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(Investigations)

REPORT OF INVESTIGATION

200600870H-24-FEB-2006-30LV-B2

January 30, 2008

STRATEGIC MESSAGE SOLUTIONS, LLC
Plymouth Meeting, PA

MOSELEY, TEED M.
General, U.S. Air Force

HORNBURG, HAL M.
General (Retired), U.S. Air Force

GOLDFEIN, STEPHEN M.
Major General, U.S. Air Force

IHDE, GREGORY J.
Brigadier General (Retired), U.S. Air Force

[REDACTED]
[REDACTED] U.S. Air Force

[REDACTED]
[REDACTED] U.S. Air Force

[REDACTED]
[REDACTED], U.S. Air Force

[REDACTED]
[REDACTED], U.S. Air Force

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SYNOPSIS

This investigation was initiated on February 24, 2006, based upon a referral memorandum from Mary L. Walker, General Counsel, U.S. Air Force (USAF), referring this matter to the Department of Defense (DoD) Inspector General for investigative consideration regarding allegations of possible unfair DoD procurement issues relating to USAF contract FA4861-06-D-C001 (formerly solicitation FA4861-05-R-C008), awarded on December 16, 2005, to Strategic Message Solutions, LLC (SMS), Plymouth Meeting, PA, by the 99th Contracting Squadron (99th CONS), Nellis Air Force Base (NAFB), NV, for \$49.9 million. This contract is often/commonly referred to as the Thunderbirds Air Show Productions Services (TAPS) contract.

The contract cited above was for multimedia support and production services of air shows performed by the USAF Air Demonstration Squadron (ADS), which is commonly known as the USAF Thunderbirds. The Thunderbirds is an aerobatic flight demonstration squadron assigned to NAFB. Subsequent to the award of this contract to SMS, one of the competitors who submitted a proposal on this contract filed a protest with the Government Accountability Office (GAO) challenging the award to SMS. The contract was eventually terminated by the USAF.

A generic summary of the allegations initially received in this investigation includes, but is not limited to: favoritism in the selection process because some of the owners/principals of SMS had past personal and/or professional relationships with members of the USAF; senior Air Force personnel influenced the award of the contract to SMS; SMS lacked historical references, resources, and financial security to be considered responsible; and the contract award price was unreasonable.

The investigation indicates that preferential treatment may have been given to SMS in the award of the TAPS contract and that senior USAF officials may have influenced the award to SMS. In addition, during the course of this investigation, several other USAF contracts awarded by the 99th CONS were reviewed and irregularities were found in the award of those contracts. Because of that, the investigation also focused on those related procurements; and also found was an apparent pattern of USAF military and Government civilian personnel not following applicable rules and/or regulations; and possible violations of criminal statutes, which may have led to unfair procurement practices and wasteful and/or unnecessary expenditures.

This case was originally investigated jointly with the Federal Bureau of Investigation (FBI), Las Vegas Field Office, and was assigned to an Assistant U.S. Attorney (AUSA) in the Criminal Division of the U.S. Attorney's Office (USAO), District of Nevada, Las Vegas, NV. However, on May 1, 2007, the USAO declined criminal prosecution in this matter, and the FBI subsequently closed its case. DCIS continued its investigation. This report of investigation is referred to the USAF for information and action as deemed appropriate. The DCIS will continue to assist as requested.

STATUTES

The following violations of the Uniform Code of Military Justice (UCMJ) or the U.S. Code (USC) may apply to this investigation:

Article 92 UCMJ	(Failure to obey regulation/order; Dereliction of Duty)
Article 107 UCMJ	(False Statement)
Article 133 UCMJ	(Conduct Unbecoming an Officer)
Article 132 UCMJ	(Frauds against the U.S)
Article 121 UCMJ	(Wrongful Appropriation of Government Property)
18 USC 207 and 208	(Conflict of Interest)
18 USC 1001	(False Statement)
18 USC 287	(False Claim)
31 USC 3729	(Civil False Claim)
31 USC 1341 and 1342	(Anti-Deficiency Act)

BACKGROUND

On February 10, 2006, the DCIS, Phoenix Resident Agency, received an Information Report/Referred (IR/R), Case Control Number 200600677M, from Resident Agent in Charge (RAC) [REDACTED], Philadelphia RA, regarding allegations of possible unfair U.S. Department of Defense (DoD) contract procurement issues related to U.S. Air Force (USAF) solicitation FA4861-05-R-C008, valued at \$49 million, which was awarded to Strategic Message Solutions (SMS), LLC, Plymouth Meeting, PA, by the 99th Contracting Squadron (99th CONS), Nellis Air Force Base (NAFB), NV. The IR/R also included a memorandum from Mary L. Walker, General Counsel, USAF, referring this matter to the DoD Inspector General for investigative consideration.

The contract cited above was for multimedia support and production services of air shows by the USAF Thunderbirds, an aerobatic flight demonstration squadron assigned to NAFB. According to the IR/R, the following allegations were reported:

- a. The principals of SMS were/are either former USAF personnel or had privileged relationships with the Thunderbirds, and thus, had been given an unfair and unethical advantage in the bidding and award process. One of the principals of SMS was/is General (retired) Hal M. Hornburg, USAF. General Hornburg's role in SMS may have represented a violation of post-employment restrictions.
- b. SMS was created by its principals for the sole purpose of fulfilling the terms of solicitation FA4861-05-R-C008.
- c. SMS appeared to exist on paper only; it did/does not appear to have physical facilities from which to fulfill the contract needs, nor did/does it appear to have a sound financial history from which to guarantee fulfillment of said contract.

d. While SMS did not submit certain required subcontracting documents as part of the solicitation because they declared that they were a small business entity, they were/are not designated as a small business by the Small Business Administration or by the North American Industry Classification System (NAICS) on their CCR registration form.

e. SMS submitted references for past performance which occurred before the partnership even existed, yet were accepted by the contracting agency as worthy of consideration. In addition, SMS' stated past work was in part voluntary, not contractual. Most importantly, FA4861-05-R-C008 required past performance work within the past three years (on or after September 1, 2002) and would not consider contracts awarded or performed after March 1, 2005. The most significant reference of past performance presented by SMS occurred after this March 1, 2005, date.

f. SMS submitted a proposal and was awarded a contract for a cost/price amount that far exceeds what is reasonable and prudent for the requirements of the solicitation; almost double the cost of the equipment, services and personnel submitted by competitors SRO Media (SRO) and Video West, Inc., thus egregiously overcharging the U.S. Government for their services. SRO's bid submission for this contract was \$24, 925, 965, while SMS' bid proposal was \$49, 925, 795. Moreover, the U.S. Government rated SRO equal to or higher than SMS in each of the five major categories relevant to the award of this contract.

Additionally, according to the referral, on January 13, 2006, SRO and Video West filed a protest with the Government Accountability Office (GAO) challenging the award to SMS. This investigation later learned that on February 13, 2006, GAO dismissed the protest and on February 16, 2006, the 99th CONS terminated the TAPS contract for convenience.

ADMINISTRATIVE NOTES

- To avoid duplication of certain documents, the Exhibits listed in this Report of Investigation (ROI), are not always listed in numeric sequence in the Narrative section below. However, a sequential listing of all exhibits is included in Section G (Exhibits).
- Exhibit No. 1 is a copy of a DVD which SMS submitted first with its Unsolicited Proposal on April 20, 2005, in attempt to be awarded a USAF contract without competition. SMS later submitted a copy of this same DVD with its proposal during the competitive portion of the TAPS contract. A copy of the DVD was also provided by SMS to demonstrate its progress in production of the TAPS contract to support payment of its first claim/invoice. The first invoice was submitted on December 16, 2005. It should be noted that the majority of the contents on the DVD were played on a large Jumbotron type video screen, by [REDACTED] (co-owner of SMS) at the March 10, 2005, Thunderbirds Acceptance Show. It includes videotaped testimonials from celebrities and politicians. However, the opening testimonial from President George W. Bush was added after the March 10, 2005, Acceptance Show but before SMS submitted the DVD with its Unsolicited Proposal. This ROI will describe that the USAF paid for the majority of the content on the DVD so it could be played at the March 10, 2005, Acceptance Show.
- Exhibit No. 2 is a copy of a DVD which was produced by the USAF 367th Training Squadron (367th TRSS), Hill Air Force Base (AFB), UT. It was hurriedly created just days before the Final Selection Briefing in attempt to show USAF personnel, who had recommendation/decision authority, that the 367th TRSS had the in-house ability to do the work (and more). The DVD was not created to be played at future USAF air shows, but to simply demonstrate the USAF unit had the experience, expertise, resources, ability, and desire to perform the requirements listed in the TAPS RFP (and more). The 367th's written proposal, described later in this ROI, described how it could do all of this at less than half the cost of SMS' proposal.
- Exhibit 3 is a copy of a CD which lists a summary of various electronic files/messages (mostly e-mails) and their attachments, which were obtained during the course of this investigation. Approximately 40,000 electronic files were reviewed during this investigation. The summary contains select e-mails, or like entries, in mostly chronological order. The dates range from December 14, 2001 through January 16, 2007.
- Exhibit 4 is a Report Index listing all investigative reports prepared during this investigation. To reduce the size of this ROI, all reports are not included herein. Only the reports of noteworthy importance, which may include illustrative attachments, are included in this ROI.
- Exhibit 5 is a Time Line of Events relevant to this investigation.

LIST OF KEY INDIVIDUALS

- [REDACTED] Co-owner and President of Strategic Message Solutions (SMS), Plymouth Meeting, PA; SMS was awarded U.S. Air Force (USAF) contract FA4861-06-D-C001, valued at \$49 millions, by the 99th Contracting Squadron at Nellis Air Force Base (NAFB), NV. This contract is commonly known as the Thunderbirds air show Production Services (TAPS) contract. [REDACTED] is also a pilot and flies a vintage aircraft, under the Heritage Flight Program, at Thunderbirds air shows.
- Hal M. Hornburg: Retired General, USAF; Principal/employee of SMS. Hornburg retired from the USAF on December 31, 2004, and subsequently began working for SMS. Hornburg is the former Commander of the Air Combat Command (ACC), Langley AFB, VA. He was in this position when he retired from the USAF. Attempts have been made through Hornburg's counsel to conduct an interview with Hornburg. However, at the time of the ROI writing, his counsel has not consented to the interview.
- Stephen M. Goldfein: Major General, USAF; former Commander, Air Warfare Center (AWFC), Nellis Air Force Base (NAFB), NV (October 2004-October 2006); Goldfein, while Commander of the AWFC, reported directly to Hornburg when Hornburg was the ACC Commander.
- [REDACTED] USAF; [REDACTED] is the Chief of the Contracting Division, Air Combat Command (ACC), Directorate of Installations and Mission Support, Langley AFB, VA. [REDACTED] served as the Source Selection Authority (SSA) for the TAPS contract.
- [REDACTED], USAF; [REDACTED] was the Contracting Officer (CO) for the TAPS contract and served on the Source Selection Team (SST) for the TAPS contract.
- [REDACTED], USAF; former narrator for the USAF Thunderbirds; [REDACTED] served as the SST Chairperson for the TAPS contract. An interview by [REDACTED] was set for the week of September 10, 2007; however, during that week [REDACTED] requested counsel, and the interview was not conducted.
- [REDACTED] USAF; [REDACTED] of the USAF Thunderbirds. [REDACTED] served as an adviser to the SST for the TAPS contract. An interview by [REDACTED] was set with [REDACTED] for the week of September 10, 2007; however, [REDACTED] subsequently cancelled the interview. A rescheduling attempt also failed.
- [REDACTED], USAF; [REDACTED] served as the USAF Thunderbirds Operations Officer. He served on the SST for the TAPS contract.
- [REDACTED] USAF; [REDACTED] was the Thunderbirds audio expert. [REDACTED] served on the SST for the TAPS contract.

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- [REDACTED] USAF; [REDACTED] was a camera operator for the Thunderbirds. [REDACTED] served on the SST for the TAPS contract.
- [REDACTED] USAF; [REDACTED] worked in the 99th Contracting Squadron at NAFB. He was selected by [REDACTED] Commander, 99th Contracting Squadron, NAFB, to be on the SST.
- [REDACTED] is a [REDACTED] and [REDACTED] at the 367th Training Support Squadron (TRSS), Hill AFB, UT. [REDACTED] served on SST and was considered the Subject Matter Expert due to his knowledge in audio visual work.
- Gregory J. Ihde: Brigadier General (retired), USAF; Ihde retired from the USAF in January 2007. Ihde previously served as the Commander, USAF 57th Wing, NAFB, from June 2003 until approximately August 2005. As the Commander, Ihde oversaw the USAF Thunderbirds. The 57th Wing was supervised by the Commander, AWFC, NAFB. During Ihde's tenure, the AWFC commanders were General Steven Wood, followed by General Goldfein.
- Erwin F. Lessel, III: Major General, USAF; Lessel was a Brigadier General during the awarding of the TAPS contract and served as the Director of Communications, Office of the Secretary of the Air Force, Pentagon.
- Arthur Lichte: General, USAF; Lichte was a Lieutenant General during the awarding of the TAPS contract and served as the Air Force Assistant Vice-Chief of Staff, Pentagon; Lichte may have had discussions with General Lessel and General Mosley regarding the 367th TRSS capability (in-house) to do the work described in the TAPS solicitation.

Additional Information:

In evaluating the proposals for the TAPS contract, a contract Source Selection Team (SST) was formed. The SST for the TAPS contract consisted of the following individuals:

- [REDACTED] (SSA)
- [REDACTED] (CO)
- [REDACTED] (99th Contracting)
- [REDACTED] (Thunderbirds)
- [REDACTED] (Thunderbirds)
- [REDACTED] (Thunderbirds)
- [REDACTED] (Thunderbirds)
- [REDACTED] (Hill AFB, UT)

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NARRATIVE

Note: The Narrative portion of this report tells the account of events given by each individual interviewed or as demonstrated by other sources of information, such as e-mail communications. Some of the accounts are in agreement; some are in conflict.

Initiation of the Investigation

1. On December 14, 2005, the TAPS contract was signed by [REDACTED] Contracting Officer, 99th CONS and [REDACTED] president of SMS. The actual award date at the top of the contract is listed as December 16, 2005. It was a firm-fixed priced contract, valued at \$49.9 million, which represented the total cost for five years of service, but it was actually for one year with four “option years.” The contract could have been legally cancelled after one year. It was also considered a “best value” contract, meaning that the cost was not the determining factor as to which offeror would be awarded the contract. The contract was to provide multimedia support and production services at approximately 37 USAF Thunderbirds air shows each year. Some locations had two-shows on consecutive days.
2. On January 13, 2006, SRO and Video West filed a protest with the GAO challenging the award to SMS. The allegations were previously described in the Background section of this ROI. A copy of this protest is included as Attachment No. 1 in a subsequent interview of the protestor (Exhibit 6). The protestor was later interviewed and provided a complete copy of the signed TAPS contract which is included as Attachment No. 5 to that report of interview (Exhibit 6). During this investigation, the Reporting Agent (RA) conducted a review of the TAPS contract file (Exhibit 7).
3. On February 8, 2006, Mary L. Walker, General Counsel, USAF, referred this matter to the DoD Inspector General for investigative consideration. A copy of Walker’s Letter is included as an attachment to the subsequent DCIS Case Initiation (Exhibit 8).
4. On February 17, 2006, the DCIS, Las Vegas Post of Duty (POD), prepared a Case Initiation Report, based on a January 30, 2006, Information Report/Referral received by the DCIS, Philadelphia Resident Agency (Exhibit 8).
5. On February 28, 2006, interviews were conducted with [REDACTED] of SRO Media and [REDACTED], [REDACTED] of marketing for Video West. The interviews were conducted in [REDACTED] office at Video West located at 570 West Southern Avenue, Tempe, AZ 85282. The two elaborated on their complaints and provided a complete copy of the protest and the signed TAPS contract (Exhibit 6).
6. In March 2006 [REDACTED] Resident Agent in Charge, DCIS, Phoenix Resident Agency and the RA briefed the following Assistant United States Attorneys (AUSAs) at the United States Attorney’s Office, District of Nevada, Las Vegas, NV: [REDACTED] Chief of Criminal Division, [REDACTED], and [REDACTED]. It was decided by the AUSAs that because the USAF Office of Special Investigations (USAFOSI) was required to brief non-law enforcement supervisors on their investigations, including the Commander of Air Combat

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Command (ACC), Langley AFB, VA, that the USAFOSI could not participate in this investigation. However, because of an existing Memorandum of Understanding (MOU) between the Department of Defense (DoD) and Department of Justice (DoJ), the Federal Bureau of Investigation (FBI), Las Vegas Field Office (LVFO), was asked to investigate this matter jointly with DCIS as the complaint alleged possible conflict of interest involving General Hal Hornburg, a retired USAF General who previously served as the ACC Commander. The applicable MOU can be found in DoD Directive 5525.7 (MOU between DOJ and DoD) 938 Department of Defense Memorandum of Understanding. The FBI's LVFO subsequently opened a joint investigation.

Note: The remainder of this Narrative provides the unique account of events given by each individual interviewed or as demonstrated by some other source of information.

Account of [REDACTED]

6 (a). On August 1, 2006, [REDACTED] USAF, was interviewed by [REDACTED] [REDACTED] United States Attorney's Office, Criminal Division, District of NV and [REDACTED] FBI, Las Vegas Field Office (Exhibit 125). [REDACTED] became the Thunderbirds Operations Officer in November 2004. [REDACTED] also served on the Source Selection Team (SST) for the TAPS Contract. [REDACTED] recalled [REDACTED] changed the music for the Thunderbirds 2004 show season with the assistance of [REDACTED]. Except for a purchase of two "Instant Replay Machines" to play the music on, there were no other costs incurred by the USAF to the best of [REDACTED] knowledge. [REDACTED] also knew that [REDACTED] and [REDACTED] changed the music for the Thunderbirds 2005 show season and [REDACTED] heard that a \$40,000 USAF contract was awarded to pay for the changes. [REDACTED] knew the changed music would be played at the Thunderbirds March 2005 Acceptance Show but had no input on the use of Jumbotrons and/or [REDACTED] demonstration. However, [REDACTED] knew USAF funding of approximately \$50,000 was made available to create graphics and for the Jumbotron screen rental. [REDACTED] also filmed several of the Thunderbirds (including [REDACTED] days or weeks preceding the Acceptance Show. [REDACTED] viewed [REDACTED] DVD which was later played at the Acceptance Show and thought it was "nice."

[REDACTED] understanding of why [REDACTED] was involved was that [REDACTED] was working with USAF "higher ups" and the Chief of Staff. Major General Stephen Goldfein was aware that [REDACTED] was showing his idea at the Acceptance Show. [REDACTED] said if it was good a contract would be offered. The first show was intended to take place in April 2005 and [REDACTED] heard the contract cost for the first year would be about \$8 million. [REDACTED] said the money was being worked at the General level, "and then it came down hill." [REDACTED] later heard they could not just award a contract and the need had to be competed for. [REDACTED] and [REDACTED] Thunderbirds Narrator, wrote the Statement of Work (SOW) for what was eventually called the TAPS contract.

While on the SST, [REDACTED] said there were "heated conversations" regarding the ratings given to offerors. [REDACTED] authored the contractor evaluation sheets. [REDACTED] was of the opinion that SMS' proposal was the best. [REDACTED] said retired USAF General Hornburg's association with SMS gave SMS a good rating for "Strategic Insight;" the primary rating factor. [REDACTED] said other companies' proposals did not include music and graphics. Additionally, on January 24 2008, [REDACTED] was interviewed by [REDACTED] DODIG/INV. A transcript of that interview can

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be found in Exhibit 131.

Account of [REDACTED]

6 (b). On July 25, 2006, [REDACTED] USAF, was interviewed by [REDACTED] United States Attorney's Office, Criminal Division, District of NV and [REDACTED] FBI, Las Vegas Field Office (Exhibit 126). [REDACTED] became a member of the Thunderbirds in June 2005 and worked on video and media. During air shows, [REDACTED] worked the Thunderbirds Communications Trailer. Every time the Thunderbirds are in the air they are video taped for safety reasons. [REDACTED] also served on the SST for the TAPS Contract. [REDACTED] didn't know anything about "Thundervision" or [REDACTED] idea until he was told my [REDACTED] he [REDACTED] would be on the SST. [REDACTED] was of the opinion that the description of what the USAF was requesting bids on was similar to work the USAF 367th Training Squadron previously did at USAF firepower demonstrations. [REDACTED] previously worked at the 367th and worked under [REDACTED] who was also assigned on the SST for the TAPS contract. Additionally, on January 18, 2008, [REDACTED] was interviewed by [REDACTED] DODIG/INV. A transcript of that interview can be found in Exhibit 129.

Account of [REDACTED]

6 (c). On May 24, 2006, [REDACTED], FBI, Las Vegas Field Office, conducted an interview of Tech Sergeant [REDACTED] USAF (Exhibit 127). [REDACTED] became a member of the Thunderbirds in approximately 2002/2003. [REDACTED] recalled that in late 2003 or early 2004, [REDACTED] Commander of the Thunderbirds, told [REDACTED] and others to assist [REDACTED] in changing the music used during the Thunderbirds show season. [REDACTED] knew that [REDACTED] flew for the USAF Heritage Flight Program and had a lot of connections in the entertainment industry. [REDACTED] described [REDACTED] and [REDACTED] as being, "very, very good friends" and [REDACTED] and [REDACTED] spent time together outside of regular work hours.

A USAF contract was awarded to purchase a new communications trailer to a company named STS (Not SMS). According to [REDACTED] told [REDACTED] the new trailer would not be good enough for the Thunderbirds needs. [REDACTED] stated that [REDACTED] told STS to make changes [REDACTED] wanted, but the company was not able to make these changes and said the changes were outside the scope of the contract. After that, another USAF Contract was awarded to a company owned by [REDACTED] (Framework Sound) to make the changes [REDACTED] wanted. [REDACTED] stated that [REDACTED] was a friend of [REDACTED] [REDACTED] and [REDACTED] continued to work on the music changes for the 2004 show season.

[REDACTED] recalled he and his crew engaged in playing catch with a football during the day of an air show, which was their custom. [REDACTED] told [REDACTED] about it and [REDACTED] told [REDACTED] to clean up his act. [REDACTED] said, "[REDACTED] my friend and whatever he says goes." [REDACTED] said after the 2004 show season, it was obvious to him that [REDACTED] and [REDACTED] were working on major renovations for the Thunderbirds shows. [REDACTED] and [REDACTED] changed 40 percent of the music for the 2005 show season. [REDACTED] advised the Thunderbirds personnel to assist [REDACTED] and his colleague, [REDACTED] in renovating the Thunderbirds Air Show. [REDACTED] said, "Whatever [REDACTED] wants, [REDACTED] gets." This included providing them with historic Thunderbird video, submitting to on-camera interviews with [REDACTED] and a film crew and

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supplying [REDACTED] with graphics and pictures. [REDACTED] worked very closely with [REDACTED] during this process. The changes made became known as "Thundervision."

[REDACTED] recalled seeing [REDACTED] in the Thunderbirds' hanger and she was responsible for obtaining endorsements from politicians and celebrities. She wrote the scripts. [REDACTED] said [REDACTED] and [REDACTED] walked around the Thunderbirds hanger, "like they owned it" and they both routinely identified themselves as Thunderbird team members. [REDACTED] orders regarding [REDACTED] and [REDACTED] were made clear so no one openly complained about their level of access.

During the 2005 Acceptance Show, [REDACTED] watched the Thundervision demonstration being played on a large video screen and on a state-of-the-art sound system and [REDACTED] was impressed. Later, [REDACTED] learned that the Thundervision concept had been advertised for competition and [REDACTED] was assigned to be on the SST.

[REDACTED] said he struggled to make objective decisions when rating proposals. He said he voted independently and honestly during the valuation process. [REDACTED] said he felt pressure from [REDACTED] and [REDACTED] to favor SMS and realized that any vote against SMS would anger them. However, that did not influence his evaluations. [REDACTED] said that the following had personal friendships with [REDACTED], [REDACTED], [REDACTED], [REDACTED] and Major General Goldfein.

[REDACTED] said it was commonly known in the Thunderbirds' hanger that [REDACTED] openly discussed the possibility of "hiring on" with SMS after [REDACTED] two-year term with the Thunderbirds expired. [REDACTED] was the most vocal supporter for SMS during the evaluation process. [REDACTED] said that [REDACTED] made no effort to conceal his own belief that SMS, and SMS only, should receive the TAPS Contract. According to [REDACTED] "[REDACTED] was all for SMS, all the time, and [REDACTED] was the same way." [REDACTED] recalled during the TAPS competitive range briefing, [REDACTED] said if SMS did not win the contract, he did not want it. [REDACTED] said he was "shocked" by [REDACTED] remarks and believed they were inappropriate.

During the Final Selection Briefing, Major General Goldfein made a statement before a final decision was made as to which offeror would be selected. Goldfein argued in favor of selecting SMS. Goldfein dismissed the USAF's ability to do the work and he stated his belief that SMS was the only offeror who could take over the contract and begin work immediately. Goldfein clearly stated he believed that SMS represented the best value to the USAF. Given Goldfein's relationship with [REDACTED], [REDACTED] was made uncomfortable by the forcefulness with which Goldfein recommended SMS.

[REDACTED] recalled that [REDACTED] who worked for the USAF's 367th Training Squadron, and served on the SST, made a pitch that the 367th could do the work described in the TAPS request for proposal. [REDACTED] opined that [REDACTED] proposal came too late in the evaluation process. [REDACTED] said that if the SST was made aware of the 367th's abilities earlier in the process, the SST "probably would have gone that way." [REDACTED] said that it was because retired USAF General Hal Hornburg was part of SMS that SMS got a high rating in Strategic Insight. [REDACTED] said that which ever company had Hornburg would have had the higher rating on Strategic Insight.

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█████ said, "I did not think the process was fair." █████ also had concerns about the very close relationships █████ and █████ had with █████ and their being part of the rating/selection process. █████ believed that the contract was written to ensure the end product was Thundervision, a product conceived by █████ █████ "felt sorry" and was "embarrassed" for the other offerors. According to █████ the contract, "was geared unfairly, it looked unfair, and it was." To █████ the TAPS contract 'looked like a fix from the beginning."

Account of █████

7. During this investigation, █████ █████ the Contracting Officer (CO) for the TAPS contract was interviewed several times. He was promoted to the rank of Major sometime after the TAPS contract was awarded (Exhibit 12). During a July 12, 2007, interview, after he waived his legal rights, █████ advised that he failed to include adequate information in the TAPS Proposal Analysis Report (PAR) which is a summary of the evaluation process (Exhibit 9). █████ related when one offeror failed to provide required financial records during the evaluation process, that failure was described in great detail under the "Contract Documentation" requirements section of the PAR. █████ wrote that the company "did not adhere to the instructions for submission of financial data required in amendment 02 to the solicitation. Specifically, amendment 02 instructed offerors to present proof that its financial condition is adequate for the scope and complexity of TAPS. The offeror never submitted such data and was therefore non-responsive to the RFP." Yet when SMS failed to provide required financial records, █████ made no mention of its failure to comply with the requirements in the PAR. In fact, under SMS, description under Contract Documentation read, "Overall, SMS complied with all requirements set forth in the contract documentation section of the RFP." When asked to explain why he failed to describe these two companies' failure to provide required financial records in similar fashion, █████ responded in the third person by saying, "█████ did a crappy job." █████ took responsibility for not ensuring SMS' failure/inability to provide the required financial records was listed in the PAR.

8. In this and other interviews and meetings with █████ he also related that originally USAF officials tried to award a sole-source contract to █████ and his company Strategic Message Solutions (SMS), but those efforts failed because it did not meet the requirements to be awarded as a sole source contract. After that, █████ was told to make arrangement to advertise the need for multimedia presentation, which was subsequently referred to as TAPS, for a competitive competition. █████ met with his two supervisors: █████ Director of Business Operations, 99th CONS, and █████ Commander 99th CONS. He also met with Major General (MajGen) Stephen Goldfein, Commander, Air Warfare Center (AWFC), NAFB. █████ did Market Research and found a similar Army contract was awarded at a cost of \$30 million and advertised a Request for Information (RFI) for potential offerors to provide quotes on the TAPS effort which was still only being considered for a possible competitive procurement.

9. SMS responded to the RFI in writing on July 18, 2005. In paragraph (PH) 2, █████ wrote, "SMS was formed by its four partners in the first quarter of 2005." A description of SMS' partners was included which listed: █████ (president); █████ (partner and

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counsel); [REDACTED] (partner); and Gen Hal Hornburg (Ret), (partner). Included in the Hornburg description is the following, "Hal M. Hornburg is a retired USAF General who completed over 36 years of honorable service. He commanded at all levels, including Central Air Forces (Southwest Asia), the Air Education and Training Command, and Air Combat Command. In addition, General Hornburg was a former F-15 demonstration pilot. General Hornburg gives SMS unprecedented insight into Air Force and its Thunderbirds. General Hornburg is a major consultant to the Defense Industry and is also an Honorary Thunderbird." Under Hornburg's description is the following: "(Note: General Hornburg is in a one year "Cool Down" period which prohibits him from direct contact with the Air Force until January 2006. This does not however keep General Hornburg from applying his extensive Air Force expertise within the confines of SMS for any and all Air Force related projects.)" On Page 6 of SMS' RFI response it read, "Clearly, the best way to maximize the cost of this expensive broadcast system is for SMS to rent the time on it to other air show promoters, performers, and advertisers...By selling time on this system to others, it enables SMS to control, maintain, or decrease the Air Force's future cost to appear on this network. Because the Air Force has been offered a first right usage of this system, and they will be the headliner act, SMS believes the network should be named after them...hence the name, THUNDERVISION."

10. On Page 9 of SMS' July 18, 2005, RFI response it read, "While other bidding companies are just starting the race to understand the Thunderbirds, Air Force, and Air Show Industry, SMS has already broken both the code and tape at the finish line. To date SMS has achieved the following milestones for THUNDERVISION:

1. We have created a custom music bed that is currently being used by the Thunderbirds jet demonstration team;
2. We have re-edited the music sound track for the 2005 season;
3. We have obtained Air Force approval for the music program;
4. We have secured all rights for music used in the program and gotten the air show promoters to pay for it;
5. We have developed the technology to trigger this music in perfect timing to the Thunderbirds air show display;
6. We have customized the music program to cover all eleven versions of the Thunderbirds displays;
7. We completely understand the inner workings of the Thunderbirds aerial demonstration and know how to implement our program without interfering with the Thunderbirds important work;
8. We have completed the initial graphic design phase of THUNDERVISION and presented it to the Air Force and received its approval;
9. We have edited many proof of concept video examples of THUNDERVISION and presented them to the Thunderbirds and Air Force. They have all met with their approval;
10. We have already accomplished a proof of concept demonstration of the THUNDERVISION broadcast system during the Thunderbirds acceptance flight at Nellis. It was unanimously accepted and approved by the Thunderbirds, the Air Force, Creech, and the Thunderbirds Alumni Association;
11. We have presented several power-point presentations explaining THUNDERVISIONS equipment, scheduling, personnel, and costs to the Air Force.

12. We have already obtained video of the President of the United States to be used on THUNDERVISION introducing the Thunderbirds to the air show audience.
13. We have acquired video of the following celebrities to be used within the THUNDERVISION show as testimonials: President George Bush Sr., Gov. Arnold Schwarzenegger, Rudi Giuliani, Walter Cronkite, Larry King, General John Jumper, and Tony Hawk;
14. We have completed copyright show script;
15. We have completed firm-fixed show cost and
16. SMS has been ready to rollout THUNDERVISION since the middle of June 2005.”

11. On Page 3 of SMS’ response to the RFI, it was written, “It is widely known within both the Air Force and the Air Show Industry that the origin of TAPS emanated directly from the intellectual property previously created and demonstrated to the USAF by SMS. It is called THUNDERVISION. Its genesis first appeared in multiple presentations to Generals Joe Ralston, Ed Eberhart, and John Handy beginning in August 1998. Since that time both THUNDERVISION and SMS have evolved, culminating with a live demonstration of THUNDERVISION for the Air Force at the Thunderbirds Acceptance Flight at Nellis in March 2005. Even though SMS now finds itself in the curious position of watching our original, protected and unique means of expressing ideas being sent out for bid to others, we remain steadfastly dedicated to wanting nothing but the best for the Air Force, its People, and Mission.” On Page 6 of SMS’ response [REDACTED] wrote, “The Firm Fixed Price for usage of time on the THUNDERVISION broadcast system is 9.5 million dollars...for 35 show sites.”

12. During interviews with [REDACTED] he advised that after the Market Research was completed, a determination was made to proceed with the competitive process. MajGen Goldfein stated he had concerns about providing a full description in a Request for Proposals (RFP) describing the same thing [REDACTED] did in his Unsolicited Proposal. For that and other reasons, the description of what was needed was generically described which would allow offerors to use their own ingenuity when preparing their proposals. In addition, MajGen Goldfein stated he did not want the Thunderbirds to have to teach the awarded contractor about the USAF or the Thunderbirds. Goldfein wanted the Thunderbirds to be able to concentrate solely on their mission. He wanted what was being provided to add to the show on its own merit. For that reason, when writing the evaluation factors, Strategic Insight (knowledge of the USAF) was raised from a sub-factor to a primary factor with the most weight. [REDACTED] advertised the Solicitation/RFP was completed on August 1, 2005, and it was advertised on FED-BIZ-OPS.

13. When [REDACTED] first attempted to put together a Source Selection Evaluation Team, hereafter referred to as the Source Selection Team (SST), he attempted to get representatives from USAF Recruiting, the 367th TRSS at Hill AFB, and members from the Thunderbirds. However, the members from Recruiting and others were unable to accommodate his request. [REDACTED] served as the Contracting Officer and Chairperson for the TAPS acquisition, and the following others served on the SST: [REDACTED] Narrator, Thunderbirds; [REDACTED] Operations Officer, Thunderbirds; [REDACTED] Communications Flight Non-Commissioned Officer in Charge, Thunderbirds; [REDACTED] Broadcast Producer, Thunderbirds; [REDACTED] Contracting Officer, 99 CONS; and [REDACTED] Producer Director, Hill AFB, UT (Ret-USAF). [REDACTED] was considered a Subject Matter Expert.

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██████████ was selected as the Source Selection Authority (SSA). ██████████ full time position was as the Chief of the Contracting Directorate of Installations and Mission Support, ACC, Langley AFB, VA. The following also served as Advisors in the evaluation/selection process: Lieutenant ██████████ Commander of the Thunderbirds; ██████████ Director of Business Operations, 99 CONS; and MajGen Stephen Goldfein. ██████████ said all members of the SST and the Advisors were briefed on the restrictions placed upon them such as not being permitted to have contact with any of the offerors; only ██████████ was to have contact with them. After ██████████ provided their briefings each signed their certificate. The RA included copies of those signed certificates in a subsequent report titled, "Review of TAPS Contract File" dated May 18, 2006, and copies are provided in Attachment No. 4 (Exhibit 7). It should be noted that ██████████ and ██████████ signed their certificates on August 1, 2005, and MajGen Goldfein signed his on October 11, 2005. Paragraph 4 on those certificates reads, "If, at any time during the source selection process, my participation might result in a real, apparent, possible, or potential conflict of interest, I will immediately report the circumstances to the Source Selection Authority."

14. ██████████ recalled that MajGen Goldfein was not originally slated to be an Advisor but he asked ██████████ when he (Goldfein) could have, "a vote." ██████████ informed Goldfein that he could be an Advisor and Goldfein accepted that role. ██████████ mentioned that ██████████ as the SSA, was responsible for making an independent decision as to which offeror presented the "best value" for the USAF.

15. ██████████ advised that a Statement of Objectives (SOO) was prepared, and among other requirements, it listed the following:

- "No Government furnished facilities, equipment, or services shall be made available throughout the life of the contract. The contractor is responsible for all items necessary for performance under this contract."
- The contractor may not actively or overtly market or advertise any commercial entity's product or service while supporting the Thunderbirds under this contract (see also clause ADD-10)

16. ██████████ said he e-mailed a draft of the SOO to ██████████ for his input. After reading the draft SOO, which included the above, ██████████ added some additional provisions, including the following which were incorporated into the final SOO: "After contract award, the Government will, however, permit the contractor access to F-16 onboard cameras (the aircraft transmit a video signal in the 1.990 – 2.5 GHz range utilizing a Broadcast Microwave Services BMT85-42), as well as historical Thunderbirds footage (includes video, pictures, audio, etc.), which is stored at Nellis AFB NV."

17. ██████████ related that during the evaluation process, members of the Thunderbirds were obviously favoring SMS. In ██████████ opinion, they were grading SMS' previous work efforts listed in its proposal higher than ██████████ thought was warranted.

18. ██████████ reported that SMS listed three previous work efforts to be evaluated for the TAPS contract. However, none of the contracts were actually awarded to SMS because SMS didn't even exist until after the March 10, 2005, Acceptance Show. ██████████ said those efforts could still

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be considered because [REDACTED] was part of those efforts. The first effort listed was the Heritage Flight Program (HFP) in which [REDACTED] was a pilot. There is a separate USAF contract which pays for the HFP expenses but [REDACTED] just gets paid by the contractor. However, SMS received positive ratings for that previous work effort. The second effort was titled "Thunderbird Music" which is sometimes referred to by [REDACTED] as "Thunderbirds Awakenings." For this effort, SMS claimed it changed the music for the Thunderbirds 2004 Show Season. A USAF contract was actually awarded to Framework Sound, of Santa Monica, California, owned by [REDACTED] to provide two Instant Replay 360 machines upon which to install the music so the Thunderbirds could play the music from the 360 machines at the air shows. The third previous work effort was listed as the "Thundervision Demonstration." This was described as [REDACTED] and his associates putting together a video with graphics and testimonials and new music and displaying the video on a large Jumbotron type video screen at the Thunderbirds March 10, 2005, Acceptance Show. There was nothing mentioned in the description indicating that the USAF paid for or assisted in any of this. SMS received positive ratings for all three previous work efforts. [REDACTED] believed that because [REDACTED] flew so often with the Thunderbirds and because General Hornburg was on staff, SMS received an extremely high rating (blue) for Strategic Insight. In fact, SMS was the only offeror that received a blue rating for Strategic Insight and that was the most important rating factor.

19. There were a total of nine offers received in response to the TAPS RFP. On October 4, 2005, the SST provided a Competitive Range Briefing to [REDACTED] suggesting that a few of the offers be eliminated because they were out of range. This is done also to allow the offerors to know they should not plan on getting the contract. [REDACTED] was also present. [REDACTED] stated that during the Competitive Range Briefing, [REDACTED] said something like, "If it's not SMS, we don't want it." [REDACTED] said [REDACTED] subordinate members from the Thunderbirds, who were on the SST, were present when [REDACTED] said this. As a result of the briefing, four of the proposals were eliminated and five continued in the process. On October 7, 2005, [REDACTED] wrote a Memorandum lowering the score the SST provided to SMS for the "Thunderbird Music" (which was the 2004 Show Season Music change) from High Confidence to Significant Confidence. [REDACTED] did not think it was as "relevant" as rated. A copy of [REDACTED] Memorandum is included as Attachment No. 3 in the report titled, "Review of TAPS Contract File," dated May 18, 2006 (Exhibit 7).

20. [REDACTED] said that just as they were completing the evaluation of all proposals to prepare for the Final Selection Briefing, [REDACTED] the Commander of the 367th TRSS, submitted a proposal reflecting that not only could the 367th do the work described in the TAPS RFP, but it could do more at a savings of millions of dollars. The proposal described that it could either purchase or rent two large video screens and still save the USAF millions of dollars. [REDACTED] learned that that [REDACTED] assisted the creation of the 367th's presentation; so [REDACTED] had to be recused from the SST. [REDACTED] was instructed by his superiors to have the remaining members on the SST evaluate the 367th's proposal and to present the overall description as an alternative to the other responses to the RFP.

21. [REDACTED] said that prior to the Final Selection Briefing when the SST was still on the road, [REDACTED] insisted that the SST provide a unified recommendation as to which contractor

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was recommended. ██████ said they would stay up until 0400 hours if that's what it took. The four members of the Thunderbirds who were on the SST were adamant that SMS be selected. ██████ and ██████ thought SRO Media was the best value for the USAF because its proposal was approximately half of what SMS offered. SRO Media bid approximately \$25 million and SMS bid approximately \$50 million. ██████ said the only real difference between the two was their rating on Strategic Insight. ██████ opined that ██████ was definitely trying to use his rank during the evaluation process, but in ██████ mind, ██████ did not let him. Rather than continuing to argue with the four members of the Thunderbirds, ██████ and ██████ took a short break and on their own agreed to suggest that the SST's recommendation could be for SMS with a minority opinion for SRO. They offered that option upon returning from their break to the four members of the Thunderbirds on the SST, and they agreed.

22. ██████ had to create Power Point slides describing the SST's evaluation of each offer and included the SST's recommendation and minority opinion. (Note: The Reporting Agent (RA) prepared a report with attachments of slides previously prepared by ██████. The report is titled, Power Point Slides Created by ██████ dated November 14, 2007). The reduced sized slides were obtained from the USAF Office of Commercial Litigation and some information was redacted prior to the RA's receipt; however all of the information about SMS' evaluation was included. The pertinent slides are included as Attachment 1 to that report (Exhibit 10). Regarding SMS not providing required financial records, one slide reads, "Indicated it had no financial data to provide in response to amendment 02." The RA also obtained copies of the slides which ██████ created describing the SST's evaluation of the 367th TRSS' proposal. They are an attachment to a DCIS report titled, "Contact with ██████ and Slides Received, dated December 6, 2006. The pertinent 13 slides are listed as Attachment No. 4 in that report (Exhibit 11). Slide 11 reads, "Total proposed Price: \$17,370,000 (if Govt buys equipment) or \$20,570,000 (if Govt rents equipment)." Slide 12, reads, "Government has organic capability to satisfy its requirements...lets use resources we already have; Government will buy equipment that is superior to anything other offerors propose; Government will have equipment to show at end of effort; with a contract, Government will have no equipment at end; Scope of contract can vastly expand...not the case with a contract; There's more to getting the AF message out than just at air shows; organic familiarity of live air show events – past performance reflects demonstrated capabilities."

23. ██████ said each offeror was required to and did provide a DVD video with their proposal. He said the one SMS provided had some testimonials of celebrities including Presidents George H.W. Bush and George W. Bush. ██████ provided MajGen Goldfein with a separate viewing of the videos including the one provided by SMS with the President George W. Bush testimonial on it. ██████ related after watching the videos Goldfein said he was pleased that everybody's video was what he was looking for.

24. ██████ related that on November 7, 2005, the day before the Final Selection Briefing, ██████ and ██████ met with ██████ in ██████ office at the 99 CONS. While there, ██████ presented the information which would be provided the following day at the Final Selection Briefing. ██████ related that after the presentation, ██████ said he did not see any way he could award the contract to SMS for \$25 million more than its nearest competitor (SRO Media). ██████ said he was confident ██████

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would select SRO Media the following day. [REDACTED] related that [REDACTED] said, "I've fallen on my sword for a two star before." [REDACTED] took that to mean that [REDACTED] would stand his ground in front of MajGen Goldfein and select SRO Media. [REDACTED] said that [REDACTED] was very passionate about selecting SRO Media.

25. The following day, November 8, 2005, the Final Selection Briefing was held in the conference room at AWFC where MajGen Goldfein's office was. During the interview with the RA, [REDACTED] drew a sketch depicting the final seating arrangement. This sketch is listed as Attachment No. 2 in a report titled, "Interview of [REDACTED] dated July 20, 2007 (Exhibit 12). [REDACTED] was permitted to attend the Final Selection Briefing in case anyone had any questions about the 367th TRSS' abilities to do the work.

26. [REDACTED] said that in addition to himself, the following were present at the Final Selection Briefing: Goldfein, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] and the following other members of the SST: [REDACTED] and [REDACTED]. [REDACTED] did not recall [REDACTED] saying anything during the briefing and [REDACTED] and [REDACTED] may have asked one question each.

27. [REDACTED] was asked what was different about the presentation that was provided to [REDACTED] at the Final Selection Briefing as compared to the day before when [REDACTED] said he would award the contract to SRO Media. [REDACTED] responded that only the environment was different; the information was the same.

28. [REDACTED] stated that when MajGen Goldfein was presented with a separate presentation showing that the USAF' 367th TRSS, Hill AFB, UT, could do the TAPS work and more at a cost of approximately \$20 million, MajGen Goldfein said, "The Government sucks at strategic messaging." After [REDACTED] presentation of all offers received, Goldfein said that SMS was the clear winner. Goldfein said that SMS had a complete understanding of the Thunderbirds and he didn't want the Thunderbirds wasting time trying to teach the contractor about the Thunderbirds. Goldfein said the Thunderbirds could crash and die if they had to teach the contractor. [REDACTED] opined that MajGen Goldfein was exaggerating things.

29. After saying that, Goldfein sat in his chair, turned to his immediate right, and directly faced [REDACTED]. Goldfein looked directly at [REDACTED] and said, "I don't pick the winner, but if I did, I'd pick SMS." [REDACTED] immediately responded, "Okay, SMS."

30. [REDACTED] said that after the briefing, [REDACTED] walked by [REDACTED], [REDACTED] and [REDACTED] and said, "Sorry guys, I caved."

31. In the days that followed the Final Selection Briefing, the 367th TRSS put on another presentation at the Pentagon demonstrating its ability to do the TAPS work. [REDACTED] received information that Lieutenant General (LtGen) Arthur Lichte (Assistant Vice-Chief of Staff, USAF, and Director, Air Force Staff) and Brigadier General (BrigGen) Erwin Lessel (Director of Communications, Office of the Secretary of the Air Force) saw the 367th presentations. After their presentations, [REDACTED] tasked [REDACTED] with providing [REDACTED] all kinds of information describing each offerors proposal, ratings, and costs. The names of each offeror

were not included; they were referenced by letters. During the RA's review of e-mails, [REDACTED] statement about sending slides and information to [REDACTED] was corroborated. In the RA's report titled, "Power Point Slides Created by [REDACTED] dated November 14, 2007, there are relevant attachments included. Attachment 2 is copy of [REDACTED] e-mail to [REDACTED] dated December 3, 2005, and the Proposal Comparison Slides are attached (Exhibit 10). Attachment 3 to this report, are copies of the 25 slides (Exhibit 10). The first slide is dated December 5, 2005. The e-mails exchanged between [REDACTED] and [REDACTED] reflected that BrigGen Lessel wanted the information to provide to LtGen Lichte. The offerors are listed by letters A-E; not by name. The slides that pertain to SMS are numbered 16 through 18. Under contract documentation it reads, "Unable to provide corporate financial data – presents significant financial risk to secure TAPS products for performance." The cost/price is listed at \$49,925,795. The last slide (No. 25) is a table described as an "Overall Evaluation." It shows the Costs listed as followed: Offeror A: \$16,354,257; Offeror B: \$47,295,795; Offeror C: \$49,925,795; Offeror D: \$24,925,965; and Offeror E: \$69,462,736.

32. Not long after that, [REDACTED] sent [REDACTED] an e-mail saying that Senior Leadership, "AFCV" said to press ahead with the award. The Source Selection Decision Document (SSDD) still had to be signed by [REDACTED] before a contract could be awarded, and [REDACTED] sent it back to [REDACTED] because [REDACTED] did not think it had enough justification to award the contract at such a higher price than SRO Media. [REDACTED] also assisted in the writing of the final version of the SSDD. [REDACTED] finally signed the SSDD on December 13, 2005. There is a copy of the signed SSDD included as an attachment of DCIS report titled, Receipt of Information from HQ-Disclosure to HASC, dated March 17, 2006. The SSDD is the last three pages of the attachment (Exhibit 9).

33. [REDACTED] was asked if it was true that a SOO does not specifically describe what the customer wants; as compared to a Statement of Work (SOW) which describes specifically what is wanted. [REDACTED] said that was correct. [REDACTED] said that many of the proposals received in response to the RFP varied drastically in their descriptions of what they would do/provide in response to the RFP. The offerors' price quotes also varied. The RA asked how a determination could be made that SMS' price was "Reasonable," as defined by the Federal Acquisition Regulation (FAR), if the other offerors' proposed to provide different things. [REDACTED] said a determination that SMS' price was Reasonable could not be made based on the proposals received because they were not comparing apples to apples. [REDACTED] related that during the proposal evaluation phase, SMS' itemized costs were often questioned and at times seemed to be excessive. [REDACTED] added that the TAPS contract was a "best value" contract and it was the responsibility of the TAPS' SSA, [REDACTED] to determine which proposal offered the best value for the USAF.

34. [REDACTED] was asked about his writing of a memorandum in which he made a determination that SMS was "Responsible." [REDACTED] said he knew he briefed the SSA and the others at the Final Selection Briefing that SMS was a high risk, and there was no reaction to that information, so he determined it must be okay. [REDACTED] said what he wrote in his memorandum was accurate. A copy of [REDACTED] undated memorandum is included as Attachment No. 2 in DCIS report titled, "Review of TAPS Contract File," dated May 18, 2006 (Exhibit 7).

35. [REDACTED] said that SMS submitted a claim for \$1.9 million in December 2005, immediately

after the contract was awarded. A few days later [REDACTED] received a telephone call from MajGen Goldfein. Goldfein told [REDACTED] not to delay payment to SMS. [REDACTED] said it was the only time that Goldfein ever talked to him. [REDACTED] said the call violated protocol because ordinarily a call from a General would be placed a head of time letting [REDACTED] know that a General would call him. [REDACTED] said the call was not threatening but it was definitely unusual and influenced the payment process. [REDACTED] said SMS first invoice was rejected by the Defense Finance and Accounting Service (DFAS) because it was not completed correctly, but SMS quickly made the corrections and the invoice was paid.

36. [REDACTED] advised that [REDACTED] signed documents indicating the Thunderbirds received what was required for the first payment, so [REDACTED] had no choice but to go along with it. However, [REDACTED] questioned how SMS could have completed \$1.9 million in work within a day or two of being awarded the contract. [REDACTED] was asked if the DVD SMS submitted with its proposal was also submitted as part of the work completed warranting payment for its first claim. [REDACTED] said that was true.

37. [REDACTED] stated that after the protest was filed regarding the award of the TAPS contract, the Government Accountability Office (GAO) asked [REDACTED] to provide several things. In response to the GAO request, [REDACTED] was tasked to prepare an affidavit concerning his knowledge when SMS started working on the Thundervision Demonstration, which SMS also listed as a Past Performance in its TAPS proposal. The reason this was important to some was because technically the Thundervision Demonstration was held on March 10, 2005, which was after the time allotted for Past Performances as described in the RFP. [REDACTED] wrote an affidavit reflecting the work for [REDACTED] Thundervision Demonstration actually started in January 2005. [REDACTED] affidavit said that [REDACTED] MajGen Goldfein, and [REDACTED] went to California in January 2005 and witnessed [REDACTED] changed music for the Thunderbirds 2005 Show Season. [REDACTED] affidavit also said that an agreement was made in California for [REDACTED] to put on the Thundervision Demonstration. The affidavit said that video, graphics, and big video screens were being secured for the effort in January 2005 (Exhibit 95).

38. [REDACTED] said if he knew about that at the time the proposals were being evaluated and before the TAPS contract was awarded, he would have made a strong recommendation to [REDACTED] that MajGen Goldfein, [REDACTED] and [REDACTED] be recused from the evaluation and recommendation process. [REDACTED] said their previous involvement in assisting with the Thundervision Demonstration would be perceived as a conflict of interest in the TAPS evaluation and recommendation process.

39. [REDACTED] was asked about the additional work that was tasked of SMS after the TAPS contract was awarded. When specifically asked about the adding of a segment called, "Home Town Heroes," [REDACTED] opined that was not part of the original RFP or TAPS contract. [REDACTED] advised if the USAF knew before the award that would be added to the TAPS work, then an amendment to the RFP should have been made so that all offerors would have the opportunity to adjust their offers. If it was known by the USAF, before the contract was awarded that additions to the requirements would be made, it would be inappropriate to only have discussions with any representatives of SMS and not the other offerors. [REDACTED] said that was a change of scope of the work. [REDACTED] said if it was known before the award that the USAF was going to change the

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scope of the work, the Air Force should have cancelled the RFP and issued a new one. That would have delayed things for weeks or months. The acquisition process would have to start from scratch. According to [REDACTED] the TAPS RFP and the TAPS contract required the final product to be shown at the March 2006 Thunderbirds Acceptance Show. MG Goldfein acted as the “customer” for the TAPS procurement.

40. [REDACTED] related that after the award, when changing the scope, there should have been a modification to the contract because that work would be outside the scope of the TAPS contract. The contractor would normally be awarded more money for the additional work.

41. During the interview, the RA showed [REDACTED] an e-mail from [REDACTED] which was dated January 11, 2006, and had a two-page Excel spreadsheet in which the heading read, “United States Air Force Deliverables to Strategic Message Solutions.” [REDACTED] read the Excel table and said it was completely out of bounds. [REDACTED] said telling SMS to do work that was not covered in the contract would be an Unauthorized Commitment. [REDACTED] January 11, 2006, e-mail and Excel attachment are listed as Attachment 3 to the DCIS report titled “Interview of [REDACTED] dated July 20, 2007 (Exhibit 12).

42. [REDACTED] also said no one in the USAF should have been making new film or writing scripts to be filmed for SMS’ use in the TAPS contract. [REDACTED] said that would be in total disregard for the SOO and TAPS was a turn-key contract which SMS was supposed to do the work themselves.

43. [REDACTED] was interviewed or met with several times during the course of this investigation (Exhibits 12 through 16).

Account of [REDACTED]

44. On March 29, 2006, [REDACTED] Contracting Officer, 99th CONS, was interviewed (Exhibit 17). [REDACTED] was also interviewed again on June 3, 2007, by DCIS while serving in Iraq (Exhibit 18). [REDACTED] served on the SST for the TAPS contract. [REDACTED] did not know why this SST was stacked so heavily with representatives from the Thunderbirds. He said the SST did not have to include such a heavy portion of Thunderbirds personnel. [REDACTED] stated his experience found the SST would normally consist of a Program Manager; a Contracting Representative; a Legal Representative; a Technical Representative; an Engineer; and a Customer Representative. Because the four service members from the ADS were selected for the SST, all members on the SST had to travel with the Thunderbirds so the four could assist the Thunderbirds in their air shows. The seven members of the SST had to travel for several months with the Thunderbirds in order to accomplish their assignment with the proposals. They had to work nights and weekends in order to collectively review, discuss, and evaluate the proposals received.

45. According to [REDACTED] the first time all seven members of SST met together was in Cleveland, OH. [REDACTED] who was assigned as the SSA, was also present. [REDACTED] made it perfectly clear to all members of the SST that at the conclusion of the SST’s evaluations; they could have as few as one recommendation, or as many as seven different recommendations as to which contractor should be awarded the TAPS contract. [REDACTED] understood that since [REDACTED] was the SSA, [REDACTED] would review the SST’s evaluations of each proposal and the

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SST's recommendations, but ██████████ would make the final decision as to which contractor would be awarded the contract.

46. In response to the solicitation, nine proposals were received. After review, the SST determined that four did not meet the criteria and the SST briefed the customer, ██████████. The SST described their intentions of eliminating the four proposals from consideration. When briefed, ██████████ said, "If it's not SMS, we don't want it!" Because the timing of ██████████ response was so early in the evaluation process, and five proposals were still being considered, ██████████ was surprised at ██████████ comment. ██████████ made this comment at the 99th CONS conference room in the presence of six of the SST members; ██████████ was not present to the best of ██████████ recollection. Also present were ██████████ who was the Commander of the 99th CONS (now retired) and ██████████, Deputy of Business Operations, NAFB.

47. ██████████ knew that ██████████ owner of SMS, previously presented at least a portion of what was described in SMS' proposal during the Acceptance Show at NAFB on March 10, 2005. ██████████ called his demonstration, "THUNDERVISION." ██████████ and ██████████ (on the SST) told ██████████ they saw "THUNDERVISION" and loved it.

48. The RA read the below evaluation factors and ██████████ agreed they were used by the SST to evaluate all TAPS proposals received:

- Past Performance & Strategic Insight were the most important and of equal importance;
- Mission Capability and Proposal Risk were less important but equal to each other;
- Mission Capability was further broken down into the following sub-factors (of equal importance): Logistics & Travel; Technical & Management;
- Past Performance, Strategic Insight, Mission Capability and Proposal Risk – when combined were more important than Cost/Price; but
- Cost/Price factor were to contribute substantially to contract award selection decision.

██████████ related that when proposals were received they were reviewed by all seven members of the SST. There were occasional disagreements as to what ratings should be assigned for factors. The four members from the Thunderbirds only voiced their support for SMS; no other contractors. Whenever there was a disagreement about ratings, SMS got the benefit of the doubt.

49. ██████████ recalled that TBA Global's (TBA) bid and amendments reflected that when TBA was awarded the contract they would attempt to hire a former Thunderbird and listed the name of a former Thunderbirds Administrative Officer they were negotiating with. But the PAR gave them a lesser score because they did not currently have the person on their staff. ██████████ stated that in contrast, SMS received high ratings for "Strategic Insight," because they had (retired) General Hal Hornburg, former ACC Commander, currently on its staff. ██████████ was asked how much having General Hal Hornburg (retired) on SMS' staff increased SMS' rating. ██████████ said, "it made the world of difference." Hornburg had many years of USAF applicable experience. ██████████ stated if Hornburg was not part of SMS, SMS' Strategic Insight rating would have been lower. If the competitors had Hornburg on their staffs, their scores would have been higher.

50. ██████ was asked why the solicitation only asked for three historical contracts when the Air Force Informational Guide 5315.305(a)(2) seems to suggest that five to ten historical contracts be listed and emphasized the goal in the evaluation process is to obtain “more information; not less.” ██████ said he could not explain why only three were required because ██████ believed a contract of this large dollar amount warranted the listing of at least five previous contracts. ██████ said he previously saw contracts that only required three historic contracts to be listed but they were for approximately \$50,000; not \$50 million.

51. ██████ was asked about the three contracts SMS listed in its proposals and SMS’ high ratings. Specifically, ██████ was asked about SMS’ first contract listed; “Heritage Flight.” Heritage Flight received a “Somewhat Relevant” rating and “Satisfactory” score. ██████ stated that the Heritage Flight reference should not have been considered because it wasn’t SMS’ contract and had nothing to do with cameras, music, or the requirements listed in the solicitation. The Heritage Flight contract was for pilots to fly old planes. ██████ opined it was not relevant.

52. ██████ was asked about the second SMS effort listed “Thunderbird Music,” which received a “Somewhat Relevant” rating and a “Satisfactory” score. ██████ opined that Thunderbird Music should not have been considered because it was not an SMS contract; it was a volunteer effort in which the Air Force paid for the work through a contract with Framework Sound.

53. ██████ was asked about the third effort listed by SMS, THUNDERVISION, which received a “Very Relevant” score and “High” rating. ██████ stated that the THUNDERVISION performance was actually provided under a USAF contract awarded to Sports Link, LTD. It was not a SMS effort. ██████ agreed that the timing of the performance was past the allotted dates listed in the solicitation. The solicitation did not allow listings of efforts performed after March 1, 2005. The THUNDERVISION performance was held on March 10, 2005; outside the time frame authorized in the solicitation. ██████ concluded that the third contract should not have been considered either.

54. In summary, ██████ opined that none of SMS’ three listed contractual efforts should have even been considered by the SST and most definitely should not have received the final ratings provided in the PAR.

55. ██████ was asked about other irregularities involving SMS’ proposal or the evaluation of it. ██████ said that when ██████ owner of SMS, was asked to provide his “financials” which would allow the SST to evaluate SMS’ financial solvency and determine if the company was stable, ██████ refused to provide them. ██████ said he didn’t have to provide them, and he wasn’t going to provide them. ██████ said he was being picked on. ██████ said his reputation was good enough. ██████ was asked how a refusal to provide financials would normally be treated and he stated that would normally be a reason to exclude the proposal. ██████ stated that SMS had four partners; ██████ General Hornburg, ██████ and ██████ ██████ stated he saw nothing in any documents reflecting that General Hornburg was not currently active in SMS. Everything indicated that Hornburg was active in the company. ██████ said that every bidding contractor should provide financial information during the contractor selection process. ██████ said that he had never seen a bidding contractor refuse to provide financials like ██████ had done.

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56. ██████ stated that ██████ reported that no subcontractor of SMS would perform more than 20 percent of the work. ██████ questions the accuracy of that since SMS apparently is just a consulting company and must subcontract all or most of the work.

57. The SST also questioned how SMS could list approximately \$750,000 per month on travel expenses. The SST also questioned SMS' listing of \$150,000 for "consulting fees." In the end, SMS was still given a favorable rating despite these questionable costs.

58. ██████ was asked how SMS could have made it to the final selection list of capable bidders. ██████ opined it was simply because the four members of the Thunderbirds who were on the SST were in favor of SMS. ██████ said he never experienced anything like this before, but the SST was "bending over backwards" to give SMS every benefit-of-the-doubt.

59. ██████ was asked how the final decision was made to list SMS as the SST's choice for the award. ██████ stated that while in San Antonio, TX, after all of the proposals had been evaluated and recommendations cast by each SST member, ██████ announced that the SST would remain together until it reached a "unified presentation" that recommended only one contractor get the award. This was in contrast to ██████ earlier instructions. ██████ and ██████ all believed SRO Media was the best choice, but the four members of the Thunderbirds all wanted SMS. According to ██████ everyone knew that ██████ was the Chairperson, but that night, ██████ was acting like he was in charge of the SST.

60. That night, the SST discussed the contractors' proposals again for approximately two and a half hours when ██████ said that the SST would stay up until 0400 until they reached a unified decision. Shortly after midnight, ██████ asked that they take a break. At that time, ██████ told ██████ that it was obvious there was nothing new to discuss and there was no sense discussing it anymore. ██████ and ██████ told ██████ they were willing to let the PAR read that the SST selected SMS, but with a dissenting opinion reflecting that three of the members selected SRO Media. ██████ agreed to this; and that's how the final PAR was written. ██████ said everyone knew that ██████ and ██████ were friends because ██████ was on the Heritage Flight team which accompanies the Thunderbirds.

61. ██████ stated the day before the Final Decision Briefing, ██████ met with the SST in the 99th CONS Commander's office. ██████ ██████ was also present. ██████ said there was no way he would award the contract to SMS because it was too expensive. ██████ said he couldn't justify to the taxpayers paying \$25 million more since SRO Media was also capable and at the cheaper price.

62. However, the next day the Final Decision Briefing was held in MajGen Stephen Goldfein's conference room at NAFB. MajGen Goldfein attended the briefing, along with ██████ and others. Except for ██████ who was the SSA, the non-SST personnel present, including MajGen Goldfein, were just advisers. During the briefing, MajGen Goldfein said that he didn't want the Thunderbirds trying to teach SRO about the Air Force and the Thunderbirds. He wanted the Thunderbirds to concentrate on flying. Goldfein said that SMS already knew about the Air Force and the Thunderbirds. When informed that the USAF' 367th TRSS could do the

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job and save millions of dollars while purchasing the Jumbotron screens; rather than renting them, Goldfein stated that those service members might be needed to fight in war and they could not be counted on to do the job because of that. MajGen Goldfein said those service members “aren’t our assets, they belong to the other Command.” ██████ quoted MajGen Goldfein as saying, “The Government sucks at Strategic Communication.” Other than MajGen Goldfein, none of the other advisors said anything. At the end of the briefing, MajGen Goldfein said, “I’m not the decision maker, but if I was the decision maker I would select SMS.”

63. Given the comments which ██████ made the night before, ██████ was surprised when ██████ selected SMS for the award. No new factual information was presented at the Final Decision Briefing which ██████ had not previously been made aware of, or that could have justified the additional \$25 million expense to the Government for SMS.

64. ██████ said that after ██████ said he selected SMS, he walked by and apologized and said something like, “Sorry guys, I folded.”

65. ██████ also opined that he personally could not justify to the taxpayers spending the extra \$25 million since SRO Media demonstrated they could do the job for \$25 million less than SMS. ██████ felt SRO Media’s learning curve would be minimal. ██████ also said he did not think the requisition was even necessary because the Thunderbirds were/are the show.

66. ██████ was asked how SMS could submit a claim, and get paid so quickly after the contract was awarded. The RA reminded ██████ that SMS was awarded the contract on December 16, 2005, and submitted a claim on December 20, 2005. SMS received a payment of \$1,990,000 on December 28, 2005. ██████ emphasized that he can’t even get his own small dollar travel claims paid that quickly. ██████ was aware of calls made to ██████ by “various Generals,” including MajGen Goldfein, who were checking on the status of SMS’ \$2 million invoice. ██████ does not know whether the Generals ever directly requested or ordered ██████ to pay the invoice quickly, but the mere fact that they called about the invoice served as a clear indication that they wanted the invoice to be paid as soon as possible.

67. When asked to describe ██████ demeanor through the evaluation process, ██████ stated ██████ was very arrogant and treated the SST like it was inconveniencing him and accused the SST of picking on him. ██████ acted like he didn’t have to provide anything more than what he did in his proposal. ██████ said he never met a contractor that was trying to win a contract that resisted every request made by the SST.

68. ██████ opined the SST’s Final Proposal Analysis Report only reflected the views of the majority of the SST. The ratings themselves were very subjective in nature. ██████ believes that due diligence was not exercised from the time the proposal was written to the time the contract was awarded. The USAF didn’t even describe what it wanted or what already existed; like the music and equipment the USAF had already paid for. ██████ feels that \$25 million of taxpayer’s money was wasted by awarding the contract to SMS and he questioned the value and need for the project in the first place. He believes the addition would not enhance the Thunderbirds show much. ██████ thinks the money could have been used more wisely especially during these times of war and members of the USAF could have created something

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acceptable with its own service members, that was less expensive.

69. [REDACTED] also mentioned that the USAF was in a position to not renew the four option years described in the contract. Further, if SRO Media was selected, for \$25 million less than SMS, and SRO Media did not perform well, the USAF had many options to ensure it didn't continue to pay the entire contract amount and to not renew the option years. [REDACTED] opined that SRO Media was found by the SST to be capable of performing and its proposal price was \$25 million less than SMS' proposal price. [REDACTED] opined that SRO Media was the "Best Value" choice for the USAF.

Account of [REDACTED]

70. [REDACTED] was first interviewed on April 6, 2006 (Exhibit 19). The interview was conducted at his office located at the 367th TRSS, Hill Air Force Base (HAFB), UT. [REDACTED] was a [REDACTED] at the time and serving as a Producer and Director for the 367th TRSS. He is also a [REDACTED], USAF. During the interview, [REDACTED] immediately voiced his concerns that several USAF high ranking officials elected not to inquire with the 367th TRSS about the unit's ability to create the multimedia requested in the TAPS contract before advertising the work for contractor competition. [REDACTED] opined the USAF could have saved millions of dollars if the USAF officials would have tasked the 367th TRSS with the multimedia project.

71. [REDACTED] pointed out that the 367th TRSS' civilian production staff had over 75 years of broadcast video experience and the unit's production categories included Training, Broadcast, Informational, Promotional and Recruiting. The unit has a Consolidation of Services a.k.a. "One Stop Shop" for: Creative Consolidation; Scripting; Storyboarding; Production; Graphic Development; Post Production and Duplication and Distribution Services.

72. [REDACTED] referenced the fact that the 367th TRSS had two remote TV production trucks that have traveled from coast to coast broadcasting 37 live events including 26 air shows. Regarding innovation, the unit developed the USAF' 50th Anniversary "Live" aerial demonstration using outdoor Jumbotron displays and performed the first "LIVE" WEB cast of the USAF Thunderbirds show; Aviation Nation 2002. The 367th TRSS has performed at 26 Fire Power Demonstrations and nine Thunderbirds Aerial Demonstration Air Shows. The unit has the ability to install cameras inside jets and with use of microwaves display the results on Jumbotron screens and use cameras in flight planes to show close-ups of other flying aircraft.

73. [REDACTED] strongly emphasized that the 367th TRSS should have been tasked with the TAPS requirements for the following reasons: (1) it is an award winning USAF Organization that understands the USAF' needs; (2) the unit has highly trained and experienced personnel; (3) the unit is an extremely cost effective organization; (4) the unit is flexible and responsive to mission requirements; (5) the unit has extensive air show experience; (6) the 367th has complete video infrastructure and state of the art equipment and (7) the 367th TRSS has 30 years experience of telling the Air Force Story.

74. [REDACTED] advised that in approximately February 2005, he received a telephone call from [REDACTED] from a company named Daktronics, which has a division named Sports Link, LTD

in South Dakota. [REDACTED] asked [REDACTED] if he knew about a “Big Deal” production with the Thunderbirds being performed by [REDACTED]. [REDACTED] wanted to relate that the USAF [REDACTED] could save a lot of money if he purchased the Jumbotron screens versus renting them. [REDACTED] later told [REDACTED] that in March 2005, [REDACTED] provided a “video presentation” at the Thunderbirds’ Acceptance Show. There were no cameras used during the Acceptance Show presentation. [REDACTED] believed that the USAF paid for the use of the Jumbotron screens used during the 2005 Acceptance Show through a USAF contract and [REDACTED] may have received payment from the contractor.

75. When first providing assistance on the SST, [REDACTED] asked [REDACTED] why the 367th TRSS was not approached first about the TAPS effort. [REDACTED] responded that he had no idea why they weren’t. The SST consisted of seven members. [REDACTED] was the CO for this contract. [REDACTED] was assigned to the SST as the Subject Matter Expert and [REDACTED] [REDACTED] from the 99 CONS was also selected. The following four individuals from the Thunderbirds were also assigned to the SST: [REDACTED] (Narrator ADS); [REDACTED] [REDACTED] (Operations Officer); [REDACTED] and [REDACTED]

76. [REDACTED] stated that being part of the SST was “the dirtiest thing I ever experienced.” He said it was a “Kangaroo Court,” in which it was obvious from the beginning that SMS was going to be awarded the contract.

77. Early in the proposal process, [REDACTED] advised that he missed a meeting held with the SST and [REDACTED] was present. [REDACTED] and [REDACTED] were also present, among others. [REDACTED] and [REDACTED] later told [REDACTED] that [REDACTED] said in that meeting that if SMS didn’t get the contract, nobody would get the contract.

78. When [REDACTED] was with the SST and evaluating proposals, he recalls that the four members of the Thunderbirds on the SST were constantly pushing for good evaluation ratings for SMS and lower ratings for its competitors. [REDACTED] was constantly pushing hard for SMS to be awarded the contract. [REDACTED] recalls SMS’ proposal only included the use of one Jumbotron screen. SMS was subsequently informed that one screen would not be acceptable and [REDACTED] responded he would provide no less than two screens. [REDACTED] asked [REDACTED] exactly how many screens [REDACTED] was proposing and [REDACTED] defended [REDACTED] by saying it could be two, three, four, or more. When [REDACTED] asked for specifics, [REDACTED] pulled out his cell phone and said he would call [REDACTED] to find out. [REDACTED] was concerned about [REDACTED] immediate effort to telephone [REDACTED] because all members on the SST were previously instructed that the only one who could directly communicate with the bidders was [REDACTED]. [REDACTED] doesn’t know if [REDACTED] actually telephoned [REDACTED]

79. [REDACTED] was asked about the SST’s consideration of the previous efforts/contracts listed in SMS’ proposal for relevancy/risk consideration. [REDACTED] opined [REDACTED] listing of “Heritage Flight” as one of SMS’ previous efforts was not relevant because all [REDACTED] did was, “fly a plane in circles a couple times,” which had nothing to do with cameras or audio. However, [REDACTED] kept pressing that [REDACTED] flying demonstrated “Strategic Insight.” [REDACTED] also advised that the Heritage Flight’s effort was not even a SMS or [REDACTED] contract. [REDACTED] stated that he telephoned a retired Brigadier General who was a member of the

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Heritage Flight and asked about [REDACTED] work. The retired general said that [REDACTED] did a good job and was “funny at the club.” [REDACTED] still insisted on giving SMS good ratings for this irrelevant effort.

80. Regarding SMS’ listing of “Thunderbird Music,” [REDACTED] opined that it involved no cameras and the USAF actually paid for the work through a Government contract with someone other than [REDACTED] or SMS. [REDACTED] opined that perhaps the other company could legitimately quote the reference but [REDACTED] could not. Again, [REDACTED] disagreed and wanted to and did give SMS good ratings for this effort.

81. Regarding SMS’ listing of “Thundervision,” [REDACTED] said he still couldn’t figure out what Thundervision was. [REDACTED] related that the Government paid for the screens and editing of music and [REDACTED] only showed a video at the 2005 Acceptance Show without the use of cameras. Therefore, [REDACTED] opined it was not worth good ratings. [REDACTED] again disagreed. [REDACTED] believed that Strategic Insight was a category no competitor could achieve high grades in unless they worked frequently with the Thunderbirds and the USAF.

82. [REDACTED] was asked if SMS provided the financial records (financials) requested in the solicitation. [REDACTED] said that [REDACTED] was asked to provide them and stated he didn’t have to. During the interview, [REDACTED] was shown a copy of the PAR which read, “MC2 did not submit any financial information in any way, shape, or form in accordance with requirements of the solicitation amendment 02” (note: other offerors did not submit financial information in the depth referenced in the Defense Federal Acquisition Regulations Supplement {DFARS} section, but did send in financial data of some kind or discussed recognition of the amendment.)

83. [REDACTED] was asked the meaning of the statement as it pertained to SMS. [REDACTED] opined that SMS said it reorganized the amendment, and [REDACTED] said he wasn’t going to provide it anyway. [REDACTED] stated that the writing was misleading because SMS’ evaluation should have also said that SMS did not submit any financial information in any way, shape, or form in accordance with requirements of the solicitation amendment 02.

84. [REDACTED] was also shown a copy of the Source Selection Decision Document (SSDD) signed by [REDACTED] which read, “The SMS’ proposal received significant higher technical ratings than any other offerors.” However, according to the “Comparative Analysis of Proposals” Report, two other bidders actually had the same rating as SMS (“Green/Low”). [REDACTED] opined that the SSDD contained inaccurate information.

85. [REDACTED] pointed out to [REDACTED] that SMS had no physical business building; no equipment; no employees; and no track record. [REDACTED] stated all SMS had was a General (Hornburg), an attorney [REDACTED] and a writer ([REDACTED]). [REDACTED] said all the work [REDACTED] proposed would be subcontracted out to other businesses that had no “Strategic Insight” and probably no experience of ever pointing a camera at an airplane. [REDACTED] mentioned that potential USAF recruits in attendance would be a lot more “inspired” if they saw uniformed Air Force personnel using cameras instead of ‘long haired’ civilians from Hollywood.

86. During the proposal review, [REDACTED] supervisor; [REDACTED] [REDACTED] Commander 367th

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TRSS, called [REDACTED] and asked where he was. [REDACTED] explained that he was an evaluator of the TAPS proposals and [REDACTED] asked why the 367th TRSS was not consulted. After their discussions, on October 24, 2005, [REDACTED] sent e-mail to [REDACTED] Director of Contracting Operations for Air Combat Command at the Contracting Office at Langley AFB, advising [REDACTED] of the 367th's abilities and the likelihood that the 367th could probably save millions of dollars if they performed the TAPS effort. That same day, [REDACTED] responded that [REDACTED] should contact General Goldfein and/or [REDACTED]. The e-mails [REDACTED] referenced in the interview were attached to the Report of Interview (Exhibit 19).

87. [REDACTED] provided copies of other e-mails including one that described the following: On November 1, 2005, [REDACTED] sent an e-mail to [REDACTED] and [REDACTED] Public Affairs, Thunderbirds. Others were sent courtesy copies of the e-mail including [REDACTED]. In the e-mail, [REDACTED] related that the 367th TRSS had a 35 year tradition of providing video support for the DoD and its components and "are the premier multimedia productions facility within the DoD." The e-mail continued, "We have extensive experience doing live productions and are intimately familiar with the Thunderbirds. We will be covering the Thunderbirds 11-13 November at Aviation Nation Air Show and have covered 9 Thunderbirds air shows since 2002 including the first live web cast of an air show in 2003." The e-mail included details on how the 367th TRSS could save the USAF money.

88. [REDACTED] tasked some of the service members of the 367th TRSS to create a demonstration DVD showing what the 367th TRSS could do to assist in the TAPS effort. The service members created the DVD in one weekend (Exhibit 2). It was provided to [REDACTED] before the Final Selection Briefing.

89. In November 2005, [REDACTED] presented the 367th TRSS' PowerPoint presentation (Attachment No. 1 to Exhibit 19) and the newly created CD (Exhibit 2) at the Pentagon, Washington, D.C., in front of BrigGen Lessell and LtGen Lichte. At the conclusion, [REDACTED] was informed that General T. Michael Moseley, USAF, Chief of Staff, would be briefed. [REDACTED] was led to believe a decision would be made in a few hours. Those few hours turned into days, and [REDACTED] stated he was later "shocked" to learn that SMS was awarded the contract. [REDACTED] stated there was no way he could have been convinced that the USAF would still award the contract to SMS after seeing the 367th TRSS' presentation.

90. [REDACTED] advised that after the 367th TRSS put together a proposal of sort, he gave copies to [REDACTED] and MajGen Goldfein. [REDACTED] became obviously angry about the proposal and said that the 367th TRSS couldn't submit a proposal.

91. When asked about the Final Selection Briefing presented in front of [REDACTED] MajGen Goldfein and others, [REDACTED] stated that [REDACTED] presented the SST's findings with the colored matrixes and ratings. SRO Media was considered a viable candidate and was \$25 million less expensive than SMS. [REDACTED] also presented the information about the 367th TRSS' proposed efforts. All members of the SST were also present. [REDACTED] opined that MajGen Goldfein should not have been sitting at the head of the table for this briefing because [REDACTED] was the SSA. After [REDACTED] made the presentation,

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██████████ observed that it was plainly obvious that MajGen Goldfein took control of the briefing.

92. According to ██████████ Goldfein stated the Air Force and the 367th TRSS “sucked at what they do” and were a “bunch of losers.” MajGen Goldfein said, “I don’t give a shit if SRO is \$25 million less, SMS is going to be the winner.”

93. After the briefing, many people walked out, but ██████████ stopped and said to ██████████ “I’m sorry; I caved.” ██████████ understood that to mean ██████████ caved in to the pressure of MajGen Goldfein and selected SMS for the contract award, even though ██████████ knew it was not the right decision. ██████████ opined that MajGen Goldfein used his rank as a “strong arm tactic” to get ██████████ to do what he wanted him to do.

94. ██████████ pointed out that early in the proposal review process, when it became apparent to him that SMS was pre-selected, he put a sealed envelope on the middle of the table and said he wrote the name of the winner in the envelope and suggested that they open the envelope when done evaluating the proposals to see if he was right. He was that certain the selection had already been made.

95. After the award of the contract, ██████████ learned that ██████████ was using the facilities at the 99th Communications Squadron, NAFB, to perform videotaped interviews of ADS personnel which was in violation of the terms of the contract. ██████████ believes SMS was not supposed to use USAF facilities to perform their work. ██████████ was notified and in the end ██████████ was still allowed to continue to use the building.

96. ██████████ was asked about an allegation in SMS’ lawsuit wherein SMS alleged that ██████████ and HAFB were trying to steal ██████████ idea which he conceived in 1998 about using Jumbotron screens, cameras and video to make a demonstration at USAF air shows. ██████████ advised that ██████████ is very much mistaken because the 367th TRSS performed at the USAF 50th Anniversary Celebration in 1997 and it used Jumbotron Screens, cameras and video. ██████████ provided the RA with a “Demo Script” from the 1997 USAF Air and Space Power demonstration (Attachment 4 to Exhibit 19). Page 2 of the script describes the first aircraft flown in that 1997 show as a P-51 Mustang which is the same type aircraft ██████████ was known to fly.

97. ██████████ was contacted several times by the RA (Exhibits 20 through 26). On April 10, 2006, ██████████ related the additional information of interest (Exhibit 21). ██████████ stated that during the Final Selection Briefing, when MajGen Goldfein responded to the 367th’s ability to do the work described in the TAPS RFP, Goldfein said the USAF, “sucked,” and their work was not good enough for the Thunderbirds and therefore the contract must be awarded to an outside agency. ██████████ said Goldfein wanted the contract awarded on the spot to SMS and that Goldfein referred to the former Chief of Staff, General John Jumper’s desire for the award to go to SMS. ██████████ took a few notes during that meeting (Attachment 2, Exhibit 21).

98. ██████████ also provided copies of a few e-mails that were exchanged during the TAPS evaluation process to demonstrate how ██████████ was favoring SMS in the selection

process (Attachment 3, Exhibit 21). One such e-mail is described below:

On November 2, 2005, [REDACTED] e-mailed the members of the SST with the Subject Line reading, "TAPS - -SRO technical,

"Team,

There's been a little discussion on SRO technical risk. I'm steadfast on leaving it low risk. In question is a technical complication evidenced at the Little Rock air show. Specifically, there was a black line on a screen, as well as some flickering. The root cause of the flickering was a CAT 5 cable that gave way. The cable was replaced, fixing the flickering. The temporary black screen was caused when the system recycled when the cable was replaced. This was a simple mechanical failure that can be incurred by anyone at anytime."

On November 2, 2005, [REDACTED] responded to [REDACTED] desire to not change SRO's rating and keep it at "low." [REDACTED] wrote, "If they are green low SMS is blue low."

On November 3, 2005, [REDACTED] responded and underscored the words, "we're not." [REDACTED] wrote, "...we're not comparing company to company on this matter. We're not saying "if he gets this score, then that guy gets that score," (Attachment 3, Exhibit 21).

98(a). During the April 10, 2005, interview, [REDACTED] related that the TAPS effort was originally submitted as a sole source contract attempt, but a USAF Staff Judge Advocate attorney challenged the justification and warned of the consequences of attempting to award a contract in this manner. [REDACTED] noted that the Thunderbirds project had been funded out of a Pentagon account since 1953 but General Hornburg arranged for the funding to be under ACC in 2004.

99. [REDACTED] stated that at the time of the proposed contract award, General Ronald Keys, ACC Commander, expressed concern over the worth of the project itself. Keys reportedly stated it was not a good use of taxpayers' money.

100. [REDACTED] elaborated on the presentations he and [REDACTED] Commander of the 367th TRSS, did at the Pentagon on November 29, 2005, in front of Generals Lessel and Lichte. [REDACTED] said that Lessel seemed enthusiastic after he was provided with the 367th's presentation and arranged a second presentation for LtGen Lichte. [REDACTED] previously provided the RA with copies of the actual PowerPoint slides used that the presentations to Generals Lessel and Lichte (Attachment No. 1, Exhibit 19).

101. [REDACTED] stated the video produced by SMS for use in their proposal was allegedly funded by the USAF and contained stock footage previously produced by the USAF.

102. On April 25, 2006, [REDACTED] provided copies of additional e-mails (Exhibit 22). One of the e-mails was dated July 15, 2005. It was an e-mail from [REDACTED] to [REDACTED], USAF Recruiting, and others with several courtesy copies sent. [REDACTED] wrote, "Sirs/Ma'am, I was given your names by an informed person who said you were familiar with source selection procedures, specifically the evaluation of proposals. I am the Director of Contracting Operations for ACC. We have been tasked to acquire some air show production services [to] support for the Thunderbirds air show performance. We will be issuing an RFP describing the overall objectives we require to be met and allow those proposing to offer any

means available to meet the objectives. This project is somewhat unique in that there appears to be no true customer. It has come down through the GO channels from the VCSAF and with concurrence of the Chief. It is being fast tracked..." (Attachment 1, Exhibit 22).

