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COMMITTEE ON OVERSIGHT AND  
GOVERNMENT REFORM,  
U.S. HOUSE OF REPRESENTATIVES,  
WASHINGTON, D.C.

DEPOSITION OF: JOHN C. BEALE

Thursday, December 19, 2013

Washington, D.C.

The deposition in the above matter was held in Room  
2157, Rayburn House Office Building, commencing at 10:00 a.m.

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Appearances:

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Ms. [REDACTED] This is the deposition of John C. Beale, conducted by the House Committee on Oversight and Government Reform. This deposition is occurring under subpoena issued by Chairman Darrell Issa as part of the committee's investigation into the Environmental Protection Agency, which I will refer to as EPA, Inspector General's investigation into former EPA employee John Beale, who pled guilty and was convicted of violating 18 USC 641, theft of government property. Specifically Mr. Beale engaged in a scheme that resulted in almost \$900,000 in fraud. Would the witness please state your name for the record.

Mr. Beale. John C. Beale.

Ms. [REDACTED] Good morning, Mr. Beale. My name is [REDACTED] [REDACTED] I'm the deputy chief counsel for investigations for the committee's majority staff. I'll ask everyone else at the table to please introduce themselves.

Mr. [REDACTED] [REDACTED] [REDACTED] chief counsel, investigations for the majority staff.

Mr. [REDACTED] [REDACTED] [REDACTED] counsel for the majority staff.

Mr. [REDACTED] [REDACTED] [REDACTED] with the majority staff.

Ms. [REDACTED] [REDACTED] [REDACTED] [REDACTED] counsel for the

minority staff.

Ms. [REDACTED] [REDACTED] [REDACTED] counsel for the minority staff.

Ms. [REDACTED] The committee appreciates your appearance today at this deposition and may choose to hold a future hearing on the topics we discuss today. Some of these questions asked today may seem basic. These questions are intended to provide a clear and complete record that can help educate all members and staff about specific areas of EPA operations and procedures.

Before we begin, I'd like to go over the ground rules and explain how the deposition will proceed. The way the questioning proceeds is the majority will ask questions first for up to an hour, and then the minority will have the opportunity to ask questions for an equal period of time if they choose. We will firmly adhere to the one-hour time limit for each side.

Questions may only be asked by a designated staff attorney. We will rotate back and forth one hour per side until we are out of questions and the deposition will be over, hopefully sooner rather than later. Unlike a deposition in federal court, the committee format is not bound by the rules of evidence. The witness or their counsel

may raise objections for privilege or classified information subject to review by the chairman of the committee.

Members and staff of the committee, however, are not permitted to raise objections when the other side is asking questions. This has not been an issue we have encountered in the past, but I want to make sure you are clear on the process. You are welcome to confer with counsel at any time throughout the deposition, but if something needs to be clarified, we ask that the witness make this known. If you need to discuss anything with your counsel, we will go off the record and stop the clock to provide you this opportunity.

We'd like to take a break whenever it's convenient for you. This can be after every hour of questioning, after a couple of rounds, whatever you prefer.

During a round of questioning, if you need anything, a glass of water, use of the facilities, to confer with counsel, please just let us know and we will go off the record and stop the clock. We'd like to make this process as easy and as comfortable as possible.

This deposition is unclassified, so if a question calls for any information that you know to be classified, please

state this for the record as well as the reason for the classification. For example, please state whether it's classified in federal security or personally identifiable information. Once clarified, to the extent possible, please respond only with the unclassified information. If we need to have a classified session later, that can be arranged. We also ask that the thing -- the topics that we discuss in this room remain confidential.

Witnesses who appear before the committee may freely consult with counsel, and you have counsel present today. Could you please state your name for the record?

Mr. Kern. Yes, John Kern, K-E-R-N, on behalf of Mr. Beale.

Ms. [REDACTED] Mr. Kern, could you please confirm that your client has received a copy of the committee rules?

Mr. Kern. He has.

Ms. [REDACTED] Thank you. As you can see, we have an official reporter taking down everything you say so we can make a written record, so we ask that you give verbal responses to all questions, yes and no, as opposed to nods of the head. I'm going to ask the reporter to please feel free to jump in in case he responds nonverbally. Do you



understand that? Do you understand?

Mr. Beale. Sure.

Ms. [REDACTED] Also, we should both try not to talk over each other so that the record is clear. We want you to answer questions in the most complete and truthful manner possible, so we will take our time and repeat or clarify our questions if necessary. If you have any questions or if you do not understand any of our questions, please let us know. We will be happy to clarify or repeat. Just let us know, okay?

Mr. Beale. Okay.

Ms. [REDACTED] If you honestly don't know the answer or do not remember, it's best not to guess. Please give us your best recollection, and if there are things that you do not know or can't remember, just say so and please inform us who to the best of your knowledge may be able to provide a more complete answer to the question. This deposition is under oath. You are required to ask questions from Congress truthfully. Do you understand that?

Mr. Beale. Yes, I do.

Ms. [REDACTED] This also applies to questions posed by Congressional staff in a deposition. Do you understand that?

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Mr. Beale. Yes.

Ms. [REDACTED] Witnesses that knowingly provide false testimony could be subject to criminal prosecution for perjury or making false statements. Do you understand this?

Mr. Beale. Yes, I do.

Ms. [REDACTED] Is there any reason you're unable to provide truthful answers to today's questions?

Mr. Beale. No.

Ms. [REDACTED] In addition, the committee's understanding is that you have waived the member requirement under Rule 15[e] of the committee rules; is that correct?

Mr. Beale. Yes, it is.

Ms. [REDACTED] Pursuant to the committee rules, I'll now ask the court reporter to swear you in.

Whereupon,

JOHN C. BIELE,

having been duly sworn by the Notary Public,

was examined and testified as follows:

EXAMINATION

BY MS. [REDACTED]

Q Let the record reflect that the witness answered in the affirmative. This is the end of my preamble, so we'll

begin the clock. Thank you again for joining us today. Let's talk a little bit about your professional background starting with your job just prior to joining the EPA. Could you tell us where you were employed just prior to?

A I was employed with a law firm in Lake City, Minnesota.

Q Okay, and how long did you work for that firm approximately?

A About four years.

Q Okay, and you started at the EPA in 1989; is that correct?

A I started as a consultant in 1987, and then as a full-time consultant in 1988, and then became a regular federal employee in 1989.

Q Okay. Was there a particular individual that recruited you to work at the EPA or was it something you had always thought about doing?

A It is something I had thought about doing because I always had an interest in environmental issues. The first approach that was made to me was from Rob Brenner, and then I had a whole series of interviews with other people.

Q And please describe your relationship with Robert

Brenner before you worked at the EPA together.

A We had been friends. We were in graduate school together and had known each other since about 1975.

Q Okay. You attended graduate school where?

A I attended the Woodrow Wilson School at Princeton University and law school at New York University.

Q And are you a member or were you a member of a bar?

A I was a member of the Minnesota state bar.

Q Okay. Mr. Brenner testified before the committee that he recruited you to work with him at EPA. Was there any discussion of how your career would progress once you joined the EPA -- EPA with Mr. Brenner?

A Nothing specific except to the extent that I tended not to hold jobs for a very long period of time. I tended to be a very nomadic type of person, so my clear intention was to come and help with this Clean Air Act reauthorization and then I assumed -- and talked explicitly with people about the fact that I'd move on then.

Q What expertise did you bring to the Clean Air Act negotiations?

A I had done a lot of negotiating in my law profession, and I had served as an intern for a U.S. Senator, in which

role I did negotiating on something called the Bilingual Courts Act and the -- there was a program, I forget the exact name, but it was about block grants going back to states and cities for kids' employment in the summer type thing.

Q Did you have any environmental experience prior to joining the EPA?

A No.

Q Now, you mentioned you were an intern for a United States Senator. Who was that Senator?

A Senator Tunney.

Q And how long did you serve in his office?

A I don't remember exactly. I think it was four or five months, something like that.

Q So it was not a full-time job.

A It was a full-time job while I was there.

Q How did you get that position?

A I was going -- I was finishing undergraduate school, and it was a program that the university had sending certain types of interns back here to Washington for full-time experiences for a quarter.

Q The EPA Inspector General believes that's a false statement, that you worked as an intern for Senator Tunney.

Do you have any like leave earn statements that would verify that you worked in his office or any letters of recommendation that his chief of staff presented you?

A I know what the Inspector General said. I think if you look at our memorandum in aid of sentencing, there's a report from my supervisor there evaluating my performance.

Q Okay, thank you. Are there any other misrepresentations that you made to the EPA on your application for employment, or are there any?

A I was going to correct the question.

Q Yes.

A There are no misrepresentations.

Q Okay. Did the EPA -- are you aware of whether they did any sort of background investigation prior to hiring you?

A I have no knowledge of whether they did or didn't.

Q Did you provide references to the EPA?

A Yes.

Q Do you know if they called those references?

A I have no knowledge one way or the other.

Q At the time you were hired at the EPA, Robert Brenner was the director of the Office of Air Policy; is that correct, or --

A No, Mr. Brenner was the deputy director of that office. There was another gentleman who was the office director and it was the Office of Policy Analysis and Review within the air office.

Q And what was the director's name?

A Paul Stolpman.

Q We're here today because you were able to engage in a scheme whereby you misrepresented the fact that you worked for the Central Intelligence Agency, which I'll refer to as the CIA; is that correct?

A Not exactly sure why we're here today, but it is true that I did misrepresent that to people.

Q Okay, let's talk about those misrepresentations. Do you recall the first instance you decided to start telling people that you worked for the CIA?

A My first recollection was in 2001, when I had a conversation with somebody in which I affirmatively misrepresented that.

Q And who was that person?

A It was the assistant administrator at the time in the air office.

Q What was his or her name?

A Jeffrey Holmstead.

Q Okay. In your personal life was there anyone that you made this representation to prior to that?

A I just don't have any recollection.

Q In the '90s, did you ever tell anyone that you worked for the CIA?

A Did I ever tell anybody at the EPA that I worked for the CIA?

Q No, in your personal life in the '90s, did you tell anyone that you worked for the CIA?

A I have no recollection of doing so.

Q I believe in the sentencing memorandum, you noted that in 1996, you began telling EPA employees and close friends that you worked for the CIA. Would you agree with what's in the sentencing memorandum filed by your counsel?

Mr. Kern. Well, I'm going to object to the question because I know it's factually unsupported, in the written memo, I think I have a reasonably good recollection of it.

Ms. [REDACTED] Okay.

Mr. Kern. And I actually have the sentencing memorandum, so if we want to take a break to look at it --

BY MS. [REDACTED]



Q We can come back to it. So what exactly did you tell Mr. Holmstead in 2001?

A Well, I think you can appreciate that was a long time ago. I don't remember exactly what I told him, but the gist of it was that I was doing occasional work for the CIA and that I would occasionally be gone out there for an afternoon and maybe one day on a very sporadic basis.

Q Who was the second person you recall telling at the EPA that you were engaged in work for the CIA?

A I don't have a clear recollection, and so I think I'd just be speculating, and I'm not going to speculate.

Q Okay. At no point in your life have you ever been employed by the CIA; is that correct?

A That's correct.

Q Do you recall having conversations with now Administrator Gina McCarthy regarding your employment with the CIA?

A Yes.

Q Would you tell us about those conversations?

A Yeah, in -- again, I'm not sure the date, but I think it was May, possibly June of 2009, Administrator McCarthy and I went to lunch to talk about what she would like me to be

doing working for her while she was assistant administrator,  
and --

Q Where did you go to lunch?

A I don't recall. I know we walked, and there was a number of restaurants, you know, within a five-minute walking distance of EPA, and it was one of those.

Q Okay. And you discussed what she wanted you to be doing as her deputy in the Office of Air and Radiation?

A She -- we discussed the project that she would -- would have liked me to have taken over, and I talked about a project that I wanted to do, and the subject of my fabricated story about working at CIA came up during that lunch.

Q What did you tell her? Do you recall?

A Again, I don't recall.

Q How would you describe your relationship with Administrator McCarthy?

A Professional. I think she's one of the smartest people I've ever met. I think she's very talented. I think she has a tremendous record of service under both Democratic and Republican governors. I think she's very goal oriented and has accomplished a great deal as a state commissioner and as assistant administrator of air at EPA. I would not say

that we had a personal friendship or anything. Just all very professional.

Q Okay, that's helpful. We have a calendar note here from April 29th, 2010 that we'll mark as Exhibit 1.

[Exhibit No. 1 was marked for identification.]

BY MS. [REDACTED]

Q So it looks like you and Administrator McCarthy, then assistant administrator I believe, had lunch at Chef Geoff's. Do you have any recollection of this lunch?

A Well, there's a couple things. These documents do not necessarily mean that we actually had the lunch on those days or even at Chef Geoff's. An assistant administrator's schedule at EPA changes hourly almost, and you can see here it was rescheduled formally at least once. This does seem to me to be in the time frame when we had that discussion. Again, I don't remember whether it was Chef Geoff's or M&S Grill or one of those other places nearby.

Q So you think that this calendar invitation or notice might represent the lunch you referred to earlier.

A Yes, it could.

Q Okay, and you don't recall what you all discussed other than the roles she wanted you to play as her deputy.

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A No, I think what I said was we discussed the project she would like me to take over or work on as the deputy. We discussed the project I wanted to do, and then the topic of my fabrication and lies about working at EPA came up too.

Q What was the project that you were interested in working on? What was that about?

A I'd been working in the environmental business for a long time, and although generally the western world has made good progress, and the United States has been particularly successful about improving the environment in terms of things like water quality and air quality, we're reaching the limits of the traditional regulatory process to do that, largely because the fundamental dynamic of the capitalistic system is for businesses and individuals to try to externalize all costs. That's the way the system and individuals can maximize profits and minimize costs.

In addition to that, pollution is being transported globally around the planet, and we're reaching the limits of what we can do technologically to protect our citizens without having more impact on other countries. In other words, we need to get reductions from some of these other countries. That's the type of project I wanted to work on.

That's what we talked about.

Q Did you ever indeed work on that project?

A I certainly did.

Q Did any work product ever get produced as a result of that work, any tangible --

A It depends on how one defines work project. There were several phases of this project as we had outlined it. There's an enormous body of literature on the subject. Sometimes it's referred to sustainability literature, sometimes it's referred to green economics. And so phase 1 of the project was for me to become very familiar and transversant with that literature. Phase 2 would have been going out and interviewing academic experts, business experts, people in other countries that are doing things.

And then phase 3 would have been coming up with specific proposals that could be -- could have been proposed either legislatively or things which could have been done administratively to kind of modify the DNA of the capitalist system, which is not new. It's happened tens of times through the history of the capitalist system being there. It's not a God-given system that was created once and never changes. It changes all the time.

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So I had repeated meetings and discussions about the progress with various of the AA's who were involved in this. If you're asking if there was ever a set of proposals developed, no, because the project was scrapped before we got to that point.

Q So you were really just in the planning phases of the project the whole time.

A Oh, planning, and then in the execution of the first phase.

Q Okay, and so Ms. McCarthy was aware of this project.

A Yes.

Q Did she ask for status updates on the project?

A We met frequently to talk about it and had actually quite deep discussions. She had good insights into it, but the other thing you need to know is this project began under Jeff Holmstead, so this began in a Republican administration.

Q What other projects did you work on during your time at the Office of Air and Radiation, also referred to as OAR; is that right?

A That's correct. During what time period are you asking?

Q Your -- the latter part, so from 2000 on.

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A Well, from 2000 until about 2005, I was managing all the international work the air office does, and that includes a broad range of things. It includes bilateral relationships with countries, it includes negotiating multilateral relationships in countries, it included long-term development projects with China. For example, we taught the Chinese how to do an emission trading system.

It included projects dealing with the kind of traditional pollutants like ozone, VOC, particulate matters, mercury, and it included working with the State Department and coordinating on projects which were also advancing the U.S. agenda on the climate change.

In addition to that, I was in charge -- well, I was in charge of EPA's work on climate change, which meant I was regularly part of State Department delegations, on delegations in support of the State Department work on climate change, meetings at the White House, meeting with other departments, developing strategies and decisions, helping make decisions on scientific work that should be developed within the government.

Q And Ms. McCarthy was in the loop on all of this work?

A Well, Ms. McCarthy didn't come on board 'til 2009, so

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now -- you specifically said 2000 to 2005.

Q But when she came on board in 2009, she was your boss; is that correct?

A Yes.

Q Okay.

A In addition, during this period, we developed something called the cook stove project, and it was a project which was designed to ameliorate the kinds of pollution that comes from cook stoves in developing worlds. These are cook stoves in which there's usually no ventilation. They're burning brush and wood, dung, things like that. Women and children spend tens of hours a day gathering this stuff so they have no opportunity for employment or education. It also is a major contributor to climate change because of the black soot, black particles that come out of it, and so this was a major activity.

In addition to that -- so my responsibilities were mostly in the international area, but having been at EPA a long time and having been one of the people heavily involved in the Clean Air Act, there were constantly things coming up with how do we interpret the act, how should we be implementing in this case, should we develop a trading system

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for the Midwest that I would be involved in and ask about, and there are just hundreds of those types of things every day.

Q So on the cook stove project, was there a tangible result to all of your work?

A Yes, there's a huge result. We announced the partnership at the World Summit on Sustainability in 2002 in Johannesburg, South Africa. We went in with I think three or four countries partnering with us, and most of the other countries were very skeptical because they were skeptical of the U.S. position. The U.S. position at that time was we don't need any big agreements, we don't need -- this is under the Bush administration of course. We don't need treaties or agreements to help promote sustainability, but what we've got is a menu of specific projects, and the number one star project was this cook stove thing, and we'd been promised from the White House that they would fund this to the tune of several million dollars a year.

We worked for two weeks and we were able to persuade I think it was another -- don't quote me on this. I'm not sure of the number, but I think we came out of that with another 20 countries signed up for this partnership.

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What the partnership did then was -- so we had many countries as partnerships. We had some NGO organizations as partners. We launched a program for testing cook stoves so we could be sure that the new ones we were promoting were actually getting the results that we wanted to. They'd be more efficient and there would be less pollution.

We launched -- in many places in the world, as I said, they use this dung and they use just scrap wood, but they also use paraffin, which is incredibly dangerous because when these stoves get cooked over -- tipped over, and there's always kids running around. When these get tipped over, that hot, sometimes boiling paraffin as a fuel spills on the kids and causes severe burns.

So we had conferences all over the globe. We had education campaigns in India and China, in Latin America. We got partners in those countries to promote the use of these cook stoves. We educated government officials. One of the ways that you get people to make these types of changes is you need to have peers or authority figures in their own countries who they respect saying to do this.

For example, the cigarette -- campaign against cigarette smoking in this country, the most effective part of that is

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other kids or other adults saying it or people who are respected like athletes or something like that. So it has to be more than just a government official making a pronouncement.

So that was very successful for a number of years, and now in this administration, the State Department promoted it and actually acquired more funding, and now it's a growing global partnership under the -- we were able to spin it out of government because we didn't want to have it permanently located in government, and now it's being administered by the U.N. Foundation.

Q Okay, thank you. Let's go back to the fabrication regarding the CIA. While you were working on this cook stove project, you were also maintaining that you were doing work for the CIA; is that correct?

A There was an overlap.

Q Yes. So when you started representing to people at the EPA that you were working with the CIA, what was your motivation for doing that, because it sounds like you were engaged in some work that you were interested in, so why would you then sort of create this other job for yourself?

A This fantasy.

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Q Right.

A That's a good question, and I don't know that I know all the answers. I think greed is clearly a part of it, and I think I'll be working on the rest of the answers for a long time trying to figure that out.

Q So the first time you remember telling someone at EPA that you were working for the CIA was Mr. Holmstead, correct, and that was in about, did you say 2001?

A I did say 2001, and again, my memory is -- could have been early 2002, in that time period.

Q How did you inform people that you were a CIA agent? Was it mostly e-mail, verbally, both?

A Well, it was not -- it would be pretty stupid if I was trying to inform people of that. It was not my intention to broadcast that or have that widely known.

Q But would you agree that a fair number of people at the CIA -- or I mean at the EPA were under the impression that you were doing work at the CIA?

A I'd be speculating. I don't know what you mean by fair number, so --

Q Could you list some people that you recall were under that impression?

A Well, I think I specifically lied to Rob Brenner. I specifically lied to Beth Craig, and I think that I specifically lied to my administrative assistants, in effect, my secretaries.

Q And who were those people?

A There were different ones. Addie Johnson was the latest one, and then there was [REDACTED] [REDACTED].

Q Did you ever tell Bob Perciasepe that you were involved with the CIA?

A I don't believe I did. I have no recollection of ever having any conversation with Bob about that.

Q Okay.

A You've got a big file to work there, huh?

Q Yes. I have two e-mails which I will introduce as Exhibit 2 in block. They are from you to Rob Brenner, and one is a back and forth, so you want to mark this as Exhibit 2 please?

[Exhibit No. 2 was marked for identification.]

BY MS. [REDACTED]

Q You can take a moment to look at those. So in the first one, which is in 2009, you say, "Hey, RB," which I assume is Rob Brenner, "Thanks for the note. Yes, finally

made it to the cape on Sunday. Was on the road for a week when I left D.C. Back for three days for a quick meeting at Langley and Nancy's family reunion in Vermont." And then on the second e-mail, which is January 14th, 2011, you say, "Last night" -- after some back and forth, you say -- or actually, the first e-mail is, "Last night I told you that today I would be at EPA, State and Langley. Overnight plans changed. Just State and Langley today. See you tonight." And then he responds that he's looking forward to seeing you.

Mr. Kern. Actually, I'm sorry, can we -- are these going to be marked?

Ms. [REDACTED] Yeah, they are marked.

Mr. Kern. Okay. Can we just make sure -- are they both Exhibit 2?

Ms. [REDACTED] Yeah, I think we can do them together as --

Mr. Kern. Okay.

Ms. [REDACTED] -- Exhibit 2, if it's all right.

Mr. Kern. Yeah, as long as we can just be clear because there are different years and --

Ms. [REDACTED] Yeah, I stated the dates of each.

The Witness. They're quite radically different years, two years apart.

BY MS. [REDACTED]

Q Yes. So at our hearing back in October, Mr. Brenner said something to the effect of that he had never heard you were engaged in work with the CIA. Do you know why he would tell the committee that? Have you had any conversations with him post-hearing regarding that?

A No, I have not, and I don't know why.

Mr. Kern. I guess let me just make this objection because it's not clear to me that Mr. Beale knows that that's what Rob Brenner said, and it's unclear to me whether Rob Brenner said that as to all time or certain periods of time, so I just want to make sure there isn't some confusion in the record on that point.

BY MS. [REDACTED]

Q Okay. You and Mr. Brenner owned a vacation home together; is that correct?

A Did you say own one or --

Q Owned at one point in time?

A We owned a rental property together.

Q Rental property. Where was that property?

A It's in a town called North Truro.

Q Okay. Do you recall the purchase price for that

home?

A Not exactly, but I think it was in the order of -- I bought it from my parents, so I think it was in the order of about \$120,000. Could have been 130.

Q And you said it was a rental home, so you were renting it out to tenants?

A Yes.

Q What year did you buy it?

A 1983.

Q Okay. So you never used it as a vacation home?

A No, it was rented out.

Q Okay. Was there any sort of process that you went through with -- with the ethics department at EPA once you and Mr. Beale became -- I mean Mr. Brenner became co-owners of that property?

A No, we bought the property in 1983, long before there was ever any, you know, relationship that I had with EPA, so

--

Q Okay. Were you ever concerned that there was a conflict of interest in your ownership of a vacation home with Mr. Brenner --

A No.



Q -- based on the fact that he helped you obtain your position at the EPA?

A I never thought there was a conflict of interest because although Rob introduced me to the process of EPA, I was interviewed by many other people, and I had worked at EPA for nearly two years as a contractor before becoming an employee, so by that point, hundreds of people, including administrators, knew me, knew my capabilities, knew what talents I had, such as they were, and they all made the decision. It's not as though Rob Brenner made the decision to make me a federal employee.

Q Okay. You received retention bonuses while you were at the EPA, correct?

A I did.

Q Okay. Did Mr. Brenner play a role in your receiving those bonuses?

A During the time that he was my supervisor, I think that he initiated the process, but again, that's -- it was all reviewed and examined by dozens of other people.

Q And who's the first person you recall authorizing the retention bonus?

A I think at the time, it was the assistant

administrator, Bill Rosenberg.

Q Okay.

A I should say -- you said authorizing, and I don't think that's quite right. I think he recommended it, and then there's -- I don't know how these bureaucratic processes work, but I think there's -- there's other officials in personnel office or something who actually have to authorize it.

Q Okay. At some point, Mr. Brenner -- or you purchased Mr. Brenner's portion of the house in Massachusetts; is that correct?

A Yes.

Q Do you believe it was a conflict of interest or raises any ethical concerns that he purchased -- or that you purchased his portion of the home and he also played a role in you receiving the retention bonuses?

A No.

Q When did you purchase Mr. Brenner's share of the home in Massachusetts?

A To answer your question, I purchased it in 2005.

Q Is it correct that you purchased Mr. Brenner's share of the house after he authorized that you receive the

additional retention bonuses, which I believe were 25 percent more of your salary?

A Again, your question is not correct. He never authorized it.

Q Recommended.

A He initiated the recommendation. Dozens of other people reviewed it, and again, somebody else in the agency authorized it. It's also true that -- well, just -- that's the answer.

Q How much did you pay for Mr. Brenner's portion of the house?

A My recollection is it was \$40,000.

Q Is it true that you were able to purchase Mr. Brenner's share of the vacation -- of the home in Massachusetts because of your pay increases at EPA, or do you think you would have been able to purchase it without the retention bonuses?

A Oh, definitely without retention bonuses because I had owned a condominium in Rosslyn, and I sold that condominium and I used the proceeds of that sale to purchase Mr. Brenner's share of the house.

Q Were you living in the condominium in Rosslyn?

