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ONE HUNDRED TENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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April 22, 2008

Mr. Erik Prince
Chairman
The Prince Group
1650 Tysons Boulevard, Suite 800
McLean, VA 22102

Dear Mr. Prince:

The Oversight Committee is investigating government contractors that use foreign subsidiaries to compensate personnel under contracts with the United States government, especially in Iraq and Afghanistan. As part of this investigation, the Committee requests that you answer the following preliminary question:

Since January 1, 2002, has your company had any subsidiaries or other affiliated entities that were incorporated in any of the 39 foreign jurisdictions designated as tax havens by the Organization for Economic Cooperation and Development and that have paid personnel to perform work pursuant to U.S. government contracts?¹

If you answer "yes" to the question above, the Committee requests that you provide a list of all responsive subsidiaries or other affiliated entities and the foreign jurisdiction in which each entity is incorporated. In addition, for each entity, please provide the following documents and information:

1. A description of which persons or entities hold ownership interests in the entity;
2. A list of contracts under which the entity provided goods or services to any agency of the United States government between January 1, 2002, and the present, whether directly or indirectly;
3. Copies of contracts, subcontracts, memoranda of understanding, or other agreements between the entity and your company or any of its affiliates;

¹ See U.S. Government Accountability Office, *International Taxation: Information on Federal Contractors with Offshore Subsidiaries* (Feb. 2004) (GAO-04-293).

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4. A description of the gross profits the entity earned between January 1, 2002, and the present, through the performance of the contracts responsive to question 2 above, and the percentage of these profits that was allocated to the foreign jurisdiction in which it was incorporated;
5. A description of the number of U.S. and foreign nationals paid by the entity between January 1, 2002, and the present, to perform services pursuant to the contracts responsive to question 2 above; the location where the workers performed the work; the categories of jobs these workers performed; the number of U.S. national personnel who worked within each job category; and the average compensation (in U.S. dollars) paid to U.S. national personnel working within each job category;
6. Examples of the types of records of wages earned that the entity provides its workers, including any monthly or annual payroll statements such as federal W-2 forms;
7. Examples of employment contracts or other agreements between the entity and workers hired to perform work pursuant to the contracts responsive to question 2 above;
8. Informational materials the entity or your company provide to prospective or current workers that explain their employment status and describe the health care, life insurance, disability insurance, unemployment coverage, or other benefits they may or may not receive; and
9. Any previously prepared estimates or calculations of the amount of Social Security, Medicare, unemployment, or other taxes and benefits the entity has not withheld from or paid its U.S. national workers because it is incorporated in a foreign jurisdiction.

In addition, the Committee invites you or a representative to brief Committee staff on the role your company's foreign subsidiaries play in fulfilling the terms of your contracts with the U.S. government.

Please provide the requested information and documents by May 13, 2008.

The Committee on Oversight and Government Reform is the principal oversight committee in the House of Representatives and has broad oversight jurisdiction as set forth in House Rule X. Enclosed with this letter is a document providing additional information about how to respond to the Committee's document request.

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If you have any questions, please contact Michael Gordon or John Williams of the Committee staff at (202) 225-5420.

Sincerely,

A handwritten signature in black ink that reads "Henry A. Waxman". The signature is written in a cursive, slightly slanted style.

Henry A. Waxman
Chairman

Enclosure

cc: Tom Davis
Ranking Minority Member