103. On December 12, 2006, [REDACTED] was asked about certain USAF personnel's first hand knowledge that large video screens and live camera shots were previously used at USAF air shows, prior to 2005. On December 13, 2006, [REDACTED] provided his response via e-mail which was followed up with a telephonic interview (Exhibit 25). [REDACTED] related that the 367th TRSS did perform at the May 12, 2004, Firepower Demonstration, and the 367th TRSS' TV crew assisted in the presentation to the spectators for which large video display screens were used. The 367th TRSS' production truck was also utilized to facilitate the audio-video effort. [REDACTED] related that a variety of music was originated from the 367th's production truck mixed with live narration. The 367th produced many video segments to support each and every live air frame used in the show and the 367th also produced video segments to tell the ACC story. [REDACTED] related he seemed to recall that Generals Hornburg, Harrell, Wood, BrigGen Ihde, and Coppock were present for the demonstration. [REDACTED] also recalled that General John Jumper also attended USAF air shows/demonstrations which the 367th TRSS performed and video, cameras, large video display screens, and played music were utilized and this occurred while General Jumper served as the Chief of Staff, USAF.

104. The information about certain Generals attending the Firepower Demonstration in which live video was played on large video screens was corroborated in a Las Vegas Review Journal newspaper article dated May 13, 2004. The article read that those in attendance were: General Hal Hornburg; Major General Elizabeth Harrell, and Brigadier General Kelvin Coppock, Intelligence Director. Also in attendance were Major General Steven Wood, Commander of AWFC, and BrigGen Ihde, Commander of the 57th Wing, NAFB (Attachment 1, Exhibit 25).

105. On November 28, 2007, [REDACTED] was asked if telling the USAF Story was an idea that the 367th TRSS came up with after the TAPS RFP was advertised. [REDACTED] said it was and that could be proven by reviewing the power point slides presented at the November 8, 2005, Final Selection Briefing (Attachment 4, Slide 7, Exhibit 11) and in the slides presented to Generals Lessel and Lichte on November 28, 2005, (Attachment 1, Slide 11, Exhibit 19). [REDACTED] said the only video that was going to be shown as a result of the TAPS contract was approximately 45 minutes during the Thunderbirds portion of the show. The 367th offered to tell the USAF story and show video throughout the day of the air shows and the 367th could do it all at half the cost of what SMS was awarded for the TAPS contract. (Exhibit 26). It is noted that Slide No. 7 of the 367th's presentation at the Final Selection Briefing read, "Vision to expand scope of current demonstration in order to deliver Air Force story" (Attachment 4, Slide 7, Exhibit 11). Slide 12 of the 367th's presentation at the Final Selection Briefing read, "Scope of coverage can vastly expand...not the case with a contract," (Attachment 4, Slide 12, Exhibit 11).

106. The RA advised [REDACTED] that it had been said that one of the reasons the 367th had not been selected to do the work was because senior USAF leaders did not want the 367th's capabilities tied up with the Thunderbirds because they wanted to use the unit's capabilities for other things. [REDACTED] was asked if after the USAF awarded the TAPS contract to SMS if the 367th was tasked with any work which they didn't do in the past. [REDACTED] said no additional

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taskings were made of the 367th after the TAPS contract was awarded (Exhibit 26).

Account of [REDACTED]

107. On November 7, 2007, an interview was conducted of [REDACTED] [REDACTED] (Exhibit 27). [REDACTED] was then serving as the Deputy Commander of the Air Education Training Command (AETC) 782 Group. However, during the time frame of the TAPS procurement, he served as the Commander of the 367th TRSS, Hill AFB, UT. A supplemental telephone follow-up with [REDACTED] was conducted on November 20, 2007 (Exhibit 28).

108. [REDACTED] advised the 367th TRSS has a total 130 person billets with 40 personnel assigned to media production. All personnel are trained for this work, which encompasses producers, directors, personnel to shoot footage and personnel to work on graphics and sound. The unit is comprised of military and Government civilian personnel only. Other USAF units that also do similar work are the Communication Squadron at Lackland Air Force Base which has video production capability, the Communication Squadron at Vandenberg AFB has a small production capability and Air University Television at Maxwell AFB has production capability. None of these units, however, have the all the capabilities of the 367th TRSS. Additionally, the 367th TRSS is the only unit that has mobile production (trucks) capabilities.

109. Prior to 2005, the 367th has also performed for several years at Aviation Nation, which is the Thunderbirds last air show of the Thunderbirds season at NAFB The 367th sent crews there with the mobile broadcast trucks. They broadcast the demonstrations on Jumbotron screens and made a video production of the air shows. Prior to 2005, the 367th performed at Air Power Demonstrations. In fact, one of the first uses of the large video screens was at the Air Power Demonstration in 2004.

110. When asked to describe how he got involved with making an offer to do work described in the TAPS RFP, [REDACTED] said, [REDACTED] of the 367th TRSS, was assigned as a technical advisor on the SST on the TAPS contract. [REDACTED] informed [REDACTED] of this contract consideration during September 2005, which raised questions from [REDACTED] as to why the 367th was not asked to do this work first.

111. [REDACTED] prepared a written description of the 367th's abilities and estimated cost to perform what was described in the TAPS RFP and contacted [REDACTED] to determine if there was still time to submit this information and if it was appropriate to do so. [REDACTED] advised that there was time to submit the information and it was appropriate, but that the source selection would be in progress. [REDACTED] sent his proposal via e-mail to [REDACTED] and his civilian deputy at AETC, [REDACTED] and the Executive Officer of the Thunderbirds. [REDACTED] could not remember the civilian's name at AETC or the Thunderbirds Executive Officer's name.

112. When asked if the 367th TRSS maintained over 1,800 equipment items valued at \$5.3 million and had two communications trucks at the time he sent his proposal, [REDACTED] said they had at least that much equipment and that would be a conservative estimate of the amount of equipment. [REDACTED] said much of that already paid for equipment could have been used if the 367th TRSS did the work. They would either rent or purchase the large video screens that would be needed and obtained estimates for both.

113. On November 29, 2005, [REDACTED] and [REDACTED] provided two presentations at the Pentagon demonstrating the 367th could do the work described in the TAPS RFP at a tremendous cost savings. The 367th could either rent or purchase the large video screens and the 367th's costs would be between \$17 million and \$21 million. Not only could the 367th perform the requirements as described in the TAPS RFP, they could show video throughout each entire show and, "tell the USAF story." [REDACTED] said that telling the USAF story and showing video throughout the events were the 367th's ideas and not part of the TAPS RFP.

114. [REDACTED] the 782nd Training Group Commander at the time, called [REDACTED] and sent him an e-mail requesting [REDACTED] to give these presentations. [REDACTED] understanding was that the request for the presentations originated with BrigGen Lessel who requested this through Brigadier General Whitmore who instructed [REDACTED] to request [REDACTED] to give the presentations.

115. When asked why they wanted such a presentation, [REDACTED] said he was told by [REDACTED] that AETC would be footing most of the bill for the contract; the Air Staff would fund the first year and AETC would fund the remaining four years- and [REDACTED] liked the price of the 367th submittal. [REDACTED] discussed the 367th submittal with General Mosley who asked BrigGen Lessel to look into the matter.

116. [REDACTED] and [REDACTED] first made a presentation to BrigGen Lessel. Lessel then asked that they do the same presentation for LtGen Lichte, which they did on the same day. General Fiscus from Budget was also present for the second presentation. There were also several LtCols and senior civilians present for the presentations. [REDACTED] presented how the 367th could meet the TAPS RFP requirements and the two options of renting or purchasing the Jumbotrons. Additionally, [REDACTED] discussed how they could expand the original RFP requirements to include producing the entire air show, not just the Thunderbirds portion, like the 367th had done with Aviation Nation. There was also discussion of expanding the production to include support for the Global War on Terrorism, recruiting and the big picture of the USAF.

117. Lichte said he was amazed at the 367th's capabilities and he thought they could do the job. Lichte said he would talk to General Moseley, Chief of Staff, that evening. Lichte said he thought that the 367th could do the job while saving money. Lichte also asked Fiscus if he could find the money to purchase the Jumbotrons.

118. Based on his discussions with Lichte immediately following the Pentagon presentations, [REDACTED] believed that Moseley would make the final decision. Lichte said that Moseley would make the final decision on the TAPS contract. [REDACTED] believed that Generals Keys, Lessel, and Lichte would also have input.

119. [REDACTED] thought he may get an answer that day, but definitely within a short period of time, possibly within ten days. [REDACTED] stated he thought a decision would be made quickly because videos of the Thunderbirds ground show needed to be developed because the Thunderbirds show season would start soon. [REDACTED] discussed with Lichte that the 367th could start with a more limited capability early and then expand their capabilities as the show season continued.

120. In November or early December 2005, before the TAPS contract was awarded to SMS, [REDACTED] provided additional clarifying information upon request to [REDACTED] AETC Director of Public Affairs. [REDACTED] was provided a copy of the 367th proposal. [REDACTED] subsequently provided clarification regarding buying vs. leasing the Jumbotrons. He also provided information regarding the unit using augmentation such as contractors.

121. During the interview, [REDACTED] was asked if he recalled that on December 2, 2005, he e-mailed [REDACTED] and wrote, "[REDACTED] Attached is the 367th's proposal for TAPS. The effort called for up to 37 locations for five years. We developed two options: Buying two (2) High Definition Screens, cost per year \$3,474,000; Upfront Cost: \$2,300,000. Cost per location \$93,891. Renting two (2) Jumbo Screens, Cost per year \$4,114,00 [sic – missing digit], Upfront cost: 0; Cost per location: \$111,189..." [REDACTED] said he recalled sending that e-mail and sent it to her because General Moseley had contacted General Looney, Commander of AETC, and said [REDACTED] would evaluate the 367th's proposal and provide input. [REDACTED] added that [REDACTED] input was positive.

122. [REDACTED] recalled that General Larsen, the Vice Commander of AETC, said the 367th could do the work and thought it was a good idea and sent it in an e-mail, but [REDACTED] could not recall who the e-mail was sent to, but thought it went to BrigGen Lessel.

123. Generals Lessel and Lichte were informed by [REDACTED] of the 367th TRSS capabilities and the cost savings that could be had utilizing the 367th for the work described in the TAPS RFI. They were also advised the 367th could do that work and more. [REDACTED] said it was the 367th's idea to expand the scope and tell the USAF Story on Jumbotrons and it was not listed in the TAPS RFP.

124. [REDACTED] learned from [REDACTED] that the 367th was not selected to do the work. [REDACTED] told [REDACTED] that Moseley did not want the 367th's capabilities tied up with the Thunderbirds because he wanted to use the unit's capabilities for other things. [REDACTED] was not told what these other things were. According to [REDACTED] discussion with [REDACTED] regarding the non-selection, [REDACTED] believed that Moseley made the final decision.

125. During the interview, [REDACTED] was advised that after the TAPS contract was awarded to SMS, the USAF asked SMS to also create a video which would tell the USAF story. [REDACTED] was asked his opinion about that. [REDACTED] said it was a waste of time and money because that was why the 367th TRSS existed and the unit could already perform that job. [REDACTED] added that this was the first he had heard of SMS being asked to create a video telling the USAF story.

126. During the interview [REDACTED] was advised that after the contract was awarded, numerous USAF personnel across the country were tasked to locate and ship historic USAF film to SMS (or its subcontractors), so it could put together a video telling the USAF story. [REDACTED] advised that this was unnecessary because the 367th could perform this work.

127. [REDACTED] was asked his opinion about the USAF awarding a \$49.9 million "turn-key contract" to SMS. He said it was a waste of money because the 367th could do the work. [REDACTED] added that SMS was a paper company and had no capabilities to do what they were proposing with regard to the TAPS contract. [REDACTED] advised that he was told that in the SMS proposal the company's

capabilities included only a handful of employees and the company would have to hire personnel to perform the work. [REDACTED] related this information came from "Contracting," but he could not remember who told him this. [REDACTED] claimed that SMS also had limited equipment and had to subcontract with production studios. [REDACTED] believed some of this information came from the protest filed by a competitor when SMS was initially awarded the TAPS contract.

128. During the interview, [REDACTED] was informed that the TAPS contract was a five year contract, yet SMS' yearly price was not going to go down each year. [REDACTED] advised this would not make sense because the upfront work and costs would be developing the products. This would comprise in part producing videos of the Thunderbirds members discussing what they do and the Thunderbirds ground show. This may change minimally year to year, but the costs would not be constant.

129. [REDACTED] was asked his opinion about the award of TAPS contract which did not allow the use of Government property or facilities. [REDACTED] said awarding the contract this way made no sense because the 367th could perform the necessary work and do it for less than a contractor. The 367th TRSS is a Government entity trained and equipped to perform the mission called for in the TAPS contract. Additionally, the 367th had an inherent advantage in this mission because they could tell the USAF story because they are the USAF. The 367th personnel also had experience working with the Thunderbirds. [REDACTED] opined that in the future, an issue like TAPS should be handled through by the Director of Strategic Communications, through the Public Affairs Office. An effort should be made to look in-house, meaning with the USAF first to perform this type of work.

130. [REDACTED] stated he did not believe that BrigGen Lessel or LtGen Lichte could truthfully say they did not know that SMS had been tentatively selected for the TAPS contract. [REDACTED] based his statement on the information he received from [REDACTED] who advised that General Keys and General Moseley had been briefed on the SMS recommendation. According to [REDACTED] Lessel and Lichte had access to this information. Additionally there was discussion during both his presentations of a contractor price of \$50 million, which he understood was SMS' contract award.

131. [REDACTED] said that during his presentations at the Pentagon, there was discussion of expanding the initial requirements to include encompassing a message on the Global War on Terrorism, recapitalization, diversity, mission/vision and recruiting. The 367th could also look at live feeds from deployed airmen, having live web broadcasts and feeds from cockpits and chase planes. The production could also focus on more than just the Thunderbirds and address all the USAF aircraft and capabilities as well as produce shows for deployed troops. There was also discussion of incorporating a USAF 60th anniversary message. [REDACTED] was asked whose ideas those were. [REDACTED] responded that the TAPS contract solicitation called for work just to support the Thunderbirds and did not take into account the big picture of the Air Force. The expanded work was the type of work the 367th had done during their support to the Aviation Nation shows. [REDACTED] stated that he believed the expanded capabilities were his ideas set forth in the last slide of his briefings at the Pentagon. [REDACTED] added that this was a particular point of discussion in the option to present more than just support to the Thunderbirds. With that said, [REDACTED] advised he was not 100 % sure that these issues were not already on the panel members minds. [REDACTED] did not

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remember any specific comments, but he said that he did not believe his ideas were a surprise to anyone. [REDACTED] advised that it was understood that whoever was finally awarded the contract would not be able to provide all the support during the first year of the contract because of the timeline for the support and how close it was to the beginning of the show season (Exhibits 27 and 28).

Account of [REDACTED]

132. On September 10, 2007, [REDACTED] was advised of his legal rights, which he waived when interviewed at the DCIS Mid-Atlantic Field Office, Arlington, VA (Exhibit 29). [REDACTED] advised he was the Chief of the Contracting Division, ACC, Directorate of Installations and Mission Support, Langley AFB, VA. He also served as the SSA for the TAPS contract.

133. [REDACTED] related he has served in contracting with the USAF for 27 years. He began his assignment at Air Combat Center in December 2004. He believed General Hal Hornburg was the Commander of ACC just prior to [REDACTED] arrival at ACC but Hornburg retired at the end of December 2004. Lieutenant General William Fraser became the acting ACC Commander for a short while until General Ronald Keys took over in 2005. [REDACTED] said the ACC Commander also oversees all of the Air Base Wings at Nellis Air Force Base, which in effect also includes the USAF Air Demonstration Team, more commonly known as the Thunderbirds. [REDACTED] advised that MajGen Stephen Goldfein, while Commander of Air Warfare Center, NAFB, reported directly to Hornburg when Hornburg was the ACC Commander.

134. [REDACTED] was asked if ACC awarded a USAF contract to fund the Heritage Flight Program (HFP) of which [REDACTED] is a member. [REDACTED] stated ACC did have a contract in place to pay for the cost incurred by the HFP pilots who owned their own vintage military type aircraft to reimburse them for fuel and travel costs associated with costs incurred when performing at USAF air shows. [REDACTED] later reported that USAF contract No. is FA4890-06-A-0001 is a Blanket Purchase Agreement. [REDACTED] said the contract was awarded to an Alaska native company whose name he could not recall. [REDACTED] said the Alaska Company just processes invoices to pay the pilots. The RA asked if the FAR regarding Limitations on Subcontracting meant that the Alaska company had to perform approximately fifty percent of the services or work. [REDACTED] stated the rule only meant that they could not sub-contract to large businesses. The RA asked why the contract was awarded to an Alaska company. [REDACTED] said that otherwise a Statement of Work would have to be prepared and they would have to advertise and go through the competitive process.

135. [REDACTED] said he recalled that General John Jumper, Chief of Staff, USAF, saw a demonstration of video on large Jumbotron screens at the Thunderbirds Acceptance Show in March 2005, and liked the idea of using the screens and video at future Thunderbirds air shows. [REDACTED] recalled that after the Acceptance Show, General T. Michael Moseley, then the Vice-Chief of Staff, approved the funding to implement it. [REDACTED] said he might have received the information about General Moseley funding the Jumbotron requirement via an e-mail from [REDACTED] Director of Contracting at ACC.

136. [REDACTED] learned that [REDACTED] co-owner of SMS, and MajGen Goldfein, Commander of

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AWFC, went to the Pentagon not long after the March 2005 Acceptance Show and met with General Moseley to discuss the possibility of [REDACTED] getting awarded a USAF contract to implement [REDACTED] idea about using large video Jumbotron screens and playing video at Thunderbirds air shows. They wanted to get a sole-source contract. [REDACTED] called his idea, "Thundervision." Shortly after that meeting with General Moseley, [REDACTED] came to Langley AFB on April 19, 2005, and showed a group of USAF personnel the Thundervision video he previously showed at the Acceptance Show. In addition to himself, [REDACTED] believes the following were present: [REDACTED] USAF Public Affairs; Major General Ann Harrell, Director of Maintenance and Logistics, ACC; [REDACTED] [REDACTED] SJA, Legal; and possibly Reynolds (NFI), MajGen Harrell's Deputy. The group had already been informed that General Moseley liked the idea. [REDACTED] said he intended to use commercials on the Jumbotron video screens and informed the group that a former 4-star General, who previously served as the Commander of ACC, was part of his company. Everyone knew he was talking about General Hal Hornburg. That was the first time [REDACTED] learned of Hornburg's association with [REDACTED] idea. [REDACTED] said that after a couple years the USAF would not have to pay anything because of the income [REDACTED] would receive airing commercials on the video screens. [REDACTED] said he wanted to start showing Thundervision in the Thunderbirds 2005, Show Season. Their show season started in March 2005. [REDACTED] also said he wanted half the payment in advance. [REDACTED] could not recall the dollar amount [REDACTED] wanted. [REDACTED] said that as far as USAF expenditures goes it was not that much money.

137. [REDACTED] recalled that he received an e-mail from MajGen Goldfein in approximately April 2005 that described Thundervision and Goldfein wanted a USAF contract awarded right away. [REDACTED] told Goldfein that [REDACTED] wanted to be paid half of the start-up funds up-front and informed Goldfein that normally contractors were paid after each service was provided. In response, Goldfein suggested that if that payment was a problem he thought paying the entire amount up-front would be fine. [REDACTED] thought MajGen Goldfein's response was bizarre. [REDACTED] said in his entire USAF career that was the first time anyone in the USAF ever asked him to have a contractor paid before a contract was even awarded.

138. Major General Elizabeth Harrell was [REDACTED] boss and she told [REDACTED] to make sure he ([REDACTED] "dotted all the I's and crossed all the T's" before awarding a contract for this request. [REDACTED] told Goldfein there were two possible ways that [REDACTED] could possibly be awarded a USAF contract without competition. One was to fit the work into an existing USAF Recruiting Service contract, and the other was if [REDACTED] idea was formally accepted as meeting the requirements to award a contract after submitting an Unsolicited Proposal. During the interview, [REDACTED] said he knew at the time he e-mailed Goldfein that [REDACTED] idea was not unique enough to be awarded based on an Unsolicited Proposal. [REDACTED] said his job is to ascertain what the USAF customer wants and then to explain the possible ways they can go about acquiring what they need. [REDACTED] also informed Goldfein that he needed approval from someone in the USAF saying there was a need for this service. They were in a hurry to get Thundervision implemented for use during the Thunderbirds 2005 Show Season.

139. [REDACTED] related that the USAF Recruiting Service did not feel Thundervision was worth the cost so that possibility for acquisition could not be used. [REDACTED] or his attorney and partner, [REDACTED] submitted an Unsolicited Proposal and USAF Legal determined it was not

unique enough to meet the requirements to award a sole source contract. A determination was also made that advertisements could not be used on the Jumbotron screens during the air show because it would give the appearance the USAF was endorsing products or business entities.

140. After that, it was determined the need for a multimedia service would have to be advertised and awarded through competition. ██████ related that normally when a customer decides they need something, an effort is made to determine if the USAF can provide it and if it is also available through the commercial market. After that, a decision is made whether to use the in-house or outside source to acquire it. In this case, that was never done; there was not a first attempt to determine if the USAF had the ability to provide the service.

141. ██████ started doing Market Research for the potential acquisition and advertised a Request for Information (RFI). ██████ formed SMS, which was also owned by Hornburg, ██████ and ██████ and SMS provided a response to the RFI. SMS' response reflected Hornburg was in a one-year cooling off period because of his recent retirement from the USAF. After the market research was completed, a decision was made to proceed with a RFP to acquire the services.

141(a). The 99th CONS drafted a Statement of Objectives (SOO) for the need rather than a Statement of Work because it never acquired anything like this before. ██████ advertised a generic description of what the USAF wanted rather than a specific description. The reason they made a generic description of what they wanted was because they did not want to limit the creativity of the offerors. Regarding evaluation rating factors, MajGen Goldfein decided to change Strategic Insight from a sub-category to a primary category. ██████ opined that was within Goldfein's right to do.

142. The RA asked if the USAF had a policy for contractors and the USAF to follow, if a contractor wanted to do a demonstration of a product or idea they had. ██████ said they do have a Demonstration Policy. When asked, ██████ said the USAF should only have paid for the creation of graphics for use in ██████ demonstration if the USAF would own those graphics after the contract was awarded. The rental of video screens could be in order but the need should be advertised.

143. The RA asked if MajGen Goldfein told ██████ to create graphics for use in a demonstration to be played in front of the USAF, would that be against USAF rules? ██████ said that would be an Unauthorized Commitment by MajGen Goldfein because he is not a Contracting Officer, and it would require ratification approval to use a contract vehicle to get the contractor paid. ██████ said he learned during the TAPS evaluation process that the USAF paid for the creation of graphics and screen rentals for ██████ Thundervision Demonstration. SMS listed the Thundervision Demonstration as a previous work effort to be evaluated and rated. After learning the USAF paid for the graphics and demonstration, ██████ suggested to the SST members that the rating should not be too high because the USAF paid for the graphics and the demonstration.

144. ██████ said Goldfein never mentioned anything about his (Goldfein's) own involvement in authorizing the Thundervision Demonstration or securing funding for it. ██████ described

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the process of the TAPS acquisition as, ‘they were heading for a train wreck.’ When asked to elaborate, ██████ said he knew someone was going to complain about the entire process and that it had the appearance of favoritism toward SMS.

145. ██████ said a determination that the offeror’s price was “reasonable” still had to be made before awarding the contract, even though this was a “best value” contract. He said they do not go into the extreme detail to make that determination. The TAPS Proposal Analysis Report (PAR) should include a determination of price as “reasonable”. ██████ said a determination of a price being “reasonable” is required in all DoD contracts.

146. ██████ said even though the Thunderbirds are often informed to contact the USAF Contracting Office before they acquire or order things, the Contracting Office is often forced to clean up their mess and make the contract paperwork fit what they did. The RA asked why they keep ignoring the procurement rules. ██████ opined, because they are a bunch of “prima donnas.” He said they know what they are supposed to do; they just don’t do it on a routine basis.

147. ██████ said that normally, the SSA for a USAF contract is the highest ranking person in the customer’s command. In this case, ██████ discussed with General Harrell that he was concerned about the appearance it would give if MajGen Goldfein was the SSA because of his previous involvement in trying to get the contract sole-sourced. Also Goldfein previously met with General Moseley and ██████ about the sole source acquisition. General Harrell agreed with ██████ and they asked MajGen Goldfein his opinion. MajGen Goldfein did not disagree with Harrell and ██████ concerns. Harrell did not want to be the SSA and General Burns (NFI), who was also present during discussions, was getting ready to retire. ██████ was then asked to be the SSA for the TAPS contract and accepted.

148. ██████ approved the selection for the TAPS acquisition Source Selection Team (SST), which consisted of four members of the Thunderbirds, two from 99th CONS, and ██████ ██████ 367th Training Support Squadron, (TRSS), Hill AFB, UT, who is considered a subject matter expert. ██████ said in retrospect he should not have authorized four members of the Thunderbirds to be on the SST because they were all too close with ██████ ██████ ██████ said ██████ was close to the Thunderbirds due to his frequent participation with the HFP at Thunderbirds air shows. ██████ said he “was never cozy with ██████ relationship with the Thunderbirds.” In fact, ██████ heard complaints from the non-Thunderbirds members of the SST that the four members of the Thunderbirds were not giving the non-SMS offerors the best ratings and were over-exaggerating the good points of SMS. After the Competitive Range Briefing, ██████ even signed a memorandum, lowering SMS’ rating on past performance for changing the music for the Thunderbirds 2004 show season from High Confidence to Significant Confidence. ██████ opined that changing the music was not as complex as the TAPS description (Exhibit 7).

149. ██████ said the Competitive Range Briefing was held for the purpose of the SST members to brief ██████ on their proposed desire to eliminate a few proposals which they deemed out of range. The RA asked if ██████ recalled what ██████ ██████ Commander of the Thunderbirds, said during that meeting. ██████ said that ██████ was

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assigned as an Advisor for the TAPS procurement, and during the Competitive Range Briefing, ██████ said words to the effect, "If it's not SMS, I don't want anybody." The four Thunderbirds on the SST heard ██████ say that. During the Competitive Range Briefing all of the offerors' videos were shown and the SMS video included a video taped testimonial from President George W. Bush.

150. The RA asked how MajGen Goldfein became an Advisor to the TAPS procurement. ██████ said Goldfein asked ██████ when he (Goldfein) would have a vote in the selection process. ██████ informed Goldfein that because ██████ was the SSA, ██████ would make the final selection. However, ██████ offered Goldfein the opportunity to be an Advisor and Goldfein accepted. ██████ said that it did make him (██████) uncomfortable being the SSA and having a Two-Star General as an Advisor. ██████ said he was always conscious of the fact that a two-star was present.

151. ██████ was asked if any of the members on the SST, or any of the Advisors, ever related to him that they thought they, or any other members of the SST/Advisors, had or might have any conflicts of interest. ██████ said that he only recalled that it was suggested that ██████ had a conflict. None of the others did.

152. ██████ recalled that late in the evaluation process, he received a telephone call from ██████ Commander of the 367th TRSS, who said the 367th TRSS could do the work they were in the process of procuring. ██████ suggested to ██████ that the 367th could put together some type of proposal of their own which could be considered separate from the acquisition process but before the actual award of the contract. ██████ and the 367th did this and actually provided their proposal before the Final Selection Briefing date. The 367th proposal indicated they could do the work and show video on Jumbotron screens during most of the day during the Thunderbirds air shows, not just during the Thunderbirds approximately one hour portion of the shows. The 367th said they could do all the work described in the TAPS RFP and more at a cost of between \$17 million and \$20 million, depending on whether they purchased or rented the video screens.

153. The RA asked ██████ why he met with the two contracting members of the SST (██████) and ██████ along with ██████ Commander of the 99th CONS, the day before the Final Selection Briefing in ██████ office. ██████ said he was told that the Thunderbirds were favoring SMS and the contracting officers wanted ██████ to see the Power Point slides comparing SMS to SRO Media. During that meeting, ██████ was informed SRO Media bid \$25 million and SMS bid almost \$25 million more. ██████ was informed that the four members of the Thunderbirds recommended SMS to be awarded the TAPS contract and the other three SST members recommended SRO Media. The only difference in ratings between the two was SMS had a higher rating score in "Strategic Insight". ██████ said that he informed the group it would be difficult to select SMS with that price difference. The RA informed ██████ that interviews were conducted with those present for that meeting and it was related that ██████ said he would not select SMS because of the price difference. ██████ responded that he lost sleep over having to make a decision on which company to select.

154. The RA asked if he was shown anything different the next day at the Final Selection

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Briefing than what he was shown the day before in [REDACTED] office. [REDACTED] said the information was the same. [REDACTED] said that during the Final Selection Briefing, Goldfein said he did not think the 367th TRSS could do the work because they had other commitments. Goldfein said he did not want the Thunderbirds to have to teach the contractor about the Thunderbirds and since SMS had a higher rating on Strategic Insight, Goldfein said if he were the SSA he would select SMS. The RA asked which company [REDACTED] selected at the Final Selection Briefing. [REDACTED] said he selected SMS.

155. [REDACTED] said MajGen Goldfein never yelled and never ordered nor told him to select SMS. The RA asked if [REDACTED] was intimidated by the fact that Goldfein was a two-star General, and he was only a [REDACTED] [REDACTED] said he was extremely conscious of the fact that there was a two-star presence. The RA related to [REDACTED] that the non-Thunderbirds members of the SST recalled immediately after [REDACTED] selected SMS at the Final Selection Briefing, [REDACTED] apologized to them and said, "Sorry, I caved." [REDACTED] provided no response.

156. The RA then asked [REDACTED] if MajGen Goldfein was not present at the Final Selection Briefing, would he [REDACTED] have selected SMS. [REDACTED] said he would not have selected SMS if Goldfein was not there. The RA asked if he would have selected SRO Media had Goldfein not been there. [REDACTED] said he would not have chose SRO Media either because its rating on Strategic Insight was too low. [REDACTED] said if Goldfein was not there, he would have asked that his supervisors determine if it would be better to use the 367th TRSS. The RA asked if he thought SMS was actually the best value for the USAF when he selected SMS. [REDACTED] said that he did not believe SMS was the best value; he thought the 367th TRSS was the best value.

157. [REDACTED] said that in November 2005, after the Final Selection Briefing, BrigGen Erwin Lessel and he discussed the possibility of the 367th TRSS doing the work. An arrangement was made to have [REDACTED] [REDACTED] and [REDACTED] come to the Pentagon to present the 367th TRSS' capabilities. It was also arranged so that LtGen Arthur Lichte, Assistant to the Vice-Chief of Staff, could receive the same, but separate presentation after Lessel's. [REDACTED] attended both presentations and both Lichte and Lessel liked the 367th's presentations. The two Generals said they would, "brief the Chief." [REDACTED] said General Moseley was then serving as the USAF, Chief of Staff.

158. [REDACTED] stated that in the days that followed, [REDACTED] was asked by BrigGen Lessel to forward him information about the 367th's costs and capabilities, and also SMS' proposals on the TAPS effort. [REDACTED] said he was certain Generals Lessel and Lichte knew SMS was the contractor selected during the Final Selection Briefing, and they knew the 367th offer was about \$30 million less than SMS' offer. In addition, the 367th offer included doing more work than was described in the TAPS RFP. [REDACTED] was even asked if there was a way they could just ask SMS to do the work that the 367th TRSS offered to do. [REDACTED] told Lessel because they were considering a change of scope in the work to be done, they would have to get quotes from all the offerors or re-advertise it with a new Statement of Objectives. However, [REDACTED] knew that time was of importance because the desire was to get the project moving and implemented quickly. [REDACTED] also knew that the General, who oversaw the 367th TRSS said he thought the 367th could perform the proposed work and thought it was a good idea and that information had been related to BrigGen Lessel.

159. During the interview, ██████████ was asked how certain he was that General Moseley was going to be the deciding official of whether or not SMS was going to be awarded the TAPS contract. ██████████ said both Generals Lessel and Lichte told him they were going to brief General Moseley. ██████████ said he did not know for certain that General Moseley was briefed but they indicated that was the case.

160. The RA read to ██████████ an e-mail that BrigGen Lessel sent to ██████████ on December 7, 2005, which said, “██████████ I just spoke with Lt Gen Lichte about the Thunderbirds contract and he provided the following guidance: Award the contract on the current source selection...” ██████████ said he recalled that e-mail and it was based on that e-mail that ██████████ later signed, the Source Selection Decision Document (SSDD). The RA showed ██████████ a response e-mail he sent to BrigGen Lessel on December 12, 2005, in which ██████████ wrote, “We are moving ahead with the TAPS award. The Source Selection Decision Document is on my desk for signature and I will sign it this morning (per AF direction)...I know I’m not privy to all the internal discussions that took place in the ‘Palace’, but award of this contract seems to fly in the face of the SECAF’s letter that was signed out last week. We both know the 367 TRSS has the capability and experience to effectively handle the TAPS requirement (and the expanded effort) at a substantial reduced cost...I’m concerned as a steward of taxpayer dollars. I just want to do the right thing for the AF.” In addition, ██████████ attached to that e-mail, the Secretary of the Air Force’s, “Letter to Airman” dated December 6, 2005, reflecting the USAF should stop contracting out work it had the ability to do internally.

161. ██████████ related in the interview that he had hoped the decision would be made to let the 367th do the work and the TAPS RFP would have just been cancelled. The RA asked who ██████████ thought made the final decision whether SMS would be awarded the contract. ██████████ said based on the information he received from General’s Lessel and Lichte, he believed that General Moseley made the final decision. However, based on BrigGen Lessel’s e-mail alone, he could only say for certain that it appeared that LtGen Lichte made the final decision.

162. ██████████ was asked why he wrote “per AF direction” in the e-mail. ██████████ said he wrote that to document he was doing as he was directed according to General Lessel’s e-mail. ██████████ was asked if he felt at the time he signed the SSDD that the 367th TRSS was the best value for the USAF. ██████████ said he did think the 367th TRSS was the best value for the USAF to do the work.

163. The RA mentioned that FAR 15.308 says, “The Source Selection Authority’s (SSA) decision shall be based on a comparative assessment of proposals against all source selection criteria in the solicitation. While the SSA may use reports and analyses prepared by others, the source selection decision shall represent the SSA’s independent judgment...” In addition, USAF Mandatory Procedure on Source Selection (MP 5315.308) says, “The Source Selection Authority shall select the source or sources whose proposal offers the best value to the Government” and also says the SSA should use their “independent judgment.” The RA asked ██████████ if he used his own independent judgment to select SMS or if he was following LtGen Lichte’s instructions as related by BrigGen Lessel. ██████████ said he was following their

instructions. In conclusion of this topic, ██████ said he did not think SMS was the best value for the USAF; he believed the 367th TRSS was the best value.

164. The RA asked why ██████ waited so long to sign the SSDD which was not signed until December 13, 2005. ██████ said he wanted to see if the 367th would be selected to do the work. In addition, the verbiage on the SSDD was not strong enough to support awarding the contract to SMS, so he kept sending it back to ██████ to revise. ██████ also wrote or re-wrote some of it.

165. The RA showed ██████ a copy of the SSDD (Exhibit 9-Last 3 Pages) wherein the last page reflects that SMS had the highest technical rating but the charts on the first page of the SSDD reflected SMS had the same technical rating as two other offerors. ██████ said he suspected they meant to type SMS had the highest Strategic Insight rating. The RA mentioned that was already listed earlier in the document. ██████ said the choice of using “highest technical” was incorrect and should have read highest overall rating. ██████ opined it was just a poor choice of words.

166. ██████ said the PAR was/is an official record of how the SST came to the conclusion it did and was a summary of the SST’s findings when reviewing the proposals. The RA pointed out that in the PAR for the TAPS contract, under Contract Documentation, it showed that SMS complied with all requirements even though it was known that SMS refused to provide required financial records, and when another offeror, MC2, failed to provide required financial documents, they were considered nonresponsive. ██████ opined that both offerors descriptions should have been the same if they both refused to provide the same type documentation.

167. The RA asked if SMS would have to be considered “Responsible” before the contract could be awarded. ██████ said that was true and the Contracting Officer should have written a memorandum reflecting that. The RA advised that ██████ did prepare such a memorandum but the RA wondered how SMS could be found to be Responsible after ██████ refused to provide SMS’ financial records. The RA asked if a referral should have been made for a Certificate of Competency (CoC) from the Small Business Administration and/or a pre-award survey completed since ██████ also wrote in the Power Point slides presented at the Final Decision Briefing that SMS was a financial risk. ██████ said one or the other should probably have been done before awarding the contract. ██████ repeated during the interview that there was a “short window” to get the contract awarded.

168. ██████ said during the TAPS contract performance, USAF equipment should not have been used as stated in the SOO. He said USAF personnel should not have been used to write scripts or shoot video and the use of USAF equipment was also prohibited. When asked about the use of USAF facilities to do the filming, ██████ said it would sometimes save USAF personnel time to use USAF facilities to do filming during the TAPS contract performance. ██████ gave an example of how it would waste a General’s time to fly all the way to a SMS facility to be filmed when there was a USAF studio nearby. The RA mentioned that the SOO said Government property should not be used; however, SMS was allowed to do so.

169. The RA asked if it were later shown that ██████ took those two Instant Replay Machines purchased by the USAF in 2004 to California for SMS use on the TAPS Contract, would that be Misappropriation of Government Property and in violation of the SOO. ██████ believed it would be both.

169(a). The RA showed ██████ an Excel spreadsheet that ██████ provided as an attachment to an e-mail dated January 11, 2006 for which the attachment was titled, "United States Air Force Deliverables to Strategic Message Solutions" (Exhibit 12-Attachment 3). ██████ opined that with the exception of the use of studios, most of what was listed was asking USAF personnel to do research to speed up the process based on information the USAF had. For example, SMS would have a difficult time knowing the hometowns of USAF personnel and the USAF would know the process and availability for Senior USAF officers to film testimonials. ██████ conceded that SMS' rating on Strategic Insight (Knowledge of the USAF) was what made their proposal rating higher than the others.

170. ██████ said he did not know if SMS or the other offerors' proposals listed using their own communications trailers or if SMS intended to use the Thunderbirds communications trailer during performance on the TAPS contract.

171. The RA asked ██████ if he believed it should be suggested or recommended that in future USAF procurements, the SSA should always outrank the members on the SST and Advisors. ██████ said he thought that should be the case (Exhibit 29).

Account of ██████

172. On October 24, 2007, the RA telephoned ██████ USAF-Retired, at his residence in Indianapolis, IN, in an attempt to schedule an interview (Exhibit 30). ██████ was later interviewed in person on November 2, 2007 (Exhibit 31). ██████ previous position in the USAF was as the Public Affairs Officer at ACC, Langley AFB, VA. ██████ said he did not like what USAF personnel did regarding the TAPS acquisition and he voiced his opposition several times while the activity occurred. As a result of his opposition, ██████ determined that he stood no chance for advancement in the USAF and the wrongdoings led him to decide to retire from the USAF.

173. ██████ related that on or about April 19, 2005, he attended a meeting at ACC where in ██████ provided a presentation (video and PowerPoint) describing how he wanted to utilize large video screens and video at Thunderbirds air shows and wanted a large amount of money for the first and second year. ██████ believed ██████ wanted \$8.5 million for the first year. Those present in addition to himself were Major General Ann Harrell, ACC-A7 (Installations and Missions Support Directorate); ██████ who worked in ACC-A3 (Directorate of Air and Space Operations); ██████ the ACC-JA (Judge Advocate); ██████ who worked for General Harrell; ██████ and maybe a couple of others.

174. ██████ did not know the purpose of the meeting until he got there, only that it was to discuss a new marketing and public relations concept for the Thunderbirds. General Harrell introduced ██████ saying he was there to discuss this concept. ██████ had not heard of

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“Thundervision” before that. General Harrell said something to the effect that the “big boys” at the Pentagon had seen ██████ presentation and had sent ██████ down there (to ACC) to give it to the ACC. ██████ recalled ██████ showing a video during the meeting, and there were testimonials on it from both Presidents Bush.

175. ██████ recalled asking during the meeting why they were not using internal assets first. He said the USAF has professional bandsman, videographers, broadcasters, etc. ██████ thought they should give them a chance. ██████ thought they should use organic assets first.

176. ██████ inferred that retired USAF General Hal Hornburg was in ██████ company’s corporate structure. ██████ gave a power point slide show and the second slide showed the four-person “SMS” corporate structure. The first line showed the name ██████ “President.” In the second line there was a blank space where a name should be and next to it an empty space with four gold stars; as in a military general's rank. Regarding the second line, according to ██████ ██████ said something like, I can't tell you who he is, but everyone in this room knows who he is.” ██████ stated that a chill came over the room. ██████ along with everyone else had no doubt ██████ was referring to retired four star General Hal Hornburg.

177. ██████ said this was not the first time ██████ and Hornburg had got together outside of normal channels. Sometime between December 2003 and March 2004, while ██████ was deployed, ██████ received e-mails from ██████ ██████ the ACC/PA, that indicated that General Hornburg went to ██████ and said “I want you to fix the music for the Thunderbirds.” This music was part of the air show that is played while the Thunderbirds are performing. ██████ put together a new musical score but ran into copyright problems. ██████ ██████ and the head ACC lawyer, General Dunlap, had to intervene and settle this problem.

178. ██████ said as the Public Affairs Officer he had concerns about the apparent conflict of interest of Hornburg being associated with ██████ company and trying to get a USAF contract so soon after Hornburg retired. During the April 19, 2005, meeting with ██████ ██████ expressed his opinion that there was nothing unique with ██████ proposal; there was no need identified by the Air Force; they had not tried to get it done internally; and the USAF was trying to give \$8.5 million dollars to ██████ then asked if he had crossed the line and whether he should leave. ██████ ██████ who was the ACC contract attorney, said since it was an informational meeting they had not done anything wrong in discussing the concept, but they were very close. ██████ then finished his brief.

179. ██████ opined it would have been especially hard not to award the contract to ██████ because Hornburg had been the former commander of everyone in the room three and a half months before. According to ██████ everyone in the room had worked for him, knew him, and sworn allegiance to him.

180. ██████ recalled ██████ said he had given his presentation to Moseley and that Moseley liked it. ██████ wanted to get sponsors to run advertisements and help defray the costs. The idea was that there would be Air Force messages between advertisements. ██████ got the impression it was a “done deal” and the presentation was a formality. ██████ opined ██████ concept brief had already been approved and because the Thunderbirds belonged to the ACC it

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was a formality to give ACC the briefing.

181. At the time of the briefing, Congress had delayed giving a fourth star to General Keys, so there was no four star in charge of the ACC. In [REDACTED] opinion it seemed that General Moseley, as the Air Force Vice Chief of Staff, was able to make the decision without any four-star opposition from ACC. [REDACTED] related that when General Keys took over ACC in May 2005, he stated in a staff meeting that Moseley's idea was stupid, and Moseley was not going to get a dime of ACC money for this.

182. [REDACTED] explained that the U.S. was at war and funds were short. Once General Keys came onboard at ACC, it was obvious there would be no money coming from ACC even though the Thunderbirds belonged to ACC. [REDACTED] stated he was either told or read e-mails where General Moseley had even asked the Air Force budget people if tuition assistance money could be used for the \$8.5 million for [REDACTED] contract. When the Recruiting Service said they would not fund it because they did not think it would help recruiting, General Harrell approached [REDACTED] about using money from the Public Affairs budget. [REDACTED] told her Federal Law prohibited the use of Public Affairs money for marketing. Public Affairs was limited to answering questions, stating the facts, etc., and only the USAF Recruiting Service was allowed to do marketing. [REDACTED] did find it ironic that the recruiters said no because a major part of the after-the-fact justification put forth for Thundervision was that it would help with recruiting.

183. On November 29, 2005, [REDACTED], [REDACTED] and [REDACTED] made two presentations at the Pentagon in front of BrigGen Erwin Lessel (first presentation) and LtGen Arthur Lichte (second presentation). [REDACTED] attended both presentations. [REDACTED] indicated the 367th would go beyond the contract requirements and also tell the USAF story. [REDACTED] stated the 367th was an award winning audio visual top notch unit, with a trophy case full of awards. [REDACTED] said, "We can do it better and in high definition," which SMS could not.

184. [REDACTED] said for three million dollars up front, the USAF could have a high definition Jumbotron, the only one in the world, which would be owned, not rented by the Air Force. [REDACTED] said the 367th had already done Thunderbirds shows, including putting lipstick cameras on the helmets of pilots and had already done most of what [REDACTED] was proposing, and they could do it in high definition which SMS was not going to do. [REDACTED] already had most of the funds needed to do this within his operating budget to include the TDYs to produce the videos. [REDACTED] stated that the 367th's abilities should have been known by Hornburg because his previous position was as Commander of the Air Education and Training Command. Therefore, Hornburg was once in charge of the 367th. [REDACTED] opined that the point where the problem and solution intersected was with Hornburg.

185. As the Public Affairs Officer, [REDACTED] was concerned with the question, "What would the Air Force say if a retired four star General, three and a half months into retirement, who is restricted from private contracting for one year, is part of a \$8.5 million dollar contract for the Thunderbirds, without a requirement being documented, during a time of war?" [REDACTED] advised that was why he attended the 367th's presentations.

186. [REDACTED] was asked to describe what occurred during the two presentations at the Pentagon.

█████ said BrigGen Lessel got the first brief. He was the gate keeper. During the brief Lessel asked █████ more than once, "Do you have the people to do this?" █████ explained that because of the war and budget cuts not many USAF components were spending money on the 367th. █████ repeatedly said the 367th had the people; they were underutilized; had the bodies; and could do mostly everything required out of his (the 367th) budget. █████ then laid out a schedule showing which of his people would be at which shows and when. █████ had everything figured in to include deployments and training. BrigGen Lessel was impressed and said he would call LtGen Lichte and see if he had time for the briefing. Lichte said yes and that afternoon, █████ gave the briefing to Lichte. Right when the briefing began, Lichte asked █████ "Do you have the people to do this?" █████ said he did and he could support roughly 99% of the shows. █████ said the plan to use SMS was never to support 100% of the shows. █████ reiterated being underutilized; the 367th award winning abilities; and the ability to do the work in high definition. Again █████ informed Lichte that the 367th had previously supported the Thunderbirds by doing this type of work. █████ said Lichte was, "blown away" and very impressed. Lichte said he was going to take the information to "the Chief" and that the 367th was their number one recommendation. █████ and █████ were elated that Lichte said he would brief General Moseley and that the 367th would be their first choice.

187. █████ said he received a phone call from █████ who told him that General Moseley said SMS was going to get the contract. When █████ questioned █████ about the decision, he said he had no further details. Both █████ and █████ were disappointed but accepted it as an order they had to follow.

188. █████ said he never had any doubt about █████ ability to produce a quality product. The issue was how the contract was awarded. █████ owns a vintage jet from the Korean War era. He is very wealthy and flies his vintage jet across the United States as part of air shows. He is partially reimbursed by the Air Force through the ACC Heritage Flight Program. █████ job as the ACC Public Affairs Officer, █████ had asked for proof that the Heritage Flight Program helped recruiting. █████ said his request, "ruffled feathers." At the air shows, █████ got to know the Air Force people. █████ lawyer, a man by the name of █████ owned a restored P-51 that he also flew with █████ at some of these shows. █████ said he could not recall all the details but could recall one occasion when Major General Kenneth "Mike" DeCuir (Director of Air and Space Operations at ACC) flew with █████ in the P-51. █████ suspected some USAF regulations were probably broken but was not sure. █████ was often at the VIP tent at the air shows with the top USAF people.

189. After the TAPS contract was awarded to SMS, █████ was tasked with getting video footage from Lockheed Martin, or some other defense contractor, for SMS' use. █████ refused to do it and informed Colonel Michelle Johnson, Public Affairs Officer at the Pentagon, that the USAF had permission to use the defense contractor video for USAF purposes but not to turn it over to someone else for their use. █████ complained because he did not understand the legal contract issues involved.

190. █████ informed █████ that █████ was using the editing suite at Nellis AFB, NV, which the Thunderbirds use. █████ said the on-scene contracting officer told █████ that █████ was able to use the facility on weekends. █████ confirmed this with █████

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██████████, the Thunderbirds Public Affairs Officer. ██████████ asked if she did something wrong, saying she had booked the facility and that they were told to help out and support ██████████. During the interview, ██████████ related this was an issue because the TAPS contract specified that ██████████ company would have to produce the videos like any other contractor and were paid to use private studios. ██████████ said using the NAFB editing suite on the weekend “caused a fuss” because civilians were called in on the weekend to assist ██████████ and wanted overtime pay which had to be approved.

191. ██████████ was asked why he thought the 367th TRSS was not selected to do the work. ██████████ said he believed it was because of Hornburg's involvement and because Moseley had already told ██████████ and SMS they would get the contract. This was all based on inappropriate relationships between ██████████ Moseley, Jumper, Hornburg, DeCuir and Goldfein. ██████████ said this issue came to a head after a reporter called ACC Public Affairs. A bidder who lost the contract protested the bid award and went to an investigative reporter with the Arizona Republic. After the story broke, Lieutenant General Don Hoffman, who was in charge of acquisition for the Air Force, wrote an e-mail to General Moseley and the Secretary of the Air Force saying essentially his e-mail was not soliciting feedback but as the AQ for the Air Force he was terminating this contract. As a result ██████████ said that ██████████ started e-mailing Moseley directly saying, “Buzz what happened, I thought we had a deal,” or something very close to that. ██████████ attorney, ██████████ also sent e-mails to General Moseley. LtGen William Fraser told ██████████ that Air Force lawyers called ██████████ and ██████████ and told them to stop sending e-mails because the e-mails were hurting Moseley and hurting their case. ██████████ then filed a law suit against the Air Force.

192. After the Arizona Republic reporter called, but prior to the story breaking, ██████████ convinced Colonel Johnson and BrigGen Lessel to have a meeting because the reporter's questions were so pointed. This meeting took place in late February or early March of 2006. The attendees were BrigGen Lessel, Colonel Johnson, two Colonels from USAF contracting, some lawyers, two people from the Secretary of the Air Force General Counsel, and ██████████. BrigGen Lessel opened the meeting by asking what was going on. The contracting people then laid out the scenario of events. Lessel appeared shocked and said words to the effect, “How could the USAF be so stupid?” Someone asked if it was possible that Hornburg was not aware of the laws restricting him from contracting with the Government for a year after retirement. One of the Secretary of the Air Force General Counsel lawyers said that it was not possible. They said, “I am the guy that gave Hornburg his exit briefing and he was aware of the laws.”

193. ██████████ was asked what ██████████ told him about what happened during the Final Selection Briefing. ██████████ said he couldn't recall the details but ██████████ seemed to infer the General Officers above him were, “hanging him out to dry.” ██████████ said he was getting calls from General Moseley's aids asking about the status of the contract on a frequent, if not regular, basis. I remember that because calling officers in someone else's four-star chain-of-command is just not done.

194. ██████████ was asked if he thought awarding a \$49.9 million contract to perform on this “turn-key” effort was money well spent for the USAF. ██████████ opined it was not money well spent and it appeared to him it was money spent, “to line the pockets of some Generals.” ██████████ found it

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suspicious when the need for something was only articulated after a deal had been struck, especially when a very recently retired four-star was involved. [REDACTED] also questioned the justification since the project was pitched to help USAF recruiting and yet the USAF Recruiting Service turned it down.

195. At the conclusion of the interview, [REDACTED] was asked if he had anything to add. [REDACTED] said that in his opinion, the linchpin in all of this was Hornburg. He did not wait the one year as required and that is what raised everybody's suspicion and hackles. If there truly was a need to "jazz up" the Thunderbirds show, Hornburg should have acted when he was the Commander of ACC and not waited until he retired. He should have known about the 367th capabilities since he had been their commander at AETC. He was the intersection for both the supposed problem and the solution.

196. In [REDACTED] opinion, Hornburg violated the core values of "service before self" and "integrity." [REDACTED] was also disappointed in senior Air Force leadership in general. [REDACTED] said he did not know what all went on, but knew no one wanted to touch Thundervision. There were very few folks who seemed concerned about doing the right thing or even worried about the USAF' reputation for integrity should the story come out. [REDACTED] said some folks at the Colonel level tried to push back but were cowered or pushed aside. [REDACTED] said there were a few heroes in all this. General Dunlap, the ACC lawyer, did not like what was going on and was the one that pushed to get the contract into the bidding process and not sole sourced. General Keys refused to fund it out of the ACC budget, and LtGen Don Hoffman terminated the contract. [REDACTED] opined that [REDACTED] and "the Contracting folks" did all they could do at their level to stop this from happening but the pressure was just too intense from above (Exhibits 30 & 31).

Account of [REDACTED]

197. On July 6, 2006, an interview was conducted with [REDACTED] at the 99th CONS, NAFB (Exhibit 32). [REDACTED] previously served as a Contracting Officer at the 99th CONS and recently had passed the attorney's bar examination. He was being transferred to Andrews Air Force Base to train and assist agents from the USAF Office of Special Investigations. [REDACTED] stated that he had been in the USAF for eight years and had attended various contracting schools and training sessions. He was familiar with the FAR, DFARS and USAF Mandatory Procedures concerning DoD procurements. [REDACTED] also said he was familiar with 8(a) Minority Owned Business procurement procedures and said that the awarded contractor has to do at least approximately 50 or 51 percent of the work. When asked when a contract could be awarded without competition, [REDACTED] said that 8(a) contracts can be awarded without competition but the contract price still has to be determined to be fair and reasonable. [REDACTED] was asked when contracts can be awarded on an "urgent need." [REDACTED] reached for and opened a copy of the FAR and the RA rephrased the question and asked if it was reserved for emergency essential needs like bullets, missiles, parts for planes – during wartime and the like, not equipment for music and video shows. [REDACTED] said that was correct. [REDACTED] added that poor planning on the part of the customer does not justify an Urgent Need. [REDACTED] was asked about sole source awards. He said sole source awards can be made if only one contractor can do the job or provide the service or item(s).

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198. [REDACTED] was asked specifically about USAF contract No. FA4861-04-M-B098, awarded to Framework Sound, owned by [REDACTED] which [REDACTED] was the contracting officer on. The contract was awarded on March 4, 2004, for \$11,142.00 by NAFB. The contract was for two DR554; two Instant Replay 360's; one set of overlays; Mixing Console Mixer and an Interface Card and the delivery date was listed as April 1, 2004. The contractor was to include music loading at no additional cost and on site support at NAFB on March 19, 2004, and on site technical support at NAFB for 90 days after product delivery.

199. Initially, [REDACTED] had a difficult time recalling the contract. The RA mentioned that [REDACTED] wrote in the contract file, "Requirement given an extreme high priority by Maj Gen Wood." General Wood was the Commander of Air Warfare Center (AWFC), NAFB, at the time. [REDACTED] then recalled more about the contract and said he tends to document important things like that. [REDACTED] advised that Framework Sound was the suggested source and this contract was given priority by General Wood because the Thunderbirds needed the equipment right away. In [REDACTED] mind it passed the "illegal, immoral, and insane test" so [REDACTED] had no problem awarding the contract to Framework Sound.

200. The interview was next focused on USAF contract No. FA4861-04-MB272, awarded by NAFB on September 2, 2004, to Chugach McKinley, Inc., [REDACTED] 560 E. 34th Avenue, Anchorage, AK for \$128,000, for which [REDACTED] was the contracting officer. The RA presented the original contract file for [REDACTED] to review as necessary. The RA showed [REDACTED] the actual contract and pointed out that the contract had three Line Item Numbers (CLINS). CLIN 0001AA was for: Sound Trailer \$112,000; CLIN 0001AB was for Sound Equipment \$8,000; and CLIN 0001AC was for Services Charges: \$8,000.00. The delivery date was for September 5, 2004, and the contract was actually signed by [REDACTED] on September 13, 2004. [REDACTED] said that he did recall this contract. He said it was unique because it was the first time he awarded a contract to an Alaskan native 8(a) Company; which also allowed him to award the contract without competition.

201. [REDACTED] reviewed a Memorandum for Record in the contract file which was dated September 3, 2004, and signed by [REDACTED] [REDACTED] (Exhibit 33 – Attachment 18). In it, [REDACTED] wrote, "The Thunderbirds purchased a new communications trailer...from STS...Evidently the sound system did not perform to specifications, but this was discovered only after professional sound technicians, [REDACTED] and [REDACTED] acting as advisors to COMACC, Gen Hal Hornburg, ran high-grade tests of the equipment. STS attempted to make repairs, but has admitted they do not have the expertise to bring the equipment up to the standards that [REDACTED] and [REDACTED] recommended (and General Hornburg verbally directed through BrigGen Ihde 57 WG/CC)." [REDACTED] also wrote in this memorandum, "Market research revealed that an Alaskan native 8(a) firm, Chugach McKinley, either could deliver or subcontract to deliver the sound configuration necessary to satisfy the standard that Gen Hornburg expected in the shortest amount of time possible due to set asides covered in FAR Part 26....based on conversations with the Thunderbird technical personnel and my own knowledge of the procedures, I determine the price to be fair and reasonable."

202. After reviewing his memorandum, [REDACTED] stated that he felt confident in stating that BrigGen Gregory Ihde, Commander of the 57 Wing, NAFB, informed him that directions came

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down from General Hal Hornburg, the ACC Commander, to award the contract to the Alaska company to avoid competition so that [REDACTED] and [REDACTED] could do the work and provide the equipment.

203. [REDACTED] reviewed copies of e-mails in the contract file (Exhibit 33). After that he recalled that [REDACTED] Resource Advisor, 57th Wing, was the one that suggested he award the contract to Chugach, which was followed with his [REDACTED] communication with BrigGen Ihde.

204. The RA informed [REDACTED] that based on the dates and contents of the e-mails it was apparent the contract was officially awarded (September 2, 2004) before he even received a proposal from Chugach (September 3, 2004). [REDACTED] responded, "This contract was definitely reverse engineered." [REDACTED] said that a determination as to who was going to be awarded the contract and who was going to do the work had already been made by Generals Hornburg and BrigGen Ihde and he [REDACTED] was just making the documents fit what they already started.

205. The RA then asked if the end result was wasting \$8,000 of USAF funds to avoid competition for [REDACTED] and [REDACTED]. [REDACTED] said he agreed with that assessment. The RA asked if it also violated the FAR Regulations wherein Chugach, being an Alaska native company, that was awarded the contract without competition, was still supposed to do the majority of the work. [REDACTED] said he also agreed with that.

206. [REDACTED] said this contract was on the "base watch list," meaning that there were frequent inquiries as to its progress. [REDACTED] stated it did not help any when this contract came in and he already did not have the staff he was supposed to. Consequently, it was also in the interest of saving time to just do what the Generals wanted to be done as quickly as possible. [REDACTED] said he worked extremely hard on this contract.

207. [REDACTED] personal opinion was that a "back room deal" was made somewhere, and it flowed down so that [REDACTED] and [REDACTED] would get the contract to fix the communications trailer. [REDACTED] opined it was also determined by others that he [REDACTED] was the most appropriate person to handle the contract. [REDACTED] stated that it was obvious to him that General Hornburg and [REDACTED] had a past relationship because, according to BrigGen Ihde, General Hornburg told BrigGen Ihde that [REDACTED] and [REDACTED] were going to do the work on the Thunderbirds Communications trailer. [REDACTED] stated that [REDACTED] [REDACTED] [REDACTED] the previous Commander of the 99th CONS, was very upset that the USAF kept spending more and more money on the Thunderbirds communications trailer situation, and it would never work properly.

208. [REDACTED] was asked if this type of procurement was the norm or the exception at the 99th CONS. [REDACTED] stated that in the eight years he had been in contracting, this was the only contract he was involved in that had so many infractions and the only one where he received instructions from higher ranking officers, on what to do and how to award the contract. [REDACTED] said he is very proud of the work he has done at the 99th CONS and suggested that the agents look at the other contracts he was the contracting officer on, implying that no similar activity would be found (Exhibits 32 & 33).

Account of [REDACTED]

209. On May 4, 2006, [REDACTED] was interviewed (Exhibit 34). [REDACTED] previously served as a [REDACTED], at the 99th CONS. In January 2006 she began her employment as a Supervisory Administrative Specialist at the FBI, Las Vegas Field Office. She worked at the 99th CONS for [REDACTED]. [REDACTED] was asked about her official involvement with USAF contract No. FA4861-05-M-B105, which was awarded for \$49,300.00 to Sports Link, LTD, 117 Prince Drive, P.O. Box 544, Brookings, SD 57006-0544. The contract was signed for the USAF by [REDACTED] on March 8, 2005, and officially awarded on March 9, 2005.

210. [REDACTED] advised that in February 2005, she was assigned contracting officer responsibilities for a USAF contract for a vendor to produce and provide an audio and video demonstration at the 2005 Thunderbirds Acceptance Show held in March at NAFB. [REDACTED] was asked why [REDACTED] signed the contract instead of her. [REDACTED] stated she refused to sign the contract because everything she read in the file indicated the work had been performed; before the contract was awarded. Knowing that, [REDACTED] stated it would have been inappropriate to sign the contract. Many of the documents referred to in the interview are included as attachments to the report of interview with [REDACTED] (Exhibit 34).

211. [REDACTED] stated when she was first assigned contracting officer responsibilities for this effort, [REDACTED] handed her an abstract which is a Request for Purchase, described on a USAF Form 9. It was signed by [REDACTED] Commander of the Thunderbirds. The form was dated February 24, 2005. It reflected that [REDACTED] wanted Framework Sound, owned by [REDACTED] of Santa Monica, CA, to provide a network quality package for Jumbotron for delivery on March 9, 2005. [REDACTED] request referenced an attached "Statement of Work." The Thunderbirds' Acceptance Show was scheduled for March 10, 2005. The Form 9 was approved for funding by [REDACTED] Finance Manager, Thunderbirds, on February 24, 2005, before [REDACTED] received it

212. During the interview, [REDACTED] looked in the provided contract file, and identified a memorandum signed by [REDACTED] (Exhibit 34-Attachment 3). The memorandum itself is not dated. The memorandum's Subject was: Justification for Non-Competitive and Urgent Requirement. In describing the circumstances for sole source requirement, [REDACTED] wrote, "The USAFADS was tasked to test the concept of large screen "Jumbotrons" in conjunction with the 10 March 2005 acceptance show for senior leadership of the USAF. The short nature and extremely high visibility of the requirement makes it impossible to bid the project." In the memorandum, [REDACTED] wrote, "[REDACTED] and [REDACTED] were specifically tasked by AWC/CC to complete the task and have identified the sub-contractors with the specific technical and artistic skills required to satisfy the requirements." [REDACTED] continued, "The unique capability provided by the vendor is the immediate response to the Thunderbirds request." Item "D" of the memo reads, "I certify the information contained herein is accurate and complete."

213. When reviewing the contract file, [REDACTED] was troubled by the fact that the market research documents she created were missing and new ones were in the file instead. She was also troubled by two memorandums in the file. The first was written by [REDACTED] a [REDACTED] at the 99th CONS, which was dated March 1, 2005, (Exhibit 34-Attachment 7). The other was dated March 2, 2005, and signed by [REDACTED] the Contracting Officer on this

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contract (Exhibit 34-Attachment 8).

214. [REDACTED] also identified an e-mail that was in the contract file which she sent to [REDACTED] on March 7, 2005, (Exhibit 34-Attachment 9). In the e-mail, she asked [REDACTED] for assistance with the contract and wrote, "I think we are looking at a possible ratification." [REDACTED] described the meaning of the word "ratification" as an instance where a contractor performed work before the work was contractually authorized and before funding was authorized. [REDACTED] stated that it is against the contract rules described in the FAR to request contractors to do work, before it is authorized and before funding is authorized. [REDACTED] opined that because the work was apparently performed before the proper procedures were followed; a sole source contract should not have been awarded for this effort. She said the records she received which were in the file indicated the work had already been completed before the contract was awarded.

215. [REDACTED] was asked if it was legal to award a sole-source contract for work that was completed before the contract was written and before funding was approved. [REDACTED] opined it was not legal to award a contract under those conditions and would violate the requirements of the FAR.

216. [REDACTED] stated that having seen what she had in the contract file, she could not in good faith award the contract because it violated all the applicable procurement rules in the FAR. She approached [REDACTED] her supervisor, in his office and told him she refused to sign the contract. [REDACTED] was upset about her refusal and threatened to take away her contracting warrant. He said that this would be the last time she had to refuse to sign. [REDACTED] understood [REDACTED] to mean that if she ever refused again he would take away her warrant.

217. [REDACTED] was asked what the consequence would be if [REDACTED] took her warrant. [REDACTED] said she would not be able to award any more contracts and would have to stop being a contracting officer and would have to be a contract specialist or a buyer. After her confrontation with [REDACTED] [REDACTED] asked [REDACTED] if she could be reassigned to work in [REDACTED] section in the 99th CONS. Her request was granted. [REDACTED] stated in the ten years she worked for the USAF in contracting, she never saw a contract handled as incorrectly as this one (Exhibit 34).

Account of [REDACTED]

218. On May 11, 2006, an interview was conducted of [REDACTED] Chief of Base Operations Support Flight, 99th CONS, NAFB (Exhibit 35). [REDACTED] has served as a civilian contracting officer since 1991. He previously served in the USAF and [REDACTED]. He served in the military in contracting from 1970 through 1989. His warrant at the time of the interview was for an unlimited dollar amount. [REDACTED] was asked to define the meaning of ratification. He said that would occur if a customer told a contractor to perform work, or start work, before the contract was actually approved. Had there been a ratification action, paperwork would have to be generated at the 99th CONS and submitted to the customer. The customer would have to either counsel the employee who requested the work start before the contract and/or make the employee pay for the work done. [REDACTED] stated that no ratification action was taken on this contract. When specifically asked, [REDACTED] stated that it would be illegal to award a contract where the work was started without ratification. However, [REDACTED] repeatedly emphasized that almost all work is "ratifiable;" and the contract can still be awarded.

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219. [REDACTED] was asked specifically about USAF contract No. FA4861-05-M-B105, which was awarded for \$49,300 to Sports Link, LTD, 117 Prince Drive, P.O. Box 544, Brookings, SD 57006-0544. [REDACTED] signed the contract for the USAF on March 8, 2005, and it was officially awarded on March 9, 2005. After reviewing the e-mail and invoices in the contract file, [REDACTED] stated that [REDACTED] did inform him of the possible ratification. [REDACTED] offered as an explanation for his awarding the contract without taking ratification action was because the item was needed by the Government. [REDACTED] stressed that his goal is to satisfy the customer's needs. He stated that when short suspense date requests come in, he tries his best to accommodate the customers.

220. In this case, it appeared to [REDACTED] that [REDACTED] was taking her time on getting the contract process moving and the customer was calling [REDACTED] and inquiring about the contract. [REDACTED] knew the USAF Chief of Staff and/or ACC Commander was coming to NAFB in a few days and expected to see the test demonstration. [REDACTED] elected to take responsibility to get the job done. [REDACTED] opined that his Wing would have looked bad if he did not get the contract awarded in a timely manner. [REDACTED] stated he did verbally scold [REDACTED] and stated he did not want people working for him that couldn't get the job done. He admitted she was within her rights to refuse to sign the contract. [REDACTED] emphasized that at NAFB, it is not that unusual for customers to ask vendors to start work before contracts are actually awarded, and the money catches up with the order later. Normally there is no harm done. [REDACTED] said he had no recollection about the memorandums in the contract file that were dated March 1 and 2, 2005, and signed by him and [REDACTED]. [REDACTED] insisted he did not tell [REDACTED] to create or backdate any documents and [REDACTED] didn't create any either. He believed [REDACTED] just created the documents after the contract was awarded because they should have been placed in there earlier.

221. When specifically asked, [REDACTED] opined that a customer would not be authorized to ask a vendor to perform work before the contract was awarded, and if [REDACTED] or anyone else at the Thunderbirds, did this they would have not followed the rules. It could be rectified with ratification action. [REDACTED] stated he never removed any documents from the contract file and never instructed anyone else to do so. In conclusion, regarding the contract awarded to Sports Link, [REDACTED] stated that he did not follow regulations in the FAR when he awarded the contract to Sports Link when he knew the work had already been performed. For that he takes full responsibility. He said no one instructed him to do this. He said he did it because it needed to be done.

222. [REDACTED] was asked how much his judgment was affected when he read in [REDACTED] Justification for Sole Source, "[REDACTED] and [REDACTED] were specifically tasked by AWC/CC to complete the task..." [REDACTED] stated, "Officially it didn't affect him at all but unofficially it did," (Exhibit 35).

223. Following the interview, on that same day (May 11th) after the interview, [REDACTED] faxed some documents to the RA in attempt to explain a plausible scenario as to why [REDACTED] and [REDACTED] memorandums were written (Exhibit 36). However, the documents did not explain how [REDACTED] and [REDACTED] could have written memorandums on March 1 and 2, 2005, that Sports

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Link was the selected offeror when Sports Link had not even been contacted until days later, and as late as March 2, 2005, everyone, including personnel at the 99th CONS were still under the impression Framework Sound would be awarded the contract. The contract was awarded one day before the Acceptance Show, yet was written to create/provide video-graphics and provide a large video screen for the Acceptance Show on March 10, 2005 (Exhibit 36).

Account of [REDACTED]

224. On May 12, 2006, an interview was conducted of [REDACTED] [REDACTED], 99th CONS, NAFB (Exhibit 37). [REDACTED] served as a civilian employee in contracting since 1997. At the time of the interview, she had worked at NAFB's 99th CONS for approximately 2.5 years and had previously served at Laughlin AFB, TX. [REDACTED] was asked specifically about USAF contract No. FA4861-05-M-B105, which was awarded for \$49,300 to Sports Link, LTD, 117 Prince Drive, P.O. Box 544, Brookings, SD 57006-0544. Her supervisor, [REDACTED] signed the contract for the USAF on March 8, 2005, and it was officially awarded on March 9, 2005. The contract was awarded one day before the Acceptance Show, yet was written to create/provide video-graphics and provide large video screens for the Acceptance Show on March 10, 2005.

225. [REDACTED] advised she completed contracting training "Level II" and received training regarding the FAR and DFARS. [REDACTED] has also completed annual Ethics Training. Her current supervisor was/is [REDACTED] and [REDACTED] is supervised by [REDACTED]. In February and March 2005, [REDACTED] also worked under [REDACTED] who was a contracting officer at the 99th CONS but has since left and gone work to for the FBI. [REDACTED] brought with her to the interview several documents. Many of the documents referenced in the interview, including a copy of the contract, are attached to the report of interview (Exhibit 37).

226. [REDACTED] recalled [REDACTED] March 2, 2005, Memorandum was written after the contract was awarded. [REDACTED] recalled that she was glad he wrote and signed the memorandum which described the justification for the sole source award because she was uncomfortable about having to write it. She was certain that [REDACTED] March 2, 2005, memorandum was written and signed after the contract was awarded.

227. During the interview, [REDACTED] was shown a copy of an e-mail in the contract file which [REDACTED] [REDACTED] sent to [REDACTED] on March 7, 2005. In the e-mail, [REDACTED] asked [REDACTED] for assistance with the contract and wrote, "I think we are looking at a possible ratification." The date, March 7, 2005, on the e-mail indicated [REDACTED] was still working the contract and it had not yet been assigned to [REDACTED] opined that the e-mail indicated to her that [REDACTED] was probably not assigned responsibilities for the contract until March 7, 2005, and the contract was signed the following day. After reviewing [REDACTED] e-mail to [REDACTED] [REDACTED] recalled that, like [REDACTED] she too was concerned that the work had already been performed, before the contract was awarded. [REDACTED] stated again she was relieved when [REDACTED] wrote the Justification Memorandum which he dated March 2, 2005.

228. Regarding her March 1, 2005, memorandum, [REDACTED] stated that based on her use of past tense verbs and other information presented during the interview, she believed she also wrote and signed her March 1, 2005, memorandum after the contract was awarded. She opined that she

would never have taken it upon herself to back date a memorandum but would have done so if her supervisor (██████████) told her to. She suspects that ██████████ told her to write the memorandum and back date it; however, ██████████ stated she could not recall any details regarding ██████████ telling her to do so.

229. ██████████ was then given the opportunity to review the original contract file which was previously obtained during this investigation from the 99th CONS. Upon completion of her review, she stated that she was “certain” that ██████████ asked her to backdate the memorandum she created and signed on March 1, 2005, but could not recall any details about his instructions, when it was done, or why it was done.

230. ██████████ stated that it was very unusual to see in a request that MajGen Goldfein, Commander of the Air Warfare Center, NAFB, selected the particular vendor and that there was such short time suspense to get the contract awarded. ██████████ opined that whenever the Thunderbirds want anything that involves the 99th CONS, everything else always comes to a halt to accommodate the Thunderbirds. ██████████ recalled that the reason Framework Sound decided not to participate in the bidding process was because the company had some bad experiences getting paid in the past by the Defense Finance and Accounting Service (DFAS).

231. ██████████ recalled that this was not the first time there were problems with work performed by contractors before the contracts were actually awarded by 99th CONS. For example, one contract she was working on was for shuttle bus service. The buses were already being used, and the contract had not been awarded yet. ██████████ completed all the required paperwork for the ratification, and ██████████ the Director of Business Operations, 99th CONS, told her that the ratification did not need to be forwarded. ██████████ stated that she kept a copy of many documents concerning this in her “working file.” She also made reference to having a working file for the Jumbotron contract. ██████████ later provided those documents (Exhibit 38).

232. ██████████ stated she also recalled that when she worked at Laughlin AFB, TX, other contracting irregularities occurred. On the last working day of the fiscal year (FY), after normal working hours, the contracting office used to keep the contracting officers there after hours and stop the clocks. The contracting officers would continue to work past midnight so they could keep awarding contracts dated for the previous FY. She said the contract system at the 99th CONS was called “PE-2” and that clock system can’t be stopped.

233. On May 25, 2006, the RA reviewed copies of the documents previously provided by ██████████ on May 12, 2006 (Exhibit 38). The majority of the documents dealt with USAF contract No. FA4861-05-M-B105, which was awarded on March 9, 2005, for \$49,300 to Sports Link, LTD. The documents indicated that the sources for work, including Sports Link and several other entities which acted as subcontractors for Strategic Message Solutions (SMS), were pre-selected, without competition, and started work before the contract was awarded. Although those documents tend to show systemic weaknesses regarding irregular procurement practices utilized at the 99th CONS and NAFB, a few of the documents in the file appeared to have greater importance to the investigation of the TAPS contract.

234. Listed below is a description of the contents of one of three April 14, 2005 e-mails on a one

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January 30, 2008

paged document provided by [REDACTED] Not all sentences are readable in the copy.

SENT: April 14, 2005; 1037 AM

FROM: [REDACTED] Contracting Division, ACC, Langley AFB, VA

TO: [REDACTED]; Contracting Division, ACC, Langley AFB, VA

CC: [REDACTED] Contracting Division, ACC, Langley AFB, VA

[REDACTED] HQ, ACC, Langley AFB, VA

[REDACTED] LGCA, Contracting Squadron, ACC, Langley AFB

[REDACTED] JAB, Legal, ACC, Langley AFB, VA

SUBJECT: T-Bird Requirement

MESSAGE: [REDACTED], I know [REDACTED] is out so I wanted to send this to you to see if we can get started. I received a call from [REDACTED] Director of Staff. He said VCSAF called General Fraser relaying that [REDACTED] (sound familiar from the war birds and uniforms issues of the past?) and MajGen Goldfein (AWFC/CC) briefed him on a new jumbo-tron requirement for the Thunderbirds. It appears VCSAF is (*sending*) \$8.5M to ACC to acquire this system. Supposedly this will be a sole source but that is yet to be determined. Please have someone contact [REDACTED] at 1-610-577-6999. Be sure whoever contacts him understands [REDACTED] is on a first name basis with the CSAF and several other senior general officers; however, he is NOT a Government employee. Please let me know what you find out (Exhibit 38).

235. This e-mail along with numerous other e-mails, which are included as an exhibit to this Report of Investigation (Exhibit 3). Approximately 40,000 e-mails were reviewed during this investigation and a summary report was also prepared (Exhibits 3 & 43).

Account of [REDACTED]

236. On July 10, 2006, an interview was conducted of [REDACTED] General Manager (GM) of Sports Link, LTD., 117 Price Drive, Brookings, SD 57006 (Exhibit 39). [REDACTED] advised that Sports Link was a subsidiary of Daktronics, Inc. [REDACTED] stated that Daktronics manufactures and sells large video screens. Sports Link was created to rent the large screens manufactured by Daktronics, but at the time of the interview, Sports Link had recently been sold. [REDACTED] was still the GM of Daktronics' Brookings, SD, facility. Also present for the interview was [REDACTED] Corporate Counsel for Daktronics.

237. To start the interview, the RA showed [REDACTED] a copy of USAF contract No. FA4861-05-M-B105 which was awarded to Sports Link for \$49,300 on March 9, 2005. Copies of the contract and many other documents referenced during the interview are attached to the report of interview (Exhibit 39). The delivery date was listed in contract as also being March 9, 2005; the same day as the official award date. The descriptions of the items to be provided were: Provide Network Quality Graphics Package for Jumbotron...Editor, Post production facilities...

- Item 1AA: Audio labor \$2,300
- Item 1AB: Thundervision test \$35,000
- Item 1AC: Video Display System \$12,000
- Total \$49,300.00

The contract required Sports Link also provide a self sufficient 22X30 foot LED display device to view the program. Sports Link was to deliver the completed project to the USAFADS, NAFB, no later than March 9, 2005.

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238. [REDACTED] recalled the contract and added that Sports Link had previous contract(s) in 2003 or 2004 with the 99th CONS in which Sports Link rented large video screens to the USAF for use during Firepower Demonstrations and for "Aviation Nation" a multiple day Thunderbirds Air Show at NAFB.

239. Regarding USAF contract No. FA4861-05-M-B105, [REDACTED] advised in approximately late February 2005, he was contacted by [REDACTED] via telephone, who identified herself as being part of [REDACTED] informed [REDACTED] that SMS intended to provide an audio-video demonstration, on large viewing screens, for the USAF at the Thunderbirds Acceptance Show held at NAFB on March 10, 2005. [REDACTED] advised [REDACTED] that many USAF Generals would be present to witness the demonstration and if they liked it, it could lead to SMS being awarded a USAF contract to provide the audio-video demonstration on large video screens at approximately 35 separate Thunderbirds air shows for the 2005 Air Show Season. [REDACTED] also advised that there would be a rehearsal on March 9, 2005.

240. [REDACTED] mentioned General Hal Hornburg, USAF, by name to [REDACTED] was uncertain if she said that General Hornburg was already part of SMS or would be part of SMS if SMS got the USAF contract to perform audio-video demonstrations at the 35 air shows. However, [REDACTED] was certain that [REDACTED] mentioned this during in her initial contact with [REDACTED] because he wrote some notes about it during their telephone conversation. [REDACTED] thought [REDACTED] was just "name dropping," and [REDACTED] didn't care if General Hornburg was involved or not.

241. [REDACTED] provided the RA with a copy of his "Event Inquiry Notes," which he wrote during his conversation with [REDACTED] [REDACTED] wrote the names: [REDACTED] [REDACTED] Hal Hornburg, and [REDACTED] (Exhibit 39 - Attachment 2). Although the date of the inquiry is not listed, the date of the event (Acceptance Show) is listed as March 10, 2005, and his notes listed the set-up date as March 9, 2005.

242. [REDACTED] stated that [REDACTED] indicated if the USAF agreed to award a contract to SMS for future demonstrations, SMS would want Sports Link to provide the large video screens for the future 35 air shows. Because of that, [REDACTED] negotiated a discounted rate with [REDACTED] for Sports Link's rental of one screen for use at the 2005 Acceptance Show. [REDACTED] prepared a Rental Agreement on March 1, 2005, which was sent via fax, to [REDACTED] reflecting that Sports Link would provide the screen for the March 9, 2005, rehearsal and the March 10, 2005, Acceptance Show for a total of \$12,000. The price included a \$14,000 discount. [REDACTED] asked SMS for a down payment of 30 percent. The agreement was signed by both [REDACTED] and [REDACTED] [REDACTED]

243. [REDACTED] also provided a copy of the fax cover letter for which the rental agreement was sent to [REDACTED] [REDACTED] stated that fax was sent to [REDACTED] on either March 1, or March 2, 2005. [REDACTED] advised the cover sheet was originally dated March 1, but it was changed to March 2, 2005. Sports Link prepared Invoice No. 2136 which was dated March 2, 2005, reflecting that SMS owed \$3,600 for a down payment (Attachment 5). [REDACTED] said that SMS never paid the down payment and on March 15, 2005, [REDACTED] prepared a statement reflecting that Sports Link

might have to prepare a credit memorandum for the \$3,600. Sports Link ended up writing a Credit Memo for the \$3,600 on March 25, 2005, because the down payment was never received.

244. The RA showed [REDACTED] two documents which the RA previously photocopied from the official USAF contract file for contract No. FA4861-05-M-B105. The first document was a memorandum for the file dated March 1, 2005, and signed by [REDACTED] [REDACTED] buyer 99th CONS. In the memorandum, [REDACTED] surmised that she contacted [REDACTED] and [REDACTED] “offered \$49,300.00 for the Jumbotron” and she dated the memorandum March 1, 2005.

245. During the interview, [REDACTED] was asked if he was contacted by [REDACTED] on or before March 1, 2005. [REDACTED] stated that he could not recall who he spoke with at the 99th CONS but related that on March 1, 2005, Sports Link’s only offer was to provide the large screen rental for \$12,000.00 to SMS. On March 1, 2005, he had no knowledge about the additional \$37,300 in items/services needed by the USAF and had absolutely no involvement with anything other than the screen rental.

246. [REDACTED] added that just a couple days before the 2005 Acceptance Show and rehearsal, [REDACTED] contacted him and stated that the USAF contract for the large video screens could not be awarded to SMS because SMS did not yet have a Dunn and Bradstreet Number and was not registered with the Central Contract Registry (CCR) to do business with the DoD. [REDACTED] knew that it only took two or three days to get registered with the CCR but because of the timing of [REDACTED] call, it was obvious to [REDACTED] that [REDACTED] SMS had a dilemma as the Acceptance Show and rehearsal were only a couple days away.

247. [REDACTED] asked [REDACTED] to allow the 99th CONS to award the contract for \$49,300 to Sports Link so that Sports Link could not only receive its \$12,000 for the screen rental but also receive the funds for SMS’ sub-contractors to pay them. [REDACTED] informed [REDACTED] of the names and dollar amounts of the subcontractors. [REDACTED] told [REDACTED] that Troika Design Group, Hollywood, CA, would receive \$35,000 for its graphics design and video production and On Stage Audio, Las Vegas, NV, would receive \$2,300 for its rental of “JBL” speakers used at the March 10, 2005, Acceptance Show. [REDACTED] stated that he had absolutely no input about the two other contractors’ prices and Sports Link had no subcontracts or purchase orders with the two companies. Except for the USAF \$49,300.00 contract, the only written agreement, or order, which Sports Link had, was the \$12,000 Rental Agreement between Sports Link and SMS. Because of SMS’ time constraints, and the fact that the rehearsal and Acceptance Show were in just a couple days, [REDACTED] agreed to allow the USAF to award the \$49,300 contract to Sports Link and that Sports Link would pay SMS, with the funds it received from the Government to pay Troika and On Stage Audio.

248. The RA also showed [REDACTED] a second memorandum for the file, dated March 2, 2005, and signed by [REDACTED] the contracting officer, which the RA photocopied from the official USAF contract file. The memorandum, reflected that the Government intended to award a \$49,300 contract to Sports Link and reflected that Sports Link would have to subcontract all production, post production, video and audio support services necessary to deliver production to NAFB on March 9 and 10, 2005. The RA asked if [REDACTED] spoke with [REDACTED] about the \$49,300 proposed contract on or before March 2, 2005. [REDACTED] stated that he did not and he was

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certain of that because if he had known on March 1 or 2, 2005, that Sports Link was going to be responsible for all that, [REDACTED] would have included that information in an agreement with SMS at the same time as providing the Rental Agreement.

249. [REDACTED] stated he was certain it was not on or before March 1, or 2, 2005, because SMS would have had sufficient time to get registered with the CCR if there were that many days before the rehearsal and Acceptance Show. He only agreed to be awarded the USAF contract because SMS did not have the couple days it needed to get registered with the CCR.

250. [REDACTED] provided the RA with a copy of a phone message note taken at Sports Link indicating that [REDACTED] of the 99th CONS left a message for [REDACTED] to call him on March 7, 2005 (Exhibit 39 - Attachment 10). [REDACTED] concluded that he probably did not have contact with anyone from the 99th CONS regarding this contract until approximately March 7, 2005, at the earliest.

251. The RA asked [REDACTED] if he submitted a claim for payment to the Government for the \$49,300.00. [REDACTED] said he submitted the claim through the Wide Area Work Flow System and received payment. After that, on April 7, 2005, Sports Link wrote Check No. 8092 for \$37,300 payable to [REDACTED] (Exhibit 39 - Attachment 12). The check was mailed to [REDACTED] at [REDACTED]. [REDACTED] was to pay Troika and On Stage Audio with the funds. [REDACTED] provided a Sports Link printout describing the check expenditure (Exhibit 39 - Attachment 13) and a copy of page 4 of the USAF contract, with some notes on it, describing the three contract line items (Exhibit 39 - Attachment 14).

252. The RA asked if Sports Link arranged its own transportation and set up the equipment itself. [REDACTED] stated it did. The RA asked if anyone from SMS had anything to do with either the transportation or setup of Sports Link's equipment. [REDACTED] said that no one from SMS had anything to do with either.

253. The RA advised [REDACTED] that in the SMS contract proposal, SMS listed that they arranged the transportation and set-up of the large screen(s). The RA asked who actually did that work. [REDACTED] said that Sports Link actually did that work. The video screen was/is mounted on a motorized vehicle which had to be driven to NAFB. SMS had nothing to do with that. [REDACTED] said that [REDACTED] brought a Sony digital player to the rehearsal and Acceptance Show so she did bring something.

254. [REDACTED] stated they did attend the 2005 Rehearsal and Acceptance Show as he ([REDACTED]) helped set up the screen. [REDACTED] thought the graphics and video were "great" and recalled there was an audio-video testimonial from the former President Bush. That was the only testimonial he could recall. [REDACTED] had discussions with Troika personnel before the rehearsal because he wanted to see the video before the Acceptance Show.

255. [REDACTED] stated that during the Acceptance Show, the Thunderbirds flew their flight patterns while music played and after that, a separate videotaped showing was presented on the large video screen. There were no live cameras used but there was film shown of Thunderbirds planes which previously had cameras on them so the pilot(s) were seen flying the plane(s). He also

recalled there was video of some of the Thunderbirds doing an "About Face" movement to face the camera and an audio-video statement from the Commander of the Thunderbirds. The video contained computer animation of high quality. The entire video only lasted about four or five minutes.

256. After the Acceptance Show, [REDACTED] introduced [REDACTED] to MajGen Goldfein who just said something like, "Thank you" or "Good Job." When asked, [REDACTED] stated that he did not receive a leather Thunderbirds jacket. [REDACTED] believes he worked with Major (or [REDACTED] [REDACTED] [REDACTED] while at the Acceptance Show and perhaps the rehearsal but that was all the contact he had with [REDACTED]. [REDACTED] stated that he met [REDACTED] [REDACTED] previously at an International Council of Air Show (ICAS) and when Sports Link provided video screens for the Thunderbirds air show, called Aviation Nation, in 2003 or 2004, during which [REDACTED] gave [REDACTED] some video to show. [REDACTED] stated he never had any communication with Hal Hornburg or [REDACTED]

257. After the 2005 Acceptance Show, [REDACTED] told [REDACTED] that SMS' demonstration got good reviews from the USAF Generals and [REDACTED] was optimistic that SMS would be awarded a contract to provide the demonstration at the Thunderbirds air shows for the 2005 Show Season. The RA asked if [REDACTED] said she was, or seemed, "certain" that SMS would get the contract. [REDACTED] said that she was just optimistic but not certain. [REDACTED] said that General Jumper, the Air Force Chief of Staff, loved the audio-video demonstration and wanted to, "get it out this year." [REDACTED] hoped that the contract would be awarded as a sole source contract without competition. She later reported that SMS did have to submit a bid and it was being advertised for competition. [REDACTED] then asked [REDACTED] for an estimate on how much it would cost to rent the screens for 35 air shows. [REDACTED] recalls that the rental cost for two screens per show was going to be approximately \$1 million.

258. [REDACTED] recalled that [REDACTED] said SMS intended to seek sponsorship and get advertisements played on the video screens. [REDACTED] told [REDACTED] that his previous experience with the USAF was that if there was a USAF contract, they were precluded from allowing advertisements during the shows. [REDACTED] believed he had this discussion with [REDACTED] before the 2005 Acceptance Show or shortly thereafter.

259. [REDACTED] stated that [REDACTED], [REDACTED] of Tour Sound JBL Professional, was also present at the Acceptance Show. Scheirman is a provider of JBL speakers and that [REDACTED] and [REDACTED] of ICAS were also at the 2005 Acceptance Show. [REDACTED] was in charge of securing sponsorship for ICAS shows but [REDACTED] was not sure whether anything materialized with that. [REDACTED] later left ICAS to go to work for SMS (Exhibit 39).

Account of [REDACTED]

260. On June 22, 2006, an interview was conducted of [REDACTED] Productions Manager, Screenworks, 1580 Magnolia Avenue, Corona, CA 92879 (Exhibit 40). Also present for the interview was [REDACTED] Screenworks Technical Support. [REDACTED] stated that in approximately March 2005, [REDACTED] telephoned him and asked for a price quotation for Screenworks to provide a productions trailer, five cameras, a full crew, and two big video screens for use at future USAF, Thunderbirds air shows. [REDACTED] said it was a "cold call" as he did not know [REDACTED] provided [REDACTED] with a listing of 33 possible air shows at

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various locations around the United States where Screenworks would have to travel. Some shows were at the same locations but would be held on consecutive days. [REDACTED] seemed confident, but not positive, that he was going to be awarded a USAF contract to put on audio-video shows at future Thunderbirds air shows. [REDACTED] said he needed an approximate three-week start up time. Screenworks estimate was approximately \$3 million. Screenworks estimate was approximately \$94,750 per show (depending on the number of shows per location). A few months after that, [REDACTED] telephoned [REDACTED] and apologized. [REDACTED] said his idea was being sent out for competitive bidding and therefore no shows would be done in 2005. [REDACTED] said he had to prepare an 85 page proposal for the bid process.

261. In late December 2005, [REDACTED] telephoned [REDACTED] and said he got the contract. On January 24, 2006, [REDACTED] drafted and sent [REDACTED] a Letter of Intent for [REDACTED] to sign and asked for a deposit of \$250,000. [REDACTED] was doing business as SMS. [REDACTED] signed the Letter of Intent on January 25, 2006 and [REDACTED] the president of Screenworks, signed for Screenworks on January 26, 2006. [REDACTED] provided the RA with a copy of the signed Letter of Intent (Exhibit 40 - Attachment 1). After the Letter of Intent was signed, Screenworks had a truck shipped in from Hawaii. Screenworks put 19 freelancers on hold. Screenworks also purchased two "gyro lenses," which are stabilized lenses, that cost \$90,000 each and they hired a fulltime engineer for the truck.

262. In mid-January 2006, [REDACTED] met [REDACTED] for the first time when [REDACTED] called a meeting for everyone to meet in person. [REDACTED] met [REDACTED] and [REDACTED] who worked for [REDACTED]. He also met with representatives from Troika, which was doing the graphics. [REDACTED] also met [REDACTED] of the Thunderbirds. The show they were going to provide would only last about 1.5 hours and would only be put on when the Thunderbirds were preparing to and did fly.

263. [REDACTED] said that in 2006 he went to NAFB and inspected the Thunderbirds communications trailer because he needed to know what equipment was available. [REDACTED] provided the RA with a copy of the inventory of the communications trailer (Exhibit 40-Attachment 2). During the interview, [REDACTED] was asked why the contents of the communications trailer were important to Screenworks. [REDACTED] said that the more the USAF already had, the less Screenworks would have to provide. [REDACTED] was asked if that meant that Screenworks' price was lower based on the equipment the Thunderbirds' communications trailer had? [REDACTED] said that was correct. The equipment listed on the document included: aircraft transmit antennas, video transmitters, microwave antennas, video receivers, video synchronizers, broadcast video delay, video audio mixer, DVD burner/player, monitors, and video switch for digital mixer.

264. Not long after SMS got the contract and started the preparation work, [REDACTED] called and said the contract was stopped because SRO Media & Video West filed a protest. [REDACTED] was subsequently told the contract was actually cancelled. [REDACTED] said he was aware SMS filed a law suit against the Government for canceling the contract. [REDACTED] said the Thunderbirds name does not sit well with Screenworks because they cancelled the contract. [REDACTED] said [REDACTED] was in good standing with Screenworks because he was always honest with them.

Account of [REDACTED]

265. On July 13, 2006, an interview was conducted with [REDACTED], Clair Brothers/Showco (Clair Brothers) Systems, Lititz, PA, concerning his participation and involvement in the TAPS contract (Exhibit 41). Also present was [REDACTED], part owner of Clair Brothers. Clair Brothers is a sound production and engineering company that provides sound services to the entertainment industry, primarily for large venue musicians. [REDACTED] was first approached by [REDACTED] about providing the sound for the Thunderbirds air shows which would operate in conjunction with a video presentation as part of the shows.

266. Clair Brothers was tasked with building speaker stands and synchronizing the audio portion of the presentation with the video. Clair Brothers was to provide a crew to set up and tear-down the equipment for each show. [REDACTED] approached Clair Brothers around the end of 2004 or January 2005 about the project. [REDACTED] began preliminary discussions with his staff to prepare the quotation/proposal dated March 25, 2005. A few weeks after the proposal, [REDACTED] told [REDACTED] to proceed with the project. According to [REDACTED] Clair Brothers was aiming for a mid-June 2005 start date, meaning they would have speakers built and ready for a dress rehearsal at an actual Thunderbirds air show by June 2005. The air show season typically runs from April through November, so they were looking to have an implementation date which would allow them to provide services for the last half of the season. [REDACTED] was working with the USAF around this time to facilitate security clearances for the Clair Brothers crew that would be working the various events. They received word from [REDACTED] that the contract was pushed back until July 2005, and then again told by [REDACTED] that they would not be needed until the next season beginning in April 2006. [REDACTED] dealt primarily with [REDACTED] however he did have very brief conversations with [REDACTED] of SMS. On occasion, [REDACTED] would call [REDACTED] to discuss technical details concerning the synchronizing the sound with the video portion of the presentation. According to [REDACTED] the majority of their business is done on a handshake. Their contracts are usually very brief and are about one page in length.

267. On July 19, 2006, [REDACTED] provided a listing of key personnel involved in the project as well as a specific timeline of important dates and correspondence relative to the investigation (Exhibit 41-Attachment1). The time line shows that on April 13, 2005, the previous quotation Clair Brothers provided was accepted by [REDACTED] and [REDACTED]. The time line reflects immediately after April 13, 2005, they started building the speaker stands; making cable preparations; interfacing with a video company; and subcontracting work.

268. As previously described in this report, during this investigation, [REDACTED] provided a copy of an e-mail dated April 14, 2005, from [REDACTED] to [REDACTED] reflecting that the "VCSAF" (Vice Chief of Staff of the Air Force), who was General T. Michael Moseley, called Lieutenant General William Fraser, who was the Acting ACC Commander, relaying that [REDACTED] and MajGen Goldfein briefed General Moseley on a new Jumbotron requirement for the Thunderbirds. [REDACTED] wrote it appeared that General Moseley was sending \$8.5 Million to ACC to acquire the system which would supposedly be a sole source contract (Exhibit 38). The time line provided by [REDACTED] referenced in the paragraph above, reflects that on April 13, 2005, Clair Brothers' quote for work to assist [REDACTED] for use at Thunderbirds air shows was accepted and Clair Brothers started the work.

269. On February 27, 2006, SMS and [REDACTED] filed a civil lawsuit in U.S. District Court, Eastern District of PA (Case No. 2:06-CV-00865 (BWK) (Exhibit 42-Attachment-6). The suit was against The United States of America, SRO, Video West and [REDACTED] individually and as President of Video West. In Paragraph (PH), No. 4 of the suit it read, "Based on General Jumper's directive, MajGen Goldfein set up and attended a meeting on 13 April 2005 between [REDACTED] and Jumper's Vice-Chief of Staff, General T. Michael Moseley ('General Moseley') for the purpose of further previewing [REDACTED] product; at this meeting, General Moseley procured \$8.5 million and directed [REDACTED] and MajGen Goldfein to immediately execute THUNDERVISION." PH 5 read, "General Moseley, like General Jumper, chose [REDACTED] because of [REDACTED] unequaled knowledge of and expertise in marketing, aerial demonstrations, and his intimate knowledge of the USAF and its Thunderbirds."

270. Federal Acquisition Regulation Part 1.601 states, "Contracts may be entered into and signed on behalf of the Government only by contracting officers. FAR Part 1.602-3 describes an "Unauthorized Commitment," as "an agreement that is not binding solely because the Government representative who made it lacked the authority to enter into that agreement on behalf of the Government." FAR Part 1.602-3(b) (2) states, "The head of the contracting activity, unless a higher level official is designated by the agency, may ratify an unauthorized commitment." On September 10, 2007, the TAPS contract was modified with Amendment No. P0001, Exhibit 133. In addition to the \$1,990,000.00, previously paid to SMS, the Government agreed to pay SMS \$274,927.00 for submitted termination expenses. The Modification also read, "...The Government and the contractor agree the amount of \$316,917.00, together with amounts previously paid, is fair, reasonable and complete payment for the contract deliverables and related materials provided to the Government." Paragraph F reads, "The net settlement amount of \$591,844.00, together with the amounts previously paid, constitutes payment in full and complete settlement of the amount due the Contractor for the complete termination of the contract and of all other demands and liabilities of the Contractor and the Government under, or arising out of the Contract."

E-mail Concerning April 13, 2005, Meeting at Pentagon

271. Tens of thousands of e-mails were reviewed by DCIS during this investigation. A summary report was written titled, E-Mails and Other Electronic Files from All Sources, dated December 11, 2007 (Exhibit 43). Attached to that report is a CD describing many of the e-mails and identifying traceable sources from which those e-mails were obtained (Exhibits 3 and 43). Some e-mails which pertain to the April 13, 2005, meeting are provided below. Those e-mails are listed in their entirety in the previously described report and attachment (Exhibits 3 and 43).

272. A copy of a Visiting General Officer Request Form was reviewed, which reflects that [REDACTED] MajGen Stephen Goldfein, Commander Air Warfare Center, (AWFC), and [REDACTED] (Goldfein's aide) were scheduled to meet with General T. Michael Moseley on April 13, 2005 at the Pentagon. The form is dated April 7, 2005 (Exhibits 3 and 43).

273. On April 13, 2005, at 4:51 pm, General Moseley e-mailed Major General Stephen Lorenz, SAF/FMB, and Lieutenant General William Fraser, Acting ACC Commander. The Subject Line read, "Subject: \$8.5 million for ACC (Thunderbirds Season Outreach)." General Moseley wrote, "Steve and Will...after talking to Goldy and the CSAF about the new approach to the

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Thunderbirds season...we need to go ahead and move the \$8.5 million to ACC to cover the 05 Season. We'll have to work with ACC to ensure all understand their budget will cover the 06 season with a figure of \$9.5m. We'll also have to get ACC to work with Goldy to close down the contract piece the right way. It's better for the MAHCOM [*sic*] to deal with that part so there is only one contracting crew chief...so, the HAF is out of that part. After you've had a chance to look at the options for getting the money to Will...holler and we'll transfer the Tbird money. Thanks Dudes," (Exhibits 3 and 43).

274. On April 15, 2005 the following e-mail was sent by [REDACTED], USAF, Deputy Director of Staff, and sent to the following: "ACC/LG (A4) Director of Maintenance and Logistics Cc: ACC/DO (A3) Director of Air and Space Operations; ACC/FM Comptroller; ACC/XP Director of Plans and Programs; AWFC/CS; AWFC/CCE ([REDACTED]); [REDACTED] ACC/CCX; ACC/CS Director Of Staff; ACC/CSP Executive Support; ACC/HO Command Historian; [REDACTED] ACC/CCX; [REDACTED]."

The remaining portion of the e-mail follows, verbatim:

"Subject: RCS501022: /Medium/CV Info/Jumbotron contract for T-birds; 22 Apr 05

OPR: LG, OCR: DO FM XP AWFC, RCS501022

Suspense: 22 Apr 05; then every 2 weeks

Event Date: N/A

Priority: Medium

1. Purpose: Provide CV information on that status of the contract for Jumbo-tron(s) in support the Thunderbirds.

2. Discussion: Per conversation b/t LGC ([REDACTED]) and CS on 14 Apr 05, OPR will provide CV information on the status of the aforementioned contract every other week. Information should include, but not be limited to, the estimated date when the contract will be "let" and the estimated delivery date to AWFC.

3. Deliverables: IOI prepared IAW the AO Handbook. Forward first deliverable NLT 1600L, 22 Apr 05; then every 2 weeks thereafter." (Exhibits 3 and 43).

275. On April 15, 2005, BrigGen Gregory Ihde, 57th Wing Commander, wrote in an e-mail, "General Goldfein is the POC on this issue. He was at the Pentagon this week with [REDACTED] and they presented the concept to USACF/CV. Gen Goldfein did back brief COMACC on the meeting, but that is all I know. GJI."

276. On April 17, 2005, MajGen Goldfein e-mailed BrigGen Ihde, "A package describing the intent of a proposed contract is arriving here at the AWFC shortly. We will get it out to you ASAP afterwards. The short story as I understand it is that HQ USAF will provide the O&M funds for the first year (FY05 execution) to HQ ACC for contract execution. The contract will be to purchase a "product" which is the production of the Thunderbirds show -- all equipment required, people required; movement costs, etc. are included within the single contract cost. The USAF will not "own" any of it -- we will simply be paying for the actual production of the show and all required parts will be provided by the contractor. Hope this helps -- should get some clarity early this coming week and we appreciate everyone's support as we proceed [*sic*] forward" (Exhibits 3 and 43).

277. On April 20, 2005, [REDACTED] e-mailed MajGen Goldfein. Copies of the e-mail,

b(6)
b(7)(C)

memorandum and a few of the Power Point slides, which were attached to the e-mail, are appended to this ROI (Exhibit 44 [REDACTED] wrote to Goldfein, "Here is the THUNDERVISION "Summary of Services" letter and PowerPoint presentation. A hard copy will follow. Please let me know if these documents will get the contract and funding ball rolling..." The e-mail contains a Memorandum from [REDACTED] to MajGen Goldfein dated April 20, 2005, providing a description of "Thundervision" and a description of costs. The costs included \$8.5 million for a maximum of twenty five shows in 2005 and \$9.5 million for 35 shows in 2006. Attached to that memorandum were printouts of Power Point slides. The first slide read, "Presentation for Gen. Michael Moseley & Maj. Gen. Stephen Goldfein; Date: April 13, 2005; Presented by: [REDACTED] - President - SMS."

Another printed power point slide enclosed with the April 20, 2005 memorandum from [REDACTED] listed the "SMS Team" as followed:

CEO - (Followed by Four Stars)

President - [REDACTED]

Partner - [REDACTED] (Legal)

Partner - [REDACTED] (Exhibit 44).

278. On April 21, 2005, MajGen Goldfein e-mailed Major General Kenneth "Mike" DeCuir, Director of Air & Space Operations, ACC, ACC, and [REDACTED] "Here are the descriptions for developing the contract to execute Thundervision. Request preparation of the contract and execution ASAP. It is my understanding that funds have flowed from HQ USAF to HQ ACC for this effort. [REDACTED] -request clarification on how the contract will be written and executed and by whom. Thanks" (Exhibits 3 and 43).

Research on SMS

279. One of the allegations made in the protest was that SMS appeared to exist on paper only; it did/does not appear to have physical facilities from which to fulfill the contract needs, nor did/does it appear to have a sound financial history from which to guarantee fulfillment of said contract. On December 14, 2005, the TAPS contract was signed by [REDACTED] and the address listed for SMS was 1000 Germantown Pike, Suite H1, Plymouth Meeting, PA 19462 (Exhibit 45-Attachment 2). In March 2006, efforts were made by DCIS to determine if there was any merit to the complaint. On March 9, 2006, photographs were taken of the exterior of 1000 Germantown Pike, Suite H1, Plymouth Meeting, PA 19462 (Exhibit 42-Attachment 5). The building is located in a corporate business park in which Suite H-1 was/is occupied by HJ Financial Group. This same address was used for SMS when filing with the Central Contractor Registration (CCR) on March 14, 2005, four days after the Thunderbirds Acceptance Show (Exhibit 42-Attachment 1). Filing with the CCR was a requirement before being permitted to contract with the DoD. Photographs were also taken of the exterior of [REDACTED] home located at [REDACTED] (Exhibit 42-Attachment 5).

280. Also on March 14, 2005, four days after the Thunderbirds Acceptance Show, SMS registered as a Limited Liability Corporation (LLC) with the Pennsylvania Department of State (Exhibit 46). The corporate officers were not required to be listed. The registered office address is listed as 925 Harvest Drive, Suite 300, Blue Bell, PA 19422. Open source information reflects that is the address for Elliott Greenleaf and Siedzikowski, P.C. The organizer for the LLC is listed as [REDACTED].

281. On June 1, 2005, a Trademark Application was filed with the U.S. Patent and Trademark Office (USPTO) for a Word Mark on, "THUNDERVISION" (Exhibit 47). The application was submitted electronically by [REDACTED], an attorney. The owners of the Word Mark are listed as Strategic Message Solutions, LLC, which according to documents is composed of [REDACTED] and [REDACTED]. The address for SMS is listed as: SMS, [REDACTED] Union Meeting Corporate Center P.O. Box 3010, 925 Harvest Drive, Blue Bell, PA 19422. The telephone number listed is (215) 977-1012. An application fee of \$650 was paid. Another document on file with the USPTO listed SMS as the applicant and the correspondent address as: [REDACTED], Elliott Greenleaf & Siedzikowski, P.C., at the same Bell, PA address described above. The Correspondent e-mail address is listed as: bre@elliottgreenleaf.com. Under the "Goods and/or Services" Section, "THUNDERVISION" is described as: A broadcast system comprised of cameras, projection screens, video monitors, audio speakers, microphones, sound mixers, and microwave downlinks, to show, demonstrate and enhance the promotion of and enhancement of aeronautical and other related vehicle demonstrations at outdoor and indoor facilities.

Account of [REDACTED]

282. On June 5, 2007, an interview was conducted of [REDACTED] (Exhibit 48). From approximately October of 2004 to April of 2005, [REDACTED] served as the Aide de Camp to MajGen Stephen Goldfein, who was then the Commander of the AWFC; [REDACTED] is also known as "[REDACTED]."

283. [REDACTED] advised that he never saw any contract which described [REDACTED] responsibilities; however, he, [REDACTED] was under the impression when he arrived to his position as the Aide de Camp, that [REDACTED] was already doing the work which eventually resulted in the Thunderbirds' multi media (music/video) changes. [REDACTED] said [REDACTED] work evolved from just redoing the music, to all multi media aspects. [REDACTED] also said his initial involvement and interaction relative to this matter began when he took a "music screening" trip with MajGen Goldfein to California.

284. [REDACTED] recalled he took a trip to Framework Sound, located in California, wherein he met [REDACTED] however, he did not recall the exact date of the trip. [REDACTED] said one of his duties as Goldfein's Aide de Camp was to handle Goldfein's schedule and work out his travel arrangements as needed. Regarding this particular travel, [REDACTED] Goldfein, [REDACTED] (Thunderbirds Commander at the time), [REDACTED] (Thunderbirds Narrator at the time), Major General Robinson (former Thunderbird and possibly a Heritage Flight pilot), and [REDACTED] (a Nellis Support Team member and Honorary Squadron Commander at Nellis) met in California with [REDACTED] and [REDACTED] at Framework Sound to "screen" the new Thunderbirds music. [REDACTED] was under the impression [REDACTED] put together the music, not [REDACTED] as he recalled there may have been some comments [REDACTED] about the good job [REDACTED] had done on it. Also, [REDACTED] recalled essentially the only thing [REDACTED] did during the meeting was to open the studio and then set up the equipment for [REDACTED] use. [REDACTED] said the screening took a long time, possibly up to two hours. The meeting participants all watched the Thunderbirds video in use at that time as set to the new music [REDACTED] had put together. Then they went around the room getting

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everyone's opinion and input on it. [REDACTED] said he specifically recalled that Goldfein solicited [REDACTED] opinion on the music/video combination, which seemed very unusual to [REDACTED] in that the General would normally not do that. [REDACTED] said it appeared to him that the meeting was not a sales presentation on [REDACTED] or [REDACTED] part but more of a task completion/approval for the music.

285. [REDACTED] received some general comments about the good job he had done on the music and how well it would flow with the Thunderbirds demonstration. [REDACTED] was unable to recall specific comments and who made them. [REDACTED] said that he, Goldfein, [REDACTED] [REDACTED] and [REDACTED] all went to dinner that evening. [REDACTED] seemed to recall that Robinson did not join them for dinner that evening. [REDACTED] related there was a general consensus at the conclusion of the meeting that the music was approved. [REDACTED] was under the impression [REDACTED] had been working on this for years and was under contract to put the new music presentation together. There was not much discussion at the dinner regarding the music. The music was already done and [REDACTED] thought [REDACTED] had been working on it for a while. [REDACTED] said that all arrangements with the music change had occurred prior to his assignment as Goldfein's Aide de Camp.

286. [REDACTED] advised he, Goldfein, [REDACTED] and [REDACTED] met with three "Troika people" in another trip to California; however, he could not recall their names nor the date of the meeting. [REDACTED] said the purpose of the meeting was for [REDACTED] to present a 3 to 4 minute video of how the new multi media graphics would look on a big screen presentation. Essentially the meeting was for [REDACTED] to show his progress on the multi media changes. As [REDACTED] described it, the multi media changes were the results of an ongoing creative process. Sometime in between the meetings at Framework Sound and Troika, Goldfein, and [REDACTED] had discussions regarding [REDACTED] progress. Goldfein told [REDACTED] to find the time on his (Goldfein's) calendar to schedule a trip to Troika. There was no particular invitation that [REDACTED] recalled; it was more of a trip to just see what progress [REDACTED] had made. [REDACTED] said the video that [REDACTED] presented at Troika was very short, most likely no longer than 3 to 4 minutes. [REDACTED] wanted to show Goldfein how the new music and big screen graphics would fit together for a better Thunderbirds presentation. The purpose of the meeting was almost like a "progress report" from [REDACTED] to Goldfein, wherein before [REDACTED] did any further work; he wanted Goldfein's approval on his ideas.

287. [REDACTED] specifically recalled seeing a videotaped testimonial of the current President Bush. He did not recall if he saw it during the Troika meeting or at some other meeting later. Also, [REDACTED] heard there were other testimonials; however, he could not recall seeing any of them.

288. [REDACTED] said he did not remember if it was at this meeting or later, but at some point, there was a discussion between Goldfein and [REDACTED] about the funding for [REDACTED] work. [REDACTED] recalled that after he and Goldfein returned to Nellis, there were a number of e-mails and phone calls between Goldfein, [REDACTED] [REDACTED] [REDACTED] and other related to Thunderbirds funding or contract officials, regarding the funding and money which was due to [REDACTED] and/or Troika and/or Framework Sound. [REDACTED] did not recall specifically what the e-mails were about; however, in general they were regarding how the USAF was going to

pay for Troika's work. ██████ said it did not seem to him like ██████ was a contractor until later on when there were discussions about money. To ██████ having been in the USAF flying community, seemed like he was part of the team, almost like he was actually in the Air Force.

289. When asked if MajGen Goldfein secured USAF funding to pay for Troika's work, ██████ said, "Yes." ██████ thought the money to pay for the multi media change work came from Thunderbirds funds; however, he was not sure if the funding was actually done before he left Nellis as Goldfein's Aide de Camp.

290. ██████ said the funding was for work which had already been completed and MajGen Goldfein knew the funding was for work which had already been completed. ██████ recalled he did exchange e-mails with ██████ regarding funding for the Troika work. ██████ also recalled ██████ was somehow involved in the e-mails regarding ██████ and the funding for Troika issue.

291. ██████ explained that every year there is a Thunderbirds Acceptance Show. The purpose is to show the ACC Commander, and if in attendance, the Chief of the Air Force, a preview of the upcoming year's show. At some point, ██████ big screen multi-media presentation grew to "Thundervision" with the use of Jumbotron screens at the Acceptance Show. ██████ did not know if that was done at Goldfein's direction or as a suggestion from ██████. Either way, ██████ said it would be very hard for him to differentiate between ██████ idea and Goldfein's acceptance.

292. ██████ said he did not know who all agreed to putting on the Thundervision demonstration; however, as a general rule, before anyone could make a demonstration at the show, Goldfein would have to agree to it. ██████ did recall Goldfein saying it was okay to roll the Jumbotrons onto Nellis for the Acceptance Show. The Thundervision Demonstration was nothing more than a concept at the Acceptance Show. At that point, it was not fully developed and according to ██████ ██████ wanted to present his idea to the Chief of the Air Force and have him accept it as a great idea. ██████ did not have the impression that ██████ was trying to get a contract at that point. ██████ did not recall that ██████ or anyone else said anything about the use of DoD contractors to pay for sponsorships. ██████ seemed to recall there was something played on one of the screens about Lockheed Martin and F-16s, but he could not remember anything in particular about it.

293. ██████ described ██████ relationship with the USAF as having "shades of gray." At times it seemed as if ██████ was a part of the Air Force versus a contractor. ██████ and Hornburg appeared to be friends. ██████ was a big part of the Heritage Flight, which was handled through the ACC commanded by Hornburg at one time.

294. ██████ recalled a particular time when ██████ received a call from Hornburg. When ██████ hung up the phone, ██████ said "that was Hornburg." ██████ then started to realize that the relationship went beyond the former ACC/Heritage Flight relationship and that Hornburg had an interest in what was going on with ██████ company. ██████ thought the phone call from Hornburg to ██████ took place in the February/March timeframe.

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295. [REDACTED] recalled there being ongoing exchanges between [REDACTED] Goldfein, [REDACTED] and more than likely others not recalled. The exchanges were generally about the progress of [REDACTED] project.

296. [REDACTED] recalled there was a meeting in Washington, D.C., where [REDACTED] and Goldfein met with Moseley to discuss Thundervision. As was the case with the Troika meeting, Goldfein told [REDACTED] to make time in his (Goldfein's) schedule to go to Moseley's office to discuss the Thundervision concept. [REDACTED] was unable to give the exact date of the meeting. [REDACTED] sat in the outside office and did not actually sit in on the meeting. When [REDACTED] came out of Moseley's office, [REDACTED] made a comment to [REDACTED] something along the lines of "the Chief said, how much do you need?" [REDACTED] gave [REDACTED] the impression that he thought it was a "done deal."

297. After the meeting, when Goldfein and [REDACTED] came out of Moseley's office, Goldfein stopped and talked to some old friends while [REDACTED] and [REDACTED] walked together ahead of Goldfein. [REDACTED] recalled [REDACTED] saying Moseley called someone to see if "we can do this" and "do we have the money?" [REDACTED] said his impression was not that [REDACTED] was told to start working on the effort, but more like it would be a "go" sometime in the future. As soon as Goldfein left Moseley's office, the discussion of Thundervision was at the Air Staff level and then later back down to the ACC level. Decisions regarding the Thundervision concept and its funding were decided at those levels.

298. According to [REDACTED] Goldfein knew someone at the White House who was in a position to ask for President Bush's taped testimonial. [REDACTED] thought that Goldfein facilitated getting the testimonial done via e-mail, meaning that Goldfein sent an e-mail to the person he knew at the White House asking for the testimonial. [REDACTED] said he did not know the person's name or position, but did know that it was not an Air Force person. The purpose of obtaining the testimonial was to use it in the Thundervision video. [REDACTED] said he did not know for sure, but he thought [REDACTED] worked out the set up for [REDACTED] and [REDACTED] to have access to historical Thunderbirds video. [REDACTED] recalled that one time [REDACTED] telephoned him and asked for the names of some celebrities that would support the USAF.

299. [REDACTED] did not know how long Goldfein had known [REDACTED] it did not strike him that they were friends. Their relationship appeared to be strictly a professional relationship wherein they were both trying to achieve a common goal (Exhibit 48).

300. On June 22, 2007, [REDACTED] was asked to elaborate on certain information he provided previously (Exhibit 49). [REDACTED] was asked to describe the graphics he saw at Troika. [REDACTED] said he specifically remembered there being four computer generated Thunderbirds F-16s flying in formation. [REDACTED] recalled that the graphics he saw at Troika were later part of [REDACTED] demonstration at the Acceptance Show. He said they may have been used differently, but they were definitely a part of the demonstration.

301. [REDACTED] also said that approximately 70 to 80 percent of the music he heard at the

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Framework Sound music screening was the same that was later played at the Acceptance Show. In particular, [REDACTED] recalled “the Cold Play song” and possible “the Jimmy Hendrix song.”

302. [REDACTED] was asked to elaborate on the telephone call he witnessed that [REDACTED] received from Hornburg. [REDACTED] recalled that he was in California, possibly after either the Framework Sound or Troika meeting, when [REDACTED] connected Hornburg to [REDACTED]. [REDACTED] thought the call took place before the Acceptance Show.

303. [REDACTED] explained that [REDACTED] demonstration at the Acceptance Show began after the Thunderbirds had completed their show and landed their aircraft. [REDACTED] recalled the Jumbotron Big Screen was parked to the right of where everyone was seated for the Acceptance Show. After the screens were moved in front of the crowd, [REDACTED] demonstration began. It consisted of the computer generated F-16s and the instrumental music that he somewhat recalled hearing at the Troika meeting (Exhibit 49).

Records of 2005 Acceptance Show

304. Diagrams depicting the layout for VIP viewers of the Acceptance Show and the Thundervision Demonstration were obtained during this investigation (Exhibit 50). The diagrams show that slated to sit in the front row were the 57th Wing Commander (BrigGen Ihde); the ACC Commander (at that time-Acting Commander) General Fraser; General Newton (USAF, Retired-former Thunderbird); the Chief of Staff, (General Jumper); and the AWFC Commander; (MajGen Goldfein). For the second row it had listed the wives of many of the Generals and also General Miles (NFI) and [REDACTED]. These power point slides were sent in an e-mail the day before the Acceptance Show by [REDACTED] Executive Officer, Thunderbirds.

305. An itinerary for General Jumper was located on an electronic file (dated February 28, 2005) during this investigation which showed Jumper was slated to be filmed at 17:00 hours, on March 9, 2005, at NAFB, the day before the Acceptance Show, by [REDACTED] “at an F/A-22” Raptor aircraft. Jumper was to provide a Thunderbirds videotaped Testimonial (Exhibits 3 and 43).

306. In addition, two itineraries were found on electronic files pertaining to MajGen Goldfein (Exhibits 3 and 43). The first pertained to the music screening at Framework Sound on January 22, 2005, which was followed by a dinner with owners of SMS, USAF personnel, and [REDACTED].

One was for Saturday, January 22, 2005, which had the following entries:

15:15: Depart Las Vegas SW Airlines Flight 2646

16:20: Arrive LA International – Met by [REDACTED]

16:40: Depart LAX for Thunderbirds Music Screening

17:00: Attend Screening at Framework Sound

19:00: Depart Studio for Dinner at Havana Room

19:30: Dinner at Havana Room - Maj Gen Goldfein
Maj Gen Robinson



22:00: Return to Hotel – Loews Beverly Hills

307. Regarding Goldfein's itinerary for February 17, 2005, it reflected that [REDACTED] [REDACTED] would drive MajGen Goldfein in a rental car from the Red Lion Hotel, apparently in San Diego, CA, at 1100 hrs, and arrive at Troika at 1330 hrs and be met by [REDACTED]. This trip was for the viewing of the graphics. At 1700 hrs, [REDACTED] would drive Goldfein from Troika to the LA International Airport for a flight to Las Vegas (Exhibits 3 and 43).

308. An internet query found an October 5, 2004, news article with a photograph showing General Hal Hornburg handing MajGen Goldfein the AWFC flag when Goldfein assumed command of AWFC from Major General Wood (Exhibit 51).

Account of GOLDFEIN

309. An interview was scheduled through [REDACTED] USAF, to interview MajGen Stephen Goldfein. [REDACTED] was/is assigned to the USAF, Commercial Litigation Division, Arlington, VA. He previously related he represented MajGen Goldfein. On September 14, 2007, the RA and SA [REDACTED] DCIS, Arlington Resident Agency, met with [REDACTED] and MajGen Goldfein at the DCIS Mid-Atlantic Field Office, Arlington, VA. The RA advised Goldfein of his legal rights which he waived and an interview was conducted (Exhibit 52).

310. MajGen Goldfein related he assumed command of the AWFC, NAFB, from Major General Stephen Wood in October 2004. Goldfein continued to serve in the position until a change of command in October 2006. While serving as the Commander of AWFC, he reported to the Commander of ACC. For a short time, Goldfein reported directly to General Hal Hornburg who was the ACC Commander. Hornburg retired from the USAF at the end of 2004. Hornburg visited NAFB in October 2004 when Goldfein assumed command of AWFC, and Hornburg pinned Goldfein's second star on Goldfein. MajGen Goldfein related he previously served under Hornburg from 2000-2002 in the First Fighter Wing at Langley AFB and previously had "business interface" (i.e., work relationship) with General Moseley during the 1999-2000 time frame.

311. Goldfein was asked if the 99th Air Base Wing (ABW) fell under him (Goldfein) while he served as the Commander of AWFC. Goldfein said it did and that [REDACTED] previously served as the Commander of the 99th ABW and served under Goldfein while serving in that position. Goldfein related he met [REDACTED] at a USAF air show in Alaska the late 1990's and General McCloud introduced [REDACTED] to him. McCloud loved the P-51 aircraft [REDACTED] flew and was friends with [REDACTED] created a video which was played at a USAF memorial service for a USAF General and that was when Goldfein learned of [REDACTED] ability to create quality video.

312. Goldfein said just a couple months before General Hornburg retired from the USAF, he

(Goldfein) attended a meeting with General Hornburg to discuss the 2005 Thunderbirds' show season and believed the following USAF personnel were also present: [REDACTED] Thunderbirds Commander; General John Maluda, Director of Communications, ACC; possibly General "Howie" Chandler, or whoever the Deputy Chief of Staff for Operations (DO) was; possibly Lieutenant General "Orville" Wright, Vice Commander of ACC; and possibly BrigGen Ihde the Commander of the 57th Wing. BrigGen Ihde was the first General in the Thunderbirds' chain-of-command and BrigGen Ihde reported to Goldfein.

313. Goldfein related the purpose of the November 2004 meeting was to bring the Thunderbirds proposed 2005 Show Season schedule and the Thunderbirds manual for the 2005 show season for Hornburg's review and approval. The meeting took place in the ACC conference room. During the meeting, Hornburg related he was not happy with the music that was used during the Thunderbirds 2004 show season because when they hit the "play" button the music was not in sequence with the Thunderbirds flight maneuvers. During the meeting, Hornburg related there must be a better way to portray the USAF. Hornburg said he thought there was a better way than just playing music at the Thunderbirds air shows. Goldfein said he believed that was the first time he heard the word, "Jumbotrons." Goldfein said Hornburg said the word "Jumbotrons," and Goldfein learned they were large video screens used to play video on at air shows and other events with large numbers of people in attendance. Goldfein could not recall specifics but felt certain that Hornburg mentioned the use of showing video on Jumbotrons would be a good idea at future Thunderbirds air shows. Goldfein did not recall anyone being assigned to do anything in furtherance of Hornburg's vision. Goldfein did not recall [REDACTED] name being mentioned in the meeting.

314. During the interview, the RA read an e-mail dated January 30, 2005, which Goldfein sent to General Maluda, Director of Communications, ACC (Exhibits 3 and 43). The e-mail read, "Big John -- as you recall when we brought the 2005 season schedule in to Gen Hornburg you committed to helping as we move forward with the presentation quality of the air show -- specifically music and video. I'm writing to take you up on your offer. We have a very excellent plan coming together to engage Gen Jumper when he is here for the acceptance show on 10 Mar. Instead of jumping out with a lot of purchases too quickly we are going to show him a professional option for how to use Jumbotrons machines effectively for the shows and how they can relate to recruiting work, etc. I need \$40K to do this effort for the Chief which will pay for the first presentation to him to allow him a decision option. I'm hoping if he really likes what he sees he'll become the champion and provide dollars in support of future efforts later in the season. At any rate, request a transfer of \$40K -- O&M dollars that can be put in a PEC that is easily transferable to a contract vehicle with a civilian production company. Don't care what PEC -- could be one at AWFC HQ or within the 57 WG or within the Thunderbirds O&M directly-- the latter might be best. I promise to keep this as small as possible --think this approach is the wisest. Thanks -- Goldy." On January 30, 2005, Maluda responded to Goldfein: "Will do.... Assume this is in addition to the recent \$40K we transferred a few weeks back...Will have the folks xfer to the 5uth [*sic*] this week. Best. John" (Exhibits 3 and 43).

315. Goldfein said he recalled that e-mail exchange. Goldfein related he believed during that November 2004 meeting, Hornburg told Maluda to set some money aside and perhaps to put it into an account, for the purpose of making music improvements and for the possible use of the

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video to be used during the 2005 show season. Goldfein said Hornburg did not give any specifics as to how the show would be made better. Goldfein did not recall anyone being told to do anything in furtherance of Hornburg's vision but Hornburg did make his desire for improvements known to all in attendance. Later in the interview, Goldfein related he believed during the November meeting, Hornburg said to Maluda, "That's your lane," meaning that Maluda would be responsible for having the funds for the communications aspect of it.

316. Goldfein recalled he later received a call from one of the Thunderbirds asking if he (Goldfein) wanted to come to California to watch the change of music being considered for the Thunderbirds 2005 Show Season. Goldfein believed he received the call from [REDACTED] or [REDACTED] the Thunderbirds Narrator. Goldfein recalled being told that [REDACTED] made the music changes. Goldfein was aware that [REDACTED] changed the Thunderbirds music the previous year for use during the Thunderbirds 2004 Show Season and did so at no cost to the USAF. Goldfein assumed [REDACTED] was doing the same thing for the 2005 Show Season.

317. Goldfein said he did not tell [REDACTED] to change the music for the Thunderbirds 2005 Show Season and suspected either [REDACTED] or [REDACTED] would know who told [REDACTED] to change the music for the 2005 show season. Goldfein was asked what General Maluda meant when he said, "...Assume this is in addition to the recent \$40K we transferred a few weeks back..." Goldfein said the first \$40,000 was for the change of music and the e-mail he sent to Maluda pertained to a request for funding for the demonstration that would be shown to General Jumper at the 2005 Thunderbirds Acceptance Show. Goldfein said normally the four-star General at ACC would attend the Thunderbirds Acceptance Show at NAFB before the show season began and view the entire show. The General could then make some suggestions for improvement but at some point approve the show for the season. Because of the transition with Commanders at ACC, they didn't have a four-star, so General Jumper, who was then the Chief of Staff, would be/was the approving USAF official.

318. Goldfein was asked how he came to request a specific amount of money for use at the demonstration. Goldfein said when he went to California and "watched the music." [REDACTED] was there along with [REDACTED] associate named [REDACTED] who Goldfein was informed previously helped change the music for the 2004 Show Season. In Goldfein's presence, they played music while simultaneously playing a video of Thunderbirds Aircraft flying and demonstrated how the music was in sequence with the Thunderbirds jets maneuvers. While there, they also showed Goldfein some preliminary video graphics, similar to that used on televisions' Sports Center and ESPN, to give Goldfein an idea of what they could create, or have someone else create, to show on large video screens at future Thunderbirds air shows. [REDACTED] suggested that two Jumbotrons be used at Thunderbirds air shows to show the video/graphics.

319. Goldfein said he believed he (Goldfein) came up with the idea of doing a demonstration of [REDACTED] and [REDACTED] capabilities at the 2005 Acceptance Show. Goldfein said that ultimately he (Goldfein) was responsible for deciding that a demonstration would be provided at the 2005 Acceptance Show.

320. Goldfein said that the entire concept was "just a fishing expedition" trying to see what could be done. He was under the impression that [REDACTED] and [REDACTED] were again doing their

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work at no cost like they had done previously but Goldfein knew some money was needed to put everything together for the demonstration. When asked, Goldfein said that while in California and meeting with [REDACTED] and [REDACTED] there was nothing said about [REDACTED] and/or [REDACTED] having a desire to get a USAF contract to show the video at future Thunderbirds shows. Goldfein was under the impression they were contributing their work at no cost but [REDACTED] needed some money for his involvement. Goldfein was certain he did not tell [REDACTED] and/or [REDACTED] to create graphics or do anything that would obligate the USAF to pay them anything. Goldfein did tell them he would check to determine if funding could be made available for the demonstration but during that meeting in California, he did not tell them USAF funds were available and did not tell them to do anything more in furtherance of the demonstration which would obligate the USAF to pay them anything.

321. The RA asked Goldfein if the music which he listened to in California was complete for the Thunderbirds 2005 show season. Goldfein said it was pretty much complete. Goldfein said he did know that the USAF paid for the equipment [REDACTED] played the music on the year before, but he didn't know anything about the cost.

322. The RA asked how it could be that in November 2004, General Hornburg while the ACC Commander, suggested to Goldfein and the others at the meeting, that the music being played at the Thunderbirds air shows could be better timed to the Thunderbirds jet maneuvers and playing video on Jumbotrons at future Thunderbirds air shows, and then two months later [REDACTED] was demonstrating to Goldfein the exact thing Hornburg suggested. Further, then Hornburg, after he retired, teamed with [REDACTED] and tried to get a USAF contract to implement this. Goldfein said he did not know. Goldfein said he (Goldfein) never told [REDACTED] to do anything like he showed in California and he believed the first time he learned that General Hornburg teamed with [REDACTED] in this effort was after they ([REDACTED] and Hornburg) submitted a proposal for the effort. Goldfein suggested the Thunderbirds might know why [REDACTED] changed the music.

323. Goldfein was asked about videotaped testimonials which were used during the 2004 Thunderbirds show season. Goldfein said he believed the audio portion of testimonials of Larry King, Walter Cronkite, and President George H.W. Bush were played during the 2004 show season. He believed the Bush testimonial actually introduced [REDACTED] by name.

324. The RA read Goldfein an e-mail obtained during the course of this investigation dated January 30, 2005, which Goldfein sent to [REDACTED] which said, "I am fedexing tomorrow the package to the folks in WAS DC walking us in. In my note to them I emphasized that we need this before March 1 if at all possible. These folks want the script for the President's words ASAP— [REDACTED] said she'd send it tomorrow or Tue. I'll look it over and then forward it ASAP after— maybe we get lucky....I have asked USAFPA for the top spots DIGIBETA format—hope to have it any day now. My PA [REDACTED] has the stick to get it and understands what we are trying to do. Today I am going to work the money thing. I need to understand the final amount for Troika and what contract instrument they normally deal in...." (Exhibits 3 and 43).

325. During the interview, the RA also read an e-mail exchange Goldfein had with [REDACTED] [REDACTED]. On January 28, 2005, [REDACTED] wrote to Goldfein, "[REDACTED] [REDACTED] is enroute to deliver the letters (request for testimonial and coin letter for the POTUS.) We have two different

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January 30, 2008

versions in the folder. One is from [REDACTED] in the format presented earlier, and one is in the format mandated by T&Q. For the T&Q letter, we kept the content of the letter the same. For Official reasons, I recommend we use the T&Q letter. Thanks for your help. V/R [REDACTED] On January 30, Goldfein responded: "My office is sending these via Fedex to [REDACTED] Office tomorrow morning with the T&Q version...want it done by March 1..." Goldfein also wrote, "[REDACTED] is sending me the actual script for the President's spot tomorrow or Tue and I'll forward that as well. With any luck we can knock this out quick. ... [REDACTED] and [REDACTED] will need to travel here soon to dig in your archives for some footage to use...I'm working the money part of support for Troika...I'll call Gen Newton tomorrow from San Antonio to catch him up as well...Our whole focus is to bring this all together the second week of March for a great dress rehearsal with all the players on the 9th and then show the Chief on the 10th..." (Exhibits 3 and 43).

326. Goldfein was asked to describe his own involvement in facilitating getting the current President George W. Bush, to provide a videotaped testimonial for use in the 2005 Thunderbirds Show Season. Goldfein said he believed he was approached by either [REDACTED] or [REDACTED] about lending assistance in getting the current President Bush to provide a videotaped testimonial. Goldfein previously met [REDACTED], who works for the President, at an air show who said if he could ever be of assistance to contact him. Goldfein did contact [REDACTED] and forwarded to him a written draft testimonial which [REDACTED] associate, [REDACTED] prepared. Goldfein said the intent was to just add the President's testimonial to the demonstration. Goldfein related the entire purpose of the demonstration was to see what could be put together in making it as incredible as possible. Goldfein emphasized that this entire concept was new to everyone in the USAF. After the testimonial was completed, it was given to [REDACTED] or [REDACTED] but Goldfein could not recall how it was released to them.

327. Goldfein said he contacted General Lloyd "Fig" Newton, who was the first black member of the Thunderbirds, and retired from the USAF, to act as the volunteer replacement as a mentor and support team member. General Newton is a member of the Thunderbirds Alumni Association. General Bill Creech previously served in that capacity but Creech had recently passed away. General Jumper asked Goldfein to find a successor for Creech. The RA asked if he spoke with General Hornburg while in San Antonio. Goldfein said he might have, but could not recall.

328. Goldfein was asked if he assigned [REDACTED] then a [REDACTED] to be the Project Officer to assist in ensuring the demonstration came about. Goldfein said he would not have assigned [REDACTED] to be the Project Officer, but since [REDACTED] was the Thunderbirds narrator, Goldfein might have said something like, "Stick with it." Goldfein said he "felt like a cog on the wheel" because he was new to the Thunderbirds shows and the Thunderbirds were the experts at running their own shows.

329. The RA asked if Goldfein informed General T. Michael Moseley, who at that time was serving at the Vice-Chief of Staff, about the demonstration preparations. Goldfein said he might have informed General Moseley about it but if he did, Goldfein did not say anything about money or cost.

330. During the interview, Goldfein was again asked if he told [REDACTED] to create the graphics for

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the demonstration before a USAF contract was awarded. Goldfein insisted he did not tell [REDACTED] or [REDACTED] to do anything but he did say he would see if funding was available. Goldfein insisted that he had no idea that [REDACTED] and/or [REDACTED] desired to be awarded a USAF contract to show video on large video screens at future USAF air shows and believed [REDACTED] and [REDACTED] were volunteering their time as they did in the past. He thought they were just doing the work because they loved the Air Force.

331. Goldfein was informed that during the investigation, his travel itinerary was obtained which showed that on January 22, 2005, he was to attend a Music Screening at Framework Sound, owned by [REDACTED] and that would be followed by a dinner at the Havana Room in Beverly Hills, CA. Goldfein said he did not know in advance where they were going for dinner; he just went along with everyone else. Goldfein related he had a real sore throat that day and didn't feel like eating. He said he did have a few hors d'oeuvres and a beer but did not eat dinner. When asked if the other USAF personnel present ate dinner, he said he did not recall. He also did not recall paying anything, but emphasized he just had the hors d'oeuvres and drank a beer. He recalled there was a list of food that was available but he did not have anything else to eat. Goldfein said while there, a plaque was presented to the [REDACTED] the owner of the restaurant, which is also a cigar bar. It is a private club. [REDACTED] is an Honorary Commander of a Maintenance Squadron at NAFB and made financial contributions as a Nellis Support Team Member. Goldfein had no recollection of ever meeting [REDACTED] before that day but they may have met at an air show. Goldfein added that he felt uncomfortable about going out to dinner with the group because he knew they had just discussed the possibility of the demonstration and making of a film/graphics.

332. The RA asked Goldfein if he authorized [REDACTED] and/or [REDACTED] to obtain historical Thunderbirds film for use in the demonstration. Goldfein said he may not have authorized it but he knew they were going to obtain it. The RA asked if General Jumper was previously filmed for a testimonial to be used at the Thunderbirds air shows. Goldfein said Jumper might have been filmed while Jumper was the ACC Commander years ago.

333. The RA read two e-mails to Goldfein which were obtained during this investigation. They were both dated January 31, 2005, (Exhibits 3 and 43). Goldfein e-mailed [REDACTED] [REDACTED] we got the money for Troika from ACC/SC-should be flowing in the same account that we used to pay for the music. [REDACTED] gave me the contract vehicle in a separate e-mail. I imagine [REDACTED] knows how to carry this part off properly." [REDACTED] wrote to Goldfein that same day in response to a similar e-mail from Goldfein, "Goldie, Great. This is helpful as I am sure Troika will need a deposit. Again I know that you guys have issues with sole source. In the past we have used the Alaskan company CASE. Chenga Advanced Solutions Engineering. We use them for the Heritage Flight and I believe they were used for some of the Tbird stuff...In addition, you guys can call [REDACTED] with ACC aerial events at Langley. He knows all about how they work. He will most likely turn you over to a guy named [REDACTED]...he is a civilian guy at ACC who works with Heritage money issues with CASE. We can use CASE because they enable us to go sole source."

334. When asked, Goldfein said he never heard anything about USAF contracts being awarded on a sole source basis to Alaska companies before [REDACTED] mentioned it. Goldfein said he didn't

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know anything about the venue. Goldfein considered it his job to find out about the money and try to sort out the venue. He was new to this and what they were trying to put together had never been done before.

335. The RA advised Goldfein that a travel itinerary reviewed indicated he was to attend a screening at Troika on February 17, 2005. Goldfein said he did attend a screening there, and they showed him created graphics that were in more depth than he saw before at [REDACTED]. The graphics had Thunderbirds jets flying. Goldfein said it was the same style he saw at the March 2005 Acceptance Show, but he was not sure if they were the same exact graphics he saw at the 2005 Acceptance Show. Goldfein could not recall who was present for the screening at Troika.

336. The RA asked if Goldfein asked [REDACTED] Commander of the 99th ABW, NAFB, to inquire what was holding up payment for the music and graphics. Goldfein said he may have asked [REDACTED] to check into the payment progress, but did not tell him to try to speed the payments.

337. Goldfein was asked to describe what happened at the March 10, 2005, Acceptance Show. Goldfein said there was special seating for General Jumper and Creech and other VIPs in attendance. There were many other people also in attendance. The entire Thunderbirds air show was completed, and General Jumper even listened on the headphones to the pilots talk. After the Thunderbirds show was completed, an announcement came on the PA system that a demonstration was going to be shown of a concept they were considering. The large video screen was already out there and [REDACTED] video presentation was played on the large video screen. Goldfein could not recall if any testimonials were played. After the show, the Thunderbirds team went in for water and Jumper certified the flights as being acceptable for the show season. Nothing was said about using the video screens at future air shows by Jumper. When asked, Goldfein said he never heard Jumper say, "How much? How soon?"

338. Goldfein was asked about an April 13, 2005, meeting he attended at the Pentagon with [REDACTED] and General Moseley who was still the Vice-Chief of Staff at that time. Goldfein opined that he believed Jumper informed Moseley about what he saw at the Acceptance Show and believes Moseley contacted [REDACTED] to arrange the meeting. Goldfein believes the first time he heard about the projected cost for using the video and large screens at future USAF air shows was during that meeting. Goldfein recalled General Moseley asked [REDACTED] how much it would cost and [REDACTED] said something like nine or ten million dollars. Goldfein recalled [REDACTED] provided a computer laptop demonstration and showed the same video that was shown at the Acceptance Show. Goldfein could not immediately recall if during that meeting, [REDACTED] informed them that retired General Hornburg was part of [REDACTED] effort. The RA asked if [REDACTED] provided a presentation which included a description of SMS executives and listed four stars for the Chief Executive Officer. Goldfein could not recall.

339. Goldfein related that during the meeting, after [REDACTED] provided his cost estimate, General Moseley placed a phone call and Goldfein believes Moseley called General Frank Faykes, Finance Manager, and asked if about \$10 million was available. Goldfein believed Moseley received an affirmative response. According to Goldfein, at no time did General Moseley inform

█████ that he should start doing work or assure █████ that █████ would be awarded a USAF contract. Goldfein opined there was no reason that █████ should have left the meeting thinking he was supposed to do anything more or that he was assured of getting a USAF contract.

340. At the end of the meeting with █████ and Moseley, Goldfein was under the impression it was an ACC issue, and he (Goldfein) was done with it. Goldfein didn't think it could be ready for the 2005 Show Season. Goldfein said he believes he contacted Lieutenant General William Fraser, who was the Acting Commander of ACC, and Goldfein said something to Fraser like, "It's bigger than me," meaning it was something ACC should handle.

341. During the interview, Goldfein was asked to describe how █████ described the cost for his Thundervision at Thunderbirds air shows. Goldfein related that █████ said it wouldn't cost a dime because he would get corporate sponsorship where DoD contractors would get to be a part of the show on film and they would pay for advertising. █████ said it would be a waste for the USAF to buy a truck and have to worry about maintaining it and he would take care of everything.

342. After the meeting with Moseley and █████ went to ACC and also provided Major General Ann Harrell, Director of Maintenance and Logistics, with a presentation about his idea. The RA asked Goldfein to elaborate on an e-mail he sent to BrigGen Ihde on April 17, 2005, which read, "...The short story as I understand it is that HQ USAF will provide the O&M funds for the first year (FY 05 execution) to HQ ACC for contract execution. The contract will be to purchase a "product" which is the production of the Thunderbirds show – all equipment required, people required, movement costs etc. are included within the single contract cost. The USAF will not "own" any of it – we will simply be paying for the actual production of the show and all the required parts will be provided by the contractor..." (Exhibits 3 and 43). In response, Goldfein said he was just feeding information he received from others.

343. Goldfein said not long after █████ meeting with General Harrell and others at ACC, it was decided by others in the USAF that a sole-source contract could not be awarded to █████ Goldfein thought it was just a dead issue after that and it would not happen. A couple months later he heard they were going to try to advertise the need for something similar to what █████ suggested but the advertisement was very broad so contractors could come up with their own ideas. The RA asked if the Request for Proposals said the offerors should provide something that would entertain, educate, and inspire. Goldfein said that was correct. Goldfein said some of the responses were pretty far off including one that suggested the Thunderbirds enter the airfield riding motorcycles.

344. Goldfein was asked if he told members of the 99th Contracting Squadron, NAFB, to move the Strategic Insight rating factor, which was knowledge of the Air Force and Thunderbirds, from a sub-category evaluation factor to a primary rating factor. Goldfein said he did not. He said he may have informed them that it was important that the contractor who was awarded the contract to already have a knowledge of the USAF and the Thunderbirds because he didn't want the Thunderbirds to have to train the contractors about the USAF and Thunderbirds. Goldfein believed the contractor should already have that knowledge, and their participation should add value; not subtract from it.

345. Goldfein was asked if he recalled asking [REDACTED] if he (Goldfein) could have a vote on which contractor was selected. Goldfein said he thought he asked [REDACTED] 99th CONS about that; not [REDACTED]. But after that, Goldfein signed a form so he could be an Advisor to the selection to the selection process. The RA showed Goldfein a copy of the Source Selection Information Briefing and Debriefing Certificate he signed on October 11, 2005, (Exhibit 7-Attachment 4). Goldfein said that was the form he signed.

346. Goldfein said he never interfered with the evaluation or selection process and never directed anyone to do or not do anything. The RA asked if [REDACTED] or any of the other members on the Source Selection Team, or Advisors ever informed him they thought they, or any of the other Advisors or Source Selection Team members, had or might have a conflict of interest if they participated in the selection process. Goldfein said the only incident he recalled was during the evaluation process, after the USAF Unit at Hill AFB offered to do the work described in the Request for Proposals, [REDACTED] sent Goldfein an e-mail advising he thought [REDACTED] had a conflict of interest because [REDACTED] was on the Source Selection Team and worked for the USAF unit at Hill AFB.

347. Goldfein said he knew the USAF unit at Hill AFB (367th TRSS) existed because he recalled they used large video screens at USAF Fire Power Demonstrations in the past. In fact, during the early stages when they were considering sole-sourcing a contract to [REDACTED] [REDACTED] ACC Public Affairs, voiced his opposition and inferred it was his job to run or research something like that but he never got back in touch with anyone to offer any suggestions.

348. During the interview, Goldfein was asked why consideration was not first given to letting the USAF do this type of work before contracting it out. Goldfein said that was a good question and he did not know the answer to it. He said the thought never crossed his mind.

349. Goldfein recalled sitting in a meeting about mid-way through the evaluation process, and he never said a word. The RA asked Goldfein to describe his involvement in the Final Selection Briefing where a decision was made as to which offeror would be awarded the contract. Goldfein recalled [REDACTED] the Contracting Officer, provided summary slides describing the ratings of each offeror. Goldfein said there were several offerors' ratings shown. Information was also provided describing the USAF Unit at Hill AFB's ability to do the work. Goldfein thought the USAF Unit's proposal looked a lot like [REDACTED] Thundervision so Goldfein asked [REDACTED] the Source Selection Authority who was present at the meeting, if it was appropriate for the USAF unit to have a proposal considered during an advertised competition. [REDACTED] told Goldfein they could not compete. Goldfein said he told [REDACTED] that the USAF senior leadership should be informed of the unit's abilities. Goldfein said there were two different decisions to be made. The first was at the last meeting which [REDACTED] would decide and the second would be by USAF which would have to obligate the funds and approve execution of the contract. Goldfein said he only attended two meetings during the evaluation process and he didn't interfere with the process.

350. The RA asked Goldfein if during the Final Selection Briefing, when rendering an opinion

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about the USAF unit from Hill AFB's ability to do the work, if he said, "The Air Force sucks at strategic messaging," or words to that effect. Goldfein said he might have said something like that. Goldfein said that as soon as General Moseley assumed the position as Chief of Staff, one of the first things he started talking about was how the USAF had to improve at its ways of communicating the USAF message and said the USAF was not good at it. General Moseley even created a new position assigning BrigGen Erwin Lessel to be in charge of Strategic Messaging and finding a way to connecting it to recruiting. Goldfein said General Moseley believed deeply in communicating about the USAF heritage.

351. Goldfein was asked if he recalled during the Final Selection Briefing that [REDACTED] presented power point slides indicating [REDACTED] and Hornburg's company, named SMS, was considered a financial risk because it refused to provide its financial records. Goldfein said he did not recall that. Goldfein was asked what he said during the Final Selection Briefing. Goldfein said after reviewing the ratings each offeror received by the evaluation team, he mentioned that it was clear to him that one contractor stood out above the others based on the ratings for each category and it was important that the contractor selected add value; not work; for the USAF. During the briefing it was pointed out that there was a split decision as to which contractor should be awarded the contract. [REDACTED] said the award was protestable. Goldfein observed that each offeror presented their own ideas and the ratings showed one contractor was graded better than all the others.

352. The RA asked if Goldfein said words to the effect of, "I'm not the SSA, but if I was the SSA, I'd select SMS." Goldfein said he didn't recall saying that but did recall saying it was clear that based on the evaluation process they followed, there was one contractor that exceeded the other offerors ratings.

353. The RA asked Goldfein what he would say if [REDACTED] said he would not have selected SMS if Goldfein was not present at the Final Selection Briefing. Goldfein said he would be "shocked" and that it would make him "sick." Goldfein said that if he (Goldfein) caused [REDACTED] to select a contractor he didn't want to, that would mean Goldfein violated the terms of the certificate he signed and he did not do that.

354. The RA advised Goldfein that when [REDACTED] was interviewed by DCIS, [REDACTED] did say that. Goldfein immediately responded, "Then he violated the law." Goldfein went on to say that [REDACTED] had a responsibility to make an "independent decision" as to which offeror presented the best value for the USAF. Goldfein said he had no authority over [REDACTED]. Goldfein said he could understand the pressure [REDACTED] was under but told [REDACTED] to go with his own process. The RA informed Goldfein that [REDACTED] said he wanted to select the USAF, 367th Training Squadron, Hill AFB. Goldfein said he asked [REDACTED] if it was legal for the 367th to submit a proposal and appear after the competition began and [REDACTED] said it was not. Goldfein said he told [REDACTED] that the USAF leaders should be informed of the unit's abilities.

355. Goldfein said the final decision was actually made by LtGen Arthur Lichte, the Vice-Chief of Staff. Goldfein said he could not recall how he learned that. The RA asked if that decision was made after the 367th Training Squadron put on two demonstrations at the Pentagon.

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Goldfein said he was not aware the 367th went to the Pentagon and provided any demonstrations. When asked, Goldfein said he did not know if General Moseley had any input in the final decision.

356. The RA asked why Goldfein didn't voice support for SRO Media which offered a proposal \$25 million less than SMS. Goldfein opined SRO's price was cheaper because it was less.

357. Goldfein was asked if he called [REDACTED] a short time after the contract was awarded to SMS and asked him not to delay payment. Goldfein said he didn't recall saying that but believed he just asked where they were on the payment. The RA asked why Goldfein cared where they stood on the payment. Goldfein said they were on a tight schedule and wanted to get the effort ready for use during the Thunderbirds 2006 Show Season and wanted SMS to present a final product at the March 2006 Acceptance Show. Goldfein said he (Goldfein) probably received a call from [REDACTED] or the Thunderbirds asking about the payment.

358. The RA asked why Goldfein called [REDACTED] directly at his desk because [REDACTED] advised the RA he never received a call from a two-star General before in his life. Goldfein said that during the contract process they had gotten to know each other and got along well and Goldfein said he is not big on rank, and they forget about rank. The RA mentioned that earlier in the interview he said he only attended two meetings. Goldfein said those were the only formal meetings but there were other conversations.

359. The RA advised that after the TAPS contract was awarded, Colonel Michelle Johnson, USAF-HQ, Public Affairs, mentioned that Goldfein telephoned her early in the contracting process and Goldfein voiced his concern about late payments to SMS (Exhibits 3 and 43). Goldfein said he did not recall that but his concern was with the mission, and he never would have directed her to do anything to make payment quickly.

360. Goldfein was asked about a December 29, 2005, meeting he had with General Moseley and Colonel Johnson, in which many other USAF personnel were in attendance. This was after the TAPS contract had been awarded to SMS. Goldfein said he did recall the meeting, and General Moseley clarified his Strategic Message intent and wanted to get it done. Moseley is big into Heritage to Horizon and wanted the old black and white film to be part of it. Goldfein did not walk away from that meeting thinking anyone was asked to do anything inappropriate or outside the scope of the contract. [REDACTED] was going to be provided with old film by the USAF and there was an urgency to get everything done quickly.

361. During the interview with Goldfein, there were a few breaks and just after the last one, Goldfein said based on the questions asked during the interview he felt there was an impression by the RA that there was a conspiracy from the beginning to award a contract to [REDACTED]. Goldfein insisted that was not the case because he did not know [REDACTED] wanted to get a USAF contract when things first started. Goldfein thought [REDACTED] was just doing the work for free. Goldfein said there were four phases to this.

362. Goldfein said Phase One was the Discovery Phase and creation of the music and Goldfein conveyed that contracting office would have to do what they were supposed to do. Goldfein may

b(5)
b(7)(C)

have even told [REDACTED] and [REDACTED] that the USAF may not be able to pay for the demonstration. Phase Two was the demonstration itself in which General Jumper, the Chief of Staff, would see the demonstration and determine if he had an interest in it. After that, they would see where they would go. Phase Three was the formal contract award. Phase Four was the cancellation of the contract. Goldfein emphasized that each phase was separate.

363. Goldfein said there was no direction from above and if anyone had trouble with it they should have stopped it. Goldfein also offered the following points:

- The music was already changed, and the Thunderbirds called him and asked if he wanted to listen to/view it;
- Goldfein did not tell [REDACTED] and/or [REDACTED] to start creating the graphics. He told them he would look into funding;
- He did request a video from the President of the United States but it was just to be part of the demonstration;
- They were just doing a demonstration, and Goldfein thought [REDACTED] was doing it for free;
- Goldfein did not know [REDACTED] and/or [REDACTED] were trying to get a USAF contract;
- Goldfein did not try to influence the decision process. Goldfein opined if [REDACTED] did not make an independent decision then [REDACTED] violated the law; and
- Goldfein did not call [REDACTED] to direct a quick payment but just to check on the progress/process and was not trying to speed the process.

364. The RA advised that DCIS also had to keep in mind that the offeror who made a protest, along with the other offerors, incurred costs putting their proposals together, and if they were not given a fair shot in the evaluation and selection process that would not be fair. MajGen Goldfein said that he thought the other offerors were reimbursed for their proposal costs. MajGen Goldfein also suggested that since the other offerors knew that Strategic Insight was the primary rating factor, they should have hired personnel on their staff that knew about the USAF so they could improve their ratings.

365. At the conclusion of the interview, the RA advised that the investigation would continue, and if there was a desire to speak with MajGen Goldfein again, the RA would contact [REDACTED] directly (Exhibit 52).

365 (a). On January 16, 2008, Major General Stephen Goldfein was re-interviewed by [REDACTED], Director, Investigations of Senior Officials (ISO), DoD-IG, and [REDACTED] (ISO). Also in attendance were [REDACTED] Attorney, USAF Commercial Litigation Division and [REDACTED] DCIS Las Vegas Post of Duty. The interview was conducted at MajGen Goldfein's office at the Pentagon and recorded by [REDACTED]. A transcript will be prepared. Goldfein was sworn to his response. Essentially, Goldfein reiterated the same information provided during the previous interview conducted on September 14, 2007, denying that his intention was to get a USAF contract awarded unfairly to SMS. He also added that his 30 year career with the USAF demonstrated that he has always strove to follow proper procedures and allegations to the contrary would be out of character for Goldfein.

365 (b). To clarify portions of previous interviews conducted, Goldfein was asked if General

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Jumper watched the “Thundervision” Demonstration displayed on the large video screen at the Thunderbirds Acceptance Show on March 10, 2005. Goldfein said General Jumper did watch the video while it was played at the Acceptance Show.

365 (c). General Goldfein was also asked about the April 13, 2005, meeting when he and [REDACTED] met with General Moseley at the Pentagon in Moseley’s office. Specifically, Goldfein was asked if [REDACTED] played from his [REDACTED] personal laptop computer, a video presentation of what was played at the Thundervision Demonstration. Goldfein said that [REDACTED] did play the same video, but was uncertain if the testimonials were played. Goldfein said General Moseley watched the video and liked it. A copy of the January 16, 2008, interview it included as Exhibit 128.

Review of Travel and Related Records

366. During this investigation, DoD travel databases were queried in attempt to determine if certain USAF personnel were on official Government travel, i.e., temporary duty (TDY), in certain cities, on the same dates as certain known meetings. The results of those queries, which did have positive findings, were summarized in DCIS Reports (Exhibits 53 and 54). [REDACTED] TDY time in Santa Monica and Beverly Hills, CA before and after the January 22, 2005, Music Screening at Framework Sound was well documented in travel records. In fact, records show [REDACTED] was TDY in Beverly Hills California from January 11, 2005, through January 23, 2005. The records also show that [REDACTED] and [REDACTED] were TDY in Beverly Hills/Los Angeles on January 22, 2005. [REDACTED] also submitted a claim for traveling to Langley AFB, VA, on November 8, 2005, and departing November 9, 2005 (Exhibit 54).

367. Other records indicate the meeting with Hornburg, Goldfein, Maluda and others to discuss the Thunderbirds Show Season was held on November 9, 2005 (Exhibits 3 and 43). Goldfein also said [REDACTED] may have attended that meeting (Exhibit 52).

368. On August 7, 2005, MajGen Goldfein e-mailed [REDACTED] and [REDACTED] “...please note the specific restrictions about anyone but a contracting officer speaking with a potential bidder -- as we have done throughout, we need to completely honor that once declared. Bottom line -- continue to engage on the best behalf of our AF and the process will go as it goes. Thanks” (Exhibits 3 and 43). Also, as previously documented in this report, [REDACTED] stated he informed all of the SST members and Advisors, including [REDACTED] and [REDACTED] not to contact any of the offerors for the TAPS contract and that only [REDACTED] was allowed to. [REDACTED] previously said that during the evaluation process, [REDACTED] appeared to be prepared to telephone [REDACTED] when the SST members were uncertain about a portion of SMS’ proposal.

369. During this investigation, the telephone records for the U.S. Government cell phones issued to [REDACTED] and [REDACTED] were checked and a summary report prepared (Exhibit 55). Excel spreadsheets were created by SA [REDACTED] FBI, Las Vegas Field Office, who logged the calls made to [REDACTED] and/or [REDACTED]. The spreadsheets show that after [REDACTED] briefed [REDACTED] and [REDACTED] not to call any TAPS offerors, both [REDACTED] and [REDACTED] assigned USAF telephones were used to call [REDACTED] telephone. [REDACTED] phone was also used to call [REDACTED] phone. Many of the calls, but not all, were

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placed for a short duration (one or two minutes) (Exhibit 55).

Account of [REDACTED]

370. On September 11, 2007, the RA and SA [REDACTED], DCIS, Arlington Resident Agency, met [REDACTED] at the DCIS Mid-Atlantic Field Office, Arlington, VA (Exhibit 56). At the time of the meeting, [REDACTED] was serving as the Aide de Camp to USAF, Vice Chief of Staff, General John D. W. Corley.

371. The RA advised [REDACTED] of his legal rights which were read from a DCIS Form 71; Military Suspect's Warning and Waiver of Rights Form. [REDACTED] stated he understood his rights but wished to consult with counsel and wished not to be interviewed. The agents provided [REDACTED] with their business cards and [REDACTED] departed. After the interview, on September 11, 2007, [REDACTED] left a voice message on the RA's cell phone requesting that a copy of Form 71 be e-mailed to him. On September 16, 2007, the RA e-mailed a copy of the form [REDACTED] previously initialed and [REDACTED] acknowledged receipt of it.

371 (a). On January 18, 2008, an Administrative Investigation interview was conducted with [REDACTED] by [REDACTED] Investigator, Senior Officials Investigations, DoD-IG. A complete transcript of the interview was prepared (Exhibit 130.) [REDACTED] previously served on the Source Selection Team (SST) for the TAPS contract. His full time job during that time period was as the Thunderbirds Narrator.

371 (b). During the interview, [REDACTED] advised he only recalled General Goldfein attending the TAPS contract Final Selection Briefing. [REDACTED] said General Goldfein also received a "back-briefing" after the Competitive Range Briefing when several offers were dismissed because they were out of range. [REDACTED] said that during the evaluation process, General Goldfein only gave broad guidance telling the evaluators to pick the best offer. Regarding the Final Selection Briefing, [REDACTED] had no recollection of General Goldfein saying anything like if the decision was up to him he (Goldfein) would select SMS. [REDACTED] said he would remember something like that.

371 (c). [REDACTED] was asked to describe the SST's meeting when making a determination which offeror they would recommend to be awarded the TAPS contract. [REDACTED] said, "we got together and discussed at length what the final decision was going to be and we all decided that it needed to be a unanimous decision. The team that had gotten together needed to decide how we were going to recommend it to the leadership because we didn't want to give them a split decision and have them decide with very limited interaction. Well, at the end of that meeting a unanimous decision, SMS was selected. Until we got to that meeting, which was three or four days later, that was the first time we had heard there was going to be a split decision."

371 (d). [REDACTED] was asked why he was not recused from the evaluation process. [REDACTED] stated, "Yeah, I talked with [REDACTED] about the issues as well and there really is, there's no way to eliminate the team. I mean, you could have completely recused the entire team because we knew [REDACTED] but then who evaluates an air show contract concerning music, concerning video, with essentially the only experts you have in the field? So in our opinion akin to, you know, recusing everyone in the Air Force who had ever heard of Lockheed Martin or General

Dynamics from any Air Force airplane contracts because they knew of them. We discussed that we'd be professional, select the best thing for the team. Because ultimately we had to use the product, so we would select the best one. And that was sort of how we decided we would go forward."

371 (e). [REDACTED] also asked [REDACTED] the following question, "We've heard some testimony that General Goldfein at the source selection briefing had made a recommendation that SMS be selected for the contract. Do you have any idea why someone -- can you think of anything you might have said that might have been misunderstood to mean that or anything of that nature?" [REDACTED] replied, "The only thing I could think would be that someone construed him saying, 'I agree with the final selection of the source selection team,' or, you know, 'Essentially the only experts I have on air shows and music and video are the four people saying that we should select it.' You know, I don't ever recall him saying specifically that, 'I go against everything everyone else says and this is what we're going to do.' He listened to the source selection team, listened to what we had to say, but I don't -- it certainly sounds like there's some sort of characterization that he drove the process or he drove the selection but I don't think there could be anything further from the truth."

371 (f). [REDACTED] was asked, "Do you think he had any influence on the process whatsoever?" [REDACTED] responded, "The only influence I thought he had was the sort of, the leadership role, the guidance of this is what the concept of the contract should be, and that was more from a, you know, what I would call a big Air Force perspective. In terms of driving the selection, I don't think he drove it at all."

371 (g). During the interview, [REDACTED] also stated, "...So it's certainly disheartening to hear that people are concerned about those processes because it calls into question our integrity. And I would be happy to sit down with anyone to look at the products, discuss the process at any time. But in terms of [REDACTED] GEN Goldfein, I thought they handled themselves with the highest possible levels of integrity and I don't think they did anything wrong whatsoever."

371 (h). [REDACTED] recalled that before a final selection was made to award the TAPS contract, the 367th Training Squadron, Hill AFB, UT submitted a proposal to do the work described in the TAPS Request for Proposals. [REDACTED] was asked, "Why did you consider the product not competitive with SMS?"

371 (i). [REDACTED] replied, "Well, first, we saw it about a week before the final selection authority or source selection meeting. It was sent to us when we were down at an air show in Mexico. We were to return from that show and then a day or two later we were supposed to have our final meeting. So imagine the last week of, you know, any season -- a football season, a baseball season -- where you get the final product after we've essentially made our decision and they say, 'Actually what we're going to do is this one and we think it's pretty competitive.' We thought there was first a flaw in the entire process that someone who had been sitting in the entire discussion process would submit a product late."

371 (j). [REDACTED] continued, "So I think [REDACTED] passed his concerns on up to GEN Goldfein and I believe [REDACTED] on that part of it. Outside of that, we again put on our

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professional hats and said, 'Okay, let's review the product.' And I sent some responses back to [REDACTED] in terms of reviewing their proposal just like we reviewed all the other proposals. And we thought it was woefully inadequate. There were concerns about personnel issues. There were concerns about how we would actually execute the mission, whether or not military members could be contracted against this versus no kidding contractors. So, you know, what if something pops up and the military members are called to another video issue or SecDef says, 'We want this one done'? You know, there's a major impact to the Thunderbirds in how we do our routine, a safety issue, because now you pull a significant portion of the show away from the capabilities. Those issues were never discussed because there wasn't time. There were submissions in the document that we didn't feel were accurate, that they had covered so many air shows, that they had previously done so many shows with the Thunderbirds over the last two years, which we knew were inaccurate because we'd been on the team for the last two years. None of those issues were really addressed because there wasn't time. We sent the answers back and they said, 'Whatever. We really think this is a viable idea.' So there were a lot of issues with that military proposal that were never fully addressed, I think because there just simply wasn't time to address them."

371 (k). [REDACTED] was asked, "You mentioned that [REDACTED] spoke with GEN Goldfein about it. Do you happen to recall what he told GEN Goldfein about the 367th's proposal?" [REDACTED] responded, "I don't know what he told GEN Goldfein or [REDACTED] [REDACTED]. I knew that I was the one that when we were down in Mexico that had to go and tell him, 'Sir, there's been another proposal. We're trying to find a printer that's compatible so we can print it out. We've been told we're required to review it.' And he was not happy."

371 (l). [REDACTED] as asked, "Oh, [REDACTED] wasn't happy?" [REDACTED] responded, "He was not. And that he would contact GEN Goldfein because he just didn't feel it was appropriate." [REDACTED] was asked, "How did GEN Goldfein feel about the 367th proposal?" [REDACTED] responded, "I think he was obviously concerned. Again, I don't know what [REDACTED] had relayed to him in terms of my concerns of the personnel, the time frame. I knew there was concern about the perception of [REDACTED] [REDACTED] sitting in on all the discussions and how that would reflect upon the other companies that had submitted products. I think he would have been fine to do it if we were able to take care of a lot of the issues. I just don't think we ever had time to really fully evaluate it. I think the only discussions we had were in the final source selection decision which, by the way, [REDACTED] sat in. So, you know, again, someone sitting in a decision point arguing for his team with none of the other contractors there. I just thought it was exceptionally inappropriate. But the only time we talked about it was for, you know, an hour to an hour and a half, again while we were evaluating all the other competitors. There just was very limited discussion on that option."

371 (m). [REDACTED] was asked if he recalled during the Final Selection Briefing if General Goldfein said anything like, "The Air Force sucks at this sort of strategic endeavor" or anything of that nature. [REDACTED] responded, "No, I don't recall that...Boy, no, that certainly would tend to stand out, I would think. I don't recall him saying that."

Account of [REDACTED]

372. On September 12, 2007, [REDACTED] was scheduled to meet with and be interviewed by the RA and [REDACTED] at the DCIS Mid-Atlantic Field Office. In the late afternoon of September 11, 2007, [REDACTED] secretary, [REDACTED], sent an e-mail to [REDACTED] stating that [REDACTED] needed to cancel the interview. [REDACTED] contacted [REDACTED] subsequently and learned that [REDACTED] left town on business and wished to reschedule the interview at a later date. [REDACTED] provided [REDACTED] with the RA's contact information for rescheduling. [REDACTED] never called to reschedule the meeting/interview (Exhibit 57).

372 (a). On January 22, 2008, an Administrative Investigation interview was conducted with [REDACTED] by [REDACTED] and [REDACTED], Investigators, Senior Officials Investigations, DoD-IG. A complete transcript of the interview was prepared and is included as Exhibit 132. [REDACTED] previously served as an Advisor to the Source Selection Team (SST) for the TAPS contract. [REDACTED] assumed command of the Thunderbirds in February 2004 and relinquished command in February 2006.

372 (b). During the interview, [REDACTED] advised he knew [REDACTED] for several years before [REDACTED] reported to the Thunderbirds. [REDACTED] stated, "Yeah, I have known [REDACTED] actually before I got to, with the Thunderbirds. I was a -- one of my previous assignments was the F15 east coast demonstration pilot, and that would have been back at the, the years -- started -- I first met him in 1999. And then was the east coast demonstration pilot for two years. So that would have been '99 to 2000. So you know, I have had an ongoing relationship with him since that." [REDACTED] was asked if he considered [REDACTED] a friend of [REDACTED]. He replied, "Absolutely."

372 (c). [REDACTED] was asked, "Do you still consider him a friend of yours?" He responded, "Sure, yeah. I mean, we can't -- it is just kind of hard to understand and maybe we've went through quite a lot. And even before I went on the Thunderbirds I mean, we flew together you know, we had a lot of good times. So yeah, I still consider him my close friend, you know, even though we haven't talked in a long time. You know this whole contract thing, this whole experience obviously cost you know, kind of like a friendship you know there, that probably will never go back to what it was. But you know, I guess that is just the way it goes."

372 (d). During the interview, [REDACTED] said, "... [REDACTED] from the first day I met him, he was always about that. You know, he just said like "you guys got this," -- you know I remember he used to always say it, equate the Thunderbirds. He said like "if Coca Cola had the Thunderbirds you guys, they would just you know, be able to exploit the message so much better than what you guys are doing," because of your bureaucracy, the way you do things. And so he wasn't always, even back in the earlier days with when we were just doing demonstration-type stuff. He is like "how can Air Force sell its message to do better?" And he would give examples. Like when we would go to an air show, he would come in with the media blitz, and he would you know, get the word out to people out there what's going on with the air show. And it is just not about the Thunderbirds, it is more, it is a bigger thing of how can the Thunderbirds get the Air Force message out? So he was always for that, and always preached that for as long as I

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have known him.”

