



COMPTROLLER

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON DC 20301-1100

JUN 01 2006



The President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

This letter is to report a violation of the Antideficiency Act, Small and Disadvantaged Business Utilization Office (SADBU) case 05-04, as required by Title 31, United States Code, Section 1351.

During Fiscal Years 1996 through 2001, SADBU, Arlington, Virginia, used Procurement Defense-Wide appropriation funds allocated for the Historically Black Colleges & Universities/Minority Institutions Mentor-Protégé program for organizations that were not eligible to receive awards under the Mentor-Protégé program. This was a violation of Title 31, United States Code, Section 1341(a)(1)(A). The amount of the violation was \$9,046,076.40.

Enclosed is a report from the Director of the Small Business Programs office. The following individual was named responsible for the violation:

Mr. Robert Neal, former Director,
DoD Office of Small and Disadvantaged Business Utilization,
Arlington, Virginia

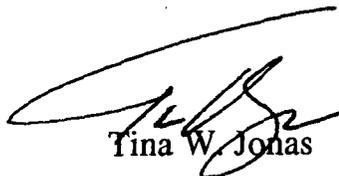
Mr. Neal was convicted of conspiracy of money laundering, money laundering and conspiracy to obstruct justice and sentenced to over 20 years in prison.

The current Director of the Small and Disadvantaged Business Utilization Office has followed recommendations by the Department of Defense, Office of Inspector General, to prevent recurrences of this violation. In addition, he changed the Mentor-Protégé Program management to institute supplemental management control measures.



Identical reports are being submitted to the President of the Senate, the Speaker of the House of Representatives, and the Comptroller General of the United States.

Respectfully yours,



Tina W. Jonas

Enclosure:
As stated



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UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
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The Honorable Richard B. Cheney
President of the Senate
285 Eisenhower Executive Office Building
Washington, DC 20501

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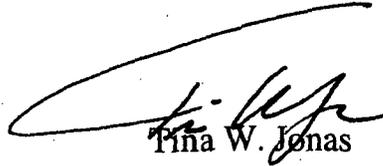
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Sincerely,



Tina W. Jonas

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As stated



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UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON DC 20301-1100

JUN 01 2006



The Honorable J. Dennis Hastert
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

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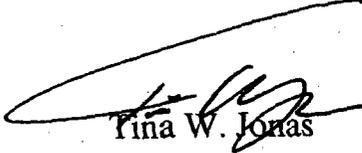
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Sincerely,



Tina W. Jonas

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