

# SIGAR

**Special Inspector General  
for Afghanistan  
Reconstruction**

**OFFICE OF SPECIAL PROJECTS**

**G222 AIRCRAFT PROGRAM IN AFGHANISTAN:  
ABOUT \$549 MILLION SPENT ON FAULTY  
AIRCRAFT AND NO ONE HELD ACCOUNTABLE**



**February 2021**

SIGAR-21-21-SP



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Office of the Special Inspector General  
for Afghanistan Reconstruction

February 26, 2021

The Honorable Lloyd J. Austin III  
Secretary of Defense

The Honorable John P. Roth  
Acting Secretary of the Air Force

In May 2020, the U.S. Department of Justice (DOJ) notified SIGAR that it was not going to prosecute the criminal and civil cases related to the failed G222 aircraft program. As a result, no one will be held accountable for at least \$549 million spent to acquire and sustain 20 refurbished G222 aircraft purchased for the Afghan Air Force, 16 of which were scrapped for just \$40,257 a few years after their purchase, with the remaining 4 still at Ramstein Air Base. We prepared this report to detail the findings of those investigations in an effort to describe why the G222 program failed and to help the Department of Defense (DOD) take future actions to prevent this kind of waste occurring again.

The acquisition of the G222 began in November 2006 when U.S. Central Command Air Forces developed requirements for a medium-lift aircraft for the Afghan National Army Air Corps (now called the Afghan Air Force). The U.S. Air Force (USAF) decided to acquire refurbished G222 aircraft, retired by the Italian Air Force, from Alenia North America Inc. (Alenia).<sup>1</sup> Under pressure to award a contract before funding from the Afghan Security Forces Fund (ASFF) expired on September 30, 2008, USAF contracting officials waived key Federal Acquisition Regulation (FAR) requirements, and awarded a sole-source letter contract to Alenia in September 2008 to refurbish up to 20 G222s (a minimum of 18 aircraft with an option for 2 more).<sup>2</sup> From November 2009 until March 2013, Alenia refurbished 20 G222s, after which 16 were flown to Kabul International Airport in Afghanistan and the final 4 to Ramstein Air Base in Germany.

After delivery to Afghanistan, the aircraft suffered from a low mission capability rate, chronic issues with aircraft sustainment, and multiple safety complaints by the pilots and crews who flew them. In December 2012, the Program Executive Office for Air Force Mobility Programs at the Air Force Life Cycle Management Center notified Alenia that it would not issue a follow-on sustainment contract, effectively ending the G222 program when the contract expired in March 2013. After the USAF failed to find anyone interested in purchasing the aircraft, all 16 in Kabul were sold to an Afghan company for scrap in August and September 2014 for \$40,257.

SIGAR began a review of the G222 program in December 2013 to address congressional concerns about the mistakes made in the procurement and to help prevent the U.S. government from repeating them in future procurements. The review was suspended, however, and an investigation was initiated when SIGAR received allegations of potential criminal and civil violations. The Air Force Office of Special Investigations (AFOSI) was already investigating the program based on an earlier Government Accountability Office hotline complaint.

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<sup>1</sup> The G222 is a twin-propeller military transport aircraft built in Italy by Alenia Aermacchi for the Italian Air Force. The contract included contractor logistics support services to provide total maintenance, spare parts, material modification, and maintenance training support for the G222 aircraft being procured for the Afghan Air Force.

<sup>2</sup> A letter contract, also known as an undefinitized contract, is "a written preliminary contractual instrument that authorizes the contractor to begin immediately manufacturing supplies or performing services" (Federal Acquisition Regulation (FAR) 16.603-1). "A letter contract may be used when (1) the government's interests demand that the contractor be given a binding commitment so that work can start immediately and, (2) negotiating a definitive contract is not possible in sufficient time to meet the requirement. However, a letter contract should be as complete and definite as feasible under the circumstances" (FAR 16.603-2).



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SIGAR investigators joined this effort and, with AFOSI in the lead, SIGAR investigators —along with personnel from the Defense Criminal Investigative Service and the Federal Bureau of Investigation— attempted to build a case against the G222 contractor, Alenia, for contract fraud and other violations, and to hold a retired Air Force general involved in the acquisition accountable. SIGAR’s position was that the retired general had a clear conflict of interest because he was significantly involved with the G222 program while on active duty, then retired and became the primary contact for the contractor.

SIGAR and AFOSI personnel conducted dozens of interviews, inspected the last four G222s remaining at Ramstein Air Base, and reviewed thousands of documents and emails related to the G222 program.

However, DOJ concluded in May 2020 that both cases would be too difficult to prosecute successfully. DOJ officials said convicting the retired Air Force general for conflict of interest violations would be difficult because convictions for 18 U.S.C. § 207 violations (conflict of interest) are “unheard of,” and usually these matters are handled administratively. The official had already received a verbal reprimand. In the case of Alenia, DOJ concluded that the fact that the U.S. government accepted the aircraft, in spite of clear violations to the contract statement of work, would significantly complicate any attempt to hold the contractor liable for poor refurbishment and multiple other contract violations.

