

Project On Government Oversight

The Politics of Contracting

June 29, 2004

The Project On Government Oversight would like to thank all those who
have helped compile information used in this report:

Nadia Asanchev
Jane Black
Jill Carlson
Center for Responsive Politics
Jacob Dagger
Chuck Deitling
Ella Hoffman
Amelia Kegan
Rebecca Kleinman

Seth Morris
Political Money Line
Lauren Robinson
Caleb Rowe
Nick Schwellenbach
Anay Shah
Transactional Records Access Clearinghouse
Sam Widdoes

I. EXECUTIVE SUMMARY	3
II. INTRODUCTION	5
Chart 1. Money Spent by the Top 20 Federal Contractors to Influence Decisions and Secure Future Contracts FY 1997 - 2004	6
Chart 2. Senior Government Officials Turned Current or Former Contractor Executives, Directors, or Lobbyists 1997 - 2004	9
III. REVOLVING DOOR CASE STUDIES	10
A. When the Revolving Door Undermines Confidence in Government Contracting ..	11
1. Druyun & Boeing	11
a. The Tanker Lease	11
b. Godmother of the C-17	13
2. Aldridge & Lockheed Martin	13
a. The Controversial F/A-22	13
b. The Space Commission	13
3. Heebner & General Dynamics' Stryker	14
4. Floyd & Lockheed Martin's HC-130P	14
5. Perle & Boeing	15
B. Federal Advisory Boards	15
1. Defense Policy Board	17
2. Defense Science Board	18
C. Lobbying: The Retirement Community for Members of Congress	21
1. Rep. Robert Livingston (R-LA) (ret.)	21
2. Rep. Vic Fazio (D-CA) (ret.)	22
D. "Consultants:" Lobbyists by Another Name	22
IV. REGULATING THE REVOLVING DOOR	23
A. Revolving Door Regulations: A Spaghetti Bowl	23
B. Revolving Door Loopholes	25
C. Recent Presidential Attempts to Slow the Revolving Door	26
1. The Bush Administration	26
2. The Clinton Administration	27
3. Lack of Congressional Oversight	28
D. Lack of Enforcement	28
1. Agency Oversight	29
2. Prosecutions	30
Chart 3. Enforcement of the Revolving Door	31
E. Revolving Door Violations	32
F. Defenders of the Revolving Door	32
V. MONEY & CONTRACTING	33
VI. POGO's RECOMMENDATIONS	35
A. The Revolving Door	35

B. Money & Contracting	36
C. Federal Advisory Boards	36
D. Lobbying	36

VII. APPENDICES

Appendix A – The Politics of Contracting.

Appendix B – *Pentagon ‘revolving door’ turning faster: Hiring of top officials by contractors up 491%*, Cleveland Plain Dealer, Aug. 17, 1986.

Appendix C – Plea Agreement and Statement of Facts, *United States v. Druyun*, Apr. 20, 2004.

Appendix D – Boeing E-mail from Andrew K. Ellis to Jim Albaugh, Jan. 23, 2003.

Appendix E – *Journalistic Integrity: Full Disclosure*, Defense News, Nov. 3, 2003.

Appendix F – Summary of Federal Conflict of Interest and Ethics Laws.

I. EXECUTIVE SUMMARY

Throughout 2003 and 2004, there was extensive media coverage involving Pentagon official, Darleen Druyun, who landed a high-level position with defense contractor Boeing after currying favor with the company through contracting decisions. At the time of her hiring in early 2003, the Project On Government Oversight (POGO) called Druyun's move to Boeing the worst case of the revolving door in recent memory. Yet, her new position received little attention from the media or policymakers, demonstrating a resounding lack of concern for the real and perceived abuses by federal officials going through the revolving door to the private sector. In order to more fully understand the revolving door and political influence that the federal government's top contractors exert over decision-making, POGO launched an investigation and presents its findings here.

POGO examined the current top 20 federal government contractors from January 1997 through May 2004. In FY 2002, those top 20 contractors received over 40% of the \$244 billion in total contracts awarded by the federal government. For each of those contractors, POGO's investigation documented campaign contributions, lobbying expenditures, government contract awards, and examples of federal officials moving through the revolving door to those companies. POGO's report provides individual profiles of each company. The primary findings include:

- By examining corporate press releases and filings, POGO identified 291 instances involving 224 high-ranking government officials who shifted into the private sector to serve as lobbyists, board members or executives of the contractors. POGO found that at least one-third of the high-ranking former government employees who went to work for or to serve on the board of a government contractor were in agency positions allowing them to influence government contracting decisions. Generally, revolving door laws do not apply to the most senior policymakers who ultimately have the most power in shaping programs and policies that benefit contractors.
- At least two-thirds of the former Members of Congress who are lobbying or have lobbied for the top 20 government contractors served on Authorization or Appropriations Committees that approved programs or funds for their future employer or client while they served in Congress. Those committees included: Armed Services, Appropriations, Intelligence, Ways and Means, and Commerce. Since 1997, Lockheed Martin – the contractor receiving the most federal award dollars – has hired twice as many former Members of Congress than the next closest contractor.
- In the last three completed election cycles and the current cycle (as of December 2003), the top 20 contractors, and their employees, made \$46 million in campaign contributions and spent almost \$400 million on lobbying. Their political expenditures have helped to fuel \$560 billion in federal contracts. Since 1997, the contractors have spent (on average) 8 cents on campaign contributions and

lobbying expenditures for every \$100 they have received from the federal government in contract awards. Of course, not all money spent on lobbying and political contributions can be directly tied to government contracts.

- In FY 2003, out of nearly 23,000 white collar crime or official corruption cases prosecuted by the Department of Justice, only 12 (0.5%) involved revolving door allegations and only two revolving door cases resulted in convictions.
- Until 1976, government contractors were barred from making contributions to a political party, committee, or candidate for public office.
- Previously, the DoD kept statistics of former civilian and military employees hired by private contractors. In 1996, however, revolving door laws were “simplified” and, as a result, ending any illusion of transparency of DoD’s revolving door.

After interviewing government officials and reviewing revolving door statutes, POGO concluded that federal conflict of interest and ethics laws are a tangled mess. Government employees struggle with a decentralized system of ethics laws and regulations – a multiple-layer system so convoluted that ethics officers and specially-trained lawyers hired to enforce them have pushed for a more simplified system.

At the same time, revolving door protections are weakest against abuse by high-level officials. Two of POGO’s recommendations would, if implemented, correct flaws in the system, which led to high-profile scandals in recent years:

- Prohibit, for a specified period of time, political appointees and Senior Executive Service policymakers (people who develop rules and determine requirements) from being able to seek employment from contractors who significantly benefitted from the policies formulated by the government employee.
- Close the loophole allowing former government employees to work for a department or division of a contractor different from the division or department that they oversaw as a government employee. That loophole allowed Darleen Druyun to land a well-paid position at Boeing after currying favor with the company for many years in her capacity as a Pentagon procurement official.

II. INTRODUCTION

Each [executive branch] employee has a responsibility to the United States Government and its citizens to place loyalty to the Constitution, laws and ethical principles above private gain. To ensure that every citizen can have complete confidence in the integrity of the Federal Government, each employee shall respect and adhere to the principles of ethical conduct set forth in this section, as well as the implementing standards contained in this part and in supplemental agency regulations.¹

While a worthy goal, the “basic obligation of public service” stated above is undermined by the frequency of government employees leaving to work for federal contractors. Depending on whether the government employee is going to work for a contractor or leaving private industry to work for the government, they are placed in positions when they had or will oversee or regulate their current or former employer. This practice, known as the revolving door, is not a new phenomenon. On May 8, 1965, President Lyndon B. Johnson issued Executive Order (E.O.) 11,222 which instructed agencies to establish “standards of ethical conduct for government officers and employees.”² The purpose of this and other conflict of interest and ethics laws was to protect the integrity of the government’s system of buying goods and services from contractors. President Johnson stated that “every citizen is entitled to have complete confidence in the integrity of his [or her] government.”³

American taxpayers have witnessed a series of mega-mergers that have transformed large government contractors into a small universe of formidable lobbying and influence-peddling machines. The politics of contracting have become so pervasive and entrenched, even Congress is rarely able to stem its power. Additionally, relaxed federal contracting laws and regulations, and frequently inadequate oversight of the entire contracting system, have added to federal contractors’ influence over the way the U.S. government (the largest consumer in the world) buys goods and services. In particular, many unneeded or ill-conceived weapons systems are purchased and sweetheart deals are made because of conflicts of interest that have become endemic to the system.

POGO has examined the top 20 federal government contractors from Fiscal Year (FY) 2002 (see Chart 1).⁴ Since 1997, the federal government has awarded over one trillion dollars to federal contractors. In FY 2002, the federal government spent over \$244 billion on contracts for

¹ 5 C.F.R. § 2635.101(a) (2004) (“Basic obligation of public service”).

² See 48 C.F.R. § 3.101-3(a) (2004).

³ Exec. Order No. 11,222, 30 Fed. Reg. 6439 (May 8, 1965), *available at* http://www.archives.gov/federal_register/codification/executive_order/11222.html.

⁴ *Top 200 Government Contractors*, Government Executive Magazine, Aug. 2003, at 24, *available at* <http://www.govexec.com/top200/03top/top03s3s1.htm>.

Chart 1. Money Spent by the Top 20 Federal Contractors to Influence Decisions and Secure Future Contracts FY 1997 through 2004

goods and services on behalf of the American public. Over 40% of the \$244 billion was awarded to the top 20 federal government contractors. Furthermore, the top 10 contractors received nearly 35% of contract dollars in FY 2002. POGO investigated the top 20 government contractors examining examples of the revolving door, campaign contributions, lobbying expenditures, and government contract award dollars. (Appendix A).

Companies spend an exorbitant amount of money to influence the awarding of government contracts. Since 1997, the top 20 contractors contributed over \$46 million in total campaign contributions, of which \$25 million was political action committee (PAC) contributions. For example, Lockheed Martin ranks 1st among federal contractors in total campaign contributions since 1997, contributing over \$7.3 million, with \$3.7 million coming from its PAC. The University of California, which ranks 6th among federal contractors in contract awards, ranks 1st in individual contributions since 1997, contributing \$1.4 million.

Contractors also lobby Members of Congress to support future government contracts and favorable laws. Since 1997, the top 20 government contractors have spent over \$390 million in lobbying expenditures. General Electric, which ranks 17th among federal contractors in contract awards, ranks 1st in lobbying expenditures since 1997, spending over \$84 million.

Although the amounts spent by government contractors on political contributions and lobbying are sizeable, they are a small investment for the return. Since 1997, the top 20 contractors have received nearly \$560 billion in government contract dollars – meaning they spent an on average of 8 cents on campaign contributions and lobbying expenditures for every \$100 they received from the federal government in contract awards. Lockheed Martin, the largest recipient of contract awards, has spent only 4 cents per every \$100 awarded by the government – half as much as the average contractor. Of course, not all money spent on lobbying and political contributions is directly tied to government contracts – for example, contractors seek favorable tax policies and environmental regulations.

Another way contractors gain influence is to hire away civil servants and political appointees with access to inside people and information from their government positions, often offering higher salaries, bonuses, or other inducements. In some cases, highly-skilled and well-connected former senior government officials, many of whom have worked for the Department of Defense (DoD) or in Congress, enter the private sector as executives or lobbyists, or on the boards of directors of government contractors – a practice known as the “revolving door.” (Appendix A).

The revolving door has become such an accepted part of federal contracting in recent years that it is frequently difficult to determine where the government stops and the private sector begins. The practice of senior federal employees going to work for the federal contractors over which they had authority creates six critical problems:

- (1) It provides a vehicle for public servants to use their office for personal or private gain at the expense of the American taxpayer;
- (2) It creates an opportunity for government officials to be lenient toward or to favor

prospective future employers;

(3) It creates an opportunity for government officials to be lenient toward or to favor former private sector employers, which the government official now regulates or oversees;

(4) It sometimes provides the contractor with an unfair advantage over its competitors due to insider knowledge that can be used to the benefit of the contractor, but to the detriment of the public;⁵

(5) It has resulted in a highly complex framework of ethics and conflict of interest regulations. Enforcing these regulations has become a virtual industry within the government, costing significant resources, but rarely, as the record shows, resulting in sanctions or convictions of those accused of violating the rules; and

(6) The appearance of impropriety has two significant negative implications. First, it exacerbates public distrust in government, ultimately resulting in a decline in civic participation. Second, the vast majority of career civil servants do not use their government jobs as stepping stones to high paying jobs with government contractors, and it demoralizes them to see their supervisors and co-workers do so.

The revolving door is a story of money, information, influence, and access – access that ensures that phone calls get through to policymakers and meetings get scheduled. The American taxpayer is left with a system that sometimes compromises the way the government buys goods and services from its contractors. This report will discuss the practice of senior government officials leaving public service to work with government contractors; the complex system of ethics and conflict of interest laws; and the connection between campaign contributions and lobbying expenditures, and contract awards, which creates an appearance that the government is not for the people, but for the biggest contributors.

The DoD, pursuant to 10 U.S.C. §§ 2397-2397c, kept statistics of former civilian and military employees hired by private contractors.⁶ (Appendix B). However, that statute was repealed in 1996 and, as a result, ending any illusion of transparency of DoD's revolving door.

⁵ An unfair advantage can extend beyond the narrow legal definition in 48 C.F.R. § 9.505(b) (2004), which states:

[A]n unfair competitive advantage exists where a contractor competing for award for any Federal contract possesses --

(1) Proprietary information that was obtained from a Government official without proper authorization; or

(2) Source selection information (as defined in 2.101) that is relevant to the contract but is not available to all competitors, and such information would assist that contractor in obtaining the contract.

⁶ John S. Long, *Pentagon 'revolving door' turning faster: Hiring of top officials by contractors up 491%*, Cleveland Plain Dealer, Aug. 1986, at 25.

POGO attempted to find current revolving door statistics by contacting the Office of Government Ethics (OGE) and DoD, but both agencies stated that they do not keep those records. Each year there are approximately 2,500 senior government officials and military officers who serve in positions that directly affect government programs and policies.⁷ Of that pool of employees, POGO focused on those officials who left the government and went to work for the top 20 government contractors – offering a snapshot of the revolving door. Because the government no longer records post-employment statistics, it is unclear whether the revolving door is spinning faster. Nonetheless, it is clear that this is a government-wide problem that has become commonplace. The chart below summarizes the number of former senior government officials who went to work for the top 20 government contractors between January 1997 and May 2004.

Chart 2. Senior Government Officials Turned Current or Former Contractor Executives, Directors, or Lobbyists 1997 through 2004

Company (Based on contract dollars in FY 2002)	Total # of Executives	Total # of Directors, Members, or Trustees	Total # of Lobbyists	Total
1. Lockheed Martin	16	6	35	57
2. Boeing	11	4	18	33
3. Northrop Grumman	5	8	7	20
4. Raytheon	6	9	8	23
5. General Dynamics	5	11	3	19
6. University of California	1	4	1	6
7. United Technologies	1	8	2	11
8. Computer Sciences Corp.	2	0	1	3
9. Bechtel	2	2	2	6
10. Science Applications International Corp. (SAIC)	9	3	4	16
11. Carlyle Group	1	16	5	22
12. TRW	4	5	1	10
13. AmerisourceBergen	0	2	0	2
14. Honeywell International	1	3	1	5
15. Health Net Inc.	0	0	4	4
16. British Nuclear Fuels (BNFL)	1	4	4	9
17. General Electric	4	1	14	19
18. L3 Communications	7	1	2	10
19. California Institute of Technology	0	5	0	5
20. BAE Systems	1	8	2	11
Total	77	100	114	291

⁷ The 2,500 senior government officials include military officers ranking O-7 and above, DoD Senior Executive Service (SES) officials (including the Office of the Secretary of Defense, Air Force, Army, and Navy), and presidential appointees, available at <http://www.opm.gov/ses/d02chart6.asp> and <http://web1.whs.osd.mil/mmid/military/RG0402.pdf>, and <http://www.appointee.brookings.org/>.

According to POGO's investigation, at least one-third of the high-ranking former government employees who went to work for or serve on the board of a government contractor were in agency positions allowing them to influence government contracting decisions.

At least two-thirds of the former Members of Congress who are lobbying or have lobbied for the top 20 government contractors served on the Authorization or Appropriations Committees that approved programs or funds for their future employer or client while they served in Congress. Those committees included: Armed Services, Appropriations, Intelligence, Ways and Means, and Commerce. Since 1997, Lockheed Martin has hired twice as many former Members of Congress as the next closest contractor.

POGO's investigation into former senior government officials who work or worked with the top 20 government contractors included employees listed on contractors' web sites, government filings (i.e., Lobbying Reports and Securities and Exchange Commission 10K annual reports), and contractor documents. In addition, POGO contacted government ethics officials at OGE and DoD who provided conflict of interest and ethics guidance and offered suggestions on improving the system.

III. REVOLVING DOOR CASE STUDIES

The revolving door is the entry point for many senior government officials leaving public service to work for a private company. In some cases, the door revolves full circle and former government officials reenter government service. The question is: What is it that makes former government officials attractive as a new hire to a federal contractor?

Too often, when it comes to government contracts, "[t]he message is: if you really want to win an important contract, hire someone who has inside information; not necessarily source selection information on the current procurement, but information relating to the predecessor contract or the incumbent contractor. In a close competition, it may prove critical to success, and the risk of adverse action if anyone protests is minimal."⁸

In an April 19, 2004, Federal Times investigative report on the impact of the revolving door, government officials explained the inherent conflict of interest when government auditors pass through the door to the other side.⁹ One Defense Contracting Management Agency (DCMA) official stated: "People who have been in those kinds of positions know where the holes are They know where we don't have any teeth."¹⁰ Another DCMA employee stated

⁸ Lieutenant Colonel Richard B. O'Keeffe, Jr., *Where There's Smoke ... Who Should Bear the Burden When a Competing Contractor Hires Former Government Employees?*, 164 Mil. L. Rev. 1, 22 (2000), available at http://www.loc.gov/rx/frd/Military_Law/Military_Law_Review/pdf-files/276081%7E1.pdf.

⁹ David Phinney, *Defense's Revolving Door: When Managers Join Contractors, Good Oversight Takes a Hit, Auditors Say*, Federal Times, Apr. 19, 2004, available at <http://federaltimes.com/index.php?S=2830672>.

¹⁰ *Id.*

that former government employees turn to contractors for one reason: “They’re doing it for the money.”¹¹

A. When the Revolving Door Undermines Confidence in Government Contracting

The following section includes some of the most troubling revolving door examples that highlight real and apparent conflicts of interest. Only one case, however, has been found to have involved illegality, and that case was only uncovered as an ancillary part of a larger investigation. Instead, these examples reflect the widely accepted relationships that lead to systemic problems with the way the government buys hundreds of billions of dollars of goods and services from its contractors. Because of the prevalence of the revolving door, federal contracting decisions are frequently and almost unavoidably influenced by private and personal agendas, despite enormous government resources committed to compliance with existing laws and regulations.

Inclusion in this report is not meant to suggest illegality or misdeeds. Instead, this report illustrates the frequency and extent to which revolving door relationships – and questionable practices created by them – unduly influence the federal contracting process in a way few outside this clubby system ever realize. The revolving door raises a more difficult, but equally important ethical conundrum: How is the public interest served when many of these relationships and procedures lack the transparency that should characterize all such taxpayer-funded business transactions?

1. Druyun & Boeing

a. The Tanker Lease

Darleen Druyun is the poster child for the ills of the revolving door. Druyun supervised, directed, and oversaw the management of the Air Force’s weapons acquisition program before she moved through the revolving door to become Boeing’s Deputy General Manager for Missile Defense Systems. E-mails between Druyun’s daughter and Boeing officials revealed how parties violated the conflict of interest and ethics system.

On January 6, 2003, when Druyun left the government to work for Boeing, POGO issued a press release, stating: “Ms. Druyun is now officially an employee of the company whose interests she so ardently championed while she was supposedly representing the interests of the taxpayers.”¹² Subsequent disclosures showed that she was negotiating the terms of her Boeing employment while she was handling the Boeing tanker lease, estimated to be worth nearly \$30 billion.¹³

¹¹ *Id.*

¹² <http://www.pogo.org/p/contracts/ca-030103-c17.html>.

¹³ See CRS Report for Congress, *The Air Force KC-767 Lease Proposal: Key Issues for Congress*, Aug. 29, 2003, at 6.

On November 24, 2003, Boeing fired Druyun and Chief Financial Officer Mike Sears in connection with possibly illegal discussions of matters involving Boeing while Druyun was a government employee.

On March 9, 2004, Boeing released an independent review of its procedures and practices for hiring current and former government employees.¹⁴ The review, headed by former Senator Warren Rudman, examined Boeing's written policies and procedures and the extent to which company employees followed them. The report found that:

- Boeing had an “excessive reliance ... on government and former government employees to monitor their own compliance with relevant laws.” That reliance created risks for willful violators and those who failed to understand the “complicated” conflict of interest and ethics rules;¹⁵
- Boeing had “erratic maintenance of pre-hire records for new employees” and therefore it could not ensure government employees were disqualified from working on company issues;¹⁶
- Boeing lacked an “effective mechanism for ensuring that government and former government hires undergo appropriate [internal conflict of interest] reviews for changes in position.”¹⁷

The report concluded that, “through additional training, safeguards, and centralized oversight and control,” Boeing could “substantially reduce the chances of a recurrence – and to substantially increase the chances of detecting any recurrence that nonetheless arises before Boeing commits to the employment.”¹⁸

On April 20, 2004, Druyun pled guilty of conspiracy to defraud the United States, which carries a maximum penalty of five years imprisonment, a \$250,000 fine, full restitution, a special assessment, and three years of supervised release.¹⁹ (Appendix C).

¹⁴ Paul, Weiss, Rifkind, Wharton, & Garrison LLP, *A Report to the Chairman and Board of Directors of the Boeing Company Concerning the Company's Policies and Practices for the Hiring of Government and Former Government Employees*, Feb. 26, 2004, available at http://www.boeing.com/news/releases/2004/q1/rudman_030904.pdf; see http://www.boeing.com/news/releases/2004/q1/nr_040309a.html.

¹⁵ http://www.boeing.com/news/releases/2004/q1/rudman_030904.pdf at 28-29.

¹⁶ *Id.* at 30.

¹⁷ *Id.*

¹⁸ *Id.* at 35.

¹⁹ Plea Agreement, *United States v. Druyun*, No. 04-150-A (E.D. Va.) (Druyun was released on \$25,000 personal-recognition bond and her sentencing is set for Aug. 6, 2004).

In February 2004, Secretary Rumsfeld testified that the Department of Defense Inspector General (DoD IG) was expanding its investigation into the possible inappropriate influence exerted by former and current government officials to broker the tanker lease. In addition to investigating Darleen Druyun, the DoD IG is considering expanding its inquiry into whether or not personnel including retired Navy Admiral David Jeremiah and former Air Force Chief of Staff General Ronald Fogleman, both on the Defense Policy Board and both paid Boeing consultants, applied undue pressure to seal the Boeing tanker deal.

b. Godmother of the C-17

While still with the U.S. Air Force, Druyun (who referred to herself as the Godmother of the C-17) was a staunch supporter of the December 2000 proposal to acquire additional C-17 Boeing cargo aircraft under circumstances that would result in a \$200 million annual giveaway to the company. The proposal would have made the airlift plane a commercial item, which, in contracting terms, means that the product would be exempt from important contract oversight requirements. Although the acquisition proposal would have been a financial bonanza for Boeing, it would also have ultimately placed billions of taxpayer dollars at risk of abuse.

2. Aldridge & Lockheed Martin

a. The Controversial F/A-22

Edward C. “Pete” Aldridge is the former Undersecretary of Defense for Acquisition, Technology, and Logistics. He was also head of a DoD review board which made the decision to pursue procurement of the F-22. In January 2003, Aldridge approved the contract for the controversial F/A-22 program.²⁰ Two months later, he secured a position on the Board of Directors of Lockheed Martin – the federal government’s top contractor and maker of the F/A-22. On March 15, 2004, the General Accounting Office (GAO) released a report documenting that the cost for the F/A-22 program continues to skyrocket, while DoD failed to justify why this aircraft is needed given current and projected threats.²¹

b. The Space Commission

On January 27, 2004, President Bush signed an Executive Order establishing the Commission on Implementation of United States Space Exploration Policy. Days later, President Bush announced that Aldridge would chair the nine-member Commission. Senator John McCain (R-AZ) spoke out against Aldridge’s appointment, asserting that the former top weapons buyer and current Lockheed board member had too many conflicts of interest to serve as a Commission member. Because Lockheed is one of NASA’s largest contractors, Aldridge is placed in a position to influence public policies that could benefit the company he serves.

²⁰ In 2002, the Air Force changed the designation of the F-22 to the F/A-22 Fighter.

²¹ GAO, *Tactical Aircraft: Changing Conditions Drive Need for New F/A-22 Business Case*, GAO-04-391 (Mar. 15, 2004), available at www.gao.gov/new.items/d04354.pdf.

Aldridge remains the chair.

3. Heebner & General Dynamics' Stryker

Army Lt. General David K. Heebner was a top assistant to the Army Chief of Staff, General Eric Shinseki, and played a significant role in drumming up support and funding for Shinseki's plan to transform the Army.

One of the key elements in Shinseki's transformation "vision" was a plan to move the Army away from tracked armored vehicles toward wheeled light-armored vehicles. In October 1999, only three months before Heebner retired, Shinseki's "Army Vision" statement called for an interim armored brigade: "We are prepared to move to an all-wheel formation as soon as technology permits." General Dynamics, which manufactures the wheeled Stryker, was the beneficiary of this new vision, essentially putting United Defense, which produced tracked vehicles, out of the running.

General Dynamics formally announced the hiring of Heebner, as Senior Vice President of Planning and Development, on November 20, 1999, only one month after Shinseki announced his "army vision" and more than a month prior to Heebner's official retirement date of December 31, 1999. The \$4 billion Stryker contract was awarded to General Dynamics in November 2000. Heebner was present in Alabama for the April 2002 rollout of the first Stryker and was recognized by Shinseki for his work in the Army on the Stryker project.

The DoD IG investigated Heebner in 2001, and recently stated:

In conducting that review, we found that we had completed a preliminary inquiry into similar allegations regarding LTG [Lieutenant General] Heebner's post-retirement employment over two years earlier. The preliminary inquiry established that, by notice of disqualification dated July 28, 1999, LTG Heebner advised the Army Vice Chief of Staff and the Army Standards of Conduct Office of his intent to seek employment with General Dynamics and eleven other corporations. In providing that notice, LTG Heebner recused himself from participating in official matters that involved any of those corporations.²²

4. Floyd & Lockheed Martin's HC-130P

In 1997, Air Force General Bobby O. Floyd led the government's investigation into a fatal HC-130P Hercules plane crash. According to press reports, in October 1998, Floyd was investigating the crash and was contacted by the plane's manufacturer, Lockheed Martin.²³ He filed a letter of recusal, which disqualified him from taking any official actions involving

²² Letter from Joseph E. Schmitz, DoD Inspector General, to the Honorable Todd Russell Platts (Feb. 11, 2004) p. 1.

²³ Bryan Denson, *Air Force Finds No Violation In King Inquiry*, The Oregonian, May 25, 1999, at E01.

