

**TODD TIAHRT**  
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**Washington, DC 20515-1604**

WASHINGTON  
2441 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-6216 • FAX: (202) 225-3489

WICHITA  
155 NORTH MARKET, SUITE 400  
WICHITA, KS 67202  
(316) 262-8992 • FAX (316) 262-5309

E-MAIL VIA WEB SITE:  
[WWW.HOUSE.GOV/TIAHRT](http://WWW.HOUSE.GOV/TIAHRT)

April 10, 2008

The Honorable Michael W. Wynne  
Secretary of the Air Force  
1670 Air Force Pentagon  
Washington, DC 20330-1670

Dear Mr. Secretary,

It has come to my attention that the primary supplier of the Air Force's \$35 billion KC-X Tanker competition, European Aeronautic Defence and Space Company (EADS), has engaged in many serious, illegal activities. These proven illegal activities and other serious allegations bring into question whether EADS is an appropriate supplier to the United States Air Force.

A recent New York Times article reports that Autorité des Marchés Financiers, the French Financial Market Regulator, filed a formal complaint and requested a criminal investigation of EADS and more than a dozen current and former executives. This action is based on insider trader violations.

The April 2007 Center for Security Policy Report "EADS is Welcome to Compete for US Defense Contracts-But First it Must Clean Up Its Act" highlights several serious questions for defense policymakers regarding EADS suitability for contract award. I have attached this report and the New York Times article for your review.

In addition to these open source documents, the Department of Defense has been briefed by other elements of the United States Government on other EADS violations. Unfortunately, the Air Force has turned a blind eye to very obvious and serious illegal activities of this major contractor.

Although the evidence of EADS' corruption is overwhelming, the Department of Defense and the Air Force waives the Foreign Corrupt Practices Act and Cost Accounting Standards for foreign competitors. The American public may never know the true extent of illegal activities that the chosen KC-X Tanker manufacturer has committed. This represents a serious concern to our national security.

Mr. Secretary, please detail:

- 1) Why are foreign corporations, such as EADS, exempt from Foreign Corrupt Practices Act and Cost Accounting Standards when bidding for United States Air Force contracts, while domestic suppliers are not exempt?
- 2) Why is every defense supplier, both foreign and domestic, not held to the same standards?
- 3) Why were EADS' illegal activities not considered as part of the KC-X tanker competition?

I look forward to your prompt reply.

Sincerely,



Todd Tiahrt  
Member of Congress