



United States Department of State

Washington, D.C. 20520

APR 18 2008

Dear Senator Kerry:

Thank you for your letter of April 10 concerning the State Department's oversight of its small business contracting program.

The Department's professional acquisitions staff is dedicated to the Secretary of State's commitment of contracting with small businesses, small disadvantaged businesses and with firms operating under other socio-economic programs. From 2004 to 2007 the Department's Office of Acquisitions awarded 60 simplified acquisitions -- purchase orders and associated amendments to AEY, Inc. Additionally, a handful of requests were issued by overseas posts. There has been no Department acquisition activity with AEY, Inc. since February 2007.

For any acquisition action, the Contracting Officer relies on the validity of information in the Central Contractor Registration (CCR) - the primary vendor database for the U.S. Federal Government, to complete the Federal Procurement Data System (FPDS) entry. Information in the CCR is populated by the vendor and includes the number of employees and business volume. As stated on the CCR website under frequently asked questions, "The Small Business Administration (SBA) Small Business Logic calculates the registrant's small business size status against each North American Classification System (NAICS) code listed in the vendor's record. This size status is based on the vendor's inputted receipts and employee size information. SBA populates the SBA Certified Small Disadvantaged Business, SBA Certified 8(a), and SBA Certified HUB Zone business type fields in CCR." No Department of State Contracting Officer can enter a vendor's small business status code in the CCR, or change an existing status code.

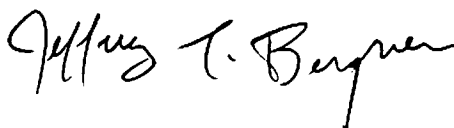
The Honorable
John F. Kerry,
United States Senate.

Attached is a list of all State Department purchase orders to AEY, Inc. All orders were awarded to AEY, Inc. as a small business entity, with substantial competition through Fedbid.com or normal procurement processes. In the case of purchase orders awarded on June 6, 2006, the vendor's code in CCR designated AEY, Inc. as a Small Disadvantaged Business (SDB); no orders were awarded based on the SDB status, and 18 small businesses competed for the award. Subsequent orders placed with AEY, Inc. showed them in CCR as only a small business.

The contracting community within the Department enjoys a cooperative and cordial relationship with the Office of Small and Disadvantaged Business Utilization (A/SDBU). The Department has standard operating procedures for review of acquisitions to ensure that the Department effectively utilizes small businesses in our prime and subcontracts to the maximum extent practicable. A/SDBU provides the contracting community training three times a year on small business programs.

We hope that this information is helpful to you. Please feel free to contact the Department if you have any further questions regarding this issue.

Sincerely,



Jeffrey T. Bergner
Assistant Secretary
Legislative Affairs

Enclosure:

As stated.

DUNS Number	Vendor Name
116841466000	AEY INCORPORATED

	Contract Type	PIID	Mod	Date Signed	Dollars Obligated	Office ID	Contracting Office Name	Prepared By	Customer	FEDBID	BID CNT	BUY NAME	SET-ASIDE	Delivery or performance Issues?
FY-04	PURCHASE ORDER	SAQMPD04M1514	0	06/18/2004	\$5,536.03	AQMPD	OFFICE OF ACQUISITION MGMT - PD	HUNTT@STATE.GOV	DS	✓	5	Beretta Magazines	Small Business	
	PURCHASE ORDER	SAQMPD04M1762	0	08/16/2004	\$4,136.48	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	12	9mm Sub Machine Gun Ammunition	All Sellers	
	PURCHASE ORDER	SAQMPD04M1941	0	09/01/2004	\$33,052.70	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	3	AR10T (MILITARIZED .308cal) RIFLES, 20 ROUND MAGAZINES AND 1 INCH SCOPE MOUNTS		wrong item initially shipped, correct rcd 10 25 05
	PURCHASE ORDER	SAQMPD04M2007	0	09/09/2004	\$10,537.82	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	23	Leupold Scopes 52128	Small Business	
	PURCHASE ORDER	SAQMPD04M2139	0	09/15/2004	\$2,516.31	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	9	MK3 Defense Sprays, Cool-It Neutralizing Solutions, ect. (Brand Name or Equal)	All Sellers	
	PURCHASE ORDER	SAQMPD04M2080	0	09/15/2004	\$38,923.60	AQMPD	OFFICE OF ACQUISITION MGMT - PD	HUNTT@STATE.GOV	DS					
	PURCHASE ORDER	SAQMPD04M2080	1	09/22/2004	(\$38,923.60)	AQMPD	OFFICE OF ACQUISITION MGMT - PD	HUNTT@STATE.GOV	DS					order cancelled
	PURCHASE ORDER	SAQMPD04M2133	0	09/15/2004	\$47,332.42	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	4	MP5A2 (3RB) SUBMACHINE GUN	All Sellers	delay in delivery, partially ATF issue
	PURCHASE ORDER	SAQMPD04M2215	0	09/20/2004	\$49,350.51	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	3	AMMUNITION (AS POSTED ON FEDBIZOPPS)	Small Business	
	PURCHASE ORDER	SAQMPD04M2216	0	09/20/2004	\$8,496.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	15	FIELD JACKETS	Small Business	
	PURCHASE ORDER	SAQMPD04M2217	0	09/20/2004	\$23,673.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	5	UNIFORMS (AS POSTED ON FEDBIZOPPS)	Small Business	
FY-05	PURCHASE ORDER	SAQMPD05M1028	0	10/18/2004	\$6,015.10	AQMPD	OFFICE OF ACQUISITION MGMT - PD	LUNDYHE@STATE.GOV	IRM	✓	10	Zero cases/shipping - containers (DELIVERY WILL BE FACTOR FOR AWARD)	Small Business	
	PURCHASE ORDER	SAQMPD05M1050	0	11/01/2004	\$1,519.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	SMALLWOODL@STATE.GOV	CA	✓	2	Super Mini Ultraviolet Lights	Small Business	
	PURCHASE ORDER	SAQMPD05M1689	0	04/05/2005	\$ 991.10	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	53	F21B Baton (Repost w/ Bid Decrement)	All Sellers	
	PURCHASE ORDER	SAQMPD05M1722	0	04/14/2005	\$485,580.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	MATHISRR@STATE.GOV	DS	✓	2	TACTICAL EQUIPMENT (LINE ITEM 003 & 013 MEET OR EXCEED SPEC, ALL OTHERS BRAND NAME ONLY)	Small Business	
	PURCHASE ORDER	SAQMPD05M1722	1	05/25/2005	(\$94,525.00)	AQMPD	OFFICE OF ACQUISITION MGMT - PD	MATHISRR@STATE.GOV	DS	na	na	revise order for tactical equipment	Small Business	
	PURCHASE ORDER	SAQMPD05M2194	0	07/12/2005	\$844,090.80	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	11	Tactical Equipment	All Sellers	

