

**U.S. House of Representatives**  
**Committee on Natural Resources**  
**Washington, DC 20515**

October 12, 2011

Secretary Janet Napolitano  
Department of Homeland Security  
U.S. Department of Homeland Security  
Washington, D.C. 20528

Dear Secretary Napolitano:

As Ranking Member of the House Natural Resources Committee, I write to request documents and correspondence related to former Department of Homeland Security contracts with EG Solutions and MultimaxArray Firstsource as well as their subcontractor GTSI Corp., all of which were suspended last year from receiving government contracts after the Small Business Administration (SBA) concluded they conspired to defraud the government. EG Solutions was set up under the SBA's 8(a) mentor-protégé program as a joint venture of GTSI and Eyak Technology (EyakTek), a subsidiary of Eyak Corporation, an Alaska Native Corporation (ANC), over which our Committee has jurisdiction. EyakTek's director of contracts, Harold Babb, who headed EG Solutions at the time of the company's suspension, was indicted last week for his part in an alleged kickback scheme that defrauded the government out of \$20 million.

Working as a prime contractor for the U.S. Army Corps of Engineers, Babb allegedly conspired with Corps contracting officers and a subcontractor to inflate prices and take kickbacks. Corps contracting officers allegedly pocketed millions of dollars in kickbacks from the subcontractor (identified in the indictment as "Company A."), and Babb allegedly received \$225,000 and was promised several hundred thousand dollars more as well as future employment with Company A, according to the indictment announced Oct. 4 by the U.S. Attorney's Office for the District of Columbia.

These revelations raise new concerns about EG Solutions' contract with DHS. From 2007 through last year, DHS paid EG Solutions more than \$200 million and MultimaxArray about \$70 million under the DHS contracting program known as FirstSource, which set aside contracts for small businesses to provide a variety of IT products and services. The Small Business Administration, however, concluded that the two companies were acting as fronts for GTSI, a large company, and issued notices last November suspending them from receiving government contracts. "[EG Solutions] entered in a relationship with a subcontractor in order to defraud the Government," according to SBA's suspension letter to Babb. "By the terms of its agreement with its subcontractor, including payment terms, the subcontractor agreed to do most if not all, the work necessary to perform the contracts and the work necessary to receive and respond to any contract opportunities." Later, in February of this year, DHS dropped EG Solutions and MultimaxArray from the FirstSource program.

This was the right decision, but I would like to know why DHS did not act sooner after receiving “numerous reports over a two-year period questioning whether EG Solutions and MultimaxArray were improperly passing business along to GTSI,” according to a Nov. 19, 2010, article in the Washington Post. According to the Post article, in a letter to SBA, a DHS contracting official vigorously argued against such concerns, writing that evidence provided by another FirstSource contractor “proves nothing.”

As part of the Natural Resources Committee Minority investigation into this matter, I request the following:

- All emails, letters or other correspondence between Harold Babb or other EG Solutions employees and DHS employees or contractor employees;
- All emails, letters or other correspondence written or received by DHS employees that reference Harold Babb, EG Solutions, MultimaxArray Firstsource, EyakTek, Eyak Corporation, or GTSI Corp.;
- All documents (including reports, emails, memos, phone or meeting minutes or other materials) that relate to the performance under the FirstSource program of EG Solutions, MultimaxArray Firstsource, and GTSI Corp.;
- All documents that relate to the costs allocated to FirstSource by EG Solutions, MultimaxArray Firstsource, and GTSI Corp.; and
- A list of all contracts, grants, or other financial awards or assistance provided by DHS (including its constituent agencies) to any Alaska Native Corporation,<sup>1</sup> ANC subsidiary, or group of companies that include an Alaska Native Corporation or ANC subsidiary. Each item listed should include the year in which the contract, grant, award or assistance was provided; the contracting or awarding agency; the name of the recipient(s) of the contract, grant, award or assistance; the dollar amount paid or provided by the agency; and the products or services provided by the contractor or recipient. I am requesting this information to determine whether such companies may have any connections to EyakTek or to the other companies mentioned in this letter, and ensure protection of Alaska Native shareholders.

Thank you for your assistance in responding to this request. I ask that you please provide this information within 15 days of receiving this request. Should you have any questions, please contact Reece Rushing of the House Natural Resources Committee Democratic staff at 202-226-4627.

Sincerely,



Edward J. Markey  
Ranking Member  
Committee on Natural Resources

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<sup>1</sup> <http://fairbanks-alaska.com/alaska-native-corporations.htm>