



**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

PLEASE RESPOND TO:

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March 16, 2021

The Honorable Lloyd J. Austin III  
Secretary of Defense  
U.S. Department of Defense  
1000 Defense Pentagon  
Washington, DC 20301-1000

Dear Secretary Austin,

We write regarding an issue of significant concern in which a federal contractor, Atlantic Diving Supply (“ADS”), is apparently being awarded contracts from the Department of Defense (DoD), despite a documented history of improper acts and a very large federal settlement with the Department of Justice. We respectfully request the DoD conduct a thorough investigation into the U.S. Government’s purchase of critical tactical goods from a company that has such a questionable track record and may be routinely violating laws and regulations.

In early January 2021, ADS, the company in question, was awarded a \$33 billion, 10-year Indefinite-Delivery/Indefinite-Quantity (IDIQ) contract (Solicitation No. SPE8J-18-R-0001) for the Defense Logistics Agency’s Special Operations Equipment Tailored Logistics Support program. This contract was awarded despite the Owner and Chairman of ADS personally agreeing to pay \$20 million as recently as 2019 to settle civil charges that his company defrauded the very same program by falsely claiming to be a small business, among other accusations. Recently, a top Defense Logistics Agency investigator recently declared there is a “law enforcement proceeding pending” against ADS just three weeks after DLA awarded this additional multi-billion dollar contract.

The company has also been the subject of an extensive investigation by the Project on Government Oversight (“POGO”) regarding its history of: (1) abuse of small business status through the use of shell companies; (2) bribery of government officials and active duty military to receive contract awards; and (3) amending bid quotes after other companies have submitted their proposals to eliminate competition from the contracting process. This report provides new information on the questionable business practices of a major defense contractor, who continues to generate heavy profits with little government oversight. Maintaining a fair and competitive contracting process is integral to the effective use of taxpayer dollars and ensuring our warfighters receive the best equipment.

We were stunned to learn of this harmful practice. We owe our military men and women the best equipment we can provide, and we owe our taxpayers assertive and competent oversight to ensure they are not being fleeced and their hard-earned tax dollars are not spent in a reckless manner. Additionally, we need to ensure that the small business contract solicitations are competed and awarded fairly to protect true small businesses from competing against industry behemoths exploiting loopholes in the system and effectively guaranteeing themselves contract awards.

We are attaching the POGO report to this letter for your awareness. Their investigation of ADS revealed that although ADS is a top DoD contractor, it is the only “small business” in the top 50 contractors (Federal Government-wide). We are also attaching a Washington Post article on the issue.

Given the continued evidence of ADS’s wrongdoing as outlined in the POGO report, we respectfully request that your office provide us with a briefing as soon as possible on why this company has continued to receive significant DoD contract awards, as well as the status of an investigation. Given these serious charges, it would be appropriate to pause the recently awarded contracts to ADS until the DoD can conduct a full and fair investigation.

Sincerely,



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Nancy Mace  
Member of Congress



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John Carter  
Member of Congress



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Pat Fallon  
Member of Congress



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Carlos A. Giménez  
Member of Congress



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Mariannette Miller-Meeks  
Member of Congress



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Dan Bishop  
Member of Congress



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Ron Estes  
Member of Congress



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Virginia Foxx  
Member of Congress



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Richard Hudson  
Member of Congress



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Ralph Norman  
Member of Congress



Katie Porter  
Member of Congress



Jackie Speier  
Member of Congress



Claudia Tenney  
Member of Congress

cc: The Honorable Kathleen H. Hicks  
Deputy Secretary of Defense  
Department of Defense

Attachments:

- 1) POGO Report: How a “Small Business” Kingpin Wins Billions in Defense Contracts
- 2) Washington Post Article: Pentagon Awarded Massive Contract to Virginia Company a U.S. Senator Called “Fraudulent”