



The Secretary of Energy  
Washington, DC 20585

December 24, 2002

Dr. Richard C. Atkinson  
President  
University of California  
1111 Franklin Street  
Oakland, California 94607-5200

Dear President Atkinson:

Since our December 12, 2002, meeting with you, your senior staff, and the Los Alamos National Laboratory leadership to review the ongoing issues with management and security at Los Alamos, we have reviewed both the material you presented then and in subsequent conversations with Deputy Secretary McSlarrow and Acting National Nuclear Security Administrator Brooks as well as actions taken by the University of California.

To date, much of our discussion has concerned the status of corrective action on the misuse of procurement cards, theft through purchase orders, and property accountability. These are matters on which investigation began in April 2002, with an inquiry by the Inspector General (IG) of the Department of Energy into abuse of purchase cards. While I recognize that the Laboratory is making a number of significant efforts to address these problems, we remain deeply concerned about them as we have previously indicated to the University and the Laboratory. I expect to be kept informed of your progress through Ambassador Brooks.

Of most immediate concern, however, are the events surrounding the dismissal of Mr. Walp and Mr. Doran, their allegations of cover-up concerning matters that they were investigating, and their allegations that their dismissal has precluded investigation of additional matters that are, therefore, going unaddressed.

As Deputy Secretary McSlarrow relayed to you, the inescapable conclusion is that the actions relating to Mr. Walp and Mr. Doran reflect a systemic management failure, one for which the Laboratory management must be held accountable. I understand that you are addressing this issue now, and I expect the University to continue its efforts to ensure that these failures are corrected.



Nor have I been satisfied by the fact that no effort or thought seems to have been given to either appointing new personnel empowered to investigate the areas of concern Mr. Walp and Mr. Doran identified, whether before or after their dismissal, or to ensuring all possible lines of inquiry are pursued to the hilt.

Consequently, I have now asked the Inspector General to investigate each allegation and any others he deems appropriate. Given the nature of some of the allegations, it is important that any investigation be independent of the University of California. Taken together, these problems have called into question the University of California's ability to run the Los Alamos National Laboratory (LANL). This, I know you will agree, is an untenable situation given the critical role that the Los Alamos National Laboratory serves in protecting our Nation's security and must be remedied to ensure we return Los Alamos to its preeminent position in science and national security.

Thus, in addition to any management changes, I intend to fully evaluate the University's capacity to operate LANL notwithstanding the 5-year contract extension that was signed on January 19, 2001. I have directed Deputy Secretary McSlarrow and Ambassador Brooks to conduct such an evaluation to be completed by April 30, 2003, or as soon as possible thereafter, when the IG's investigations are concluded. This evaluation will be based on:

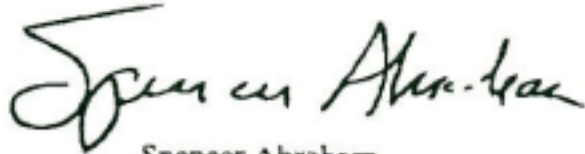
- The IG's investigation and findings;
- The results of the University's reviews;
- The University's corrective actions with respect to lab management and personnel; and
- Any other relevant issues.

Ambassador Brooks and Deputy Secretary McSlarrow will provide a recommendation to me at the end of the evaluation process.

For 60 years, the University and the Federal Government have been partners in operating our nuclear design laboratories. The scientists and engineers of Los Alamos play a vital role in the security of the United States. Regardless of the specific conclusions reached during that evaluation, I am firmly committed to ensuring that the Laboratory continues to attract and retain the world-class scientists on whom our nuclear deterrent depends and intend to see to it that any changes that may result enhance rather than detract from the accomplishment of that objective.

As I indicated to you last month, your personal attention to these matters is important to ensure the necessary changes and corrective measures. I appreciate your doing so because, though there is still much to do, it is clear that your direct participation has already resulted in some progress in a very short time.

Sincerely,

A handwritten signature in black ink that reads "Spencer Abraham". The signature is written in a cursive style with a large, sweeping initial "S".

Spencer Abraham

cc: Deputy Secretary McSarrow  
Acting Administrator Brooks  
Inspector General Friedman  
Bruce Darling, Senior Vice President, University of California:

