

# INSPECTOR GENERAL DEPARTMENT OF DEFENSE DEFENSE CRIMINAL INVESTIGATIVE SERVICE LAS VEGAS POST OF DUTY C/O USAF OSI

6100 McGough Parkway, Bldg. 828 Nellis AFB, NV 89191-1751

(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



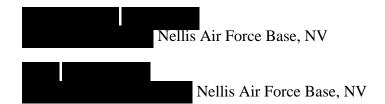
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#### **SYNOPSIS**

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 99<sup>th</sup> Contracting Squadron (99<sup>th</sup> 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with members of the USAF; senior Air Force personnel influenced the award of the contract to SMS; SMS lacked historical references, resources, and financial security to be considered responsible; and the contract award price was unreasonable.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 99<sup>th</sup> 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 , 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 99<sup>th</sup> Contracting Squadron (99<sup>th</sup> 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 99<sup>th</sup> 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 (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 367<sup>th</sup> Training Squadron (367<sup>th</sup> 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 367<sup>th</sup> 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 367<sup>th</sup>'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**

- 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 99<sup>th</sup> Contracting Squadron at Nellis Air Force Base (NAFB), NV. This contract is commonly known as the Thunderbirds air show Production Services (TAPS) contract. 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.
- USAF: is the Chief of the Contracting Division, Air Combat Command (ACC), Directorate of Installations and Mission Support, Langley AFB, VA. served as the Source Selection Authority (SSA) for the TAPS contract.
- USAF; was the Contracting Officer (CO) for the TAPS contract and served on the Source Selection Team (SST) for the TAPS contract.
- USAF; former narrator for the USAF Thunderbirds; served as the SST Chairperson for the TAPS contract. An interview by for the week of September 10, 2007; however, during that week counsel, and the interview was not conducted.
- USAF; of the USAF
  Thunderbirds. served as an adviser to the SST for the TAPS contract. An interview by was set with for the week of September 10, 2007; however, subsequently cancelled the interview. A rescheduling attempt also failed.
- USAF; served as the USAF Thunderbirds Operations Officer. He served on the SST for the TAPS contract.
- USAF; was the Thunderbirds audio expert. served on the SST for the TAPS contract.

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- USAF; was a camera operator for the Thunderbirds. served on the SST for the TAPS contract.
- USAF; worked in the 99<sup>th</sup> Contracting Squadron at NAFB. He was selected by Contracting Squadron, NAFB, to be on the SST.
- is a and at the 367<sup>th</sup> Training Support Squadron (TRSS), Hill AFB, UT. 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 form the USAF in January 2007. Ihde previously served as the Commander, USAF 57<sup>th</sup> Wing, NAFB, from June 2003 until approximately August 2005. As the Commander, Ihde oversaw the USAF Thunderbirds. The 57<sup>th</sup> 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:

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

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#### **NARRATIVE**

<u>Note:</u> 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 Contracting Officer, 99<sup>th</sup> CONS and 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 of SRO Media and of marketing for Video West. The interviews were conducted in 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 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: Chief of Criminal Division, and 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

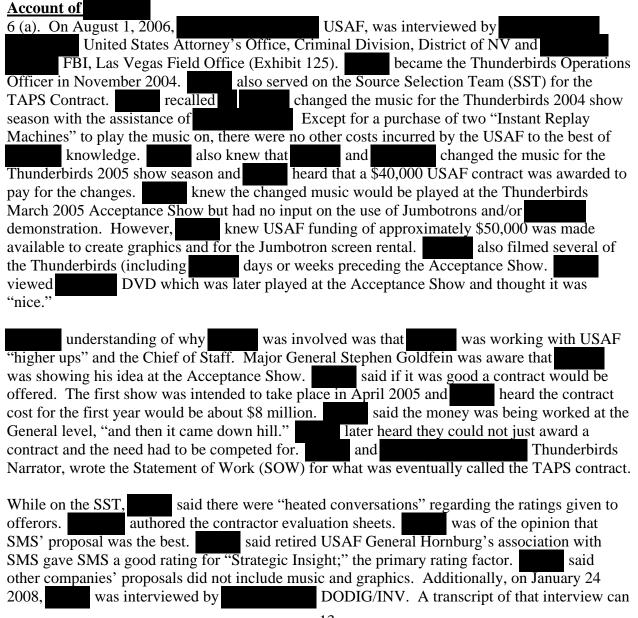
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Command (ACC), Langley AFB, VA, that the USAFOSI could not participate in this investigation. However, because of an existing Memorandum of Understanding (MOU) between the Department of Defense (DoD) and Department of Justice (DoJ), the Federal Bureau 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.

<u>Note:</u> 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.



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be found in Exhibit 131.

Account of
United States Attorney's Office, Criminal Division, District of NV and FBI, Las Vegas Field Office (Exhibit 126). became a member of the Thunderbirds in June 2005 and worked on video and media. During air shows, worked the Thunderbirds Communications Trailer. Every time the Thunderbirds are in the air they are video taped for safety reasons. also served on the SST for the TAPS Contract. didn't know anything about "Thundervision" or idea until he was told my would be on the SST. was of the opinion that the description of what the USAF was requesting bids on was similar to work the USAF 367 <sup>th</sup> Training Squadron previously did at USAF firepower demonstrations. previously worked at the 367 <sup>th</sup> and worked under who was also assigned on the SST for the TAPS contract. Additionally, on January 18, 2008, was interviewed by CODIG/INV. A transcript of that interview can be found in Exhibit 129.
Account of 6 (c). On May 24, 2006, interview of Tech Sergeant USAF (Exhibit 127).  Commander of the Thunderbirds, told others to assist in changing the music used during the Thunderbirds show season.  knew that flew for the USAF Heritage Flight Program and had a lot of connections in the entertainment industry.  "very, very good friends" and and and 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 told the new trailer would not be good enough for the Thunderbirds needs. Stated that told STS to make changes 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 (Framework Sound) to make the changes wanted. Stated that was a friend of and continued to work on the music changes for the 2004 show season.
recalled he and his crew engaged in playing catch with a football during the day of an air show, which was their custom.  told about it and told to clean up his act. Said, "my friend and whatever he says goes." said after the 2004 show season, it was obvious to him that on major renovations for the Thunderbirds shows.  and changed 40 percent of the music for the 2005 show season.  advised the Thunderbirds personnel to assist in renovating the Thunderbirds Air Show.  said, "Whatever wants, gets." This included providing them with historic Thunderbird video, submitting to on-camera interviews with and a film crew and

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supplying with graphics and pictures. worked very closely with this process. The changes made became known as "Thundervision."
recalled seeing in the Thunderbirds' hanger and she was responsible for obtaining endorsements from politicians and celebrities. She wrote the scripts. said walked around the Thunderbirds hanger, "like they owned it" and they both routinely identified themselves as Thunderbird team members. orders regarding were made clear so no one openly complained about their level of access.
During the 2005 Acceptance Show, watched the Thundervision demonstration being played on a large video screen and on a state-of-the-art sound system and was impressed. Later, learned that the Thundervision concept had been advertised for competition and was assigned to be on the SST.
said he struggled to make objective decisions when rating proposals. He said he voted independently and honestly during the valuation process. said he felt pressure from and to favor SMS and realized that any vote against SMS would anger them. However, that did not influence his evaluations. said that the following had personal friendships with and Major General Goldfein.
said it was commonly known in the Thunderbirds' hanger that discussed the possibility of "hiring on" with SMS after two-year term with the Thunderbirds expired. Was the most vocal supporter for SMS during the evaluation process. Said that made no effort to conceal his own belief that SMS, and SMS only, should receive the TAPS Contract. According to was all for SMS, all the time, and was the same way." recalled during the TAPS competitive range briefing, said if SMS did not win the contract, he did not want it. said he was "shocked" by 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 was made uncomfortable by the forcefulness with which Goldfein recommended SMS.
recalled that who worked for the USAF' 367 <sup>th</sup> Training Squadron, and served on the SST, made a pitch that the 367 <sup>th</sup> could do the work described in the TAPS request for proposal. opined that proposal came too late in the evaluation process. said that if the SST was made aware of the 367 <sup>th</sup> 's abilities earlier in the process, the SST "probably would have gone that way." said that it was because retired USAF General Hal Hornburg was part of SMS that SMS got a high rating in Strategic Insight. 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."
7. During this investigation, 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 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, 99 CONS, and 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.
"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 16

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counsel); (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."

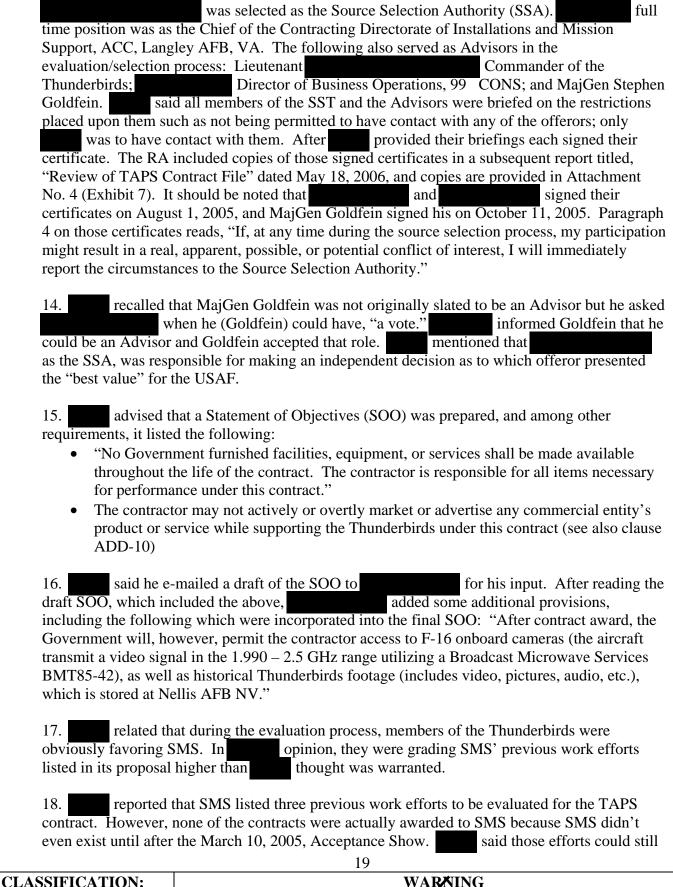
- 10. On Page 9 of SMS' July 18, 2005, RFI response it read, "While other bidding companies are just starting the race to understand the Thunderbirds, Air Force, and Air Show Industry, SMS has already broken both the code and tape at the finish line. To date SMS has achieved the following milestones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

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- 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 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 the 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 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. Advertised the Solicitation/RFP was completed on August 1, 2005, and it was advertised on FED-BIZ-OPS.
- first attempted to put together a Source Selection Evaluation Team, hereafter 13. When referred to as the Source Selection Team (SST), he attempted to get representatives from USAF Recruiting, the 367<sup>th</sup> TRSS at Hill AFB, and members from the Thunderbirds. However, the members from Recruiting and others were unable to accommodate his request. the Contracting Officer and Chairperson for the TAPS acquisition, and the following others served on the SST: Narrator, Thunderbirds; Operations Officer, Thunderbirds; Communications Flight Non-Commissioned Officer in Charge, Thunderbirds; Broadcast Producer. Contracting Officer, 99 CONS; and Thunderbirds; was considered a Subject Matter Expert. Director, Hill AFB, UT (Ret-USAF).

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Flight Program (HFP) in which pays for the HFP expenses but 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 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 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 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. The believed that because 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 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. was also present. stated that during the Competitive Range Briefing, said something like, "If it's not SMS, we don't want it." said subordinate members from the Thunderbirds, who were on the SST, were present when said this. As a result of the briefing, four of the proposals were eliminated and five continued in the process. On October 7, 2005, 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. did not think it was as "relevant" as rated. A copy of Memorandum is included as Attachment No. 3 in the report titled, "Review of TAPS Contract File," dated May 18, 2006 (Exhibit 7).
said that just as they were completing the evaluation of all proposals to prepare for the Final Selection Briefing, the Commander of the 367 <sup>th</sup> TRSS, submitted a proposal reflecting that not only could the 367 <sup>th</sup> 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. learned that that assisted the creation of the 367 <sup>th</sup> 's presentation; so had to be recused from the SST. was instructed by his superiors to have the remaining members on the SST evaluate the 367 's proposal and to present the overall description as an alternative

be considered because was part of those efforts. The first effort listed was the Heritage

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

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to the other responses to the RFP.

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office at the provided the following presentation, million more than its	and met with	!
He said the one SMS H.W. Bush and Geo the <u>videos</u> including	the one provided by SMS with the President George W. Bush testimonial on er watching the videos Goldfein said he was pleased that everybody's video	
than continuing to an short break and on the with a minority opin four members of the 22. had to credit included the SST's reprepared a report with Power Point Slides of slides were obtained redacted prior to the included. The pertire Regarding SMS not financial data to proslides which are an attachment to dated December 6, 2 (Exhibit 11). Slide \$20,570,000 (if Gov satisfy its requirement that is superior to an end of effort; with a vastly expandnot	I from the USAF Office of Commercial Litigation and some information was RA's receipt; however all of the information about SMS' evaluation was nent slides are included as Attachment 1 to that report (Exhibit 10). providing required financial records, one slide reads, "Indicated it had no vide in response to amendment 02." The RA also obtained copies of the created describing the SST's evaluation of the 367 <sup>th</sup> TRSS' proposal. They a DCIS report titled, "Contact with and Slides Received, 2006. The pertinent 13 slides are listed as Attachment No. 4 in that report 11 reads, "Total proposed Price: \$17,370,000 (if Govt buys equipment) or trents equipment)." Slide 12, reads, "Government has organic capability to entslets use resources we already have; Government will buy equipment sything other offerors propose; Government will have equipment to show at contract, Government will have no equipment at end; Scope of contract can the case with a contract; There's more to getting the AF message out than ganic familiarity of live air show events – past performance reflects	
and the theorem and was approximately had some some strategy and their rating on Strategy and their rating on Strategy.	• • • • • • • • • • • • • • • • • • • •	

would select SRO Media the following day. related that said, "I've fallen on my sword for a two star before." took that to mean that would stand his ground in front of MajGen Goldfein and select SRO Media. said that 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, drew a sketch depicting the final seating arrangement. This sketch is listed as Attachment No. 2 in a report titled, "Interview of dated July 20, 2007 (Exhibit 12). was permitted to attend the Final Selection Briefing in case anyone had any questions about the 367 <sup>th</sup> TRSS' abilities to do the work.
said that in addition to himself, the following were present at the Final Selection Briefing: Goldfein, and the following other members of the SST:  did not recall saying anything during the briefing and may have asked one question each.
was asked what was different about the presentation that was provided to the Final Selection Briefing as compared to the day before when said he would award the contract to SRO Media. The responded that only the environment was different; the information was the same.
stated that when MajGen Goldfein was presented with a separate presentation showing that the USAF' 367 <sup>th</sup> 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 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. opined that MajGen Goldfein was exaggerating things.
29. After saying that, Goldfein sat in his chair, turned to his immediate right, and directly faced Goldfein looked directly at and said, "I don't pick the winner, but if I did, I'd pick SMS." immediately responded, "Okay, SMS."
30. said that after the briefing, walked by and said, "Sorry guys, I caved."
31. In the days that followed the Final Selection Briefing, the 367 <sup>th</sup> TRSS put on another presentation at the Pentagon demonstrating its ability to do the TAPS work. 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 367 <sup>th</sup> presentations. After their presentations, with providing 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, statement about sending slides and information to was corroborated. In the RA's report titled, "Power Point Slides Created by dated November 14, 2007, there are relevant attachments included. Attachment 2 is copy of 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 and 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, sent 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 before a contract could be awarded, and sent it back to because did not think it had enough justification to award the contract at such a higher price than SRO Media. also assisted in the writing of the final version of the SSDD. 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).
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. said that was correct. 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. 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. related that during the proposal evaluation phase, SMS' itemized costs were often questioned and at times seemed to be excessive. added that the TAPS contract was a "best value" contract and it was the responsibility of the TAPS' SSA, to determine which proposal offered the best value for the USAF.
was asked about his writing of a memorandum in which he made a determination that SMS was "Responsible." 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. said what he wrote in his memorandum was accurate. A copy of undated memorandum is included as Attachment No. 2 in DCIS report titled, "Review of TAPS Contract File," dated May 18, 2006 (Exhibit 7).
35. said that SMS submitted a claim for \$1.9 million in December 2005, immediately

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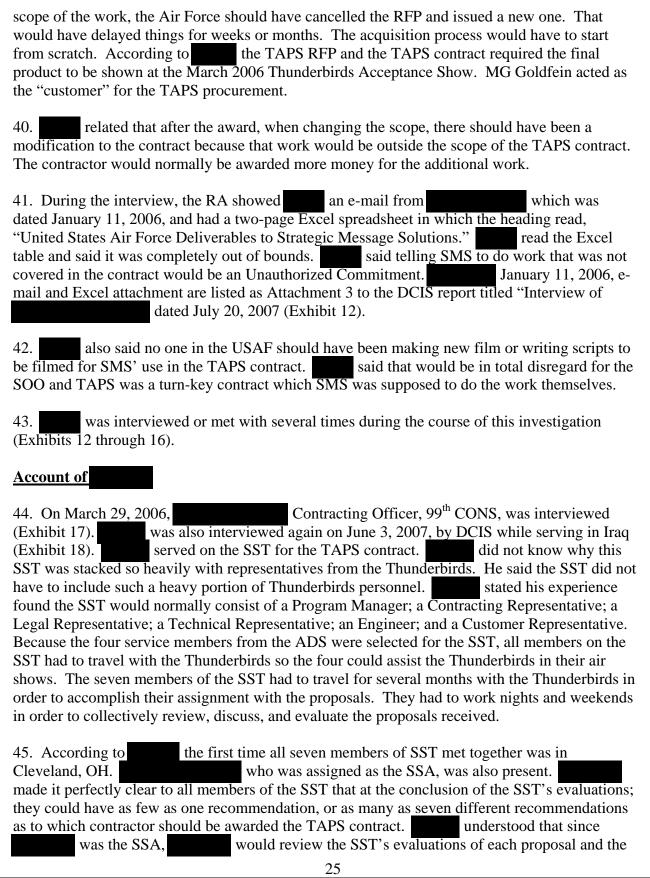
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after the contract was awarded. A few days later received a telephone call from MajGen Goldfein. Goldfein told not to delay payment to SMS. said it was the only time that Goldfein ever talked to him. said the call violated protocol because ordinarily a call from a General would be placed a head of time letting know that a General would call him. said the call was not threatening but it was definitely unusual and influenced the payment process. 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. advised that signed documents indicating the Thunderbirds received what was required for the first payment, so had no choice but to go along with it. However, questioned how SMS could have completed \$1.9 million in work within a day or two of being awarded the contract. 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. said that was true.
stated that after the protest was filed regarding the award of the TAPS contract, the Government Accountability Office (GAO) asked to provide several things. In response to the GAO request, 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. wrote an affidavit reflecting the work for Thundervision Demonstration actually started in January 2005.  MajGen Goldfein, and went to California in January 2005 and witnessed changed music for the Thunderbirds 2005 Show Season. affidavit also said that an agreement was made in California for 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).
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 that MajGen Goldfein, and be recused from the evaluation and recommendation process. 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.
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," opined that was not part of the original RFP or TAPS contract. 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. said that was a change of scope of the work.

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SST's recommendations, but would make the <u>final</u> 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 99 <sup>th</sup> 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 99 <sup>th</sup> CONS (now retired) and , Deputy of Business Operations, NAFB.
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 loved it.
48. The RA read the below evaluation factors and evaluate all TAPS proposals received:
<ul> <li>Past Performance &amp; Strategic Insight were the most important and of equal importance;</li> <li>Mission Capability and Proposal Risk were less important but equal to each other;</li> <li>Mission Capability was further broken down into the following sub-factors (of equal importance): Logistics &amp; Travel; Technical &amp; Management;</li> <li>Past Performance, Strategic Insight, Mission Capability and Proposal Risk – when combined were more important than Cost/Price; but</li> <li>Cost/Price factor were to contribute substantially to contract award selection decision.</li> </ul>
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.
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.

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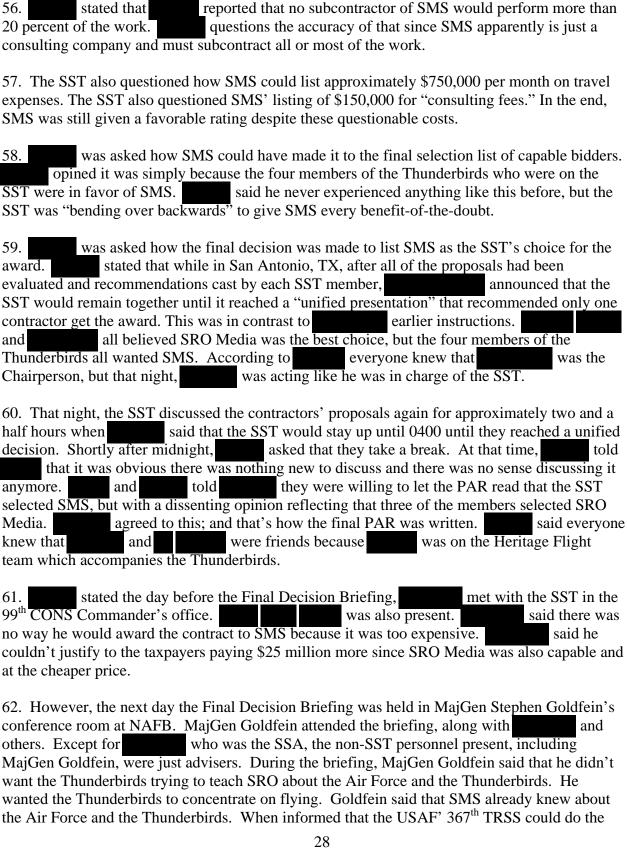
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not be counted on to do the job because of that. MajGen Goldfein said those service members "aren't our assets, they belong to the other Command." quoted MajGen Goldfein as saying, "The Government sucks at Strategic Communication." Other than MajGen 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.
said that after said said something like, "Sorry guys, I folded."
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.
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.
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.
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

job and save millions of dollars while purchasing the Jumbotron screens; rather than renting

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

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.

Media was found by the SST to be capable of performing and its proposal price was \$25 million less than SMS' proposal price. opined that SRO Media was the "Best Value" choice for

the USAF.

Account of

70. was first interviewed on April 6, 2006 (Exhibit 19). The interview was conducted at his office located at the 367<sup>th</sup> TRSS, Hill Air Force Base (HAFB), UT.

was a at the time and serving as a Producer and Director for the 367<sup>th</sup> TRSS. He is also a USAF. During the interview, immediately

voiced his concerns that several USAF high ranking officials elected not to inquire with the 367<sup>th</sup> TRSS about the unit's ability to create the multimedia requested in the TAPS contract before advertising the work for contractor competition. opined the USAF could have saved millions of dollars if the USAF officials would have tasked the 367<sup>th</sup> TRSS with the multimedia project.

- pointed out that the 367<sup>th</sup> 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.
- referenced the fact that the 367<sup>th</sup> 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' 50<sup>th</sup> Anniversary "Live" aerial demonstration using outdoor Jumbotron displays and performed the first "LIVE" WEB cast of the USAF Thunderbirds show; Aviation Nation 2002. The 367<sup>th</sup> 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.
- strongly emphasized that the 367<sup>th</sup> 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 367<sup>th</sup> TRSS has 30 years experience of telling the Air Force Story.
- advised that in approximately February 2005, he received a telephone call from from a company named Daktronics, which has a division named Sports Link, LTD

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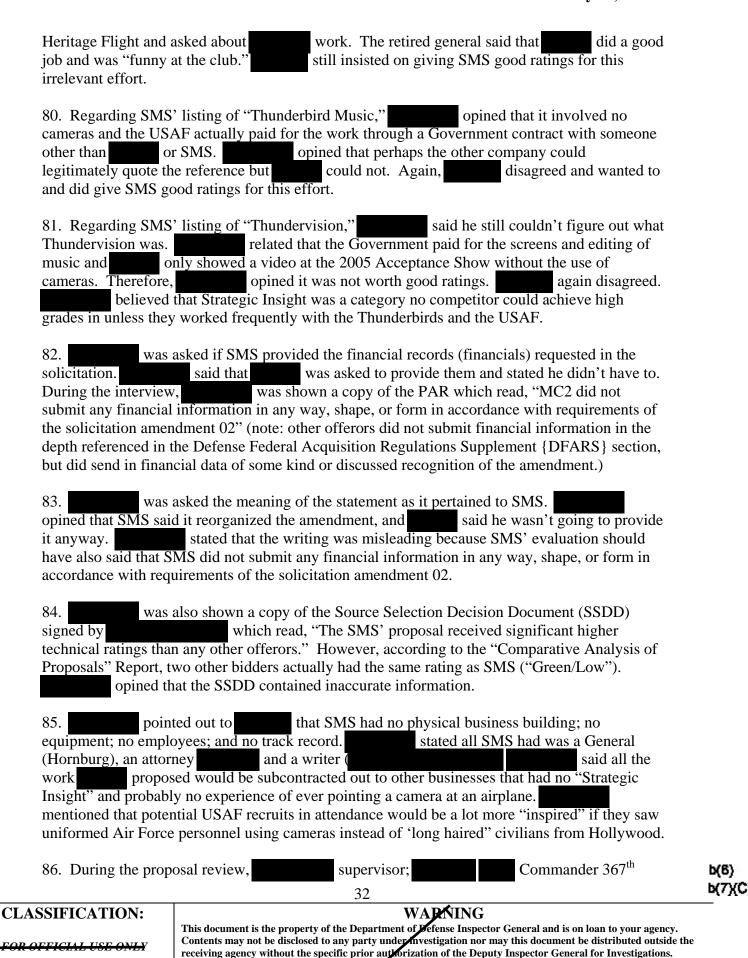
in South Dakota. asked if he knew about a "Big Deal" production with the Thunderbirds being performed by wanted to relate that the USAF could save a lot of money if he purchased the Jumbotron screens versus renting them. later told that in March 2005, provided a "video presentation" at the Thunderbirds' Acceptance Show. There were no cameras used during the Acceptance Show presentation. believed that the USAF paid for the use of the Jumbotron screens used during the 2005 Acceptance Show through a USAF contract and may have received payment from the contractor.
75. When first providing assistance on the SST,  TRSS was not approached first about the TAPS effort.  why they weren't. The SST consisted of seven members.  contract.  was assigned to the SST as the Subject Matter Expert and  from the 99 CONS was also selected. The following four individuals from the  Thunderbirds were also assigned to the SST:  (Operations Officer);  (Operations Officer);  asked  why the 367 <sup>th</sup> responded that he had no idea  was the CO for this  (Narrator ADS);
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, advised that he missed a meeting held with the SST and was present. and and all later told that said in that meeting that if SMS didn't get the contract, nobody would get the contract.
78. When 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.  was constantly pushing hard for SMS to be awarded the contract.  recalls SMS' proposal only included the use of one  Jumbotron screen. SMS was subsequently informed that one screen would not be acceptable and responded he would provide no less than two screens.  exactly how many screens was proposing and defended by saying it could be two, three, four, or more. When asked for specifics, pulled out his cell phone and said he would call to find out.  was concerned about was concerned about because all members on the SST were previously instructed that the only one who could directly communicate with the bidders was doesn't know if actually telephoned
was asked about the SST's consideration of the previous efforts/contracts listed in SMS' proposal for relevancy/risk consideration. opined listing of "Heritage Flight" as one of SMS' previous efforts was not relevant because all did was, "fly a plane in circles a couple times," which had nothing to do with cameras or audio. However, kept pressing that flying demonstrated "Strategic Insight." also advised that the Heritage Flight's effort was not even a SMS or contract. stated that he telephoned a retired Brigadier General who was a member of the
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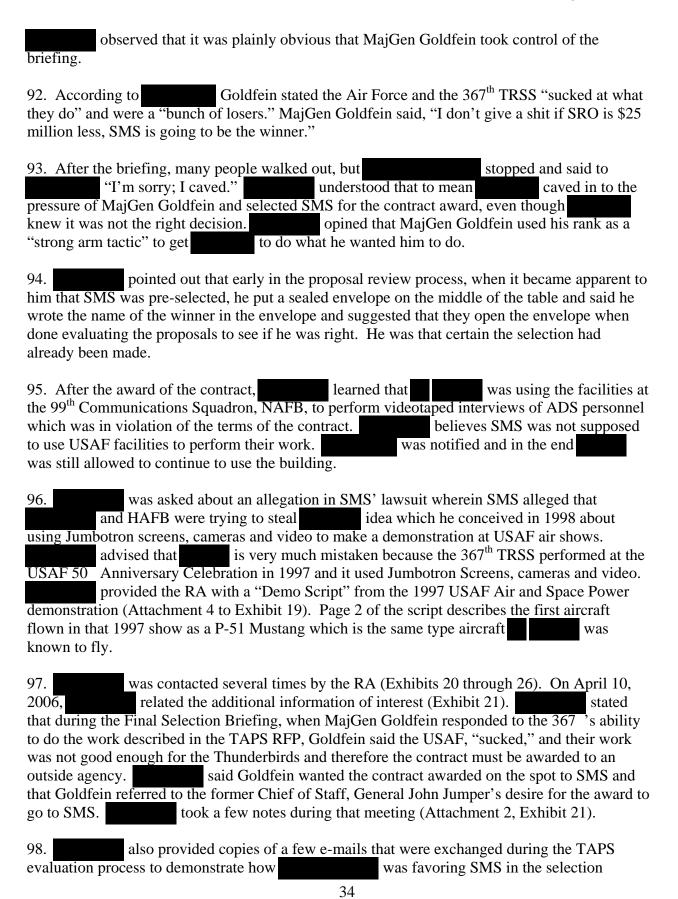
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TRSS, called and asked where he was. explained that he was an evaluator of the TAPS proposals and asked why the 367 TRSS was not consulted. After their discussions, on October 24, 2005, sent e-mail to Director of Contracting Operations for Air Combat Command at the Contracting Office at Langley AFB, advising of the 367 <sup>th</sup> 's abilities and the likelihood that the 367 <sup>th</sup> could probably save millions of dollars if they performed the TAPS effort. That same day, responded that should contact General Goldfein and/or The e-mails referenced in the interview were attached to the Report of Interview (Exhibit 19).
provided copies of other e-mails including one that described the following: On November 1, 2005, sent an e-mail to and Public Affairs, Thunderbirds. Others were sent courtesy copies of the e-mail including In the e-mail, related that the 367 <sup>th</sup> 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 367 <sup>th</sup> TRSS could save the USAF money.
tasked some of the service members of the 367 <sup>th</sup> TRSS to create a demonstration DVD showing what the 367 <sup>th</sup> TRSS could do to assist in the TAPS effort. The service members created the DVD in one weekend (Exhibit 2). It was provided to Selection Briefing.
89. In November 2005, presented the 367 <sup>th</sup> 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, was informed that General T. Michael Moseley, USAF, Chief of Staff, would be briefed. was led to believe a decision would be made in a few hours. Those few hours turned into days, and stated he was later "shocked" to learn that SMS was awarded the contract. stated there was no way he could have been convinced that the USAF would still award the contract to SMS after seeing the 367 <sup>th</sup> TRSS' presentation.
advised that after the 367 <sup>th</sup> TRSS put together a proposal of sort, he gave copies to and MajGen Goldfein. became obviously angry about the proposal and said that the 367 <sup>th</sup> TRSS couldn't submit a proposal.
91. When asked about the Final Selection Briefing presented in front of MajGen Goldfein and others, stated that 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. also presented the information about the 367th TRSS' proposed efforts. All members of the SST were also present. opined that MajGen Goldfein should not have been sitting at the head of the table for this briefing because was the SSA. After made the presentation,



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process (Attachment 3, Exhibit 21). One such e-mail is described below: On November 2, 2005, e-mailed the members of the SST with the Subject Line reading, "TAPSSRO 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, responded to desire to not change SRO's rating and keep it at "low." wrote, "If they are green low SMS is blue low."
On November 3, 2005, responded and underscored the words, "we're not." wrote, " we're not 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, 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. 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.
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. Commander of the 367 <sup>th</sup> TRSS, did at the Pentagon on November 29, 2005, in front of Generals Lessel and Lichte. said that Lessel seemed enthusiastic after he was provided with the 367 <sup>th</sup> 's presentation and arranged a second presentation for LtGen Lichte. 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).
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, provided copies of additional e-mails (Exhibit 22).  One of the e-mails was dated July 15, 2005. It was an e-mail from to

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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).

was asked about certain USAF personnel's first hand 103. On December 12, 2006, knowledge that large video screens and live camera shots were previously used at USAF air shows, prior to 2005. On December 13, 2006, provided his response via e-mail which was followed up with a telephonic interview (Exhibit 25). related that the 367<sup>th</sup> TRSS did perform at the May 12, 2004, Firepower Demonstration, and the 367<sup>th</sup> TRSS' TV crew assisted in the presentation to the spectators for which large video display screens were used. The 367<sup>th</sup> TRSS' production truck was also utilized to facilitate the audio-video effort. related that a variety of music was originated from the 367<sup>th</sup>'s production truck mixed with live narration. The 367<sup>th</sup> produced many video segments to support each and every live air frame used in the show and the 367<sup>th</sup> also produced video segments to tell the ACC story. related he seemed to recall that Generals Hornburg, Harrell, Wood, BrigGen Ihde, and Coppock were present for the demonstration. also recalled that General John Jumper also attended USAF air shows/demonstrations which the 367<sup>th</sup> 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 57<sup>th</sup> Wing, NAFB (Attachment 1, Exhibit 25).

was asked if telling the USAF Story was an idea that the 367<sup>th</sup> TRSS came up with after the TAPS RFP was advertised. 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).

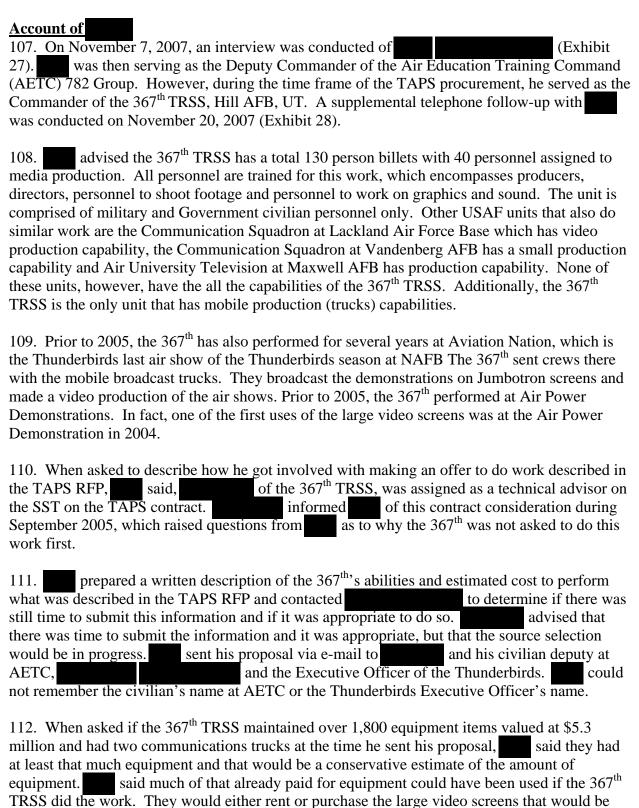
said the only video that was going to be shown as a result of the TAPS contract was approximately 45 minutes during the Thunderbirds portion of the show. The 367<sup>th</sup> offered to tell the USAF story and show video throughout the day of the air shows and the 367<sup>th</sup> could do it all at half the cost of what SMS was awarded for the TAPS contract. (Exhibit 26). It is noted that Slide No. 7 of the 367<sup>th</sup>'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 367<sup>th</sup>'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).

that it had been said that one of the reasons the 367<sup>th</sup> had not been selected to do the work was because senior USAF leaders did not want the 367<sup>th</sup>'s capabilities tied up with the Thunderbirds because they wanted to use the unit's capabilities for other things. was asked if after the USAF awarded the TAPS contract to SMS if the 367<sup>th</sup> was tasked with any work which they didn't do in the past.

