

GAO

Briefing Report to the Chairman,
Committee on Government Operations,
House of Representatives

May 1987

POST-DOD EMPLOYMENT

Allegations and Other Issues Involving a Retired Air Force Officer



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National Security and
International Affairs Division

B-226513

May 13, 1987

The Honorable Jack Brooks
Chairman, Committee on
Government Operations
House of Representatives

Dear Mr. Chairman:

In a letter dated January 27, 1986, you requested us to investigate allegations of impropriety made by Space Qualified Systems (SQS) against Robert Chapman, a retired U.S. Air Force brigadier general. Specifically, you asked that we ascertain whether Robert Chapman had

- used coercion to obtain a marketing agreement from SQS,
- threatened to use his contacts and influence within the Air Force to "crush" SQS and deny that company future Air Force contracts, and
- demanded to be paid by SQS from the existing contract with the Air Force despite doing no work for that company.

You also asked us to determine whether (1) the Air Force had accommodated Robert Chapman in his activities with SQS, (2) similar incidents had occurred with other companies with which Robert Chapman may be associated, and (3) there are any indications that this type of activity is occurring widely throughout the Department of Defense (DOD).

We found no documentary or other corroborative evidence to support the allegations made by SQS. We also found no evidence that Air Force personnel had improperly accommodated Robert Chapman or Chapman Associates in their activities or that similar incidents had occurred with other companies Robert Chapman was associated with. Nothing emerged during our investigation to indicate that the specific matters discussed in this report are widespread throughout DOD. We have, however, issued several

reports recently that addressed issues related to post-DOD employment activities.¹

SCOPE OF INVESTIGATION

We performed our investigation between February and July 1986 and briefed your staff on the results of our work. We have prepared this report based on your recent request.

We interviewed individuals and contacted organizations that were likely to have information pertinent to the investigation. We did not interview Robert Chapman or Robert Liske, his associate, both of whom declined to be deposed voluntarily. We also reviewed records at SQS, Eglin Air Force Base, the Small Business Administration (SBA), the state of Florida, and other locations. Appendix I lists the organizations we contacted and/or visited. We discussed the results of our investigation that apply to Air Force matters with officials at Eglin Air Force Base. As requested, we did not obtain agency comments on this report.

During 1986, the Air Force Systems Command (AFSC) Inspector General and the Department of Defense (DOD) Inspector General also investigated some of the issues noted above. We considered their results in performing our work.

In March 1986, Robert Chapman filed a civil action against SQS for breach of contract, seeking payment for monies allegedly owed. SQS countersued, alleging that Robert Chapman used threats, coercion, and extortion in his contractual dealings with SQS. As of March 25, 1987, a trial date had not been set for the case, which is under the jurisdiction of the U.S. District Court, Northern District of Florida.

We have not obtained any substantive information concerning the litigation between Robert Chapman and SQS since completing our audit work.

¹DOD Revolving Door: Post-DOD Employment May Raise Concerns, GAO/NSIAD-87-116, April 1987; DOD Revolving Door: Relationships Between Work at DOD and Post-DOD Employment, GAO/NSIAD-86-180BR, July 1986; and DOD Revolving Door: Many Former Personnel Not Reporting Defense-Related Employment, GAO/NSIAD-86-71, March 1986.

RESULTS OF INVESTIGATION

Issue 1

Did Robert Chapman use coercion to obtain a marketing agreement from SQS?

Results

We found no documentary or corroborative evidence that Robert Chapman used coercion to obtain a marketing agreement from SQS.

Discussion

In July 1983, Robert Chapman, the sole proprietor of the Florida consulting firm Chapman Associates, entered into a written agreement with SQS, a Washington, D.C., firm that provides computer software engineering services. According to the agreement, Chapman Associates was to "provide technical representation" for SQS in its dealings at Eglin Air Force Base, Florida,² or at other locations. In return, Chapman Associates would be paid a monthly retainer of \$2,200 plus travel and other business expenses.

SQS did not provide any documentary or other corroborative evidence supporting this allegation. Our interviews with personnel and examination of records at SQS, Eglin Air Force Base, and SBA did not corroborate the allegation. Also, the AFSC Inspector General's work on this issue did not substantiate the allegation.

Issue 2

Did Robert Chapman threaten to use his contacts and influence within the Air Force to "crush" SQS and deny that company future Air Force contracts?

Results

We found no documentary or other corroborative evidence that Robert Chapman threatened to use his contacts and influence

²Prior to retiring from the Air Force in September 1982, Robert Chapman was Vice Commander, Armament Division, Eglin Air Force Base.

within the Air Force to "crush" SQS or deny that company future contracts.

Discussion

In August 1983, SQS was certified by SBA as a small business firm eligible for set-aside contracts for a period of 4 years. In September 1983, the Range Systems Office at Eglin Air Force Base concluded that SQS was technically qualified to perform software engineering work for that Office.

In May 1984, SQS signed a 1-year contract with SBA³ for \$360,000 to provide computer software engineering services for the Range Systems Office. This contract also contained a 1-year option for \$395,000, which was exercised in May 1985. In May 1986, the Range Systems Office, through SBA, awarded SQS a 16-month follow-on contract for \$515,400 with an additional 1-year option valued at \$200,000.