372 (e). ██████ stated he could not specifically recall how the SST was put together for the TAPS contract. He believed ██████ the TAPS Source selection Authority (SSA) made the final selection. ██████ was asked how he became assigned as an Advisor for the TAPS Procurement. ██████ responded, “I guess in the end, I appointed myself...The process was more of, I think, group consensus...Of okay, as we look into putting our lineup together, who do we want to have on the evaluation process. You know, what is my role going to be. Well I think it is commander, the guy we are building the product for and all that stuff, that I should at least have some type of an advisory role...you know, in the process.”

372 (f). ██████ was asked, “How many meetings did you personally attend as an advisor?” He responded, “Like I said, probably about three or four.” ██████ was asked, “And what was your role there?” ██████ responded, “Just to kind of listen to the briefings that were given by the working group, offer any comments, any perhaps things that you know, we weren’t thinking about, or didn’t include you know, at different points in the selection process.”

372 (g). ██████ was asked, “Now you had prior dealings with SMS, or at least with ██████ and his sort of work, did you believe that was an appropriate awarding?” He responded, “Absolutely.” He was asked, “Why?” ██████ responded, “The quality, the quality of the product. I think the people who you know, had worked with ██████ before on various things, had flown with him. So I think that, you know I think that, so that was part of it, just I don’t know if it was the comfort factor. So I know that he can deliver on what he had presented to us. Just the reliability once again. If something didn’t work out right with the product, or how things were going, I believed ██████ just from what I had seen before, that he would fix it, make it right. So there is that confidence factor. And like I said, I just -- it was clearly, SMS clearly had the best product for what we wanted to try to do with the whole Thunderbirds, and how we were trying to promote our product and get it out to air shows.”

372 (h). ██████ was asked how he felt about the presentation made by the USAF, 367th Training Squadron (TRSS), Hill AFB, Utah, indicating it could do the work described in the TAPS’ Request for Proposals. ██████ responded, “Too little, too late, you know. I just thought those guys, you know I had seen their work before, and it just wasn’t anywhere close to what we were talking about with ██████ They may have been able to do a good job with the systems they had, but it was nowhere in comparison to the type of product that we were going to produce with ██████ in my opinion.”

372 (i). Regarding the 367th TRSS’ proposal, ██████ also said, “You know I know there some people that felt the Hill, the Hill venture might be an option...I was a little skeptic on that, just because the way that all kind of played out. The guy who is on the working group from Hill was the guy that was turning around and telling Hill, ‘hey, here is what you need to do to kind of get into this contract.’ You know, so that just seemed a little funny to me, how that would kind of all play out, where you have a guy

on the inside, kind of knowing everything that is being discussed. And then he is telling Hill 'hey, here is what you need to do to get this contract for the Air Force,' and then coming back. So I thought that was a little concerning. There was the guy who is the sole source authority, or the direct -- whoever was run in to Colonel from ACC. Yeah, he was concerned all the way throughout the relationship between [REDACTED] -- I would say he was always trying to fight against whatever kind of connection that we had with [REDACTED] and how that would play into our decision making process. And I think that was a pretty strong bias. You know, I think he, there was a lot of stuff and I am sure you have just investigated, but there were some issues on the ACC staff and how they got along with [REDACTED]. And there were a lot of people out there on the ACC staff, in my opinion, from what I have heard, that did not want [REDACTED] to get this contract. And like I said, it just felt like in some ways, even along the line, that they were trying to almost sabotage whatever was going on so [REDACTED] would not get the contract."

372 (j). [REDACTED] was asked, "Do you recall stating that "if it wasn't SMS, you didn't want it," or "wasn't going to be appropriate," or words to that effect?" [REDACTED] responded, "Yeah, I am sure I may have said that."

372 (k). [REDACTED] was asked, "Do you recall when and what the circumstances were?" He replied, "I don't. I would assume sometime, you know, later on in the process you know, the last few months. Just because I think we knew what we wanted, and SMS was providing us what we wanted, and the other stuff did not measure up. So to kind of have what you see in front of you as this is the thing that we need, this is going to propel us and move us up you know, and really take our game up another level. Meaning the Thunderbirds, and how we present ourselves to the air show, and what we can do for the Air Force, deliver the Air Force message, that sort of thing. There is no comparison to this product compared to the other stuff they were going to have. So if it meant not having this and settling for something way down lower, far inferior, then I would just sooner have nothing you know. And the other part of it was realistically, how much work the team was going to have to put into this, compared to going with [REDACTED] organization, compared to some of the other organizations. Fairly or unfairly, [REDACTED] has an extreme, has a huge working knowledge of the Air Force. It is because he has been doing this business, he has been doing the air show business with the heritage flight, with the Air Force demo teams, he has been around the Thunderbirds for many, many years. That is just the reality. And so you can't deny, you know, for a starting point, you can't take that working knowledge away from him about what he has. These other organizations did not have that. And so the amount of work the team is going to have to do to interject, and get involved and get everybody up to speed is just it would be a monumental task, to where we were with this position here with [REDACTED]"

372 (l). [REDACTED] was asked, "Did you mention those reservations to GEN Goldfein at any time?" He replied, "I can't remember." [REDACTED] was asked what sort of advise Major General Stephen Goldfein provided while Goldfein also served as an Advisor for the TAPS procurement. [REDACTED] stated, "GEN Goldfein was always very concerned with making sure that we adhere to the process, that we did not do anything you know, out of line. And I think his concern was you know, because we were you know, at one

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time we were ready to go kind of a sole source authority with [REDACTED]. So in other words, [REDACTED] had this product, we liked the product and we are ready to go, to go down that road and get this product. And then decided that whatever, based on the contracting rules, that we couldn't do that, that we had to open it up to other organizations to come in and compete. And so you know, I mean right away it is kind to look at it and go, well, we already had this product, we liked this product and now we are being asked to look at other types of things to compete against that product. And so, you know GEN Goldfein was very, always concerned that we let the process play out. That we you know, went strictly by the rules of the contracting world, to make sure that when it was all said and done, that if [REDACTED] company was picked, it was picked because it was the best one. And the best one for the Air Force, and not for any other reason."

372 (m). [REDACTED] continued to describe General Goldfein's thoughts about SMS' proposal. [REDACTED] replied, "I think he felt they had a good bid. I think he thought they had a good, yeah, I think he thought they had a great product. And I think he thought they had a good bid. And you know what I mean, he was there for you know, during the sole source initially, when we started out. And he was very happy with the product, I think everybody was very happy with the product. And so that's about all I can say on that. I mean yeah, he thought it was a good product, and you know, thought some of the other products were good too, that were presented by the group. But I mean you know, he was in the same meetings that I was in as far as when the contracting, when our inner-working group you know, presented all the briefings and their evaluations of each product and why this product was better than this, and why we weighted this product more from this portion. And that is then the score insistent is how it is all weighted, you know, he was there. And you know, I think, like I said, all throughout he was just more concerned with the proper procedure."

372 (n). [REDACTED] was asked, "Okay, did you speak with [REDACTED] at any point when the team was considering the bid proposals?" [REDACTED] replied, "I may have, but not to discuss any kind of work-type of stuff. And I want to say over the last -- at the last portion, two or three months before we actually went final on the contracts, and even three or four months after that, we didn't speak anything, any word. You know we have, it is kind of hard, we have, you know like I said, we had a relationship before. I would see him at air shows. He is a performer, we are performers, so we did run into each other. But even in the beginning stages when we first were doing the contract thing, I mean everybody realized kind of what was at stake. And that includes my (inaudible) officer, my narrator [REDACTED] that we can't talk about any kind of step that is going on with the contract. Did we have conversations like we normally would, as performers/friends, that sort of thing? Sure. But after a certain point, especially when the contract began to fall apart, then there was no discussions. In fact, I really haven't you know, spoken to [REDACTED] probably one time in the last year and a half."

372 (o). [REDACTED] was asked, If [REDACTED] or [REDACTED] ever mention that [REDACTED] had been offered a job by [REDACTED] [REDACTED] replied, "I did hear that." [REDACTED] was asked, "Do you recall about what time frame that was?" He replied, "Probably, it was close to when we were leaving Nellis. So that would have been

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springtime of 2006, somewhere around there.” [REDACTED] was asked, “And as far as you know, was it about that time frame that the offer was made, or had it referred to some time in the past?” He responded, “Well yeah, the offer stuff had been -- the contract there I want to say was more towards the fall of 2005 you know, right in that time frame. So all that stuff had passed. So I don’t know when any kind of offer was made about a job. I just know that talking to [REDACTED] when we left in the spring, because we moved out here and I went on to school, that he was exploring his options. And you know, one of them was to go out, you know, to leave the Air Force and go work for [REDACTED]”

372 (p). [REDACTED] was asked to describe General Goldfein’s prior relationship with [REDACTED]. [REDACTED] responded, “He did not know [REDACTED] as well as I did. He was familiar with [REDACTED]. You know he was the wing commander at Langley at one time. And so you know, Langley having one of the demonstration teams, and he was familiar the heritage pilots. You know the heritage pilots at Langley would have air shows, so he was familiar with a lot of those guys. So definitely not, my recollection is definitely not the kind of level that I was with [REDACTED]. But I would say he was familiar with him.”

372 (q). [REDACTED] was asked if General Goldfein seemed to prefer SMS. [REDACTED] replied, “I think when the results were briefed by -- results were briefed up to the group, I think he was happy with the decision. I can’t tell if he preferred one over the other, I think he was just okay. Just these are the results that came up, you know, once again, it looks like you guys did thorough work on looking at all the proposals. I think he was happy with that, and I can say having been in the meetings, they went over a lot of details, a lot of information. I thought the investigation of the proposals, and the study, the background work I thought, was very, very thorough, you know from the briefs that we received from the working group.”

372 (r). During the interview, [REDACTED] said, “Getting back to the source selection, and the 367th at Hill. Do you recall GEN Goldfein saying that ‘the Air Force historically, sucked at strategic messaging?’” [REDACTED] responded, “I don’t recall those exact words and that quote. I know there was a feeling amongst all of us, and that is why we were looking for some kind of program of yeah, we need to do things better. You know, we need to find a way to tell our message. We need to go out and that is what the whole thing, the genesis was, as far as these air shows. You get two hundred, three hundred thousand people out there, how can we tell the message better? How can we tell everybody, Joe citizen, what our troops are doing over in Iraq, Afghanistan. You know, they know the Army piece, they know the Marine piece, because you can see that up front. But do they know that we are flying (inaudible), we are dropping bombs, we are supporting it. You know, we have been over there for so long. Those are the kind of messages that we think we need to get out there...So yeah, I think there was a common feeling of all of us, and when I say “all of us,” the organization I guess, down there. We are trying to look for ways to do things better.”

372 (s). [REDACTED] was asked, “Do you recall about how many meetings GEN Goldfein attended, what would you say? Maybe one or two, or was it five or six?” [REDACTED]

b(6)
b(7)(C)

replied, "Probably in between there. I think it was the, like I said, I think it was the same, like about three or four you know, that I -- I wouldn't say anymore than four. It was probably -- definitely the one at the end, where the source selection results were briefed. I can picture another one, so probably more like three."

372 (t). [REDACTED] was asked, "As far as you know, did the general ever express a preference for SMS, or for any other bidder in the process?" He replied, "No. In fact, I can say that he was very -- he would never you know, until the source selection results were briefed out, would never express any kind of opinion one way or another, except for the process. He was always harping on the process to come through and go, "let's make sure we are doing everything right by the book." So I think that was more his role you know, because you know we are all -- like I said you know, and that is why it was important for those guys to go through and look at each proposal meticulously and get all the details right, because here [REDACTED] came with this product. We wanted that product, we are happy with that product, we are ready to go out and start using that. And then it is like okay, put the brakes on, now we have to go back in and do things the way they should have been done. I guess the first place, is you know, to go through -- and it was a very long, I don't know, six to eight months. You know, so we went from you know, whatever the spring of taking a look at things, [REDACTED] idea, we are going down the sole source authority you know. So we are counting on, where we are going to kind of maybe be able to start putting this product to use in early summer. You know, put the brakes on. Now we do like an industry day, request for proposals, back and forth, whatever it was, with each company, adjusting their proposals you know, that full contracting business. And now we get out to August/September, now October, and now there is no way we are going to do anything for this year. And now we are prepping for 2006. And then you know, then everything kinds of you know falls through."

372 (u). Regarding General T. Michel Moseley, [REDACTED] was asked, "Did you have any knowledge of General Moseley's involvement in this contract?" [REDACTED] responded, "Moseley? No." [REDACTED] was asked, "You never spoke with him personally? Nobody ever relayed to you how GEN Moseley felt about the contract?" He responded, "No. I never spoke with GEN Moseley personally. I would say, I want to say he was the vice at the time." [REDACTED] said, "At the time he was the vice, and then at the end he would have been commander by that time." [REDACTED] replied, "No. I know you know, I mean, he was another guy I think, that knew [REDACTED] You know, just once again, through the air show business. But I am not aware of how he felt about any of the program."

373. On November 2, 2007, Special Agent in Charge (SAC) [REDACTED], DCIS, Southwest Field Office, sent a letter to [REDACTED], Attorney at Law, of the law firm Miller Alfano & Raspanti P.C., Philadelphia, PA (Exhibit 58). The letter was a request for an interview with General Hal Hornburg (USAF, retired) who [REDACTED] previously related he represented. On November 29, 2007, [REDACTED] provided a twelve page written response to SAC [REDACTED]; however, he offered no opportunity for an interview of General Hornburg prior to the date of this report (Exhibit 59).

374. During this investigation a copy of General Hornburg's official "Certificate of Release or

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Discharge from Active Duty” (DD Form 214) was obtained (Exhibit 60). The record shows Hornburg’s official separation date from the USAF as December 31, 2004. He accrued 59.5 days of paid leave. He served 36 years and six months on Active Duty. Hornburg listed an address in Fair Oaks Ranch, Texas for his mailing address for after separation. Hornburg was separated from Langley AFB, VA.

375. Efforts were made to determine what type of exit briefing(s) concerning post employment restrictions and/or conflicts of interest, were provided to Hornburg immediately preceding (or after) his retirement. Several DCIS reports were written describing various interviews conducted and documents obtained. The following reports were written: Lead Response, DCIS Norfolk Resident Agency, dated May 12, 2006, (Exhibit 61); Interview of [REDACTED], dated August 10, 2006, (Exhibit 62); Interview of [REDACTED], dated August 10, 2006, (Exhibit 63); Interview of [REDACTED] [REDACTED] dated September 11, 2006, (Exhibit 64); and Receipt of Documents, dated October 19, 2006 (Exhibit 65).

376. On April 25, 2006, the RA prepared a report titled “General Hornburg Showed Heritage Flight Video/Music in 2004,” (Exhibit 66). The report had/has attachments which are copies e-mails regarding [REDACTED] changing the music for the Thunderbirds 2004 Show Season and Hornburg asking General Wood, Commander of AWFC, to make a 5-7 minute video to capture the essence of the new music. Hornburg wrote that [REDACTED] [REDACTED] would assist. The report also has portions of two transcripts of speeches Hornburg gave in 2004 in which the music was mentioned. The e-mails listed in this report are also listed in the summary of e-mails report (Exhibits 3 and 43).

377. On June 14, 2006, the RA prepared a report titled “Use of Large Video Screens by USAF in 1997, 1998, and 2004,” (Exhibit 67). The purpose of this report was to demonstrate that the use of large screen video screens at USAF air shows was not something new when [REDACTED] submitted his Unsolicited Proposal in 2005. This report details that the USAF actually provided the screens at the air shows. Previous reports already described in this ROI also show the use of large video screens at USAF air shows was not something new to the USAF in 2005 and the 367th TRSS was previously used at those same air shows (Exhibits 19 and 25).

378. On March 13, 2007, the RA prepared a report titled “Details Concerning Heritage Flight Book,” (Exhibit 68). This report also details e-mails [REDACTED] [REDACTED] exchanged with General John Jumper, USAF Chief of Staff, as far back as June 24, 2002. [REDACTED] was then creating a “coffee table book,” with other(s) not in the USAF, which would promote the USAF Heritage. On June 24, 2002, [REDACTED] [REDACTED] sent an e-mail to General Jumper in which [REDACTED] wrote, “John, We've been working on a Heritage Flight coffee table book for the past month. Here is a sample of some of the first photos. This book will be a great opportunity to showcase your great Air Force Heritage. We will be shooting throughout the rest of the air show season. I think a great ending shot for the book would be a Mustang, F-86, F-15, and F-22. The worlds greatest fighters then, now, and for the future. Might be a good visual reminder to highlight how important it is for you to have the all F- 22's you need. A interesting statistic....USAF built 15,000 P-51 Mustangs to fight a world war.... there are more left today still flying than ALL of the F-22s Congress is giving you. Cheers, [REDACTED] e-mail included 15 attached photographs with the name Erik Hildebrandt printed on the bottom of most of them.

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379. On July 13, 2002, General Jumper responded to [REDACTED] " [REDACTED] sorry for the belated reply. Thanks for these. We can try for the F-22 shot as part of your project. Will have to work it with the test program but should be doable. Thanks again for the great work you do for us. John" (Exhibits 68, 3, and 43). On July 14, 2004, General Hal Hornburg, Commander, ACC, e-mailed General Jumper and after mentioning [REDACTED] name, Hornburg mentioned that he, "sent two Heritage books over with our folks..." (Exhibits 68, 3, and 43).

380. To confirm that a Heritage Flight book was actually published, on February 12 and 27, 2007, the RA queried the internet and found that a book titled "Heritage Flight" was written by Erik Hildebrandt. On February 12, 2007, the RA found a listing for the sale of the book on Wal Mart's website (www.walmart.com). The website listed the book as being published by Specialty Press in September 2003. Wal-Mart's list price was \$47.95. In a description of the book it read, "...Erik Hildebrandt has outdone even himself by cracking the code of silence of the United States Air Force...Hildebrandt was afforded unprecedented access to the newly formed USAF Heritage Flight program..." On February 27, 2007, the RA also found this book listed on Specialty Press' website (www.carttechbooks.com). Specialty Press' list price for the book was \$49.95.

381. On March 6, through 13, 2007, the RA reviewed a copy of the hard covered Heritage Flight book. A page in the book reflects Erik Hildebrandt copyrighted it in 2003 and the book was first published in the United States by Cleared Hot Media, Inc, Stillwater, Minnesota. An e-mail address was listed of: erik@vulturesrow.com; telephone number (651) 430-3344. The ISBN Number was listed as: 0-9674040-3-7. The book is 145 pages in length and contains typed information and numerous color photographs. At least one of the photographs in the book was the same as one of those [REDACTED] sent to General Jumper on June 24, 2002. That was the group shot of aviators photograph. Page 11 of the book identified that particular photograph as having been taken at the 2002 Heritage Flight Conference. Among others, the group included [REDACTED] and [REDACTED].

382. The book's Forward (Page 13), was written by Colonel Frank Borman, USAF-Retired. The book's inside paper cover flap relates that Borman is a hero of the American Space Odyssey and led the first team of American astronauts to circle the moon. It reflects Borman is internationally known as the Commander of the 1968 Apollo 8 Mission.

383. On the Acknowledgements page of the book, [REDACTED] and [REDACTED] were listed for finding a path where one did not exist and acknowledged for successful politicking. The acknowledgement also reflected that the Senior Command at ACC deserved credit for approving the non-standard mission profiles required to make the book. The following names were listed: Generals Howie Chandler, David Robinson, and Bruce Wright. Others mentioned from the ACC Aerial events staff were: [REDACTED], and [REDACTED].

384. A special thanks was provided for [REDACTED] and the pilots and crew of the 143rd Airlift Wing at Quonset Point, Rhode Island and described their C130J's photo platform (Exhibit 68).

385. There were approximately 40,000 e-mails reviewed during this investigation, which collectively provide insight to the matters investigated (Exhibits 3 and 43). One such e-mail exchange occurred on October 3 and 5, 2002 between General Jumper and [REDACTED]. On October 3, 2002, [REDACTED] e-mailed General Jumper, "John, Just got back from my swing around the Middle East with Atlas Air. (Many more trips to come) Being a father really tugged at me as I saw the conditions these young kids live in. As I spent some time talking to them I realized that between working and sleeping the only other thing to do is exercise. I saw some of their equipment they use and it was pretty shabby at best. So... long story short. I'd like to do something about that. Before I retired (and started flying for a livin'!) I was a partner in a company called "Total Gym". You might of seen it advertised on TV with Chuck Norris and Christy Brinkley. Well, I got my old partners to dig up about 50 Total Gyms and then asked Atlas Air if they would be willing to drop them off at the bases we visit in the Middle East (and other places). Atlas of course gave an enthusiastic yes. This equipment is used by the NFL players on the road and it nicely folds up for storage and shipping. Nobody wants anything off this... just thought it would be a good thing do. If you're interested, perhaps you might know someone I could make the arrangements with. We are flying DOV to RMS and all parts of the Middle East everyday. We're good at shipping stuff so it shouldn't be too hard to figure out. It would be a great way for your kids to blow off some steam, pass the time, and pump up the muscles. Let me know what you think. Cheers. [REDACTED] (Exhibits 3 and 43).

386. On October 5, 2002, General Jumper responded to [REDACTED] w/cc to LT General Michael Zetler; AF/IL. Jumper wrote, "[REDACTED] thanks. I'll ask our Deputy for Logistics to get in touch with you. I'm sure there is a way we can work this. I'd also be proud to arrange some goodwill publicity for your associates who have donated the equipment. We truly appreciate these efforts for our people and would like them to get full credit. You'll hear from Lt Gen Mike Zetler soon. You're a hero. JJ" (Exhibits 3 and 43).

Account of [REDACTED]

387. On September 20, 2007, [REDACTED] Director of Contract Operations, Directorate of Installations and Mission Support, ACC, Langley AFB, VA, was interviewed (Exhibit 69). [REDACTED] first learned [REDACTED] SMS was being considered for a USAF contract in approximately April 2005. [REDACTED] acknowledged he recalled an acquisition of Jumbotrons was apparently briefed by [REDACTED] and Goldfein to the Vice Chief of Staff, General Moseley. [REDACTED] noted such requests are not normally received from the Vice Chief of Staff and this one in particular apparently "rolled down hill" through Lieutenant General Fraser, Vice-Commander, ACC, Langley AFB.

388. Regarding [REDACTED] knowledge of [REDACTED] [REDACTED] said [REDACTED] was/is a pilot for the USAF Heritage Flight Program, which flies vintage World War II and Korean War era airplanes in conjunction with air shows performed by the Thunderbirds. The vintage war planes are owned privately and are flown mostly by retired military officers. [REDACTED] is a millionaire who was never in the military and flies his own plane in association with the group. Until several years ago Heritage Flight flew at air shows with the Thunderbirds and performed for free except for fuel and occasional overnight accommodations on the military installations where they were performing. These expenses were handled via blanket purchase agreement. [REDACTED]

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subsequently sought further compensation for the group such as rental cars, lodging, and uniforms. Because the pilots were independent it became necessary to have a contract to handle the processing/administration of invoices submitted by the Heritage Flight pilots in conjunction with their performances at the Thunderbirds air shows.

389. During the interview, ██████ was shown an e-mail dated April 14, 2005, which he sent to ██████, Contracting Division, ACC (Exhibit 3 and 43). ██████ wrote, “█████, I know Frank is out so I wanted to send this to you to see if we can get started. I received a call from ██████, Director of Staff. He said VCSAF called General Fraser relaying that ██████ “(sound familiar from the war birds and uniforms issues of the past?)” and MajGen Goldfein briefed him on a new jumbo-tron requirement for the Thunderbirds. It appears VCSAF is *sending* \$8.5M to ACC to acquire this system. Supposedly this will be a sole source but that is yet to be determined. Please have someone contact ██████ at 1-610-577-█████. Be sure whoever contacts him understand ██████ is on a first name basis with the CSAF and several other senior general officers; however, he is NOT a Government employee. Please let me know what you find out.” (Exhibits 3 and 43)

390. ██████ responded that Shelton’s contracting activity supports ACC headquarters and/or multiple AFB locations but in this instance it was eventually determined the requirement should be handled by Nellis AFB since it was for the Thunderbirds. His instructions to have someone contact ██████ was not out of the ordinary. He wanted someone to find out more about the Jumbotrons. Hearing there was money coming but without a requirement indicated it was a fast tracking kind of process. ██████ wanted whoever was contacting ██████ to understand the nature of the relationship; ██████ apparently “had a door” into the Vice Chief of Staff or the Chief of Staff, which is something one could not ignore. At the same time he also wanted the person contacting ██████ to understand ██████ was not a Government employee. This was necessary because they lacked sufficient information and understanding about the Jumbotrons requirement. At the time ██████ believed the acquisition concerned the purchase of Jumbotrons, and he thought it might be an item that could be procured through the U.S. General Services Administration, vice the open market.

391. ██████ learned about a month after the April 14, 2005, e-mail the USAF gave ██████ a \$50,000 purchase order (PO) to develop an idea or concept. He understood that in November or December 2004 ██████ proposed an idea to someone, which resulted in the issuance of the PO during the February or March timeframe. The PO was handled by Nellis AFB, and he did not know about it until it came to light about a month following the April 14, 2005, e-mails. ██████ did not know who ██████ met with when he presented his proposal.

392. ██████ related in the event someone told ██████ to begin work prior to the issuance of the PO it would be considered an unauthorized commitment. If there were an unauthorized commitment, there is a procedure called “ratification” that could be used with legal guidance to settle the matter from a contracting perspective. Ratification requires an authorized person to review what the unauthorized person did in an attempt to see what the Government can do to resolve the situation.

393. Depending upon the facts and situation a contractor may pursue reimbursement by going

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through the normal claims process. Under contract law, [REDACTED] was/is suppose to know who in the Government has the authority to make commitments.

394. The only circumstance known for certain by [REDACTED] with regards to [REDACTED] involvement with the USAF stemmed from [REDACTED] attendance at a meeting previously held at A-3 Operations, ACC, Langley AFB during 2004. The meeting involved the licensing of the music used in the Thunderbirds air shows. [REDACTED] was on a speakerphone and continually referred to General (retired) Hal M. Hornburg, USAF as "Hal." During the meeting [REDACTED] continually referred to earlier discussions with Hal about the music for the Thunderbirds. [REDACTED] also heard [REDACTED] name associated with Generals Moseley and Jumper and assumed [REDACTED] had some sort of relationship with them since he appeared to also be on a first name basis with them as well.

395. While reviewing and evaluating documentation received from SMS, [REDACTED] saw references identifying General Hornburg as the Company's CEO (Chief Executive Officer). [REDACTED] was also aware MajGen Goldfein had something to do with the issuance of the \$50,000 Purchase Order (PO) from Nellis AFB to SMS. After the work was completed under the PO, MajGen Goldfein and [REDACTED] met with General Moseley to discuss what was then referred to as the "Jumbotron" and later referred to as "TAPS" (Thunderbirds Air Show Production Services Support). It was only after the fact-finding and reviews were being discussed, that these details started to come out.

396. [REDACTED] confirmed he was involved in the creation of a Statement of Objectives (SOO). Possibly in June 2005, [REDACTED] was sent out to Nellis AFB to work with [REDACTED] Deputy, 99th CONS; [REDACTED] Contracting Officer; and [REDACTED] the Commander of the Thunderbirds, to draft a SOO. By that time they knew the acquisition was neither unique nor an innovation that would merit sole sourcing. Therefore, it would have to go through a competitive process. They decided to write a "general SOO" and offer different sources/contractors the opportunity to propose how to do the requirement versus being dictated by the Government. [REDACTED] did not recall who specifically determined there would not be access to historical Thunderbirds film or cockpit cameras until after the award.

397. [REDACTED] surmised that the restriction from using Thunderbirds media was to ensure fairness. If they gave the media to one potential offeror then they would have to provide it to all of them creating a lot of work. The SOO was left in draft with [REDACTED] and [REDACTED] at Nellis AFB. At the time of [REDACTED] departure, the SOO was still not completed and was left for [REDACTED] to put on the final touches. [REDACTED] did not give the SOO to anyone for final approval. [REDACTED] was not involved with any revisions to the SOO. It is possible [REDACTED] could have made revisions to the SOO since it had not been in final form prior to his departure.

398. The drafting of the SOO did not occur until several months after they tried to sole source the contract award to [REDACTED]. Initial efforts were made to award the item/service via sole source to [REDACTED] until it related by USAF officers that it could not be done. After determining the service/item was still wanted, the USAF was required to follow the rules to compete the contract and the SOO became the first action to explain the requirement. When the tasking came down to

award the contract via a sole source award, everyone believed the contract needed to be awarded to [REDACTED] and looked at how it could be done from that angle. Once it was learned [REDACTED] received a \$50,000 PO to develop the item/service, it was determined a sole source contract award could no longer be considered and the requirement/need had to be competed.

399. Once [REDACTED] was able to look through the information that was collected following the initial tasking, he was able to determine the procurement was not suitable for sole sourcing. [REDACTED] decision was made in concert with the ACC legal office, which everyone seemed to accept. While there was no pressure, there was an audience. Several options were presented and the final recommendation was to go with full and open competition. The desire was to implement the procurement in time for the 2006 air show season. In conjunction with the development of the SOO, a milestone chart was prepared and everything was expected to be completed in time for the Thunderbirds Acceptance Show which is usually held in late February/early March at Nellis AFB. Everyone felt it was a logical time for implementation and would coincide with the Acceptance Show's review by higher ranking officials such as the Commander of the ACC and the Chief of Staff.

400. [REDACTED] was asked about Strategic Insight being made the primary evaluation factor for deciding which offeror would be awarded the TAPS contract. [REDACTED] said, at the time [REDACTED] was okay with "Strategic Insight" as a primary evaluation factor. In hindsight it was not a very wise decision. [REDACTED] recalled Strategic Insight was made the most important factor and demonstrated knowledge/history of the Thunderbirds and the USAF. Looking back and knowing the relationship of [REDACTED] association with the Thunderbirds and active duty officers through the Heritage Flight Program, afforded SMS more insight than the other competitors. Any awareness of General Hornburg's relationship with SMS as the CEO would have furthered this insight. At the time it all made sense and appeared to be logical. [REDACTED] later realized the history of the USAF could be learned and thereby eliminated any potential significance gained through Strategic Insight.

401. Advertising and sponsorship were eliminated because the USAF does not allow either. Early on, [REDACTED] presented a concept of selling ads. The public affairs and legal offices however said it could not be done, even with disclaimers.

402. [REDACTED] recalled previously receiving a carbon copy of an e-mail from [REDACTED] [REDACTED] 367th TRSS proposing the USAF could do the required work at a substantial savings for the TAPS effort. An individual from Hill AFB was assigned to the evaluation team and identified the requirement as something that was within the capabilities of the 367th TRSS. While reviewing the proposals, the individual (identity not recalled) realized the requirement involved experience with television production and was something the USAF could do, and apparently reached out to the 367th TRSS. At the time the competitor's proposals were already being reviewed and evaluated. The legal office determined the 367th TRSS could submit a proposal and it would be evaluated/compared against the successful selected competitor for a final determination as to which way to go. [REDACTED] did not believe the USAF had an obligation to determine whether the work could be done "in-house" prior to contracting it out if it was believed to be cheaper and was something not inherently done. Today the U.S. Government is outsourcing just about everything as a result of Office of Management and Budget Circular 76 as

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a cost comparison of Government versus commercial.

403. ██████████ was the SSA. ██████████ had discussions with ██████████ in regards to his efforts to finalize his selection between SMS and SRO Media, the offeror which ultimately protested the award to SMS. SRO's proposal was half of the cost sought by SMS, yet SMS possessed Strategic Insight which was an important selection factor. At the time, ██████████ apparently felt it would be difficult to support either company. Only after the fact was it realized that Strategic Insight should not have been used to support the award to SMS.

404. ██████████ recalled ██████████ had a meeting with MajGen Goldfein at Nellis AFB and when ██████████ came back, he seemed like he had reached a decision to make the award to SMS. ██████████ did not recall or remember anything specific about ██████████ meeting with MajGen Goldfein. ██████████ knew ██████████ struggled with his decision; SRO's lower price versus following the rules established in the RFP and made the award based on his evaluation of the factors presented in the solicitation in favor of SMS.

405. ██████████ recalled the contract was supposed to be a Nellis AFB contract, and they were supposed to pay for it. The issue all along was that no one owned the requirement. This made it difficult to determine who was going to pay for it.

406. ██████████ acknowledged after the TAPS contract was awarded to SMS in December 2005, he ██████████ was involved in speeding the payment to SMS. He's not sure who he received a call from but believed a General or two were involved. SMS was complaining because they submitted an invoice and were expecting payment within a short period of time. SMS did not understand payment usually takes thirty to forty days. ██████████ remarks in an e-mail about trying to "push the payment" entailed making a call to his friend, ██████████ who is the ██████████ at Defense Finance Accounting Service (DFAS), Limestone, ME. As a favor, ██████████ asked ██████████ to look into expediting SMS' payment. ██████████ was able to have the SMS invoice moved from the bottom of the payment stack to the top. ██████████ may have also spoken with DFAS employee (██████████) when initially trying to reach ██████████

407. Colonel Michelle Johnson was the Public Affairs (PA) officer for BrigGen Lessel. ██████████ e-mail to her on December 21, 2005, was apparently in response to an inquiry about the status of the SMS payment. ██████████ felt Colonel Johnson may have been the individual who initially contacted him about looking into the SMS payment, but subsequently changed his mind because he felt she was already aware of the situation. ██████████ has also been asked in the past to assist in expediting payments to contractors. The contractors were normally struggling small business concerns requiring payments to meet their payroll obligations. The situation with SMS was not a normal occurrence. ██████████ confirmed prompt payment requires agencies to make payment no later than 30 days upon proper receipt of a claim.

408. After the TAPS contract was awarded by Nellis AFB, it was being transferred to the PA Office at the level of the Secretary of the USAF because it seemed to be most appropriate. Colonel Johnson was supposed to take over the contract because the "message" (contract) was universally USAF as opposed to limiting it to the Thunderbirds at Nellis AFB or the ACC at Langley AFB. At the time none of the organizations wanted to be responsible for oversight and

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the PA office at the Secretary USAF level was looking to take it. Early attempts were made to find a better place for the contract. Efforts were made to contact various PA offices and the Air Education Training Command and the Air Force Recruiting Service but an owner for the contract could not be found. No one, including the Thunderbirds, wanted it.

409. The most significant irregularity was no owner for the requirement. They had no choice but to muddle through and attempt to define the requirement on their own since they had no one to ask. This was a typical general officer “go do.” There was no pressure on the evaluation or selection authorities; however, in hindsight Strategic Insight was not a wise choice to use as a significant factor in the selection criteria and lessons were learned.

410. ██████████ was not aware of any “Unauthorized Commitments.” The only work initially performed by SMS was covered by a \$50,000 PO and through the company’s subsequent award of the contract.

411. ██████████ does not have anything to do with the Heritage Flight Program it is supported by the ACC Contracting Squadron. He believes Chenega, a Native Alaskan firm with offices in Norfolk, VA, has the contract and is responsible for reimbursing the independent pilots who fly their personally owned vintage war aircraft as part of the Thunderbirds air shows. Shelton’s office was responsible for initially writing the contract back in 2002 or 2003. The law allows the contract to be sole sourced to a Native Alaskan businesses without competition. Chenega administers the funds used to pay the independent pilots via subcontract for reimbursable expenses associated with flying their vintage war aircraft at the Thunderbirds air shows.

412. When the idea was first proposed to pay reimbursable expenses to the independent pilots participating in the Heritage Flight Program, General Hornburg was the former Commander of the ACC and had some input.

413. Typically, the USAF cannot accept free work due to ethical issues. The primary concern is that somebody might do something for free and then expect something in favor at a later time. The USAF is open to contractors performing or demonstrating their own product or idea and uses a non-binding document for such purposes. The same applies in the event the USAF was to perform or demonstrate a contractor’s idea or product. The USAF does not normally pay for the demonstration of the idea or product unless an agreement is made in advance, however this is typically not done. In a subsequent interview with ██████████ on November 13, 2007, ██████████ said he did not know if ██████████ had a demonstration agreement for use of “Thundervision” at the March 10, 2005, Acceptance Show.

414. Several Interviews were conducted to determine if the USAF, particularly ACC, had an existing policy, or Standard Operating Procedure (SOP), describing how USAF personnel should deal with DoD contractors – especially to avoid conflicts of interest or the appearances of conflict of interest. ██████████ was interviewed about this on October 25, 2007 (Exhibit 70).

415. ██████████ said he had previously worked on a SOP for interacting with DoD contractors about four or five years ago. The SOP is a summary of the different policies and regulations that exist on how to deal with contractors. ██████████ believes the first SOP originated approximately

eight to ten years ago and was specifically intended for AOs. The guidance was also incorporated into the Action Officers (AOs) handbook and website. The SOP provides generic information/guidance on how to conduct Headquarters ACC business. Previously, [REDACTED] and other supervisors found themselves cautioning AOs with regards to their interactions with contractors. [REDACTED] found himself constantly explaining the various ethical rules and regulations to personnel. It was an on-going problem and it was felt that by putting something into writing summarizing the various ethical rules and regulations might reduce the frequency of inquiries and eliminate potential problems. The SOP serves more as a means to protect and educate the AOs when interacting with contractors since they often find themselves working side by side. The basic rules and regulations cited however apply to everyone. The SOP was probably originally intended for distribution to AOs and their staff, but it's possible the SOP was passed out to others as well. The ethical rules and regulations referenced in the SOP were in effect prior to the document creation. [REDACTED] reiterated the SOP is a consolidated briefing or summary of the various rules and regulations that would be applicable to the AOs.

416. During the interview, [REDACTED] referenced a document titled, "Standard Operating Procedures for Interacting with Defense Contractors" (Exhibit 70-Attachment 1) and an ACC Document Titled "Contractors in The Workplace 2004" (Exhibit 70-Attachment 2). He said that in the event a USAF officer assigned to ACC violated any of the rules or regulations cited in the SOP it would be considered a violation under the Joint Ethics Regulation and would have to be pursued through the legal office and the ethics officer. The SOP does not establish policy but serves to compile the various rules and regulations into a handy primer or reference manual. Any violations that might be committed are not a violation of the SOP but rather the particular regulation.

Account of [REDACTED]

417. On October 31, 2007, an interview was conducted of [REDACTED] Chief, Acquisition Management Branch, ACC, Langley AFB, VA (Exhibit 71). [REDACTED] provided details about the same SOP. Upon conclusion of the interview [REDACTED] agreed to conduct a search for any documentation she may have had in her possession pertaining to the SOP for Interacting with Defense Contractors. On November 5, 2007, a follow-up communication was had with [REDACTED] via e-mail (Exhibit 72). On November 5, 2007, [REDACTED] forwarded copies of three documents: (1) E-mail, January 16, 2007, from [REDACTED] "First Quarter Ethics Program -Contractors in the Workplace" (2) E-mail, July 1, 2004, from Director of Maintenance and Logistics, forwarding original e-mail from Brigadier General Dunlap, regarding "Proper Contractor Relations" (3) E-mail attachment "ACCcontrules.doc" also identified as "Contractors in the Workplace 2004."

418. The second document was an e-mail sent from Brigadier General Dunlap, Staff Judge Advocate, ACC, to General Hal Hornburg (while Commander of ACC) and others. It was dated July 1, 2004 (Exhibit 72, Attachment 2, and Exhibits 3 and 43). Dunlap wrote the following to Hornburg, HQ-ACC Staff and HQ-ACC-Executive Officers, "Airmen, Based on several recent questions we've worked, I want to invite your attention to a couple legal pitfalls that you want to avoid in the relationship with contractor employees working in your area...Under the provisions of the Federal Acquisition Regulation (FAR) to the maximum extent practical the acquisition of services requires the use of performance based

contracting. The bumper sticker here is that except in very rare instances we cannot have 'personal service' contracts here at ACC. Additionally, agencies cannot award a contract for the performance of an inherently Government function. These functions include activities that require the exercise of discretion in applying Government authority or the making of value judgments in making decisions for the Government. These functions typically involve binding the Government or protecting the Government's interest; exerting control over the collection, control, and disbursement of federal funds; or contract award, administration and termination. During performance of services contracts, the functions being performed must not be changed or expanded to become inherently Governmental. Each Directorate must ensure that a greater scrutiny and appropriate enhanced degree of management oversight is exercised when contracting for functions that are not inherently Governmental but closely support performance of inherently Governmental functions...I encourage you to work with the contracting officer on the contracts in your area to ensure proper contract oversight and execution is occurring in your Directorate. Attached is a booklet put together by LGC and [REDACTED] that you may have already seen, but is attached for your convenience. My POC is [REDACTED] V/R Charlie, Charles J. Dunlap, Jr., Brig Gen, USAF, Staff Judge Advocate, Air Combat Command."

419. The booklet that was attached to Dunlap's e-mail and sent to Hornburg was/is the "Contractors in the Workforce 2004" booklet. Under Section C, it reads, "Voluntary Services and Free Products; Voluntary services are those services rendered without a prior contract for compensation, or without an advance agreement that the service will be gratuitous. The Government may not accept voluntary services except for emergencies involving the safety of human life or the protection of property. For example, a contractor employee cannot be asked or allowed to begin working prior to the start of the contract. Acceptance of voluntary services could be an augmentation of funds and a possible Anti-deficiency Act violation. If a contractor offers to conduct a product demonstration, you need to formalize the process in writing with your local contracting activity or ACC CONS for HQ ACC staff in order to protect Air Force interests and define liabilities. Product demonstrations may not be used as a subterfuge to obtain the use of products without charge. Do not agree to evaluate a contractor's products as part of the vendor demonstration or as compensation for the free use of the product. Air Force sponsorship or appearance of such sponsorship or endorsement is prohibited."

420. In the booklet under Section A (Authority and Scope), it reads, "...A person other than a contracting officer cannot clarify, make, or infer legal interpretations on the scope or intent of the contract for the contractor; approve the contractor's procedures that change/differ from contract specifications; direct or request any task not specifically provided/required in the contract. A contracting officer is designated by a written warrant which sets forth his or her authority to expend federal funds. No other Government employee, whether military or civilian may expend federal funds with commercial entities with the limited exception of Government Purchase Cardholders acting within their authority. In the event someone other than the contracting officer or a purchase cardholder obligates the Government, an unauthorized commitment is created. Unauthorized commitments often result when Government managers or other Government personnel task a contractor to perform work or change the terms of a contract without benefit of a contracting officer decision..."

421. The booklet continues, "...Ratifications are approvals, after the fact, of unauthorized

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commitments. The procedures and requirements for ratification are outlined at FAR 1.602-3. Ratifications may be exercised only when these certain requirements are met. For example, supplies or services have been provided and accepted by the Government, the contracting officer determines the price to be fair and reasonable, and funds are available and were available at the time the unauthorized commitment was made or an unauthorized commitment cannot be ratified. In ACC the authority to ratify unauthorized commitments involving amounts of \$10,000 or less is delegated to the commander of the contracting squadron. Authority to ratify unauthorized commitments involving amounts of \$25,000 or less is delegated to mission support group commanders. This authority is delegated to 9 AF/LG for CENTAF, to USMTM/CSA for USMTM, and to the commander/division chief of ACC CONS and AIA. Headquarters Air Combat Command/LGC is the ratifying official for unauthorized commitments in excess of \$25,000.”

422. The booklet continues, “...In some cases, approval to ratify an action will not be given. Disciplinary action may result that could affect the employees’ personnel status and/or they may be held personally responsible for payment to the contractor or to the Government for all costs of the unauthorized commitment. The issue can largely be avoided by ensuring that staff members understand and respect the difference between procurement authority and chain of command” (Exhibit 72-Attachment 3).

423. On October 31, 2007, [REDACTED] also provided a compact disk (CD) which contained copies of documents and e-mails from her office computer (Exhibit 73).

Account of [REDACTED]

424. On November 7, 2007, SA [REDACTED], DCIS, Norfolk Resident Agency conducted an interview of [REDACTED] Chief, Commercial Law Division, Headquarters, ACC, Judge Advocate (JA), Langley AFB (Exhibit 74). [REDACTED] reviewed a copy of the documents previously described regarding the SOP. [REDACTED] related the rules and regulations cited in the SOP (Exhibit 74-Attachment 1) are applicable to all USAF personnel, including those assigned to ACC; the Commander of the Air Warfare Center, Nellis AFB; the Thunderbirds; and the 57th Wing Commander under which the Thunderbirds fall.

425. [REDACTED] was also provided with a copy of a document entitled, “Contractors in the Workplace 2004” (Exhibit 74-Attachment 2) for viewing. [REDACTED] was/is familiar with this document and said it is presently posted on the ACC/JA website for reference purposes. Anyone possessing a CAC (Common Access Card) can gain access to the website. [REDACTED] believes it’s possible this document was written by his predecessor, [REDACTED] who occupied the position from approximately 2003 through mid year 2005. [REDACTED] has since been promoted to [REDACTED]

426. A question posed to [REDACTED] during the interview, concerned a USAF officer assigned to ACC requesting a contractor to do work for which the contractor was not going to charge anything. [REDACTED] believed such an event could set the officer up for a possible violation of the Anti-Deficiency Act.

427. Another question posed to [REDACTED] involved a USAF officer assigned to ACC discussing with

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a contractor the possibility of the contractor putting on a demonstration. The process was never formalized with local contracting and a demonstration was subsequently conducted for the USAF. [REDACTED] response was based on the limited information presented and determined the situation would not necessarily constitute a violation. [REDACTED] reiterated a violation would not be against the SOP but the affected ethics and/or procurement rules/regulations.

428. [REDACTED] reiterated the SOP serves to provide guidance for educational and informational purposes and is only a summary of some of the ethical rules and regulations. The term SOP is typically associated with the U.S. Army and not so much with the USAF, particularly with regards to legal/regulatory policy documentation. USAF personnel are bound by such regulations as the FAR (Federal Acquisition Regulation), the JER (Joint Ethics Regulation), the Department of Defense Supplemental Regulation to the OGE (Office of Government Ethics), and the Procurement Integrity Act (Exhibit 74).

429. During this investigation, several interviews were conducted by DCIS Agents from the DCIS, Mid-Atlantic Field Office, Arlington VA, in attempt to learn more about the request for, and filming of the President of the United States, George W. Bush, in which the film was later included in the video/DVD provided by SMS during the competitive evaluation portion of the TAPS Procurement. Interviews were conducted with the following: [REDACTED] former Special Assistant to the Secretary of Defense (Exhibit 75); [REDACTED], U.S. Navy, White House Communications Agency (WHCA), (Exhibit 76); and [REDACTED] WHCA (Exhibit 77).

[REDACTED] advised that approximately five WHCA personnel would have been involved in the filming of the Thunderbirds testimonial: a lighting operator, a camera operator, "a grip," a teleprompter operator, and a supervisor. He said the WHCA does not do work for contractors, because contractors do not have the opportunity to obtain presidential testimonials. He indicated the request for the Thunderbirds testimonial must have come from within the military in order for the WHCA to have been involved in its creation (Exhibit 76).

Account of [REDACTED]

430. [REDACTED] provided the following specific information about a relevant printout reflecting the Presidential testimonial was not recorded until after the March 10, 2005, Thunderbirds Acceptance Show; the Thunderbirds testimonial was filmed on March 29, 2005. The camera person for the Thunderbirds Presidential testimonial was identified as [REDACTED]. [REDACTED] indicated that [REDACTED] was a former [REDACTED] for the USAF who worked for the WHCA. He is no longer with the WHCA, as he has retired; [REDACTED] was the archivist. She worked for the WHCA in their master control room and was responsible for archiving all video tapings. She is no longer with the WHCA. The Thunderbirds Presidential testimonial was filmed in the White House Map Room.

431. [REDACTED] estimated that four or five WHCA employees were likely needed for the filming of the Thunderbirds testimonial: two for lighting, one to run the teleprompter, one for the camera, and one for audio. He indicated that if a supervisor had been on site, the supervisor likely would have become the teleprompter operator. [REDACTED] indicated that all testimonials filmed by the WHCA, once they are edited and put into final format, are provided to the EOP's Office of Communications (Exhibit 77).

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E-mail Concerning Planning

432. There were several electronic files, particularly e-mails, reviewed during this investigation which pertained to planning stages and request for the Presidential Testimonial of President George W. Bush (Exhibits 3 and 43). [REDACTED] worked directly with [REDACTED] and MajGen Goldfein in the planning stages. [REDACTED] was at a minimum aware of the request and that [REDACTED] and Goldfein were involved (Exhibits 3 and 43). Their combined efforts also included writing and/or reading a drafted script for the President. This ROI will not describe all of the pertinent e-mails as they are described in the referenced report, most notably in entries dated January 27, 2005, through January 30, 2005 (Exhibits 3 and 43). However, the electronic files do show that a letter requesting the Presidential Testimonial was drafted with the signature block for [REDACTED]. After reviewing the letter, [REDACTED] related he would sign it and send it to MajGen Goldfein.

433. On January 28, 2005, [REDACTED] conveyed he would sign another letter addressed to the President which read, "To President George W. Bush, Each year, I commission 20 'Commander Leader' coins to be awarded to individuals who have gone above and beyond the call of duty. For your dedication to the United States of America and your support of the Airmen who defend it, please accept this United States Air Force Thunderbirds 'Commander Leader' coin with my sincerest gratitude." On January 30, 2005, MajGen Goldfein e-mailed [REDACTED] "I have my office sending these via Fedex to [REDACTED] office tomorrow morning with the T&Q version. I have incorporated a note which explains exactly what we want and begging to have it done by 1 March. [REDACTED] is sending me the actual script for the President's spot tomorrow or Tue and I'll forward that as well. With any luck we can knock this out quick" (Exhibits 3 and 43).

434. The following additional e-mails were exchanged about the Presidential Testimonial Letter and the exchange reflects that BrigGen Gregory Ihde, Commander of the 57th Wing, NAFB was informed.

435. On January 27, 2005, [REDACTED] e-mailed [REDACTED] "Dear [REDACTED] - I sent the revised President Bush letter to you via Fedex. I did not use the exact change that was e-mailed to me from Nellis, because there were no hyphens between the words Commander-in-Chief, as I believe there should be. You can check on this, but I spoke with Gen. Goldfein tonight and he thought that I was correct. If you could sign the letter and get it over to Gen. Goldfein's office, he said that he would get the ball rolling immediately. As you know there is a bit of a time crunch as we would like to have this footage for your acceptance flight. Again, sorry for the inconvenience. I will be in touch. [REDACTED] (Exhibits 3 and 43).

436. On January 28, 2005, [REDACTED] replied to [REDACTED] " [REDACTED] Thanks. I will sign it ASAP and deliver to the boss' office. No inconvenience on our part. We appreciate your help. [REDACTED] (Exhibits 3 and 43).

437. On January 28, 2005, [REDACTED] forwarded the above to BrigGen Ihde. [REDACTED] wrote to BrigGen Ihde, "Boss: Forgot to CC you on the last send. It looks like [REDACTED] talked with General Goldfein last night and we will press with the letter she sent back to us. I will sign and deliver ASAP. Our backup will be the letter that [REDACTED] forwarded us yesterday. V/R [REDACTED] (Exhibits 3

and 43).

438. On January 28, 2005, BrigGen Ihde replied to [REDACTED] "thx GREGORY J. IHDE, Brig Gen, USAF Commander, 57th Wing" (Exhibits 3 and 43).

Account of [REDACTED]

439. On October 25, 2007, an interview was conducted with [REDACTED] Director, Secretary of the Air Force, Air Force Chief of Staff Action Group, the Pentagon (Exhibit 78). [REDACTED] previously served as the Commander of the 99th Air Base Wing (99th ABW), NAFB from August 19, 2004 through March of 2006. [REDACTED] stated that as the Commander of the 99th ABW, he reported to the Commander of Air Warfare Center (AWFC), NAFB. He stated that originally, the Commander was General Stephen Wood then in the fall of 2004, MajGen Goldfein took over.

440. [REDACTED] said he had no dealings with the two USAF contracts awarded by the 99th CONS which assisted in paying for the Thundervision Demonstration; however the 99th CONS did fall under his command. The 57th Wing did not fall under [REDACTED] command but did fall under the AWFC.

441. During the interview, [REDACTED] was read the following e-mail which was obtained during the course of this investigation which he sent to [REDACTED] 57th Wing, Resource Advisor, on February 18, 2005: "Please run the details down ASAP on where we are with these contracting vehicles and the money. I would like a status with the timeline for expected payment by 1400 today" (Exhibits 3 and 43). That same day, [REDACTED] responded to [REDACTED] "Sir, Ref your phone con last evening, I was able to talk with [REDACTED] last night. Concerning the music contract, [REDACTED] indicated that the contract was not in the WAWF system when he tried to complete the receiving report. He will try it again. Has the vendor submitted his invoice to DFAS? The payment cannot be made without both the receiving report from our side and the invoice from his side. Concerning the Jumbotron, we cannot make payment on a contract that has not been awarded. [REDACTED] is waiting for the final statement of work from his T-Bird POC to complete the Form 9. Once he receives that he will walk it through Contracting. We cannot make payment until we accept the completed product and once again the vendor will need to submit an invoice to DFAS for payment. If you have any other questions/concerns, please feel free to contact me. v/r [REDACTED] 57 Wing Resource Advisor" (Exhibits 3 and 43).

442. On February 21, 2005, after receiving responses from the 99th CONS about the payment status, [REDACTED] sent MajGen Goldfein the following e-mail, "Sir, We are following the contracting and money issues closely on the Thunderbirds music and Jumbotron. The bottom line is that we will ensure the contractor is paid as expeditiously as possible. Here are updates on each issue. Music: We have set the groundwork for the Thunderbirds music contractor to be paid within the next 10 days. Specifically, the customer has completed the receiving report; we are assisting the contractor to submit his invoice electronically, and we have coordinated with the DFAS folks for their prompt action once they receive the invoice. We will follow the progress until the contractor is paid Jumbotron: \$50K received from ACC. Awaiting Statement of Work (SOW) from [REDACTED] Thunderbird #8. Once SOW is received, [REDACTED] the Thunderbirds Financial Manager, will walk the Form 9

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through Contracting. We will handle the requirement quickly once we receive the purchase request. V/R [REDACTED]" (Exhibits 3 & 43).

443. During the interview [REDACTED] was asked why he provided the response to MajGen Goldfein. [REDACTED] stated that if he e-mailed Goldfein information relative to the contracting and money issues that surrounded the Thunderbirds music and Jumbotron contract, Goldfein must have requested an update on the status of the contract.

444. On February 21, 2005, MajGen Goldfein responded to [REDACTED] via e-mail, "ok -- many thanks" (Exhibits 3 & 43). During the interview, [REDACTED] was asked, "If General Goldfein had not asked you to check into the payment status for these two contracts, would you have made those inquiries?" [REDACTED] stated that he would not have checked into the payment status for the contracts in question if not requested.

445. On February 18, 2005, after receiving a phone call from [REDACTED] [REDACTED] inquiring about the payment status for the two contract, [REDACTED] e-mailed [REDACTED] 99th CONS, "[REDACTED]...Don't you just love it.... the contract is only two days old, the invoice has not been submitted, but our 2 star is being told we aren't paying the guy---so we get phone calls at home after hours. When will this process end????? Sorry just venting.... :-) thanks for your help. [REDACTED]" (Exhibits 3 and 43).

446. Regarding the TAPS contract, as previously described in this report, [REDACTED] related that after the TAPS contract was awarded and SMS submitted its first invoice, he received a telephone call from MajGen Goldfein who told him not to delay payment to SMS (Exhibit 12). In addition, on December 20, 2005, Colonel Michelle Johnson, Public Affairs, Pentagon, received a telephone call from MajGen Goldfein who was the Commander of Air Warfare Center. On December 21, Johnson sent the following e-mail to Brigadier General Sandra Gregory (Director of USAF Budget and Operations) and BrigGen Erwin Lessel (Director of Communications), "Generals G and L: Many thanks! FYI: in case it didn't come across in the e-mails, USAFWC Commander expressed great concern over the phone to me last night about contractor work delays awaiting payment. Really appreciate the support of [REDACTED] and the ACC team. V/r Michelle" (Exhibits 3 and 43). This e-mail resulted in a flood of e-mails from USAF officers and civil service personnel inquiring about, or responding to, the payment status of SMS Claim (Exhibits 3 and 43). The contract was signed on December 14, 2005, and within one week of the contract being awarded, numerous USAF personnel began making inquiries into the payment status of SMS' \$1.9 million claim.

447. Also on April 21 and 22, 2005, slightly more than a week after the April 13th meeting at the Pentagon, MajGen Goldfein and [REDACTED] exchanged e-mails regarding [REDACTED] desire to be paid before the \$8.5 million contract was awarded to him. On April 21, 2005, [REDACTED] wrote to Goldfein, "...Additionally, he [REDACTED] is requesting 50% of the price to be paid upfront. The FAR only allows advance payments under strictly defined situations and authority for advance payments requires Air Staff approval..." On April 21, 2005, Goldfein responded, "The "half up front" I believe is an intent to make funding easier for the USAF -- if it's smarter to pay it all at once that will work just fine I'm sure" (Exhibits 3 ad 43).

DFAS Perspective

448. On June 14, 2006, RA telephoned [REDACTED], [REDACTED], DFAS, Limestone, ME to converse about DFAS Limestone's payment of a claim for \$1,990,000.00 submitted by the SMS on the TAPS contract (Exhibit 79). Copies of the claims/invoices and records of payment were obtained (Exhibit 79). SMS submitted a total of three invoices for payment on the TAPS contract in the Wide Area Workflow System (WAWF). Three Receiving Reports were also included.

449. The first invoice was dated December 16, 2005, for \$1,990,000.00 for Contract Line Item (CLIN) "0001PART1." No Delivery Order Number was listed. Under the Payment Information section it was recorded, "The delivery order number is required in order to make payment on this invoice. Please resubmit an invoice with a delivery order number in the appropriate field." In the Receiving Report, under the Description Section it read, "Provided Thunderbird Commander master production design elements, to include: story boards, graphic elements, layered elements, draft Thundervision Support Manual, and approval project vision in accordance with CLIN0001 requirements. This invoice is for 50% of the overall effort on CLIN 0001." The Acceptor Information Section is dated December 20, 2005, and reflects [REDACTED] rejected the invoice. Under the comments section, [REDACTED] wrote, "Please accept my apologies for doing this, but I need to reject the invoice." [REDACTED] went on to relate that the invoice needed a delivery/task order

450. On December 20, 2005, SMS submitted its second invoice in attempt to get paid the same \$1,990,000.00. The Delivery Order was listed as, "0001." The Invoice Number was listed as, "CLIN0001Part12." Under the Payment Official Information it reflected the invoice was processed on December 22, 2005. The Receiving Report reflected that [REDACTED] accepted the invoice on December 20, 2005.

451. On February 2, 2006, SMS submitted an invoice listing its Delivery Order as, "CLIN0001PART3." The invoice was for \$995,000.00. Under the Description Section it read, "Provided master production design elements IAW CLIN 0001. This invoice is for 25% of the overall effort of CLIN 0001. Under the Payment Official Information Section it reflected that Margaret Peers, Accounting Tech Lead, DFAS, Limestone, rejected the invoice because it had an invalid delivery order number and asked that the invoice be resubmitted with a valid four digit delivery order number.

452. In the Receiving Report, [REDACTED] recorded that he rejected the invoice on February 2, 2006. [REDACTED] wrote, "In accordance with the TAPS contract, the contractor shall submit to the Government its TAPS product at incremental completion. Government has not received TAPS products (e.g., video audio, files etc.) Please provide TAPS products for Government review and acceptance."

453. Regarding DFAS' payment to SMS, [REDACTED] provided a copy of Standard Form 1034, EFT Payment, Public Voucher for Purchases and Services other than Personal. Regarding SMS' December 20, 2005 Invoice, DFAS, paid the \$1,990,000.00 on December 28, 2005. Printed on the form in large capital letters was, "PAYMENT REVIEWED BY VP SITE DIRECTOR – PAY NET 5 TO EXPIDITE PAYMENT PER HIS AUTHORITY 12/23/05." Another DFAS

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payment document reflects the funds were paid to SMS' bank account and the account information was listed. .

454. [REDACTED] provided a copy of an e-mail dated December 22, 2005, which he sent to [REDACTED] and [REDACTED] of DFAS. In the e-mail [REDACTED] wrote, "...Please change the pay terms to PPA B Net 5 in order for the current invoice, LIN0001Part12 for the next available NAFR date. Once paid please change the terms back to NET 30 on the delivery order" (Exhibit 79).

455. On December 20, 2005, [REDACTED] e-mailed [REDACTED] the Contracting Officer, "[REDACTED] I have attached a word document that you can put with the CLIN 0001 invoice to outline the materials presented. I have also included several other documents that might be useful for the files. [REDACTED] Thunderbird [REDACTED]."

Attached to [REDACTED] e-mail were/are several photographs which are still photographs of contents from video played earlier at the Thundervision Demonstration at March 10, 2005, Acceptance Show and later provided on the DVD which SMS submitted with its proposal for the TAPS contract. Also attached to the e-mail was an Excel Spreadsheet list of "360 tracks for Thundervision 2006" and the Thunderbirds 2005 Show Season Schedule. [REDACTED] e-mail to [REDACTED] indicated the provided material was submitted to support work completed justifying payment. However, the USAF already paid for that work in the earlier contracts awarded to Sports Link (\$49,300) and Framework Sound (\$40,000).

Account of MALUDA

456. On October 30, 2007, an interview was conducted with Major General John Maluda who was serving as the Vice-Commander of 8th Air Force, Barksdale Air Force Base, LA (Exhibit 80). Maluda stated he previously served as the Director of Communications at ACC, Langley AFB, VA from April 2004 until July 2006. Beginning in July 2006 through current date, he has served as the Vice-Commander of 8th AF.

457. Maluda said that while serving at the Director of Communications at ACC, Maluda worked for, and under, General Hal Hornburg while Hornburg was the Commander of ACC. Maluda agreed he recalled that Hornburg retired from the USAF on December 31, 2004. Shortly after Hornburg retired, LtGen William Fraser, who served as the Vice-Commander of ACC, became the Acting Commander of ACC for a few months until General Ronald Keys became the ACC Commander. LtGen Bruce "Orville" Wright served as the ACC Vice-Commander under Hornburg before Fraser.

458. Maluda was asked if he recalled attending a meeting held on or about November 9, 2004, at ACC, just a couple months before General Hornburg retired, in which MajGen Stephen Goldfein, presented to Hornburg the USAF Thunderbirds' proposed 2005 Show Season schedule and manuals. Others in attendance might have included BrigGen Gregory Ihde, Commander 57th Wing, NAFB, and/or [REDACTED] Commander of the Thunderbirds. Maluda said that he attended a lot of meetings and could not recall if he attended that meeting or not. The RA asked Maluda, if General Hornburg, at anytime while Hornburg was on active duty as the ACC Commander, ever said anything to Maluda about the possible use of Jumbotron screens at future Thunderbirds air shows. Maluda said that Hornburg did mention that. Hornburg thought the Thunderbirds air shows could be enhanced and that the shows could be tied to the USAF

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recruitment effort. Hornburg thought Jumbotron screens should be used.

459. Maluda was asked to describe General Hornburg's and Maluda's own involvement in the following: making improvements to the Thunderbirds Communications' Trailer; changing the music for the Thunderbirds 2005 Show Season; the approval for creation of video and use of Jumbotrons for a demonstration at the Thunderbirds March 10, 2005, Show Season; and/or approval for the funding.

460. Maluda recalled that prior to his assuming duties as the ACC Director of Communications, the Thunderbirds purchased a new communications trailer. Maluda's predecessor as the Director of Communications was General Williams T. Lord. Maluda said that each Wing under ACC had their own funding but if they needed additional funds for Communication, the ACC Director of Communications, "could be an advocate to assist the Wings." The Thunderbirds called their old communications trailer, "Christine," and they called the new communications trailer, "Eleanor." At some point after Maluda became the Director of Communications, BrigGen Ihde informed Maluda that he needed \$120,000 to improve the sound at the Thunderbirds air shows. General Hornburg was also informed of this and Hornburg instructed Maluda to help fix the communications problem. Although the USAF does have its own specially trained communications experts, BrigGen Ihde recalled that the Thunderbirds had some consultants they wanted to use. Because BrigGen Ihde said he knew what he needed, and there was an immediate need to make the improvements, Maluda agreed to provide the funding. Maluda had no knowledge of who the USAF contract was awarded to. In this case, Maluda's responsibility was just to provide whatever assistance he could, so he provided the funding.

461. The RA read to Maluda an e-mail which was obtained during this investigation. The e-mail was forwarded to Maluda from BrigGen Ihde. On August 27, 2004, [REDACTED] e-mailed BrigGen Ihde and others, "Greg, I'm sitting at [REDACTED] studio in Los Angeles and we just finished reviewing the plan of attack for the comm.. trailer.. [REDACTED] and I both wholeheartedly believe that the new trailer is woefully in trouble. Having [REDACTED] fix the audio side of things in it now will just put you in a situation where all your good sound might become trapped and unusable as STS continues their de-bugging efforts. With this in mind we propose the following: (1) Put the new equipment listed above in Christine for the rest of the season and let her go to work for you NOW. (2) When the new trailer is REALY [sic] done and WORKS, change out the new sound equipment from Christine and place it into the new trailer. (3) Put the old stuff back into Christine so she can work as a back-up unit..." [REDACTED] went on to mention the cost would be \$120,000.

462. The following day, on August 28, 2004, BrigGen Ihde forwarded [REDACTED] e-mail to Maluda and wrote, "John, This is what I want to do. The experts ([REDACTED] and [REDACTED]) say it is what we need and I believe them. I want to press ASAP..." (Exhibits 3 and 43).

463. On August 28, 2004, Maluda responded to BrigGen Ihde, "I reviewed the attached. Looks fine ..." Maluda wrote, "Bottom-line. *You* good for \$\$\$ o r do you need any more, john." (*Note: The above is an exact quote*). The same day in additional e-mails exchanges with BrigGen Ihde, Maluda wrote, "Assume that is only an additional \$10K. Since you already have the \$110K we shipped (smile)."

464. Maluda advised that he recalled transferring the money so the communications trailer could be fixed because General Hornburg wanted it fixed.

465. The RA read to Maluda, an e-mail dated January 30, 2005, in which MajGen Goldfein wrote to General Maluda, "Big John -- as you recall when we brought the 2005 season schedule in to Gen Hornburg you committed to helping as we move forward with the presentation quality of the air show -- specifically music and video. I'm writing to take you up on your offer. We have a very excellent plan coming together to engage Gen Jumper when he is here for the acceptance show on 10 Mar. Instead of jumping out with a lot of purchases too quickly we are going to show him a professional option for how to use jumbotron machines effectively for the shows and how they can relate to recruiting work, etc. I need \$40K to do this effort for the Chief which will pay for the first presentation to him to allow him a decision option. I'm hoping if he really likes what he sees he'll become the champion and provide dollars in support of future efforts later in the season. At any rate, request a transfer of \$40K -- O&M dollars that can be put in a PEC that is easily transferable to a contract vehicle with a civilian production company. Don't care what PEC -- could be one at AWFC HQ or within the 57 WG or within the Thunderbirds O&M directly -- the latter might be best. I promise to keep this as small as possible --think this approach is the wisest. Thanks -- Goldy" (Exhibits 3 and 43).

466. That same day, Maluda responded by e-mail to Goldfein, "Will do.... Assume this is in. *[sic]* Addition to the recent \$40K we transferred a few weeks back... Will have the folks xfer to the 5uth this week. Best. John (Exhibits 3 and 43).

467. After the RA read that e-mail exchanges out loud, Maluda explained that "PEC" stood for Program Element Code, and they had a program element code in Communications for audio-video. Maluda advised he did approve the \$40,000 in funding Goldfein asked for so they could do a video demonstration in front of General Jumper. Maluda recalled that prior to this; another \$40,000 had been transferred for Communications efforts.

468. The RA read out loud the following e-mails which were obtained during this investigation. On January 30, 2005, BrigGen Ihde sent Maluda the following e-mail, "Sir, We ran that through ██████████ in the 57th and the last money went to putting the music together that you went to listen to. We will not spend it without your direction. V/R Greg" (Exhibits 3 and 43).

469. On January 31, 2005, Maluda sent the following e-mail to ██████████ ██████████ ██████████ Pls ship another \$40K to Nellis ISO the TBird sound IAW the note below... Let me know when completed. Jwm" (Exhibits 3 and 43).

470. ██████████ responded on February 1, 2005, "Sir, We sent the \$40K to take care of the latest Thunderbirds requirement. The funding document was certified and sent to ██████████ ██████████ Thunderbirds/FM POC at Nellis, to be used towards their Jumbotron video display equipment. We added an additional \$40K to the original document we sent on 13 Jan to pay for the music system for a total of \$80K. v/r ██████████ (Exhibits 3 and 43).

471. Maluda advised that [REDACTED] [REDACTED] was their, "Money person." Maluda recalled that BrigGen Ihde previously asked for the funding for the music, and Goldfein asked for the funding for the video demonstration.

472. The RA read out loud an e-mail Maluda sent to [REDACTED] on November 18, 2004, in which the Subject line read, "Subject: "\$\$\$\$ for AV Support at Nellis." Maluda's e-mail read, "[REDACTED] I talked to Gen Ihde, ref some \$\$\$ to purchase contact support for this next year on Tbird AV Set. Set aside \$200,000 for that. Not sure we will need all of that But... Work with the folks at Nellis to xfer they will let the contract..." The RA asked Maluda what "AV" stood for. Maluda responded, "Audio-Video."

473. The RA asked why he set the money aside for Thunderbirds Audio Video. Maluda responded that General Hornburg had asked him to help fix the communications problem with the Thunderbirds and Hornburg said he wanted to enhance the Thunderbirds air shows and wanted to use Jumbotrons. Because the previous communications trailer sound improvements cost \$120,000, Maluda figured he would add a few thousand dollars as a wedge to that as an estimate as to how much money they might need.

474. The RA then asked if it was accurate to say that the only reason Maluda set aside the \$200,000 was because General Hornburg said he wanted to enhance the Thunderbirds air shows and use Jumbotrons. Maluda said that was correct.

475. The RA pointed out that the above e-mails reflected that at least \$80,000 of that \$200,000 was used to change the music (\$40,000) and for the use of Jumbotrons and video for the demonstration (another \$40,000) in front of General Jumper at the March 10, 2005, Acceptance Show. Maluda agreed that was correct. Maluda said that Hornburg previously told him to fix the Thunderbirds Communications problems, and Hornburg wanted to enhance the Thunderbirds air shows to tie in recruiting. Hornburg also wanted to use Jumbotrons at future shows. Maluda summarized, as a result of Hornburg's request, Maluda provided the \$120,000 to improve the sound of the communications trailer and set aside \$200,000 additional funds of which at least \$80,000 was used to change the music and for the video and Jumbotron screens for the demonstration for General Jumper (Exhibit 80).

Account of IHDE

476. On September 6, 2007, the RA and SA [REDACTED], DCIS, Phoenix Resident Agency, met BrigGen Gregory Ihde, (USAF, Retired,) at his place of employment in Las Vegas, NV (Exhibit 81). BrigGen Ihde retired from the USAF on January 1, 2007. This was a prearranged meeting. Prior to conducting an interview, the RA advised BrigGen Ihde of his legal rights under Article 31 of the Uniform Code of Military Justice (UCMJ). BrigGen Ihde waived his rights and signed a Military Suspect's Warning and Waiver or Rights Form; DCIS Form 71. BrigGen Ihde advised that he previously served as the Commander of the USAF 57th Wing, NAFB from June 2003 until August 2005. After that, he was assigned to Hickam AFB, HI until he retired from the USAF.

477. As the Commander of the 57th Wing, BrigGen Ihde oversaw the USAF Air Demonstration

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Squadron, more commonly known as the Thunderbirds. His job was to make sure they got the most, “bang for their buck.” BrigGen Ihde wanted to influence everyone that attended each Thunderbirds air show. The average attendance at Thunderbirds air shows was between 100,000 and 200,000 people. BrigGen Ihde mentioned when the Thunderbirds visit cities, they also visit schools and hospitals. They try to reach out to everyone. Among other responsibilities, BrigGen Ihde had to review a video of every single Thunderbirds air show to check for compliance with safety rules and evaluate the success of the air shows. The 57th Wing does not make purchases for the needs of the Thunderbirds, and the 57th Wing had nothing to do with financial expenditures for the USAF Heritage Flight Program.

478. BrigGen Ihde recalled that in 2003, the Thunderbirds put together their own music used at their air shows. But for the 2004 show season, [REDACTED] and [REDACTED] made some changes to the music, and Ihde believed they did that for free. [REDACTED] owns a company named Framework Sound located in Southern California. Ihde recalled that [REDACTED] a professional associate of [REDACTED] was able to obtain audio taped testimonials from various celebrities including Tony Hawk, Larry King, Arnold Schwarzenegger, and President George H.W. Bush for use at Thunderbirds air shows. Ihde had no knowledge of any USAF personnel being involved with requests for testimonials.

479. The music and audio portions of the testimonials were played during the Thunderbirds 2004 Show Season. BrigGen Ihde did not know how it came about that [REDACTED] and [REDACTED] were asked to change the music, but Ihde opined the changes made the show much better. The sound was excellent. Ihde said that he was certain that General Hornburg approved the music before it was approved for use in the Thunderbirds 2004 Show Season. Ihde had no knowledge about any USAF contracts being used to pay for the change of music for the 2004 show season.

480. BrigGen Ihde recalled that in 2003, the Thunderbirds purchased a new communications trailer from a company named STS. It was supposed to be state of the art but there were many mechanical and radio frequency complications which affected the sound and the way the sound carried. Ihde even flew to Salt Lake City, UT, where the trailer was being repaired to determine what the problems were. Ihde recalled that he was later approached by [REDACTED] and [REDACTED] saying they could make improvements for the sound at a cost of \$120,000. Ihde related that members of the Thunderbirds recommended that [REDACTED] and [REDACTED] be allowed to make the improvements. The Thunderbirds were also getting ready to perform air shows in Japan for the first time in the Thunderbirds’ history; so they really needed the sound situation corrected quickly.

481. BrigGen Ihde was asked if he told [REDACTED] the contracting officer for the sound improvements, that General Hornburg directed that [REDACTED] and/or [REDACTED] make the sound system improvements or to award a contract to an Alaskan Native Company to avoid competition. Ihde stated he had no recollection that Hornburg directed either. The RA read a copy of an e-mail sent by [REDACTED] 57th Wing Resource Advisor, dated August 31, 2004, which indicated Ihde mentioned that an Alaska company was used for the Heritage Flight Program. The RA asked who told him about the use of Alaska companies. Ihde responded that he didn’t recall who told him that, but he did not know anything about it until they did. Ihde guessed that [REDACTED] may have told him about the use of Alaska companies since [REDACTED] is a

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pilot for the Heritage Flight Program.

482. The RA informed BrigGen Ihde that a Memorandum in the USAF contract file prepared by [REDACTED] reflected that Ihde was directed by Hornburg to get the contract awarded so [REDACTED] and [REDACTED] could make the improvements and/or to use a minority owned business to speed the process. Ihde said he could not recall saying that. Ihde said he didn't know why he would say that to [REDACTED]. Ihde opined that he may have suggested to [REDACTED] that [REDACTED] could consider awarding the contract to an Alaska Company, but he never directed [REDACTED] to do so. Ihde said he suspects he kept General Hornburg apprised of the acquisition progress.

483. The RA advised that the contract was awarded to an Alaska Native Company but the award price was \$128,000. The Alaska Company never did any of the work on the contract, and the Alaska Company essentially profited \$8,000.00 for just shuffling papers and sub-contracting the work to Framework Sound which was owned by [REDACTED]. BrigGen Ihde said he did not know anything about the additional \$8,000.00. The RA advised that [REDACTED] prepared the request for the additional \$8,000 on a Form 9 and the RA asked Ihde if he had to approve it. Ihde said he probably did, but if he did, he relied on [REDACTED] to make sure all the rules were followed.

484. BrigGen Ihde was asked why he wrote an e-mail to [REDACTED] and [REDACTED] on August 31, 2004, saying, "[REDACTED] Money flowing through the Eskimo business..." Ihde said because of the choice of words he suspected [REDACTED] was the one that informed him the Heritage Flight Program was funded through a contract awarded to an Alaska Company. Ihde volunteered he recalled the name, "Chugach." When asked again if General Hornburg had any input on who should do the work or which (what type of) company be awarded the contract, Ihde said he had no recollection of Hornburg having any involvement. Ihde said any action or direction on his own part was not taken in malice but to speed the process of getting the Thunderbirds what they needed before their trip to Japan. Ihde said that in his new job he's learned that \$8,000 is a small cost to get a contractor to do work on time as compared to the cost of delays. But Ihde repeated that at that time, he did not know about the \$8,000 of additional funding just to pay an Alaska company to subcontract the work to [REDACTED] company.

485. During the interview, BrigGen Ihde underscored his inexperience with the USAF contracting process as he has experienced a tremendous learning curve in his new job (with a DoD contractor). Ihde said when he was at NAFB, he always relied on [REDACTED] to ensure everything was handled correctly.

486. BrigGen Ihde was asked about a November 9, 2004, meeting he may have had with General Hornburg at Langley AFB before Hornburg retired from the USAF on December 31, 2004. Ihde said that historically before each new Thunderbirds Show Season, the air show schedule and flight maneuvers, have to be approved by the ACC Commander. However Ihde could not specifically recall meeting with Hornburg before the 2005 show season. The RA mentioned that e-mails reviewed indicate that he may have attended that meeting with MajGen Goldfein, [REDACTED] and/or Brigadier General John Maluda.

487. BrigGen Ihde said Maluda complained a lot, almost in a joking manner, about the costs associated with the sound improvements for the Thunderbirds air shows. Ihde said he (Ihde)

probably met with Hornburg, but could not recall the meeting. The RA advised BrigGen Ihde that on October 25, 2004, Ihde sent an e-mail to MajGen Goldfein saying, "Sir, [REDACTED] and I are briefing Gen Hornburg on 9 Nov on next year's schedule and the new manual. We will talk music also and provide the latest update. I guarantee we are listening and doing all in our power to make it the production he envisions. It will be good to roll back in after the air show (just prior to his retirement) to let him know how the STS trailer worked and any last minute updates on the team" (Exhibits 3 and 43). When asked, Ihde said that although he could not recall attending that meeting, he had no recollection of Hornburg saying anything about using videos and large screens.

488. However, BrigGen Ihde recalled how he first learned about the potential use of videos and large screens at Thunderbirds air shows. [REDACTED] and [REDACTED] came to Ihde and suggested that they could take the Thunderbirds air show up a level which was similar to what was being done at U.S. Navy Blue Angels air shows. [REDACTED] and [REDACTED] said they could do it for free. [REDACTED] explained to Ihde there was approximately 30 minutes of dead time after the Thunderbirds jets taxied out and they could use that time on the video screens to get out the USAF' message.

489. [REDACTED] suggested he could get large video screens and show video and graphics at no cost to the USAF, by getting the large DoD contractors, and other sponsors, to pay for commercial advertisements which would be played on the video screens. [REDACTED] said he would need some start-up money before beginning the efforts. BrigGen Ihde said he could not recall if he was told the dollar amount [REDACTED] envisioned as start up costs. Ihde liked [REDACTED] idea. Ihde opined the 2004 Thunderbirds' Show Season music and sound were greatly improved from the year before and when [REDACTED] suggested using video and large screens it seemed like the next logical progression.

490. BrigGen Ihde recalled that the 367th TRSS at Hill AFB, UT, previously performed at USAF Air Power Demonstrations and used large video screens with cockpit cameras but the cost of the screen rentals was excessively high; approximately \$10,000.00. The RA asked if [REDACTED] suggested his first year's expenses would be approximately \$8.5 million. Ihde said he never heard that dollar amount. Ihde was under the impression the use of [REDACTED] idea would be at a minimal cost and would be free for the USAF in a short time.

491. BrigGen Ihde briefed MajGen Goldfein on [REDACTED] idea and Goldfein told Ihde that Goldfein would handle it from there. Goldfein told Ihde to back out.

492. BrigGen Ihde was asked if he had any knowledge about Goldfein, [REDACTED] and [REDACTED] going to Los Angeles for a music screening at Framework Sound. Ihde said he thought he recalled that, but didn't believe he (Ihde) attended the screening because he was TDY. Ihde was asked if he was told when the USAF personnel came back, that [REDACTED] and [REDACTED] would put on a demonstration with video and large screens at NAFB. Ihde said he could not recall when he was told that there would be a demonstration.

493. BrigGen Ihde was asked what he knew about the USAF personnel having a dinner in Los Angeles after the music screening. Ihde responded, "Oh the cigar bar?" Ihde went onto say that

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██████████ owned several cigar bars around the United States, and ██████████ was an Honorary Squadron Commander at NAFB and a NAFB Support Team Member. However, Ihde said he did not know anything about any of them going to dinner.

494. BrigGen Ihde related ██████████ and some other civilians are members of the NAFB Support Team. They donate money to help with projects at Nellis. Ihde said that an Airmen's Center was recently built at NAFB across the street from the Officer's Club which has rooms for video games and there is a prayer room, etc. Ihde said the building was built from huge donations made to the base. In recognition of donations, contributors are often made Honorary Commanders of Maintenance Squadrons and they get plaques, patches, and things. Ihde thinks they even pay for their own plaques.

495. BrigGen Ihde said the Thunderbirds provide "incentive flights" through out each year where members of the media, celebrities, and even some members of the NAFB Support Team are flown in Thunderbirds jets. They have to attend a four hour briefing, pass a physical, and are fitted for gear before they can fly. Their family members are also allowed to be present to take pictures when they fly. When asked, Ihde said he suspects ██████████ probably received an incentive flight.

496. BrigGen Ihde said that ██████████ knows ██████████ and ██████████ played a major role in securing the testimonials and knows a lot of celebrities. When asked who helped obtain a testimonial from George W. Bush, on video, Ihde said he assumed ██████████ got it. Ihde said that ██████████ seemed very proud about getting a testimonial from the President of the United States.

497. BrigGen Ihde said he had no knowledge of any USAF personnel being involved with the request for the Presidential testimonial.

498. BrigGen Ihde recalled that General Jumper, then the Chief of Staff, attended the March 2005 Acceptance Show. Also in attendance was ██████████ whose ██████████, General Bill Creech, passed away in 2003. Normally, the ACC Commander has to give his approval to the flight maneuvers viewed during the Thunderbirds Acceptance Show which includes checks for safety. Ihde opined it's really a safety show. During the 2005 Thunderbirds Acceptance Show, a large video screen was rolled out, and ██████████ video and graphics were played. Jumper and everyone else liked it. At the end of the video there was something typed like, "In Memory of General Bill Creech."

499. The RA asked BrigGen Ihde's thoughts about the following scenario: If a USAF General secured funding for two USAF contracts totally \$89,300 to pay for ██████████ "Thundervision" Demonstration at the 2005 Acceptance Show, should that General be an Advisor at the Final Selection Briefing and in a position to recommend if ██████████ company or some other contractor should be awarded a contract for use of video screens, videos, and music at future Thunderbirds air shows. Ihde opined that the General should excuse himself and not be an Advisor because he would have had too close of an involvement with ██████████ company. Ihde opined, "It would be a conflict of interest" for the General to be an Advisor under that scenario.

500. The RA suggested a second scenario in which a USAF General requested a videotaped testimonial from the current President Bush, obtained it, and gave it to [REDACTED] to present with his proposal in a competitive procurement indicating the video would be used by [REDACTED] (and [REDACTED] company) if [REDACTED] was awarded the contract to play videos on large video screens at future Thunderbirds air shows. BrigGen Ihde again said that would be a "conflict of interest" of the part of the General to be an Advisor for the Final Selection Briefing after playing a role in obtaining the video from the President.