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

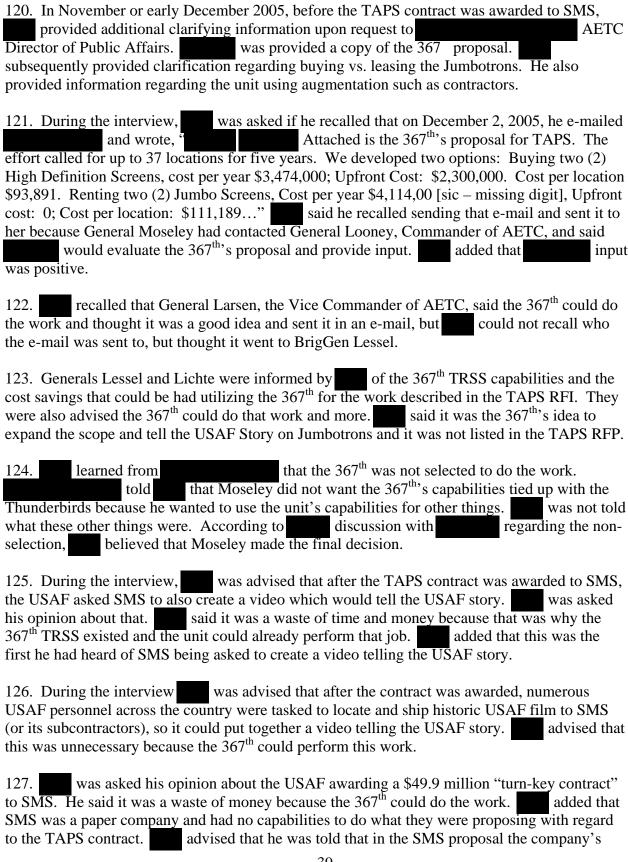


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needed and obtained estimates for both.

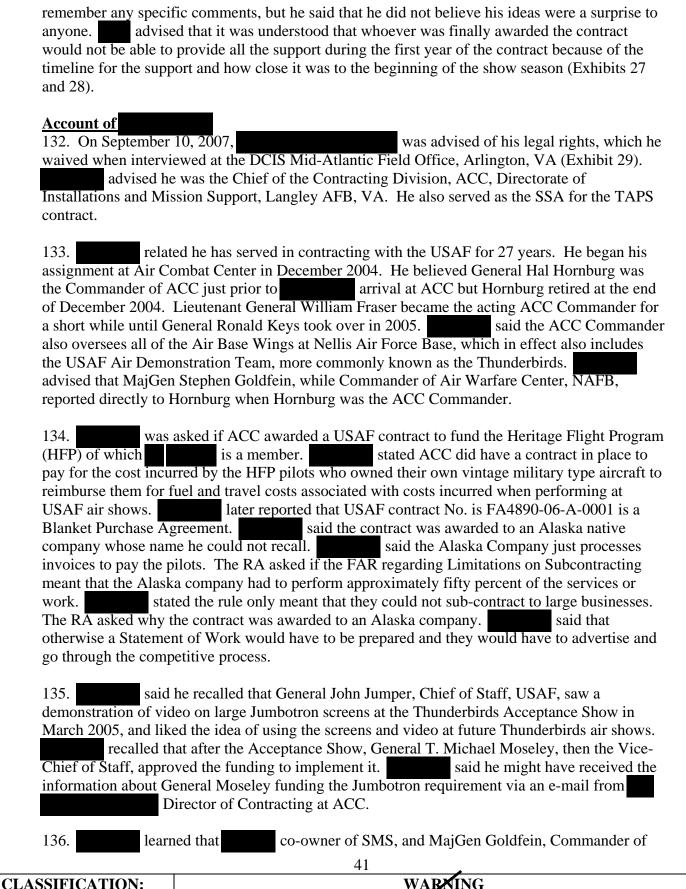
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113. On November 29, 2005, and provided two presentations at the Pentagon demonstrating the 367 <sup>th</sup> could do the work described in the TAPS RFP at a tremendous cost savings. The 367 <sup>th</sup> could either rent or purchase the large video screens and the 367 <sup>th</sup> 's costs would be between \$17 million and \$21 million. Not only could the 367 <sup>th</sup> perform the requirements as described in the TAPS RFP, they could show video throughout each entire show and, "tell the USAF story." said that telling the USAF story and showing video throughout the events were the 367 <sup>th</sup> 's ideas and not part of the TAPS RFP.
the 782 <sup>nd</sup> Training Group Commander at the time, called and sent him an e-mail requesting to give these presentations. understanding was that the request for the presentations originated with BrigGen Lessel who requested this through Brigadier General Whitmore who instructed to request to give the presentations.
115. When asked why they wanted such a presentation, said he was told by 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 liked the price of the 367 <sup>th</sup> submittal. discussed the 367 <sup>th</sup> submittal with General Mosley who asked BrigGen Lessel to look into the matter.
and 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.  RFP requirements and the two options of renting or purchasing the Jumbotrons. Additionally, discussed how they could expand the original RFP requirements to include producing the entire air show, not just the Thunderbirds portion, like the 367 <sup>th</sup> 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 367 <sup>th</sup> '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 367 <sup>th</sup> could do the job while saving money. Lichte also asked Fiscus if he could find the money to purchase the Jumbotrons.
Based on his discussions with Lichte immediately following the Pentagon presentations, believed that Moseley would make the final decision. Lichte said that Moseley would make the final decision on the TAPS contract. believed that Generals Keys, Lessel, and Lichte would also have input.
thought he may get an answer that day, but definitely within a short period of time, possibly within ten days. 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. It discussed with Lichte that the 367 <sup>th</sup> could start with a more limited capability early and then expand their capabilities as the show season continued.



capabilities included only a handful of employees and the company would have to hire personnel to perform the work. The related this information came from "Contracting," but he could not remember who told him this. Claimed that SMS also had limited equipment and had to subcontract with production studios. The 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, was informed that the TAPS contract was a five year contract, yet SMS' yearly price was not going to go down each year. 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.
was asked his opinion about the award of TAPS contract which did not allow the use of Government property or facilities. said awarding the contract this way made no sense because the 367 <sup>th</sup> could perform the necessary work and do it for less than a contractor. The 367 <sup>th</sup> TRSS is a Government entity trained and equipped to perform the mission called for in the TAPS contract. Additionally, the 367 <sup>th</sup> had an inherent advantage in this mission because they could tell the USAF story because they are the USAF. The 367 <sup>th</sup> personnel also had experience working with the Thunderbirds. 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. 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. based his statement on the information he received from who advised that General Keys and General Moseley had been briefed on the SMS recommendation. According to 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.
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 367 <sup>th</sup> 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 60 <sup>th</sup> anniversary message. was asked whose ideas those were. 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 367 <sup>th</sup> had done during their support to the Aviation Nation shows. stated that he believed the expanded capabilities were his ideas set forth in the last slide of his briefings at the Pentagon. added that this was a particular point of discussion in the option to present more than just support to the Thunderbirds. With that said, advised he was not 100 % sure that these issues were not already on the panel members minds.
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General Moseley to discuss the possibility of idea about using large video Jumbotron screens and playing video at Thunderbirds air shows. They wanted to get a sole-source contract. "Thundervision." Shortly after that meeting with General Moseley, and showed a group of USAF personnel the Thundervision video he previously showed at the Acceptance Show. In addition to himself, believes the following were present:  USAF Public Affairs; Major General Ann Harrell, Director of Maintenance and Logistics, ACC; SJA, Legal; and possibly Reynolds (NFI), MajGen Harrell's Deputy. The group had already been informed that General Moseley liked the idea. 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 learned of Hornburg's association with dea. Said that after a couple years the USAF would not have to pay anything because of the income would receive airing commercials on the video screens. Said he wanted to start showing Thundervision in the Thunderbirds 2005, Show Season. Their show season started in March 2005.
in advance. could not recall the dollar amount wanted. said that as far as USAF expenditures goes it was not that much money.
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. Told Goldfein that 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. Thought MajGen Goldfein's response was bizarre. 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 he ("dotted all the I's and crossed all the T's" before awarding a contract for this request. It told Goldfein there were two possible ways that he 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 he idea was formally accepted as meeting the requirements to award a contract after submitting an Unsolicited Proposal. During the interview, he said he knew at the time he e-mailed Goldfein that he idea was not unique enough to be awarded based on an Unsolicited Proposal. It is 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. It is 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.
related that the USAF Recruiting Service did not feel Thundervision was worth the cost so that possibility for acquisition could not be used. or his attorney and partner, submitted an Unsolicited Proposal and USAF Legal determined it was not
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the creation of graphics for use in

need should be advertised.

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 inhouse 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. started doing Market Research for the potential acquisition and advertised a Request for Information (RFI). formed SMS, which was also owned by and SMS provided a response to the RFI. SMS' Hornburg, and 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 99<sup>th</sup> 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

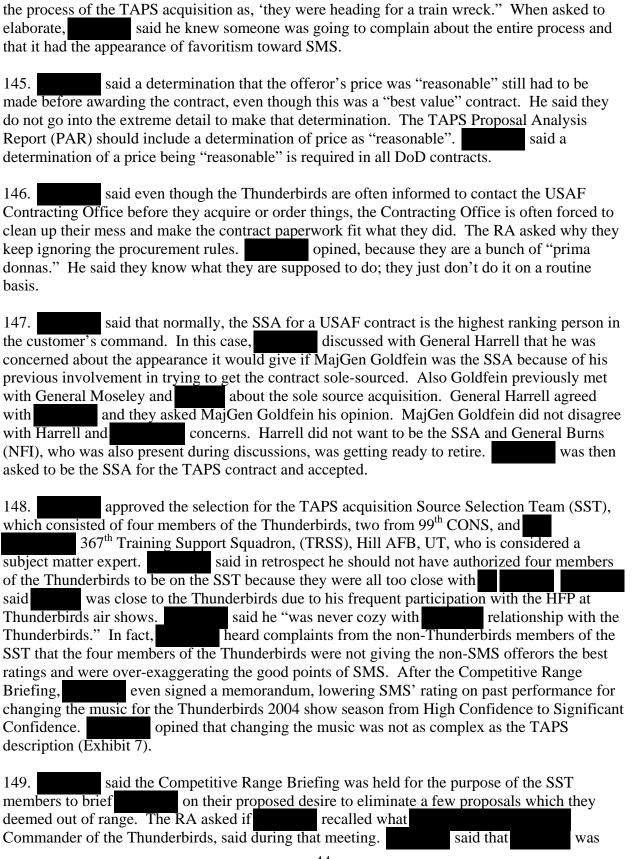
143. The RA asked if MajGen Goldfein told to create graphics for use in a demonstration to be played in front of the USAF, would that be against USAF rules? said that would be an Unauthorized Commitment by MajGen Goldfein because he is not a Contracting Officer, and it would require ratification approval 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.

graphics after the contract was awarded. The rental of video screens could be in order but the

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

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demonstration if the USAF would own those

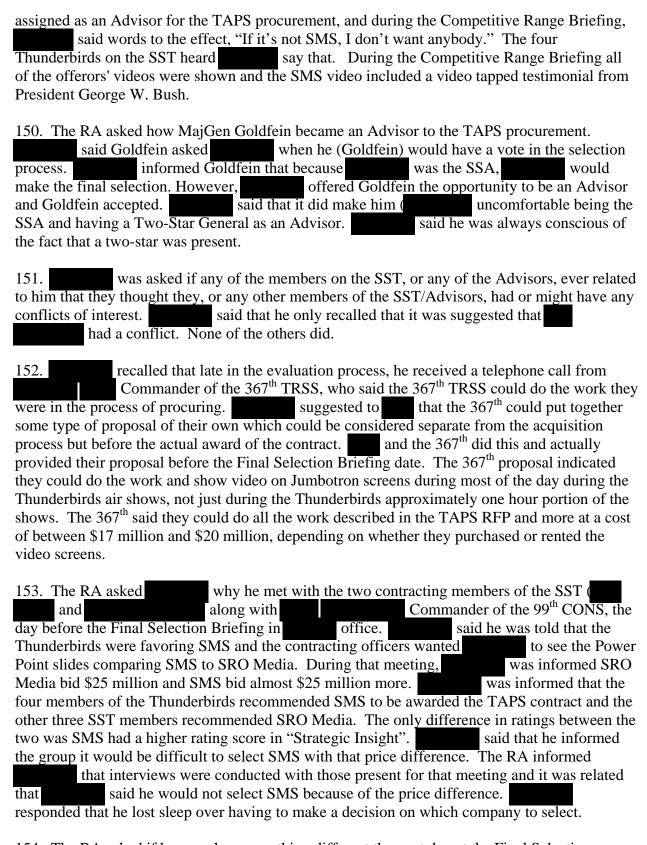


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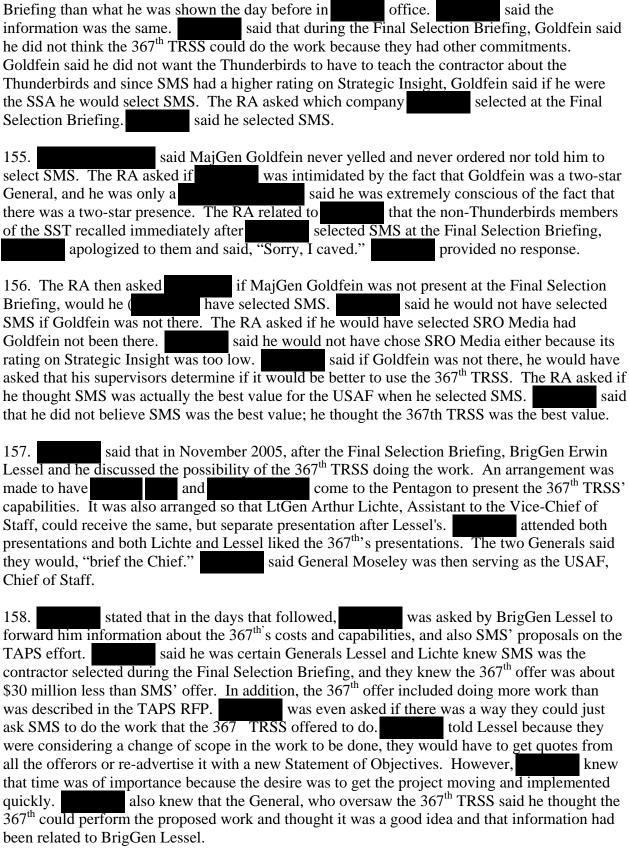


154. The RA asked if he was shown anything different the next day at the Final Selection

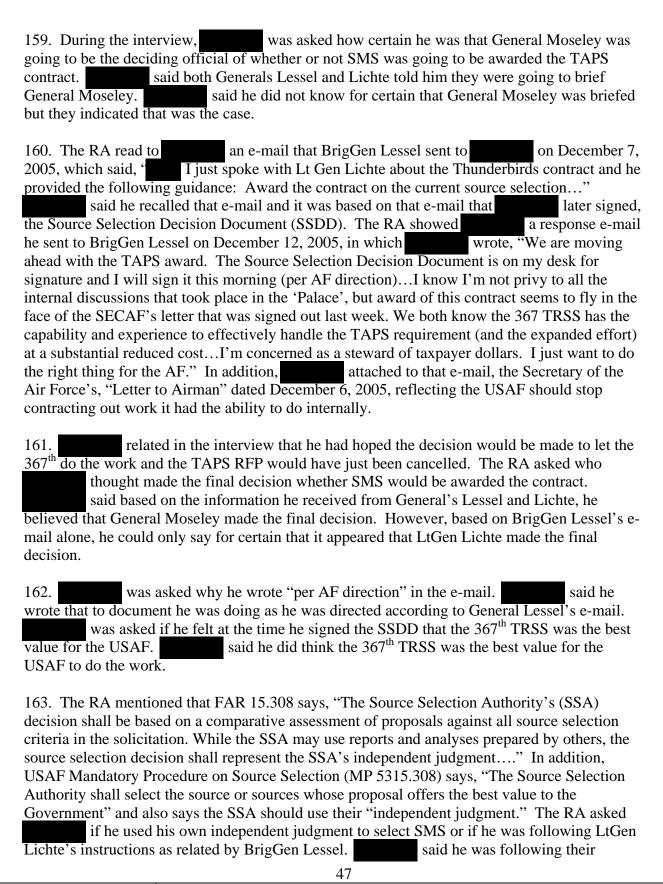
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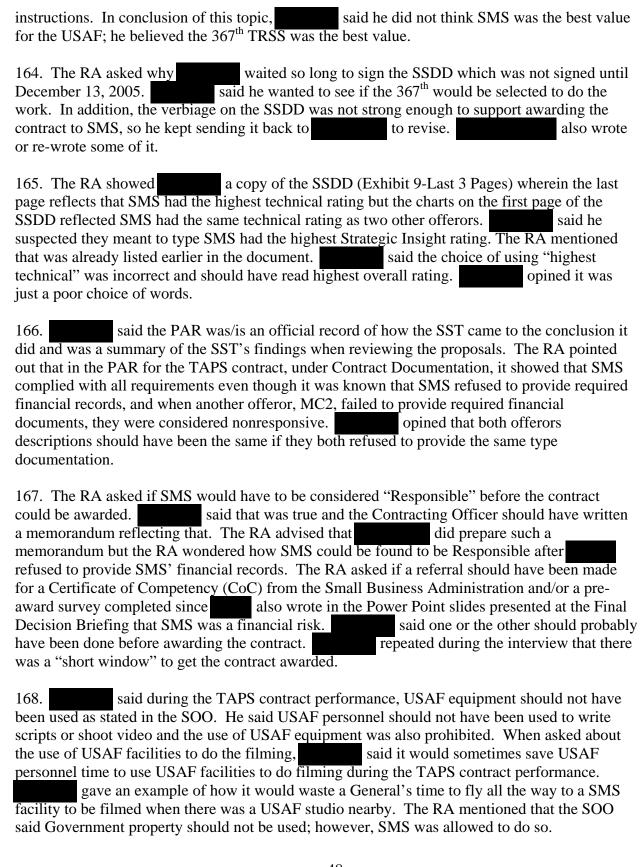
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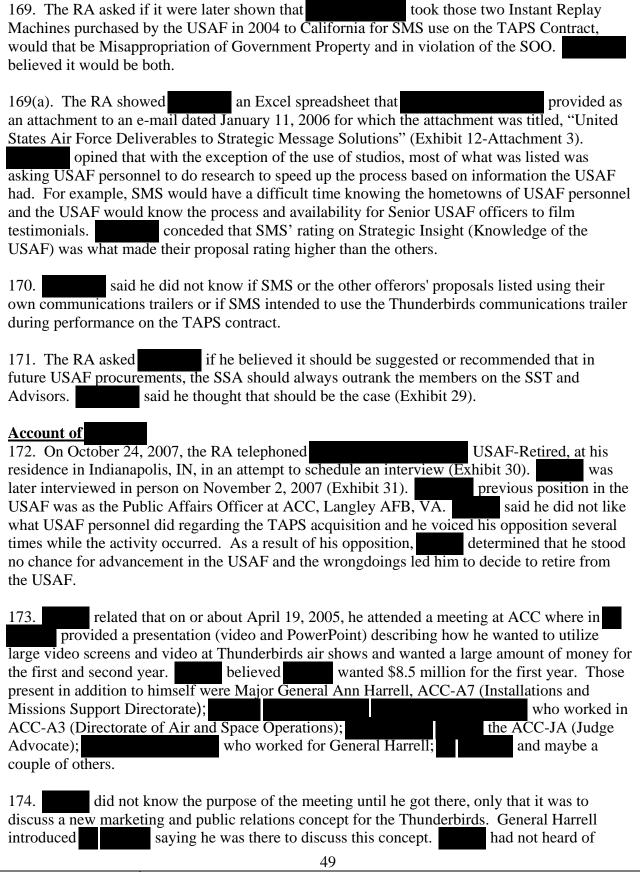
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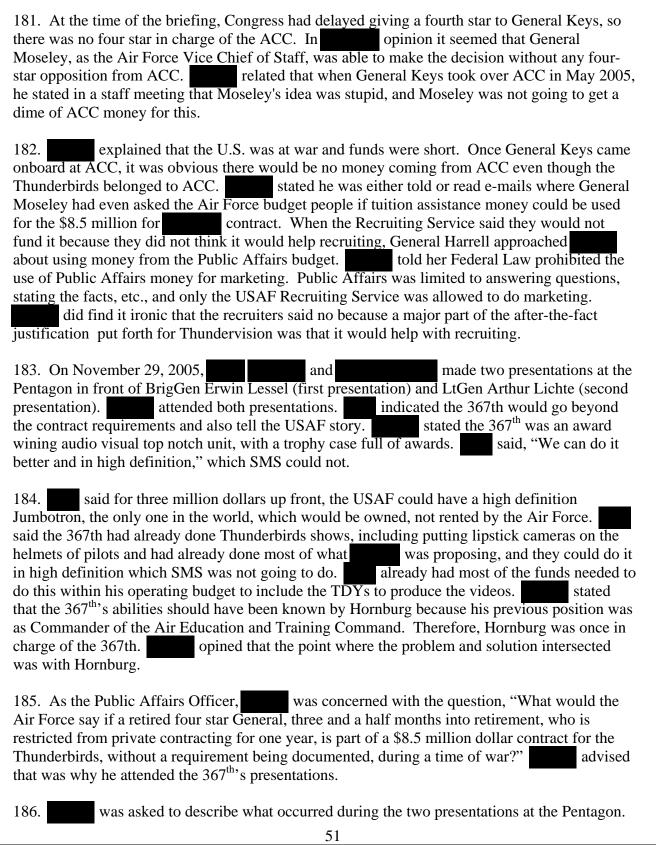


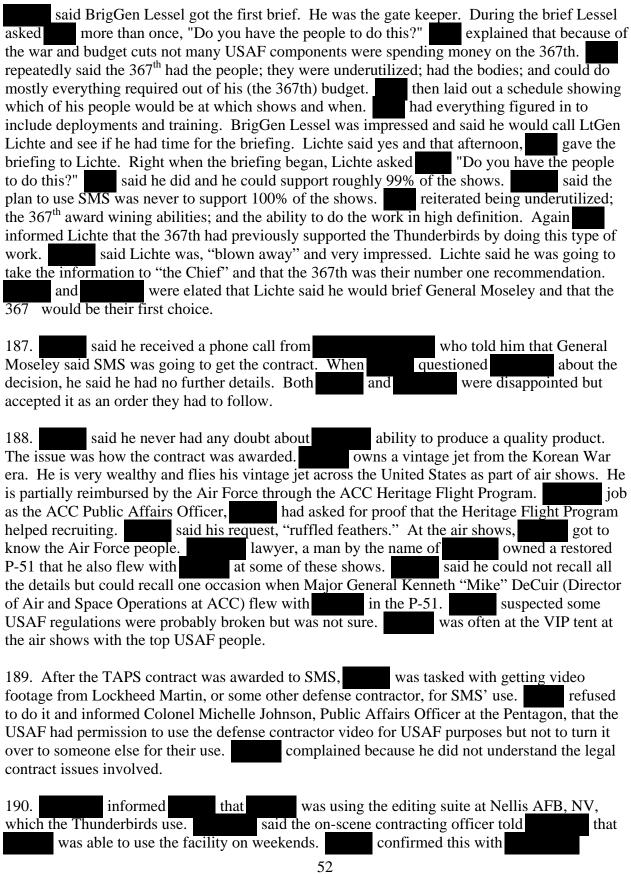


"Thundervision" before that. General Harrell said something to the effect that the "big boys" at the Pentagon had seen it to the ACC. The recalled showing a video during the meeting, and there were testimonials on it from both Presidents Bush.
recalled asking during the meeting why they were not using 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.
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.
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.
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. The proposal triangle of the had crossed the line and whether the should leave. The proposal triangle of the had crossed the line and whether he should leave. The proposal triangle of the had crossed the line and whether he should leave. The proposal triangle of the had crossed the line and whether he should leave. The proposal triangle of the had crossed the line and whether he should leave. The proposal triangle of the had crossed the line and whether he should leave. The proposal triangle of the had crossed the line and whether he should leave. The proposal triangle of the had crossed the line and whether he should leave. The proposal triangle of the had crossed the line and whether he should leave. The proposal triangle of the had crossed the line and whether he should leave. The proposal triangle of the had crossed the line and whether he should leave. The proposal triangle of the had crossed the line and whether he should leave. The proposal triangle of the had crossed the line and whether he should leave the had crossed the line and whether he had c
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. 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.



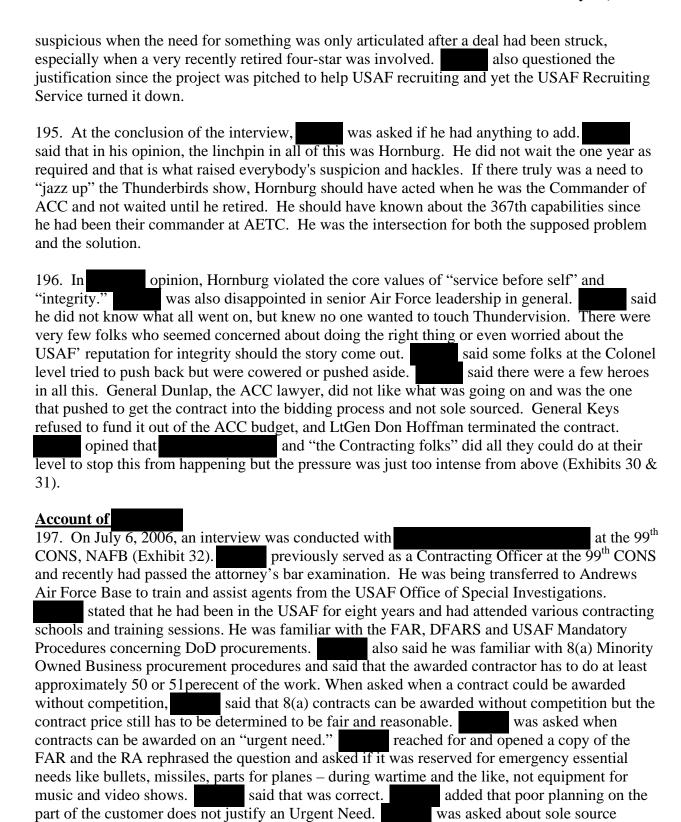


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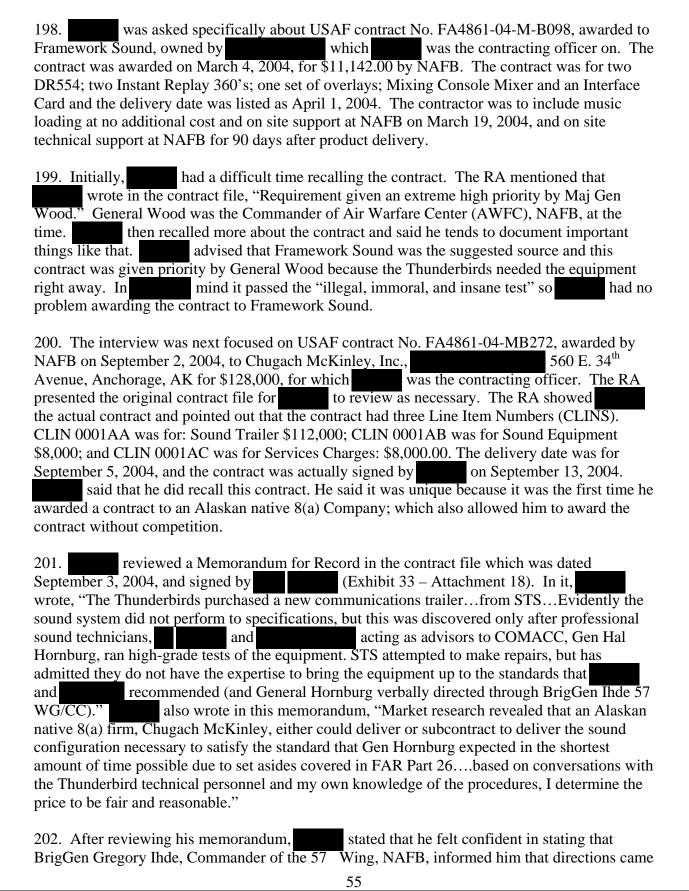
the Thunderbirds Public Affairs Officer. asked if she did something wrong, saying she had booked the facility and that they were told to help out and support During the interview, related this was an issue because the TAPS contract specified that company would have to produce the videos like any other 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.
was asked why he thought the 367 <sup>th</sup> 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."
was asked what said told him about what happed 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.
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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awards. He said sole source awards can be made if only one contractor can do the job or provide

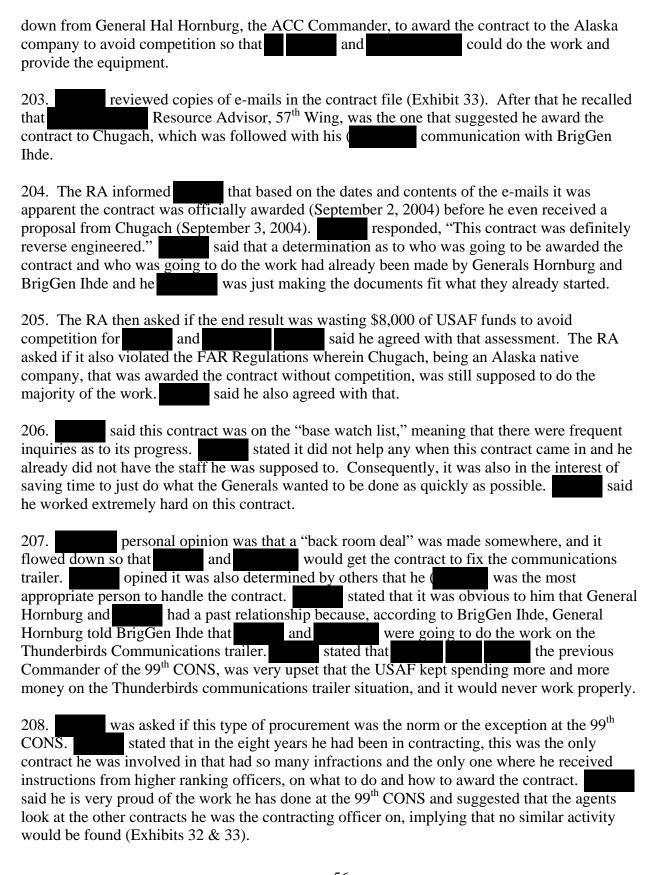


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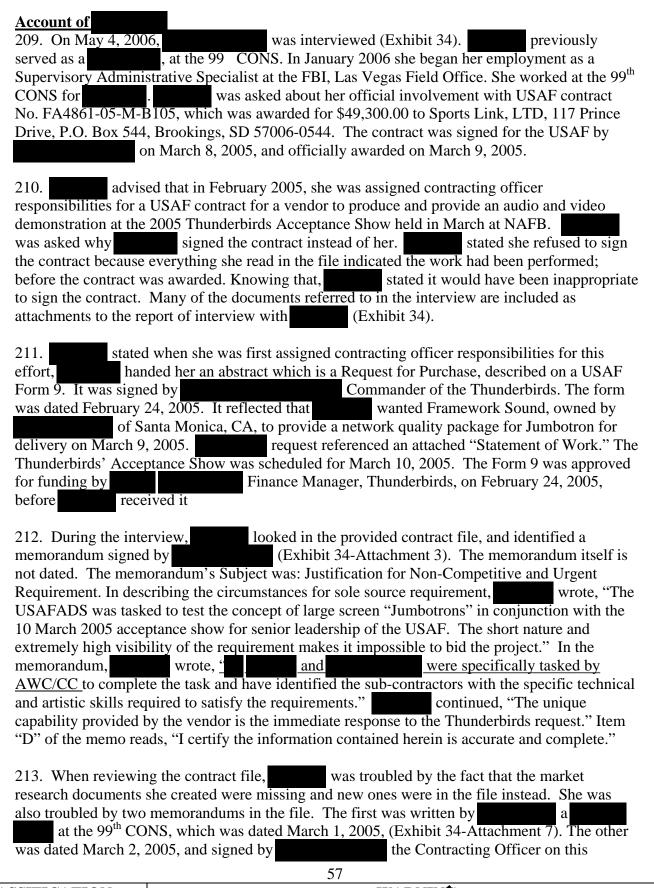
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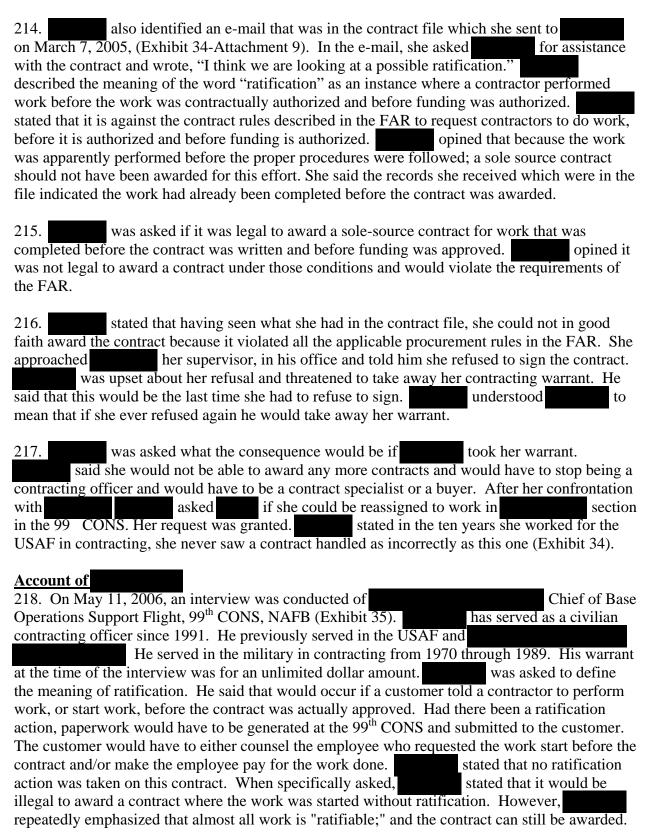


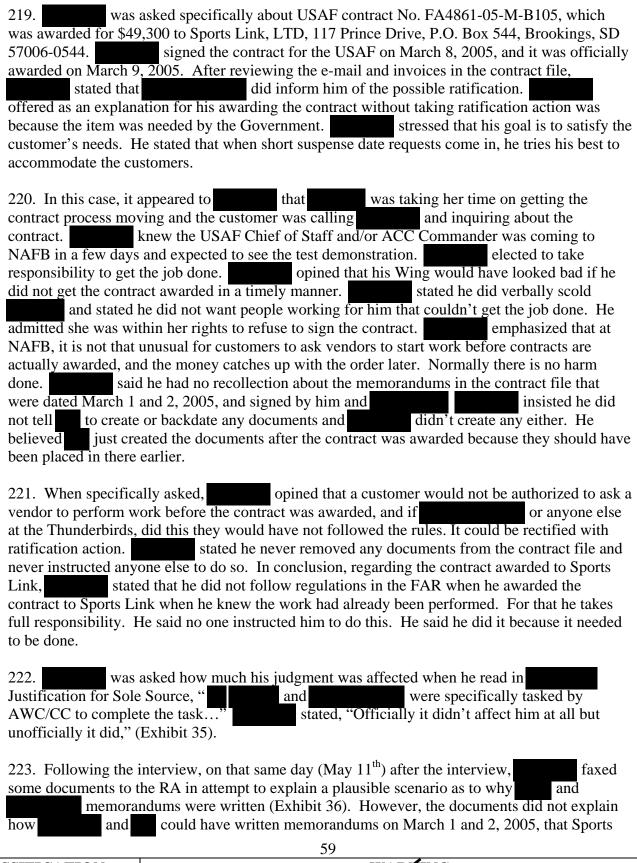
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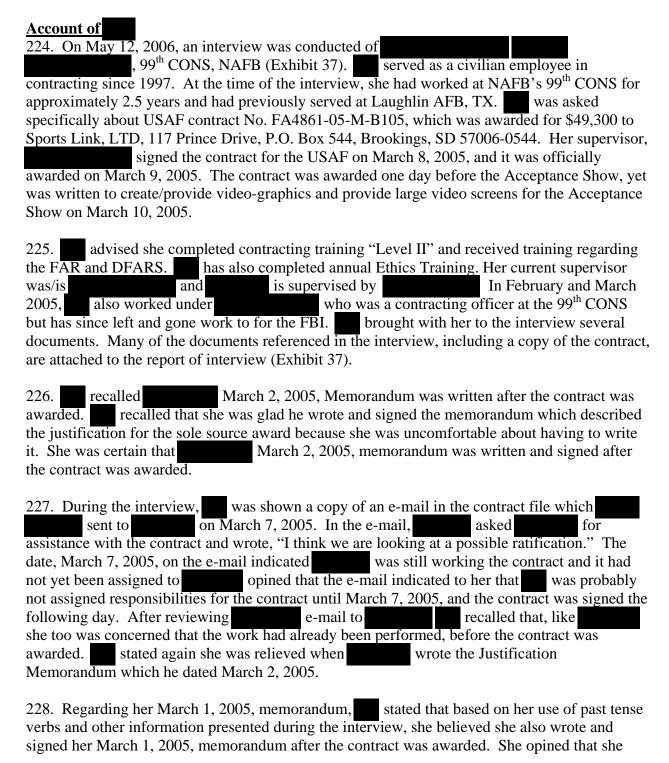
contract (Exhibit 34-Attachment 8).





