



June 16, 2008

Via Facsimile and First-Class Mail

Project on Government Oversight
666 Eleventh Street NW
Suite 900
Washington, DC 20001-4542

Attn: Neil Gordon, Investigator

Re: Your Letter of June 5, 2008

Dear Investigator Gordon:

Thank you for your letter of June 5, 2008, addressed to "Blackwater USA." In your letter, you indicate that the Project on Government Oversight (POGO) "in the next few weeks ... will update its Federal Contractor Misconduct Database," and that you "are seeking verification of" data relevant to Blackwater USA and that "the accuracy of this information is in the best interest of all parties."

Accordingly, I write to note a number of discrepancies, misstatements and mistakes in the data you provided.

First, Blackwater USA is not a company *per se*, but rather a fictitious business name or d/b/a ("doing business as") name, which has been replaced by "Blackwater Worldwide." This trade name is used by a number of companies, including Blackwater Lodge and Training Center, Inc., for which I serve as General Counsel.

Next, the enclosure to your letter indicates that POGO will post on its website as a "Resolved Instance" of "Contractor Misconduct" a so-called "Investigative Finding" of "Tax Evasion" by "Blackwater USA," ostensibly based upon a March 30, 2007 IRS letter "ruling that the company misclassified one of its guards as an independent contractor." This information is material false and, if posted on your website, would be defamatory. Simply put, there has been no finding whatsoever of misconduct, and a review of the worker classifications in question is ongoing. Even if the classification is ultimately determined to have been in error, Section 530 of the Internal Revenue Code exists to provide a "safe harbor" for such errors and by definition they are not "misconduct" or "tax evasion." This information is already in the public record at http://www.blackwaterusa.com/press_releases/files/Executive%20Summary.htm. A copy of this ten-page rebuttal is enclosed for your convenience. The IRS is still examining this issue, there has been no "Investigative Finding" and certainly no determination of "Tax Evasion."

Likewise, information contained in your "Pending Instances" descriptions is materially false and would be defamatory if published.

Investigator Gordon
June 16, 2008

Under "Afghanistan Plane Crash," you indicate that, "The families of three U.S. Army soldiers who died in a plane crash in Afghanistan in November 2004 sued Blackwater Lodge and Training Center and several aviation companies owned by Blackwater USA." Because Blackwater Lodge and Training Center was formally dismissed from that lawsuit, it is false to suggest that anything regarding it is "pending." The corresponding, public-record court Order is enclosed. Moreover, none of the remaining defendants in that lawsuit are either "owned by Blackwater USA," or by any other company bearing the Blackwater name. In this regard, I have forwarded a copy of your letter to the General Counsel of one of those remaining defendants, from whom you may be receiving additional information.

In "Fallujah Deaths," your description includes, "Misconduct Type: Non-governmental Contract Fraud," which is apparently based on a lawsuit filed in January 2005. Nothing in that lawsuit alleges "Contract Fraud," and, again, it would be false and defamatory to publish a summary of that lawsuit suggesting that it alleges "Contract Fraud." Beyond that, this entry reports several allegations that are merely that—allegations. The enclosed "Blackwater Response to 'Majority Staff Report' on 'Private Military Contractors in Iraq: An Examination of Blackwater's Actions in Fallujah'" was prepared in October 2007 and responds to some of those allegations associated with the March 31, 2004, murder of our four men by Iraqi insurgents.

Under "Weapon Smuggling," you suggest that various entities are "investigating whether employees of Blackwater USA illegally smuggled unlicensed automatic weapons and military goods into Iraq that may have been purchased on the black market by members of the Kurdistan Working Party, or PKK, a U.S.-designated terrorist organization." While there had been published allegations along these lines, (a) they were false allegations; and (b) it would be false and defamatory to suggest that there is a "pending" investigation into these false allegations of automatic weapons smuggling or terrorist connections. Further, you omit the fact that the two former Blackwater employees you mention were reported to the ATF by Blackwater for their misconduct and Blackwater requested that ATF visit our site and conduct a thorough review. Again, your draft report ignores public-record information that conflicts with information in that report, such as the August 23, 2005 story on the issue in the *Virginian-Pilot*.

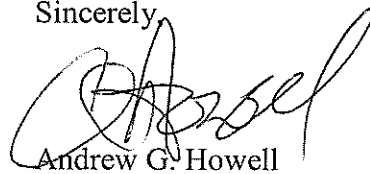
In "Atban v. Blackwater USA (Sept. 16, 2007 Baghdad Shooting)," you suggest that various plaintiffs "are suing Blackwater USA for its alleged culpability in the September 16, 2007 firefight in Nisoor Square" Because "Blackwater USA" has been formally removed as a defendant in this lawsuit, your description is false. Further, although your cover letter asserts that your organization is interested in "verification" of your data and that "accuracy of . . . information" is in the best interest of all parties, you cite here nothing but naked allegations of plaintiffs in a lawsuit. While it is certainly salacious to trot out the allegations of the politically motivated plaintiff's lawyers, there is no meaningful way an entity can respond to a rote recitation of litigation allegations other than to state that those are the claims and they will be shown to be unfounded. Nonetheless, like widely reported Haditha incident or the Jalalabad, Afghanistan incident when Marine forces killed between 10 and 19 civilians and wounded 33 in an event remarkably similar to the Nisoor Square incident, the mere making of an ugly allegation is sufficient for you to report it as fact.

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Your final "Pending Instance," titled, "Sept. 16, 2007 Baghdad Shooting Investigation," falsely suggests that, "Blackwater USA is being investigated." Although there are ongoing investigations relating to the Nisoor Square incident, neither "Blackwater USA" (which is not a company) nor any Blackwater-related corporate entity is being investigated to our knowledge. According, it is both false and defamatory to publish a suggestion that, "Blackwater USA is being investigated." Again, this information has appeared in the public record and your omission of that fact is troubling. In fact, a widely published Associated Press story a month before your letter stated that "Blackwater is not expected to face charges" and another widely circulated AP story only *one week* prior to your letter expressly stated "The company is not a target of the investigation."

Blackwater affiliated companies and their officers are proud of the service they have provided and continue to provide as contractors to the United States Government and ultimately to the American People. Accordingly, on behalf of all the Blackwater affiliates, I hereby request that you ensure that the above falsehoods are corrected prior to posting any "findings." Your posting of such falsehoods will constitute malice for purposes of assessing your conduct under the defamation laws. I appreciate your prompt attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Howell", written over the printed name "Andrew G. Howell".

Andrew G. Howell

Enclosures