501. The RA asked if it would be inappropriate for a USAF General who had done one or both of the above to ask to have input at the Final Selection Briefing. Ihde laughed and said the General should not ask to be part of the selection process after being that involved with assisting the contractor.

502. The RA asked BrigGen Ihde what he based his opinions on. Ihde said that all USAF officers go through annual ethics training, and he also based his opinion on the morals he was taught when growing up. He said he also strived to never do anything his mother would be ashamed of or would be published in a newspaper.

503. Ihde had no knowledge about the USAF trying to sole source a contract with [REDACTED] or [REDACTED] company after the Acceptance Show. The RA advised Ihde that information obtained during this investigation indicates that after the 2005 Acceptance Show, an attempt was made to award [REDACTED] company (SMS), a sole source contract and MajGen Goldfein told 99th Contracting Officials that he (Goldfein) should be considered the customer while the Thunderbirds were on the road. The RA asked BrigGen Ihde if MajGen Goldfein could actually be in a position to represent himself as the customer, or requestor, for the Thunderbirds to the Contracting Officials. Ihde paused to think about his answer and said that MajGen Goldfein could not act as the customer for the Thunderbirds. The RA asked if he (Ihde) would have been the more appropriate choice since he (Ihde) oversaw the Thunderbirds. Ihde said that was correct, the Commander of the 57th Wing would have been the one to act as the customer under such circumstances; not the Commander of AWFC (Exhibit 81).

Account of [REDACTED]

504. Attempts were made to interview [REDACTED] owner of Grand Havana House of Cigars, Beverly Hills, CA, but he refused to be interviewed. However, on September 11, 2007, SA [REDACTED] DCIS, Long Beach Resident Agency, made contact with [REDACTED] an attorney, who represented [REDACTED] (Exhibit 82).

505. [REDACTED] reported he spoke with [REDACTED] who seemed irritated or upset at the suggestion that he was willing to help with the USAF at NAFB but not with the U.S. Government investigation. [REDACTED] was resentful because he has donated a lot of money and time to Nellis AFB. In fact, [REDACTED] was selected as one of five persons by Secretary of Defense Donald Rumsfeld to tour with him to various USAF bases at [REDACTED] own expense. [REDACTED] checked the business records and indicated through his attorney that there were no credit card charges associated with the principals of SMS (names had previously been provided to [REDACTED] for the date of the dinner. [REDACTED] has zero recollection of providing a complimentary meal to [REDACTED]. He does not remember the meal in January 2005 even occurring. No formal record is

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kept of complimentary meals. [REDACTED] has no recollection of Air Force members being at the club. [REDACTED] definitely knew who [REDACTED] was because of his involvement with Nellis AFB. No business or personal relationship exists between [REDACTED] and [REDACTED]. [REDACTED] is not a member of the Grand Havana House of Cigars. [REDACTED] has not seen her in at least a year. [REDACTED] did receive a plaque from the U.S. Air Force as a result of either a contribution of time or money to the Thunderbirds, Nellis AFB or the U.S. Air Force. It is in the Grand Havana House of Cigars and visible to patrons (Exhibit 82).

E-mail of Feb. 8-11, 2005, Concerning Promotional Efforts

506. On February 8 through 11, 2005, a series of e-mails were sent (Exhibits 3 and 43). On February 8, 2005, [REDACTED] owner of Framework Sound, e-mailed [REDACTED] with a cc to [REDACTED]. [REDACTED] wrote, "Hey [REDACTED] it was great having at my Studio and getting to hang out with you and the Generals was a lot of fun. Anyway I've been working with 3 Doors Down on a 5.1 Live Performance DVD shot in Texas, they also just released a new album Feb 8th, and they all (the Band) would like to take a ride in a F-16 if possible Feb 25th, they would like to video it too. They are having a Concert at the Palms Feb 22nd and would like to invited the Pilots and their wife's to the concert, and if agreeable up on stage to say hello to the local Vegas crowd (which I think [REDACTED] should video if you do it). I think it would be a great PR thing for the TBIRDS, but let me know what you think. They are a great group of guys and have very patriotic audiences that would really enjoy seeing the TBIRDS on stage. I'm sure if asked they would be willing to record testimonials for the Tbirds to use at their airshows. Let me know what you think. [REDACTED] (Exhibits 3 and 43).

507. On February 9, 2005, [REDACTED] e-mailed [REDACTED] " [REDACTED] You the man. I thoroughly enjoyed the trip to LA...way too fast though. We definitely have some golf to play in our future. We are very interested in getting hooked up with the band. It will be difficult to work the approval process for a flight that quick, but I will check the schedule and see if we can make it happen. One flight is probably the target, but maybe two. How many in the band? We appreciate the invite to their concert. I am OK with making a cut between the O's and the E's on different events, but not between the pilots and the rest of the O's. We have 12 O's so if that is too many, I understand. The stage deal also sounds good. [REDACTED] is out here this week gathering info so I'll see what he thinks about the PR and the testimonials. Thanks for taping those CD and DVDs...music is very nice (Elvis Baby!) Did you mention a possible connection to Will Smith or was that someone else? [REDACTED] (Exhibits 3 and 43).

508. On February 9, 2005, [REDACTED] sent an e-mail regarding attempts to secure a videotaped testimonial from Mayor Rudi Giuliani. [REDACTED] sent the e-mail to "[REDACTED]@giulianipartners.com" The Subject Line read, "Subject: Thunderbird Testimonial." [REDACTED] wrote, "[REDACTED], I just wanted to check-in and update you on where we are for filming. Our production staff is concerned about green screen for the shoot and would rather do an office setting if that works out for you. Right now we have two options, I can either send a team to the office or find an off site location depending on the Mayor's availability. Hopefully this will make things easier for what I can imagine is an already a complete schedule. I will send the copy out tomorrow when I get back to the office for your review. If I can be of any help just let me know. Thanks again, [REDACTED]" (Exhibits 3 and 43).

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509. On February 10, 2005, an e-mail response was sent from [REDACTED]@giulianipartners.com to [REDACTED] [REDACTED] "Tentatively, we're shooting for Feb. 25th, pending RG's approval. We can do this in the office. Our address is 5 Times Square (Between 42 and 41 on Seventh Avenue, West Side of the Street)" (Exhibits 3 and 43).

510. On February 10, 2005, [REDACTED] forwarded the e-mail exchange to [REDACTED] Thunderbirds PA Officer. [REDACTED] wrote to [REDACTED], "[REDACTED], Looks like a tentative date, can we check with NY PA on possibility of getting the crews from Syracuse or whatever you think is best?" (Exhibits 3 and 43).

511. On February 11, 2005, [REDACTED] again e-mailed [REDACTED] "[REDACTED], Your schedule will probably be pretty busy with 3 Doors down and Dennis Quid and kickoff around the corner...but keep it in the back of your mind.8, By the way, We are looking to get an overfield practice that day (25th)...and may want our first hack at full up production stuff...sound and narration. Thoughts?" (Exhibits 3 and 43).

Account of [REDACTED]

512. On June 22, 2006 and interview was conducted of [REDACTED] owner of Framework Sound, Inc., (Framework) Santa Monica, CA (Exhibit 83). On June 30 2006, [REDACTED] telephoned the RA and provided additional information (Exhibit 84) and another in-person interview was conducted on July 26, 2007 (Exhibit 85).

513. [REDACTED] recalled that in late 2003 or early 2004, [REDACTED] [REDACTED] approached him about assisting in changing the music that the Thunderbirds used in their air shows. [REDACTED] stated that General Hal Hornburg, while still on active duty, or General Wood, asked [REDACTED] to change the music. [REDACTED] is reasonably sure [REDACTED] said Hornburg asked [REDACTED] to change the music and specifically recalls that Hornburg reviewed the final changes. In 2003 and/or early 2004, [REDACTED] and [REDACTED] examined approximately 350 songs but selected approximately 100 for the Thunderbirds' use for the 2004 season. Hornburg reviewed the changed music before the 2004 Acceptance Show and Hornburg possibly made one change.

514. To demonstrate the effectiveness of the songs, [REDACTED] obtained a video of some of the Thunderbirds air shows. A videotape is made by the USAF of every Thunderbirds' air show. [REDACTED] put the video on his computer and played some of the changed music which was timed to specific Thunderbirds flights so that they could tell how well the music would be timed and fit. [REDACTED] called the timing of the music with the flight "Q'ed."

515. To assist in the music presentation, [REDACTED] traveled to NAFB at his own expense and looked at the Thunderbirds' communications trailer to see what equipment they were using. [REDACTED] suggested that the equipment the Thunderbirds were using was not up to standard and he suggested that they purchase some new equipment. [REDACTED] is not a technical person but he was informed of the suggested changes. [REDACTED] could not recall the names of USAF personnel he met and dealt with at NAFB but [REDACTED] recalls that the USAF agreed to purchase the new equipment from Framework.

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516. ██████████ Contracting Officer, 99th CONS, NAFB, handled the USAF contract. Because Framework was not registered with the Central Contract Registry (CCR), ██████████ advised ██████████ how to get registered so that Framework could do business with the Government.

517. ██████████ referred to his own copies of documents which pertained to that sale which he provided to the RA at the conclusion of the interview. The contract was No. FA4861-04-M-B098, which was awarded for \$11,142.00 on March 4, 2004, but signed by ██████████, CO, 99th CONS on March 9, 2004. The required delivery date was listed as April 1, 2004. The Acceptance Show was scheduled for March 19, 2004, but since ██████████ was not 100 percent sure he could the music downloaded in the new equipment on time, he asked that for contract purposes the USAF list a later date (April 1). ██████████ also provided air show Music and Technical Support for the 2004 Acceptance Show. He did not attend any other Acceptance Shows. The USAF purchased equipment from Framework including the following:
 DR 554-E 24hr Unit with Edit Features (also known as 360's) ...2 ea
 GB-TP-IR CIC GAC F/Instant Replay...2 ea
 LEGEN Overlays F/Instant Replays...1 set of 50 each
 Mixing Console Mixer 96K...1 ea
 Interface Card 8CH Digital...1 ea
 The USAF also asked him to install the music on the 360 machines. ██████████ did not charge the USAF for his own time. ██████████ provided copies of his documents (Exhibit 83).

518. ██████████ recalled that ██████████ also assisted in accommodating the purchase and changes to the music. ██████████ opined ██████████ was probably the hardest working person in the USAF. ██████████ recalled that ██████████ wasn't sure the USAF could award the contract to Framework so apparently he ran it by ██████████ first and ██████████ said it OK. ██████████ stated Framework didn't purchase the equipment until after DFAS paid ██████████ invoice.

519. In addition to loading the music, ██████████ also loaded several audio testimonials previously obtained by ██████████. The audio portion was used from previously videotaped testimonials but ██████████ only installed the audio portions. The testimonials included: Walter Cronkite, President Bush Sr., Larry King, and possibly Generals Hornburg and Jumper.

520. After the 2004 Acceptance Show, but on the same day, the Thunderbirds presented ██████████ and ██████████ with olive drab in color, leather type, Thunderbirds jacket which included tags with their names on them. ██████████ showed the agents his jacket.

521. Regarding the next USAF procurement that Framework was involved in regarding the Thunderbirds, ██████████ said that after the 2004 Acceptance Show, the Thunderbirds often experienced problems with the quality of the sound from the speakers and general problems with the old communications trailer; often referred to as "Christine. ██████████ occasionally received telephone calls from ██████████ Thunderbirds, asking how he could fix things associated with technical aspects of the sound. ██████████ opined that the main problem was that the speakers they were using were too low powered and the amplifiers were too weak.

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522. The Thunderbirds purchased a new communications trailer in approximately 2003 or early 2004 for approximately \$1 million, but it was designed so that only the providing contractor, Solomon Technology Solutions (STS), could correct the problems. That often handicapped the Thunderbirds. [REDACTED] traveled, at his own expense, to inspect the new communications trailer. The new trailer used speakers which were not hard wired and worked off batteries instead of generators. This resulted in batteries wearing down too soon. The non-hardwire transmitters were also not encrypted and easily picked up interference from other sources. [REDACTED] opined that the new communications trailer was much too complicated and could not be easily fixed by an average “tech” person. Because of problems with the new communications trailer, the Thunderbirds had to try to fix problems associated with the old communications trailer for the 2004 Show Season.

523. [REDACTED] asked [REDACTED] to develop three plans for improving the old communications trailer. [REDACTED] developed the three plans and provided [REDACTED] with the written information. [REDACTED] put the information that [REDACTED] provided into a letter format and sent it to General Wood. [REDACTED] provided a copy of that letter. [REDACTED] referred to the three plans as the Bronze Plan which costs \$52,750; the Silver Plan, which costs \$85,150; and the Gold Plan which cost \$111,250. [REDACTED] stated that someone in the USAF informed [REDACTED] the USAF was interested in the Gold Plan.

524. [REDACTED] was informed that because the proposed price was over \$100,000 the USAF could not award the contract directly to Framework and someone decided to award the contract to Chugach McKinley, which was an “8A” Minority Owned business, and therefore the USAF could award the contract to Chugach McKinley without going through competition and Chugach McKinley could then just subcontract the work to Framework. [REDACTED] final costs for this effort were \$120,000.

525. [REDACTED] stated that’s exactly what happened; [REDACTED] awarded the USAF contract to Chugach McKinley, Inc. [REDACTED] had to sign a subcontract with Chugach McKinley, and [REDACTED] submitted Framework’s invoice to Chugach for \$120,000 on September 3, 2004. [REDACTED] provided copies of documents during the interview which pertained to this order (Exhibit 83).

526. [REDACTED] was asked what work or services Chugach McKinley actually provided for this effort. [REDACTED] stated that they didn’t do anything. [REDACTED] came by while [REDACTED] was hooking the equipment up at NAFB and just asked [REDACTED] if he needed anything. [REDACTED] stated that he exchanged a few e-Mails with [REDACTED] in which [REDACTED] complained how slow the payment process was. [REDACTED] also received a few phone calls from [REDACTED] asking if there was anything he could do.

527. [REDACTED] was asked during the interview, who from the USAF knew that the USAF’s award to Chugach McKinley was just as a “funding vehicle” to pay Framework. [REDACTED] stated that [REDACTED] and [REDACTED] were both aware and so was BrigGen Ihde. [REDACTED] recalled that BrigGen Ihde sent [REDACTED] and [REDACTED] an e-mail after funding was secured saying that the money was flowing through the Eskimo company.

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528. ██████ was informed by the RA that on September 2, 2004, the USAF awarded contract No. FA4861-04-MB272 to Chugach McKinley for \$128,000. The line items were described as followed: Item 0001: Sound System, \$0; Item 0001AA, Sound Trailer \$112,000.00; Item 0001AB, Sound Equipment, \$8,000.00; and Item 0001AC: Services Charges: \$8,000.00. The RA asked ██████ again how much Framework's effort cost. ██████ said Framework's costs were \$120,000.00. ██████ said the Thunderbirds were getting ready to do a show outside of the USA and needed their equipment to work properly – in a hurry. They needed to award the contract quickly to get the trailer's sound fixed for that show. ██████ opined that Chugach McKinley was only used by the USAF to help expedite the contract and payment process.

529. ██████ stated that he had been to both General Ihde and Wood's homes on NAFB and drank a few beers with them there. ██████ stated that he didn't mind doing the work for the Thunderbirds because he previously wanted to be a pilot with the Air Force. His sister is retired from the USAF.

530. The good thing about the equipment which Framework provided in the \$120,000 procurement was that it was interchangeable with the new communications trailer. Therefore it was not a complete waste of money.

531. In approximately January 2005, MajGen Goldfein, ██████ ██████ who at the time may have been a ██████ and another USAF person, came to Framework to watch and listen to ██████ and ██████ changing of the Thunderbirds' music for the 2005 air shows. The RA asked if the fourth person was ██████ (Goldfein's aide). ██████ said that he believed ██████ was the fourth person.

532. ██████ doesn't know who asked ██████ to change the music for the 2005 Air Show Season. ██████ had the existing film of some of the Thunderbirds air shows on his computer and they presented the music well timed (Q'ed) with the video to the four USAF personnel. The demonstration actually took place a few doors down from Framework's current location as the current location was still being built.

533. Goldfein and the others enjoyed the presentation and it was at this time that ██████ suggested that the USAF use large video screens at future Thunderbirds air shows to present information about the Thunderbirds and the Air Force. ██████ suggested they could use zoom lenses and show the pilots in flight. ██████ wanted a "Network Look" for the Thunderbirds air shows which would be similar ESPN's and have an animated effect. Essentially ██████ and ██████ wanted to take the Thunderbirds' air show to the next level. Goldfein and ██████ liked the idea. ██████ and ██████ provided very general cost information.

534. Goldfein was reassured that ██████ would handle all of the technical aspects and ██████ would take care of the visual images. ██████ let it be known that his overall goal, if they liked the idea, was for the USAF to award a large dollar contract to ██████ to present audio-video shows at future Thunderbirds air shows.

535. Goldfein advised that it would be good if General Jumper could see the presentation on the

b(6)
b(7)(C)

large screens.

536. Before Goldfein and the three others left, Goldfein assured [REDACTED] and [REDACTED] that they would be financially compensated for their work and expenses in making the presentation for General Jumper.

537. [REDACTED] stated that because his own previous contractual experience with the USAF at NAFB were good, there was no question in [REDACTED] own mind he would be compensated for the costs he incurred. Framework Sound was later awarded a USAF contract for \$40,000 for reimbursement for the studio and editing time used to change the music for the Thunderbirds' 2005 season. The work was done from January 12, 2005 to February 4, 2005.

538. The RA showed [REDACTED] a copy of USAF contract No. FA4861-05-M-B100, which was awarded to Framework for \$40,000 on February 16, 2005. [REDACTED] said this was the contract used to pay for his work in changing the music for the Thunderbirds' 2005 Season. The RA asked if the work was done before the contract was awarded. [REDACTED] stated that he was certain it was done before the contract was awarded because the dates he listed on Framework's invoice (January 12, 2005-February 4, 2005) were the dates he did the work.

539. [REDACTED] said that approximately \$35,000 was for the studio time, \$1,000 for equipment and music purchases, and approximately \$2,200 was for reimbursement for [REDACTED] travel expenses. [REDACTED] believes he paid [REDACTED] with a paper check from Framework Sound's bank account. [REDACTED] stated that the amounts described during the interview were approximate and [REDACTED] could have been paid more or less.

540. [REDACTED] advised that [REDACTED] was definitely aware that the change to music was done before the contract was awarded. In fact, for the January 2005 demonstration for the four USAF personnel described above, [REDACTED] voice was recorded as a voice-over for the music to go along with the video presentation.

541. [REDACTED] also stated that [REDACTED] was also fully aware that Framework's change of the music was done before the USAF contract was awarded to Framework.

542. The RA asked why the USAF didn't award this contract to the Alaska Company. [REDACTED] said they didn't have to because, "the dollar amount was under \$100,000 or whatever the dollar threshold requirement was." [REDACTED] was asked what the "video" portion listed in the contract was for. [REDACTED] said that had to do with the storage of the video of the air show he used to "Q" in with the music. He purchased a hard drive to hold the video which he edited and created for the music demonstrations. He provided everyone with DVD's which contained all the information he had.

543. Later, another USAF contract was supposed to be awarded to Framework to cover the costs of the video graphics and the rental of the video screens for the 2005 Acceptance Show. But [REDACTED] spent approximately \$40,000 on the graphics and left only approximately \$10,000 for the screen's rental. [REDACTED] spent the money before the other USAF contract was awarded. Because [REDACTED] spent most of the money without first consulting [REDACTED] became

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perturbed at [REDACTED] [REDACTED] then told [REDACTED] that [REDACTED] was no longer willing to let the USAF money run through Framework to pay the graphics company and the screen rental company.

544. The RA informed [REDACTED] that a \$49,300.00 USAF contract (No. FA4861-05-M-B105) was awarded to Sports Link, LTD, on March 9, 2005. Based on this information, [REDACTED] suggested that perhaps Sports Link paid the others. The RA read the names of other companies' invoices which were in the contract file:

Troika Design Group	2/9/05	\$35,000.00
Sports Link	3/1/05	\$12,000.00
On Stage Audio International	3/3/05	\$2,300.00

(Name not on invoice; just phone #).

545. [REDACTED] advised that Troika provided the graphics, Sports Link probably rented the screens and the \$2,300 was actually a rental fee for speakers used at the 2005 Acceptance Show. [REDACTED] was certain about the rental of speakers from On Stage Audio which is located in Las Vegas, NV.

546. Regarding the ultimate goal for using large video screens at future Thunderbirds' air shows, [REDACTED] and [REDACTED] had different ideas. In fact, [REDACTED] said that it was actually his own idea to use large screens at Thunderbirds' air shows but he said [REDACTED] claims credit for it. [REDACTED] thought it would be better for the USAF to purchase the equipment and for the USAF to then have separate contracts with [REDACTED] and Framework for their services. [REDACTED] didn't like the thought of a full time commitment to the USAF which would include following them to air shows. But [REDACTED] wanted to buy the equipment, lease it to the USAF, supply the crew, and even bussing. When asked by the RA, [REDACTED] said [REDACTED] never said anything to [REDACTED] about having commercials on the screens and profiting from the commercials.

547. [REDACTED] said the last time he saw [REDACTED] was at the January 2005 meeting with Goldfein, [REDACTED] [REDACTED] and [REDACTED]. Because after that, [REDACTED] spent approximately \$40,000 on the graphics which irritated [REDACTED] so much that [REDACTED] no longer wanted to be part of the effort with [REDACTED].

548. [REDACTED] recalls Goldfein being uncertain if the USAF would accept the idea of sending a lot of money on the audio-video effort because the cost of fuel kept going up.

549. On December 20, 2005, [REDACTED] received an e-mail from [REDACTED]. In it, [REDACTED] asked for the tapes used for the 2005 project. [REDACTED] suspected that it was actually [REDACTED] that wanted it. [REDACTED] made [REDACTED] sign a release document and then [REDACTED] returned the tapes and eventually deleted all previously e-mails exchanged with [REDACTED]. As far as [REDACTED] was concerned, he was done with the entire effort.

550. The RA asked [REDACTED] what real involvement [REDACTED] had with the 2004 music changes. [REDACTED] stated that essentially [REDACTED] selected the music but [REDACTED] did all the work. [REDACTED] had absolutely no responsibilities for the installation, the delivery or the contract itself.

Regarding the Thundervision Demonstration. It was just a five minute demonstration video with the music and graphics.

551. The goal was to turn it into a big dollar contract.

552. ██████ opined that ██████ took credit for all three of ██████ work efforts/contracts with the USAF which are described above.

553. ██████ was asked when General Hornburg played a role in the efforts. ██████ said that General Hornburg played a role from the very beginning because Hornburg asked ██████ to change the music for the 2004 Season and then Hornburg reviewed and accepted the music before the 2004 Acceptance Show and at the 2004 Acceptance Show. ██████ doesn't know if Hornburg had any involvement with the 2005 Acceptance Show. ██████ did not know when Hornburg became part of SMS. ██████ never spoke with Hornburg (Exhibit 83).

554. On June 30, 2006, ██████ telephoned the RA and stated that while reviewing documents, he found that ██████ paid Framework Sound \$10,000 for changes made for the music used during the 2004 USAF Thunderbirds' air shows. ██████ said that ██████ made the changes from February 14, 2004 through February 22, 2004. Framework's Invoice was No. 10382. ██████ paid with a check from Lightning Rod Pictures. ██████ stated ██████ normally charges \$5,000.00 to \$7000.00 per day for use of his studio so ██████ work was done at a discount.

555. The RA asked if that dollar amount also included securing the rights to use the music. ██████ stated that was up to the USAF to research and pay for. ██████ stated that according to ██████ prior to 2004 the USAF was playing music at Thunderbirds air shows without first securing playing rights.

556. In addition, ██████ stated that on March 1, 2005, ██████ paid ██████ \$4,500.00, with a Framework check, to reimburse ██████ for ██████ expenses incurred relating to the Thunderbirds' Music Show. ██████ said his records show the check was provided to ██████ for, "Reimburse Thunderbird Expenses Music Show." ██████ said that ██████ business partner who lives in CA, came and got the check from ██████. ██████ asked ██████ for some type of record of proof that he incurred those costs but ██████ refused to provide it. ██████ assumes the expenses were incurred while ██████ stayed at Hotels and ate meals in CA during the time frame the music was changed.

557. ██████ stated ██████ was reimbursed with the funds Framework received from the Government for its work for the USAF under contract No. FA4861-05-M-B100. This contract was awarded on February 16, 2005, to Framework for \$40,000 and had one Contract Line Item (CLIN). It was summarized as:

Description: Item 1 – Upgrade T-bird Music Program for 2005

Technical Requirements:

A. Instant Replay 360's

1. Load the four Instant Replay 360 Machines w/any additions or changes

External Hard Drive

A. Pre Production Editing

1. Provide an edit bay and professional editor for 7 days of pre-production editing of video and music. The editing bay should include Final Cut Pro software.

Sound Studio

10 days of studio time in a professional sound studio with a professional sound engineer...

558. During the June 26, 2006 interview, ██████ stated that he was certain his work on the 2005 music changes was done before the contract was awarded because the dates he listed on Framework's invoice (January 12, 2005-February 4, 2005) were the dates he did the work.

559. ██████ initial recollection was that the contract actually called for reimbursement to ██████ but the RA read a description of the CLIN to ██████ over the telephone and it did not reflect anything about travel expenses or reimbursement for travel expenses. ██████ stated that ██████ Framework was reimbursed by the Government in full for his/its own expenses incurred for the 2005 Music Changes and the remaining funds were for ██████ reimbursement (Exhibit 84).

560. On July 26, 2007, ██████ was interviewed again at his place of business (Exhibit 85). Regarding the changing of music for the Thunderbirds 2004 show season, ██████ related the following: ██████ believed, based on statements made by ██████ that General Hal Hornburg had wanted a change in the music. According to ██████ ██████ had stated that he ██████ was working with Hornburg on the update because Hornburg wanted the show "revamped." Upon completion of the work on the 2004 music, ██████ took the music back to show to Hornburg. ██████ reported that ██████ told him that Hornburg liked it so much that he took it into a conference room and showed it to several of the staff members present.

561. When asked if the work was completed prior to a contract being awarded, ██████ sought to clarify the events surrounding his involvement in the update of music for the 2004 show season. ██████ stated that the work he completed on the update of music was an agreement reached with ██████ not the result of a contract with the U.S. Government. ██████ stated he billed and was paid \$10,000 from Lightning Rod Pictures, a business owned by ██████. The date of the invoice was February 24, 2004 and was for work completed between February 14-22, 2004. ██████ provided a copy of the invoice.

562. ██████ explained that the USAF contract that he was later awarded was not for the preparation of the music; rather it was awarded for the purchase and installation of equipment to play the music he had updated. ██████ reviewed the invoice dated March 26, 2004. It indicated that the work (delivery and install of equipment) was completed on March 19, 2004. ██████ provided a copy of the invoice.

563. ██████ viewed the two preparation of the music as an agreement with ██████ and the delivery and installation of equipment as a contract with the U.S. Air Force. Because of this, ██████ was not certain about if work on the music was completed prior to a U.S. Government contract award. He was uncertain what arrangement ██████ may have had with the Air Force for the update, but was certain that the work was being completed with Hornburg's direct involvement. ██████ never interacted directly with Hornburg beyond greetings and

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formalities. The business negotiations were all handled by [REDACTED]. [REDACTED] recalled that [REDACTED] was the contracting officer for the procurement and installation of the equipment and that the contract was awarded prior to delivery and installation. [REDACTED] cited the dates of his invoice to support his memory. [REDACTED] stated that because of his past business relationship and knowledge of [REDACTED] personal wealth, he was never worried about if he was going to get paid for work or not. [REDACTED] said that [REDACTED] would get paid and [REDACTED] believed him. [REDACTED] was certain that Hornburg was the driving force behind the change in music. According to [REDACTED] [REDACTED] must have said that Hornburg was responsible "50 times."

564. [REDACTED] now [REDACTED] knew that [REDACTED] was changing the music. In fact, [REDACTED] was there when the music was being changed between 14-22 February, 2004. This was necessary because [REDACTED] was the narrator for the Thunderbirds and his voice was used in the update. [REDACTED] described [REDACTED] as "very involved" in the process and later stated that [REDACTED] was the "most involved Air Force person in the process. [REDACTED] did not discuss any contractual obligations with [REDACTED]"

565. It was clear to [REDACTED] that [REDACTED] was "assigned" to [REDACTED] for the project. [REDACTED] was a witness to the entire process and observed daily that [REDACTED] was responsible for all of the technical work and [REDACTED] was there to supervise and select music. [REDACTED] stated that the name of the project for the update of the 2004 show season was "Thunderbirds Awakenings" as evidenced by the invoice he submitted to [REDACTED] for payment of \$10,000.

566. [REDACTED] was asked to describe percentages of work completed by [REDACTED] and [REDACTED] did not know who [REDACTED] was and stated that [REDACTED] was in the studio periodically, but was not directly involved in the video production at all; rather she was helping [REDACTED] in administrative tasks. [REDACTED] declined to describe a percentage of the work completed by [REDACTED] stating that they had different roles with [REDACTED] being in charge of overall production. Regarding the testimonials used in the 2004 show season update, [REDACTED] was responsible for getting Tony Hawk and for writing the scripts for Larry King and Walter Cronkite. [REDACTED] amended his previous statement about [REDACTED] role, stating that this was the talent she brought to the production. [REDACTED] and [REDACTED] were responsible for working out the details of obtaining the testimonials in both audio and video format. [REDACTED] believed that most of them, including President Bush, were featured in the update. [REDACTED] was looking forward to video production and discussed it often. [REDACTED] believed this was why the testimonials were in both formats. [REDACTED] was not certain if the testimonials for Jumper and Hornburg were in video format, but was certain that both of them were recorded in some format.

567. The Instant Replay 360 machines were purchased as part of the contract awarded on March 4, 2004, and were used to play the update which [REDACTED] prepared for [REDACTED]. [REDACTED] was responsible for selecting the equipment. Originally, he simply suggested [REDACTED] provided the information so the USAF could purchase the equipment independently and only later did it become a contract for him. [REDACTED] explained that the USAF had a bad system and in addition to the equipment purchased through contract with him, he [REDACTED] selected a vendor in Las Vegas to provide additional equipment. [REDACTED] was not sure who paid that vendor, but believed it was either [REDACTED] or the Air Force on a credit card. [REDACTED] recalled there was

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something significant about a \$2,500 spending limit for the Air Force credit card.

568. In March 2004, [REDACTED] was at the presentation and was demonstrating the use of the equipment purchased to the Thunderbirds technical personnel. At the end of the presentation of the music, both Hornburg and Jumper thanked him formally for his work in a ceremony. [REDACTED] stated that it was clear that “they loved it.”

569. [REDACTED] was asked to explain what was so different between the music that was being used to the updates that he completed. [REDACTED] said that the Air Force was using the equivalent of a cassette tape while the work he completed was using computers. It was the equivalent to a 40 year jump in technology.

570. [REDACTED] said that anybody could have bought the equipment he had purchased, and anybody could have installed it. When asked to define “anybody” [REDACTED] said that anybody like him with 20-25 years experience. [REDACTED] then stated that nobody else had a chance.

571. Regarding the fixing of the old communication trailer, [REDACTED] related the following: [REDACTED] recalled that he had previously provided information to DCIS that he had prepared three estimates to the Air Force for improvements to the old communications trailer. The plans were referred to as the Gold, Silver, and Bronze plans, with the Gold Plan being the most expensive at approximately \$120,000. [REDACTED] explained that he had discovered the weaknesses with the communications trailer when he had been present at the original demonstration of the updates he had completed. It was because of these weaknesses that equipment had been rented by either [REDACTED] or the Air Force for the demonstration. There was a new communications trailer that had significant technical problems including a lack of radio communication with the pilots. Additionally, the speakers on the new communication trailer were smaller and did not produce a good sound quality. The improvement plans that [REDACTED] prepared were originally provided to [REDACTED]. [REDACTED] believed that [REDACTED] then took the plans to Hornburg.

572. [REDACTED] was not certain when it became clear that the Air Force wanted him (Framework Sound) to do the work. He believed it may have been in a meeting that was attended by Generals Jumper, Hornburg, Wood, and Ihde. It was absolutely clear that the Air Force wanted the equipment, but it was not promised in that meeting that [REDACTED] would get the contract. [REDACTED] recalled that Ihde actually referred him to the contracting office on this procurement.

573. For this contract, [REDACTED] provided an explanation by providing background. According to [REDACTED] Generals Jumper and Hornburg had viewed the demonstration and wanted it implemented. The sound quality at the demonstration was using speakers that had been leased from a local Las Vegas vendor (as previously mentioned) and was not property of the Air Force. At later shows the difference in sound quality was noted. This was just prior to a Thunderbirds show in Tokyo, Japan. In as little as one week prior, it was [REDACTED] understanding that they did not want to travel overseas with a poor sound quality; so a decision was made to implement the Gold Plan even though it had been proposed much earlier. [REDACTED] was not certain who contacted him, but he was certain it was someone from the Air Force asking if he could be an “8A” company. After researching it, [REDACTED] said that he could not. The reason was that an

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8A company could receive a contract without competition, and the Air Force needed to expedite the receipt of the speakers for the overseas trip. It was proposed by someone in the Air Force that it would go through Chugach McKinley, Inc., an Alaskan company that had done business with the Air Force. ██████ agreed to this and purchased all of the necessary equipment.

574. ██████ said that he recalls being worried about the amount of money involved because he would have to pay out of his own pocket and wait for reimbursement. ██████ thought it doubtful that he made the purchase without a contract in place, but stated it was possible. ██████ provided a copy of the invoice for Chugach McKinley, Inc. ██████ did not know for certain if ██████ or ██████ were aware of the arrangement with Chugach McKinley, Inc., but thought it likely that ██████ did because of how involved ██████ was and thought ██████ did because he was in the "inner circle."

575. ██████ was certain Hornburg knew of the proposed upgrades because ██████ had taken him the ideas (according to ██████ right after the presentation. ██████ did not know if Hornburg was aware of the arrangement with Chugach McKinley, Inc. ██████ stated that it might have been Ihde that asked him about 8A, but could not remember for certain if Ihde had been involved or not.

576. It was ██████ opinion that the contract was handled in this manner by contracting because of the pressure from senior officers.

577. ██████ said that originally he had provided these upgrade plans to the Air Force thinking they could purchase the equipment by themselves. ██████ said that "██████ the technical assistant for the Thunderbirds was very capable and could have completed the installation without assistance.

578. Regarding the changing of music for the 2005 Thunderbirds show season, ██████ related the following: Several Air Force officers came to Framework Sound for a music screening in January 2005. The music had been changed because there was a prevailing thought that it should be updated annually. This was needed because new pilots might have joined the team, and a fresh look was needed for spectators that attended the show each year. ██████ said that this time his contract with the Air Force was about updating the entertainment for the show not the equipment as it had been the previous year. ██████ believed that MajGen Goldfein was responsible for the decision for the update, but could not be certain.

579. Prior to the visit of the Air Force officers in January 2005, ██████ ██████ and ██████ worked together again in completing the project much like they had in 2004. The work was completed prior to the visit.

580. ██████ explained that in contrast to 2004, the Air Force officers visited his studio instead of him going to Nellis AFB because in 2004 he had to demonstrate how to use the equipment at the presentation per the requirement of the contract. This time ██████ was actually getting paid the industry rate for his time which is about \$5,000 a day in the studio. The invoice for this work indicated that work was completed between January 12 and February 4, 2005, but ██████ explained that all of the work was completed prior to the visit, and he did

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not recall any requested changes.

581. The USAF officers present at the presentation were MajGen Goldfein, [REDACTED] possibly [REDACTED] and/or General David Robinson. Robinson's role was not clear. The meeting was coordinated between [REDACTED] and [REDACTED] as they all worked on the project. [REDACTED] did not play a role in the planning of the presentation.

582. Prior to the presentation, [REDACTED] and [REDACTED] had several discussions about making a "pitch" to the Air Force officers at the presentation for a multimedia effort to be presented on large video screens, or Jumbotrons, at the air shows.

583. [REDACTED] and [REDACTED] discussed it regularly and had conducted research on the potential costs. The plan was to make the pitch and then to some degree remain involved in any follow on contract. This was profit driven, but [REDACTED] said that he and [REDACTED] had differences on how it would be implemented.

584. [REDACTED] concept would make them responsible for being on the road with the air show while [REDACTED] idea was more conservative. [REDACTED] was aware of the intent to make the pitch, but it was "99%" [REDACTED] and [REDACTED] was present during some of these discussions because they were all working on the project together. [REDACTED] did not participate substantially in any of these discussions. The demonstration was conducted at [REDACTED] studio utilizing his equipment there.

585. Immediately following the demonstration, [REDACTED] and [REDACTED] made the pitch for a multimedia update to the air show. [REDACTED] said that it was very clear in the pitch that they wanted to do the work. [REDACTED] recalled that the cost research and costs associated with an annual update that he conducted were included in the presentation.

586. [REDACTED] stated that for the attendees of the presentation it was very clear that Goldfein was in charge.

587. Goldfein stated that he wanted a demonstration at Nellis AFB and wanted to know the costs. Goldfein committed the Air Force to paying for the demonstration that he wanted conducted by [REDACTED] and [REDACTED]

588. Goldfein wanted Jumper to see the demonstration. The demonstration would determine if there was a need for Jumbotrons at the air show.

589. At some level, [REDACTED] believed that Goldfein must of understood that they wanted to do much more than just a demonstration. [REDACTED] said that he believed Goldfein recognized that he had been very fair in his past contracting, hardly earning any profit, if any. Goldfein knew that the pitch was a business proposition. There were no negative or dissenting comments from anyone in attendance.

590. Following the pitch, there was a dinner at the Havana Room that was attended by Goldfein, Robinson, [REDACTED] [REDACTED] [REDACTED] and [REDACTED] [REDACTED] was not certain if

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█████ attended, but thinks it possible. The dinner was a celebration of sorts for completion of the project.

591. █████ friend owned the club and █████ believed that the owner paid for the entire cost of the dinner. █████ estimated that dinner was approximately \$5,000.

592. █████ stated that the Havana Room is very prestigious and guests include movie stars like Jack Nicholson. The owner also has a similar restaurant on the East coast. At the conclusion of the dinner, the owner received a plaque from the Air Force like the one █████ had received for his work on the music. According to █████ the owner became friends with Goldfein and flew in his private jet to visit Goldfein at Nellis AFB. █████ said that he was not certain what Robinson was doing there. It did not appear that Robinson was there in any official capacity; rather, it seemed that he was there hanging out, "like a boy's club."

593. █████ recalled that a contract was in place prior to him working on the 2005 show and was surprised that the contract award date was actually on February 16, 2005, after the screening had been conducted at his studio. █████ recalled that the contract for the update of music was handled by █████ and █████. There never was a contract awarded to him for the Jumbotron demonstration.

594. Goldfein had committed somewhere around \$40,000-50,000 for the Jumbotron demonstration after the pitch that followed the music screening at his studio. The addition of graphics was █████ idea.

595. The work for the Jumbotron demonstration began within days of the January music screening.

596. █████ recalled that █████ was at his son's place of work, Troika Graphics, negotiating costs just a few days later.

597. █████ stated this is what led him to be angry at █████ because █████ was committing █████ business to subcontracts and they did not even have money to spend yet.

598. Regarding the contract award on February 16, 2005, █████ did not know what level of knowledge anyone had about work being completed before the contract was in place. As with the 2004 contract, █████ was present minimally. █████ produced the project and █████ completed the technical work. █████ was witness to this.

599. The music update was going to be part of the presentation that Goldfein requested. It would be paired with the graphics that were to be shown on the Jumbotrons.

600. The reimbursement of funds to █████ for travel costs under the music update contract for 2005 was made at █████ request. Any information provided to the U.S. Government to support those costs was provided by █████ directly. █████ did not know whom █████ would have communicated with to provide those costs. █████ never provided anything to █████ to support those costs.

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601. Regarding the graphics and rental of large video screens for the 2005 demonstration, [REDACTED] related the following: Goldfein absolutely knew that [REDACTED] and [REDACTED] were going to put music and graphics together and rent screens for a demonstration. As previously stated, Goldfein had committed \$40,000-\$50,000 for the demonstration after the screening in January 2005.

602. [REDACTED] was unaware of any agreements for access to historical Thunderbirds films or filming of individual pilots. [REDACTED] had agreed during the pitch to let the Air Force award a contract to Frameworks Studio for the demonstration, but later backed out because of his differences with [REDACTED]. At some point, [REDACTED] thinks he may have had a discussion with [REDACTED] in which he said he was no longer working with [REDACTED]. [REDACTED] is certain that he told [REDACTED] he wanted out of the arrangement.

603. [REDACTED] knew that the 2005 music changes were put in a format to play on the same Instant Replay 360 machines he had provided under contract in 2004. [REDACTED] did not get involved in the graphics or preparation of videos and had no further information to add. [REDACTED] did not attend the 2005 Acceptance Show and backed out of the deal without knowing additional details of the planning of that show. [REDACTED] heard from [REDACTED] that Goldfein was going to attend a screening at Troika, but was uncertain if it ever happened.

604. Regarding [REDACTED] Hornburg's and Moseley's role, [REDACTED] related the following: [REDACTED] speculated a great deal about what [REDACTED] did and did not know, basing this on [REDACTED] being a very smart, hard working and involved Air Force officer. [REDACTED] had nothing further to add other than he believed [REDACTED] had later taken on additional responsibility because he ([REDACTED] contacted him attempting to get the master tapes of the 2004 and 2005 music. [REDACTED] believed [REDACTED] was planning the next season.

605. [REDACTED] thought it possible [REDACTED] knew that the 2005 music and graphics were already complete or were being completed before the contracts were awarded. He only believed this because of [REDACTED] official position. [REDACTED] speculated that [REDACTED] had attempted to award a "no bid" contract to him through his submission of paperwork for single or sole source.

606. [REDACTED] was certain [REDACTED] knew that the contract for the Jumbotrons and graphics were for work already committed to by Goldfein. [REDACTED] knew this because [REDACTED] was in the room when Goldfein made the commitment.

607. Other than greetings and formalities, [REDACTED] did not interact with Hornburg. [REDACTED] handled all of the business dealings at that level. [REDACTED] was not certain when he found out about Hornburg becoming part of the demonstration efforts for the 2005 Acceptance Show. [REDACTED] had no idea when the Air Force learned of Hornburg's involvement. [REDACTED] thought that Hornburg, while on active duty, had to have known for sure about [REDACTED] future multimedia and video plans for the Thunderbirds.

608. Regarding Moseley, [REDACTED] knew that [REDACTED] talked about having met him socially and

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for business. [REDACTED] would have heard [REDACTED] recount some of these instances. [REDACTED] described [REDACTED] as being like a "little boy" who needs to talk about who he hung out with, always using different generals names (Exhibit 85).

Prosecutive Declination

609. On May 1, 2007, Assistant United States Attorney ([REDACTED]) United States Attorney's Office, District of Nevada, Las Vegas, NV, provided a written declination letter (Exhibit 86). In the letter, [REDACTED] wrote, "This letter is to confirm our discussion today concerning the above-referenced investigation. As we discussed, my office will be declining this case because at the present time there is insufficient evidence to warrant a federal criminal prosecution. Please understand, however, that your office is free to continue any further investigation you deem appropriate, and if your agency discovers any new evidence of a federal criminal offense during any further investigation, you are encouraged to re-submit this case to our office." DCIS continued its investigation.

Accounts of [REDACTED] and [REDACTED]

610. On June 5, 2006, interviews were simultaneously conducted of [REDACTED] and [REDACTED] (Exhibit 87). Both are part owners of SMS, and [REDACTED] is SMS' attorney. [REDACTED] provided background and details concerning activity that occurred before, during, and after the TAPS contract was awarded.

611. [REDACTED] advised that in late 2003 or early 2004, General Hal Hornburg, while the ACC Commander, asked [REDACTED] to change the music for the Thunderbirds 2004 Show Season which [REDACTED] did. A USAF contract was later awarded for approximately \$10,000 to purchase some new equipment to play the music on.

612. [REDACTED] also changed the music for the Thunderbirds 2005 show season. The changed music was part of [REDACTED] Thundervision Demonstration at the March 2005 Acceptance Show.

613. General Hornburg became part of SMS after Hornburg retired from the USAF on December 31, 2004. Investigative activity determined Hornburg became part of SMS in approximately February 2005 (evident by a meeting he attended with [REDACTED] at Lockheed Martin in Fort Worth, TX). Also, on April 13, 2005, [REDACTED] informed Generals Moseley and Goldfein that Hornburg was his business partner.

614. Hornburg reviewed and approved SMS' proposal for the TAPS contract before the proposal was sent to the USAF for evaluation.

615. The proposal for the TAPS contract submitted by SMS, listed the 2004 Change of Music and the Thundervision Demonstration, as SMS' previous work efforts to be evaluated and rated.

616. In January 2005, the following USAF personnel came to Framework Sound, located in Santa Monica, CA, to view [REDACTED] idea for "Operation Thunderbolt:" General Stephen Goldfein; [REDACTED] and [REDACTED]

617. During that meeting at Framework Sound, [REDACTED] told Goldfein the first year cost would

be \$8.5 million. They would use advertising and the cost would be reduced each year. [REDACTED] said [REDACTED] and [REDACTED] would profit from the advertising.

618. After telling Goldfein their intentions to obtain a USAF contract to use large screen video screens and Thundervision during the Thunderbirds portion of the Thunderbirds air shows, General Goldfein came up with the suggestion to [REDACTED] of presenting a demonstration at the March 2005 Acceptance Show in front of General John Jumper, the USAF Chief of Staff, to determine if Jumper liked the idea.

619. After listening to the music which [REDACTED] and [REDACTED] changed for the Thunderbirds 2005 Show Season, and after [REDACTED] proposal, Goldfein told [REDACTED] and [REDACTED] to make some changes to the music and create the video for the demonstration. [REDACTED] incurred costs after Goldfein told him to prepare for the Acceptance Show. A \$40,000 USAF contract was later awarded which [REDACTED] said was orchestrated by General Goldfein.

620. [REDACTED] told Goldfein the amount of money needed for the demonstration and which contractors would be used. Goldfein said he would arrange the funding.

621. Two USAF contracts were awarded to assist [REDACTED] in preparation for the March 10, 2005, Thunderbirds Acceptance Show. [REDACTED] thought they were both awarded to Framework Sound.

622. Goldfein assisted in getting a videotaped testimonial from President Bush for use by SMS. The intent was to play it during the Thundervision Demonstration at the March 2005 Acceptance Show, but it wasn't received in time.

623. During the interview, [REDACTED] related he previously developed the concept of using large video screens at Thunderbirds air shows in 1998 and named the idea Operation Thunderbolt. [REDACTED] owned/owns a company named Lightning Rod Pictures. [REDACTED] said in 1998, he presented this idea to the USAF Chief of Staff and other USAF personnel, and although some liked the idea, the Chief of Staff was against it. During the interview, [REDACTED] gave the RA a photocopy of the outline for Operation Thunderbolt, which he said was presented to USAF Leaders in 1998 (Exhibit 87 - Attachment 3).

624. There is a cover page of the Operation Thunderbolt brochure which is followed on the second page with the captions: "Mission" and "Objective." Under Mission it reads, "To use the United States Air Force Thunderbirds demonstration team in combination with forward-thinking mass media marketing techniques as a powerful recruitment, retention and public relations tool."

625. Under Objective it reads, "Present the Air Force's message and career opportunities to the public via direct television marketing in combination with a re-designed Thunderbirds air show presentation." On the sixth page it reads that the USAF would be able to increase its recruitment, know the name address, and phone number of every potential candidate, track its recruitment leads, increase visual and sound from the show, increase the audience size and it could be done, "without spending one additional penny!"

626. The literature suggests that since 1953, the USAF continued to “fly their message to the public using dated marketing techniques.” Under a section titled, “Here’s the plan,” it reads, that four to six weeks before an air show, half hour television program could be aired in the surrounding areas using paid programming to tell about the Thunderbirds and the USAF and tell the USAF Story. Under a section titled “TV’s Expensive...How Do You pay For Step One,” it reads, “With this program, the Air Force will be able to mount an extensive television campaign in every market the Thunderbirds appear – without spending a single penny...” It continues, “All costs acquired with the purchase of the sale of advertising within the program’s commercial breaks. This concept of advertising cost-liquidation is both simple and time proven. Commercial sales determine the amount of air time to be purchased. It’s O.P.M (other people’s money), and it’s the only way to shop.”

627. In Step two, the literature suggests that four tractor trucks be used at the air shows. Two of the trucks would house four “JumboTron” television projection systems and additionally, a massive audio system would be erected enabling everyone to hear the presentation in concert quality sound.

628. In a description of the third truck it reads, “This vehicle contains a complete mobile television control room. Ground cockpit, and aircraft cameras can be controlled and directed onto the JumboTron projectors from the facility/ Pre-recorded video and audio can be channeled from this high-tech facility to the JumboTron and sound system.”

629. The fourth truck would be an Air Force Cultivation Center . A note on the bottom reads, “The trucks and equipment would be paid for through corporate sponsorship, i.e., Lockheed etc.”

630. On the last page it reads that if [REDACTED] suggestion is implemented, it would:

1. Run a major television recruitment, retention, and PR campaign for free;
2. Generate and tracked recruitment inquiries from the television program;
3. Driven a larger audience...
4. Guarantee the T-Bird message via TV...
5. Created more interaction with the audience by using a highly creative and polished presentation;
6. Given the air show audience a place to go and respond to the Air Force recruitment call.”

631. The last few lines read, “This program holds more channels of opportunities than the parameters of this proposal allow. All of the concepts discussed can be ‘wind tunnel tested’ before any roll-out is anticipated. In addition, other branches of the Armed Service can duplicate the same ideas. This multifaceted marketing program offers unlimited horizons. Let’s see if we can make it fly.”

632. [REDACTED] said Hornburg was hired in the event SMS won the USAF contract to utilize Thundervision. [REDACTED] said Hornburg’s title with SMS was/is listed as Executive Director of Development, but he is a consultant for SMS. No money was given to Hornburg in 2005. Beginning in 2006, Hornburg was paid approximately \$10,000 per month from SMS.

633. General Jumper attended the 2005 Acceptance Show and liked the Thundervision

demonstration. Jumper directed Goldfein to meet with Moseley. General Goldfein arranged the meeting with General T. Michael Moseley, then the Vice-Chief of Staff, in March or April 2005. Moseley was shown the same video as Jumper saw at the Acceptance Show. The goal was to eventually provide the product for free to the USAF, but ██████ asked for \$8.5 million start-up money for the first year.

634. During the April 13, 2005, meeting at the Pentagon with Generals Moseley and Goldfein, ██████ presented a power point slide show in addition to showing the video. ██████ said he was "100 percent certain" he informed both Generals Moseley and Goldfein that General Hornburg was a partner with SMS.

635. Moseley liked ██████ idea, and during the meeting Moseley telephoned someone named "█████" and asked for the money.

636. Moseley told ██████ that he (Mosley) had to "run this through my contracting bubbas, but go do it." ██████ thought it was a "done deal" because he had a four-star general telling him to go do it. Both Goldfein and Mosley knew that Hornburg was part of SMS before Moseley made the decision that ██████ should start the work for future Thunderbirds air show presentations.

637. After the meeting, Goldfein opined to ██████ that he thought it had been a really good meeting. After Moseley told ██████ to start the work, ██████ rushed to work on the project. He was later told to check with ACC, "as a courtesy call." Approximately one week after the meeting with Moseley and Goldfein at the Pentagon, ██████ went to ACC and made the same presentation to USAF officers. He met with MajGen Elizabeth Harrell, Director of Maintenance and Logistics, ACC, and ██████ Public Affairs Officer. ██████ said his department should have the money. The promotion shown at ACC was about the same as the Acceptance Show, except it included videotaped testimonials from both President Bush 41 and 43. ██████ left ACC with the impression SMS was still doing the project but they had to fill out paperwork and submit an unsolicited proposal.

638. SMS submitted an Unsolicited Proposal as instructed by ACC. The video submitted with the Unsolicited Proposals was the same as the video shown at The Acceptance show except with the two president's testimonials. He was told while at ACC that he should list General Hornburg in the Unsolicited Proposal.

639. ██████ made a number of videotapes for the USAF at no cost to the USAF. ██████ always volunteered his time and money to USAF efforts. ██████ said he also did a photo shoot of the Raptor.

640. ██████ knew ██████ since approximately 1999. During the interview, ██████ said he knows ██████ and kids and ██████ spends a lot of time with ██████ and his family. ██████ said he did have phone conversations with ██████ and ██████ during the TAPS contract evaluation process but specifics about the process were not divulged.

641. ██████ liked ██████ work ethic and either before or during the evaluation process, ██████ mentioned something to ██████ about ██████ coming to work for ██████

after he got out of the USAF. [REDACTED] said there were no promises. [REDACTED] recalled that [REDACTED] was uncomfortable about being on the Source Selection Team, which [REDACTED] called "the committee," because of his history with [REDACTED] said [REDACTED] and General Goldfein "demanded" [REDACTED] be on it because of his knowledge.

642. During the evaluation process, SMS did not provide its financial records because it didn't have any to provide. SMS was a new company created for television and for the Thundervision product. [REDACTED] wanted to use long format television TV to tell the USAF Story in a better way. The goal was to have advertisers pay for 30 second commercials. [REDACTED] said the first payment on the TAPS contract came quickly but [REDACTED] called General Goldfein because [REDACTED] was "being a pain."

643. [REDACTED] said he had been working on the project since 1998 so the storyboards, the video, the layout, and other things were already completed before the TAPS contract was awarded to SMS (Exhibit 87).

Account of GENERAL JUMPER

644. On November 30, 2007, an interview was conducted with General John Jumper (USAF, Retired) (Exhibit 88). Jumper served as the USAF Chief of Staff from September 2001 through September 2005 and officially retired on November 1, 2005. Before that he served as the Commander of ACC from February 2000 to September 2001. General Hal Hornburg served as the ACC Vice-Commander for a few months during that time (January 2000-June 2000).

645. General Jumper was asked the following additional questions and provided the following responses.

646. Q: When you were at the 2005 Acceptance Show, you were there because there was no four-star general at ACC, and you were there for the safety check of the show?

A: Jumper thought he attended the 2004 Acceptance Show; he attended the show for those reasons. He attended only one Acceptance Show; it is possible that it was the 2005 show and not the 2004 show.

647. Q: Did you know that the large video screens or a multimedia demonstration was going to be shown before you arrived at Nellis or was it a complete surprise to you?

A: Prior to his arrival at Nellis, Jumper was aware the demonstration was going to be shown. Hornburg told him the Blue Angels did a similar show, and it was paid for through advertising.

648. Q: What did you say after watching [REDACTED] multimedia demonstration?

A: Jumper did not watch the demonstration. He watched the Thunderbirds from the trailer in order to monitor the show for safety. He was not concerned with the multimedia demonstration. He saw the video screen set up for the crowd prior to the show.

649. Q: SMS' lawsuit against the USAF says you said, "How much? How soon?" Did you say that, or words to that effect?

A: Jumper did not recall this specific exchange. When he first heard about the idea of a multimedia demonstration for the Thunderbirds that could be paid for with advertising money,

Jumper told General Moseley to look into it and see if such an idea were permissible. Jumper was told the Blue Angels did something similar, and he wanted to ensure that the Blue Angels did, indeed, have a similar demonstration.

650. Q: If so, what response did you receive and from whom?

A: Jumper did not follow this issue closely, but he recalled Moseley later telling him that the Pentagon "legal folks" did not think it would not be permissible to use advertising money to fund the demonstration. Moseley said it would not be free of charge for the USAF. General Keys said the presentation was too expensive.

651. Q: During or after the 2005 Acceptance Show, what was said about what the purpose of the demonstration?

A: Jumper was not paying attention to the demonstration and did not know what the purpose of it was.

652. Q: [REDACTED] called his demonstration Thundervision. Were you informed that [REDACTED] wanted to receive USAF funding (or a contract) to implement Thundervision (or the concept) at future Thunderbirds shows?

A: Yes.

653. Q: Please elaborate on what you were told.

A: Moseley told Jumper Thundervision needed start-up funding. Moseley authorized the start-up funds under the assumption that advertising would eventually pay for the endeavor.

654. Q: What did you tell [REDACTED] about your opinion about the Thundervision demo and possible future use?

A: Jumper did not recall discussing it with [REDACTED]

655. Q: When were you first informed that retired General Hornburg was affiliated with [REDACTED] effort to get a USAF contract or to be part of the future use of Thundervision (or the Thundervision concept)?

A: Jumper never learned Hornburg worked on Thundervision. He learned from an ABC reporter that Hornburg worked for [REDACTED] a few days before ABC ran a story about Thundervision and Hornburg. However, Jumper did not know whether Hornburg worked on Thundervision or on another of [REDACTED] ventures.

656. Q: When you returned to the Pentagon after the Acceptance Show, what did you inform General Moseley to do regarding Thundervision or what you saw at the Acceptance Show?

A: Moseley told Jumper there would be start-up costs associated with Thundervision. Jumper told Moseley and Keys to make sure the project went through the proper channels.

657. Q: Did General Moseley know anything about [REDACTED] idea or the presentation before you told him?

A: Jumper did not know. He recalled telling Moseley to ensure it was proper for the demonstration to be paid for by advertising.

658. Q: Did you make a recommendation about using [REDACTED] idea to General Moseley?

A: Jumper told Moseley to take a look at the concept and make sure it made sense.

659. Q: At that time, did you know or believe the Navy's Blue Angels were going to do, or were doing, something like this?

A: Yes. Prior to the Acceptance Show, Jumper learned the Blue Angels paid for their demonstration with advertising revenue. He could not recall exactly who told him that, but it was not [REDACTED]

660. How did you learn that the Navy was getting it for free?

A: Someone told him that prior to the Acceptance Show while standing in front of a Jumbotron screen.

661. Q: If [REDACTED] said you approved of Thundervision. Would that accurate?

A: It would be accurate to say Jumper approved to start the evaluation process in order to see if it were appropriate.

662. Q: Did General Moseley brief you on a meeting he had with [REDACTED] and General Goldfein at the Pentagon after the Acceptance Show?

A: No.

663. Q: It was said that after attempts to sole source the contract failed, you intervened and said you wanted it competed at a lesser scale, just at Thunderbirds shows. Q: What involvement did you have with any of this concept after you assigned General Moseley to look into it? (Describe in detail.)

A: Jumper did not intervene. He could not recall being involved in any discussion about competition for Thundervision. If he were involved, he would have told them to handle the competition properly.

664. Q: Why did you call Marv Esmond of Lockheed Martin to arrange a meeting with [REDACTED]

A: Jumper knew Esmond well. Esmond was a retired USAF General Officer. Jumper could not recall calling nor could he think of why he would have called Esmond to arrange a meeting for [REDACTED] (Exhibit 88).

E-mail Traffic July 7-8, 2005

665. A few pertinent e-mails obtained during the course of this investigation are listed below which are also listed in a separate DCIS Report (Exhibit 3 and 43).

666. July 7, 2005

From: [REDACTED] [REDACTED] Civ ACC/LGC

Sent: Thursday, July 07, 2005 4:36 AM

To: [REDACTED] [REDACTED] [REDACTED] 99 CONS/CC

Subject: Thundervision

[REDACTED] - Not sure you have heard yet but we are back in the Thundervision business!! COMACC talked with CSAF about possibly expanding the idea to high school/USAFA football games, NASCAR, and other events to get the AF message out. Apparently Gen Jumper thought that was

January 30, 2008

a good idea but wants it done smaller scale to begin with - read do it for the Thunderbird shows! We have been instructed to work with AFWC, the Thunderbirds, and anyone else you think necessary to prepare a SOW and go out full and open competition to obtain some sort of services. We also understand [REDACTED] has copywrited his plan, though much of it came from the Gov't!!, so we need to be careful how we express the requirements.

MajGen Harrell wants someone from here - preferably [REDACTED] or me - to come out there early next week and get this done. I am interested in your thoughts - well not all of them! - and what you see as needed and any rough milestones you may be aware of. There was no mention of trying to get a concept demo this year so we may be okay in that. I do suggest we include some sort of "first article testing" or vector check to be required at some reasonable period after award to be sure whoever wins this does what we want. Thoughts? Comments? Give me a call when you get a chance. I have LG staff meeting at 0900-1000 EDT. Thanks - [REDACTED] (Exhibits 3 and 43).

667. July 8, 2005

From: Harrell Ann MajGen ACC/LG

Sent: Friday, July 08, 2005 8:01 AM

To: Goldfein Stephen M MajGen HQ AWFC/CC; DeCuir Mike MajGen ACC/DO

Cc: Fraser William M III LtGen ACC/CV; Dunlap Charles J Jr BrigGen ACC/JA; Reynolds

Scott SES ACC/LGD; [REDACTED] LG/ALG; [REDACTED] 99 ABW/CC;

[REDACTED] HQ ACC/LGC; [REDACTED] Civ ACC/LGC; [REDACTED]

[REDACTED] 99 CONS/CC; [REDACTED] ACC/JAB; ACC/LG (A4) Director of Maint and Logistics

Subject: Thundervision

Goldy and all - want to be sure we are all on the same sheet of paper with the recent direction from the Chief. COMACC and the Chief discussed this program Wednesday, and here are the marching orders. ACC is to draw up the Statement of Work (SOW) and to put out the Request for Proposal (RFP) for full and open competition. We were hoping we could address this as an Air Force wide opportunity and use it in many different ways, USAFA football games, NASCAR events, big civilian air shows, but at this time, they do not want to address the recruiting, or overall Air Force story. So, we stick with the focus of the Thunderbirds.

[REDACTED] our number 2 guy in ACC Contracting, will get with [REDACTED] and they will start on the SOW. What they will need is someone to work with them and outline what we are actually asking for. I know this is tough, since we did not think this up ourselves, but we need to get some detail into the SOW. [REDACTED] hopes to travel out there next week, but he will work the details with [REDACTED]. Our vision is that the RFP will include a "demo" as part of the contract, and that we do not specify a NLT date at this time.

I have put a call in to [REDACTED] but [REDACTED] told me he is out of the country. I left a voice mail to please call me back. I will explain the process to him then.

Thanks to everyone that has worked this so hard, and thanks in advance to the 99th Cons and the AWC for the effort you all will make with the SOW and the RFP.

And finally, let me add how much I will miss the opportunity to engage in these interesting details of Air Force life, when ACC Contracting moves to the Civil Engineer NEXT WEEK!!!! :-)

Ann (Exhibits 3 and 43).

668. July 8, 2005

From: AWFC/CC (Maj Gen Goldfein)

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b(7)(C)**CLASSIFICATION:**~~FOR OFFICIAL USE ONLY~~**WARNING**

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January 30, 2008

Sent: Friday, July 08, 2005 11:05 AM

To: Harrell Ann MajGen ACC/LG; Goldfein Stephen M MajGen HQ AWFC/CC; DeCuir Mike MajGen ACC/DO

Cc: Fraser William M III LtGen ACC/CV; Dunlap Charles J Jr BrigGen ACC/JA; Reynolds

Scott SES ACC/LGD; [REDACTED] LG/ALG; [REDACTED] 99 ABW/CC;

[REDACTED] HQ ACC/LGC; [REDACTED] Civ ACC/LGC; [REDACTED]

[REDACTED] 99 CONS/CC; [REDACTED] ACC/JAB; ACC/LG (A4) Director of Maint and Logistics; Ihde Gregory J BrigGen 57 WG/CC; [REDACTED] USAFADS/CC

Subject: RE: Thundervision

Thanks Ann -- we look forward to supporting your process effort. We did some work here with [REDACTED] team a while back in the process that will help facilitate the description of what we are asking for. We will look forward to assisting [REDACTED] and we appreciate the "push it up" (Exhibits 3 and 43).

Account of ESMOND

669. October 24, 2007, an interview was conducted with Marv Esmond, Vice President of Air Force Programs for the Washington, D.C., Office, Lockheed Martin, Arlington, VA (Exhibit 89). Esmond was the former Commander of the Air Warfare Center at NAFB. He was asked to elaborate on a meeting he had with [REDACTED] in February 2005 regarding [REDACTED] plan to use large video screens and playing video at Thunderbirds air shows.

670. Esmond stated that General Jumper asked [REDACTED] to talk to Esmond about this. Esmond stated Hal Hornburg had also asked Esmond to meet with [REDACTED] Esmond and Hornburg were colleagues throughout Esmond's career with the USAF. [REDACTED] had been asked to produce a video sponsored by the industry. The video would be a nationally televised infomercial about the USAF. The infomercial would be a damage control video for the USAF in light of the Druyun scandal. The meeting took place in a conference room at the Marriott Gateway in Crystal City.

671. Esmond related [REDACTED] was in the business of producing these kinds of videos. The concept was to have Jumbotrons at air shows to complete the show. In-cockpit videos would be shown on the Jumbotrons. Esmond said there was one person at the meeting with [REDACTED]. She was a female producer, but Esmond could not recall any more information about her. [REDACTED] discussed providing video, live feed from the cockpits, and interviews with senior USAF people talking about the USAF for recruiting purposes. They were going to use the media to incorporate the USAF story with live feed and historical USAF figures. They were trying to represent the USAF in the best light using the media to build the story. The video would be professionally produced, but the issue was how to pay for it.

672. Esmond was asked what role [REDACTED] wanted Lockheed Martin to play. Esmond said Lockheed Martin's role was to provide funding. Esmond was not allowed to authorize the amount of funding [REDACTED] wanted. The amount of funding had to have a higher level of approval. It was a significant amount of funding, in the millions, which surprised Esmond. Esmond said he did not think that a single industry partner could do it. He thought that they would need a team of industry partners.

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673. Esmond was asked what [REDACTED] or anyone else said, about General Moseley offering support of [REDACTED] idea. Esmond said Moseley recommended that [REDACTED] talk to Esmond, since Esmond had been the Commander of the Air Warfare Center. Esmond would be able to give the concept a reality check. In the end, Esmond recommended that [REDACTED] talk to other contractors, so that the industry as a whole could support this effort. [REDACTED] possibly could have talked to Boeing. Esmond also recommended he talk to certain personnel at Lockheed Martin in Fort Worth, TX (Exhibit 89).

Account of [REDACTED]

674. On November 16, 2007, an interview was conducted of [REDACTED] at her office at the Lockheed Martin Aeronautics Company (LMAC) facility in Fort Worth, TX (Exhibit 90).

[REDACTED] was/is the Vice President for Communications at Lockheed Martin, Fort Worth, TX. [REDACTED], LMAC, Vice President and General Counsel, also attended.

675. [REDACTED] stated she received a call from either Marv Esmond or [REDACTED] who work in the LMAC Washington, D.C., office. One of those individuals told her about a meeting they and [REDACTED] had with personnel of SMS, and they were sending them to see her.

676. In approximately late February 2005, she met with both [REDACTED] and Hal Hornburg about this proposal. Hornburg was introduced as being a part of the SMS team.

677. [REDACTED] said Hornburg and [REDACTED] made a presentation on an infomercial concept to be used on television, not just at air shows. It was going to be about 30 minutes in length and shown on the discovery channel, late night television, and local access channels. Part of it would be shown at air shows, but not all of it. They showed a power point presentation and a video of their concept. They had the meeting in Conference Room 2 at LMAC, and they had their own computers for the meeting.

678. [REDACTED] asked [REDACTED] LMAC for approximately \$40 million dollars for the project. [REDACTED] politely declined because the price was too expensive.

679. [REDACTED] was asked to explain what [REDACTED] and Hornburg said about their plans. She said [REDACTED] stated they had a concept for an infomercial that would be broadcast over local television channels, the Discovery Channel, and parts of it could be used at air shows. It was a concept only. They showed her a videotape and a power point presentation with flying aircraft pictures taken at air shows from the ground. There was nothing said about costs paid by the USAF or how any costs would be reduced as a result of any payments made by the USAF. There were no discussions about an initial payment by LMAC or a reduction in costs for additional payments or additional participants. They just wanted \$40 million dollars. Because of the cost, she recommended SMS take the concept and present it to the Aircraft Industry Association (AIA) and involve more than one DoD contractor. SMS wanted to make a presentation to her corporate officers, but since LMAC did not support the idea, the discussion ended. [REDACTED] opined [REDACTED] and Hornburg had a good concept, but it was too expensive for LMAC to undertake.

679 (a). On December 19, 2007, [REDACTED], Vice President and General Counsel, Lockheed Martin Aeronautics (LMA), Fort Worth, TX, provided DCIS with copies of 20 LMA

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e-mails. The e-mails pertained to meetings and other communication LMA had with [REDACTED] and General Hornburg regarding [REDACTED] and Hornburg's request for \$40 million from Lockheed to fund an infomercial about the USAF which would be "played around the clock on obscure cable channels." The e-mails reflect [REDACTED] LMA, and others were scheduled to meet with [REDACTED] and Hornburg on March 17, 2005, at LMA, Fort Worth, TX. An LMA e-mail dated March 20, 2005, reads, "...General Hornburg said it himself that they were going around the public affairs leadership and not making them part of such a re-branding effort. AF public affairs needs to become more proactive and this can only happen if GEN Jumper and the others let them do their jobs. Yesterday, Gen Jumper spoke of how the Navy got a lot of credit for relief efforts in Asia recently. Sure thing, but this was because the Navy has had it in its ethos to provide access to the news media. The AF could do a better job and lean forward. We can help the Air Force, but do not have to spend millions of dollars. For \$40M LMCO could produce a full length movie and sell tickets in movie theaters and get a return on the investment and still accomplish a positive branding effort."

E-mail between Moseley and [REDACTED]

679 (a). Other e-mails were obtained during this investigation that were exchanges between General Moseley and [REDACTED] regarding an upcoming meeting with Marv Esmond. These e-mails are described below (Exhibits 3 and 43).

680. February 21, 2005

From: [REDACTED] [mailto:heritageflight@earthlink.net]

To: Moseley Michael Gen AF/CV

Subject: Fights On!

Buzz,

The Lord's work begins on Wednesday, Feb. 23rd. I am meeting with Marv Esmond in Washington, at 1pm. Strategic Message Solutions is 100% focused to help the Air Force re-brand itself in a way never before attempted. Our goal is simple:

To storm, capture, and occupy significant national media real estate from which the Air Force can broadcast it's [sic] strategic message to the American public... on its terms.

The cost of this effort will be covered by those members of the defense industry who have seen the light and realized this unique vehicle is also the perfect marketing delivery system for their products. It is a win-win for everyone. As I mentioned at your house, this whole thing began years ago with Mustang's and [REDACTED]. My partner and I now find ourselves within sight of the target. We've pushed the props up to 2700 and we're diving in. If you see anything worth calling out, please let us know. Until then.... THIS IS FOR THE AIR FORCE. Tally Ho! (Exhibits 3 and 43).

681. February 22, 2005, Moseley e-mailed [REDACTED] "you are a great American my friend. Thank you again for thinking of us. AND starting my day with a Mustang picture is primo! Thanks (Exhibits 3 and 43)."

682. In an effort to determine if [REDACTED] visited General Moseley's house in February 2005, as indicated by [REDACTED] February 21, 2005, e-mail, contact was made with the Protocol Office at Bolling AFB, Washington, D.C., on May 3, 2007 (Exhibit 91). Records were obtained reflecting that [REDACTED] checked in at the Maryland House (Bolling AFB) on February 4, 2005, and checked

out on February 5, 2005. Records were also obtained showing that ██████ stayed at Bolling AFB on April 12, 2005, and checked out on April 13, 2005, (Exhibit 91).

683. Other e-mails obtained during this investigation reflect ██████ informed General Goldfein he would be having dinner at General Moseley's house with Moseley and General Stephen Wood on February 4, 2005. The e-mails are described below (Exhibit 3 and 43).

684. On January 30 and 31, 2005, General Goldfein and ██████ exchanged e-mails about Goldfein attempting to secure funding for Troika (the company creating the graphics for the Thundervision Demonstration), and ██████ said he would "cover the gaps" until the money arrived. Goldfein wrote, "Today I am going to work the money thing. I need to understand the final amount for Troika and what contract instrument they normally deal in -- do they have a standing government contract by any chance -- if not, need the company info to transfer funds at the appropriate time. Guess that's it for now."

Regarding the progress of securing the presidential testimonial, Goldfein wrote, "I am fedexing tomorrow the package to the folks in Wash DC walking us in. In my note to them emphasize that we need this before March 1 if at all possible. These folks want the script for the President's words ASAP -- ██████ said she'd send it to me tomorrow or Tue. I'll look it over and then forward it ASAP after -- maybe we get lucky." The two also conversed about General Jumper providing a videotaped testimonial for the Thundervision Demonstration (Exhibits 3 and 43).

685. On January 31, 2005, ██████ e-mailed Goldfein, "I HAVE DINNER WITH MOSLEY AND WOOD AT MOSLEY'S HOUSE THIS FRIDAY... WE SHOULD TALK BEFORE I GO. YOU DA MAN. THIS IS FUN. DO YOU THINK THE BLUES ARE DOING ANYTHING LIKE THIS? DOUBTFUL" [*sic CAPS*] (Exhibits 3 and 43).

686. ██████ February 21, 2005, e-mail to General Moseley (previously described in this report) reflects that ██████ provided General Moseley with great details about ██████ media plans approximately two-weeks after meeting with General Goldfein at Framework Sound (Exhibits 3 and 43). There were several other e-mails exchanged between General Moseley and ██████ and between Generals Moseley and Hornburg, before and during the TAPS evaluation process, which are of interest to this investigation (Exhibits 3 and 43). In fact, during the investigation, e-mails were obtained suggesting that General Moseley was to have input in whether the USAF 367th TRSS would do the work described in the TAPS Request for Proposals (RFP), but instead the contract was awarded to SMS. Several witness described General Moseley was to be briefed by senior USAF leaders to make a decision, and/or have input, on which would do the work (SMS or the 367th TRSS). Additionally, there were several e-mails obtained which reflect General Moseley communicated with ██████ about his (Moseley's) own ideas to expand the scope of the work described in the TAPS RFP, before a final decision was made as to which entity would be selected to do the work described in the TAPS RFP.

687. Investigative activity revealed that after the TAPS contract was awarded to SMS, General Moseley held a meeting with several USAF Officers describing his (Moseley's) own vision of what should be accomplished during performance of the TAPS contract. According to witnesses, much of the work was outside the scope of the TAPS contract.

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688. At least three USAF officers were assigned full-time to assist SMS, particularly [REDACTED] in completing tasks described in the TAPS contract, and some work outside the scope of the TAPS contract.

689. Listed below are some of the e-mails of interest. Summary of pertinent witness interviews will follow later in this report. A few of the below e-mails are related to what was described in previous e-mails sent or received by [REDACTED] Moseley, and/or Hornburg. The April 13, 2005, e-mail below tends to corroborate [REDACTED] statement that during his April 13, 2005, meeting with Goldfein and Moseley at the Pentagon, Moseley called [REDACTED] "about the \$8.5 million. The e-mails also show that General Moseley was familiar with what was shown at the Acceptance Show before meeting with [REDACTED] and Goldfein on April 13, 2005. Further, the e-mails indicate that General Hornburg may have discussed the future TAPS type contractual work with General Moseley, less that one year after Hornburg retired. Hornburg retired from the USAF on December 31, 2004. The e-mails reference a trip Moseley and his wife were to make to [REDACTED] house, and the e-mails reflect Hornburg and [REDACTED] (and their wives) were also present for that visit. On July 20, 2005, Moseley e-mailed Hornburg, "Brother Hal...I loved the visit. I've engaged with a couple other guys around here to hopefully get a better response to the idea of public media outreach." All of the e-mails are referenced in a separate DCIS report (Exhibits 3, and 43).

690. February 24, 2005

From: [REDACTED] [mailto:heritageflight@earthlink.net]

Sent: Thursday, February 24, 2005 8:09 PM

To: Moseley Michael Gen AF/CV

Subject: Re: Fights On!

Buzz....

Met with LM.... (Marv) very good meeting. We are off to Texas for the next round with LM. We should talk. We are on the verge of history here.... no kidding.

In LA editing Thunderbird stuff. On the cell 24X7...

610 577 [REDACTED]

691. February 25, 2005

General Moseley responded to [REDACTED]

[REDACTED] I'll try to make contact today at first opportunity.

692. March 15, 2005

[REDACTED] sent an e-mail to General Moseley and Lt General Stephen Wood. [REDACTED] wrote, "Yo! Here is what the Thundervision test looked like at Nellis. Looked great and sounded awesome...the earth rumbled! Buzz...I sent you a DVD copy of the promo yesterday by fedx...you should have it today. Woody...I'm sending you out a couple of DVD's today for delivery tomorrow.

My partner and I are going to LM tomorrow in Ft. Worth for our second meeting.

The Lord's work continues...God Bless the Air Force! Cheers [REDACTED]

693. March 22, 2005

General Moseley e-mailed [REDACTED] and General Wood: [REDACTED] I got the DVD. Way good! And, thanks again for making all of this the world class effort it's turned out to be. Y'all are awesome!

Thanks again.”

694. April 13, 2005 (4:51:PM)

General Moseley e-mailed Major General Stephen Lorenz, SAF/FMB
& LT Gen William Fraser, Acting ACC Commander

Subject: \$8.5 million for ACC (Thunderbird Season Outreach)

“Steve and Will

...after talking to Goldy and the CSAF about the new approach to the Thunderbird season...we need to go ahead and move the \$8.5 million to ACC to cover the 05 Season. We'll have to work with ACC to ensure all understand their budget will cover the 06 season with a figure of \$9.5m. We'll also have to get ACC to work with Goldy to close down the contract piece the right way. It's better for the MAHCOM [*sic*] to deal with that part so there is only one contracting crew chief...so, the HAF is out of that part. After you've had a chance to look at the options for getting the money to Will...holler and we'll transfer the Tbird money. Thanks Dudes.”

695. June 24, 2005

From: [REDACTED] [mailto:[REDACTED]@earthlink.net]

Sent: Friday, June 24, 2005 11:46 AM

To: Moseley Michael Gen AF/CV

Subject: Relaxation

Buzz

Looking forward to seeing you and your wife on Friday July 1. I've sent address info to your office. Let me know what time you think you'll arrive.

It is a total blue jean weekend... so come ready to relax. Give me a call if you need anything.

Cheers

[REDACTED] House number 610 353 [REDACTED] Cell 610 577 [REDACTED] Office 610 353 [REDACTED]

696. June 24, 2005

From: Moseley Michael Gen AF/CV

Sent: Friday, June 24, 2005 3:59 PM

To: [REDACTED]

Subject: RE: Relaxation

Moseley wrote,

“[REDACTED] thanks for the note. You can't imagine how we're looking forward to seeing you guys and enjoying a bit 'o down time with friends. I'll holler when I know more about getting out of Wash. We can't wait. Thanks again for the offer my friend!”

697. July 1, 2005:

E-mail from [REDACTED]@pentagon.af.mil to General Moseley.

The subject line read, “Directions to [REDACTED]. The e-mail contents are detailed directions from [REDACTED] to [REDACTED]; [REDACTED] home address.”

698. July 4, 2005

January 30, 2008

General Moseley sent an e-mail to [REDACTED] regarding Moseley's upcoming trip to Alaska and mailing addresses for The [REDACTED] Hornburgs, and [REDACTED]. Moseley wrote, "[REDACTED]...my overall hunting/fishing license is still good. I do believe I need a "King" tag. And, I think I can get a day or week tag. I'll deal with that when we get there. Another trip to Sportman's Warehouse can't hurt anyone and I might find yet more items that [REDACTED] & I can't live without. Chewy...I'm thinking I should go in Tues morning for a bit. Let's get the car to pick me up at 0630...and, I'll go into the office, do some work, grab the note cards/letterhead stuff...and go from there. I [sic] If you get a chance...holler and let's chat about this one. And, for [REDACTED] I need the right spelled names and mailing addresses of the Hornburgs (Hal & [REDACTED] ?), the [REDACTED] ([REDACTED] & [REDACTED] ?) and [REDACTED] partner & lawyer [REDACTED] & his wife ?). And, I'd like [REDACTED] phone number so I can chat with him about a couple of things from the plane."

699. July 19, 2005

Hornburg e-mailed Moseley regarding the replacement of a retiring USAF officer [REDACTED] ([REDACTED]) and added, "Hope you are fine. Thanks a ton for the books. I called in yesterday but you were with your BRAC friends across the river. Best to you, Hal"

700. July 20, 2005

Moseley responded to Hornburg,
"Brother Hal...I loved the visit.

I've engaged with a couple other guys around here to hopefully get a better response to the idea of public media outreach. We'll see. And I hope you enjoy the books. I loved every page – especially the discussion of "Mars" Robert at Gettysburg... Y'all take care my friend"

701. August 1, 2005

[REDACTED] wrote to Moseley,

"Here is a quick video of Jimmy and I at DUX in the C and D model Mustangs. Cheers [REDACTED]"

702. August 2, 2005

General Moseley responded to [REDACTED] by e-mail,

"Way...way cool. I had a long chat today with the Air Force Association bubbas about some future work they can help the Air Force with. ...Hope y'all are well.

Give [REDACTED] a hug from [REDACTED]

Take care my friend."

703. August 9, 2005

From: [REDACTED] [mailto:[REDACTED]@strategicmessagesolutions.com]

Sent: Tuesday, August 09, 2005 4:53 PM

To: Moseley Michael Gen AF/CV

Subject: Mustang shots

Yo!

[REDACTED] Lauderback and I flew his two Mustangs with fellow Heritage pilot [REDACTED] who was flying "Glacier Girl" (the P38 that was buried under 200 feet of ice).

Cheers [REDACTED]

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704. August 9, 2005

Moseley replied to [REDACTED]

Dude...way, way cool! I love those shots.

Are y'all going to be able to come to the ceremony on 2 Sep? I was told today there will be a Heritage Flt flyby! Will that be you Dude?

What an honor for the new CSAF! I'm just now finding out what the plan is for the event. The new guy is always the last to know...

Thanks again for the pics. Looking forward to seeing you my friend.

We do have some work ahead... Take care Bro

705. August 9, 2005

From: [REDACTED] [mailto:[REDACTED]@strategicmessagesolutions.com]

Sent: Tuesday, August 09, 2005 9:57 PM

To: Moseley Michael Gen AF/CV

Subject: Re: Mustang shots

Yo Yo,

I'm working the schedule for getting to the change of command... ACC is working HF issues. As far as work goes... let me know when and how I can help... I'm always there for you.

I've finished your movie and sent it to your house... it's rather different... let me know what you think. It will be there tomorrow.

706. August 10, 2005

Moseley e-mailed [REDACTED]

"Thanks Bro...the pace is beginning to pick up around here. Starting next Mon...Chief Jumper is on leave for keeps...and, I now engage 100% of the time on BRAC, QDR, rebuilding the world's finest Air Force, recapitalization/acquisition, getting the Congress to like us again & fighting this global war we're in the middle of! As I merge with these folks...it's way good to have you on the wing, up sun, wing tanks gone, with 6 armed .50 cal's & a bucket full of energy!!! What an absolute hoot it must have been to rage across Europe with a pack of immortal 20 year-olds - all riding Mustangs!!!

I'm overhead the heartland right now...enroute to Nellis for a meeting with my Royal Saudi Air Force brothers then RTB this afternoon. Watching small towns, cities, farms & America slide by does give me strength in all this and re-enforces why I signed on for this extended cattle drive in the first place! Then [REDACTED] & I are off to S.C. for 2 days...then back on Sun. If you're around early next week...I'd like to run an idea or two by you to see how you react! I'm still wrestling with the brand ideas and how to think through the options. You're a huge help. Take care"

707. August 10, 2005

[REDACTED] e-mailed Moseley,

"Just found out [REDACTED] is leading the HF on September 2 with his Mustang...I believe it's a four ship with an A-10, 16 and 15 in the package. I hope [REDACTED] can find the target...he's almost deaf and completely color blind. I will pray for you. [REDACTED]"

708. August 10, 2005

Moseley responded to [REDACTED]
 “Dude...I’m thinking the Mustang has a lot of gas...and, it’s a big airfield. Given enough time I’m thinking [REDACTED] can find it. Looking forward to seeing you guys.”

