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# United States Senate

COMMITTEE ON  
GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

October 23, 2003

Timothy C. Cox  
Chief Operating Officer  
Armed Forces Retirement Home  
3700 North Capitol Street, N.W., Box 1303  
Washington, D.C. 20317

Dear Mr. Cox:

It has come to my attention that the Armed Forces Retirement Home (AFRH), an independent federal agency, has initiated or extended contracts with MCI despite the fact that MCI has been proposed for debarment. Under the Federal Acquisition Regulations (FAR), the AFRH may conduct business with suspended parties if a department head determines that there are "compelling reasons" to do so. FAR § 9.405. I understand that the AFRH has made at least one such finding relating to MCI during its suspension. As Chairman of the Committee on Governmental Affairs, which oversees federal procurement, I write to seek further information about the reasons which led the AFRH to allow MCI to receive government work.

I have long been concerned about the federal government's approach to contracting with MCI. Over a year ago, it was publicly disclosed that MCI had engaged in the largest accounting fraud in history, yet for over a year, the federal government did not suspend or debar MCI. Finally, on July 31, 2003, GSA proposed MCI for debarment based on shortcomings in MCI's accounting system and its ethics program. Yet, despite the pendency of MCI's proposed debarment, the company appears to be continuing to receive substantial work from the federal government. It is important that Congress and the American public understand why this is taking place. Therefore, please provide the Committee with the following information and records:

1. A listing of all contracts between the AFRH and MCI initiated or extended between July 31, 2003, and the present, including the value of such contracts.
2. Each statement of compelling reasons for entering into the contracts listed in response to Request 1.
3. All records, including internal communications and drafts of records, relating to the initiation or extension of contracts with MCI from July 31, 2003, to the present, including all records relating to the finding of compelling reasons to enter

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into such contracts, and all records relating to consideration of alternatives to initiating or extending the contracts in question.

Please provide the requested information by November 7, 2003. If you have any questions about this matter, please have your staff contact David Kass of the Committee staff at 202-224-4751. Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Susan M. Collins". The signature is written in black ink and is positioned above the printed name and title.

Susan M. Collins  
Chairman