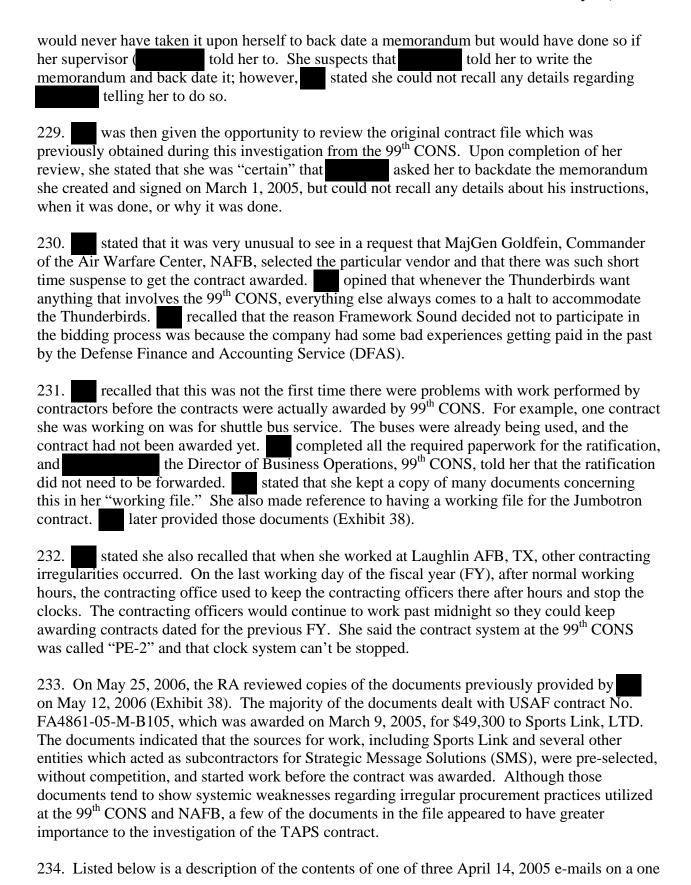
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Link was the selected offeror when Sports Link had not even been contacted until days later, and as late as March 2, 2005, everyone, including personnel at the 99<sup>th</sup> CONS were still under the impression Framework Sound would be awarded the 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).



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paged document provided by Not all sentences are readable in the copy. SENT: April 14, 2005; 1037 AM
FROM: Contracting Division, ACC, Langley AFB, VA
TO: ; Contracting Division, ACC, Langley AFB, VA
CC: Contracting Division, ACC, Langley AFB, VA
HQ, ACC, Langley AFB, VA
LGCA, Contracting Squadron, ACC, Langley AFB
JAB, Legal, ACC, Langley AFB, VA
SUBJECT: T-Bird Requirement
MESSAGE: , I know is out so I wanted to send this to you to see if we can get
started. I received a <u>call from</u> 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 (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
at 1-610-577-6999. Be sure whoever contacts him understands 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

236. On July 10, 2006, an interview was conducted of Sports Link, LTD., 117 Price Drive, Brookings, SD 57006 (Exhibit 39). advised that Sports Link was a subsidiary of Daktronics, Inc. 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. was still the GM of Daktronics' Brookings, SD, facility. Also present for the interview was Corporate Counsel for Daktronics.

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...

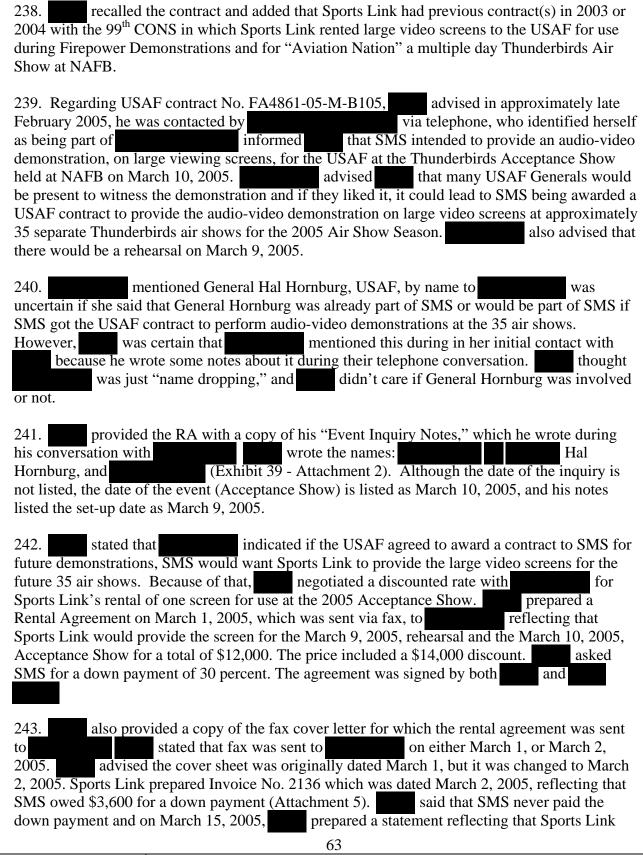
- Item 1AA: Audio labor \$2.300
- Item 1AB: Thundervision test \$35,000
- Item 1AC: Video Display System \$12,000
- Total \$49,300.00

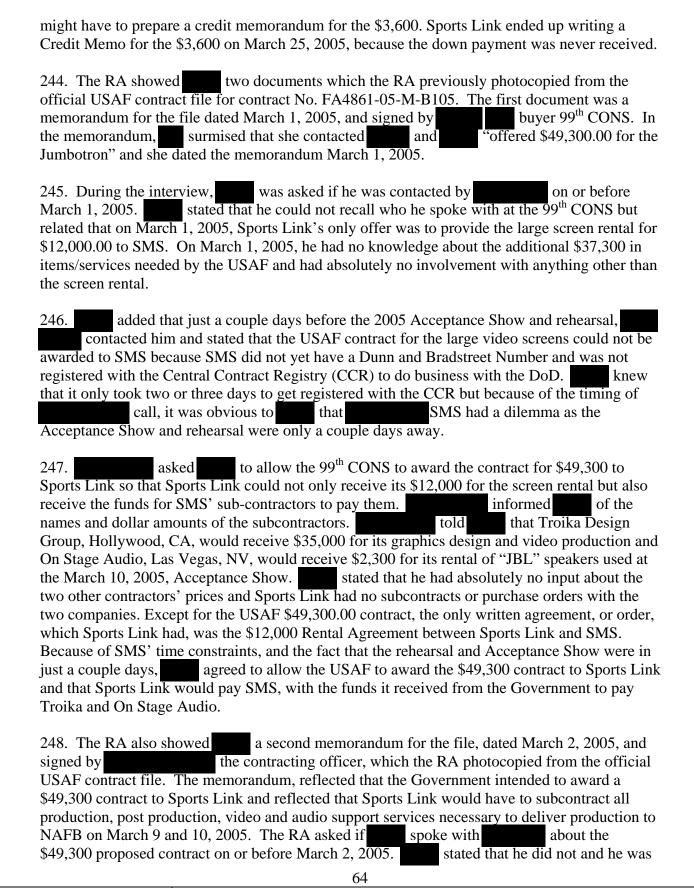
The contract required Sports Link also provide a self sufficient 22X30 foot LED display device to view the program. Sports Link was to deliver the completed project to the USAFADS, NAFB, no later than March 9, 2005.

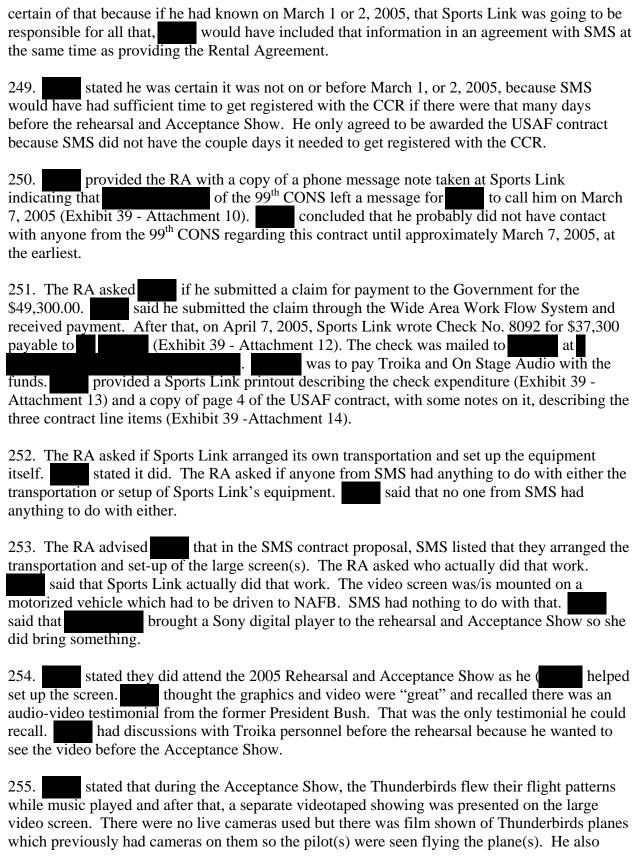
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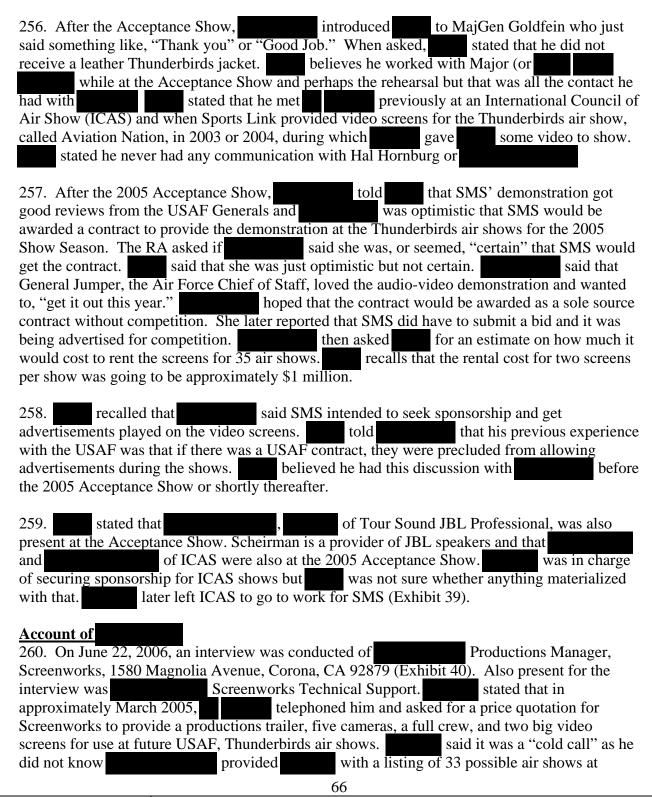
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recalled there was video of some of the Thunderbirds doing an "About Face" movement to face the camera and an audio-video statement from the Commander of the Thunderbirds. The video contained computer animation of high quality. The entire video only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

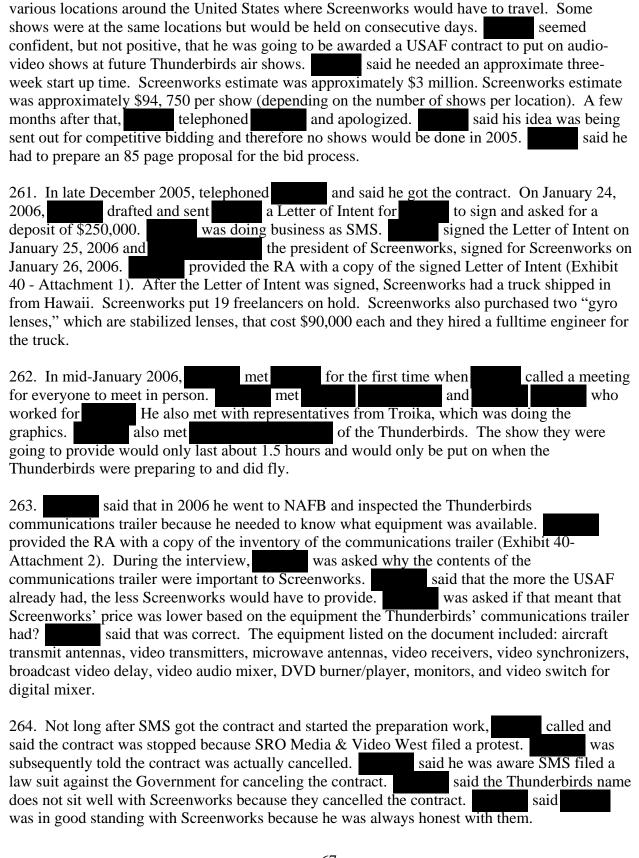


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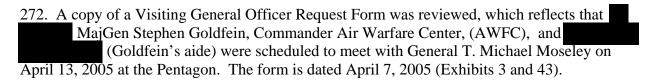
265. On July 13, 2006, an interview was conducted with  Clair Brothers/Showco (Clair Brothers) Systems, Lititz, PA, concerning his participation and involvement in the TAPS contract (Exhibit 41). Also present was part owner of Clair Brothers. Clair Brothers is a sound production and engineering company that provides sound services to the entertainment industry, primarily for large venue musicians.  Was first approached by 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.  January 2005 about the project. began preliminary discussions with his staff to prepare the quotation/proposal dated March 25, 2005. A few weeks after the proposal, told to proceed with the project. According to Clair Brothers was aiming for a mid-June 2005 star 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. 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 that they would not be needed until the next season beginning in April 2006. dealt primarily with however he did have very brief conversations with dealt primarily with however he did have very brief conversations with the synchronizing the sound with the video portion of the presentation. According to 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, 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 and and 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, provided a copy of an e-mail dated April 14, 2005, from to 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 MajGen Goldfein briefed General Moseley on a new Jumbotron requirement for the Thunderbirds. 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 referenced in the paragraph above, reflects that on April 13, 2005, Clair Brothers' quote for work to assist for use at Thunderbirds air shows was accepted and Clair Brothers started the work.

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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).



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 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 (19);
ACC/CCX; ACC/CS Director Of Staff; ACC/CSP Executive Support;
ACC/HO Command Historian; ACC/CCX;
." 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 and an an an 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, 57 <sup>th</sup> Wing Commander, wrote in an e-mail, "General Goldfein is the POC on this issue. He was at the Pentagon this week with and they presented the concept to USACF/CV. Gen Goldfein did back brief COMACC on the

276. On April 17, 2005, MajGen Goldfein e-mailed BrigGen Ihde,

meeting, but that is all I know. GJI."

"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, e-mailed MajGen Goldfein. Copies of the e-mail,

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memorandum and a few of the Power Point slides, which were attached to the e-mail, are
appended to this ROI (Exhibit 44 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 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:
- President - SMS."
Another printed power point slide enclosed with the April 20, 2005 memorandum from
listed the "SMS Team" as followed:
CEO – (Followed by Four Stars)
President _
Partner – (Legal)
Partner – (Exhibit 44).
278. On April 21, 2005, MajGen Goldfein e-mailed Major General Kenneth "Mike" DeCuir,
Director of Air & Space Operations, ACC, ACC, and "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
HO ACC for this effort ——request clarification on how the contract will be written and

## **Research on SMS**

executed and by whom. Thanks" (Exhibits 3 and 43).

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 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 home located at (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

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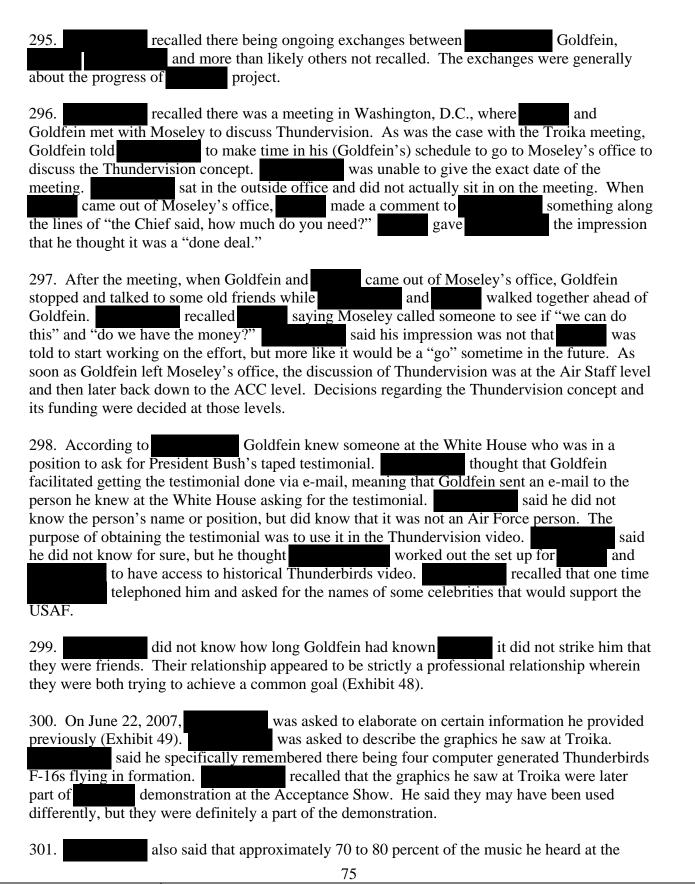
281. On June 1, 2005, a Trademark Application was filed with the U.S. Patent and Trademark Office (USPTO) for a Word Mark on, "THUNDERVISION" (Exhibit 47). The application was submitted electronically by an attorney. The owners of the Word Mark are listed as Strategic Message Solutions, LLC, which according to documents is composed of and The address for SMS is listed as: SMS, 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: Liberature and the correspondent address as: Liberature and 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  282. On June 5, 2007, an interview was conducted of  From approximately October of 2004 to April of 2005,  served as the Aide de Camp to MajGen Stephen Goldfein, who was then the Commander of the AWFC;  known as ""
advised that he never saw any contract which described responsibilities; however, he, was under the impression when he arrived to his position as the Aide de Camp, that was already doing the work which eventually resulted in the Thunderbirds' multi media (music/video) changes. said work evolved from just redoing the music, to all multi media aspects. also said his initial involvement and interaction relative to this matter began when he took a "music screening" trip with MajGen Goldfein to California.
recalled he took a trip to Framework Sound, located in California, wherein he however, he did not recall the exact date of the trip.  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,  (Thunderbirds Commander at the time),  (Thunderbirds Narrator at the time), Major General Robinson (former Thunderbird and possibly a Heritage Flight pilot), and  Honorary Squadron Commander at Nellis) met in California with  at Framework Sound to "screen" the new Thunderbirds music.  was under the impression  put together the music, not  as he recalled there may have been some comments about the good job  had done on it. Also,  recalled  essentially the only thing  did during the meeting was to open the studio and then set up the equipment for  use.  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  72.

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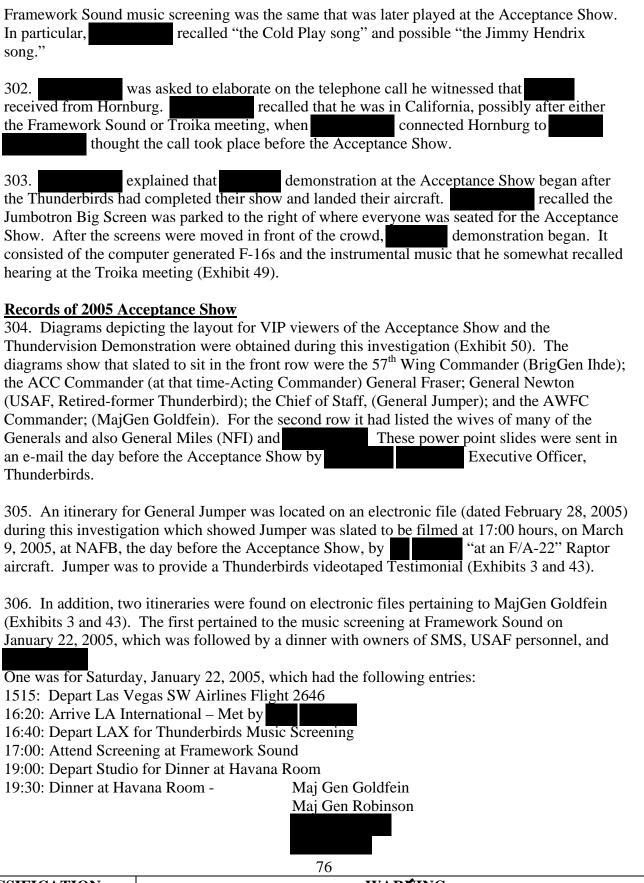
everyone's opinion and input on it.  solicited  opinion on the music/video combination, which seemed very unusual to in that the General would normally not do that.  him that the meeting was not a sales presentation on task completion/approval for the music.
received some general comments about the good job he had done on the music and how well it would flow with the Thunderbirds demonstration.  specific comments and who made them.  and all went to dinner that evening.  that Robinson did not join them for dinner that evening.  consensus at the conclusion of the meeting that the music was approved.  was under the impression 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 while.  said that all arrangements with the music change had occurred prior to his assignment as Goldfein's Aide de Camp.
advised he, Goldfein, and met with three "Troika people" in another trip to California; however, he could not recall their names nor the date of the meeting. Said the purpose of the meeting was for 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 to show his progress on the multi media changes. As 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 had discussions regarding progress. Goldfein told to find the time on his (Goldfein's) calendar to schedule a trip to Troika. There was no particular invitation that recalled; it was more of a trip to just see what progress had made. Said the video that presented at Troika was very short, most likely no longer than 3 to 4 minutes. 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 to Goldfein, wherein before did any further work; he wanted Goldfein's approval on his ideas.
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, heard there were other testimonials; however, he could not recall seeing any of them.
said he did not remember if it was at this meeting or later, but at some point, there was a discussion between Goldfein and about the funding for work.  recalled that after he and Goldfein returned to Nellis, there were a number of emails and phone calls between Goldfein, and other related to Thunderbirds funding or contract officials, regarding the funding and money which was due to and/or Troika and/or Framework Sound. did not recall specifically what the e-mails were about; however, in general they were regarding how the USAF was going to

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Hornburg had an inte the phone call from I	thought took place in the February/March timeframe.	b(6)
hung up the realize that the relation	phone, said "that was Hornburg." then started to ionship went beyond the former ACC/Heritage Flight relationship and that	
294. re	ecalled a particular time when received a call from Hornburg. When	
At times it seemed as Hornburg appeared t	as if was a part of the Air Force versus a contractor. and	
293. dd	relationship with the USAF as having "shades of gray."	
seemed	d to recall there was something played on one of the screens about Lockheed ut he could not remember anything in particular about it.	
•	o get a contract at that point. did not recall that or or withing about the use of DoD contractors to pay for sponsorships.	
	him accept it as a great idea. did not have the impression that	
was nothing more th	nan a concept at the Acceptance Show. At that point, it was not fully	
	ald have to agree to it. did recall Goldfein saying it was okay to onto Nellis for the Acceptance Show. The Thundervision Demonstration	
	aid he did not know who all agreed to putting on the Thundervision ever, as a general rule, before anyone could make a demonstration at the	
	•	
from		
_	"Thundervision" with the use of Jumbotron screens at the Acceptance did not know if that was done at Goldfein's direction or as a suggestion	
preview of the upcor	he ACC Commander, and if in attendance, the Chief of the Air Force, a ming year's show. At some point, big screen multi-media	
	explained that every year there is a Thunderbirds Acceptance Show. The	
regarding	and the funding for Troika issue.	
recalled he did exchawork.	ange e-mails with also recalled was somehow involved in the e-mails	
Goldfein knew the fu	aid the funding was for work which had already been completed and MajGen funding was for work which had already been completed.	
	•	
	Yes." thought the money to pay for the multi media change underbirds funds; however, he was not sure if the funding was actually done as Goldfein's Aide de Camp.	
	MajGen Goldfein secured USAF funding to pay for Troika's work,	
in the Air Force.		
	there were discussions about money. To having been community, seemed like he was part of the team, almost like he was actually	
pay for Troika's wor	rk. said it did not seem to him like was a contractor	



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22:00: Return to Hotel – Loews Beverly Hills

307. Regarding Goldfein's itinerary for February 17, 2005, it reflected that 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 This trip was for the viewing of the graphics. At 1700 hrs, 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 MajGen Stephen Goldfein. 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 DCIS, Arlington Resident Agency, met with 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 99<sup>th</sup> Air Base Wing (ABW) fell under him (Goldfein) while he served as the Commander of AWFC. Goldfein said it did and that previously served as the Commander of the 99<sup>th</sup> ABW and served under Goldfein while serving in that position. Goldfein related he met at a USAF air show in Alaska the late 1990's and General McCloud introduced at to him. McCloud loved the P-51 aircraft flew and was friends with a created a video which was played at a USAF memorial service for a USAF General and that was when Goldfein learned of ability to create quality video.
- 312. Goldfein said just a couple months before General Hornburg retired from the USAF, he

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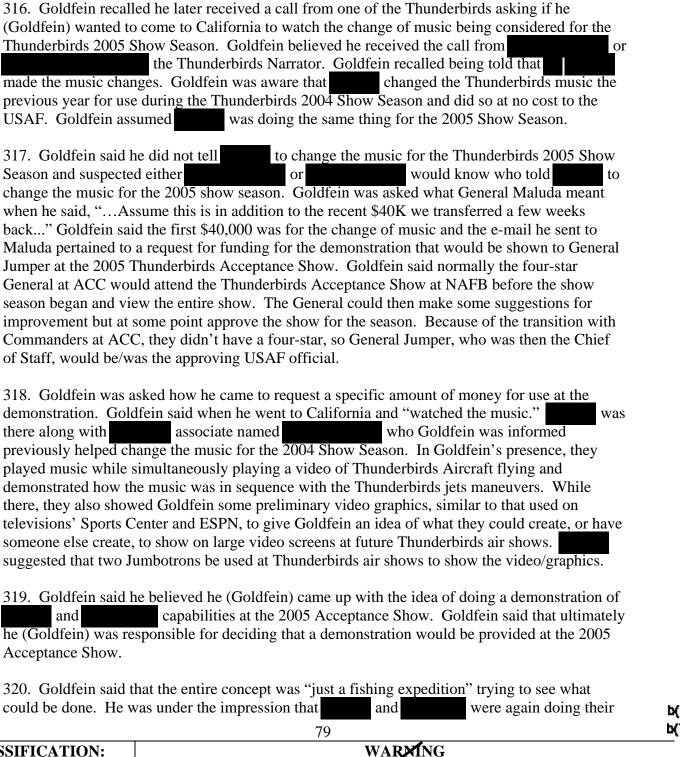
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(Goldfein) attended a meeting with General Hornburg to discuss the 2005 Thunderbirds' show season and believed the following USAF personnel were also present:

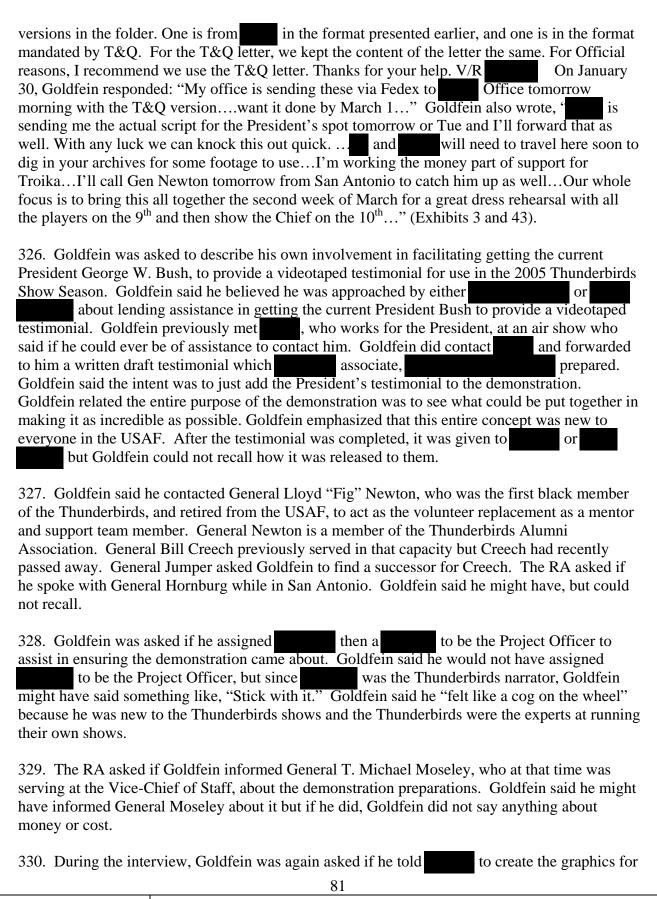
Thunderbirds Commander; General John Maluda, Director of Communications, ACC; possibly General "Howie" Chandler, or whoever the Deputy Chief of Staff for Operations (DO) was; possibly Lieutenant General "Orville" Wright, Vice Commander of ACC; and possibly BrigGen Ihde the Commander of the 57<sup>th</sup> 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 then 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 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 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 HO 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

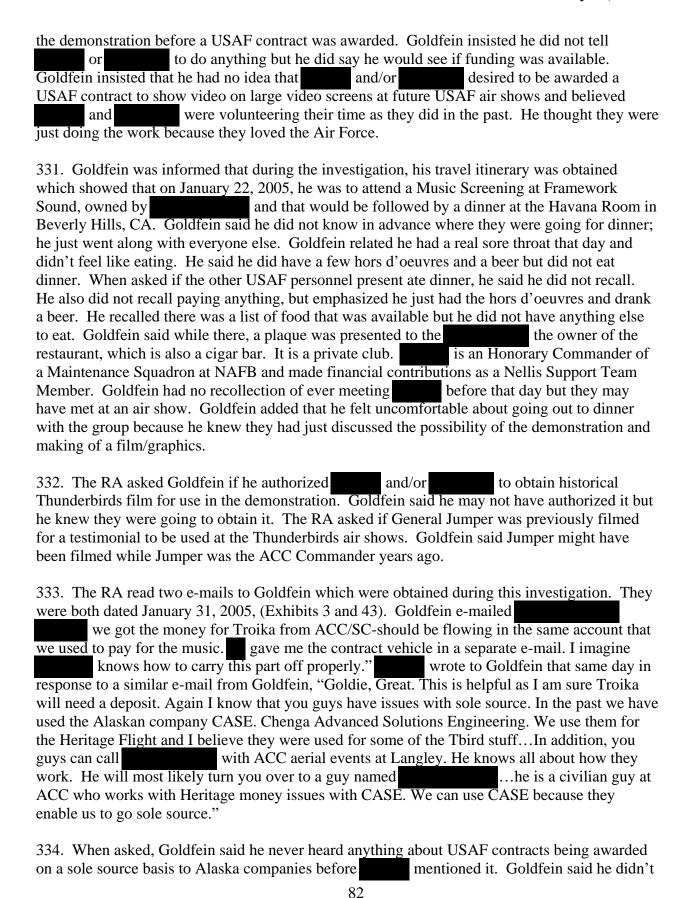
b(6) b(7)(C) video to be used during the 2005 show season. Goldfein said Hornburg did not give any specifics as to how the show would be made better. Goldfein did not recall anyone being told to do anything in furtherance of Hornburg's vision but Hornburg did make his desire for improvements known to 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.



