

*Office of the*  
**INSPECTOR GENERAL**



REPORT OF INVESTIGATION

File Number: 09-126

Agency: Georgia Department of Defense

Basis for Investigation: Agency Request

Allegations: Conducting Private Business on State Time  
Misuse of State Resources  
Conflict of Interest

Date Opened: November 3, 2009

Investigated By: Deborah Wallace  
Deputy Inspector General

Date of Report: March 3, 2010

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**Elizabeth P. Archer, Inspector General**

## OFFICE OF THE INSPECTOR GENERAL



File Number: 09-126

### EXECUTIVE SUMMARY

In November 2009, Department of Defense (DOD) officials requested investigative assistance from Office of the State Inspector General (OIG) regarding alleged wrongdoing on the part of one of their employees. Specifically, OIG was asked to investigate whether Thomas Quarterman, a career DOD employee, was conducting a private business on state time.

OIG conducted numerous interviews and reviewed official files, documents, hard drives, policies, procedures, correspondence and applicable state rules and regulations.

Our investigation revealed Quarterman actively conducted a private business on state time. The fact that Quarterman was able to gross approximately \$400,000 within six months for his private business using state resources is egregious and unacceptable.

Furthermore, OIG finds that Quarterman should have sought permission from DOD management prior to establishing his business, as required by DOD policy. This would have allowed DOD to determine whether his business would conflict with his duties at DOD, and if approved, would have allowed DOD management to monitor his actions. Instead, Quarterman circumvented internal controls by not disclosing his secondary employment. As a result, he was able to misuse state resources, which should have been used solely for the fulfillment of his assigned state duties.

As a result of our findings, we are forwarding a copy of this report to the Attorney General's Office for their review and any action they deem appropriate.



**Report of Investigation**

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**Summary of Actions  
Georgia Department of Defense  
File Number 09-126**

**I. BASIS FOR INVESTIGATION**

In November 2009, Department of Defense (DOD) officials requested investigative assistance from Office of the State Inspector General (OIG) regarding alleged wrongdoing on the part of one of their employees. Specifically, OIG was asked to investigate whether Thomas Quarterman, a career DOD employee, was conducting a private business on state time.

**II. ACTION TAKEN IN FURTHERANCE OF INVESTIGATION**

OIG conducted numerous interviews, reviewed official files, documents, policies, procedures, correspondence, and applicable state rules and regulations.

**III. NARRATIVE**

**A. BACKGROUND**

DOD is the state agency responsible for the Georgia Army and Air National Guard. The agency has approximately 500 employees that support or manage programs of the Georgia Guard. Major General William Nesbitt is the Adjutant General in charge of the agency.

The employee named in this complaint, Thomas Quarterman, began working for DOD in 1982. At the time the investigation began, Quarterman was an Engineering Services Manager in DOD's Construction and Facilities Management Office (CFMO) for the Army Guard. His primary responsibility included acting as the Electronic Security Systems liaison between the CFMO and the Provost Marshal's Office. He also reviewed plans and provided input for facility maintenance or modifications. Quarterman's annual salary was approximately \$55,000. As a result of this investigation, Quarterman was terminated by the agency for misconduct effective January 22, 2010, and subsequently retired from state service on February 1, 2010.

**B. INVESTIGATION**

*Allegation: "Was Thomas Quarterman conducting a private business on state time?"*

DOD has a clearly established secondary employment policy that allows full-time salaried employees to engage in secondary employment, provided they follow specific guidelines. All employees, full-time or part-time, are expected to avoid any business and/or employment activity that could be perceived as creating a conflict of interest with his or her responsibilities to DOD. Employees, who wish to engage in a secondary

job, whether self-employed or employed by another, must obtain permission prior to engaging in such employment.

In order to determine whether Quarterman was conducting a business on state time, we interviewed his supervisor, Dave Holland, Facilities Maintenance Manager at Construction & Facilities Management Office (CFMO). According to Holland, shortly after being appointed Quarterman's supervisor in February 2009, Quarterman informed him that he was doing "some" temporary work for an outside company in addition to his DOD duties. Holland informed Quarterman that he was not allowed to do any work for an outside company while on DOD time, or use DOD equipment. Quarterman acknowledged that he understood. However, shortly thereafter, Holland found several travel claims and invoices Quarterman left on a DOD copier. Holland did not recognize any of the names on the documents as being DOD employees.

