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## United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP  
WASHINGTON, DC 20510-6350

April 10, 2008

The Honorable Robert M. Gates  
Secretary of Defense  
U.S. Department of Defense  
1000 Defense Pentagon  
Room 3E718  
Washington, DC 20301-1000

Dear Secretary Gates:

I'm writing today to express serious concerns with the oversight of small business contracting programs at the Department of Defense (DoD). Recent news reports indicate that a 22 year-old from Miami, FL was able to obtain more than \$298 million in federal contracts. Not only was this individual – under the corporate name AEY Inc. – providing 40 year-old munitions from China to Afghan security forces, but reports also indicate he may have received these DoD contracts with a special Small Disadvantaged Business designation for which he was not eligible. As Chairman of the Senate Committee on Small Business and Entrepreneurship, I believe your agency owes Congress and the American public some answers.

I am concerned that a lack of oversight of contracting programs at DoD is allowing companies like AEY to erroneously access hundreds of millions of dollars in contracts as an SDB, undermining efforts to level the playing field for small firms. In order to better oversee the SDB program at the Department and to ensure that small business contracting programs are being implemented effectively, I request that you provide answers to the Committee to the following questions by April 16, 2008:

1. Please outline the process that contracting officers at the DoD follow in order to verify the small business and socioeconomic status of vendors.
2. Please outline any oversight process that the DoD has in place to ensure that contracting officers are aware of the relevant statutes and regulations pertaining to small business programs.
3. Please explain whether AEY received any preferential benefit in contract or task order award as the result of being designated as a SDB.
4. Please explain whether DoD has taken credit under annual reporting of small business goals for any contracting dollars expended with AEY.
5. Please provide a list of all contracts AEY has had with the DoD and any of the branches of the military from FY 2003 to the present.
6. Please provide me with all documents relevant to AEY and any contracts that they have now or have completed with the DoD over the last five years.

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In addition to the concerns I have about contracting oversight, I am even more *concerned* about the consequences for our national security. All of us can agree that Afghanistan is an important front in the global war on terror. As you know, the security situation in Afghanistan is deteriorating, as violence is at its highest levels since 2001. The Afghan security forces are an important part of changing this dynamic, and they have been hampered by *inadequate* equipment. We simply cannot strengthen the *Afghan security* forces without proper DoD oversight of defense contractors like AEY who provide essential equipment like ammunition.

Thank you in advance for your cooperation on this important issue. If you have questions about this matter, please feel free to contact me, or have your staff contact Gregory Willis at (202) 224-5175.

Sincerely,



John F. Kerry  
Chairman