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WESTERN REGION  
**DEFENSE CONTRACT AUDIT AGENCY**  
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IN REPLY REFER TO  
4281/850.3

January 22, 2008

MEMORANDUM FOR [REDACTED]

SUBJECT: Fraud Referral - [REDACTED]

I have reviewed the submitted Form 2000 and supporting documentation related to [REDACTED] employee stock option plan. While the subject referral may document unusual activity on the part of the contractor, it has not established that the alleged activity was prohibited by any legal, regulatory, or contractual requirement, thereby making the subject costs unallowable on government contracts. Consequently, in consultation with the RAM and other regional staff, it is my conclusion that there is not a sufficient basis for suspicion of fraud or other irregularity. Therefore, I will not forward a copy of the Form 2000 to Headquarters.

You are reminded, that if you disagree with my conclusion regarding this matter, you may report your concerns regarding ECC through use of the DoD Hotline. The DoD Hotline toll free telephone number is 800-424-9098. Mailed correspondence should be addressed to the Defense Hotline, The Pentagon, Washington, DC 20301-1900. In addition, e-mail can be sent to [hotline@dodig.osd.mil](mailto:hotline@dodig.osd.mil) or through the feedback link on the Hotline website at [www.dodig.osd.mil/hotline](http://www.dodig.osd.mil/hotline).

*Ellen M Hoffer*  
ELLEN M. HOFFER  
Branch Manager

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Supervisory Auditor  
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