When confronted with the documents, Quarterman admitted that he had worked late the night before intimating that the documents were his. According to Holland, Quarterman seemed embarrassed that he found the documents. Holland stated that he verbally counseled Quarterman about conducting a business for profit on state time. Again, Quarterman acknowledged that he understood. Holland stated that he saw no other indications in the following months that Quarterman was conducting a business on state time.

In July, Holland met with Human Resources (HR) Director Sandra Bruce to discuss his concerns that Quarterman may have been working a second job while on DOD time. Bruce informed him that DOD policy requires employees to obtain prior approval from agency management for secondary employment. She also said that employees had to disclose the nature of their secondary employment to ensure that no conflict of interest existed with their DOD duties.<sup>1</sup> Quarterman was injured in an off-duty automobile accident that resulted in his taking extended medical leave before Holland was able to address the issue with him.

When Quarterman returned to work in October 2009, Holland completed his performance appraisal covering the period of March 1 through June 30, 2009. During his appraisal, Holland reiterated to Quarterman his need to comply with DOD policies and guidelines. Holland asked Quarterman for more information regarding his secondary employment. Quarterman informed Holland that he administratively processes time sheets and travel vouchers and prepares invoices for employees, subcontractors, and temporary workers, which he submits to the National Guard Bureau (NGB) for payment on behalf of the company who performed the work. Based on Quarterman's description, Holland surmised that Quarterman was acting as a subcontractor to a prime contractor who works for NGB.

As a result of their conversation, Holland informed Quarterman that he was required to complete a secondary employment request form. On the form, Quarterman listed an anticipated start date of November 1, 2009, with Premise Technical Services, LLC,

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<sup>1</sup> Georgia Department of Defense Secondary Employment Policy dated March 1, 2005, supplemented by State Employees' Handbook dated July 2009

hereinafter referred to as “Premise.” He also listed his personal cell number as the employer telephone number. Holland submitted the form to HR on Quarterman’s behalf. However, because Quarterman did not submit an accurate business phone number or start date, Director Bruce rejected his request for secondary employment. During her interview with OIG, Bruce stated that Quarterman’s start date raised a “red flag” because she was aware that Holland had previously reprimanded him about conducting a business while on state time. Our investigation revealed that Quarterman never revised or resubmitted the secondary employment form to his supervisor or to Human Resources.

Bruce later learned through an internet search that Quarterman was the founder of Premise. She informed the OIG that the information found on Premise Inc. website included photographs of GA DOD facilities. It also included Premise’s annual revenue of \$400,000. Upon discovery of this information, DOD asked OIG to investigate the circumstances of Quarterman’s employment to determine whether any DOD policies had been violated and whether a conflict of interest had occurred as a result of his secondary employment. OIG confirmed through the Secretary of State’s website that Quarterman is the owner of Premise Technical Services, LLC. The incorporation documents reflect that he registered his business in September 2008.

Because Holland had only been Quarterman’s supervisor for a short period of time, OIG also interviewed three of his former supervisors to determine whether Quarterman had received prior approval for secondary employment. All four supervisors stated that they had never approved secondary employment for Quarterman. Additionally, other than his current supervisor, none had any knowledge of Quarterman conducting a private business while on state time.

However, one of the former supervisors, who supervised Quarterman in 2004, provided OIG with more information regarding Quarterman’s business. This individual presently works as a contractor for Systems Plus, Inc., a company in Rockville, Maryland, which contracts with the National Guard Bureau to do work at installations nationwide. In this capacity, the individual learned this past year that Premise was doing business with his company, Systems Plus, when he attended a meeting in Maryland in which Quarterman also attended. It was his understanding that Quarterman “lines up” consultants to do Systems Plus contract work for the National Guard Bureau. Based on his professional knowledge, he opined that “The paper end of subcontracting/contracting agreements and governmental administration is very time-consuming.” He spoke of how time-intensive it is to align travel, job requirements, staffing, complete task orders, invoices, etc., and stated that he certainly hoped Quarterman was not engaging in such activity using his state time and equipment.

A records search with the Clayton County Government Business License and Permit Office revealed that Quarterman is the sole proprietor of Premise Technical Services, and that he obtained a license to operate a business for profit from his residence in June 2009.