A I had lived in the condominium for quite a few years, but then I'd rented it and I moved elsewhere.

Q And where did you move after you sold the condominium in Rosslyn?

A We bought a townhouse in Arlington.

Q When you say "we," that's you and your spouse?

A And my wife, yeah.

Q And does she work, your wife?

A She does.

Q Was she -- has she been working the entire time you've been married?

A Oh, yes.

Q What does she do?

A She works for the Rockefeller Foundation.

Q In the early to mid-2000s, was she working for the Rockefeller Foundation?

A No, early to mid-2000s, she was working for the real -- the World Resources Institute.

Q Okay. Let's go back to the retention bonuses. Mr. Brenner recommended that you receive a retention bonus in 1991 I believe based on the fact that you had job offers from other entities; is that correct?

A I think it was more than that. As I mentioned before, when I came to Washington, I didn't plan on staying, and the Clean Air Act had passed. I was living in a rented apartment with rented furniture, and I was looking around, making plans to go other places to do other things. It is also true that I had discussions -- I had a firm job offer from my old law firm and discussions with some others about other job offers.

Q Do you ever recall having another job offer in 2000?

A Yes.

Q Would you tell us who that was from or what that was?

A Yeah, that was a -- it was a group of -- a small group of people who had been working with the British government on the climate change work, and they were thinking about leaving those positions and starting a consultancy, which would have been based in London, to be promoting various projects that would -- well, projects which would be advising the British government about climate policy, advising other countries. Many countries don't have the kind of capacity that the developed countries have to do that, and then also doing projects like, oh, not exactly cap and trade projects, but projects where companies could make investments

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in third world countries and then get credit for that as a cap and trade system that ever developed.

Q Okay, did Mr. Brenner or anyone else at EPA ever offer -- or ask for concrete proof from you of these job offers in '91, '94 or 2000, like documentation of an offer?

A These offers during this period of time would come in, or people would approach me several times a year with things, and it was common knowledge because I talked to people about it. I was thinking about leaving. I'm not -- I'm always amazed I've been in Washington this long. So my recollection is that we had a concrete letter of offer from my law firm, my former law firm. My recollection is that all the other offers were verbal, and although I kind of listened to them initially, they never got to the seriousness where I would have had to talk to the ethics folks about it.

Q Did you ever ask Mr. Brenner or any other EPA official to recommend you, submit applications or authorize you to receive a retention bonus, or were they always extended to you?

A I never asked.

Q You never asked. And no one ever asked for proof of an outside offer. It was just generally known; is that

correct?

A To the best of my recollection, that's correct. I can't say for sure, but that's my recollection.

Q Were you aware at the time, and you said that you weren't aware of sort of the bureaucratic intricacies of how the federal government worked, so perhaps you weren't aware of this. At the time you were receiving these bonuses, were you aware that this put your pay above the statutory threshold for your position?

A No, I had no idea about that.

Q Do you have knowledge of anyone else knowing that this put your payment above the statutory threshold?

A I have no personal knowledge of anybody. I think the first time I heard about it was at your hearing.

Q Okay, so who recommended you for the promotion to senior leader or SL? Is that -- is it senior level, senior leader?

A SL means senior leader.

Q Okay.

A In the '98-'99 time period, there were discussions about a promotion for me, and Bob Perciasepe and then-Administrator Carol Browner, and we had a number of

discussions and go-arounds about that. I can't tell you the exact number. More than four discussions about whether I would take such a thing or not.

Q Okay. Do you have any idea why it was SL as opposed to SES, senior executive service?

A I do. They were talking about SES, and I specifically did not want to do SES.

Q Why is that?

A Because it's not the way I work. When you're SES, you have management responsibilities, you have performance reviews you have to do and budgets you have to do and all that. You also have a fairly confined area of responsibility. Throughout all my time at EPA, I would be getting kind of the hot issues, and I would kind of assemble a team of people from across the air office, and in many cases from across EPA, and we would address that issue, whether it was the voluntary car program, whether it was NAAQS, whatever it was, and -- and so these were people that worked for other offices, but we would assemble this team with the approval of their office directors and work on this project and get it done, and then that team would go away, and then the next thing would come along and we'd assemble a



new team with the appropriate people.

Q So just to sort of summarize, you didn't have to be involved in the bureaucratic agency functions by going the SL route. Is that fair to say?

A That's half true. I mean, that is certainly true, but also it would have been much harder to be able to assemble these quick reaction kind of teams that were able to focus on major issues that were cross-office cutting, and unfortunately, the organic act for EPA tends to make it kind of silo structured, and the problems that we have to deal with -- that they have to deal with as an agency often cannot be effectively addressed within those silos, and so we needed to get people from all kinds of backgrounds, including OGC, including the science office, and then sometimes we'd bring people in from other agencies to be on the teams too, so --

Q Okay, since you brought that up, sort of the silos and the management challenges of EPA, it's been reported that yesterday at your sentencing, you said something along the lines you were able to take advantage of the flaws in management at EPA. Could you elaborate a little bit more on that for us?

A Well, I had -- I had been working at EPA for more

than a decade, and I had earned the trust and the respect of people at all levels in the organization, career employees, political appointees, Republican and Democratic, and had been very successful in accomplishing a lot.

My way of working tended to be a collaborative one. Whenever possible, we would work with all the stakeholders on an issue, and -- and that meant business groups, environmental groups, other agencies, state and local governments, and sometimes you can all come to an agreement. Sometimes you can't. You do the best you can to take into account all the legitimate concerns of those stakeholders.

Because I had that track record and I had earned that trust, I abused that trust and I betrayed that trust when I started this charade about the EPA stuff, and --

Q You mean CIA.

A I'm sorry, you're right, CIA, and I think it very understandable that people didn't see that at first, you know? You get to know somebody for ten years and you think you know them and you think you can trust them and when things start out in a very small way like it did for me, it's very understandable that people would not notice that.

Q Okay, so I'm going Bill O'Reilly you. I don't feel

like you answered my question. I asked about the flaws in management, and you sort of spoke to the flaws in human nature. Were there specific flaws with either persons at EPA or the way EPA is structured that you can cite as allowing you to --

A Get away with this con?

Q Yes.

A I can't cite any flaws with any persons. I think everybody acted very honorably and understandably and were doing the very best that they could understand. I know the IG's doing a report about structural flaws and management flaws. I wouldn't presume to prejudge their work, so I don't have specific things about specific management flaws.

Q So when did you first notice that you had garnered all this trust and could exploit it? Was that around 2000-2001 when you started telling people that you were working for the CIA?

A No, I think I knew that I was a trusted and respected member of the team at EPA as we were working through the Clean Air Act amendments in the late '80s and the early '90s, and it's not as though as soon as I realized I could do it, that I did do it. It was another decade of, as the oath

would say, true and faithful service, which I rendered.

Q So it wasn't an epiphany. It was more of an evolution. There wasn't one moment that you decided to engage in the fraud. You sort of evolved into --

A I'd say that's correct.

Q Okay. Let's talk about your retirement party. Do you remember your retirement party?

A Uh-huh.

Q My understanding is that it occurred on a boat in the Potomac, ship? Ship, and there were three other individuals that were co-honorees, or two others?

A Two others.

Q Who were those folks?

A Rob Brenner and Jeffery Clarke.

Q Who is Jeffery Clarke?

A He was an EPA employee. He'd been an integral part of the team that worked on the Clean Air Act amendments, and then he -- shortly after that, he moved down to North Carolina and was working at our Office of Air Quality Planning and Standards down there.

Q So did you have a close professional relationship with him?

A Yes.

Q Was he under the impression that you were working for the CIA?

A Not to my knowledge.

Q Who paid for the retirement party?

A The three of us did.

Q To your recollection, who from EPA attended?

A Oh, I can't -- I mean, there were a lot of people from EPA.

Q Over a hundred?

A Probably, yes. Maybe 120.

Q Did Administrator McCarthy attend?

A She did.

Q Did you talk to her at the party?

A Uh-huh, yes.

Q Do you recall what she said?

A No. You know, when you have a party like that and there's that many people, it's all very superficial conversation kind of thing.

Q Was your purported role at the CIA brought up by you or anyone else at the party, to your recollection?

A Not to my knowledge.

Q Did you retire after the party?

A No.

Q Did you in fact remain on the payroll at the EPA?

A I did.

Q How much longer did you remain on the EPA payroll after your retirement party?

A Until April 30th of 2013.

Q Were you ever questioned about why you had a retirement party but were still being paid?

A Was I ever questioned. Can you -- what do you --

Q Like did anyone ever say in an e-mail or in person to you hey, didn't you retire back in, you know, 2012, why are you still getting paid?

A Not to my recollection.

Q Okay. Do this really quickly. So here's an e-mail that we'll mark Exhibit 3.

[Exhibit No. 3 was marked for identification.]

BY MS. [REDACTED]

Q It's to you from Gina McCarthy dated February 5th, 2013, and she says, "John, it's come to my attention that you are currently receiving a retention bonus in addition to your base salary. As I understand it, retention bonuses must be

reauthorized on a periodic basis based on documentation that verifies the existence of conditions warranting such a bonus. After looking into this situation, I found no documentation from you or elsewhere that would support reauthorization. As a result, I have notified OAR to cancel payment of the retention bonus. You will see the salary adjustment reflected in your pay statement on February 19th. If you have questions, please feel free to speak to me." What did you think when you -- do you recall receiving this?

A I certainly do, yeah.

Q And what did you think when you received this, because this is well after the time you should have retired, correct?

A Oh, it was well after the retirement party, that's right. What did I think. I was not surprised. By that point I knew that there was an investigation by the IG going on into my behavior, so I was not surprised and I didn't think much other about it than that.

Q So how did you know there was an investigation by the IG going on when you received this, because I think -- I mean, they started their investigation literally probably right around this time.

A Right.

Q So how did you know?

A I assumed --

Ms. [REDACTED] Are you guys okay with him finishing his answer?

Ms. [REDACTED] You can finish your answer.

The Witness. I'm just trying to recall. I knew that I know, but I can't really recall how I knew that. Sorry.

Ms. [REDACTED] Thank you. My hour is up, so we'll go off the record.

[Recessed at 11:08 a.m.]

[Reconvened at 11:19 a.m.]

EXAMINATION

BY MS. [REDACTED]

Q Mr. Beale, my name is [REDACTED] [REDACTED] and beside me is co-counsel, [REDACTED] [REDACTED] and for the next hour I'll be asking you questions. Because of the nature of the process, inevitably some of the topics that I cover will already have been covered by [REDACTED] I will try to minimize duplicative questions to the extent possible to be expedient, but I ask you to bear with me because I assure you, topics I cover will already have been covered. If you could pick up Exhibit 1



for me --

A Uh-huh.

Q I believe when you were speaking with [REDACTED] in the first hour, you informed us that the meeting you had with Ms. McCarthy when she asked you what you were working on was in May or June of 2009; is that correct?

A That's right.

Q Can you look at the date in the calendar entry of Exhibit 1? I believe it reads 4/29/2010.

A Yes, that's right.

Q I believe you told my co -- the majority counsel that this date -- this calendar entry could have represented the meeting you referenced with Ms. McCarthy in which she asked you what you were working on. Having taken a closer look at Exhibit 1, do you still believe that to be the case?

A Absolutely not. This is -- I made a mistake. It's the wrong year entirely.

Q I'd like to talk a little bit about your recruitment to EPA. You mentioned that Mr. Brenner first approached you about the idea of working for the EPA; is that correct?

A That's right.

Q Can you tell us how he described the position with

EPA that he brought to your attention?

A My recollection is it would be a position that would need -- give me a lot of work with the Hill, which I'd had some experience in, would require a lot of liaison work with the Office of General Counsel, because that's inevitable when you're drafting legislation, and as an attorney, I knew how to talk to lawyers, and a lot of kind of strategic thinking and ability to engage with diverse groups.

Q Do you specifically remember the title of the position that he brought to your attention?

A No, I don't.

Q Did he bring to your attention the contract position?

A Yes, that's right.

Q Did Mr. Brenner tell you why he thought that you would be a good fit for the position?

A Well, again, I think it was because of my background of having had experience working on the Hill and the nature of the work that I did there, the fact that I was an attorney and the fact that in my practice, I'd been dealing with diverse groups, energy groups, NGO, government agencies, things like that.

Q Did you and Mr. Brenner discuss your lack of

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environmental experience as an impediment to your getting the job?

A We discussed the lack of experience, but we agreed that I'm a fast learner and I can pick that stuff up.

Q You mentioned that you interviewed with numerous people for --

A Yes.

Q -- the position. Can you describe the interview process for the very first position you obtained with the EPA?

A Again, my memories are a little vague, but I remember I interviewed with -- I was interviewed by Paul Stolpman, the head of the office. I was interviewed by not everybody in the office, but a lot of the staff people interviewed me.

Q When you say the head of the office --

A Uh-huh.

Q What are you referring to specifically?

A The head of the Office of Policy Analysis and Review, and then I was specifically interviewed by the deputy administrator at the time.

Q Were you competing with other applicants for the contractor position that you first obtained with the EPA?

A I don't know.

Q Do you know whether the contractor position that you first obtained with EPA was posted on USAJOBS or any other web site?

A Yeah, I don't know.

Q Did you submit a resume?

A I did.

Q Did you submit any other materials in support of your application?

A Well, there was a resume of what I'd done, and then there was also places for references, people I'd worked with, so --

Q You mentioned before that you submitted references. Do you recall who your references were?

A No, I haven't reviewed that resume. I'm sorry, I'd just be speculating. I don't know.

Q In testimony before the oversight committee in October 2013, there was testimony provided by EPA Assistant Attorney General for investigation that your applications for federal employment contained, quote, numerous misleading and false statements, including that you worked for a United States Senator during a period of time, which statement you

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addressed previously with majority counsel.

A Right.

Q The Inspector General also said that you were a member -- that you lied about being a member of a Washington, D.C. law firm, although you were not a member of any state bar association. Did your application for employment with the EPA contain any inaccuracies?

A No.

Q Can you address the concerns that EPA's Assistant Inspector General of Investigation raised concerning your status with the Washington State bar?

A I -- I can't read the -- Mr. Sullivan's mind, but I never claimed that I was a member of the Washington State bar. I never was a member of the Washington State bar. It's true that I worked at a law firm in Seattle, Washington, so I don't know what they're imagining.

Q Did the resume that you submitted to EPA state that you were admitted to the Washington State bar?

A To the best of my recollection, it did not say that.

Q Did the resume that you submitted to EPA state that you worked at a law firm in Seattle, Washington?

A Yes.

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Q And what was the name of that law firm?

A At the time, it was called Preston Thorgrimson Ellis Holeman & Fletcher.

Q I'm going to take a wild guess and assume that the court reporter would appreciate it if you spelled those names for her.

A And I don't think I can. Preston was P-R-E-S-T-O-N. Thorgrimson is T-H-O-R -- it's a Nordic name. T-H-O -- Thorgrim, G-R-I-M-S-O-N. Ellis, E-L-L-I-S, and Fletcher, F-L-E-T-C-H-E-R.

Q At the time that you submitted your application to the EPA, were you still employed at Preston Thorgrimson Ellis & Fletcher?

A No.

Q And can you describe the terms of your parting with Preston Thorgrimson Ellis & Fletcher?

A Sure. It was a mutual decision. I did not enjoy practicing corporate law in that type of setting, so on my side, I wanted to leave and do something different. On their side, I had -- the first time I took the bar exam, I failed it, and the second time, one of the senior partners gave me a special project. I was working as legal advisor for the

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Warren Magnuson campaign, and that exactly overlapped with the courses for the bar review thing, so I couldn't do both, and they decided that since I hadn't -- there was a battle between the partners, but because I hadn't taken the bar review as soon as I could the second time, that they wanted to let me go, which was fine with me.

Q Did you make individuals at the EPA aware of the circumstances of your parting from Preston Thorgrimson Ellis & Fletcher during the interview process for the contracting position that you first accepted?

A I don't recall whether I did or not.

Q Do you know who ultimately made the decision to hire you for the first consulting job that you accepted at EPA?

A I don't know, but given the structure of the office, I would have to assume it was Paul Stolpman. He was the office director.

Q Other than acting as your initial recruiter to the EPA, do you know what Robert Brenner's role was in the decision-making process to extend an ultimate job offer to you?

A No, I do not.

Q Can you give us a very brief run-down of your titles

at the EPA during your tenure?

A Sure. Once I became a federal employee, I think it was senior policy analyst within the Office of Policy Analysis and Review, and then there was a period in the transition to the first Bush administration where Mr. Brenner was the acting assistant administrator, so I became the acting director of the Office of Policy Analysis and Review. Then when he came back, I was -- my formal title in the organizational chart was still senior policy advisor, but people treated me as if I was the deputy office director.

Then when I became SL, senior leader, my title in the organizational chart at that time would have been senior advisor to the assistant administrator, and in many ways, I functioned as a deputy assistant administrator, and it was a commonly used title by everybody in the office with the okay and the permission of the assistant administrator.

Q That was a commonly used title for you, or just commonly used title --

A For me, right.

Q So you were a senior policy analyst and -- within the Office of Policy Analysis and Review?

A Senior policy advisor.



Q Advisor, and can you give me the years in which you held that title approximately?

A I think it would have been starting in '89 through '93, and then for the transition period in '93, it was the acting office director and then back to the senior policy advisor. And then it was about 2009 -- sorry, 1999 when I became a senior leader.

Q Okay.

A I think it was '99 or 2000. I forget which.

Q So from 1993 through approximately 1999, you were a senior policy advisor?

A Right.

Q Correct? And then from approximately 1999-2000 time frame until you departed from the agency, from your departure from the agency, you were a senior advisor to the assistant administrator.

A That's right.

Q And although some people referred -- would refer to you as a deputy assistant administrator, did you ever formally have that title?

A No.

Q As senior policy advisor within the Office of

Analysis and Review, who did you report to?

A The line reporting would be to the director of that office, who was Rob Brenner. In many cases though, the projects that I was working on, I would be working directly with the -- either the assistant administrator or in some cases with the administrator herself directly.

Q So Mr. Brenner was your direct supervisor, but many particular projects required you to work with the assistant administrator or the administrator herself.

A Right.

Q Okay. As the acting director of policy analysis and review in 1993, who did you report to?

A In that case it would have been to the acting assistant administrator, who had been Rob Brenner. That was a short period of time. We're talking -- I don't know exactly, three months, something like that.

Q As senior policy advisor between 1993 and 1999, to whom did you report? And I recognize this might be multiple people, so it might make sense for you to tell me first the title and then who held that title within the time frame.

A Yeah, again, I would report bureaucratically to the director of the Office of Policy Analysis and Review, who's

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Rob Brenner, and -- that was through the '99-2000 period, but again, during the period, on the substantive projects, I was reporting directly to the Assistant Administrator, Mary Nichols, Assistant Administrator Perciasepe, and Administrator Carol Browner.

Q As senior advisor to assistant administrator from approximately 1999-2000 'til your departure at the EPA, to whom did you report?

A In the years of the Republican administration, which would be 2001 to 2009, I'd report directly to the assistant administrator, and during the tenure of Administrator Whitman, I again substantively, not bureaucratically, but substantively, would deal directly to her on many issues dealing with climate change.

Q And from 2009 to your departure, to whom did you report?

A To Gina McCarthy.

Q So from 2000 to the departure, you reported to whoever -- the assistant administrator of the office of OAR; is that correct?

A That's right.

Q I'd like to revisit the topic of the special project

you talked about working on with my colleagues in the majority in the last hour. I believe you stated that you began working on the project under -- while you were reporting to Assistant Administrator Holmstead; is that correct?

A That's correct.

Q Whose idea was the project?

A It was my idea.

Q And how did you refer to the project? Was there a particular name? I just want to develop a common --

A Yeah.

Q -- name for it for the purpose of this interview.

A No, we never had a formal name for it. I think we kind of informally referred to it as the research project.

Q So we'll stick with special research project?

A Just research project.

Q Research project?

A Yeah.

Q Okay. So what was your idea? Did you approach Assistant Administrator Holmstead about the research project?

A I did.

Q And how did you pitch the project to Mr. Holmstead?

A You want me to go through the full thing I said or --

Q No. Did you basically just describe the project to him?

A I described the project and thought that we could come up with ways which would be less imposition of regulations and ways of kind of modifying the capitalist system to achieve the very goals that we wanted. Just a brief example, the GDP, the books that we keep in GDP right now, any economic activity is considered a good, so the Gulf oil spill promotes national welfare because the GDP went up because of that. Well, there's another way to keep books where you would show the loss of resources so you'd have a kind of more balanced books, and that was one idea and we talked about that.

Q Was Assistant Administrator Holmstead receptive to the project as it was described by you?

A He was receptive to the project and he suggested that I talk with -- yes, he was suggestive -- supportive.

Q Did Assistant Administrator Holmstead suggest that you speak to anyone else about the research project?

A He did. He suggested that I talk with Steve Johnson about it, who at the time I think was the acting deputy

administrator.

Q And did you speak with Mr. Johnson about the project?

A I did.

Q And was Mr. Johnson receptive?

A He was.

Q And how did you proceed to get the official green light for conducting the research project?

A I went back to Mr. Holmstead and discussed my conversation with Mr. Johnson, and he said okay, let's do it.

Q In your discussions with Mr. Holmstead, did the two of you identify a formal end product for the research project?

A I wouldn't say a formal one. I mean, we had these three phases in mind, and the third phase, the idea was to come up with specific proposals that could be presented to a new administration to try to accomplish some of these goals.

Q Why was it to be a new administration? In other words, why did the two of you target the proposals for a new administration rather than the current administration?

A Yeah, we were talking about this in late -- I think it was late 2005, and we knew it would take a number of years to complete this, so we thought we couldn't have anything

really ready and presentable that would have support across the government, because that's another selling job you have to do, before 2008 at the earliest, and there would be an election and there would be a new administration. We had no idea what party, but we knew there would be a new administration then.

Q Did you and Mr. Holmstead discuss the time frame of the project specifically?

A We did.

Q And what time frame did you discuss with Mr. Holmstead?

A We thought it would be about three years.

Q Did you and Mr. Holmstead discuss the percentage of your time that this research project would encompass?

A The idea was that it would be a hundred percent of the time, because it's awfully easy to get caught up in the office with day-to-day crises, and that was the idea. It never worked out that way, but --

Q What do you mean, it never worked out that way?

A Well, because I'd be sitting in the office and because of all my experience, people would be constantly coming in and asking questions about specific issues, talking

about strategies to follow, seeing if I could help them dealing with an outside stakeholder that maybe they were having a hard time getting ahold of or having a hard time communicating with, or other people in the agency or other people in the federal government.

Q So you never got to spend as much time on the research project as was envisioned by Mr. Holmstead.

A That's correct.

Q Did Mr. Holmstead supervise your work on the project?

A We would -- well, we would talk about it periodically probably every month or six weeks, but again, Mr. Holmstead left that position shortly after this was all approved.

Q And who assumed Mr. Holmstead's assistant administrator of OAR position?

A Gentleman named Bill Wehrum became the acting assistant administrator.

Q When Mr. Wehrum assumed the assistant administrator position, did you and he have a discussion about the project that it was envisioned would take up a hundred percent of your time?

A We did, and it was my impression that Mr. Holmstead had already informed Mr. Wehrum about that.



Q What was the basis for your impression?

A I think we were just sitting down talking, and my recollection was that he brought it up first.

Q And what was Mr. Wehrum's reaction to the research project?

A He was supportive.

Q Did Mr. Wehrum tell you that he wanted you to continue work on the research project?

A I don't recollect him using those words, but what I took from our meeting is that I would be continuing working on it, yeah.

Q Do you recall what Mr. Wehrum said to you concerning the research project?

A I don't recall the exact words, no.

Q Did Mr. Wehrum ask you to stop working on the research project?

A No.

Q And it was your impression that Mr. Wehrum wanted you to continue working on the research project?

A Yes.

Q Did you tell Mr. Wehrum that you were intending to spend a hundred percent of your time working on the research

project?

A I told him that was the goal, and we talked about the difficulty of doing that in that environment.

Q Was -- did Mr. Wehrum express support of that goal?

A Yes.

Q Did Mr. Wehrum supervise your work on the research project?

A Again, we would talk about it periodically, the progress I was making with the literature, and we would talk about ideas. This -- this whole approach was something that actually was kind of favorably viewed by these brand of Republicans because it was kind of a market-oriented, less overregulation approach.

Q Did Mr. Wehrum ask for any written work product?

A No.

Q Did Mr. Wehrum and you discuss time frame for completion of the research project?

A I don't recall.

Q Were you still working on the research project when the next assistant administrator of OAR assumed the position?

A I don't recall when Bill left and when Bob Meyers took over that position.

Q Do you recall whether you were working on the research project when Mr. Meyer assumed the position?

A I don't, because I don't recall whether he was -- I don't recall when he took it over.

Q When did you stop working on the research project?

A We completely stopped in December of 2010 when Gina asked me to stop.

Q Can you describe the conversation in which Ms. McCarthy asked you to stop working on the research project?

A It was a phone call, and she asked me to come back to be working full time on kind of the regular duties and reassume management of the international work and the climate work for the air office, and basically said things were so busy that we just can't afford having somebody out there doing an academic project. We need all hands on deck.

Q Was December 2010 the first time since you began the project in 2005 that you had been asked to stop work on the research project?

A Yes.

Q Did you stop working on the research project when Ms. McCarthy asked you to in December --

A I did.

Q -- 2010? I'm going to shift gears and jump back to the retention bonus. When did you first become aware that EPA provided retention bonuses to employees in certain circumstances?

A My first awareness of it was when it was offered to me in '91. I knew nothing about it before that.

Q So prior to having the retention bonus offered to you, you were unaware that a retention bonus was something employees at the EPA could receive?

A I didn't know such a thing existed, right.

Q Had you ever had a conversation prior to receiving an offer for the retention bonus with Mr. Brenner about retention bonuses?

A No.

Q And so I'm assuming you never asked to receive a retention bonus?

A No, that's right, I never did.

