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INFORMATION MEMO

2004 OCT 27 AM 7:53

October 19, 2004

FOR SECRETARY OF DEFENSE

FROM: William J. Haynes II, General Counsel

SUBJECT: Surety Policies for PAS Officials

- MetLife, the only provider of sureties for retirement and deferred compensation plans for Department nominees, will **terminate** this product on January **20, 2005**.
- To date, **my** standards of conduct office has not identified another issuer. MetLife was unable to find another issuer. We contacted eight companies without success, and we are currently working with Lloyds of London to identify another issuer. In conjunction with the Comptroller, my office is also working with members of the Defense Business Practice Board to identify another issuer.
- The Department may also provide a "source site" request for information on its procurement website so that any company interested in offering the surety can contact the Department.
- Because an ethics regulation prohibits solicitation of prohibited sources (**i.e.** an entity doing or seeking to do business with the Department), I recommend that you **not** contact any insurance company.
- We advised the majority and minority counsels of the SASC that the surety policy may no longer be available. The Committee agreed to permit PAS officials to disqualify themselves from participating in particular matters involving their former employers until we can secure a new surety. Current DoD PAS officials who would be disqualified are listed in Tab A.
- The SASC suggested that if we cannot find this product in the marketplace, we should propose legislation for the Government to offer the surety. My office is drafting such a proposal.

COORDINATION: None

Prepared by: Jeff Green 703/695-3272



OSD 17044-04

<u>Name</u>	<u>Office</u>	<u>Disqualified Company</u>
Gordon England	Secretary of Navy	General Dynamics, Lockheed
Nelson Gibbs	Ass. Sec. of AF(Installations)	Northrop Grumman
William Haynes Thomas O'Connell	General Counsel Ass. Sec. of Defense (SOLIC)	General Dynamics Raytheon
James Roche Donald Rumsfeld	Sec. of AF Secretary	Northrop Grumman Kellogg, Sears, Tribune
Peter Teets Paul Wolfowitz Michael Wynn	Under Sec. AF (ATL) Dep. Sec. Deputy U/S (Acq)	Lockheed Johns Hopkins U. General Dynamics Lockheed
John Young	Ass. Sec of Navy (Res, Dev. & Acq.)	Sandia Corp.