Lockheed, in November 1998. Despite that recusal, Floyd continued to investigate the crash until March 1999.²⁴ Despite the appearance of impropriety, the Air Force concluded that Floyd did not violate conflict of interest or ethics laws.²⁵ Floyd then joined Lockheed Martin Aircraft & Logistics Centers in May 1999 as Deputy General Manager of the Greenville Aircraft Center. He was promoted to Vice President and General Manager of the Center in May 2000, then to President and General Manager of Logistics for the Centers in November 2001.

5. Perle & Boeing

Richard Perle served as Assistant Secretary of Defense in the Reagan Administration and was a member of the Defense Policy Board from 1987-2004, serving as its Chair from 2001-2003. He resigned as Chairman in March 2003, after a conflict of interest controversy involving a consulting job he took with the bankrupt telecommunications firm, Global Crossing Ltd.

During the summer of 2003, Perle expressed his support for the Boeing tanker deal – a deal that would direct billions of dollars to Boeing. His support for the tankers came just sixteen months after Boeing committed to invest \$20 million with Perle’s venture capital firm, Trireme Partners.²⁶

In a recent Washington Post article described Perle as the “ultimate insider” and discussed the inherent nature of the revolving door and the access that it provides. William Happer, a former Energy Department official stated that the revolving door is “an old American tradition, and Richard Perle I think is doing it in an honest way. He’s one of hundreds and hundreds who do it.”²⁷ Perle denied Happer’s characterization that he was hired by any company because of his connection to policymakers. Subsequently, Perle contradicted himself when recounting the role he played in assisting a company in its effort to obtain a foreign contract: “Was [his contact with foreign ambassadors] a result of my influence? Yeah, it was. It was a result of the fact that they, the people I went to, knew me so they took my phone call.”²⁸

B. Federal Advisory Boards

One major conflict of interest and ethics concern is the government’s use of advisory committees to formulate new government policies. In many cases, advisory board recommendations have overshadowed the analysis by internal government and independent overseers, such as the GAO. For example, rather than using advisory board recommendations as

²⁴ *Id.*

²⁵ *Id.*

²⁶ David S. Hilzenrath, *Perle Article Didn’t Disclose Boeing Tie*, The Washington Post, Dec. 5, 2003, at E1.

²⁷ David S. Hilzenrath, *The Ultimate Insider: Richard N. Perle’s Many Business Ventures Followed His Years as a Defense Official*, The Washington Post, May 24, 2004, at E9.

²⁸ *Id.*

a secondary resource to evaluate future policies and programs, evaluations by the Defense Policy Board and Defense Science Board have become the definitive solution. As a result, those recommendations are oftentimes implemented by the government.

Trouble arises because, for the most part, advisory committee members [also known as “special government employees” (SGEs)] also concurrently work for federal contractors and, as a result, personal and employer financial interests may be at stake.²⁹ Advisory committee members include former government officials who have passed through the revolving door and other private contractor officials. This “old boys” network creates a shared culture with common values, common ways of thinking, and common economic incentives.

Advisory board members are prohibited from using their official title, position, organization name, or authority associated with their government appointment to imply a government endorsement of any non-federal product, service, or enterprise.³⁰ Nevertheless, advisory board members are in a position where they may support a specific policy that would benefit their private employer. In addition, an advisory committee member has the benefit of being privy to the government’s future needs and can advise his or her employer or client about likely future policies or programs.

Despite the possibility that advisory committee policies may be driven by contractors seeking procurement awards, conflict of interest and ethics laws have waiver and exemption provisions for advisory board members. For example, 18 U.S.C. § 207(j) provides exemptions that could apply to advisory committee members and § 208(b) provides exemptions from financial conflict of interest restrictions when the “interest is not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect from such officer or employee.”³¹

Due to the inherent conflict of interest that is created by placing private contractor executives and directors on government advisory boards, POGO examined the members of the

²⁹ 18 U.S.C. § 202(a) (2004) (“‘Special government employee’ shall mean an officer or employee of the executive or legislative branch of the United States Government, of any independent agency of the United States or of the District of Columbia, who is retained, designated, appointed, or employed to perform, with or without compensation, for not to exceed one hundred and thirty days during any period of three hundred and sixty-five consecutive days, temporary duties either on a full-time or intermittent basis.” See DoD Directive 5500.7-R – Joint Ethics Regulation (JER) ch. 1-232 (1996) (defining special government employee), *available at* http://www.defenselink.mil/dodgc/defense_ethics/ethics_regulation/jer1-4.doc.

³⁰ 5 C.F.R. § 2635.702; DoD JER 5500.7-R ch. 3-209 (1997).

³¹ 18 U.S.C. §§ 207(j)(1) (working for the U.S. government); 207(j)(4) (“special knowledge” of a topic); 207(j)(5) (“exception for [providing] scientific or technological information”); 207(k)(1)(A) (presidential waivers); 208(b)(1) (“interest is not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect from such officer or employee”); 208(b)(2) (“the financial interest has been exempted from the requirements ... as being too remote or too inconsequential to affect the integrity of the services of the Government officers or employees to which such regulation applies;”); 208(b)(3) (exemption for “special government employees” serving on an advisory committee within the meaning of the Federal Advisory Committee Act (codified by 5 U.S.C. Appendix 2)); and 208(d)(1) (exemptions for SGEs should be available to the public).

Defense Policy Board and the Defense Science Board to determine who passed through the revolving door and therefore had the direct ability to promote government policies that would ultimately provide their employers with contract award dollars.

1. Defense Policy Board

Members of the Defense Policy Board (DPB) are selected by the Undersecretary of Defense for Policy with the approval of the Secretary of Defense. They offer advice and opinions concerning matters of defense policy, including a focus on strategic planning, research, and analysis on weapons systems. DPB members, primarily employed by defense contractors,³² have access to classified information and to senior government policymakers.

The following is a list of current and former (since 1997) DPB members who also serve or served as an executive, board member, lobbyist or consultant for one of the top 20 contractors:

- **Norman A. Augustine**, Former Undersecretary of the U.S. Army; Chairman of the Board of Directors of *Lockheed Martin*
- **Harold Brown**, Former Secretary of Defense; Former Secretary of the Air Force; Trustee for *California Institute of Technology*
- Former **Sen. Daniel R. Coats** (R-IN), Lobbyist for *Carlyle Group and General Electric* (Verner, Liipfert, et al.); Lobbyist for *Lockheed Martin* (Piper Rudnick – formerly known as Verner, Liipfert, et al.)
- Admiral **William J. Crowe, Jr.**, U.S. Navy (Ret.), Former Chairman of the Joint Chiefs of Staff; Board of Directors of *British Nuclear Fuels*; Board of Director of *General Dynamics*
- General **Ronald Fogleman**, U.S. Air Force (Ret.), Former Chief of Staff of the U.S. Air Force; Former Joint Chiefs of Staff; Former Commander-in-Chief of the US TRANSCOM – Commander of the 7th Air Force; *Boeing* consultant
- Former **Rep. Thomas S. Foley** (D-WA), Former Speaker of the House of Representatives; Advisory Board Member for *Carlyle Group*
- Admiral **David E. Jeremiah**, U.S. Navy (Ret.), Member of the National Defense Panel; Member of the President's Foreign Intelligence Advisory Board; Member of the National Reconnaissance Office Advisory Panel; Chairman of the National Space Commission; Member of the Defense Science Board Task Force on Human Resources; Member of the Commission to Assess the Ballistic

³² Defense Policy Board Advisory Committee Charter (Aug. 31, 2003) ("Membership will consist primarily of private sector individuals with distinguished backgrounds in national security affairs, but may include no more than four (4) government officials."), available at <http://faca.disa.mil/pdf/412.pdf>.

Missile Threat to the U.S.; Former Vice Chairman – Joint Chiefs of Staff; Former Commander-in-Chief of the U.S. Pacific Fleet; *Boeing* consultant

- **James Schlesinger**, Former Secretary of Defense; Former Secretary of Energy; Former Central Intelligence Agency Director; Board of Directors of *British Nuclear Fuels*
- Lt. General **Jack Sheehan**, U.S. Marine Corps (Ret.), Former North Atlantic Treaty Organization Supreme Allied Commander – Atlantic; Former Commander-in-Chief, U.S. Atlantic Command; *Bechtel* Executive
- **Christopher A. Williams**, Former Acting Undersecretary of Defense for Policy, U.S. Department of Defense; Former Special Assistant to the Secretary of Defense; Former Advisor to Senate Majority Leader Trent Lott; Former Deputy Staff Director and Budget Director, Senate Select Committee on Intelligence; Former Professional Staff Member, House Armed Services Committee; Department of Defense Transition Team of President-elect George W. Bush; Executive Secretary of the U.S. Negotiating Group on Space Arms; Executive Secretary of the Special Independent Review of the Strategic Defense Initiative Program; Lobbyist for *Boeing* and *Northrop Grumman* (Johnston & Associates)

2. Defense Science Board

The Defense Science Board (DSB) is one of the most influential advisory committees when it comes to defense strategy, as it advises the Secretary of Defense, the Deputy Secretary of Defense, the Undersecretary of Defense for Acquisition, Technology, and Logistics (DATL), and the Chairman of the Joint Chiefs of Staff. The DSB is made up of approximately 35 members and six senior fellow members, all of whom are chosen by the DATL Undersecretary. DSB members have knowledge and experience in the fields of science, technology, and its application to military operations, research, engineering, manufacturing, and the acquisition process. Members work for both defense contractors and the federal government.

DSB advises DoD on defense strategy rather than specific procurement issues. The Board's Charter states: "No matter shall be assigned to the Board for its consideration that would require any Member of the Board to participate personally and substantially in the conduct of any specific procurement or place him or her in the position of acting as a 'procurement official,' as that term is defined pursuant to law." This Charter, notwithstanding, the DSB was tasked to review the underlying premises of the Boeing tanker lease.

The following is a list of current and former (since 1997) DSB members who also serve or served as an executive, board member, or lobbyist for one of the top 20 contractors:

- **E. C. "Pete" Aldridge, Jr.**, Former Undersecretary of Defense for Acquisition, Technology, and Logistics; Board of Directors of *Lockheed Martin*

- **Herbert W. Anderson**, U.S. Army (Ret.), Former Member of President's National Security Telecommunications Advisory Committee; Former Member of Security of the Air Force Advisory Group; *Northrop Grumman* Executive
- **Norman A. Augustine**, Former Undersecretary of the U.S. Army; Chairman of the Board of Directors of *Lockheed Martin*
- General **Michael P. C. Carns**, U.S. Air Force (Ret.), Former U.S. Air Force Vice Chief of Staff; Former Director of Joint Chiefs of Staff; Board of Directors of *DynCorp*
- Major General **John P. Casciano**, U.S. Air Force (Ret.), Former Director of U.S. Air Force's Intelligence, Surveillance, and Reconnaissance; *SAIC* Executive
- **John H. Clark**, Former Program Manager of the Department of Defense emerging paperless medical logistics supply chain; Former Head of the U.S. Army's Medical Logistics System; *SAIC* Executive
- Dr. **Robert S. Cooper**, Former Board of Directors of Defense Advanced Research Project Agency (DARPA); Board of Directors of *BAE Systems*
- Former **Rep. Thomas J. Corcoran** (R-IL), Lobbyist for *General Electric* and *Lockheed Martin* (O'Connor & Hannan)
- **John M. Deutch**, Former Director of the Central Intelligence Agency; Former Deputy Secretary of Defense; Former Undersecretary of Defense, Acquisition, and Technology; Board of Directors of *Raytheon*
- General **Russell E. Dougherty**, U.S. Air Force (Ret.), Former Commander-in-Chief of Strategic Air Command; Former Chief of Staff of Allied Command Europe; Board of Directors of *DynCorp*
- **James W. Evatt**, Former Director of Special Programs, DCS Research, Development and Acquisition; Former Director of Low Observable Technology for DoD; Former Commander of the 2nd Bombardment Wing (consisting of B-52, KC-135 and KC-10 aircraft); Former Special Assistant for B-1B, DCS Research, Development and Acquisition; *Boeing* Executive
- **Jamie S. Gorelick**, Member of the 9-11 Commission; Former Deputy Attorney General; Former General Counsel of the Department of Defense; Board of Directors of *United Technologies*
- **Richard L. Haver**, Administration's Transition Team for Intelligence; Former Special Assistant to the Secretary of Defense for Intelligence; *Northrop Grumman* Executive

- **Robert W. Helm**, Former Assistant Secretary of Defense (Comptroller); *Northrop Grumman* Executive
- General **George A. Joulwan**, U.S. Army (Ret.), Former Supreme Allied Commander to Europe; Former Special Assistant to the President; Former Commander-in-Chief of the U.S. European Command; Board of Director of *General Dynamics*
- **Paul G. Kaminski**, Former Undersecretary of Defense for Acquisition and Technology; Board of Directors of *General Dynamics*
- **Richard J. Kerr**, Former Deputy Director of the Central Intelligence Agency; Board of Directors of *BAE Systems*
- **Donald C. Latham**, *General Dynamics* Executive
- Lt. General **George K. Muellner**, U.S. Air Force (Ret.), Former Principal Deputy for the Office of the Assistant Secretary of the Air Force for Acquisition; *Boeing* Executive
- **Philip A. Odeen**, Former Deputy Assistant Secretary of Defense; Former Chairman of the National Defense Panel; Board of Directors of *Northrop Grumman*
- **William J. Perry**, Former Secretary of Defense; Board of Director of *United Technologies* and *Boeing*
- Dr. **William Schneider, Jr.**, Chairman of the Defense Science Board; Member of the Commission to Assess the Ballistic Missile threat to the U.S. (the Rumsfeld Commission); Chair of the Department of State's Defense Trade Advisory Group; Former International Planning Service employee; Former Chair of the President's General Advisory Committee on Arms Control & Disarmament; Former Undersecretary of State for Security Assistance, Science, and Technology; Board of Directors of *BAE Systems*
- **Albert E. Smith**, Former member of the Central Intelligence Agency; *Lockheed Martin* Executive
- Admiral **William O. Studeman**, U.S. Navy (Ret.), *Northrop Grumman Mission Systems* Executive
- Major General **Jasper A. Welch, Jr.**, U.S. Air Force (Ret.), Former Defense Policy Coordinator for the National Security Council; Board of Directors of *SAIC*

C. Lobbying: The Retirement Community for Members of Congress

A lobbyist promotes their clients' agendas by "educating" Members of Congress and using government agency connections to pressure policymakers. Lobbying firms have become the most popular retirement community for former Members of Congress, illustrated by the nearly 90 former Members of Congress hired to lobby for the top 20 government contractors since 1997.

According to a recent study authored by Dr. Adolfo Santos, a Professor of Political Science at the University of Houston, the number of former Members of Congress who have become registered lobbyists jumped from 11 in 1955 to approximately 135 in 1994.³³ These are former policymakers with vast government connections – hired guns who know whom to approach in order to promote a contractor's agenda. Dr. Santos asserted:

Of greatest significance is the role of post-congressional lobbying. Those who went on to become lobbyists remained significantly more active during their last term in office than those who did not become lobbyists. Controlling for other factors, post-congressional lobbyists sponsored on average 2.2 more bills than those representatives that did not become lobbyists for the time period and criteria considered. This modest, statistically significant increase suggests that the behavior of members of Congress may be dependent on their post-congressional ambitions. Members of Congress who expect to become lobbyists sponsor more bills during their last term, while those who do not expect to become lobbyists sponsor fewer.³⁴

The occurrence of former Members of Congress and government officials becoming lobbyists has become a Washington institution. The public has become complacent to concerns of influence peddling as can be seen by these two examples of lobby shops – one Republican and one Democratic.

1. Rep. Robert Livingston (R-LA) (ret.)

Former House Appropriations Committee Chairman Robert L. Livingston (R-LA) created his own lobbying firm, The Livingston Group, in 1999. The Livingston Group lobbies for Lockheed Martin, Raytheon, Northrop Grumman (three of the top five government contractors), and General Electric. The Livingston Group's overview boasts: "The firm has an extensive network of over 40 principals, consultants and international associates – including Republican and Democratic former Members of Congress, staff, Administration officials, staff of

³³ Dr. Adolfo Santos, *Post-Congressional Lobbying and Legislative Sponsorship: Do Members of Congress Reward Their Future Employers?*, *LBJ Journal of Public Affairs*, Vol. 16, Issue 1, Fall 2003, at 56-57, available at http://uts.cc.utexas.edu/~lbjpa/Fall2003/lbjjournal_fall2003.pdf.

³⁴ *Id.* at 61.

Governors, other state and local representatives and corporate executives.”³⁵ It further claims: “Whether preserving competitive advantages or opening doors to new market opportunities, The Livingston Group’s network of experienced consultants, principals and international associates invests a range of core competencies to achieve the client’s objectives.”³⁶

2. Rep. Vic Fazio (D-CA) (ret.)

Former House Member Vic Fazio (D-CA) and the lobbying firm of Clark & Weinstock present a great example of the influence and access that lobbyists provide to their clients. Fazio, who anchors Clark & Weinstock’s Washington, D.C. office, was a senior member of the House Appropriations and Armed Services, Budget, Ethics and House Administration Committees and Chairman of the House Democratic Caucus. He represented Lockheed Martin, General Electric, and Health Net and currently serves on Northrop Grumman’s Board of Directors.

Clark & Weinstock’s web site declares that it “help[s] clients enhance their relationships and positioning with the institutions, individuals, and audiences that will influence the outcome of business objectives.”³⁷ Clark & Weinstock also asserts that its Washington D.C. office “is uniquely positioned to advocate client concerns before the highest levels of the Administration and both Houses of the Congress, including both the Majority and Minority leadership teams.”³⁸

D. “Consultants:” Lobbyists by Another Name

Another example of the detriments of the revolving door are illustrated in the recent Boeing tanker lease case. An internal e-mail shows the power wielded by government contractors. Boeing’s Vice President of Aircraft & Missiles Programs, Andrew Ellis, sent an e-mail to the President and Chief Executive Officer of the Integrated Defense Systems, Jim Albaugh, which stated that the company was using its paid consultants Donald Fogleman and David E. Jeremiah, who also sit on the Pentagon’s Defense Policy Board, to “engag[e] in osd [Office of the Secretary of Defense] circles.” The e-mail also stated that Boeing officials had met with Dr. William Schneider, the Chairman of the Defense Science Board, who Ellis believed was supporting the tanker deal and lobbying for it in the Office of the Secretary of Defense. (Appendix D).

The e-mail concluded that Boeing had “ghost” authored several published editorial commentaries, including one from Admiral Archie Clemens, a paid Boeing consultant and the former Commander-in-Chief of the U.S. Pacific Fleet, in which Clemens supported the Air Forces’ plan to lease 100 tankers from Boeing. In November 2003, Defense News published an

³⁵ See <http://www.livingstongroupdc.com/corporateoverview/corporateoverview.html>.

³⁶ See <http://www.livingstongroupdc.com/corporateoverview/mission.html>.

³⁷ See <http://www.clarkandweinstock.com/PracticeAreas.htm?page=1>.

³⁸ *Id.*

editorial regarding Clemins' commentary, stating: "We failed to do some things we should have done. We should asked Clemins if he had a financial relationship with the program or the contractor. We should have asked if he had, in fact, written the article himself. And we should have weighed his answers in our thinking, because that information is essential to the context of his article."³⁹ (Appendix E). This example highlights the sources used by contractors to win government money and the weight that former senior government employees are afforded when they promote or oppose government projects or policies.

Post-government consulting is commonplace. Perhaps because there is not transparency – unlike lobbyists, consultants do not have to register or report their clients. As illustrated above, consultants are hired by contractors to influence policy and program decisions. In other words, a bright line no longer exists between lobbyists and consultants, making it even more difficult to be aware of someone going through the revolving door.

IV. REGULATING THE REVOLVING DOOR

A. Revolving Door Regulations: A Spaghetti Bowl

Federal conflict of interest and ethics laws have been implemented piecemeal over the past fifty years, and they have become a tangled mess of statutes and regulations as well as exemptions and waivers. For instance, some of the system's statutes and regulations governing executive branch officials are based on their pre and post-government jobs and salaries. Some agencies further supplement those statutes and regulations by adopting additional limitations on their respective employees. To further complicate matters, presidential orders and agency directives govern post-government employment as well. In all, government employees struggle with a decentralized system of ethics laws and regulations – a multiple layer system so convoluted that ethics officers and specially-trained lawyers hired to enforce them have exasperatedly pushed for a more simplified system. (Appendix F).

The complexity in the revolving door system can cause government employees to unintentionally violate the law, although there also are examples of those willing to flaunt the rules as well. The system has become so complex that honest government employees, as well designated ethics officers, have a difficult time maneuvering through the applicable employment prohibitions. Without simplification of the system and a model rule of ethical conduct, employees who tried to do the right thing appear as dishonest as former government employees who willfully violated the law. Lost in the mix is an effective mechanism to protect the public interest from being subverted for private gain.

Major Kathryn Stone, a former Army ethics attorney, reached the following conclusions about the DoD's ethics system in 1993:

In recent years, defense contractors and DOD officials have criticized the

³⁹ *Journalistic Integrity: Full Disclosure*, Defense News, Nov. 3, 2003, at 28.

multiplicity of DOD ethics laws as a labyrinth of confusing and overlapping requirements. Former DOD officials are subject to upwards of five different postgovernment employment conflict of interest laws, each of which applies to different subclasses of persons, restricts different activities, and imposes different administrative procedures.

No reason exists to have different standards for executive branch officers and employees as a whole, DOD procurement officials (who differ depending on the particular statute at issue), retired military officers, and retired regular military officers. **The net result of the accretion of these five statutes subjects DOD officials to a complex, multitiered system of incomprehensible and seemingly inconsistent statutory restrictions that are counter-productive to an effective and meaningful ethics training and counseling program.**⁴⁰ (Emphasis added).

The complexity of the revolving door system is further illustrated by DoD JER 5500.7-R, which “provides a single source of standards of ethical conduct and ethics guidance, including direction in the areas of financial and employment disclosure systems, post-employment rules, enforcement, and training.”⁴¹ The following list of references is cited in addition to DoD’s supplemental regulations:

- (a) Federal Acquisition Regulation, Part 3.104, current edition
- (b) Title 41, United States Code, Section 423
- (c) Public Law 95-521, “Ethics in Government Act of 1978,” October 26, 1978, as amended
- (d) Title 5, Code of Federal Regulations, Part 2635, “Standards of Ethical Conduct for Employees of the Executive Branch,” current edition
- (e) Title 5, United States Code, Chapter 53, Subchapter 11, and Sections 552 and 5305
- (f) DoD Directive 5400.7, “DoD Freedom of Information Act Program,” May 13, 1988
- (g) Title 5, Code of Federal Regulations, Part 2638, “Office of Government Ethics and Executive Agency Ethics Program Responsibilities,” current edition
- (h) DoD Directive 1344.7, “Personal Commercial Solicitation on DoD Installations,” February 13, 1986
- (i) Title 18, United States Code, Sections 203, 205, 207, 208, and 209
- (j) Title 3, United States Code, Sections 105 and 106
- (k) Title 37, United States Code, Section 201
- (l) Title 32, United States Code

⁴⁰ Major Kathryn Stone, *The Twilight Zone: Postgovernment Employment Restrictions Affecting Retired and Former Department of Defense Personnel*, 142 MIL. L. REV. 67, at 136-37 (1993).

⁴¹ DoD JER 5500.7-R ch. 1-100 (1994), available at http://www.defenselink.mil/dodgc/defense_ethics/ethics_regulation/jer1-4.doc.

- (m) Title 5, Code of Federal Regulations, Part 2634, “Financial Disclosures, Qualified Trusts, and Certificates of Divestiture for Executive Branch Employees,” current edition
- (n) Title 5, Code of Federal Regulations, Part 2639, “Interpretation of 18 U.S.C. 209,” current edition
- (o) Title 5, Code of Federal Regulations, Part 2640, “Interpretation of 18 U.S.C. 208,” current edition
- (p) Title 5, Code of Federal Regulations, Part 2641, “Post Employment Conflict of Interest Restrictions,” current edition
- (q) Executive Order 12674, “Principles of Ethical Conduct for Government Officers and Employees,” April 12, 1989, as amended.⁴²

B. Revolving Door Loopholes

Conflict of interest and ethics laws and regulations are based on a government employee’s involvement with specific transactions (e.g., contracts),⁴³ representation before an employee’s former office,⁴⁴ and financial conflicts of interest.⁴⁵ However, the first significant loophole in the system involves high-ranking government officials who are employed in policy positions - positions that develop rules and determine requirements. These officials truly are not restricted from accepting employment with contractors who benefitted from the policies that these employees helped formulate. One problem is that senior procurement policy-making officials (especially those nearing retirement or considering leaving government service) can be heavily influenced by contractors who they oversee to develop or promote policies that favor contractor interests. In fact, these people are often in more of a position to influence a contractor’s bottom line than those whose work is limited to a specific contract, as these decisions can affect many contracts.

The second loophole is the provision that allows a government employee to accept compensation from a “division or affiliate” of the contractor so long as that entity “does not produce the same or similar products or services” as the barred contracting division.⁴⁶ In other words, a government official can work for Contractor A’s missile division if he or she handled contracts with Contractor A’s aircraft division and therefore avoid the one-year ban from post-government employment pursuant to 41 U.S.C. § 423. The current system does little to stop a contractor from rewarding a government employee for favorable treatment with post-government

⁴² DoD JER 5500.7-R ch. 1-500 (1994), *available at* http://www.defenselink.mil/dodgc/defense_ethics/ethics_regulation/jer1-4.doc.

⁴³ 41 U.S.C. § 423 (2004).

⁴⁴ 18 U.S.C. § 207 (2004).

⁴⁵ 18 U.S.C. § 208 (2004).

⁴⁶ 41 U.S.C. § 423(d)(2); *see* 48 C.F.R. § 3.104-3(d)(3) (2004) (allowing former government officials to work for a “division or affiliate” different from that which the official worked with during their government service).

employment in a different division of the same company. It also creates the opportunity for the former government employee to advise the other division within the company's walls.

A third loophole involves the lack of Executive Branch rules that require reporting of disqualifications or recusal. Executive Branch regulations obligate an employee to disqualify themselves from conflicted matters.⁴⁷ The prohibition on prospective employment (18 U.S.C. § 208), however, does not require an employee to file a disclosure or recusal statement when a conflict arises.⁴⁸ It is only after multiple layers of regulations that certain agencies mandate that notice of a conflict be provided to a government employee's supervisor.⁴⁹

C. Recent Presidential Attempts to Slow the Revolving Door

1. The Bush Administration

Some changes in revolving door policies arrive with each new administration. On January 6, 2004, in reaction to issues raised by the Darleen Druyun/Boeing case, the White House issued a "Memorandum for the Heads of Executive Departments and Agencies," establishing "a new Administration policy concerning waivers for senior Administration appointees who intend to negotiate for outside employment."⁵⁰ The memorandum ordered:

To ensure these policy interests are completely considered effective immediately [sic], agency personnel are prohibited from granting waivers under 18 U.S.C. 208(b)(1) to Senate confirmed Presidential appointees for the purpose of negotiating for outside employment unless agency personnel have first consulted with the Office of the Counsel to the President.

Our most senior Presidential appointees deserve the protection afforded by consultation with the White House. White House officials have an administration-wide perspective and often know relevant facts unavailable to agency personnel; thus, they can be of tangible assistance when consulted. The

⁴⁷ 5 C.F.R. § 2635.604(a) (2004) ("Obligation to disqualify").

