



DEFENSE CONTRACT MANAGEMENT AGENCY
DCMA GROUND SYSTEMS & MUNITIONS DIVISION
DCMA SOLDIER SYSTEMS & CAP - HOUSTON GROUP
2320 La Branch Street, Room 2100
Houston, TX 77004

19 May 2008

Mr. Todd Bishop
Kellogg Brown & Root
4100 Clinton Drive
Houston, TX 77020-6237

Mr. Bishop:

Pursuant to FAR Clause 52.233-1 Disputes Alternate 1, found at I-114 of the LOGCAP III Contract DAAA09-02-D-0007, Task Order 0059, you are hereby notified of the Contracting Officer's intent to suspend \$25,564,516.00 of costs related to Government delay and double handling charges. Reference DCAA Form 1's 96, 100, and your letter dated 23 February 2007, Re: DCMA Letter DCMAG-MWL, dated 29 December, 2006, Contracting Officer's interim determination regarding the allowability of First Kuwaiti Trading & General Contracting ("FKTC") GU84-VC-SO00011 Costs incurred under Task Order 0059 of LOGCAP III contract DAAA09-02-0007.

With the authority of FAR Clause 52.203-7 Anti-Kickback Procedures, found at I-6 of the LOGCAP III Contract DAAA09-02-D-0007, Task Order 0059 and due to the alleged conspiracy of kickbacks between a KBR manager and Wadih Al-Absi, the Contracting Officer has determined the supporting information provided by Wadih Al-Absi is not credible. DCMA has returned \$25,564,516.00 to a suspended status and intends to issue KBR a demand letter in the amount of \$25,564,516.00. KBR will be afforded an opportunity to provide additional supporting information from credible sources prior to issuance of a final contracting officer's determination.

This letter serves as written notice of the reversal of the contracting officer's interim determination signed on 29 Dec 2006. If KBR has any additional information to submit for consideration, we would anticipate receipt of this information within sixty (60) days of the date of this correspondence. If additional time is needed, please contact Shane Schmidt in writing. If no other information is provided during this time or within the period of any agreed extension, the contracting officer will make a final determination based upon the information submitted to date, less any information directly attributable to Wadih Al-Absi or FKTC.

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You are requested to acknowledge receipt of this notice.


SHANE SCHMIDT
Administrative Contracting Officer

cc:
Army Sustainment Command Kristan Mendoza
DCMA Soldier Systems & CAP-Houston Group
DCAA Teresa Lawson