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 and there was nothing said about and/or 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 needed some money for his involvement. Goldfein was certain he did not tell and/or 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 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 was demonstrating to Goldfein the exact thing Hornburg suggested. Further, then Hornburg, after he retired, teamed with and tried to get a USAF contract to implement this. Goldfein said he did not know. Goldfein said he (Goldfein) never told to do anything like he showed in California and he believed the first time he learned that General Hornburg teamed with in this effort was after they and Hornburg) submitted a proposal for the effort. Goldfein suggested the Thunderbirds might know why
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 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 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—said she'd send it tomorrow or Tue. I'll look it over and then forward it ASAP after—maybe we get luckyI have asked USAFPA for the top spots DIGIBETA format—hope to have it any day now. My PA 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).
On January 28, 2005, wrote to Goldfein, ' is enroute to deliver the letters (request for testimonial and coin letter for the POTUS.) We have two different



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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 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 Commander of the 99<sup>th</sup> ABW, NAFB, to inquire what was holding up payment for the music and graphics. Goldfein said he may have asked to check into the payment progress, but did not tell him to try to speed the payments.

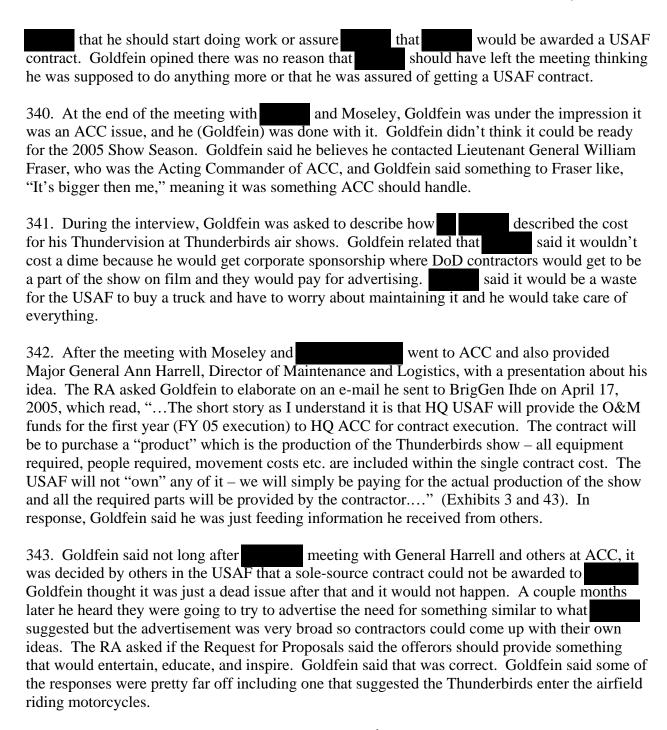
337. Goldfein was asked to describe what happened at the March 10, 2005, Acceptance Show. Goldfein said there was special seating for General Jumper and Creech and other VIPs in attendance. There were many other people also in attendance. The entire Thunderbirds air show was completed, and General Jumper 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 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?"

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 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 how much it would cost and said something like nine or ten million dollars. Goldfein recalled 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, informed them that retired General Hornburg was part of effort. The RA asked if provided a presentation which included a description of SMS executives and listed four stars for the Chief Executive Officer. Goldfein could not recall.

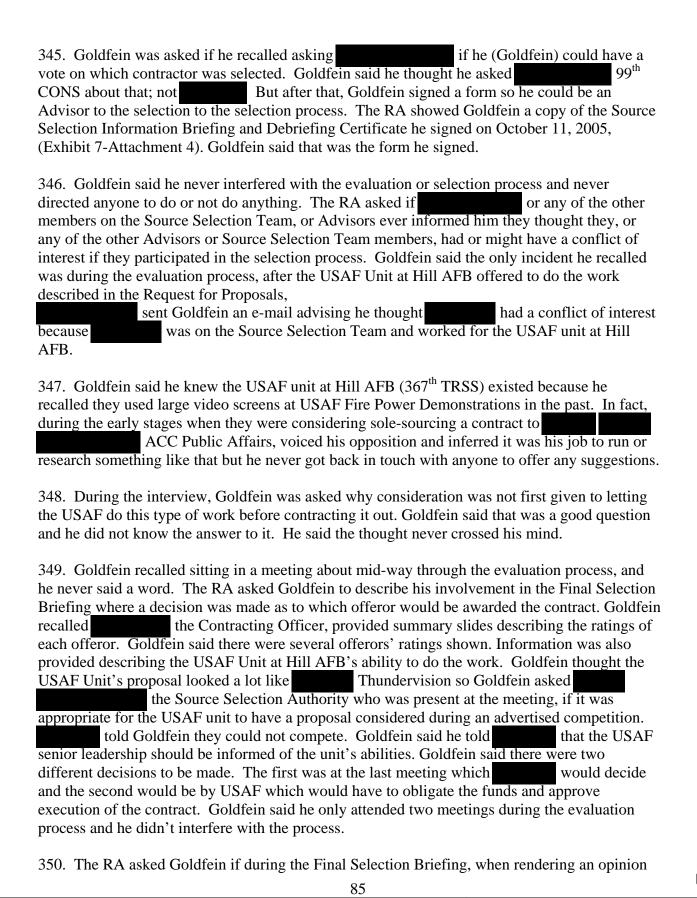
339. Goldfein related that during the meeting, after provided his cost estimate, General Moseley placed a phone call and Goldfein believes Moseley called General Frank Faykes, Finance Manager, and asked if about \$10 million was available. Goldfein believed Moseley received an affirmative response. According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

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344. Goldfein was asked if he told members of the 99<sup>th</sup> 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.



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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 presented power point slides indicating 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. 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 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 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.

was interviewed by DCIS, 354. The RA advised Goldfein that when that. Goldfein immediately responded, "Then he violated the law." Goldfein went on to say that 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 Goldfein said he could understand the pressure was under but told to go with his own process. The RA informed Goldfein that said he wanted to select the USAF, 367<sup>th</sup> Training Squadron, Hill AFB. Goldfein said he asked if it was legal for the 367<sup>th</sup> to submit a proposal and appear after the competition began and said it was not. Goldfein said he told 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 367<sup>th</sup> Training Squadron put on two demonstrations at the Pentagon.

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Goldfein said he was not aware the 367<sup>th</sup> 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.

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 or the Thunderbirds asking about the payment.

358. The RA asked why Goldfein called directly at his desk because 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. 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 Goldfein insisted that was not the case because he did not know wanted to get a USAF contract when things first started. Goldfein thought 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

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have even told and 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 and/or and/or 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 was doing it for free:
- Goldfein did not know and/or were trying to get a USAF contract;
- Goldfein did not try to influence the decision process. Goldfein opined if did not make an independent decision then violated the law; and
- Goldfein did not call 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 directly (Exhibit 52).

365 (a). On January 16, 2008, Major General Stephen Goldfein was re-interviewed by Director, Investigations of Senior Officials (ISO), DoD-IG, and (ISO). Also in attendance were DCIS Las Vegas Post of Duty. The interview was conducted at MajGen Goldfein's office at the Pentagon and recorded by 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

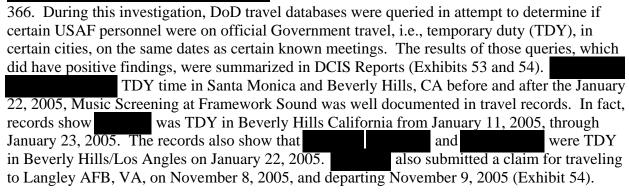
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Jumper watched the "Thundervision" Demonstration displayed on the large video screen at the Thunderbirds Acceptance Show on March 10, 2005. Goldfein said General Jumper did watch the video while it was played at the Acceptance Show.

and met with General Moseley at the Pentagon in Moseley's office. Specifically, Goldfein was asked if played from his personal laptop computer, a video presentation of what was played at the Thundervision Demonstration. Goldfein said that 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**



- 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 may have attended that meeting (Exhibit 52).
- 368. On August 7, 2005, MajGen Goldfein e-mailed and "...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, stated he informed all of the SST members and Advisors, including and not to contact any of the offerors for the TAPS contract and that only was allowed to. previously said that during the evaluation process, be prepared to telephone 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 and were checked and a summary report prepared (Exhibit 55). Excel spreadsheets were created by SA FBI, Las Vegas Field Office, who logged the calls made to and and not to call any TAPS offerors, both and assigned USAF telephones were used to call phone. Many of the calls, but not all, were

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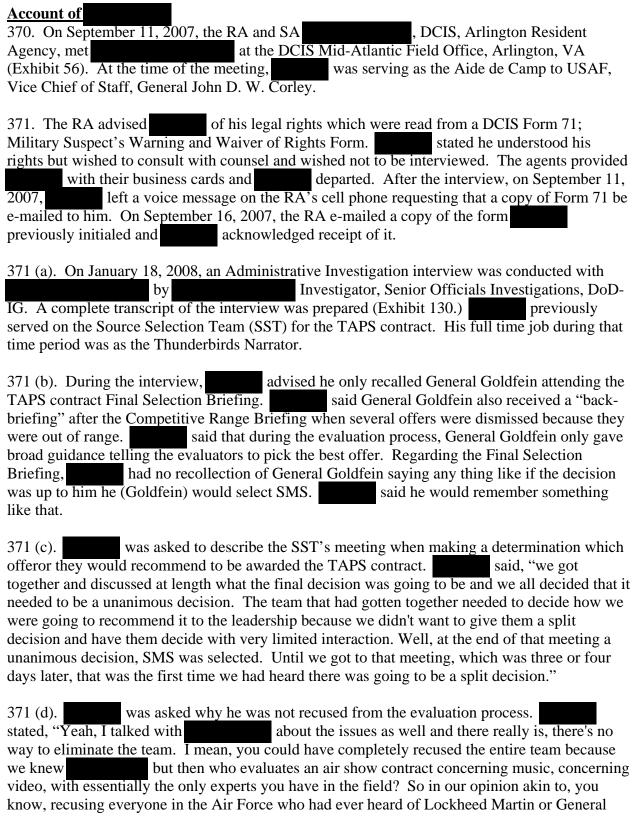
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placed for a short duration (one or two minutes) (Exhibit 55).



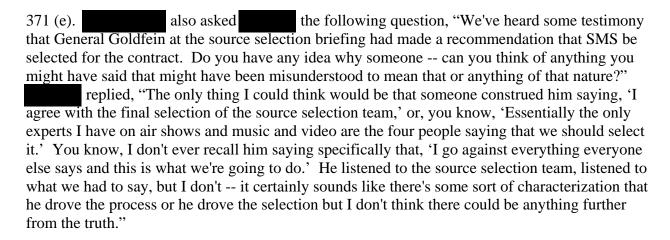
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Dynamics from any Air Force airplane contracts because they knew of them. We discussed that we'd be professional, select the best thing for the team. Because ultimately we had to use the product, so we would select the best one. And that was sort of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



are sponded, "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, 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 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). recalled that before a final selection was made to award the TAPS contract, the 367<sup>th</sup> Training Squadron, Hill AFB, UT submitted a proposal to do the work described in the TAPS Request for Proposals. was asked, "Why did you consider the product not competitive with SMS?"

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

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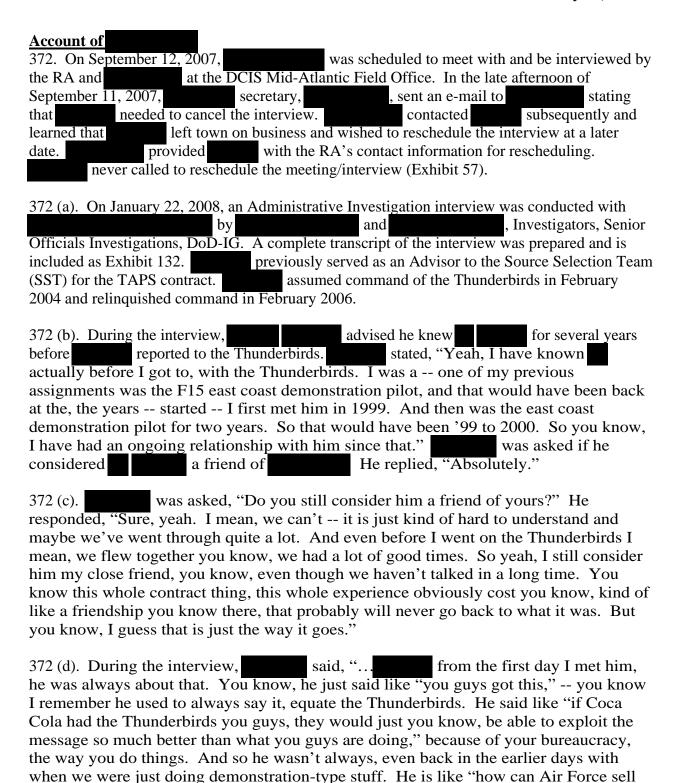
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professional hats and said, 'Okay, let's review the product.' And I sent some responses back to in terms of reviewing their proposal just like we reviewed all the other proposals. And we thought it was woefully inadequate. There were concerns about 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." was asked, "You mentioned that spoke with GEN Goldfein about it. Do you happen to recall what he told GEN Goldfein about the 367th's proposal?" responded, "I don't know what he told GEN Goldfein or 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." as asked, "Oh, wasn't happy?" responded, "He was 371 (l). not. And that he would contact GEN Goldfein because he just didn't feel it was appropriate." was asked, "How did GEN Goldfein feel about the 367th proposal?" responded, "I think he was obviously concerned. Again, I don't know what had relayed to him in terms of my concerns of the personnel, the time frame. I knew there was concern about the perception of 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, 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." was asked if he recalled during the Final Selection Briefing if General 371 (m). Goldfein said anything like, "The Air Force sucks at this sort of strategic endeavor" or anything of that nature. responded, "No, I don't recall that...Boy, no, that certainly would tend

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to stand out, I would think. I don't recall him saying that."

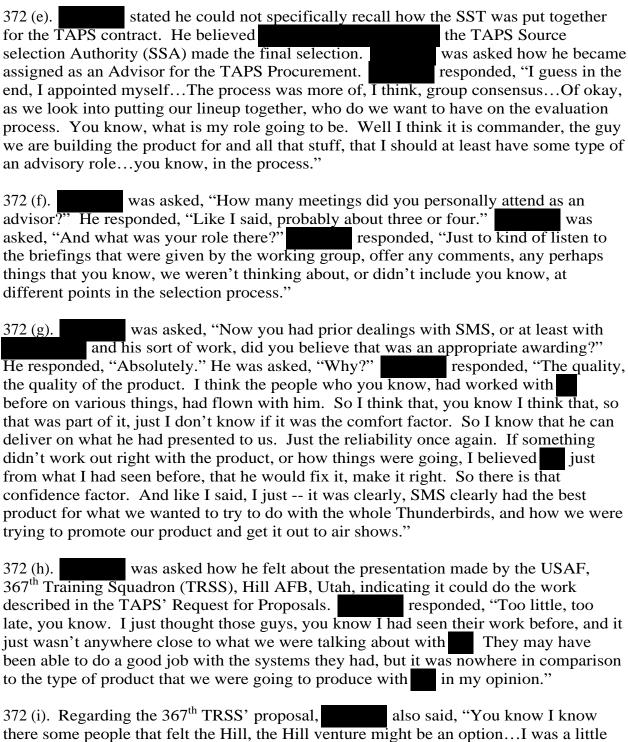


its message to do better?" And he would give examples. Like when we would go to an air show, he would come in with the media blitz, and he would you know, get the word

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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

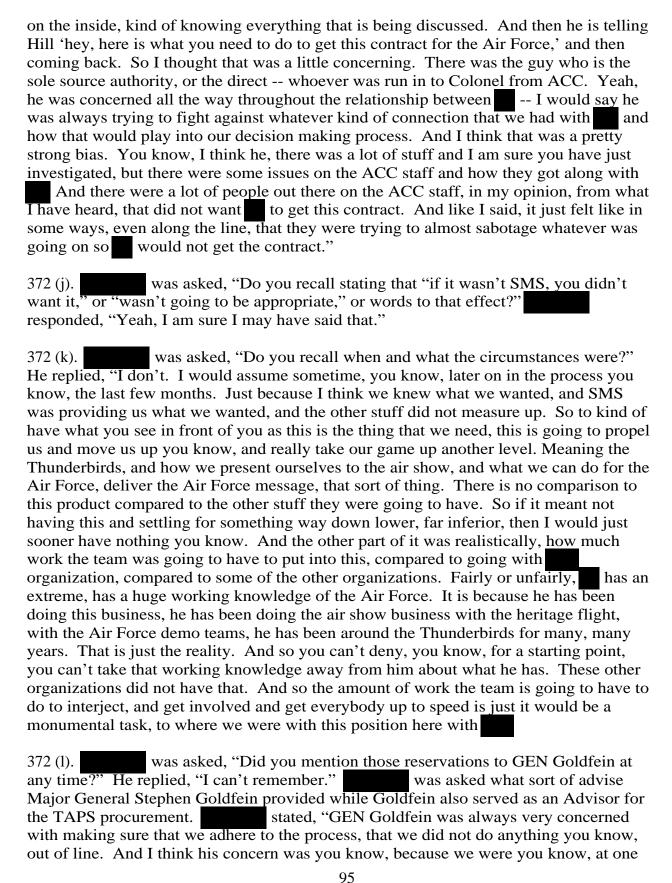
have known him."



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

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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 the 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."

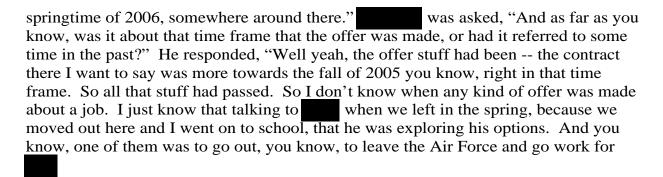
continued to describe General Goldfein's thoughts about SMS' 372 (m). replied, "I think he felt they had a good bid. I think he thought they proposal. had a good, yeah, I think he thought they had a great product. And I think he thought they had a good bid. And you know what I mean, he was there for 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."

was asked, "Okay, did you speak with at any point when 372 (n). the team was considering the bid proposals?" 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 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 probably one time in the last year and a half." you know, spoken to

was asked, If or ever mention that had been offered a job by replied, "I did hear that." 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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was asked to describe General Goldfein's prior relationship with 372 (p). responded, "He did not know as well as I did. He was familiar 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 But I would say he was familiar with him."

was asked if General Goldfein seemed to prefer SMS. 372 (q). 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, said, "Getting back to the source selection, and the 367<sup>th</sup> at Hill. Do you recall GEN Goldfein saying that 'the Air Force historically, sucked at strategic messaging?" 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."

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?"

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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."

was asked, "As far as you know, did the general ever express a 372 (t). 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 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, 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, was asked, "Did you have any knowledge of General Moseley's involvement in this contract?" responded, "Moseley? No." 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." said, "At the time he was the vice, and then at the end he would have been commander by that time." replied, "No. I know you know, I mean, he was another guy I think, that knew 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) , DCIS, Southwest Field Office, sent a letter to , 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 previously related he represented. On November 29, 2007, provided a twelve page written response to SAC ; 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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b(6) b(7)(C) 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 dated August 10, 2006, (Exhibit 62); Interview of 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 emails regarding 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 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 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 367<sup>th</sup> 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 exchanged with General John Jumper, USAF Chief of Staff, as far back as June 24, 2002. was then creating a "coffee table book," with other(s) not in the USAF, which would promote the USAF Heritage. On June 24, 2002, sent an e-mail to General Jumper in which 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, 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 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 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.cartechbooks.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 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

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, 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:

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

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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 On October 3, 2002, 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. (Exhibits 3 and 43).
386. On October 5, 2002, General Jumper responded to w/cc to LT General Michael Zetler; AF/IL. Jumper wrote, '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  387. On September 20, 2007.  Director of Contract Operations, Directorate of Installations and Mission Support, ACC, Langley AFB, VA, was interviewed (Exhibit 69).  first learned  SMS was being considered for a USAF contract acknowledged he recalled an acquisition of Jumbotrons was apparently briefed by  and Goldfein to the Vice Chief of Staff, General Moseley.  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 knowledge of said 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. 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

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performing. These expenses were handled via blanket purchase agreement.

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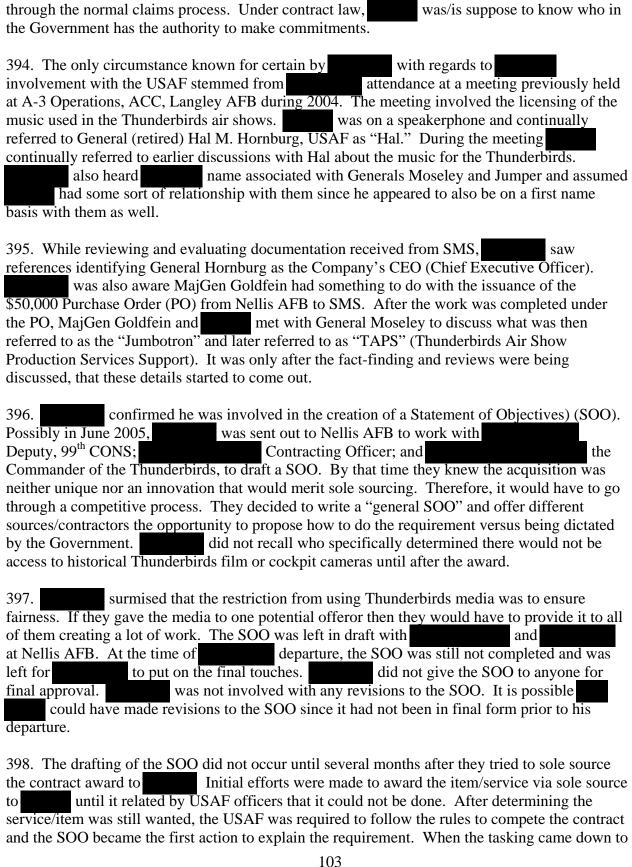
subsequently sought further compensation for the group such as rental cars, lodging, and uniforms. Because the pilots were independent it became necessary to have a contract to handle the processing/administration of invoices submitted by the Heritage Flight pilots in conjunction with their performances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

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 Jumbotron 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 review what the unauthorized person did in an attempt to see what the Government can do to review what the unauthorized person did in an attempt to see what the Government can do to	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 Council C
\$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	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 Jumbotron 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
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	\$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.
resolve the situation.	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

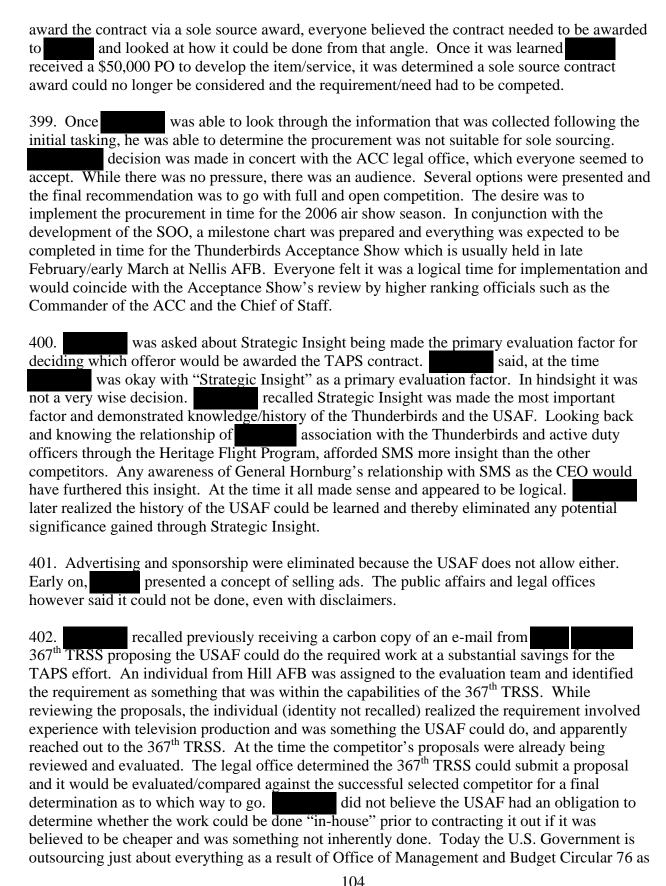
393. Depending upon the facts and situation a contractor may pursue reimbursement by going

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a cost comparison of Government versus commercial.

was the SSA. had discussions with in regards to his 403. 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 came back, he seemed like he had reached a decision to make the award to and when did not recall or remember anything specific about SMS. 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. acknowledged after the TAPS contract was awarded to SMS in December 2005, 406. 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, 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.
- 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 a contractor on November 13, 2007, said he did not know if the 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.

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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,
other supervisors found themselves cautioning AOs with regards to their interactions with
contractors. 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. reiterated the SOP is a consolidated briefing or
summary of the various rules and regulations that would be applicable to the AOs.

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 417. On October 31, 2007, an interview was conducted of Chief. Acquisition Management Branch, ACC, Langley AFB, VA (Exhibit 71). provided details about the same SOP. Upon conclusion of the interview 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 via e-mail (Exhibit 72). On November 5, 2007, forwarded copies of three documents: (1) E-mail, January 16, 2007, from "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

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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 that you may have already seen, but is attached for your convenience. My POC is 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, also also provided a compact disk (CD) which contained copies of documents and e-mails from her office computer (Exhibit 73).

Account of

424. On November 7, 2007, SA

Chief, Commercial Law Division, Headquarters, ACC, Judge
Advocate (JA), Langley AFB (Exhibit 74).

reviewed a copy of the documents previously
described regarding the SOP.

related the rules and regulations cited in the SOP (Exhibit 74Attachment 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.

was also provided with a copy of a document entitled, "Contractors in the Workplace 2004" (Exhibit 74-Attachment 2) for viewing. 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. believes it's possible this document was written by his predecessor, who occupied the position from approximately 2003 through mid year 2005. has since been promoted to

426. A question posed to 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. believed such an event could set the officer up for a possible violation of the Anti-Deficiency Act.

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

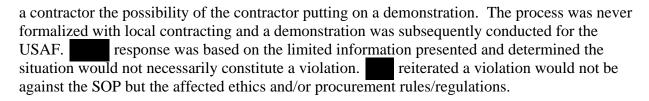
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This document is the property of the Department of Defense Inspector General and is on loan to your agency. Contents may not be disclosed to any party under investigation nor may this document be distributed outside the receiving agency without the specific prior authorization of the Deputy Inspector General for Investigations.



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:

Assistant to the Secretary of Defense (Exhibit75);

White House Communications Agency (WHA), (Exhibit 76); and (Exhibit 77).

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 430. 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 indicated that was a former for the USAF who worked for the WHCA. He is no longer with the WHCA, as he has retired; 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.

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. 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). worked directly with MajGen Goldfein in the planning stages. was at a minimum aware of the request and 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 After reviewing the letter, signature block for related he would sign it and send it to MajGen Goldfein. 433. On January 28, 2005, 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 "I have my office sending these via Fedex to 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 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 57<sup>th</sup> Wing, NAFB was informed. 435. On January 27, 2005, e-mailed - 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. (Exhibits 3 and 43). 436. On January 28, 2005, replied to Thanks. I will sign it

437. On January 28, 2005, forwarded the above to BrigGen Ihde. wrote to BrigGen Ihde, "Boss: Forgot to CC you on the last send. It looks like 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 forwarded us yesterday. V/R (Exhibits 3)

ASAP and deliver to the boss' office. No inconvenience on our part. We appreciate your help.

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(Exhibits 3 and 43).

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and 43).

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

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439. On October 25, 2007, an interview was conducted with

Secretary of the Air Force, Air Force Chief of Staff Action Group, the Pentagon (Exhibit 78).

previously served as the Commander of the 99<sup>th</sup> Air Base Wing (99<sup>th</sup> ABW), NAFB from August 19, 2004 through March of 2006.

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.

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

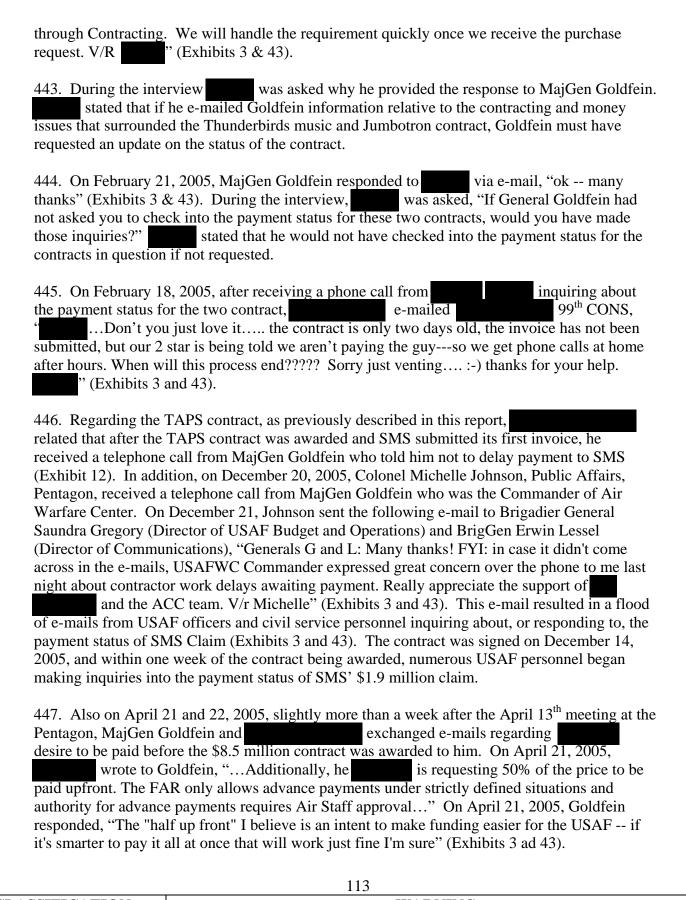
was read the following e-mail which was obtained during the 441. During the interview, 57<sup>th</sup> Wing, Resource Advisor, on course of this investigation which he sent to February 18, 2005: "Please run the details down ASAP on where we are with these contracting vehicles and the money. I would like a status with the timeline for expected payment by 1400 today" (Exhibits 3 and 43). That same day, responded to "Sir, Ref your phone con last evening, I was able to talk with last night. Concerning the music contract, 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 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 57 Wing Resource Advisor" (Exhibits 3 and 43).

442. On February 21, 2005, after receiving responses from the 99<sup>th</sup> CONS about the payment status, 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 Thunderbird #8.

Once SOW is received, the Thunderbirds Financial Manager, will walk the Form 9

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# **DFAS Perspective**

448. On June 14, 2006, RA telephoned , 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 (Exhibit79). 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 wrote, "Please accept my apologies for doing this, but I need to reject the invoice." 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 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.

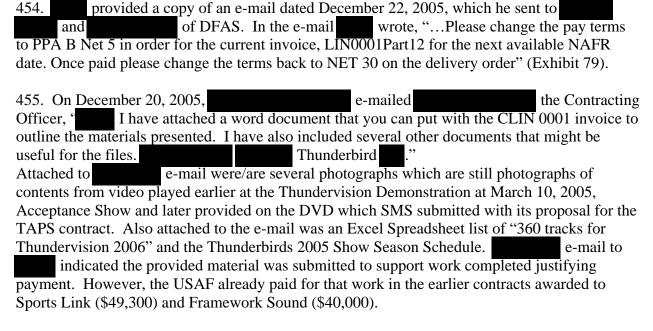
452. In the Receiving Report, recorded that he rejected the invoice on February 2, 2006. wrote, "In accordance with the TAPS contract, the contractor shall submit to the Government its TAPS product at incremental completion. Government has not received TAPS products (e.g., video audio, files etc.) Please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

453. Regarding DFAS' payment to SMS, 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. .



# **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 8<sup>th</sup> 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 8<sup>th</sup> 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 57<sup>th</sup> Wing, NAFB, and/or 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 email was forwarded to Maluda from BrigGen Ihde. On August 27, 2004, e-mailed BrigGen Ihde and others, "Greg, I'm sitting at studio in Los Angeles and we just finished reviewing the plan of attack for the comm.. trailer... and I both wholeheartedly believe that the new trailer is woefully in trouble. Having 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..." went on to mention the cost would be \$120,000.
- 462. The following day, on August 28, 2004, BrigGen Ihde forwarded e-mail to Maluda and wrote, "John, This is what I want to do. The experts (and 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)."

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- 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 audiovideo. 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).
- Pls ship another \$40K to Nellis ISO the TBird sound IAW the note below... Let me know when completed. Jwm" (Exhibits 3 and 43).
- 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).

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- 471. Maluda advised that 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 on November 18, 2004, in which the Subject line read, "Subject: "\$\$\$\$ for AV Support at Nellis." Maluda's e-mail read," 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**

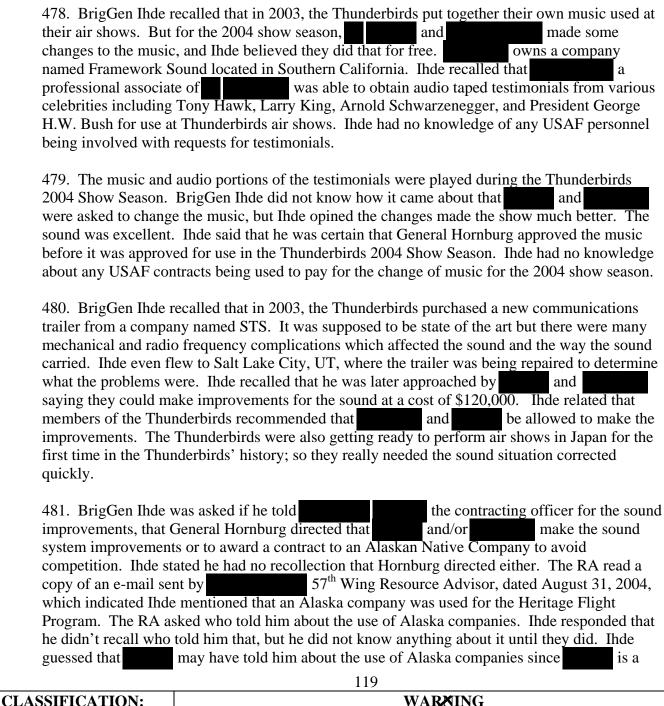
476. On September 6, 2007, the RA and SA DCIS, Phoenix Resident Agency, met BrigGen Gregory Ihde, (USAF, Retired,) at his place of employment in Las Vegas, NV (Exhibit 81). BrigGen Ihde retired from the USAF on January 1, 2007. This was a prearranged meeting. Prior to conducting an interview, the RA 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 57<sup>th</sup> 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 57<sup>th</sup> 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 57<sup>th</sup> Wing does not make purchases for the needs of the Thunderbirds, and the 57<sup>th</sup> Wing had nothing to do with financial expenditures for the USAF Heritage Flight Program.