The Afghan Security Force Funds that expired at the end of fiscal year 2008 drove the urgency to award the G222 contract. As a result, the Warner Robins Air Logistics Center awarded a sole-source, letter contract to Alenia, instead of following standard FAR procedures. Several warnings from within the USAF about Alenia and its lack of a sustainment plan were ignored. Contracting personnel also did not check whether Alenia had the required spare parts available as promised, or sufficiently confirm the airworthiness of the refurbished G222s, especially in the high altitude and extreme weather conditions in Afghanistan. Not confirming Alenia’s capacity to provide spare parts is inexplicable given the fact that lack of spare parts was one of the reasons the USAF removed the virtually identical C27A from its active inventory in 1999.<sup>3</sup>

In this report, SIGAR identifies lessons learned that DOD should consider to avoid wasting acquisition resources in the future. These lessons include (1) adequately consider risk before approving major acquisitions; (2) require contractors to provide comprehensive sustainment plans before awarding the contract; (3) do not accept fund expiration as justification for a sole source award; (4) hold contractors accountable for meeting contract requirements; (5) make sure the Defense Contract Management Agency has the resources and access to do comprehensive inspections before accepting the final product; and (6) thoroughly investigate allegations of the conflict of interest statute and take appropriate action.

We received written comments on a draft of this report from DOD on February 1, 2021. DOD’s written comments are reproduced in Appendix I.

In its response, DOD noted several additional oversight requirements that now occur as a result of problems with the G222 program. These requirements include the establishment of the Office of the Secretary of Defense-led Afghanistan Resources Oversight Council (AROC) and “...validations of all procurement, training, and sustainment activities for all platforms in the Afghan Air Force and [Special Mission Wing] fleets” by stakeholders in Afghanistan such as the U.S. Office of the Secretary of Defense, the Army, the Air Force, and US Forces–Afghanistan. We support and encourage these additional program reviews and any efforts by DOD to provide more oversight to taxpayer-funded programs in Afghanistan.

DOD stated that the report “concludes incorrectly that the Department of the Air Force pursued a sole-source contract for the G222 because ‘[t]he pressure to obligate the money quickly before ASFF funds expired on September 30, 2008, drove the decision to waive the FAR requirement for a full and open competition, and

<sup>3</sup> The C27A is a modified G222 airframe. However, DOD refers to the modified airframe provided to the Afghan Air Force as the G222. The USAF had some experience with the C27A, having retired the last of its small fleet in 1999 in part because it found maintenance and spare parts expensive compared with other aircraft.



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then to pursue a letter contract when Alenia could not generate a substantiated cost proposal in time to complete a standard contract.” DOD claims that the key reason the Department of the Air Force issued a sole source contract was “an urgent operational requirement driven by pressure to accelerate development of Afghan security force capabilities, specifically the Afghan Air Force; concern about expiration of funds was a factor only for the Air Force’s waiver of the requirement for a cost justification.”

While we agree with DOD that there was an urgent operational requirement for medium-lift aircraft for the AAF, we disagree with the claim that this urgent need was the primary reason for waiving the requirement for a full and open competition and pursuing a letter contract rather than just a cost justification waiver. In multiple emails, memorandums, and interviews, officials involved in the G222 acquisition from USAF commands, including in the Office of the Deputy Under Secretary of the Air Force for International Affairs, specifically cited the expiration of funds at the end of fiscal year (FY) 2008 as the reason for waiving standard FAR procedures.

DOD further stated, “Even if funds expiration was an issue, FY 2008 ASFF potentially could have been realigned to address this concern.” This statement is contradicted by the evidence. For example, in an email chain that included the Deputy Under Secretary of the Air Force for International Affairs and other key leaders involved in the G222 acquisition, the Commander of the Warner-Robins Air Logistics Center noted, “Funding for this effort is Afghanistan Iraq Security Forces Funds (AISFF) that expire 30 Sep 08. From everything we’ve been able to learn, the money is not available for reprogramming and there are no other known uses for these funds if an award cannot be made by 30 Sep 08.”

We conducted our work primarily in Arlington, Virginia, and conducted fieldwork at various locations as needed from December 2013 through September 2020, under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended; and in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of Inspectors General on Integrity and Efficiency. Should you or your staff have any questions about this project, please contact Mr. Craig Collier, Analyst-in-Charge of this review, at (703) 545-2772 or [craig.a.collier2.civ@mail.mil](mailto:craig.a.collier2.civ@mail.mil).

Sincerely,

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

## BACKGROUND

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In 2008, the U.S. Department of Defense (DOD) entered into a contract to purchase 20 G222s, a twin-propeller military transport aircraft built in Italy by Alenia Aermacchi, to fulfill an urgent requirement submitted by the Combined Security Transition Command–Afghanistan (CSTC-A) for an Afghan Air Force (AAF) medium airlift capability. The plan was for U.S. Air Force (USAF) pilots and aircrew to fly the aircraft as they trained AAF personnel, and then gradually transfer the aircraft to the AAF. The G222s were to be a 10-year medium airlift bridge capability through 2022. Photo 1 shows one of the planes being boarded by Afghan personnel.

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**Photo 1 - Afghan Military Personnel Board G222**



Source: USAF, May 2010.

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NATO Air Training Command–Afghanistan (NATC-A), a subordinate unit to CSTC-A, conducted the market research for the medium airlift requirement that led to the choice of the G222. CSTC-A submitted memorandums of request (MOR) to the Air Force Security Assistance Center (AFSAC) at Wright-Patterson Air Force Base in Ohio.<sup>1</sup> AFSAC's role with the G222 was to process these requests and identify a USAF contracting center to award the contract and provide program management. AFSAC originally selected the Aeronautical Systems Center, also at Wright-Patterson Air Force Base, to manage the G222 program. Following an inspection of the G222 aircraft and Alenia facilities in Italy in November 2007, AFSAC moved the program to the Air Logistics Center at Robins Air Force Base in Georgia because the Air Logistics Complex Program Management Office, which focused on mobility aircraft, was better suited to manage the G222 program.

