The EPA OIG’s Investigation of John C. Beale

Oral Statement of Patrick Sullivan
Assistant Inspector General for Investigations

Before the Committee on Environment and Public Works
U.S. Senate

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U.S. Environmental Protection Agency  
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Committee on Oversight and Government Reform  
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Good afternoon Chairman Issa, Ranking Member Cummings and members of the committee. I am Patrick Sullivan, Assistant Inspector General for Investigations at the U.S. Environmental Protection Agency. Thank you for inviting me to appear before you today to discuss in further detail my office’s investigation into the activities of John C. Beale while he was employed in the EPA’s Office of Air and Radiation, also known as OAR.

The EPA Office of Inspector General’s investigation of this case has included more than 40 interviews, the review of thousands of documents and coordination with many federal law enforcement agencies. On September 27, Mr. Beale pled guilty to one count of Theft of Government Funds.

The activities relevant to this case began in 1988 when Mr. Beale was hired as a consultant to the EPA by his close friend Robert Brenner, then the director of OAR’s Office of Policy, Analysis and Review and continued until Mr. Beale’s retirement in April of 2013.

Our investigation revealed that Mr. Beale engaged in the following misconduct:

- False Official Statements
- Time Card Fraud
- Incentive Retention Bonus Fraud
- Travel Voucher Fraud
- False Personation of a Federal Official, and
- Misuse of an Official Government Passport

Mr. Beale’s Official Personnel File contains numerous misleading and false statements including a claim that he worked for a U.S. Senator.

For a period of twenty-two years, Mr. Beale received a Retention Incentive Bonus amounting to 25% of his salary. Evidence suggests Mr. Beale was only authorized to receive this bonus for six years, costing the Government approximately $500,000.

Mr. Beale’s work on the Clean Air Act in the early 1990s gained him significant prestige. Starting in 1994 he began the false personation of a Central Intelligence Agency employee, lying even to his wife and closest friends, in addition to EPA colleagues. He told OIG investigators that he perpetrated this lie to “puff up the image of myself.”
The investigation revealed Mr. Beale was absent from the EPA for long periods of time between 2000 and 2013 under his alleged CIA cover.

During this time, Mr. Beale lied to several high ranking EPA officials about his work for the CIA including former Assistant Administrators for OAR Jeff Holmstead and Gina McCarthy.

Subsequent investigative interviews revealed that Mr. Holmstead shared Mr. Beale’s claimed CIA status with other EPA executives, and it became an “open secret” in EPA that Mr. Beale worked on secret assignments for the CIA. When Gina McCarthy became AA for OAR in 2009, she was told during her orientation process, and subsequently by Mr. Beale himself, that he worked for the CIA.

Additionally, an Executive Assistant who worked for Mr. Beale recalled that he had told her he needed to stay on with the CIA until his replacement, who had been captured and was being tortured in Pakistan, had recovered. She said that she responded, “John, that’s what movies are made of.”

When interviewed by OIG investigators, Mr. Beale admitted to taking off a total of 2 ½ years for non-existent CIA work, at a cost to the federal government of approximately $350,000. Mr. Beale also stated that during these periods he actually was working around the house, riding his bicycle and reading books.

Concurrent with his frequent absences from the EPA, Mr. Beale received substantial cash awards, including a Presidential Rank Award of $28,201– all on top of his salary and the 25 percent retention incentive bonuses.

Mr. Beale perpetuated the lie that he had contracted malaria in Vietnam during service in the U.S. Army – using it both as another reason for his frequent absences and to obtain a parking space subsidized by EPA for people with disabilities. Mr. Beale never had malaria and never served in Vietnam. Over time, the parking space cost the government approximately $18,000 over his tenure with the EPA.

Mr. Beale also committed travel-related fraud.

For example, investigators were able to confirm that more than $87,000 in charges he submitted between 2005 and 2007 for trips to California were fraudulent.

As another example, Mr. Beale usually stayed at hotels that far exceeded the allowable government lodging rate. In one instance, he charged the government $1,066 per night for four nights in London even though he had the opportunity to stay at a different hotel for $375 per night. When confronted with this overage by our investigators, Mr. Beale stated “Even I am outraged at this!”

From approximately 1998 until his retirement in 2013, Mr. Beale claimed that he had a back injury requiring first-class airplane accommodations when he traveled for official EPA business. He provided medical documentation from a chiropractor supporting this claim. Due to Mr. Beale’s undertaking extensive physical activities, and his many other deceptions regarding his health, the
claim is dubious at best. In one example, when he traveled from Washington to London, the first-class ticket was 14 times higher than the coach fare – $14,000 instead of approximately $1,000 for a round-trip flight.

Mr. Beale was never held accountable for his spending on these trips. When interviewed, those responsible for approving his travel vouchers acknowledged that the charges he submitted often seemed excessive, but they never questioned him about them because he was a highly respected EPA senior level official and because, based on his work for the CIA, they trusted his word.

The Executive Assistant interviewed by investigators said that she had brought concerns about the excessive nature of Mr. Beale’s travel expenses to her supervisor, who told her not to question them.

In addition, we determined Mr. Beale traveled overseas multiple times for personal reasons using a government passport.

In September 2011, a joint retirement party was held on a Potomac River yacht for Mr. Beale, Mr. Brenner and a third EPA employee. Senior-ranking EPA executives, including Ms. McCarthy, attended. During interviews with OIG investigators, Ms. McCarthy and several other employees stated that they believed Mr. Beale had retired from the EPA.

On March 29, 2012, Ms. McCarthy was informed via email by a member of her staff that John Beale was still on the payroll and had not retired. She responded “I thought he had already retired.”

I will be pleased to answer any questions you may have.