



U.S. Department of Justice

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PRESS RELEASE

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**Former USAID Controller Sentenced to 29-Month Prison Term
On Theft of Government Property and Tax Charges
- Defendant Also Must Pay \$1.9 Million in Penalties to IRS -**

WASHINGTON - Michael A. Hase, 63, a former employee with the U.S. Agency for International Development (USAID), was sentenced today to 29 months in prison on federal charges of theft of government property and filing a false income tax return.

The sentence was announced by U.S. Attorney Ronald C. Machen Jr., Principal Deputy Assistant Attorney General John A. DiCicco of the Justice Department's Tax Division, Acting Inspector General Michael G. Carroll of the U.S. Agency for International Development, and Jeannine A. Hammett, Acting Special Agent in Charge of the Washington, D.C. Field Office of the Internal Revenue Service-Criminal Investigation.

Hase pled guilty in September 2011 in the U.S. District Court for the District of Columbia and was sentenced by the Honorable John D. Bates. Upon completion of his prison term, Hase will be placed on three years of supervised release. He also will be required to perform 100 hours of community service.

As part of the plea agreement, Hase has paid \$36,325 in restitution to USAID. He also must file accurate Amended U.S. Individual Income Tax Returns. He is required to pay all taxes and any interest and penalties owed on those returns to the Internal Revenue Service or, if unable to do so, make satisfactory repayment arrangements. He also must pay a \$1,937,767 penalty to the Internal Revenue Service for his failure to report his foreign bank account.

According to the government's evidence, Hase worked for more than 30 years in various locations throughout the world as an accountant for USAID. From July 2007 through April 2009, while serving as controller for the USAID mission in Armenia, Hase stole more than \$47,000 from USAID. On six occasions, he used his position as controller to direct four entities to wire transfer monies intended for USAID into his personal bank account.

USAID is an independent agency that provides economic, development and humanitarian assistance around the world in support of foreign policy goals of the United States. In June 2005, USAID entered into a cooperative agreement with The European Bank for Reconstruction and Development to assist Armenian banks in the development of sustainable business enterprises, which would increase employment in a competitive private sector. The Armenian banks were required to remit any interest earned on the funds to USAID. In July 2007, when The European Bank for Reconstruction and Development asked Hase where it could forward USAID's share of the interest earned, Hase directed the payments to be made to his personal bank account. Three wires, totaling approximately \$15,740, were sent to Hase's personal bank account.

Also, in July 2007, Hase directed the wire transfer of a \$1,250 refund due USAID for an employee training session into his personal bank account.

USAID also sought to improve Armenia's emergency management system through a grant to the United Nations Development Programme. As with many USAID grants, the funds were to be used within a designated time period. If funds were not expended during the time period, the United Nations was required to return the balance. In March 2008, when the United Nations sought Hase's assistance to return approximately \$11,000 that had not been expended, Hase directed the United Nations to wire transfer the money to his personal bank account.

Another component of USAID, the Development Credit Authority, provides banks within developing countries with partial credit guarantees to encourage lending by these banks to local businesses. As part of this program, USAID provided a 50 percent loan guarantee to borrowers investing in eligible developmental projects consistent with USAID organizational goals. Thus, if a loss was suffered under such a credit guarantee, USAID obligated U.S. Government funds in an amount up to 50 percent of the loss. The bank was obligated under the general terms of the credit guarantee to pursue collection activity against the defaulting party. The bank was required to split any subsequent recovery with USAID on a pro rata basis. According to the Statement of Offense filed as part of the plea, in January 2009, Hase instructed an Armenian bank to forward a loan default payment in the amount of \$19,335 to his personal bank account.

In addition to the theft of government property charge, Hase pled guilty to filing false income tax returns for ten years. These returns were false based upon Hase's failure to disclose a bank account he maintained with the Union Bank of Switzerland (UBS) and to report approximately \$762,824 in interest he earned on the deposits in this UBS account. Hase also admitted failing to report the stolen USAID funds or other interest he earned from an investment in the United States. In total, Hase agreed that he failed to report approximately \$909,157 in income for the calendar years 2000 through and including 2009, upon which he owed approximately \$254,564 in income taxes to the United States.

In announcing the sentence, U.S. Attorney Machen, Principal Deputy Assistant Attorney General DiCicco, Acting Inspector General Carroll, and Acting Special Agent in Charge Hammett praised the efforts of USAID investigators, IRS Special Agent James Greczek, and

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Forensic Accountant Maria Boodoo, as well as Assistant U.S. Attorney Susan Menzer and Department of Justice Trial Attorney Mark Daly, who prosecuted the case.

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