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pilot for the Heritage Flight Program.

and could make the improvements and/or to use a minority owned business to speed the process. Inde said he could not recall saying that. Inde said he didn't know why he would say that to the improvements and/or to use a minority owned business to speed the process. Inde said he could not recall saying that. Inde said he didn't know why he would say that to the improvements and/or to use a minority owned business to speed the process. Inde said he could not recall saying that. Inde said he didn't know why he would say that to the improvements and/or to use a minority owned business to speed the process. Inde said he could not recall saying that. Inde said he didn't know why he would say that to the improvements and/or to use a minority owned business to speed the process. Inde said he could not recall saying that. Inde said he didn't know why he would say that to the improvements and/or to use a minority owned business to speed the process. Inde said he could not recall saying that. Inde said he didn't know why he would say that to the improvements and/or to use a minority owned business to speed the process. Inde said he could not recall saying that. Inde said he didn't know why he would say that to the improvements and/or to use a minority owned business to speed the process. Inde said he didn't know why he would say that to the improvements and/or to use a minority owned business to speed the process.
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 BrigGen Ihde said he did not know anything about the additional \$8,000.00. The RA advised that 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 to make sure all the rules were followed.
484. BrigGen Ihde was asked why he wrote an e-mail to 2004, saying, "Money flowing through the Eskimo business" Ihde said because of the choice of words he suspected 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
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 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

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)

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

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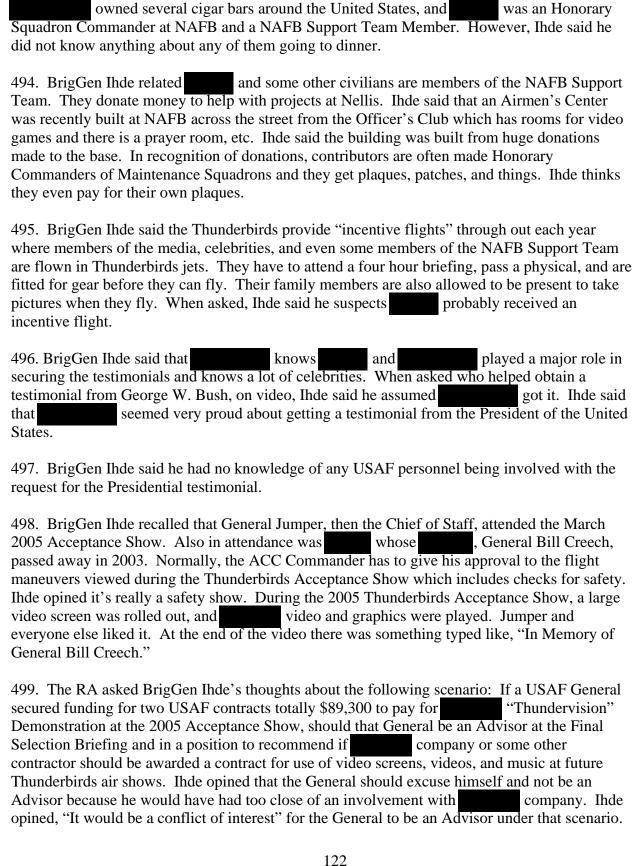
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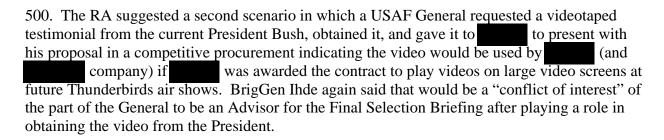
and/or Brigadier General John Maluda.

Goldfein,

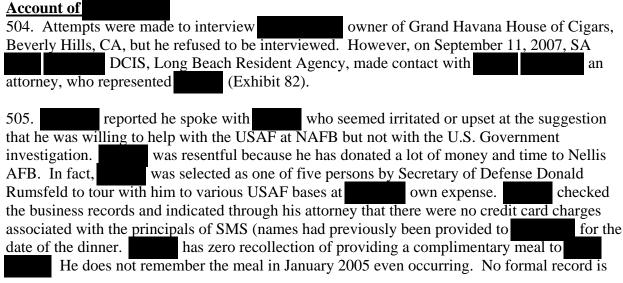
that on October 25, 2004, Ihde sent an e-mail to MajGen Goldfein saying, "Sir, and I are briefing Gen Hornburg on 9 Nov on next year's schedule and the new manual. We will talk music also and provide the latest update. I guarantee we are listening and doing all in our power to make it the production 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.  and 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.  and said they could do it for free.  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.
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. 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 envisioned as start up costs. Ihde liked idea. Ihde opined the 2004 Thunderbirds' Show Season music and sound were greatly improved from the year before and when suggested using video and large screens it seemed like the next logical progression.
490. BrigGen Ihde recalled that the 367 <sup>th</sup> 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 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 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 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, and 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 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

probably met with Hornburg, but could not recall the meeting. The RA advised BrigGen Ihde





- 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. Inde 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.
- 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 company (SMS), a sole source contract and MajGen Goldfein told 99<sup>th</sup> 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 57<sup>th</sup> Wing would have been the one to act as the customer under such circumstances; not the Commander of AWFC (Exhibit 81).



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kept of complimentary meals. has no recollection of Air Force members being at the club. definitely knew who was because of his involvement with Nellis AFB. No business or personal relationship exists between and is not a member of the Grand Havana House of Cigars. has not seen her in at least a year. 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
On February 8, 2005, owner of Framework Sound, e-mailed with a cc to wrote, "Hey 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 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.  (Exhibits 3 and 43).
thoroughly enjoyed the trip to LAway 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. 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 DVDsmusic is very nice (Elvis Baby!) Did you mention a possible connection to Will Smith or was that someone else? (Exhibits 3 and 43).
508. On February 9, 2005, sent an e-mail regarding attempts to secure a videotaped testimonial from Mayor Rudi Giuliani. sent the e-mail to "@giulianipartners.com" The Subject Line read, "Subject: Thunderbird Testimonial." wrote, "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, "(Exhibits 3 and 43).
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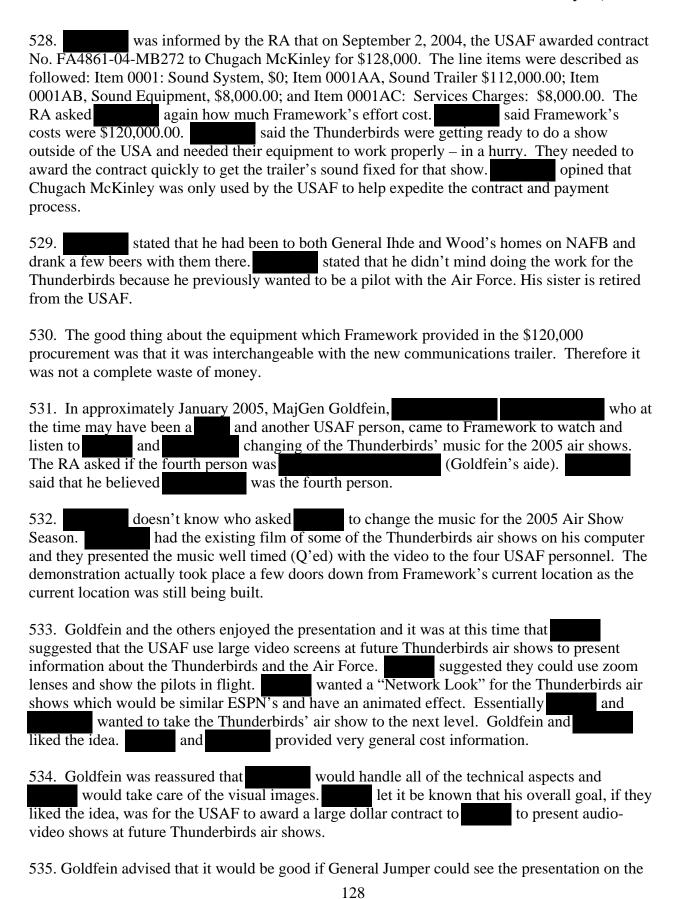
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609. On February 10, 2005, an e-mail response was sent from @giulianipartners.com to
510. On February 10, 2005, forwarded the e-mail exchange to Thunderbirds PA Officer. wrote to , " , " , Looks like a tentative date, can we check with NY PA on possibility of getting the crews from Syracuse or whatever you think is best? (Exhibits 3 and 43).
511. On February 11, 2005, again e-mailed ", Your schedule will probably be pretty busy with 3 Doors down and Dennis Quid and kickoff around the cornerbut 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 stuffsound and narration. Thoughts?" (Exhibits 3 and 43).
Account of 512. On June 22, 2006 and interview was conducted of owner of Framework Sound, Inc., (Framework) Santa Monica, CA (Exhibit 83). On June 30 2006, telephoned the RA and provided additional information (Exhibit 84) and another in-person interview was conducted on July 26, 2007 (Exhibit 85).
recalled that in late 2003 or early 2004, approached him about assisting in changing the music that the Thunderbirds used in their air shows. Stated that General Hal Hornburg, while still on active duty, or General Wood, asked to change the music. Is reasonably sure said Hornburg asked to change the music and specifically recalls that Hornburg reviewed the final changes. In 2003 and/or early 2004, and 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, obtained a video of some of the Thunderbirds air shows. A videotape is made by the USAF of every Thunderbirds' air show. 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.
515. To assist in the music presentation, traveled to NAFB at his own expense and looked at the Thunderbirds' communications trailer to see what equipment they were using.  suggested that the equipment the Thunderbirds were using was not up to standard and he suggested that they purchase some new equipment. is not a technical person but he was informed of the suggested changes. could not recall the names of USAF personnel he met and dealt with at NAFB but recalls that the USAF agreed to purchase the new equipment from Framework.

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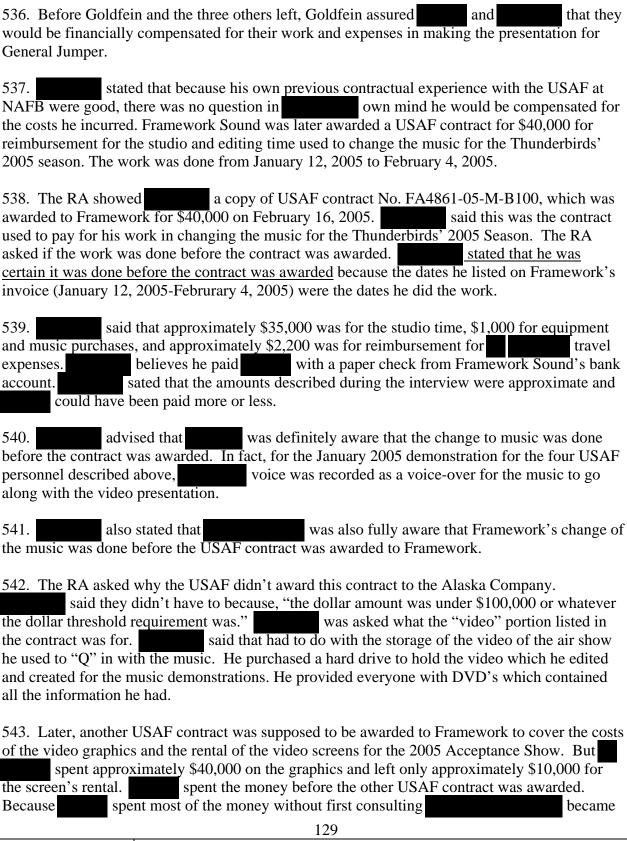
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The Thunderbirds purchased a new communications trailer in approximately 2003 or early 2004 for approximately \$1 million, but it was designed so that only the providing contractor, Solomon Technology Solutions (STS), could correct the problems. That often handicapped the Thunderbirds.  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.  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.  The new trailer was not encrypted and easily picked up interference from other sources.  The new 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.
asked to develop three plans for improving the old communications trailer. developed the three plans and provided with the written information. put the information that provided into a letter format and sent it to General Wood. provided a copy of that letter. 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. stated that someone in the USAF informed the USAF was interested in the Gold Plan.
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.  [In the contract of the USAF could award the contract to Chugach McKinley without going through competition and Chugach McKinley could then just subcontract the work to Framework.  [In the contract of the USAF could award the contract to Chugach McKinley without going through competition and Chugach McKinley could then just subcontract the work to Framework.  [In the contract of the contract of the contract to Chugach McKinley without going through competition and Chugach McKinley could then just subcontract the work to Framework.  [In the contract of the contract of the contract the work to Framework of the contract the contract the work to Framework of the contract the contract the work to Framework of the contract the work to Framework of the contract the contract the work to Framework of the contract the co
stated that's exactly what happened; awarded the USAF contract to Chugach McKinley, Inc. had to sign a subcontract with Chugach McKinley, and submitted Framework's invoice to Chugach for \$120,000 on September 3, 2004. provided copies of documents during the interview which pertained to this order (Exhibit 83).
was asked what work or services Chugach McKinley actually provided for this effort. stated that they didn't do anything. came by while was hooking the equipment up at NAFB and just asked if he needed anything. stated that he exchanged a few e-Mails with in which complained how slow the payment process was. also received a few phone calls from asking if there was anything he could do.
was asked during the interview, who from the USAF knew that the USAF' award to Chugach McKinley was just as a "funding vehicle" to pay Framework. stated that and were both aware and so was BrigGen Ihde. recalled that BrigGen Ihde sent and an e-mail after funding was secured saying that the money was flowing through the Eskimo company.



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large screens.



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1	then told that the dework to pay the grap	was no longer willing to let the phics company and the screen rental
544. The RA informed was awarded to Sports Link, LT suggested that perhaps Sports Linvoices which were in the contraction.	D, on March 9, 2005 ink paid the others. T	USAF contract (No. FA4861-05-M-B105)  Based on this information, the RA read the names of other companies'
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 pho	ne #).	
screens and the \$2,300 was actu	ally a rental fee for sp	phics, Sports Link probably rented the peakers used at the 2005 Acceptance Show. om On Stage Audio which is located in Las
shows, and and hown idea to use large screens at thought it would be b to then have separate contracts while the thought of a full time contracts.	Thunderbirds' air sho better for the USAF to with and Fran commitment to the USA to buy the equipment, are RA, said	purchase the equipment and for the USAF nework for their services.  AF which would include following them to lease it to the USAF, supply the crew, and never said anything to
547. said the last tim Goldfein, as \$40,000 on the graphics which is part of the effort with	nd Beca	was at the January 2005 meeting with ause after that, spent approximately much that no longer wanted to be
recalls Goldfein lot of money on the audio-video	•	e USAF would accept the idea of sending a ost of fuel kept going up.
549. On December 20, 2005, for the tapes used for the 2005 p wanted it. I made tapes and eventually deleted all was concerned, he was done with	sign a release do previously e-mails ex	pected that it was actually that returned the
stated that essentially		
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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. opined that took credit for all three of work efforts/contracts with the USAF which are described above. was asked when General Hornburg played a role in the efforts. that General Hornburg played a role from the very beginning because Hornburg asked 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 the changes from February 14, 2004 through February 22, 2004. Framework's Invoice was No. 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.

stated that on March 1, 2005, \$4,500.00. 556. In addition, paid 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 for some type of record of proof that he incurred those costs but asked 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.

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:

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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

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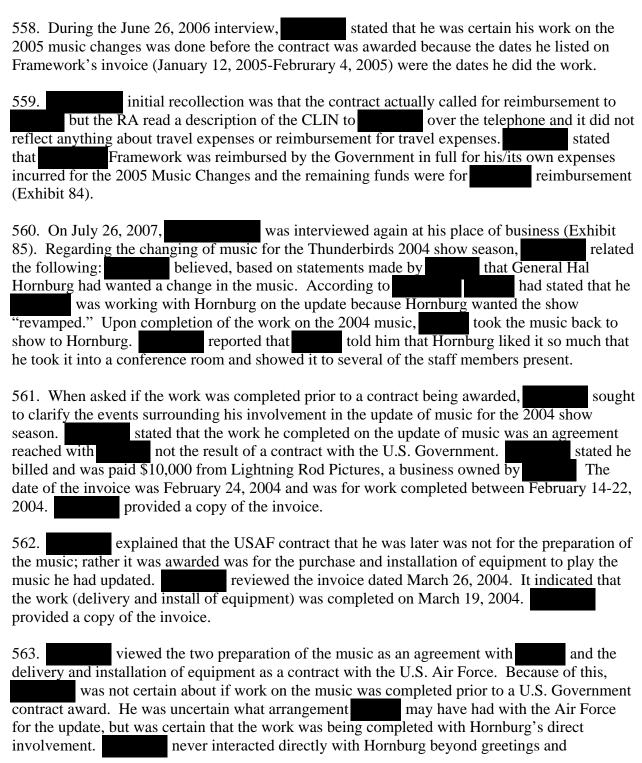
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receiving agency without the specific prior authorization of the Deputy Inspector General for Investigations.

- 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...



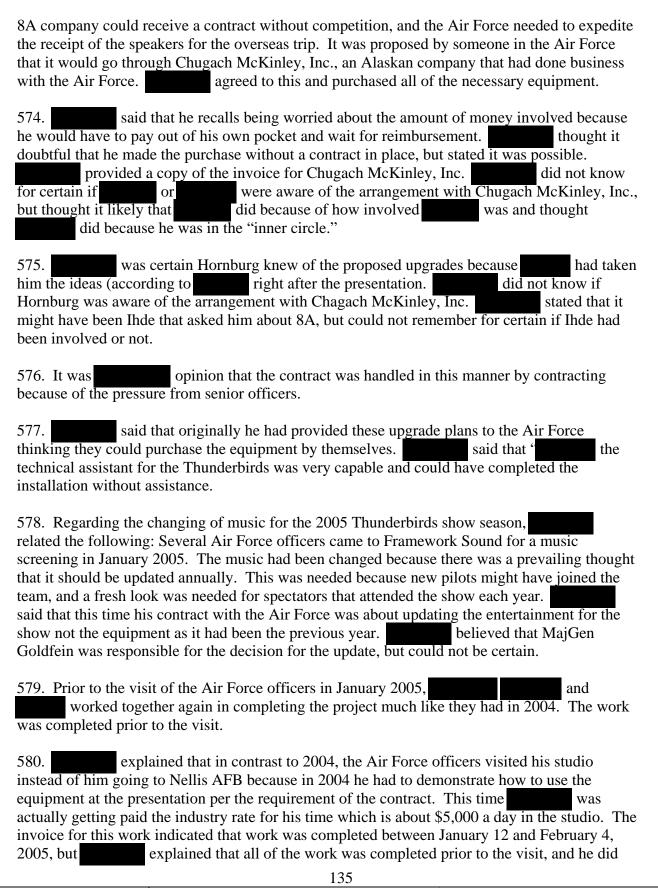
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formalities. The business negotiations were all handled by the was the contracting officer for the procurement and installation of the equipment and that the contract was awarded prior to delivery and installation. In the cited the dates of his invoice to support his memory. In the stated that because of his past business relationship and knowledge of the personal wealth, he was never worried about if he was going to get paid for work or not. In the said that the would get paid and the believed him. Was certain that Hornburg was the driving force behind the change in music. According to the must have said that Hornburg was responsible "50 times."
knew that was changing the music. In fact, was there when the music was being changed between 14-22 February, 2004. This was necessary because was the narrator for the Thunderbirds and his voice was used in the update. as "very involved" in the process and later stated that was the "most involved Air Force person in the process. did not discuss any contractual obligations with
was a witness to the entire process and observed daily that was responsible for all of the technical work and was there to supervise and select music. 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 for payment of \$10,000.
and did not know who was and stated that was in the studio periodically, but was not directly involved in the video production at all; rather she was helping in administrative tasks. declined to describe a percentage of the work completed by stating that they had different roles with being in charge of overall production. Regarding the testimonials used in the 2004 show season update, was responsible for getting Tony Hawk and for writing the scripts for Larry King and Walter Cronkite. amended his previous statement about that this was the talent she brought to the production. and were responsible for working out the details of obtaining the testimonials in both audio and video format. believed that most of them, including President Bush, were featured in the update. was looking forward to video production and discussed it often. believed this was why the testimonials were in both formats. 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 prepared for was responsible for selecting the equipment. Originally, he simply suggested provided the information so the USAF could purchase the equipment independently and only later did it become a contract for him. explained that the USAF had a bad system and in addition to the equipment purchased through contract with him, he selected a vendor in Las Vegas to provide additional equipment. was not sure who paid that vendor, but believed it was either or the Air Force on a credit card.

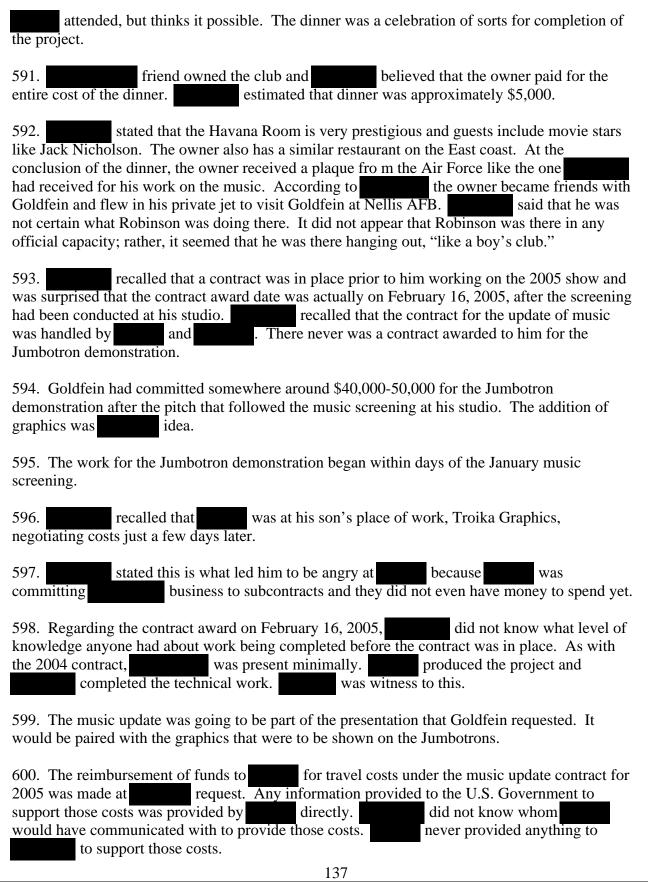
568. In March 2004, was at the presentation and was demonstrating the use of the equipment purchased to the Thunderbirds technical personnel. At the end of the presentation of the music, both Hornburg and Jumper thanked him formally for his work in a ceremony. stated that it was clear that "they loved it." 569. was asked to explain what was so different between the music that was being used to the updates that he completed. 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. said that anybody could have bought the equipment he had purchased, and 570. anybody could have installed it. When asked to define "anybody" said that anybody like him with 20-25 years experience. then stated that nobody else had a chance. 571. Regarding the fixing of the old communication trailer, related the following: 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. 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 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 believed that prepared were originally provided to then took the plans to Hornburg. was not certain when it became clear that the Air Force wanted him (Framework 572. 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 would get the contract. recalled that Ihde actually referred him to the contracting office on this procurement. 573. For this contract, provided an explanation by providing background. According 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 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. 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, said that he could not. The reason was that an

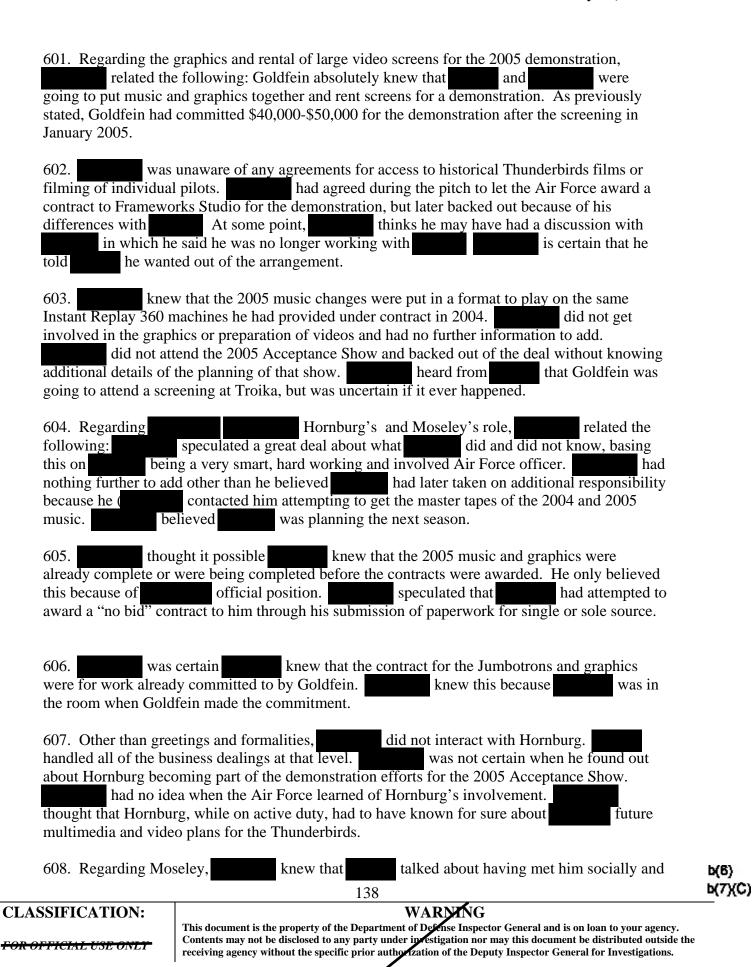
something significant about a \$2,500 spending limit for the Air Force credit card.

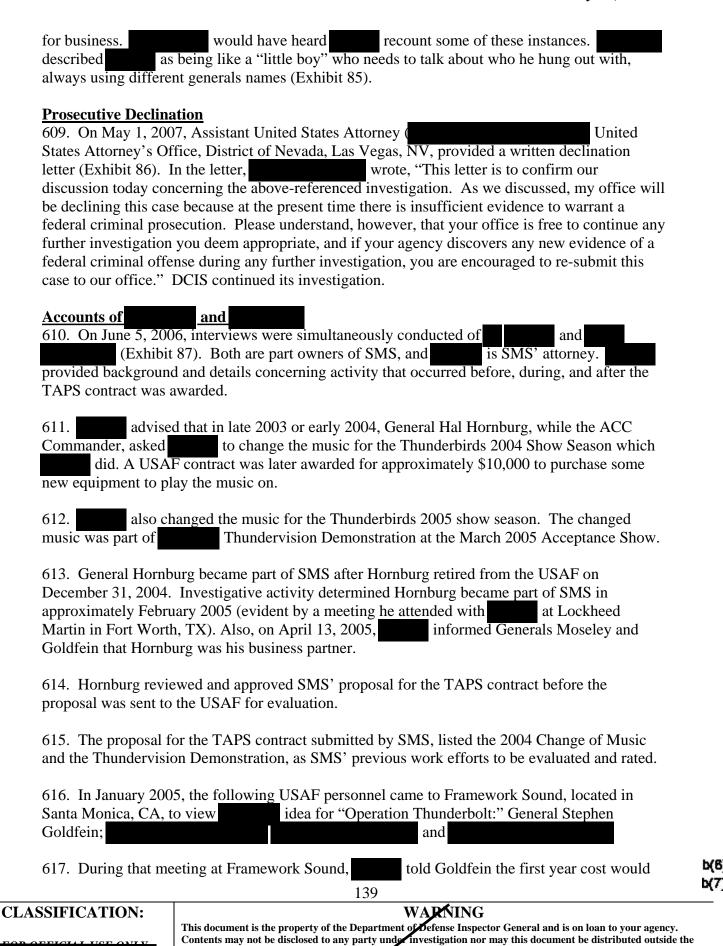


not recall any requested changes.

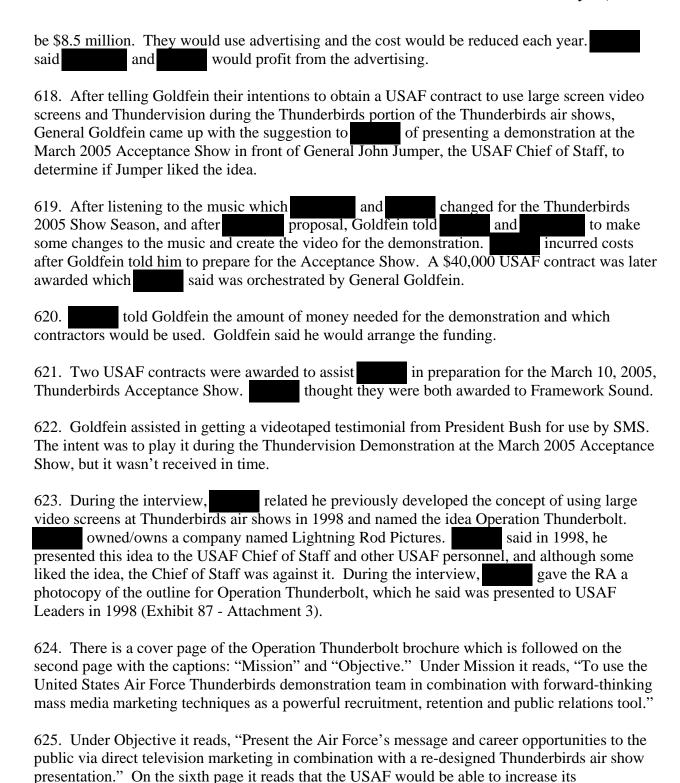
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	90. Following the property of	oitch, there was a dinner at the Havana Room that was attended by Goldfein, and was not certain if	b
n h tl	=	in his past contracting, hardly earning any profit, if any. Goldfein knew ousiness proposition. There were no negative or dissenting comments from	
		ed Jumper to see the demonstration. The demonstration would determine if Jumbotrons at the air show.	
c		that he wanted a demonstration at Nellis AFB and wanted to know the mitted the Air Force to paying for the demonstration that he wanted and	
	state state state vas in charge.	d that for the attendees of the presentation it was very clear that Goldfein	
n v	nultimedia update to vanted to do the wor		
w p d s	while identified ident	they were all working on the project together. did not participate of these discussions. The demonstration was conducted at	
c c	and and sosts. The plan was contract. This was put would be implement		
"		sentation, and and had several discussions about making a ree officers at the presentation for a multimedia effort to be presented on or Jumbotrons, at the air shows.	
V	poss	and/or General David Robinson. Robinson's role and most play a role in the planning of the presentation.	







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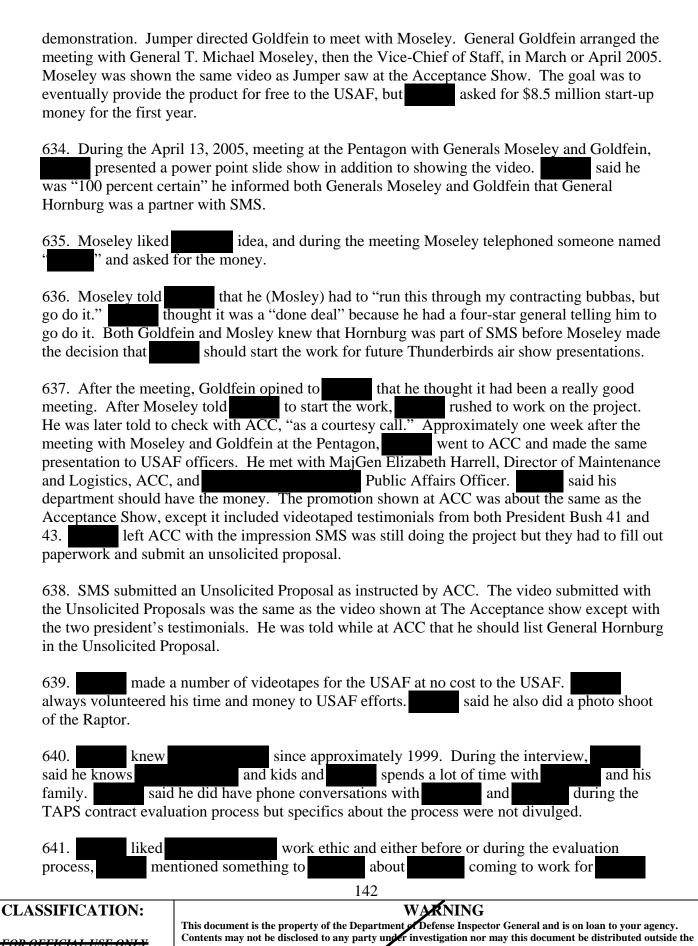
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recruitment, know the name address, and phone number of every potential candidate, track its recruitment leads, increase visual and sound from the show, increase the audience size and it

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 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."
- said Hornburg was hired in the event SMS won the USAF contract to utilize Thundervision. 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



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after he got out of the USAF. said there were no promises. recalled that was uncomfortable about being on the Source Selection Team, which called	ed
"the committee," because of his history with said and Ge	
Goldfein "demanded" be on it because of his knowledge.	
642. During the evaluation process, SMS did not provide its financial records because it did have any to provide. SMS was a new company created for television and for the Thundervi product. wanted to use long format television TV to tell the USAF Story in a better The goal was to have advertisers pay for 30 second commercials. said the first pays on the TAPS contract came quickly but called General Goldfein because was "being a pain."	sion way
said he had been working on the project since 1998 so the storyboards, the vice the layout, and other things were already completed before the TAPS contract was awarded SMS (Exhibit 87).	
Account of GENERAL HIMPER	

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).

644. On November 30, 2007, an interview was conducted with General John Jumper (USAF,

- 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 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,

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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: called his demonstration Thundervision. Were you informed that 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 about your opinion about the Thundervision demo and possible future use?

A: Jumper did not recall discussing it with

655. Q: When were you first informed that retired General Hornburg was affiliated with 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 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 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 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.

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- 658. Q: Did you make a recommendation about using 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

- 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 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 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 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 (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: Ci

Civ ACC/LGC

Sent: Thursday, July 07, 2005 4:36 AM To: 99 CONS/CC

Subject: Thundervision

- 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

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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 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 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 — (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; 99 ABW/CC;
HQ ACC/LGC; Civ ACC/LGC; Giv ACC/LGC; 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
<u>recruiting</u> , or overall Air Force story. So, we stick with the focus of the Thunderbirds.
our number 2 guy in ACC Contracting, will get with
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. hopes to travel out there next week, but he will work the
details with 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 but but but 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).

a good idea but wants it done smaller scale to begin with - read do it for the Thunderbird shows!

