



January 23, 2008

Mr. James Gordon, Director of Operations
ArmorGroup North America Incorporated
1420 Spring Hill Road, Suite 300
McLean, VA 22102

Subject: Deficiency Notice - Use of GFE Weapons for Training
Purposes, KESF Contract No. S-AQMPD-07-C0054

Dear Mr. Gordon:

It has come to my attention that ArmorGroup North America (AGNA) has been using, since contract inception, U.S. Government issued [REDACTED] [REDACTED] for training and re-qualification purposes in Kabul. The sole purpose for these Government Issued weapons is operational – not for training, unless otherwise specified. This requirement is stated in several places within the contract as indicated below:

H.5.5.5 FIREARM TRAINING. Contractor is responsible for furnishing all weapons, training, and necessary supplies.

H.5.5.5.2 BASIC FIREARM TRAINING. The Contractor shall furnish all material necessary for the training including classrooms, firing range, targets, target holders, ammunition, and weapons.

Exhibit D – Contractor Furnished Property

6. Training Weapons – The contractor is responsible for providing all weapons, ammunition, and training material for initial weapons qualification.

Exhibit E – Government Furnished Property

1. Weapons:

The Government will furnish the operational weapons required under this contract.

2. Requalification on weapons:

- a) ERT Members shall requalify on USG weapons individually issued.
- b) All other members of the ESF shall requalify on Contractor provided weapons.

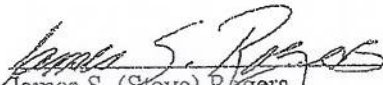
Given that the contract is over six months old, that AGNA made no effort to inform the U.S. Government that this was occurring, and that AGNA failed to request a waiver from the Contracting Officer, the U.S. Government can only conclude that this was an intentional, deceptive action.

ArmorGroup North America shall, by 3:00pm, January 25, 2008, inform the U.S. Government, namely the Contracting Officer and the Program Office, DS/IP/OPO, directed to Heidi McMichael, in writing of the following:

- A full explanation as to how and why the GFP Weapons are being utilized for training purposes;
- A full explanation as to why the Contracting Officer and Program Office was not notified of this violation of the contract; and,
- AGNA's Corrective Action Plan as to how this situation is to be rectified as the earliest possible date.

As usual, AGNA may submit questions, concerns and/or comments to either me at RogersJS@state.gov or Heidi McMichael at McMichaelH2@state.gov.

Sincerely;


James S. (Steve) Rogers
Senior Contracting Officer
U.S. Department of State

Copy: H. McMichael -- DS/IP/OPO/FPD
D. Brown -- DS/IP/OPO/OSD
Contract File