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## United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP  
WASHINGTON, DC 20510-6350

April 10, 2008

The Honorable Condoleezza Rice  
Secretary of State  
U.S. Department of State  
Harry S. Truman Building  
2201 C Street, NW  
Room 7226  
Washington, DC 20520

Dear Secretary Rice:

I'm writing today to express serious concerns with the oversight of small business contracting programs at the State Department. Recent news reports indicate that a 22 year-old from Miami, FL was able to obtain more than \$298 million in federal contracts, including State Department contracts. Not only was this individual – under the corporate name AEY Inc. – providing 40 year-old munitions from China to Afghan security forces but reports also indicate he may have received these Defense Department contracts with a special Small Disadvantaged Business designation for which he was not eligible. As Chairman of the Senate Committee on Small Business and Entrepreneurship, I believe your agency owes Congress and the American public some answers.

I am particularly concerned with the State Department's role in this matter because your agency was reportedly the first to designate AEY as a Small Disadvantaged Business. After this erroneous designation by the State Department, the company went on to win 49 subsequent contracts and make more than \$200 million dollars. This kind of problem could have been avoided if your contracting officers had done a simple check of the Central Contracting Registry which would have clearly shown that AEY was not nor had ever been an SDB. In light of these reports about the lack of oversight at your agency, I would like your answers to the following questions by April 16, 2008:

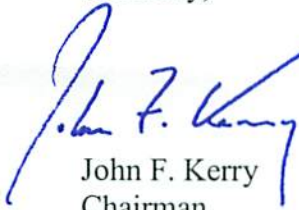
1. Please provide any and all documents relating to the State Department's contract with AEY of June 8, 2006.
2. Please outline the process that contracting officers at the Department follow in order to verify the small business and socioeconomic status of vendors.
3. Please outline any oversight process that the Department has in place to ensure that contracting officers are aware of the relevant statutes and regulations pertaining to small business programs.
4. Please tell me whether AEY received any preferential benefit in contract or task order award as the result of being designated as a SDB.
5. Please provide a list of all contracts AEY has had with the Department from FY 2003 to the present.

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6. Please list any contracts that AEY was awarded at the State Department and indicate if any of these contracts were won as the result of a small business or Small Disadvantaged Business set-aside.

Thank you in advance for your cooperation on this important issue. If you have questions about this matter, please feel free to contact me, or have your staff contact Gregory Willis at (202) 224-5175.

Sincerely,



John F. Kerry  
Chairman