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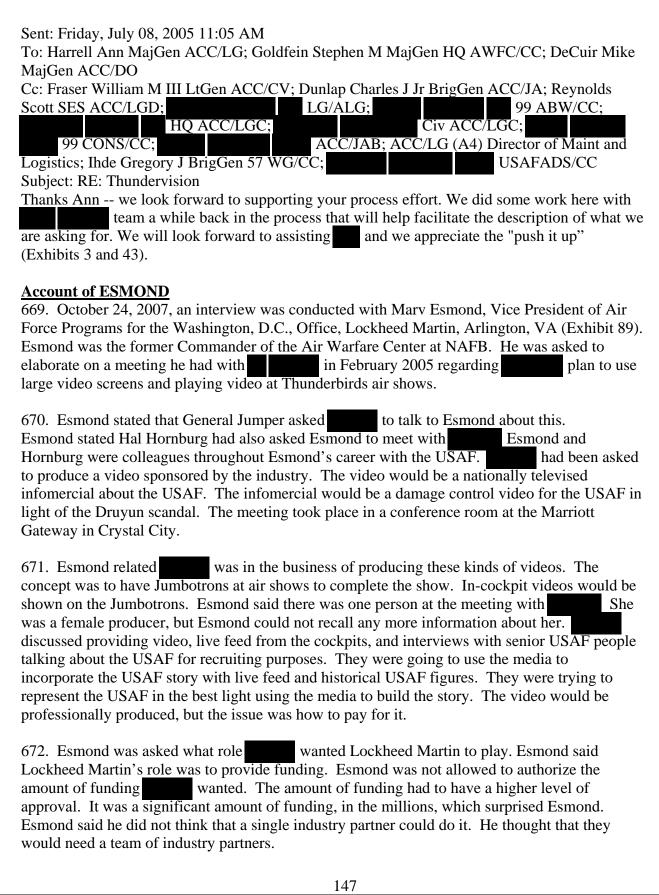
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668. July 8, 2005

From: AWFC/CC (Maj Gen Goldfein)

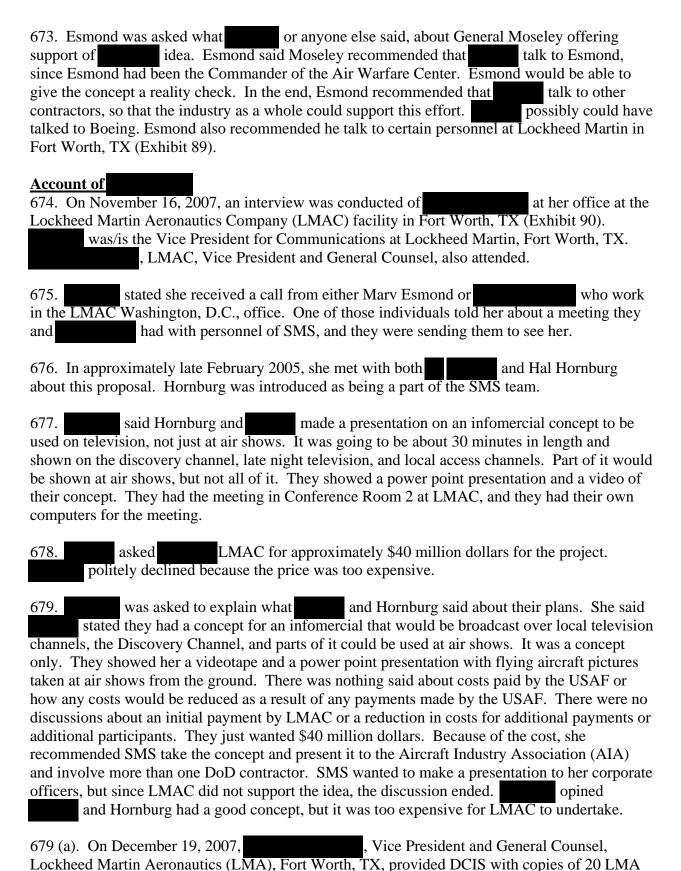
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e-mails. The e-mails pertained to meetings and other communication LMA had with
General Hornburg regarding and Hornburg's request for \$40 million from Lockheed to
fund an infomercial about the USAF which would be "played around the clock on obscure cable
channels." The e-mails reflect LMA, and others were scheduled to meet with
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

679 (a). Other e-mails were obtained during this investigation that were exchanges between General Moseley and regarding an upcoming meeting with Marv Esmond. These e-mails are described below (Exhibits 3 and 43).

680. February 21, 2005

From: [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.

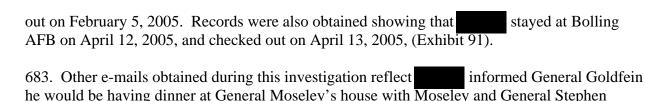
The cost of this effort will be covered by those members of the defense industry who have seen the light and realized this unique vehicle is also the perfect marketing delivery system for their products. It is a win-win for everyone. As I mentioned at your house, this whole thing began years ago with Mustang's and . 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 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 visited General Moseley's house in February 2005, as indicated by 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 checked in at the Maryland House (Bolling AFB) on February 4, 2005, and checked

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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).

February 21, 2005, e-mail to General Moseley (previously described in this report) reflects that provided General Mosley 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 367<sup>th</sup> 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 367<sup>th</sup> 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.

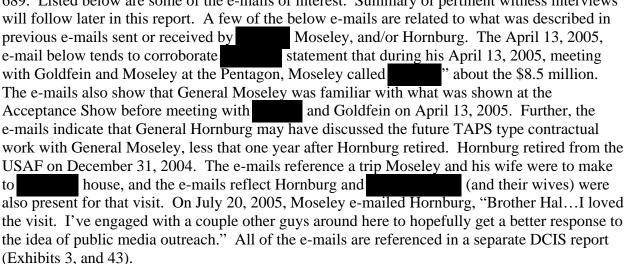
687. Investigative activity revealed that after the TAPS contract was awarded to SMS, General Moseley held a meeting with several USAF Officers describing his (Moseley's) own vision of what should be accomplished during performance of the TAPS contract. According to witnesses, much of the work was outside the scope of the TAPS contract.

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688. At least three USAF officers were assigned full-time to assist SMS, particularly 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



690. February 24, 2005

From: [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

691. February 25, 2005

General Moseley responded to

I'll try to make contact today at first opportunity.

692. March 15, 2005

sent an e-mail to General Moseley and Lt General Stephen Wood. 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

693. March 22, 2005

General Moseley e-mailed and General Wood: "It 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!

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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: [mailto: @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

House number 610 353 Cell 610 577 Office 610 353

696. June 24, 2005

From: Moseley Michael Gen AF/CV Sent: Friday, June 24, 2005 3:59 PM

To:

Subject: RE: Relaxation

Moseley wrote,

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 @pentagon.af.mil to General Moseley.

The subject line read, "Directions to to The e-mail contents are detailed directions from to ;

home address.

698. July 4, 2005

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General Moseley sent an e-mail to regarding Moseley's upcoming trip to Alaska and mailing addresses for The Hornburgs, and Moseley wrote, 'ymy 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
& I can't live without. ChewyI'm thinking I should go in Tues morning for a bit. Let's get the car to pick me up at 0630and, I'll go into the office, do some work, grab the note cards/letterhead stuffand go from there. I [sic] If you get a chanceholler and let's chat about this one. And, for I need the right spelled names and mailing addresses of the Hornburgs (Hal & ?), the ?) and partner & lawyer & his wife ?). And, I'd like 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  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 HalI 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 GettysburgY'all take care my friend"
701. August 1, 2005 wrote to Moseley, "Here is a quick video of Jimmy and I at DUX in the C and D model Mustangs. Cheers
General Moseley responded to by e-mail, "Wayway cool. I had a long chat today with the Air Force Association bubbas about some future work they can help the Air Force withHope y'all are well. Give a hug from Take care my friend."
703. August 9, 2005 From: [mailto: strategicmessagesolutions.com] Sent: Tuesday, August 09, 2005 4:53 PM To: Moseley Michael Gen AF/CV Subject: Mustang shots
Lauderback and I flew his two Mustangs with fellow Heritage pilot who was flying "Glacier Girl" (the P38 that was buried under 200 feet of ice).  Cheers

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704. August 9, 2005

Moseley replied to

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: [mailto: 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

"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 cals & 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 & 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

e-mailed Moseley,

"Just found out 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 and completely color blind. I will pray for you.

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708. August 10, 2005

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Moseley responded to

"Dude...I'm thinking the Mustang has a lot of gas...and, it's a big airfield. Given enough time I'm thinking 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

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

"...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

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.

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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

# 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 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

"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 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)

(AF/CC) e-mailed Moseley with the Subject Line Reading, "Texas A&M." 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. 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 ....

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."

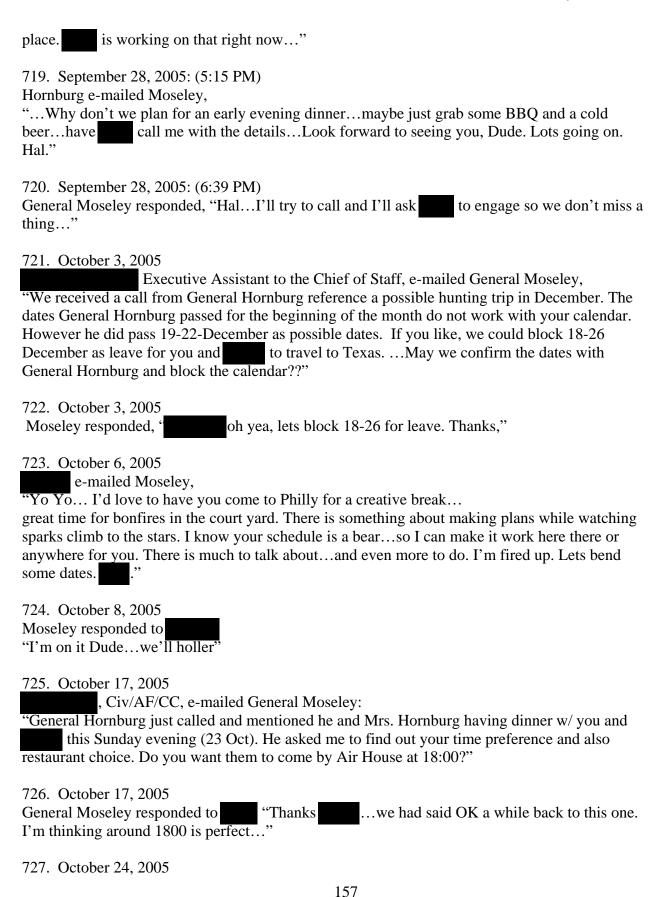
### 718. September 28, 2005: (3:49 PM)

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

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# WARMING

General Moseley responded to	October 22, 2005, e-mail in which	e-mailed
an aircraft video to Moseley. Mos	eley wrote, "this is 'way cool' and	d I had dinner
last night with Brother Hal and	. And had a less good day last weekbrol	ke out the
Movie and felt much better. Look	ing 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 have planned..."

## 731. November 17, 2005

e-mailed Moseley and the Subject Line read, "Your Daughter." 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 The e-mail has an attachment listed, "file:

#### 732. November 18, 2005

Moseley responded,

"Big 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

Moseley wrote," Big 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

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

thanks for the note. It 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  $21^{st}$  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; 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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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 to cross reference his end from FM. Thanks for a quick reply. Cheers, Buzz."

738. December 16, 2005

e-mailed General Moseley w/ Subject Line: "Yo." 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 "YOU THE MAN..."

740. December 27, 2005

From: Johnson Michelle D Col SAF/PA
To: E Civ ACC/A7K

CC: ACC/A7K; Lessel Erwin F III Brig Gen SAF/CM

Sent: Tue Dec 27 10:49:03 2005

Subject: RE: Meeting Schedule/Agenda

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 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: ACC/A7K Sent: Tuesday, December 27, 2005 11:21 AM

To: Johnson Michelle Col SAF/PA; 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.

<u>I can</u> attend your meeting for contracting back up or be available by phone should the need arise.

742. December 28, 2005

General Lessel e-mailed Lessel wrote,
For all, tomorrow's meeting is to get up to speed on w

up to speed on where we're headed

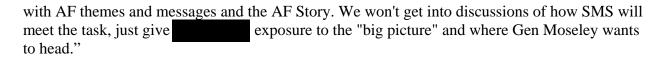
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#### 743. December 28, 2005

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 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

ACC, PA, e-mailed Scheduling and Aerial Events Division,

"Moses, Gen Lessel, SAF/CM, meets with Mr 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. of Strategic Message Solutions is the Contractor
- Our charter is to offer 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

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- Today's list included: all AF commercials, plus archival video footage, and Raptor footage
  - will be our SAF PA "Sherpa" in coord with out-going Thunderbird #8,

Sorry we missed you in the building today; MajGen Goldfein wanted to stop by and introduce 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.

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. of SMS is the contractor. Our charter is to offer 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 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 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 16<sup>th</sup> 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. 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, 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...

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Gen Hornburg and 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 60<sup>th</sup> Anniversary celebration, 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 6<sup>th</sup> 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, hour 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) & 2004-2005 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

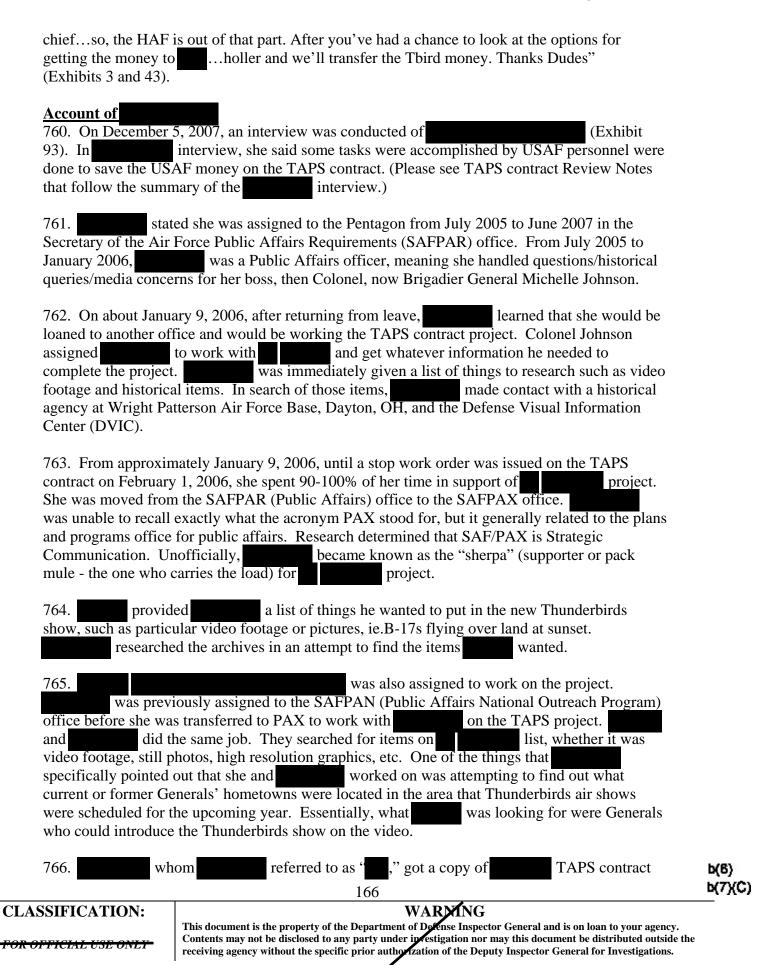
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inquiry or statement, about the availability of approximately \$8.5 million? Lorenz stated he was in General Moseley's office many times during his assignment as the Deputy Assistant Secretary for Budget. He vaguely remembered speaking with General 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
- 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 ACC. General Moseley wrote, "Steve and
- ...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

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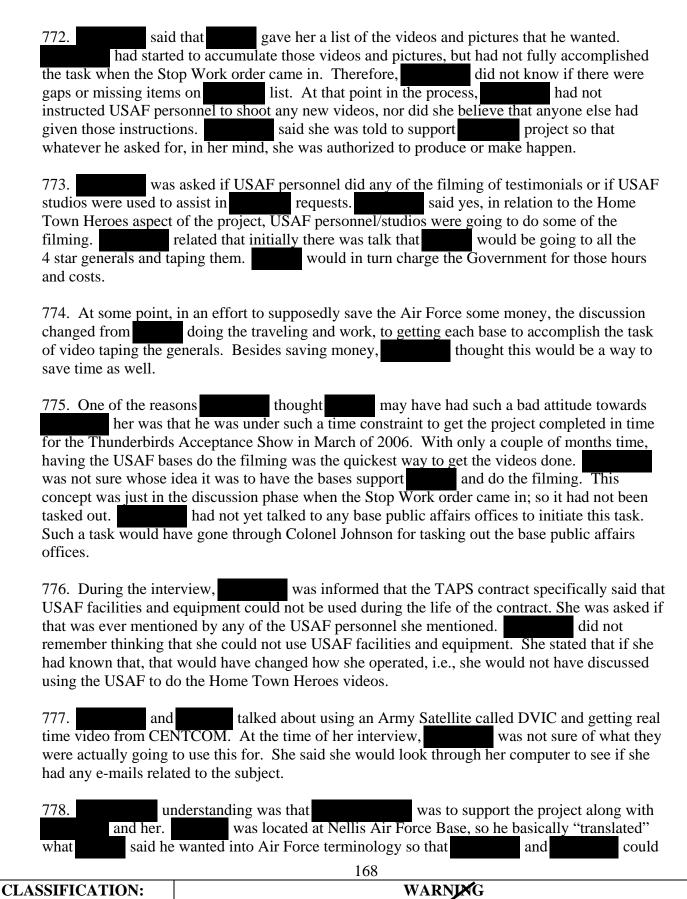
proposal towards the end of January. After reviewing the proposal, thought it was wrong that three USAF officers ( and were basically supporting the project full-time; doing what it appeared company should be doing, as presented in the contract proposal.
believed that according to what wrote in his proposal, too many USAF resources were being used to assist on the TAPS contract. remembered thinking "he could do it on his own." recalled that she and themselves as to "why are we doing this if it says he is going to do this?"
said again she felt it was wrong that three full-time USAF officers were working the project basically full-time. recalled she worked a segment called "Home Town Heroes." She attempted to find out the home towns of current and former Generals. 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."
was asked if USAF personnel were assigned to write scripts for testimonials. 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, let his Command Action Group (CAG) know what was looking for. let his Command Action 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 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 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 General Moseley does not like being on video so there was little to no chance that he was going to do 32 different videos.
had not gotten far enough along in her Home Town Heroes project to do anything with writing scripts for the Generals. 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 via provided the following information because she wanted to explain how/why she and received their orders/instructions/authorizations via versus directly from himself.
is a rude, obnoxious, overbearing man. He would often shout orders over the phone, threaten their (and and 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.  discussed this with and thereafter, would essentially "decipher" what it was was trying to accomplish or get done. Also, at some point, told that she would not stand for his behavior and would not allow him to treat the way he was doing. Later, complained to boss, Colonel Johnson, and told her that had hung up the phone on him.
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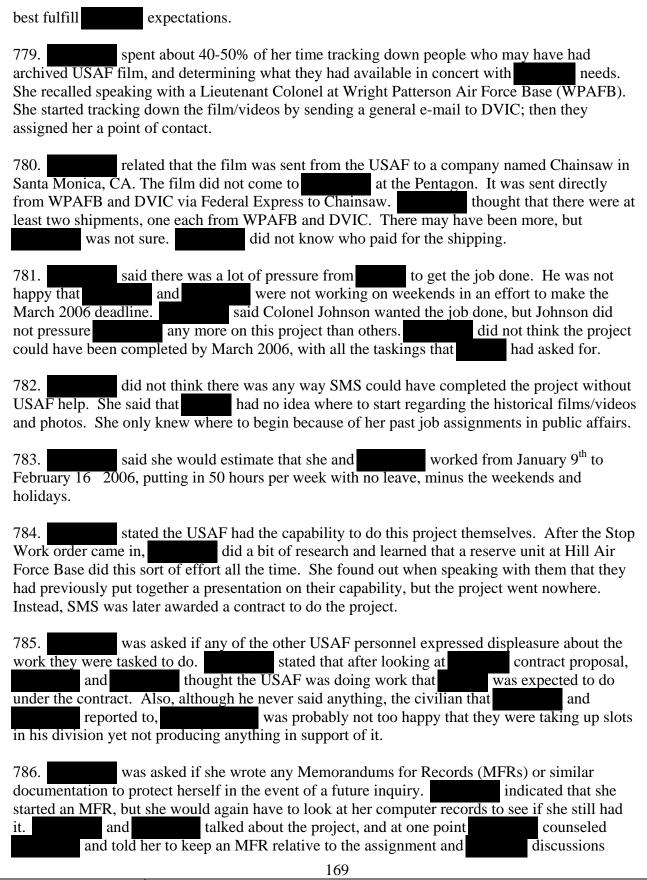
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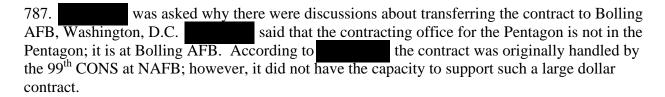


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with her.

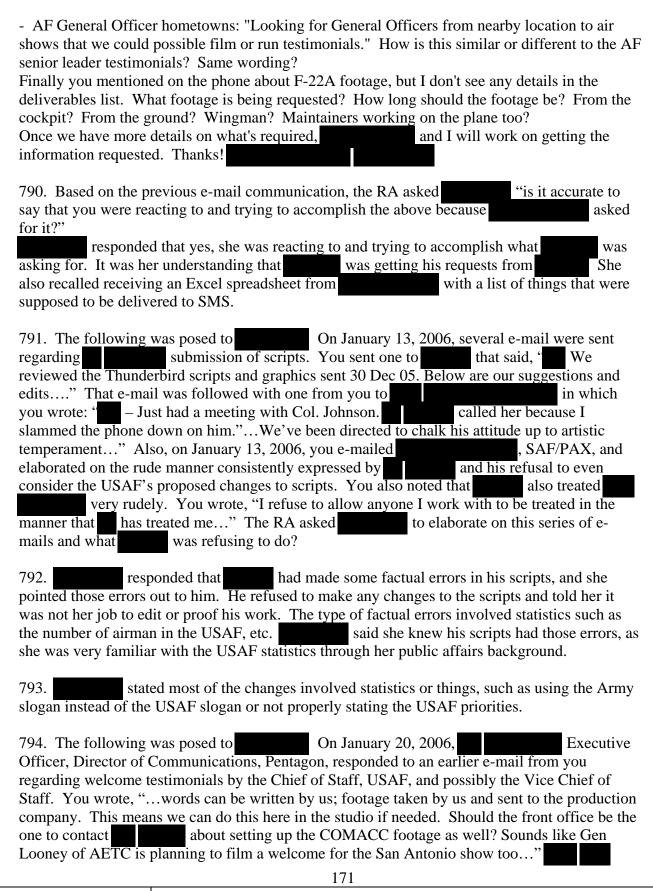


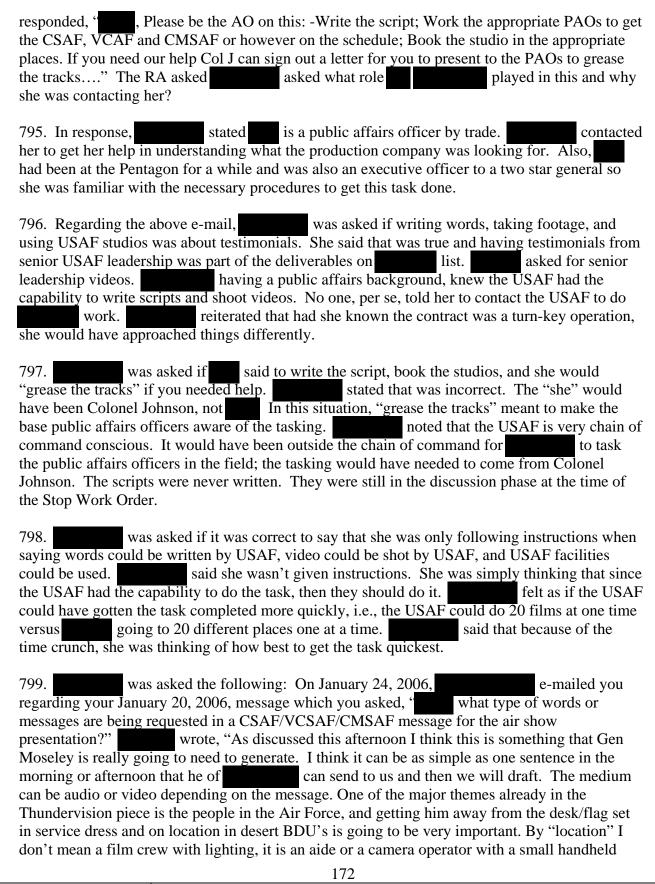
788. During interview, she was read several e-mails and then asked to respond to them. The e-mails listed below are described in separate DCIS reports. The following questions were asked and responses provided:

- 789. On January 11, 2006, you responded to an e-mail from excellence 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 Escradrille 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.

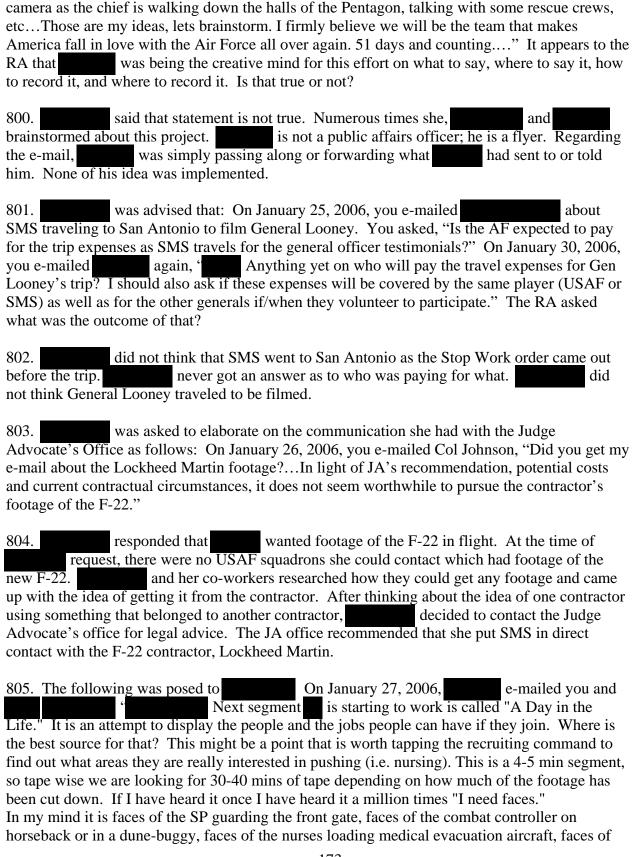
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PA officers getting interviewed, and other jobs that are "cool" that people don't know we do. It can also be footage of AF people doing things together, working-out, in the dining hall, at social events, etc. Those are my ideas, let me know yours. As alwayswe need it as soon as possible. Thanks, 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 actually deciding what was needed to tell the USAF story in "A Day in the Life?"
806. stated "as you can tell it was not a turn-key contract." As far as the "A Day in the Life," does not remember this directly. She thought was again conveying what wanted and was simply brainstorming some ideas.
807. The following was posed to  Johnson and stated that  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  to explain and describe what dubbing was being done? According to these two videos are videos used by USAF recruiters.  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 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 DVCPro 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

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Could you please pass along this video opportunity to your AOR's PAs for their dissemination?

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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!
The RA asked who told her to send this type of e-mail out?
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 recording something similar to the holiday greetings required very little effort as all commands are familiar with the concept. 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 to go everywhere that sent the e-mails would have taken months to accomplish.
was asked why SMS was not doing the filming since they had a \$49.9 million contract. 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. said SMS could not have accomplished by mid-March 2006 what the public affairs offices could have done via e-mail. 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, attempted to find a way to get the project done without She contacted the 367 TRSS to find out if they could do a show for General Moseley. It told he had briefed the squadron's capability to someone at the Air Staff level in November, 2005; however, in December 2005, was awarded a contract to accomplish the project instead.
was asked what she did with the information provided and who she gave it to. said she did nothing with the information. As soon as she learned that using the TRSS had already been discussed, she let it go and decided not to bring it up again (Exhibit 93).

We'd like to give the maximum number of Airmen a chance to participate if they're interested.

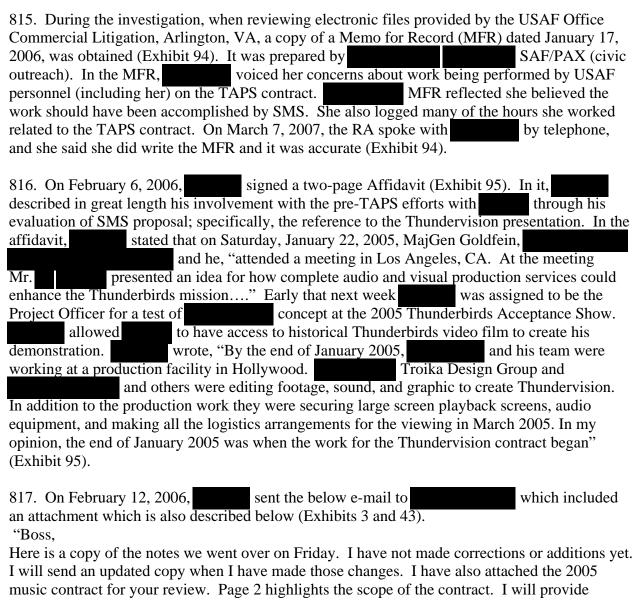
# **TAPS Contract Review**

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."



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additional information before Monday morning. Seymour Note: the attachment to that e-mail follows: 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. and I both had previous relationships with during our assignments on the ACC single-ship demonstration teams. 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. involvement with the Thunderbirds pre-dates my arrival, but my interactions with 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 long time friend and producer. As I understand the nature of the request, then COMACC, General Hal Hornburg asked if he was willing to help with the music and agreed. work was free, in fact many of the cost came at a All of and 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 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 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 to improve and refresh the music for the 2005 season. 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 0f 2005. Between the 2004 and 2005 season invited Major General Goldfein, Brigadier and myself to Los Angeles to discuss ways to General Ihde, improve the upcoming season. presented a detailed plan for a complete Thunderbirds production, integrating the live Thunderbirds air show with music and video elements. 177

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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
"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 questionairs 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), 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 (	to evaluate the	proposal
and present the material at the decision brief on 8 November 2005	. The e-mail went	on to say
that [sic] "will need to be recused from the rest of t	he evaluation due to	o his
affiliation with the unit submitting the proposal."	however, attended	and
provided comment during the decision brief on 08 November 200	5.	
Questions have also been raised about the payment to SMS after c	ontract award. The	timeline is
as follows. SMS was awarded the contract on 13 December 2005	. The milestones lis	sted 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	LIN 0001 Percentage	Actual Dollar
Amount		
#1 End of November During Performance Peri	od 25%	\$
Contractor shall present its master production		
design, to include theatrical design, story board	s,	
support plan, and development milestone plan.		
#2 End of December During Performance Period	od 25%	\$
Contractor shall submit TAPS product at		
1/3 completion		

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
- SHOW SCRIPTS (REPLACE WITH NEWER VERSION BEFORE YOU LEAVE)
- 8. TAXIOUT CONCEPT VIDEO (RAPTOR QUICKTIME)
- 9. THUNDERVISION MUSIC VIDEO EXAMPLE (QUICKTIME)

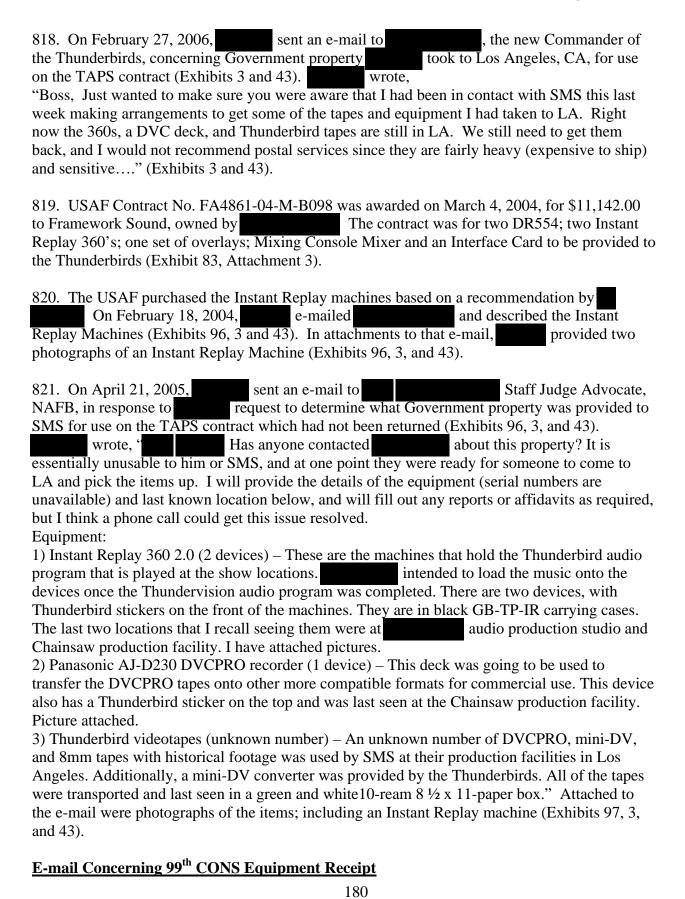
In my opinion it was well more than the 1/3 required in the milestone. As to the speed of the payment being processed, I cannot speak to that. The materials were viewed, approved, and invoiced. Payment came in late December." (Exhibits 3 and 43)

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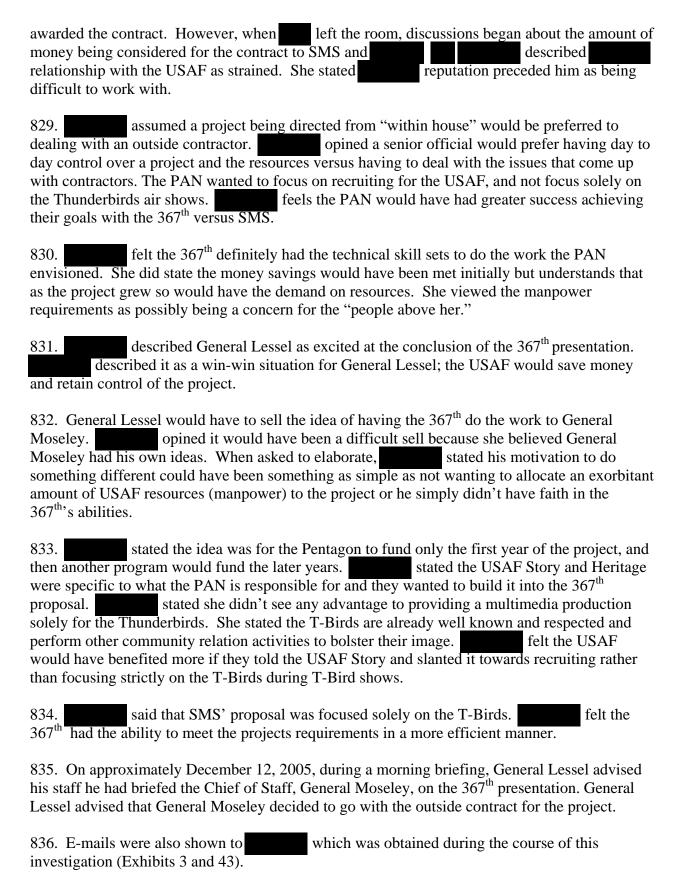


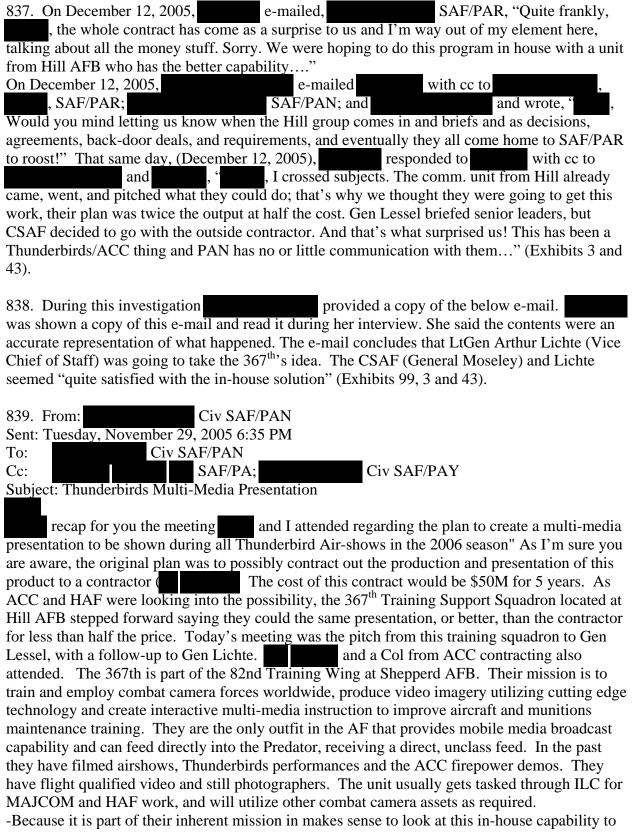
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### WARNING

822. E-mails reviewed during this investigation, reflect that on January 16, 2007, the 99 <sup>th</sup> CONS
recovered the Government Property (Exhibits 3 and 43)
January 16, 2007
From: 99 <sup>th</sup> CONS
To: Civ AFLOA/JACQ
Cc: USAFWC/JA; ACC/A7K; T
99 CONS/CC; Civ 99 CONS/CD
Gentlemen /
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.
, 99 CONS/LGCC, Commander, Specialized Flight, DSN: 682.3366, Comm: 702.652.3366, FAX: 702.652.3367 (Exhibits 3 and 43).
702.032.3300, FAA. 702.032.3307 (Exhibits 3 and 43).
Account of
823. On October 24, 2007, (USAF, Retired), was interviewed (Exhibit
98). stated she attended one presentation at the Pentagon on November 29, 2005,
which was provided by of the 367 <sup>th</sup> TRSS.
of the sor Trass.
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 367 <sup>th</sup> had the capabilities to
provide technical services but the raw data used in the project needed to be developed by the
PAN.
825. stated she knew very little about the TAPS contract prior to the meeting, stating,
"I joined PAN in mid-stream of this contract." 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. attended only the first presentation given by in front of
Brigadier General Lessel. Chief of Community Relations, was also at the first
presentation.
226. The number of the numeratories was for
826. The purpose of the presentation was for to introduce the capabilities of 367 <sup>th</sup> Squadron. In addition, expressed confidence that the 367 <sup>th</sup> could do the work being bid out
on the TAPS contract for half the cost. stated she was extremely impressed with, and surprised by, the 367 <sup>th</sup> ability to perform the tasks being asked. stated she had no idea
that a USAF squadron existed with the technical resources and abilities that the 367 <sup>th</sup> possesses.
that a OSAF squadron existed with the technical resources and abilities that the 507 possesses.
827. stated SMS was mentioned during general conversation in the conference room
prior to the presentation by It was understood that SMS did bid on the TAPS contract.
828. opined that did such a fabulous job presenting the 367 <sup>th</sup> skills and ability to
perform the work, she thought the SMS bid would not be given further consideration.
stated she was not aware of General Hornburg being tentatively selected to be
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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 contractors 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

, Community Relations, SAF/PAN, 1690 Air Force Pentagon (Exhibits 99, 3, and 43).