Contract Type	PIID	Mod	Date Signed	Dollars Obligated	Office ID	Contracting Office Name	Prepared By	Customer	FEDBID	BID CNT	BUY NAME	SET-ASIDE	Delivery or performance Issues?
PURCHASE ORDER	SAQMPD05M2601	0	09/14/2005	\$11,410.50	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	7	TACTICAL EQUIPMENT	All Sellers	
PURCHASE ORDER	SAQMPD05M2628	0	09/16/2005	\$14,539.50	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	5	FIRING LINE EQUIPMENT	All Sellers	
PURCHASE ORDER	SAQMPD05M2639	0	09/16/2005	\$39,583.62	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	14	tactical equipment	All Sellers	
PURCHASE ORDER	SAQMPD05M2639	1	12/01/2005	\$0.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	na	na	amend to change brand name/model	na	
PURCHASE ORDER	SAQMPD05M2639	2	02/09/2006	(\$9.62)	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	na	na	reverse amend	na	
PURCHASE ORDER	SAQMPD05M2670	0	09/19/2005	\$28,942.58	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	3	ARMAITE CARBINE FULL AUTO #2	All Sellers	
PURCHASE ORDER	SAQMPD05M2670	1	12/01/2005	\$0.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS			amended to change spec	na	
PURCHASE ORDER	SAQMPD05M2670	2	02/09/2006	(\$127.58)	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS			amend order	na	
PURCHASE ORDER	SAQMPD05M2687	0	09/19/2005	\$14,543.40	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	5	FIRING LINE EQUIPMENT	All Sellers	
PURCHASE ORDER	SAQMPD05M2700	0	09/19/2005	\$28,943.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	✓	4	ARMAITE CARBINE FULL AUTO #3	All Sellers	
PURCHASE ORDER	SAQMPD05M2700	2	02/13/2006	(\$308.00)	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	na	na	amend to change qty	na	
PURCHASE ORDER	SAQMPD05M2700	1	12/01/2005	\$0.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS	na	na	reverse amend	na	
PURCHASE ORDER	SAQMPD05M2729	0	09/21/2005	\$114,828.69	AQMPD	OFFICE OF ACQUISITION MGMT - PD	KEELINGGE@STATE.GOV	INL			Meals Ready to Eat		
PURCHASE ORDER	SAQMPD05M2729	1	02/15/2006	\$0.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	GOUDYFD@STATE.GOV	INL			amend order		
PURCHASE ORDER	SAQMPD05M2729	2	03/06/2006	\$0.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	GOUDYFD@STATE.GOV	INL	na	na	amend order		
PURCHASE ORDER	SAQMPD05M2773	0	09/22/2005	\$2,472.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	BRACEYKM@STATE.GOV	AF	✓	16	night vision goggles	Small Business	
PURCHASE ORDER	SAQMPD05M2773	1	10/17/2005	\$0.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	CARPERBM@STATE.GOV	AF	na	na	amend night vision goggles		
PURCHASE ORDER	SWHARC05M0033	0	07/15/2005	\$133,015.00	WHARC	FLORIDA REGIONAL CENTER (RPSO)	LLOYDRE@STATE.GOV	INL			upper body padding		
PURCHASE ORDER	SWHARC05M0033	1	07/29/2005	(\$185.00)	WHARC	FLORIDA REGIONAL CENTER (RPSO)	LLOYDRE@STATE.GOV	INL	na	na	amend order		price reduction for delayed shipment
PURCHASE ORDER	SWHARC05M0033	2	09/06/2005	(\$185.00)	WHARC	FLORIDA REGIONAL CENTER (RPSO)	LLOYDRE@STATE.GOV	INL	na	na	amend order		price reduction for delayed shipment
PURCHASE ORDER	SINLEC05M0029	0	03/01/2005	\$51,434.00	INLEC	BUREAU OF INT'L NARCOTICS & LAW ENFORCEMENT	HAYES-CROWMP@STATE.GOV	INL			9mm magazines		
PURCHASE ORDER	SINLEC05M0072	0	08/30/2005	\$2,369,400.00	INLEC	BUREAU OF INT'L NARCOTICS & LAW ENFORCEMENT	HAYES-CROWMP@STATE.GOV	INL			500 VK3 machine guns and 100 .223 semi-automatic rifles		

