

DEA chief faces probe into ‘swampy’ hires, no-bid contracts

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DEA Administrator Anne Milgram speaks during a news conference at the Justice Department in Washington, Friday, April 14, 2023. The Justice Department has charged 28 members of Mexico’s powerful Sinaloa cartel, including sons of notorious drug lord Joaquin “El Chapo” Guzman, in a sprawling fentanyl-trafficking investigation. (AP Photo/Susan Walsh)



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FILE - U.S. Drug Enforcement Administration Administrator Anne Milgram speaks during a news conference at the Justice Department in Washington, Friday, April 14, 2023. A federal watchdog is investigating hiring practices at the DEA under Milgram and whether millions of dollars in no-bid contracts were improperly steered to her past associates, according to people familiar with the probe. (AP Photo/Susan Walsh, File)



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DEA Administrator Anne Milgram, left, speaks as United States Attorney for the Southern District of New York Damian Williams, right, listens during a news conference at the Justice Department in Washington, Friday, April 14, 2023. The Justice Department has charged 28 members of Mexico's powerful Sinaloa cartel, including sons of notorious drug lord Joaquin "El Chapo" Guzman, in a sprawling fentanyl-trafficking investigation. (AP Photo/Susan Walsh)



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DEA Administrator Anne Milgram, right, with Attorney General Merrick Garland at left, speaks during a news conference at the Justice Department in Washington, Friday, April 14, 2023. The Justice Department has charged 28 members of Mexico's powerful Sinaloa cartel, including sons of notorious drug lord Joaquin "El Chapo" Guzman, in a sprawling fentanyl-trafficking investigation. (AP Photo/Susan Walsh)



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FILE - DEA Administrator Anne Milgram attend a news conference at the Justice Department in Washington, Friday, April 14, 2023. A federal watchdog is investigating hiring practices at the DEA under Milgram and whether millions of dollars in no-bid contracts were improperly steered to her past associates, according to people familiar with the probe. (AP Photo/Susan Walsh, File)

WASHINGTON (AP) — A federal watchdog is investigating whether the U.S. Drug Enforcement Administration under chief Anne Milgram improperly awarded millions of dollars in no-bid contracts to hire her past associates, people familiar with the probe told The Associated Press.

Among the spending under scrutiny by the Justice Department's Office of Inspector General is \$4.7 million for "strategic planning and communication" and other contracts that were used to hire people Milgram knew from her days as New Jersey's attorney general and as a New York University law professor – at costs far exceeding pay for government officials.

At least a dozen people have been hired under such contracts, including some in Milgram's inner circle handling intelligence, data analytics, community outreach and public relations — work often requiring security clearances and traditionally done by DEA's own 9,000-person workforce.

Also under scrutiny is \$1.4 million to a Washington law firm for a recent review of the DEA's scandal-plagued foreign operations that was widely criticized for giving short shrift to agent misconduct and how to prevent it. That review was co-authored by Boyd Johnson, former right-hand man to one of Milgram's closest friends, Preet Bharara, when he was U.S. Attorney in Manhattan. Bharara himself landed at the firm, WilmerHale, even as the review was being conducted.

Other news



Kansas governor picks high-ranking DEA official to take over embattled highway patrol

“Some of these deals look very swampy,” said Scott Amey, general counsel of the nonpartisan Project on Government Oversight, noting that federal contracting is not intended to bypass the government hiring process and should be conducted with no preferential treatment and avoiding even the appearance of a conflict of interest. Contractors are also prohibited from performing “inherently governmental functions” such as directing federal employees.

“Contracts should never be awarded based on who you know,” Amey said.

WIDENING INQUIRY

Details of the widening inquiry, which began several months ago in response to employee complaints, came from several people interviewed by the Inspector General's office who discussed the ongoing probe and provided contracting documents on the condition of anonymity. If misconduct is found, the Inspector General can recommend anything from administrative sanctions to criminal prosecution.

The probe comes as the DEA is struggling with repeated revelations of agent misconduct that have rocked the federal narcotics agency and a fentanyl crisis claiming more than 100,000 overdose deaths a year that Milgram has called the “deadliest drug threat our country has ever faced.”

The DEA declined to make Milgram available for an interview or to discuss the investigation and specific contracts, instead releasing a statement.

“DEA has acted with urgency to set a new vision, target the global criminal networks responsible for hundreds of thousands of American deaths, raise public awareness about how just one pill can kill, and promote and recruit hundreds of highly talented people,” it said. “These changes have been made through an extensive and multi-part process, and we are committed to ensuring that DEA is working relentlessly to protect the national security, safety, and health of the American people.”

Anthony Coley, a former Justice Department spokesman who has known Milgram for 15 years, said the investigation may stem from employees who aren’t happy with such organizational change and are seeking ways to “push back or undermine it, even if the underlying allegations aren’t true.”

“But that’s what inspectors general are for,” he said, “to call balls and strikes.”

MANDATE TO CLEAN HOUSE

With a tough New Jersey bravado and data-driven “Moneyball” approach to the war on drugs, the 52-year-old Milgram came to the DEA nearly two years ago with a mandate to clean house.

But the Biden appointee quickly ruffled feathers by pushing out several career DEA officials she viewed as part of a cliquish culture that allowed misconduct to flourish. Instead, she favored the counsel of newly installed attorneys and data crunchers who work with her in an isolated part of the 12th floor of DEA headquarters known as “the bubble.”