Q Do you know who recommended that you receive the retention bonus in 1991?

A The recommending official would have been the assistant administrator, who was Bill Rosenberg.

Q Do you know who recommended to Bill Rosenberg that you receive a retention bonus?

A I think that's -- all those signatures are on that form, and so I'm sure that Rob Brenner initiated it. I think there were several other people in OAR. I'm not sure how many. And then Mr. Rosenberg would have recommended it and then somebody else would have had to approve it.

Ms. [REDACTED] I'm going to mark the 1991 retention bonus paperwork as Exhibit 4.

[Exhibit No. 4 was marked for identification.]

BY MS. [REDACTED]

Q Take your time to review and let me know when you would like to continue.

A Okay.

Q Do you see the signatures that you were referring to on page 2?

A I do.

Q On page 2 under review, certifications and approvals, letter A, it says requesting official's signature. Is that Mr. Brenner's signature?

A I think it is. Don't have any reason to doubt it.

Q Do you recognize the reviewing official's signature?

A I do. I think that's Mike Shapiro.

Q And was that B that you were reading?

A That's right.

Q Okay. Do you recognize the signature of C, reviewing official's signature?

A If you can call it a signature, it's Bill Rosenberg's.

Q Okay. Do you recall receiving job offers prior to receiving this retention bonus in 1991?

A Yes.

Q Can you describe the job offers that you recall receiving prior to receiving this retention bonus in 1991?

A Yes, I had a offer with -- again, my recollection was reduced to writing from my former law firm. I'd had discussions with a law firm in Minneapolis, Minnesota, which was thinking of developing kind of a -- they didn't want to call it a lobbying practice, but a legislative strategy practice, and there had been an overture or discussion from one of the automobile manufacturers.

Q So your former law firm with whom you've had sort of a amicable -- mutual split several years before wanted to get you back essentially?

A Well, I don't want to confuse you.

Q Okay.

A The law firm that I left to come to EPA was a law firm in Minnesota, not the one in Seattle, and that had --

Q Okay.

A -- three partners and practiced kind of all over the state, so that's the one that made the offer to have me come back.

Q Did you do anything to pursue these job offers?

A I'm not sure what you mean, pursue.

Q So you get a call and someone says hey, we'd like to have you come, we're interested in setting up a legislative practice, et cetera. Did you have any further communications, did you have visits? How serious were you about these opportunities and what did you do to demonstrate that seriousness to each of the offerors?

A So in the case of my former law firm, we talked about it quite a bit. In the case of the other law firm in Minneapolis, we had lunch a couple of times and talked about it. I wasn't sure that they were that serious on developing this type of practice, and I wasn't sure if I was going to go back to Minnesota. I'd want to go to Minneapolis, so we had

lunch a few times. And with the auto company, it was comments in meetings. We never had lunch or sat down and talked about it, but when we'd had meetings, he would pull me aside and say have you ever thought about leaving government service?

Q Who at EPA do you recall discussing these offers with in the 1991 time frame?

A Oh, I think I talked with -- I definitely would have talked about all of them with Mr. Brenner, but I probably mentioned them to a lot of people, other colleagues. I don't specifically remember mentioning it with an assistant administrator, but I might have with Rosenberg, because we were quite good friends too, so --

Q Were you ever asked for any written evidence of any job offer in the 1991 time frame?

A I don't remember being asked for it, but I thought it was there because I do recall this letter from the law firm.

Q Do you recall providing that letter to anybody at the EPA?

A I do.

Q To whom do you recall providing the letter from the law firm reflecting a written offer to you?



A Well, when they were -- I don't actually know. It could have been one of the secretaries, you know, to give to -- to put in the file, so I don't recall who I gave it to.

Q Do you recall providing the letter reflecting your written offer from the law firm prior to receiving the retention bonus?

A Yes.

Mr. Kern. Let me just interject. Are we talking about the 1991 bonus or the subsequent reauthorizations on that.

BY MS. [REDACTED]

Q Thank you. I was intending to be talking about the 1991.

A Okay, the '91.

Q Does that change your answer?

A No.

Q In 1991, were your colleagues who also worked on the Clean Air Act receiving similar types of offers from the private sector?

A I don't know.

Q Did you hear colleagues talking about getting phone calls from law firms, auto manufacturers?

A I don't recall that, but for example, my role was

much, much higher profile than most of the team of people who worked on this. I mean, I was the guy who was arguing with OMB, I was the guy who was at the White House, I was the guy up on the Hill in Senator Mitchell's conference room, so -- so -- but I don't have any recollection of others talking about it.

Q Were you surprised to receive the retention bonus?

A I was, yeah, yeah.

Q Can you turn to page 9 of Exhibit 4? I'm sorry.

It's actually -- well, page 9 up in the top.

A Yeah.

Q In the middle of the paragraph, it reads, "His most recent offer, confirmed by his immediate supervisor, Mr. Robert Brenner, director, Office of Policy Analysis and Review, is from a major consulting firm in Minneapolis, Minnesota. This firm has offered Mr. Beale a full partnership with stock options at double his present salary." Is that the offer you're referring to from the former law firm in Minneapolis, Minnesota?

A From -- not my former law firm. Another firm in Minneapolis.

[Exhibit No. 5 was marked for identification.]

BY MS. [REDACTED]

Q I'm handing you a document that has been marked Exhibit 2. It is 1992 reauthorization paperwork for your retention bonus. Take your time and review and let me know when you're ready. Oh, Exhibit 5. Thank you. Exhibit 5.

A Okay.

Q Again, I'm sorry, this document is not -- it does not have page numbers, but if you could turn to the page that has number 9 and "Likelihood of Leaving" at the top?

A Yeah.

Q The middle of the paragraph reads, "His most recent offer, confirmed by his immediate supervisor, Mr. Robert Brenner, director, Office of Policy Analysis and Review, is from a major consulting firm in Minneapolis, Minnesota. This firm has offered Mr. Beale a full partnership with stock options at double his present salary." So that language is essentially identical to the language contained in the 1991 initial paperwork. Did you receive the identical offer a year later?

A Well, it was an ongoing kind of discussion that lasted for that period of time.

Q Can you describe what you mean by an ongoing

discussion?

A Sure. They had a representative -- I don't know if they had an office in Washington, but they would be representing clients here before various government agencies, and periodically they would talk to me about whether I wanted to come and join them or not.

Q So they would continue to extend the offer to you to join them and the firm in Minneapolis?

A It was for a while, that's right. I don't remember the exact dates, but it was extended for a while.

Q Do you remember how many years the offer was extended?

A Well, my recollection is that we started talking about it -- I'm afraid I'd just be speculating. I don't know.

Q Do you recall the name of the person who spoke to you in the D.C. office?

A No, I don't.

Q Do you recall the name of the firm?

A It was Dorsey & Whitney.

Q And did you speak to Mr. Brenner in 1992 about the fact that the offer from the Minnesota firm had been

continued?

A I don't have specific recollection of doing it, but it would not be surprising if I had.

Q Do you recall Mr. Brenner or anyone else in 1992 asking you about whether you were receiving offers from the private sector?

A I don't have any recollection.

Q Do you have any recollection of Mr. Brenner or anyone else in 1992 asking you for verification of offers from the private sector that you had been receiving?

A No, no recollection.

Q In 1992, were you provided a copy of the recertification paperwork?

A I can't swear to this, but my best recollection is that I was not. I remember the '91, and I remember -- I think there was a '93 also, but I don't have a recollection of seeing this.

Ms. [REDACTED] We're going to mark the 1993 paperwork -- the 1993 recertification paperwork as Exhibit 6. Sorry, this one's not stapled --

[Exhibit No. 6 was marked for identification.]

BY MS. [REDACTED]

Q -- which is really inconvenient for you. If we look at the bottom of the first page, it reads, "He is being courted by a major law firm in this area at a starting salary of \$250,000, including stock options, and also by an international consulting firm headquartered in London, England." Did you receive an offer of employment by a firm in London, England in 1993?

A I did, yes.

Q And what is the name of that firm?

A I'm sorry, I don't recall.

Q The letter also states that you are being courted by a major law firm in this area at a starting salary of \$250,000, including stock options. Do you recall the name of that major law firm?

A No, I do not.

Q Do you recall having conversations with Mr. Brenner or any other EPA employees about receiving either the offer from the major law firm or the firm headquartered in London, England?

A I do not.

Q Do you recall being asked for paperwork to verify receipt of either of these?

A No, I do not recall that.

Q Do you recall receiving the 1993 reauthorization paperwork?

A Yes, I did see that.

Q In 1994, you continued to receive a retention bonus, correct?

A I believe that's right. Let me go back to this question on the bottom of the first page.

Q Sure. Which document are you looking at?

A Number 6.

Q Okay.

A I was being courted by a start-up firm and -- offering a large salary and stock options. It wasn't a law firm. It was an energy consulting firm, and it was actually a firm being organized by the former assistant administrator at EPA, Bill Rosenberg, so the only thing I can think of here was somehow when this was typed up, they called it a law firm, but this was Mr. Rosenberg's firm.

Q So you think that when this letter was written, they mistakenly wrote that you were being courted by a major law firm, when in fact, you were being courted by a major energy firm, and the major energy firm was Mr. Rosenberg's firm. Is

that accurate?

A Well, I don't know that. That's the only explanation I can have for that.

Q Because you don't recall being courted by a major law firm in this area at the time?

A I do not, no. Sorry, you were asking about '94?

Q Yes. So you continued to receive a retention bonus in 1994, correct?

A Right.

Q Did you ever see reauthorization paperwork in 1994 for your retention bonus?

A No.

Q Did it strike you as odd that you continued to receive a retention bonus but you hadn't received paperwork?

A It did not strike me as odd because I had no idea what the policies or procedures were for reauthorizing these things. I just assumed that whenever it needed to be reauthorized, they would contact me.

Q Did you see reauthorization paperwork in the years 1995 through 1999?

A I have no recollection of seeing any.

Q Do you have recollection of anyone asking you between



1994 and 1999 about whether you were still receiving offers from the private sector that you were pursuing?

A No, I don't have any recollection of that.

[Exhibit No. 7 was marked for identification.]

BY MS. [REDACTED]

Q I'm handing you a document that's been marked Exhibit 7. It is the 2000 retention allowance paperwork.

A Uh-huh.

Q And if you look at the second page --

A You mean this one?

Q The second page of the letter.

A Oh, okay.

Q It reads, "He is presently being courted by a major law firm in this area at a starting salary of \$250,000, including stock options, and also by an international consulting firm headquartered in London, England. Their salary offer is for \$175,000 plus an attractive benefits package." Since you weren't being courted by a major law firm in this area at a starting salary of \$250,000 in 1993, I'm guessing that in 2000, you were still not actually being courted by a major law firm; is that correct?

A That's right.

Q Were you being courted by an international consulting firm headquartered in London, England?

A Yes.

Q You were.

A Yeah.

Q Was it the same firm that you were being courted in 1993?

A No, different one. This is one that I mentioned earlier this morning. Three former members of the British government were starting to be working specifically on climate change issues.

Q Were you being -- receiving offers from the private sector from other areas in 2000?

A I had received another offer from another automobile manufacturer as a result of the work that we did on the NLEV program, and she first made that offer -- or started talking about it in I think 2000 -- I'm sorry, in '97, and she brought it up occasionally over the next few years, so --

Q Did anyone in 2000 ask you for verification of these offers?

A The verification, you mean something in writing or phone numbers they could call?

Q Did anyone in 2000 ask you for phone numbers that they could call to verify that you had received the offers you purported to receive?

A I'd be speculating. I don't recall.

Q In 2000, did anyone ask you for a written document verifying that you had received the job offers from the private sector you had purported to receive?

A Not that I recall.

Q Did your rate of receiving job offers between 1991 and 2000 slow?

A No, I would say it was -- stayed pretty constant because most of my workload was domestic, and my workload changed to be mostly international starting in about '99, and after that, it definitely slowed because I was dealing much less with domestic people who might be interested in me.

Q According to the EPA's IG's report, at some point you were coded by the EPA as C, which means a critical pay employee, and critical pay positions as authorized by the Office of Personnel Management can exceed statutory limits. Do you know when you were coded as a C employee?

A No, I have no knowledge of that.

Q Were you ever consulted about the decision to be

coded a C employee?

A No.

Q When you were speaking with my colleagues in the majority in the last hour, you mentioned that the first time you recall affirmatively informing individuals in the EPA that you worked for the CIA was sometime in the 2001 and 2002 time frame when you spoke with Assistant Administrator Holmstead; is that correct?

A That's right.

Q Can you describe that conversation?

A Well, again, I don't -- I don't remember the details of it, but the substance of it would have been Jeff, I've had this experience working before, working for the CIA and they've asked me if I would on a limited basis help out with reviewing operations, and it was going to be like half days, maybe a whole day occasionally, and that was the extent of it as far as I recall.

Q Do you recall Mr. Holmstead's reaction to this revelation?

A No, I'd just be speculating.

Q Do you recall what Mr. Holmstead said in response to your statement that you worked for the CIA?

A I don't remember any exact words, but the substance was okay.

Q Did Mr. Holmstead ask for any phone numbers or contact information to verify that you worked for the CIA?

A No.

Q Did Mr. Holmstead ask for any written documentation to verify that you worked for the CIA?

A No.

Q Did Mr. Holmstead ask for additional details about how long you would be conducting this particular assignment for the CIA?

A No.

Q Did Mr. Holmstead ask to be kept apprised of when you would be conducting CIA work?

A I don't have a recollection of that.

Q Prior to informing Mr. Holmstead that you worked for the CIA, do you recall informing any other EPA employees that you worked for the CIA?

A No, I have no recollection of saying to people that I did that.

Q How did the idea that you would tell people you worked for the CIA first come about?

A I was starting to take time off, to steal my time from the government, and I think that I felt that I needed to have some excuse for that.

Q How did you come up with working for the CIA?

A I don't know. I mean, if I was going -- I don't know. I just made it up.

Q Were there rumors or jokes that you worked for the CIA that preexisted your affirmative representation that you worked for the CIA?

A Yes, there were, because -- I don't know, just because of my personality and because of the fact that I traveled a lot for international work and because a lot of times when you're working, as you guys know, when you're working with Hill staff and members, people from agencies don't have that show up on their calendars because they're confidential sessions and people would joke about it and I would deny it and I would laugh it off or I would say something like well, if I told you anything, I'd have to kill you. I mean, it was a -- it was a joke.

Q At first.

A At first, which I didn't think any of us were taking seriously.

Ms. [REDACTED] My hour's run, so we'll go off the clock.

[Recessed at 12:20 p.m.]

[Reconvened at 12:38 p.m.]

EXAMINATION

BY MS. [REDACTED]

Q Mr. Beale, I'm going to pick up a little bit where [REDACTED] my colleague on the minority side, left off, and that was sort of discussing the lie that you were working for the CIA, and how your colleagues at the EPA didn't question that. I think you said it started as a joke, and then at some point, you let everyone sort of believe it and you started making affirmative representations that that was the case, and in my previous round, I showed you two e-mails where you represented that to Mr. Brenner. In your mind, why do you think Mr. Brenner, Ms. McCarthy, other officials that you worked with at EPA believed that you were working for the CIA?

A Well, I don't think I have any basis to answer what was going on in their minds.

Q But at some point you must have thought -- asked yourself how am I getting away with this, why are people believing this. Is that not the case? You were just glad

they believed it?

A Well, I think -- I don't think I was as introspective as you're suggesting. I do think that there was a long history of justified trust and confidence and belief in what I was doing, and that I took advantage of that and I abused that trust and that confidence, and that's all I can say really.

Q So at EPA, once you reach a certain level, is it fair to say you are less likely to be questioned regarding day-to-day activities such as, you know, travel requests and time and attendance and things like that?

A No, I wouldn't say that at all. You know, I think that was true in my case, but I would not generalize that to the agency as a whole.

Q Okay.

A I have no basis to know.

Q But you were at the agency for decades.

A Right.

Q Once you -- did anyone question your claims at any point?

Mr. Kern. About the CIA?

BY MS. [REDACTED]



Q Right.

A Not to my knowledge.

Q Was anyone skeptical at all? Did they say -- how about your wife, did she ever question it?

Mr. Kern. Well, communications between John and his wife are privileged, so --

Ms. [REDACTED] Under common law, yes, and unfortunately, we -- the committee doesn't recognize common law privileges.

Mr. Kern. I understand that, but common law or not, it is a privilege that's recognized here in the District of Columbia and elsewhere, and I'm duty bound to protect that privilege on his behalf. And in any event, since the privilege is held jointly by his wife, I'm certainly not in a position to allow him to do something today that would do violence to her privilege, so I will instruct him if I need to not to answer any questions that go to the two privileges, the communications privilege and the testimonial privilege.

I mean, I'm not sure -- I guess I have two thoughts. One, seems to me you can work around the privileges. And in any event, I'm not sure why his marital communications would be necessary to explore, but that's obviously within your domain.

Ms. [REDACTED] I'm just trying to pique his recollection as to whether anyone ever questioned --

Mr. Kern. And I take that --

Ms. [REDACTED] -- his claims that he worked for the CIA.

Mr. Kern. Fair enough, and as long as that question doesn't encompass his wife, I'm fine with that, but I do have to assert the marital privileges. I mean, I have no choice in this. I wouldn't be doing my job if I -- if I allowed questions to go to his privileged communications.

Ms. [REDACTED] Okay, I think, you know, as I've told you, the committee only recognizes constitutional privileges, so I think it would be the opinion of the committee and the chairman that you need to answer the question. If you choose to answer it that no one ever questioned your claims that you worked for the CIA, that's fine if it's truthful. If there is someone that questioned it, then you need to tell us that.

Mr. Kern. Well, and again, I just can't allow him to answer any questions that go to his marital privileges.

BY MS. [REDACTED]

Q Okay. Did anyone at the agency ever -- I actually think we need to go off the record for a second.

[Discussion off the record]

BY MS. [REDACTED]

Q We do have some e-mails that show that you did make misrepresentations to your colleagues at EPA, specifically Gina McCarthy, and I'll -- we'll mark this Exhibit 8.

[Exhibit No. 8 was marked for identification.]

BY MS. [REDACTED]

Q It's an e-mail from John Beale to Gina McCarthy, February 22nd, 2010. Mr. Beale writes, "I have to attend some business in Virginia this week. I will be out here today and Thursday, at EPA all other days. I'm reachable by text, e-mail and cell." What did you mean by Virginia, because you resided in Virginia, right? Okay, so what did you mean in this case? Do you believe you were referring to the CIA or your residence in Virginia, or maybe I should ask you, what terminology did you use for your CIA work?

A This was the period of time when I was still working on the project, so in an effort to -- I could have been working on the project. Usually I think when I was perpetuating the lie about CIA, I called it Langley. Maybe not exclusively, but -- but this particular date and time, I don't know which of those things refers to.

Q Okay. Were you -- did you ever refer to it as D.O.

oversight, your work at Langley?

A Yes, those were -- yeah.

Q And my understanding is that's what you would put on your calendar at EPA; is that correct?

A Yes.

Q And what was your purpose in doing that? Did other people have access to your calendar at EPA?

A Yes.

Q So you were hoping that perhaps if somebody was looking for you, they would just tap into your calendar and know by that notation that you were doing your purported CIA work? Is that the case?

A I didn't know that anybody was checking the calendar, but I was creating a false record in the calendar.

Q Okay. How did you -- so you would call it Langley -- D.O. stands for what?

A Directorate of operations.

Q Okay, D.O. oversight. You may or may not have referred to it as Virginia on occasion.

A Yeah.

Q In some of your e-mails, and maybe we'll get to them, you said you had to step out of the tank. Do you know what

that means?

A That would have been referring to CIA fabrication work.

Q Where did you come up with all these code words?

A Not sure what you're asking.

Q So how did D.O. oversight -- is that just completely a fabrication or have you seen that in a book, a movie --

A Fabrication.

Q Okay. Get another e-mail. We'll mark this Exhibit 9.

[Exhibit No. 9 was marked for identification.]

BY MS. [REDACTED]

Q And this is an e-mail -- or an e-mail chain between John Beale, Gina McCarthy and Beth Craig, and you write on May 8th, 2010 to Ms. McCarthy, "Gina, contrary to what I believed when we spoke last Tuesday, I do have to travel out of the country next week. Events last weekend have made this trip necessary. I expect to be back in about ten days. I'll be reachable by text, e-mail or cell much of the time." Do you recall what events you were referring to?

A No, I do not.

Q So May of 2010 -- that doesn't ring a bell with any

significant media activity related to anything?

A No.

Q Do you think you actually left the country in May of 2010?

A I don't recall whether I did or not.

Q Okay, and Ms. McCarthy replies, "Thanks, John. Stay safe." Why do you think she said that?

A I don't know. You have to ask her.

Q Okay. Did you ever feel -- when you got that response from Ms. McCarthy, did you ever feel any sort of guilt for making these representations to her? She thinks you're off doing all these brave things for the CIA, the good of the country. Did you ever feel any remorse at this time the e-mail's taking place?

A Yes.

Q Did you ever think that Ms. McCarthy should have been questioning you? Did you ever think wow, how am I getting away with this, why am I not getting questioned?

A No.

Ms. ██████ I think these two e-mails actually go together, and we'll mark these Exhibit -- where are we? Ten?

[Exhibit No. 10 was marked for identification.]

BY MS. [REDACTED]

Q I think they go together. I'm hoping you can tell us if they do or not. So one of them is Ms. McCarthy on October 22nd, 2010, Ms. McCarthy says, "John, can you call me? Thanks." And then on the 26th, you respond, "Sorry I missed your call. I am" -- or actually, looks like you're exchanging phone calls. Do you think this is one chain talking about the same call or --

A I'm sorry, I just don't know.

Q Okay. How frequent did you have contact with now Administrator McCarthy?

A In the -- in the period of time that I was working there, actually showing up for work --

Q Uh-huh.

A It would be frequent, daily, and in the time that I stole from the government, very infrequent. Usually by phone or text or something.

Q So was there a drastic change or was it sort of a gradual change in the communications you had with Administrator McCarthy over the period of let's say 2010 to 2013?

A Well, I don't think there was a time- dependent

change. As I said, I think it was dependent if I was there in the building working, then we were in contact. If I was stealing time from the government, then we tended not to be in contact.

Q Okay. When your contact sort of trailed off, were you ever concerned that suspicions would be heightened that something was not on the up and up? Did you ever -- I can ask it another way to be more clear. Did you ever think that Ms. McCarthy would be concerned about the lack of communication from you?

A I wouldn't put it that way. I would say that I think that Administrator McCarthy is a good manager, in spite of what I did, but I don't think I ever felt in jeopardy.

Q Okay. Here is another e-mail we'll mark.

[Exhibit No. 11 was marked for identification.]

BY MS. [REDACTED]

Q Exhibit 11. This may be part of the other chain that we were looking at. It's from you to Gina McCarthy, 10/27/2010. It says, "Thanks for your note, Gina. We are back on the grid and all is well. Will try calling today at a reasonable hour in D.C." Who is the we you're referring to here? Do you recall?



A No, I do not.

Q It looks like they might have been sort of checking in and you vice versa. Is that a fair characterization of this e-mail?

A I apologize. I'm not trying to be stubborn, but I just can't characterize it.

Q Okay. Are these the types of communications that you had with Ms. McCarthy during this time, sort of sporadic, checking in, representing that you were out of the country and difficulties like that maybe that would impede your communication with her?

A It's probably right.

Q And at no point did you think that she should have questioned your time and attendance at the agency?

A I never had an opinion about that.

Q Okay. What did you mean by back on the grid? Do you know?

A No, I don't recall.

Q Do you know if you were out of -- in the United States or --

A I don't recall.

Ms. ██████ Okay, we'll mark this Exhibit 12.

[Exhibit No. 12 was marked for identification.]

The Witness. Thank you.

BY MS. [REDACTED]

Q Remind me when your retirement party was. September of --

A 2011 I believe.

Q Okay. So here you're talking to Ms. McCarthy. Why don't you tell me what you were talking to her about. Take a moment to read it if you need to.

Mr. Kern. Do you have another copy of that, 12?

Mr. [REDACTED] Oh, sorry. Sorry about that, John.

Mr. Kern. Okay.

BY MS. [REDACTED]

Q Want me to break it down for you into parts --

A No.

Q -- and ask you questions about it?

A No, that's okay. Yeah, my best recollection of this is that she was asking me to -- this is when she asked me to wrap up the research project and resume managing the international work and climate work full time.

Q Okay. What do you think you were talking about when you said, "Just a quick note to let you know things are

progressing well here"? Were you out -- do you recall being out of the country --

A I don't.

Q -- in November of 2010?

A I don't recall.

Q And you say, "As of now, I will return to the States on Sunday." Do you think that you were really truly out of the country, or was this part of your falsehood to perpetuate the lie that you were with the CIA?

A I just don't recall.

Q Do you know who might have that information?

A No.

Ms. [REDACTED] Here's Exhibit 13.

[Exhibit No. 13 was marked for identification.]

BY MS. [REDACTED]

Q This is an e-mail from you to Gina McCarthy dated November 29th, 2010, and you say, "I've been out here in Virginia most of the weekend and will be most if not all of today, so will probably not be at EPA today, but will be the rest of the week," and she says, "Thanks, John." Do you think you were referring to your residence in Virginia or the CIA?

A I just don't recall.

Q If it was your residence and you just maybe were meeting the cable guy or something, is this typically how you would communicate that, or would you put in a more formal leave request? Would you go to Ms. McCarthy?

A Oh, no, if it was something like the cable guy, you'd do a leave request, so this probably would have been finishing stuff up on the project, the research project.

Q What link was there between Virginia and the research project?

A Well, there was time -- in order to not be constantly interrupted with colleagues having questions and wanting to talk to me about things, sometimes I would work on it at home.

Q Okay. And that's what you think you were doing in this case, because this is prior to the research project being cancelled?

A That's right. It's in the process of shutting it down.

Ms. ██████████ All right, we'll mark this as Exhibit 14.