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<sup>1</sup> A memorandum of request (MOR) is a document prepared and submitted by the requesting authority that identifies requirements and initiates the case development process under a building partner capacity (BPC) program. Building partner capacity programs are those encompassing security cooperation and security assistance activities that are funded with U.S. government appropriations and administered as cases within the foreign military sales (FMS) infrastructure. These programs provide defense articles and/or services to other U.S. government departments and agencies under the authority of the Economy Act or other transfer authorities for the purpose of building the capacity of partner nation security forces and enhancing their capability to conduct counterterrorism, counter drug, and counterinsurgency operations, or to support U.S. military and stability operations, multilateral peace operations, and other programs.

The program was funded using Afghan Security Forces Funds (ASFF). In September 2008, the Warner Robins Air Logistics Center issued a sole-source letter contract to Alenia for the refurbishment of 18 G222s (with an option for 2 more) and related contractor logistics support services, like total maintenance, spare parts, material modification, and maintenance training support, for the G222 aircraft.<sup>2</sup> Between November 2009 and June 2012, 16 of the refurbished aircraft were delivered to Kabul International Airport. The final four G222s were delivered to Ramstein Air Base in Germany in March 2013.

Almost immediately upon arrival in Afghanistan, the G222s suffered from numerous maintenance issues, in large part due to the lack of available spare parts to fix numerous maintenance issues.<sup>3</sup> In December 2011, the NATO Air Training Command–Afghanistan (NATC-A) and 438th Air Wing commander temporarily grounded the G222 because of contractor logistics support deficiencies and poor maintenance. In February 2012, the Government Accountability Office (GAO) received a hotline complaint from a USAF pilot flying the G222 in Afghanistan, and forwarded it to the DOD Inspector General (DODIG). Based on this hotline complaint, the DODIG, the Secretary of the Air Force Inspector General (SAF-IG), and the Air Force Office of Special Investigations (AFOSI) opened separate investigations into the G222 program. Also as a result of the complaint, in March 2012, Lieutenant General David Goldfein, Commander, U.S. Air Forces Central Command (AFCENT) ordered a Commander-Directed Investigation (CDI) into allegations and concerns about unsafe operations with the G222, including several near-fatal mishaps.

In December 2012, the Program Executive Office (PEO) for Air Force Mobility Programs at the U.S. Air Force Life Cycle Management Center notified the contractor that it would not issue a follow-on sustainment contract. The PEO also said that the AAF would use an alternate aircraft to meet its long-term medium airlift requirement, effectively ending the G222 program when the contract expired in March 2013.

In December 2013, SIGAR received a whistleblower complaint about possible fraud and other criminal activity involving the G222 contract, similar to the hotline complaint that GAO received in 2012. SIGAR’s investigators joined AFOSI’s ongoing criminal and civil investigation into the G222 program. From that point until October 2019, SIGAR and AFOSI, in coordination with the Department of Justice (DOJ), the Defense Criminal Investigative Service (DCIS), and the Federal Bureau of Investigation (FBI), gathered evidence and interviewed those involved in the G222 program. (Appendix III has a complete timeline of events.) In addition, USAF and USAF Central Command conducted investigations to assess what went wrong with the G222 procurement.

## U.S. Air Force Central Command Initiated a Commander-Directed Investigation in March 2012

In response to the hotline allegations and multiple complaints from USAF personnel flying the aircraft in Afghanistan, including reports of near fatal mishaps, Lieutenant General David Goldfein, Commander, AFCENT ordered a CDI.<sup>4</sup> The CDI report, issued in April 2012, was a detailed critique of the G222’s performance in Afghanistan.<sup>5</sup> It noted, “Almost immediately upon arrival in Afghanistan, USAF aircrew and maintenance personnel began to notice problems with the aircraft, such as performance limitations, potential refurbishment issues, and poor aircraft repair.”<sup>6</sup> The report added that these problems were exacerbated by Afghanistan’s high altitude and extreme weather.

The AFCENT investigators found multiple problems with the G222’s performance in Afghanistan. The report pointed out that “The aircraft’s ability to perform is significantly reduced in this high altitude, high terrain, and

<sup>2</sup> The contract number was FA8504-08-C-0007.

<sup>3</sup> Mission capability is defined as the material condition of an aircraft indicating it can perform at least one and potentially all of its designated missions

<sup>4</sup> These complaints were originally reported to the GAO from USAF personnel flying the aircraft in Afghanistan. GAO passed the complaints to the DODIG, who in turn passed them to AFCENT.

<sup>5</sup> We could verify that only 1 of the CDI’s 30 recommendations was partially followed: the last four G222s that were still being refurbished in Italy at the time of the report were not flown to Kabul, as the report recommended. The other recommendations were rendered moot as the G222 program ended within a year after the report was issued.

<sup>6</sup> USAF, *U.S. Air Forces Central Command (AFCENT) Commander-Directed Investigation (CDI)*, April 29, 2012, Tab C, p. 2.

high temperature environment.”<sup>7</sup> As highlighted in the CDI, this is contrary to the G222 Statement Of Work that required the aircraft to “perform Medium Airlift missions in a high-altitude/high temperature environment,” and Alenia’s claim that the aircraft’s ability to perform at high altitudes makes it a well-matched solution to satisfy Afghanistan’s medium transport aircraft requirement.<sup>8</sup> One of the most alarming findings was that “the aircraft has no climb performance at high altitudes on a single engine and thus must descend.”<sup>9</sup> The loss of an engine while in flight could prove fatal. Indeed, the CDI report includes a harrowing account of just such an occurrence when a G222 on a medical evacuation mission lost an engine in mountains exceeding 14,000 feet, but luckily landed safely. “We have dodged four such incidents recently,” the pilot said.<sup>10</sup> The CDI noted a total of eight engine shutdowns, in-flight or on the ground, from March to December 2011, which the CDI concluded was an “abnormal” number in such a short time span.