FY-06

Contract Type	PIID	Mod	Date Signed	Dollars Obligated	Office ID	Contracting Office Name	Prepared By	Customer	FEDBID	BID CNT	BUY NAME	SET-ASIDE	Delivery or performance Issues?
PURCHASE ORDER	SAQMPD06M1369	0	02/08/2006	\$39,900.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS			fiber optic cable		incorrect vendor code, this was for B-net fiber cable from another vendor
PURCHASE ORDER	SAQMPD06M1404	0	02/15/2006	\$1,000.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS					incorrect vendor code, this was to Government connections
PURCHASE ORDER	SAQMPD06M1405	0	02/15/2006	\$1,000.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	VILLEGOUREIXP@STATE.GOV	DS			add shipping		reference number not matching in database , have copy of order
PURCHASE ORDER	SAQMPD06M2033	0	06/08/2006	\$624,977.60	AQMPD	OFFICE OF ACQUISITION MGMT - PD	SHARPST@STATE.GOV	INL	FEDBIZOPS	18	Ballistic Combat vests	Small Business	
PURCHASE ORDER	SAQMPD06M2033	1	06/15/2006	\$0.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	SHARPST@STATE.GOV	INL	na	na	amend order to stop work for protest	na	
PURCHASE ORDER	SAQMPD06M2033	2	07/11/2006	\$0.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	SHARPST@STATE.GOV	INL	na	na	amend order to start work, protest resolved	na	
PURCHASE ORDER	SAQMPD06M3139	0	09/28/2006	\$268,933.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	KEELINGGE@STATE.GOV	INL			amend order		check
PURCHASE ORDER	SAQMPD06M3139	0	9/28/2006	\$ 163,044.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	SHARPST@STATE.GOV	INL	✓	52	HOLOGRAPHIC WEAPONS SYSTEMS	All Sellers	AEY requested we allow substitution, did not grant. Terminated for cause 3/6/07
PURCHASE ORDER	SAQMPD06M3139	1	02/07/2007	\$0.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	SHARPST@STATE.GOV	INL	na	na	change ship to address	na	
PURCHASE ORDER	SAQMPD06M3139	2	03/08/2007	(\$102,558.00)	AQMPD	OFFICE OF ACQUISITION MGMT - PD	SHARPST@STATE.GOV	INL	na	na	T for C	na	
PURCHASE ORDER	SAQMPD06M3183	0	09/29/2006	\$28,416.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	JONESLG@STATE.GOV	DS					
PURCHASE ORDER	SAQMPD06M3232	0	09/29/2006	\$110,687.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	BRACEYKM@STATE.GOV	AF	✓	18	Riot Gear	All Sellers	
PURCHASE ORDER	SAQMPD06M3246	0	09/30/2006	\$309,894.00	AQMPD	OFFICE OF ACQUISITION MGMT - PD	KEELINGGE@STATE.GOV	INL					order cancelled, not "or equal"
PURCHASE ORDER	SAQMPD06M3246	1	11/02/2006	(\$309,894.00)	AQMPD	OFFICE OF ACQUISITION MGMT - PD	SHARPST@STATE.GOV	INL			cancel order		
PURCHASE ORDER	SWHARC07M0018	0	12/01/2006	\$113,967.00	WHARC	FLORIDA REGIONAL CENTER (RPSO)	GOODWINELC@STATE.GOV	INL			light machine guns		
PURCHASE ORDER	SWHARC07M0018	1	12/14/2006	\$0.00	WHARC	FLORIDA REGIONAL CENTER (RPSO)	GOODWINELC@STATE.GOV	INL	na	na	amend to revise spec		
PURCHASE ORDER	SINLEC06M0008	0	02/02/2006	\$77,810.00	INLEC	BUREAU OF INT'L NARCOTICS & LAW ENFORCEMENT	HAYES-CROWMP@STATE.GOV	INL			13,000 M16 cleaning kits		
PURCHASE ORDER	SGE50007M1217	0	02/08/2007	\$70,330.00	GE500	AM. CONS. GEN. - FRANKFURT AM MAIN	CHRISTEH@STATE.GOV	INL					