



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

02/07/2005 1:10:00

INFO MEMO

February 7, 2005, 1:15 PM

FOR: SECRETARY OF DEFENSE

FROM: **Mr. Michael W. Wynne**, Acting Under Secretary Of Defense (AT&L)

SUBJECT: Updated Status on Boeing and Darleen Druyun

- This is an update to my January 14, 2005, Info Memo on actions taken due to the pleadings of Darleen Druyun. (**TAB A**)
- **Defense Science Board (DSB) Task Force Review:** The DSB Task Force briefed you February 3, 2005, on the results of its review of the process by which we make acquisition decisions, and the checks and balances necessary to preserve the integrity of those decisions.
- **Review of Actions with Druyun Involvement:** The multi-service/agency team briefed me on the results of its review of Air Force acquisition actions involving Darleen Druyun on February 2, 2005. Eight new actions warranting further review (not part of any other investigation) were discovered. I am forwarding these to the DoD Inspector General for investigation. A summary of the review is at **TAB B**.
- **Government Accountability Office (GAO) Review:** GAO decisions on protests, filed by prospective contractors challenging Air Force contract awards to Boeing in light of Ms. Druyun's admissions, are due on February 18. I will provide an update to you when we learn the results.
- **Boeing Review of Internal Practices:** On January 17, 2005, Boeing responded to my request to examine its practices and Mr. Sears' role in Boeing business with the Department. Boeing did not discover any further improprieties. The company is, however, changing some of its hiring practices involving government employees.
- **Navy Review of F/A -18 Program:** ASN (RD&A) reviewed the F/A-18 program for improper involvement by Mr. Sears. He found no evidence of impropriety.
- Both the DSB and the multi-service/agency team principals are planning to brief **members of** congressional staffs **prior** to your budget hearings on February 16. Information on the reviews by the DSB, multi-service/agency team, and GAO is also part of your budget hearing briefing package (labeled "Ethics").

COORDINATION: ASD(LA), SAF/AQ, and GC at **TAB C**.

Prepared By: Nancy Dowling/DPAP-PAIC/(703) 697-9352



OSD 02664-05



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THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

INFO MEMO

JAN 14 2005

TO: SECRETARY OF DEFENSE

FROM: ACTING UNDER SECRETARY OF DEFENSE (AT&L)

SUBJECT: Boeing and Druyun

Reference the attached snowflake at (TAB **A**), here are the steps I have taken to address all of our concerns in this matter:

- On November 19, 2004, I tasked the Military Departments, Missile Defense Agency, and the Special Operations Command to perform self-assessments of their acquisition organization and process. The Defense Science Board Task Force I established is reviewing their assessments and their acquisition management structures. The Task Force will brief me on February 2, 2005.
- At my direction on December 13, 2004, a multi-service/agency team led by the Deputy Director, Defense Contract Management Agency began reviewing contract actions involving Darlene Druyun. Their findings will also be briefed to me on February 2nd.
- On December 16, 2004, I sent a letter to Harry Stonecipher, Boeing CEO, asking him to examine his own practices. I specifically asked him to examine Mr. Sears' role in Boeing's business with the Department. His December 21, 2004, reply states he is currently reviewing Mr. Sears' role and will share the results with us this month.
- Today, I sent a memorandum to the ASN (RD&A) asking him to conduct a review of the F/A-18 program, in which Mr. Sears was also involved. I also have asked the Inspector General (IG) to look *into* the dealings of Ms. Druyun's husband. I understand that the IG is also assisting the Justice Department on issues associated with the Druyun/Sears convictions.
- I will continue to coordinate with the General Counsel and the IG as these reviews proceed and report back to you on the findings.

COORDINATION: None

Prepared By: Nancy Dowling/DPAP/PAIC/ (703)697-9352/TT 2005-0065

cc: DSD, GC, IG




OSD-D1025-05

FOUO

November 30, 2004

TO: Joe Schmitz
Mike Wynne
Jim Haynes

FROM: Donald Rumsfeld 

SUBJECT: Boeing and Druyun

As I indicated at the staff meeting today, I believe that not only should we look at other activities that Darlene Druyun, who pled guilty, was involved in, but we should also look *at* other *activities that the* Boeing person who pled guilty *was* involved in.

We have a responsibility to look out for the taxpayers' money. Given the fact that each of them have confessed that they committed crimes, we have a responsibility to see if they committed other crimes. We know they are confessed criminals. Therefore, we ought to check and see if they committed some crimes relating to other activities of the Department of Defense for which they have not been charged.

Thanks.

DHR:dh
113004-23

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Please respond by 1/13/05

FOUO



Point Paper
Multi-Service Agency Review of Contract Actions Involving Darleen Druyun

Purpose

Reviewed all Air Force acquisition actions executed or influenced by Ms. Druyun during her tenure (1993-2002) as the Principal Deputy Assistant Secretary of the Air Force (Acquisition and Management), to determine whether her decisions were consistent with DoD standards of integrity and sound business practices.

Background

Review Stats

- The Druyun Study Team reviewed 407 acquisition actions, and approximately 8,000 documents
- 15 contracts being referred for investigation
 - 8 contracts were referred to USD (AT&L)
 - 4 actions involved contracts with Boeing
 - 4 involved contracts with other contractors
 - 7 of the actions were forwarded previously to authorities conducting ongoing investigations.
- Good support from the Air Force, Navy, **Army**, and DCAA

Results

Contracts referred for investigation

- National Polar-Orbiting Operational Environmental Satellite system – Conical Microwave Imager Sensor (NPOESS–CMIS) - Boeing – 2001
- C-5 Avionics Modernization Program - Lockheed Martin – 1998-99
- Financial Information Resource System (FIRST) - Andersen Consulting – 2001
- C-22 Replacement Program (C-40) - Boeing – 1999-2000
- 60K Tunner Program Contractor Logistics - Systems & Electronics, Inc (SEI) - 2002
- KC-135 Programmed Depot Maintenance - Boeing/Pemco – 2000-2001
- F-16 Mission Training Center - Lockheed Martin-2001
- C-40 Lease & Purchase Program – Boeing – 2000-2002



Additions to ongoing investigations

- Wideband Gapfiller – Boeing – 2001
- NATO AWACS – Boeing – 2002
- NATO AWACS – Boeing – 2001
- JSTARS – Northrop-Grumman – 1999
- Peace Shield – Boeing – 1996
- C-130J Maintenance and Aircrew Trainers – Boeing – 2000
- F/A-22 – Lockheed Martin – 1997-2001

Conclusion

- Contracts referred for investigation being forwarded to the DoDIG
- Information related to ongoing investigations has been provided to the appropriate Government authorities.

Prepared by Nancy Dowling, DPAP/PAIC/ 703-697-9352



COORDINATION SUMMARY

<u>OFFICE</u>	<u>COORDINATING OFFICIAL</u>	<u>DATE</u>
OGC	Mr. Daniel J. Dell'Orto (Principal Deputy)	February 4, 2005
OASD(LA)	Ms. Jeanine Esperne (DepAsstSec (House Affairs))	February 3, 2005
SAF/AQ	Lt Gen John Corley (Principal Deputy)	February 3, 2005