The CDI also found evidence of refurbishment shortcomings, such as “fuel cell refurbishment and ‘flap rub’ against the trailing edge of the adjacent panels.”<sup>11</sup> Fuel leaks were a constant problem and resulted in the grounding of several G222s in Afghanistan. The investigating officer recommended that these refurbishment shortcomings “should be further investigated to ensure they have no impact on the safety of flight.”<sup>12</sup>

In addition, the investigation revealed numerous examples of substandard maintenance, by both Alenia and its maintenance subcontractor at the time, L-3 Vertex. Examples included “flight line mishaps, lack of quality assurance, poor tool control, inaccurate maintenance documentation, and a significant lack of parts which resulted in the cannibalization of other aircraft.”<sup>13</sup> The investigators faulted Alenia for not providing proper oversight of its subcontractor’s performance. Further, poor maintenance contributed to Alenia not meeting its required mission capability rating (MCR) of 80 percent in the first 17 months of the contract. The MCR goal was lowered to 65 percent in August 2011, yet even that was met for only 1 of the 8 months that preceded the start of the CDI.

The AFCENT investigation also raised major questions about the G222 contract. According to the CDI report, “The U.S. government executed a contract with ANA [Alenia North America] where the actual performance of the aircraft was not clearly articulated in the contract SOW [statement of work]...The failure to require validation that the aircraft could meet the performance requirement for Afghanistan was a major contractual oversight.”<sup>14</sup>

## DODIG Issued a Report on the G222 Program in January 2013

GAO forwarded its hotline complaint regarding the G222 to the DODIG, which began an audit in May 2012 “to determine whether the cost and availability of G222 spare parts would allow for continued sustainability of the aircraft.”<sup>15</sup> In January 2013, the DODIG reported that the G222 program management office and the NATO Training Mission–Afghanistan/Combined Security Transition Command–Afghanistan (NTM-A/CSTC-A) “did not effectively manage the G222 program,” and may be unable to provide some of the spare parts needed to keep the aircraft flightworthy.<sup>16</sup>

The DODIG report found issues with the G222 similar to those in the CDI report. For example, in September 2012, of the 16 G222s at Kabul International Airport, only 9 were authorized to fly, 1 was pending approval to fly, and 6 had been cannibalized to provide spare parts for the remaining aircraft. “The number of aircraft able

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<sup>7</sup> USAF, *U.S. AFCENT CDI*, April 29, 2012, Tab C, p. 2.

<sup>8</sup> USAF, *U.S. AFCENT CDI*, April 29, 2012, Tab D, pp. 4 and 15.

<sup>9</sup> USAF, *U.S. AFCENT CDI*, April 29, 2012, Tab C, p. 4.

<sup>10</sup> USAF, *U.S. AFCENT CDI*, April 29, 2012, Tab D, p. 13.

<sup>11</sup> USAF, *U.S. AFCENT CDI*, April 29, 2012, Tab C, p. 4.

<sup>12</sup> USAF, *U.S. AFCENT CDI*, April 29, 2012, Tab C, p. 5.

<sup>13</sup> USAF, *U.S. AFCENT CDI*, April 29, 2012, Tab C, p. 4.

<sup>14</sup> USAF, *U.S. AFCENT CDI*, April 29, 2012, Tab D, pp. 14 and 15.

<sup>15</sup> DODIG, *Critical Information Needed to Determine the Cost and Availability of G222 Spare Parts*, DODIG-2013-040, January 31, 2013, p. i.

<sup>16</sup> The Council of Inspectors General for Integrity and Efficiency (CIGIE) gave this DODIG audit an Audit Award for Excellence on October 15, 2013.

to fly on any given day varied from zero to three because of problems associated with maintenance and spare parts,” the report stated.<sup>17</sup> “From January through September 2012, the available G222 flew only 234.2 hours even though the contract requirement was to fly a total of 4,500 hours or 500 hours per month.” Because of the inability of the G222 to meet operational requirements, NTM-A/CSTC-A had to use alternative aircraft to accomplish medium airlift mission needs.<sup>18</sup>

The DODIG also concluded that an additional \$200 million in funding might need to be spent on spare parts for the aircraft, which does not meet operational requirements and for which several critical spare parts were unavailable. The DODIG traced the chronic problem with spare parts back to the original contract: “G222 project management office officials have not determined the cost of spare parts for the G222 because they did not prepare a sustainment plan at the time of original contract award in September 2008 that would have calculated life cycle costs for the G222 program.”<sup>19</sup>

After being informed that NTM-A/CSTC-A would replace the G222, the DODIG report recommended

The Program Executive Officer for Air Force Mobility Programs, Air Force Life Cycle Management Center, direct G222 program management office officials not to obligate any additional funds related to the about \$200 million in Afghanistan Security Forces Funds, and not to expend funds previously obligated for spare parts until exhausting all available spare parts inventory, cannibalizing spare parts from other G222 aircraft, and when feasible, continuing the practice of using other aircraft to meet the medium airlift capability. G222 [program management office] officials should also develop an executable disposal plan for the G222 and determine whether any spare parts are needed to support the disposal plan.<sup>20</sup>

## AIR FORCE OFFICE OF SPECIAL INVESTIGATION OPENED AN INVESTIGATION IN MARCH 2012, WHICH SIGAR JOINED IN NOVEMBER 2013

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After receipt of the GAO hotline complaint, AFOSI opened an investigation in March 2012 to review potential criminal and civil violations by Alenia and an official involved in the contract.<sup>21</sup> SIGAR joined the investigation in December 2013 after observing abandoned G222 aircraft at Kabul International Airport, shown in Photo 2. The following month, SIGAR initiated a review of the terminated G222 program, but that review was suspended in January 2014 after SIGAR received a complaint about possible criminal activity involving the G222 program.

