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April 5, 2006

The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301

Dear Mr. Secretary:

Over a year ago, I wrote to request basic information about the Defense Department's contracts with Engineered Support Systems, Incorporated (ESSI).¹ I never received a response to my letter. A recent Inspector General report, however, found that Darleen Druyun, the convicted former Air Force Principal Deputy Assistant Secretary for Acquisition and Management, improperly influenced the award of a no-bid \$158 million contract to ESSI.²

ESSI holds Pentagon contracts to armor military vehicles, refurbish military trailers, and provide equipment, such as loading vehicles and protective shelters. William H.T. Bush, the President's uncle, sits on the company's board and profited from the sale of company stock.³ William Bush reportedly exercised stock options worth approximately \$450,000 on January 18, 2005.

When I wrote my initial letter, the no-bid \$158 million ESSI contract to provide logistics support for Air Force cargo loaders had been referred to the Pentagon Inspector General's office for investigation. Acting Undersecretary of Defense Michael Wynne explained that these contracts "appear to have anomalies in them."⁴

¹ Letter from Rep. Henry A. Waxman to Donald Rumsfeld, Secretary of Defense (Mar. 3, 2005).

² Department of Defense Office of Inspector General, *Air Force Procurement of 60K Tunner Cargo Loader Contractor Logistics Support* (Mar. 3, 2006).

³ *Company's Work in Iraq Profited Bush's Uncle*, Los Angeles Times (Feb. 23, 2005).

⁴ *Id.*

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The Inspector General's findings have now been released. He found that Ms. Druyun pushed to award a long-term sole source logistics contract to ESSI from the beginning. Instead of the 8-year, \$158 million contract ESSI ultimately received, she recommended that the company be given a 33-year, \$1.7 billion contract. According to the report, Ms. Druyun successfully influenced the process by ensuring that ESSI received the \$47.2 million vehicle overhaul piece of the contract. Even though the Marine Corps was available to do the repair work for \$19.7 million less, Ms. Druyun directed that ESSI receive the work as part of its sole source contract. The use of ESSI also increased transportation costs by \$641,000 over the duration of the contract.

The Inspector General's findings underscore the importance of answering the questions I raised a year ago about this contract. In addition, they raise a significant, unanswered question: why did Darlene Druyun improperly influence the procurement process to assist ESSI? To examine these questions, I request that the Defense Department provide unredacted copies of the following documents:

- (1) the ESSI contract and the June 12, 2003, justification and approval for the sole source contract, both of which I requested in my March 3, 2005, letter;
- (2) Ms. Druyun's October 31, 2002, memorandum entitled "Tunner Sole Source Long-Term Support"; and
- (3) all written or electronic communications between Ms. Druyun and any representative of ESSI.

Please provide the requested documents by April 24, 2006.

Sincerely,



Henry A. Waxman
Ranking Minority Member