Account of

840. On October 9, 2007, an interview was conducted of

Chief, USAF,

Community Relations, at her office located in the Pentagon (Exhibit 99). She related the facts surrounding

presentations at the Pentagon as described in her own e-mail previously described in this report (Exhibit 99-Attachment 2). She attended both briefings

(Commander of the 367<sup>th</sup> TRSS) presented at the Pentagon on November 29, 2005. The first was presented to General Lessel and the second to General Lichte.

Community Relations. Her job included pubic flyovers (i.e., air shows), and she often consolidated the Thunderbirds' requests. She recalled the following were also present for the 367<sup>th</sup>'s presentations:

staff members from Hill, General Lessel,

and

841.		was a	sked if anythir	ıg was sai	id about a con	npany name	ed Strategic	Message
Solut	ions (SMS	5),	or ret	ired USA	F General Ha	l Hornburg	being tenta	tively selected
to be	awarded a	cont	ract to do the v	vork	was proposin	ig the 367 <sup>th</sup>	do. She rej	plied that she
knew	that	ha	d come up with	h the idea	and also knev	w that they	were planni	ing on the
proje	ct being so	ole-so	urced. She als	o knew th	nat Ret. Gen. I	Hornburg w	as on	payroll,
and th	nis implied	d an "	inside track."					

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- 842. She believed that Generals Lessel and Lichte knew SMS was the contractor being compared to the 367<sup>th</sup>'s offer because of e-mails that Lessel had with Lichte two weeks after the 367<sup>th</sup>'s presentation. It was known during the 367<sup>th</sup>'s presentation that the 367<sup>th</sup> could do the work at half the cost. It was also said that the 367<sup>th</sup> 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.
- was asked, at the conclusion of the presentation(s), what was your opinion as to whether the 367<sup>th</sup> demonstrated its ability to do the work and it being the best value for the USAF? She stated, "clearly the 367<sup>th</sup> 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 367<sup>th</sup>'s capabilities. However, they felt the 367<sup>th</sup> may not be able to follow through with the obligation if their unit was deployed.
- 845. After the 367<sup>th</sup> presentations, Lichte said something that made it sound like he would brief the "Chief" (General Moseley).
- 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 21<sup>st</sup> 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 367 <sup>th</sup> 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 to come to the Pentagon to provide a presentation on the 367 <sup>th</sup> '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 367<sup>th</sup> and felt like it was important to look at in-house capabilities instead of immediately going to outsourcing the project.

On November 23, 2005 you e-mailed Chief of Contracting at Air Combat Command (ACC), Langley AFB, VA, '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 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 367<sup>th</sup>'s capabilities.

853. Lessel responded that when he found out about the 367<sup>th</sup>, he briefed Lichte and made him aware of the possibility of doing the project in-house. Lichte then requested that the 367<sup>th</sup> 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 twice and also had a good talk with Maj Gen Goldfein on Wed. 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

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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 367<sup>th</sup> 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 367<sup>th</sup> 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 367<sup>th</sup> presented. The slides seem to demonstrate the 367<sup>th</sup> 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 367<sup>th</sup> 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 367<sup>th</sup> as well as retaining their capabilities for other in-house projects.
- 862. Lessel was asked the following:

No later than the conclusion of the 367<sup>th</sup>'s presentation, did you know that SMS (the tentatively selected contractor) bid approximately \$49.9 million (for five years) and the 367<sup>th</sup> 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 inhouse would certainly be cheaper.
- 864. Lessel was asked what was Lichte's opinion about the 367<sup>th</sup> doing the work versus the Contractor (SMS) after he received a presentation from the 367<sup>th</sup>. 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 367<sup>th</sup>'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 367<sup>th</sup>'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 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 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, 367<sup>th</sup> presentation, on December 1, 2005, 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 367<sup>th</sup> 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 tell you based on the change of scope, the solicitation could be cancelled? Lessel replied, yes.
- e-mail, you e-mailed Lt General Lichte, "... 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

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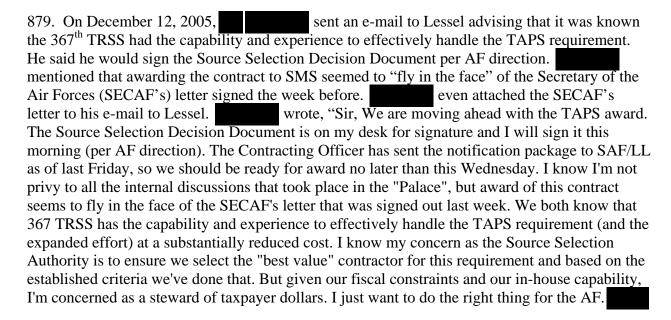
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opinion that the solicitation could be cancelled because of the change of scope?" Lessel replied, yes.

878. During the interview, Lessel was reminded that on December 5, 2005, 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.



- 880. On December 13, 2005, Lessel responded to 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 recompete 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."

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# 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, 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 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 60<sup>th</sup> Anniversary celebration, 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, hour 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, 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 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;

AF/CC; 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

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).

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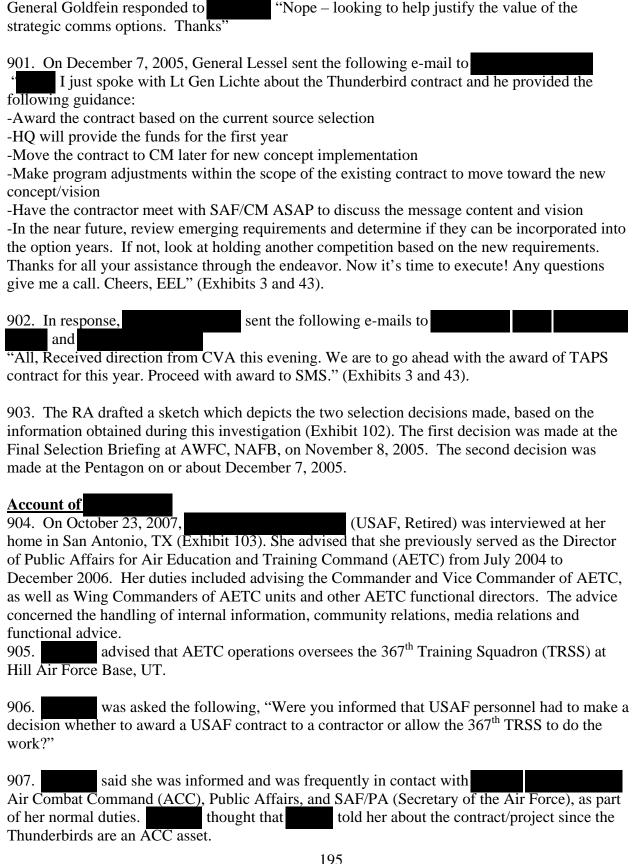
SAF/PA

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: USAFADS/CCE Sent: Tuesday, December 06, 2005 12:39 PM USAFADS/PA; To: USAFADS/MA; USAFADS/MA: USAFADS/FM; USAFADS/DOX; USAFADS/DOC; USAFADS/CCQ USAFADS/DO7; Cc: USAFADS/CC; USAFADS/CCO 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 to consolidate. 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, who previously served on Source Selection Team for TAPS contract, and a member of the Thunderbirds, forwarded Moseley's e-mail to Thunderbirds, w/cc: . 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. Have previous FYs and FY06 plan available if they need it...but let's try to present it as FY05." 898. December 6, 2005, (Tbirds) "Sorry...left you off of the e-mailed address list 7" 899. December 7, 2005 General Moseley's e-mail was forwarded to who responded to General Goldfein, 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. 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 900. December 7, 2005

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General Goldfein responded to



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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."
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 367 <sup>th</sup> 's proposal. Larsen said the 367 <sup>th</sup> 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 367 <sup>th</sup> 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 367 <sup>th</sup> could do the necessary work. There was a phone conversation where AETC felt that the 367 <sup>th</sup> 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 367 <sup>th</sup> 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 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 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 Goldfein accompanied to the Pentagon to meet General Moseley.

told Harrell that General Goldfein took him to General Moseley's office so that could show his Thunderbirds presentation. 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 but the following people did attend the meeting:

(LNU), the "ACC budget guy";

Director of Contracting; General Dunlap;

from Harrell's staff;

(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 according to the 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 the contracting rules and regulations.

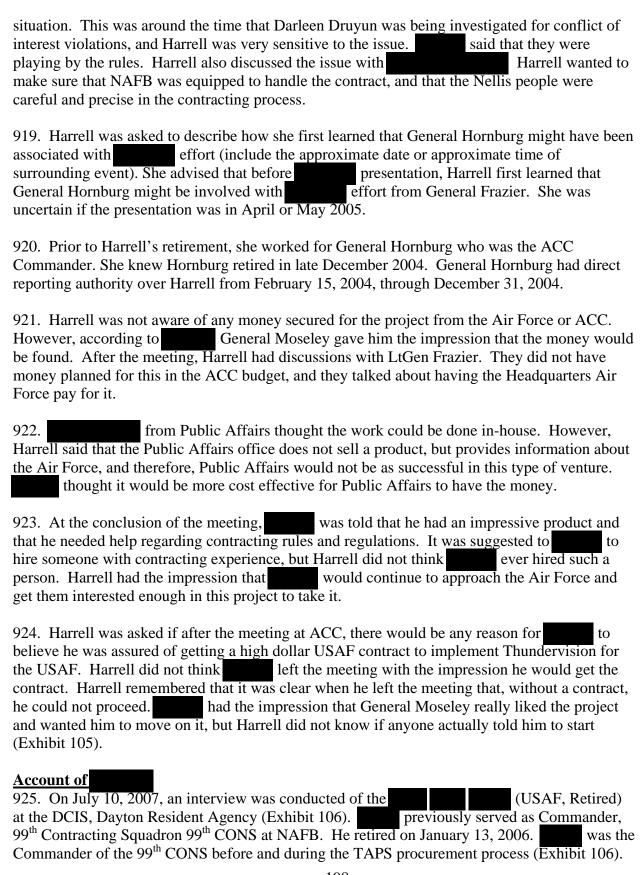
917. said that he had a lot of experience in merchandising and was successful in making infomercials. An example of one of infomercials is the one for the Total Gym with Chuck Norris.

said that he had a silent partner. He said his silent partner was General Hornburg. showed a PowerPoint slide show during his presentation and somewhere near the end of the slide show there was a mention of having a partner at SMS. intimated that Hornburg was a partner. Harrell told to "be careful" and not get into a conflict of interest

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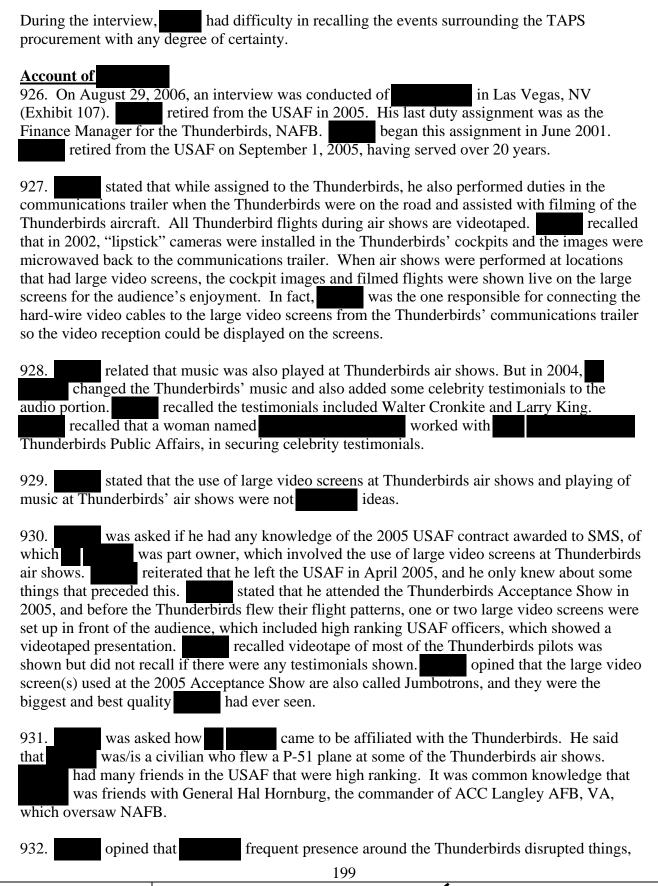
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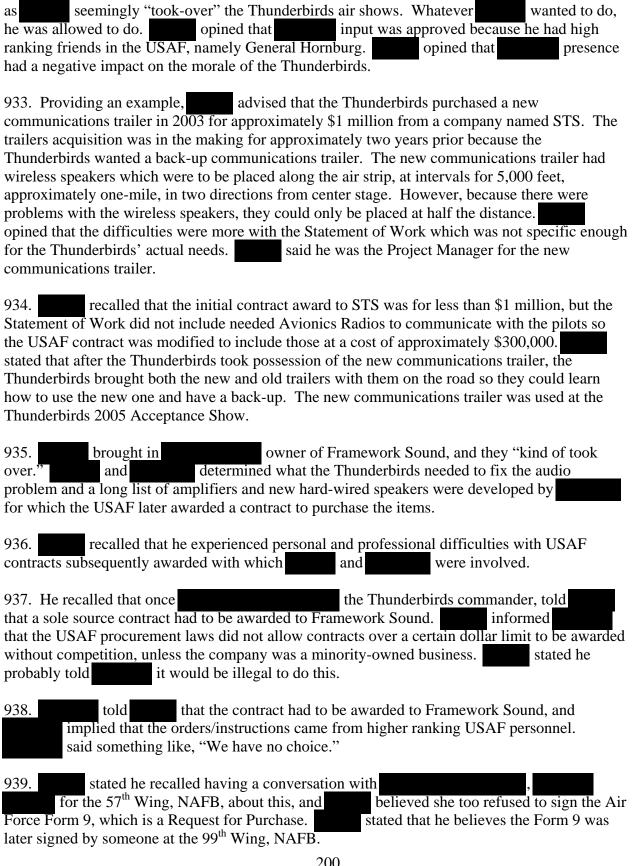
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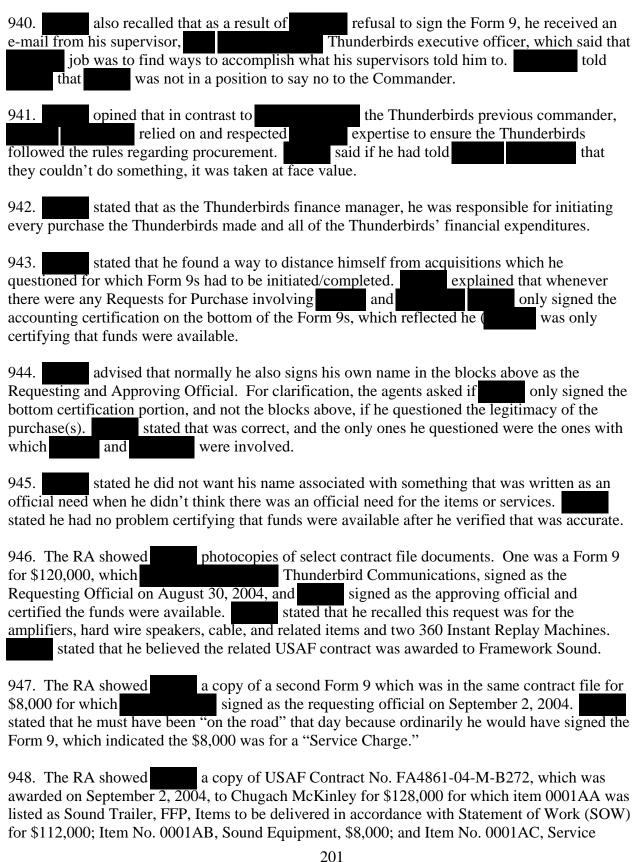


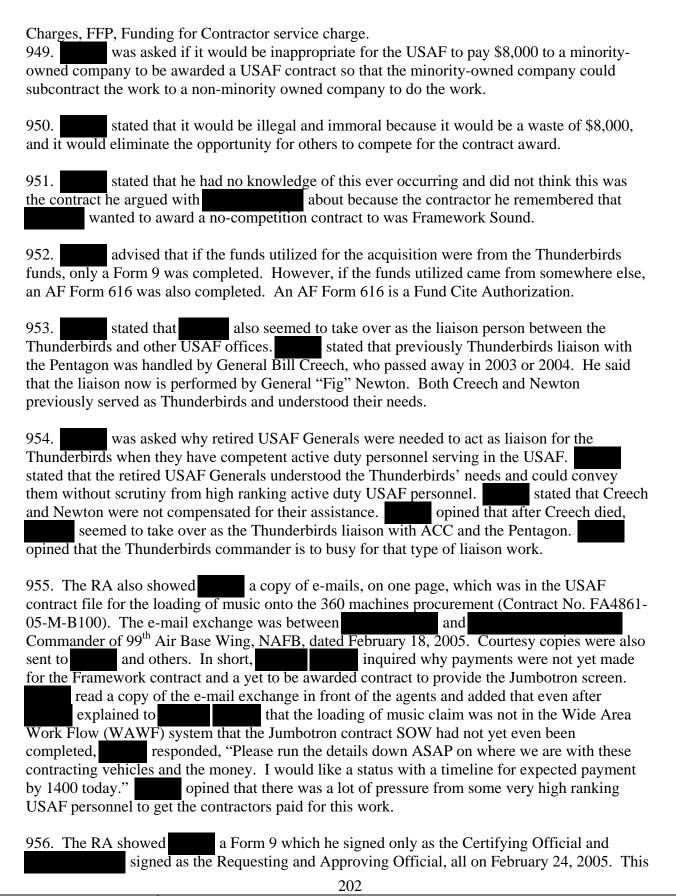
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# WARNING







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 stated that he typed the information regarding Framework Sound because always used capital letters. 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. stated the Accounting Classification listed was 7874, which showed that ACC funded the request.
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. Stated that the creation of the graphics and providing the large Jumbotron screen was for presentation at the Thunderbirds 2005 Acceptance Show. The recalled that the creation of the graphics asked to type the SOO, but refused.
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. and and 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. stated that he typed the memorandum and included the above to "cover the Thunderbirds" because had concerns about the request for the service. Major General Stephen Goldfein was the Air Warfare Center commander who specifically tasked and
960. was asked if he was certain that the USAF paid for presentation at the 2005 Acceptance Show. stated that the documents plainly show this. 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.

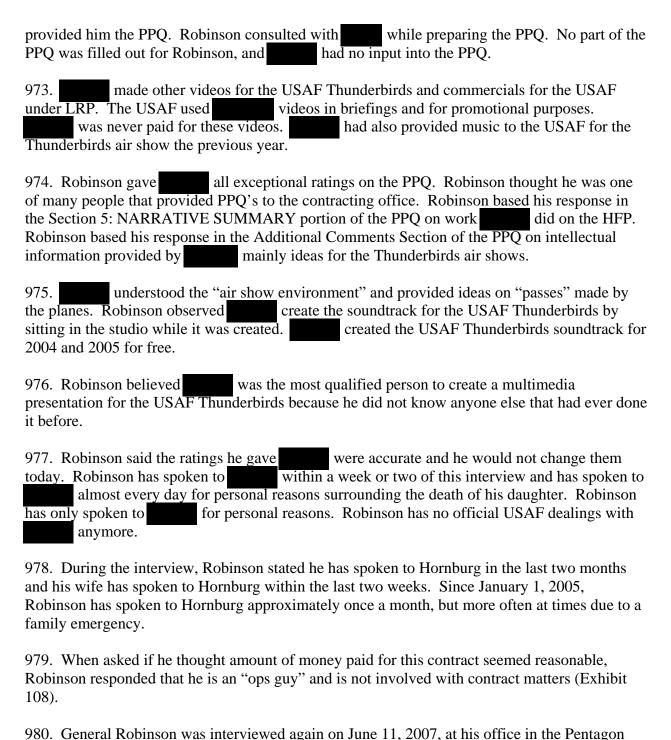
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- 963. The Heritage Flight Program (HFP) consists of 12 civilian pilots and had its first flight in 1997. The HFP was started so that older planes could fly with newer jets in flight shows. In 2005, the HFP had 250 flights. Robinson described the HFP 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. It is the chief civilian spokesman for the HFP and the senior pilot. It was also Robinson's primary point of contact with the HFP. It is also a self employed film maker and is semi-retired.
- 970. Robinson is good friends with Robinson worked with talked to him every day during that period. Robinson sees at functions, conferences, and on the road at air shows.
- Performance Questionnaire (PPQ) regarding and company named Lightning Rod Pictures (LRP). LRP is film company. and LRP are one in the same, a one man company. When Robinson filled out the PPQ, 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; @aol.com.
- 972. During the interview, Robinson was shown the PPQ and stated that it was faxed from his home to Nellis AFB. Robinson then identified as the individual who

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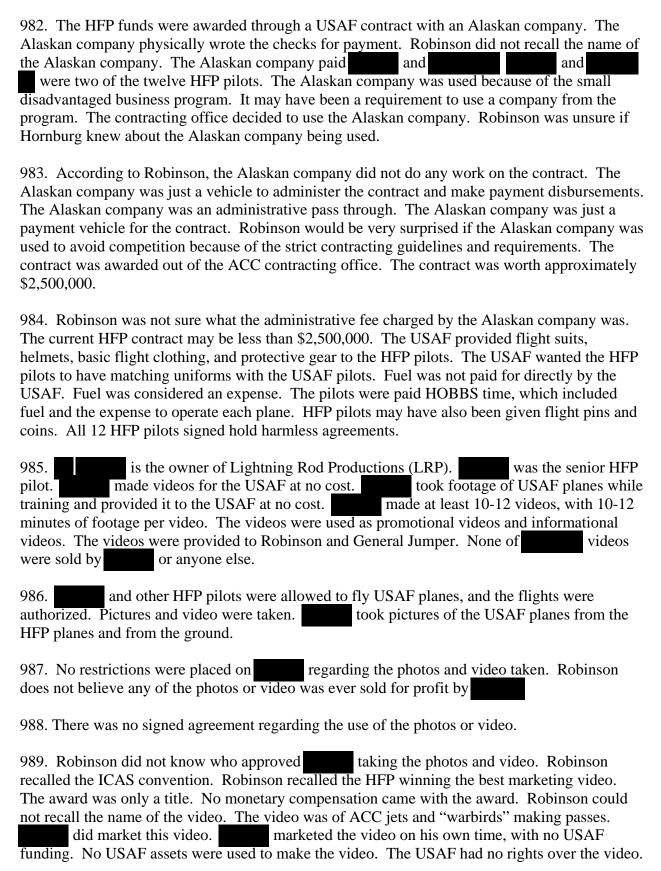
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(Exhibit 109).

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.

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b(6) b(7)(C) The video was not marketed for sale. The footage was obtained while 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 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. 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 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 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 was tasked to make commercials or videos under the contract with the Alaskan company. Alaskan company. The ACC contracting office and the ACC accounting and finance office could best answer questions regarding the contract.

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1000. Robinson saw more of the 2004 changes made. Robinson remembered the changes being made in the fall of 2004 because they had to be ready by March of 2005. Robinson viewed working at Framework Sound in Santa Monica, CA, changing the was changing the Thunderbirds music because until that time the Thunderbirds music. 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 make the changes. 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 was there for a month filming the Thunderbirds. A lot of people two or three days. was there, including the Thunderbirds. was there at the "direction of the four star," so everyone in the chain of command should have known. was narrates over the Thunderbirds music and modulates the volume. 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, and were there. Robinson is and does not believe he was there. Robinson attended the does not know who Thunderbirds music screening before the dinner that same day. Robinson went to the screening for Goldfein and 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 idea for him to perform a demonstration on large screens at the March 2005 acceptance show. came to the USAF with a proposal called "Thundervision." felt it gave a better presentation of the Thunderbirds show. vision. Thundervision was 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 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." wanted to use the same company as ESPN because of their quality product and was pitching this idea to Goldfein. Robinson, Goldfein, and were in California for the discussion with made a proposal for was not there. In California, 208

Robinson was on the operational level so he did not know much about the contracting.

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Thundervision to Goldfein. talked with Goldfein about the USAF paying for the creation of graphics or video. 1007. 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. 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 proposed the idea of corporate sponsorship. The USAF said no to screens. 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 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.

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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 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.

was the most qualified to create the multimedia presentation for the Thunderbirds. Robinson was not aware of 367<sup>th</sup> 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 99<sup>th</sup> CONS Request for Proposals (RFP) for the TAPS contract; E-mails written/received/forwarded by/to

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 the Contracting Officer for the TAPS contract. Early in the investigation, said he was handed a file which contained documentation regarding earlier attempts to award 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.

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1023. As described earlier in this report,
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 owner of Framework Sound, 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 was a retired USAF
and former Vice-Commander of AWFC. It was learned that was also the
president of Chugach Industries, Inc., an ANC. The RA queried DoD databases and found that
on October 25, 2005, the 99 <sup>th</sup> CONS awarded 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

Officer, Big Moving Pictures, Inc., Las Vegas, NV (Exhibit 115). At the time of the interview, 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.

offered his "no cost" opportunity to representatives of the Thunderbirds and Blue Angels before the March 10, 2005, Thunderbirds Acceptance Show.

### E-mail between Moselev and Kevs

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

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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 surrogate IRST 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 flipflop 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 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 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).

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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 surrogate IRST 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 367<sup>th</sup> 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

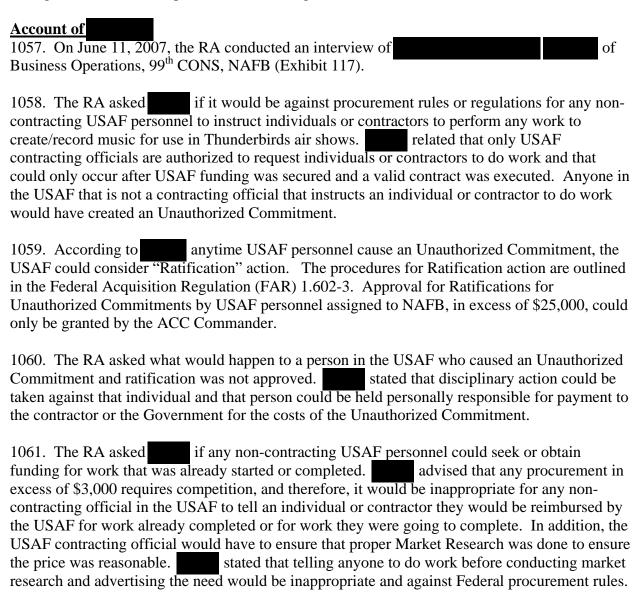
General Keys sent the following e-mail to LtGen Fraser, "If the Chief is willing to move Goldy, I will give up Wardog, but want Goldy as Vice. If I can't get Goldy, then I want to keep Wardog... may move him to Vice... easier to fill the A3. I don't know Raaberg.... But don't want a two star select for 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.

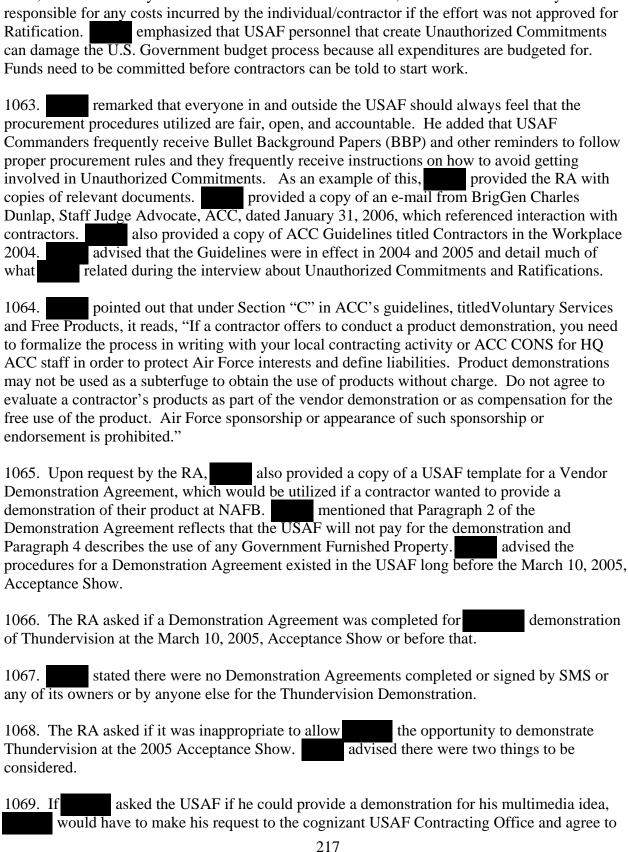


added that any USAF personnel that instructed an individual or contractor to do

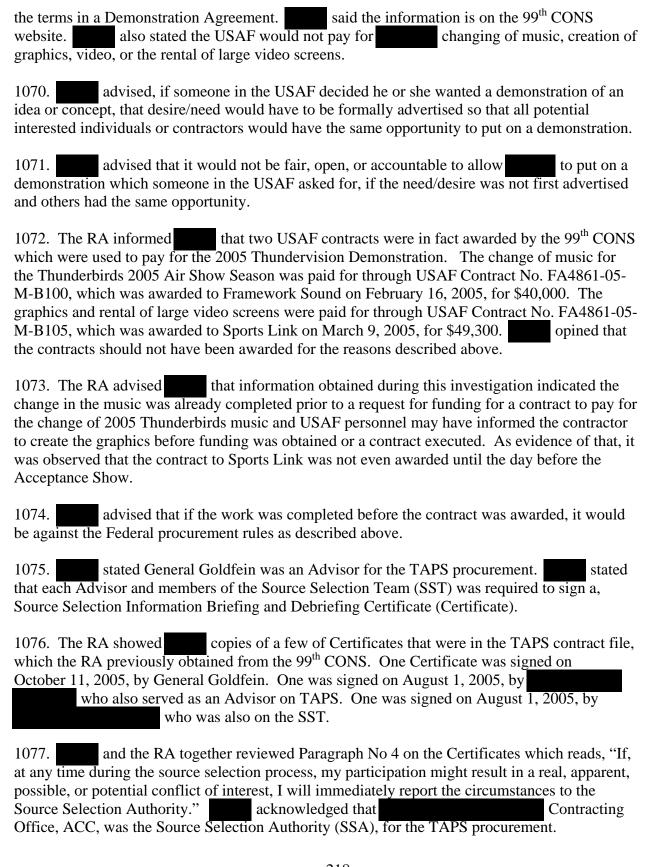
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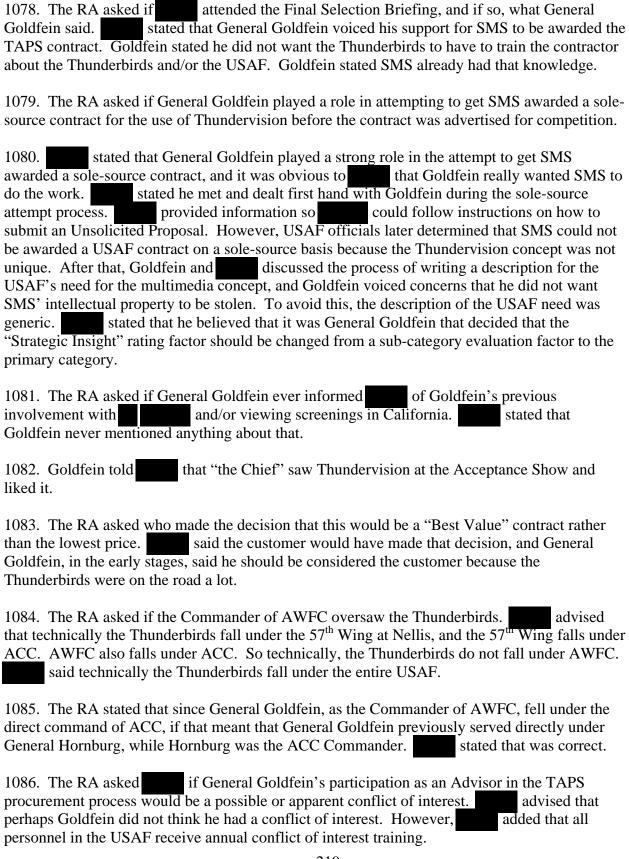
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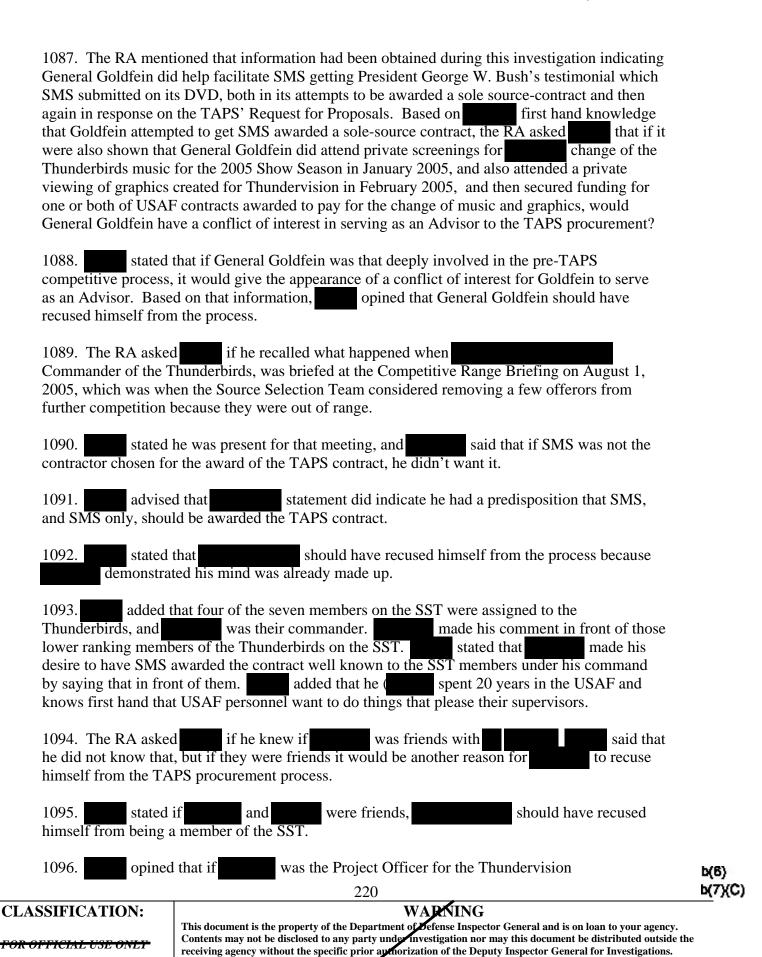


work, or told them they would be reimbursed for future work, could be held financially