**Photo 2 - Abandoned G222 Aircraft at Kabul International Airport**



Source: SIGAR, November 2013.

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<sup>17</sup> DODIG, *Critical Information Needed*, p. 3.

<sup>18</sup> DODIG, *Critical Information Needed*, pp. 3 and 9.

<sup>19</sup> DODIG, *Critical Information Needed*, pp. i and 7.

<sup>20</sup> DODIG, *Critical Information Needed*, p. ii. Based on the DODIG’s draft recommendations, the PEO decided not to renew the G222 sustainment contract and to use an alternate aircraft to meet the AAF’s medium airlift needs.

<sup>21</sup> The AFOSI case (number 24-C-313729-04566121080415) focused on three specific violations: Civil False Claims Act, Bribery of Public Officials and Witnesses, and Fraud Involving Aircraft or Space Vehicle Parts in Interstate or Foreign Commerce.

While the criminal and civil investigations continued, SIGAR initiated a more broadly scoped G222 review in September 2014, focusing on lessons learned from the program. A month later, SIGAR sent an inquiry letter to the Secretary of Defense and another to the Secretary of the Air Force requesting additional information about the G222 program, including concerns that the officials responsible for planning and scrapping the planes may not have considered other alternatives to salvage taxpayer dollars. (See Appendix V for copies of the letters.) SIGAR also highlighted its concerns with the G222 program in its Quarterly Report to Congress issued in October 2014. (See Appendix VI for excerpt from that quarterly report.) In July 2015, SIGAR suspended its review pending the results of the ongoing criminal investigation.

From January 2014 until October 2019, SIGAR investigators, along with agents from AFOSI, DCIS, and the FBI, interviewed dozens of personnel involved in the G222 program and reviewed thousands of emails and supporting documents, including those from the AFCENT CDI, the DODIG investigation, and the USAF investigation. The investigators periodically updated DOJ on their findings.

SIGAR found the following:

- The retired Air Force general's involvement with the program was more significant than previously understood.
- USAF officials identified problems with G222 sustainment early in the procurement process.
- The significant shortcomings with Alenia's ability to sustain the aircraft were overlooked in the rush to get a contract before ASFF funding expired at the end of September 2008.
- The Defense Contract Management Agency (DCMA) inspections of the G222s in Italy were inadequate.
- Initial success with the G222 was quickly overcome by sustainment issues.
- Significant problems with G222 sustainment continued despite multiple efforts to make it work.
- An inspection of the four remaining G222s at Ramstein Air Base found additional evidence of poor refurbishment that fell below the standards required in the contract's statement of work.

## Retired Air Force General's Involvement in the G222 Program Was More Significant than Previously Understood

As a result of the initial hotline complaint to GAO in February 2012, the SAF-IG began investigating a retired Air Force general for a potential violation of post-government employment restrictions in Title 18, U.S. Code, Section 207.<sup>22</sup> The general was the commander of AFSAC at Wright-Patterson Air Force Base before he retired in June 2009.<sup>23</sup> Upon retiring, the general became vice president of Air Mobility Programs for Alenia North America Inc.; a year later he was responsible for the same Alenia contract that he was involved with while on active duty in the Air Force.

SAF-IG completed its investigation of the retired general's post-government ethics violations in November 2013.<sup>24</sup> It found that he "knowingly made, with intent to influence, communications to employees of the United States on behalf of Alenia North America in connection with the G222 contract." However, the "evidence indicated that the [retired Air Force general] unwittingly violated the 18 U.S.C. § 207's two-year ban when he became Alenia's G222 Program Manager for the G222 contract."<sup>25</sup>

Before retiring, the Air Force general requested and received post-government employment ethics guidance from the Air Force Material Command Law Office (AFMC-LO) at Wright-Patterson Air Force Base, commonly

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<sup>22</sup> Restrictions on post-government employment are described in Title 18, U.S. Code, Section 207 "Restrictions on former officers, employees and elected officials of the executive and legislative branches." They could include a lifetime ban, a 2-year ban, or a 1-year ban depending on the official's level of involvement in the program.

<sup>23</sup> The mission of the Air Force Assistance Center (AFSAC) is to deliver airpower capabilities to strengthen international partnerships and advance U.S. national security.

<sup>24</sup> The specific violation was violation of post-government employment ethics restrictions as stated in Title 18, U.S. Code, Section 207.

<sup>25</sup> SAF-IG, *Report of Investigation*, S7009P, June 2013, p. 23.

referred to as a “30-day letter.”<sup>26</sup> Shortly after retiring, he also requested and received another 30-day letter from the AFMC-LO that had detailed guidance on the application of 18, U.S. Code, Section 207 to post-government employment. This guidance “specifically addressed the various bans from the law in the context of the [retired Air Force general’s]” last assignment, including “For any LOA [letter of offer and acceptance] that was received by or was within AFSAC during your last year of service before you relinquished command, you have a two-year representation ban.”

In his interview with the SAF-IG, the retired general said he did not remember requesting the second 30-day letter and in fact forgot about it until contacted by the SAF-IG. He also said he “did not recall having any specific discussions with an ethics counselor concerning the various post-government employment restrictions contained in 18 U.S.C § 207.”<sup>27</sup>

As described in the SAF-IG investigation, the retired general downplayed his role in the origin of the G222 program, as well as his direct involvement in it. “I don’t remember having any specific meetings or anything about this program,” he said in an interview. However, interviews that SIGAR conducted with other personnel involved in the G222 program indicate that he appeared far more involved with the program while in uniform than he said. Some examples include:

- While representing Alenia, the retired Air Force general bragged to at least two people that the program was the “brainchild” of himself and another senior Air Force officer.<sup>28</sup>
- A G222 contract officer at Robins Air Force Base said the only person he was dealing with at Wright-Patterson concerning the G222 contract was the retired general, who then was on active duty. He said he found this “out of the norm” as the general was several ranks higher than he was. The contract officer said he believed that it was clear the retired general was very involved in the G222 project while on active duty.
- Several officials involved in the G222 program at both Wright-Patterson and Robins Air Force Bases noted that the retired general was significantly involved in the G222 program while he was on active duty. One contracting officer said there was a general understanding at Robins Air Force Base that “this was [the retired general’s] requirement.”

