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February 6, 2025

The Honorable Pete Hegseth Secretary of Defense 1010 Defense Pentagon Washington, DC 20301-1010

Subj: Ash Carter: "Why Does Government Not Work? Winning Back the Trust"

Dear Hon. Secretary of Defense Hegseth:

This is a true story of undeserved profits on the F-35 program. It augments my letter, Subj: "Avoid Future F-35 Disasters and DOD Contractors' Fraud, Waste, and Abuse," dated February 4, 2025.

In 2014, Hon. Ash Carter, warned about award fees on the F-35 program in a speech at the Harvard Kennedy School, entitled, "Why Does Government Not Work? Winning Back the Trust." He said,

"When I inherited the F-35 program, it was ...way over cost...This is an embarrassment. Let me see your award fee history. He brought it and I look at the award fee history over ten years. it's eighty-five percent a year. I said this is a disaster. You're giving eighty-five percent of your award fee every year. What's going on? And he looked me in the eye and said, well I like the program manager on the Lockheed Martin side that I work with and he tells me if he gets less than eighty five percent of award fee, he's gonna get fired."

More information is in the attached letter to Hon. Undersec. Def. Ellen Lord, subj: NASA OIG Report and Reform Implications for the DOD Adaptive Acquisition Framework, dated July 17, 2020. Other excerpts from the letter follow:

My article in Defense Acquisition Magazine "Systems Engineering and Earned Value Management Support for Performance-Based Awards," January 2007, cited GAO findings that:

- Contractors are not held accountable for achieving desired outcomes, including cost goals, schedule goals, and desired capabilities.
- DoD needs to change its requirements and budgeting processes to get desired outcomes from the acquisition process

My letter to USD Lord and to Senators Ernst and Harris, subject: "Support of Bogus Bonus Ban Act and Related Acquisition Reforms," dated Sept. 22, 2019, cited evidence from a whistleblower lawsuit of award fees that should never have been approved on the F-35 contract.

In 2018, I used the following slides at a conference of The Anti-Fraud Coalition, a public interest, non-profit organization dedicated to defending and empowering whistleblowers who expose fraud.



Mike and Bruce were my primary whistleblower attorneys. The first slide includes a plea for help to improve the acquisition system for military and taxpayers and to challenge the military-industrial complex. Now, I seek your help to "win back the trust."

Yours truly,

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CC:

Hon. Glen Grothman, HOAC
Hon. Ken Calvert, HAC
Hon. Robert J. Wittman, HASC
Hon. Donald Norcross, HASC

Hon. Ro Khana, HASC DOGE Hon. Carlos Del Toro, Secretary of the Navy

Hon. David L. Norquist, NDIA

Anthony Capaccio, Bloomberg News