⁴⁸ 18 U.S.C. § 208; *see* 5 C.F.R. §§ 2635.402(c)(1)-(2), 2635.502(e)(1)-(2), 2635.604(b)-(c) (2004) (all providing that employees with conflicts "**should notify** the person responsible for his assignment.... an employee may elect to create a record of his actions by providing written notice to a supervisor or other appropriate official."). (Emphasis added).

⁴⁹ 5 C.F.R. §§ 3601.105(a)-(c) (2004) (providing that disqualifying financial interests, disqualification to ensure impartiality, and disqualification from matter effecting prospective employees, employees "**shall** [despite provisions in 5 C.F.R. §§ 2635.402, 502, 604] **provide written notice** of disqualification to his supervisor upon determining that he will not participate in the matter"). (Emphasis added).

⁵⁰ Andrew H. Card, Jr., Assistant to the President and Chief of Staff, *Memorandum for the Heads of Executive Departments and Agencies, Policy on Section 208(b)(1) Waivers with Respect to Negotiations for Post-Government Employment*, Jan. 6, 2004, at 1.

decision to grant a waiver also involves a balancing test. The fulcrum of that balance is a determination of whether or not the appointee's financial interest is "so substantial as to affect the integrity of the appointee's services to the Government." See 5 C.F.R. § 2640.301(a). Because a senior Presidential appointee may be called upon to advise the White House, it is appropriate that White House personnel have the opportunity to assess the substantiality of the senior appointee's financial interest and how it affects the integrity of the appointee's service to the President.⁵¹

The Bush Administration's policy, however, applies to political appointees only. Many senior civil service officials will remain under the radar if they receive an agency conflict of interest or ethics waiver for post-government employment.

Days after the Administration's policy shift, Defense Secretary Donald Rumsfeld ordered the General Counsel's office to investigate whether senior government officials are complying with agency regulations when they seek contractor jobs.

2. The Clinton Administration

One of the most recent dramatic shifts in revolving door policies was temporarily promulgated by President William J. Clinton who strengthened conflict of interest laws on the day of his inauguration, January 20, 1993. By signing E.O. 12,834,⁵² also known as the "Senior Appointee Pledge," Clinton placed numerous post-employment restrictions on senior executive agency appointees. Specifically, the order extended the one-year ban to five-years, prohibiting former employees from lobbying their former agencies after they left office. Additionally, former employees of the Executive Office of the President (EOP) were prohibited from lobbying any other executive for which that the employee had "personal and substantial responsibility as a senior appointee in the EOP."

On December 28, 2000, one of his last days in office, Clinton revoked the "Senior Appointee Pledge."⁵³ In protest, Senator Charles Grassley (R-IA) stated: "I hope that President Clinton acts in the remaining days of his presidency to reverse the mistake made by revoking the order against the revolving door.... Using the power of the presidency to reverse a policy he put in place to help ensure integrity in government service undermines the public's confidence in political leadership."⁵⁴

3. Lack of Congressional Oversight

⁵¹ *Id.* at 1-2.

⁵² Exec. Order 12,834, 58 Fed. Reg. 5911 (Jan. 20, 1993).

⁵³ Exec. Order 13,184, 66 Fed. Reg. 697 (Dec. 28, 2000).

⁵⁴ <http://grassley.senate.gov/releases/2001/p01r1-05.htm>.

It has been fourteen years since the Congress has looked into the adequacy of restrictions on government personnel, particularly from the Pentagon, taking jobs with contractors. Interestingly, in the five years between 1986 to 1990, the GAO issued six reports on the DoD's revolving door.⁵⁵ Those investigations determined that the procurement integrity law exempted many former DoD personnel from reporting requirements, that many DoD employees did not file required post-employment reports, and that DoD contractors did not include all former personnel covered by DOD reporting regulations. Furthermore, congressional attempts to strengthen revolving door legislation were defeated.⁵⁶

D. Lack of Enforcement

For many years, the government's enforcement of revolving door laws has been lax. Several factors appear to contribute to the almost complete absence of criminal investigations and prosecutions in this important area. A major challenge is that federal conflict of interest and ethics laws are complex and ambiguous. Additionally, revolving door violations can be difficult to prove, especially because the communications between the government employee and a future employer are not transparent. It is important to remember that the Druryun/Boeing case was only uncovered because of a related Senate investigation that uncovered internal e-mails. Another factor that limits prosecutions is that government attorneys hesitate to prosecute politically connected and well-funded entities, given the government's relatively limited resources. Moreover, the public has become inured to the revolving door, generally accepting that its practice is simply how things are done.

1. Agency Oversight

Conflict of interest and ethics concerns usually are reported to the government agency for initial review. Therefore, agencies are responsible for investigating and, if necessary, reporting revolving door violations to the Department of Justice (DOJ). A recent study by the Department of Interior Inspector General (DOI IG) illustrates the negligence on the part of agencies in their treatment of conflict of interest and ethics concerns.

The DOI IG stated that it "found both evidence of and the perception that [DOI's]

⁵⁵ See *DOD Revolving Door – Many Former Personnel Not Reporting Defense-Related Employment* (GAO/NSIAD-86-71, Mar. 1986), available at <http://archive.gao.gov/d12t3/129272.pdf>, *DOD Revolving Door – Relationships Between Work at DOD and Post-DOD Employment* (GAO/NSIAD-86-180BR, July 1986), available at <http://archive.gao.gov/d4t4/130897.pdf>, *DOD Revolving Door – Post-DOD Employment May Raise Concerns* (GAO/NSIAD-87-116, Apr. 1986), available at <http://archive.gao.gov/d2t4/132870.pdf>, *Implementation of the DOD Revolving Door Legislation*, Statement by Martin M. Ferber, Director Manpower and Logistics Issues, National Security and International Affairs Division (GAO/T-NSIAD-89-17, Mar. 15, 1989) available at <http://archive.gao.gov/d39t12/138190.pdf>, *DOD Revolving Door – Processes Have Improved but Post-DOD Employment Reporting Still Low* (GAO/NSIAD-89-221, Sept. 1989), available at <http://archive.gao.gov/d26t7/139551.pdf>, *DOD Revolving Door – Few Are Restricted From Post-DOD Employment and Reporting Has Some Gaps* (GAO/NSIAD-90-103, Feb. 1990), available at <http://archive.gao.gov/d27t7/140736.pdf>.

⁵⁶ Multiple revolving door acts were proposed which attempted to expand coverage of post-employment restrictions on government officials. See H.R. 2160, 108th Cong. (2003); H.R. 3434, 104th Cong. (1996); H.R. 1576, 104th Cong. (1995); H.R. 3941, 103^d Cong. (1994); H.R. 1593, 103^d Cong. (1993); H.R. 1201, 99th Congress (1985).

leadership did not take ethics seriously.”⁵⁷ The report further stated that the conflicted government employee is “ultimately responsible for ensuring compliance with a recusal agreement,” but neither they nor agency ethics screeners “received adequate training or reliable advice.”⁵⁸ The DOI IG concluded:

Framed in the context of **a train wreck waiting to happen**, the Department of the Interior was presented with its most complex set of ethical issues with Mr. J. Steven Griles' appointment,^[59] at a time that, following years of neglect, demise, and compartmentalization, the ethics program was wholly incapable of addressing them.

As with most political appointees, Mr. J. Steven Griles likely viewed himself as an honest advocate of his administration's agenda. Since political appointees tend to believe that they are good people doing good things for the American public, they sometimes characterize any reasonable review or critique of their ethical behavior as prompted by partisan politics. The federal ethics rules are designed, when properly executed, to both guide and protect the well-intentioned political appointees. Fortunately, the threshold for the criminal ethics statutes is high enough to prevent most appointees from ever reaching it. The most difficult area, however, is the expansive gray area in between, that of “appearances.”

Time and time again, the Office of Inspector General has heard from those charged with providing political appointees at the Department with ethical advice that appearance concerns are left to the appointee, reasoning that the appointee is in the best position to make those determinations. This myopic view presumes that the neophyte political appointee fully understands not only the federal government's byzantine ethical standards but also fully appreciates and understands the “fishbowl” mentality of Washington, D.C.

By answering ethics questions from a purely legal perspective, the provider of such advice builds in an inherent defense, should such advice subsequently fail to protect. The resulting disservice to a political appointee is profound. After all, it is not the career of the ethics official or advising SOL attorney that is on the line.

⁵⁷ U.S. Department of the Interior, Office of Inspector General, J. Steven Griles, PI-SI-02-0053-I, Report of Investigations (2004), p. 138, *available at* <http://www.oig.doi.gov/upload/Griles%20Final%203-27-04%20REDACTED.pdf> and http://govt-aff.senate.gov/_files/031604griles_ig_report.pdf.

⁵⁸ *Id.* at 141-42.

⁵⁹ *See also id.* at 3 (J. Steven Griles is the Deputy Secretary of the Department of Interior (DOI). Prior to his appointment in July 2001, Griles lobbied for numerous energy and environmental industry groups, which he now oversees).

Between the Ethics Office and SOL, the combined failure of the ethics “team” in the Department to provide rigorous ethics advice to the political leadership – leaving them, instead, to assess appearance concerns from their own, subjective perspective, rather than that of the “reasonable person” – is, at once, both cowardly and disingenuous. Unfortunately for the appointee, the “reasonable person” standard is a much harsher judge of their conduct than is their well-intentioned subjective perspective. And thus, Mr. Griles and others now find themselves in a highly defensive posture against a cacophony of charges – even if no actual conflicts are found, the cries against the appearance of conflicts of interest drown out any acquittal – when solid, courageous, thorough advice at the outset might well have prevented these appearance problems altogether.

The wholesale failure of the ethics program at the Department emanates from a fundamentally flawed design crafted over time by a cast of negligent architects. Unfortunately, it also threatens to leave a trail of fallen political appointees in its wake.⁶⁰

2. Prosecutions

Even when agencies are on top of conflict of interest and ethics issues, little action is taken by federal prosecutors. The number of revolving door investigations, prosecutions, and convictions that have been initiated in recent years are documented by DOJ data obtained under the Freedom of Information Act by the Transactional Records Access Clearinghouse (TRAC).⁶¹ The government entities theoretically responsible for enforcing revolving door laws include DOJ, the Federal Bureau of Investigations (FBI), agency Inspectors General, and OGE.⁶²

As illustrated below in Chart 3, during the last nine years only a small handful of revolving door cases have been initiated, let alone resulted in a conviction. Although the total number of revolving door cases is minimal, the downward trend for this nine-year period is notable. Despite the increase in the number of total referrals and convictions for all federal matters, there is a significant decline in the number of revolving door referrals. In the most recent available year, FY 2003, of the 153,399 matters referred for prosecutions in federal court for any crime, over 22,785 involved white collar crime and official corruption. Out of those subcategories, only 12 (.05%) involved revolving door allegations and only two revolving door cases resulted in convictions.

⁶⁰ *Id.* at 143-44.

⁶¹ TRAC is a data gathering, data research and data distribution organization associated with Syracuse University. “The purpose of TRAC is to provide the American people and institutions of oversight such as Congress, news organizations, public interest groups, businesses, scholars and lawyers with comprehensive information about federal staffing, spending, and the enforcement activities of the federal government.” *Available at* <http://trac.syr.edu/>.

⁶² OGE is also responsible for the procedures and requirements that order certain executive branch employees to file financial disclosure statements. 5 U.S.C. §§ 101-11 (2004); *see* 5 C.F.R. §§ 2634 (2004) *et seq.*

Chart 3. Enforcement of the Revolving Door

	Fiscal Year								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Referrals for Prosecutions (Official Corruption & White Collar Crime)	35,549	29,196	26,983	25,699	24,956	23,876	23,808	21,925	22,785
Referrals for Prosecution (Revolving Door)⁶³	76	73	59	44	48	46	19	21	12
Referrals with Prosecution Declined (Revolving Door)⁶⁴	71	64	60	38	36	47	38	41	28
Convicted After Prosecution (Revolving Door)	9	9	5	10	2	7	2	8	2

Also troubling is that the government declined to prosecute nearly all (28 out of 30) of the revolving door cases. Of those declined cases, approximately eight were disposed of **after an investigation lasting no longer than one hour** and fourteen were dropped because of lack of evidence of criminal intent or weak/insufficient admissible evidence. For a case to make it out of an agency and be formally referred to DOJ for prosecution is a significant step. Clearly the agency concluded that there was sufficient evidence to make the referral. A question worth

exploring is why the DOJ found such a significant proportion of these referrals not worthy of prosecution.

E. Revolving Door Violations

Despite the loopholes in the current revolving door laws, there have been a few successful prosecutions. The following cases, which involve three of the top 20 contractors, were prosecuted by the DOJ:

- 2001 – Jon D. Glassman, the former State Department Deputy for International Coordination of the Task Force for Military Stabilization in the Balkans, paid

⁶³ TRAC's search included the government's most prevailing revolving door laws, including 18 U.S.C. § 207 (2004) (restricting post-government employment), 208 (2004) (prohibiting certain financial interests), 216 (2004) (the "punishment for an offense under section [18 U.S.C. §§] 203, 204, 205, 207, 208, or 209") and 41 U.S.C. § 423 (the "Procurement Integrity Act").

⁶⁴ The referrals disposed of in the specified year include referrals received in prior years that have not had a disposition and therefore "referrals with prosecution declined" exceed "referrals for prosecution."

\$10,000 for violating the one-year ban on contacting the U.S. Embassy in Bosnia. At the time of the violation, Glassman was working for *Northrop Grumman* and was promoting air defense radar systems.⁶⁵

- 2000 – Mark A. Boster, the former Deputy Assistant Attorney General of the Justice Department’s Information Resources Management Office, paid a \$30,000 settlement for communications he made with his former office while working for *Science Applications International Corporation (SAIC)*.⁶⁶
- 1999 – Allen L. Krum, a Senior Intelligence Service employee assigned to the CIA’s National Reconnaissance Office (NRO), paid a \$48,700 settlement for taking action in a contracting matter with *Lockheed Martin* in which his wife received Lockheed stock that earned her a \$48,700 profit.⁶⁷

F. Defenders of the Revolving Door

Defenders of the revolving door point out that there is nothing inherently improper or illegal when a contractor hires a former government official. Steven Kelman, a former Administrator for the Office of Federal Procurement Policy in the Office of Management and Budget, left the federal government for a teaching position at Harvard University. Since leaving government service, Kelman has become one of the more prominent proponents for the so-called “benefits” that the revolving door provides to the American taxpayer. Kelman, himself, is a lobbyist for Accenture (formerly Andersen Consulting), a recent entry into the government contracting big leagues.

Kelman argues that “the government is better off because many contractors (particularly in the defense and information technology industries) have significant numbers of ex-government employees.”⁶⁸ Kelman bases his opinion on two premises: that “post-employment opportunities based on knowledge of the government one has gained increases the attractiveness of government service for talented people,” and that “the presence of these ex-employees increases the odds a contractor will perform well and deal honestly with its government customer.”⁶⁹ He admits, however, that an ex-government employee’s “presence on a contractor team surely does make it easier for the contractor to win business from those at the agency who knew, or knew of, the ex-employee.”⁷⁰ Subsequently, Kelman asserts: “This shouldn’t be seen (until proven otherwise) as unjustified ‘cronyism.’ For it to be unjustified, the contract would need to be awarded to the firm without good reason to expect that contractor, with the ex-

⁶⁵ See http://www.usdoj.gov/criminal/pin/Annual_Report_2001.pdf.

⁶⁶ See http://www.usdoj.gov/criminal/pin/Annual_Report_2000.pdf.

⁶⁷ See http://www.usdoj.gov/criminal/pin/Annual_Report_1999.pdf.

⁶⁸ Steven Kelman, *Evolving Door*, Government Executive, Mar. 2004, at 65.

⁶⁹ *Id.*

⁷⁰ *Id.* at 66.

employee involved, would provide the best value for the government.”⁷¹

In Washington Post editor Steven Pearlstein’s July 7, 2003 column, entitled “*A Revolving Door? So What?*,” he dismisses the revolving door phenomenon as a threat to good government, instead hailing it as a practical competitive solution for awarding government defense contracts.⁷² He bases his argument on the following assertions. First, the revolving door is so prevalent that no single federal contractor has an advantage over another. Second, the government contracting system works better because procurement officials go to work for contractors. Third, although the United States’ defense arsenal is “hardly cheap, [it] is unmatched anywhere else in the world.”⁷³

Despite those assurances, POGO’s investigation provides examples where questionable decisions have been linked to the revolving door and do not serve the federal government or the taxpayer well. and, in fact, makes it difficult for the public to determine where the government stops and the private sector begins.

V. MONEY & CONTRACTING

Corporations contracting with the federal government received \$244 billion dollars in contract awards in FY 2002, to provide the government with goods or services to support the United States’ military and civilian needs. For example, since FY 1997, Lockheed Martin has received contract awards totaling \$141 billion. (Appendix A). One factor that may influence contract awards is the amount of money spent by contractors to guarantee future government business. depicts the large sums of money that are contributed to federal candidates by the top 20 federal contractors, their total lobbying expenditures, and their contract awards. For example, since 1997, Lockheed Martin ranks first in total campaign contributions (contributing over \$7.3 million) and contract awards (receiving over \$141 billion).

The statistics leave the impression that by supporting Members of Congress and lobbying for certain programs or laws, government contractors can secure billions of dollars in government business. Indeed, if these expenditures did not result in more federal dollars flowing to the contractor, why else would they spend these millions?

The days when government contractors were barred from making contributions to a political party, committee, or candidate for public office were not that far in the past. That ban was the law of the land until 1976.⁷⁴ Violations of the law resulted in a fine up to \$5,000,

⁷¹ *Id.*

⁷² Steven Pearlstein, *A Revolving Door? So What?*, Washington Post, July 7, 2003, at E01.

⁷³ *Id.*

⁷⁴ Pub. L. No. 92-225 § 611(a), 86 Stat. 10-11 (1972).

imprisonment for up to five years, or both.⁷⁵ The provision disallowing government contractors from making political contributions prevented:

1. The use of federal funds for political purposes;
2. Contractors from using money to obtain a contracting windfall; and
3. Corruption and bribery of federal officials.

In 1976, however, Congress amended the law prohibiting government contractors from making campaign contributions.⁷⁶ The change allowed government contractors to establish a “separate segregated fund ... for the purpose of influencing the nomination for election, or election, of any person to Federal office.”⁷⁷ In other words, although a contractor is prohibited from making campaign contributions from company coffers, the contractor may form a PAC, which collects “voluntary” employee donations and then makes contributions to federal candidates. In addition to PAC contributions, contractor stockholders, officers, and employees may make individual contributions (not exceeding \$2,000 for the primary and general election for a total of \$4,000 per election cycle) to a federal candidate.⁷⁸ These contributions are identified as coming from that individual’s employer, allowing the company to “take credit” in the eyes of the candidate. Therefore, federal contractors distribute hundreds of thousands of dollars in campaign contributions including PAC contributions, individual contributions, and, until the 2004 election cycle, soft money contributions.⁷⁹ In 2002, the McCain-Feingold Act (the Bipartisan Campaign Reform Act) banned soft money contributions. The United States Supreme Court upheld the soft money ban in 2003.⁸⁰

VI. POGO’s RECOMMENDATIONS

A. The Revolving Door

1. **Simplify the complex system of laws, Executive Branch regulations,**

⁷⁵ *Id.* at § 611(b).

⁷⁶ Pub. L. No. 94-283 § 322, 90 Stat. 492-93 (1976).

⁷⁷ *Id.* at § 322(b); *see* 2 U.S.C. § 441c(b) (repealed), 11 C.F.R. § 115.3(a) (2004).

⁷⁸ 11 C.F.R. § 115.6 (2004).

⁷⁹ “Soft money contributions are supposed to be used only for state and local political activities – such as voter registration, get-out-the-vote drives, and bumper stickers – and for such generic party-building activities as TV ads supporting the Democratic and Republican platforms, but not naming specific candidates. Typically, however, the funds pay for much more – including office overhead, the purchase of expensive computer equipment, and other behind-the-scenes expenses – thus freeing up other contributions to the party to be used directly to support candidates.” The Center for Responsive Politics, *available at* <http://www.opensecrets.org/pubs/glossary/softmoney.htm>.

⁸⁰ *McConnell v. Fed. Election Commn.*, 540 U.S. ___, 124 S. Ct. 619, 157 L. Ed. 2d 491 (2003), *available at* <http://www.supremecourtus.gov/opinions/03pdf/02-1674.pdf>.

department and agency regulations, executive orders, and agency directives that add ambiguity to government ethics laws. Repeal the multi-tiered system of laws and regulations and incorporate required provisions in a clear and consistent model rule of ethical conduct for the entire federal government;

2. **Prohibit, for a specified period of time, political appointees and Senior Executive Service (SES) policymakers (people who develop rules and determine requirements) from being able to seek employment from contractors who significantly benefitted from the policies formulated by the government employee;**
3. **Require government officials to enter into a binding revolving door exit plan that sets forth the programs and projects from which the former employee is banned from working.** Like financial disclosure statements, these reports should be filed with the Office of Government Ethics and available to the public. This requirement would benefit government employees who are unaware of or confused by post-government restrictions or who have multiple post-employment bans covering different time periods. It would also enhance public trust in the government;
4. **Require recently retired government officials and their new employers to file revolving door reports attesting that the former government employee has complied with his or her revolving door exit plan;**
5. **Prohibit government employees from overseeing or regulating their former private sector employer;**
6. **Close the loophole that allows former government employees to work for a department or division of a contractor different from the division or department that they oversaw as a government employee;**
7. **Establish an Executive Branch-wide law for federal government employees, requiring notification of recusal or disqualification to a supervisor;**
8. **The Office of Government Ethics should provide enhanced oversight of private sector employees who enter public service.** Those types of revolving door cases should receive enhanced oversight because government officials may be placed in positions in which they regulate or oversee programs and policies that may affect their private employer.

B. Money & Contracting

1. **Congress should restore the pre-1976 prohibition on contractor campaign contributions thereby assuring the American public that contractors' contributions are not driving contracting decisions.**

C. Federal Advisory Boards

1. **Remove or modify conflict of interest and Freedom of Information Act exemption and waiver provisions for advisory board members and ensure that unclassified portions of board meeting minutes are publicly available; and**
2. **Enact Executive Branch-wide law requiring federal advisory committee members to recuse or disqualify themselves from any discussion on matters where they or their private employer or client have a significant financial interest.** This disclosure or recusal statement, including name, title and employer should be filed with the Office of Government Ethics and made publicly available;

D. Lobbying

1. **Increase the one-year ban on lobbying for Members of Congress and their senior staffers who have a nexus between authorizations or appropriations authority over their post-government employer; and**
2. **Paid contractor consultants should be required to register with the Office of Government Ethics.** Many former government employees are hired to promote a contractors agenda and the current system does not prove any transparency of those actions.

CHART 1.

Money Spent by the Top 20 Federal Contractors to Influence Decisions and Secure Future Cointracts FY 1997 through 2004

COMPANY (Based on contract dollars in FY 2002)		TOTAL CAMPAIGN CONTRIBUTIONS		INDIVIDUAL CONTRIBUTIONS		PAC CONTRIBUTIONS		SOFT MONEY CONTRIBUTIONS *		LOBBYING EXPENDITURES		FEDERAL CONTRACT AWARDS	
1	LOCKHEED MARTIN	1	\$7,338,676	3	\$1,104,734	1	\$3,714,891	1	\$2,519,051	4	\$47,249,780	1	\$141,742,357,277
2	BOEING	3	\$6,076,243	4	\$1,020,109	4	\$2,997,654	2	\$2,058,480	3	\$58,298,310	2	\$110,224,322,858
3	NORTHROP GRUMMAN	5	\$4,225,051	10	\$285,041	5	\$2,661,075	5	\$1,278,935	2	\$60,666,629	4	\$51,092,334,243
4	RAYTHEON	6	\$3,491,022	7	\$408,429	6	\$2,236,633	7	\$845,960	7	\$15,580,000	3	\$52,411,163,339
5	GENERAL DYNAMICS	4	\$4,723,819	9	\$330,351	3	\$3,101,561	4	\$1,291,907	5	\$33,253,875	5	\$35,670,009,902
6	UNIVERSITY OF CALIFORNIA	12	\$1,452,123	1	\$1,424,113	18	\$0	16	\$28,010	15	\$2,858,599	7	\$20,410,961,000
7	UNITED TECHNOLOGIES	7	\$2,431,487	6	\$527,587	8	\$1,118,550	8	\$785,350	6	\$28,875,633	6	\$22,078,805,394
8	CSC	15	\$422,769	14	\$114,419	14	\$274,850	15	\$33,500	13	\$3,270,000	9	\$14,155,665,723
9	BECHTEL	9	\$1,848,916	11	\$215,116	13	\$568,100	6	\$1,065,700	16	\$2,360,000	10	\$14,102,503,648
10	SAIC	8	\$2,157,079	8	\$346,829	7	\$1,248,500	9	\$561,750	10	\$8,637,700	8	\$16,918,318,549
11	CARLYLE GROUP	11	\$1,576,436	5	\$565,089	11	\$739,262	13	\$272,085	9	\$10,747,554	13	\$9,629,997,704
12	TRW	10	\$1,640,966	13	\$136,907	9	\$1,028,577	10	\$475,475	11	\$6,293,182	11	\$13,517,784,000
13	AMERISOURCE BERGEN	20	\$20,435	20	\$19,435	18	\$0	18	\$1,000	20	\$0	16	\$6,981,856,524
14	HONEYWELL INTL.	14	\$879,702	12	\$172,427	12	\$683,925	17	\$23,350	8	\$14,280,000	15	\$7,754,460,071
15	HEALTH NET	18	\$289,472	18	\$58,300	15	\$199,172	11	\$315,352	18	\$1,830,000	18	\$6,182,696,932
16	BRITISH NUCLEAR FUELS	16	\$346,968	19	\$49,968	17	\$17,000	12	\$290,000	17	\$1,925,000	17	\$6,828,590,000
17	GENERAL ELECTRIC	2	\$6,174,789	2	\$1,407,642	2	\$3,438,310	3	\$1,328,837	1	\$84,760,000	12	\$12,996,887,348
18	L-3 COMMUNICATIONS	17	\$296,620	15	\$67,370	16	\$183,250	14	\$46,000	14	\$3,103,000	19	\$4,941,646,792
19	CAL TECH	19	\$65,395	16	\$64,895	18	\$0	19	\$500	19	\$445,000	14	\$7,852,223,000
20	BAE	13	\$964,668	17	\$60,903	10	\$903,265	19	\$500	12	\$5,825,000	20	\$3,333,212,144
TOTALS			\$46,422,636		\$8,379,664		\$25,114,575		\$13,221,742		\$390,259,262		\$558,825,796,448

* In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions. The United States Supreme Court upheld the soft money ban in 2003.

The Politics of Contracting

POGO has examined the top 20 federal government contractors from Fiscal Year (FY) 2002. Since 1997, the federal government has awarded over one trillion dollars to federal contractors. In FY 2002, the federal government spent over \$244 billion on contracts for goods and services on behalf of the American public. Over 40% of the \$244 billion was awarded to the top 20 federal government contractors. POGO investigated the top 20 government contractors, examining campaign contributions, lobbying expenditures, and government contract award dollars.

Another way contractors gain influence is to hire away civil servants and political appointees with access to inside people and information from their government positions, often offering higher salaries, bonuses, or other inducements. In some cases, highly-skilled and well-connected former senior government officials, many of whom have worked for the Department of Defense or in Congress, enter the private sector as executives or lobbyists, or on the boards of directors of government contractors - a practice known as the "revolving door."