709. August 22, 2005

Hornburg e-mailed Moseley

“Dude, I’ve been on your call list for two weeks, so I know you must be swamped. When you come up for air I need you to call me...it’s about wily white tailed deer. I need to know if you no-kidding want to come, and do you think you can shake all the ‘other stuff’ and commit to some dates. I’m about to get with some ranch folks and they are going to ask me what are our good dates. I want to nail them right up front, so give me a ring when you can. Hal.”

710. August 22, 2005

Moseley responded to Hornburg,

“Brother Hal...I’ll try to make contact this morning...”

711. August 26, 2005

[REDACTED] e-mailed Moseley,

“Yo Did you get the video I made for you sent it to your house a couple weeks ago...Just want to make sure it got there...”

712. August 26, 2005

Moseley responded to [REDACTED]

“...I did get the video my friends and my plan is to lock myself up Mon morn and watch it...I can’t thank you enough for your friendship, thinking of me with the video and for the chance to share a few thoughts and activities to make our AF a better place...looking forward to seeing you guys. Fly safe my friend.”

713. September 1, 2005

From: Hal Hornburg [mailto:[REDACTED].us]

Sent: Thursday, September 01, 2005 9:45 AM

To: Moseley Michael Gen AF/CV

Subject: Last Day/First Day

Dude,

Here’s a thought for you. When you go to bed tonight, the sun will have set on terrible human tragedy in the south, a dubious and splintered American public regarding the war, escalating fuel costs which will affect your O&M, public embarrassment over senior officers with whispers of more to come, new problems arising at the AFA, terrorists on the outside and obstructionists on the inside. Tomorrow, when the sun rises, all these will still exist, plus others which don’t exist today.

The main difference is that you can and will make THE difference and BE the difference. I know you don’t suffer from lack of confidence, but remember that you’re the same guy who was my right arm at ACC, a wonderful Vice Chief, and THE RIGHT man to be Chief. Our airmen will muster for you like no other. Just remain grounded in the truth and always use the touch stone, “do the right thing”. Screw the rest of ‘em if they don’t see it that way. You are a compassionate, caring, nurturing man.....you’re also a red meat eating, ass kicking, take-no-prisoners cyclone.

The USAF needs you, so help them get their gyros caged to true north, mount 'em up and march 'em out.

Let me know how I can help.

Best to you and [REDACTED]

714. September 3, 2005

Moseley responded to Hornburg,

“Brother Hal...what a note! It brings tears to my eyes. I can't thank you enough for the friendship, the mentoring, the confidence and the offering that I can always 'call.' It was a comfort to see you even though we didn't get much time to catch up. I do feel a bit different this morning...after the session yesterday. I'm ready to give all this a shot and I'm prone to not flinch on this stuff. I woke up a few times last night thinking of the job and the sacrifices I'm asking of [REDACTED] and the family. I've concluded...if we're not going to get to Texas for a while...I'll make this "at least worth it for the USAF." Thanks for the real estate stuff too. I hope y'all had a good trip home my friend. I'll holler early Tues to check in. Thanks again for thinking of me and offering a shoulder!!! Buzz”

715. September 22, 2005

General Moseley e-mailed [REDACTED]

“Dude...I've talked to lawyers about your idea and I've talked to contracting bubbas about getting on with planned good ideas and I've got a way huge notion of building a better strategic communication effort. There is a lot 'o [REDACTED] in this one. I want to chat with you about all this to see what you think. Thanks again for the note & the pics. YOU ARE THE MAN. I've watched the movie multiple times. It's huge and it helps. But, I want to save the comments until we can talk. Thanks my friend.”

716. September 27, 2005: (6:23 PM)

[REDACTED] (AF/CC) e-mailed Moseley with the Subject Line Reading, “Texas A&M.”

[REDACTED] wrote, “Sir, I just confirmed that Gen Hornburg WILL attend any event that may occur on Friday evening. He will also attend your induction ceremony on Saturday morning as well as the game (has tickets)...here are the questions you wanted to remind you to talk to Gen Hornburg about:

1. [REDACTED] wants to host a cocktail party...Do you think this may be something you'll want to attend?
2. You have one extra ticket for someone to sit next to you in the Board of regents Box on game day. Suggest Gen Hornburg, Gen Ashley, or [REDACTED]...

You also want to talk to me about buying a t-shirt...”

717. September 28, 2005: (7:29 AM)

Moseley responded, “...I need to talk to Hal today about a couple things...but, we need to get this one square with my bubbas first. Thanks.”

718. September 28, 2005: (3:49 PM)

Moseley e-mailed Hornburg,

“Brother Hal...As it looks now...I get there mid-afternoon – so maybe we can get together and grab something to eat later in the afternoon...I've also asked about getting us tickets in the same

place. [REDACTED] is working on that right now..."

719. September 28, 2005: (5:15 PM)

Hornburg e-mailed Moseley,

"...Why don't we plan for an early evening dinner...maybe just grab some BBQ and a cold beer...have [REDACTED] call me with the details...Look forward to seeing you, Dude. Lots going on. Hal."

720. September 28, 2005: (6:39 PM)

General Moseley responded, "Hal...I'll try to call and I'll ask [REDACTED] to engage so we don't miss a thing..."

721. October 3, 2005

[REDACTED] Executive Assistant to the Chief of Staff, e-mailed General Moseley,

"We received a call from General Hornburg reference a possible hunting trip in December. The dates General Hornburg passed for the beginning of the month do not work with your calendar. However he did pass 19-22-December as possible dates. If you like, we could block 18-26 December as leave for you and [REDACTED] to travel to Texas. ...May we confirm the dates with General Hornburg and block the calendar??"

722. October 3, 2005

Moseley responded, "[REDACTED] oh yea, lets block 18-26 for leave. Thanks,"

723. October 6, 2005

[REDACTED] e-mailed Moseley,

"Yo Yo... I'd love to have you come to Philly for a creative break... great time for bonfires in the court yard. There is something about making plans while watching sparks climb to the stars. I know your schedule is a bear...so I can make it work here there or anywhere for you. There is much to talk about...and even more to do. I'm fired up. Lets bend some dates. [REDACTED]."

724. October 8, 2005

Moseley responded to [REDACTED]
"I'm on it Dude...we'll holler"

725. October 17, 2005

[REDACTED], Civ/AF/CC, e-mailed General Moseley:

"General Hornburg just called and mentioned he and Mrs. Hornburg having dinner w/ you and [REDACTED] this Sunday evening (23 Oct). He asked me to find out your time preference and also restaurant choice. Do you want them to come by Air House at 18:00?"

726. October 17, 2005

General Moseley responded to [REDACTED] "Thanks [REDACTED]...we had said OK a while back to this one. I'm thinking around 1800 is perfect..."

727. October 24, 2005

General Moseley responded to [REDACTED] [REDACTED] October 22, 2005, e-mail in which [REDACTED] e-mailed an aircraft video to Moseley. Moseley wrote, “[REDACTED] this is ‘way cool...’ [REDACTED] and I had dinner last night with Brother Hal and [REDACTED]. And had a less good day last week...broke out the [REDACTED] Movie and felt much better. Looking forward to seeing you guys. Cheers, Buzz”

728. October 30, 2005

Hornburg e-mailed Moseley,

The subject line read, “Hunting.”

Hornburg wrote, “I went out to the ranch today to pop some quail...my first visit. We’ll probably come out with both deer and turkey. At least we’ll have the chance for it. Buster has lots of guns and ammo, so if you don’t want to lug your stuff, no sweat. We’ll talk ‘tween now and then...”

729. November 6, 2005

Hornburg e-mailed Moseley,

“Bro Buzz, can you confirm the dates you can hunt...”

730. November 10, 2005

Moseley responded, “Hal...good to hear from you Dude...Let me get with [REDACTED] to see what they have planned...”

731. November 17, 2005

[REDACTED] e-mailed Moseley and the Subject Line read, “Your Daughter.”

[REDACTED] wrote,

“Was at the Stuart Florida air show where I got a chance t meet your daughter. I took a quick video of her as she watched Deuce do his last air show demo for the Air Force. She’s a great girl. Cheers [REDACTED] The e-mail has an attachment listed, “file: [REDACTED]”

732. November 18, 2005

Moseley responded,

“Big [REDACTED] where are you Dude?”

Is there a window to have a chat sometime today?

Thanks for sending the pics of my baby girl.

She coming to visit in a week or so...Thanks my friend...”

733. November 19, 2005

General Moseley e-mailed [REDACTED]

Moseley wrote,” Big [REDACTED] do y’all take or fly a 2 seat Mustang during the UK air shows? And, do y’all let folks fly in the a/c with you?”

I’m asking because a friend of mine that’s an active duty RAF senior guy (that used to command their battle of Britain memorial Flight) would like a ride in the mustang if it’s possible. When he commanded the Battle of Britain operation he flew Spitfires, Hurricanes & the Lancaster. He was with us in the Desert. Another nice touch is his wife is a descendent of RFC WWI flying ace – Albert ball! Neat folks,”

734. November 19, 2005

[REDACTED] responded to Moseley,

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“Yo Buzz, ... We can make anything happen you'd like... just let me know when and where and you can consider it done... Your UK buddy and his wife might really enjoy coming over for the Heritage Flight training conference at DM AFB... They could ride with the Warbirds and jets...”

735. November 22, 2005

Moseley responded to [REDACTED]
 [REDACTED] thanks for the note. [REDACTED] is world class and has as much time in Spits and Hurricanes as anyone alive right now. He's a hoot... I enjoyed talking to you my friend. You've helped me big time.”

736. November 19, 2005

General Moseley, e-mailed BrigGen Lessel and COL Michelle Johnson, with cc to others. Moseley wrote,

“Erv and Michelle... please get with the front office at ACC and get the details on the ongoing effort to take the Thunderbirds presentation to the 21st century... And, I understand through all the good work of the ACC Contracting folks... we're down to one company. So I'd like to see all this and work my way through how to include this opportunity in my new comm initiative & how much it costs & how to pay for it. I don't know what I don't know... but, I like the idea of using the Thunderbird show season and presence and a new approach to media presentation as a vehicle to be more aggressive in telling the AF story. So round it all up and let's chat. Thanks.”

737. December 6, 2005

From: Moseley Michael Gen AF/CC

Sent: Tuesday, December 06, 2005 8:05 AM

To: Keys Ronald E Gen ACC/CC; Corley John Gen AF/CV; Lichte Arthur Lt Gen AF/CVA

Cc: Goldfein Stephen M MajGen USAFWC/CC; Rew William J BrigGen 57 WG/CC; [REDACTED] AF/CC; [REDACTED] HAF/CX; Darnell Daniel Maj Gen SAF/LL; Faykes Frank Maj Gen SAF/FMB; Lessel Erwin F III Brig Gen HQ AFMC/A5; Johnson Michelle Col SAF/PA

Subject: Overall Investment in Thunderbirds

Ron, I'd like y'all to round up some data for me on the Thunderbirds. In a previous life, I knew all these answers... but, I'm older and the cost of things have changed. I'm working the Strategic Communications piece and this data will help me big time on the 3rd floor with a few ongoing issues. Here's what I'm looking for as soon as we can put this together:

- Thunderbird hanger/flight line facility; square feet __, total investment in \$\$ __
 - Thunderbird ground equipment; total investment in \$\$ __
 - Thunderbird comm gear (broken out from ground equipment line) in \$\$ __
 - number of Blk 32s & total investment in the jets in \$\$ __
 - number of people on team, by grade, by milpers investment by current year in \$\$ __
 - O&M/flying hour budget for training & show season by current year in \$\$ __
 - Team travel money (TDY accounts) for the entire year for all trips, shows, conferences, etc in \$\$
 - Thunderbird PA budget line (graphics, literature, handouts, pictures etc) by current year in \$\$ __
- And anything else I've missed to capture TOTAL investment in ops for our jet demo team. I'm looking for a Thunderbird 'bottom line' of \$ __ that covers all investment money, personal

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January 30, 2008

costs, operating costs, facility costs, etc. I'd also like a line on what's fixed investment (a/c, facilities, ground equipment, comm. Gear, traveling containers, etc) & what's operating investment (flying hours, milpers, TDY, graphics, PA work, etc). I'll also ask [REDACTED] to cross reference his end from FM. Thanks for a quick reply. Cheers, Buzz."

738. December 16, 2005

[REDACTED] e-mailed General Moseley w/ Subject Line: "Yo."
[REDACTED] wrote, "Thanks for the call...Looking forward to seeing you in D.C. It's only cat naps until the acceptance show...Until then"

739. December 16, 2005

Moseley responded to [REDACTED] "YOU THE MAN..."

740. December 27, 2005

From: Johnson Michelle D Col SAF/PA
To: [REDACTED] [REDACTED] E Civ ACC/A7K
CC: [REDACTED] [REDACTED] ACC/A7K; Lessel Erwin F III Brig Gen SAF/CM
Sent: Tue Dec 27 10:49:03 2005
Subject: RE: Meeting Schedule/Agenda

[REDACTED]
Thanks again for all your help in getting the contract on track and for the smooth handoff. BrigGen Lessel and I will be meeting with [REDACTED] on the 29th. We don't really see a role for ACC A7 in this meeting. The topic for discussion will be subject matter--AF messages. However, we would appreciate hearing your insights or concerns about the process. Happy Holidays! Mdj

741. December 27, 2005

From: [REDACTED] [REDACTED] ACC/A7K
Sent: Tuesday, December 27, 2005 11:21 AM
To: Johnson Michelle Col SAF/PA; [REDACTED] [REDACTED] E Civ ACC/A7K
Cc: Lessel Erwin F III Brig Gen SAF/CM
Subject: Re: Meeting Schedule/Agenda

Michelle,
As long as you are sticking to program content and AF message guidance, I think we are OK. If SMS tries to evolve the discussion into other areas, we could get outside the scope of the original program. We need to ensure the integrity of the acquisition process by staying within the scope of the program, especially with a potential protest hanging over our heads. The meeting needs to focus on technical program guidance only. I can attend your meeting for contracting back up or be available by phone should the need arise.

742. December 28, 2005

General Lessel e-mailed [REDACTED] [REDACTED] Lessel wrote,
[REDACTED] For all, tomorrow's meeting is to get [REDACTED] up to speed on where we're headed

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with AF themes and messages and the AF Story. We won't get into discussions of how SMS will meet the task, just give [REDACTED] exposure to the "big picture" and where Gen Moseley wants to head."

743. December 28, 2005

[REDACTED] responded to Lessel

"Gen Lessel, From the ACC perspective, I have a meeting scheduled next week with Gen Fraser to get a feel for how much PA work we need to do in support of the A3O. To be honest, Moses is a pain in the arse. He thinks the T-birds, demo teams and Heritage Flight folks are the only AF/ACC story that needs to be told. I am constantly pushing back against him on how best to use COMACC's PA resources. From experience, I will tell you Mr [REDACTED] will come to the meeting with his own ideas on what is best for the AF from a strat comm. perspective. He will also name drop at every opportunity. Good luck and give'em hell for me! :-)"

744. December 28, 2005

[REDACTED] ACC, PA, e-mailed [REDACTED] Scheduling and Aerial Events Division,

"Moses, Gen Lessel, SAF/CM, meets with Mr [REDACTED] tomorrow.

While I do not know specifically what they will talk about, I know Gen Lessel is getting his guidance from CSAF and that guidance tends to be big picture AF.

In other words, let's use this medium to tell the entire AF story, not just T-birds.

Where the ACC demos and HF fit into CSAF's and SAF/CM's overall approach, I cannot say. If I hear anything, I'll let you know."

745. December 29, 2005

Col Johnson e-mailed Dick Anderegg, "SES AF/HO.

Johnson wrote,

"I'd like to share the gist of this morning's meeting for your SA:

- The Chief is ready to use the Thunderbirds' shows in a slightly different way: since they draw a crowd for the show, let's take the opportunity to use this medium to tell a bigger story-AF heritage, the AF Story, What the AF does for the USA--creativity is the name of the game
- We'll use the 2006 Thunderbird show season to build up lessons learned on how to communicate the "fever" for the AF and for aviation
- MajGen Goldfein articulated a philosophy of greater engagement with communities, e.g. schools, during the week of a Thunderbirds show
- Link to overseas airmen: we'll seek video clips of deployed airmen to play for their hometowns per Thunderbird schedule
- The Chief also wants to better link Thunderbirds shows (and scheduling) with Recruiting
- He said he would engage with AETC CC
- We need a constant set of AF messages, especially heritage....not MAJCOM unique
- Chief's intent: "less slick" advertising approach; more mission grit
- Mr. [REDACTED] of Strategic Message Solutions is the Contractor
- Our charter is to offer [REDACTED] maximum access--we're on an aggressive timeline to be ready for the Acceptance Show on 16 Mar
- SAF PA will coordinate on requirements, e.g. HO archives, etc

- Today's list included: all AF commercials, plus archival video footage, and Raptor footage

- [REDACTED] will be our SAF PA "Sherpa" in coord with out-going Thunderbird #8, [REDACTED] for this effort

Sorry we missed you in the building today; MajGen Goldfein wanted to stop by and introduce [REDACTED] We'll certainly do all we can in SAF PA to keep us all on the same sheet as we take on an aggressive timeline to the Acceptance Show on 16 Mar. Have a Happy New Year! v/r Michelle”

746. December 29, 2005

Col. Michelle Johnson, Director of Air Force Public Affairs, wrote a two paged e-mail which reads,

“Teammates, this morning the Chief met with Lt Gen Lichte, MajGen Goldfein, Mr. [REDACTED] BrigGen Lessel and me to outline his vision for this initiative for the Thunderbirds shows. The gist; the Chief is ready to use the Thunderbirds’ shows in a slightly different way...lets take the opportunity to use the medium to tell a bigger story – AF Heritage, the AF Story, what the AF does for the USA – creativity is the name of the game...Mr. [REDACTED] of SMS is the contractor. Our charter is to offer [REDACTED] maximum access—we’re in an aggressive timeline to be ready for the Acceptance Show on 16 Mar...” The e-mail goes on to inform USAF personnel their responsibilities including pulling archived video footage.

747. December 29, 2005

MajGen Stephen Goldfein, e-mailed LtGen William Fraser, Vice-Chief ACC with the Subject Line reading: “CSAF meeting.” Goldfein wrote,

“Sir, meeting with chief this morning went well. Players were [REDACTED] gen lichte, erv lessel and michelle johnson. Chief articulated his intent for strategic comms using several ‘pillars’ to tell America about our air force. Pillars included: senior statesmen, congressional members and staff, chiefs flight, civic leader advisor group and thunderbirds. He gave themes and strategic messages and asked erv and michelle to provide whatever [REDACTED] needs to prepare the content. He supports our intent to merge the aetc and understands we are working toward a meeting at Randolph. He indicated he wants to take a different approach with recruiting and our commercials. He supports the notion of using the mar 16th acceptance show as a venue to review the ‘whole package’ and I sense his interest in attending at nellis...He realizes there are only about 75 days to put the program together. Next week while he’s in the aor he will film a testimonial for the production and his staff will work to interview airmen in combat to fit in to the production. [REDACTED] was paired up with michelle johnson by the chief to be his poc and they had a follow up meeting to discuss details. They both know what they must do now. Our next step is to close with aetc and then assist the contractor with content development within the thunderbirds....”

748. January 6, 2006

General Ervin Lessel e-mailed General Moseley,

“Chief, this afternoon I attended a TAPS meeting with General Looney, Gen Hornburg, MajGen Goldfein, [REDACTED] and BrigGen Remkes at Randolph AFB.

The meeting went very well with everyone understanding your vision and intent and in complete agreement about integrating recruiting efforts with TAPS and the Thunderbird program...

b(6)
b(7)(C)

January 30, 2008

Gen Hornburg and [REDACTED] invited Michelle and I to visit their facility in California, which we will do soon to view their production capabilities and progress, as well as visit our LA offices...Finally, while brainstorming ideas for a national movie to support the 60th Anniversary celebration, [REDACTED] came up with the idea of a Steven Spielberg/Tom Hanks movie like Apollo 13 and saving Private Ryan that is based on the Doolittle Raiders..With your approval we'll start pitching this project to Hollywood."

749. January 7, 2006

General Moseley responded to General Lessel's January 6th e-mail and sent cc copies to numerous personnel including the Vice Chief of Staff, General John Corley, Moseley wrote,

"Erv...YOU THE MAN. This is exciting stuff. With your & Michelle's work...we'll get the USAF back where it belongs. Thanks for the work and attention to detail on this piece. I'm satisfied we've done this right and kept it all clean & I still believe this is doable with a lot less money than some folks believe. And, I'm thinking we can learn from the civilian pros on advertising, branding, marketing and outreach to make this all "money neutral" for the USAF. I'm interested in what you and Michelle think about that option. Wouldn't it be nice to have others pay for our outreach program - that could continue to grow as we deem appropriate. And, do we want to change the name of this work from TAPS to something else? We have a TAPS program that is something completely different. My notion is not to confuse folks with names and/or functions. Did that come up? When y'all get a chance think about this part. And, I'm very interested in our recruiting efforts and my guidance will be to fully integrate all this in your world. I've been less happy with some of the media work & previous recruiting themes. So, y'all jump this and get us into a warfighting mindset and capitalize on the love this country has for the USAF, what we do, our history, our people, our future, aviation, space, exciting things and hard work. That's us isn't it?

AND, what a home run it would be to roll a movie out on the Doolittle Raiders. Their last get together will be in Apr at WPAFB. All the goblets and the brandy have been moved from the USAFA to the museum. And, if I remember right there is only 5 or 6 of them left. I plan to be there every minute with those Airmen! We need to look at making this a big deal and capture all we can from these great Americans. AND, wow...what a huge deal it would be to parallel Saving Pvt Ryan & Apollo 13. There is so much here for a good movie. Let's do it!!!! I bet there are other opportunities out there too. And, I bet the movie folks would love some good "flying & fighting" stuff! Let's do it. Had a great session with the Center for American Progress yesterday. Had a long chat about Air & Space Power, joint/coalition interdependence, human capital & recap/modernization! I'll give y'all a full debrief when we can get together. Keep up the good work. Y'all are awesome! One last item...you and Michelle put something together that explains the new organization, what you guys are doing and the efforts to date. I'd like both of you to give a "Huntley & Brinkley" presentation to the Senior Statesmen and Leadership Forum. I believe they would benefit. And, we could benefit from their suggestions, observations, etc. Thanks guys"

750. January 11, 2006

Major General Jack Rives, USAF Judge Advocate, e-mailed General Moseley Rives wrote to Moseley,

"Chief -- Several members of my staff and I met with Erv and Michelle this afternoon.

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We considered options for possible corporate sponsorships of the new Thunderbird demonstration contract.

Bottom line: We need specific fiscal authorization to do something like this, and we currently do not have it.

The DoD and implementing AF guidance on commercial sponsorship reflect current statutory restrictions and limit the use of sponsorships to pay for MWR programs only. Using commercial sponsors to pay for non-MWR programs and activities is specifically prohibited under current guidance.

Thunderbird demonstrations are part of the AF mission and must be funded with appropriated funds. To fix this and enable corporate sponsorships for flight demonstrations, we need a legislative change. We can work with Erv's folks and explore proposals with the other Services and DoD. The Blue Angels and Golden Knights (among others?) could also benefit from such a change. Please advise if you'd like more details or want us to work for new legislative authority. V/R, Jack"

751. January 13, 2006

General Moseley responded to General Rives,

"Thanks Jack...I guess I don't know all I need to know on this one. I'd like to chat about options here. There's opportunities out there that will make this revenue neutral. And, the other initiatives that we talked about yesterday will benefit from "help." Let's lay out the path ahead to get at some of this. Thanks again."

Account of LORENZ

752. On October 25, 2007, telephonic contact was made with LtGen Stephen R. Lorenz (Exhibit 92). Lorenz stated that from September 2001 through September 2005, he served as the Deputy Assistant Secretary for Budget, Office of the USAF for Financial Management and Comptroller, at the Pentagon. Lorenz worked for the Assistant Secretary of the Air Force for Financial Management and Comptroller, Headquarters U.S. Air Force (2001-2004, [REDACTED] & 2004-2005, [REDACTED] and managed the current year money for the USAF, which equated to approximately \$100 to \$110 billion. During that time, he had business interface with the USAF Vice-Chief of Staff and Chief of Staff.

753. General Lorenz was asked if there was an unexpected financial need for a project in April 2005, what he would have done to determine if the funds were available. Lorenz said that with a \$100 billion budget, he would deal in large "chunks" of money all the time. He moved money around between programs according to the more pressing needs. If a particular need became available, he would do the research to determine if the money was available to satisfy the need. Lorenz said that the process works from the "bottom up," meaning that the need arises at the worker level and is pushed up through the levels of management to the top. Lorenz said that the movement of money within its original appropriation was fine or as he stated "as long as the money was in the same color," you could move it. However, it was not acceptable to move money outside a category or "color" for which it was not intended. For example, money that was appropriated for training could not be used to purchase equipment.

754. General Lorenz was asked if he received a telephone call from General Moseley, or if he communicated with General Moseley on the phone, on or about April 13, 2005, regarding an

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inquiry or statement, about the availability of approximately \$8.5 million?

Lorenz stated he was in General Moseley's office many times during his assignment as the Deputy Assistant Secretary for Budget. He vaguely remembered speaking with General Moseley in Moseley's office about enhancing the USAF Thunderbirds show and whether there was money available to transfer to ACC to pay for the enhancement. Lorenz said when he first heard about the "Jumbotron" investigation, he recalled that the amount was a couple of million dollars and certainly not \$8.5 million. Lorenz said it was very possible that he may have received a call from General Moseley about the availability of funds for as much as \$8.5 million, but because phone calls such as that were everyday events/actions, he did not recall any specific phone call about the matter. General Moseley had called Lorenz "hundreds of times" about whether the USAF could fund one thing or another, so remembering the details of one particular phone call or conversation would be impossible. Lorenz said he does remember the discussion of big screen TVs, but at that time he did not know the term Jumbotron. Lorenz first heard that term after the investigation was underway. Lorenz said he may very well have received a direct phone call from General Moseley to discuss the Jumbotron funding, specifically; so he would not deny it happened; however, he does not remember it or the specific discussion.

755. General Lorenz was asked if on April 13, 2005, General Moseley wanted to inquire about the availability of \$8.5 million USAF funds for something new, would he have been in a position to answer or get an answer to his question? Lorenz answered, yes.

756. General Lorenz did not recall getting any specific phone call or instructions regarding the \$8.5 million; he stated that after doing the research to find out if money was available to fund a certain effort, whether for the Jumbotrons or any other need, Lorenz would have advised General Moseley about the availability and would have transferred money around as he instructed. This was common practice in Lorenz' job. Lorenz again stated that he could not remember any specific phone call from General Moseley, but that does not mean it did not happen. Also, Lorenz said he does not think he knows [REDACTED]

757. Lorenz was asked if General Moseley did not call him to inquire about the availability of approximately \$8.5 million, who would he have called to inquire about the availability of the funds on April 13, 2005? Lorenz answered, no one else.

758. Lorenz was asked if there was anyone else named "Lorenz," that General Moseley would have called to get an answer about the availability of \$8.5 million in USAF funds. Lorenz replied no (Exhibit 92).

759. Although previously described in this report, the following e-mail is described again because of its relevance to the communication with General Lorenz. On April 13, 2005, General Moseley e-mailed General Lorenz and [REDACTED], the Acting Commander of ACC. General Moseley wrote, "Steve and [REDACTED] ...after talking to Goldy and the CSAF about the new approach to the Thunderbird season...we need to go ahead and move the \$8.5 million to ACC to cover the 05 Season. We'll have to work with ACC to ensure all understand their budget will cover the 06 season with a figure of \$9.5m. We'll also have to get ACC to work with Goldy to close down the contract piece the right way. It's better for the MAHCOM [sic] to deal with that part so there is only one contracting crew

chief...so, the HAF is out of that part. After you've had a chance to look at the options for getting the money to [REDACTED]...holler and we'll transfer the Tbird money. Thanks Dudes" (Exhibits 3 and 43).

Account of [REDACTED]

760. On December 5, 2007, an interview was conducted of [REDACTED] (Exhibit 93). In [REDACTED] interview, she said some tasks were accomplished by USAF personnel were done to save the USAF money on the TAPS contract. (Please see TAPS contract Review Notes that follow the summary of the [REDACTED] interview.)

761. [REDACTED] stated she was assigned to the Pentagon from July 2005 to June 2007 in the Secretary of the Air Force Public Affairs Requirements (SAFPAR) office. From July 2005 to January 2006, [REDACTED] was a Public Affairs officer, meaning she handled questions/historical queries/media concerns for her boss, then Colonel, now Brigadier General Michelle Johnson.

762. On about January 9, 2006, after returning from leave, [REDACTED] learned that she would be loaned to another office and would be working the TAPS contract project. Colonel Johnson assigned [REDACTED] to work with [REDACTED] and get whatever information he needed to complete the project. [REDACTED] was immediately given a list of things to research such as video footage and historical items. In search of those items, [REDACTED] made contact with a historical agency at Wright Patterson Air Force Base, Dayton, OH, and the Defense Visual Information Center (DVIC).

763. From approximately January 9, 2006, until a stop work order was issued on the TAPS contract on February 1, 2006, she spent 90-100% of her time in support of [REDACTED] project. She was moved from the SAFPAN (Public Affairs) office to the SAFPAX office. [REDACTED] was unable to recall exactly what the acronym PAX stood for, but it generally related to the plans and programs office for public affairs. Research determined that SAF/PAX is Strategic Communication. Unofficially, [REDACTED] became known as the "sherpa" (supporter or pack mule - the one who carries the load) for [REDACTED] project.

764. [REDACTED] provided [REDACTED] a list of things he wanted to put in the new Thunderbirds show, such as particular video footage or pictures, ie. B-17s flying over land at sunset. [REDACTED] researched the archives in an attempt to find the items [REDACTED] wanted.

765. [REDACTED] was also assigned to work on the project. [REDACTED] was previously assigned to the SAFPAN (Public Affairs National Outreach Program) office before she was transferred to PAX to work with [REDACTED] on the TAPS project. [REDACTED] and [REDACTED] did the same job. They searched for items on [REDACTED] list, whether it was video footage, still photos, high resolution graphics, etc. One of the things that [REDACTED] specifically pointed out that she and [REDACTED] worked on was attempting to find out what current or former Generals' hometowns were located in the area that Thunderbirds air shows were scheduled for the upcoming year. Essentially, what [REDACTED] was looking for were Generals who could introduce the Thunderbirds show on the video.

766. [REDACTED] whom [REDACTED] referred to as "[REDACTED]," got a copy of [REDACTED] TAPS contract

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proposal towards the end of January. After reviewing the proposal, [REDACTED] and [REDACTED] thought it was wrong that three USAF officers ([REDACTED] and [REDACTED] [REDACTED]) were basically supporting the project full-time; doing what it appeared [REDACTED] company should be doing, as presented in the contract proposal.

767. [REDACTED] believed that according to what [REDACTED] wrote in his proposal, too many USAF resources were being used to assist [REDACTED] on the TAPS contract. [REDACTED] remembered thinking "he could do it on his own." [REDACTED] recalled that she and [REDACTED] questioned themselves as to "why are we doing this if it says he is going to do this?"

768. [REDACTED] said again she felt it was wrong that three full-time USAF officers were working the project basically full-time. [REDACTED] recalled she worked a segment called "Home Town Heroes." She attempted to find out the home towns of current and former Generals. [REDACTED] had heard of the "Fallen Heroes" segment, but had not gotten around to working on that. She had not heard of "A Day in the Life."

769. [REDACTED] was asked if USAF personnel were assigned to write scripts for testimonials. [REDACTED] responded "not officially." She said she was asked to give the Generals an idea of what to say but not verbatim scripts. With General Moseley, [REDACTED] let his Command Action Group (CAG) know what [REDACTED] was looking for. [REDACTED] elaborated as follows. What [REDACTED] wanted was for the videos to be dubbed, so it would appear that they were more personal in nature. For example, if the Thunderbirds Show was to be in Atlanta, GA, then [REDACTED] wanted to get a video of General Moseley saying something personal such as "Thank you, Atlanta." Then if the next stop would have been Nashville, TN, then [REDACTED] wanted to dub the video of General Moseley where he was saying the same thing except the town would be different. With there being 32 possible towns for the Thunderbirds Show to take place, that would mean General Moseley would have to record the video 32 different times. According to [REDACTED] General Moseley does not like being on video so there was little to no chance that he was going to do 32 different videos.

770. [REDACTED] had not gotten far enough along in her Home Town Heroes project to do anything with writing scripts for the Generals. [REDACTED] said she could only speak about the Home Town Heroes project, but for that project, the instructions to write scripts for testimonials came to her from [REDACTED] via [REDACTED]. [REDACTED] provided the following information because she wanted to explain how/why she and [REDACTED] received their orders/instructions/authorizations via [REDACTED] versus directly from [REDACTED] himself.

771. According to [REDACTED] [REDACTED] is a rude, obnoxious, overbearing man. He would often shout orders over the phone, threaten their ([REDACTED] and [REDACTED]) careers by saying he was "gonna talk to Buzz" (General Moseley), and hang up the phone on them. He was very demanding and demeaning to them. He would belittle them in an attempt to get his work done more quickly. [REDACTED] discussed this with [REDACTED] and thereafter, [REDACTED] would essentially "decipher" what it was [REDACTED] was trying to accomplish or get done. Also, [REDACTED] at some point, told [REDACTED] that she would not stand for his behavior and would not allow him to treat [REDACTED] the way he was doing. Later, [REDACTED] complained to [REDACTED] boss, Colonel Johnson, and told her that [REDACTED] had hung up the phone on him.

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772. ██████ said that ██████ gave her a list of the videos and pictures that he wanted. ██████ had started to accumulate those videos and pictures, but had not fully accomplished the task when the Stop Work order came in. Therefore, ██████ did not know if there were gaps or missing items on ██████ list. At that point in the process, ██████ had not instructed USAF personnel to shoot any new videos, nor did she believe that anyone else had given those instructions. ██████ said she was told to support ██████ project so that whatever he asked for, in her mind, she was authorized to produce or make happen.

773. ██████ was asked if USAF personnel did any of the filming of testimonials or if USAF studios were used to assist in ██████ requests. ██████ said yes, in relation to the Home Town Heroes aspect of the project, USAF personnel/studios were going to do some of the filming. ██████ related that initially there was talk that ██████ would be going to all the 4 star generals and taping them. ██████ would in turn charge the Government for those hours and costs.

774. At some point, in an effort to supposedly save the Air Force some money, the discussion changed from ██████ doing the traveling and work, to getting each base to accomplish the task of video taping the generals. Besides saving money, ██████ thought this would be a way to save time as well.

775. One of the reasons ██████ thought ██████ may have had such a bad attitude towards ██████ her was that he was under such a time constraint to get the project completed in time for the Thunderbirds Acceptance Show in March of 2006. With only a couple of months time, having the USAF bases do the filming was the quickest way to get the videos done. ██████ was not sure whose idea it was to have the bases support ██████ and do the filming. This concept was just in the discussion phase when the Stop Work order came in; so it had not been tasked out. ██████ had not yet talked to any base public affairs offices to initiate this task. Such a task would have gone through Colonel Johnson for tasking out the base public affairs offices.

776. During the interview, ██████ was informed that the TAPS contract specifically said that USAF facilities and equipment could not be used during the life of the contract. She was asked if that was ever mentioned by any of the USAF personnel she mentioned. ██████ did not remember thinking that she could not use USAF facilities and equipment. She stated that if she had known that, that would have changed how she operated, i.e., she would not have discussed using the USAF to do the Home Town Heroes videos.

777. ██████ and ██████ talked about using an Army Satellite called DVIC and getting real time video from CENTCOM. At the time of her interview, ██████ was not sure of what they were actually going to use this for. She said she would look through her computer to see if she had any e-mails related to the subject.

778. ██████ understanding was that ██████ was to support the project along with ██████ and her. ██████ was located at Nellis Air Force Base, so he basically "translated" what ██████ said he wanted into Air Force terminology so that ██████ and ██████ could

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best fulfill [REDACTED] expectations.

779. [REDACTED] spent about 40-50% of her time tracking down people who may have had archived USAF film, and determining what they had available in concert with [REDACTED] needs. She recalled speaking with a Lieutenant Colonel at Wright Patterson Air Force Base (WPAFB). She started tracking down the film/videos by sending a general e-mail to DVIC; then they assigned her a point of contact.

780. [REDACTED] related that the film was sent from the USAF to a company named Chainsaw in Santa Monica, CA. The film did not come to [REDACTED] at the Pentagon. It was sent directly from WPAFB and DVIC via Federal Express to Chainsaw. [REDACTED] thought that there were at least two shipments, one each from WPAFB and DVIC. There may have been more, but [REDACTED] was not sure. [REDACTED] did not know who paid for the shipping.

781. [REDACTED] said there was a lot of pressure from [REDACTED] to get the job done. He was not happy that [REDACTED] and [REDACTED] were not working on weekends in an effort to make the March 2006 deadline. [REDACTED] said Colonel Johnson wanted the job done, but Johnson did not pressure [REDACTED] any more on this project than others. [REDACTED] did not think the project could have been completed by March 2006, with all the taskings that [REDACTED] had asked for.

782. [REDACTED] did not think there was any way SMS could have completed the project without USAF help. She said that [REDACTED] had no idea where to start regarding the historical films/videos and photos. She only knew where to begin because of her past job assignments in public affairs.

783. [REDACTED] said she would estimate that she and [REDACTED] worked from January 9th to February 16 2006, putting in 50 hours per week with no leave, minus the weekends and holidays.

784. [REDACTED] stated the USAF had the capability to do this project themselves. After the Stop Work order came in, [REDACTED] did a bit of research and learned that a reserve unit at Hill Air Force Base did this sort of effort all the time. She found out when speaking with them that they had previously put together a presentation on their capability, but the project went nowhere. Instead, SMS was later awarded a contract to do the project.

785. [REDACTED] was asked if any of the other USAF personnel expressed displeasure about the work they were tasked to do. [REDACTED] stated that after looking at [REDACTED] contract proposal, [REDACTED] and [REDACTED] thought the USAF was doing work that [REDACTED] was expected to do under the contract. Also, although he never said anything, the civilian that [REDACTED] and [REDACTED] reported to, [REDACTED] was probably not too happy that they were taking up slots in his division yet not producing anything in support of it.

786. [REDACTED] was asked if she wrote any Memorandums for Records (MFRs) or similar documentation to protect herself in the event of a future inquiry. [REDACTED] indicated that she started an MFR, but she would again have to look at her computer records to see if she still had it. [REDACTED] and [REDACTED] talked about the project, and at one point [REDACTED] counseled [REDACTED] and told her to keep an MFR relative to the assignment and [REDACTED] discussions

with her.

787. [REDACTED] was asked why there were discussions about transferring the contract to Bolling AFB, Washington, D.C. [REDACTED] said that the contracting office for the Pentagon is not in the Pentagon; it is at Bolling AFB. According to [REDACTED] the contract was originally handled by the 99th CONS at NAFB; however, it did not have the capacity to support such a large dollar contract.

788. During [REDACTED] interview, she was read several e-mails and then asked to respond to them. The e-mails listed below are described in separate DCIS reports. The following questions were asked and responses provided:

789. On January 11, 2006, you responded to an e-mail from [REDACTED] -- got your excel sheet of deliverables but need further details on some/most of them. I didn't see a list of the 32 sites you mentioned by phone which will make some of the taskers more difficult to complete. Here are my questions for clarification:

- AF Internet/1-80 Contact: "SMS needs a primary contact can provide web/telephone based information for metrics". What is the background on this? What is needed because I don't understand what metrics you're talking about. What metrics?

- Historical footage: "Looking for historical footage contact, is there a central clearing house?" As you mentioned in the phone conversation, could you please send us the contact information for the Dayton folks who were slow-rolling? What footage is being requested? Historical footage could cover anything in the last 50ish years. You mentioned the Lafayette Escadrille and American Volunteer Group. Are those the only two pieces of historical footage needed? In what format? How much time should these pieces be? What action should be in the footage?

- Senior AF Leadership Videos: "What is the process/availability for senior AF officers to film testimonials." Are you looking for officers from the 32 air show locations (please send the 32 locations)? CFACC with CENTAF Airmen? JFACCs with their deployed Airmen? All senior officers or a specific list? What is the intent of their testimonial? Wording along lines of "America's Air Force is great and here's a demo team to show you some of the capability it brings to the nation" ?

- Fallen Hero Information: "List of Air Force/DOD members KIA and hometown information and official photos if able" Do you want all 2500 people who've died in OIF/OEF or the thousands since WWII? Only those with ties to the 32 sites (please send 32 sites)?

- Satellite Uplink Status: "Discussed at several meetings, is this an option and how does SMS go about getting the information?" With whom and where does SMS want to link? For what purpose? Is this for TV studio interviews with people in deployed locations? Is this during the actual air show?

- Hometown Airmen in Deployed Locations: "List of Airmen from the approved show schedule locations." Is SMS just looking for a list or video of those interested in participating in the program? What is the deadline for the video? What address and in what format is the video sent? Wording along lines of "Too bad I can't be there for this great air show demo; I'm deployed in support of the Global War on Terror."? We had discussed a month out deadline for each show location. Will need a list of those 32 sites. We can work with the PAs in the deployed locations to advertise this program is available to those interested. We cannot force Airmen to participate in such a program. I expect there will be interest.

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- AF General Officer hometowns: "Looking for General Officers from nearby location to air shows that we could possible film or run testimonials." How is this similar or different to the AF senior leader testimonials? Same wording?

Finally you mentioned on the phone about F-22A footage, but I don't see any details in the deliverables list. What footage is being requested? How long should the footage be? From the cockpit? From the ground? Wingman? Maintainers working on the plane too?

Once we have more details on what's required, [REDACTED] and I will work on getting the information requested. Thanks! [REDACTED]

790. Based on the previous e-mail communication, the RA asked [REDACTED] "is it accurate to say that you were reacting to and trying to accomplish the above because [REDACTED] asked for it?"

[REDACTED] responded that yes, she was reacting to and trying to accomplish what [REDACTED] was asking for. It was her understanding that [REDACTED] was getting his requests from [REDACTED]. She also recalled receiving an Excel spreadsheet from [REDACTED] with a list of things that were supposed to be delivered to SMS.

791. The following was posed to [REDACTED]. On January 13, 2006, several e-mail were sent regarding [REDACTED] submission of scripts. You sent one to [REDACTED] that said, "[REDACTED] We reviewed the Thunderbird scripts and graphics sent 30 Dec 05. Below are our suggestions and edits..." That e-mail was followed with one from you to [REDACTED] in which you wrote: "[REDACTED] - Just had a meeting with Col. Johnson. [REDACTED] called her because I slammed the phone down on him."... We've been directed to chalk his attitude up to artistic temperament..." Also, on January 13, 2006, you e-mailed [REDACTED], SAF/PAX, and elaborated on the rude manner consistently expressed by [REDACTED] and his refusal to even consider the USAF's proposed changes to scripts. You also noted that [REDACTED] also treated [REDACTED] very rudely. You wrote, "I refuse to allow anyone I work with to be treated in the manner that [REDACTED] has treated me..." The RA asked [REDACTED] to elaborate on this series of e-mails and what [REDACTED] was refusing to do?

792. [REDACTED] responded that [REDACTED] had made some factual errors in his scripts, and she pointed those errors out to him. He refused to make any changes to the scripts and told her it was not her job to edit or proof his work. The type of factual errors involved statistics such as the number of airman in the USAF, etc. [REDACTED] said she knew his scripts had those errors, as she was very familiar with the USAF statistics through her public affairs background.

793. [REDACTED] stated most of the changes involved statistics or things, such as using the Army slogan instead of the USAF slogan or not properly stating the USAF priorities.

794. The following was posed to [REDACTED]. On January 20, 2006, [REDACTED] Executive Officer, Director of Communications, Pentagon, responded to an earlier e-mail from you regarding welcome testimonials by the Chief of Staff, USAF, and possibly the Vice Chief of Staff. You wrote, "...words can be written by us; footage taken by us and sent to the production company. This means we can do this here in the studio if needed. Should the front office be the one to contact [REDACTED] about setting up the COMACC footage as well? Sounds like Gen Looney of AETC is planning to film a welcome for the San Antonio show too..." [REDACTED]

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responded, "[REDACTED], Please be the AO on this: -Write the script; Work the appropriate PAOs to get the CSAF, VCAF and CMSAF or however on the schedule; Book the studio in the appropriate places. If you need our help Col J can sign out a letter for you to present to the PAOs to grease the tracks...." The RA asked [REDACTED] asked what role [REDACTED] [REDACTED] played in this and why she was contacting her?

795. In response, [REDACTED] stated [REDACTED] is a public affairs officer by trade. [REDACTED] contacted her to get her help in understanding what the production company was looking for. Also, [REDACTED] had been at the Pentagon for a while and was also an executive officer to a two star general so she was familiar with the necessary procedures to get this task done.

796. Regarding the above e-mail, [REDACTED] was asked if writing words, taking footage, and using USAF studios was about testimonials. She said that was true and having testimonials from senior USAF leadership was part of the deliverables on [REDACTED] list. [REDACTED] asked for senior leadership videos. [REDACTED] having a public affairs background, knew the USAF had the capability to write scripts and shoot videos. No one, per se, told her to contact the USAF to do [REDACTED] work. [REDACTED] reiterated that had she known the contract was a turn-key operation, she would have approached things differently.

797. [REDACTED] was asked if [REDACTED] said to write the script, book the studios, and she would "grease the tracks" if you needed help. [REDACTED] stated that was incorrect. The "she" would have been Colonel Johnson, not [REDACTED]. In this situation, "grease the tracks" meant to make the base public affairs officers aware of the tasking. [REDACTED] noted that the USAF is very chain of command conscious. It would have been outside the chain of command for [REDACTED] to task the public affairs officers in the field; the tasking would have needed to come from Colonel Johnson. The scripts were never written. They were still in the discussion phase at the time of the Stop Work Order.

798. [REDACTED] was asked if it was correct to say that she was only following instructions when saying words could be written by USAF, video could be shot by USAF, and USAF facilities could be used. [REDACTED] said she wasn't given instructions. She was simply thinking that since the USAF had the capability to do the task, then they should do it. [REDACTED] felt as if the USAF could have gotten the task completed more quickly, i.e., the USAF could do 20 films at one time versus [REDACTED] going to 20 different places one at a time. [REDACTED] said that because of the time crunch, she was thinking of how best to get the task quickest.

799. [REDACTED] was asked the following: On January 24, 2006, [REDACTED] e-mailed you regarding your January 20, 2006, message which you asked, "[REDACTED] what type of words or messages are being requested in a CSAF/VCSAF/CMSAF message for the air show presentation?" [REDACTED] wrote, "As discussed this afternoon I think this is something that Gen Moseley is really going to need to generate. I think it can be as simple as one sentence in the morning or afternoon that he or [REDACTED] can send to us and then we will draft. The medium can be audio or video depending on the message. One of the major themes already in the Thundervision piece is the people in the Air Force, and getting him away from the desk/flag set in service dress and on location in desert BDU's is going to be very important. By "location" I don't mean a film crew with lighting, it is an aide or a camera operator with a small handheld

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camera as the chief is walking down the halls of the Pentagon, talking with some rescue crews, etc...Those are my ideas, lets brainstorm. I firmly believe we will be the team that makes America fall in love with the Air Force all over again. 51 days and counting....” It appears to the RA that [REDACTED] was being the creative mind for this effort on what to say, where to say it, how to record it, and where to record it. Is that true or not?

800. [REDACTED] said that statement is not true. Numerous times she, [REDACTED] and [REDACTED] brainstormed about this project. [REDACTED] is not a public affairs officer; he is a flyer. Regarding the e-mail, [REDACTED] was simply passing along or forwarding what [REDACTED] had sent to or told him. None of his idea was implemented.

801. [REDACTED] was advised that: On January 25, 2006, you e-mailed [REDACTED] about SMS traveling to San Antonio to film General Looney. You asked, “Is the AF expected to pay for the trip expenses as SMS travels for the general officer testimonials?” On January 30, 2006, you e-mailed [REDACTED] again, “[REDACTED] Anything yet on who will pay the travel expenses for Gen Looney’s trip? I should also ask if these expenses will be covered by the same player (USAF or SMS) as well as for the other generals if/when they volunteer to participate.” The RA asked what was the outcome of that?

802. [REDACTED] did not think that SMS went to San Antonio as the Stop Work order came out before the trip. [REDACTED] never got an answer as to who was paying for what. [REDACTED] did not think General Looney traveled to be filmed.

803. [REDACTED] was asked to elaborate on the communication she had with the Judge Advocate’s Office as follows: On January 26, 2006, you e-mailed Col Johnson, “Did you get my e-mail about the Lockheed Martin footage?...In light of JA’s recommendation, potential costs and current contractual circumstances, it does not seem worthwhile to pursue the contractor’s footage of the F-22.”

804. [REDACTED] responded that [REDACTED] wanted footage of the F-22 in flight. At the time of [REDACTED] request, there were no USAF squadrons she could contact which had footage of the new F-22. [REDACTED] and her co-workers researched how they could get any footage and came up with the idea of getting it from the contractor. After thinking about the idea of one contractor using something that belonged to another contractor, [REDACTED] decided to contact the Judge Advocate’s office for legal advice. The JA office recommended that she put SMS in direct contact with the F-22 contractor, Lockheed Martin.

805. The following was posed to [REDACTED] On January 27, 2006, [REDACTED] e-mailed you and [REDACTED] [REDACTED] Next segment [REDACTED] is starting to work is called "A Day in the Life." It is an attempt to display the people and the jobs people can have if they join. Where is the best source for that? This might be a point that is worth tapping the recruiting command to find out what areas they are really interested in pushing (i.e. nursing). This is a 4-5 min segment, so tape wise we are looking for 30-40 mins of tape depending on how much of the footage has been cut down. If I have heard it once I have heard it a million times "I need faces." In my mind it is faces of the SP guarding the front gate, faces of the combat controller on horseback or in a dune-buggy, faces of the nurses loading medical evacuation aircraft, faces of

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PA officers getting interviewed, and other jobs that are "cool" that people don't know we do. It can also be footage of AF people doing things together, working-out, in the dining hall, at social events, etc. Those are my ideas, let me know yours. As always...we need it as soon as possible. Thanks, [REDACTED] The RA advised that this was supposed to be a "turn-key" contract in which SMS' knowledge of the USAF was what got them a better rating than their competition. Was [REDACTED] actually deciding what was needed to tell the USAF story in "A Day in the Life?"

806. [REDACTED] stated "as you can tell it was not a turn-key contract." As far as the "A Day in the Life," [REDACTED] does not remember this directly. She thought [REDACTED] was again conveying what [REDACTED] wanted and was simply brainstorming some ideas.

807. The following was posed to [REDACTED] On January 30, 2006, [REDACTED] e-mailed Col Johnson and stated that [REDACTED] the Recruiting Squadron's Marketing Person, "...is dubbing the Cross Into the Blue and CITB Fighter Pilot footage and sending to Chainsaw." The RA asked [REDACTED] to explain and describe what dubbing was being done? According to [REDACTED] these two videos are videos used by USAF recruiters. [REDACTED] used "dubbing" in this situation to mean copying. They were simply copying the two videos and sending them to Chainsaw.

808. The RA presented the following to [REDACTED] On January 30, 2006, you sent the following e-mail to several USAF personnel: All -- I am working on a contracted project for the upcoming air show season and have an opportunity for deployed Airmen to/from your combatant commands. A video presentation is being developed to accompany the Thunderbird demonstration at 37 air show locations for this air show season. A section of the production can include messages from deployed Airmen who consider one of the air show locations their "hometown". Deployed Airmen who are either deployed from or to your combatant command AOR during their hometown's air show can film a message for their hometown. The air show locations are listed below. The video message should include name and rank, their hometown, that they are deployed to support the Global War on Terrorism, and any message they have for their hometowns.

For example, "Hi, my name is Senior Airman Jane Smith from Hoboken. I'm deployed to Southwest Asia to support the Global War on Terrorism so I can't be there for this year's air show, but enjoy the Thunderbird demonstration and have a sno-cone for me."

Please ensure that current PA guidance is followed (I.e., Can their deployed location be released or not?) The deadline for Beta SP, digibeta, or DVCPPro formatted video messages is NLT 30 days prior to the air show at their hometown location. If one of these formats isn't available to you or your multimedia folks, please send as high-res video on the available system.

Please send messages to the following mailing address for the March and April air show locations. We hope to have an FTP address for air shows later in the season and will send this FTP address as soon as we have it.

Mailing Address

Chainsaw

1427 7th St

Santa Monica CA 90401

Could you please pass along this video opportunity to your AOR's PAs for their dissemination?

b(6)
b(7)(C)

We'd like to give the maximum number of Airmen a chance to participate if they're interested. This offer does span a couple AEF rotations. If you could please offer this to the next AEF rotation(s) until 17 Oct - the last deadline for the Nellis AFB air show, that'd be great. You or your PAOs can contact me if you have any questions. Thank you for your help in offering this opportunity to your deployed Airmen! [REDACTED] [REDACTED]

The RA asked who told her to send this type of e-mail out?

809. [REDACTED] responded that no one told her to send it out. Based on the holiday greetings concept, she sent the e-mail directly to the public affairs offices at the combatant commands. The holiday greetings concept is where the commands record greetings from lower ranking military personnel and those greetings are sent back to the personnel's hometowns for use by the local television stations. Per [REDACTED] recording something similar to the holiday greetings required very little effort as all commands are familiar with the concept. [REDACTED] said she did not believe she needed any sort of special authorization to send out the e-mail, as participation by the commands was simply voluntary. Another thing about using this concept was that for [REDACTED] to go everywhere that [REDACTED] sent the e-mails would have taken months to accomplish.

810. [REDACTED] was asked why SMS was not doing the filming since they had a \$49.9 million contract. [REDACTED] said that SMS was not doing the filming because the USAF had the capability to do it. She said it would have taken SMS months to do some tasks that the USAF could accomplish in a very short timeframe.

811. [REDACTED] said SMS could not have accomplished by mid-March 2006 what the public affairs offices could have done via [REDACTED] e-mail. [REDACTED] explained that she was simply trying to get the job done as quickly as she possibly could.

812. After the Stop Work order came in, [REDACTED] attempted to find a way to get the project done without [REDACTED]. She contacted the 367 TRSS to find out if they could do a show for General Moseley. [REDACTED] [REDACTED] told [REDACTED] he had briefed the squadron's capability to someone at the Air Staff level in November, 2005; however, in December 2005, [REDACTED] was awarded a contract to accomplish the project instead.

813. [REDACTED] was asked what she did with the information [REDACTED] provided and who she gave it to. [REDACTED] said she did nothing with the information. As soon as she learned that using the 367 TRSS had already been discussed, she let it go and decided not to bring it up again (Exhibit 93).

TAPS Contract Review

814. The TAPS contract had four Contract Line Items (CLINS) (per year), and only the first three were reimbursable. CLIN 3 described what services should be provided at air shows and did not apply to the work before the March 2006 Acceptance Show. They would be paid a fixed amount of \$156,983.21 per show, with the number of shows listed as 37. CLINS 1 and 2 were firm fixed-priced (FFP) line items. Therefore, SMS would receive the same dollar amount for doing the work described in the contract (no more and no less). There would be no savings to

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the USAF when USAF personnel helped SMS with any of the pre-Acceptance Show work or taskings (Exhibit 6-Attachment 5). Any additional work performed could be judged to have been outside the scope of the contract. Further, ADD-1 (b) in the TAPS contract (Page 27) specifically says, "In no event shall any understanding or agreement, contract modification, change order, or other matter in deviation from the terms of this contract between the Contractor and a person other than the Contracting Officer be effective or binding upon the Government. All actions that will change the terms of this contract must be formalized by a proper contractual document executed by the Contracting Officer." ADD-2 (c) in the Contract reads, "The Contractor shall not accomplish work outside the scope of this contract, and shall not utilize in other work, any supplies, parts, or materials acquired for use in this contract." Lastly, the Statement of Objectives in the TAPS RFP specifically stated, "No Government furnished facilities, equipment, or services shall be made available throughout the life of the contract. The contractor is responsible for all items necessary for performance under this contract."

815. During the investigation, when reviewing electronic files provided by the USAF Office Commercial Litigation, Arlington, VA, a copy of a Memo for Record (MFR) dated January 17, 2006, was obtained (Exhibit 94). It was prepared by ██████████ ██████████ SAF/PAX (civic outreach). In the MFR, ██████████ voiced her concerns about work being performed by USAF personnel (including her) on the TAPS contract. ██████████ MFR reflected she believed the work should have been accomplished by SMS. She also logged many of the hours she worked related to the TAPS contract. On March 7, 2007, the RA spoke with ██████████ by telephone, and she said she did write the MFR and it was accurate (Exhibit 94).

816. On February 6, 2006, ██████████ signed a two-page Affidavit (Exhibit 95). In it, ██████████ described in great length his involvement with the pre-TAPS efforts with ██████████ through his evaluation of SMS proposal; specifically, the reference to the Thundervision presentation. In the affidavit, ██████████ stated that on Saturday, January 22, 2005, MajGen Goldfein, ██████████ ██████████ and he, "attended a meeting in Los Angeles, CA. At the meeting Mr. ██████████ presented an idea for how complete audio and visual production services could enhance the Thunderbirds mission..." Early that next week ██████████ was assigned to be the Project Officer for a test of ██████████ concept at the 2005 Thunderbirds Acceptance Show. ██████████ allowed ██████████ to have access to historical Thunderbirds video film to create his demonstration. ██████████ wrote, "By the end of January 2005, ██████████ and his team were working at a production facility in Hollywood. ██████████ Troika Design Group and ██████████ and others were editing footage, sound, and graphic to create Thundervision. In addition to the production work they were securing large screen playback screens, audio equipment, and making all the logistics arrangements for the viewing in March 2005. In my opinion, the end of January 2005 was when the work for the Thundervision contract began" (Exhibit 95).

817. On February 12, 2006, ██████████ sent the below e-mail to ██████████ which included an attachment which is also described below (Exhibits 3 and 43).

"Boss,

Here is a copy of the notes we went over on Friday. I have not made corrections or additions yet. I will send an updated copy when I have made those changes. I have also attached the 2005 music contract for your review. Page 2 highlights the scope of the contract. I will provide

additional information before Monday morning. Seymour

Note: the attachment to that e-mail follows:

Sir,

There seem to be lots of questions right now about the TAPS contract and the on-going protest. I will begin with the "history" and conclude with some opinions.

[REDACTED] and I both had previous relationships with [REDACTED] during our assignments on the ACC single-ship demonstration teams.

[REDACTED] was, and is, the civilian director of the ACC Heritage Flight program. His responsibilities included overseeing the civilian heritage pilots, interfacing with the International Council of air shows (ICAS) on behalf of the Heritage Flight program, and acting as the primary liaison for to the Air Force.

[REDACTED] involvement with the Thunderbirds pre-dates my arrival, but my interactions with [REDACTED] began at the Nellis Aviation Nation air show and/or Thunderbird Reunion air show in November of 2003.

We spoke off-and-on again until he arrived back in Las Vegas in late December of 2003 to redo the Thunderbird music for the 2004 season.

Late December was also the first occasion that I met [REDACTED] [REDACTED] long time friend and producer.

As I understand the nature of the request, then COMACC, General Hal Hornburg asked [REDACTED] if he was willing to help with the music and [REDACTED] agreed.

All of [REDACTED] and [REDACTED] work was free, in fact many of the cost came at a personal expense.

The music program took two and one-half months and was unveiled at the Thunderbird Acceptance Show in March of 2004.

Over the course of the 2004 season [REDACTED] continued to volunteer to help with the feedback, recommendations, and insights about the music.

At the conclusion of the 2004 season, and after such a positive response from the air show audiences, the Thunderbirds presented [REDACTED] with the "Honorary Thunderbird."

This title is given by the Thunderbird commissioned officers to "those individuals who truly understand the intrinsic value of the team—those who help to ensure the successful completion of the team's continued existence through their genuine concern and extensive personal and professional efforts."

Also at the end of the 2004 season the Thunderbirds team asked [REDACTED] to improve and refresh the music for the 2005 season.

[REDACTED] was interested in continuing to help the team, but did express some concerns about the personal expenses involved with such an undertaking.

At that point the Thunderbirds team began to research avenues to address those concerns.

In the early part of December 2004 the Thunderbirds team began the process to issue a contract for the music updates. Contract # FA4861-05-M-B100 was awarded on 16 Feb 2005 in the amount of \$40,000.00. The 2005 music program for the 2005 season was again unveiled at the Thunderbirds Acceptance Show in March of 2005.

Between the 2004 and 2005 season [REDACTED] invited Major General Goldfein, Brigadier General Ihde, [REDACTED] [REDACTED] and myself to Los Angeles to discuss ways to improve the upcoming season.

[REDACTED] presented a detailed plan for a complete Thunderbirds production, integrating the live Thunderbirds air show with music and video elements.

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██████████ suggested a “demo” to test the concept at the 2005 Thunderbird Acceptance Show. Following the presentation the military members had a private meeting to discuss how to proceed with the contracting piece and MajGen Goldfein expressed interest if all the proper steps could be taken.

Early that next week I was tasked to be the Project Officer for the test and continued in that capacity until the 2005 Thunderbird Acceptance Show.

I was contacted by Mr. ██████████ and began to support his request for support.

-Wednesday, 26 Jan 2005 I received the first of multiple e-mails from ██████████. He asked for "initial list of footage that I need to get this jumbo ball rolling.

I asked ██████████ [██████████ producer] to follow up on it and have cc'd her above.

We are also going to need to have access to you guys to possibly film if your stuff in not good."

-By the end of January 2005 ██████████ was working at a production facility in Hollywood.

Additionally, Troika Design Group was creating the graphics package for the project.

-Tuesday, 31 Jan 2005 I received my first e-mail from the Thunderbird Financial Manager (FM) about the status of the contract. It stated, "██████████ Received a call from ACC inquiring about additional funds for the jumbo-tron project. They're increasing the 616 I already have by \$40.0k. We used a jumbo-tron for the acceptance show a couple years back for a total bill of 1.5k. Not sure what's included w/ this additional \$40.0k. I'll await the specifics before I execute these funds. V/R ██████████ Contract number FA4861-05-M-B105

██████████ Thundervision project was presented at the 2005 Thunderbird Acceptance Show in front of the Chief (Gen Jumper), acting ACC/CC (Gen Fraiser), AWC/CC (Gen Goldfein), and 57 FW/CC (Gen Ihde). During the post-show debrief with the General Officers and Thunderbirds officers there was unanimous support for the project and it appeared the intent was to begin at some point during the 2005 show season.

On 15 April 2005 I received my first e-mail about the execution of the “Jumbotron” project from ACC inquiring about the execution of the test concept ██████████ presented. That same day AWC/CCE replied back that AWC would be the OPR for RCS501022: /Medium/CV Info/Jumbo-tron Contract for T-birds; 22 Apr 05.

At some point during the execution phase the contract offices at Nellis or ACC determined that the project did not meet the “Sole Source” requirements for contract award.

In early July of 2005 it was determined at some level to put ██████████ idea out for competitive bid. On 13 Jul 2005 MajGen Goldfein recommended I work with contracting in this process.

The Request for Proposal (RFP) was published on 01 August 2005.

Past performance questionnaires were submitted on or before 01 September 2005, and the initial proposals were submitted on 15 September 2005. The source selection team of ██████████

██████████ (USAFADS), ██████████ (99 Cons), ██████████ (99 Cons), ██████████ (USAFADS), ██████████ (USAFADS), Mr. ██████████ (367

TRSS/TSMP at Hill AFB), and myself began the selection process on 04 September 2005.

The source selection process continued until the decision brief was presented to ██████████ (ACC/A7K and Source Selection Authority) on 08 November 2005.

At that meeting SMS was selected.

Contract award did not occur until 13 December 2005.

During the source selection process Hill AFB, specifically the 367 TRSS, submitted contract proposal on 01 November 2005, two months after proposals were due. ██████████

from the 367 TRSS, was also on the evaluation team. On 02 November 2005 the source

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selection team received direction from ACC/A7K ([REDACTED]) to evaluate the [REDACTED] proposal and present the material at the decision brief on 8 November 2005. The e-mail went on to say that [REDACTED] [sic] "will need to be recused from the rest of the evaluation due to his affiliation with the unit submitting the proposal." [REDACTED] however, attended and provided comment during the decision brief on 08 November 2005.

Questions have also been raised about the payment to SMS after contract award. The timeline is as follows. SMS was awarded the contract on 13 December 2005. The milestones listed in ADD-11 of the contract outlined the payment plan. It states,

ADD-11 DELIVERY PAYMENT FOR TAPS PRODUCT DEVELOPMENT
 Under CLIN X001, the contractor shall incrementally develop and deliver its TAPS product. During the period of performance of CLIN X001, the contractor is required to meet monthly with the Government (location and day may be mutually agreed upon by the parties) and present its TAPS product to the Government. The Government shall make delivery payments to the contractor for successful incremental delivery of its TAPS product. Only after Government acceptance of the TAPS product, the contractor may submit to the Contracting Officer for payment the amount identified in each milestone. Milestones are as follows:

Milestone	CLIN 0001 Percentage	Actual Dollar
#1 End of November During Performance Period Contractor shall present its master production design, to include theatrical design, story boards, support plan, and development milestone plan.	25%	\$
#2 End of December During Performance Period Contractor shall submit TAPS product at 1/3 completion	25%	\$

SMS requested an immediate opportunity to present its master production design. They had been working on it for quite some time. The TAPS product was also presented 3,017 MB of data, including:

1. 2006 TRAVEL SCHEDULE
2. MUSIC PLAYBACK CUE SHEET
3. MUSIC MIXDOWN EXAMPLE (AIFF)
4. THUNDERVISION VIDEO STORYBOARD (QUICKTIME)
5. CELEBRITY TESTIMONIALS VIDEO (QUICKTIME)
6. THUNDERVISION CONCEPT POWERPOINT
7. SHOW SCRIPTS (REPLACE WITH NEWER VERSION BEFORE YOU LEAVE)
8. TAXIOUT CONCEPT VIDEO (RAPTOR QUICKTIME)
9. THUNDERVISION MUSIC VIDEO EXAMPLE (QUICKTIME)

In my opinion it was well more than the 1/3 required in the milestone. As to the speed of the payment being processed, I cannot speak to that. The materials were viewed, approved, and invoiced. Payment came in late December." (Exhibits 3 and 43)

818. On February 27, 2006, ██████ sent an e-mail to ██████, the new Commander of the Thunderbirds, concerning Government property ██████ took to Los Angeles, CA, for use on the TAPS contract (Exhibits 3 and 43). ██████ wrote, “Boss, Just wanted to make sure you were aware that I had been in contact with SMS this last week making arrangements to get some of the tapes and equipment I had taken to LA. Right now the 360s, a DVC deck, and Thunderbird tapes are still in LA. We still need to get them back, and I would not recommend postal services since they are fairly heavy (expensive to ship) and sensitive....” (Exhibits 3 and 43).

819. USAF Contract No. FA4861-04-M-B098 was awarded on March 4, 2004, for \$11,142.00 to Framework Sound, owned by ██████. The contract was for two DR554; two Instant Replay 360’s; one set of overlays; Mixing Console Mixer and an Interface Card to be provided to the Thunderbirds (Exhibit 83, Attachment 3).

820. The USAF purchased the Instant Replay machines based on a recommendation by ██████. On February 18, 2004, ██████ e-mailed ██████ and described the Instant Replay Machines (Exhibits 96, 3 and 43). In attachments to that e-mail, ██████ provided two photographs of an Instant Replay Machine (Exhibits 96, 3, and 43).

821. On April 21, 2005, ██████ sent an e-mail to ██████ Staff Judge Advocate, NAFB, in response to ██████ request to determine what Government property was provided to SMS for use on the TAPS contract which had not been returned (Exhibits 96, 3, and 43). ██████ wrote, “█████ Has anyone contacted ██████ about this property? It is essentially unusable to him or SMS, and at one point they were ready for someone to come to LA and pick the items up. I will provide the details of the equipment (serial numbers are unavailable) and last known location below, and will fill out any reports or affidavits as required, but I think a phone call could get this issue resolved.

Equipment:

- 1) Instant Replay 360 2.0 (2 devices) – These are the machines that hold the Thunderbird audio program that is played at the show locations. ██████ intended to load the music onto the devices once the Thundervision audio program was completed. There are two devices, with Thunderbird stickers on the front of the machines. They are in black GB-TP-IR carrying cases. The last two locations that I recall seeing them were at ██████ audio production studio and Chainsaw production facility. I have attached pictures.
- 2) Panasonic AJ-D230 DVCPRO recorder (1 device) – This deck was going to be used to transfer the DVCPRO tapes onto other more compatible formats for commercial use. This device also has a Thunderbird sticker on the top and was last seen at the Chainsaw production facility. Picture attached.
- 3) Thunderbird videotapes (unknown number) – An unknown number of DVCPRO, mini-DV, and 8mm tapes with historical footage was used by SMS at their production facilities in Los Angeles. Additionally, a mini-DV converter was provided by the Thunderbirds. All of the tapes were transported and last seen in a green and white 10-ream 8 ½ x 11-paper box.” Attached to the e-mail were photographs of the items; including an Instant Replay machine (Exhibits 97, 3, and 43).

E-mail Concerning 99th CONS Equipment Receipt

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January 30, 2008

822. E-mails reviewed during this investigation, reflect that on January 16, 2007, the 99th CONS recovered the Government Property (**Exhibits 3 and 43**)

January 16, 2007

From: [REDACTED] 99th CONS
 To: [REDACTED] USAFWC/JA; [REDACTED] Civ AFLOA/JACQ
 Cc: [REDACTED] USAFWC/JA; [REDACTED] ACC/A7K; [REDACTED] T
 [REDACTED] 99 CONS/CC; [REDACTED] Civ 99 CONS/CD

Gentlemen / [REDACTED]

I am in receipt of the equipment (2 tape machines, 2 360's, and an Apple MacBook with harddrive, and 2 binders). I don't yet have the settlement costs spreadsheet. I just wanted to give everyone a "craniums up" as to where we are. I now need to find someone from the Thunderbirds who is familiar with this project to help evaluate the production with me. This is just an FYI that we did indeed receive the equipment and the video show. More to come next week. [REDACTED]
 [REDACTED], 99 CONS/LGCC, Commander, Specialized Flight, DSN: 682.3366, Comm: 702.652.3366, FAX: 702.652.3367 (Exhibits 3 and 43).

Account of [REDACTED]

823. On October 24, 2007, [REDACTED] (USAF, Retired), was interviewed (Exhibit 98). [REDACTED] stated she attended one presentation at the Pentagon on November 29, 2005, which was provided by [REDACTED] of the 367th TRSS.

824. At the time of the presentation, she was assigned to the Public Affairs National Outreach program (PAN). PAN provides reviews and authorizes all public outreach programs, such as recruiting, Thunderbirds air shows, community service, etc. The 367th had the capabilities to provide technical services but the raw data used in the project needed to be developed by the PAN.

825. [REDACTED] stated she knew very little about the TAPS contract prior to the meeting, stating, "I joined PAN in mid-stream of this contract." [REDACTED] stated she returned from deployment to Qatar during October 2005 and started her new assignment in the PAN during the first week of November 2005. [REDACTED] attended only the first presentation given by [REDACTED] in front of Brigadier General Lessel. [REDACTED] Chief of Community Relations, was also at the first presentation.

826. The purpose of the presentation was for [REDACTED] to introduce the capabilities of 367th Squadron. In addition, [REDACTED] expressed confidence that the 367th could do the work being bid out on the TAPS contract for half the cost. [REDACTED] stated she was extremely impressed with, and surprised by, the 367th ability to perform the tasks being asked. [REDACTED] stated she had no idea that a USAF squadron existed with the technical resources and abilities that the 367th possesses.

827. [REDACTED] stated SMS was mentioned during general conversation in the conference room prior to the presentation by [REDACTED]. It was understood that SMS did bid on the TAPS contract.

828. [REDACTED] opined that [REDACTED] did such a fabulous job presenting the 367th skills and ability to perform the work, she thought the SMS bid would not be given further consideration.

[REDACTED] stated she was not aware of General Hornburg being tentatively selected to be

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awarded the contract. However, when [REDACTED] left the room, discussions began about the amount of money being considered for the contract to SMS and [REDACTED] [REDACTED] described [REDACTED] relationship with the USAF as strained. She stated [REDACTED] reputation preceded him as being difficult to work with.

829. [REDACTED] assumed a project being directed from “within house” would be preferred to dealing with an outside contractor. [REDACTED] opined a senior official would prefer having day to day control over a project and the resources versus having to deal with the issues that come up with contractors. The PAN wanted to focus on recruiting for the USAF, and not focus solely on the Thunderbirds air shows. [REDACTED] feels the PAN would have had greater success achieving their goals with the 367th versus SMS.

830. [REDACTED] felt the 367th definitely had the technical skill sets to do the work the PAN envisioned. She did state the money savings would have been met initially but understands that as the project grew so would have the demand on resources. She viewed the manpower requirements as possibly being a concern for the “people above her.”

831. [REDACTED] described General Lessel as excited at the conclusion of the 367th presentation. [REDACTED] described it as a win-win situation for General Lessel; the USAF would save money and retain control of the project.

832. General Lessel would have to sell the idea of having the 367th do the work to General Moseley. [REDACTED] opined it would have been a difficult sell because she believed General Moseley had his own ideas. When asked to elaborate, [REDACTED] stated his motivation to do something different could have been something as simple as not wanting to allocate an exorbitant amount of USAF resources (manpower) to the project or he simply didn't have faith in the 367th's abilities.

833. [REDACTED] stated the idea was for the Pentagon to fund only the first year of the project, and then another program would fund the later years. [REDACTED] stated the USAF Story and Heritage were specific to what the PAN is responsible for and they wanted to build it into the 367th proposal. [REDACTED] stated she didn't see any advantage to providing a multimedia production solely for the Thunderbirds. She stated the T-Birds are already well known and respected and perform other community relation activities to bolster their image. [REDACTED] felt the USAF would have benefited more if they told the USAF Story and slanted it towards recruiting rather than focusing strictly on the T-Birds during T-Bird shows.

834. [REDACTED] said that SMS' proposal was focused solely on the T-Birds. [REDACTED] felt the 367th had the ability to meet the projects requirements in a more efficient manner.

835. On approximately December 12, 2005, during a morning briefing, General Lessel advised his staff he had briefed the Chief of Staff, General Moseley, on the 367th presentation. General Lessel advised that General Moseley decided to go with the outside contract for the project.

836. E-mails were also shown to [REDACTED] which was obtained during the course of this investigation (Exhibits 3 and 43).

837. On December 12, 2005, ██████████ e-mailed, ██████████ SAF/PAR, "Quite frankly, ██████████, the whole contract has come as a surprise to us and I'm way out of my element here, talking about all the money stuff. Sorry. We were hoping to do this program in house with a unit from Hill AFB who has the better capability...."

On December 12, 2005, ██████████ e-mailed ██████████ with cc to ██████████, ██████████, SAF/PAR; ██████████ SAF/PAN; and ██████████ and wrote, "██████████, Would you mind letting us know when the Hill group comes in and briefs and as decisions, agreements, back-door deals, and requirements, and eventually they all come home to SAF/PAR to roost!" That same day, (December 12, 2005), ██████████ responded to ██████████ with cc to ██████████ and ██████████, "██████████, I crossed subjects. The comm. unit from Hill already came, went, and pitched what they could do; that's why we thought they were going to get this work, their plan was twice the output at half the cost. Gen Lessel briefed senior leaders, but CSAF decided to go with the outside contractor. And that's what surprised us! This has been a Thunderbirds/ACC thing and PAN has no or little communication with them..." (Exhibits 3 and 43).

838. During this investigation ██████████ provided a copy of the below e-mail. ██████████ was shown a copy of this e-mail and read it during her interview. She said the contents were an accurate representation of what happened. The e-mail concludes that LtGen Arthur Lichte (Vice Chief of Staff) was going to take the 367th's idea. The CSAF (General Moseley) and Lichte seemed "quite satisfied with the in-house solution" (Exhibits 99, 3 and 43).

839. From: ██████████ Civ SAF/PAN
 Sent: Tuesday, November 29, 2005 6:35 PM
 To: ██████████ Civ SAF/PAN
 Cc: ██████████ SAF/PA; ██████████ Civ SAF/PAY
 Subject: Thunderbirds Multi-Media Presentation

██████████ recap for you the meeting ██████████ and I attended regarding the plan to create a multi-media presentation to be shown during all Thunderbird Air-shows in the 2006 season" As I'm sure you are aware, the original plan was to possibly contract out the production and presentation of this product to a contractor (██████████). The cost of this contract would be \$50M for 5 years. As ACC and HAF were looking into the possibility, the 367th Training Support Squadron located at Hill AFB stepped forward saying they could do the same presentation, or better, than the contractor for less than half the price. Today's meeting was the pitch from this training squadron to Gen Lessel, with a follow-up to Gen Lichte. ██████████ and a Col from ACC contracting also attended. The 367th is part of the 82nd Training Wing at Sheppard AFB. Their mission is to train and employ combat camera forces worldwide, produce video imagery utilizing cutting edge technology and create interactive multi-media instruction to improve aircraft and munitions maintenance training. They are the only outfit in the AF that provides mobile media broadcast capability and can feed directly into the Predator, receiving a direct, unclass feed. In the past they have filmed airshows, Thunderbirds performances and the ACC firepower demos. They have flight qualified video and still photographers. The unit usually gets tasked through ILC for MAJCOM and HAF work, and will utilize other combat camera assets as required.

-Because it is part of their inherent mission it makes sense to look at this in-house capability to

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produce this product. [REDACTED] [REDACTED] the SQ/CC, estimates they will need 12-15 people to cover every show. The plan is to purchase (or lease) two large screens to be used to broadcast the show. These screens, if purchased, will be 18'X33' and will allow for high-definition presentation. The squadron already has HD capable cameras. The contractor's solution would only offer standard definition. If the AF purchased the screens the cost would be about \$5.8M the first year and would total \$19M for 5 years. If we leased screens, although not necessarily high def, the cost would be \$20.5 for 5 years.

-This presentation could really be so much more than just an addition to the TBirds show. As discussed, we will focus the message on GWOT, recapitalization, diversity, mission/vision, recruiting and look to include live feeds from deployed Airmen. We could use DVIDS, pod-cast and have simultaneous web broadcasts. We can use live feeds from inside the cockpit and from chase planes, and focus on more aircraft/capabilities than just the TBirds. We can even produce shows for the troops overseas. For the 2007 season, we could incorporate 60th Anniversary message as well.

-We met with Gen Lichte to present the in-house option as well. His biggest concerns were money and manning, and priority of work. He was also concerned with creating a disgruntled contractor if we chose to go in-house. Since we have changed the parameters so much, the in-house capability exists and it's cheaper, the ACC contracting person didn't seem to think it would be a problem. Gen Fyke (FMB) suggested that the money could be found for the next two years and then ACC or AETC would have to POM for it in 08. Gen Lichte was going to take it the CSAF and seemed quite satisfied with the in-house solution, if the program is going to happen at all. Since money is still an issue, they may decide to not do it all.

-We have more supporting material you can look at when you're back. Gen Lessel has asked us to be the POC for SAF/PA to help work content, messages, etc. if this comes to play. Let me know if you have any questions

[REDACTED], Community Relations, SAF/PAN, 1690 Air Force Pentagon (Exhibits 99, 3, and 43).

Account of [REDACTED]

840. On October 9, 2007, an interview was conducted of [REDACTED] Chief, USAF, Community Relations, at her office located in the Pentagon (Exhibit 99). She related the facts surrounding [REDACTED] [REDACTED] presentations at the Pentagon as described in her own e-mail previously described in this report (Exhibit 99-Attachment 2). She attended both briefings [REDACTED] (Commander of the 367th TRSS) presented at the Pentagon on November 29, 2005. The first was presented to General Lessel and the second to General Lichte. [REDACTED] attended because of Community Relations. Her job included public flyovers (i.e., air shows), and she often consolidated the Thunderbirds' requests. She recalled the following were also present for the 367th's presentations: [REDACTED] staff members from Hill, General Lessel, [REDACTED] [REDACTED], and [REDACTED].

841. [REDACTED] was asked if anything was said about a company named Strategic Message Solutions (SMS), [REDACTED] [REDACTED] or retired USAF General Hal Hornburg being tentatively selected to be awarded a contract to do the work [REDACTED] was proposing the 367th do. She replied that she knew that [REDACTED] had come up with the idea and also knew that they were planning on the project being sole-sourced. She also knew that Ret. Gen. Hornburg was on [REDACTED] payroll, and this implied an "inside track."

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842. She believed that Generals Lessel and Lichte knew SMS was the contractor being compared to the 367th's offer because of e-mails that Lessel had with Lichte two weeks after the 367th's presentation. It was known during the 367th's presentation that the 367th could do the work at half the cost. It was also said that the 367th could be more flexible with the requests since they were internal. They would not be bound by a statement of work like a contractor would be.

843. [REDACTED] was asked, at the conclusion of the presentation(s), what was your opinion as to whether the 367th demonstrated its ability to do the work and it being the best value for the USAF? She stated, "clearly the 367th was the best value to the USAF."

844. She said that after the presentations, Generals Lessel and Lichte had positive things to say about the 367th's capabilities. However, they felt the 367th may not be able to follow through with the obligation if their unit was deployed.

845. After the 367th presentations, Lichte said something that made it sound like he would brief the "Chief" (General Moseley).

846. [REDACTED] later heard a recap of a conversation that General Lessel had with General Lichte where it was said the contract was to be awarded to the current source selection (Exhibit 99).

Account of LESSEL

847. On November 15, 2007, Major General Erwin F. "Erv" Lessel III was interviewed (Exhibit 100). At the time of the interview, Lessel was serving as the Director of Plans, Requirements and Programs, Headquarters Air Education and Training Command (AETC), Randolph AFB, TX. Lessel said he previously served as the Director of Communications (DOC), Office of the Secretary of the Air Force, at the Pentagon from November 2005 through March 2007. As the DOC, he reported to the Secretary of the Air Force, Michael Wynne; who was his immediate supervisor. Lessel was also responsive to the USAF Chief of Staff.

848. During the interview, Lessel was read and asked the following, "On November 19, 2005, General T. Michael Moseley, Chief of Staff, e-mailed you and COL Michelle Johnson, with cc to others, 'Erv and Michelle...please get with the front office at ACC and get the details on the ongoing effort to take the Thunderbirds presentation to the 21st century...And, I understand through all the good work of the ACC Contracting folks...we're down to one company. So I'd like to see all this and work my way through how to include this opportunity in my new comm initiative & how much it costs & how to pay for it. I don't know what I don't know...but, I like the idea of using the Thunderbirds show season and presence and a new approach to media presentation as a vehicle to be more aggressive in telling the AF story. So round it all up and let's chat. Thanks.' Q- So almost from the time you started as the Director of Communications, General Moseley had you and Colonel Michelle Johnson involved with using the Thunderbirds Show Season to tell the USAF Story, correct?"

849. General Lessel replied yes, for all intents and purposes, in his position, he had operational control over Public Affairs, even though they administratively belonged to someone else.

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850. Lessel was asked that before a USAF contract was actually awarded, something happened where you started considering an “in-house” option where the 367th Training Squadron (TRSS), Hill Air Force Base, UT, might be able to do the work. How did it happen that an arrangement was made for [REDACTED] [REDACTED] to come to the Pentagon to provide a presentation on the 367th's abilities to do the work described in the TAPS contract advertisement (TAPS – Thunderbirds Air Show Production Services)?