Based on the information we received, OIG investigated which companies Premise was doing business with in order to determine whether any conflicts of interests existed<sup>2</sup>. We interviewed the National Guard Bureau's Chief Operational Contracting Officer who oversees contract support services at the federal level. This inquiry did not reveal the existence of any prime contracts held by Premise at the federal level. However, NGB's contracting officer encouraged us to contact officials from Georgia's U.S. Property and Fiscal Office (USFPO) to determine if Quarterman was engaged in any contracts with them. He explained that within each state, a USFPO is established for the purpose of providing purchasing and contracting support for the State's National Guard units.

We interviewed the Supervisory Contract Specialist at Georgia's USFPO located on the grounds where Quarterman works at DOD. The contract specialist conducted a database query to determine whether Premise Technical Services has ever done business with the National Guard Bureau. A search from October 1, 2005 through October 30, 2009 did not reveal evidence of Premise having a contract with either Georgia's Army or Air National Guard. However, a query from the nationwide Central Contractor Registry (CCR) (used to determine if Premise was officially registered in order to compete for federal business opportunities), confirmed that Premise was previously registered in the CCR but the registration expired on January 10, 2009.<sup>3</sup> Information in the database concerning the types of services Premise provides also mirrored Quarterman's assigned facilities maintenance duties at GA DOD. We also contacted officials at the Department of Administrative Services who verified that there are no State of Georgia prime contracts with this company.

In order to ascertain whether Quarterman had inappropriately used state time or equipment to further his private business, OIG conducted a preliminary review of Quarterman's state issued computer. The documents recovered confirmed that Premise subcontracts with Systems Plus, Inc., who holds a federal contract with the National Guard Bureau. Various other documents stored on Quarterman's state computer included task orders, descriptions of work to be performed, funding codes, amounts, names of personnel employed by Premise, travel information, and associated faxes. The evidence revealed that this was not work relating to his state job, but rather, work performed on state time for personal gain tied to his private business.

Based on the information we recovered, OIG partnered with DOD's Information Technology officials to conduct a more thorough review of Quarterman's state issued computer. A query of approximately 1,000 of Quarterman's email messages also revealed information related to Premise's subcontract with Systems Plus. A review of the email messages revealed that Quarterman used his state computer to not only dialogue with Premise employees but also with Systems Plus employees. Many of the emails were sent during his core business hours.

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<sup>2</sup> According to DOD policy, a conflict of interest refers to a situation in which an employee is in a position to influence a decision that may result in personal gain for that employee as a result of the state's business dealings. Further, secondary employment that constitutes a conflict of interest is strictly prohibited.

<sup>3</sup> Premise Technical Services, LLC. has a Central Contractor Registry (CCR) identifier called a CAGE (Commercial and Government Entity Code) of 4YA74, which is required in the event the company wishes to compete for federal business opportunities.

OIG contacted the President and CEO of Systems Plus to clarify Premise’s relationship with Systems Plus. The CEO informed us that Systems Plus has been in business approximately twenty years, providing consultation services to mainly federal government agencies. Systems Plus bids on federal Requests for Proposal and at the time of a contract award, the company subsequently looks for subcontractors to help fulfill the scope of the contract. When asked how he knew Quarterman, he stated he first met Quarterman at a Systems Plus meeting sometime around May of 2008. He recalled meeting with Quarterman on two additional occasions.

The CEO stated that in September 2008, Systems Plus was awarded a prime contract with the National Guard Bureau, an agency of the U.S. Government. The contract provides for a Blanket Purchase Order, which allows work to be performed “as needed” rather than on a “fixed agreement.” The scope of the contract includes site assessment and training, Installation Status Report Services<sup>4</sup> and Master Planning for National Guard facilities located in 54 states and territories. The CEO stated that his company subcontracts with Premise who provides consultants to perform site assessments and training at various guard facilities nationwide. Premise’s work stems from Systems Plus Task Orders using direct labor hours at specified fixed hourly rates. According to the CEO, Premise’s subcontract<sup>5</sup> consists of a base year 09/10/2008 – 09/09/2009, with four, one year options through 09/09/2013. Premise’s actual work started in November 2008.

When questioned about subcontracting requirements, the CEO stated the only requirement is that the company be a viable company such as Premise, which is incorporated within the State of Georgia. He further explained that he elected to do business with Premise because Quarterman possessed excellent experience resulting from his long career as a National Guardsman and his time at DOD. The CEO expressed concern about a potential conflict of interest on the part of Quarterman, given that his subcontractor agreement includes a conflict of interest provision that permits cancellation for noncompliance with terms of agreement.

