



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

JAN 27 2021

MEMORANDUM FOR ACTING SECRETARY OF THE ARMY

SUBJECT: Resolution of Investigation involving Lieutenant General (LTG) Michael T. Flynn, U.S. Army (Retired) (Case 20170321-043065-CASE-01)

We notified your office on April 11, 2017, that we initiated an investigation into an allegation that LTG Flynn failed to obtain required approval from the Department of the Army and the Department of State before receiving any emolument from a foreign government or a foreign government-controlled entity. During our investigation, our office also reviewed an allegation that LTG Flynn failed to submit his Termination Office of Government Ethics Form 278 (OGE Form 278), Public Disclosure Report, after he retired from the Army in 2014.

Our investigation has been held in abeyance since June 2017, pending the resolution of criminal allegations against LTG Flynn in the U.S. District Court for the District of Columbia. The President recently issued LTG Flynn "a full and unconditional pardon for the charge of making false statements to Federal investigators," effectively ending the judicial proceedings. As a result of the pardon, the Department of Justice informed us that their interest in this matter is moot and that the DoD OIG may proceed in any manner we deem appropriate.

After careful consideration of these allegations, we have closed our investigation and refer the following administrative matters to you for review and appropriate action in accordance with AR 600-291, "Foreign Government Employment," December 19, 2016; DoD 7000.14-R, "Financial Management Regulation (FMR)," June 2015; and the Joint Ethics Regulation.

- While receiving military retired pay, LTG Flynn received \$11,250 from an entity that appears to be controlled by the Russian government, for his paid appearance at a conference sponsored by Kaspersky Government Security Solutions, in Arlington, Virginia, on October 20, 2015. The Department of the Army and the Department of State have no record of any request or approval for LTG Flynn to receive such a payment.
- While receiving military retired pay, LTG Flynn received \$33,750 from an entity that appears to be controlled by the Russian government, for his paid appearance at the Russia Today TV 10-year anniversary gala in Moscow, Russia, from December 10-13, 2015. The Department of the Army and the Department of State have no record of any request or approval for LTG Flynn to receive such a payment.
- While receiving military retired pay, LTG Flynn, as the Chairman and CEO of the Flynn Intel Group, received more than \$400,000 from Inovo BV, a corporation

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organized in the Netherlands, for consulting services his firm provided from September – November 2015. Additionally, LTG Flynn registered with the Department of Justice on March 7, 2017 under the Foreign Agents Registration Act for his work with Inovo BV and subsequently acknowledged that the government of Turkey provided supervision and direction for, and was the principal benefactor for, his work with Inovo BV. The Department of the Army and the Department of State have no record of any request or approval for LTG Flynn to receive such a payment.

- After LTG Flynn requested and received a filing extension, he failed to submit his OGE Form 278 after his retirement from the Army.

As you may know, DoD 7000.14-R, "Financial Management Regulation (FMR)," June 2015, Volume 7B, Chapter 5, Section 0504, states, "The compensation received from the foreign government without approval is considered received by the retired member for the United States. A debt in favor of the government is created which is to be collected by withholding from retired pay. The debt is an amount equal to the compensation received from the foreign government. When the compensation earned during the period of unauthorized employment exceeds the amount of retired pay accrued during the same period, only the retired pay amount may be collected."

Separately, as specified in LTG Flynn's voluntary request for retirement, dated January 6, 2014, "[a] late filing fee of \$200 applies to general officers who do not timely file the OGE 278."

For your review and consideration, the attachment to this memorandum provides documents relevant to the matters described above. We request a written response from your office within 60 days of the date of this memorandum informing our office of any actions taken concerning these matters. Should you have any questions, please contact me at (703) 604- (b)(6), (b)(7)(C)


Sean W. O'Donnell
Acting Inspector General

Attachment:
As stated.

DESCRIPTION OF ATTACHED RELEVANT DOCUMENTS

This attachment describes the tabbed documents referred to the Secretary of the Army for review and consideration of the administrative matters concerning Lieutenant General (LTG) Michael T. Flynn, U.S. Army (Case 20170321-043065-CASE-01).