[Exhibit No. 14 was marked for identification.]

BY MS. ██████████

Q This is an e-mail from you to Gina McCarthy dated November 30th, 2010. Its subject matter is update, and you say, "So it goes, I had to make a fast trip to London last night. Still here but heading home in a few hours. Will get back around 2100 tonight and be in the office tomorrow. Sorry for this diversion." Why did you have to make a fast trip to London?

A No, I think this is part of my charade.

Q Okay, so in November of 2010, you were not in London on official business for the EPA?

A Not that I recall.

Q And this e-mail was on the EPA servers. Have you ever had Gina McCarthy's personal e-mail address?

A No.

Q So you never communicated with her via personal e-mail.

A No, I don't even know if she has one.

Q So do you recall -- I think I asked you this already, but in November of 2010, were you in London?

A I don't recall being in London in November 2010.

Q Okay.

A I can't say I wasn't, but I --

Q Do you remember her response to this e-mail?

A No.

Q Did she ever question when you said you had to be away for a few hours or these absences such as this?

A Not to my recollection.

Q So she would never push back and say hey, John, I really need you in the office, like we're meeting on a subject matter that you are the expert on?

A Oh, I think there probably were sometimes like that, yeah.

Q Okay.

A But then I would -- right.

Q Did you ever push back on her and say well, I'm out of the country, I can't be there?

A I have no memory of doing that.

Q All right, we'll mark this Exhibit 15.

[Exhibit No. 15 was marked for identification.]

BY MS. [REDACTED]

Q That's a bit longer, so take some time to look at it. So in this e-mail dated December 1st, 2010, you're providing Ms. McCarthy with a draft of a note that you could use for OAR. What does that mean?

A Well, this was after she had asked me to come -- stop doing the research project and come back and take over the climate and international work, and generally when people change positions or change what they're doing, there's kind of an announcement that goes out to all the staff, so this was a draft that I put together, which I don't think she used much of, but --

Q Were you ever confused as to why she would ask you to come back and take this significant role, one that required an announcement, when you had been absent, as we've shown in these prior e-mails that all predated this, when you'd been absent from the office for your other purported job, did this surprise you that -- or did you think this was maybe an attempt to bring you back to the office? What were your thoughts on this announcement and new role?

A Well, neither of those things. I thought that the office was very busy and kind of needed all hands on deck, and she was making a very reasonable request.

Q And down at number 3, the very last line of your e-mail, you said, "Would you like me to attend the all-day planning session on December 9th?" Do you recall what that was about?

A No, I don't.

Q Okay. So also in this e-mail, under number 2 are listed several awards that you received during your tenure at the EPA, three gold medals, the Lee M. Thomas Award for Excellence In Management, Fitzhugh Green Award for Outstanding Contributions to International Environmental Protection, Presidential Award for Meritorious Service. Were these a result of your work on the Clean Air Act or subsequent work?

A No, some of them were on the Clean Air Act, and others were on subsequent work.

Q So these are probably the awards that helped you garner the trust that we've been talking about, the trust of your colleagues at EPA. Is that fair to say?

A I can't say what impact these awards would have on people. They're just awards that I was given.

Q Okay. Are these awards given out annually?

A No, I don't think any of these are given annually. I think -- I think there are -- the gold medals, when there are events that merit it, are given out. Whether those are annual or not I don't know. I don't know about the Lee Thomas award, whether that's annual or not. The Fitzhugh



Green award, my understanding is that it's not annual, it's just whenever the Office of International Affairs believes it's warranted. The Presidential rank awards and awards for meritorious service, I think those are annual ones.

Q Do you think when Ms. McCarthy was giving you these new -- or asking you to come back and take over these responsibilities, she was under the impression that your CIA work superseded your EPA work? Do you have any idea what her understanding was?

A No, no idea.

Q Did you ever tell her one way or the other?

A No.

Q Okay. And you weren't surprised that she asked you to take on this new role in spite of your CIA -- purported CIA work taking you out of the office and requiring you to travel and things like that?

A I was not surprised that she asked me to take on this role.

Ms. ██████ Okay. Let's mark this Exhibit 16 please.

[Exhibit No. 16 was marked for identification.]

The Witness. Killing a lot of trees here today.

BY MS. ██████

Q It will all be recycled.

A Yeah.

Q This is an e-mail from you to Gina McCarthy, December 18th, 2010. Status update is the subject, and you write, "Due to recent events that you have probably read about, I am in Pakistan. Got the call Thursday and left Friday. Hope to be home for Christmas. I was supposed to be on use or lose leave anyway so it will not affect EPA work. I am reachable by cell, text or e-mail within a nine-hour time difference, ho ho ho." So what -- do you know what recent events you were referring to in Pakistan?

A I don't recall.

Q I think -- my recollection is that the CIA chief had -- there was an incident in Pakistan. Does that ring a bell? The chief of the CIA station engaged in firearms with some of the local Pakistanis, so he was pulled out of country. Does that ring a bell at all?

A I think there was an incident with a CIA contractor did that, not the station chief.

Q Do you recall what Ms. McCarthy's response was to this e-mail?

A I don't.

Q What made you think that you needed to give some sort of excuse about the fact that you were on use or lose leave anyway? I'm guessing you just didn't want to look derelict?

A I really don't recall.

Q Did you ever -- do you ever recall -- you say I'm reachable by text, cell, e-mail. Do you ever recall Ms. McCarthy calling you up and trying to get in touch with you when you were purportedly on your CIA duties?

A You've shown other e-mails where she asked to call me -- me to call her.

Q But she never tried to call you, to your recollection?

A I don't have a recollection of her initiating a phone call to me, but that would not be unusual for an assistant administrator, given how busy they are. They would send a text or an e-mail asking me to call them.

Q Okay. Do you -- so you said you didn't recall the response to this e-mail, correct?

A Correct.

Q Did you have any --

Mr. Kern. Wait. I'm sorry, was there a response to this e-mail, do we know?

Ms. [REDACTED] I think he said he didn't recall one.

Mr. Kern. Okay, all right.

Ms. [REDACTED] And we don't have one.

Mr. Kern. Okay.

BY MS. [REDACTED]

Q Do you recall talking to Ms. McCarthy about the events in Pakistan?

A No.

Q Did anyone at EPA ever inquire about what you were doing when you were purportedly working for the CIA?

Mr. Kern. [REDACTED] I'm not sure I follow the question. I think I know what you're asking. Can you rephrase that?

BY MS. [REDACTED]

Q Did anyone ever ask you what you were doing in Pakistan?

Mr. Kern. For the C --

BY MS. [REDACTED]

Q For the CIA.

A I don't have any recollection of anybody asking me.

Q Did anyone ever raise questions about your qualifications to work for the CIA?

A I have no recollection of that either.

Mr. Kern. We're talking about at any time when he began the lie 2000 through --

BY MS. [REDACTED]

Q Yes, yes, at any time. Did -- did your administrative assistant ever raise any concerns to you or ask any questions about your CIA employment?

A Again, you mean at any time?

Q I'm under the impression that Addie Johnson may have questioned the fact that you worked for the CIA. Do you recall that?

A I do not.

Q Are you aware of any other individuals who are employed by a government agency but are actually CIA operatives?

A No, I'm not.

Q Are you aware of any process that EPA has in place that would verify sort of a joint -- joint employment with the EPA and the CIA?

A I'm not aware of any such process.

Q And you're not aware of anyone else at the EPA that does work -- or --

Mr. Kern. Let's hope not.

BY MS. [REDACTED]

Q Are you -- you didn't get this idea from one of your colleagues, I'm guessing.

A No, I did not.

Q Let's move on. Here is another exhibit, 17.

[Exhibit No. 17 was marked for identification.]

BY MS. [REDACTED]

Q This is an e-mail from you to Gina McCarthy, January 20th, 2011, and you say, quote, "I will come out of the tank roughly every hour to check for messages if you want to talk about anything." Why did you write this e-mail to Ms. McCarthy?

A Just to let her know that she could reach me if she needed to.

Q Do you have any idea where you were when you wrote this, January 2011?

A I don't know where I was, no.

Q Was it your practice to write these e-mails to Gina McCarthy as a way of sort of keeping her at bay so she wouldn't bother you if you were at your home in Virginia?

A No, I wouldn't say that. I would say that if I knew that she needed to get hold of me or might want to have

questions of me for a whole range of things that we were working on, that I would let her know that I was reachable and available.

Q What did you mean by come out of the tank? Is that another reference to the CIA?

A Yes.

Q What do you think you were actually -- you can speculate or not speculate. What do you think you were actually doing on this day? What would you be doing typically when you --

A That would just be speculation, and I'm not going to speculate.

Q What were some of the things that you would do when you represented to Ms. McCarthy you were doing CIA work?

A There's no good answer for that. I can't give you good examples.

Q Were you working -- were you working for another company?

A No.

Q Were you playing golf?

A No.

Q What do you do in your free time?

A Read, bicycle, work on the house.

Q Your house in Virginia?

A Both houses.

Q Let's talk a little bit more about the house in Massachusetts. For whatever reason, Mr. Brenner referred to it as a vacation home in his opening statement before the committee. Do you have any idea why he'd do that if it was just a rental property?

A During the time period which we owned it together, it was a rental property. Since that time, we stopped renting it, and it now serves as a vacation home for my family.

Q Has Mr. Brenner ever vacationed with you to that home?

A I think that they were there maybe once. I don't remember when.

Q And when you say they, who do you mean?

A Mr. Brenner and his wife.

Q So you and Mr. Brenner and his wife and your wife would spend time together. Is that fair to say?

A No, we were not there -- my wife and myself were not there at that time.

Q Okay, so he went up by himself with his wife --



A Yeah.

Q -- to use your home? Where is it in Massachusetts?

A The town is North Truro, Massachusetts.

Q Is that on the cape?

A It is.

Q So you never have vacationed with Mr. Brenner.

A No, not to my recollection.

Q But you would characterize your relationship with Mr. Brenner as friends, correct?

A Yes.

Q Because you've known him since you were at Princeton.

A Right.

Q And is your wife friends with his wife?

A Yes.

Q And during the time of our hearing back in October, you were actually staying with Mr. Brenner; is that correct?

A That's correct.

Q And some of our members, I don't know if you saw this if you watched the hearing, made some interesting assertions as to your relationship with Mr. Brenner. Is there any clarification you'd like to give us regarding your relationship with Mr. Brenner?

A I don't -- either I didn't see the assertions or I don't remember them. What were --

Q Well, I think at one point, a member or two may have insinuated that you had more than a platonic friendship with Mr. Brenner. I'm giving you the opportunity to clarify that so no one's casting aspersions.

A Well, there is absolutely nothing to that. I had -- my wife and I had rented out our townhome in Arlington because I knew I'd be going to prison, and I was looking around for other apartments or places to live. Before I could find that, I had a rapidly growing growth in my throat, which resulted in emergency surgery and many, many days in the hospital, and before leaving the hospital, my instructions from my doctor were that I could not be anywhere on my own. Somebody else had to be there.

My wife lives and works in New York City, and Mr. Brenner and his wife kindly took me in, which surprised me, given all the trouble I'd caused them, and shortly after the doctor gave me clearance, I moved out and have had my own apartment in Virginia ever since.

Q Are you and your wife still married?

A Yes.

Q Are you -- so you stayed with Mr. Brenner while -- during the time of our hearing, and that was when you entered your guilty plea. Have you spoken to Mr. Brenner -- are you still in touch with him?

A We are occasionally in touch.

Q Was there any chilling of the relationship as a result of --

A Yes.

Q -- the proceedings in court and in here?

A Yes.

Q So you're renting an apartment here in Virginia now, or in Virginia?

A I am.

Q Is that a requirement of the court or is that your choice?

A No, I knew that there would be a lot of work here through the fall because of the court proceedings and I fully expected that you all would have some more interest in me, so what we, and I say we, my wife and I decided to do was just more efficient for me to have an apartment, and the court wanted to have a permanent address with a phone number that had a land line so that when I report in, they would know

where it was.

So this fall I've been spending 60 percent of my time in Virginia and probably something like 40 percent of my time in New York. Those are not precise numbers. I'm just giving a rough idea.

Q Has your guilty plea and all the scheming that you admitted to affected your relationship with your wife?

A Profoundly.

Q And -- and with Mr. Brenner as well; is that correct?

A Yes.

Q And my understanding is that the court is going to allow you to self-surrender?

A That's correct.

Q What is your plan for that?

A Well, I don't know when or where I will be self-surrendering, but assuming it's within driving distance, my plan would be that my wife would drive me there and then I would report and she would drive home. If it's farther away than that, then I'll have to fly myself there.

Q And you've repaid the government approximately 800,000 and 500,000; is that correct?

A No, I've repaid the government \$886,000 and change,

and I have a forfeiture order for another 507,000, which I've not paid yet but am obligated to pay within 90 days of entry of judgment, which I believe is today.

Q And how -- yes. How do you expect to repay the forfeiture?

A I am liquidating all of my retirement funds.

Q How many retirement funds do you have?

A Well, I -- why don't you tell me so I can answer the question you want to know more clearly.

Q I'm assuming you have a thrift savings plan, correct?

A My thrift savings plan I converted into a rollover IRA at Vanguard.

Q Is that your only retirement account?

A I had one other Roth IRA at Fidelity, which has been liquidated, and I have a Roth IRA at T. Rowe Price. I have liquidated about \$560,000 of tax-sheltered retirement money, which is now in a bank account so that I can pay the government, and I will have to pay ordinary income tax on all that.

Q So the two Roth IRAs that you mentioned, is that money you were just able to sort of put aside, or did you inherit it? I'm just trying to understand how you --

A Yeah, the Roth IRAs were all contributions, you know, subject to the annual contribution limitations. The one -- so that's that. The rollover IRA from the TSP included my deductions from my paycheck plus the agency matching funds.

Q Uh-huh.

A And I'd already liquidated all of my non-tax-sheltered investments to pay the restitution amount, so --

Q What are -- what are those assets?

A Well, there aren't any anymore.

Q What were they?

A They were invested in mutual funds at Vanguard and some at Fidelity.

Q Where did you get the funds to make those investments?

A Those were a combination when my mother died, I got an inheritance of about a hundred thousand dollars, and all the rest was money I'd saved, and I was lucky because I took most of my money out of the stock market just before the crash, and then invested in -- mostly that money came from the growth after the crash of 2008.

Q Okay. Is your wife helping you repay it at all?

A No, not a chance.

Q You're still receiving your retirement; is that correct, or pension?

A My retirement annuity, yes, I am.

Q And how much are you receiving in retirement?

A I guess there's two answers to that. I think before deductions, it's roughly \$3,700 a month, little bit less than that, 3,080 maybe, and after deductions for health care and dental insurance, taxes, Medicare -- I now have a Medicare card, it's going to be net about 2,600 a month.

Q Were there any collateral proceedings, collateral -- administrative proceedings going on that would require you to pay the government back more money?

A EPA is apparently trying to conduct a proceeding to recover the retention incentive bonus from the '90s.

Q Okay, and you've been proposed for debarment; is that correct?

A I'm not a member of any bar right now, so --

Mr. Kern. No, I think she meant the suspension notice you received from the EPA? Is that what you meant?

BY MS. [REDACTED]

Q Yes.

A Yes, right.

Q So you've been suspended from government contracting?

A I've been excluded from government contracting.

Q Or excluded -- okay. Let's go back and talk -- I only have seven minutes, but really briefly about your parking at the EPA. So you pled guilty to fraudulently receiving parking at the EPA; is that correct?

A That's correct.

Q You received a handicapped spot on the basis of your claim that you were a Vietnam veteran and had contracted malaria. Is that true?

A Apparently that's true.

Q Did you claim that you had malaria?

A I did.

Q Did anyone ever ask you sort of detailed questions about that claim or question the veracity of it?

A Not to my recollection.

Q Okay, and did anyone ever question your Vietnam service?

A Not to my recollection.

Q Okay, I'll tell you why I'm asking that, because you are a month younger than my father, and you said you were drafted, correct?



A Uh-huh.

Q And you were drafted through a lottery; is that correct?

A Yes.

Q My father was in the same lottery, and he received a low number, so he signed up, which I guess you waited 'til your number was called; is that correct?

A That's right.

Q Okay, and he's too young to have served in Vietnam, so no one ever -- no one that knew you well like Mr. Brenner ever questioned the veracity of your claim that you served in Vietnam?

A Not to my knowledge.

Q And when you were at Princeton with Mr. Brenner, wouldn't you have been like fresh off that service?

A Not fresh off of it. I -- when I completed my military service, I went back and had to finish my undergraduate education, so it was a couple years later.

Q So when you -- when's your first recollection of telling people you served in Vietnam?

A I would be speculating. I don't know.

Q Did anyone ever ask you for your -- I'm going to get

the number wrong, like DD --

A 214?

Q Yeah, that.

A DD-214? When you say anyone, I think -- I think what I recall when I was working at the U.S. Attorney's office, they requested a copy of the DD-214, which was well before EPA.

Q With regard to the claim of malaria that you contracted in Vietnam, did anyone ever -- at EPA, ever ask for any documentation of the fact that you had malaria?

A Not to my recollection.

Q Would you say that that might be one of the managerial flaws or weaknesses at EPA?

A I wouldn't speculate.

Q Was there sort of once you reached like a certain senior level at EPA, a culture of not requiring documentation of the malaria or the service in Vietnam?

A No, I don't think that's a -- that's a rampant situation at EPA. I think when I first mentioned the malaria and the Vietnam thing, I was not at a senior level. I was a very low level.

Q And no one ever asked you like what negative effects

the malaria has on your day-to-day life?

A Not to my recollection.

Q Did you ever tell Gina McCarthy that you served in Vietnam?

A I don't recall having that conversation with her.

Q Did you ever tell Gina McCarthy that you had malaria?

A I don't recall.

Q Do you know a lot about malaria?

A I would not say I know a lot about it.

Q Like if I decided to make that claim, I wouldn't even know what sort of symptoms to tell people I had.

A Oh, well --

Q Did you do research to --

A I didn't do research, but having been a medic in the Army, I treated people with malaria.

Q Okay, so you had some familiarity with it.

A Yes.

Q So you were in the Army for a period of time?

A I was.

Q How many years?

A Two years.

Q And that was the minimum requirement --

A Uh-huh.

Q -- for you? And --

Mr. Kern. Make sure you answer yes or no so the court reporter picks it up.

A Yes.

Q Did the Vietnam fabrication occur before the CIA fabrication, do you know?

A Yes, I believe it did.

Q So that in your mind bolstered your claim that you -- did it in your mind bolster your claim to work at the CIA?

A No, I don't think so. It's unrelated.

Q Okay, completely unrelated. When was the first -- do you recall like when you thought to yourself that you would start telling people that you served in Vietnam?

A No, I have no recollection of that.

Q And you were never surprised that no one questioned your service in Vietnam because of your age?

Mr. Kern. Actually, let me just ask this question. I'm not sure I follow the age -- I'm not arguing, but he was in the Army stateside during Vietnam. There was a period of time when mostly they were taking troops out of Vietnam.

Ms. [REDACTED] Right, that's what I'm referring to.

Mr. Kern. But I don't know that that necessarily -- the Vietnam conflict was still ongoing at that time, so I don't know that the age issue has an effect one way or the other.

Ms. [REDACTED] I think when you couple it with his educational background and time period, I think --

Mr. Kern. Well, I guess what I mean to say is I don't know that he would agree that the age issue matters to this.

Ms. [REDACTED] To the claim.

Mr. Kern. Right. I mean, he was in the Army while we were still in Vietnam. I think your point, to the extent you're making it, that soldiers were being generally brought out of Vietnam and home and not being sent there, I think that's historically accurate.

BY MS. [REDACTED]

Q Yes. Okay, yeah, going back to my question, do you remember the exact instance -- time's up. Thank you. We can go off.

[Recessed at 1:48 p.m.]

[Reconvened at 2:04 p.m.]

EXAMINATION

BY MS. [REDACTED]

Q Mr. Beale, when you were talking with my colleagues

in the majority in the last hour, you were shown a number of e-mail conversations between yourself and Ms. McCarthy in which you were informing Ms. McCarthy that you were out of the office for CIA business. Do you recall that?

A Yes.

Q Did Ms. McCarthy ever tell you that she doubted your story that you were out of the office conducting CIA business?

A Not to my recollection.

Q Do you have any reason to believe that Ms. McCarthy did not believe your story that you were out of the office conducting CIA business as you were representing to her in the e-mails that you were shown by my colleague in the majority?

A During those time frames, those e-mails?

Q Correct.

A No.

Q Did you tell Ms. McCarthy during the time frame of those e-mails that you were lying to her and that you were actually not conducting CIA business?

A No.

Q Was Ms. McCarthy part of a conspiracy for you to

defraud the EPA?

A Absolutely not.

Q Can you look at Exhibit 10 and Exhibit 11?

A Uh-huh, yeah.

Q When you were speaking with my colleagues in the majority, you said that Exhibits 10 and 11 were representative of your communications with Ms. McCarthy, and I believe they were characterized as sporadic and checking in about your absences in the office. Do you recall that?

A If I said they're representative, that might be more than I meant. I mean, they're not unusual for the kind of communications we had.

Q Did you have other types of communications with Ms. McCarthy?

A When I was out of the office?

Q During the time frame between 2009 and 2011 prior to your retirement party in which Ms. McCarthy was your supervisor, did you have other types of communications with Ms. McCarthy besides those in which you told her that you would be out of the office?

A Well, yes, from December -- late December of 2009 until April I think it was of 2009, I was working there every

day, so I had a lot of communications with her. There would be a lot of e-mails, meetings, things like that, and then once I stopped doing that, I don't think I had any communication with her at all between the time that I stopped doing that and the party. That's the time period you're asking me about?

Q Yes, and I think I just missed the date when you said it. You said that you were in the office every day working from December 2009 until April -- what was the year? You said it. I just missed it.

A I might have mixed the dates up. Let's see, I was in the office -- no, I was thinking December 2010 when she asked me to come back to manage the international work and the climate work, so I misspoke.

Q Okay. So let's make sure the record is clear.

A Yeah.

Q Between December 2010 when Ms. McCarthy asked you to manage the international work for the office of OAR --

A Right.

Q -- and what date were you in the office every day conducting work?

A 'Til the end of April.



Q April of 2011?

A Correct.

Mr. Kern. Let me just interrupt because without the benefit of the calendars, which would -- could reflect otherwise in terms of D.O. oversight entries, I mean, I just want to caution the witness not to say something that's inconsistent with the calendar entries that -- I mean, he and I haven't looked at them in quite a while.

BY MS. [REDACTED]

Q Sitting here today, to the best of your recollection, between December 2010 and April 2011, in the time frame that Ms. McCarthy asked you to act as the head of the international work of the office of OAR, it's your recollection that you were in the office conducting work on a daily basis. Is that fair to say?

A That's -- that's my recollection.

Q Between December 2009 and December 2010, do you have a recollection of the frequency of your absences?

A I don't have a specific recollection at this point.

Q So returning to the initial question, did you and Ms. McCarthy have communications between December 2009 and September 2011 when the retirement party was held for

yourself, Mr. Brenner and Mr. Clarke concerning matters other than your absences?

A Between December of 2009 and the retirement party? Is that what you're saying?

Q Yes, when Ms. McCarthy -- let me make it simpler. When Ms. McCarthy was your supervisor --

A Yeah.

Q Did you talk to her about substantive work matters?

A Yes.

Q Did you -- how frequently did you speak with Ms. McCarthy about substantive work matters when she was your supervisor?

A Well, during the times when I was in the office, it would be several times a week, sometimes daily.

Q And when Ms. McCarthy was your supervisor, generally speaking, how often were you in the office?

A I really don't recall. I'd have to go back to the statement of offense, which has a lot of those dates there.

Mr. Kern. Well, really I think what -- what dates are reflective of his absences can be found in large measure in his electronic calendar entries, so I mean, I just would want the record to make clear that those calendar entries, they're

strongly on days where he may have been absent due to his CIA time fraud.

BY MS. [REDACTED]

Q Before Ms. McCarthy asked you to become the head of the international work conducted by the Office of OAR, did you have international experience?

A Yes.

Q In fact, had you headed up the international work for that office before?

A Yes.

Q Can you describe the time period that you headed up the international work?

A Surely. Beginning after the passage of the 1990 amendments to the Clean Air Act, I effectively headed up all of OAR's international work until 2005, and what was added to that portfolio internationally was the climate work, and that was added in I believe '99, again, until 2005.

Q Was Ms. McCarthy aware of your significant international experience when she --

A Yes.

Q -- made you the head of the office?

A Yes.

Q When Ms. McCarthy informed you that she would like you to take over the international work, did she tell you why she thought you'd be right for that role?

A Yes, she said because of my experience and all the relationships that I had with people in the agency, in other departments, at the State Department and in these other governments, she thought I'd be right for that.

Q In your conversation with Ms. McCarthy about assuming the international -- the head of the international work role, did she raise the CIA work with you at all?

A Not that I recall.

Q Did you raise the CIA work with Ms. McCarthy at all in that conversation?

A Not that I recall, no.

Q Did Ms. McCarthy express concern about your occasional need to be absent from the office and how it might impact the international work?

A I don't have any recollection of that.

Q Did you inform Ms. McCarthy that you would be able to be present in the office to conduct the international work?

A Yeah, you have to be there to do it.

Q Did you tell her you thought you'd be able to assume

the role?

A Yes.

Q And perform the function.

A Yes, I also made clear to her I think that I wanted to avoid international travel as much as possible because I'd had more than my fill of that.

Q So I'm going to jump around again and jump back in time to where we were when we last stopped speaking. You mentioned -- you were telling me that at first, it was like a joke that you worked for the CIA, and it was -- and you let people think that. You didn't comment on it. At some point did you begin taking off of work without making any affirmative representations one way or the other and using the CIA as an excuse?

A What time frame are you talking about?

Q Well, I guess I would ask you, was there a time frame before you spoke with Ms. Holmstead in 2001 or 2002 in which you began taking off of work and using the CIA as an excuse?

