again, and Inspectors General are a key part of that effort," Grassley said. "Congress recognized the need for independence when it passed the reform legislation last year requiring congressional notification 30 days prior to removal. Inspectors General need to know they have independence and won't be removed for arbitrary reasons. The public needs confidence that the watchdogs can hold the bureaucracy accountable."

The text of Grassley's letter to the President is below.

June 11, 2009

Barack Obama
President of the United States of America
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

I was troubled to learn that last night your staff reportedly issued an ultimatum to the AmeriCorps Inspector General Gerald Walpin that he had one hour to resign or be terminated. As you know, Inspectors General were created by Congress as a means to combat waste, fraud, and abuse and to be independent watchdogs ensuring that federal agencies were held accountable for their actions. Inspectors General were designed to have a dual role reporting to both the President and Congress so that they would be free from undue political pressure. This independence is the hallmark of all Inspectors General and is essential so they may operate independently, without political pressure or interference from agencies attempting to keep their failings from public scrutiny.

Last year, President Bush signed the Inspector General Reform Act (P.L. 110-409) into law. Both you and I were cosponsors of this important legislation that was introduced to strengthen the independence and integrity of the Inspectors General. One of the most important provisions of the legislation we cosponsored was Section 3 which amended the procedures for the removal of Inspectors General. Specifically, Section 3 requires that, "the President shall communicate in writing the reasons for any such removal or transfer to both Houses of Congress, not later than 30 days before the removal or transfer." No such notice was provided to Congress in this instance.

As you may recall, the Senate Committee Report (S. Rep. 110-262) accompanying the Inspector General Reform

Act stated the intent of Congress. That report stated:

"The Committee intends that Inspectors General who fail to perform their duties properly whether through malfeasance or nonfeasance, or whose personal actions bring discredit upon the office, be removed. The requirement to notify the Congress in advance of the reasons for the removal should serve to ensure that Inspectors General are not removed for political reasons."

Given that you were a cosponsor of this vital legislation I am deeply troubled to learn of the ultimatum given Inspector General Walpin absent Congressional notification.

There have been no negative findings against Mr. Walpin by the Integrity Committee of the Council of the Inspectors General on Integrity and Efficiency (CIGIE), and he has identified millions of dollars in Americorps funds either wasted outright or spent in violation of established guidelines.[1] In other words, it appears he has been doing his job.

We cannot afford to have Inspector General independence threatened. In light of the massive increases in federal spending of late, it is more critical than ever that we have an Inspector General community that is vigorous, independent, and active in rooting out waste, fraud, and abuse. I urge you to review the Inspector General Reform Act you cosponsored and to follow the letter of the law should you have cause to remove any Inspector General.

**Sincerely,
Charles E. Grassley
United States Senator**

Holland, Austin

From: Trinity, Frank
Sent: Monday, June 15, 2009 11:40 PM
To: Stan Soloway; Goren, Nicola
Subject: RE: Follow-up call

Stan,
I'll plan to call you at 8:30. Left a VM regarding Norm support for your call to Issa staff sooner rather than later.
Frank

-----Original Message-----

From: Stan Soloway [mailto: [REDACTED]]
Sent: Mon 6/15/2009 9:37 PM
To: Goren, Nicola; Trinity, Frank
Cc:
Subject: RE: Follow-up call

Did one of my rudder check calls...interesting discussion...do you want to try and talk briefly before you 930 call w/the WH?

Stan Z. Soloway
President & CEO
Professional Services Council
4401 Wilson Blvd., Suite 1110, Arlington, VA 22203
P: [REDACTED] F: [REDACTED]
www.pscouncil.org

The Unified Voice of the Government Services Industry

SAVE THE DATE!
PSC ANNUAL CONFERENCE - October 4-6
Nemacolin Woodlands Resort, Farmington, PA
Contact the hotel directly to reserve your room today! 1-800-422-2736

From: Goren, Nicola [mailto: [REDACTED]]
Sent: Monday, June 15, 2009 8:01 PM
To: Elana J. Tyrangiel [REDACTED]; Norman L. Eisen [REDACTED]; goldsmith [REDACTED]; etanenblatt [REDACTED]; Stan Soloway; Trinity, Frank; Schmelzer, Ranit
Subject: Follow-up call

Let's plan to talk at 8:10. Call-in [REDACTED]
Sent via blackberry - please excuse typos

From: Goren, Nicola
To: 'Elana J. Tyrangiel';
'Norman L. Eisen';
Sent: Mon Jun 15 19:01:16 2009
Subject: Re: Press

Any update? On another wh call now but happy to talk after.

Sent via blackberry - please excuse typos

From: Tyrangiel, Elana J.
To: Goren, Nicola; Eisen, Norman L.; Messina, James A.
; Terrell, Louisa; Earnest, Joshua R.
; Trinity, Frank; Schmelzer, Ranit
Sent: Mon Jun 15 14:20:27 2009
Subject: Re: Press

Are folks available at 2:30?