The retired general’s previous rank and connections with senior Air Force officers still working on the program gave the appearance of improper influence and the impression among members of the G222 program management office that Alenia received preferential treatment. Some examples include:

- For a time, the retired general worked in a vacant Air Force office on Robins Air Force Base while employed by Alenia, even though Alenia had an office near the base.
- According to several interviewees, the original draft of the annual contractor performance assessment report (CPAR) completed by the program management office in 2010 was negative, but after the report went higher up the chain of command for approval, there were several changes made that were favorable to Alenia. The perception was that the retired Air Force general, who had meetings with Warner-Robins leaders around that time, used his influence to make the CPAR more positive about Alenia’s performance.
- A program management office official told investigators that they believed that the retired general used his influence with senior Air Force officers to release G222 payments that had been withheld because of poor contractor performance.

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<sup>26</sup> A 30-day letter refers to a legal opinion written as an ethics review for a separating or retiring employee that outlines allowable and non-allowable post-government work/employment by that employee.

<sup>27</sup> SAF-IG, *Report of Investigation*, p. 23.

<sup>28</sup> While on active duty, the Air Force general traveled to Afghanistan in early 2008 where he discussed the medium airlift requirement and the expiring available funding with other senior officers at CSTC-A, even recommending that the G222 become the number one FMS priority for the USAF.

The retired general's involvement as the company representative for the contract he was involved with a year earlier while on active duty struck several people involved in the program management office as improper. One office employee said, "It just felt fishy to me when I found out that [the retired Air Force general] had had some involvement in saying which way the \$300 million went and then ended up working for that company on that very program." Another program management office employee said, "We have very strict rules...that's not something we would ever be allowed to do." Many people involved in the program told investigators that they assumed that the retired general, the U.S. government, and Alenia vetted this before he was hired and that, ultimately, it was the general's responsibility, as well as Alenia's, to ensure that there was no conflict of interest.

## USAF Officials Identified Problems with G222 Sustainment Early

The problems with the G222 were known as early as November 2008 and were reflected in internal USAF discussions and on-the-ground inspections.

After Alenia presented its proposal for the G222, a senior USAF contracting official noted in a November 2007 email, "Twenty-four of the 27 advertised aircraft have been grounded for 1 to 5 years, with the average on the ground time of 3.3 years fleet-wide. Engineering authority and airworthiness certification are serious issues...Alenia has no serviceable spares—8 months to repair."

Several officers and officials noted that the planes were left in the open for years near the sea in Italy, and that corrosion was underestimated, especially its impact on the engines. Indeed, a survey of the G222s at Pisa by a three-person USAF engineering survey team conducted in March–April 2008 provided a detailed description of the condition of each candidate aircraft noting, "there was moisture-related degradation to nearly all aircraft. Most notably was exfoliation to aluminum components. Although the team considered exfoliation a severe form of corrosion, the team believed all damage was repairable to a structurally sound condition."<sup>29</sup>

Also included in their report was a recommendation to "not select aircraft 4032, 4048, or 4095 for refurbishment because their condition is considerably worse than the other aircraft."<sup>30</sup> In spite of this, all three aircraft were purchased by the U.S. government and refurbished by Alenia for the AAF. Photo 3 shows the wing of one of the planes inspected by the team; it was stored outside with its internal components and wiring exposed to the elements. Photo 4 shows an example of exfoliation around a G222 aircraft frame.

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**Photo 3 - Plane at Pisa, Italy, with Wing Access Panels Removed Exposing Inside of Wing to the Elements**



Source: U.S. Air Force, March–April 2008.

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**Photo 4 - Exfoliation around Aircraft Frame of a G222 Stored in Pisa, Italy**



Source: U.S. Air Force, March–April 2008.

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<sup>29</sup> USG G-222 (C27A), "Aircraft Survey," March 29, 2008–April 12, 2008, p. i.

<sup>30</sup> USG G-222 (C27A), "Aircraft Survey," p. i. The G222 with Alenia Identification number 4095 had been involved in a crash-landing during an airshow at the Royal Air Force Base in Fairford, England, in July 2002 ([https://www.youtube.com/watch?v=4MFhdS\\_1z38](https://www.youtube.com/watch?v=4MFhdS_1z38)). As of June 2020, this aircraft sits non-operational on an airfield at Ramstein Air Base.

In an interview with SIGAR, one contractor who worked on the statement of work said that when he contacted the U.S. Department of State's Air Director, who had experience with the virtually identical C27A, he told the contractor that the G222 did not operate at high altitudes. He also advised the contractor and the USAF team to "run as far away from Alenia as you possibly can."

Another USAF Official, upon seeing a presentation from Alenia, added separately:

I have gone through the Alenia Briefing on the C27A used aircraft. There are many open festering issues that may cause a huge issue in the ability to contract for and execute as an acquisition program...They need major overhauls, [have] not been kept up to date with mid-life upgrades, are all of different configurations or have systems that are obsolete. In addition, there seems to be no spare parts available...to support the expected life of this program.