A I never did that in the '90s or the '80s. I can't say for sure -- when I had the conversation with Ms. Holmstead, I can't be positive that that -- there might not have been a few days before I had the conversation with

him, but I never did it in the '80s or '90s.

Q Is your recollection that for the most part, you didn't start taking days off relying on the cover story of CIA work until after you spoke with Mr. Holmstead?

Mr. Kern. Let me just interrupt. I want to make clear, whatever his recollection is, present recollection, there's still the issue of the calendar entries. We haven't seen the calendar entries for 2000, 2001, 2002. We have his calendar entries from 2003 to the present. So when I first disclosed to the government the D.O. oversight entries that he used, the investigators worked their way back to 2000, and we accepted the calculations for the number of days in 2000, 2001 and 2002, and we accepted that the time fraud began in 2000 based on the calendar entries.

So the point simply is that John has a distinct recollection of having this conversation with Mr. Holmstead sometime in 2001, maybe 2002. The calendar entries clearly indicate that the time fraud began in 2000. He's never had a clear recollection of exactly when it started, but he know that he did it -- he knows that he did it.

[Exhibit No. 18 was marked for identification.]

BY MS. [REDACTED]

Q I'm handing you a document that is marked Exhibit 18. It is the sentencing memorandum of John C. Beale, which is filed publicly by your attorney. Did you review this document before your attorney filed it?

A Yes, I did.

Q Did you review it for accuracy?

A Yes.

Q And did you agree that the information contained within this document was accurate, or is accurate?

A To the best of my knowledge, yes.

Q Can you turn to page 17 of Exhibit 18 --

A I don't think I have the exhibits.

Q -- of the sentencing memorandum?

Mr. Kern. Page 17 --

The Witness. Page 17.

BY MS. [REDACTED]

Q You've got it right there I think. Is that it?

A Yeah.

Q If you look at the top of page 17 and also at the bottom -- let's start at the bottom of page 16. At the bottom of page 16, Exhibit 18 reads, "On the basis of the," quote, "D.O. oversight entries in Mr. Beale's EPA calendars

for 2000 through 2007, his time fraud can reasonably be quantified as follows, nine days for 2000, 15 days for 2001, 22 days for 2002, 14 days for 2003, 18 days for 2004, 25 days for 2005, three days for 2006, and one day for 2007." Do you agree that that is an accurate accounting of the number of days in your calendar that reflected the entry D.O. oversight?

A Well, this is what we agreed to with the government. Most of those we were able to reconstruct from calendar entries that I had in my possession. The ones -- I think it was 2000, 2002 we didn't have.

Mr. Kern. Well, let's go off the record for a minute.

Ms. [REDACTED] Sure.

[Discussion off the record]

BY MS. [REDACTED]

Q Mr. Beale, would you agree that these numbers constitute a fairly reliable contemporaneous accounting of the number of days that you took off using the CIA cover story?

A Yes, I would for these years.

Q Do you recall in 2000 when you took days off of work from the EPA using the CIA cover story, whether you told



anyone that you were going to be doing CIA work?

A My best recollection is that I did not tell anyone at EPA until I had that discussion with Mr. Holmstead.

Q Do you recall whether anyone at the EPA inquired about where you were on the days that you were not at EPA because you were ostensibly doing CIA work in the year 2000?

A I have no recollection of anybody inquiring.

Q You mentioned when you were speaking with my colleague in the majority that you generally put D.O. oversight on your calendar when you were going to be out of the office ostensibly doing CIA work. Do you know whether -- who had access to your calendar?

A I can't tell you who, because with the electronic calendaring system, you can give people different levels of access. You can -- some people can make changes on the calendar, some people can see what's actually on there. Some people can only see what time is available, and I have no idea who had rights to do any of those things.

Q Can you describe how the time-keeping process worked at EPA?

A I can now. Didn't know what it was then.

Q What was your understanding then in the 2000 time

frame of the time-keeping process at EPA?

A Well, there had been a system where we would fill out these paper sheets about what our time was, and we'd fill those out, I think it was every two weeks. But then the system changed to be an electronic one. I think it changed two or three different times, and it was a common practice for senior-level people, for their assistants to enter the information into the electronic system, which we would give to them.

Q When you were out of the office in the 2000 time frame ostensibly conducting CIA work, would you ask your assistant to enter your time normally? What would you ask her assistant to enter for your time?

A If I was taking leave, whether annual or sick leave, we'd put that in, and if I was working in the office, it would be normal time, and when I was stealing time from the government, I told her just to put in normal time.

Q Do you know who approved your time in the 2000 time frame?

A I did not know early on. Again, I don't pay attention to these types of things, so I did not know who would approve it in the late '90s or the early 2000s.

Q At some point did you become aware who was approving your time?

A At some point I became aware that I think Beth Craig was approving it.

Q And when did you become aware that Beth Craig was approving your time?

A Yeah, I just -- I can't recall that any more than sometime in the mid-aughts?

Q The mid-2000s?

A Yeah.

Q Do you recall how you became aware that Beth Craig was approving your time in the mid-2000s?

A No, I don't.

Q Did you set out to determine who was approving your time?

A No.

Q What was Beth Craig's position at the EPA?

A During this time, she was the deputy assistant administrator in the air office.

Q In the mid-2000s, she was the deputy assistant administrator in the air office?

A Right.

Q Did she retain that position throughout your remainder of your tenure at the EPA?

A No, I think -- at some point, I don't remember when exactly, the director of the office's atmospheric programs retired, and Gina McCarthy asked Beth to take over that position on an acting basis, so then she left there, and she's been in that office ever since.

Q When she assumed that position, did she retain her deputy assistant administrator role as well?

A I don't know. I just didn't pay that much attention.

Q Do you recall when Ms. Craig made the move from deputy assistant administrator to the other position?

A To the acting office director?

Q Yes, thank you.

A Yeah, I don't recall exactly. Maybe -- I'd be speculating. I don't know. I'm sure there's records that show that.

Q As the acting office administrator, did Ms. Craig continue to approve your time?

A I don't think so, but I don't know.

Q Do you know who began approving your time when Ms. Craig became the acting office administrator?

A No, I don't.

Q When you took time out of the office because you lied to people and said that you were doing CIA work, when you reported to Mr. Holmstead, did you send him an e-mail to tell him that you were doing CIA work?

A I don't have any recollection of doing that, no.

Q How often did you interact with Mr. Holmstead?

A Probably most commonly daily. Some of the time it might have been only a few times a week, but very -- very commonly, very often.

Q How would you describe him as a manager?

A I thought he was a good manager, and by that I mean that I felt that he -- any EPA assistant administrator, there's so much that goes on in OAR that you can't know everything, and the smart assistant administrators have to trust their office directors, but they focus on key issues that are important to them, and he was very focused. He interacted well with office directors, he interacted well with staff, and I also believe that he had a -- a commitment to the well-being of the people and the institution, which is not always true of political appointees, so I thought he was a good manager and a good assistant administrator.

Q Did you have any communications with Mr. Wehrum about your alleged CIA work?

A I do not recall any specific discussions with Mr. Wehrum about that.

Q How frequently would you ask -- interact with Mr. Wehrum?

A Once he became acting assistant administrator?

Q Yes, thank you.

A I can't be very specific. I would say less often than with Mr. Holmstead. Mr. Wehrum's management style was having fewer meetings, and so less often, but fairly frequently, and a lot of this time he was there, I was also working on this project, which would not be something that would be of vital interest to an assistant administrator, because it was so long term and academic in nature.

Q When you were absent from the office because you were stealing time and Mr. Wehrum was an assistant administrator for OAR, did you typically shoot Mr. Wehrum an e-mail to let him know that you were going to be out due to CIA work?

A No, I don't believe I did.

Q Did Mr. Wehrum ever inquire to you about where you were on the days that you were absent?

A Not to my recollection.

Q So he just never noticed that you were gone for a number of days without any explanation?

A It would be speculation on my part what he noticed. I don't know what he noticed.

Q He never said anything to you about the days that you just weren't in the office.

A No, not to my recollection.

Q And you didn't provide him any explanation for why you weren't in the office for those days, correct?

A Correct.

Q And the same goes for Mr. Holmstead. He never said anything to you about the fact that you weren't in the office for a number of days, correct?

A Well, I'd had that explicit discussion with Mr. Holmstead, and to my recollection, I never had such an explicit discussion with Mr. Wehrum. I don't recall Mr. Holmstead asking me about those days.

Q Could you describe Mr. Wehrum as a manager?

A Well, I knew Mr. Wehrum less well because he was there -- in that role for a shorter period of time, and I was gone more between my project and my stealing time, so I

thought he was very smart, had a great deal of integrity. I disagreed with him on almost every policy issue, but I respected his judgment. I don't think he was as skilled at managing the bureaucracy as Mr. Holmstead was.

Q How about Mr. Meyers, did you ever have a conversation with Mr. Meyers about the work that you were conducting for the CIA?

A I do not have a recollection of a discussion with Mr. Meyers about that.

Q How frequently did you interact with Mr. Meyers when he was the assistant administrator of OAR that you reported to?

A Less often than the others. I would say weekly.

Q Do you recall when Mr. Meyers assumed the assistant administrator position?

A I'm sorry, I don't.

Q If I say that I believe he assumed the position in approximately 2007, does that sound correct to you, or you just have no recollection?

A It sounds reasonable, but I can't say it's correct.

Q In 2008, your pattern of taking leave changed according to --



A Yeah.

Q -- your sentencing memorandum, and you took six months -- you stole time for six months between June 2008 and December of 2008. Can you please describe how this extended absence came about?

A It's a perfectly reasonable question. It's not a case where I sat down on a given Monday and said oh, I think I'll take six months off and steal six months of time from the EPA and the taxpayers. I think it's one of those things that just started and -- and grew, and I didn't check it when I should have. I should have never started it, but when it grew, I certainly should have checked it, but I can't give you a good explanation other than that.

Q Did you plan to take an extended absence in June 2008?

A No, I never sat down and said oh, this will be cool, I'll just take six months off.

Q Before you began the extended absence in June 2008, did you lay any groundwork for it?

A You know, I don't recall specifically doing that.

Q Did you communicate to Mr. Meyer that you would be out of the office for an extended period of time in June

2008?

A I don't -- my best recollection is is I did not say to him Bob, I'm going to be gone for six months or an extended period of time or something like that. I did make up this story that I was going to be working on a special process for the agency on executive protection.

Q And did you tell Mr. Meyer that story?

A I know I fabricated that story. I don't have a recollection of telling him that. That doesn't mean I didn't. I just don't have the recollection.

Q You don't remember telling him that story.

A Yeah.

Q Do you have a recollection of ever talking to him about your CIA work?

A I don't.

Q Do you remember ever sending him an e-mail letting him know that you were going to be out of the office doing CIA work or that you were currently out of the office conducting CIA work between June 2008 and December 2008?

A I don't have a recollection of such an e-mail.

Q Do you recall whether you spoke to any of your other colleagues, Mr. Brenner, Beth Craig, et cetera, about the

fact that you would be taking an extended -- extended absence in the summer of 2008?

A Well, again, I don't believe that I ever said to anybody I'm going to be on an extended absence or I'm going to take six months off or anything, but I did tell lies to Ms. Craig and Mr. Brenner about this supposed executive protection that I was working on.

Q Do you recall when you told them about the executive protection project that you were going to be working on?

A No, I don't.

Q Do you recall whether you told them about the executive protection project that you were staffed on before you went on the leave or after you had come back?

A I think it would have been during the period, because when I was gone for that six months, there was -- there would have been a period -- days when I would have come into the office, you know, because I was still getting -- being asked by people for advice or guidance or strategic thinking, things like that, and so it would have been times like that when I was actually -- I mean, I pled guilty to taking that entire six months off, but there were a few days in there when I was in the office. Not enough to excuse or justify

anything, but that's the kind of time when I would have said that to him.

Q At any point during the six months between June 2008 and December 2008, did -- do you recall Mr. Meyers asking you where you had been or what you were doing?

A No, I don't.

Q Was it unusual for you to go six months without communicating with Mr. Meyer?

A Well, I wouldn't say that I didn't communicate with him during that time period. I don't remember him asking me about my supposed CIA work, but again, I'd be in the office and I'd see him and talk to him, but it is definitely unusual for somebody to be out of the office for most of six months.

Q During the conversations you had with Mr. Meyer during those six months, did he acknowledge that he realized you had been gone for the balance of the six months?

A I just don't recall any conversation like that.

Q Do you recall any instance in the six months in which Mr. Meyer appeared to notice that you had been gone?

A I don't recall.

Q Were you ever required to provide any work product to Mr. Meyer?

A I'm sure that I was because I worked on a number of projects, whether they would be memos or advice memos or having reviewed strategies or documents, but if you're asking -- well, I'm sure that I did. Nothing related to the CIA work of course.

Q Did the increasing frequency of your absence in 2008 impact the amount of work that you were able to generate on behalf of the EPA?

A Oh, yes.

Q Do you recall anyone commenting to you about that?

A No, I don't.

Q You spoke with my colleagues in the majority in the last hour about the handicapped parking spot that you obtained. Do you recall when you first requested a handicapped spot at the EPA based on your claim that you had malaria?

A I falsely claimed that I had malaria. I never knew that I was assigned a parking spot because of that. I thought I was given a parking spot because of executive parking, long and unusual hours and that type of thing, so I didn't know that somebody somewhere in the system justified it because of this false malaria claim. I was under the

impression that it was something that as an executive -- as a, quote, executive in the agency, I was getting.

Q Do you recall when you first informed people that you had had malaria?

A I don't remember the exact time, but it would have been probably in the '90s sometime.

Q And do you recall when you were assigned a handicapped parking spot?

A Again, I don't ever recall being a handy -- assigned a handicapped one, but it was after the move to -- downtown from Waterside Mall that I got that.

Q How closely did the assignment of the parking spot coincide with your informing people that you had malaria?

A Five years, eight years, something like that.

Q What was the purpose of informing people that you had malaria?

A It's a good question. You see a pattern here of me lying to and deceiving people who trusted me, and in hindsight, I can't see a good purpose other than, you know, manipulating them. For what goal, I don't know.

Q Well, the CIA lie was intended to cover up days off from the EPA, right, so was the malaria lie intended to

obtain a tangible benefit?

A No.

Q And you were unaware that the -- your statement about having malaria enabled you to access more favorable parking?

A At the time, I was, yeah.

Q When did you become aware of that, the statement about malaria enabled you to access more favorable parking than you would have had otherwise?

A I don't think I realized that 'til the investigators told me about it.

[Exhibit No. 19 was marked for identification.]

BY MS. [REDACTED]

Q Do you recall being interviewed by Special Agent Mark Kaminsky and Assistant United States Attorney James Smith on June 14th, 2013 at the U.S. Attorney's office in D.C.?

A Yes, I do.

Q I'm handing you Exhibit 19, which is a memorandum of interview from the June 14th, 2013 interview of Special Agent Mark Kaminsky and Assistant United States Attorney James Smith. In the interview, did you tell Special Agent Mark Kaminsky and Assistant United States Attorney James Smith the truth in response to the questions that you were asked?

A To the best of my knowledge, I did.

Q Can you turn to page 4, and look under parking. If we go to the third sentence in that paragraph, it reads, "Beale conceded that he never served in Vietnam and never contracted malaria. When asked why he lied about having malaria, Beale stated he was initially embarrassed to tell people that he had depression, but he continued the lie since it allowed him access to subsidized parking at EPA facilities." Is that an accurate summary of the information you provided to Special Agent Mark Kaminsky during your interview?

Mr. Kern. Let me object because I think that probably requires a foundation question or two before that, does he recall making that statement, or those statements.

Ms. [REDACTED] Rules of evidence don't apply.

Mr. Kern. Well, no. I don't want --

BY MS. [REDACTED]

Q They don't, but do you recall making that statement? I think saying is that statement accurate? Do you recall making that statement?

Mr. Kern. What I -- what I want to make sure is he doesn't adopt something the agents wrote that he didn't



either say or was given an opportunity to review and confirm.

That's all, but --

Ms. [REDACTED] That's fine.

The Witness. I do not -- my recollection of that interview is that the last part of that sentence I did not say. The first part, saying that I was embarrassed to tell people that I had depression, I think that is correct, but saying that I had -- that I did -- he's implying in his recollection or his note that I did the malaria thing in order to secure subsidized parking, I don't believe I ever said that and I don't believe it's true.

[Exhibit No. 20 was marked for identification.]

BY MS. [REDACTED]

Q I'm handing you a document that has been marked Exhibit 20. It is statement of offense. Mr. Beale, are you familiar with the statement of offense?

A I am, read it more times than I would like to.

Q And if you turn to page 8 of the defendant -- of the statement of the offense, we see the defendant's acceptance and we see your signature dated 9/27/13.

A Uh-huh.

Q Below a statement that says, "I have read the

statement of offense and carefully reviewed every part of it with my attorney and I am fully satisfied with all the legal services provided my attorney in connection with the statement of the offense and all matters related to it. I fully understand the statement of the offense and voluntarily agree to it because I am in fact guilty of the crimes charged." Do you in fact agree that the statements made within the statement of the offense are true and accurate?

A Yes.

Q Can you turn to page 2 of the statement of the offense?

A Uh-huh.

Q Under fraudulently obtained parking benefits, number 6 reads, "In or around January 2002, Beale claimed that because he had contracted malaria while serving in the U.S. Army in Vietnam, he needed a parking spot within EPA's Ronald Reagan Building. Beale was awarded a parking spot due to his claimed medical condition, and the EPA subsidized the parking for the parking spot at a rate of approximately \$200 per month." Is that true?

A Well, I did obtain the parking spot, and I believe that they showed me documents that showed the basis for it

was this malaria, and I think it was -- I have no reason to doubt the \$200 a month and the \$8,000 total.

Q This states that because you had contracted malaria, you needed a parking spot.

A Yeah.

Q Is that accurate, that you made the claim that because you contracted malaria, you needed a parking spot?

A I think that I was awarded a parking spot because people thought that I had malaria. My recollection is that I didn't claim that I needed it for the malaria.

Q So the information contained within your statement of the offense according to your testimony today is incorrect?

A Well, I'm taking responsibility for it. It's my fault that's happened.

Q Again, so you're saying that the statement that because you contracted malaria while serving in the U.S. Army in Vietnam, you needed a parking spot contained within your statement of offense is incorrect?

A No, I'm not saying that. I see what you need to do and put it in this context, and I'm trying to be more nuanced than is helpful, so I'm saying that the statement of offense is correct.

Q Can we turn to page 3 of the statement of offense?

A Sure.

Q On page 3, paragraph 12 reads, "Between 2005 and 2007, Beale took approximately five trips to Los Angeles, California purportedly for work on the research project. While in California, Beale stayed in Bakersfield and visited family members who lived nearby. For the five trips, Beale was reimbursed by the EPA in the amount of \$57,235. Beale did not need to travel to California to work on the research project, which could have been done at his home or at his office or at EPA. Beale used the research project as the means to have the EPA pay for his personal travel." Is the information contained within paragraph 12 that I read accurate?

A Yes.

Q Do you recall taking any other trips besides the five trips to LA contained within paragraph 12 of the statement of offense that you took during your career at EPA in which you conducted personal business and charged EPA for it?

A No.

Q Do you have a sense of the amount of travel that you did over the years at the EPA? I guess what I mean more

specifically than that is do you have a sense of whether there are certain years at EPA that you traveled more than other years?

A Yes, uh-huh.

Q And could you tell us generally what years you traveled the most?

A I think it would fall into two different categories. I think in the immediate years after the passage of the now ancient 1990 amendments to the Clean Air Act, my international travel was increasing some, but also domestic travel was increasing a lot because of two reasons. We were explaining to all types of stakeholder groups what was in the act, what it meant, what it would mean for their base businesses what it meant for their states. Those groups could be industry groups, attorney general groups, things like that. So in those early years, there would be some international travel and quite a bit of domestic travel.

My recollection is that in the later years, in the '90s, the domestic travel tapered off. And then once I was given the responsibility for all the international and climate work in the late '90s and then in the early aughts, there was an awful lot of travel, most of it international, some domestic,

but international, and then after 2005, tapered off a lot, and after 2008, a few occasional trips. There were still some things -- international trips that I was doing because I'd negotiated agreements and things or was heading -- I was like the front person for, say, our major policy initiative in China or India, things like that.

[Exhibit No. 21 was marked for identification.]

BY MS. [REDACTED]

Q I'm going to hand you a document that's been marked as Exhibit 21. It is the early warning report, internal controls, excuse me, and management actions concerning John C. Beale's travel. It is the EPA IG's report published December 11th, 2013. Mr. Beale, have you reviewed this report previously?

A I glanced at it.

Q I'm going to focus your attention to page 11 of the report for the moment. If you look at page 11, it reviews your premium class travel by year, and you can see that the years with the highest amount of premium class travel are the years 2004, 2006 and 2007, and that after 2007, the rate of travel starts to drop off significantly. Is this consistent with your recollection of your travel at the EPA during the

2003 and 2011 time frame reflected in the chart?

A Of course, I don't know what they base this on or anything, but it seems generally correct.

Ms. [REDACTED] I'm just about out of time, so I'll go off the record here.

[Recessed at 3:09 p.m.]

[Reconvened at 3:20 p.m.]

EXAMINATION

BY MR. [REDACTED]

Q We'll go back on the record. Mr. Beale, I want to turn your attention to Exhibit Number 19 again, which is the Inspector General memorandum of interview.

A Okay.

Q I have a question about a statement you made earlier. I believe that you stated that the first time that you told someone -- or perpetuated the fraud that you had been in the CIA was 2001; is that correct?

A Yes.

Q Okay. I'd like to turn your attention to page 2, the bottom of the first paragraph. This says, "Beale stated that after lying to Kete in 1994, Beale began telling other EPA employees and close friends in 1996 that he worked for the

CIA. Beale stated that even during his lies about the CIA, he still thought of himself as a good guy." And so my first question here is Kete refers to your now current wife, Nancy Kete; is that correct?

A Yes.

Q Okay, and did you tell the EPA Office of Inspector General that you told other EPA employees and close friends in 1996 that you worked for the CIA?

A That is not my recollection, that I said that.

Q What -- what did you tell them?

A My recollection is that I said that I had lied to my wife about working for the CIA. I had no recollection of saying anything about any date, and the second sentence about other employees in '96, I have no recollection of making that statement to them either.

Q Could -- would you have made any statement to them that you think they could have misconstrued the dates that you began your CIA fraud?

Mr. Kern. Wait. I'm going to object to that question as phrased.

Mr. [REDACTED] As, sorry?

Mr. Kern. I'm going to object to the question as



phrased. I don't have any objection if you want to ask him sentence by sentence does he recall saying that to the investigator, but I'm troubled that he would be asked to put his -- sort of read the minds of the investigators to understand what they may have heard or recalled about what he said, and I'm also -- more generally, I don't know that he has a clear recollection now of what he said to the investigators and to the U.S. Attorney's office at the time. He said he was truthful in these interviews, but to ask him to reconstruct the interview I think is a challenging task.

Mr. [REDACTED] We're not asking him to reconstruct the interview, but we're trying to resolve a pretty significant discrepancy in when he began to perpetrate a fraud about, you know, masquerading as a CIA agent, and we're just trying to resolve that.

Mr. Kern. I understand, and I also note from the testimony that he said that he believes it began around 2000. It's consistent with the D.O. oversight entries that he disclosed to the investigators, and he has testified about his discussion with Jeff Holmstead, and he has also said in this deposition that he did not engage in time fraud in the 1990s. So there may be a discrepancy that's as a result of a

memorandum prepared by IG agents that may or may not be accurate.

Mr. ██████ All we're asking for him -- for his best recollection of what he recalls from that interview. We certainly can't ask him for what -- for the thoughts of the -- of the -- of the AUSA or the FBI agent who was present -- were present, but we're asking him for his recollections of that interview.

Ms. ██████ He asked if Mr. Beale recalls saying anything that would have confused the agent and thereby made him give the dates wrong.

Mr. Kern. I understand. I also, having read this and having been at that interview, I think I understand --

Ms. ██████ I mean, if he doesn't recall having said anything that would have --

Mr. Kern. Well, and I want to make clear that that's all that he's being asked to do, because I believe that this paragraph by the agents contains inaccuracies and conflates several different things that Mr. Beale said, and I have had enough experience with memos prepared by investigative agents to know that there can be, I'll say it charitably, flaws in the way their memos are prepared.

Ms. [REDACTED] Okay, we have too, and that's why we have a court reporter here today, so --

Mr. Kern. Right, and I believe so far, Mr. Beale has explained to staff counsel the facts and circumstances surrounding his time and attendance fraud, which I believe is fairly consistent with what he disclosed to the U.S. Attorney's office in June.

Mr. [REDACTED] Perhaps Mr. Beale can explain for the record what he believes is in there that's inaccurate and what, as you say, conflates several things.

Mr. Kern. Well, I don't know --

Mr. [REDACTED] Perhaps you can elaborate on that.

Mr. Kern. I don't know that he can, and I'm really troubled in asking the witness to go through an agent's memo and say well, this is correct, this is incorrect. That's requiring him to recall the interview itself, which I don't know that he's able to do. I think he can testify today based on his present recollection as to what he did by way of his time and attendance fraud during the period that's subject to the information and the plea and the conviction.

Mr. [REDACTED] I think I understand, although isn't he recalling the substance of the interview when he's saying

that he doesn't believe that that -- a certain part of the statement is incorrect, doesn't that recall -- require him to recall the substance of that interview?

Mr. Kern. It does, but I -- I'm troubled by the -- by the questions that result in that exercise. I don't -- I believe it's asking too much of him to go through this interview memo or parts of it and attempt to recall what he said and then correct misstatements by the agents or agree with them. It seems to me a better way to do this is to ask him what do you recall about your time and attendance fraud in any given period of time, who did you lie to, all the questions that have been asked so far today and that he has answered.

Ms. [REDACTED] Well, to a certain extent he's already addressed some of the inaccuracies in the special agent's memo with [REDACTED] when he cleared up the Washington bar matter, so --

Mr. Kern. Right, and --

Ms. [REDACTED] If there are other glaring inaccuracies that need to be corrected, it makes sense to do so.

Mr. Kern. Well, I strongly object to that because I was also present at this interview, and so -- and I believe I

have a better, more accurate recollection than my client, who's focused on answering the questions asked and not taking notes and not listening to the questions, and I'm just really reluctant to have him go through this memo or parts of it and identify what's accurate and what's not. I don't think he should be called upon to do that.

I think he should be called upon to testify as a witness to what he recalls, but I think it's unfair to place him in a position of having to review this, particularly months later. I mean, this is not a memorandum of interview that he was asked to review immediately afterwards. Nor was I. Had I seen this, just based on the few things that I've read, I would have taken strong offense to what's in here, and there's no way in the world that Jim Smith was going to share this with me during the pendency of the investigation and there's no way in the world he was going to share this with my client. So I think this process is inherently unfair. I've had no objections to any other questions that you've asked him in terms of requiring him to go back in time and reconstruct what he did and the fraud that he committed. I've got no quarrel with that whatsoever. I understand completely why the committee wants that information.

---

Mr. ██████ I'm trying to figure out what your client is prepared to say about this document, if anything.

Ms. ██████ I mean, the chairman -- the scope of this investigation encompasses the Inspector General's investigation of your client, so --

Mr. Kern. Maybe so, but I just --

Mr. ██████ Can we go off the record for a minute please?

[Discussion off the record]

BY MR. ██████

Q Mr. Beale, did you represent to anyone in the 1990s that you worked at the CIA?

A Best of my recollection, I did not.

Q Were there rumors at the EPA that you worked in the CIA?

A Yes.

Q Do you know how those rumors started?

A I do not.

Q How did you learn about the rumors?

A People would ask me, and I would either say no, or I would slough it off as a joke or deny it, and then it became  
~~such a common kind of thing that was talked about that I just~~

stopped responding to it at all. They'd say something and I'd roll my eyes and walk on or go on to the next subject.

Q And the people who brought up the rumors to you, were some of them your superiors?

A I don't recall.

Q Was one of them Mr. Brenner?

A Not to the best of my recollection, no.

Q Would you say that the rumors were the genesis for you perpetuating your fraud? Is that where you got the idea?

A No, I don't want to give the impression that I thought that gave me any kind of license or anything, so I began the fraud and I was looking for some cover for it, so I think there's kind of -- there obviously is a connection because I thought people were either joking or thinking about it anyway, so it would be logical, but I don't want to give the impression that those rumors suggested or prompted me to begin the fraud. That was different. I just did this on my own.

Q The rumors and the fraud just happened to be about the same thing, your employment at the CIA then.

A I took advantage of the rumors, but the rumors didn't inspire me or impel me to begin the fraud.

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Q Okay. In several documents that we've seen justifying your promotion and bonus payments, you've listed your participation in the negotiations leading up to the 1990 Clean Air Act amendments; is that correct?

A I don't know what documents you're talking about, but I was heavily involved in those amendments, yes.

Q Okay. Can you describe -- briefly describe your role that you played in negotiating the 1990 Clean Air Act amendments?

A Well, I'll try to be brief. Tell me to stop if you got too much.

Q Okay.

A There were kind of two phases. In the mid- '80s, it became clear that the Clean Air Act needed major modifications and there were a number of bills suggested in the Congress, and it was pretty clear that the Reagan administration really didn't have any interest in engaging in this. However, EPA is the major reliable source of environmental information to the government, to the Congress, and so we would get lots of requests for information, you know, would such and such a policy have such and such an effect, or if you wanted to reduce acid rain, what could you

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do type of thing.

So there was a period of time there where it was helping to analyze the bills that had been proposed in Congress and helping to share factual information.

Q Okay, so some of it was based -- you were given this role to negotiate based on your experience as a Senate intern; is that correct?

A Partly that, but partly because I -- as an attorney, I'd done lots of negotiating of very complex business deals, and I'd done lobbying before, state legislatures and federal agencies.

Q Okay. Approximately to your recollection, how many EPA staff were involved in those negotiations?

A Well, again, you never let me get to the second phase. In this first phase, I would -- there wasn't a formal kind of organization, but it was probably mostly people from the air office, and I would say on the order of ten, 12, something like that. In the second phase, after the election of '88, it became a more organized effort, and industry wanted changes to the Clean Air Act, environmental groups wanted changes, and so beginning actually before the inauguration of President -- the first President Bush, we

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developed the concepts for legislative proposal, and then when the Bush team was in place, we met with people at OMB.

So we assembled the team of people, cross-agency people from EPA, all the offices that had equity interests in the Clean Air Act, and there's many of them. There's an enforcement office, there's the Office of General Counsel, there's the water office, and so we formed this team and started working on all phases of the complete package.

We also brought in people from other agencies who had equities in this, the Defense Department, what kind of requirements they had to meet for emissions from their facilities, from their ships and things. It's all relevant. And then we met with people in the White House and OMB, political people there, and went through the principles, and everyone agreed that to be effective, a package needed to get on the table early in the administration.

We then reduced these principles to legislative language, potential legislative language, and President Bush sent his proposals to the Hill, I think it was in late June or July of -- after his first year in office. That would be '89, and then it went through the normal Congressional process. Each house reviewed it, came up with their own

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language, made changes and the kinds of negotiations that go on, and I was one of the central players responsible for moving that whole process.

Q Okay, and so who assigned you to that role?

A Well, it would have been our new administrator, William Rosenberg.

Q Okay, and a little later on in your career, you also participated in the 1997 national ambient air quality standards or NAAQS process for particulate matter in ozone?

A That's right.

Q Is that correct?

A That's right.

Q Okay. Again, can you just very briefly describe what your role was?

A Sure. It's similar in many ways because that's an issue which is -- affects many offices at EPA and affects many other agencies and departments in government, and there are a lot of stakeholders outside, industry groups, environmental groups, states and local government, and so at that time, the assistant administrator, Mary Nichols, asked me to take the lead on managing that whole process, and that involves dealing with our scientists, our technicians, our

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engineers, everybody, and putting the whole package together.

And then we present the staff options to the administrator, and then she makes decisions on -- made decisions on how and -- how we were going to proceed and what strategies -- we suggested strategies. And then we'd go public basically and had hearings -- well, sent the proposal to OMB and then it was published. In the same time, other agencies were involved, and then we had hearings and managed that whole process.

Q So is it fair to say that you were the lead coordinator of those two rules?

A I would say I was a co-lead coordinator on the Clean Air Act, and on the NAAQS, yes, I was the lead staff person on that.

Q And what was the role of the Office of Policy Analysis and Review in those rules?

A OPAR -- everybody in OPAR was fully engaged in the Clean Air Act amendments, and on the NAAQS, it was a smaller involvement from OPAR. There might have been one or two other people in OPAR. Rob Brenner, who was the director of OPAR and is a much better economist than I am, dealt with the impact statements and the economic analysis and review, and I

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did basically everything else on the NAAQS.

Q Okay. Did you work at all with the Office of Research and Development on that --

A Absolutely.

Q -- those rules?

A Yeah.

Q How about the Office of Air Quality Planning and Standards?

A They were integral to both of those rules, as is -- yeah, they were integral.

Q Did you interact with Lydia Wegman on those rules?

A Lydia was heavily involved in the -- in the Clean Air Act amendments, and yes, she was involved, although not quite as heavily, but she was also involved in the NAAQS.

Q How about Karen Martin?

A Karen Martin to my knowledge was not involved in the Clean Air Act amendments, but she was one of the very, very key people on the NAAQS.

Q What was her role in the NAAQS standards?

A She was --

Q Keep going.

A ~~She was a scientist, and so she was not in the office~~

of ORD, but she was a scientist in our office who would help, you know, evaluate and coordinate with ORD and --

Q Okay.

A -- develop policy positions.

Q Can you talk a little bit about your relationship with Carol Browner? When did you first become acquainted with her?

A First time I ever met her was when she became the administrator at EPA.

Q And what were your interactions like when she was the administrator? How often would you meet with her? What kind of meetings were you in?

A Well, in the early years, not very often at all. Occasionally, maybe five or six times a year, but once we became in the NAAQS process, Carol took an intense interest in it. It was one of her main priorities, and so throughout that process, I was meeting with her several times a week.

Q Did you maintain a relationship with her after she left the agency?

A Maintain a relationship. I think I probably spoke at a conference or two that she was at. We might have talked on the phone a couple times, but nothing more than that.

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Q Can you describe your relationship with Bob Perciasepe a little bit? When did you first meet him?

A I first -- I first met him in a parking lot at EPA. It was snowing. We were both running into the building, but in terms of any kind of professional engagement, I first met him when he took -- took over as the assistant administrator for the air office.

Q When was that?

A It was after the NAAQS. I honestly don't remember the month or the year. I'm sure it's in the records.

Q Was he ever your direct supervisor?

A Yes, once I became promoted to being SL, senior leader, he was my direct supervisor.

Q And that was -- what year was that again?

A I always get confused whether that was '99 or 2000.

Q So sometime around 1999 or 2000.

A Yeah.

Q Okay, and did you ever -- do you specifically remember any large projects you worked on with Mr. Perciasepe?

A Oh, there was many, many, many projects, because I was -- at the time, I was doing the international work and I

was doing the climate work, which Bob was very interested in, and then there was still a whole range of implementation things going on, so like when I -- the international work and the climate work I had the lead for and I was in charge of, but I participated in many other rule developments and policy discussions, so we met very, very often.

Q And after he left the agency, did you maintain your relationship with him before he -- I obviously know he came back.

A Before he came back? No.

Q And how about when he returned to the agency? Did you work with him a lot as he was a deputy administrator I believe?

A Yeah, no, he was in a very different role at that point, and I met with him maybe two or three times and welcomed him back or something like that, but no more than that.

Q When did you first meet Beth Craig?

A First time I would have met Beth was when she came to the air office, which again was while Bob Perciasepe was still the AA, so I'm thinking that's like again '99 or 2000, something like that.

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Q So which projects would you work on together with Beth Craig?

A Well, our areas of responsibility were quite different. Not exclusively, but mostly Beth was responsible for kind of the management of the office, things like, you know, the budget, personnel matters, things like that, so she was not directly involved in the issues that I was working on, not directly involved in the international or the climate issues. There might have been one or two times that she took a trip for me that I couldn't do, an international trip. I think there might have been one to China, but we didn't overlap a lot in our responsibilities.

Q Okay, but you were both -- concurrently held the title of deputy assistant administrator; is that correct?

A Yes.

Q And did you ever socialize with Beth Craig outside of the office?

A No, our relationship was always a professional one. I mean, we would maybe have lunch together a few times a year.

Q Who were the other deputy assistant administrators in the Office of Air and Radiation between 2009 and 2011?

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A 2009 and 2011. Well, let's see. Beth was in there I think for part of that time period, and then I think Jim Jones was there for part of it. There were -- by that time, Gina had wanted me to stop using the title of deputy assistant administrator, so I no longer was that, and --

Q Was Mr. Brenner one of the deputy assistant administrators at that time?

A I don't think he was in that time period. There was a time period where he had dual responsibilities as being an office director and a DAA, but I don't think he was then. I think that was back -- I think that was back during the Republican administrations. I'm not positive.

Q And you just mentioned that Ms. McCarthy no longer wanted you to use the deputy assistant administrator title. Why is that?

A I'm not sure why she decided that.

Q How did -- how did she communicate that to you?

A She asked me to stop using that title.

Q And did she give you another title?

A Just senior policy advisor.

Q So she just came to you and sort of I guess out of the blue, and said John, I don't -- I no longer want you to

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be referred to as a DAA; is that correct?

A Yes.

Q And when did she do that?

A I think that that was about the time she asked me to stop working on the research project and take over the international work and the climate work again.

Q So it was, if I remember, 2000 --

A 2010.

Q '10, okay, so then is it fair to say you had different -- a different role or responsibility then, wouldn't you?

A No, my roles and responsibilities didn't change at all.

Q Okay. Did she bring in someone else to be a deputy assistant administrator?

A During this time period, 2009 to 2011, I don't think so.

Q So no -- no one replaced you with that title.

A Right.

Q Did you feel that you had a pretty good relationship with Ms. McCarthy?

A I have -- I had and have a lot of respect for her. I

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think she's one of the smartest people I've ever met. I think she's a good manager. I think she focuses on issues. I think she tries to work in a very collaborative way. She's very practical on -- she's very cognizant about the kinds of rules that we promulgate and the effect -- and how difficult they can be to implement, and so she's always insisting that we take into account the -- all of the stakeholders, the industry groups and all of that.

So I admire her tremendously professionally. We never had any kind of personal friendship.

Q Right, my question was -- was actually what was your working relationship like. Did you get along with her?

A Yes, I think so.

Q Did you ever have disagreements?

A Well, we would frequently come out on different positions on policy positions, but that's normal and expected.

Q Could you explain the certain policy areas that you came out on different sides of?

A Give you an example you mean?

Q Yes.

A I'm sorry, I don't -- nothing's coming back to me

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right now.

Q So you can't -- sorry, you can't think of a specific policy issue that you and Ms. McCarthy disagreed on?

A No, not right now, I can't.

Q You described Gina McCarthy as a very competent and conscientious manager. How -- how do you feel that she can be such a great manager if you were able to perpetuate this fraud right under her nose for all those years?

A Well, I think I might have said this earlier. I -- for a lot of years, I had done the kind of work for EPA or at EPA that I was and am very proud of, and I had earned a reputation for being very competent, very skillful, very truthful and very honest, and I betrayed all of that and then lied to people about it and abused that trust, and that's not the kind of thing that becomes obvious right away. It takes -- once people have a good opinion of you, it takes a while to shake that. Once they have a bad opinion of you, it often takes a while to shake that too.

Q So how -- how long have you known Gina McCarthy?

A Just since she became assistant administrator.

Q So since 2009?

A That's right.

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Q So you had never had any interaction with her prior to that? Is that true?

A I can't say that I'd never been in a conference with her or in a meeting with her. I don't recall any conferences or meetings or negotiations with her.

Q Okay.

A But if -- you know, if some calendar thing showed up that we were at the same meeting or conference --

Q I understand. So if you -- if you met Ms. McCarthy for the first time in 2009 when she became your boss, how did -- how was she aware of all these accomplishments that you had at EPA? You know, you had written all these rules. I understand that. How did she know that you had done that?

A I don't know. I can only -- when a new political team comes in, there's an advance team that comes, and they -- they learn a lot about the agency and the people, particularly the senior people who are there, and I can only assume they gave her a report from people they talked to.

Q Okay, and it is -- looking at your resume, I think it's pretty fair to say that most of your accomplishments occurred before Gina McCarthy became the assistant administrator. Is that true?

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A I think that's fair to say, yeah.

Q Did Gina McCarthy ever solicit your advice on EPA policy decisions?

A Sure, any things that had to do with international issues or climate change things, we would, and that would also include -- I'd had quite a bit of experience working at negotiating trade agreements, and so when the negotiations were going on for the Pacific trade agreement, which is still not concluded, we talked a lot about that, and I kind of managed the process, which at the time was dealing with the environmental issues of that, so we talked about that.

Q Okay, how about some of the other large-scale rules that have come out, or came out when Ms. McCarthy was assistant administrator? Did you -- did she ever ask you for -- I will say given your extensive experience with the Clean Air Act and establishing national ambient air quality standards, did you ever talk to her about Utility MACT, for example?

A Yeah, we would talk about a lot of those issues. You have to keep in mind, by 2009-2010, Clean Air Act is, you know, 20 years old, so it's kind of like ancient history, so some of those experiences become less relevant, but sure, we

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would talk about those things.

Q Okay. Actually, I want to ask you a question, and we'll come back to that, but do you think that Ms. McCarthy had formed a negative opinion of you when she asked you to stop using the deputy assistant administrator title?

A I don't know that. I don't know that -- I have no reason to believe that.

Q Did you think that you had been demoted?

A No, I didn't feel like I'd been demoted.

Q I mean, were you upset that your title changed?

A No.

Q Why weren't you upset?

A Because -- I don't know why I would be upset. My work was continuing the same. I had the same workload, the same responsibilities. I think -- I think Gina probably correctly decided that the -- my responsibilities tended to be narrowly focused and oftentimes changing, but always on kind of a narrow focus, a few set of issues, and I think she correctly decided that somebody with a title of DAA should have a much broader and a much more stable set of responsibilities, and that kind of made sense to me.

Q Okay. Although you just stated that, you know, you

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first started gaining experience with the Clean Air Act, that I think you said it was ancient history or something along those lines, you were still quite frankly probably one of the most knowledgeable people about the Clean Air Act though in the Office of Air and Radiation; is that correct?

A One of them, yeah. There are many others.

Q Okay. Did your colleagues view you as an expert on the Clean Air Act?

A I can't speak for what they thought. I don't know.

Q Would they -- would they seek out your counsel --

A Yes.

Q -- on the Clean Air Act?

A On many aspects of the act and how it's implemented and how we should be implementing it in the future, things like that, yeah.

Q And as you stated before, Gina McCarthy sought your counsel on Clean Air Act issues?

A From time to time, yeah.

Q Did she ever take your advice?

A You know, the process is a much more organic process, so it would be hard for me to say that I advised A and she did A. Normally what happens, she would have a group of

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advisors around her. Everybody would have positions, and then as we're talking about them, the positions always change and migrate, so it's a very kind of dynamic organic process, and out of that, a decision comes and Gina makes the decision. So I don't know that you could ever say that any piece of advice would maintain its sole individual integrity through that process. It's a very group-oriented dynamic process.

Q Okay, and -- but suffice to say that that you were one of those advisors in the room with Ms. McCarthy.

A A lot of time. Not all the time, but a lot of the time.

Q And did you hold yourself out as a Clean Air Act expert?

A I'm not sure what you mean, hold myself out. To whom?

Q To your colleagues.

A No, I don't think so. I don't think I ever had to do that. People knew that I'd been there at the beginning of the act, so --

Q Okay.

A I never went around advertising myself as a --

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Q People just knew John Beale was --

A One of the -- not the only one. There were tens of people who were involved in that, so --

Q Okay. So based on all of your accomplishments and your experience, and I think you've sort of stated this before, but it was probably very difficult for people to question you and your actions. Is that a fair statement?

A I'd be speculating on what was difficult for people to do. I don't know.

Q You've testified that your accomplishments sort of instilled a trust in your colleagues and your experience; is that correct?

A I think that's right.

Q And -- and that included colleagues that you had known for a very long time.

A Right.

Q So based on all of these environmental policy accomplishments, it would probably be even more difficult for someone like the assistant administrator, who had only known you for a couple years, to question you; is that correct?

A Well, if you're speaking of Gina McCarthy, I don't think she ever finds it difficult to question anybody,

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whatever level they're at. She's her own person, very strong-minded and doesn't accept anything at face value.

Q But Mr. Beale, let's be honest. I mean, in the world of environmental policy, you've done a lot more than Gina McCarthy had done.

A She'd been a state commissioner for years and years and years.

Q But you created the national ambient air quality standards, right?

A I was one of a team of people who helped do that, and a lot of the people helped create -- yeah, I was one of a team of 20 or 30 or 40 people.

Q Do you think that your experiences in -- that you had accrued in environmental policy emboldened you to perpetuate the CIA fraud?

A No, I think my own personal failings and weaknesses led me to do that. They -- yeah.

Q I think you stated before that you felt that you were able to manipulate your colleagues with your CIA fraud. Is that true?

A I don't think I said exactly that. I think that one of those failings and weaknesses is that I can be very

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persuasive, and as I said in court yesterday, it got perverted into lying to people, misleading them, breaching their trust and manipulating them.

Q I have a couple questions for you about Beth -- Beth Craig. I think you've already stated but -- this, but she was your -- your colleague as a deputy assistant administrator in the Office of Air and Radiation; is that correct?

A Yes.

Q And was Beth Craig responsible for signing off on the fraudulent travel vouchers that you submitted?

A You're referring to the vouchers for the trips to California.

Q That's correct.

A The five that are referred to in the information.

Q That's correct.

A I don't know whether she signed off on them or not.

Q Did you give her the vouchers to sign off on?

A I never gave the vouchers to anybody. I mean, the system would be that I would give the information to my assistant, and then she would send it to the appropriate person.

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Q And you're not aware -- you don't know where those vouchers went after you gave them to your assistant.

A I don't, because even if Beth's main responsibility was to be signing off on those, she could have been on vacation, she could have been -- delegated it to somebody else, so I don't know whether she personally signed off on those or not. It might have been -- it might have been the AA who did it. I just don't know.

Q Did Beth Craig ever come to you and ask you questions about the travel vouchers?

A Again, we're talking about the vouchers in California, the fraudulent --

Q Right now I'm going to ask you about any vouchers. Did she come to you about any travel vouchers?

A I can't tell you that she never did, but I don't have any specific recollection of doing that.

Q So talking about all travel vouchers that you submitted while Beth Craig was the deputy assistant administrator, are you aware of any travel vouchers that went to her for approval?

A I'm not aware of any specific ones, no, because I don't --

Q Right, but are you aware that at least some of your travel vouchers went to Beth Craig for approval?

A Yes, I became aware of that sometime in the mid aughts.

Q Okay, and I have some questions about your retirement, so you stated before that you had a retirement party but you didn't retire immediately; is that correct?

A That's right.

Q And why didn't you retire at that time?

A Well, retirement party was somewhat unusual. It was for the three of us. Rob Brenner had already retired. Jeff Clarke was planning to retire next January I think, and I was planning to retire a few months after that. We did it all together at one time because we'd kind of all been like the three Musketeers on the Clean Air Act, so -- so at least two -- one had already retired and two of us had future plans to retire.

Q Okay, so when did you intend then to turn in your retirement paperwork?

A I had intended to do it sometime early in 2012.

Q Early 2012, and was your -- was your intention to I think use as much of your time off or vacation days, if you

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will, before then?

A Yes.

Q Something along those lines. You had a number of days that you could have used to cash out; is that right?

A Right.

Q Okay. And so why didn't you submit your paperwork in early 2012?

A Greed. I was getting away with the fraud that I'd been perpetrating, and I just kept doing it.

Q So you understood that you could -- you understood at some point between 2011 and 2012 that if you didn't submit your retirement paperwork, that you could just continue getting paid.

A I wouldn't say -- I wouldn't use the word I understood that. I was doing that and I was perpetuating the fraud because of greed.

Q Did you think that you could use your fraudulent cover as a CIA agent to refute anyone's accusations that you hadn't retired when you said you were going to?

A I wasn't aware that anybody had any questions or were making accusations. Obviously I knew that cover story would not stand up.

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Q You knew the cover story wouldn't stand up because people would start to investigate that if you --

A Sure.

Q -- were trying to use it as a cover for your retirement?

A Sure.

Q Since your actual retirement from the EPA, have you ever represented to anyone that you were a CIA agent, despite the public reports to the contrary?

A I retired on April 30th, and to the best of my knowledge, after that, I don't believe I did. I can't swear that I didn't because -- in fact, although I wasn't stealing time from the government, it took me a while to be honest with myself in what was going on, and there were times in April when I did continue to tell people that I had worked at the CIA, but I don't know that it went after retirement.

Q Okay, and these were -- the people you told, those were people at the EPA or -- or outside the EPA as well?

A No, people at the EPA.

Q People at the EPA?

A Or people who had retired from the EPA. I mean --

Q Okay. The Inspector General told us that it was a

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fairly well known fact that you were a CIA agent, a fairly well known fact at the EPA that you were a CIA agent. Was -- was that your impression, that people were -- knew that about you?

A I think it was a fairly poorly kept secret.

Q Poorly kept by yourself or by the people that you had told?

A By everybody, yeah.

Q How many people did you specifically tell at EPA that --

A I -- I would be speculating. The only thing I could say, it was a small number of people.

Q So less than ten?

A I'd just be speculating.

Q Were you disappointed that people weren't keeping that a secret at EPA?

A During what period of time?

Q Well, how about at any time. At any time did it make you upset that that story was going around?

A I don't think I really thought about it one way or the other.

Q And what -- what kind of work -- or CIA work did your

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EPA colleagues think that you were engaged in?

A Well, I made up that story about the executive protection stuff, but other than that, I don't think they had -- I don't think I made up a lot of stories. I'm not saying I never made up any specific stories, but I don't recall them and I don't -- I don't think most people had any idea what specifically I was doing.

Q To your knowledge, did you ever assert that you were working on clandestine activities against the Taliban?

A I don't recall.

Q We're aware that one of your former assistant administrative assistants -- you may have told her that you were engaging in some operations against the Taliban, and that she had questioned your -- your activities. Do you recollect that at all?

A No, I do not.

Q So to your -- to your knowledge, no one had ever questioned you specifically about an assertion that you made that you were engaging in activities against the Taliban.

A Not to my knowledge.

Q Did you ever think that you would get caught? And let me ask you this first. You can speak to that more

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generally, but when -- did you ever think that, you know, when you took these long extended times off work, that you -- I mean, I would like to think that you weren't just sitting in the house all day, that someone might see you around Northern Virginia, one of your colleagues? Were you ever worried about that?

A Well, they were all at work, so --

Q Well, after work.

A No, I didn't think about that.

Q And in the grand scheme of things, did you ever think that you would get caught?

A I thought it was a pretty stupid thing I was doing, and that there was a good likelihood I would.

Q Did you ever think that maybe you could just disengage from the lie?

A I think I mentioned in court yesterday that it kind of becomes almost like an addiction. I'm not saying it's an addiction, but it's similar properties, and I think I made up my mind several times to stop it but never succeeded.

Q Sorry. Have you spoken to Ms. McCarthy at all recently?

A No.

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Q When was the last time you spoke with her?

A I think the last interchange we had was when I told her I was going to retire, and that -- I don't know the exact date, but it probably would have been in late March or early April.

Q Did you ever -- before that last time, did she ever outwardly accuse you of perpetuating the lie that you were a CIA agent?