The revolving door has become such an accepted part of federal contracting in recent years that it is frequently difficult to determine where the government stops and the private sector begins. The practice of senior federal employees going to work for the federal contractors over which they had authority creates six critical problems:

- (1) It provides a vehicle for public servants to use their office for personal or private gain at the expense of the American taxpayer;
- (2) It creates an opportunity for government officials to be lenient toward or to favor prospective future employers;
- (3) It creates an opportunity for government officials to be lenient toward or to favor former private sector employers, which the government official now regulates or oversees;
- (4) It sometimes provides the contractor with an unfair advantage over its competitors due to insider knowledge that can be used to the benefit of the contractor, but to the detriment of the public;
- (5) It has resulted in a highly complex framework of ethics and conflict of interest regulations. Enforcing these regulations has become a virtual industry within the government, costing significant resources, but rarely, as the record shows, resulting in sanctions or convictions of those accused of violating the rules; and
- (6) The appearance of impropriety has two significant negative implications. First, it exacerbates public distrust in government, ultimately resulting in a decline in civic participation. Second, the vast majority of career civil servants do not use their government jobs as stepping stones to high paying jobs with government contractors, and it demoralizes them to see their supervisors and co-workers do so.

The revolving door is a story of money, information, influence, and access - access that ensures that phone calls get through to policymakers and meetings get scheduled. The American taxpayer is left with a system that sometimes compromises the way the government buys goods and services from its contractors.

This appendix includes some of the most egregious, but not illegal, examples of the revolving door. POGO is not accusing any of the persons herein of any illegal actions. Furthermore, POGO is not suggesting that all cases included are unethical. Rather, POGO is illustrating the frequency with which former career government employees or political appointees go to work for federal contractors. Finally, POGO does not claim to have cited all cases of the revolving door.

Top 20 Federal Government Contractors

1. Lockheed Martin
2. Boeing
3. Northrop Grumman (includes TRW)
4. Raytheon
5. General Dynamics
6. University of California
7. United Technologies
8. Computer Sciences Corporation - CSC
9. Bechtel
10. Science Applications International Corporation - SAIC
11. Carlyle Group
12. TRW (merged with Northrop Grumman in 2002)
13. AmerisourceBergen
14. Honeywell International
15. Health Net, Inc.
16. British Nuclear Fuels - BNFL
17. General Electric
18. L-3 Communications
19. California Institute of Technology
20. BAE Systems

POGO's list of the top 20 government contractors for FY 2002 was compiled by Government Executive magazine (Vol. 35, No. 12, August 2003, p. 24). The dollars for total, individual, political action committee, and soft money -contributions, as of December 1, 2003, were provided by the Center for Responsive Politics. Lobbying expenditures were compiled by POGO from information obtained from Political Money Line and the Center for Responsive Politics. Contract award dollars from FY 1997 through FY 2002 were compiled by Government Executive magazine. In February 2004, DOD listed its top 100 contractors in FY 2003 and we provided those DOD contract award figures for completeness.

For more information about the revolving door between the government and federal contractors and about campaign contributions and lobbying expenditures, please see POGO's report "The Politics of Contracting." For more detailed information regarding misconduct by the government's top contractors, see POGO's Federal Contractor Misconduct Database and POGO's report Federal Contractor Misconduct: Failures of the Suspension and Debarment System.

Lockheed Martin

**Money Spent by Lockheed Martin to
Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$567,621	\$177,842	\$389,779	\$0	NCA	NCA
2003*	-	-	-	-	\$6,680,000	\$21,927,183,277
2002	\$2,486,440	\$327,571	\$1,045,918	\$1,112,951	\$6,420,000	\$22,868,969,000
2001*	-	-	-	-	\$9,855,000	\$20,403,172,000
2000	\$2,712,814	\$454,015	\$1,106,449	\$1,152,350	\$9,855,000	\$20,619,195,000
1999*	-	-	-	-	\$4,371,900	\$19,028,600,000
1998	\$1,571,801	\$145,306	\$1,172,745	\$253,750	\$6,467,880	\$18,541,457,000
1997*	-	-	-	-	\$3,600,000	\$18,353,781,000
TOTALS	\$7,338,676	\$1,104,734	\$3,714,891	\$2,519,051	\$47,249,780	\$141,742,357,277

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available

**Senior Government Officials
Turned Current & Former Company Executives for Lockheed Martin
1997 through 2004**

Monty Bleger, Former Acting Deputy Administrator of the Federal Aviation Administration

Marvin L. Braman, Former Department of Defense Acting Deputy Assistant Secretary for Public Affairs and Director of Defense Information

Joe Cipriano, Former Program Executive Officer for the Department of the Navy's Information Technology, Former Deputy Commander for Welfare Systems

Lt. General **Joseph E. DeFrancisco**, U.S. Army (Ret.), Former Chief of Army War Plans, Executive Officer to the Secretary of the Army, Deputy Commander in Chief and Chief of Staff, U.S. Pacific Command

Maj. General **Bobby O. Floyd**, U.S. Air Force (Ret.)

Rear Admiral **Thomas J. Jurkowsky**, U.S. Navy (Ret.), Former Chief of Naval Information

David A. Kier, Former Deputy Director for the National Reconnaissance Office, Principal Deputy Assistant Secretary of Air Force for Space

Lt. General **Don Lionetti**, U.S. Air Force (Ret.), Former Chief of the Sergeant York Intensive Management Team

Captain **Fred P. Moosally**, U.S. Navy (Ret.), Former Navy Deputy Chief of Legislative Affairs

Randal E. Morger, Former Chief of Plans and Policy and Deputy Chief of Public Information at Supreme HQ Allied Powers Europe, DOD Spokesman at the Pentagon

Alan Ptak, Former Deputy Assistant Secretary of Defense - POW/MIA Affairs

Rear Admiral **Craig R. Quigley**, U.S. Navy (Ret.), Former Deputy Assistant Secretary of Defense Public Affairs

Brigadier General **Velma (Von) Richardson**, U.S. Army (Ret.), Former Deputy Commander of the U.S. Army Network and Enterprise Technology Command, Former Deputy Commander of the U.S. Army Signal Center, Former Deputy Commander and Director of Resources

Albert E. Smith, Former Member of the Central Intelligence Agency (CIA), Current Member of the Defense Science Board

Eleanor Spector, Former Department of Defense Director of Defense Procurement

Lt. Colonel **William O. Schmieder**, U.S. Air Force (Ret.), Former Senior Officer in the U.S. Air Force, Former Senior Officer in the office of the Secretary of Defense

**Senior Government Officials
Turned Current & Former Board Directors for Lockheed Martin
1997 through 2004**

E.C. "Pete" Aldridge, Jr., Member of the Defense Science Board, Former Undersecretary of Defense for Acquisition, Technology and Logistics

Norman R. Augustine, Former Member of the Defense Science Board, Former Undersecretary of the U.S. Army, Former Member of the Defense Policy Board

General **Joseph W. Ralston**, U.S. Air Force (Ret.), Former Commander-in-Chief - U.S. European Command, Former Supreme Allied Commander Europe-NATO-Mons-Belgium, Former Vice Chairman of the Joint Chiefs of Staff

General **Robert W. Riscassi**, U.S. Army (Ret.), Former Director of the Joint Chiefs of Staff, Former U.S. Army Vice Chief of Staff, Former U.S. Army Commander in Chief-UN Command/Korea

Robert J. Stevens, U.S. Marine Corps (Ret.), Former Member of the President's Commission on the Future of the U.S. Aerospace Industry

Admiral **Carlisle A.H. Trost**, U.S. Navy (Ret.), Former Chief of Naval Operations

**Senior Government Officials
Turned Current & Former Registered Company Lobbyists
for Lockheed Martin
1997 through 2004**

Former Rep. **Anthony Beryl** (D-AR) (Winston & Strawn)

Former Sen. **Birch Bayh** (D-IN) (Venable, Baet, et al.)

Former Sen. **Lloyd Bentsen** (D-TX), Former Secretary of the Treasury (Piper Rudnick)

Former Rep. **James J. Blanchard** (D-MI) (Verner, Liipfert, et al.)

Former Sen. **Daniel R. Coats** (R-IN), Former Member of the Defense Policy Board (Piper Rudnick)

Former Rep. **Thomas J. Corcoran** (R-IL), Former Member of the Defense Science Board (O'Connor & Hannan)

Former Rep. **George Darden** (D-GA) (Long, Aldridge & Norman)

Linda Daschle, Former Deputy Administrator of the Federal Aviation Administration (Baker, Donelson et al.)

Former Rep. **Jack Edwards** (R-AL) (Ervin Technical Associates)

Former Rep. **Vic Fazio** (D-CA) (Clark & Weinstock)

Former Rep. **Robert Garcia** (D-NY), U.S. Army (Ret.) (Venable et al.)

William Inglee, Former Advisor to Speaker of the House J. Dennis Hastert

Former Sen. **J. Bennett Johnston** (D-LA) (Johnston & Associates)

Former Rep. **Gregory H. Laughlin** (D-TX) (Patton Boggs)

Former Sen. **Paul Laxalt** (R-NV) (Paul Laxalt Group)

Former Rep. **Mel Levine** (D-CA) (Gibson, Dunn & Crutcher)

Former Rep. **Robert L. Livingston** (R-LA) (Livingston Group)

Former Rep. **Marilyn L. Lloyd** (D-TN) (Marilyn L. Lloyd)

Former Sen. **Harlan Mathews** (D-TN) (Farris, Mathews et al.)

Former Sen. **Mack F. Mattingly** (R-GA) (Mack F. Mattingly)

Former Rep. **David McCurdy** (D-OK) (McCurdy Group)

Former Rep. **Joseph McDade** (R-PA) (Ervin Technical Associates)

Former Rep. **Sonny Montgomery** (D-MS) (Montgomery Group)

Former Rep. **John L. Napier** (R-SC) (Winston & Strawn)

Former Rep. **Lewis F. Payne, Jr.** (D-VA) (McGuire, Woods et al.)

**(Continued) Senior Government Officials
Turned Current & Former Registered Company Lobbyists
for Lockheed Martin
1997 through 2004**

Albert Randall, Former Assistant Chief Counsel of the Federal Aviation Administration (Baker, Donelson et al.)

Former Rep. **Richard B. Ray** (D-GA) (Richard B. Ray, Inc.)

Former Rep. **Martin Russo** (D-IL) (Cassidy & Associates)

Former Rep. **Daniel Schaefer** (R-CO) (Valis Associates)

Former Rep. **Richard T. Schulze** (R-PA) (Valis Associates)

Former Rep. **James W. Symington** (D-MO) (O'Connor & Hannan)

Former Rep. **Robert S. Walker** (R-PA) (Wexler & Walker)

Former Rep. **Vin Weber** (R-MN) (Clark & Weinstock)

Former Rep. **Charles Wilson** (D-TX) (Palmetto Group)

Theresa M. Youngblood, Former Assistant to Undersecretary of Commerce for Export Administration (Piper Rudnick)

**Firms Registered to Lobby for Lockheed Martin
1997 through 2004**

AB Management Associates	LeMunyon & Associates, Glenn B.	Wunder, Knight et al.
Alpine Group	Lemunyon Group	
Alvarado & Gerken	Leonard & Company	
American Continental Group	Lipsen, Zel E.	
American Systems International	Livingston Group	
Anderson & Baker	Lloyd, Marilyn L.	
Anthony, Beryl F. Jr.	Loeffler, Jonas & Tuggey	
Baker, Donelson et al.	Magliocchetti Associates, Paul	
Balzano Associates	Mattingly, Mack F.	
Barbour, Griffith & Rogers	Mayer, Brown, Rowe & Maw	
Barrett Jr., Michael F.	McCurdy Group	
Birch, Horton et al.	McGuire, Woods et al.	
BKSH & Associates	McKenna Long & Aldridge	
Boland & Madigan	McMahon, John N.	
Brachman, Marshall A.	Mercury Group	
Capital Concepts	Miller, Grant	
Cassidy & Associates	Montgomery Group	
Chesapeake Enterprises	O'Conner & Hannan	
Clark & Weinstock	O'Melveny & Myers	
Collins & Company	Orion Strategies	
Conaway Group	Palmetto Group	
Covington & Burling	Patton Boggs	
Crowell & Moring	Piper Rudnick	
Curtin, Law Offices of Kevin G.	PMA Group	
Richard C. D'Amato	Podesta Mattoon	
DAP & Associates	Poitevent, Carreret & Denegre	
Davis O'Connell Inc.	Preston, Ralph Samuel	
Dean, Donald K.	Privatization Strategies	
Dewey Ballantine	Public Strategies Washington Inc.	
Duberstein Group	R. Duffy Wall & Associates	
Eads & Carter	Ray Inc., Richard B.	
Edington Peel & Associates	Robison International	
Edington Wade & Assoc. Inc.	Rooney Group International Inc.	
Emanuel, Adam C.	Rose, Peter J.	
EOP Group	Ryan, Phillips et al.	
Ervin Technical Association	Shelley Jr., Zack H.	
Farris, Mathews et al.	Simon Strategies	
Gibson, Dunn & Crutcher.	Skadden, Arps et al.	
Global USA Inc.	Spectrum Group	
Greenberg, Taurig et al.	Tate LeMunyon	
Griffin, Johnson et al.	Timmons & Company	
Heidepriem & Mager Inc.	United Space Alliance	
Hooper, Hooper et al.	Valis Associates	
Hooper, Owen et al.	Van Fleet-Meredith Group	
Hurt, Norton & Associates, Inc.	Van Scoyoc Associates	
Johnson Company	Venable, Baet et al.	
Johnson, Karen A.	Verner, Liipfert et al.	
Johnson, Smith et al.	Walter Group	
Johnston & Associates	Washington Council Ernst &	
Jones, Walker et al.	Young	
JWI LLC	Wexler & Walker	
Kemper Company	Whitner, Richard C.	
King & Spalding	Wilson Associates	
Laxalt Group, Paul	Winston & Strawn	

Boeing

**Money Spent by Boeing
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$647,630	\$143,300	\$504,330	\$0	NCA	NCA
2003*	-	-	-	-	\$8,140,000	\$17,339,688,858
2002	\$1,816,702	\$245,747	\$870,473	\$700,482	\$8,260,000	\$19,569,810,000
2001*	-	-	-	-	\$7,338,310	\$16,059,826,000
2000	\$1,955,123	\$370,199	\$756,426	\$828,498	\$7,840,000	\$14,660,730,000
1999*	-	-	-	-	\$8,200,000	\$14,217,112,000
1998	\$1,656,788	\$260,863	\$866,425	\$529,500	\$8,440,000	\$14,265,948,000
1997*	-	-	-	-	\$10,080,000	\$14,111,208,000
TOTALS	\$6,076,243	\$1,020,109	\$2,997,654	\$2,058,480	\$58,298,310	\$110,224,322,858

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for Boeing
1997 through 2004**

Gale Andrews, Former Communication Specialist with the White House Support Staff

Rudy F. de Leon, Former Deputy Secretary of Defense, Former Undersecretary of Defense for Personnel & Readiness, Former Staff Director of the House Armed Services Committee, Former Special Assistant to Secretary of Defense Les Aspin

Darlene Druyun, Former Deputy Assistant Secretary for Air Force Acquisition and Management

James W. Evatt, Former Special Assistant for B-1B-DCS Research, Development & Acquisition of the Pentagon, Former Member of the Defense Science Board

General **Richard D. Hearney**, U.S. Marine Corps (Ret.), Former Assistant Commandant of the U.S. Marine Corps

Tod R. Hullin, Former Principal Deputy Assistant Secretary of Defense-Public Affairs

Vice Admiral **John A. Lockard**, U.S. Navy (Ret.), Program Manager for Navy F/A-18, Program Executive Officer For Tactical Aircraft Programs, Commander of Naval Air Space Systems Command

Maj. General **Timothy P. Malishenko**, U.S. Air Force (Ret.), Former Director of the Defense Contract Management Agency (DCMA), Former Deputy Assistant Secretary for Contracting - Office of the Assistant Secretary of the Air Force for Acquisition

Lt. General **George K. Muellner**, U.S. Air Force (Ret.), Former Member of the Defense Science Board, Former Principal Deputy for the Office of the Assistant Secretary of the Air Force for Acquisition

Alan R. Mulally, Member of the NASA Advisory Board, Member of the U.S. Air Force Scientific Advisory Board

Thomas R. Pickering, Sr., Former Undersecretary of State for Political Affairs

**Senior Government Officials
Turned Current & Former Board Directors for Boeing
1997 through 2004**

Kenneth M. Duberstein, Former White House Chief of Staff

William J. Perry, Former Member of the Defense Science Board, Former Secretary of Defense

Rozanne L. Ridgway, Former Assistant Secretary of State for Europe and Canada

General **John M. Shalikashvili**, U.S. Army (Ret.), Former Chairman of the Joint Chiefs of Staff

**Senior Government Officials
Turned Current & Former Registered Company Lobbyists for Boeing
1997 through 2004**

Nicholas E. Calio, Former Assistant to the President for Legislative Affairs (O'Brien & Calio)

Former Rep. **Rod Chandler** (R-WA) (Downey McGrath Group)

Linda Daschle, Former Deputy Administrator-FAA (Baker, Donelson et al.)

Rudy F. de Leon, Former Deputy Secretary of Defense, Former Undersecretary of Defense for Personnel & Readiness, Former Staff Director of the House Armed Services Committee, Former Special Assistant to Secretary of Defense Les Aspin

Former Rep. **Thomas J. Downey** (D-NY) (Downey McGrath Group)

Stuart E. Eizenstat, Former Deputy Secretary of the Treasury, Former Chief White House Domestic Policy Advisor, Former Undersecretary of Commerce, Former Undersecretary of State (Covington & Burling)

Former Rep. **Daniel R. Glickman** (D-KS), Former Secretary of Agriculture (Akin, Gump et al.)

Former Sen. **J. Bennett Johnston** (D-LA) (Johnston & Associates)

Former Rep. **Michael J. Kopetski** (D-OR) (Michael J. Kopetski)

Former Rep. **Mel Levine** (D-CA) (Gibson, Dunn & Crutcher)

Former Rep. **William D. Lowery** (R-CA) (Copeland, Lowery & Jacquez)

Former Rep. **Raymond J. McGrath** (R-NY) (Downey McGrath Group)

Former Rep. **Bill Paxon** (R-NY) (Akin, Gump, et al.)

Albert Randall, Former Assistant Chief Counsel-FAA (Baker Donelson et al.)

Former Rep. **Toby Roth** (R-WI) (Roth Group)

Former Rep. **Martin A. Russo** (D-IL) (Cassidy & Associates)

Former Rep. **Vin Weber** (R-MN) (Clark & Weinstock)

Christopher A. Williams, Member of the Defense Policy Board, Former Acting Undersecretary of Defense for Policy, Former Special Assistant to the Secretary of Defense, Former Advisor to Senate Majority Leader Trent Lott, Executive Secretary of the U.S. Negotiation Group on Space Arms, Executive Secretary of the Special Independent Review of the Strategic Defense Initiative Program (Johnston & Associates)

**Firms Registered to Lobby for Boeing
1997 through 2004**

Akin, Gump, et al.
American Defense International
APCO Worldwide
Ashmore & Associates
Baker, Donelson et al.
Balzano Associates
Bergner, Bockorny et al.
Boland & Madigan
Bryan Cave LLP
Cambridge International Inc.
Cassidy & Associates
Clark & Weinstock
Collins & Company
Copeland, Lowery & Jacquez
Covington & Burling
Downey McGrath Group
EOP Group
Franzel, Brent S.
Gibson, Dunn & Crutcher
Higgins, McGovern, et al.
Hill & Knowlton
Jackson, Alvin B.
Johnston & Associates
Kerr, Gordon
Kimmitt, Joseph S.
Kopetski, Michael J.
Legislative Strategies
Magliocchetti Associates, Paul
Mayer, Brown et al.
McBee Strategic Consulting
Miller Associates, Denny
Miller & Chevalier
O'Brien Calio
O'Connor & Hannan
Patton Boggs
Paw & Associates
PMA Group
Potomac Strategies & Analysis
Rasp Inc.
Rhoads Maguire Group
Robison International
Rooney Group International Inc.
Roth Group

Ryan & Associates
Shaw, Pittman et al.
Staats Falkenberg & Partners
Timmons & Company
Van Scoyoc Associates
Verner, Liipfert et al.
Washington Group
Weaver Jr., Paul A.
Willard Group
Wilmer, Cutler & Pickering

Northrop Grumman

**Money Spent by Northrop Grumman
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

(Note: In 2002, Northrop Grumman acquired TRW.)

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$536,887	\$78,387	\$458,500	\$0	NCA	NCA
2003*	-	-	-	-	\$10,410,936	\$11,125,799,243
2002	\$2,155,420	\$86,610	\$1,209,450	\$859,360	\$11,770,618	\$10,231,037,000
2001*	-	-	-	-	\$9,410,969	\$12,067,978,000
2000	\$823,484	\$86,459	\$416,350	\$320,675	\$7,840,000	\$6,790,062,000
1999*	-	-	-	-	\$5,031,639	\$3,509,571,000
1998	\$709,260	\$33,585	\$576,775	\$98,900	\$6,122,467	\$3,161,988,000
1997*	-	-	-	-	\$10,080,000	\$4,205,899,000
TOTALS	\$ 4,225,051	\$ 285,041	\$ 2,661,075	\$ 1,278,935	\$ 60,666,629	\$ 51,092,334,243

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for Northrop Grumman
1997 through 2004**

Herbert W. Anderson, U.S. Army (Ret.), Member of the President's National Security Telecommunications Advisory Committee, Former Member of the Defense Science Board, Former Member of the Secretary of the Air Force Advisory Group

Rear Admiral **Philip A. Dur**, U.S. Navy (Ret.), Former Director of the Political Military Affairs for the National Security Council

Richard L. Haver, Member of the Defense Science Board, Bush Administration Transition Team for Intelligence, Former Special Assistant to the Secretary of Defense for Intelligence

Robert W. Helm, Former Member of the Defense Science Board, Former Assistant Secretary of Defense (Comptroller)

Admiral **William O. Studeman**, U.S. Navy (Ret.), Member of the Defense Science Board

**Senior Government Officials
Turned Current & Former Board Directors for Northrop Grumman
1997 through 2004**

Jack R. Borsting, Former Assistant Secretary of Defense

General **John T. Chain, Jr.**, U.S. Air Force (Ret.), Former Commander-in-Chief Strategic Air Command

Former Rep. **Jack Edwards** (R-AL)

Former **Rep. Vic Fazio** (D-CA)

Admiral **Charles R. Larson**, U.S. Navy (Ret.), Former Senior Military Commander in the Pacific

Philip A. Odeen, Chairman of the National Defense Panel, Former Member of the Defense Science Board, Former Principal Secretary of Defense for Systems Analysis, Former Director of Defense and Arms Control Staff for the National Security Council

Aulana L. Peters, Former Commissioner of the Securities and Exchange Commission

John E. Robson, Former Deputy Assistant Secretary of the Treasury, Former Undersecretary of Transportation

**Senior Government Officials
Turned Current and Former Registered Company Lobbyists for Northrop Grumman
1997 through 2004**

Former Rep. **Jack Edwards** (R-AL) (Ervin Technical Association)

Former Sen. **J. Bennett Johnston** (D-LA) (Johnston & Associates)

Former Rep. **Mel Levine** (D-CA) (Gibson, Dunn & Crutcher)

Former Rep. **Robert L. Livingston** (R-LA), Former Speaker of the House (Livingston Group)

Former Rep. **Joseph M. McDade** (R-PA) (Ervin Technical Associates)

John Moran, Former Federal Maritime Commissioner (Jones Walker)

Christopher A. Williams, Member of the Defense Policy Board, Former Acting Undersecretary of Defense for Policy, Former Special Assistant to the Secretary of Defense, Former Advisor to Senate Majority Leader Trent Lott, Executive Secretary of the U.S. Negotiation Group on Space Arms, Executive Secretary of the Special Independent Review of the Strategic Defense Initiative Program (Johnston & Associates)

**Firms Registered to Lobby for Northrop Grumman
1997 through 2004**

Alverado & Gerken
American Systems International
Amitay, Morris J.
Balzano Associates
Bentley, Helen Delich
Bergner, Bockorny, et al.
Brachman, Marshall A.
Brown & Company
Campbell Inc., John G.
Collins & Company
Collins Group International Inc.
Commonwealth Consulting
Columbia Communications
Comptek Research Inc.
Dyer, Ellis & Joseph
Emanuel, Adam C.
Ervin Technical Associates
Fleischman & Walsh
Gibson, Dunn & Crutcher
Hamberger, Martin G.
Jackson, Alvin B.
Johnson Jr., George K.
Johnson, Karen A.
Johnston & Associates
Jones, Walker et al.
Kipnes, Irvin M.
Lipsen, Zel E.
Livingston Group
McBee Strategic Consulting
McRee Associates, Diane
Miller Associates, Denny
Miller, Grant
Paw & Associates
Potomac Advocates
Powell, Goldstein et al.
PRASAM
Rose, Peter J.
Ryan International, Lawrence
Smith, Dawson & Andrews
Sullivan Associates, Frank
Timmons & Company
Tucker, Patrick

Walton, John C.
Whitner, Richard C.
Wight, Bill
Williams Muller Strategies
Wilson, Donald E.

Raytheon

**Money Spent by Raytheon
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$318,965	\$24,905	\$294,060	\$0	NCA	NCA
2003*	-	-	-	-	\$3,560,000	\$7,915,749,339
2002	\$1,162,697	\$92,360	\$724,717	\$345,620	\$3,440,000	\$7,522,196,000
2001*	-	-	-	-	\$2,900,000	\$6,345,776,000
2000	\$1,135,890	\$182,125	\$629,625	\$324,140	\$2,320,000	\$8,133,806,000
1999*	-	-	-	-	\$1,060,000	\$7,767,012,000
1998	\$873,470	\$109,039	\$588,231	\$176,200	\$660,000	\$7,407,934,000
1997*	-	-	-	-	\$1,640,000	\$7,318,690,000
TOTALS	\$3,491,022	\$408,429	\$2,236,633	\$845,960	\$15,580,000	\$52,411,163,339

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for Raytheon
1997 through 2004**

Maj. General **Robert W. Drewes**, U.S. Air Force (Ret.), Former Commander of Defense Contract Management Agency (DCMA)

Colonel **James Fetig**, U.S. Army (Ret.), Former Director of Public Affairs for the National Security Council

Vice Admiral **Timothy W. Josiah**, U.S. Coast Guard (Ret.), Former Chief of Staff U.S. Coast Guard and Commanding Officer - Coast Guard Headquarters

William J. Lynn, Sr., Former Undersecretary of Defense

Jay B. Stephens, Former Associate Attorney General, Former Deputy Counsel to President Ronald Reagan

Rear Admiral **Robert C. “Willie” Williamson**, U.S. Navy (Ret.), Former Military Deputy Assistant Secretary of the Navy for Research, Development and Acquisition, Former Director of Office of Program Appraisal

**Senior Government Officials
Turned Current & Former *Board Directors for Raytheon
1997 through 2004**

John M. Deutch, Former Member of the Defense Science Board, Former Director of the Central Intelligence Agency, Former Deputy Secretary of Defense, Former Undersecretary of Defense, Acquisition, and Technology

General **John R. Galvin**, U.S. Army (Ret.), Former North Atlantic Treaty Organization Supreme Allied Commander - Europe, Former Commander-in-Chief of U.S. Army, Navy, and Air Forces in Europe

General **Richard Hawley**, U.S. Air Force (Ret.), Former Commander of Air Combat Command at Langley AFB, Former Commander of Air Forces in Europe

General **Barry McCaffrey**, U.S. Army (Ret.), Former Head of the White House Office of National Drug Control Policy

Admiral **Joseph Prueher**, U.S. Navy (Ret.), Former Commander-in-Chief of the U.S. Pacific Command, Former Ambassador to China, Former Vice Chief of Naval Operations at the Pentagon

Former Sen. **Warren Rudman** (R-NH)

Admiral **Leighton "Snuffy" Smith**, U.S. Navy (Ret.), Former Commander-in-Chief of Allied Forces in Southern Europe

General **John Tilelli, Jr.**, U.S. Army (Ret.), Former Commander-in-Chief of the United Nations Command - Republic of Korea/United States Combined Forces/United States Korea, Vice Chief of Staff of the Army, Commander of U.S. Army Forces Command

General **Anthony Zinni**, U.S. Marine Corps (Ret.), Former Commander-in-Chief of U.S. Central Command

*Raytheon's Board of Directors includes members who sit on the Board of Vertex Aerospace, an entity which Raytheon owned in whole or in part until 2003 when it was bought by L-3 Communications (the 18th top contractor in FY 2002). See <http://www.vertexaerospace.com/legacy.html>.

