



United States Department of State

Washington, D.C. 20520

March 30, 2009

Mr. Mark Carruthers
Vice President
Armor Group North America, Inc.
Dulles Plaza I., 1420 Spring Hill Rd
Suite 300
McLean, VA 22102

Subject: Continued Corrective Action Plan Discussions

Refs: a) AGNA letters of March 10 & 13, Serial No:
09-032 & 09-040

Dear Mr. Carruthers:

Attached herewith please find the Governments response to your letters of February 10 and 13, 2009, pertaining to our continued discussion of the AGNA CAP. We wish to move forward with finalizing the discussion process by asking that you once again review our comments in the attachments provided herein and provide responses to the discussion no later than Wednesday, April 1, 2009.

The Government fully anticipates being able to assent to your full Corrective Action Plan and move forward with closing out the fifteen weaknesses and deficiencies and appreciates your continued cooperation and support.

Sincerely,

Sharon D. James
Senior Contracting Officer

WSI-SEN000958

Armor Group North America, Inc.
Local Guard Contract No. SAQMPD07C0054
Corrective Action Plan Discussion
March 10-13, 2009

CAP Review and Discussion:

Below are discussion points from our review of your CAP submissions of March 10 & 13, 2009, regarding deficiencies 2 and 10. To date the Government has not been able to assent to the overall Corrective Action Plan, due to the concerns with identified material weaknesses found in your approach to permanently resolving these deficiencies. As soon as the Government is satisfied with the corrective action plan for these two deficiencies, we can provide you with assent to your plan and move forward with the goal of monitoring and closing out each of the 15 deficiencies accordingly. Therefore it is our desire to move forward with finalizing the discussion process by asking that you once again review our comments delineated below and provide responses to the discussion no later than Wednesday, April 1, 2009.

Deficiency 2: Failure to provide Relief Guards:

In our previous discussion of March 4 and your subsequent response of March 10, we agreed to the following:

Site and Shift Supervisors: Based upon the existing contract language in Section C.3.1.2 which permits certain labor categories and positions to self break, such as the ERT and GFC, our position on this issue is that Shift and Site Supervisors could similarly self break without any significant degradation in performance, provided they remained in radio contact, on site, geared up, and able to monitor and respond to any and all issues or incidents, and that the breaks by all supervisors were staggered to ensure no break in supervisory coverage. However, they would always be a fully engaged supervisor, with the others able to respond immediately if needed.

Dispatchers:

Based upon the current arrangement of the base station radios in the TOC and the collocation of the Shift and Site Supervisor's Desk in that TOC, these personnel could

generally provide sufficient coverage of the dispatcher position without a disruption of performance. This however, would require that any relief supervisors be resume approved for the Dispatcher position and if the Dispatcher left the TOC for part of his break, both the Shift and Site Supervisors should be there, as in the event of an incident the Shift Supervisor is usually on the phone with ARSO or Camp Sullivan while the Dispatcher is dealing with guard force communications.

Senior TCN Dispatcher - Only a Senior TCN Guard, dispatcher approved, can break the Senior TCN Dispatcher, due to the language requirement set forth in the contract.

Based on these comments and review of your recommendations we hereby offer the following proposed language to contract Section C.3.2.1 Relief Guards as delineated in the attachment.

However, the Government has been recently made aware of and has grave concerns of a relief guard issue found during our recent visit to Kabul. Therefore, at our recent meeting on 3/25/09, we conveyed these concerns directly to AGNA at an expanded sidebar as follows:

Kabul Staffing Issues:

- MARCH 14 SAT (1114-1230) 3 of 3 Lima Positions (C-18A, C-19, C-19A; also called Lima 1,2,3) Not observed on Post. TCN supervisor stated Lima 2 and 3 at lunch, Lima 1 not on duty Saturdays due to CA being closed on Sat. Zero Alpha Site Supervisor checked and signed log book during this absence with no note of the open positions.
- MARCH 14 SAT night (2300-0230) 4 of 5 Romeos (R1-R5) Not observed on Post. No log books to verify status/site supervisor check.
- MARCH 15 SUN (1205-1443) 3 of 5 Romeos (R1-R5) Not observed on Post 1205, and at 1443 hrs 2 of 5 not observed. R5, TCN supervisor stated all were at lunch. Sierra 1 and QA/QC guard/supervisor notified.
- MARCH 15 SUN (0130-0215) 5 of 5 Romeos (R1-R5) Not observed on Post --8 TCNs in TCN Breakroom CAFE side

MARCH 16 MON (2125-2321) 4 of 5 Romeos (R1-R5) Not
observed on Post.

Therefore, before executing a contract modification that would change the language in the contract, at C.3.2.1 Relief Guards, we would like an explanation of the issues conveyed above, as well as how these issues will be permanently resolved in your corrective active plan for relief guards. The Government would therefore like to see a corrective plan that mitigates the risk of recurring relief guard issues.

DEFICIENCY 10:

In a letter dated March 13, 2009, AGNA provided additional discussion and clarification of its position with regard to the use of GFE weapons as follows:

ArmorGroup North America (AGNA) purchased [REDACTED] in June of 2008, and, after a protracted import licensing process, [REDACTED] were delivered in Kabul in late February 2009.

However, upon further analysis we do not believe that [REDACTED] of each weapon system is sufficient to meet the bi-annual qualification requirements on the [REDACTED] for the Gurkhas. This is due to limited availability of suitable ranges, limits on the time line allowed for firing and the condensed nature of the Gurkha bi-annual testing. Additionally, only having [REDACTED] in Kabul leaves no spare capacity if [REDACTED] of the weapon systems malfunctions. We have ordered an additional [REDACTED] and [REDACTED] weapon systems, of which we will send [REDACTED] and [REDACTED] to Kabul. This will be sufficient to meet our training needs and we anticipate a seven month delivery process with the weapons being on the ground by September 2009.

Based upon your additional clarification and information it appears that your plan to obtain additional weapons is satisfactory. However, the Government wishes to remind you that AGNA will continue to be charged for the USE of GFE weapons as stipulated and agreed upon until such time that AGNA is able to provide CFE weapons in accordance with the terms and conditions of the contract.