

United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6225

November 1, 2023

Ms. Nicole Angarella
Acting Deputy Inspector General
Office of the Inspector General
U.S. Agency for International Development
1300 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Dear Ms. Angarella:

As Ranking Member of the Senate Foreign Relations Committee with responsibility for oversight of U.S. foreign policy and foreign assistance programs, I write to request that the Office of the Inspector General (OIG) open an immediate investigation into allegations of waste, fraud, and abuse occurring at the United States-African Development Foundation (USADF), including: misuse of official funds; fraudulent and corrupt spending practices; conflicts of interest between USADF management, board members, and private-sector/non-governmental partners; gross mismanagement, including inadequate staffing for compliance and oversight, and improper, abusive, and discriminatory management and personnel practices; and attempts to suppress evidence of wrongdoing.

According to whistleblower complaints received by the Senate Foreign Relations Committee (SFRC) – complaints that I understand have also been shared with the OIG – current President and CEO Travis Adkins, former President and CEO C.D. Glin, Managing Director for Finance and Administration Mathieu Zahui, Chief Program Officer and former Acting President and CEO Elisabeth Feleke, and Chairman of the Board of Directors Jack Leslie are aware of, and may be complicit in, corrupt and potentially unlawful practices, including those described below. I have also received reports that officials at USADF may now be engaged in efforts to cover up or destroy evidence of wrongdoing, including by collecting and destroying financial records of accounts held overseas. SFRC takes all of these allegations extremely seriously and urges the OIG to fully investigate without further delay.

Each of the allegations described herein are based upon interviews with multiple whistleblowers of various ranks and positions at USADF, all of whom have presented direct, first-hand knowledge of alleged impropriety by USADF officials. These allegations are backed by documentation received by the committee, including bank records, wire transfer records, and copies of text and email communications. Written and verbal presentations by USADF officials to committee staff have only deepened our concerns about gross mismanagement, waste, fraud and abuse. We are prepared to share this evidence and experience with your investigators.

Credible allegations against USADF include the following:

- **Misuse of official funds.** Whistleblower testimony and supporting documents suggest USADF has abused its authority to engage in foreign partnerships and hold foreign bank accounts. Reportedly, the agency has devised a non-transparent, alternative payment

mechanism that enables at least one identified foreign partner to tap into USADF funds held in foreign bank accounts, make payments to U.S.-based USADF employees and contractors that violate federal rules and regulations, arrange and cover excessive travel costs, and cover other unallowable costs absent scrutiny. Further, it is alleged that USADF structured grant awards to circumvent the \$250,000 small grant cap and evade oversight, and used grant funds – which are required by statute to be spent overseas – to pay the salaries of two U.S.-based communications specialists.

- **Conflicts of interest and inappropriate partnerships.** USADF allegedly has directed federal funding to organizations with close, personal ties to USADF officials and board members, thereby creating inappropriate conflicts of interest. For example, USADF formed a partnership to promote food security in Africa with Herbalife Nutrition, a multi-level marketing company which reached a \$123 million settlement with the Department of Justice in 2020 over allegations that it had violated the Foreign Corrupt Practices Act. The Vice Chairman of USADF's Board of Directors, John Agwunobi, is the CEO of Herbalife. I understand that during the life of this partnership, implementing staff and partners in Africa were never clear on whether the partnership was with the not-for-profit or for-profit arms of Herbalife, that branded materials never made the required distinction between Herbalife International Inc. and the Herbalife Foundation, and that the project essentially became a marketing tool for Herbalife, Inc. Though senior USADF staff has informed SFRC that the partnership has been terminated, they could not account for the fact that the agency's FY2024 budget documents continue to set aside funds for Herbalife.
- **Gross mismanagement, including inadequate staffing of positions critical for compliance and oversight.** USADF operated without a full-time General Counsel and/or Legal Advisor between April 2022 and April 2023. Though many government agencies are facing staffing gaps, USADF appears to be the only federal agency to operate without a full-time senior legal team responsible for compliance and oversight for such a prolonged period of time.

