

memorandum



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

OFFICE OF GENERAL COUNSEL

B-221588.3

June 3, 1986

The Honorable Lloyd Bentsen
United States Senate

Dear Senator Bentsen:

This responds to your letter of May 14, 1986, forwarding a constituent inquiry from Mr. Larry LeSieur regarding the proposed award of a contract for crawler tractors to Fiatallis North America, Inc., under a solicitation issued by the Defense Logistics Agency.

The proposed award was protested by J.I. Case Company, the second low bidder, on the principal ground that Fiatallis' ultimate corporate parent, Fiat S.p.A. of Italy, is 15 percent-owned by an entity of the Government of Libya, a government against which the United States has imposed economic sanctions for reasons of foreign policy. A copy of our decision in the matter, J.I. Case Co., B-221588; B-221588.2, May 5, 1986, 86-1 CPD ¶ ____, is enclosed for your information and convenience.

On May 21, the Deputy Secretary of Defense, William H. Taft, IV, issued a memorandum to the Secretaries of the Military Departments and the Directors of the Defense Agencies advising them that, until further notice, no new prime contracts should be awarded to Fiat S.p.A. or any of its subsidiaries without the prior approval of the Secretary of Defense or Mr. Taft. A copy of that memorandum is also enclosed.

The Defense Logistics Agency has informed this Office that a survey team has been sent to Italy to inspect Fiatallis' manufacturing facilities in accordance with the recommendation set forth in our May 5 decision, and that no award has been made pursuant to Mr. Taft's memorandum.

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We trust that this information will be helpful to you in responding to Mr. LeSieur's concerns.

Sincerely yours,

A handwritten signature in cursive script, reading "Alan S. Zuckerman".

Alan S. Zuckerman
Deputy Assistant
General Counsel

Enclosures