**Current and Former Senior Government Officials
Turned Current & Former Registered Company Lobbyists for Raytheon
1997 through 2004**

Former Rep. **Edwin R. Bethune** (R-AR) (Bracewell & Patterson)

Former Sen. **Dale Bumpers** (D-AR) (Arent, Fox et al.)

Former Rep. **James L. Chapman** (D-TX) (Bracewell & Patterson)

Former Sen. **John C. Culver** (D-IA) (Arent, Fox et al.)

Former Rep. **Ronnie Flippo** (D-AL) (RG Flippo & Associates)

Former Rep. **Robert L. Livingston** (R-LA), Former Speaker of the House (Livingston Group)

Former Rep. **Sonny Montgomery** (D-MS) (Montgomery Group)

Theresa M. Youngblood, Former Assistant to Undersecretary of Commerce for Export Administration (Piper Rudnick et al.)

**Firms Registered to Lobby for Raytheon
1997 through 2004**

American Defense International

American Systems International

Arent, Fox et al.

Baker C. Consulting

Blank, Rome et al.

Bracewell & Patterson

Cambridge International Inc.

Campbell Inc., John G.

Campbell-Crane & Associates

Crowell & Moring

Driggers, William B.

Ervin Technical Associates

Flippo & Associates, RG

Fox, Charles L.

GPC International

Jones Walker

Livingston Group

McCann Capitol Advocates

McDermott, O'Neill & Associates

Merritt & Associates, GL

Montgomery Group

MWW Group

O'Neill, Athy & Casey

Parry, Romani, Deconcini & Symms

Piper Rudnick

Potomac Advocates

PRASAM

Ritter & Bourjaily

Spectrum Group

Strategic Marketing Innovations Inc.

Van Scoyoc Associates

Verner, Liipfert et al.

Wexler Group

General Dynamics

**Money Spent by General Dynamics
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$701,625	\$48,625	\$653,000	\$0	NCA	NCA
2003*	-	-	-	-	\$5,408,472	\$8,235,429,902
2002	\$1,678,474	\$104,157	\$1,028,250	\$546,067	\$5,250,933	\$7,264,308,000
2001*	-	-	-	-	\$5,248,009	\$5,332,411,000
2000	\$1,398,292	\$99,994	\$828,461	\$469,837	\$4,684,226	\$4,213,848,000
1999*	-	-	-	-	\$4,365,465	\$4,747,711,000
1998	\$945,428	\$77,575	\$591,850	\$276,003	\$3,908,417	\$3,738,896,000
1997*	-	-	-	-	\$4,388,353	\$2,137,406,000
TOTALS	\$4,723,819	\$330,351	\$3,101,561	\$1,291,907	\$33,253,875	\$35,670,009,902

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for General Dynamics
1997 through 2004**

Lt. General **David K. Heebner**, U.S. Army (Ret.), Former Assistant Vice Chief of Staff of the Army

Phebe N. Novakovic, Former Special Assistant to the Secretary of Defense, Former Deputy Secretary of Defense

Rear Admiral **Kendell Pease**, U.S. Navy (Ret.), Former Chief Information Officer of the U.S. Navy

Lt. Colonel **William O. Schmieder**, U.S. Air Force (Ret.), Former Senior Officer in Department of the Air Force, Former Senior Officer in the Office of the Secretary of Defense

Rear Admiral **John F. "Dugan" Shipway**, U.S. Navy (Ret.), Former Director of Strategic Systems Programs - U.S. Navy, Former Commander of the Naval Undersea Warfare Center, Former Deputy Commander for Submarines at Navy Sea Systems Command

**Senior Government Officials
Turned Current & Former Board Directors for General Dynamics
1997 through 2004**

Lt. General **Julius W. Becton, Jr.**, U.S. Army (Ret.), Former Commander of the U.S. Army Operational Test & Evaluation Agency

Frank C. Carlucci, Former Secretary of Defense

Admiral **William J. Crowe Jr.**, U.S. Navy (Ret.), Former Member of the Defense Policy Board, Former Chairman of the Joint Chiefs of Staff

Admiral **Jay L. Johnson**, U.S. Navy (Ret.), Former Chief of Naval Operations

General **George A. Joulwan**, U.S. Army (Ret.), Former Member of the Defense Science Board, Former Supreme Allied Commander - Europe, Former Special Assistant to the President, Former Commander-in-Chief - European Command

Paul G. Kaminski, Member of the Defense Science Board, Former Undersecretary of Defense for Acquisition and Technology

General **John M. "Jack" Keane**, U.S. Army (Ret.), Former Vice Chief of Staff of the Army, Former Deputy Commander-in-Chief - Atlantic Command

General **Lester L. Lyles**, U.S. Air Force (Ret.), Former Commander of the Air Force Materiel Command

Carl E. Mundy, Jr., Former Commandant-U.S. Marine Corps, Former Member of the Joint Chiefs of Staff

General **Gordon R. Sullivan**, U.S. Army (Ret.), Former U.S. Army Chief of Staff

Admiral **Carlisle A.H. Trost**, U.S. Navy (Ret.), Former Chief of Naval Operations, Former Member of the Joint Chiefs of Staff

**Senior Government Officials
Turned Current & Former Registered Company Lobbyists
for General Dynamics
1997 through 2004**

Former Rep. **Jack Edwards** (R-AL) (Ervin Technical Associates)

Former Rep. **Joseph M. McDade** (R-PA) (Ervin Technical Associates)

Former Rep. **Martin A. Russo** (D-IL) (Cassidy & Associates)

**Firms Registered to Lobby for General Dynamics
1997 through 2004**

Baker C. Consulting
Bergson & Co.
Boland & Madigan
Cambridge International Inc.
Cassidy & Associates
Conaway Group
Ervin Technical Associates
Gallagher Group
Mayer, Brown et al.
Magliocchetti Assoc, Paul
Maurer, William W.
McBee Strategic Consulting
McDermott, O'Neill & Associates
Mehl, Griffin & Bartek
Miller & Associates, Denny
Mock & McSwain Consulting
Bob Moss Associates
Paw & Associates
PE McManus Associates
PMA Group

PRASAM
Rhoads Maguire Group
Rhoads, Weber, Shandwick
Government Relations
Robison International
RV Davis & Associates
Skadden, Arps et al.
Sneed, Robert D.
Stinson, John M.
Walton, John C.
Weaver, Paul A.
Wight, Bill
Winston & Strawn

Potomac Advocates

University of California

**Money Spent by University of California
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$209,009	\$209,009	\$0	\$0	NCA	NCA
2003*	-	-	-	-	\$1,240,000	NCA
2002	\$330,004	\$327,994	\$0	\$2,010	\$245,000	\$4,131,147,000
2001*	-	-	-	-	\$105,000	\$3,948,900,000
2000	\$699,522	\$673,522	\$0	\$26,000	\$388,599	\$3,426,182,000
1999*	-	-	-	-	\$380,000	\$3,210,904,000
1998	\$213,588	\$213,588	\$0	\$0	\$300,000	\$3,002,253,000
1997*	-	-	-	-	\$200,000	\$2,691,575,000
TOTALS	\$1,452,123	\$1,424,113	\$0	\$28,010	\$2,858,599	\$20,410,961,000

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for University of California
1997 through 2004**

Michael L. Telson, Former Chief Financial Officer of the Department of Energy

**Senior Government Officials
Turned Current & Former Board of Trustees for University of California
1997 through 2004**

Barbara Bodine, Former Ambassador to Yemen

Velma Montoya, Former Commissioner of the U.S. Occupational Safety and Health Review Commission

Gerald L. Parsky, Former Assistant Secretary of the U.S. Treasury Department

Tom Sayles, Former Assistant U.S. Attorney

**Senior Government Officials
Turned Current & Former Registered Contractor Lobbyists for University of California
1997 through 2004**

Former Rep. **Anthony Beryl** (D-AR) (Winston & Strawn)

**Firms Registered to Lobby for University of California
1997 through 2004**

Health Policy Group
MARC Associates
O'Neill Athy & Casey
Washington Alliance Group
Winston & Strawn

United Technologies

**Money Spent by United Technologies
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$352,114	\$191,114	\$161,000	\$0	NCA	NCA
2003*	-	-	-	-	\$3,491,253	\$4,547,824,394
2002	\$741,608	\$93,458	\$378,050	\$270,100	\$3,253,565	\$4,117,346,000
2001*	-	-	-	-	\$3,861,653	\$3,842,529,000
2000	\$789,895	\$163,645	\$287,950	\$338,300	\$3,031,969	\$2,409,852,000
1999*	-	-	-	-	\$4,660,000	\$2,663,556,000
1998	\$547,870	\$79,370	\$291,550	\$176,950	\$4,174,193	\$2,245,811,000
1997*	-	-	-	-	\$6,403,000	\$2,251,887,000
TOTALS	\$2,431,487	\$527,587	\$1,118,550	\$785,350	\$28,875,633	\$22,078,805,394

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for United Technologies
1997 through 2004**

Ruth R. Harkin, Former President of the Overseas Private Investment Corporation.

**Senior Government Officials
Turned Current & Former Board Directors for United Technologies
1997 through 2004**

Former Sen. **Howard H. Baker, Jr.** (R-TN), Former Chief of Staff President Ronald Reagan.

Antonia H. Chayes, Former Undersecretary of the Air Force

Charles Duncan, Jr., Former Secretary of Energy

Jamie S. Gorelick, Member of the 9-11 Commission, Former Member of the Defense Science Board, Former Deputy Attorney General, Former General Counsel of the Department of Defense

Charles R. Lee, Member of the President's National Security Telecommunications Advisory Committee, Member of the Advisory Committee to the President - Commission on Critical Infrastructure Protection

William J. Perry, Former Member of the Defense Science Board, Former Secretary of Defense

H. Patrick Swygert, Member of the National Security Agency Advisory Board

Christine Todd Whitman, Former Administrator of the Environmental Protection Agency

**Senior Government Officials
Turned Current & Former Registered Company Lobbyists for United Technologies
1997 through 2004**

Daniel L. Crippen, Former Director of the Congressional Budget Office (Washington Counsel)

Linda Daschle, Former Deputy Administrator for the Federal Aviation Administration (Baker, Donelson et al.)

**Firms Registered to Lobby for United Technologies
1997 through 2004**

Baker, Donelson et al.
Copeland Lowery & Jaquez
Covington & Burling
Ervin Technical Associates
Filler, Marshall S.
Filler, Weller & Tello
Griffin, Johnson et al.
Mayer, Brown et al.
Patton Boggs
Richards, Richard
Robison International
Shaw, Pittman et al.
Ungaretti & Harris
Van Fleet-Meredith Group
Washington Counsel
Wilmer, Cutler & Pickering
Wilson, Donald E.

**Computer Sciences Corporation
(CSC)**

**Money Spent by Computer Sciences Corporation
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$60,775	\$26,175	\$34,600	\$0	NCA	NCA
2003*	-	-	-	-	\$680,000	\$2,530,846,723
2002	\$134,950	\$38,450	\$66,500	\$30,000	\$570,000	\$4,090,770,000
2001*	-	-	-	-	\$520,000	\$1,630,391,000
2000	\$143,030	\$45,780	\$95,250	\$2,000	\$540,000	\$1,876,856,000
1999*	-	-	-	-	\$400,000	\$1,685,208,000
1998	\$84,014	\$4,014	\$78,500	\$1,500	\$520,000	\$1,235,297,000
1997*	-	-	-	-	\$40,000	\$1,106,297,000
TOTALS	\$422,769	\$114,419	\$274,850	\$33,500	\$3,270,000	\$14,155,665,723

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives
for Computer Sciences Corporation
1997 through 2004**

Ronald L. Dick, Former Deputy Assistant Director of the Federal Bureau of Investigation's National Infrastructure Protection Center (NPIC)

Howard D. Fisk, Former Member of the Advisory Council to the Federal Communications Commission, Former Member of the Steering Committee for Civil Justice Reform

**Senior Government Officials
Turned Current & Former Board Directors
for Computer Sciences Corporation
1997 through 2004**

POGO could not identify any former senior government officials on this contractor's Board of Directors.

**Senior Government Officials
Turned Current & Former Registered Company Lobbyists
for Computer Sciences Corporation
1997 through 2004**

Former Rep. **Mel Levine** (D-CA) (Gibson, Dunn & Crutcher)

**Firms Registered to Lobby for Computer Sciences Corporation
1997 through 2004**

Alcade & Fay
Campbell Inc., John G.
Capitol Decisions
Gibson, Dunn & Crutcher
McGlotten & Jarvis
Van Scoyoc Associates

Bechtel

**Money Spent by Bechtel
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$48,201	\$8,201	\$40,000	\$0	NCA	NCA
2003*	-	-	-	-	\$120,000	\$910,399,648
2002	\$543,220	\$63,470	\$152,500	\$327,250	\$520,000	\$3,603,148,000
2001*	-	-	-	-	\$300,000	\$3,441,082,000
2000	\$761,245	\$110,645	\$201,700	\$448,900	\$240,000	\$2,991,705,000
1999*	-	-	-	-	\$320,000	\$1,617,447,000
1998	\$496,250	\$32,800	\$173,900	\$289,550	\$260,000	\$878,924,000
1997*	-	-	-	-	\$320,000	\$659,798,000
TOTALS	\$1,848,916	\$215,116	\$568,100	\$1,065,700	\$2,360,000	\$14,102,503,648

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for Bechtel
1997 through 2004**

Lt. General **Jack Sheehan**, U.S. Marine Corps (Ret.), Member of the Defense Policy Board, Former North Atlantic Treaty Organization Supreme Allied Commander - Atlantic, Former Commander-in-Chief - Atlantic

Charles "Chuck" Redman, Former Ambassador to Sweden and Germany

**Senior Government Officials
Turned Current & Former Board Directors for Bechtel
1997 through 2004**

George Schultz, Former Secretary of State, Former Secretary of the Treasury

Former Sen. **J. Bennett Johnson** (D-LA)

**Senior Government Officials
Turned Current & Former Registered Company Lobbyists for Bechtel
1997 through 2004**

Former Rep. **Daniel R. Glickman** (D-KS), Former Secretary of Agriculture (Akin, Gump et al.)

Former Rep. **Bill Paxon** (R-NY) (Akin, Gump et al.)

**Firms Registered to Lobby for Bechtel
1997 through 2004**

Akin, Gump et al.
FH/GPC Boston
O'Neill & Associates
Patton Boggs
Potomac Communications Group
Thompson Consulting Group
Van Scoyoc Associates

**Science Applications International Corporation
(SAIC)**

**Money Spent by Science Applications International Corporation
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$327,238	\$78,238	\$249,000	\$0	NCA	NCA
2003*	-	-	-	-	\$720,000	\$2,615,868,549
2002	\$722,898	\$86,648	\$402,000	\$234,250	\$1,165,000	\$3,466,739,000
2001*	-	-	-	-	\$1,370,000	\$2,978,443,000
2000	\$700,185	\$134,185	\$364,000	\$202,000	\$1,370,000	\$2,451,636,000
1999*	-	-	-	-	\$1,340,000	\$2,116,558,000
1998	\$406,758	\$47,758	\$233,500	\$125,500	\$1,210,000	\$1,792,791,000
1997*	-	-	-	-	\$1,462,700	\$1,496,283,000
TOTALS	\$2,157,079	\$346,829	\$1,248,500	\$561,750	\$8,637,700	\$16,918,318,549

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.
The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives
for Science Applications International Corporation
1997 through 2004**

Robert M. Blitzer, Former Chief of Domestic Terrorism/Counterterrorism Planning Section of the National Security Division - Federal Bureau of Investigation

Maj. General **John P. Casciano**, U.S. Air Force (Ret.), Former Member of the Defense Science Board, Former Director of the Air Force's Intelligence, Surveillance and Reconnaissance Office

John H. Clark, Former Member of the Defense Science Board, Former Program Manager of the Department of Defense, Former Head of the Army's Medical Logistics Systems

John Dyer, Former Chief Information Officer of the Social Security Administration

Joseph Leo, Former Chief Information Officer of the Department of Agriculture

Lt. General **James M. Link**, U.S. Army (Ret.), Former Deputy Commander of the U.S. Army Materiel Command

Edward D. Martin, Former Acting Assistant Secretary of Defense for Health Affairs

Maj. General **John S. Parker**, U.S. Army (Ret.), Former Commanding General of the U.S. Army Medical Research and Materiel Command

George T. Singely, Former Acting Assistant to the Secretary of Defense for Nuclear, Chemical, and Biological Defense Programs

**Senior Government Officials
Turned Current & Former Board Directors
for Science Applications International Corporation
1997 through 2004**

General **Wayne A. Downing**, U.S. Army (Ret.), Member of the National Security Council, Former Commander-in-Chief of the U.S. Special Operations Command

Admiral **Bobby Ray Inman**, U.S. Navy (Ret.), Former Director of Naval Intelligence, Former Vice Director of the Defense Intelligence Agency, Former Director of the National Security Agency, Former Deputy Director of the Central Intelligence Agency

Maj. General **Jasper A. Welch, Jr.**, U.S. Air Force (Ret.), Former Member of the Defense Science Board, Former Defense Policy Coordinator for the National Security Council

**Senior Government Officials
Turned Current & Former Registered Company Lobbyists
for Science Applications International Corporation
1997 through 2004**

Former Sen. **Alan J. Dixon** (D-IL) (Bryan Cave LLP)

Former Rep. **William D. Lowery** (R-CA) (Copeland, Lowery & Jacquez)

Former Rep. **Joseph M. McDade** (R-PA) (Ervin Technical Associates)

Former Rep. **Robert S. Walker** (R-PA) (Wexler Group)

**Firms Registered to Lobby for Science Applications International Corporation
1997 through 2004**

Birch, Horton, et al.
Bryan Cave LLP
Campbell Inc., John G.
Collins & Company
Conaway Group
Copeland, Lowery & Jacquez
Davis O'Connell Inc.
Defense Health Advisors Inc.
Dutko Group
Dykstra, James H.
Eads & Carter
Emanuel, Adam C.
Ervin Technical Associates
FBA Inc.
Fishbein & Associates
Haake & Associates
Health Care Policy Consultants
Hooper, Hooper, et al.
Hooper, Owen et al.
Huggins, James B.
Jamerson, George W.
Johnson Jr., George K. "Ken"
Kemper Company
Kerrigan & Associates
Leboeuf, Lamb et al.
Magliocchetti Associates, Paul

McBee Strategic Consulting
McBride Associates, Charlie
Mehl & Associates Inc.
Miller Associates, Denny
Murray Montgomery & O'Donnell
PMA Group
Ray Inc., Richard B.
Siscorp
Telcordia Technologies
Van Scoyoc Associates
Wexler Group

Carlyle Group

**Money Spent by Carlyle Group
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

(Note: Since 1997, Carlyle has acquired United Defense and U.S. Marine Repair.)

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$77,100	\$73,100	\$4,000	\$0	NCA	NCA
2003*	-	-	-	-	\$2,080,000	\$1,670,173,704
2002	\$330,801	\$121,266	\$205,950	\$3,585	\$3,140,560	\$2,166,233,000
2001*	-	-	-	-	\$1,490,000	\$1,446,003,000
2000	\$855,791	\$263,363	\$383,928	\$208,500	\$1,380,000	\$1,375,223,000
1999*	-	-	-	-	\$1,200,946	\$1,621,110,000
1998	\$312,744	\$107,360	\$145,384	\$60,000	\$1,311,931	\$727,148,000
1997*	-	-	-	-	\$290,000	\$624,107,000
TOTALS	\$1,576,436	\$565,089	\$739,262	\$272,085	\$10,747,554	\$9,629,997,704

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.
The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for Carlyle Group
1997 through 2004**

Frank C. Carlucci, Former Secretary of Defense

**Senior Government Officials
Turned Current & Former Advisory Board Members for Carlyle Group
1997 through 2004**

Michael H. Armacost, Former Undersecretary of State for Political Affairs

James A. Baker III, Former Secretary of State, Former Secretary of the Treasury

Former U.S. President **George H.W. Bush**

Frank C. Carlucci, Former Secretary of Defense

Richard G. Darman, Former Director of the Office of Management and Budget

Christopher Finn, Former Executive Vice President of the Overseas Private Investment Corporation (OPIC)

Former Rep. **Thomas S. Foley** (D-WA), Former Member of the Defense Policy Board, Former Speaker of the House

William E. Kennard, Former Chairman of the Federal Communications Commission

Arthur Levitt, Former Chairman of the Securities and Exchange Commission

William A. Long, Former Deputy Undersecretary of Defense for Acquisition Management

Jerome H. Powell, Former Undersecretary of Finance (Treasury)

Charles O. Rossotti, Former Commissioner of the Internal Revenue Service

David M. Rubenstein, Former Deputy Domestic Policy Assistant to the President

Frank Shrontz, Former Assistant Secretary of Defense

Former Sen. **Alan Simpson** (R-WY)

Chris Ullman, Former Associate Director of Communications at the Office of Management and Budget

**Senior Government Officials
Turned Current & former Registered Company Lobbyists for Carlyle Group
1997 through 2004**

Former Sen. **Daniel R. Coats** (R-IN), Former Member of the Defense Policy Board (Verner, Liipfert et al.)

Former Rep. **Jack Edwards** (R-AL) (Ervin Technical Associates)

Stuart E. Eizenstat, Former Deputy Secretary of the Treasury, Former Chief Domestic Policy Advisor & Executive Director of the White House Domestic Policy Staff (Covington & Burling)

Former Rep. **Marvin Leath** (D-TX) (Marvin Leath Associates)

Former Rep. **Joseph M. McDade** (R-PA) (Ervin Technical Associates)

**Firms Registered to Lobby for Carlyle Group
1997 through 2004**

Akin, Gump et al.
Covington & Burling
Ervin Technical Associates
Jartman, Marc R.
Leath Associates, Marvin
Martin, Fisher, Thompson & Associates
Mayer, Brown, Rowe & Maw
Meyers & Associates
Mock & McSwain Consulting
Northpoint Strategies
Patton Boggs
Robison International
Spectrum Group
Ungaretti & Harris
Van Fleet-Meredith Group
Verner, Liipfert et al.
Washington Resource Association
Wilmer, Cutler & Pickering
Wilson, Donald E.

TRW

**Money Spent by TRW
to Influence Decisions and Secure Future Federal Contracts
1997 through 2002**

(Note: On December 12, 2002, TRW was acquired by Northrop Grumman.)

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2002	\$602,608	\$31,668	\$489,890	\$81,050	\$447,682	\$2,139,542,000
2001*	-	-	-	-	\$952,000	\$2,616,546,000
2000	\$534,328	\$60,722	\$275,174	\$198,425	\$1,120,000	\$3,007,446,000
1999*	-	-	-	-	\$1,053,500	\$2,498,627,000
1998	\$504,030	\$44,517	\$263,513	\$196,000	\$1,360,000	\$1,634,728,000
1997*	-	-	-	-	\$1,360,000	\$1,620,895,000
TOTALS	\$1,640,966	\$136,907	\$1,028,577	\$475,475	\$6,293,182	\$13,517,784,000

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for TRW
1997 through 2003**

Lt. General **Roger DeKok**, U.S. Air Force (Ret.), Former Vice Commander of Air Force Space Command

Lt. General **Otto J. Guenther**, U.S. Army (Ret.), Former U.S. Army Chief Information Officer

Lt. Colonel **Jim Myers**, M.D., U.S. Air Force (Ret.), Former Director of Advanced Concepts Directorate and Advanced Technologies Directorate for the Missile Defense Agency

Philip A. Odeen, Chairman of the National Defense Panel, Former Member of the Defense Science Board, Former Principal Deputy Assistant Secretary of Defense for Systems Analysis, Former Director of Defense and Arms Control Staff for the National Security Council

**Senior Government Officials
Turned Current & Former Board Directors for TRW
1997 through 2003**

Michael Armacost, Former Undersecretary of State for Political Affairs

Martin Feldstein, Former Chairman of the President's Council of Economic Advisers

Robert M. Gates, Former Director of the Central Intelligence Agency

Lynn M. Martin, Former Secretary of Labor

Paul H. O'Neill, Former Secretary of the Treasury

**Senior Government Officials
Turned Current & Former Registered Company Lobbyists for TRW
1997 through 2003**

Former Sen. **J. Bennett Johnston** (D-LA) (Johnston & Associates)

**Firms Registered to Lobby for TRW
1997 through 2003**

Advocacy Group
Amitay, Morris J.
Edington, Peel & Associates
Edington, Wade & Associates
Fleischman & Walsh
Franzel, Brent
Johnston & Associates
Legislaw
Multinational Business Services Inc.
Patton Boggs
Shaw, Pittman et al.
Spectrum Group
Verner, Liipfert et al.
Washington Council, Ernst & Young

AmerisourceBergen

**Money Spent by AmerisourceBergen
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

(Note: In 2001, Amerisource and Bergen Brunswick merged to create AmerisourceBergen.)

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$4,550	\$4,550	\$0	\$0	NCA	NCA
2003*	-	-	-	-	-	\$451,932,524
2002	\$5,245	\$4,245	\$0	\$1,000	\$0	\$1,845,783,000
2001*	-	-	-	-	-	\$1,900,679,000
2000	\$5,640	\$5,640	\$0	\$0	\$0	\$1,447,000,000
1999*	-	-	-	-	-	\$544,023,000
1998	\$5,000	\$5,000	\$0	\$0	\$0	\$334,337,000
1997*	-	-	-	-	-	\$458,102,000
TOTALS	\$20,435	\$19,435	\$0	\$1,000	\$0	\$6,981,856,524

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for AmerisourceBergen
1997 through 2004**

POGO could not identify any former senior government officials turned company executives for this contractor.

**Senior Government Officials
Turned Current & Former Board Directors for AmerisourceBergen
1997 through 2004**

Rodney H. Brady, Former Assistant Secretary of the U.S. Department of Health, Education and Welfare

Jane E. Henney, Former Commissioner of Food and Drugs and Deputy Commissioner of Operations at the U.S. Food and Drug Administration

**Senior Government Officials
Turned Current & Former Registered Company Lobbyists for AmerisourceBergen
1997 through 2004**

POGO could not identify any former senior government officials turned registered lobbyist for this contractor.