It is alleged that USADF's senior leaders deliberately sought to avoid hiring qualified finance and contracting officers in an effort to evade internal scrutiny and limit internal controls. USADF has relied almost entirely upon short-term, recurring contracts to fill positions, which may save the agency long-term employee benefit costs but also circumvents federal employment regulations. Additionally, whistleblower complaints indicated that when there were breaks between short-term contracts for services from a single individual, those contractors were expected to continue working during the lapse.

Moreover, this practice calls into question the legality of certain USADF procurements and financial transactions – such as an alleged \$2 million deposit by the Managing Director for Finance and Administration into a bank account in Ghana in February 2023 – that typically would require signature by at least two presently responsible fiduciary agents of the agency. It is unclear who, if anyone, at USADF is co-signing these transactions in accordance with relevant federal procurement laws and procedures. This may also explain why a senior USADF official was unable to account for major financial discrepancies included in the agency's FY2024 budget request.

- **Toxic workplace.** The committee has received multiple, credible reports of discriminatory hiring practices, mistreatment of protected classes of employees, and retaliatory actions against employees, including suspensions in excess of six months and termination without due process. Witnesses cite multiple instances in which members of USADF's senior leadership have used insulting and degrading language toward women, actively sought to exclude veterans and individuals who are not of African descent from hiring, and retaliated against employees who dared to raise questions about the misuse of official funds, potential conflicts of interest, and/or personnel policies or actions. According to anonymous comments posted on glassdoor.com since June 2023 alone, "USADF P/CEO ... has created a work environment that breeds fear, anxiety, and health problems," "[t]he board of directors is AWOL except where they are actively prioritizing terrible and self-interested strategic partnerships," "[t]his Agency Runs On Burnout, while I was there it had 70% turnover," "USADF is a scary place to work," and "[the CEO's] priorities seem to be on meeting celebrities and networking with diplomats. Overwork, chaos, belittlement, blame, and bullying are part of the daily experience of working here." Whistleblower complaints received by the committee are fully aligned with these comments.
- **Attempts by USADF to suppress evidence of wrongdoing and quash investigations.** In 2021, Acting CEO Elisabeth Feleke actively sought to suppress an internal investigation that would later implicate her predecessor, C.D. Glin, in fostering a toxic workplace environment and failing to file public disclosures. The acting CEO reportedly ordered the employee conducting the investigations to "stand down" and amend their findings. When they refused to do so, they were ejected from the senior leadership team. Upon the swearing-in of the new CEO Travis Atkins, a friend and colleague of C.D. Glin, the employee was suspended for a period of six months, in violation of their due process rights. Reportedly, senior leadership continues to use fear of firing and other forms of intimidation to enforce discipline, suppress negative reporting, and cover improprieties.

The committee also has received disturbing reports that the Managing Director for Finance and Administration recently was dispatched to several countries in Africa to close bank accounts and take possession of documentation that might "negatively reflect upon USADF," including the payment scheme noted above.

I believe that several of the allegations described herein may constitute violations of federal law and, as such, merit thorough investigation by an organization with law enforcement authorities. As USAID OIG exercises oversight authority over the USADF, I am turning to you first. I expect you also take these allegations seriously and expedite your review accordingly.

Development assistance plays an important role in U.S. foreign policy. Turning a blind eye to alleged fraud, corruption, and mismanagement in any single development agency or program would undermine the credibility of U.S. development assistance across the board. To this end, I cannot allow additional U.S. taxpayer dollars to flow to an organization facing such serious – and credible – allegations of wrongdoing. I already have placed holds on, and will continue to hold, all

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congressional notifications for USADF funding, and will communicate to other relevant department and agencies – including USAID – that I will also hold all proposed interagency transfers to USADF that do not include sufficient oversight mechanisms, pending the completion of your investigation and committee review.

Thank you for your attention to this urgent matter, and I look forward to follow-on engagements with your investigators.

Sincerely,

A handwritten signature in blue ink, appearing to read "James E. Risch". The signature is fluid and cursive, with a large initial "J" and "R".

JAMES E. RISCH
Ranking Member
Senate Foreign Relations Committee