Milgram has also made a point to show zero tolerance for sexual misconduct and racism in the ranks, warning agents they may now be fired for certain first offenses — a departure from previous administrations.

One of her first actions was ordering an external review of the DEA’s sprawling foreign operations, which spans 69 countries. It came in the wake of the high-profile arrest of José Irizarry, a disgraced agent now serving a 12-year federal prison sentence after confessing to laundering money for Colombian drug cartels and skimming millions from asset seizures and informants to fund an international joyride of fine dining, parties and prostitutes.

‘STUNNINGLY VAGUE’

But those selected to carry out the review raised eyebrows. One, John “Jack” Lawn, is a DEA legend but the 87-year-old’s insights date from his tenure leading the agency in the 1980s. After leaving government, Lawn headed the Century Council, a beverage industry group, which funded research into campus alcohol abuse that was conducted by Milgram’s mother, a Rutgers University expert in the field.

Lawn's co-author, Boyd Johnson, worked as a prosecutor on international drug cases before becoming a partner at WilmerHale. Both Johnson and Milgram have close ties to Bharara, who after being fired as U.S. attorney by President Donald Trump joined the NYU faculty alongside Milgram and together hosted the legal issues podcast "[Cafe Insider](#)." Last year — as the foreign operations review was being conducted — Bharara joined WilmerHale. And this year, DEA hired away from the firm Milgram's former NYU research assistant to become her deputy chief of staff.

Competitive bidding rules for the review were sidestepped by the DEA's argument of "unusual and compelling urgency," saying the "threat of illicit foreign drugs to the health and safety of the American public has never been greater."

But instead of the projected six months to get the review out, it took nearly three times that long.

"It's a complete waste of taxpayers' money," said Matthew Donahue, who led DEA's foreign operations until he butted heads with Milgram and was transferred to Colombia, a demotion that prompted him to retire.

Donahue said he and several other DEA overseas veterans were never interviewed as part of the [review](#), which scarcely mentioned Irizarry or other scandals, and borrowed heavily from publicly available audits and DEA operating manuals.

"It's something that could've been written in three days," he said.

Iowa Republican Sen. Chuck Grassley, a longtime voice against government waste and member of the Senate Judiciary Committee, ripped WilmerHale's review as "stunningly vague" and recently sent Johnson a [letter](#) requesting a range of records, background on his relationship with Milgram and asking whether she or anyone else at DEA requested edits of the report.

"Though DEA originally billed this report as a 'comprehensive review' of DEA's foreign operations strategy, the report glosses over or ignores serious shortcomings at the agency and spends much of its 49 pages quoting from publicly available documents that one could have pulled off a web site," Grassley wrote in the letter last week.

Neither Lawn, Johnson, Bharara nor WilmerHale responded to requests for comment.

NEW JERSEY TIES

Another no-bid contract under scrutiny went to Jose Cordero, a longtime New York City police official whose ties to Milgram go back to 2007 when as attorney general she named him New Jersey's first statewide director of gangs, guns and violent crime.

Together they overhauled the police department in Camden — then under state control due to soaring crime and corruption — by crunching crime stats and intelligence data in real time to deploy resources as needed. The approach won national praise as the homicide rate in what was then the country’s most dangerous city was slashed by nearly half.

“We have a lot of culture to change,” Milgram said in a 2014 [TED talk](#) on applying statistics to crime fighting. “But the great news about all of it is that we know it works.”

Less than three weeks after taking the top job at DEA, Milgram awarded Cordero what has become a nearly \$400,000 contract to conduct data analysis of crime stats.

But Donahue said Cordero’s expertise in urban policing has less value to the DEA, which processes a flood of intelligence from foreign and domestic wiretaps, as well as informants, to dismantle cross-border criminal networks.

Cordero didn’t respond to requests for comment.

THE CLEARING

Several of the hires in question joined DEA through The Clearing, a Washington-based federal contractor that provides outsourced administrative services to the DEA and other federal agencies.

The Clearing’s \$4.7 million in billings to the DEA for “strategic planning and communication consulting services” over the past two years have accounted for 30% of its federal contracts during that period, records show.

Among those from The Clearing under scrutiny is Lena Hackett, a former Democratic congressional staffer and founder of Community Solutions, an Indianapolis consulting firm focused on public health and criminal justice. Milgram described her as her main partner in a policing reform project she established in Indianapolis while teaching at NYU.

Internal records show Hackett regularly briefs field offices, prepares policy statements and memos for Milgram and meets with families affected by the fentanyl crisis. For her services, the DEA budgeted \$257 an hour — more than triple the hourly rate earned by the agency’s top civil servants, including the head of community outreach.

Another brought in through The Clearing is Julia Pacetti, a New York City publicist who has led media campaigns for prominent public figures and authors.

According to documents, Pacetti’s firm JMP/Verdant collected \$11,500 a month plus expenses to write news releases, handle interview requests and arrange news conferences — work some DEA employees viewed as redundant given the agency’s existing staff of public relations employees.

Several recent DEA news releases – including those announcing fentanyl busts as part of the agency’s “One Pill Can Kill” enforcement surge – came not from the DEA’s official email account but from “Julia Pacetti-Verdant.”

Neither The Clearing, Hackett nor Pacetti responded to requests for comment.

“This looks terrible to taxpayers,” said Don Fox, former acting director and general counsel of the Office of Government Ethics. “The appearance is awful.” ____ AP Researcher Rhonda Shafner contributed to this report from New York.

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