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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

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MAR 20 1974

4 The Honorable William A. Steiger  
House of Representatives

74-0030

Dear Mr. Steiger:

In accordance with your request of November 14, 1973, GAO has examined selected Federal contracts with the chemical industry to find out whether unethical procurement practices exist. You informed us that the Wisconsin Department of Justice had found a number of unethical practices in the sale of chemical products to municipalities.

At 11 Federal installations in Wisconsin, North Dakota, and Minnesota, we examined procurement records, including brochures, catalogs, and vendors' sales literature, and inquired into salesmen's offers to Federal purchasing agents. We identified 28 instances when premiums were offered with purchases. Of the 28 offers, 9 originated from chemical suppliers.

For example, a digital electric clock was offered with a purchase of \$500 or more. The premiums usually had estimated values of less than \$25. We identified only one instance when agency officials had accepted a gift. Two electric carpet shampoos having a total estimated value of \$80 were accepted at a military base with the purchase of 30 cases of carpet shampoo. Base officials donated the shampoos to the family services unit for loan to occupants of military housing units.

We also examined contracts awarded by the General Services Administration for selected chemical products placed on the Federal Supply Schedule. We found no evidence of offers of premiums by prospective or successful chemical suppliers to Federal procurement officials.

We discussed with a member of your staff the results of our examination and the difficulties in proving that premiums offered had been accepted. He agreed that a more extensive examination would not be warranted.

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It was also agreed that we would advise the Administrator of General Services and the Secretary of Defense of the unethical practices of chemical companies selling in Wisconsin and in several other States and suggest that Federal purchasing offices be cautioned about the requirements of Federal regulations bearing on such practices.

If we can help further, please let us know.

Sincerely yours,

A handwritten signature in black ink, reading "James B. Adams". The signature is written in a cursive style with a large initial "J".

Comptroller General  
of the United States