

January 25, 2002

The Honorable Stephen Perry
Administrator
General Services Administration
Washington, DC 20405

Dear Mr. Perry:

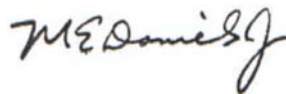
Recent press reports have highlighted potential irregularities in work done by the accounting firm of Arthur Andersen, LLP, and the Enron Corporation ("Enron"). Some of these allegations are serious in nature and include charges of document shredding, manipulative accounting practices, and other activities that could reflect poorly on these corporate entities and their ability to provide quality work. Information obtained from the Federal Procurement Data System (FPDS) indicates that numerous federal agencies have contracts with Arthur Andersen and Enron. The FPDS data also reveals that, through the third quarter of fiscal year 2001, the General Services Administration had significant contract activity with Arthur Andersen and Enron.

As you know, Federal Acquisition Regulation (FAR) provisions require that firms seeking to do business with the government have a satisfactory record of business ethics and integrity. Accordingly, we request that the General Services Administration, on behalf of all federal agencies doing business with Arthur Andersen and Enron, determine whether their business practices are sufficient to meet the FAR responsibility requirements for the award of future government contracts. Consideration should be given to the initiation of suspension or debarment proceedings for all, or a part, of Arthur Andersen and Enron as appropriate.

Enclosed is a summary of contracts awarded to Arthur Andersen and Enron by federal agencies through the third quarter of FY 2001. A copy of this letter is being provided to agencies with Arthur Andersen and Enron contracts. These agencies should ensure that existing contracts with Arthur Andersen and Enron are being performed in accordance with contract terms and proper business practices.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "M E Daniels Jr", written in a cursive style.

Mitchell E. Daniels, Jr.
Director

cc: The Honorable Tommy Thompson
Secretary of Health and Human Services

The Honorable Melvin Martinez
Secretary of Housing and Urban Development

The Honorable Donald H. Rumsfeld
Secretary of Defense

The Honorable Paul H. O'Neill
Secretary of the Treasury

The Honorable Anthony J. Principi
Secretary of Veterans' Affairs

The Honorable John Ashcroft
Attorney General

The Honorable Richard A. Meserve
Chairman
Nuclear Regulatory Commission

The Honorable Norman Y. Mineta
Secretary of Transportation

The Honorable John W. Carlin
Archivist
National Archives and Records Administration