851. Lessel responded that he was not sure exactly, but it might have been through ACC Contracting. He had heard about the 367th and felt like it was important to look at in-house capabilities instead of immediately going to outsourcing the project.

852. Lessel was advised of the following:

On November 23, 2005 you e-mailed [REDACTED] Chief of Contracting at Air Combat Command (ACC), Langley AFB, VA, “[REDACTED] As I've gathered information on the current status of TAPS, questions remain about the capability of the "in house" option and the alternative costs that their selection might incur. As we move out on our new strategic communication effort, we don't yet know all of the future requirements and what this AETC capability might be able to provide in other areas. I definitely need to get smarter on this in order to make an educated recommendation. It would also be helpful to see some sample products. I discussed this with Lt Gen Lichte this afternoon and he'd like to have you and [REDACTED] [REDACTED] come up and discuss the subject next week. We can meet together first then get with Lt Gen Lichte to discuss.”

The RA asked Lessel what he discussed with Lichte about gaining more information on the 367th's capabilities.

853. Lessel responded that when he found out about the 367th, he briefed Lichte and made him aware of the possibility of doing the project in-house. Lichte then requested that the 367th come to the Pentagon and provide a briefing about their capabilities. When they came up to brief, Lessel received the briefing first, and then he took them into see Lichte.

854. Lessel was presented the following:

On November 26, 2005, at 2:24 PM, you, e-mailed Lt General William Fraser, Vice Chief, ACC, “I've spoken with [REDACTED] ([REDACTED]) twice and also had a good talk with Maj Gen Goldfein on Wed. [REDACTED] and a rep from Shepard are coming to DC on Tues to provide more details on the ‘in house’ capabilities. I know there is a big cost difference between in and out-sourcing the project. I'll meet with them first and then we'll visit Lt. Gen Lichte. Perhaps then we can provide some thoughts/recommendations to the Chief so that he and Gen Keys can discuss and a final decision made. Any other thoughts sir? I know we most definitely need to move out fast.” Cheers, Erv”

RA asked Lessel why he would make a recommendation to the Chief (General Moseley)?”

855. Gen Lessel advised that this was bigger than ACC interest with the Thunderbirds, and at some point the scope was going to broaden because of the wider Air Force message that was going to be put out. Lessel had bigger ideas on the scope to include internet feeds and knew that

this was going to be Air Force funded. The project scope would have to be changed and possibly re-competed due to the changes. In Lessel's job of Strategic Communications, he works for the Chief. Gen Moseley had provided them with his vision of how he wanted the strategic message to go but did not provide specifics on how to do it. That was Lessel's job.

856. Lessel was asked when he made a recommendation to General Moseley, would General Mosley have the final decision authority?

857. Lessel responded that Lichte made the decision to contract out the project versus doing it in-house. Specifically, there was a question concerning artistic and creative abilities. It was not a question of being able to technically do the project. There were other manpower considerations at the time as well. The Air Force was looking at a 40,000 person drawdown at the time due to PBD 720. There were actual considerations as to whether or not the 367th would be in existence because of their mission. If they awarded them the project, it would take about 30% of the unit's capability fulltime to support. The contracting route was what Lichte chose to pursue.

858. Lessel was asked, "And the question was whether to use the 367th or award a USAF Contract to Strategic Message Solutions?" Lessel replied that he did not know who the contractor was at the time. Lessel said he did not know who was competing for the contract at this time. ACC was waiting for a decision as to doing the job in-house or outsourcing.

859. Lessel said he was not aware of General Hornburg's involvement with SMS until after the contract was awarded.

860. Lessel was asked: During this investigation, we have obtained copies of the 19 Power Point slides that the 367th presented. The slides seem to demonstrate the 367th had the ability to do the work. Lessel was asked by the RA if he formed an opinion at the conclusion of the briefing that the 367th was capable of doing the work. Note: Lessel was shown the slides.

861. He replied that there were questions about the 40,000 PBD 720 manpower cuts, and how that was going to affect the 367th as well as retaining their capabilities for other in-house projects.

862. Lessel was asked the following:

No later than the conclusion of the 367th's presentation, did you know that SMS (the tentatively selected contractor) bid approximately \$49.9 million (for five years) and the 367th could do the work for almost half of that, and the USAF would own the equipment?

863. Lessel replied that he could not recall for certain, but he did know the magnitude of the decision and that there was a large difference in cost. There was a dollar value, but there were also concerns about artistic capabilities. If cost was the only factor, the doing the project in-house would certainly be cheaper.

864. Lessel was asked what was Lichte's opinion about the 367th doing the work versus the Contractor (SMS) after he received a presentation from the 367th. Lessel said Lichte made the

decision to outsource for the reasons previously noted.

865. Lessel was asked if he or Lichte briefed anyone after the 367th's presentations. Lessel said he did not discuss this with anyone else after General Lichte made his decision to outsource the project.

866. Lessel was specifically asked if he briefed General Moseley. Lessel replied, no.

867. Lessel was asked, "What did you say to General Moseley about the 367th's ability to do the work and/or the contractor (SMS)' ability to do the work?" Lessel replied that he was not aware that General Moseley had any input into the contract award. After the contract was awarded, Moseley met with [REDACTED] and Goldfein to give a "Big Picture" of his strategic vision for the project. Lessel also said he never made any recommendation to General Moseley about the decision.

868. General Lessel was specifically asked if General Lichte briefed General Moseley. Lessel responded he was not aware of the discussions between Lichte and Moseley. Lessel said everyone was sensitive to keeping Moseley out of potential conflict situations. Lessel advised that even in his discussions with [REDACTED] he was very careful to keep out of selection issues.

869. Lessel wanted to be careful and requested info from "the JAG" concerning issues about expanding scope and whether or not it would be necessary to re-compete if there were to be changes, etc.

870. Lessel was asked: It was said by others interviewed that the parameters/requirements of the original solicitation had been changed quite a bit before a decision was made to award a contract or not. Can you elaborate on that?

871. Lessel said he had been thinking larger scope from the beginning of the project. That is why he kept asking about the requirements for re-competition or not if the scope changed. ACC had been running with the project as a Thunderbirds issue, but Lessel knew that this was going to be larger for the Air Force as a whole due to the strategic vision set out by General Moseley.

872. Lessel was presented the following:

After the November 29, 2005, 367th presentation, on December 1, 2005, [REDACTED] Chief of USAF Contracting, e-mailed you. He wrote, "Gen Lessel, in response to your questions regarding going in-house vs contracting out your advertising requirements, I offer the following: (1) the FAR provides the government the right to cancel a solicitation if there has been a change in the scope of the requirement. Since you had a bona-fide change in your requirement, you can legitimately cancel the existing solicitation and acquire the expanded requirement in-house from the 367th Training Support Squadron at Hill AFB. This is simply part of the cost of doing business with the government and contractors who regularly do business with us factor that risk into their overhead rates. However, this would not preclude a contractor from submitting a claim for bid and proposal costs associated with the cancelled solicitation. Such a claim would be denied, but additional time and manpower would be required to actually resolve the claim.

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(2) There would be significant time delays associated with asking the current offerors to provide cost proposals for the expanded requirement. This would require preparation of a new SOW, issuance of an amendment to the solicitation, at least 30 days for the contractors to prepare new proposals, and time for evaluation of the new proposals. It is my understanding that you have actually selected an offeror for award of the initial requirement; however, you cannot go directly to this offeror and request additional information regarding the expanded requirement. You would have to give all offerors the opportunity to propose on the expanded requirement.

-An alternative solution would be to issue a Request for Information (RFI), allowing you to request cost information with no anticipation of a contract being awarded as a result of the RFI. However, the RFI would have to be released to Industry as a whole and would also require significant time delays associated with preparation of a new SOW and time required for preparation and evaluation of cost proposals.

-Since avoiding delays is critical to the success of your program, I recommend that you not pursue requesting additional cost data associated with the expanded requirement. Please advise if you need additional information. I can be reached at...."

The RA asked Lessel if he made this inquiry on your own, or did someone ask him to?

873. Lessel stated he approached the JAG for guidance because he knew that the scope of the project would get larger. Lessel had several things in mind due to his position and duties, and he saw this as an opportunity to get the Chief's vision out. Lessel was looking at internet feeds because the USAF could reach more people than just those who went to the air show.

874. Lessel was asked to describe the change of scope. He replied, "Getting the message out about the whole Air Force and not just the Thunderbirds."

875. Lessel was asked, in either event, did [REDACTED] tell you based on the change of scope, the solicitation could be cancelled? Lessel replied, yes.

876. Lessel was advised as read the follows: On December 1, 2005, after receiving [REDACTED] e-mail, you e-mailed Lt General Lichte, "... [REDACTED] provided us with the info below in response to your questions. Bottom line, there is no problem with not awarding the current contract because of scope change and he does not advocate going back to any of the bidders for additional cost information as that could be a lengthy process. His staff also advised me (second opinion) that we're on firm ground discussing all of this within AF, to include the 367 TRSS. I'm available to discuss further at your convenience."

The RA asked if he provided this information to General Lichte? General Lessel replied Lichte was on the e-mail traffic.

877. Lessel was read the following:

On December 1, 2005, Lt Gen Lichte responded, "Thanks, Erv. I sure would like to see the 'winning' submission. Any way we can do that...not from the ones who submitted it, but at least by what the contracting bubbas made their decision on. What do you think?"

The RA asked if on December 1, 2005, General Lichte acknowledged receipt of [REDACTED]

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opinion that the solicitation could be cancelled because of the change of scope?" Lessel replied, yes.

878. During the interview, Lessel was reminded that on December 5, 2005, [REDACTED] e-mailed him several power point slides describing the offers received. Lessel was asked if he provided the slides to General Lichte. Lessel said he did.

879. On December 12, 2005, [REDACTED] sent an e-mail to Lessel advising that it was known the 367th TRSS had the capability and experience to effectively handle the TAPS requirement. He said he would sign the Source Selection Decision Document per AF direction. [REDACTED] mentioned that awarding the contract to SMS seemed to "fly in the face" of the Secretary of the Air Forces (SECAF's) letter signed the week before. [REDACTED] even attached the SECAF's letter to his e-mail to Lessel. [REDACTED] wrote, "Sir, We are moving ahead with the TAPS award. The Source Selection Decision Document is on my desk for signature and I will sign it this morning (per AF direction). The Contracting Officer has sent the notification package to SAF/LL as of last Friday, so we should be ready for award no later than this Wednesday. I know I'm not privy to all the internal discussions that took place in the "Palace", but award of this contract seems to fly in the face of the SECAF's letter that was signed out last week. We both know that 367 TRSS has the capability and experience to effectively handle the TAPS requirement (and the expanded effort) at a substantially reduced cost. I know my concern as the Source Selection Authority is to ensure we select the "best value" contractor for this requirement and based on the established criteria we've done that. But given our fiscal constraints and our in-house capability, I'm concerned as a steward of taxpayer dollars. I just want to do the right thing for the AF. [REDACTED]"

880. On December 13, 2005, Lessel responded to [REDACTED] [REDACTED] We too share the concern about best use of taxpayer dollars and manpower resources. There are several other factors that were considered in the equation, one of which is the pressure on the personnel account through QDR, as you may have read in yesterday's AF times. Knowing the capabilities of the 367 TRSS, I'm sure we'll be able to take additional advantage of their talents in other ways to contribute to our strategic communications efforts. I intend to talk with the contractor about the real vision of this project and see what we can drive him toward given the current contract and budget. With the scope change, there's a good possibility we may have to re-compete the contract at the end of year one." Lessel was asked elaborate on the scope change.

881. Lessel responded that we wanted to broaden the scope to include getting the message out about the whole Air Force through the use of more than just the air shows. It really was more than just a recruiting tool, but more of bringing to light more of the Air Force as a whole.

882. Lessel was asked that based on what you know now, should this contract have been awarded with scope changes planned or should the solicitation have been cancelled, or some other process utilized?

883. Lessel replied, "I do know that there was a push to get something out based upon the upcoming Thunderbirds schedule which was rapidly approaching. I had inquired about expanding the scope of the project and was told that there would have to be an entire re-compete and that would take too much time. It was better to get things rolling and then expand."

b(6)
b(7)(C)

884. Lessel was presented the following:

After the contract was awarded, there was a meeting at the Pentagon and numerous USAF personnel were assigned to do various things to make General Moseley's vision come through before the Acceptance Show. It appears that several USAF personnel were tasked with doing work that was actually required by the contractor. Do you know anything about that?

885. Lessel replied no he was not aware that any USAF personnel had been tasked to do the contractors duties.

886. Lessel was asked that it appears that work was tasked to the contract that was not originally described in the solicitation, do you know anything about that? He replied, no.

887. Lessel was presented the following:

On January 4, 2006, Lt General Arthur Lichte sent an e-mail which had a Subject Line that read, 'Strategic Communication GO Steering Group.' This e-mail was sent to numerous high ranking USAF personnel including Major General Jack Rives, USAF, Office of Judge Advocate, and Lt General Stephen Wood. The e-mail read, "In order to meet the Chief's intent of developing a robust, effects-based strategic communication capability here at the Air Staff, Brig Gen Erv Lessel, SAF/CM, is setting up a Strat Comm GO Steering Group. The goal of this group is to better synchronize and integrate our communication processes and to harness the expertise of the leaders within your directorates. If you're in the "To" block, I need you to appoint a 2-star or 1-star representative or SES equivalent from each of your 2-ltrs to help Erv and the CM folks chart the course of Air Force strategic communication. Those in the 'Cc' block are invited to send a rep, but not required. Many of you already have reps participating on the O-6 chaired Strat Comm Working Group, and the Steering Group will dovetail on their efforts. As a minimum, this group will meet monthly, with the first meeting set for 10 Jan at 1000 in the SECAF Conf Room, 4E869. Please e-mail the name of your rep to SAF/CM Workflow NLT COB 6 Jan. Thanks in advance for your help. Your loyal A-Vice, ART."

The RA asked if this was a major shift in responsibilities. Lessel responded no, strategic communications was my job."

888. Lessel was read the following:

On January 6, 2006, you e-mailed General Michael Moseley, "Chief, this afternoon I attended a TAPS meeting with General Looney, Gen Hornburg, MajGen Goldfein, [REDACTED] and BrigGen Remkes at Randolph AFB. The meeting went very well with everyone understanding your vision and intent and in complete agreement about integrating recruiting efforts with TAPS and the Thunderbirds program...Gen Hornburg and [REDACTED] invited Michelle and I to visit their facility in California, which we will do soon to view their production capabilities and progress, as well as visit our LA offices...Finally, while brainstorming ideas for a national movie to support the 60th Anniversary celebration, [REDACTED] came up with the idea of a Steven Spielberg/Tom Hanks movie like Apollo 13 and saving Private Ryan that is based on the Doolittle Raiders. With your approval we'll start pitching this project to Hollywood." Lessel replied that the project never went forward. The Air Force has a Public Affairs office in Los Angeles to work directly with Hollywood and liaison with the film makers.

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889. Lessel was advised as follows:

General Moseley responded on January 7, 2006, that he believed the TAPS effort could still be performed with the use of advertising and make it 'money neutral.' Moseley responded to Lessel and sent cc copies to numerous personnel including the Vice Chief of Staff, General John Corley, "Erv...YOU THE MAN. This is exciting stuff. With your & Michelle's work...we'll get the USAF back where it belongs. Thanks for the work and attention to detail on this piece. I'm satisfied we've done this right and kept it all clean & I still believe this is doable with a lot less money than some folks believe. And, I'm thinking we can learn from the civilian pros on advertising, branding, marketing and outreach to make this all 'money neutral' for the USAF. I'm interested in what you and Michelle think about that option. Wouldn't it be nice to have others pay for our outreach program - that could continue to grow as we deem appropriate. And, do we want to change the name of this work from TAPS to something else? We have a TAPS program that is something completely different. My notion is not to confuse folks with names and/or functions. Did that come up? When y'all get a chance think about this part. And, I'm very interested in our recruiting efforts and my guidance will be to fully integrate all this in your world. I've been less happy with some of the media work & previous recruiting themes. So, y'all jump this and get us into a warfighting mindset and capitalize on the love this country has for the USAF, what we do, our history, our people, our future, aviation, space, exciting things and hard work. That's us isn't it? AND, what a home run it would be to roll a movie out on the Doolittle Raiders. Their last get together will be in Apr at WPAFB. All the goblets and the brandy have been moved from the USAFA to the museum. And, if I remember right there is only 5 or 6 of them left. I plan to be there every minute with those Airmen! We need to look at making this a big deal and capture all we can from these great Americans. AND, wow...what a huge deal it would be to parallel Saving Pvt Ryan & Apollo 13. There is so much here for a good movie. Let's do it!!!! I bet there are other opportunities out there too. And, I bet the movie folks would love some good "flying & fighting" stuff! Let's do it. Had a great session with the Center for American Progress yesterday. Had a long chat about Air & Space Power, joint/coalition interdependence, human capital & recap/modernization! I'll give y'all a full debrief when we can get together. Keep up the good work. Y'all are awesome! One last item...you and Michelle put something together that explains the new organization, what you guys are doing and the efforts to date. I'd like both of you to give a "Huntley & Brinkley" presentation to the Senior Statesmen and Leadership Forum. I believe they would benefit. And, we could benefit from their suggestions, observations, etc. Thanks guys,"

The RA asked if Lessel and Colonel Johnson went to the SJA and inquired about the use of commercial sponsorship due to General Moseley's instructions? If so, what was the outcome?

890. Lessel responded that after running it through JA they were told there could be no commercial sponsorships. Once that was made clear, the subject was taken care of.

891. Lessel was presented the following:

In February or March 2006, prior to the Arizona Republic newspaper story breaking about the protest, [REDACTED] Johnson, and you, along with two Colonels from Air Force contracting, some lawyers, and two people from the Secretary of the Air Force General Counsel's office, had a meeting at the Pentagon, and you wanted to know what was going on. One person said you

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appeared shocked and asked, "How could we be so stupid?" Someone asked if it is possible that Hornburg was not aware of the laws restricting him from contracting with the government for a year after retirement and one of the Secretary of the Air Force General Counsel lawyers said that is not possible, "I am the guy that gave Hornburg his exit briefing and he was aware of the laws." The RA asked Lessel to comment on this meeting.

892. Lessel said the meeting took place in AF General Counsel Mary Walker's office. Lessel related that the Arizona Republic had submitted questions through media/PA channels, and PA started staffing them immediately to be proactive. Lessel believed Walker said she gave General Hornburg his exit briefing.

893. General Lessel was asked who was present for the meeting. He said Walker, himself, and several members of TAPS team were present (Exhibit 100).

894. A "Letter to the Airmen" was signed by the Honorable Michael W. Wynne, Secretary of the Air Force, which is dated December 6, 2005 (Exhibit 101). The title is, Persistent Situation Awareness in Resource Management. The letter is dated eight days before the TAPS contract was awarded to SMS. Among other statements, Wynne wrote, "After 15 years of continuous engagement, our Air Force finds itself in an operating environment that requires us to examine all mission areas, from platforms to personnel, for stresses, inefficiencies, and strains that we must correct through persistent situation awareness. General Moseley laid out a clear set of priorities: winning the war, recapitalizing our Air Force, and providing our Airmen with the skills and training they need to maximize their effectiveness." In providing examples of Air Force shortcomings which needed correction, Wynne wrote, "We also continue to employ contract services when we actually have the same capability within our organic strengths. These are the types of inequities that we must correct...We must analyze all of our operations to look for opportunities to eliminate waste in terms of time and materials, while increasing productivity and continuing to challenge ourselves...Change is never easy...I need all Airmen to contribute in order to ensure success..." (Exhibit 101). This is the same letter that [REDACTED] attached to the e-mail he sent to General Lessel on December 12, 2005.

895. On December 6, 2005, as previously described in the report, General Moseley sent the following e-mail:

From: Moseley Michael Gen AF/CC

Sent: Tuesday, December 06, 2005 8:05 AM

To: Keys Ronald E Gen ACC/CC; Corley John Gen AF/CV; Lichte Arthur Lt Gen AF/CVA

Cc: Goldfein Stephen M MajGen USAFWC/CC; Rew William J BrigGen 57 WG/CC; [REDACTED] AF/CC; [REDACTED] HAF/CX; Darnell Daniel Maj Gen SAF/LL; Faykes Frank Maj Gen SAF/FMB; Lessel Erwin F III Brig Gen HQ AFMC/A5; Johnson Michelle Col SAF/PA

Subject: Overall Investment in Thunderbirds

"Ron, I'd like y'all to round up some data for me on the Thunderbirds. In a previous life, I knew all these answers...but, I'm older and the cost of things have changed. I'm working the Strategic Communications piece and this data will help me big time on the 3rd floor with a few ongoing issues...." (Exhibits 3 and 43).

896. Several e-mails were obtained during this investigation which were in response to General Moseley's e-mail. They are described below (Exhibits 3, and 43).

December 6, 2005

From: [REDACTED] USAFADS/CCE

Sent: Tuesday, December 06, 2005 12:39 PM

To: [REDACTED] USAFADS/MA; [REDACTED] USAFADS/PA; [REDACTED]
[REDACTED] USAFADS/MA; [REDACTED] USAFADS/FM; [REDACTED] M
USAFADS/DOX; [REDACTED] USAFADS/DOC; [REDACTED]
USAFADS/CCQ

Cc: [REDACTED] J [REDACTED] USAFADS/CC; [REDACTED] USAFADS/DO7;
[REDACTED] USAFADS/CCQ

Subject: FW: Overall Investment in Thunderbirds

"All,

We need to get working on this tasker ASAP. Gen Moseley is requesting a lot of info and we need to have it ready by 1200 hrs tomorrow (7 Dec 05) at the latest (probably even sooner).

Please review this message all the way down to the end and provide all the requested info to [REDACTED] to consolidate.

[REDACTED] will take care of the majority of the \$dollar figures from a finance perspective...but there are a lot of other areas to cover and he will not know all the info without your input. I have attempted to identify the OPRs (in Red) for each item listed. Let me know if I'm off the mark and it's not in your area. Again, we need to work this ASAP. Thanks! -10"

897. On December 6, 2005, [REDACTED] who previously served on Source Selection Team for TAPS contract, and a member of the Thunderbirds, forwarded Moseley's e-mail to [REDACTED] Thunderbirds, w/cc: [REDACTED]

Work this with [REDACTED]. Lets go with FY 05 for the entire thing...unless asked for something else...minimizes our past spending on comm. Issues. I guarantee this is spawned from jumbotron questions at the highest level...and the strategic information division along with AF comptrollers are looking for some justification.

[REDACTED], Have previous FYs and FY06 plan available if they need it...but let's try to present it as FY05."

898. December 6, 2005, [REDACTED] e-mailed [REDACTED] (Tbirds) "Sorry...left you off of the address list 7"

899. December 7, 2005

General Moseley's e-mail was forwarded to [REDACTED] who responded to General Goldfein, [REDACTED] wrote to Goldfein,

"Sir, Anything to be worried about with this tasking...looking to get rid of the team?

On a separate note, the Blues signed a contract for Jumbotrons down at the convention. [REDACTED] was pretty stressed because he wanted us to be first. Like we've said all along...Jumbos aren't the key...it's what you put on the screen that counts. Hopefully, this will go through for approval...and with SMS. v/r [REDACTED]

900. December 7, 2005

General Goldfein responded to [REDACTED] “Nope – looking to help justify the value of the strategic comms options. Thanks”

901. On December 7, 2005, General Lessel sent the following e-mail to [REDACTED] ‘[REDACTED] I just spoke with Lt Gen Lichte about the Thunderbird contract and he provided the following guidance:

- Award the contract based on the current source selection
 - HQ will provide the funds for the first year
 - Move the contract to CM later for new concept implementation
 - Make program adjustments within the scope of the existing contract to move toward the new concept/vision
 - Have the contractor meet with SAF/CM ASAP to discuss the message content and vision
 - In the near future, review emerging requirements and determine if they can be incorporated into the option years. If not, look at holding another competition based on the new requirements.
- Thanks for all your assistance through the endeavor. Now it’s time to execute! Any questions give me a call. Cheers, EEL” (Exhibits 3 and 43).

902. In response, [REDACTED] sent the following e-mails to [REDACTED] [REDACTED] [REDACTED] and [REDACTED] [REDACTED] “All, Received direction from CVA this evening. We are to go ahead with the award of TAPS contract for this year. Proceed with award to SMS.” (Exhibits 3 and 43).

903. The RA drafted a sketch which depicts the two selection decisions made, based on the information obtained during this investigation (Exhibit 102). The first decision was made at the Final Selection Briefing at AWFC, NAFB, on November 8, 2005. The second decision was made at the Pentagon on or about December 7, 2005.

Account of [REDACTED]

904. On October 23, 2007, [REDACTED] (USAF, Retired) was interviewed at her home in San Antonio, TX (Exhibit 103). She advised that she previously served as the Director of Public Affairs for Air Education and Training Command (AETC) from July 2004 to December 2006. Her duties included advising the Commander and Vice Commander of AETC, as well as Wing Commanders of AETC units and other AETC functional directors. The advice concerned the handling of internal information, community relations, media relations and functional advice.

905. [REDACTED] advised that AETC operations oversees the 367th Training Squadron (TRSS) at Hill Air Force Base, UT.

906. [REDACTED] was asked the following, “Were you informed that USAF personnel had to make a decision whether to award a USAF contract to a contractor or allow the 367th TRSS to do the work?”

907. [REDACTED] said she was informed and was frequently in contact with [REDACTED] [REDACTED] Air Combat Command (ACC), Public Affairs, and SAF/PA (Secretary of the Air Force), as part of her normal duties. [REDACTED] thought that [REDACTED] told her about the contract/project since the Thunderbirds are an ACC asset.

908. ██████ stated Public Affairs was not in a position to compare or contrast pricing, but she became aware that there was a big difference in pricing just before or just after the contract was awarded. ██████ became aware of the company around the time that SMS came to AETC to give a presentation. ██████ said was previously assigned to AFMC/PA (Air Force Material Command), and she was aware of the contracting process and source selection committees. She said, "It was obvious to me that this procurement was not following any of those guidelines."

909. ██████ was presented the following:

On December 4 and 5, 2005, you and Lt Gen Dennis Larsen exchanged e-mails. You advised that General Lessel was asking for AETC coordination regarding the 367th's proposal. Larsen said the 367th could be involved, and he thought it was a good idea. On December 5, 2005, Larsen responded to you, "██████, This is a strange way to staff this. I guess if they are asking if the 367th can be involved, I say yes. If they are asking any other type of an approval, we don't have a dog in the fight. I do think it is a good idea."

910. ██████ stated it was her understanding from her discussions with General Lessel that General Moseley wanted to make the project happen. It was a wonderful capability, but the whole thing was peculiar. She understood that the discussion concerning the project was taking place at the Pentagon. The question was regarding whether or not the 367th could do the necessary work. There was a phone conversation where AETC felt that the 367th had the capability and could do the work. She asked General Larsen because, in his position as the Vice Commander, he would make the decision for AETC.

911. ██████ was read the following: On December 5, 2005, you responded to Larsen, "Understand Sir. Agreeing to 367 TRSS involvement is what is needed at this point. Appreciate your quick turn on this."

The RA asked if after Larsen opined the 367th could do the work and he thought it was a good idea, did he forward or provide that information back to General Lessel? ██████ responded yes, and said Lessel had no specific response and just thanked her for her help (Exhibit 103).

Account of LARSEN

912. On October 24, 2007, LtGen Dennis Richard Larsen (USAF, Retired), was interviewed at his home in Canyon Lake, TX. He acknowledged he previously served as the Vice Commander of AETC, from April 2005 until his retirement on September 1, 2007. He corroborated the information in the e-mail exchange he had with [REDACTED] [REDACTED] on December 4 and 5, 2005, about the 367 TRSS ability to do the requested work (Exhibit 104).

Account of HARRELL

913. On July 9, 2007, an interview was conducted of Major General Elizabeth Ann Harrell (USAF, Retired) at her residence in Fort Belvoir, VA (Exhibit 105). In her last assignment with the USAF, she served as the Deputy Commander of Logistics and Maintenance, at ACC, Langley AFB. She served in that capacity from February 2004 until her retirement in October 2006.

914. Harrell was asked to elaborate on any communication she had which led to the scheduling of the 2005 meeting with [REDACTED] including the names of any USAF Generals with whom she communicated and what they said about the purpose of the meeting. Harrell did not recall specific conversations, but the said following Generals were involved: Lieutenant General Will Frazier, General Charles Dunlap, and Major General Kenneth "Mike" Decuir. Harrell advised that General Goldfein was aware of the program. Harrell had heard from [REDACTED] that General Goldfein accompanied [REDACTED] to the Pentagon to meet General Moseley.

915. [REDACTED] told Harrell that General Goldfein took him to General Moseley's office so that [REDACTED] could show his Thunderbirds presentation. [REDACTED] played a video while at the ACC meeting which was an example of what the final product would look like. Harrell did not recall who came to the meeting with [REDACTED] but the following people did attend the meeting: [REDACTED] (LNU), the "ACC budget guy"; [REDACTED] Director of Contracting; General Dunlap; [REDACTED] [REDACTED], from Harrell's staff; [REDACTED] (LNU), a representative from AF JAG; a representative from Public Affairs (NFI); and an operations person from A3 (NFI). The video advertised that the former President Bush would speak, but Harrell was unsure if the former President Bush was actually on the video she viewed at that meeting. Harrell did not recall any other U.S. Presidents on the video. Harrell did not recall the current President Bush on the video.

916. The purpose of the meeting was to see what [REDACTED] had in mind for the project. Also, according to [REDACTED] he was not familiar with the Federal Acquisition Regulations (FAR) and other regulations for contracting with the Government. The other purpose of the meeting was to explain to [REDACTED] the contracting rules and regulations.

917. [REDACTED] said that he had a lot of experience in merchandising and was successful in making infomercials. An example of one of [REDACTED] infomercials is the one for the Total Gym with Chuck Norris.

918. [REDACTED] said that he had a silent partner. He said his silent partner was General Hornburg. [REDACTED] showed a PowerPoint slide show during his presentation and somewhere near the end of the slide show there was a mention of [REDACTED] having a partner at SMS. [REDACTED] intimated that Hornburg was a partner. Harrell told [REDACTED] to "be careful" and not get into a conflict of interest

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situation. This was around the time that Darleen Druyun was being investigated for conflict of interest violations, and Harrell was very sensitive to the issue. ██████ said that they were playing by the rules. Harrell also discussed the issue with ██████. Harrell wanted to make sure that NAFB was equipped to handle the contract, and that the Nellis people were careful and precise in the contracting process.

919. Harrell was asked to describe how she first learned that General Hornburg might have been associated with ██████ effort (include the approximate date or approximate time of surrounding event). She advised that before ██████ presentation, Harrell first learned that General Hornburg might be involved with ██████ effort from General Frazier. She was uncertain if the presentation was in April or May 2005.

920. Prior to Harrell's retirement, she worked for General Hornburg who was the ACC Commander. She knew Hornburg retired in late December 2004. General Hornburg had direct reporting authority over Harrell from February 15, 2004, through December 31, 2004.

921. Harrell was not aware of any money secured for the project from the Air Force or ACC. However, according to ██████ General Moseley gave him the impression that the money would be found. After the meeting, Harrell had discussions with LtGen Frazier. They did not have money planned for this in the ACC budget, and they talked about having the Headquarters Air Force pay for it.

922. ██████ from Public Affairs thought the work could be done in-house. However, Harrell said that the Public Affairs office does not sell a product, but provides information about the Air Force, and therefore, Public Affairs would not be as successful in this type of venture. ██████ thought it would be more cost effective for Public Affairs to have the money.

923. At the conclusion of the meeting, ██████ was told that he had an impressive product and that he needed help regarding contracting rules and regulations. It was suggested to ██████ to hire someone with contracting experience, but Harrell did not think ██████ ever hired such a person. Harrell had the impression that ██████ would continue to approach the Air Force and get them interested enough in this project to take it.

924. Harrell was asked if after the meeting at ACC, there would be any reason for ██████ to believe he was assured of getting a high dollar USAF contract to implement Thundervision for the USAF. Harrell did not think ██████ left the meeting with the impression he would get the contract. Harrell remembered that it was clear when he left the meeting that, without a contract, he could not proceed. ██████ had the impression that General Moseley really liked the project and wanted him to move on it, but Harrell did not know if anyone actually told him to start (Exhibit 105).

Account of ██████

925. On July 10, 2007, an interview was conducted of the ██████ ██████ ██████ (USAF, Retired) at the DCIS, Dayton Resident Agency (Exhibit 106). ██████ previously served as Commander, 99th Contracting Squadron 99th CONS at NAFB. He retired on January 13, 2006. ██████ was the Commander of the 99th CONS before and during the TAPS procurement process (Exhibit 106).

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During the interview, [REDACTED] had difficulty in recalling the events surrounding the TAPS procurement with any degree of certainty.

Account of [REDACTED]

926. On August 29, 2006, an interview was conducted of [REDACTED] in Las Vegas, NV (Exhibit 107). [REDACTED] retired from the USAF in 2005. His last duty assignment was as the Finance Manager for the Thunderbirds, NAFB. [REDACTED] began this assignment in June 2001. [REDACTED] retired from the USAF on September 1, 2005, having served over 20 years.

927. [REDACTED] stated that while assigned to the Thunderbirds, he also performed duties in the communications trailer when the Thunderbirds were on the road and assisted with filming of the Thunderbirds aircraft. All Thunderbird flights during air shows are videotaped. [REDACTED] recalled that in 2002, "lipstick" cameras were installed in the Thunderbirds' cockpits and the images were microwaved back to the communications trailer. When air shows were performed at locations that had large video screens, the cockpit images and filmed flights were shown live on the large screens for the audience's enjoyment. In fact, [REDACTED] was the one responsible for connecting the hard-wire video cables to the large video screens from the Thunderbirds' communications trailer so the video reception could be displayed on the screens.

928. [REDACTED] related that music was also played at Thunderbirds air shows. But in 2004, [REDACTED] changed the Thunderbirds' music and also added some celebrity testimonials to the audio portion. [REDACTED] recalled the testimonials included Walter Cronkite and Larry King. [REDACTED] recalled that a woman named [REDACTED] worked with [REDACTED] Thunderbirds Public Affairs, in securing celebrity testimonials.

929. [REDACTED] stated that the use of large video screens at Thunderbirds air shows and playing of music at Thunderbirds' air shows were not [REDACTED] ideas.

930. [REDACTED] was asked if he had any knowledge of the 2005 USAF contract awarded to SMS, of which [REDACTED] was part owner, which involved the use of large video screens at Thunderbirds air shows. [REDACTED] reiterated that he left the USAF in April 2005, and he only knew about some things that preceded this. [REDACTED] stated that he attended the Thunderbirds Acceptance Show in 2005, and before the Thunderbirds flew their flight patterns, one or two large video screens were set up in front of the audience, which included high ranking USAF officers, which showed a videotaped presentation. [REDACTED] recalled videotape of most of the Thunderbirds pilots was shown but did not recall if there were any testimonials shown. [REDACTED] opined that the large video screen(s) used at the 2005 Acceptance Show are also called Jumbotrons, and they were the biggest and best quality [REDACTED] had ever seen.

931. [REDACTED] was asked how [REDACTED] came to be affiliated with the Thunderbirds. He said that [REDACTED] was/is a civilian who flew a P-51 plane at some of the Thunderbirds air shows. [REDACTED] had many friends in the USAF that were high ranking. It was common knowledge that [REDACTED] was friends with General Hal Hornburg, the commander of ACC Langley AFB, VA, which oversaw NAFB.

932. [REDACTED] opined that [REDACTED] frequent presence around the Thunderbirds disrupted things,

as [REDACTED] seemingly “took-over” the Thunderbirds air shows. Whatever [REDACTED] wanted to do, he was allowed to do. [REDACTED] opined that [REDACTED] input was approved because he had high ranking friends in the USAF, namely General Hornburg. [REDACTED] opined that [REDACTED] presence had a negative impact on the morale of the Thunderbirds.

933. Providing an example, [REDACTED] advised that the Thunderbirds purchased a new communications trailer in 2003 for approximately \$1 million from a company named STS. The trailers acquisition was in the making for approximately two years prior because the Thunderbirds wanted a back-up communications trailer. The new communications trailer had wireless speakers which were to be placed along the air strip, at intervals for 5,000 feet, approximately one-mile, in two directions from center stage. However, because there were problems with the wireless speakers, they could only be placed at half the distance. [REDACTED] opined that the difficulties were more with the Statement of Work which was not specific enough for the Thunderbirds’ actual needs. [REDACTED] said he was the Project Manager for the new communications trailer.

934. [REDACTED] recalled that the initial contract award to STS was for less than \$1 million, but the Statement of Work did not include needed Avionics Radios to communicate with the pilots so the USAF contract was modified to include those at a cost of approximately \$300,000. [REDACTED] stated that after the Thunderbirds took possession of the new communications trailer, the Thunderbirds brought both the new and old trailers with them on the road so they could learn how to use the new one and have a back-up. The new communications trailer was used at the Thunderbirds 2005 Acceptance Show.

935. [REDACTED] brought in [REDACTED] owner of Framework Sound, and they “kind of took over.” [REDACTED] and [REDACTED] determined what the Thunderbirds needed to fix the audio problem and a long list of amplifiers and new hard-wired speakers were developed by [REDACTED] for which the USAF later awarded a contract to purchase the items.

936. [REDACTED] recalled that he experienced personal and professional difficulties with USAF contracts subsequently awarded with which [REDACTED] and [REDACTED] were involved.

937. He recalled that once [REDACTED] the Thunderbirds commander, told [REDACTED] that a sole source contract had to be awarded to Framework Sound. [REDACTED] informed [REDACTED] that the USAF procurement laws did not allow contracts over a certain dollar limit to be awarded without competition, unless the company was a minority-owned business. [REDACTED] stated he probably told [REDACTED] it would be illegal to do this.

938. [REDACTED] told [REDACTED] that the contract had to be awarded to Framework Sound, and [REDACTED] implied that the orders/instructions came from higher ranking USAF personnel. [REDACTED] said something like, “We have no choice.”

939. [REDACTED] stated he recalled having a conversation with [REDACTED], [REDACTED] [REDACTED] for the 57th Wing, NAFB, about this, and [REDACTED] believed she too refused to sign the Air Force Form 9, which is a Request for Purchase. [REDACTED] stated that he believes the Form 9 was later signed by someone at the 99th Wing, NAFB.

940. [REDACTED] also recalled that as a result of [REDACTED] refusal to sign the Form 9, he received an e-mail from his supervisor, [REDACTED] Thunderbirds executive officer, which said that [REDACTED] job was to find ways to accomplish what his supervisors told him to. [REDACTED] told [REDACTED] that [REDACTED] was not in a position to say no to the Commander.

941. [REDACTED] opined that in contrast to [REDACTED] the Thunderbirds previous commander, [REDACTED] relied on and respected [REDACTED] expertise to ensure the Thunderbirds followed the rules regarding procurement. [REDACTED] said if he had told [REDACTED] that they couldn't do something, it was taken at face value.

942. [REDACTED] stated that as the Thunderbirds finance manager, he was responsible for initiating every purchase the Thunderbirds made and all of the Thunderbirds' financial expenditures.

943. [REDACTED] stated that he found a way to distance himself from acquisitions which he questioned for which Form 9s had to be initiated/completed. [REDACTED] explained that whenever there were any Requests for Purchase involving [REDACTED] and [REDACTED] [REDACTED] only signed the accounting certification on the bottom of the Form 9s, which reflected he ([REDACTED] was only certifying that funds were available.

944. [REDACTED] advised that normally he also signs his own name in the blocks above as the Requesting and Approving Official. For clarification, the agents asked if [REDACTED] only signed the bottom certification portion, and not the blocks above, if he questioned the legitimacy of the purchase(s). [REDACTED] stated that was correct, and the only ones he questioned were the ones with which [REDACTED] and [REDACTED] were involved.

945. [REDACTED] stated he did not want his name associated with something that was written as an official need when he didn't think there was an official need for the items or services. [REDACTED] stated he had no problem certifying that funds were available after he verified that was accurate.

946. The RA showed [REDACTED] photocopies of select contract file documents. One was a Form 9 for \$120,000, which [REDACTED] Thunderbird Communications, signed as the Requesting Official on August 30, 2004, and [REDACTED] signed as the approving official and certified the funds were available. [REDACTED] stated that he recalled this request was for the amplifiers, hard wire speakers, cable, and related items and two 360 Instant Replay Machines. [REDACTED] stated that he believed the related USAF contract was awarded to Framework Sound.

947. The RA showed [REDACTED] a copy of a second Form 9 which was in the same contract file for \$8,000 for which [REDACTED] signed as the requesting official on September 2, 2004. [REDACTED] stated that he must have been "on the road" that day because ordinarily he would have signed the Form 9, which indicated the \$8,000 was for a "Service Charge."

948. The RA showed [REDACTED] a copy of USAF Contract No. FA4861-04-M-B272, which was awarded on September 2, 2004, to Chugach McKinley for \$128,000 for which item 0001AA was listed as Sound Trailer, FFP, Items to be delivered in accordance with Statement of Work (SOW) for \$112,000; Item No. 0001AB, Sound Equipment, \$8,000; and Item No. 0001AC, Service

Charges, FFP, Funding for Contractor service charge.

949. [REDACTED] was asked if it would be inappropriate for the USAF to pay \$8,000 to a minority-owned company to be awarded a USAF contract so that the minority-owned company could subcontract the work to a non-minority owned company to do the work.

950. [REDACTED] stated that it would be illegal and immoral because it would be a waste of \$8,000, and it would eliminate the opportunity for others to compete for the contract award.

951. [REDACTED] stated that he had no knowledge of this ever occurring and did not think this was the contract he argued with [REDACTED] about because the contractor he remembered that [REDACTED] wanted to award a no-competition contract to was Framework Sound.

952. [REDACTED] advised that if the funds utilized for the acquisition were from the Thunderbirds funds, only a Form 9 was completed. However, if the funds utilized came from somewhere else, an AF Form 616 was also completed. An AF Form 616 is a Fund Cite Authorization.

953. [REDACTED] stated that [REDACTED] also seemed to take over as the liaison person between the Thunderbirds and other USAF offices. [REDACTED] stated that previously Thunderbirds liaison with the Pentagon was handled by General Bill Creech, who passed away in 2003 or 2004. He said that the liaison now is performed by General "Fig" Newton. Both Creech and Newton previously served as Thunderbirds and understood their needs.

954. [REDACTED] was asked why retired USAF Generals were needed to act as liaison for the Thunderbirds when they have competent active duty personnel serving in the USAF. [REDACTED] stated that the retired USAF Generals understood the Thunderbirds' needs and could convey them without scrutiny from high ranking active duty USAF personnel. [REDACTED] stated that Creech and Newton were not compensated for their assistance. [REDACTED] opined that after Creech died, [REDACTED] seemed to take over as the Thunderbirds liaison with ACC and the Pentagon. [REDACTED] opined that the Thunderbirds commander is too busy for that type of liaison work.

955. The RA also showed [REDACTED] a copy of e-mails, on one page, which was in the USAF contract file for the loading of music onto the 360 machines procurement (Contract No. FA4861-05-M-B100). The e-mail exchange was between [REDACTED] and [REDACTED] Commander of 99th Air Base Wing, NAFB, dated February 18, 2005. Courtesy copies were also sent to [REDACTED] and others. In short, [REDACTED] [REDACTED] inquired why payments were not yet made for the Framework contract and a yet to be awarded contract to provide the Jumbotron screen. [REDACTED] read a copy of the e-mail exchange in front of the agents and added that even after [REDACTED] explained to [REDACTED] [REDACTED] that the loading of music claim was not in the Wide Area Work Flow (WAWF) system that the Jumbotron contract SOW had not yet even been completed, [REDACTED] responded, "Please run the details down ASAP on where we are with these contracting vehicles and the money. I would like a status with a timeline for expected payment by 1400 today." [REDACTED] opined that there was a lot of pressure from some very high ranking USAF personnel to get the contractors paid for this work.

956. The RA showed [REDACTED] a Form 9 which he signed only as the Certifying Official and [REDACTED] signed as the Requesting and Approving Official, all on February 24, 2005. This

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document was located in USAF Contract No. FA4861-05-M-B105, which was awarded to Sports Link, LTD, on March 9, 2005, for \$49,300. The Form 9 read, "Network quality graphics package for Jumbo-tron based on attached Statement of Work." Typed in capital letters was "Sole Source: Framework Sound.. [REDACTED] stated that he typed the information regarding Framework Sound because [REDACTED] always used capital letters. [REDACTED] also stated that he initialed and made the change from the typed \$35,000 to \$50,000, but does not recall why the change was made. [REDACTED] stated the Accounting Classification listed was 7874, which showed that ACC funded the request.

957. The RA showed [REDACTED] a copy of the Statement of Objectives (SOO) which was also in the contract file. In addition to the graphics, the SOO included a requirement to provide a 22 X 30 foot LED display device to view the program. [REDACTED] stated that the creation of the graphics and providing the large Jumbotron screen was for [REDACTED] presentation at the Thunderbirds 2005 Acceptance Show. [REDACTED] recalled that [REDACTED] (now [REDACTED]) asked [REDACTED] to type the SOO, but [REDACTED] refused.

958. The RA showed [REDACTED] a copy of a memorandum located in the contract file for which the subject was listed as, Justification for Non-Competitive and Urgent Need. The memorandum describes that the requirement as a test of large screen Jumbotrons for the 2005 air show season which would be tested at the March 10, 2005, Acceptance Show. The memo included the following, "Mr. [REDACTED] and [REDACTED] were specifically tasked by AWC/CC to complete the task and have identified the subcontractors with the specific technical and artistic skills required to satisfy the requirements."

959. [REDACTED] stated that he typed the memorandum and included the above to "cover the Thunderbirds" because [REDACTED] had concerns about the request for the service. [REDACTED] stated that Major General Stephen Goldfein was the Air Warfare Center commander who specifically tasked [REDACTED] and [REDACTED]

960. [REDACTED] was asked if he was certain that the USAF paid for [REDACTED] presentation at the 2005 Acceptance Show. [REDACTED] stated that the documents plainly show this. [REDACTED] stated he was reluctant to go along with this expenditure (Exhibit 107).

Account of ROBINSON

961. On August 25, 2006, an interview was conducted of MajGen David Robinson (Exhibit 108). At the time for the interview, Robinson served as the Mobilization Assistant to the Chief of the USAF Reserve, Headquarters Air Force. Robinson flew for the USAF Thunderbirds, and, at the time of the interview, was employed as a pilot for Southwest Airlines.

962. Robinson was stationed at Langley AFB from January 2001 to June 2005. General Hal Hornburg was not Robinson's direct supervisor. When Robinson got to Langley AFB, General John Jumper was the Commander of ACC. Hornburg became the Commander of the ACC after Jumper left. Jumper and Hornburg supervised Robinson's supervisor. Robinson's supervisors while at Langley AFB were Major General Don Lamontagne, Major General Howie Chandler, Major General Joe Stein, and Major General Mike Decuir.

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963. The Heritage Flight Program (HFP) consists of 12 civilian pilots and had its first flight in 1997. The HFP was started so that older planes could fly with newer jets in flight shows. In 2005, the HFP had 250 flights. Robinson described the HFP as very successful. Initially, the HFP was not paid by the USAF. The HFP pilots were flying in USAF air shows out of the “goodness of their hearts” and spent approximately \$10,000,000-15,000,000 of their own money to participate in the shows.

964. Currently, the HFP pilots are paid for logistics in the form of HOBBS time, which consists of the hourly cost to operate the airplane. HOBBS time is calculated at a fixed amount times the number of hours flown. The HFP pilots are paid HOBBS time for travel to the air shows, for practice time at the air show, for the show, and for the travel home from the air show. HOBBS time was written into the HFP contract.

965. The ACC budget now has a line item of \$2,500,000 for the HFP. Robinson did not know the name of the company that had the contract for the HFP. The company was an Alaskan, minority-owned company. The contract was competitively bid and was worth \$2,500,000. The contract was established to cover the operating costs of running the HFP.

966. The line item was approved by Hornburg, but Jumper was there when the line item was approved.

967. No one owns the HFP. Each pilot operates as an individual entity. The HFP has no corporate structure and makes no profit.

968. Robinson was the senior USAF representative to the HFP. Robinson handled the day to day operations of the HFP as the senior person in charge of the ACC. Robinson wrote Air Force Instructions for the HFP, which spells out the qualifications needed to fly in the USAF air shows.

969. [REDACTED] is the chief civilian spokesman for the HFP and the senior pilot. [REDACTED] was also Robinson’s primary point of contact with the HFP. [REDACTED] is also a self employed film maker and is semi-retired.

970. Robinson is good friends with [REDACTED]. Robinson worked with [REDACTED] for five years and talked to him every day during that period. Robinson sees [REDACTED] at functions, conferences, and on the road at air shows.

971. Regarding [REDACTED] attempt to be awarded the TAPS contract, Robinson completed a Past Performance Questionnaire (PPQ) regarding [REDACTED] and [REDACTED] company named Lightning Rod Pictures (LRP). LRP is [REDACTED] film company. [REDACTED] and LRP are one in the same, a one man company. When Robinson filled out the PPQ, [REDACTED] had not formed SMS yet. Robinson received the PPQ from the contracting office at Nellis AFB. Robinson believed the PPQ was e-mailed to him and provided the following e-mail addresses: david.robinson@pentagon.af.mil; [REDACTED]@aol.com.

972. During the interview, Robinson was shown the PPQ and stated that it was faxed from his home to [REDACTED] Nellis AFB. Robinson then identified [REDACTED] as the individual who

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provided him the PPQ. Robinson consulted with [REDACTED] while preparing the PPQ. No part of the PPQ was filled out for Robinson, and [REDACTED] had no input into the PPQ.

973. [REDACTED] made other videos for the USAF Thunderbirds and commercials for the USAF under LRP. The USAF used [REDACTED] videos in briefings and for promotional purposes. [REDACTED] was never paid for these videos. [REDACTED] had also provided music to the USAF for the Thunderbirds air show the previous year.

974. Robinson gave [REDACTED] all exceptional ratings on the PPQ. Robinson thought he was one of many people that provided PPQ's to the contracting office. Robinson based his response in the Section 5: NARRATIVE SUMMARY portion of the PPQ on work [REDACTED] did on the HFP. Robinson based his response in the Additional Comments Section of the PPQ on intellectual information provided by [REDACTED] mainly ideas for the Thunderbirds air shows.

975. [REDACTED] understood the "air show environment" and provided ideas on "passes" made by the planes. Robinson observed [REDACTED] create the soundtrack for the USAF Thunderbirds by sitting in the studio while it was created. [REDACTED] created the USAF Thunderbirds soundtrack for 2004 and 2005 for free.

976. Robinson believed [REDACTED] was the most qualified person to create a multimedia presentation for the USAF Thunderbirds because he did not know anyone else that had ever done it before.

977. Robinson said the ratings he gave [REDACTED] were accurate and he would not change them today. Robinson has spoken to [REDACTED] within a week or two of this interview and has spoken to [REDACTED] almost every day for personal reasons surrounding the death of his daughter. Robinson has only spoken to [REDACTED] for personal reasons. Robinson has no official USAF dealings with [REDACTED] anymore.

978. During the interview, Robinson stated he has spoken to Hornburg in the last two months and his wife has spoken to Hornburg within the last two weeks. Since January 1, 2005, Robinson has spoken to Hornburg approximately once a month, but more often at times due to a family emergency.

979. When asked if he thought amount of money paid for this contract seemed reasonable, Robinson responded that he is an "ops guy" and is not involved with contract matters (Exhibit 108).

980. General Robinson was interviewed again on June 11, 2007, at his office in the Pentagon (Exhibit 109).

981. Robinson said General Hornburg approved funding for the Heritage Flight Program (HFP). The HFP was funded through the ACC budget. Hornburg was the commander of the ACC at the time. The ACC budget was at the discretion of Hornburg; it was Hornburg's budget. The ACC budget was like Hornburg's checkbook.

982. The HFP funds were awarded through a USAF contract with an Alaskan company. The Alaskan company physically wrote the checks for payment. Robinson did not recall the name of the Alaskan company. The Alaskan company paid [REDACTED] and [REDACTED] [REDACTED] and [REDACTED] were two of the twelve HFP pilots. The Alaskan company was used because of the small disadvantaged business program. It may have been a requirement to use a company from the program. The contracting office decided to use the Alaskan company. Robinson was unsure if Hornburg knew about the Alaskan company being used.

983. According to Robinson, the Alaskan company did not do any work on the contract. The Alaskan company was just a vehicle to administer the contract and make payment disbursements. The Alaskan company was an administrative pass through. The Alaskan company was just a payment vehicle for the contract. Robinson would be very surprised if the Alaskan company was used to avoid competition because of the strict contracting guidelines and requirements. The contract was awarded out of the ACC contracting office. The contract was worth approximately \$2,500,000.

984. Robinson was not sure what the administrative fee charged by the Alaskan company was. The current HFP contract may be less than \$2,500,000. The USAF provided flight suits, helmets, basic flight clothing, and protective gear to the HFP pilots. The USAF wanted the HFP pilots to have matching uniforms with the USAF pilots. Fuel was not paid for directly by the USAF. Fuel was considered an expense. The pilots were paid HOBBS time, which included fuel and the expense to operate each plane. HFP pilots may have also been given flight pins and coins. All 12 HFP pilots signed hold harmless agreements.

985. [REDACTED] is the owner of Lightning Rod Productions (LRP). [REDACTED] was the senior HFP pilot. [REDACTED] made videos for the USAF at no cost. [REDACTED] took footage of USAF planes while training and provided it to the USAF at no cost. [REDACTED] made at least 10-12 videos, with 10-12 minutes of footage per video. The videos were used as promotional videos and informational videos. The videos were provided to Robinson and General Jumper. None of [REDACTED] videos were sold by [REDACTED] or anyone else.

986. [REDACTED] and other HFP pilots were allowed to fly USAF planes, and the flights were authorized. Pictures and video were taken. [REDACTED] took pictures of the USAF planes from the HFP planes and from the ground.

987. No restrictions were placed on [REDACTED] regarding the photos and video taken. Robinson does not believe any of the photos or video was ever sold for profit by [REDACTED]

988. There was no signed agreement regarding the use of the photos or video.

989. Robinson did not know who approved [REDACTED] taking the photos and video. Robinson recalled the ICAS convention. Robinson recalled the HFP winning the best marketing video. The award was only a title. No monetary compensation came with the award. Robinson could not recall the name of the video. The video was of ACC jets and "warbirds" making passes. [REDACTED] did market this video. [REDACTED] marketed the video on his own time, with no USAF funding. No USAF assets were used to make the video. The USAF had no rights over the video.

The video was not marketed for sale. The footage was obtained while [REDACTED] was with the HFP. Robinson has a copy of the video at his home. The video is the 2001 HFP video.

990. Robinson was asked about a Heritage Flight Book that [REDACTED] had a hand in that was written by Hildebrandt. Robinson said Hildebrandt is a civilian with no affiliation to the USAF. Hildebrandt is not a member of the HFP. Hildebrandt approached the USAF and requested to make a book about the HFP. Hildebrandt had previously produced a book about the Blue Angels which was very good.

991. Lieutenant General Howie Chandler signed the letter giving Hildebrandt approval to take the photos and produce the book. As the lead USAF representative to the HFP, Robinson was responsible for Hildebrandt taking the pictures of the HFP planes. The footage was taken out of the back of a C130. Hildebrandt owns the copyrights of the pictures taken. [REDACTED] in his role as the senior HFP pilot, was responsible for coordinating the logistics of getting the HFP planes together. The HFP planes were located throughout the U.S., and [REDACTED] coordinated getting the planes together to make the photo shoot possible.

992. Robinson was not sure if Hornburg was there at the time the pictures were taken, but remembers working for Jumper at that time. Jumper may have approved the Hildebrandt book before he was promoted and left the command, but Robinson was not sure.

993. There were no agreements between Hildebrandt and the USAF or [REDACTED] and the USAF concerning the photos taken for the book. The USAF saw Hildebrandt's book as good "PR."

994. Chandler likely approved the non-standard mission profiles, but may have given Robinson the authority/latitude to make the decision.

995. Chandler had the authority to approve the mission profiles. Robinson's name was mentioned in the acknowledgments of the HFP book because he was responsible for overseeing the project. The USAF was never financially compensated for Hildebrandt's book.

996. Robinson bought a leather-bound version of the book for approximately \$50. Members of the USAF and the HFP were offered the opportunity to buy the book before it was released at a discount. The retail price for the book was approximately \$30 and the USAF and HFP people may have been offered a discount price of \$20. The USAF bought many of the books to give away as gifts and to have in offices as reading material.

997. The USAF accommodated Hildebrandt because he was qualified to do the job and had an impressive resume. The USAF also saw the book as free public relations for air shows.

998. No other photographers were given the opportunity to do what Hildebrandt did.

999. Robinson did not believe that [REDACTED] was tasked to make commercials or videos under the contract with the Alaskan company. [REDACTED] and LRP were not paid by the USAF for the videos or commercials under the contract with the Alaskan company. The ACC contracting office and the ACC accounting and finance office could best answer questions regarding the contract.

Robinson was on the operational level so he did not know much about the contracting.

1000. Robinson saw more of the 2004 changes [REDACTED] made. Robinson remembered the changes being made in the fall of 2004 because they had to be ready by March of 2005. Robinson viewed [REDACTED] working at Framework Sound in Santa Monica, CA, changing the music. [REDACTED] was changing the Thunderbirds music because until that time the Thunderbirds were creating their own music, and it had gotten really bad.

1001. Hornburg and Robinson agreed that the music needed to be changed and asked [REDACTED] to make the changes.

1002. [REDACTED] was previously a movie producer and had experience in the field. Robinson was present because it was part of the air show business from the ACC point of view. Robinson was not on official TDY and used his own funds for the trip. Robinson was there for approximately two or three days. [REDACTED] was there for a month filming the Thunderbirds. A lot of people knew [REDACTED] was there, including the Thunderbirds. [REDACTED] was there at the "direction of the four star," so everyone in the chain of command should have known. [REDACTED] [REDACTED] was also there. [REDACTED] narrates over the Thunderbirds music and modulates the volume. [REDACTED] is part of the Thunderbirds program.

1003. Robinson was asked about attending dinner after the music screening at Framework Sound in January 2005. Robinson said he attended the dinner at the Havana Room. Robinson believes Goldfein, [REDACTED], [REDACTED], [REDACTED] and [REDACTED] were there. Robinson does not know who [REDACTED] is and does not believe he was there. Robinson attended the Thunderbirds music screening before the dinner that same day. Robinson went to the screening for Goldfein and [REDACTED]. The music was going to Hornburg for approval. In his response, he often referred to Hornburg but Hornburg had already retired from the USAF by the time they had the music screening on January 22, 2005.

1004. The screening was done in a little studio with 10-12 people. The screening was informal, and there may have been refreshments served. Hornburg liked the music and was impressed by the screening. Robinson did not believe there was any payment made for the music by the USAF. Hornburg did not comment on payment.

1005. Robinson said it was [REDACTED] idea for him to perform a demonstration on large screens at the March 2005 acceptance show. [REDACTED] came to the USAF with a proposal called "Thundervision." [REDACTED] felt it gave a better presentation of the Thunderbirds show. Thundervision was [REDACTED] vision.

1006. Robinson was never at a company called Troika and never met representatives of Troika. Robinson has seen Troika products and knew they did graphics. Using Troika was [REDACTED] vision. [REDACTED] believed the Thunderbirds had "no branding" and that was why the Blue Angels were more popular. Troika did graphics for ESPN and gave ESPN their "on air look." [REDACTED] wanted to use the same company as ESPN because of their quality product and was pitching this idea to Goldfein. Robinson, Goldfein, and [REDACTED] were in California for the discussion with [REDACTED]. [REDACTED] was not there. In California, [REDACTED] made a proposal for

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Thundervision to Goldfein.

1007. ██████ talked with Goldfein about the USAF paying for the creation of graphics or video. ██████ wanted to build a demonstration and show Goldfein his work. Goldfein had “the checkbook” for Nellis AFB. If he wanted to spend money on something, he could.

1008. ██████ proposed that he could create a demonstration for \$20,000-30,000. If the demonstration became bigger, it was discussed that ACC could fund it in the future. Goldfein was excited about ██████ idea. Goldfein thought it had a lot of potential. ██████ and others did create video and graphics for use at the Thunderbirds acceptance show. ██████ was never promised any future money or contracts for creating the video and graphics.

1009. ██████ knew there was a lot of money involved with showing commercials on the video screens. ██████ proposed the idea of corporate sponsorship. The USAF said no to ██████ proposal. The Blue Angels use corporate sponsorship and commercials at their shows.

1010. Thundervision and the music started as separate entities. The music was created at no cost to the USAF and was later used as part of Thundervision. When the music was created, there was no graphic design yet.

1011. The change of music for the 2005 Thunderbirds show season was completed by the time of the music screening at Framework Sound.

1012. Robinson has seen the testimonials done by Presidents George H. W. Bush and George W. Bush for the Thunderbirds at their shows. The testimonials are used as a lead in video for the Thunderbirds. Testimonials were also made by Rudy Giuliani, Arnold Schwarzenegger, and other celebrities. ██████ probably helped ██████ with the testimonials. ██████ was previously in the movie industry, and ██████ was his producer. ██████ probably did the letter writing necessary to get the testimonials. Robinson had initially asked President George H. W. Bush to create a testimonial for the Thunderbirds.

1013. While eating at a Morton’s in California, Robinson was seated next to President George H.W. Bush. A Bush aide asked why he didn’t request the testimonial, to which Robinson replied that he did not mix business and pleasure. The aide told Robinson he would talk to President Bush, and eventually the President agreed to make the testimonial.

1014. Robinson advised that Goldfein may have facilitated the George W. Bush testimonial. The White House has a military liaison office on site, and Goldfein may have reached out to that office for assistance.

1015. As far as Robinson knew, the USAF did not pay for the change of Thunderbirds music in 2004 or 2005. The USAF did not pay ██████. The USAF did have to pay a user fee to the music companies for use of their songs. The USAF had not done this in the past. The USAF was not aware that they had to pay the fees in the past, but were informed by one of the USAF attorneys that they needed to pay the fees.

1016. The USAF did pay for the graphics and rental of large screens used at the March 10, 2005, show. Robinson believed the USAF did not pay for the change of music in 2004 and 2005 based on discussions he had with [REDACTED]. The USAF bought the equipment that was used and the Thunderbirds still have the equipment.

1017. If the USAF did pay for the change of music, Robinson believed it made sense in a “crawl, walk, run” sense. It was a logical step to have senior people look at the product and demonstrations before they committed to a bigger project.

1018. Robinson still believes [REDACTED] was the most qualified to create the multimedia presentation for the Thunderbirds. Robinson was not aware of 367th TRSS, so they were not considered. There was talk about the Blue Angels doing something similar, but Robinson didn't think it was at that time. The teams talk a lot to each other. Robinson did not speak to anyone directly from the Blue Angels. There was no effort to get the project going before the Blue Angels because they did not know of the Blue Angels intentions at the time of the meeting. Robinson did not attend the March 10, 2005, acceptance show at Nellis AFB (Exhibit 109).

Review of pre-TAPS Documents

1019. During this investigation, the RA conducted various reviews and analysis of documents, records, and contract files. One such review was written on May 22, 2006, titled Analysis of Documents/Information Received (Exhibit 110). It was essentially a review of USAF Contract files which were related to, but preceded the TAPS contract. The review included: A written proposal submitted by SMS in response to the 99th CONS Request for Proposals (RFP) for the TAPS contract; E-mails written/received/forwarded by/to [REDACTED] and e-mails written/received/forwarded by/to [REDACTED]

1020. The RA also reviewed the USAF file for contract No. FA4861-04-M-B272 (Exhibit 111). This was the \$128,000 USAF contract awarded to Chugach McKinley, Inc., to improve the sound of the Thunderbirds old communications trailer in which Framework Sound actually did the work for \$120,000.

1021. The RA also reviewed a file provided by [REDACTED] the Contracting Officer for the TAPS contract. Early in the investigation, [REDACTED] said he was handed a file which contained documentation regarding earlier attempts to award [REDACTED] a sole-source contract for the work which later became known as TAPS. On May 9, 2006, the RA wrote a report concerning a review of the file. On October 17, 2007, the RA wrote another report after reviewing the file a second time, and included photocopies of many of the documents as attachments to the report (Exhibit 112).

1022. On December 14, 2007, the RA created a one page sketch depicting eight USAF contracts which became of interest during this investigation (Exhibit 113). It was created for referencing purposes. It lists the following contracts: 1. HFP; 2. Purchase of new communications trailer; 3. 2004 Music Changes; 4. Improved sound for old communications trailer; 5. 2005 Music Changes; 6. Thundervision Demonstration; 7. TAPS; and 8. The Maintenance Contract at Nellis AFB.

1023. As described earlier in this report, [REDACTED], a Las Vegas, NV, resident, seemingly played a go-between role in the contract awarded to Chugach McKinley, Inc., an Alaskan Native Corporation (ANC). The contract was awarded to Chugach McKinley, Inc., for \$128,000. But, according to [REDACTED] owner of Framework Sound, [REDACTED] did all of the work. Chugach McKinley, Inc., just sub-contracted the work to Framework Sound who did/provided everything for \$120,000. The RA queried the internet and found [REDACTED] was a retired USAF [REDACTED] and former Vice-Commander of AWFC. It was learned that [REDACTED] was also the president of Chugach Industries, Inc., an ANC. The RA queried DoD databases and found that on October 25, 2005, the 99th CONS awarded [REDACTED] company (Chugach Industries, Inc.) a \$2,152,293.82 contract for base maintenance at NAFB, with options through 2010. The RA included this contract, along with the seven others, in a subsequent request for DoD-IG Audit Assistance. The audit findings are provided as an exhibit later in this ROI.

1024. On February 13, 2006, the Government Accountability Office (GAO) dismissed the protest filed by SRO Media/Video West, Inc., pertaining to the TAPS contract (Exhibit 114). The letter reflects the GAO was dismissing the protest "because the agency (USAF) was terminating the awardee's contract and considering whether to resolicit the requirement." The last paragraph reads, "When an agency terminates an awardee's contract and resolicits for its needs, the agency action renders a protest of that award academic. Since it is not our practice to consider academic questions, Dyna-Air-Eng'g Corp., B-278037, Nov.7, 1997, 97-2 CPD 132, the protest is dismissed." Subsequently, the TAPS contract was Terminated for Convenience on February 16, 2006. However, no record of resoliciting the requirement was found as of the date of this report.

Account of [REDACTED]

1025. On June 28, 2006, the RA conducted an interview with [REDACTED] Chief Executive Officer, Big Moving Pictures, Inc., Las Vegas, NV (Exhibit 115). At the time of the interview, [REDACTED] was providing a service, similar to that described in the TAPS contract, at the U.S. Navy's Blue Angels air shows at no cost to the Navy. [REDACTED] provided documented proof that he offered his "no cost" opportunity to representatives of the Thunderbirds and Blue Angels before the March 10, 2005, Thunderbirds Acceptance Show.

E-mail between Moseley and Keys

1026. During this investigation, copies of several e-mail exchanges were obtained between General Moseley, when Moseley was the Chief of Staff, and General Ronald Keys, when Keys was the Commander of ACC (Exhibits 3 and 43). Of special interest were the e-mails exchanged after the November 8, 2005, Final Selection Briefing at AWFC, where SMS was selected to be awarded the TAPS contract for \$49.9 Million. Listed below are some of the e-mails exchanged between General Moseley and General Keys.

1027. November 9, 2005, General Ronald Keys, ACC Commander, e-mailed General Moseley, Chief of Staff. Keys wrote, "Boss, we asked for bids on this capability and they have come back. I know you said 'press' and 'found' some fy '05 right-colored money to be able to acquire this capability. However, this is turning out to be an \$8M per year project... something over \$40M for the FYDP, and I cannot support burning that kind of money to fix something that isn't broken, when I am not buying

fixes to things that are broken... and may not be able to even fly mail to Chicago. I plan to pass on pursuing this and it will probably cost some small termination/bid prep costs, ... but I can't see spending big money here when we are talking about stopping aircraft mods and going to 75% BOS funding. I know this was somehow wrapped up in the Strategic Comm package so wanted to know your thoughts before I proceed. RK"

1028. November 10, 2005,

General Moseley responded to General Keys,

"Thanks for the SA Ron. Let me think about this one for a bit. It does fit into my strategic communication plan in a big way. I'd ask you not to terminate anything until I can get wrapped around this one a bit more. Thanks again"

1029. November 10, 2005,

General Keys responded to Moseley,

"Right, Boss.... That's why I gave you the head's up. I asked my folks to hold off until after the 21st, since that bloodletting would provide rationale and also to wait until I had talked to you. No one can give me a metric on people recruited (which we may or may not need), or opinion makers touched and changed at events like these. It would enhance getting out a message, but to whom? And the contract as written is really more focused at putting cockpit video etc to the ground during lulls in the performance. I would rather put it against the bills coming in to stand up the Adversary Threat Group and UAV COE. Additionally, I would like to re-open the bidding on block 52s to the T'Birds... block 40s would make more sense to me as I would then have the block 50 data-link and targeting pod surrogateIRST in my aggressor fleet to replicate the threat... I don't see thrust as a driving addition to what the T'birds do and believe we should flip-flop the transfer. Having said all of that, will await your direction on the Jumbotron... know you are consumed in the QDR and believe there is not a big rush on this for a couple of weeks. I'm out at Nellis for the Aviation Nation Celebration and then on to Whiteman but am up on e-mail. Cheers, V/R Ron"

1030. November 14, 2005,

Moseley responded to Keys,

"Ron...as we discussed at CORONA...I'm working my way through a bigger set of strategic comm options. And, this has been one I've liked – not just for TBird reasons – but for the "messaging opportunities" if we get the right people working this for me. Hold off in killing or deciding anything until I can get some non-QDR time to reflect on this a bit more. I'm prone to support it and pay the money and drive the message we want across the spectrum of options – from Mar through Nov every year at a variety of locations (and use the TBird shows as a vehicle to get at the public).

I'm prone to support it because it offers that spring board to other venues and other outreach opportunities. This will work even better as we get more sophisticated with our "market research" and "branding/marketing." So, my notion has been this is more than a project to support a demo team & big screens. But, give me some time and I'll come to closure soonest. Thanks again"

1031. November 14, 2005,

Keys responded to Moseley,

“Boss, I know you are busy and put off the decision specifically because I wanted you to vote. We are not at crunch time yet. (Would be glad to go over the funding responsibility to Strat Comms!! :-) V/R Ron”

1032. November 15, 2005,
Moseley e-mailed Keys,

“Ron...thanks for being patient. I'm thinking if we go down this road...we might just fund it under the new CM office. That would help you a bit...and, get these new folks into the overall “brand” and “messaging” business. I'd like to get these folks in place and have a chance to chat with them. Thanks again”

1033. December 26, 2005,

General Ronald Keys e-mailed General Moseley and General Corley, Vice Chief of Staff, USAF, with the Subject Line reading, “Potential Thunderbird Show Production Competition Protest.” Keys wrote,

“Boss and Vice, My guys got a call 23 Dec from a firm that participated in the TAPS competition. The caller was questioning the selection of SMS for the award of the contract. The firm feels there may have been unfair competition because of Mr [REDACTED] connections with the Thunderbirds and the AF.

The caller questioned the past performance evaluation of a recently started company, SMS, where his research showed no records for the company in several Government and commercial data bases. He also questioned Mr [REDACTED] access to areas on the base where industry day was conducted while other potential offerors were denied such access. There were several other areas he questioned ranging from technical capabilities to financial and manpower resources. He stated he intends to submit a protest to the GAO on this and his discussions with other unsuccessful offerors lead him to believe two or three others may also protest this acquisition. He has 10 days from the 23rd when we will then know the exact details of the protest(s) if there are any. We are bringing /BrigGen Lessel into the loop, since there may be impacts on the show season. FYI only at this point. V/R Ron”

1034. December 27, 2005,

General Moseley responded to General Keys,

“Thanks for the update Ron.

When Chief Jumper came back from Nellis after a show review and then started this project with the Thunderbirds & these folks it was pretty simple – and that was before the 05 show season, which we missed, because we couldn't get the paperwork/contract worked in time to meet the CSAF's timeline. Then it seems we got a bit complicated and got a lot of folks spun up over issues that weren't primary concerns to the CSAF's initial vector. And, to make it more interesting...

I understand the Blue Angels have gone down the same TAPS-like road with the same media, Navy messaging and hardware notions that the CSAF had before the 05 season...We'll see how it all plays out...”

Account of KEYS

1035. On October 30, 2007, an interview was conducted of General Ronald Keys in Woodbridge, VA, as Keys just started leave before his retirement from the USAF (Exhibit 116).

Keys' last assignment was as the Commander of ACC from May 2005 to October 2007.

1036. General Keys said he was under the impression the cost for TAPS would be approximately \$10 million dollars once it went out for bidding. In November 2005 when he learned that a contractor was tentatively selected for \$50 million, he told General Moseley that he (ACC) was already short on money and being forced to operate at 75% of its budget. Keys was not inclined to spend that much money on a project he did not feel was necessary. Keys said in order for him to proceed with this project, someone was going to have to give him a large amount of money to spend on it.

1037. Keys was asked if it seemed like General Moseley was sold on the idea of spending the \$50 million to acquire TAPS. Keys said Moseley did seem sold on the idea. General Keys told Moseley that he thought this was a bad idea and that they needed to find someone else to fund it. Keys also told Moseley that they needed to make sure that it was being done legally. Keys told Moseley that it was his (Moseley's) decision, but Keys wanted to make Moseley aware of the potential pitfalls.

1038. Keys was asked if General Moseley was actually the customer for the TAPS procurement. Keys said that was correct.

1039. Keys said if it were his choice, Keys would have terminated the contract and paid the penalty for doing so. Keys emphasized that there were many better ways to spend the money.

1040. Referencing Keys' earlier e-mail exchange with General Moseley, Keys was asked what aircraft modifications would be stopped if the contract was funded, as Keys wrote in his e-mail, "...but I can't see spending big money here when we are talking about stopping aircraft mods and going to 75% BOS funding." General Key's responded, "Bomber modifications to their avionics; A-10 avionics; Re-winging of engines for the J Stars."

1041. Regarding "going 75% BOS Funding," General Keys said due to budget constraints ACC was being forced to operate on 75 percent of the Base Operating Support Budget, and that money was used to pay utilities. Keys said ultimately it was cut back to 68%.

1042. Keys was asked to explain what certain things were, when he wrote, "I would rather put it against the bills coming in to stand up the Adversary Threat Group and UAV COE. Additionally, I would like to re-open the bidding on block 52s to the T'Birds... block 40s would make more sense to me as I would then have the block 50 data-link and targeting pod surrogateIRST in my aggressor fleet to replicate the threat... I don't see thrust as a driving addition to what the T'birds do and believe we should flip-flop the transfer." Keys said, "These were from the Unmanned Aircraft Vehicle Center for Excellence. It focused on integrating unmanned aircraft into the USAF. The block 52 engines had more thrust. Therefore, I believed that they should be used in the aggressors instead of the air shows."

1043. Keys was asked if General Moseley decided to keep the procurement going after Keys said he thought it was a waste of ACC's money. General Keys said that was correct.

1044. Keys was asked if General Lichte made the final decision not to utilize the 367th TRSS, but instead to award the contract. Keys said he did not know who made the final decision.

1045. Keys believed that USAF-HQ funded the first year of the TAPS contract.

1046. During Keys' interview, the following e-mail exchange was read to Keys, and he was asked about it.

1047. May 5, 2006

General Keys sent the following e-mail to LtGen Fraser, "If the Chief is willing to move Goldy, I will give up Wardog, but want Goldy as Vice. If I can't get Goldy, then I want to keep Wardog... may move him to Vice... easier to fill the A3. I don't know Raaberg.... But don't want a two star select for a Vice.... If you are saying move Wardog over and use Raaberg for the A3 that would be acceptable (or Goldy as Vice and send Wardog). Don't know Griffin at all, but would go with you on this one. RK,"

1048. May 6, 2006

LtGen Fraser responded to General Keys, "Yes sir - and on the wire to GOMO - will keep you posted - I know that GOMO thinks that Dep A3 for Goldy is better however I think getting to close to the Chief before we are complete with TAPS would not be that good from an optics stand point IMHO."

1049. During the interview, Keys was asked who "Wardog" was and what "GOMO" stood for. Keys said "Wardog" was Mike Warden, a two star General at Nellis AFB, and "GOMO" stands for General Officer Management Office.

1050. Keys was asked, is it accurate to say there were concerns about where to assign General Goldfein because the TAPS investigation was ongoing? General Keys responded, "Yes, because Stephen Goldfein had a good shot at a third star. He was extremely capable and we were trying to shield Goldfein by placing him a position that he would not have to be confirmed. Goldfein would not have been confirmed with an ongoing investigation into him. Keys opined Goldfein did everything right, but he was in the wrong place at the wrong time, and he unfairly took the blame. No one walked away with a bag of money from this. Everyone was trying to do what was in the best interest of the USAF.

1051. Keys was asked why would anyone have concerns of that in May 2006? General Keys responded we were all trying to think ahead because of the confirmation.

1052. Keys was asked what information was circulating that Goldfein did something that it would not be good from an 'optics standpoint' if he worked at the Pentagon, near General Moseley? General Keys responded we were trying to protect him from a potentially bad situation.

1053. Keys was asked besides General Fraser, who else had those concerns? Keys responded that Moseley was trying to assist Goldfein as well.

1054. Keys was asked if the status of the investigation played a role in General Goldfein being transferred to ACC as the Vice-Commander instead of assigned to the Pentagon? If so, who made that decision? General Keys stated that Moseley, Fraser, and I wanted to know the status of the investigation so we would know where to assign him based upon the confirmation.

1055. Keys was asked why did you say, "If the Chief is willing to move Goldy?" Keys responded and said that if the 'Chief' would let me move Goldfein, then I could move someone else and I needed his approval.

1056. Keys was asked if General Moseley had concerns about moving General Goldfein because of the investigation? General Keys replied yes, because he wanted to get Goldfein through the confirmation process so he could get his third star.

Account of [REDACTED]

1057. On June 11, 2007, the RA conducted an interview of [REDACTED] [REDACTED] of Business Operations, 99th CONS, NAFB (Exhibit 117).

1058. The RA asked [REDACTED] if it would be against procurement rules or regulations for any non-contracting USAF personnel to instruct individuals or contractors to perform any work to create/record music for use in Thunderbirds air shows. [REDACTED] related that only USAF contracting officials are authorized to request individuals or contractors to do work and that could only occur after USAF funding was secured and a valid contract was executed. Anyone in the USAF that is not a contracting official that instructs an individual or contractor to do work would have created an Unauthorized Commitment.

1059. According to [REDACTED] anytime USAF personnel cause an Unauthorized Commitment, the USAF could consider "Ratification" action. The procedures for Ratification action are outlined in the Federal Acquisition Regulation (FAR) 1.602-3. Approval for Ratifications for Unauthorized Commitments by USAF personnel assigned to NAFB, in excess of \$25,000, could only be granted by the ACC Commander.

1060. The RA asked what would happen to a person in the USAF who caused an Unauthorized Commitment and ratification was not approved. [REDACTED] stated that disciplinary action could be taken against that individual and that person could be held personally responsible for payment to the contractor or the Government for the costs of the Unauthorized Commitment.

1061. The RA asked [REDACTED] if any non-contracting USAF personnel could seek or obtain funding for work that was already started or completed. [REDACTED] advised that any procurement in excess of \$3,000 requires competition, and therefore, it would be inappropriate for any non-contracting official in the USAF to tell an individual or contractor they would be reimbursed by the USAF for work already completed or for work they were going to complete. In addition, the USAF contracting official would have to ensure that proper Market Research was done to ensure the price was reasonable. [REDACTED] stated that telling anyone to do work before conducting market research and advertising the need would be inappropriate and against Federal procurement rules.

1062. [REDACTED] added that any USAF personnel that instructed an individual or contractor to do

work, or told them they would be reimbursed for future work, could be held financially responsible for any costs incurred by the individual/contractor if the effort was not approved for Ratification. ██████ emphasized that USAF personnel that create Unauthorized Commitments can damage the U.S. Government budget process because all expenditures are budgeted for. Funds need to be committed before contractors can be told to start work.

1063. ██████ remarked that everyone in and outside the USAF should always feel that the procurement procedures utilized are fair, open, and accountable. He added that USAF Commanders frequently receive Bullet Background Papers (BBP) and other reminders to follow proper procurement rules and they frequently receive instructions on how to avoid getting involved in Unauthorized Commitments. As an example of this, ██████ provided the RA with copies of relevant documents. ██████ provided a copy of an e-mail from BrigGen Charles Dunlap, Staff Judge Advocate, ACC, dated January 31, 2006, which referenced interaction with contractors. ██████ also provided a copy of ACC Guidelines titled Contractors in the Workplace 2004. ██████ advised that the Guidelines were in effect in 2004 and 2005 and detail much of what ██████ related during the interview about Unauthorized Commitments and Ratifications.

1064. ██████ pointed out that under Section "C" in ACC's guidelines, titled Voluntary Services and Free Products, it reads, "If a contractor offers to conduct a product demonstration, you need to formalize the process in writing with your local contracting activity or ACC CONS for HQ ACC staff in order to protect Air Force interests and define liabilities. Product demonstrations may not be used as a subterfuge to obtain the use of products without charge. Do not agree to evaluate a contractor's products as part of the vendor demonstration or as compensation for the free use of the product. Air Force sponsorship or appearance of such sponsorship or endorsement is prohibited."

1065. Upon request by the RA, ██████ also provided a copy of a USAF template for a Vendor Demonstration Agreement, which would be utilized if a contractor wanted to provide a demonstration of their product at NAFB. ██████ mentioned that Paragraph 2 of the Demonstration Agreement reflects that the USAF will not pay for the demonstration and Paragraph 4 describes the use of any Government Furnished Property. ██████ advised the procedures for a Demonstration Agreement existed in the USAF long before the March 10, 2005, Acceptance Show.

1066. The RA asked if a Demonstration Agreement was completed for ██████ demonstration of Thundervision at the March 10, 2005, Acceptance Show or before that.

1067. ██████ stated there were no Demonstration Agreements completed or signed by SMS or any of its owners or by anyone else for the Thundervision Demonstration.

1068. The RA asked if it was inappropriate to allow ██████ the opportunity to demonstrate Thundervision at the 2005 Acceptance Show. ██████ advised there were two things to be considered.

1069. If ██████ asked the USAF if he could provide a demonstration for his multimedia idea, ██████ would have to make his request to the cognizant USAF Contracting Office and agree to

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the terms in a Demonstration Agreement. [REDACTED] said the information is on the 99th CONS website. [REDACTED] also stated the USAF would not pay for [REDACTED] changing of music, creation of graphics, video, or the rental of large video screens.

1070. [REDACTED] advised, if someone in the USAF decided he or she wanted a demonstration of an idea or concept, that desire/need would have to be formally advertised so that all potential interested individuals or contractors would have the same opportunity to put on a demonstration.

1071. [REDACTED] advised that it would not be fair, open, or accountable to allow [REDACTED] to put on a demonstration which someone in the USAF asked for, if the need/desire was not first advertised and others had the same opportunity.

1072. The RA informed [REDACTED] that two USAF contracts were in fact awarded by the 99th CONS which were used to pay for the 2005 Thundervision Demonstration. The change of music for the Thunderbirds 2005 Air Show Season was paid for through USAF Contract No. FA4861-05-M-B100, which was awarded to Framework Sound on February 16, 2005, for \$40,000. The graphics and rental of large video screens were paid for through USAF Contract No. FA4861-05-M-B105, which was awarded to Sports Link on March 9, 2005, for \$49,300. [REDACTED] opined that the contracts should not have been awarded for the reasons described above.