The CEO voluntarily provided documents confirming his business arrangement with Premise. Under the contract, Premise received a total of \$399,277.19. See Table 1 below for a detailed calculation of the total contract award.

*Table 1*

<b>Time Periods</b>	<b>Amount</b>
1/01/2009 – 05/18/2009	\$ 361,934.26
9/10/2008 – 12/31/2008	<u>37,342.93</u>
<b><i>Total Payments Received</i></b>	<b><u>\$ 399,277.19</u></b>

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<sup>4</sup> Installation Status Reporting Program provides conditions and costs associated with the Army National Guard infrastructure. It gives the guard concrete justification to explain current funding levels for sustainment, repair, maintenance requirements, predict future major construction funding requirements and provides Congress information to justify increasing appropriations.

<sup>5</sup> See September 2008 contract between Premise and Systems Plus, NGB BPA: W9133L-08-A-0002

Based on receiving information that Quarterman met with Systems Plus on three separate occasions, OIG examined Quarterman's time and attendance records to determine if he took leave on those dates. Our investigation revealed the following:

- Wednesday, April 2, 2008 – OIG confirmed that Quarterman did not take annual leave and was not on a regular scheduled day off from his state job.
- Thursday & Friday, September 11 & 12, 2008 - OIG confirmed that Quarterman took 10 hours annual leave on the 11<sup>th</sup>, and was on a regular scheduled day off on the 12<sup>th</sup>.
- Tuesday, March 10, 2009 – OIG confirmed that Quarterman took 10 hours of annual leave.

Prior to interviewing Quarterman, OIG recognized that Quarterman's actions potentially constituted criminal conduct. As a result, OIG briefed officials from the Attorney General's (AG) office and the GBI regarding our investigative findings.

On December 14, 2009, GBI and OIG interviewed Quarterman who admitted he is the owner of Premise Technical and is engaged in a subcontract with Systems Plus, Inc. He further acknowledged that the contractual work is in support of the National Guard Bureau. Although documents revealed that his contract with Systems Plus expires in 2013, Quarterman claimed that because previously issued task orders had been completed and he was 'awaiting new task orders which had not yet begun' he was not actually "employed" during the interim period.

When asked why he disregarded DOD's secondary employment policy upon establishment of his private business, Quarterman provided no plausible explanation. Additionally, he stated that he had received approval from one of his supervisors. However, the supervisor denied granting approval. Furthermore, HR records confirmed that Quarterman signed acknowledgement forms indicating that he received personnel handbooks and policy updates on numerous occasions. The documents indicate that the employee will abide by secondary employment, misuse of state resources, and conflict of interest policies.

**Based on the documents reviewed and interviews conducted, OIG substantiated the allegation that Thomas Quarterman was conducting a private business on state time.**

## **VI. CONCLUSION**

State employees are not restricted from dual employment. However, there are specific guidelines that must be followed to avoid conflicts of interest, abuse of state resources, and to ensure complete transparency. Although Quarterman maintains that he disclosed his secondary employment to the department, the facts indicate otherwise. His failure to seek prior approval and his providing a false start date on the secondary employment form shows a clear attempt on his part to conceal his active business. His misuse of state resources was a clear violation of state policy. The fact that Quarterman was able to gross

approximately \$400,000 within six months for his private business using state resources is egregious and unacceptable.

OIG finds that Quarterman should have sought permission from DOD management prior to establishing his business, as required by DOD policy. This would have allowed DOD to determine whether his business would conflict with his duties at DOD, and if approved, would have allowed DOD management to monitor his actions. Instead, Quarterman circumvented internal controls by not disclosing his secondary employment. As a result, he was able to misuse state resources, which should have been used solely for the fulfillment of his assigned state duties.

Overall, we find that DOD had policies and procedures in place to restrict the type of actions taken by Quarterman. While this matter could have been addressed internally, DOD's prompt request for an independent review by OIG demonstrates an effort by the agency to ensure complete transparency. OIG appreciates the agency's assistance in making personnel and official files readily accessible throughout the course of this investigation.

#### **IV. REFERRAL**

As a result of our findings, we are forwarding a copy of this report to the Attorney General's Office for their review and any action they deem appropriate.