The lack of available spare parts would be the issue that ultimately caused the program to fail. One official recalled that Alenia showed them multiple warehouses full of what it claimed were G222 parts. "But nobody verified what exactly was located at the warehouses, specifically, the condition, quality, and number of parts," the official reported. This official continued that "later it was discovered that some of the parts were unserviceable and could not be used." Furthermore, "the impression was Alenia had people and parts available to support the aircraft, but it was not the case," and "Most of the parts on the aircraft are considered DMS (diminishing manufacturing sources), except the tires."<sup>31</sup> Alenia kept all technical data as proprietary information, making it difficult to obtain parts from different manufacturers.

The Air Logistics Complex Program Management Office at Robins Air Force Base was told by both AFSAC and Alenia that there were enough spares and support equipment for 20 aircraft for 10 years. Office personnel found out that was not true. There was "a lot of stuff they [Alenia] signed up for they couldn't do and didn't understand the consequences," said one official in the office.

Another significant issue was who owned the aircraft. Under a foreign military sales (FMS) purchase, the buying country owns the aircraft the moment they are accepted.<sup>32</sup> However, this purchase was generated under a pseudo-FMS system; the G222 aircraft were purchased using U.S. government funding, to be flown by USAF personnel as they trained Afghan pilots and then, eventually, intended to be turned over to the AAF. The lack of clarity of who owned the aircraft complicated other issues such as customs requirements for parts shipped to Afghanistan and who conducted airworthiness certification for the aircraft.

The U.S. government relied on Alenia to provide each aircraft with a "declaration of airworthiness," without additional certification by the USAF.<sup>33</sup> One program management office official compared the certification process for the G222 with the C-130. When each C-130 is delivered to the USAF, he explained, the USAF has an engineering staff that "owns" the airworthiness of the aircraft. With the G222, the USAF did not "own" airworthiness and relied more heavily on Alenia. The G222 had an Italian airworthiness certification because it was built for the Italian Air Force. Each G222 had an Italian military-type certification that the U.S. government saw upon delivery. In addition, "the legal process of transferring goods from Italy to Afghanistan was never ironed out," a program official said.

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<sup>31</sup> According to the Defense Federal Acquisition Regulation Supplement (DFARS), diminishing manufacturing sources material shortages refers to the loss, or impending loss, of manufacturers or suppliers of items, raw materials, or software.

<sup>32</sup> "Pseudo-FMS" cases refer to foreign military sales that are (1) funded with U.S. government appropriations rather than partner-nation funding, and (2) initiated by the U.S. government without a formal request from the partner nation. Additionally, whereas traditional FMS cases involve an agreement between the receiving country and the U.S. government as to what equipment and services are provided (referred to as a letter of offer and acceptance or LOA), there is no signed agreement with pseudo-FMS cases in terms of the content of the sale.

<sup>33</sup> Airworthiness is the capability of an air system configuration to safely attain, sustain, and terminate flight in accordance with approved usage and limits. Under this directive, responsibility for establishing airworthiness of an aircraft is designated by the Independent Technical Airworthiness Authority (TAA), which may delegate airworthiness authorities.

## Pressure to Get the Contract Approved Before the Funding Deadline Overlooked Significant Program Sustainment Issues

The FAR has extensive guidance on the procedures to follow when acquiring major end items, and requires full and open competition unless there is “an unusual and compelling urgency that the government would be seriously injured...”<sup>34</sup> The urgency to get funds awarded for the G222 program before they expired did not meet this exception, and ultimately resulted in the U.S. government spending \$549 million on an aircraft program that had significant sustainment issues and wound up being sold for scrap metal.

The pressure to obligate the money quickly before ASFF funds expired on September 30, 2008, drove the decision to waive the FAR requirement for full and open competition, and then to pursue a letter contract when Alenia could not generate a substantiated cost proposal in time to complete a standard contract. In fact, the program management office worked into September 2008 to try to get as much detail as possible in the contract before funding expired at the end of the month, even flying a USAF team to Italy to help Alenia establish a cost justification.

The purchase would be made using the “pseudo-foreign military sales” process. The Alenia cost proposal was about \$100 million more than available funds, which required CSTC-A to re-scope (reduce) the requirement to fit the cost. USAF leaders felt pressure to get the contract awarded quickly so the money would not be diverted to other CSTC-A programs. “Due to the compressed time schedule to get the contract awarded [before funds expired on September, 30, 2008], a lot of details were ‘taken on faith’ and there was no time to look at the acquisition because the funds were available right then,” said one officer involved in the contracting process.

The G222 program “received a great deal of high-level USAF attention,” said one program officer. In one example, one USAF executive wrote to a subordinate involved in the contract that “failure is NOT an option here.”<sup>35</sup> The pressure to make the program succeed percolated down the chain of command. One program management office official said that in the 32 years she spent at Robins, the only time she ever briefed the base commander was on the G222. Pressure to move or push along the program was a common theme in interviews.

## Defense Contract Management Agency Inspections of G222s in Italy Were Inadequate

The DCMA was responsible for ensuring compliance with the terms of the contract and the statement of work. DCMA sent two inspectors to the Alenia site in Naples, Italy, during the aircraft refurbishment process from June 2009 through December 2011. The inspectors certified that the work for each of the four milestones was accomplished before Alenia received partial payments.

Because the G222 didn’t come with an inspection checklist, the two inspectors—who between them had substantial experience with aircraft and aircraft inspections (though not with the G222)—had to create one and update it as they learned. The key document they used was a “Safety of Flight” plan, which they created from scratch. According to the inspectors, Alenia did not have experience with U.S. government contract standards, so they did not understand expectations such as working with DCMA representatives, or establishing a tool control program or foreign objects and debris (FOD) program.<sup>36</sup> The inspectors “only tracked ‘major’ discrepancies but relied on Alenia to provide a list of... [these] major discrepancies.” In an interview with AFOSI and SIGAR, one inspector admitted that if Alenia did not bring discrepancies to their attention, DCMA did not know that problems or resulting fixes existed.