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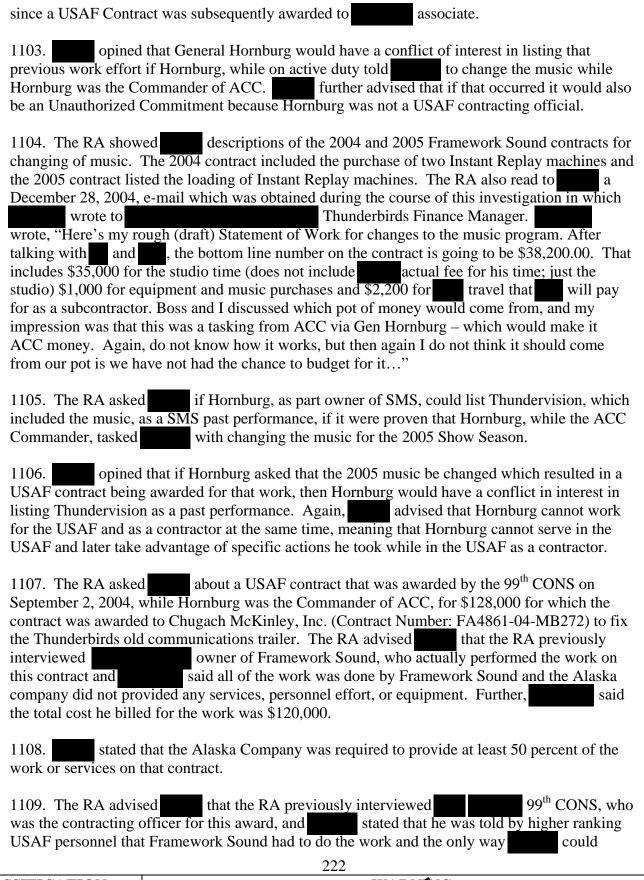




himself from the source selection process. stated that SMS listed the Thundervision Demonstration as one of its three past performances for evaluation and being a member of the SST required to evaluate and give an objective rating to SMS for rate that demonstration. asked "How could Thundervision if 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. 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. that on March 4, 2004, the 99<sup>th</sup> CONS awarded an \$11,142 1102. The RA advised 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 told General Hornburg he ( October 22, 2003, e-mail, would make the changes would only report to General Hornburg. On under certain conditions, including that 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 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 221

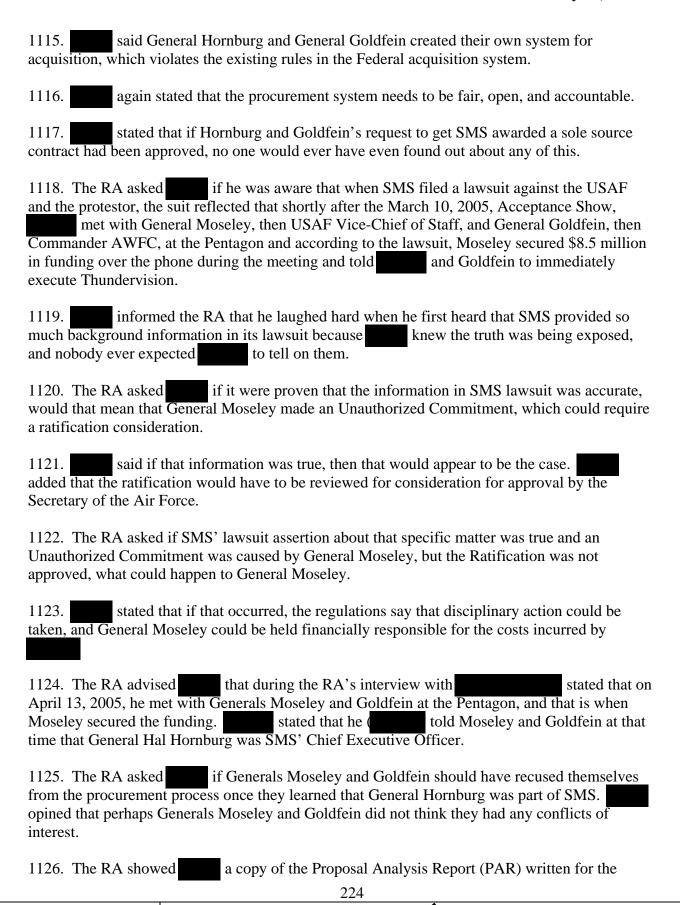
Demonstration, he would have lost his ability to independently judge and should have recused

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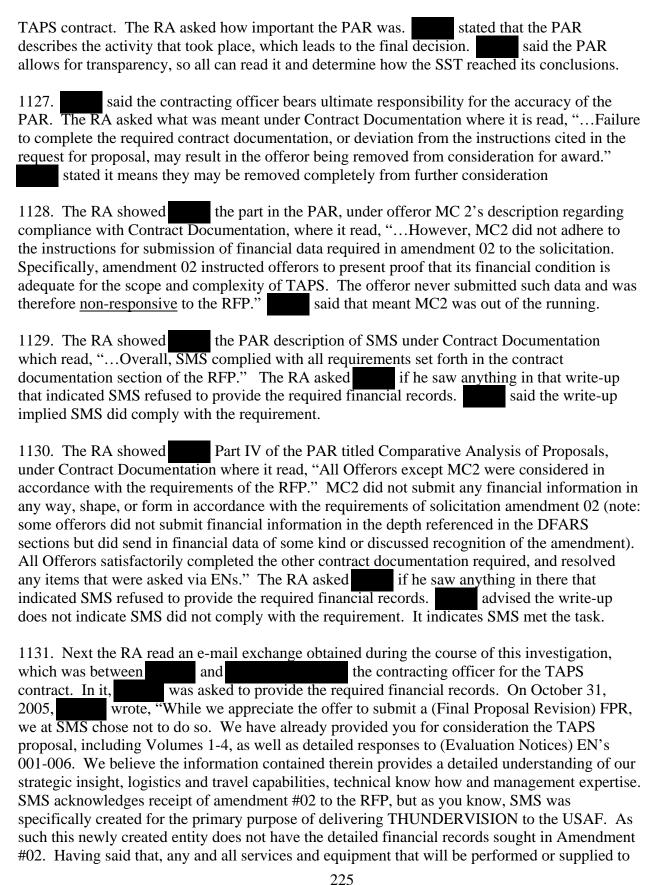


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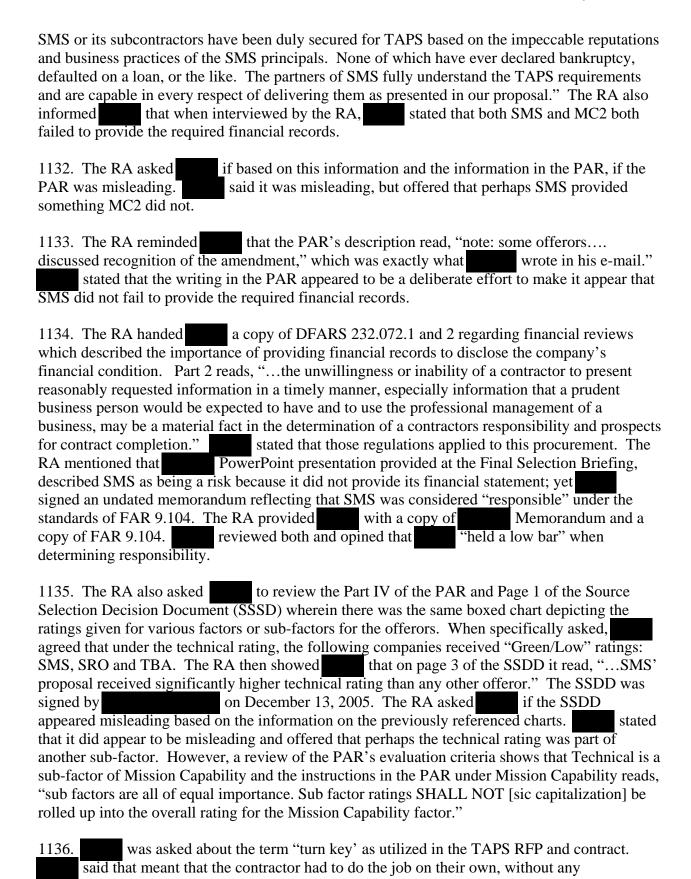


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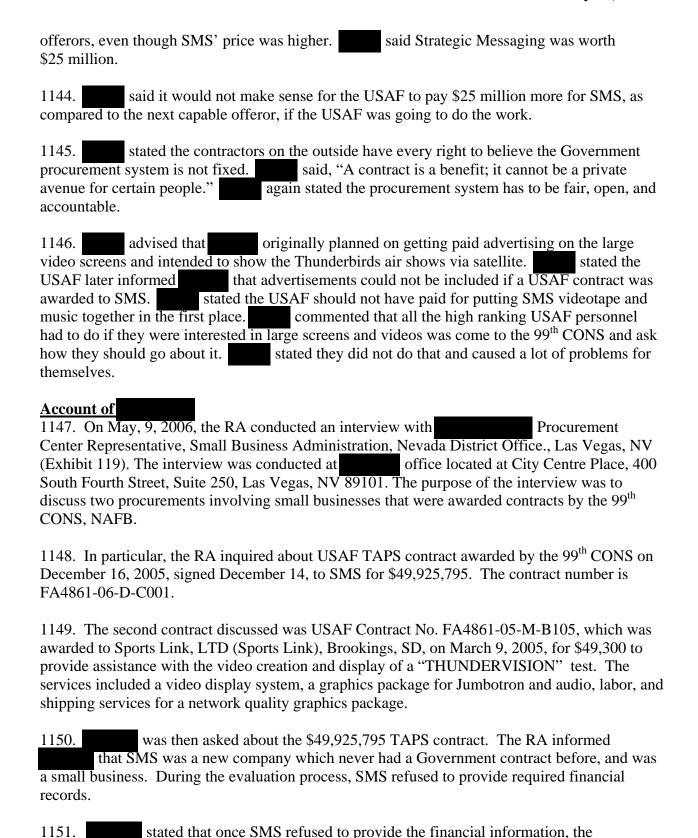
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Government assistance. was shown a copy of the RFP's Statement of Objections which read, "No Government furnished facilities, equipment, or services shall be made available throughout the life of the contract. The contractor is responsible for all 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. could not be used. 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). 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 brought two Instant Replay machines that the USAF owned, to California, to assist SMS in the production phase of the TAPS contract. stated that the SOO prohibits the use of that equipment. would have been required to read the SOO since he was 1140. The RA asked should have read it, but he may have chosen not to. on the SST. opined that an e-mail that 1141. The RA showed sent on January 11, 2006, to USAF, Public Affairs, Pentagon. The e-mail had an and attachment which was an Excel spreadsheet titled USAF Deliverables to SMS. 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, wrote an e-mail to Executive Officer, Director of Communications, Pentagon, regarding testimonials for the USAF Chief of Staff and possibly the Vice-Chief of Staff. 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." 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 was asked if SMS or the USAF should have incurred the costs of USAF traveling to be filmed for part of the TAPS production. stated those costs should have been incurred by SMS. emphasized the main reason SMS was awarded the TAPS contract was because it

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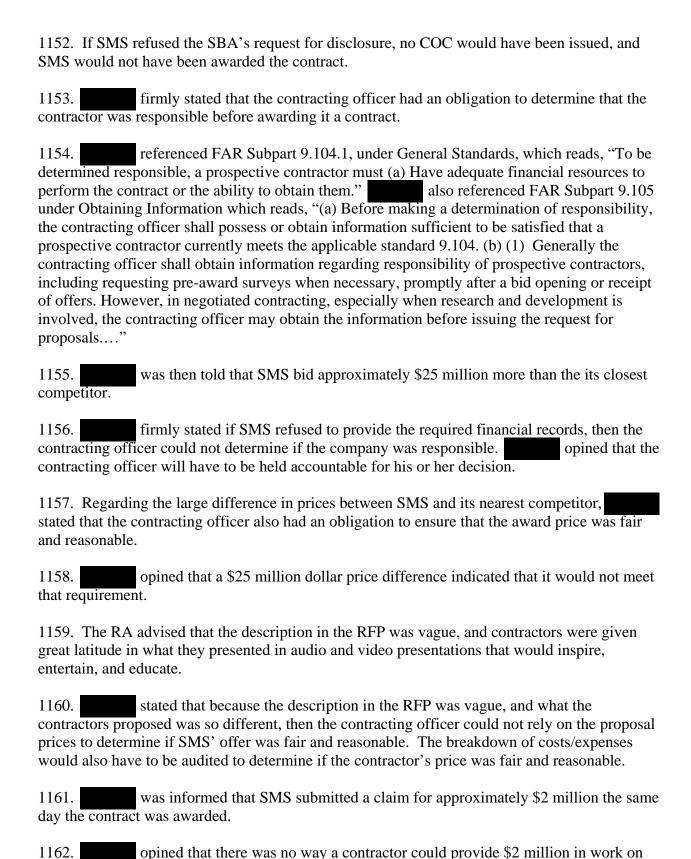
was rated higher in Strategic Messaging than the other offerors. SMS was said to have a better knowledge of the USAF and Thunderbirds and that was why SMS was selected over the other



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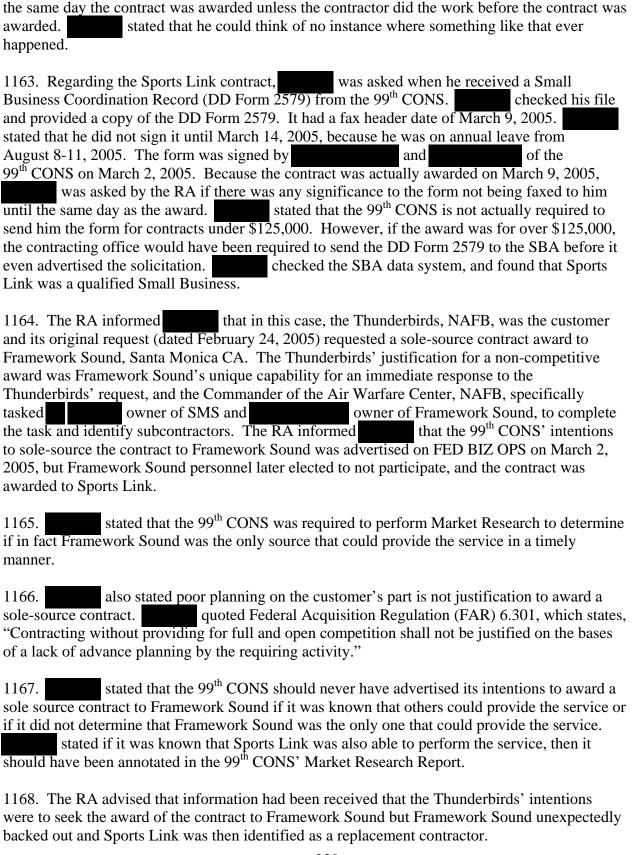
contracting officer was required to either stop consideration of SMS for the award or make a

referral to the SBA for a Certificate of Competency (COC).



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stated that indicated to him the 99<sup>th</sup> 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 99<sup>th</sup> 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.

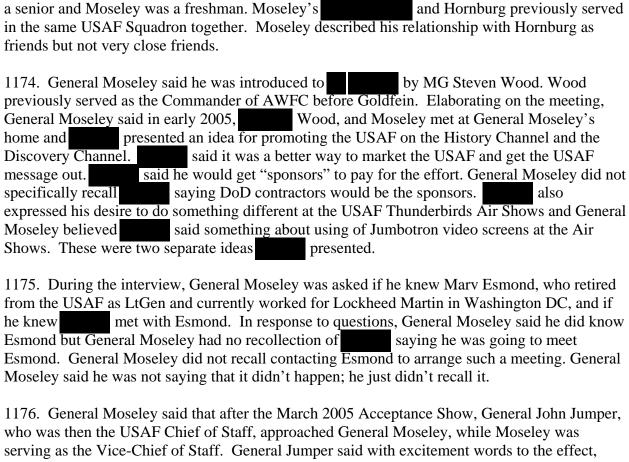
1172. General Moseley was advised that the purpose of the meeting was in furtherance of the DCIS investigation of matters regarding the USAF Thunderbird Air Show Production Services (TAPS) Contract and other USAF contracts relating to the TAPS contract. advised that he was an USAF attorney and was representing 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 9<sup>th</sup> 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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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.

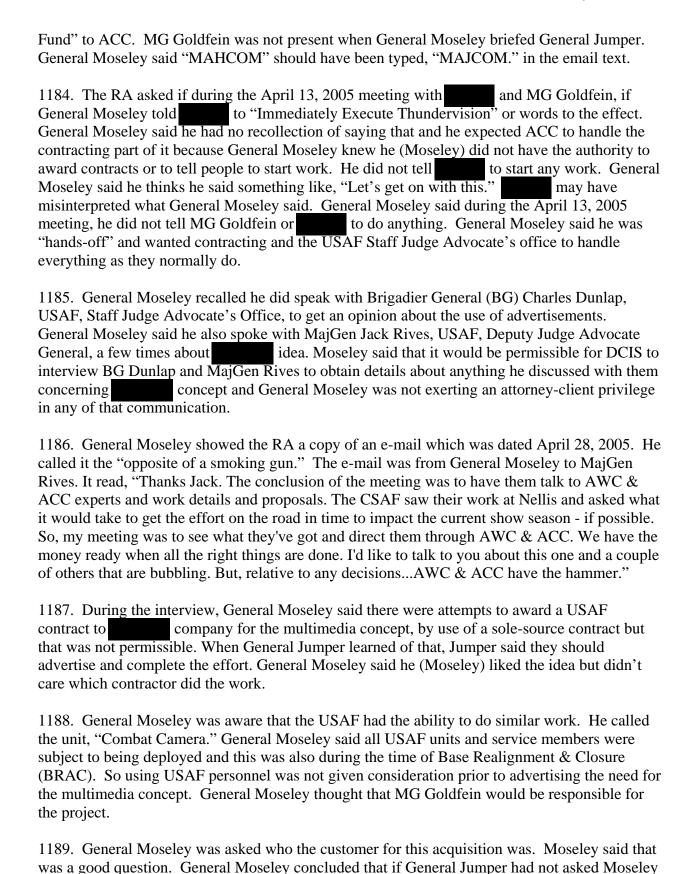
1178. General Moseley asked MG Goldfein to arrange a meeting so General Moseley could learn more about it and that's how the April 13, 2005 meeting was set-up at Moseley's office with General Moseley, MG Goldfein and During the meeting, said he could fill the dead time that existed when the Thunderbirds were preparing to fly at Air Shows by playing video on large Jumbotron video screens.

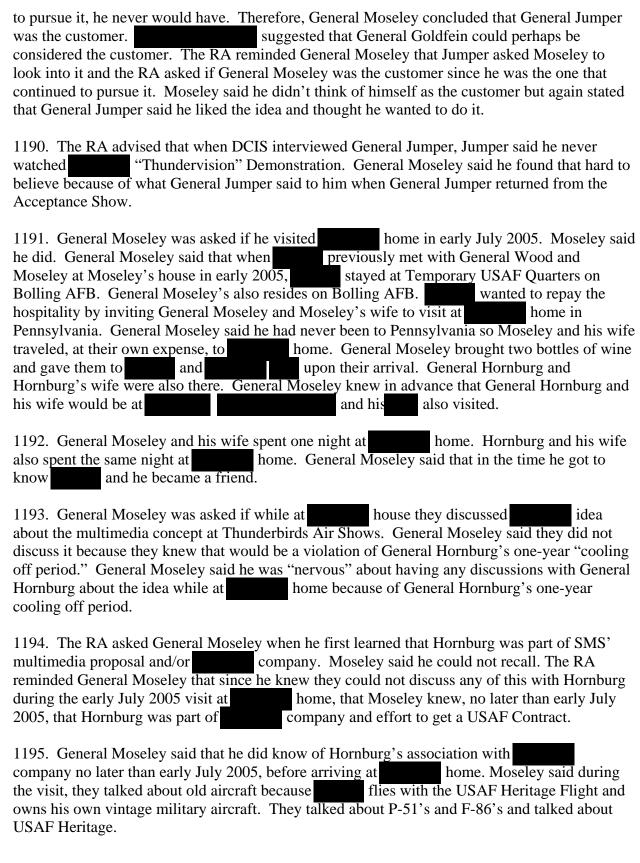
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sent a DVD to his (Moseley's) house which had the video tape of what showed at the March 2005 Acceptance Show. General Moseley said he thought it was sent to Moseley's office but Moseley said he did not watch it. General Moseley's e-mail exchanges reviewed during this investigation reflected Moseley told 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 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 played the video and/or presented a power point presentation describing what 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 informed him that General Hornburg was part 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 provided a dollar estimate of what it would cost the USAF the first two years to provide the service but 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, said that during the April 13, 2005 meeting, Moseley telephoned someone named "Lorenz" to secure funding for 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

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."

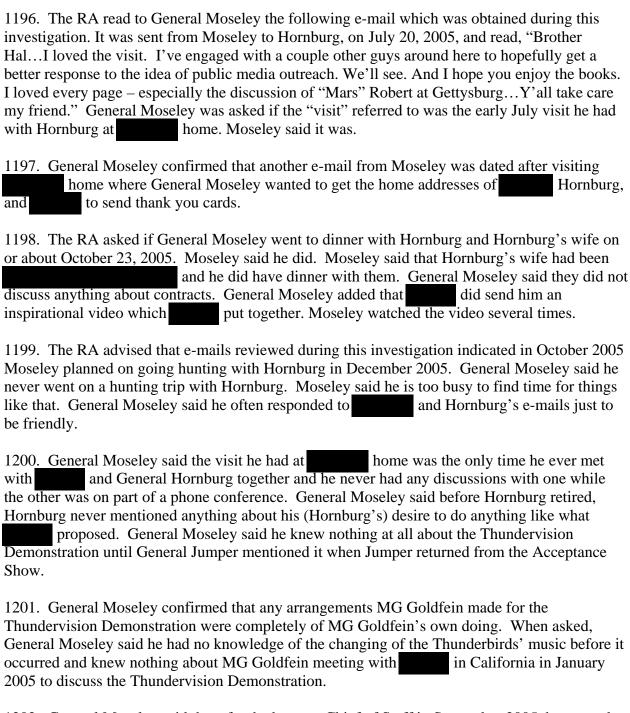
1183. The RA then asked General Moseley to explain what he discussed with General Jumper (the "CSAF"). General Moseley said after the meeting with MG Goldfein and Moseley briefed General Jumper about idea and that said he wanted \$8.5 million to provide service for the Thunderbirds 2005 Show Season and \$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





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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 braches and the private sector.

1203. The RA read an e-mail sent by Moseley to 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 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."

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 The RA added that this appeared to be more than a friendly "response" but more of an attempt by Moseley to talk to 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 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 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 367<sup>th</sup> Training Squadron, Hill AFB, Utah, came to the Pentagon in late November 2005 and provided two presentations demonstrating the 367<sup>th</sup> 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 367<sup>th</sup> 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 that what mentioned above, he could not recall having any other discussions with LtGen Lichte or BG Lessel about utilizing the 367<sup>th</sup> 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 email the Source Selection Authority for the TAPS contract. Lessel's email said that LtGen Lichte gave guidance to award the contract which concluded the 367<sup>th</sup> 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 to cross reference his end from FM. Thanks for a quick reply. Cheers, Buzz."

b(6) b(7)(C 1215. The RA asked why General Moseley requested this information while LtGen Lichte was considering whether to utilize the 367<sup>th</sup> 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. 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 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 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 16<sup>th</sup> 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. 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 personnel that said he would call General Moseley when 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

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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 listed several things in his law suit against the USAF which were not accurate.

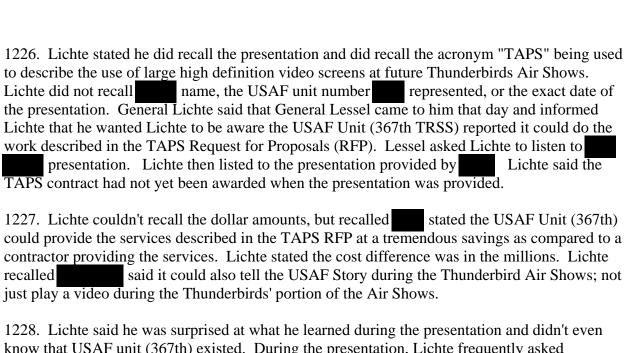
- 1220. During the interview General Moseley was asked about an e-mail he sent to BG Lessel on January 7, 2006, in which Moseley wrote, "...I still believe this is doable with a lot less money than some folks believe. And, I'm thinking we can learn from the civilian pros on advertising, branding, marketing 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 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 USAF, Deputy Staff Judge Advocate, Scott AFB. Lichte asked if 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, 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, 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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- 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 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 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

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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 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 Li	chte a copy of a December 7, 2005 e-mail General Lessel
wrote to	the Source Selection Authority (SSA) for the TAPS contract
who was responsible for making the	ne final selection of which offeror would be the "best value" to
be awarded the TAPS contract.	

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- 1239. The e-mail read, 'List 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 received Lessel's e-mail, sent an email back to Lessel voicing his ( own concern about awarding the contract when and Lessel knew the 367th had the ability to do the work at a tremendous cost savings. 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 told the RA he 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 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. 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

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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. 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 agreed to Moseley's ideas and said he could do the work. 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 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 (Exhibit121).

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.

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### **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**

<b>EXHIBIT</b>		
<u>NUMBER</u>	<u>DESCRIPTION</u>	
1	DVD -Thundervision - Promo and Testimonials Strategic Message	
1	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	
	November 14, 2007	
11	DCIS Form 1; Contact with and Slides Received, December	
10	6, 2006	
12	DCIS Form 1; Interview of July 20, 2007	
13	DCIS Form 1; Interview of March 26, 2006	
14	DCIS Form 1; Meeting with	
15	DCIS Form 1; Interview of May 25, 2006	
16	DCIS Form 1; Two Contract Files Received from July 5, 2006	
17	DCIS Form 1; Interview of March 30, 2006	
18	DCIS Form 1; Lead Response (Interview of July 2, 2007	
19	DCIS Form 1; Interview of April 7, 2006	
20 21	DCIS Form 1: Load Regions (Interview of	
21	DCIS Form 1: Lead Response (Interview of April 21, 2006	
22	DCIS Form 1; Lead Response Additional Documents (April 25, 2006	
23		
23 24		
24	DCIS Form 1; Contact with Royal November 28, 2006 DCIS Form 1; Contact with regarding 2004 Firepower Demo,	
25	January 12, 2007	
	DCIS Form 1; Contact with Regarding Presentation,	
26	November 29, 2007	
27	DCIS Form 1; Interview of November 8, 2007	
21	DCIS Form 1; Supplemental Lead Response  November 26,	
28	2007	
29	DCIS Form 1; Interview of September 17, 2007	
	DCIS Form 1; Contact with (USAF Ret), October	
30	24, 2007	
31	DCIS Form 1; Interview of November 14, 2007	
32	DCIS Form 1; Interview of July 8, 2006	b(6)
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22	DCIS Form 1; Review of Contract Awarded to Chugach for \$128,000,
33	July 8, 2006 DCIS Form 1; Interview of and Contract File Review,
34	May 8, 2006
35	DCIS Form 1; Interview of May 11, 2006
	DCIS Form 1; Correspondence Received from
36	June 14, 2006
37	DCIS Form 1; Interview of 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 at Screenworks, June 24, 2006 DCIS Form 1; Lead Response (Clair Brothers) with Time Line,
41	July 21, 2006
	DCIS Form 1; Lead Response (SMS LLC created March 14, 2005),
42	March 15, 2006
4.0	DCIS Form 1; E-Mails & Other Electronic Files From All Sources,
43	December 11, 2007
44	Copies of April 20 - 22, 2005, E-mails, Memorandum, and April 13, 2005 Power Point Slides
15	<u> </u>
45	DCIS Form 1; Association with SMS, March 11, 2006 DCIS Form 1; Receipt of Certified Copy of SMS Filing as LLC,
46	
	October 17, 2007  DOIS Form 1: Varification of "Thundamician" Trademark April 18, 2006
47	DCIS Form 1; Verification of "Thundervision" Trademark, April 18, 2006 DCIS Form 1; Lead Response Interview of
48	June 18, 2007
49	DCIS Form 1; Lead Response (Supplemental Interview of
	June 25, 2007
50	Diagrams of Acceptance Show
	News article and photo of General Hornburg Handing Flag to General
51	Goldfein, October 4, 2004
	DCIS Form 1; Interview of Major General Stephen Goldfein,
52	September 17, 2007
53	DCIS Form 1; Verification of Travel Expenses Paid, August 22, 2007
	DCIS Form 1; Verification of TDY on November 9, 2004,
54	September 21, 2007
	DCIS Form 1; Facts Concerning Communication with SMS,
55	November 13, 2007
	DCIS Form 1; Rights Advisement to
56	September 16, 2007
57	DCIS Form 1; Coordination with
58	DCIS Memo from SWFO SAC to (General Hornburg's
	Counsel), November 2, 2007
59	Letter from Hornburg's Attorney ( ) to DCIS SWFO SAC
	Hogan, November 29, 2007
	DCIS Form 1; Receipt of General Hornburg's Military DD 214,
60	February 12, 2007
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	DCIS Form 1; Lead Response General Hornburg's Exit Briefing,
61	May 12, 2006
62	DCIS Form 1; Interview of General Dunlap, August 10, 2006
63	DCIS Form 1; Interview of August 10, 2006
64	DCIS Form 1; Interview of September 11, 2006
	DCIS Form 1; Receipt of Documents from
65	October 19, 2006
66	DCIS Form 1; General Hornburg Showed Heritage Flight Video/Music in
	2004, April 25, 2006
	DCIS Form 1; Use of Large Video Screens by USAF in 1997, 1998, and
67	2004; June 14, 2006
	DCIS Form 1; Details Concerning Heritage Flight Book (Published),
68	March 13, 2007
	DCIS Form 1; Lead Response (Interview of
69	September 27, 2007
	DCIS Form 1; Lead Response (Interview of
70	October 29, 2007
	DCIS Form 1; Lead Response (Interview of
71	November 1, 2007
70	DCIS Form 1; Lead Response (Interview of
72 72	November 6, 2007
73	DCIS Form 1; Lead Response (November 8, 2007)
7.4	DCIS Form 1; Lead Response (Interview of
74 75	November 8, 2007
75	DCIS Form 1; Lead Response (Interview of DCIS Form 1; Lead Response (Interview of White House
76	DCIS Form 1; Lead Response (Interview of White House Video), July 16, 2007
70 77	DCIS Form 1; Interview of (WHCA), July 25, 2007
7 7	DCIS Form 1; Lead Response (Interview of
78	October 29, 2007
, 0	DCIS Form 1; Contact with DFAS Regarding Payment to SMS,
79	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
	DCIS Form 1; Contact with ( Counsel
82	September 12, 2007
	DCIS Form 1; Interview of at Framework Sound,
83	June 24, 2006
84	DCIS Form 1; Information from June 30, 2006
85	DCIS Form 1; Lead Response from DCIS, Long Beach, (Interview of
	July 30, 2007
86	USAO Criminal Division Declination, May 1, 2007
87	DCIS Form 1; Details Regarding June 5, 2006 Interview of
	and October 17, 2007

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 November 16, 2007
91	DCIS Form 1; Lead Response (Maryland House, June 8, 2007 DCIS Form 1; Lead Response (Telephonic Interview of General Lorenz),
92	October 25, 2007 DCIS Form 1; Lead Response (Interview of
93	December 13, 2007
94	MFR, dated January 17, 2006
95	affidavit
96	Photos of Instant Replay machines - in 2004 (in CD, Thunderbird Music-Attachment), February 19, 2004
97	Photos of Instant Replay machines missing - 2006 DCIS Form 1; Lead Response (Interview of
98	(Ret), October 24, 2007
	DCIS Form 1; Lead Response (Interview of
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
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 (Ret), July 13, 2007
107	DCIS Form 1; Interview of 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 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 June 13, 2007
118	DCIS Form 1; Post Interview Response from June 15, 2007
119	DCIS Form 1; Interview 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 August 1, 2006
126	FBI 302; Interview of
127	FBI 302; Interview of
	DODIG/INV Transcript, Interview of Major General Stephen Goldfein,
128	January 16, 2008
	DODIG/INV Transcript, Interview of January 18,
129	2008
	DODIG/INV Transcript, Interview of January 18,
130	2008
	DODIG/INV Transcript, Interview of January 24,
131	2008
	DODIG/INV Transcript, Interview of
132	22, 2008
133	Amendment of Solicitation/Modification of Contract, September 10, 2007
134	DODIG/INV Email, Interview of January 25, 2008
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