**Firms Registered to Lobby for AmerisourceBergen
1997 through 2004**

POGO could not identify any firms registered to lobby for this contractor.

Honeywell International

**Money Spent by Honeywell International
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

(Note: In 1999, Honeywell acquired Allied Signal.)

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$112,675	\$21,300	\$91,375	\$0	NCA	NCA
2003*	-	-	-	-	\$5,200,000	\$1,199,176,071
2002	\$229,200	\$41,700	\$187,000	\$500	\$3,240,000	\$1,845,352,000
2001*	-	-	-	-	\$3,080,000	\$1,450,647,000
2000	\$465,477	\$101,827	\$340,800	\$22,850	\$3,840,000	\$1,431,366,000
1999*	-	-	-	-	\$180,000	\$1,415,988,000
1998	\$72,350	\$7,600	\$64,750	\$0	\$220,000	\$210,965,000
1997*	-	-	-	-	\$260,000	\$200,966,000
TOTALS	\$879,702	\$172,427	\$683,925	\$23,350	\$14,280,000	\$7,754,460,071

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for Honeywell International
1997 through 2004**

Lt. General **Joseph E. DeFrancisco**, U.S. Army (Ret.), Former Chief of Army War Plans, Executive Officer to the Secretary of the Army, Deputy Commander in Chief and Chief of Staff, U.S. Pacific Command

**Senior Government Officials
Turned Current & Former Board Directors for Honeywell International
1997 through 2004**

Vice Admiral **Albert Baciocco, Jr.**, U.S. Navy (Ret.), Former Director of the Department of Navy Research and Technology Enterprise

William H. Donaldson, Chairman of the Securities and Exchange Commission, Former Undersecretary of State

General **Eric K. Shinseki**, U.S. Army (Ret.), Former Commander of U.S. Army Forces - Europe, Former Commander of the NATO Peace Stabilization Force in Bosnia-Herzegovina, Former U.S. Army Chief-of-Staff

**Senior Government Official
Turned Current & Former Registered Company Lobbyists for Honeywell International
1997 through 2004**

Former Rep. **Richard T. Schulze** (R-PA) (Valis Associates)

**Firms Registered to Lobby for Honeywell International
1997 through 2004**

Baker C. Consulting
BKSH & Associates
Manatt, Phelps & Phillips
Miller Associates, Denny
Robison International
Valis Associates
Van Scoyoc Associates

Health Net, Inc.

**Money Spent by Health Net, Inc.
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

(Note: Health Net, Inc., includes Health Net Federal Services and was formerly known as Occupational Health Services.)

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$68,750	\$35,500	\$33,250	\$0	NCA	NCA
2003*	-	-	-	-	\$580,000	\$1,756,488,932
2002	\$108,300	\$47,800	\$60,500	\$315,352	\$570,000	\$1,695,742,000
2001*	-	-	-	-	\$280,000	\$947,292,000
2000	\$36,250	\$5,750	\$30,500	\$0	\$105,000	\$506,858,000
1999*	-	-	-	-	\$215,000	\$395,199,000
1998	\$76,172	\$1,250	\$74,922	\$0	\$80,000	\$555,587,000
1997*	-	-	-	-	\$0	\$325,530,000
TOTALS	\$289,472	\$58,300	\$199,172	\$315,352	\$1,830,000	\$6,182,696,932

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Former Senior Government Officials
Turned Current or Former Company Executives for Health Net, Inc.
1997 through 2004**

POGO could not identify any former senior government officials turned company executive for this contractor.

**Former Senior Government Officials
Turned Current or Former Board Directors for Health Net, Inc.
1997 through 2004**

POGO could not identify any former senior government officials turned Board Director.

**Former Senior Government Officials
Turned Current or Former Registered Company Lobbyists for Health Net, Inc.
1997 through 2004**

Former Rep. **Vic Fazio** (D-CA) (Clark & Weinstock)

Ed Kutler, Former Special Assistant to Speaker of the House Newt Gingrich (R-GA) (Clark & Weinstock)

Sandra Stuart, Former Assistant Secretary of Defense for Legislative Affairs (Clark & Weinstock)

Anne Urban, Fomer Legislative Director to Sen. Robert Kerrey (D-NE) (Clark & Weinstock)

**Firms Registered to Lobby for Health Net, Inc.
1997 through 2004**

Clark & Weinstock
Jefferson Consulting Group
The PMA Group

**British Nuclear Fuel
(BNFL)**

**Money Spent by British Nuclear Fuels
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

(Note: In 1999, BNFL acquired Westinghouse Electric Company.)

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$16,909	\$15,409	\$1,500	\$0	NCA	NCA
2003*	-	-	-	-	\$515,000	NCA
2002	\$184,809	\$17,459	\$15,250	\$162,100	\$245,000	\$1,686,758,000
2001*	-	-	-	-	\$345,000	\$1,789,133,000
2000	\$143,650	\$15,500	\$250	\$127,900	\$480,000	\$2,290,808,000
1999*	-	-	-	-	\$120,000	\$775,092,000
1998	\$1,600	\$1,600	\$0	\$0	\$80,000	\$194,156,000
1997*	-	-	-	-	\$140,000	\$92,643,000
TOTALS	\$346,968	\$49,968	\$17,000	\$290,000	\$1,925,000	\$6,828,590,000

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for British Nuclear Fuels
1997 through 2004**

Lt. Colonel **John Wiulcynski**, U.S. Army Reserves (Ret.), Former Department of Energy Director of the Office of Field Management

**Senior Government Officials
Turned Current & Former Board Directors for British Nuclear Fuels
1997 through 2004**

Admiral **William J. Crowe, Jr.**, U.S. Navy (Ret.), Former Member of the Defense Policy Board, Former Chairman of the Joint Chiefs of Staff

Dr. **Gail de Planque**, Former Commissioner of the Nuclear Regulatory Commission

Former Rep. **Robert H. Michel** (R-IL), Former House Minority Leader

James Schlesinger, Former Member of the Defense Policy Board, Former Secretary of Defense, Former Secretary of Energy, Former Director of the Central Intelligence Agency

**Senior Government Officials
Turned Current & Former Registered Company Lobbyists
for British Nuclear Fuels
1997 through 2004**

Former Rep. **Beryl Anthony** (D-AR) (Winston & Strawn)

Michael F. Barrett, Jr., Former Investigator for Congressional Committee

Lanny J. Davis, Former Special Counsel to President William J. Clinton (Patton Boggs)

Former Sen. **J. Bennett Johnston** (D-LA) (Johnston & Associates)

**Firms Registered to Lobby for British Nuclear Fuels
1997 through 2004**

Advocacy Group
Akin, Gump, et al.
Anderson Pitts
Andrade, Vick & Associates
Armenian, Garabed K.
Arter & Hadden
Barbour, Griffith & Rogers
Barrett, Jr., Michael F.
Berkshire Inc.
Birch, Horton et al.
Butera & Andrews
Campbell-Crane & Associates
Covington & Burling
Dewey Ballantine
Dykema Gossett
FBA Inc.
Florida Business Associates Inc.
Garvey, Schubert & Barer
GKV Association of McLean
Global USA Inc.
Griffin, Johnson et al.
Groom & Nordberg
Gruver, John Allen
Hamberger Law Firm, Martin G.
Hurt, Norton & Associates
Johnson, Smith et al.
Johnston & Associates
Kaye, Scholer et al.
Lipsen, Zel E.
McBride Associates, Charlie
Patton Boggs
Podesta/Mattoon
Powell, Goldstein et al.
Swidler & Berlin
Van Scoyoc Associates
Wiley, Rein & Fielding
Willkie, Farr & Gallagher
Winston & Strawn

General Electric

**Money Spent by General Electric
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$725,752	\$175,076	\$550,676	\$0	NCA	NCA
2003*	-	-	-	-	\$17,280,000	\$2,842,131,348
2002	\$2,147,847	\$317,551	\$1,096,484	\$733,812	\$13,020,000	\$1,617,771,000
2001*	-	-	-	-	\$15,570,000	\$1,770,890,000
2000	\$2,119,284	\$701,959	\$1,011,650	\$405,675	\$16,080,000	\$1,908,110,000
1999*	-	-	-	-	\$8,010,000	\$1,584,999,000
1998	\$1,181,906	\$213,056	\$779,500	\$189,350	\$7,360,000	\$1,381,025,000
1997*	-	-	-	-	\$7,440,000	\$1,891,961,000
TOTALS	\$6,174,789	\$1,407,642	\$3,438,310	\$1,328,837	\$84,760,000	\$12,996,887,348

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.
The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for General Electric
1997 through 2004**

Francis S. Blake, Former General Counsel of the Environmental Protection Agency, Former Counsel to the Vice President

Benjamin W. Heineman, Jr., Former Assistant Secretary for Planning and Evaluation of the Department of Health, Education and Welfare

Maj. General **Kenneth V. Meyer**, U.S. Air Force (Ret.), Former Director of U.S. Air Force Contracting at the Pentagon

Stephen Ramsey, Former Chief of Environmental Enforcement at the Department of Justice

**Senior Government Official
Turned Current & Former Board Directors for General Electric
1997 through 2004**

Former Sen. **Sam Nunn** (D-GA)

**Senior Government Officials
Turned Current & Former Registered Company Lobbyists for General Electric
1997 through 2004**

Former Sen. **Daniel R. Coats** (R-IN), Former Member of the Defense Policy Board (Verner, Liipfert et al.)

Former Rep. **Tom Corcoran** (R-IL), Former Member of the Defense Science Board (O'Connor & Hannan)

Daniel L. Crippen, Former Director of the Congressional Budget Office (Washington Council, Ernst & Young)

Former Rep. **Jack Edwards** (R-AL) (Jack Edwards)

Former Rep. **Vic Fazio** (D-CA) (Clark & Weinstock)

Former Rep. **James A. Hayes** (R-LA) (Adams & Reese)

Former Rep. **Robert L. Livingston** (R-LA), Former Speaker of the House (Livingston Group)

Former Sen. **James A. McClure** (R-ID) (McClure, Gerald & Neuenschwander)

Former Rep. **Robert H. Michel** (R-IL), Former House Minority Leader (Hogan & Hartson)

Former Sen. **George Mitchell** (D-ME), Special Advisor to the President and the Secretary of State for Economic Initiatives in Ireland, Former Senate Majority Leader (Verner, Liipfert et al.)

Former Rep. **Lewis F. Payne, Jr.** (D-VA) (McGuire, Woods et al.)

Former Rep. **Gerald Solomon** (R-NY) (Solomon Group)

Former Rep. **Vin Weber** (R-MN) (Clark & Weinstock)

Former Rep. **Alan Wheat** (D-MO) (Wheat & Associates)

**Firms Registered to Lobby for General Electric
1997 through 2004**

Accord Group
Adams & Reese
AFT Associates
Allstates Design & Development Co.
Alston & Bird
Andahazy & Associates, William J.
Anderson Pitts
Andrews, Michael A.
BKSH & Associates
Brierre Jr., William V.
Campbell Inc., John G.
Canfield & Associates
Capitol Tax Partners
Chlopak, Leonard et al.
Clark-Bardes
Clark Consulting Federal Policy Group
Clark & Weinstock
Covington & Burling
Cummings, Philip T.
Dewey Ballantine
Disterfano, David
Dorsey & Whitney
Edwards, Jack
Fried, Frank et al.
Hand Arendall
Hogan & Hartson
Hooper, Hooper et al.
Jones, Walker et al.
Kelly, Black et al.
King & Spalding
Livingston Group
Madden Company, Roger
Mayer, Alice
Mayer, Brown et al.
McClure, Gerald & Neuenschwander
McCutchen, Doyle et al.

McGuire, Woods et al.
Mosher & Associates
Moss Company, Kate
O'Connor & Hannan
Paul, Hastings, Janofsky & Walker
Piper Rudnick
Podesta Mattoon
Poitevent, Carrere & Denegre
Power Strategies
PriceWaterhouseCoopers
Reed Smith
Robison International
Sidley, Austin et al.
Skadden, Arps et al.
Sneed, Robert D.
Solomon Group LLC
State Street Partners
Stuntz, Davis & Staffier
Swidler, Berlin et al.
Verner, Liipfert et al.
Vinson & Elkins
Washington Council Ernst & Young
Weil, Gotshal & Manges
Wheat & Associates
Wilmer, Cutler & Pickering
Winning Strategies Washington

L-3 Communications

**Money Spent by L-3 Communications
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$65,970	\$18,970	\$47,000	\$0	NCA	NCA
2003*	-	-	-	-	\$515,000	\$2,085,737,792
2002	\$129,700	\$15,200	\$89,500	\$25,000	\$660,000	\$1,492,769,000
2001*	-	-	-	-	\$618,000	\$529,492,000
2000	\$83,850	\$31,100	\$41,750	\$11,000	\$440,000	\$446,363,000
1999*	-	-	-	-	\$510,000	\$246,656,000
1998	\$17,100	\$2,100	\$5,000	\$10,000	\$260,000	\$140,629,000
1997*	-	-	-	-	\$80,000	NCA
TOTALS	\$296,620	\$67,370	\$183,250	\$46,000	\$3,103,000	\$4,941,646,792

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for L-3 Communications
1997 through 2004**

Jimmie V. Adams, Former Commander-in-Chief - Pacific Air Forces - Hickam Air Force Base (Hawaii)

Michael Andrews, Former Chief Scientist for the U.S. Army

Maj. General **Robert W. Drewes**, U.S. Air Force (Ret.), Deputy Director for Acquisition and Commander - Defense Contract Management Command - Defense Logistics Agency

Vice Admiral **James Blem Perkins IV**, U.S. Army (Ret.), Former Commander of Military Sealift Command

General **Robert RisCassi**, U.S. Army (Ret.), Former U.S. Army Commander-in-Chief - United Nations Command / Korea, Former Director of the Joint Chiefs of Staff - U.S. Army Vice Chief of Staff

Raymond Ross II, Former Senior Military Officer in the Strategic Defense Initiative Organization, Formerly in the Office of the Secretary of Defense

General **Carl Vuono**, U.S. Army (Ret.), Former Deputy Chief of Staff for Operations and Plans of the U.S. Army

**Senior Government Official
Turned Current & Former Board Directors for L-3 Communications
1997 through 2004**

General **John M. Shalikashvili**, U.S. Army (Ret.), Former Chairman of the Joint Chiefs of Staff

**Senior Government Officials
Turned Current & Former Registered Company Lobbyists for L-3 Communications
1997 through 2004**

Linda Daschle, Former Deputy Administrator for the Federal Aviation Administration (Baker Donelson Bearman & Caldwell)

Albert Randall, Former Assistant Chief Counsel for the Federal Aviation Administration (Baker Donelson Bearman & Caldwell)

**Firms Registered to Lobby for L-3 Communications
1997 through 2004**

AGC Intercontinental
Baker Donelson Bourman & Caldwell
Cliff Madison Government Relations
Paul Magliocchetti Associates
PMA Group
Robinson International
Thelen Reid & Priest

California Institute of Technology

**Money Spent by California Institute of Technology
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$15,300	\$15,300	\$0	\$0	NCA	NCA
2003*	-	-	-	-	\$60,000	NCA
2002	\$15,100	\$15,100	\$0	\$0	\$100,000	\$1,423,998,000
2001*	-	-	-	-	\$80,000	\$1,472,890,000
2000	\$23,850	\$23,350	\$0	\$500	\$80,000	\$1,312,851,000
1999*	-	-	-	-	\$60,000	\$1,315,374,000
1998	\$11,145	\$11,145	\$0	\$0	\$40,000	\$1,185,175,000
1997*	-	-	-	-	\$20,000	\$1,141,935,000
TOTALS	\$65,395	\$64,895	\$0	\$500	\$445,000	\$7,852,223,000

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.

The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for California Institute of Technology
1997 through 2004**

POGO could not identify any former senior government officials turned contractor executives for this contractor.

**Senior Government Officials
Turned Current & Former Trustees for California Institute of Technology
1997 through 2004**

Harold Brown, Former Member of the Defense Policy Board, Former Secretary of Defense, Former Secretary of the Air Force

Shirley M. Hufstedler, Former Secretary of Education

Admiral **Bobby Inman**, U.S. Navy (Ret.), Former Director of Naval Intelligence, Former Vice-Director of the Defense Intelligence Agency, Former Director of the National Security Agency, Former Deputy Director of Central Intelligence

Robert S. McNamara, Former Secretary of Defense

Harry M. Yohalem, Former Deputy Undersecretary of Energy, Former Deputy General Counsel for Legal Services of the Department of Energy

**Senior Government Officials
Turned Current & Former Registered Contractor Lobbyists
for California Institute of Technology
1997 through 2004**

POGO could not identify any former senior government officials turned registered lobbyists for this contractor.

**Firms Registered to Lobby for California Institute of Technology
1997 through 2004**

Lewis-Burke Associates

BAE Systems, Inc.

**Money Spent by BAE Systems Inc.
to Influence Decisions and Secure Future Federal Contracts
1997 through 2004**

YEAR	TOTAL Campaign Contributions	INDIVIDUAL Contributions	PAC Contributions	SOFT MONEY** Contributions	LOBBYING Expenditures	CONTRACT AWARDS (from U.S. Gov't)
2004	\$153,900	\$23,550	\$130,350	\$0	NCA	NCA
2003*	-	-	-	-	\$1,620,000	\$1,927,583,144
2002	\$513,028	\$30,252	\$482,276	\$500	\$1,600,000	\$1,405,629,000
2001*	-	-	-	-	\$920,000	\$1,004,077
2000	\$297,740	\$7,101	\$290,639	\$0	\$1,230,000	\$1,062,699
1999*	-	-	-	-	\$200,000	\$796,795
1998	NCA	NCA	NCA	\$0	\$85,000	NCA
1997*	-	-	-	-	\$0	NCA
TOTALS	\$964,668	\$60,903	\$903,265	\$500	\$5,825,000	\$3,333,212,144

* Campaign contributions are reported in two-year cycles.

** In 2002, McCain-Feingold (the Bipartisan Campaign Reform Act) banned soft money contributions.
The United States Supreme Court upheld the soft money ban in 2003.

NCA means Not Currently Available.

**Senior Government Officials
Turned Current & Former Company Executives for BAE Systems
1997 through 2004**

Robert Fitch, U.S. Army (Ret.), Former Senior Professional Staff Member & Director of the Program & Budget Authorization Staff of the House Committee on Intelligence, Former Member of President William J. Clinton's Intelligence Transition Team

**Senior Government Officials
Turned Current & Former Board Directors for BAE Systems
1997 through 2004**

Sheila C. Cheston, Former General Counsel of the U.S. Air Force, Former Special Associate Counsel to President William J. Clinton

Dr. **Robert S. Cooper**, Former Member of the Defense Science Board, Former Director for Defense Advanced Research Project Agency (DARPA)

Richard J. Kerr, Former Member of the Defense Science Board, Former Deputy Director of the Central Intelligence Agency

General **Kenneth A. Minitan**, U.S Air Force (Ret.), Former Director of the National Security Agency - Central Security Service

Robert L. Prestel, Former Deputy Director of the National Security Agency

Michael Raoul-Duval, Former Special Counsel to President Gerald Ford, served with President Richard Nixon

Dr. **William Schneider Jr.**, Chairman of the Defense Science Board, Member of the Rumsfeld Commission (the commission to assess the ballistic missile threat to the U.S.), Chair of the Department of State's Defense Trade Advisory Group, Former Chair of the President's General Advisory Committee on Arms Control & Disarmament, Former Undersecretary of State for Security Assistance, Science and Technology

General **Anthony C. Zinni**, U.S. Marine Corps. (Ret.), Former Commander-in-Chief - U.S. Central Command

**Senior Government Officials
Turned Current & Former Registered Company Lobbyists for BAE Systems
1997 through 2004**

Albert Randall, U.S. Navy (Ret.), Former Assistant Chief Counsel for the Federal Aviation Administration
(Baker, Donelson et al.)

Former Rep. **Robert Livingston** (R-LA) (Livingston Group)

**Firms Registered to Lobby for BAE Systems
1997 through 2004**

Baker Donelson Bearman & Caldwell
Belew Law Firm
CAE USA
Davis O'Connell
Fennie Bruce & Associates
Hyjek & Fix Inc.
Livingston Group
Paw & Associate
Peduzzi Associates
Robinson International
Rooney Group International
Sneed, Robert D.

Pentagon 'revolving door' turning faster

Hiring of top officers by contractors up 491%

BY JOHN S. LONG

STAFF WRITER

WASHINGTON — Despite mounting alarm in some quarters of Congress, the flow of military brass to private defense suppliers with whom they had dealt while in military service rose by 491% between 1975 and 1985.

Many congressional critics claim such officials are taking government secrets to the private sector to give the contractors a better bargaining position with the Defense Department. And they say some military project managers may tread lightly in looking for overcharges so as not to foul their chances of getting a job with a contractor later.

According to Defense Department retirement forms examined by The Plain Dealer, about 650 high-ranking military and Defense Department officials passed through the so-called Pentagon "revolving door" to the lucrative industrial sector in 1975. By 1977, the figure was 1,478. By 1983, it was 2,240, and last year, 3,842.

Those numbers account only for retirees who abided by the federal law requiring them to notify the Defense Department if they accept employment with a defense contractor. The General Accounting Office, Congress' investigative arm, estimates these retirees represent only 30% of those who annually get jobs in the defense industry at salaries ranging from \$50,000 to \$100,000.

We need additional legislation to prevent these people from leaving a

program to go to a defense contractor handling the program," said Sen. David Pryor, D-Ark. "And this problem is getting worse, not better."

Rep. Barbara Boxer, D-Calif., a chief sponsor of bills to halt the practice, said "This revolving door is hideous and points out the incestuous relationship between the Defense Department and its contractors."

Critics of soaring defense costs cite the revolving door as a major contributor.

"If a colonel or general stands up and makes a fuss about high cost and poor quality, no nice man will come to see him when he retires," says a 1983 internal memorandum from the office of the assistant secretary of the Air Force. "Even if he has no interest in a post-retirement job in the defense industry, he is taking a chance by making a fuss. The 'system' will, likely as not, discover a newly open job in Thule, Greenland."

Lt. Gen. Louis Wagner, the Army's deputy chief of staff for research, recently warned officers of the ethical risks they could encounter dealing with former colleagues who had left to work for defense contractors.

His June 6 memo said officers "may be in close proximity to contractor representatives or their marketing personnel. Many of these people are retired officers, friends or former government employees that previously occupied the same trusted positions we now hold. ... We must continually remind ourselves that they are no longer in these positions and that their goals and objectives are

no longer in absolute harmony and consonance with ours."

The Air Force supplies the most brass to defense contractors, according to Pentagon statistics. In 1983, 67% of those going through the revolving door were from the Air Force, and in 1985, 73%. The Marines accounted for 2.5% and 1.6%, respectively, of the brass going to defense contractors in those years.

"It's easy to understand why so few Marines pass through the revolving door," said Dr. Tom Amley, of the office of the Assistant Secretary of the Air Force for Financial Management. "The Marines don't have any money to spend compared to the other services, so the contractors don't feel compelled to take them."

Concern on Capitol Hill over conflicts of interest resulting from the revolving door was reflected by the House's approval two weeks ago of an amendment to bar any military official above the officer grade of O3 (an O3 is a captain in the Army and the Air Force, a lieutenant in the Navy) from accepting employment from a contractor with whom he had dealt in his last two years of service.

The amendment was attached to the House's 1987 Pentagon budget bill, which was approved Friday. The widely differing House and Senate defense budget bills will be considered by a conference committee that will seek a compromise.

Current federal law requires former defense officials to report their new employment with a defense contractor and, for two years after leaving the government, restricts them from directly selling to a government agency for which they had worked. The latter provision refers only to the sale of goods, not ideas.

"I think there are plenty of laws on the books now ... anything more

seems to be an unfair restraint on employment," said retired Army Lt. Col. Larry Lindsay. He worked on tactical nuclear command, control and communications planning before retiring six weeks before he retired. Lindsay accepted a job with TRW Inc. as an engineer working on command, control and communications systems.

The Packard Commission report on defense management given to President Reagan last June says the revolving door is a problem, but not one that should be addressed by new laws, but by cooperation from defense contractors in not hiring Pentagon brass.

"In this way, DOD and defense industry could assume leadership roles for the public and private sectors, and set a standard that others, notably Congress and other Executive departments, should emulate," the report says.

While most of the country's larger defense contractors continue to hire military brass who had bought their wares or watchdogged their operations, at least one is trying to set an example.

In June, General Dynamics Corp. established a new policy barring employment of any government employee who in the preceding two years held a position that entailed dealing with any General Dynamics product or who had any dealings with the company. The ban expires two years after the potential employee's last day of government service.

TRW, based in Lyndhurst, is a defense contractor with one of the most active records of hiring military brass. Of 768 defense contractors doing \$10 million or more business annually with the Pentagon, TRW ranked fifth in hiring military retirees last year and ranked second in 1983, according to Pentagon reports. TRW had \$2 billion in Pentagon sales in 1985.

In the past three years, TRW has hired more than 200 Pentagon brass, many of whom had been high-ranking officers involved in projects for which TRW is a major contractor.

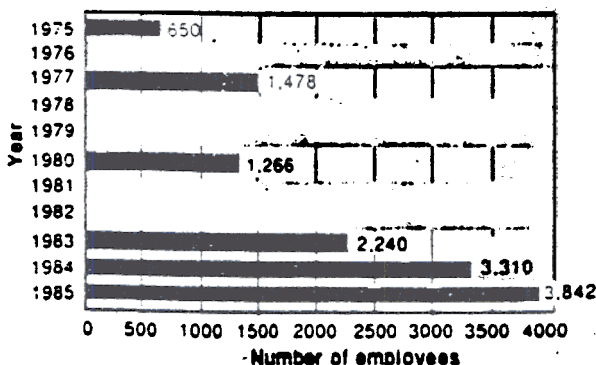
Some of the TRW hires who had worked in military programs directly associated with TRW are:

• Brig. Gen. James C. Dever, who headed the Contracting and Manufacturing Division of the Air Force until Sept. 1, 1984. On Oct. 15, 1984, he became the manager for purchasing and general services operations for TRW's Electronics and Defense Division in Redondo Beach, Calif.

• Maj. Gen. Brian Dale Ward, who was vice commander of the Air Force Electronic Systems Sector, in charge of acquiring defense command control and communications systems, retired

Revolving door

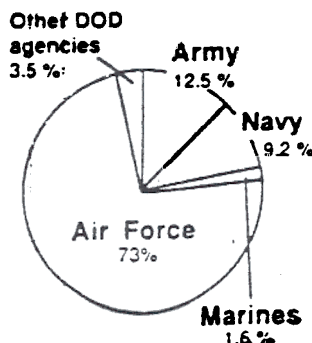
The number of Department of Defense employees (including military) reporting having been hired by defense contractors



Source: Department of Defense

1985

Departments the employees worked for at DOD



from the Air Force this month. But last January he accepted a position with TRW in senior staff management in TRW's Defense Systems Group in Redondo Beach. Ward has since quit TRW and gone to work for Boeing Military Aircraft Co. in Seattle.

• Karen L. Richardson, who was an attorney in the secretary of defense's office advising Defense Department brass on government contracts until Feb. 24, 1985. In January 1985, Richardson accepted a job with TRW Electronics and Defense Sector in Redondo Beach as counsel on government contracts.