A Not to me. She might have to other people, but not to me.

Q So she never confronted you, is what you're saying.

A She never accused me of being a lying scum bag.

Q Did she accuse you of anything else?

A No.

Q She never accused you of stealing from the EPA?

A No.

Q Or falsifying your retirement?

A No. We need to talk?

Mr. Kern. Can we --

Mr. [REDACTED] No, can we stay on? Do you want to stay on or --

Mr. [REDACTED] No, he wants to confer with his

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counsel.

Mr. Kern. Yes, can we go off the record?

Mr. [REDACTED] Off the record.

Mr. Kern. Can we have a moment to --

Mr. [REDACTED] Yes.

Mr. Kern. -- confer?

[Discussion off the record]

The Witness. Is it possible to have that last question you asked me again about Gina, whether she'd ever confronted me, can you recall that?

The Reporter. Question: "She never accused you of stealing from the EPA?".

Answer: "No."

Question: "Or falsifying your retirement?"

Answer: "No."

The Witness. I was interpreting your question too narrowly. Early in January of '13, Gina McCarthy said to me that we needed to get the authentication from the CIA that I'd been working there, whether that was in a document or a phone call or something, and I told her that I would work on that, and then sometime I think it was in February, I met with her and said -- I lied to her again and said Gina, the

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agency's not going to acknowledge what I've been doing, and her remark was well, that puts you in a really bad position, doesn't it? I said yes, it does.

BY MR. [REDACTED]

Q Let me just clarify. When you said agency, you mean

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A The CIA. So substantively, she was questioning me and demanding documentation. She didn't actually use the words I'm accusing you of lying to me and that kind of thing, but she was asking for me to prove what I'd done.

Q Okay, and this -- the instance that you're speaking of is the instance we were talking about in the first hour, the lunch that you had with her?

A No, no.

Q No?

A This is in January and February of 2013. The lunch that I had with her when we first were meeting each other was in April or May of 2009.

Q Okay.

Mr. [REDACTED] Just one quick follow-up.

BY MR. [REDACTED]

Q And so the confrontation, if you will, was that in

person, over the phone or in an e-mail?

A The one I'm describing to you in February?

Q That's correct.

A That was in person in her office.

Mr. ██████████ Okay, thank you. Off the record.

[Recessed at 4:31 p.m.]

[Reconvened at 4:43 p.m.]

EXAMINATION

BY MS. ██████████

Q Mr. Beale, in the last hour when you were speaking with my colleagues in the majority, you talked about Carol Browner. Do you recall that?

A Yes.

Q When you had interactions with Ms. Browner at the EPA, do you recall what her position was?

A Yes, she was the administrator.

Q When Ms. Browner was the administrator of the EPA, did you ever tell her that you were working with the CIA?

A No.

Q Did you report to Ms. Browner directly while you were working with her in the EPA?

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A On the NAAQS project I reported to her directly.



Q Did Ms. Browner have responsibility for supervising your daily whereabouts?

A No.

Q So you reported to her directly on a specific project, but she did not have general supervisory authority for you. Is that accurate?

A That's right.

Q Would you have expected Ms. Browner to be aware of your general whereabouts during --

A No, no, no way she would be.

Q Did you ever notify Ms. Browner when you were out of the office?

A No.

Q Would you describe yourself as someone who's one of Ms. McCarthy's closest advisors?

A No.

Q Did Ms. McCarthy have a number of advisors?

A Yes.

Q About how many advisors did Ms. McCarthy rely on from a day-to-day basis to make the decisions facing the entirety of the EPA, or the OAR --

A OAR, right.

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Q -- portion of the EPA?

A In what we would call the immediate office, that means her kind of immediate office, one, two, three -- most of the time that I was there, three to four, and I was probably the least closest of those, and then she would also rely heavily on the office directors.

Q Did Ms. McCarthy have other people that she relied on besides the four folks that you just mentioned?

A Sure, yes, she would talk to the office director, she would talk to division directors, staff people who she knew and trusted. She would -- she was very I thought good at soliciting input from stakeholder groups, business groups, environmental groups, so she would talk to a large range of people.

Q Did you provide advice to the assistant administrators of OAR in the previous administrations, including Mr. Holmstead, Mr. Wehrum and Mr. Meyers?

A Yes.

Q Did you provide the same quantum of advice to those previous assistant administrators that you did to Ms. McCarthy?

A Probably a little more to Mr. Holmstead. The other

two, probably about the same as Administrator McCarthy.

Q So would you describe yourself as a closer advisor to Mr. Holmstead than you were to Ms. McCarthy?

A Yes.

Q When we last spoke, we were talking a bit about the six months of leave you took between June 2008 and December 2008.

A Not leave. Time I stole.

Q Time you stole.

A Right.

Q Thank you. When you returned to work at the EPA in January 2009, you began reporting to a new assistant administrator of OAR, correct?

A There was an acting assistant administrator until Ms. McCarthy was sworn in.

Q Who was the acting administrator?

A I think it might have been Beth Craig.

Q How long -- do you recall how long Beth Craig was the acting assistant administrator for OAR?

A I think maybe four months. Ms. McCarthy was confirmed -- appointed and confirmed pretty quickly because of her bipartisan background.

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Q So Ms. McCarthy was confirmed in approximately April of 2009 as assistant administrator for OAR?

A Yeah, I don't recall exactly, but that's roughly the right time frame. It might have been May.

Q So from approximately January through April 2009, you were reporting to Beth Craig; is that correct?

A Yes.

Q Did you consider Beth Craig to be a peer at the same level as yourself or someone at a higher hierarchical level to you within the EPA during your tenure there?

A Well, when she was the acting assistant administrator, she was clearly higher. The rest of the time I would say that I did consider her a peer.

Q When Ms. McCarthy assumed the assistant administrator of OAR role in approximately April 2009, was there a change in the temperature of the office?

A What do you mean by the temperature?

Q Was there a renewed energy or emphasis in the product being produced by the office with the new administration in 2009?

A Yeah, I would say -- and this is typical when a new administration comes in. In the interregnum, during the

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transition period, the acting assistant administrator's basically a place-holder, and they don't launch new initiatives or priorities. They keep -- they keep the ball rolling on things we're already working on, but when a new assistant administrator comes in, they always have their own priorities, projects they want to work on, and there's always a sense of excitement and interest, so yeah, I think things picked up. We had -- she was clearer on what she wanted to focus on and -- absolutely.

Q Do you think there was -- would it be fair to say that there was a renewed vigor within the OAR office with Ms. McCarthy's introduction?

A Yes, I would say that is fair.

Q You've been shown numerous e-mails to Ms. McCarthy from yourself informing her that you would be out of the office because of CIA business.

A Uh-huh.

Q And you've told us today that you don't recall sending similar update e-mails to any of the previous assistant administrators for OAR to whom you reported.

A Right.

Q To what do you credit this change in behavior in

2009?

A Well, I think as my fraud expanded and I was taking more and more time off, I felt an obligation to stay in touch more. I mean, in the earlier years, it might have been half a day here, a day there. That's not a big deal, but when you start talking about three or four days or a week or six months, you got to stay in touch somehow.

Q But you don't recall sending Mr. Meyers any e-mail notification or any phone call letting him know that you were going to be out of the office because of your CIA business, right?

A That's right.

Q So do you think there might have been something more than a need to keep in touch because the fraud was expanding that drove your desire to inform Ms. McCarthy when you were going to be out?

A Well, that's a fair question. I think I had the sense that she was paying more attention to me than had been paid before.

Q Did you feel as though perhaps Ms. McCarthy was holding you a little bit more accountable for what you were doing and how you were managing your workload than the

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previous assistant administrator had been doing?

A Well, in the time when I was working on the project, she was definitely much more interested intellectually in it, and they would have many, many more conversations about it than with any of the other ones. And then of course, there's the time when I was working there full time on a range of projects, but I did have the sense that she was watching things -- the shop, and there were a lot of budget cuts coming in then and limited FTEs, so there was a lot of financial pressure, and she was squeezing us all for that, so I did have the sense that she was, yeah, doing that.

Q We've already spoken at length about the fact that in December 2010, Ms. McCarthy asked you to stop working on your research project and assume the role of head of OAR's international work.

A Right.

Q Did you feel as though your level of accountability to Ms. McCarthy increased once you assumed the role of head of international work?

A Oh, sure, because I'd be consulting with her about positions I was taking, about what we were doing in the international scheme and the arena. She had interest in it,

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and so absolutely.

Q So in the time frame that you held the position of head of OAR's international work, were you checking in with Ms. McCarthy more frequently than you had before?

A Yes.

Q And that was just the nature of the position that you assumed?

A Just the nature, right.

Q Were you busier as the head of OAR's international work than you had been in the years previously when you were working on the special -- the research project?

A It's busy in a different way. I was putting in many, many, many, many hours on the research project, so I was always busy doing that, but in that different role, then all of a sudden you have all these meetings and telephone calls and meetings and changing meetings, and so there would certainly be many, many more calendar entries, so it's a different kind of busy.

Q So in your estimation, equally busy. You were very busy in both roles. Is that --

A Yes.

Q -- a fair summary?

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A Yes. Well, and it's more high pressure, you know, because you're dealing with people from other offices, from other agencies.

Q More high profile?

A More high profile, yeah, so --

Q And that's referring to the role as head of international work.

A Yeah.

Q Was there an increased expectation of work product and measurable performance as the head of the international work?

A Yes.

Q Did you enjoy acting as the head of OAR's international work?

A I enjoyed it very much when I was doing it in the '90s and the early aughts. I did not enjoy it that much when I resumed it in 2010.

Q And why didn't you enjoy the role when you resumed it in December 2010?

A Kind of been there and done that, and many of the same -- one of the things that you guys probably experience too is issues don't go away, and so we're battling many of

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the same issues in 2010 and 2011 that we were in 2000 and 2001. Just done with it.

Q At some point did you indicate to Ms. McCarthy that you were no longer interested in continuing in the role as head of the international work for OAR?

A Yes, I did.

Q Do you recall approximately at what point you told Ms. McCarthy you were no longer interested in pursuing that role or --

A I can't be precise, but I think it was probably -- maybe late March or early April.

Q Of 2011?

A Of 2011.

Q And did you provide Ms. McCarthy a reason for why you were no longer interested or able in continuing in that role?

A My recollection is I told her that I just didn't find it that challenging or interesting, and that I had to do some more things out of Langley, out of -- at CIA, so I lied to her in that too.

Q So you lied to Ms. McCarthy about the CIA work in order to get out of doing the international work that she had assigned to you in December 2010.

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A Yes.

Q In that conversation with Ms. McCarthy, did you mention the fact that you were thinking about retiring soon?

A Yes.

Q Do you recall providing her with any time frame in which you had planned to retire?

A It was a rough time frame. I think I said that it would be the combination of using my accrued annual leave and doing work for the CIA, I thought it would probably be in the fall sometime.

Q Fall 2011?

A Correct.

Q What did Ms. McCarthy say in response to your reasons for no longer wanting to continue as the head of international work for OAR?

A I don't remember exact words. What I took from the conversation was okay.

Q Did you step down immediately or was there a transitional period?

A There was a transition period, I think about a month transition period where I was helping break in the new person.

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Q Did you and Ms. McCarthy discuss other work that you'd be doing for the EPA prior to your retirement after you were no longer going to be the head of international work?

A No, because what I told her was that I would be either on leave or doing work for CIA.

Q So you transitioned from being the head of international work, and after you made that transition, did you continue coming into the office prior to your retirement party in September 2011?

A Not on a regular basis. There would be -- you know, there might have been a day, a month or so that I would come in. People would still be calling me to ask me questions about things and I'd usually set up meetings with people to go over their concerns or issues about what they were working on.

Q Did you send regular e-mails to Ms. McCarthy letting her know that you were out of the office each day that --

A No.

Q -- you were out?

A No.

Q Did you feel as though you had reached a general understanding with Ms. McCarthy that you were either going to

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be working for the CIA or running out your leave into retirement at that point?

A Right.

Q So there was no longer a need to provide her with regular updates.

A That's what I thought, that's right, and I actually -  
- it was my intention to retire late in 2011.

Q Did you discuss your retirement plans with anyone in HR, human resources, excuse me, at the EPA?

A In --

Q In -- thank you. In the summer of 2011.

A Yes, I think I did. They have advisors on what you need to do, whether your packet's complete and all that kind of stuff, and I think I probably did start that that summer.

Q Do you recall who you spoke with in the human resources department of the EPA?

A I don't recall her name right now.

Q Do you recall whether you were approached by a human resources personnel employee or whether you approached human resources?

A For doing the retirement planning?

Q Yes.

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A Oh, I definitely approached them.

Q Did you speak with other EPA colleagues about your intention to retire?

A Yes.

Q And in the summer of 2011, what did you inform your fellow EPA colleagues about your plans to retire?

A I told them that I was planning on retiring in the fall, and we planned this infamous retirement cruise, and so that's the kind of thing.

Q After the infamous retirement cruise in September 2011, did you make the rounds at EPA to say good-byes to folks that you had worked with?

A No, I would not say that. There were a few people that I would say good-bye to that I didn't expect to see again, but not very many of those people would be in the air office because there were this lie that I had perpetuated that I was still working. Now, a lot of times when I came back, people would be surprised and shocked to see me, but I would say no, still doing the CIA stuff, still using my accrued annual leave.

Q In the spring or summer of 2012, were you ever contacted by Craig Hooks? Let me back up a second. Do you

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know who Craig Hooks is?

A I definitely heard the name. I don't know what his position is.

Q Do you recall being contacted by Craig Hooks in the spring or summer of 2012?

A I do not recall being contacted by him.

Q Do you know who [REDACTED] [REDACTED] is?

A Sure.

Q Do you recall being contacted by [REDACTED] [REDACTED] in the spring or summer of 2012 about your retirement status?

A [REDACTED] and I would talk about it. I don't have a specific memory of being contacted by him, but I do have a general memory of him checking in with me and asking how long -- how much longer 'til I was going to retire, but I can't say when it was or much more about the conversation than that.

Q So you have a general recollection of speaking with Mr. [REDACTED] but no recollection at all of when that conversation occurred.

A Correct.

[Exhibit No. 22 was marked for identification.]

BY MS. [REDACTED]

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Q Number 22. I've handed you a document that's marked Exhibit 22. It is an e-mail chain that unfortunately is not Bates numbered, but the top e-mail in the chain is from yourself to [REDACTED] [REDACTED] [REDACTED] [REDACTED] dated November 6th, 2012, time stamp 4:41 p.m., subject, re meeting with Gina. Take a minute, familiarize yourself with this chain.

A Okay.

Q Let's turn to the second page.

A Uh-huh.

Q The first e-mail, it's from Gina McCarthy to John Beale dated November 6th, 2012 at 1:43 p.m., subject reads, "Hey John." "John, was just filling out paperwork for PARS et cetera and came across your file. How are you? Maybe we should reconnect so you can catch me up on your plan." What does PARS or P-A-R-S stand for? Do you know?

A You're asking the wrong person. I don't know what the letters in the acronym stands for, but I think it's the semiannual evaluation process that goes on.

Q If we go to the next e-mail up in the chain, you respond to Ms. McCarthy promptly, that same day, and you say, "Gina, thanks for your note, and as usual, your timing is excellent. I just got back into the country from a too-long

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trip yesterday, and tonight's outcome will have a significant impact on those," quote, "plans of mine. I need to check with you on winding up my current situation, and I would very much appreciate your insights on a couple of other options that have developed. I am here for about a week or so. Should I contact your office and set up a time later this week early next?" Gina responds -- Ms. McCarthy responds to yourself copying [REDACTED] [REDACTED] on the same day, and she says, "That would be great. [REDACTED] can help." Who is Mr. [REDACTED]

A [REDACTED] [REDACTED] was Gina's chief of staff.

Q Mr. [REDACTED] in the next e-mail up in the chain responds to you, lists a number of days and times that Ms. McCarthy would be available, and in the chain above that, you respond and say, "Let's try for Thursday the 8th at 1300. Never know what might happen next week. Thanks again and see you Thursday." Did the meeting that you tentatively tried to schedule with Ms. McCarthy on Thursday the 8th at 1300 or 1:00 ever come to pass?

A No.

Q Do you know why that meeting did not occur?

A I don't know specifically why that one didn't. I know that -- well, that's the answer to your question. I

don't know specifically why.

Q Did you meet Ms. McCarthy at some point in November 2012?

A No.

Q Did you speak with her on the phone in November 2012?

A Not to my recollection.

Q Do you recall being contacted by anyone else -- any other EPA employees in November 2012?

A No. We tried for months to set up a meeting, and so there probably were contacts with Gina's scheduler and other people and we set up meetings and they got cancelled and set them up and they got cancelled, so there would have been a lot of that kind of contact, but I don't specifically remember.

Q Do you -- were you ever informed why the meetings did not occur?

A No.

Q What were you informed about the meetings?

A It was always a scheduling conflict.

Q So you and Ms. McCarthy would try to set up a meeting and then you would be informed that it could not proceed because of a scheduling conflict?

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A Yes, my recollection is that most of the time -- I mean, this might have happened, I don't know how many times, but many times, and I might have had a conflict once or twice, but that the vast majority of the times I was told she had a conflict.

Q Was it surprising to you that Ms. McCarthy would have had scheduling changes and conflicts arise in her schedule for meetings?

A No, in the position of assistant administrator of the air office, the schedule's always changing daily, hourly. It was surprising to me that over the course of nearly two months, I was not able to get a meeting with her.

Q And you were never informed the reason -- you were never given any reason that a meeting with Ms. McCarthy did not occur other than a scheduling change; is that correct?

A What time frame are we talking about?

Q In the November to December 2012 period.

A That's true until about November -- December -- I forget now whether it's the 22nd or 23rd, something like that.

Q What happened on November 22nd or 23rd of 2012?

A Approximately on those dates, I'd gone to the office

to talk with people, and I was contacted by the EPA's liaison to the intelligence community, somebody detailed from Homeland Security.

Q So you were contacted from someone in the EPA's Homeland Security branch in approximately December 23rd, 24, 2012; is that correct?

A Yeah, it could have been the 22nd, could have been the 21st, but it was just before Christmas, and again, he -- he was a detailee to EPA from Homeland Security, and he was supposed to be the liaison to the intelligence community for the agency.

Q Can you describe your interaction with this individual?

A Yes, he said that everybody knows the work that you've been doing for the CIA, not meaning the specific work, but meaning that I'd been out there. I don't know what he meant by everybody, that there are no records of it in the file, and we need to get that and could I please get him a contact person that he could talk to out there.

Q When was the first point at which you suspected that people at EPA might, you know, suspect that you were lying to them about the CIA?

A That was it. That was the first point.

Q That was the moment? And at that point, did you begin to think that maybe the reason that Ms. McCarthy hasn't been meeting with me for the last two months isn't just related to scheduling conflicts?

A Yes.

Q So did you provide the information that the gentleman from Homeland Security requested?

A No.

Q What did you do in response to the request that the gentleman from Homeland Security made?

A I think I got back to him once -- well, at the time he made the request, I said I'd work on it, and then I think I met with him one more time and said I'm still working on it. This would have been in early January, and then he said to me well, this isn't going away, and I said I know that, and I think that was the last contact that I had with him.

Q At some point were you asked to return to work at the EPA?

A Yes.

Q And how was that request or that order communicated to you?

A Well, I was a bit shocked and surprised, but I'd been coming back to work at EPA and planning to report as normal, but then I got a formal letter from Gina ordering me to report to my duty station by such and such a time on such and such a date. Otherwise I would be considered absent without leave.

Q Did you begin reporting once you had the encounter with the individual from Homeland Security?

A Yes.

Q Served as a wake-up call? I'm handing you a document marked as Exhibit 23.

[Exhibit No. 23 was marked for identification.]

BY MS. [REDACTED]

A Yeah, this is the one.

Q Is this the document that you referred to -- or the e-mail that you referred to from Ms. McCarthy ordering you to report to your duty station?

A Yes.

Q Did you in fact meet with Ms. McCarthy as she requests in the e-mail?

A I did.

Q Was anyone else present at this meeting with

Ms. McCarthy on June 7, 2012?

Ms. [REDACTED] January.

BY MS. [REDACTED]

Q Oh, thank you. January 7th, 2012.

A Yes, I think that Betsy -- I'm embarrassed to say I'm forgetting her last name. Betsy, who was the new DAA, was in the meeting too. I think there was just the three of us.

Q When you say new DAA, who was Betsy replacing as DAA?

A Jim Jones.

Q There are several DAAs at any one time, correct?

A There can be. There aren't always more than one, but there -- we've had as many as three in the office, and she was one.

Q Can you describe the conversation as you recall it that took place between yourself, Ms. McCarthy and Betsy on January 7th, 2013?

A Again, I can't recall specifically. Generally Gina said we needed to get this documentation in place, and I said I would work on that, and then we talked about what project I would be working on while I was back at work, and we all agreed on what that would be, and then as we were going out, Gina said we're going to be following all -- all the, you

know, time keeping rules to the letter, so --

Q When you say that she needed the documentation, was Ms. McCarthy referencing the CIA documentation that had been requested of you?

A Yes.

Q And what special project was it agreed that you'd work on?

A Well, one of the things I'm good at is working across offices, and there were -- sorry if this gets too long-winded. The office of ORD is organized in a matrix way, and virtually every other office of EPA is organized in a traditional linear way, and OAR, like other program offices, and ORD have to coordinate and generally plan together what the research projects are going to be, and also there are oftentimes short-term projects that the program offices need to have done.

And so Gina had become aware that there were problems with how we managed this flow of information and priority-setting both within OAR and between OAR and ORD, so she asked me to take over sorting that mess out.

Q Okay, thank you. Can you describe your relationship with [REDACTED] [REDACTED]

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A Purely a professional one.

Q How long have you known Mr. [REDACTED]

A I've known of him since he came to OAR, which I'm not sure when that was. It might have been in the early 2000s.

Q Was -- were you finished?

A Yeah.

Q Was Mr. [REDACTED] lower than you in the organizational hierarchy?

A I guess you'd say that. He was in the personnel side, so he was in a whole different bailiwick than I was.

Q Can you describe your relationship with Craig Hooks?

A I don't know Craig Hooks at all.

Q There we go. Did you ever tell Mr. Brenner that you never -- you know, that you were lying about the CIA?

A Did I ever tell him that I'd made all this stuff up?

Q Yeah.

A No.

Q Do you know how he found out? Did he tell you how he had found out that you had made all of this stuff up?

A No, he never told me.

Q Did he tell you when he found out that you had made all this stuff up?

A No.

Q Do you know who reviewed your travel authorizations while you were at the EPA?

A Well, I think we talked about this earlier. At some point in the early aughts, I became aware that Beth was doing that. That was kind of part of her job. That doesn't mean that she reviewed every one, but before that, I never did know who was reviewing them.

Q So Ms. Craig reviewed both your time and your travel for a period of time.

A I don't -- I don't know that she ever reviewed my time. I don't know. I don't know who reviewed that.

Q Do you know whether any of the assistant administrators of OAR ever reviewed your time?

A I don't have any idea.

Q Do you know whether any of the assistant administrators of the OAR ever reviewed or approved your travel?

A I don't know whether any of them in the bureaucratic process reviewed or approved it. I do know that many of them knew about the trips I was taking because we would be consulting about it and establishing priorities and things we

wanted to accomplish and things like that, but whether they were formally reviewing and approving it --

Q You don't know whether any assistant administrator of OAR was looking at your expense checklist and verifying and approving the amount that was spent on any particular trip.

A I don't know.

Q So in summary, would it be fair to say that for approximately 13 years, you lied to your friends, you lied to your family and you lied to EPA colleagues that -- to tell them that you worked for the CIA in order to steal time from the EPA?

A Yes.

Q And to the best of your knowledge, would it be fair to say that before November 2012, everyone that you lied to believed that you worked for the CIA?

A To the best of my knowledge.

Q But you never worked for the CIA, correct?

A Correct.

Q And you were never even extended top-secret security clearance for the United States government, correct?

A Correct.

Q You used your CIA cover story to take large chunks of

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time off from the EPA, correct?

A Correct.

Q And it accumulated in approximately two and a half years. Is that accurate?

A That's correct.

Q You were prosecuted for this criminal activity, correct?

A Yes.

Q And you entered into a plea agreement with the government?

A Yes.

Q And yesterday, December 18th, 2013, you were sentenced for the crimes you committed; is that correct?

A That's correct.

Q And what sentence did you receive?

A Thirty-two months in the federal prison, two years of probation. After that, a hundred hours of community service, and in addition to that, \$886,000 in restitution and another 507,000 in forfeiture.

Q In addition to lying about working for the CIA, you lied to EPA colleagues about having malaria, correct?

A That's correct.

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Q And you also lied to EPA colleagues about serving in Vietnam, correct?

A Correct.

Q I believe you described yesterday at the sentencing and earlier today your lying as like an addiction. Is that accurate?

A Yes.

Q Mr. Beale, there's been a lot of questions asked about the title deputy assistant administrator --

A Uh-huh.

Q -- and whether you had it, who took it away and when, and I just wanted to make sure the record is clear. Were you ever formally given the title of deputy assistant administrator?

A Well, it's not a simple answer. When I became a senior leader, senior leaders cannot be in the organizational charts deputy assistant administrators. You have to be in the organizational chart SES to do that. But given the workload that I was managing dealing with other countries, other agencies, the White House, the State Department, we explored the idea whether I could use the title of deputy assistant administrator, and as I understand it, the word

that came back from the human resources office was to -- to say to us, and by us, I mean me and the assistant administrator is you can use whatever title you want. You can use whatever title you want as long as the assistant administrator agrees to it, but in the organizational chart, you're always going to be a senior advisor.

So with the permission and consent of all the -- all the assistant administrators until Gina McCarthy didn't want me doing that anymore, that was the title that I was using.

Q Thank you. You were asked by my colleagues in the majority whether Ms. McCarthy ever pushed back on the absences from the office to do CIA work. Do you remember that?