From: Goren, Nicola
To: Tyrangiel, Elana J.; Eisen, Norman L.; Messina, James A.; Terrell, Louisa; Earnest, Joshua R.; Trinity, Frank; Schmelzer, Ranit
Sent: Mon Jun 15 14:04:01 2009
Subject: Press

The press interest is heating up – we have inquiries from Washington Post and Fox News (Glenn Beck show) in the last hour. My communications folks are saying this is now taking on a life of its own and we need to step up communications to get the Administration's side of the story out and to mitigate the blogs and press that have been out there for the last few days.

We need to be able to say more than we have been (more substantive talking points are needed), and ideally, the White House would take the lead to respond to some of these inquiries. Our Board Vice Chair Steve Goldsmith could also play a role.

Can we discuss?

Nicky

Nicola Goren
Acting Chief Executive Officer
Corporation for National and Community Service

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www.nationalservice.gov

Flowe, Meredith

From: Eisen, Norman L. [REDACTED]
Sent: Monday, June 15, 2009 2:07 PM
To: Goren, Nicola; Tyrangiel, Elana J.; Messina, James A.; Terrell, Louisa; Earnest, Joshua R.; Trinity, Frank; Schmelzer, Ranit
Subject: RE: Press

Who from the Post?

From: Goren, Nicola [mailto:[REDACTED]]
Sent: Monday, June 15, 2009 2:04 PM
To: Tyrangiel, Elana J.; Eisen, Norman L.; Messina, James A.; Terrell, Louisa; Earnest, Joshua R.; Trinity, Frank; Schmelzer, Ranit
Subject: Press

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Nicola Goren
Acting Chief Executive Officer
Corporation for National and Community Service
[REDACTED]

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1/1

Holland, Austin

From: Tyrangiel, Elana J. [REDACTED]
Sent: Monday, June 15, 2009 2:20 PM
To: Goren, Nicola; Eisen, Norman L.; Messina, James A.; Terrell, Louisa; Earnest, Joshua R.; Trinity, Frank; Schmeizer, Ranit
Subject: Re: Press

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From: Goren, Nicola
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Sent: Mon Jun 15 14:04:01 2009
Subject: Press

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Corporation for National and Community Service
[REDACTED]

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Flowe, Meredith

From: Schmelzer, Ranit
Sent: Thursday, July 09, 2009 6:18 PM
To: Holland, Austin
Subject: FW: Press

From: Schmelzer, Ranit
Sent: Monday, June 15, 2009 3:38 PM
To: Tyrangiel, Elana J.; Goren, Nicola; Eisen, Norman L.; Messina, James A.; Terrell, Louisa; Earnest, Joshua R.; Trinity, Frank
Cc: Scott, Sandy
Subject: RE: Press

Walpia is going on the Glen Beck show on Fox at 5pm tonight.
The producer says they are going to be following it all week.

From: Tyrangiel, Elana J. [mailto: [REDACTED]]
Sent: Monday, June 15, 2009 2:20 PM
To: Goren, Nicola; Eisen, Norman L.; Messina, James A.; Terrell, Louisa; Earnest, Joshua R.; Trinity, Frank; Schmelzer, Ranit
Subject: Re: Press

Are folks available at 2:30?

From: Goren, Nicola
To: Tyrangiel, Elana J.; Eisen, Norman L.; Messina, James A.; Terrell, Louisa; Earnest, Joshua R.; Trinity, Frank; Schmelzer, Ranit
Sent: Mon Jun 15 14:04:01 2009
Subject: Press

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Can we discuss?

Nicky

Nicola Goren
Acting Chief Executive Officer
Corporation for National and Community Service
[REDACTED]

Flowe, Meredith

From: Schmelzer, Ranit
Sent: Thursday, July 09, 2009 6:19 PM
To: Holland, Austin
Subject: FW: CBS Radio

From: Schmelzer, Ranit
Sent: Friday, June 12, 2009 12:57 PM
To: 'Joshua R. Earnest' [REDACTED]
Subject: Re: CBS Radio

Yup

From: Earnest, Joshua R. [REDACTED]
To: Schmelzer, Ranit
Sent: Fri Jun 12 12:03:33 2009
Subject: RE: CBS Radio
Can you send Jake [REDACTED] the copy of the joint Solomont/Goldsmith statement?
Thanks.

From: Schmelzer, Ranit [mailto:[REDACTED]]
Sent: Friday, June 12, 2009 11:23 AM
To: Earnest, Joshua R.
Subject: Re: CBS Radio

Got it.

From: Earnest, Joshua R. [REDACTED]
To: Schmelzer, Ranit
Sent: Fri Jun 12 10:55:46 2009
Subject: RE: CBS Radio
Good morning:

Ironically, this version of the AP story is somewhat better than the version they ran last night.

[REDACTED]

Jake Tapper is blogging on this, too. He's asked for the letters and he and I will talk later this morning.

From: Schmelzer, Ranit [mailto:[REDACTED]]