• Lt. Col. John R. Carter, who retired Jan. 31, 1981, from the Air Force position of deputy chief of the systems liaison division, the legislative liaison for the secretary of the Air Force. In that position, Carter was responsible of lobbying Congress for Air Force weapons systems. On Nov. 24, 1980, Carter accepted a position with TRW as director of congressional relations, monitoring the activities of Congress on matters of interest to TRW.

• Col. James P. Foster, who led a Pentagon team analyzing future Air Force space systems until retiring Sept. 30, 1983. The following day, Foster went to work as district office manager of TRW's Space and Technology Group's Colorado Springs, Colo., office, where one of his prime responsibilities is in the area of assisting TRW in analysis and long-range planning for future space systems.

• Mark Grove Harrison, former assistant deputy undersecretary of defense for research and advanced technology, who left his \$63,800 a year

government post Oct. 29, 1983. Six weeks before leaving, Harrison accepted a job as special assistant to the vice president and general manager of TRW's Military Electronics and Avionics Division in San Diego. In his new position at TRW, Harrison works in the areas of technology transition, strategic planning and new business development.

TRW has no company policy on the revolving door, but spokesman Michael Johnson said the company is "basically in agreement" with the Packard Commission report saying companies should set an example and stop the revolving door themselves.

"Conflicts of interest should be avoided, that's a given," said Johnson. "On the other hand, we shouldn't handicap or jeopardize our national security by unreasonably or arbitrarily restricting business opportunities for people who have worked for the government, including the armed forces."

"The problems caused by a few incidents shouldn't drive the government to enact unreasonable bans that would reduce the quality of the people doing important defense jobs."

Paul Foley, a retired Air Force colonel who was a program manager for development of space systems before joining TRW as a program manager for electronic systems, acknowledged that his Air Force job covered much of the same ground he now does at TRW. But he said project managers have a rare set of skills that are not common in the general marketplace, so contractors must go to the military to find people to fill these positions.

"There seems to be a concern that people in government service will be easier with contractors because, if they're not, there won't be a good job waiting for them when they retire. But I've found that not to be true."

said Foley. "The people in demand are the good, tough program managers."

But A.E. Fitzgerald, a defense spending watchdog in the office of the assistant secretary of the Air Force,

said recently that there were numerous cases in which people in the service had done "less than their best," when it came to cracking down on a defense contractor, only to end up with the same company after retirement.

He said many of these officers were constantly "sabotaging my efforts" to determine the actual costs for Air Force projects. This, Fitzgerald said, prevents him from discovering overcharges and excessive prices by defense contractors.

"The real problem is the prospect of employment after retirement is very high on the list of things for these officers," said Fitzgerald. "It's what they don't do while on active duty that's the problem, not so much what they do after going to work for the contractor. They are simply not being diligent and aggressive."

Gen. Lawrence A. Skantze, head of Air Force research, development, testing and purchasing of aerospace systems, said he felt the revolving door existed for patriotic reasons.

"When they take off their uniforms for the last time, most of those who go to work for defense contractors do so because they believe they can continue to make contributions to the national defense by working in defense-related jobs," Skantze said.

Ward, the retired major general now with Boeing, said he found it disturbing that the government had trusted him with everything, including the most top-secret information, while he was in the government, "but now when I'm retired, the government

doesn't trust me with anything."

He added that he had followed every rule and law in obtaining post-retirement employment. "But sometimes it gets where you just want to go to south Texas or Missouri, where you can get the cheapest place possible, and just retire. The environment in Washington is very tough now, even though I don't think they have any case they can point to recently where anyone (from the military) has done anything wrong."

But Dina Rasor, head of the Washington-based Project on Military Procurement, says tougher laws are needed.

"We cannot expect the government officials that are letting and monitoring our contracts will have the best interest of the country in the front of their minds when contractors are dangling well-paying jobs in front of them," Rasor said.

"Until the reform legislation passes, this conflict of interest will continue, and the continual attempts at corrupting our government officials will not stop."

Sen. Howard M. Metzenbaum, D-O., a sponsor of legislation to stop the revolving door, said recently that trying to get such a bill through the Senate had been one of the most frustrating experiences of his Washington career.

"I don't think the problem is only a Department of Defense problem, but runs throughout the government," said Metzenbaum. "I sure as the devil am working to stop this. I don't think there is anything more frustrating. But somehow, someday, we are going to solve this problem and slam the revolving door shut."

EASTERN DISTRICT OF VIRGINIA

RT FOR THE FILED
IN OPEN COURT
APR 20 2004
CLERK, U.S. DISTRICT COURT
ALEXANDRIA, VIRGINIA

V.

Defendant.

CRIMINAL NO. 04-150-A

Paul J. McNulty, United States Attorney for the Eastern District of Virginia, Robert W. Wiechering, Assistant United States Attorney, the defendant, Darleen A. Druyun, and the defendant's counsel have entered into an agreement pursuant to Rule 11 of the Federal Rules of Criminal Procedure. The terms of the agreement are as follows:

The defendant agrees to waive indictment and plead guilty to a single count criminal information charging the defendant with conspiracy in violation of Title 18, United States Code, Section 371. The maximum penalties for this offense are a term of five years of imprisonment, a fine of \$250,000, full restitution, a special assessment, and three years of supervised release. The defendant understands that this supervised release term is in addition to any prison term the defendant may receive, and that a violation of a term of supervised release could result in the defendant being returned to prison for the full term of supervised release.

2. Factual Basis for the Plea

The defendant will plead guilty because the defendant is in fact guilty of the charged offense. The defendant admits the facts set forth in the statement of facts filed with this plea agreement and agrees that those facts establish guilt of the offense charged beyond a reasonable doubt. The statement of facts, which is hereby incorporated into this plea agreement, constitutes a stipulation of facts for purposes of Section 1B1.2(a) of the Sentencing Guidelines.

3. Assistance and Advice of Counsel

The defendant is satisfied that the defendant's attorney has rendered effective assistance. The defendant understands that by entering into this agreement, defendant surrenders certain rights as provided in this agreement. The defendant understands that the rights of criminal defendants include the following:

- a. the right to plead not guilty and to persist in that plea;
- b. the right to a jury trial;
- c. the right to be represented by counsel – and if necessary have the court appoint counsel – at trial and at every other stage of the proceedings; and
- d. the right at trial to confront and cross-examine adverse witnesses, to be protected from compelled self-incrimination, to testify and present evidence, and to compel the attendance of witnesses.

4. Role of the Court and the Probation Office

The defendant understands that the Court has jurisdiction and authority to impose any sentence within the statutory maximum described above but that the Court will determine the defendant's actual sentence in accordance with the Sentencing Guidelines and Policy Statements.

The defendant understands that the Court has not yet determined a sentence and that any estimate of the probable sentencing range under the sentencing guidelines the defendant may have received from the defendant's counsel, the United States, or the Probation Office, is a prediction, not a promise, and is not binding on the United States, the Probation Office, or the Court. The United States makes no promise or representation concerning what sentence the defendant will receive, and the defendant cannot withdraw a guilty plea based upon the actual sentence. The United States will not oppose a decrease in the offense level for acceptance of responsibility under the provision of § 3E1.1 should the U.S. Probation Office determine that the defendant has demonstrated acceptance of responsibility. The parties understand that their agreement on the guidelines are not binding upon U.S. Probation or the Court.

5. Waiver of Appeal and Review

The defendant also understands that Title 18, United States Code, Section 3742 affords a defendant the right to appeal the sentence imposed. Nonetheless, the defendant knowingly waives the right to appeal the conviction and any sentence within the maximum provided in the statute of conviction (or the manner in which that sentence was determined) on the grounds set forth in Title 18, United States Code, Section 3742 or on any ground whatsoever, in exchange for the concessions made by the United States in this plea agreement. This agreement does not affect the rights or obligations of the United States as set forth in Title 18, United States Code, Section 3742(b). The defendant also hereby waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation any records that may be sought

under the Freedom of Information Act, Title 5, United States Code, Section 552, or the Privacy Act, Title 5, United States Code, Section 552a.

6. Special Assessment

Before sentencing in this case, the defendant agrees to pay a mandatory special assessment of one hundred dollars (\$100.00) per count of conviction.

7. Payment of Monetary Penalties

The defendant understands and agrees that, pursuant to Title 18, United States Code, Sections 3613, whatever monetary penalties are imposed by the Court will be due and payable immediately and subject to immediate enforcement by the United States as provided for in Section 3613. Furthermore, the defendant agrees to provide all of his financial information to the United States and the Probation Office and, if requested, to participate in a pre-sentencing debtor's examination. If the Court imposes a schedule of payments, the defendant understands that the schedule of payments is merely a minimum schedule of payments and not the only method, nor a limitation on the methods, available to the United States to enforce the judgment. If the defendant is incarcerated, the defendant agrees to participate in the Bureau of Prisons' Inmate Financial Responsibility Program, regardless of whether the Court specifically directs participation or imposes a schedule of payments.

8. Immunity from Further Prosecution in this District

The United States will not further criminally prosecute the defendant in the Eastern District of Virginia for the specific conduct described in the information or statement of facts or any other specific allegations which were the subject of this office's investigation of the defendant. The United States further agrees that it will not prosecute the defendant's daughter, Heather McKee, in

the Eastern District of Virginia for the specific conduct described in the information or statement of facts.

9. Defendant's Cooperation

The defendant agrees to cooperate fully and truthfully with the United States, and provide all information known to the defendant regarding any criminal activity as requested by the government. The defendant also agrees to cooperate with a Securities and Exchange Commission (SEC) investigation of the matters outlined in the Statement of Facts. In that regard:

- a. The defendant agrees to testify truthfully and completely at any grand juries, trials or other proceedings.
- b. The defendant agrees to be reasonably available for debriefing and pre-trial conferences as the United States may require.
- c. The defendant agrees to provide all documents, records, writings, or materials of any kind in the defendant's possession or under the defendant's care, custody, or control relating directly or indirectly to all areas of inquiry and investigation.
- d. The defendant agrees that, upon request by the United States, the defendant will voluntarily submit to polygraph examinations to be conducted by a polygraph examiner of the United States' choice.
- e. The defendant agrees that the Statement of Facts is limited to information to support the plea. The defendant will provide more detailed facts relating to this case during ensuing debriefings.

- f. The defendant is hereby on notice that the defendant may not violate any federal, state, or local criminal law while cooperating with the government, and that the government will, in its discretion, consider any such violation in evaluating whether to file a motion for a downward departure or reduction of sentence.
- g. Nothing in this agreement places any obligation on the government to seek the defendant's cooperation or assistance.

10. Use of Information Provided by the Defendant Under This Agreement

Pursuant to Section 1B1.8 of the Sentencing Guidelines, no truthful information that the defendant provides pursuant to this agreement will be used to enhance the defendant's guidelines range. The United States will bring this plea agreement and the full extent of the defendant's cooperation to the attention of other prosecuting offices if requested. Nothing in this plea agreement, however, restricts the Court's or Probation Office's access to information and records in the possession of the United States. Furthermore, nothing in this agreement prevents the government in any way from prosecuting the defendant should the defendant provide false, untruthful, or perjurious information or testimony or from using information provided by the defendant in furtherance of any forfeiture action, whether criminal or civil, administrative or judicial.

11. Defendant Must Provide Full, Complete and Truthful Cooperation

This plea agreement is not conditioned upon charges being brought against any other individual. This plea agreement is not conditioned upon any outcome in any pending investigation. This plea agreement is not conditioned upon any result in any future prosecution which may occur because of the defendant's cooperation. This plea agreement is not conditioned upon any result in

any future grand jury presentation or trial involving charges resulting from this investigation. This plea agreement is conditioned upon the defendant providing full, complete and truthful cooperation.

12. Motion for a Downward Departure

The parties agree that the United States reserves the right to seek any departure from the applicable sentencing guidelines, pursuant to Section 5K1.1 of the Sentencing Guidelines and Policy Statements, or any reduction of sentence pursuant to Rule 35(b) of the Federal Rules of Criminal Procedure, if, in its sole discretion, the United States determines that such a departure or reduction of sentence is appropriate.

13. Breach of the Plea Agreement and Remedies

This agreement is effective when signed by the defendant, the defendant's attorney, and an attorney for the United States. The defendant agrees to entry of this plea agreement at the date and time scheduled with the Court by the United States (in consultation with the defendant's attorney). If the defendant withdraws from this agreement, or commits or attempts to commit any additional federal, state or local crimes, or intentionally gives materially false, incomplete, or misleading testimony or information, or otherwise violates any provision of this agreement, then:

- a. The United States will be released from its obligations under this agreement, including any obligation to seek a downward departure or a reduction in sentence. The defendant, however, may not withdraw the guilty plea entered pursuant to this agreement;
- b. The defendant will be subject to prosecution for any federal criminal violation, including, but not limited to, perjury and obstruction of justice, that is not time-barred by the applicable statute of limitations on the date this

agreement is signed. Notwithstanding the subsequent expiration of the statute of limitations, in any such prosecution, the defendant agrees to waive any statute-of-limitations defense; and

- c. Any prosecution, including the prosecution that is the subject of this agreement, may be premised upon any information provided, or statements made, by the defendant, and all such information, statements, and leads derived therefrom may be used against the defendant. The defendant waives any right to claim that statements made before or after the date of this agreement, including the statement of facts accompanying this agreement or adopted by the defendant and any other statements made pursuant to this or any other agreement with the United States, should be excluded or suppressed under Fed. R. Evid. 410, Fed. R. Crim. P. 11(f), the Sentencing Guidelines or any other provision of the Constitution or federal law.

Any alleged breach of this agreement by either party shall be determined by the Court in an appropriate proceeding at which the defendant's disclosures and documentary evidence shall be admissible and at which the moving party shall be required to establish a breach of the plea agreement by a preponderance of the evidence. The proceeding established by this paragraph does not apply, however, to the decision of the United States whether to file a motion based on "substantial assistance" as that phrase is used in Rule 35(b) of the Federal Rules of Criminal Procedure and Section 5K1.1 of the Sentencing Guidelines and Policy Statements. The defendant agrees that the decision whether to file such a motion rests in the sole discretion of the United States.

14. Nature of the Agreement and Modifications

This written agreement constitutes the complete plea agreement between the United States, the defendant, and the defendant's counsel. The defendant and his attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in writing in this plea agreement, to cause the defendant to plead guilty. Any modification of this plea agreement shall be valid only as set forth in writing in a supplemental or revised plea agreement signed by all parties.

Paul J. McNulty
United States Attorney

By: Robert W. Wiechering
Robert W. Wiechering
Assistant United States Attorney

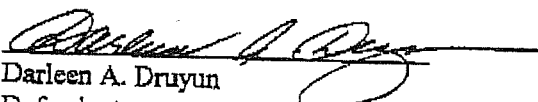
APPROVED:

[Signature]
Kevin DiGregory
Acting Chief Criminal Division
Assistant United States Attorney

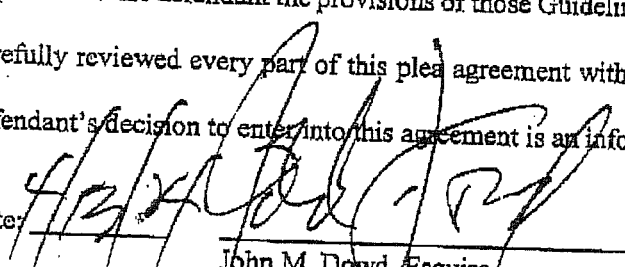
Date of Approval:

4/15/04

Defendant's Signature: I hereby agree that I have consulted with my attorney and fully understand all rights with respect to the pending criminal information. Further, I fully understand all rights with respect to the provisions of the Sentencing Guidelines and Policy Statements which may apply in my case. I have read this plea agreement and carefully reviewed every part of it with my attorney. I understand this agreement and voluntarily agree to it.

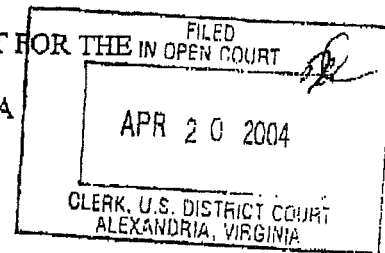
Date: 4-14-2004 
Darleen A. Drury
Defendant

Defense Counsel Signature: I am counsel for the defendant in this case. I have fully explained to the defendant the defendant's rights with respect to the pending information. Further, I have reviewed the provisions of the Sentencing Guidelines and Policy Statements and I have fully explained to the defendant the provisions of those Guidelines which may apply in this case. I have carefully reviewed every part of this plea agreement with the defendant. To my knowledge, the defendant's decision to enter into this agreement is an informed and voluntary one.

Date: 4/13/04 
John M. Doud, Esquire
Counsel for the Defendant

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division



UNITED STATES OF AMERICA

v.

DARLEEN A. DRUYUN,

Defendant.

Criminal No. 04-150-A

STATEMENT OF FACTS

It is agreed by and between the parties that the following facts are true:

I. Introduction

The defendant, Darleen A. Druyun, was from 1993 until her retirement in November, 2002, the Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management. In that Senior Executive Service (SES) position, she supervised directed and oversaw the management of the Air Force acquisition program. In addition, she provided advice on acquisition matters to the Assistant Secretary of the Air Force for Acquisitions, the Chief of Staff of the Air Force, and the Secretary of the Air Force. The defendant also chaired the Acquisition Professional Development Council which was responsible for recruiting and training military and civilian acquisition personnel. An additional responsibility of the defendant was service as chairperson of the NATO Airborne Early Warning and Control Program Management Board of Directors. This board was chartered by the North Atlantic Council to manage the multi-billion dollar NATO E-3A AWACS program funded by twelve nations.

Prior to the defendant's service as the Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management, she had a lengthy government career that included various positions in the Air Force, the Office of Management and Budget (OMB) and the National Aeronautical and Space Administration (NASA). In 1991 she served as the Assistant Administrator for Procurement and Acquisition for NASA. From 1992 until 1993, she served as the Chief of Staff of NASA and was responsible for the daily management of the agency.

In January, 2003, the defendant was appointed by the Boeing Company as Vice-President and Deputy General Manager of the Missile Defense Systems (MDS). MDS was a business unit of Boeing Integrated Defense Systems. She entered this position following her retirement from the Air Force in late 2002. The defendant began negotiating the terms of this employment with a senior official of the Boeing Company on or about September 23, 2002, as more fully set forth below:

During the summer of 2002, the defendant had reached the decision that she would retire from the Air Force late that year. She was ordered not to publicly announce her decision to retire, but did notify her immediate supervisor, the Assistant Secretary of the Air Force for Acquisition, on or about August 20, 2002. It was the defendant's intention, in the late summer of 2002, to seek employment in the defense industry. This employment would begin following her retirement. In order to explore employment opportunities with certain defense contractors, the defendant disqualified herself from all Air Force matters involving Lockheed Martin and Raytheon. This was submitted in writing on August 26, 2002. The defendant then entered into employment discussions with Lockheed Martin. These discussions resulted in the defendant's verbal

agreement on October 16, 2002, to accept a position at Lockheed Martin which would begin after her retirement.

A major responsibility of the defendant in 2002 was overseeing the Air Force negotiations with the Boeing Company to lease 100 Boeing KC 767A tanker aircraft. These tanker aircraft were to be extensively modified versions of Boeing's 767 commercial aircraft, and were to have as their primary mission air refueling of other military aircraft. The total value of the contract was projected to be in the range of 20 billion dollars. The defendant participated personally and substantially as a government official through decisions, approvals, disapprovals, recommendations and the rendering of advice in connection with the negotiation of this lease agreement with Boeing Company. In the summer and fall of 2002 the defendant was also involved in negotiations with the Boeing Company in her position as Chairperson of the NATO Airborne Early Warning and Control Program Management Board of Directors. This involved the restructuring of the NATO AWACS program, and the addition of \$100 million in funds.

II. The Negotiation

A daughter of the defendant was employed by the Boeing Company in their student development program in St. Louis, Missouri. The daughter had been hired by the Boeing Company in November 2000. Prior to the daughter's hiring, the defendant had contacted a senior member of the management of Boeing (hereinafter "senior executive") seeking his assistance in obtaining employment for her daughter.¹ The senior executive contacted other executives at

¹ The defendant had previously contacted the senior executive in 2000 seeking assistance in obtaining employment for the boyfriend of her daughter. The boyfriend was immediately contacted by the senior executive, was subsequently hired, and began employment at Boeing in September 2000.

Boeing, in an effort to obtain a position for the defendant's daughter. After interviewing with several executives, a position was created for her as a college recruiter for Boeing.²

On September 3, 2002 the defendant's daughter sent an encrypted E-mail over the Boeing Company intranet to the senior executive. The defendant's daughter did not personally know the senior executive but was aware that her mother, the defendant, had known and had professional dealings with the senior executive for a number of years. The subject line of the E-mail read "Please do not forward....RE: Darleen Druyun." In the E-mail she advised the senior executive that her mother would be retiring from the Air Force, had not publically announced that decision, and was interviewing with Lockheed Martin. The daughter encouraged the senior executive to recruit the defendant for a position at Boeing. The senior executive responded to the E-mail as follows:

...I met with your mom last week. She informed me of her plans, and I suggested that she and I chat. She said she needed to wait until she got some of our work completed before she should chat with me. Did I miss a signal or have the wrong picture? I'm with you. ...we need to be on her menu!

The defendant's daughter responded minutes later:

Oh! I think she is referring to the tanker deal--might be too much of a conflict right now. She hopes to have the tanker deal made or scrapped by early Dec--seems like a long time off, maybe she has to wait that long before approaching us. It still makes me very worried that she is talking to Lockheed! She is visiting me tomorrow for a couple days. . .I hope that I can get a better understanding then. . . she is also talking to Raytheon and L3 (formerly E-systems, I think?) Anyway, we need to talk to her...

The defendant visited her daughter in St. Louis, Missouri on September 4, 2002 and they

² The defendant informed an Air Force ethics officer that her daughter had accepted employment with Boeing. This was found not to create a conflict, however, the defendant did not inform the ethics officer that the defendant had asked for the assistance of a senior executive at Boeing in securing the daughter's employment.

discussed her retirement. The defendant's visit resulted in the following September 5, 2002 encrypted E-mail from the daughter to the senior executive:

As promised. . . please forgive the length!

It is the tanker lease that prevents her from talking to you right away. She said to contact her on October 1.

Let me tell you what she is looking for:

1. Must be challenging, tough, lots of responsibility. Does not want something that puts her on display. Wants to impact processes, cut bureaucracy.

2. Want to make a difference in the makeup of the IDS organization in terms of females. . . she thinks it is shameful that in the Albaugh's family there aren't women.

3. Would consider moving out of DC, but would like to stay.

4. ABSOLUTELY does not want to be somewhere under Mueller. . . she wants to be over him like at the Pentagon.

She told me point blank that she would think the perfect offer would be a COO-like position under Albaugh. Bottom line she wants to be able to make an impact in the company.

She interviewed with Lockheed's Robert Stevens, and he outlined where they would like her to fit in--something like business and process reforms (she used the term "watchdog"). She liked the sound of it, and mentioned she had a good rapport with Stevens and seemed to like what he was saying.

She is very interested in talking to us, but we would have to give her something that would blow her out of the water! She also mentioned that Boeing has her most admired quality: honest values.

Prior to September 23, 2002 the defendant was visited by her daughter who advised the defendant of her E-mail exchanges with the senior executive. The defendant outlined for her daughter what the daughter should communicate to the senior executive regarding possible employment with Boeing. On September 23, 2002 the defendant's daughter sent the senior executive the following:

I am fresh back from a visit to DC to see the parents, and of course Mom and I discussed life after retirement. She announces it publically on Friday, by the way. I told her that I had contacted you about discussing later employment plans, and she is VERY, VERY excited. She still wants a COO like position with IDS, and she said that is what Lockheed is doing for her right now in Bethesda. She told me very frankly that if the salary and position were ideal from us, she would

accept with Boeing and work her first year traveling back and forth from DC (work 5 days in STL, fly back on weekends). . . She wants to know if this "COO" position is a feasible creation with IDS, and I told her that I did not know. . . is this a possibility? She leaves for Brussels Tues, and will return this weekend, so she would like to hear from you next week after the 1st.

On or about October 5, 2002 the senior executive contacted the defendant by telephone to schedule a meeting between them to further the employment discussions that had occurred in the earlier E-mails. It was agreed that the senior executive would meet the defendant in Orlando, Florida on October 17, 2002. The senior executive took a private aircraft and flew to Orlando, Florida for the purpose of meeting the defendant to discuss employment. The defendant was already in Orlando to attend a National Defense Industrial Association Conference as well as a NATO-AWACS conference. She met alone with the senior executive in the private conference room at the General Aviation terminal of the Orlando Airport.

The meeting between the defendant and the senior executive lasted approximately thirty minutes. The senior executive offered the defendant a position at Boeing as a Deputy in the Missile Defense System to be located in Washington, D.C. They discussed salary, the amount of a signing bonus, and other issues involving the employment including the starting date and when and where the formal offer of employment should be sent.

The defendant advised the senior executive at the Orlando meeting that she had not disqualified herself from matters involving Boeing. He elected to continue the meeting and to discuss the terms of the employment. At the conclusion of the meeting he stated to her that "This meeting really didn't take place." They agreed to keep the meeting to themselves. The defendant advised the senior executive that she had not decided whether to accept the Boeing offer, or to instead work for Lockheed Martin. She advised the senior executive that she had a handshake agreement to work for Lockheed Martin.

The following day, October 18, 2002, the senior executive sent the following E-mail to other executives at Boeing, outlining the results of his meeting with the defendant. The subject line of the E-mail read "Employment" and in the message he did not reference the defendant by name.

Howdy. Had a "non-meeting" yesterday re: hiring Jim Evatt's deputy. Good reception to job, location, salary, longer-term outlook. Recommend we put together a formal offer:

** Job as we discussed*

** Location defined as we discussed*

** Salary \$250K (assuming that fits)*

** Recruitment bonus \$50K (important dimension of offer: could get by with \$40K)*

** Start date 3Jan03 (and immediately travel to Desert meeting)*

FedEx offer to home for 14Nov arrival. . .

On or about November 4, 2002 the senior executive contacted the defendant and suggested he meet with her on November 5, 2002 at her Pentagon office. The defendant on November 5, 2002 submitted a letter to the Air Force stating she intended to enter into employment discussions with Boeing and was disqualifying herself from any matters involving Boeing. Later on November 5, 2002, the defendant and the senior executive met and discussed a job and terms of employment that were essentially the same as those discussed on October 17, 2002.

On November 14, 2002 Boeing sent the formal job offer to her home. On November 15, 2002 the defendant retired from government service. On December 16, 2002 the defendant formally accepted Boeing's employment offer by signing their offer letter.

During the time period from September 23, 2002 until her disqualification letter of November 5, 2002, the defendant participated personally and substantially as a government employee in decisions, approvals, recommendations, investigation and the rendering of advice in matters in which, to her knowledge, the Boeing Company had a financial interest. For example,

on October 22, 2002 the defendant participated in a meeting at the Pentagon with Air Force staff and an official of the Office of Management and Budget (OMB) regarding the terms and conditions of the KC 767A tanker program and a fair price for the Boeing aircraft.