Issue 1: Documents related to the conference sponsored by Kaspersky Government Security Solutions

Tab 1: Documentation from LTG Flynn's speaker's bureau, Leading Authorities, Inc. (LAI), which received \$15,500 from Kaspersky Government Security Solutions, a subsidiary of Kaspersky Labs for LTG Flynn's appearance. Upon subpoena, LAI provided documents including a copy of the \$11,250 check LAI paid to LTG Flynn.

Tab 2: *Bloomberg Businessweek* article, *The Company Securing Your Internet Has Close Ties to Russian Spies*, March 17, 2015, examined the ties between Kaspersky's CEO and the Russian Intelligence Services.

Tab 3: Binding Operational Directive 17-01 (BOD-17-01), issued September 13, 2017, by the Department of Homeland Security, to "All Federal Executive Branch Departments and Agencies," and directs them "to remove and discontinue present and future use of all Kaspersky branded products."

Issue 2: Documents related to the conference sponsored by Russia Television (RT)

Tab 4: Documentation from LAI, which received \$45,000 from RT for LTG Flynn's appearance. Upon subpoena, LAI provided documents including a copy of the \$33,750 check to LTG Flynn. LAI also reimbursed LTG Flynn for visa application fees and travel expenses.

Tab 5: The January 2017 Office of the Director of National Intelligence report, titled, "Assessing Russian Activities and Intentions in Recent US Elections," which concluded that RT was the Russian government's "principal international propaganda outlet."

Tab 6: RT's registration with the Department of Justice (DOJ) under the Foreign Agents Registration Act (FARA) as "an agent for ANO TV-Novosti, the Russian government entity responsible for the worldwide broadcasts of the RT Network."

Tab 7: The DOJ press release announcing the registration under FARA.

Tab 8: Transcript excerpts from Department of State (b)(6), (b)(7)(C) during the events in question.

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Tab 9: Transcript excerpts from HQDA (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) during the events in question.

Tab 10: Transcript excerpts from HRC (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) during the events in question.

Issue 3: Documents related to the Flynn Intel Group's work on behalf of the Turkish Government

Tab 11: Documents from the Flynn Intel Group's FARA Registration indicating Inovo BV engaged the Flynn Intel Group in September 2016 to "understand the tumultuous political climate at the time between the United States and Turkey so that Inovo could advise its client (Israel) regarding its business opportunities and investments in Turkey." The FARA documents indicate that Inovo BV paid the Flynn Intel Group more than \$400,000 in consulting fees from September through November 2016. The Flynn Intel Group also publicly disclosed its representation of Inovo BV in a federal Lobbying Disclosure Act registration filed with the Secretary of the Senate and Clerk of the House of Representatives.

Tab 12: Court documents from the Eastern District of Virginia (EDVA) indicating that LTG Flynn testified under oath to the EDVA grand jury and stated that "the project was always on behalf of elements within the Turkish government," (United States v. Flynn, Supplemental Memorandum In Aid of Sentencing Motion, p 13, January 7, 2020). The motion also stated that Turkish officials were involved throughout the project.

Tab 13: *NY Times* article, *Michael Flynn Was Paid to Represent Turkey's Interests During Trump Campaign*, March 10, 2017, examined LTG Flynn's FARA registration and EDVA court case against LTG Flynn's previous business partner with the Flynn Intel Group.

Issue 4: Documents related to LTG Flynn's failure to submit the required Termination OGE Form 278, Public Disclosure Report

Tab 14: LTG Flynn's request for voluntary retirement from the U.S. Army. Paragraph 10 of the request, LTG Flynn stated, "In accordance with 5 U.S.C. App. 101(e), I will file a Termination OGE 278, Public Financial Disclosure Report, within the 30 day period after my retirement date."

Tab 15: E-mail from LTG Flynn to the DIA (b)(6), (b)(7)(C) requesting an extension for filing the Termination OGE Form 278 and the extension granted to LTG Flynn to file the required Termination OGE Form 278.

Tab 16: We interviewed (b)(6), (b)(7)(C) responsible for the financial disclosure report program for DIA and the Department of the Army. E-mail messages from the Department of the Army indicate no record of LTG Flynn filing the required Termination OGE Form 278 with HQDA, or in the automated Financial Disclosures Management

(FDM) system, the system of records used by HQDA to track and store completed Termination OGE Form 278s.

Tab 17: Transcript excerpts from the DIA ^{(b)(6), (b)(7)(C)} indicate no record of LTG Flynn filing the required Termination OGE Form 278 with the DIA.