Eglin Air Force Base personnel believe, and Air Force records confirm, that SQS performed and is performing well on the above-mentioned contracts. Our investigation of small business contracts awarded to SQS in the Washington, D.C., area by the Federal Aviation Administration and the Department of Energy since 1983 showed no evidence of constrictive influence by Robert Chapman or his associates.

Our review of files at SQS and at Eglin Air Force Base and discussions with third parties (see app. I) did not disclose any instances of Robert Chapman attempting to use influence within the Air Force to "crush" SQS or deny the company future contracts. Also, the AFSC Inspector General's work on this issue did not substantiate the allegation.

Issue 3

Did Robert Chapman demand to be paid by SQS from an existing contract with the Air Force despite doing no work for that company?

Results

About 2 1/2 years after the July 1983 agreement, Robert Chapman accused SQS of being substantially in arrears in

³Under the set-aside program, SBA acts as the contracting agent for the government agency.

paying him the \$2,200 monthly retainer, referring to a purported verbal agreement between the two parties that linked payments to him to SQS receipts from its Air Force contract. We found no documentation on the level of effort Robert Chapman or Chapman Associates expended under its agreement with SQS.

Discussion

Under the terms of the July 1983 written agreement, Chapman Associates agreed to provide technical representation for SQS at Eglin Air Force Base and at other locations (the agreement did not define "technical representation"). In return, Chapman Associates was to be paid \$2,200 per month plus travel and other business expenses, based on 2 days of effort each month by Robert Chapman at \$500 per day and 4 days each month by an associate at \$300 per day.

SQS was obligated to Chapman Associates for approximately \$64,000 covering the period July 1983 to December 1985, when the agreement was apparently mutually terminated. SQS paid Chapman Associates about \$16,000 through December 1985. Robert Chapman's lawsuit, filed in March 1986, seeks \$45,734 plus interest and legal fees from SQS. In one of his letters to SQS, Robert Chapman implied that he was aware that SQS could afford to pay because of payments SQS received from its Eglin Air Force Base contract. SQS officials told us that fees paid to Chapman Associates came from SQS' overall corporate income and were not specifically linked to its Air Force contract. Apparently, the dispute does not involve the source of the funds to pay Chapman Associates but rather the level of effort Chapman Associates performed to earn the fee. However, we did not find documentation on the level of effort expended by Chapman Associates or Robert Chapman on behalf of SQS.

Issue 4

Did the Air Force accommodate Robert Chapman in his activities with SQS?

Results

We found no evidence that the Air Force improperly accommodated Robert Chapman or Chapman Associates in its activities with SQS.

Discussion

Our review of files, records, and discussions with Eglin Air Force Base personnel did not indicate any improper Air Force accommodation of Robert Chapman or Chapman Associates in its dealings with SQS. SQS was awarded a follow-on contract in May 1986 to do further work for Eglin's Range Systems Office, after the dispute arose between SQS and Chapman Associates. The AFSC Inspector General's work on this issue did not substantiate the allegation.

Issue 5

Did incidents similar to the above occur with other companies with which Robert Chapman may be associated?

Results

We found no evidence that the issues discussed in this report were issues in Robert Chapman's association with other companies.

Discussion

Our discussions with representatives of three firms that have or had contracts with both Eglin Air Force Base and Chapman Associates did not disclose any instances where any of the matters described under issues 1 through 4 above were involved in Robert Chapman's associations with them.

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As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its date. At that time, copies will be made available to interested parties upon request.

Sincerely yours,



Frank C. Conahan
Assistant Comptroller General

ORGANIZATIONS CONTACTEDAIR FORCE

Eglin Air Force Base, FL.
Staff Judge Advocate
Office of the Vice Commander
Deputate for Range Systems
Deputate for Development Plans
Directorate of Personnel
Small and Disadvantaged Business Utilization Office
Deputate for Contracting and Manufacturing
TEAS Project Office
Technical Library
Directorate of Civil Engineering
Headquarters, Air Force Systems Command Inspector General,
Andrews AFB, MD.
Headquarters, Air Force Accounting and Finance Center,
Lowery AFB, CO.
Headquarters, Air Force Manpower and Personnel Center, San
Antonio, TX.
Staff Judge Advocate, Andrews AFB, MD.

OTHER FEDERAL GOVERNMENT

Department of Defense Inspector General, Washington, D.C.
U.S. Army Night Vision Laboratory, Adelphi, MD.
Federal Aviation Administration, Washington, D.C.
National Personnel Records Center, General Services
Administration, St. Louis, MO.
Defense Contract Audit Agency, Landover, MD.
Defense Contract Administration Services Region,
Philadelphia, PA.
Department of Energy, Washington, D.C.
Office of Secretary of Defense for Manpower, Installations,
and Logistics, Washington, D.C.
U.S. District Court, Northern District of Florida,
Pensacola, FL.
Small Business Administration
Washington, D.C.
Eglin AFB, FL.

NONFEDERAL GOVERNMENT

Chamber of Commerce, Fort Walton Beach, FL.
Tax Collector's Office, Okaloosa County, FL.
Secretary of State's Office, Tallahassee, FL.
SQS, Washington, D.C., and Ft. Walton Beach, FL.
Sage Systems, Rockville, MD.
Teledyne Brown, Huntsville, AL.
Kaman Sciences Corporation, Colorado Springs, CO.
Kollsman Instruments, Merrimac, NH.
TOPS'L Racquet Club, Destin, FL.

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