III. The Concealment

The defendant began her employment at the Boeing Company on January 2, 2003. In the summer of 2003 press reports appeared raising questions about the KC 767A tanker contract and the contemporaneous hiring of the defendant by Boeing. In response to this criticism, counsel were retained by the Boeing Company to conduct a review of the circumstances surrounding the defendant's hiring. The defendant was informed of the investigation, and scheduled to be interviewed about the circumstances of her hiring. That interview was scheduled for July 7, 2003. Unable to reach the senior executive by telephone the defendant sent the following E-mail to him on July 4, 2003:

I have an appointment on Monday with Judy . . . , a lawyer hired by the company to review the process used by the company to ensure that the rules were properly followed and to help offset anymore negative comments. I wanted to reverify my recollection of our first discussion of potential employment. You came into see me on 5 Nov, the day before I went on leave. I had signed a recusal letter and given it to my AF lawyer since I thought that your meeting with me would probably go into the area of potential employment since my announcement had been publicly made of my retirement in mid October. As I recall at that meeting you lectured me about not jumping at my first job offer because I mentioned that I believed I had a verbal agreement with the COO of Lockheed (Bob. . .) although I did not expect anything in writing in terms of a job offer until the day I retired which was November 14, 2002. I also told you that I did not believe that I could work for Boeing because of my involvement in attending some of the 767 tanker negotiations. You countered that it was possible for me to work for Boeing if I worked in an entirely different area. I also stated that I could not be mobile because of my spouses employment for a few years and that there was nothing in this area that Boeing could offer to which you countered the company employed over 3000 people in the greater DC area. You also told me that you could not see me working in another staff job which is what Bob. . . had probably discussed and that I should consider a P&L job. As you can recall I said I would very much be interested in working for a company that could offer me a P&L in the DC area. You mentioned missile defense as one of the opportunities and generically

described Boeings Executive level compensation program. You strongly recommended that I discuss this with my lawyer in the AF and asked if you could send me a job offer and I said on my last day of work which was 14 Nov 02. I did receive a job offer from you on or about 14/25 Nov 02 which I discussed with the AF lawyer. His first reaction was the he did not see an issue. He then set about reviewing it in detail after my discussion with him and concluded around 5 Dec in writing that it would be in full compliance with the rules. It is my belief that he discussed it with Boeing lawyers. I believe it was not until 16 Dec that I officially made up my mind and called you and then faxed the paperwork to the company. I see Judy at 0900 Monday AM and wanted to verify with you that this was also as you remember it. I expect that she might call you. Please let me know ... if I have captured everything that we discussed. Hope you are enjoying Great Britain and get some aircraft sales!

The senior executive responded to the defendant's message later that day, in part as follows:

*Precisely as I can recall. You obviously take good notes/have good memory... much better than mine.
And we're all thrilled that things have worked out this way re: your employment choice!!!
Enjoy the 4th!*

The July 4, 2003 E-mail of the defendant to the senior executive was not truthful as both she and the senior executive knew at the time. The "first discussion of potential employment" occurred long before the November 5, 2002 disqualification letter of the defendant. In fact, E-mail correspondence on the subject of employment, with the assistance of the defendant's daughter, was exchanged in September 2002. The defendant and the senior executive met in Orlando, Florida on October 17, 2002 and discussed a specific position at Boeing, salary, bonus, and other details. The senior executive's E-mail response of July 4, 2003, gave the defendant assurance that the senior executive would maintain the false story that the employment negotiations began on November 5, 2002.

The defendant met with outside counsel for Boeing on July 7, 2003. She provided untruthful answers in that interview, claiming that her first employment discussion with Boeing

occurred on November 5, 2002. She did not reveal the October 17, 2002 Orlando meeting with the senior executive. The defendant spoke with the senior executive by telephone in late August or September 2003. She informed him that she had been advised that E-mails inconsistent with their version of events had been discovered, and that counsel for Boeing had requested to reinterview her on these matters. The senior executive urged the defendant to "hang tough" and stated that their first discussion of employment occurred on November 5. He stated that any conflicting E-mails reflected "pre-planning" efforts by Boeing to make an employment offer to the defendant. The defendant clearly understood from the conversation that the senior executive wished her to maintain their false story.

Later in September 2003, the defendant and senior executive had another telephone conversation. He once again urged her to "hang tough."

On October 14, 2003 the defendant's attorney sent a letter to the Inspector General of the Department of Defense stating that the defendant was represented and understood she was the subject of an investigation by the DOD-IG. The letter also stated, "Mrs. Druyun and I look forward to cooperating with your investigation."

On or about October 20, 2003 the defendant and the senior executive discussed the investigation by telephone. The defendant was aware at that point in time that a Department of Defense (DOD) Inspector General subpoena had been served on the Boeing Company in connection with a criminal investigation of the hiring of the defendant. The defendant and the senior executive discussed the pending criminal investigation.³ He advised her that his story would continue to be that any conflicting E-mails reflected pre-planning by Boeing and not

³The senior executive was notified by E-mail on October 15, 2003 by Boeing of the DOD-IG criminal investigation.

employment negotiations. As he had done previously, the senior executive urged her to "hang tough."⁴

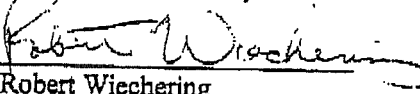
The defendant was interviewed by outside counsel for Boeing on November 11 and 17, 2003. During those interviews, the defendant acknowledged she had not been truthful in her previous July 7, 2003 interview. She revealed many of the facts concerning her pre-November 5, 2002 employment negotiations with the senior executive. This included the October 17, 2002 Orlando, Florida meeting which they had agreed not to disclose. The defendant also discussed the two July 4, 2003 E-mails with the senior executive where in they agree to maintain a false story. The defendant was terminated for cause by the Boeing Company on November 24, 2003.

The defendant acknowledges that she willfully engaged in the conduct outlined in this Statement of Facts which constitutes a conspiracy to violate Title 18, United State Code, Section 208(a) and Section 216(a)(2).

Respectfully submitted,

Paul J. McNulty
United States Attorney

By:

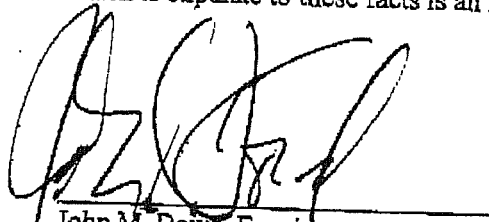

Robert Wiechering
Assistant United States Attorney

⁴On October 22, 2003 the senior executive was interviewed by new outside counsel engaged by Boeing to assist in responding to the pending DOD-IG criminal investigation of the hiring of the defendant.

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, Darleen A. Druyun, and the United States, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.


Darleen A. Druyun
Defendant

I am Darleen A. Druyun's attorney. I have carefully reviewed the above Statement of Facts with her. To my knowledge, his/her decision to stipulate to these facts is an informed and voluntary one.


John M. Dowd, Esquire
Attorney for Darleen A. Druyun

Albaugh, Jim

From: Ellis, Andrew K
Sent: Thursday, January 23, 2003 2:47 PM
To: Albaugh, Jim
Subject: call to roche on tankers

jim

good idea to touch base with roche on tankers

-- as always, thank secretary for his vision and leadership. his words in the recent tony capaccio/bloomberg story (PA&E thinks tanker should be 17% cheaper) were strong, etc, etc, etc

-- boeing doing lots of stuff:

- you have been dialoguing with aldrige. plan to see him next week
- you are on cambone's schedule next week. (has roche talked to cambone at all on tankers?)
- fogelman and jeremiah are consultants (both also on defense policy board) -- both engaging in osd circles
- rudy/andy met with bill schneider. schneider very supportive. will work issue in osd
- interested members are increasing their contacts with osd and white house
- have generated member interest/press in a number of places with contract announcements over past 2 months (NY, PA, murtha is about to announce a contract, chairman bill young, congressman hobson, etc, etc)
- national guard engaging (through paul weaver, a consultant, who is close to roche) at state, local and federal

avel

- union strategy in play (aimed at executive branch as well as at congress --)
- we have activated key suppliers (e.g., smiths, GE, PW, vought, etc) who are working their own state, local and federal contacts

federal

- speaker hastert recently had very direct conversation with president and andy card on moving forward
- we are in touch with andy card and white house political operation -- they see increased pressure and realize a political downside to not moving forward with tankers

their is

- we've ghost written several op-eds: former CINCPAC archie clements will have one in navy times (and maybe air force times?) within next 2 weeks and we are likely to have KS/WA members have one published in local papers. working to get both in early bird when published.

would be interesting to know how roche is engaging with osd (if at all) and omb.

how can we help him on either front?

andy

Andrew Ellis
ving Integrated Defense Systems
hington D.C.
-465-3405
Andrew.K.Ellis@Boeing.com

This document may contain trade secrets or confidential/proprietary/commercial/technical/other business information. Unauthorized disclosure prohibited by law.

TKR 006 0034

List of Boeing Executives

1. Boeing Officers, Directors and other Key Executives who have had communications with the Air Force and/or DoD on the 767 Lease Transaction:

John Sams, Program Manager, Air Force 767 Tanker Program

Bob Gower, Vice President & General Manager, 767 Tanker Programs, Integrated Defense Systems

John Ferguson, Vice President Finance, Air Force Systems, Integrated Defense Systems

Bob Gordon, Vice President, Boeing Capital Corporation

Jim Albaugh, President and CEO, Integrated Defense Systems

Jerry Daniels, Former President and CEO, Military Aircraft & Missile Systems

Andy Ellis, Vice President, Washington DC Operations, The Boeing Company

Randy Simons, Senior Vice President, Chief Financial Officer, Integrated Defense Systems

Doug Bain, Senior Vice President & General Counsel, The Boeing Company

Alan Mulally, President and CEO, Commercial Airplanes

Phil Condit, Chairman of the Board and CEO, The Boeing Company

Harry Stonecipher, Boeing Board of Directors

Rudy deLeon, Senior Vice President, Washington DC Operations

Jim Palmer, Senior Vice President, Boeing Capital Corporation

2. Communications between Boeing the Executive Office of the President, including OMB

Phil Condit, Chairman of the Board and CEO, The Boeing Company

Jim Albaugh, President and CEO, Integrated Defense Systems

Andy Ellis, Vice President, Washington DC Operations, The Boeing Company

DefenseNews

November 3, 2003

www.defensenews.com

28 DefenseNews November 3, 2003

Commentary

CROSSROADS OF THE DEFENSE DEBATE

EDITORIAL

JOURNALISTIC INTEGRITY

Full Disclosure

In March, *Defense News* published a commentary by Adm. Archie Clemens, former commander in chief of the U.S. Pacific Fleet. In it, he advocated a U.S. Air Force plan to lease 100 planes from Boeing Co., which would modify the 767s for the Air Force's aerial refueling mission. That a Navy man would back an Air Force program is what made it intriguing.

What we didn't know at the time was that Clemens did not write the piece. Nor did he think on his own to write it. Nor, for that matter, did he even think to send it to *Navy Times*, a sister publication, without prompting.

In truth, a Boeing representative came up with the idea, asked Clemens to write it, and provided a writer to help him get the job done. Boeing also suggested where he ought to send it and provided him the e-mail address.

Clemens says he was not paid for the article and stands by what it says. We believe that.

But he acknowledges that prior to writing the article, he had done some paid consulting work for Boeing, and that he has since

developed a more formal consulting arrangement with the company. He said he made no effort to "pull the wool over anyone's eyes."

In publishing the piece, regardless of who actually wrote it, we provided a forum for the free flow of ideas. That is the purpose of our Commentary pages.

But we failed to do some things we should have done. We should have asked Clemens if he had a financial relationship with the program or the contractor. We should have asked if he had, in fact, written the article himself. And we should have weighed his answers in our thinking, because that information is essential to the context of his article.

Had we known those things, we might still have published his opinion. But we would have included the other writer's name and noted Clemens' relationship with Boeing among his credentials at the end of the article. As it was, we merely noted that he was the former commander of the Pacific Fleet — true, but not the whole story.

Full disclosure is what we're after. Here, we fell short. We will work hard to ensure this doesn't happen again.

Summary of Federal Conflict of Interest and Ethics Laws

1. Former Government Employees (18 U.S.C. § 207) (2004)

Since the enactment of the “Ethics in Government Act” in 1962,¹ government officials have been restricted in their post-government employment.² At the time, there was a growing concern that public confidence in the government had been “weakened by a widespread conviction that government officials use their office for personal gain, particularly after leaving the government. There is a sense that a ‘revolving door’ exists between industry and government.”³

Effective January 1, 1991, post-government employment restrictions were expanded to include substantive prohibitions for employees in the Executive Branch,⁴ Members of Congress, senior congressional staffers,⁵ and others.⁶ Post-government employment restrictions range from a lifetime ban to a one-year “cooling off” period. Those restrictions, however, mostly ban “representational activities” by former government employees.⁷ Simply stated, former government officials are not limited in going to work for a private contractor, but are limited in the type of work they can perform for them. For example, a former government employee may not represent a client involving “particular matters” on which they worked during their

¹ Pub. L. No. 87-849, Sec. 1(a), 76 Stat. 1123 (1962), Oct. 23, 1962, amended Pub. L. No. 95-521, title V, Sec. 501(a), 92 Stat. 1864, Oct. 26, 1978; Pub. L. No. 96-28, 93 Stat. 76, June 22, 1979; Pub. L. No. 101-189, div. A, title VIII, Sec. 814(d)(2), 103 Stat. 1499, Nov. 29, 1989; Pub. L. No. 101-194, title I, Sec. 101(a), 103 Stat. 1716, Nov. 30, 1989; Pub. L. No. 101-280, Sec. 2(a), 5(d), 104 Stat. 149, 159, May 4, 1990; Pub. L. No. 101-509, title V, Sec. 529 (title I, Sec. 101(b)(8)(A)), 104 Stat. 1427, 1440, Nov. 5, 1990; Pub. L. No. 102-25, title VII, Sec. 705(a), 105 Stat. 120, Apr. 6, 1991; Pub. L. No. 102-190, div. C, title XXXI, Sec. 3138(a), 105 Stat. 1579, Dec. 5, 1991; Pub. L. No. 102-395, title VI, Sec. 609(a), 106 Stat. 1873, Oct. 6, 1992; Pub. L. No. 103-322, title XXXIII, Sec. 330002(I), 330010(15), 108 Stat. 2140, 2144, Sept. 13, 1994; Pub. L. No. 104-65, Sec. 21(a), 109 Stat. 704, Dec. 19, 1995; Pub. L. No. 104-179, Sec. 5, 6, 110 Stat. 1567, 1568, Aug. 6, 1996; Pub. L. No. 104-208, div. A, title I, Sec. 101(f) (title VI, Sec. 635), 110 Stat. 3009-314, 3009-363, Sept. 30, 1996; Pub. L. No. 105-244, title I, Sec. 102(a)(5), 112 Stat. 1618, Oct. 7, 1998; *see* OGE Re-authorization Act of 1988, Pub. L. No. 100-598, 102 Stat. 3031; Ethics Reform Act of 1989, Pub. L. No. 101-194, 202, 103 Stat. 1716, at 1724; Office of Government Ethics Authorization Act of 1996, Pub. L. No. 104-179, 110 Stat. 1566; Exec. Orders 11,222, 12,674, 12,731, 12,834, 13,184.

² 18 U.S.C. § 207 (2004); *see* 18 U.S.C. §§ 201 (2004) *et seq.*, 5 C.F.R. §§ 2637 (2004) (“Regulations concerning post employment conflict of interest”), 2641 (2004) (“Post-employment conflict of interest restrictions”), 48 C.F.R. § 3.104-2(b)(3) (2004).

³ *Ethics in Government Act*, S. Rep. No. 95-170, at 32 (1977).

⁴ 18 U.S.C. § 207(a)-(b) (apply to former officers or employees of the executive branch), (c) (applies to former “senior personnel”), (d) (applies to former “very senior personnel”), Pub. L. No. 101-280 (1990), Pub. L. No. 101-194 (1989).

⁵ 18 U.S.C. § 207(e).

⁶ 18 U.S.C. § 207(f)-(h).

⁷ Letter from Frank Q. Nebeker, Director, Office of Government Ethics, to a Private Attorney (Jan. 6, 1988), *available at* http://www.usoge.gov/pages/advisory_opinions/advop_files/1988/88x1.pdf.

government employment.⁸ Such representation may provide the appearance that the former government official was making unfair use of their employment or personnel connections with their former government agency, department, or office. Alternatively, conflict of interest laws do not apply to former government employees who are employed by a contractor in management or technical positions, which are non-representational in nature. Consequently, those former government officials can influence public officials.

The “cooling off” period is imposed to prevent favoritism and undue influence when a former government employee contacts their former agency or department regarding issues on which they worked during their government service. The restrictions depend on the former government employee’s responsibilities and involvement in government matters and the level of their executive pay schedule. Conflict of interest restrictions include:

- (1) A former government employee has a lifetime ban from representing someone else before the government in a matter that the government holds a substantial interest in and that the government employee handled “personally and substantially.” This ban, however, does not prohibit former government officials from providing behind-the-scenes assistance to a new employer;⁹
- (2) Trade representatives have a lifetime ban from helping foreign entities;¹⁰
- (3) For two years after government service, a former government employee cannot represent another entity regarding matters that they did not work on, but that were “actually pending” under their official responsibility during their last year of employment;¹¹
- (4) Former government employees are limited for one year after leaving the government from assisting someone else regarding trade or treaty negotiations

⁸ 18 U.S.C. § 207(i)(3) (defining the term “particular matter” as “any investigation, application, request for a ruling or determination, rulemaking, contract, controversy, claim, charge, accusation, arrest, or judicial or other proceeding”); *see* 5 C.F.R. § 2637.102(a)(7) (defining particular matter).

⁹ 18 U.S.C. § 207(a)(1); *see* 5 C.F.R. § 2637.201(d)(1) (“personally and substantially” means “through decision, approval, disapproval, recommendation, the rendering of advice, investigation or otherwise. To participate ‘personally’ means directly, and includes the participation of a subordinate when actually directed by the former Government employee in the matter. ‘Substantially,’ means that the employee’s involvement must be of significance to the matter, or form a basis for a reasonable appearance of such significance. It requires more than official responsibility, knowledge, perfunctory involvement, or involvement on an administrative or peripheral issue. A finding of substantiality should be based not only on the effort devoted to a matter, but on the importance of the effort. While a series of peripheral involvements may be insubstantial, the single act of approving or participation in a critical step may be substantial. It is essential that the participation be related to a ‘particular matter involving a specific party’”), 48 C.F.R. § 3.104-1 (2004) (defining “participating personally and substantially”).

¹⁰ 18 U.S.C. § 207(f)(2).

¹¹ 18 U.S.C. § 207(a)(2); *see* 18 U.S.C. § 202(b) (2004) (“‘official responsibility’ means the direct administrative or operating authority, whether intermediate or final, and either exercisable alone or with others, and either personally or through subordinates, to approve, disapprove, or otherwise direct Government action”).

they worked on during their last year of employment;¹²

- (5) For one year after leaving a “senior”¹³ or “very senior”¹⁴ position, the former government employee may not represent another entity and attempt to influence his or her former agency. Like the lifetime ban, this “cooling off period” does not prevent former employees from providing “behind-the-scenes” assistance or guidance to a contractor;¹⁵ and
- (6) For one year after leaving the government, former Members of Congress and their staff may not lobby their former legislative peers.¹⁶

2. Government Employees With Financial Interests (18 U.S.C. § 208)

Generally, a government employee is prohibited from participating in matter in which he or she has a financial interest. For example, an executive branch or independent agency, employee (including military officers, but not enlisted personnel) cannot participate “personally and substantially as a Government officer or employee” in matters in which he or she is “negotiating or has any arrangement concerning prospective employment.”¹⁷ Negotiating future employment includes discussing or communicating with “another person, or such person’s agent or intermediary, mutually conducted with a view toward reaching an agreement regarding possible employment with that person” or making “an unsolicited communication to any person, or a such person’s agent or intermediary, regarding possible employment with that person.”¹⁸ In other words, government employees cannot solicit or negotiate for non-government employment or fail to reject unsolicited offers. In such cases, the government employee must disqualify him or herself from any matter involving the contractor.

A waiver to the financial interest statute may be granted if the employee advises an ethics

¹² 18 U.S.C. § 207(b); *see* 19 U.S.C. 2902 (2004) (the “Omnibus Trade and Competitiveness Act of 1988”).

¹³ “Senior” employees include people serving at Levels II-V of the Executive Schedule, individuals whose rate of basic pay equals or exceeds 86.5 percent of the rate for level II of the Executive Schedule (\$136,757), those paid at or above level 5 of the Senior Executive Schedule, military officers at or above O-7, and some presidential appointees.

¹⁴ “Very senior” employees include people serving at Level I of the Executive Schedule, officials at Level II of the Executive Schedule serving in the Executive Office of the President, and certain presidential appointees.

¹⁵ 18 U.S.C. § 207(c)-(d) (2004).

¹⁶ 18 U.S.C. § 207(e) (2004).

¹⁷ 18 U.S.C. § 208(a) (2004); *see* 5 C.F.R. §§ 2635.401 (2004) (regulating conflicting financial interests), 2635.601 *et seq.* (regulating post-government employment), 2640 (2004) *et seq.* (interpreting exemptions and waivers under 18 U.S.C. § 208), DoD JER 5500.7-R ch. 5-301 (1993) (applying financial conflict of interests to enlisted personnel), *available at* http://www.defenselink.mil/dodgc/defense_ethics/ethics_regulation/jer1-4.doc.

¹⁸ 5 C.F.R. § 2635.603(b)(1)(i)-(ii) (2004).

official, fully discloses the financial interest, and receives an advanced written determination stating that “the interest is not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect from such officer or employee.”¹⁹

Additional exemptions can be made by OGE, if a government employee is “serving on an advisory committee within the meaning of the Federal Advisory Committee Act ... [and it is certified] in writing that the need for the individual’s services outweighs the potential for a conflict of interest created by the financial interest involved,”²⁰ or if the financial interest is related to Native American programs or claims.²¹ In certain circumstances, waivers are available to the public through the Freedom of Information Act (FOIA).²²

Although Executive Branch regulations obligate an employee to disqualify him or herself from conflicted matters, the prohibition on prospective employment does not require the employee to file a disclosure or recusal statement.²³ In fact, “an employee **may** elect to create a record of his actions by providing written notice to a supervisor or other appropriate official.”²⁴ (Emphasis added). It is not until agency-level supplemental regulations that some agencies have made it mandatory that employees report that they disqualify themselves from participation in a particular matter.²⁵ Those mandatory provisions, however, are riddled with numerous waiver clauses pursuant to 18 U.S.C. § 208(b).²⁶ In other words, a DoD employee must report a conflict of interest unless he or she receives, in most cases, a written waiver stating that the employee’s integrity would not be jeopardized or that the individual’s services outweigh the potential for a conflict.

¹⁹ 18 U.S.C. § 208(b)(1) (2004); *see* 5 C.F.R. § 2640.301(a) (2004).

²⁰ *See* Section III.B of this report.

²¹ 18 U.S.C. § 208(b)(2)-(4) (2004).

²² 18 U.S.C. § 208(d)(1) (2004).

²³ 18 U.S.C. § 208 (2004); *see* 5 C.F.R. §§ 2635.502(e)(1), 2635.604 (b) (2004) (stating that employees with conflicts “**should notify** the person responsible for his assignment.”). (Emphasis added).

²⁴ 5 C.F.R. § 2635.604(c) (2004).

²⁵ 5 C.F.R. § 3601.105 (2004) (supplemental standards of ethical conduct for Department of Defense employees).

²⁶ *See id.*, 5 C.F.R. §§ 2635.402(c), 502, 604 (2004).

3. Penalties

Agencies have designated ethics officials who are responsible for coordinating and managing an agency's ethics program. Advice from an ethics counselor, however, is advisory only.²⁷ Generally, an employee who makes full disclosure and relies in good faith reliance on the agency ethics official's advice is safe from discipline.²⁸ However, "where the employee's conduct violates a criminal statute, reliance on the advice of an agency ethics official cannot ensure that the employee will not be prosecuted under that statute."²⁹ The criminal penalty for violating the revolving door and personal financial interest statutes (18 U.S.C. §§ 207 - 208) is up to 5 years in prison, depending on the nature of the violation.³⁰

Additionally, "a civil penalty of not more than \$50,000 for each violation or the amount of compensation which the person received or offered for the prohibited conduct"³¹ can be levied. The imposition of a civil penalty under the law does not preclude other criminal, civil, common law, or administrative remedies.³² Additionally, the government "may declare void" any transaction or contract that was judged to have violated the conflict laws.³³

²⁷ 5 C.F.R. § 2635.107 (2004).

²⁸ 5 C.F.R. § 2635.107(b) (2004); *see* 41 U.S.C. § 423(d)(5) (2004), 48 C.F.R. § 3.104-6 (2004) (discussing ethics advisory opinions in the case of accepting compensation from contractors).

²⁹ *Id.*

³⁰ 18 U.S.C. § 216 (2004) states, in pertinent part:

(a) The punishment for an offense under section 203, 204, 205, 207, 208, or 209 of this title is the following:

(1) Whoever engages in the conduct constituting the offense shall be imprisoned for not more than one year or fined in the amount set forth in this title, or both.

(2) Whoever willfully engages in the conduct constituting the offense shall be imprisoned for not more than five years or fined in the amount set forth in this title, or both.

³¹ 18 U.S.C. § 216(b).

³² *Id.*

³³ 18 U.S.C. § 218 (2004).

4. Procurement Integrity Act (41 U.S.C. § 423)

In addition to the conflict of interest and ethics laws discussed above, the Procurement Integrity Act (PIA) regulates federal employees who are involved in buying goods and services and administering government contracts.³⁴ The PIA applies to every government employee who is involved in buying goods or services in excess of \$100,000 and who contacts or is contacted by an involved government contractor about post-government employment.³⁵ Employees in such circumstances are required to report the contract to their supervisor and reject the employment opportunity or disqualify himself or herself from participation in the contract.³⁶

Additionally, a former official may not accept compensation from contractors for one year after their last involvement in any contract in excess of \$10 million.³⁷ This provision, however, allows the former government employee to accept compensation from a “division or affiliate” of the contractor so long as that entity “does not produce the same or similar products or services” as the barred contracting division.³⁸ In other words, a government official can work for Contractor A’s tank division if he or she handled \$10 million dollar contracts with Contractor A’s submarine division.

Violations of these provisions can result in civil penalties for the government employee (not exceeding \$50,000 per violation as well as two times the amount of compensation he or she received or was offered) and the government contractor (not exceeding \$500,000 per violation in addition to two times the amount of compensation the contractor received or offered).³⁹

³⁴ 41 U.S.C. § 423 (2004) (the Procurement Integrity Act); *see* 48 C.F.R. § 3.104-3 (2004) (actions for non-government employment and the acceptance of contractor compensation).

³⁵ 41 U.S.C. § 423(c)(1); *see* 18 U.S.C. § 208, 48 C.F.R. § 3.104-2(b)(2) (2004).

³⁶ 41 U.S.C. § 423(c)(1)(A)-(B).

³⁷ 41 U.S.C. § 423(d); *see* 18 U.S.C. § 20, 48 C.F.R. §§ 3.104-3(d) (2004) (prohibiting compensation from a contractor), 3.104-5 (2004) (requiring disqualification).

³⁸ 41 U.S.C. § 423(d)(2); *see* 48 C.F.R. § 3.104-3(d)(3) (allowing former government officials to work for a “division or affiliate” different from that the official worked with during their government service).

³⁹ 41 U.S.C. § 423(c)-(e).