1073. The RA advised [REDACTED] that information obtained during this investigation indicated the change in the music was already completed prior to a request for funding for a contract to pay for the change of 2005 Thunderbirds music and USAF personnel may have informed the contractor to create the graphics before funding was obtained or a contract executed. As evidence of that, it was observed that the contract to Sports Link was not even awarded until the day before the Acceptance Show.

1074. [REDACTED] advised that if the work was completed before the contract was awarded, it would be against the Federal procurement rules as described above.

1075. [REDACTED] stated General Goldfein was an Advisor for the TAPS procurement. [REDACTED] stated that each Advisor and members of the Source Selection Team (SST) was required to sign a, Source Selection Information Briefing and Debriefing Certificate (Certificate).

1076. The RA showed [REDACTED] copies of a few of Certificates that were in the TAPS contract file, which the RA previously obtained from the 99th CONS. One Certificate was signed on October 11, 2005, by General Goldfein. One was signed on August 1, 2005, by [REDACTED] who also served as an Advisor on TAPS. One was signed on August 1, 2005, by [REDACTED] who was also on the SST.

1077. [REDACTED] and the RA together reviewed Paragraph No 4 on the Certificates which reads, "If, at any time during the source selection process, my participation might result in a real, apparent, possible, or potential conflict of interest, I will immediately report the circumstances to the Source Selection Authority." [REDACTED] acknowledged that [REDACTED] Contracting Office, ACC, was the Source Selection Authority (SSA), for the TAPS procurement.

1078. The RA asked if [REDACTED] attended the Final Selection Briefing, and if so, what General Goldfein said. [REDACTED] stated that General Goldfein voiced his support for SMS to be awarded the TAPS contract. Goldfein stated he did not want the Thunderbirds to have to train the contractor about the Thunderbirds and/or the USAF. Goldfein stated SMS already had that knowledge.

1079. The RA asked if General Goldfein played a role in attempting to get SMS awarded a sole-source contract for the use of Thundervision before the contract was advertised for competition.

1080. [REDACTED] stated that General Goldfein played a strong role in the attempt to get SMS awarded a sole-source contract, and it was obvious to [REDACTED] that Goldfein really wanted SMS to do the work. [REDACTED] stated he met and dealt first hand with Goldfein during the sole-source attempt process. [REDACTED] provided information so [REDACTED] could follow instructions on how to submit an Unsolicited Proposal. However, USAF officials later determined that SMS could not be awarded a USAF contract on a sole-source basis because the Thundervision concept was not unique. After that, Goldfein and [REDACTED] discussed the process of writing a description for the USAF's need for the multimedia concept, and Goldfein voiced concerns that he did not want SMS' intellectual property to be stolen. To avoid this, the description of the USAF need was generic. [REDACTED] stated that he believed that it was General Goldfein that decided that the "Strategic Insight" rating factor should be changed from a sub-category evaluation factor to the primary category.

1081. The RA asked if General Goldfein ever informed [REDACTED] of Goldfein's previous involvement with [REDACTED] and/or viewing screenings in California. [REDACTED] stated that Goldfein never mentioned anything about that.

1082. Goldfein told [REDACTED] that "the Chief" saw Thundervision at the Acceptance Show and liked it.

1083. The RA asked who made the decision that this would be a "Best Value" contract rather than the lowest price. [REDACTED] said the customer would have made that decision, and General Goldfein, in the early stages, said he should be considered the customer because the Thunderbirds were on the road a lot.

1084. The RA asked if the Commander of AWFC oversaw the Thunderbirds. [REDACTED] advised that technically the Thunderbirds fall under the 57th Wing at Nellis, and the 57th Wing falls under ACC. AWFC also falls under ACC. So technically, the Thunderbirds do not fall under AWFC. [REDACTED] said technically the Thunderbirds fall under the entire USAF.

1085. The RA stated that since General Goldfein, as the Commander of AWFC, fell under the direct command of ACC, if that meant that General Goldfein previously served directly under General Hornburg, while Hornburg was the ACC Commander. [REDACTED] stated that was correct.

1086. The RA asked [REDACTED] if General Goldfein's participation as an Advisor in the TAPS procurement process would be a possible or apparent conflict of interest. [REDACTED] advised that perhaps Goldfein did not think he had a conflict of interest. However, [REDACTED] added that all personnel in the USAF receive annual conflict of interest training.

1087. The RA mentioned that information had been obtained during this investigation indicating General Goldfein did help facilitate SMS getting President George W. Bush's testimonial which SMS submitted on its DVD, both in its attempts to be awarded a sole source-contract and then again in response on the TAPS' Request for Proposals. Based on [REDACTED] first hand knowledge that Goldfein attempted to get SMS awarded a sole-source contract, the RA asked [REDACTED] that if it were also shown that General Goldfein did attend private screenings for [REDACTED] change of the Thunderbirds music for the 2005 Show Season in January 2005, and also attended a private viewing of graphics created for Thundervision in February 2005, and then secured funding for one or both of USAF contracts awarded to pay for the change of music and graphics, would General Goldfein have a conflict of interest in serving as an Advisor to the TAPS procurement?

1088. [REDACTED] stated that if General Goldfein was that deeply involved in the pre-TAPS competitive process, it would give the appearance of a conflict of interest for Goldfein to serve as an Advisor. Based on that information, [REDACTED] opined that General Goldfein should have recused himself from the process.

1089. The RA asked [REDACTED] if he recalled what happened when [REDACTED] Commander of the Thunderbirds, was briefed at the Competitive Range Briefing on August 1, 2005, which was when the Source Selection Team considered removing a few offerors from further competition because they were out of range.

1090. [REDACTED] stated he was present for that meeting, and [REDACTED] said that if SMS was not the contractor chosen for the award of the TAPS contract, he didn't want it.

1091. [REDACTED] advised that [REDACTED] statement did indicate he had a predisposition that SMS, and SMS only, should be awarded the TAPS contract.

1092. [REDACTED] stated that [REDACTED] should have recused himself from the process because [REDACTED] demonstrated his mind was already made up.

1093. [REDACTED] added that four of the seven members on the SST were assigned to the Thunderbirds, and [REDACTED] was their commander. [REDACTED] made his comment in front of those lower ranking members of the Thunderbirds on the SST. [REDACTED] stated that [REDACTED] made his desire to have SMS awarded the contract well known to the SST members under his command by saying that in front of them. [REDACTED] added that he [REDACTED] spent 20 years in the USAF and knows first hand that USAF personnel want to do things that please their supervisors.

1094. The RA asked [REDACTED] if he knew if [REDACTED] was friends with [REDACTED] [REDACTED] said that he did not know that, but if they were friends it would be another reason for [REDACTED] to recuse himself from the TAPS procurement process.

1095. [REDACTED] stated if [REDACTED] and [REDACTED] were friends, [REDACTED] should have recused himself from being a member of the SST.

1096. [REDACTED] opined that if [REDACTED] was the Project Officer for the Thundervision

Demonstration, he would have lost his ability to independently judge and should have recused himself from the source selection process.

1097. ██████ stated that SMS listed the Thundervision Demonstration as one of its three past performances for evaluation and being a member of the SST required ██████ to evaluate and rate that demonstration. ██████ asked "How could ██████ give an objective rating to SMS for Thundervision if he was personally involved with the demonstration?"

1098. The RA asked ██████ about the three past performance efforts which SMS listed in its proposal, which was submitted in response to the USAF' Request for Proposals (RFP) for the TAPS contract. The RA reminded ██████ that SMS listed: Heritage Flight; Thunderbird Awakenings (which was the changing of the Thunderbirds Music for the 2004 Show Season); and the Thundervision Demonstration. ██████ stated that he did recall those three listings.

1099. ██████ stated the SST gave the Heritage Flight past performance good ratings. However ██████ opined the Heritage Flight effort was not relevant to the TAPS procurement because it did not include big screens, video, or music. ██████ stated that ██████ also lowered the SST's rating for Thunderbird Awakenings.

1100. The RA informed ██████ that the Heritage Flight contract was also of interest to the RA and preliminary information indicated that the contract was awarded to an Alaska company which paid the Heritage Flight Program expenses. ██████ agreed. The RA stated that the contract was apparently awarded under the Command of ACC while General Hal Hornburg was the Commander of ACC.

1101. ██████ opined that if the contract for Heritage Flight was awarded by ACC while General Hornburg was the Commander of ACC, then Hornburg would have a conflict of interest by listing Heritage Flight as a past performance in his/SMS proposal. ██████ stated that Hornburg could not work for the USAF and as a contractor at the same time, meaning that Hornburg cannot serve in the USAF and later take advantage of specific actions he took while in the USAF as a contractor.

1102. The RA advised ██████ that on March 4, 2004, the 99th CONS awarded an \$11,142 contract to Framework Sound (Contract No. FA4861-04-M-B098), which was owned by an associate of ██████ named ██████. The RA advised ██████ that during the course of this investigation a copy of an October 2003, e-mail exchange was obtained. In that e-mail exchange, on October 22, 2003, ██████ reminded General Hornburg that Hornburg previously asked ██████ to change the Thunderbirds music for the 2004 Show Season. In the October 22, 2003, e-mail, ██████ told General Hornburg he (██████) would make the changes under certain conditions, including that ██████ would only report to General Hornburg. On October 25, 2003, Hornburg forwarded the e-mail to General John Jumper, Chief of Staff, USAF, and Jumper responded, "I've known ██████ a long time....," and described ██████ in a positive light. In the e-mail exchange, on October 26, 2003, Hornburg responded to Jumper, "I'm taking the music development away from the 'airman with an idea'...." After sharing that information, the RA asked ██████ if Hornburg/SMS could list the changing of the Thunderbirds 2004 music (Thunderbirds Awakenings) as a past performance in SMS' proposal, especially

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since a USAF Contract was subsequently awarded to [REDACTED] associate.

1103. [REDACTED] opined that General Hornburg would have a conflict of interest in listing that previous work effort if Hornburg, while on active duty told [REDACTED] to change the music while Hornburg was the Commander of ACC. [REDACTED] further advised that if that occurred it would also be an Unauthorized Commitment because Hornburg was not a USAF contracting official.

1104. The RA showed [REDACTED] descriptions of the 2004 and 2005 Framework Sound contracts for changing of music. The 2004 contract included the purchase of two Instant Replay machines and the 2005 contract listed the loading of Instant Replay machines. The RA also read to [REDACTED] a December 28, 2004, e-mail which was obtained during the course of this investigation in which [REDACTED] wrote to [REDACTED] Thunderbirds Finance Manager. [REDACTED] wrote, "Here's my rough (draft) Statement of Work for changes to the music program. After talking with [REDACTED] and [REDACTED], the bottom line number on the contract is going to be \$38,200.00. That includes \$35,000 for the studio time (does not include [REDACTED] actual fee for his time; just the studio) \$1,000 for equipment and music purchases and \$2,200 for [REDACTED] travel that [REDACTED] will pay for as a subcontractor. Boss and I discussed which pot of money would come from, and my impression was that this was a tasking from ACC via Gen Hornburg – which would make it ACC money. Again, do not know how it works, but then again I do not think it should come from our pot is we have not had the chance to budget for it..."

1105. The RA asked [REDACTED] if Hornburg, as part owner of SMS, could list Thundervision, which included the music, as a SMS past performance, if it were proven that Hornburg, while the ACC Commander, tasked [REDACTED] with changing the music for the 2005 Show Season.

1106. [REDACTED] opined that if Hornburg asked that the 2005 music be changed which resulted in a USAF contract being awarded for that work, then Hornburg would have a conflict in interest in listing Thundervision as a past performance. Again, [REDACTED] advised that Hornburg cannot work for the USAF and as a contractor at the same time, meaning that Hornburg cannot serve in the USAF and later take advantage of specific actions he took while in the USAF as a contractor.

1107. The RA asked [REDACTED] about a USAF contract that was awarded by the 99th CONS on September 2, 2004, while Hornburg was the Commander of ACC, for \$128,000 for which the contract was awarded to Chugach McKinley, Inc. (Contract Number: FA4861-04-MB272) to fix the Thunderbirds old communications trailer. The RA advised [REDACTED] that the RA previously interviewed [REDACTED] owner of Framework Sound, who actually performed the work on this contract and [REDACTED] said all of the work was done by Framework Sound and the Alaska company did not provided any services, personnel effort, or equipment. Further, [REDACTED] said the total cost he billed for the work was \$120,000.

1108. [REDACTED] stated that the Alaska Company was required to provide at least 50 percent of the work or services on that contract.

1109. The RA advised [REDACTED] that the RA previously interviewed [REDACTED] [REDACTED] 99th CONS, who was the contracting officer for this award, and [REDACTED] stated that he was told by higher ranking USAF personnel that Framework Sound had to do the work and the only way [REDACTED] could

assure Framework Sound could do the work, without competing the contract, was to award the contract to an Alaska company. ██████ stated that it was/is permissible to award USAF contracts to Alaska Native Companies without competition. ██████ said he knew the Alaska Company would then sub-contract the work to Framework Sound. ██████ opined that if the contract was awarded to Chugach McKinley, Chugach McKinley was required to perform 50 percent of the work or provide 50 percent of the goods. The RA asked if this procurement was a waste of \$8,000. ██████ said it was. The RA showed ██████ a copy of FAR 52.219-14, Limitations on Subcontracting, and asked if this was the FAR clause that required the 50 percent effort. ██████ said it was.

1110. The RA asked ██████ some questions about other documents in that contract file. When specifically asked why ██████ waited until September 7, 2004, (five days after the award) to sign a letter which was sent to the Small Business Administration (SBA) concerning the intent to award to an Alaska Native Company, ██████ said he (██████) probably did not sign the letter because it was sitting in his in-box. The RA mentioned to ██████ that the SBA responded to ██████ on September 14, 2004, (12 days after the award) and stated the contract, "must include FAR Clause 52.219.14-Limitations on Subcontracting." ██████ said he would check the contract file to see if that clause was included in the contract. ██████ opined that even if it was not listed, the Alaska company knew that those rules applied. ██████ stated he would also check the contract file to determine why a modification was added to that contract file on December 8, 2004 adding FAR Clauses 52.202-1; 52.203-6, Alt 1; 52.232-1; and 52.244-6.

1111. On June 14, 2007, ██████ sent an e-mail to the RA to further elaborate on documentation, or lack thereof, in the contract file (Exhibit 118). In the e-mail, ██████ related that the FAR clause on Limitations on Subcontracting (FAR 52.219.14), was not listed in the contract, and ██████ related it should have been included. ██████ e-mail went onto say that the reason a modification was added to the contract on December 8, 2004 (more than three months after the award), was to include clauses that were inadvertently omitted. The FAR clauses in the modification did not include 52.219.14, Limitations on Subcontracting.

1112. During the June 11, 2007, interview the RA asked ██████ if he was aware of any previous problems or controversy where USAF contracts were awarded to Alaska Native Companies. ██████ said he knew that ██████ the former AWFC Vice-Commander, received USAF contracts for being an Alaskan Native Company. ██████ said that the awarding of contracts to Alaskan Native companies without competition was looked into before by Federal officials, and they found nothing improper about it.

1113. Regarding the USAF contracts that were awarded, which related to but preceded the TAPS contract, ██████ stated they created their own acquisition system. The RA specifically asked ██████ if he had any problem being quoted saying that. ██████ said he had no problem being quoted as saying that. ██████ was asked who "they" were.

1114. ██████ replied that both General Hornburg and General Goldfein created their own acquisition system. ██████ stated that a pattern can be seen when reviewing the USAF contracts previously described.

1115. ██████ said General Hornburg and General Goldfein created their own system for acquisition, which violates the existing rules in the Federal acquisition system.
1116. ██████ again stated that the procurement system needs to be fair, open, and accountable.
1117. ██████ stated that if Hornburg and Goldfein's request to get SMS awarded a sole source contract had been approved, no one would ever have even found out about any of this.
1118. The RA asked ██████ if he was aware that when SMS filed a lawsuit against the USAF and the protestor, the suit reflected that shortly after the March 10, 2005, Acceptance Show, ██████ met with General Moseley, then USAF Vice-Chief of Staff, and General Goldfein, then Commander AWFC, at the Pentagon and according to the lawsuit, Moseley secured \$8.5 million in funding over the phone during the meeting and told ██████ and Goldfein to immediately execute Thundervision.
1119. ██████ informed the RA that he laughed hard when he first heard that SMS provided so much background information in its lawsuit because ██████ knew the truth was being exposed, and nobody ever expected ██████ to tell on them.
1120. The RA asked ██████ if it were proven that the information in SMS lawsuit was accurate, would that mean that General Moseley made an Unauthorized Commitment, which could require a ratification consideration.
1121. ██████ said if that information was true, then that would appear to be the case. ██████ added that the ratification would have to be reviewed for consideration for approval by the Secretary of the Air Force.
1122. The RA asked if SMS' lawsuit assertion about that specific matter was true and an Unauthorized Commitment was caused by General Moseley, but the Ratification was not approved, what could happen to General Moseley.
1123. ██████ stated that if that occurred, the regulations say that disciplinary action could be taken, and General Moseley could be held financially responsible for the costs incurred by ██████
1124. The RA advised ██████ that during the RA's interview with ██████ stated that on April 13, 2005, he met with Generals Moseley and Goldfein at the Pentagon, and that is when Moseley secured the funding. ██████ stated that he (██████) told Moseley and Goldfein at that time that General Hal Hornburg was SMS' Chief Executive Officer.
1125. The RA asked ██████ if Generals Moseley and Goldfein should have recused themselves from the procurement process once they learned that General Hornburg was part of SMS. ██████ opined that perhaps Generals Moseley and Goldfein did not think they had any conflicts of interest.
1126. The RA showed ██████ a copy of the Proposal Analysis Report (PAR) written for the

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TAPS contract. The RA asked how important the PAR was. [REDACTED] stated that the PAR describes the activity that took place, which leads to the final decision. [REDACTED] said the PAR allows for transparency, so all can read it and determine how the SST reached its conclusions.

1127. [REDACTED] said the contracting officer bears ultimate responsibility for the accuracy of the PAR. The RA asked what was meant under Contract Documentation where it is read, "...Failure to complete the required contract documentation, or deviation from the instructions cited in the request for proposal, may result in the offeror being removed from consideration for award." [REDACTED] stated it means they may be removed completely from further consideration

1128. The RA showed [REDACTED] the part in the PAR, under offeror MC 2's description regarding compliance with Contract Documentation, where it read, "...However, MC2 did not adhere to the instructions for submission of financial data required in amendment 02 to the solicitation. Specifically, amendment 02 instructed offerors to present proof that its financial condition is adequate for the scope and complexity of TAPS. The offeror never submitted such data and was therefore non-responsive to the RFP." [REDACTED] said that meant MC2 was out of the running.

1129. The RA showed [REDACTED] the PAR description of SMS under Contract Documentation which read, "...Overall, SMS complied with all requirements set forth in the contract documentation section of the RFP." The RA asked [REDACTED] if he saw anything in that write-up that indicated SMS refused to provide the required financial records. [REDACTED] said the write-up implied SMS did comply with the requirement.

1130. The RA showed [REDACTED] Part IV of the PAR titled Comparative Analysis of Proposals, under Contract Documentation where it read, "All Offerors except MC2 were considered in accordance with the requirements of the RFP." MC2 did not submit any financial information in any way, shape, or form in accordance with the requirements of solicitation amendment 02 (note: some offerors did not submit financial information in the depth referenced in the DFARS sections but did send in financial data of some kind or discussed recognition of the amendment). All Offerors satisfactorily completed the other contract documentation required, and resolved any items that were asked via ENs." The RA asked [REDACTED] if he saw anything in there that indicated SMS refused to provide the required financial records. [REDACTED] advised the write-up does not indicate SMS did not comply with the requirement. It indicates SMS met the task.

1131. Next the RA read an e-mail exchange obtained during the course of this investigation, which was between [REDACTED] and [REDACTED] the contracting officer for the TAPS contract. In it, [REDACTED] was asked to provide the required financial records. On October 31, 2005, [REDACTED] wrote, "While we appreciate the offer to submit a (Final Proposal Revision) FPR, we at SMS chose not to do so. We have already provided you for consideration the TAPS proposal, including Volumes 1-4, as well as detailed responses to (Evaluation Notices) EN's 001-006. We believe the information contained therein provides a detailed understanding of our strategic insight, logistics and travel capabilities, technical know how and management expertise. SMS acknowledges receipt of amendment #02 to the RFP, but as you know, SMS was specifically created for the primary purpose of delivering THUNDERVISION to the USAF. As such this newly created entity does not have the detailed financial records sought in Amendment #02. Having said that, any and all services and equipment that will be performed or supplied to

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SMS or its subcontractors have been duly secured for TAPS based on the impeccable reputations and business practices of the SMS principals. None of which have ever declared bankruptcy, defaulted on a loan, or the like. The partners of SMS fully understand the TAPS requirements and are capable in every respect of delivering them as presented in our proposal.” The RA also informed [REDACTED] that when interviewed by the RA, [REDACTED] stated that both SMS and MC2 both failed to provide the required financial records.

1132. The RA asked [REDACTED] if based on this information and the information in the PAR, if the PAR was misleading. [REDACTED] said it was misleading, but offered that perhaps SMS provided something MC2 did not.

1133. The RA reminded [REDACTED] that the PAR’s description read, “note: some offerors.... discussed recognition of the amendment,” which was exactly what [REDACTED] wrote in his e-mail.” [REDACTED] stated that the writing in the PAR appeared to be a deliberate effort to make it appear that SMS did not fail to provide the required financial records.

1134. The RA handed [REDACTED] a copy of DFARS 232.072.1 and 2 regarding financial reviews which described the importance of providing financial records to disclose the company’s financial condition. Part 2 reads, “...the unwillingness or inability of a contractor to present reasonably requested information in a timely manner, especially information that a prudent business person would be expected to have and to use the professional management of a business, may be a material fact in the determination of a contractors responsibility and prospects for contract completion.” [REDACTED] stated that those regulations applied to this procurement. The RA mentioned that [REDACTED] PowerPoint presentation provided at the Final Selection Briefing, described SMS as being a risk because it did not provide its financial statement; yet [REDACTED] signed an undated memorandum reflecting that SMS was considered “responsible” under the standards of FAR 9.104. The RA provided [REDACTED] with a copy of [REDACTED] Memorandum and a copy of FAR 9.104. [REDACTED] reviewed both and opined that [REDACTED] “held a low bar” when determining responsibility.

1135. The RA also asked [REDACTED] to review the Part IV of the PAR and Page 1 of the Source Selection Decision Document (SSDD) wherein there was the same boxed chart depicting the ratings given for various factors or sub-factors for the offerors. When specifically asked, [REDACTED] agreed that under the technical rating, the following companies received “Green/Low” ratings: SMS, SRO and TBA. The RA then showed [REDACTED] that on page 3 of the SSDD it read, “...SMS’ proposal received significantly higher technical rating than any other offeror.” The SSDD was signed by [REDACTED] on December 13, 2005. The RA asked [REDACTED] if the SSDD appeared misleading based on the information on the previously referenced charts. [REDACTED] stated that it did appear to be misleading and offered that perhaps the technical rating was part of another sub-factor. However, a review of the PAR’s evaluation criteria shows that Technical is a sub-factor of Mission Capability and the instructions in the PAR under Mission Capability reads, “sub factors are all of equal importance. Sub factor ratings SHALL NOT [sic capitalization] be rolled up into the overall rating for the Mission Capability factor.”

1136. [REDACTED] was asked about the term “turn key” as utilized in the TAPS RFP and contract. [REDACTED] said that meant that the contractor had to do the job on their own, without any

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Government assistance. [REDACTED] was shown a copy of the RFP's Statement of Objections which read, "No Government furnished facilities, equipment, or services shall be made available throughout the life of the contract. The contractor is responsible for all items necessary for performance under this contract. After contract award, the Government will, however, permit the contractor access to F-16 onboard cameras (the aircraft transmit a video signal in the 1.990 – 2.5 GHz range utilizing a Broadcast Microwave Services BMT85-42), as well as historical Thunderbirds footage (includes video, pictures, audio, etc.), which is stored at Nellis AFB NV."

1137. The RA asked if that meant that the Instant Replay machines purchased in the 2004 Framework Sound contract could not be utilized by SMS in the TAPS contract. [REDACTED] said they could not be used.

1138. [REDACTED] was asked if that also meant that SMS could not utilize the Thunderbirds' communications trailer that was fixed for \$128,000 or the new Communications trailer the Thunderbirds purchased from Solomon Technology Solutions on June 11, 2003, for \$978,172 (Contract No. F26600-03-C-B004). [REDACTED] stated that neither of those could be utilized either according to the SOO.

1139. The RA mentioned that e-mails reviewed during this investigation indicated that [REDACTED] brought two Instant Replay machines that the USAF owned, to California, to assist SMS in the production phase of the TAPS contract. [REDACTED] stated that the SOO prohibits the use of that equipment.

1140. The RA asked [REDACTED] if [REDACTED] would have been required to read the SOO since he was on the SST. [REDACTED] opined that [REDACTED] should have read it, but he may have chosen not to.

1141. The RA showed [REDACTED] an e-mail that [REDACTED] sent on January 11, 2006, to [REDACTED] and [REDACTED] USAF, Public Affairs, Pentagon. The e-mail had an attachment which was an Excel spreadsheet titled USAF Deliverables to SMS. [REDACTED] reviewed the Excel table and advised that it was permissible for the USAF to provide SMS with existing USAF video, but the work described as AF Internet/180 Contact references work required to be done by SMS. The RA also mentioned that on January 20, 2006, [REDACTED] wrote an e-mail to [REDACTED] Executive Officer, Director of Communications, Pentagon, regarding testimonials for the USAF Chief of Staff and possibly the Vice-Chief of Staff. [REDACTED] wrote, "Words can be written by us; footage taken by us and sent to the production company. This means you can do this here in the studio if needed."

1142. [REDACTED] stated that because this was a turn-key contract, no USAF personnel should have written any scripts, done any filming, or used any Government facilities for SMS or for the TAPS contract. [REDACTED] was asked if SMS or the USAF should have incurred the costs of USAF traveling to be filmed for part of the TAPS production. [REDACTED] stated those costs should have been incurred by SMS.

1143. [REDACTED] emphasized the main reason SMS was awarded the TAPS contract was because it was rated higher in Strategic Messaging than the other offerors. SMS was said to have a better knowledge of the USAF and Thunderbirds and that was why SMS was selected over the other

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offerors, even though SMS' price was higher. ██████ said Strategic Messaging was worth \$25 million.

1144. ██████ said it would not make sense for the USAF to pay \$25 million more for SMS, as compared to the next capable offeror, if the USAF was going to do the work.

1145. ██████ stated the contractors on the outside have every right to believe the Government procurement system is not fixed. ██████ said, "A contract is a benefit; it cannot be a private avenue for certain people." ██████ again stated the procurement system has to be fair, open, and accountable.

1146. ██████ advised that ██████ originally planned on getting paid advertising on the large video screens and intended to show the Thunderbirds air shows via satellite. ██████ stated the USAF later informed ██████ that advertisements could not be included if a USAF contract was awarded to SMS. ██████ stated the USAF should not have paid for putting SMS videotape and music together in the first place. ██████ commented that all the high ranking USAF personnel had to do if they were interested in large screens and videos was come to the 99th CONS and ask how they should go about it. ██████ stated they did not do that and caused a lot of problems for themselves.

Account of ██████

1147. On May, 9, 2006, the RA conducted an interview with ██████ Procurement Center Representative, Small Business Administration, Nevada District Office., Las Vegas, NV (Exhibit 119). The interview was conducted at ██████ office located at City Centre Place, 400 South Fourth Street, Suite 250, Las Vegas, NV 89101. The purpose of the interview was to discuss two procurements involving small businesses that were awarded contracts by the 99th CONS, NAFB.

1148. In particular, the RA inquired about USAF TAPS contract awarded by the 99th CONS on December 16, 2005, signed December 14, to SMS for \$49,925,795. The contract number is FA4861-06-D-C001.

1149. The second contract discussed was USAF Contract No. FA4861-05-M-B105, which was awarded to Sports Link, LTD (Sports Link), Brookings, SD, on March 9, 2005, for \$49,300 to provide assistance with the video creation and display of a "THUNDERVISION" test. The services included a video display system, a graphics package for Jumbotron and audio, labor, and shipping services for a network quality graphics package.

1150. ██████ was then asked about the \$49,925,795 TAPS contract. The RA informed ██████ that SMS was a new company which never had a Government contract before, and was a small business. During the evaluation process, SMS refused to provide required financial records.

1151. ██████ stated that once SMS refused to provide the financial information, the contracting officer was required to either stop consideration of SMS for the award or make a referral to the SBA for a Certificate of Competency (COC).

1152. If SMS refused the SBA's request for disclosure, no COC would have been issued, and SMS would not have been awarded the contract.

1153. ██████ firmly stated that the contracting officer had an obligation to determine that the contractor was responsible before awarding it a contract.

1154. ██████ referenced FAR Subpart 9.104.1, under General Standards, which reads, "To be determined responsible, a prospective contractor must (a) Have adequate financial resources to perform the contract or the ability to obtain them." ██████ also referenced FAR Subpart 9.105 under Obtaining Information which reads, "(a) Before making a determination of responsibility, the contracting officer shall possess or obtain information sufficient to be satisfied that a prospective contractor currently meets the applicable standard 9.104. (b) (1) Generally the contracting officer shall obtain information regarding responsibility of prospective contractors, including requesting pre-award surveys when necessary, promptly after a bid opening or receipt of offers. However, in negotiated contracting, especially when research and development is involved, the contracting officer may obtain the information before issuing the request for proposals...."

1155. ██████ was then told that SMS bid approximately \$25 million more than the its closest competitor.

1156. ██████ firmly stated if SMS refused to provide the required financial records, then the contracting officer could not determine if the company was responsible. ██████ opined that the contracting officer will have to be held accountable for his or her decision.

1157. Regarding the large difference in prices between SMS and its nearest competitor, ██████ stated that the contracting officer also had an obligation to ensure that the award price was fair and reasonable.

1158. ██████ opined that a \$25 million dollar price difference indicated that it would not meet that requirement.

1159. The RA advised that the description in the RFP was vague, and contractors were given great latitude in what they presented in audio and video presentations that would inspire, entertain, and educate.

1160. ██████ stated that because the description in the RFP was vague, and what the contractors proposed was so different, then the contracting officer could not rely on the proposal prices to determine if SMS' offer was fair and reasonable. The breakdown of costs/expenses would also have to be audited to determine if the contractor's price was fair and reasonable.

1161. ██████ was informed that SMS submitted a claim for approximately \$2 million the same day the contract was awarded.

1162. ██████ opined that there was no way a contractor could provide \$2 million in work on

b(5)
b(7)(C)

the same day the contract was awarded unless the contractor did the work before the contract was awarded. [REDACTED] stated that he could think of no instance where something like that ever happened.

1163. Regarding the Sports Link contract, [REDACTED] was asked when he received a Small Business Coordination Record (DD Form 2579) from the 99th CONS. [REDACTED] checked his file and provided a copy of the DD Form 2579. It had a fax header date of March 9, 2005. [REDACTED] stated that he did not sign it until March 14, 2005, because he was on annual leave from August 8-11, 2005. The form was signed by [REDACTED] and [REDACTED] of the 99th CONS on March 2, 2005. Because the contract was actually awarded on March 9, 2005, [REDACTED] was asked by the RA if there was any significance to the form not being faxed to him until the same day as the award. [REDACTED] stated that the 99th CONS is not actually required to send him the form for contracts under \$125,000. However, if the award was for over \$125,000, the contracting office would have been required to send the DD Form 2579 to the SBA before it even advertised the solicitation. [REDACTED] checked the SBA data system, and found that Sports Link was a qualified Small Business.

1164. The RA informed [REDACTED] that in this case, the Thunderbirds, NAFB, was the customer and its original request (dated February 24, 2005) requested a sole-source contract award to Framework Sound, Santa Monica CA. The Thunderbirds' justification for a non-competitive award was Framework Sound's unique capability for an immediate response to the Thunderbirds' request, and the Commander of the Air Warfare Center, NAFB, specifically tasked [REDACTED] owner of SMS and [REDACTED] owner of Framework Sound, to complete the task and identify subcontractors. The RA informed [REDACTED] that the 99th CONS' intentions to sole-source the contract to Framework Sound was advertised on FED BIZ OPS on March 2, 2005, but Framework Sound personnel later elected to not participate, and the contract was awarded to Sports Link.

1165. [REDACTED] stated that the 99th CONS was required to perform Market Research to determine if in fact Framework Sound was the only source that could provide the service in a timely manner.

1166. [REDACTED] also stated poor planning on the customer's part is not justification to award a sole-source contract. [REDACTED] quoted Federal Acquisition Regulation (FAR) 6.301, which states, "Contracting without providing for full and open competition shall not be justified on the bases of a lack of advance planning by the requiring activity."

1167. [REDACTED] stated that the 99th CONS should never have advertised its intentions to award a sole source contract to Framework Sound if it was known that others could provide the service or if it did not determine that Framework Sound was the only one that could provide the service. [REDACTED] stated if it was known that Sports Link was also able to perform the service, then it should have been annotated in the 99th CONS' Market Research Report.

1168. The RA advised that information had been received that the Thunderbirds' intentions were to seek the award of the contract to Framework Sound but Framework Sound unexpectedly backed out and Sports Link was then identified as a replacement contractor.

1169. ██████ stated that indicated to him the 99th CONS did not do an adequate job of Market Research when they originally concluded Framework Sound was the only contractor that could do the job. Further, once Sports Link was identified as the “new” only contractor that could perform the service, it should have been annotated in the 99th CONS Market Research Report and advertised again on FED BIZ OPS.

1170. The RA mentioned that the contract file did not show an advertisement for Sports Link. ██████ opined that it appeared that whoever awarded the contract did not do their job properly.

Account of MOSELEY:

1171. On January 3, 2008, ██████, Special Agent in Charge (SAC), DCIS, Southwest Field Office, Mr. Donald Horstman, Assistant Inspector General for Administrative Inquiries, Department of Defense (DoD) Inspector General (IG), DCIS – Headquarters, Arlington, VA, and the Reporting Agent (RA), met General T. Michael Moseley, Chief of Staff, U. S. Air Force (USAF) and ██████ USAF Legal Operations Agency, at General Moseley’s office located in the Pentagon, Washington DC. This was a prearranged meeting.

1172. General Moseley was advised that the purpose of the meeting was in furtherance of the DCIS investigation of matters regarding the USAF Thunderbird Air Show Production Services (TAPS) Contract and other USAF contracts relating to the TAPS contract. ██████ advised that he was an USAF attorney and was representing General Moseley. The RA showed General Moseley the RA’s badge and DCIS Credentials and SAC ██████ and Mr. Horstman also identified themselves. The RA advised General Moseley of his legal rights, General Moseley then waived his rights (Attachment 1) and the interview was conducted.

The RA advised General Moseley the approximate time periods which would be discussed during the interview were as followed:

- The time period just prior to General Hal Hornburg’s (former Commander of Air Combat Command (ACC), Langley AFB, VA) retirement from the USAF on December 31, 2004;
- The year 2005, while General Moseley served as the USAF Vice-Chief of Staff, before becoming the USAF Chief of Staff in September 2005;
- The March 10, 2005 Acceptance Show at Nellis Air Force Base, NV (NAFB);
- The April 13, 2005 meeting in Moseley’s office at the Pentagon when Mr. ██████ (president of Strategic Message Solutions [SMS]), and MG Steven Goldfein (then the Commander of Air Warfare Center (AWFC), NAFB) met with Moseley;
- The time period of the award of the TAPS contract which was awarded on December 16, 2005; and
- Late December 2005 or early January 2006 when General Moseley gave guidance or instruction on what he wanted accomplished after the TAPS contract was awarded.

1173. General Moseley stated he previously served as the Commander of 9th Air Force and U.S. Central Command Air Forces, Shaw AFB, SC (November 2001-August 2003) and while doing so, served under General Hornburg when General Hornburg was the Commander of ACC. Generals Moseley and Hornburg also attended ██████ Texas A&M University when Hornburg was

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a senior and Moseley was a freshman. Moseley's [REDACTED] and Hornburg previously served in the same USAF Squadron together. Moseley described his relationship with Hornburg as friends but not very close friends.

1174. General Moseley said he was introduced to [REDACTED] by MG Steven Wood. Wood previously served as the Commander of AWFC before Goldfein. Elaborating on the meeting, General Moseley said in early 2005, [REDACTED] Wood, and Moseley met at General Moseley's home and [REDACTED] presented an idea for promoting the USAF on the History Channel and the Discovery Channel. [REDACTED] said it was a better way to market the USAF and get the USAF message out. [REDACTED] said he would get "sponsors" to pay for the effort. General Moseley did not specifically recall [REDACTED] saying DoD contractors would be the sponsors. [REDACTED] also expressed his desire to do something different at the USAF Thunderbirds Air Shows and General Moseley believed [REDACTED] said something about using of Jumbotron video screens at the Air Shows. These were two separate ideas [REDACTED] presented.

1175. During the interview, General Moseley was asked if he knew Marv Esmond, who retired from the USAF as LtGen and currently worked for Lockheed Martin in Washington DC, and if he knew [REDACTED] met with Esmond. In response to questions, General Moseley said he did know Esmond but General Moseley had no recollection of [REDACTED] saying he was going to meet Esmond. General Moseley did not recall contacting Esmond to arrange such a meeting. General Moseley said he was not saying that it didn't happen; he just didn't recall it.

1176. General Moseley said that after the March 2005 Acceptance Show, General John Jumper, who was then the USAF Chief of Staff, approached General Moseley, while Moseley was serving as the Vice-Chief of Staff. General Jumper said with excitement words to the effect, "Have you seen what they are proposing for use at the Thunderbird Air Shows?" During that conversation, General Moseley learned from Jumper there was a video demonstration played on large video screens at the Thunderbirds Acceptance Show. General Moseley told General Jumper that he (Moseley) had not seen it. General Jumper said words to the effect; I think I want to do this. General Jumper assigned General Moseley to, "Go figure it out." General Jumper wanted it implemented for the Thunderbirds 2005 Show Season which is from March through November.

1177. General Moseley recalled the Thunderbirds had an old Korean War era communications van that was in need of improvement. General Moseley said the Acceptance Shows are normally at ACC but because General Hornburg's replacement as the ACC Commander had not yet been assigned, there was no four-star General at ACC. The Acceptance Show was held at NAFB in 2005. General Moseley said he contacted ACC and AWFC to determine how much the multimedia would cost. LtGen William Fraser was the Acting Commander of ACC at that time and MG Steven Goldfein was the Commander of AWFC.

1178. General Moseley asked MG Goldfein to arrange a meeting so General Moseley could learn more about it and that's how the April 13, 2005 meeting was set-up at Moseley's office with General Moseley, MG Goldfein and [REDACTED]. During the meeting, [REDACTED] said he could fill the dead time that existed when the Thunderbirds were preparing to fly at Air Shows by playing video on large Jumbotron video screens.

1179. General Moseley was asked if [REDACTED] sent a DVD to his (Moseley's) house which had the video tape of what [REDACTED] showed at the March 2005 Acceptance Show. General Moseley said he thought it was sent to Moseley's office but Moseley said he did not watch it. General Moseley's e-mail exchanges reviewed during this investigation reflected Moseley told [REDACTED] he did watch it. General Moseley said he was just being nice when he said he watched it; but he really didn't. General Moseley was asked what he knew about the President of the United States (POTUS) providing a video taped testimonial which was on [REDACTED] DVD. General Moseley said he heard the former President Bush recorded one but had no recollection of ever seeing it. General Moseley said he had no knowledge at all that the current President Bush provided a video taped testimonial for this.

1180. General Moseley was asked if during the April 13, 2005 meeting, if [REDACTED] played the video and/or presented a power point presentation describing what [REDACTED] could do and how much it would cost. General Moseley said he could not recall if either was shown. General Moseley was asked if during the meeting [REDACTED] informed him that General Hornburg was part [REDACTED] company. General Moseley said he had no recollection of that but could not say for certain that it didn't happen. General Moseley recalled that [REDACTED] provided a dollar estimate of what it would cost the USAF the first two years to provide the service but [REDACTED] projected that over time, the cost to the USAF would be reduced with the use of advertisements.

1181. The RA advised General Moseley that when interviewed, [REDACTED] said that during the April 13, 2005 meeting, Moseley telephoned someone named "Lorenz" to secure funding for [REDACTED] effort. Moseley said that would have been LtGen Steven Lorenz who was the USAF Finance Manager.

1182. The RA read to General Moseley the following e-mail which was previously obtained during this investigation. The e-mail was dated April 13, 2005 and sent 4:51 PM from General Moseley to LtGen Lorenz and LtGen Fraser. The Subject Line read, "Subject: \$8.5 million for ACC (Thunderbird Season Outreach)" Moseley's e-mail read, "Steve and Will...after talking to Goldy and the CSAF about the new approach to the Thunderbird season...we need to go ahead and move the \$8.5 million to ACC to cover the 05 Season. We'll have to work with ACC to ensure all understand their budget will cover the 06 season with a figure of \$9.5m. We'll also have to get ACC to work with Goldy to close down the contract piece the right way. It's better for the MAHCOM to deal with that part so there is only one contracting crew chief...so, the HAF is out of that part. After you've had a chance to look at the options for getting the money to Will...holler and we'll transfer the Tbird money. Thanks Dudes."

1183. The RA then asked General Moseley to explain what he discussed with General Jumper (the "CSAF"). General Moseley said after the meeting with MG Goldfein and [REDACTED] Moseley briefed General Jumper about [REDACTED] idea and that [REDACTED] said he wanted \$8.5 million to provide [REDACTED] service for the Thunderbirds 2005 Show Season and \$9.5 million for the Thunderbirds 2006 Show Season. General Jumper agreed to fund the first year's \$8.5 million and allowed that money to be taken from Jumper's "Contingency Fund." The second year would be paid for by ACC. When asked, General Moseley said he didn't ask Lt Gen Lorenz if money was available, he instructed Lorenz to move the money from General Jumper's "Contingency

Fund” to ACC. MG Goldfein was not present when General Moseley briefed General Jumper. General Moseley said “MAHCOM” should have been typed, “MAJCOM.” in the email text.

1184. The RA asked if during the April 13, 2005 meeting with [REDACTED] and MG Goldfein, if General Moseley told [REDACTED] to “Immediately Execute Thundervision” or words to the effect. General Moseley said he had no recollection of saying that and he expected ACC to handle the contracting part of it because General Moseley knew he (Moseley) did not have the authority to award contracts or to tell people to start work. He did not tell [REDACTED] to start any work. General Moseley said he thinks he said something like, “Let’s get on with this.” [REDACTED] may have misinterpreted what General Moseley said. General Moseley said during the April 13, 2005 meeting, he did not tell MG Goldfein or [REDACTED] to do anything. General Moseley said he was “hands-off” and wanted contracting and the USAF Staff Judge Advocate’s office to handle everything as they normally do.

1185. General Moseley recalled he did speak with Brigadier General (BG) Charles Dunlap, USAF, Staff Judge Advocate’s Office, to get an opinion about the use of advertisements. General Moseley said he also spoke with MajGen Jack Rives, USAF, Deputy Judge Advocate General, a few times about [REDACTED] idea. Moseley said that it would be permissible for DCIS to interview BG Dunlap and MajGen Rives to obtain details about anything he discussed with them concerning [REDACTED] concept and General Moseley was not exerting an attorney-client privilege in any of that communication.

1186. General Moseley showed the RA a copy of an e-mail which was dated April 28, 2005. He called it the “opposite of a smoking gun.” The e-mail was from General Moseley to MajGen Rives. It read, “Thanks Jack. The conclusion of the meeting was to have them talk to AWC & ACC experts and work details and proposals. The CSAF saw their work at Nellis and asked what it would take to get the effort on the road in time to impact the current show season - if possible. So, my meeting was to see what they've got and direct them through AWC & ACC. We have the money ready when all the right things are done. I'd like to talk to you about this one and a couple of others that are bubbling. But, relative to any decisions...AWC & ACC have the hammer.”

1187. During the interview, General Moseley said there were attempts to award a USAF contract to [REDACTED] company for the multimedia concept, by use of a sole-source contract but that was not permissible. When General Jumper learned of that, Jumper said they should advertise and complete the effort. General Moseley said he (Moseley) liked the idea but didn’t care which contractor did the work.

1188. General Moseley was aware that the USAF had the ability to do similar work. He called the unit, “Combat Camera.” General Moseley said all USAF units and service members were subject to being deployed and this was also during the time of Base Realignment & Closure (BRAC). So using USAF personnel was not given consideration prior to advertising the need for the multimedia concept. General Moseley thought that MG Goldfein would be responsible for the project.

1189. General Moseley was asked who the customer for this acquisition was. Moseley said that was a good question. General Moseley concluded that if General Jumper had not asked Moseley

to pursue it, he never would have. Therefore, General Moseley concluded that General Jumper was the customer. [REDACTED] suggested that General Goldfein could perhaps be considered the customer. The RA reminded General Moseley that Jumper asked Moseley to look into it and the RA asked if General Moseley was the customer since he was the one that continued to pursue it. Moseley said he didn't think of himself as the customer but again stated that General Jumper said he liked the idea and thought he wanted to do it.

1190. The RA advised that when DCIS interviewed General Jumper, Jumper said he never watched [REDACTED] "Thundervision" Demonstration. General Moseley said he found that hard to believe because of what General Jumper said to him when General Jumper returned from the Acceptance Show.

1191. General Moseley was asked if he visited [REDACTED] home in early July 2005. Moseley said he did. General Moseley said that when [REDACTED] previously met with General Wood and Moseley at Moseley's house in early 2005, [REDACTED] stayed at Temporary USAF Quarters on Bolling AFB. General Moseley's also resides on Bolling AFB. [REDACTED] wanted to repay the hospitality by inviting General Moseley and Moseley's wife to visit at [REDACTED] home in Pennsylvania. General Moseley said he had never been to Pennsylvania so Moseley and his wife traveled, at their own expense, to [REDACTED] home. General Moseley brought two bottles of wine and gave them to [REDACTED] and [REDACTED] upon their arrival. General Hornburg and Hornburg's wife were also there. General Moseley knew in advance that General Hornburg and his wife would be at [REDACTED] [REDACTED] and his [REDACTED] also visited.

1192. General Moseley and his wife spent one night at [REDACTED] home. Hornburg and his wife also spent the same night at [REDACTED] home. General Moseley said that in the time he got to know [REDACTED] and he became a friend.

1193. General Moseley was asked if while at [REDACTED] house they discussed [REDACTED] idea about the multimedia concept at Thunderbirds Air Shows. General Moseley said they did not discuss it because they knew that would be a violation of General Hornburg's one-year "cooling off period." General Moseley said he was "nervous" about having any discussions with General Hornburg about the idea while at [REDACTED] home because of General Hornburg's one-year cooling off period.

1194. The RA asked General Moseley when he first learned that Hornburg was part of SMS' multimedia proposal and/or [REDACTED] company. Moseley said he could not recall. The RA reminded General Moseley that since he knew they could not discuss any of this with Hornburg during the early July 2005 visit at [REDACTED] home, that Moseley knew, no later than early July 2005, that Hornburg was part of [REDACTED] company and effort to get a USAF Contract.

1195. General Moseley said that he did know of Hornburg's association with [REDACTED] company no later than early July 2005, before arriving at [REDACTED] home. Moseley said during the visit, they talked about old aircraft because [REDACTED] flies with the USAF Heritage Flight and owns his own vintage military aircraft. They talked about P-51's and F-86's and talked about USAF Heritage.

1196. The RA read to General Moseley the following e-mail which was obtained during this investigation. It was sent from Moseley to Hornburg, on July 20, 2005, and read, "Brother Hal...I loved the visit. I've engaged with a couple other guys around here to hopefully get a better response to the idea of public media outreach. We'll see. And I hope you enjoy the books. I loved every page – especially the discussion of "Mars" Robert at Gettysburg... Y'all take care my friend." General Moseley was asked if the "visit" referred to was the early July visit he had with Hornburg at [REDACTED] home. Moseley said it was.

1197. General Moseley confirmed that another e-mail from Moseley was dated after visiting [REDACTED] home where General Moseley wanted to get the home addresses of [REDACTED] Hornburg, and [REDACTED] to send thank you cards.

1198. The RA asked if General Moseley went to dinner with Hornburg and Hornburg's wife on or about October 23, 2005. Moseley said he did. Moseley said that Hornburg's wife had been [REDACTED] and he did have dinner with them. General Moseley said they did not discuss anything about contracts. General Moseley added that [REDACTED] did send him an inspirational video which [REDACTED] put together. Moseley watched the video several times.

1199. The RA advised that e-mails reviewed during this investigation indicated in October 2005 Moseley planned on going hunting with Hornburg in December 2005. General Moseley said he never went on a hunting trip with Hornburg. Moseley said he is too busy to find time for things like that. General Moseley said he often responded to [REDACTED] and Hornburg's e-mails just to be friendly.

1200. General Moseley said the visit he had at [REDACTED] home was the only time he ever met with [REDACTED] and General Hornburg together and he never had any discussions with one while the other was on part of a phone conference. General Moseley said before Hornburg retired, Hornburg never mentioned anything about his (Hornburg's) desire to do anything like what [REDACTED] proposed. General Moseley said he knew nothing at all about the Thundervision Demonstration until General Jumper mentioned it when Jumper returned from the Acceptance Show.

1201. General Moseley confirmed that any arrangements MG Goldfein made for the Thundervision Demonstration were completely of MG Goldfein's own doing. When asked, General Moseley said he had no knowledge of the changing of the Thunderbirds' music before it occurred and knew nothing about MG Goldfein meeting with [REDACTED] in California in January 2005 to discuss the Thundervision Demonstration.

1202. General Moseley said that after he became Chief of Staff in September 2005, he created the USAF, Office of Strategic Communication and assigned BG Erwin Lessel to be in charge of it. Moseley wanted the USAF to do a better job to get its message out. Moseley said the USAF was always concerned about recruiting because there was such a limited pool of eligible persons to join the military and that same pool was being sought by the other military branches and the private sector.

1203. The RA read an e-mail sent by Moseley to [REDACTED] [REDACTED] on September 22, 2005. The RA

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reminded Moseley that the TAPS competitive procurement was advertised on August 1, 2005. In the e-mail, Moseley wrote, "Dude...I've talked to lawyers about your idea and I've talked to contracting bubbas about getting on with planned good ideas and I've got a way huge notion of building a better strategic communication effort. There is a lot 'o [REDACTED] in this one. I want to chat with you about all this to see what you think. Thanks again for the note & the pics. YOU ARE THE MAN. I've watched the movie multiple times. It's huge and it helps. But, I want to save the comments until we can talk. Thanks my friend."

1204. General Moseley responded that [REDACTED] frequently sent Moseley e-mails and Moseley sent friendly replies. The RA re-read the above e-mail to General Moseley a couple more times during the interview emphasizing that Moseley said Moseley had a huge notion for a better Strategic Message communication effort and that Moseley wanted to chat with [REDACTED]. The RA added that this appeared to be more than a friendly "response" but more of an attempt by Moseley to talk to [REDACTED] about Moseley's idea. In response, Moseley said the lawyer he refers to would have been BG Dunlap.

1205. The RA asked General Moseley if he contacted any of the other offerors for the TAPS contract to discuss his "huge notion for a better Strategic Message communication." General Moseley said he would have, but he didn't know who they were.

1206. The RA asked General Moseley if he recalled asking [REDACTED] if a friend of his (Moseley's) could ride on vintage military aircraft at one of the Heritage Flight Shows and the RA read to General Moseley an e-mail dated November 19, 2005, in which [REDACTED] responded, "Yo Buzz, ...We can make anything happen you'd like...just let me know when and where and you can consider it done....Your UK buddy and his wife might really enjoy coming over for the Heritage Flight training conference at DM AFB...They could ride with the Warbirds and jets..." On November 22, 2005, Moseley responded, "You've helped me big time."

1207. In response, General Moseley said he did not recall who the friend was, but believed he was retired from Royal Air Force. Moseley said he did not follow up on it to determine if it happened.

1208. The RA advised General Moseley that on November 8, 2005, the Final Selection Briefing was held at NAFB to make a determination which offeror would be selected to perform the work described in the TAPS' Request for Proposals (RFP). The RA then read out loud to General Moseley an e-mail General Ronald Keys, Commander of ACC, sent to Moseley dated November 9, 2005. Keys wrote to Moseley, "Boss, we asked for bids on this capability and they have come back. I know you said 'press' and 'found' some fy '05 right-colored money to be able to acquire this capability. However, this is turning out to be an \$8M per year project... something over \$40M for the FYDP, and I cannot support burning that kind of money to fix something that isn't broken, when I am not buying fixes to things that are broken... and may not be able to even fly mail to Chicago. I plan to pass on pursuing this and it will probably cost some small termination/bid prep costs, ... but I can't see spending big money here when we are talking about stopping aircraft mods and going to 75% BOS funding. I know this was somehow wrapped up in the Strategic Comm package so wanted to know your thoughts before I proceed. RK"

1209. The RA asked General Moseley why he continued to go forward with the procurement after Keys wrote this. General Moseley said they were finally ready to make it happen and Moseley didn't want to stop it. He said every unit always complains they don't have enough money for what they need.

1210. The RA advised General Moseley that the Commander of the 367th Training Squadron, Hill AFB, Utah, came to the Pentagon in late November 2005 and provided two presentations demonstrating the 367th could do the work described in the TAPS RFP at a savings of millions of dollars and also tell the Air Force Story. The first presentation was given to BG Lessel and the second to LtGen Arthur Lichte, Vice Chief of Staff. The RA advised that several people interviewed by DCIS said that after the presentation, LtGen Lichte said he would brief General Moseley and Lichte also said that using the 367th would be Lichte's number one recommendation to General Moseley.

1211. General Moseley said that after the contract was awarded, LtGen Lichte stopped General Moseley in the hall at the Pentagon and said they had another option which was to allow the USAF to do the work. In response, Moseley asked Lichte how he would stop the contract. General Moseley said that was the extent of any conversations he had with LtGen Lichte about the USAF doing the work.

1212. The RA asked General Moseley if he was certain that LtGen Lichte approached him after the award of the TAPS contract because it really wouldn't be an "option" after the contract was awarded. General Moseley said to the best of his recollection the contract had already been awarded and Moseley responded by asking LtGen Lichte how Lichte could consider it since the contract had already been awarded. During the interview, when specifically asked, General Moseley said other than what mentioned above, he could not recall having any other discussions with LtGen Lichte or BG Lessel about utilizing the 367th Training Squadron from Hill AFB, Utah doing the work described in the TAPS RFP.

1213. The RA advised General Moseley that on December 7, 2005, General Lessel sent an e-mail [REDACTED] the Source Selection Authority for the TAPS contract. Lessel's e-mail said that LtGen Lichte gave guidance to award the contract which concluded the 367th would not be utilized. However, the day before, on December 6, 2005 General Moseley sent an e-mail to General Keys and LtGen Lichte with a carbon copy sent to MG Goldfein and others. The Subject Line of Moseley's e-mail read, "Overall Investment in Thunderbirds."

1214. Moseley wrote, "Ron, I'd like y'all to round up some data for me on the Thunderbirds. In a previous life, I knew all these answers...but, I'm older and the cost of things have changed. I'm working the Strategic Communications piece and this data will help me big time on the 3rd floor with a few ongoing issues...." The e-mail went on to ask for detailed cost information about the Thunderbirds and concluded with, "...I'm looking for a Thunderbird 'bottom line' of \$__ that covers all investment money, personal costs, operating costs, facility costs, etc. I'd also like a line on what's fixed investment (a/c, facilities, ground equipment, comm. Gear, traveling containers, etc) & what's operating investment (flying hours, milpers, TDY, graphics, PA work, etc). I'll also ask [REDACTED] to cross reference his end from FM. Thanks for a quick reply. Cheers, Buzz."

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1215. The RA asked why General Moseley requested this information while LtGen Lichte was considering whether to utilize the 367th or to award the contract. General Moseley said his (Moseley's) request was totally unrelated to what Lt Gen Lichte may have doing and the purpose of Moseley request was simply to gather the cost of the Thunderbirds. Moseley said he also wanted to look into the costs associated with the USAF Heritage Flight Program because money was tight and he wanted to see if they could do things better.

1216. The RA reminded General Moseley that the TAPS contract was awarded on December 16, 2005 but in late December 2005, a meeting was held with BG Lessel, MG Goldfein, Mr. [REDACTED] and Colonel Michelle Johnson in which General Moseley relayed his desire to expand the work to be accomplished in the TAPS contract. The RA advised that documents reviewed and witnesses interviewed indicated that USAF personnel were actually used to perform work required in the TAPS contract and that other work not required in the TAPS contract was tasked to the TAPS contract. General Moseley said he never gave any instructions for any USAF personnel to assist on the TAPS contract. General Moseley said wanted the archived data to be made available to SMS to put together Heritage to Horizon which would tell the USAF Story.

1217. The RA read the following e-mail to General Moseley which was written by General Goldfein on December 29, 2005 and sent to LT General William Fraser, Vice-Chief ACC. The Subject Line read, "CSAF meeting." (Note: *It was observed that General Goldfein's e-mail contained few capital letters, but Goldfein wrote the following [sic]:* "Sir, meeting with chief this morning went well. Players were [REDACTED] gen lichte, erv lessel and michelle johnson. Chief articulated his intent for strategic comms using several 'pillars' to tell America about our air force. Pillars included: senior statesmen, congressional members and staff, chiefs flight, civic leader advisor group and thunderbirds. He gave themes and strategic messages and asked erv and michelle to provide whatever [REDACTED] needs to prepare the content. He supports our intent to merge the aetc and understands we are working toward a meeting at Randolph. He indicated he wants to take a different approach with recruiting and our commercials. He supports the notion of using the mar 16th acceptance show as a venue to review the 'whole package' and I sense his interest in attending at nellis...He realizes there are only about 75 days to put the program together. Next week while he's in the aor he will film a testimonial for the production and his staff will work to interview airmen in combat to fit in to the production. [REDACTED] was paired up with michelle johnson by the chief to be his poc and they had a follow up meeting to discuss details. They both know what they must do now. Our next step is to close with aetc and then assist the contractor with content development within the thunderbirds...."

1218. In response, General Moseley again stated that no USAF personnel should have been doing work described in the TAPS contract. He said if they did this, it was not from his instructions.

1219. The RA asked General Moseley if he knew that [REDACTED] often informed USAF personnel that [REDACTED] said he would call General Moseley when [REDACTED] didn't agree with what the USAF personnel told him needed to be done on the TAPS contract. General Moseley said he was not aware of that and if that happened he would not be happy about it. General Moseley was asked if he recalled being asked to provide approximately 32 separate video taped Air Show

greetings so each Air Show would have its own personalized greeting. General Moseley said that's when he realized things were going too far and he did not provide the greetings. Moseley also said that he was also not very happy when he learned that [REDACTED] listed several things in his law suit against the USAF which were not accurate.

1220. During the interview General Moseley was asked about an e-mail he sent to BG Lessel on January 7, 2006, in which Moseley wrote, "...I still believe this is doable with a lot less money than some folks believe. And, I'm thinking we can learn from the civilian pros on advertising, branding, marketing and outreach to make this all "money neutral" for the USAF. I'm interested in what you and Michelle think about that option. Wouldn't it be nice to have others pay for our outreach program - that could continue to grow as we deem appropriate..."

1221. In response, General Moseley said he was not referring to [REDACTED] and the owners of SMS, but the civilians that worked for the USAF.

1222. Several times during the interview General Moseley said he could not understand why the U.S. Navy's Blue Angles were able to use corporate sponsorship in their Air Shows to help offset costs associated with their multimedia and use of large video screens at their Air Shows, but the USAF was not allowed to do the same thing.

1223. Toward the conclusion of the interview, the RA advised that a DoD-IG Audit Team reviewed the TAPS contract and some related USAF contracts and the results of the audit would be appended to the DCIS Final Report of Investigation and further advised the RA would most probably write some recommendations for improvements regarding apparent systemic weaknesses identified during the investigation. General Moseley said he would welcome any suggestions for improvement and stated when the investigation was completed he would make a request for input and suggestions on how to make improvements. General Moseley expressed his appreciation for the agents' time and said he hoped the interview was helpful.

ACCOUNT of LICHTE:

1224. On January 11, 2008 an interview was conducted of General Arthur J. Lichte, United States Air Force (USAF), Commander, Air Mobility Command, Scott Air Force Base, ILL, at Lichte's office on Scott AFB. This was a prearranged meeting. Upon the agents' arrival, General Lichte introduced the agents to [REDACTED] USAF, Deputy Staff Judge Advocate, Scott AFB. Lichte asked if [REDACTED] could be present for the interview. The agents voiced no objections and an interview was immediately conducted with General Lichte.

1225. Lichte stated he previously served as the Assistant Vice Chief of Staff, and Director, Air Force Staff, Pentagon, Washington, DC from July 2005 through August 2007. The RA advised that this investigation established that on or about November 29, 2005, [REDACTED] [REDACTED] Commander of the USAF, 367th Training Squadron (TRSS), Hill AFB, Utah provided two presentations at the Pentagon. The first was in front of Brigadier General Erwin Lessel and the second was in front of General Lichte. The RA advised it had been reported that during the presentations, [REDACTED] related the 367th TRSS could do the work described in the Thunderbirds Air Show Productions Services (TAPS) Contract at approximately half the cost of a contractor. The RA asked if General Lichte recalled being provided the presentation.

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1226. Lichte stated he did recall the presentation and did recall the acronym "TAPS" being used to describe the use of large high definition video screens at future Thunderbirds Air Shows. Lichte did not recall [REDACTED] name, the USAF unit number [REDACTED] represented, or the exact date of the presentation. General Lichte said that General Lessel came to him that day and informed Lichte that he wanted Lichte to be aware the USAF Unit (367th TRSS) reported it could do the work described in the TAPS Request for Proposals (RFP). Lessel asked Lichte to listen to [REDACTED] [REDACTED] presentation. Lichte then listened to the presentation provided by [REDACTED]. Lichte said the TAPS contract had not yet been awarded when the presentation was provided.

1227. Lichte couldn't recall the dollar amounts, but recalled [REDACTED] stated the USAF Unit (367th) could provide the services described in the TAPS RFP at a tremendous savings as compared to a contractor providing the services. Lichte stated the cost difference was in the millions. Lichte recalled [REDACTED] said it could also tell the USAF Story during the Thunderbird Air Shows; not just play a video during the Thunderbirds' portion of the Air Shows.

1228. Lichte said he was surprised at what he learned during the presentation and didn't even know that USAF unit (367th) existed. During the presentation, Lichte frequently asked questions along the lines of: Do you have the personnel to do this kind of work; do you have the equipment; and does your command agree that you can do this work. Lichte said he was especially concerned about the 367th doing the work because the USAF was planning on reductions and many USAF personnel were being deployed. Lichte said he wasn't even sure the USAF unit (367th) would continue to exist after the reductions. Lichte knew another USAF unit; called "Combat Camera" was already being over tasked.

1229. When specifically asked, Lichte said he did not know that Strategic Message Solutions (SMS) had been tentatively selected to be awarded the TAPS contract before the 367th provided its presentation. Further, he did not know that General Hal Hornburg, USAF retired, was part of SMS until after SMS was awarded the TAPS contract.

1230. Lichte advised that at the time of the presentation, General T. Michael Moseley had recently become the USAF Chief of Staff and General Moseley let it be known early on that he wanted do a better job of getting the USAF message out. Moseley created a new office called the Office of Strategic Communications which was headed by General Lessel. Moseley wanted Lessel's office to work closely with USAF Public Affairs (PA). Communications would create the USAF Messages and PA would get the messages out.

1231. Lichte believed that was the reason [REDACTED] came to the Pentagon to provide the presentation to Lessel. Lichte said neither he nor Lessel were slated to have any input on which offeror would be selected for the TAPS contract. Lichte said that was entirely up to the contracting office that was responsible for the contract which fell under Air Combat Command (ACC), Langley AFB, VA. Lichte said it was only because [REDACTED] came to the Pentagon to provide the presentations that Lessel and Lichte became at all involved with any consideration for input.

1232. Lichte was asked if after the 367th's presentation, he briefed General Moseley about what

he learned. Lichte stated he had no recollection of briefing or informing General Moseley about any of it. The RA advised that several other USAF personnel who attended the same briefing Lichte did, reported that after the [REDACTED] presentation, Lichte said he would brief General Moseley and at least one person interviewed reported that Lichte said he would inform General Moseley using the 367th would be Lichte's number one recommendation. Lichte said he had no recollection of ever saying that he would brief General Moseley or that it would be his number one recommendation.

1233. The RA advised that when interviewed by DCIS, General Moseley said that Lichte inform him (Moseley) that there was "another option" but it was after the award of the contract. Lichte said he had no recollection of that. The RA advised that General Moseley told the RA that Lichte approached General Moseley with this information in the hallway of the Pentagon and told him about "another option." Lichte had no recollection of that. The RA advised that General Moseley told the RA that Moseley then asked Lichte what he would do about the contract since there was another option. Lichte said he could not recall that either. Lichte said he my have briefed General Moseley but he had no recollection of it.

1234. Lichte also stated that General Moseley gave no instructions, guidance, or suggestions to Lichte as to which offeror should be utilized or whether or not the USAF unit (367th TRSS) should or should not be utilized.

1235. The RA asked General Lichte if he thought he would have briefed General Moseley after a presentation from the 367th TRSS. Lichte said he probably would have briefed General John Corley, the Vice Chief of Staff; not General Moseley. But he had no recollection of briefing General Corley either.

1236. The RA showed General Lichte some power point slides which were purportedly shown to General Lichte in the days that followed LTC's presentation. One of the slides was titled, "Overall Evaluation" and listed five offerors' ratings which were described separately; not by company name but by the letters "A" through "E". One slide had columns describing each offerors ratings on Past Performance; Strategic Insight, Travel/Logistics; Technical; Management; and Cost.

1237. During the interview, Lichte reviewed the slide and said he did recall General Lessel showing it to him. Lichte recalled asking Lichte what the color ratings meant. Lichte recalled he (Lichte) didn't know the difference between blue and the other colors. Lichte said he wondered if there was really that much difference in each offerors' ability to do the work if they were rated blue or some other color. Lichte stated he informed General Lessel that neither he (Lichte) or Lessel were in a position to make a recommendation of selection because they didn't understand the entire evaluation ratings. Lichte said he informed General Lessel that the decision had to be made by ACC because it was an ACC project.

1238. The RA showed General Lichte a copy of a December 7, 2005 e-mail General Lessel wrote to [REDACTED] the Source Selection Authority (SSA) for the TAPS contract who was responsible for making the final selection of which offeror would be the "best value" to be awarded the TAPS contract.

1239. The e-mail read, "[REDACTED] I just spoke with Lt Gen Lichte about the Thunderbird contract and he provided the following guidance:

-Award the contract based on the current source selection -HQ will provide the funds for the first year -Move the contract to CM later for new concept implementation -Make program adjustments within the scope of the existing contract to move toward the new concept/vision - Have the contractor meet with SAF/CM ASAP to discuss the message content and vision -In the near future, review emerging requirements and determine if they can be incorporated into the option years. If not, look at holding another competition based on the new requirements. Thanks for all your assistance through the endeavor. Now it's time to execute! Any questions give me a call. Cheers, EEL"

1240. After reviewing the e-mail, Lichte said he guessed General Lessel interpreted what Lichte said to mean that the contract should be awarded based on the current source selection. However, Lichte said what he recalled telling General Lessel was that it wasn't Lichte or Lessel's decision to make. Lichte said he was "pushing it back to ACC."

1241. Regarding the "program adjustments," Lichte said he knew General Moseley wanted the get the USAF Message out in a better way and they anticipated making some improvements as time went on.

1242. The RA advised that after [REDACTED] received Lessel's e-mail, [REDACTED] sent an e-mail back to Lessel voicing his [REDACTED] own concern about awarding the contract when [REDACTED] and Lessel knew the 367th had the ability to do the work at a tremendous cost savings. [REDACTED] also wrote an e-mail to Lessel advising he would sign the Source Selection Decision Document "per AF Direction." The RA advised General Lichte, that [REDACTED] told the RA he [REDACTED] thought the 367th TRSS was the best value for the USAF and only authorized the award of the contract to SMS based on Major General Stephen Goldfein's (Commander of Air Warfare Center, Nellis AFB, NV) earlier recommendation and then General Lessel's e-mail reflecting that General Lichte gave the guidance to award the contract (and not to utilize the 367th TRSS). Lichte stated he was troubled by this information because Lichte didn't think of himself as being the decision maker; he wanted ACC to make the decision because it was their project. Lichte said he knew he did not have the authority to make such a decision.

1243. The RA advised that during previous interviews with USAF personnel, it was learned that Lieutenant General Dennis Larsen, Vice Commander of Air Education and Training Command (AETC), Randolph AFB, who oversaw the 367th TRSS, said the 367th could do the work and he thought it was a good idea and that information was provided to General Lessel. Lichte said he knew General Larsen, but did not recall being informed of that.

1244. The RA also related that [REDACTED] Chief of USAF Contracting Operations, related he informed General Lessel that since there was consideration being given to changing the scope of the work described in the TAPS RFP, that the RFP could be legally cancelled and the 367th could do the work. [REDACTED] also said they could readvertise the new need but all of that would take additional time. Lichte said he recalled the Thunderbirds wanted to implement the use of the large video screens for the 2005 show season and there was concern about delays that

would be cause if they started making changes. Lichte again mentioned that he (Lichte) was not the deciding official and wanted ACC to make that decision. When specifically asked, Lichte said he did not know who the customer for TAPS contract was.

1245. General Lichte advised he recalled attending a meeting in General Moseley's conference room between Christmas and the end of the year in 2005, after the TAPS contract had been awarded. Lichte said that was the first time he met Mr. [REDACTED] who also attended the meeting. Many other USAF officers were also present. During the meeting, General Moseley described that he wanted to utilize the USAF Air Shows as an all day event to get the USAF message out. General Moseley wanted to have video played showing deployed airmen speaking on the large video screens. General Moseley wanted to show "Heritage to Horizon" which would show the USAF history and the unlimited future the USAF has. General Moseley saw the Thunderbirds Air Shows as an opportunity to showcase the USAF all day long.

1246. The RA asked if it was General Moseley's intention to get USAF personnel to do work which would also be merged with work being completed by SMS in the TAPS contract. General Lichte said it was not because [REDACTED] agreed to Moseley's ideas and said he [REDACTED] could do the work. [REDACTED] said they could pay for the additional work by getting contractors to pay for advertising on the video screens.

1247. The RA advised General Lichte that the TAPS contract specifically stated that corporate sponsorship and advertisements could not be utilized. Lichte said he did not know anything about that; he just attended the meeting.

Audit Referral

1248. On May 24, 2007, Assistant Special Agent in Charge [REDACTED] Southwest Field Office, DCIS, sent a letter to Ms. Mary Ugone, Deputy Inspector General for Auditing, DoD, Arlington, VA, requesting audit assistance on the eight contracts described in the ROI (Exhibit 120).

1249. On June 8, 2007, Mr. Richard B. Jolliffe, Assistant Inspector General for Auditing, Acquisition and Contract Management, DoD, Arlington, VA, wrote a Memorandum for the Under Secretary of Defense for Acquisition, Technology and Logistics, and for the Assistant Secretary of the USAF (Financial Management and Comptroller) advising the audit would begin in July 2007 (Exhibit 121).

1250. On December 2, 2007, a Memorandum from Mr. Jolliffe was sent to the Deputy Inspector General for Investigations, DoD, which provided the results of the aforementioned audit (Audit of USAF, ACC Contracts, Project No. D2007-D000AB-0202.000) (Exhibit 122).

Other

1251. During the course of this investigation, systemic weaknesses in the contracting process at NAFB were identified. A DCIS Fraud Vulnerability Report will be prepared.

STATUS OF INVESTIGATION

This investigation was declined for criminal prosecution by the U.S. Attorney's Office, Las Vegas, NV, in May 2007. The declination cited insufficient evidence at that time to warrant a Federal criminal prosecution. However, a number of relevant interviews and/or document reviews were not yet completed. Since that time, numerous interviews have been completed with additional evidence obtained.

PROSECUTIVE CONSIDERATIONS

Regardless of the declination by the U.S. Attorney's Office to prosecution under Title 18 U.S. Code, some of the subjects are military members and as such are subject to potential prosecution under the UCMJ.

EXHIBITS

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
1	DVD -Thundervision - Promo and Testimonials Strategic Message Solutions Visualization
2	DVD - Created by USAF 367th Training Squadron, Hill AFB, UT, USAF Thunderbirds 06
3	CD Containing E-mails & Electronic Files
4	Report Index
5	Time Line
6	DCIS Form 1; Interviews at Video West, March 3, 2006
7	DCIS Form 1; Review of TAPS contract File, May 18, 2006
8	DCIS Form 1; Case Initiation, February 17, 2006
9	DCIS Form 1; Receipt of Information from HQ-Disclosure to HASC, March 17, 2006
10	DCIS Form 1; Power Point Slides Created by [REDACTED] November 14, 2007
11	DCIS Form 1; Contact with [REDACTED] and Slides Received, December 6, 2006
12	DCIS Form 1; Interview of [REDACTED] July 20, 2007
13	DCIS Form 1; Interview of [REDACTED] March 26, 2006
14	DCIS Form 1; Meeting with [REDACTED] April 20, 2006
15	DCIS Form 1; Interview of [REDACTED] May 25, 2006
16	DCIS Form 1; Two Contract Files Received from [REDACTED] July 5, 2006
17	DCIS Form 1; Interview of [REDACTED] March 30, 2006
18	DCIS Form 1; Lead Response (Interview of [REDACTED] July 2, 2007
19	DCIS Form 1; Interview of [REDACTED] April 7, 2006
20	DCIS Form 1; Contact with [REDACTED] April 12, 2006
21	DCIS Form 1; Lead Response (Interview of [REDACTED] April 21, 2006
22	DCIS Form 1; Lead Response Additional Documents ([REDACTED] April 25, 2006
23	DCIS Form 1; Contact with [REDACTED] August 23, 2006
24	DCIS Form 1; Contact with [REDACTED] November 28, 2006
25	DCIS Form 1; Contact with [REDACTED] regarding 2004 Firepower Demo, January 12, 2007
26	DCIS Form 1; Contact with [REDACTED] Regarding Presentation, November 29, 2007
27	DCIS Form 1; Interview of [REDACTED] November 8, 2007
28	DCIS Form 1; Supplemental Lead Response [REDACTED] November 26, 2007
29	DCIS Form 1; Interview of [REDACTED] September 17, 2007
30	DCIS Form 1; Contact with [REDACTED] (USAF Ret), October 24, 2007
31	DCIS Form 1; Interview of [REDACTED] November 14, 2007
32	DCIS Form 1; Interview of [REDACTED] July 8, 2006

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33 DCIS Form 1; Review of Contract Awarded to Chugach for \$128,000,
July 8, 2006

34 DCIS Form 1; Interview of [REDACTED] and Contract File Review,
May 8, 2006

35 DCIS Form 1; Interview of [REDACTED] May 11, 2006
DCIS Form 1; Correspondence Received from [REDACTED]
36 June 14, 2006

37 DCIS Form 1; Interview of [REDACTED] May 12, 2006

38 DCIS Form 1; Finding of April 14, 2005 Document, May 30, 2006

39 DCIS Form 1; Interview at Sports Link LTD, July 12, 2006

40 DCIS Form 1; Interview of [REDACTED] at Screenworks, June 24, 2006
DCIS Form 1; Lead Response (Clair Brothers) with Time Line,
41 July 21, 2006

42 DCIS Form 1; Lead Response (SMS LLC created March 14, 2005),
March 15, 2006

43 DCIS Form 1; E-Mails & Other Electronic Files From All Sources,
December 11, 2007

44 Copies of April 20 - 22, 2005, E-mails, [REDACTED] Memorandum, and
April 13, 2005 Power Point Slides

45 DCIS Form 1; [REDACTED] Association with SMS, March 11, 2006
DCIS Form 1; Receipt of Certified Copy of SMS Filing as LLC,
46 October 17, 2007

47 DCIS Form 1; Verification of "Thundervision" Trademark, April 18, 2006
DCIS Form 1; Lead Response Interview of [REDACTED]
48 June 18, 2007

49 DCIS Form 1; Lead Response (Supplemental Interview of [REDACTED]
[REDACTED] June 25, 2007

50 Diagrams of Acceptance Show
News article and photo of General Hornburg Handing Flag to General
51 Goldfein, October 4, 2004

52 DCIS Form 1; Interview of Major General Stephen Goldfein,
September 17, 2007

53 DCIS Form 1; Verification of Travel Expenses Paid, August 22, 2007
DCIS Form 1; Verification of [REDACTED] TDY on November 9, 2004,
54 September 21, 2007

55 DCIS Form 1; Facts Concerning Communication with SMS,
November 13, 2007

56 DCIS Form 1; Rights Advisement to [REDACTED]
September 16, 2007

57 DCIS Form 1; Coordination with [REDACTED] September 25, 2007

58 DCIS Memo from SWFO SAC to [REDACTED] (General Hornburg's
Counsel), November 2, 2007

59 Letter from Hornburg's Attorney ([REDACTED]) to DCIS SWFO SAC
Hogan, November 29, 2007

60 DCIS Form 1; Receipt of General Hornburg's Military DD 214,
February 12, 2007

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61 DCIS Form 1; Lead Response General Hornburg's Exit Briefing,
May 12, 2006

62 DCIS Form 1; Interview of General Dunlap, August 10, 2006

63 DCIS Form 1; Interview of [REDACTED], August 10, 2006

64 DCIS Form 1; Interview of [REDACTED] September 11, 2006
DCIS Form 1; Receipt of Documents from [REDACTED] [REDACTED]

65 October 19, 2006

66 DCIS Form 1; General Hornburg Showed Heritage Flight Video/Music in
2004, April 25, 2006

67 DCIS Form 1; Use of Large Video Screens by USAF in 1997, 1998, and
2004; June 14, 2006

68 DCIS Form 1; Details Concerning Heritage Flight Book (Published),
March 13, 2007

69 DCIS Form 1; Lead Response (Interview of [REDACTED]
September 27, 2007

70 DCIS Form 1; Lead Response (Interview of [REDACTED]
October 29, 2007

71 DCIS Form 1; Lead Response (Interview of [REDACTED]
November 1, 2007

72 DCIS Form 1; Lead Response (Interview of [REDACTED]
November 6, 2007

73 DCIS Form 1; Lead Response ([REDACTED] November 8, 2007
DCIS Form 1; Lead Response (Interview of [REDACTED]

74 November 8, 2007

75 DCIS Form 1; Lead Response (Interview of [REDACTED] July 12, 2007
DCIS Form 1; Lead Response (Interview of [REDACTED] White House

76 Video), July 16, 2007

77 DCIS Form 1; Interview of [REDACTED] (WHCA), July 25, 2007
DCIS Form 1; Lead Response (Interview of [REDACTED] [REDACTED]

78 October 29, 2007

79 DCIS Form 1; Contact with DFAS Regarding Payment to SMS,
June 14, 2006

80 DCIS Form 1; Interview of Major General John Maluda, October 31, 2007
DCIS Form 1; Interview of Brigadier General Gregory Ihde,

81 September 7, 2007

82 DCIS Form 1; Contact with ([REDACTED] Counsel [REDACTED]
September 12, 2007

83 DCIS Form 1; Interview of [REDACTED] at Framework Sound,
June 24, 2006

84 DCIS Form 1; Information from [REDACTED] June 30, 2006

85 DCIS Form 1; Lead Response from DCIS, Long Beach, (Interview of
[REDACTED] July 30, 2007

86 USAO Criminal Division Declination, May 1, 2007

87 DCIS Form 1; Details Regarding June 5, 2006 Interview of [REDACTED] [REDACTED]
and [REDACTED] October 17, 2007

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88 DCIS Form 1; Interview of General John Jumper, USAF, (Former Chief
of Staff - Ret), December 3, 2007
DCIS Form 1; Lead Response, Interview of Marv Esmond, October 29,
89 2007
90 DCIS Form 1; Interview of [REDACTED] [REDACTED] November 16, 2007
91 DCIS Form 1; Lead Response (Maryland House, [REDACTED] June 8, 2007
DCIS Form 1; Lead Response (Telephonic Interview of General Lorenz),
92 October 25, 2007
DCIS Form 1; Lead Response (Interview of [REDACTED]
93 December 13, 2007
94 [REDACTED] MFR, dated January 17, 2006
95 [REDACTED] affidavit
96 Photos of Instant Replay machines - [REDACTED] in 2004 (in [REDACTED] CD,
Thunderbird Music-Attachment), February 19, 2004
97 Photos of Instant Replay machines missing - [REDACTED] 2006
DCIS Form 1; Lead Response (Interview of [REDACTED] [REDACTED]
98 (Ret), October 24, 2007
DCIS Form 1; Lead Response (Interview of [REDACTED] November
99 2, 2007
100 DCIS Form 1; Interview of Erwin Lessel, December 13, 2007
101 Letter to Airmen, December 6, 2005
102 Sketch Depicting Two Separate Decisions for TAPS Award Selection
DCIS Form 1; Lead Response (Interview of [REDACTED]
103 October 29, 2007
DCIS Form 1; Lead Response (Interview of General Larsen),
104 October 26, 2007
DCIS Form 1; Lead Response (Interview of General Eliz Harrell),
105 July 19, 2007
106 DCIS Form 1; Interview of [REDACTED] [REDACTED] (Ret), July 13, 2007
107 DCIS Form 1; Interview of [REDACTED] August 30, 2006
DCIS Form 1; Lead Response (with attached Form 1 Interview of Major
108 General David Robinson), which describes Heritage Flight Program,
August 27, 2006
109 DCIS Form 1; Lead Response (with June 15, 2007, Re-interview of
Major General Robinson), June 26, 2007
DCIS Form 1; Analysis of Documents/Information Received, May 22,
110 2006
DCIS Form 1; Alaska Contract Vehicle Utilized for Framework Sound,
111 June 29, 2007
112 DCIS Form 1; Second Review of Sole Source File, October 17, 2007
113 Sketch of 8 Contracts of Interest
114 GAO Decision to Dismiss Protest Letter, February 13, 2006
DCIS Form 1; Interview of [REDACTED] of Big Moving Pictures,
115 June 30, 2006
DCIS Form 1; Lead Response (Interview of General Keys),
116 November 2, 2007

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117 DCIS Form 1; Interview of [REDACTED] June 13, 2007
 118 DCIS Form 1; Post Interview Response from [REDACTED] June 15, 2007
 119 DCIS Form 1; Interview of [REDACTED] of SBA, May 9, 2006
 120 DCIS Form 1; Request for DoD-IG Audit Assistance, May 24, 2007
 121 DOD-IG Audit Memo Received, will start in July, June 12, 2007
 DoD-IG Audit Results from Assistant IG for Acquisition and Contract
 122 Management, Memo dated December 2, 2007
 123 DCIS Form 1; Interview of General T. Michael Moseley, January 5, 2008
 124 DCIS Form 1; Interview of General Arthur J. Lichte, January 11, 2008
 125 FBI 302; Interview of [REDACTED] August 1, 2006
 126 FBI 302; Interview of [REDACTED] July 25, 2006
 127 FBI 302; Interview of [REDACTED] May 24, 2006
 DODIG/INV Transcript, Interview of Major General Stephen Goldfein,
 128 January 16, 2008
 DODIG/INV Transcript, Interview of [REDACTED] January 18,
 129 2008
 DODIG/INV Transcript, Interview of [REDACTED] January 18,
 130 2008
 DODIG/INV Transcript, Interview of [REDACTED] January 24,
 131 2008
 DODIG/INV Transcript, Interview of [REDACTED] January
 132 22, 2008
 133 Amendment of Solicitation/Modification of Contract, September 10, 2007
 134 DODIG/INV Email, Interview of [REDACTED] [REDACTED] January 25, 2008

Prepared by [REDACTED] Las Vegas POD

APPR: [REDACTED]

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