A Vaguely, yeah.

Q Did any other assistant administrator ever push back on your absences from the office in order to do CIA work?

A No.

Q Did Mr. Meyer ever push back when you were absent from the office for approximately six months to do --

A No.

Q -- CIA work?

A No.

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Ms. [REDACTED] We can go off.

[Recessed at 5:36 p.m.]

[Reconvened at 5:37 p.m.]

EXAMINATION

BY MS. [REDACTED]

Q Just for clarity of the record, can you list all the people at EPA who knew or thought that you were a CIA agent, covert CIA agent?

A No, there's no way I'd be able to do that.

Q So it's more than ten.

A I can't give you any number. I don't know.

Q Can you name five people that knew you were a covert agent, or thought you were?

A Who believed I was? I don't know what was in those people's minds, so I can't tell you what they believed or didn't believe.

Q Can you name anybody that didn't believe that you were a CIA agent?

Mr. Kern. If you can answer that question, that's fine, but I'd struggle with that as it's stated.

A The problem -- I can tell you that nobody contacted me and said I think you're a fraud or not a CIA agent, but

there may have been many people who didn't believe it, but I didn't know that one way or the other.

Q Can you identify any individuals at the EPA who aided in your ability to perpetrate the lie that you were a CIA agent?

A I can tell you that to the best of my knowledge, nobody aided it.

Q So you had the lie about being a CIA agent. Then there was the false representation that you had malaria, the false representation that you went to Vietnam, the -- that's all I can think of right now. At no point did you have to come clean to Rob Brenner, for example, on any one of those falsehoods?

A So that's a different question. Did I ever tell Rob Brenner the truth on these falsehoods, no.

Q So he was never -- I think [REDACTED] sort of got at this in her last round of questioning. He was never in on the scheme.

A Absolutely not.

Q Do you have an awareness of how Gina McCarthy knew you were engaged in the fraud, the lying?

A No, I do not.

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Q So you don't know how she came to learn that.

A I do not.

Q Okay. I want to talk about your travel. That's actually one area that I don't think we've gone over to a great extent. Is it fair to say that you flew first class approximately 70 percent of the time you traveled? Does that sound like a fair estimation?

A I'd be totally speculating. I have no basis to know what percentage of the time.

Q Is it true that you flew first class often?

A It's true that I flew first class a number of times. I don't know whether it was a majority or minority of the time.

Q What was your practice when you booked a plane ticket?

A The policy was that if it was anything less than two hours, I would fly coach, and that was a result of experience and talking with my doctors about that, that if it was more than two hours but, you know, not a international flight, I would fly business class if it was available. It's not always available on domestic flights. But when you get into the long international flights, in order to avoid being laid

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up in bed for a day or two once I got there, it was a toss-up between first class or business class.

Q Did you ever violate that policy?

A I -- to my knowledge, to my own personal knowledge, I did not violate that policy, but I have seen a report somewhere that there was a couple of flights to Boston which, if it's true that I flew first class, and I have no basis to know if that's true, would be a violation of that policy.

Q Okay. You mentioned a back problem. What -- what happens when you don't fly first class?

A Yeah, what would happen with a long flight would be that I would develop severe pain in my neck and lower back and down my leg, and I would often be laid up in bed, incapacitated on painkillers for a day or two, which would be highly unproductive for the work I was trying to do for the government.

Q And what doctors did you consult with about this condition?

A I had two different medical programs, so when it first developed in the late '90s, I was -- I forget the health care company, but I saw an osteopath, had an MRI done, and I'd been treating -- been treated for quite a while by a

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chiropractor for the normal kind of minor back problems, not the major blow-out of a disk type of thing. And then I changed medical insurance companies to Kaiser Permanente, and I saw my regular doctor there, and she provided two letters I think. I had at least I think two MRIs at Kaiser Permanente which were read by radiologists, and they sent me to see a specialist in spine surgery at one point. When it was really bad, they were talking about the possibility of having to have spinal surgery.

Q So you said you had a doctor that submitted two notes to -- notes I guess or letters to EPA.

A No.

Q You referenced two notes from a doctor.

A Right, I did. Because through all of this I'd had the same chiropractor treating with me and he in fact had consulted with my medical doctors, he wrote the annual letters that were required for premium travel to EPA.

Q So there was a requirement that you submit some sort of documentation that you required --

A On an annual basis.

Q And who asked you for that? Do you remember?

A Yes, I think my assistant would keep that on a

calendar, that every year it needed to be reviewed, and so --

Q And that was Addie Johnson?

A For a while, it was Addie. It was [REDACTED] [REDACTED] before that. Yeah, they would keep track of that and I'd get that done.

Q And so your assistant would submit it to your supervisor? Was that the process as you understood it?

A I would secure the letter from the doctor, and then I would give it to my assistant, and I frankly never knew where it went after that, but I know -- my understanding was it had to get approved somewhere in human resources or the finance office or something, and I think that letter had to be attached to every trip when I was going to be seeking premium travel.

Q Did anyone at the EPA ever ask you for any documentation related to your back issue other than the chiropractor letters, say, from a medical doctor?

A Not to my recollection.

Q And you said you had to do this annually, so your administrative assistant just sort of helped you keep track of that annual renewal of the --

A Right.

Q So you maintain to this day that you truly have back problems. This is not part of --

A This is not part of the fraud or the scheme or anything like that. I have serious cervical and lumbar back problems which result in great pain, and I have to do -- I have medication for the pain and I have to do exercises every day to control it, and if I miss two days, it gets bad.

Q What is the genesis of these back problems? Is it just sort of your getting older or did you play football in high school or is it identifiable, the genesis of the back issues?

A Well, you put it gracefully, yeah, I'm a geezer, so there's this natural degeneration of the spine that happens. I did play football in high school. For the lumbar back problem, I don't remember any incident triggering it. For the cervical problem, I do remember, I was playing with my nephew, [REDACTED], in the surf, and I took a pretty good hit from a pretty big wave, and I was on my back for the rest of the vacation and in quite a bit of pain.

Q Okay. So during your tenure at the EPA, you turned in numerous travel vouchers. Were you ever asked for supporting documentation other than the receipts you turned

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in regarding the reasons for your frequent and extensive travel?

A There were frequent discussions, and I initiated discussions that it was very expensive for me to travel, and so we would have these discussions, is it worth it for me to go, and kind of we would evaluate every trip, do I really have to do this trip, is my presence required or could one of my staff people do it instead of that. So on that level, there was.

In terms of every trip, when you seek authorization for it, you have to get authorization for the premium travel before you go, and it has to be approved, and -- and if you're going to be staying at a hotel which doesn't fall within the government per diem, there has to be preapproval on the voucher for that. I don't remember anybody ever in any kind of general way questioning any of my travel or vouchers. I do, however, remember, I think it was part of an ordinary process, some number of my vouchers, more than one but I think less than four were audited by the Cincinnati finance office.

Q Who were these discussions with about the high cost of your travel and things like that?

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A Oh, I would have those with -- with my own staff, with the assistant administrators.

Q Okay, so we talked about the trips to California that you would make, which you agree were personal in nature; is that correct?

A Yes.

Q Did anyone ever ask you to explain why you needed to go to California so frequently?

A On those fraudulent trips?

Q Yes.

A Those trips, nobody asked me, no.

Q And then in 2008, you went to London. Do you recall that trip?

A I made many trips to London. Is this the infamous one where there was this nearly \$9,000 charge for a hotel one night? Is that the one you're talking about?

Q Yes.

A Yes, I recall that trip.

Q And was that official business?

A Yes.

Q Did you ever go to London, charge the EPA and not conduct official business?

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A No.

Q The \$9,000 -- was that just the per-night rate or was that over the course of --

A What 9,000?

Q The \$9,000 hotel charge that you mentioned.

A I don't -- I don't think I said 9,000. I said nearly a thousand dollars.

Q Nearly a thousand.

A For one night.

Q Okay, and why did you stay at that hotel? You knew it was over per diem, correct?

A No, the other nights that I was there, it was in -- within the government per diem rate. There's a set per diem rate, and then you can go above that, I think it's 150 percent above it if there's justification to go above it, and we'd make decisions on -- when you're on these kind of trips, and I'm sure you guys have been on them and have experienced this. I try to make the absolute maximum use of your time there because, one, it's expensive to be there, and two, it's not good to be away from the office, so you want to get the most done that you can.

So there's this whole dance that you go through figuring



out well, what's the venue of the meeting, because it's always better to be at that venue, where are the other delegations staying, because particularly the delegations that you want to do business with, and as you know, many times, the real substance that gets done is not in the formal sessions, but it's in the sidebar meetings, the either accidental meetings in the hallway or the planned accidental meetings in the hallway.

So on these days, it's not like a 9:00 to 5:00 day. The day usually starts at 6:00 in the morning and seldom gets done before midnight, so you plan the location strategically to maximize your effectiveness.

In this particular case, that was the location which would maximize that effectiveness, and it was within the per diem rate of this 150 percent. It's the Marriott hotel. Apparently the last day, unbeknownst to me, the rate changed and it went up to this 900 and some dollars for the night. I was not aware of that at the time. I should have been. I should have seen it right there. I didn't see it until I got back, and when I saw it, I was upset and angry about it, and we said about contacting the Marriott chain and the hotel directly to try to get that reversed.

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I did not follow up on that. That's my mistake. That's my fault. It's all on me. I should have followed up and made sure that that got reversed, but once we started the process, I moved on to other things and didn't pay attention to it and I did not meet my responsibility to take care of the taxpayers' dollars there.

Q A lot of agencies require trip reports after travel, when you return from -- did you ever have to file a trip report at the EPA?

A I don't know about a trip report requirement.

Q No? Do you think that that might make sense for EPA to institute so that one can ensure that -- the managers can ensure that real work is being done on trips?

A Well, I don't know about the conclusion. It would seem like trip reports would be a good idea so that you could share the information so that everybody on the team would know about what went on. I think the check point to make sure the real work is happening in the preapproval process when it gets approved.

Q So when you were -- you mentioned the preapproval process. When you were going to California and on -- were there other places that you visited where you didn't conduct

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EPA official business?

A No.

Q So only on the trips to California were you engaged in --

A The five trips there, yeah.

Q During the preapproval process, what did you tell folks you were doing in California? Is that when you were working on this special research project?

A I don't remember what -- what I said. It was during the time period I was working on that, but I don't remember what I put on the form.

Q So no one asked, to your recollection?

A Nobody asked me that I recall.

Q Okay. The six-month absence that you were talking to my colleague ██████ about, when you returned to the office, were people surprised to see you? Did you have any explaining to do when you returned?

A Well, again, I think I'd made up this fiction about working on this executive protection thing, and the election was over and everybody was gearing up for the transition period, so I don't think people were surprised to see me back. I think they were expecting me back, and got back to

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work on EPA work.

Q So how many people -- the special election security thing I think you said it was --

A Executive protection.

Q Executive protection, that was purportedly related to your CIA --

A Yes.

Q -- job? How many people would you say knew about that?

A I don't have any idea.

Q Do you recall how many people you told you had malaria?

A No.

Q Do you recall who you told? Who was the first person you told you had malaria?

A This is going back a long ways now here. No, I don't have a recollection of who that would have been.

Q Okay, I'm going to jump to retention bonuses. Were you surprised to receive the retention bonus initially back in 1991?

A I was.

Q Were you surprised that the retention bonuses

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continued?

A I was not surprised. I knew nothing about the -- how often they needed to be recertified or anything like that, but it was true during the period of the '90s, through the '90s, I was getting offers or the beginnings of offers to go other places, and it was also true that I was seriously considering leaving EPA and going and doing something else.

Q Yes, you mentioned that earlier, that you had thought that you would only work at EPA for two years. What made you stay?

A I would like to think it was not Beltway fever. I think -- there were a number of things. I had -- I was tremendously impressed with the dedication and the skill of the people at EPA. It was a -- it was an amazing place to work, and also, I found the subject matter fascinating and interesting, and it's not like I was doing one thing for five years. I was in the fortunate position to be able to work on very high-profile, very interesting time-sensitive critical projects that often involved spending a lot of time up here on the Hill, interacting with the White House. So it turned out to be much more interesting work than I thought.

Q And going back to the retention bonuses, when they

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continued all the way up until the time you officially retired, were you surprised you were still receiving them even then, or was it to the point where that was just your paycheck and that's what you got sort of --

A Yeah, I mean, I had no idea what the requirements were for review, if there were any, and I didn't really think about it that much.

Q Okay. Back -- going back to the London trip, the Inspector General told us that you took an excessive amount of cab trips. Do you have an explanation for that? Were you unaware of the rule or --

A If the Inspector General said there's a limitation on how many taxi trips you can take on a trip, they're wrong, to the best of my knowledge. Each trip is different of course, and where the meetings are you have to go are different, and how tightly they're scheduled are different, and taxis in London are very expensive. On the other hand, the tube is not an efficient way to move around when you've got just a few minutes between meetings, so I know that they're implying fraudulent activity there, but there was none.

Q Okay, you mentioned the rules and -- when you're traveling throughout government -- let me back up.

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Throughout government, there's been issues with travel, conferences, excessive spending on those two things, so we always like to sort of ask what sort of training you are given on the rules of the road with regard to travel. Was there annual training at EPA?

A To my knowledge, there is not annual training on that. We were told what the rules were, you know, and what dollar levels above which you needed to have receipts and which ones you didn't, things like that.

Q Who told you? Was there a -- was it an administrative person or was there an HR person connected with each office? Do you remember?

A I do not recall.

Q So this being the Committee on Government Reform, we're always looking for ways to sort of improve. Have you had any chance to reflect on how government could be reformed so that others don't -- other government -- federal government employees don't perpetrate similar frauds?

A No, I have to admit I've been pretty much focused on my own situation this past year. I'm not in a position to give you good policy advice, I'm afraid.

Q In your sentencing memorandum that you submitted to

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the court, you said greed doesn't explain the whole story, your entire motivation, that you've worked with a therapist and come to the realization that you have a desire to engage in reckless behavior, or something related to reckless behavior. Is there a pattern -- can you cite other examples of when you've engaged in reckless behavior?

A Well, I think --

Mr. Kern. This isn't enough?

BY MS. ██████████

Q Well, it sounded like it was sort of a pattern that maybe you had identified with a psychological professional.

Mr. Kern. Let me just make sure that whatever John describes is based on his own awareness of the issues as opposed to having him mention anything that might be a diagnosis that he would disclose that could then implicate his sort of medical privacy HIPAA rights. This is more for his benefit. I think he can easily answer the question, but I don't want to end up disclosing any diagnosis that he's received from his therapist.

Mr. ██████████ I don't think the question as asked called upon it.

Mr. Kern. Well, just because it's 6:00 and we've been

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at it for a while, I wanted to be sure that we didn't stray into that territory. I wasn't suggesting that [REDACTED] was asking that, but I just want --

BY MS. [REDACTED]

Q Yeah, I'm just asking for other examples of reckless behavior you've engaged in.

A What I'm referring to there is recklessness in the sense of a disregard of the either potential or real consequences of one's action. This whole scheme, this whole fraud that I perpetrated in my mind was very reckless. It did -- obviously destroyed my career and reputation and it's done a lot of harm to a lot of other people too, and I think you can look at just about anything that I did under this -- under this scheme, and I'd call it reckless, and I have learned -- it's not necessarily true for everybody, but I have learned for me that it can -- I use the word "addiction," but I don't mean it in the sense of a disease. I mean it in the sense you get kind of a rush out of this or an excitement about manipulating people or convincing them of something that's not true, and I've seen and experienced and learned how reckless that is and how dysfunctional it is and how much harm it does, not just to me, but more importantly,

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to all the people around me.

Q And at no point did Gina McCarthy confront you with the recklessness of your actions, did she?

A Well, I think it was implicit in the meeting that I described in January and February in '13, but nothing before that, no.

Q Did she fire you at that meeting?

A No.

Q Ask you to resign?

A No.

Q Did she ever mention the possibility of terminating your employment at the EPA?

A No, not to me.

Q Did anyone --

A Not to --

Q -- at the EPA?

A Not to me.

Q Did anyone ever suggest that you retire?

A No, it was my decision to retire.

Q When you did finally retire, I assume you had vacation days or leave days accrued.

A Yeah.

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Q Were you -- do you know how many?

A I don't recall exactly. It was -- I don't recall exactly. Several hundred hours.

Q Did you get paid for those days?

A No, I did not. The government took them.

Q During the judicial proceedings or prior to that?

A Prior to that.

Q And how did you learn that that was going to happen?

A I learned when I got my pay stub and it said this is what you earned and this is what you're getting, zero.

Q So nobody ever explained to you that you weren't getting paid for your vacation days.

A Nobody ever explained that to me.

Q Do you have any idea whose decision it was not to pay you your accrued leave?

A I do not know who decided that.

Q You didn't contest that in any way, the nonpayment of your vacation days, did you?

A No.

Q You never sent an e-mail saying hey, I'm owed this money or --

A No.

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Q Okay. I think you talked a little bit with [REDACTED] about when you sort of ended the lies. We've been told by the Inspector General's office that even when they began investigating in February of 2013, that you informed them that you weren't -- that you initially told them that you were with the CIA; is that correct?

A I never had that conversation with the IG's office, no.

Q Okay. What did you tell the IG's office when they first contacted you?

A They first came unannounced to my office at EPA and said rather clumsily that they wanted to talk to me about time and attendance fraud in our office in Ann Arbor, Michigan, and I said well, why don't we go someplace where we have some privacy and can talk about it, and then I said to them -- I don't remember the exact words, but something like Ann Arbor, Michigan? What are you talking about? By this time of course I knew that there was some interest in EPA and my time and attendance, and they gave me some answers to it would reasonably be interpreted as meaning it had nothing to do with me, but that they wanted -- they thought I might be able to help them with their investigation, and it was pretty

transparent what was going on, and I gave them the name and phone number for my attorney.

Q And we're informed that when -- and correct me if this is wrong. When they contacted Mr. Kern, they were told that you were indeed a CIA operative and that they needed to cease their investigation. Is that your awareness?

Mr. Kern. Two things. One, the IG agents have never contacted me. Two, anything that my client might know about my communications with the government generally would be privileged, but I'm happy to represent that the IG agents never phoned me, never contacted me by e-mail, that my communications were always with Jim Smith, the Assistant U.S. Attorney, and that for two of my meetings with Jim, agents were present.

BY MS. [REDACTED]

Q Did the agents ever invite you to attend an interview at CIA headquarters, referred to as Langley?

A They never did.

Mr. Kern. Can we go off the record for a minute?

Ms. [REDACTED] Sure.

[Discussion off the record]

BY MS. [REDACTED]

Q Just to restate the question that I previously asked you, were you ever aware of an invitation to attend an interview at Langley once the investigation of your fraud had commenced?

Mr. Kern. And I will object to the question and instruct the witness not to answer because to do so would implicate his attorney-client privilege.

BY MS. [REDACTED]

Q And the committee does not recognize that privilege, but in this instance, we will move on and continue our questions. What is the last point at which you recall perpetuating the lie that you were a CIA operative?

A I can't -- I can't give you a specific date, but it was around April of this year, 2013.

Q Okay. Do you know where you were when that happened?

A No, I don't recall.

Q Was there something that precipitated it, an event?

A Not that I recall.

Q Why should we believe any of your testimony here today?

A I think it's a good question. I don't have any -- I mean, I've confessed to what I did. I've been convicted,

I've been sentenced, I've paid a lot of money and will pay a lot of money. I don't have any incentive to lie to you anymore.

Q So I'm coming to the end of my questioning obviously. Is there any other information that you'd like to share with the committee today? Take a minute to think about it.

A You're not looking for stock tips, I assume. No.

Q If you have any great ones --

A Not me, that's for sure. Not anymore.

Ms. ██████ Okay, I think I'm finished. We can stop the clock and we can go off the record.

[Discussion off the record]

EXAMINATION

BY MS. ██████

Q Mr. Beale, when you first told Ms. McCarthy about your alleged work for the CIA, did she tell you that she was already aware that you worked for the CIA?

A Now we're talking about the spring of '09.

Q Correct.

A At that lunch, we did talk about it, but I cannot recall who initiated the discussion.

Q Do you recall having the impression that she was

already aware that you were a CIA operative?

A I have a recollection that she did not seem to be surprised by it.

Q When you were speaking with my colleague in the majority, you said that you talked about the high cost of your travel with assistant administrators of OAR and your staff; is that correct?

A Yes.

Q When do you recall having conversations with your staff and assistant administrators of OAR about the high cost of your travel?

A Well, once I had my first back problem, which I think was in '98, I knew that I could not travel coach anymore without losing days of productivity, so at that point, I had a discussion with the then-assistant administrator about whether it was worth it for me to do this, and --

Q When you say worth it to do this, what are you referring to?

A Well, given the high cost of me going on the trips, whether it would be better to get somebody else to do it.

Q And who was the assistant administrator of OAR at that time?



A I don't actually recall. It was somewhere around -- it could have been Mary Nichols or it might have been Bob Perciasepe. I just don't remember which one.

Q Continue.

A Oh, and then the staff, we would -- we would -- almost every trip that was coming up, we would evaluate whether this was something that required my presence or whether somebody else could go and handle it.

Q Because it was common knowledge amongst your staff that your presence would be more expensive given your need for first class travel than the presence of someone else?

A Yes, yeah, that's right, and because I hated the foreign travel, because even with the first class, travel is still painful.

Q Besides the initial conversation with the assistant administrator of OAR about the high cost of your travel, did you have other conversations with other assistant administrators of OAR about the high cost of your travel?

A I don't recall when, but I do recall having that conversation with Jeff Holmstead. A change of party and it's a whole different thing. I don't recall such a conversation with Wehrum or with Bob Meyers.

Q Do you recall the substance of your conversation with Mr. Holmstead about the high cost of your travel?

A Well, it just would have been simply that, that it is expensive for me to travel because I need the premium class of service, and that I try to be as careful of that as possible, and -- but you should know it's going to be expensive for me to go, and if you don't want me to, tell me.

Q So basically giving him advance notice if he was going to send you somewhere, it was going to cost him more than if he chose to send someone else.

A Yes, someone else who -- yes, that's right.

Q And who initiated your travel during your time at the EPA? Did the assistant administrators of OAR tell you John, we need you to go to location X, or did you decide I think my work requires me to go to location X?

A Yeah, most of the time it would be a decision that the team would make, the whole international team, you know, because they would have been working on some negotiation or some project and that was getting ready to be signed or finalized and celebrated and they had to have a high-ranking person there. Sometimes I would just decide. Occasionally, not very often, an assistant administrator would ask me to

make a trip. On one occasion, maybe two occasions, the administrator herself asked me to.

Q But typically it was a team decision that you would make a particular trip?

A Most of the time, that's right.

Q A few hours ago when you were speaking with my colleagues in the majority, you recounted a meeting with Ms. McCarthy in January 2013 in which she said according to your recollection something like we needed to get a handle on the situation with the CIA, and that you told her that you'd be working on it.

A That's right.

Q Was anyone else present at that meeting with you and Ms. McCarthy?

A Yes, Betsy -- I still can't remember her last name. She was a relatively new deputy assistant administrator.

Q Anyone else besides Betsy and Ms. McCarthy?

A Not that I recall.

Q You had a follow-up meeting with Ms. McCarthy in February 2013 concerning the same topic.

A That's right.

Q Was Betsy also present at that meeting?

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A Yes, she was.

Q Was anyone other than Betsy and Ms. McCarthy present at the meeting in February 2013?

A Not that I recall.

Q You mentioned that you were not paid for a certain period of time in your conversation with my colleagues in the majority a moment ago. Can you recount for me the period of time that your paychecks came back with a zero on them?

A Yeah, there were two phases to that. As you recall from one of the exhibits you showed me, Administrator McCarthy stopped my retention bonus, I think it was, if memory serves; February 19th. Well, the payroll office didn't catch up with that by February 19th, so they continued paying it for a while longer, maybe a month longer, but then they caught up with it, and in order to recover that, they took it out of my paycheck. Now, that didn't result in a zero paycheck, but it resulted in a much lower than normal one.

Then once I'd retired, I should have gotten a paycheck for my regular work up to April 30th and a payment for the accrued annual leave, and they -- on the form, it says that I had this debt to the government, and it didn't say how much

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or what for or anything, and they just took it all.

Q Did you ever notify the payroll department after receiving Ms. McCarthy's notification that you wouldn't be getting the retention bonus to let them know that a mistake had been made and you were in fact still receiving your retention bonus?

A No, I did not. I wasn't totally surprised. I figured that they would catch up with it and then take it back.

Q Did you ever contact anyone within the EPA to figure out what the debt to the government notice was referring to?

A No, I did not because very shortly after -- I would have gotten that zero paycheck like sometime in the middle of May. It might have been late May, and about the same time, I got a notice from the payroll office, the people who process the payroll, DFAS, the Defense Finance Agency, that there wasn't much explanation, but it said that overpayment has been made to me. I later learned this is related to this retention allowance, and so they were claiming that I owed them a debt, not just from February 19 on, but a much larger debt.

Q Do you know from what date onward they were

recollecting the retention bonus?

A It was a very confused and mixed-up set of letters. The first ones came from DFAS, and then there were some follow-up letters from EPA itself covering different periods of time, and the first ones from DFAS were for some period starting in the early aughts all the way through February 19th, and then there were some later ones that came claiming for the '90s.

Ms. [REDACTED] We can go off the record.

[Discussion off the record]

Ms. [REDACTED] This concludes the deposition of John C. Beale. Thank you for being with us for all these hours. Not that you've had a choice, but we appreciate it. I'd like to remind you to keep what we've discussed here confidential and just thank you for your time. Anything else you'd like to add?

The Witness. No, thank you very much.

Ms. [REDACTED] Thank you.

[Whereupon, the deposition concluded.]

Certificate of Deponent

I have read the foregoing \_\_\_\_\_ pages, which contain the correct transcript of the answers made by me to the questions therein recorded.

\_\_\_\_\_  
Witness Name

\_\_\_\_\_  
Date