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<sup>34</sup> FAR Section 6.302-2 states, “When the agency’s need for supplies or services is of such an unusual and compelling urgency that the Government would be seriously injured unless the agency is permitted to limit the number of sources from which it solicits bids or proposals, full and open competition need not be provided for.”

<sup>35</sup> Email from the Deputy Under Secretary of the Air Force for International Affairs to the retired USAF general and others, August 1, 2008.

<sup>36</sup> The Federal Aviation Administration defines foreign object debris as any object, live or not, located in an inappropriate location in the airport environment that has the capacity to injure airport or air carrier personnel and damage aircraft. Federal Aviation Administration, “Airport Foreign Object Debris (FOD) Management,” Advisory Circular 150/5210-24, September 30, 2010.

The statement of work directed that key maintenance and technical manuals be written in English. However, the maintenance paperwork, such as technical orders (step-by-step procedures), were written in Italian, and neither DCMA inspector read or spoke Italian, although they did have access to interpreters if they had any questions. The inspectors reported verifying that the aircraft maintenance inspections were stamped as completed by Alenia employees, but did not actually verify that those inspections Alenia presented were actually done. One inspector said he felt “a lot of pressure” to approve the first two G222s to get them to Afghanistan as soon as possible. Both believed there were just not enough inspectors to ensure the planes were refurbished in accordance with the statement of work.

The inspectors had to rely on Alenia to fix discrepancies but did not inspect or review whether they had been fixed. By the final milestone, Alenia certified that all the discrepancies had been fixed. The inspectors admitted there was no oversight of parts and no way of knowing what parts were installed on the G222s during refurbishment. Each engine came off the original aircraft and was sent to an Alenia subcontractor to be refurbished. The inspectors did not recall any requirement for Alenia to certify the parts it received from subcontractors.

“We wasted money,” said one inspector, adding, “there had to have been a reason they were sitting in a boneyard in Pisa.” The inspector also said, “there was a lot of pressure to succeed, nothing nefarious just that [the inspectors] were asked to move things along,” with the program management office repeatedly asking both inspectors why the planes were taking so long to refurbish.

One inspector said a more rigorous inspection program would have done more, but would have also cost more. He said he felt that the DCMA quality assurance representative personnel who worked the G222 program “didn’t understand, couldn’t have understood, what they were looking at.” He described the G222 program as a “foreign process” that was different from what a DCMA quality assurance representative would normally come across when inspecting an established program. Still, the inspectors said they felt that given the circumstances, they did the best they could, and they believed in the integrity of the workers at Alenia. “I trust my son to fly on these,” one inspector said, “but not in Afghanistan.”

## Initial Success in Afghanistan Quickly Overcome by Lack of a Sustainment Plan

The first two G222 aircraft arrived in Afghanistan in November 2009.<sup>37</sup> As part of the contract’s bill of materials, Alenia was supposed to provide two full years of parts before the first G222 arrived. That did not happen, and the spares that did arrive were not what was needed. “We started cannibalizing aircraft for parts almost on day one,” said one contract official during an interview conducted by AFOSI, DCIS, and SIGAR personnel.

In spite of the absence of spare parts, the squadron tasked with training the Afghans reported remarkable success in accomplishing their missions, flying almost 2,500 hours and qualifying all of the Afghans assigned to them at the time, all while using between four and six planes. When interviewed by the SAF-IG, one USAF officer said, “We flew members of Parliament to Pakistan, and we did airdrop resupply, we did air land...There was nothing that we did not accomplish that first year. It was amazing, amazing success. So I think we proved the operational validity of the airplane in Afghanistan. What we couldn’t do was sustain it, and that’s where we failed.”

“From the beginning we could see that logistics and logistics sustainment was going to be our Achilles heel of the program, and obviously...that truly manifested itself, unfortunately,” a USAF pilot said. “We always struggled with having the right number of parts in place, the right number of maintainers in place...We were able to overcome those problems the first year by sheer will and determination, but then...the logistics problems started overcoming sheer will and determination, and then it slowly got worse and worse.”

An officer who visited Italy in August 2010 to obtain feedback on the G222 Program and flight operations reported to the Commander of the Air Logistics Center that under Alenia “[spare] parts were not available,”

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<sup>37</sup> According to one of the DCMA inspectors, the first G222s refurbished were in the best condition (coming out of the boneyard), while the last six-to-eight G222s were in the worst shape going into refurbishment.

“supply chains for parts were not in place,” and that “there was also no source for part repair, meaning parts that were no longer manufactured that broke, could not be fixed.” The officer further stated that Alenia “had no export license agreements, subcontractors, or parts availability.” In an interview with AFOSI and SIGAR personnel, he suggested that before the U.S. government invests more money in the program, it should ask, “Should we really be doing this?” According to the officer, the answer from USAF leadership was always, “We’ve invested this much in the program, we need to move forward, basically continue funding the program.” He said leadership in Afghanistan knew the problems but no one was willing to change course.

## Problems with the G222 Program Continued Despite Multiple Efforts to Make It Work

As the spare parts problem worsened, the G222 program management office at Robins Air Force Base went to extraordinary lengths at added expense to find the spare parts that Alenia could not provide. In one example, the G222 program team traveled to Hulburt Field in Florida to break down a C27A, cannibalize it for parts, then ship them to Afghanistan. In another example, Alenia did not have the spare propellers required to sustain the G222 fleet as specified in the contract because, it said, the subcontractor could not provide them with the quality required. The propeller blades that were available were nearing the end of their service life and had a high scrap rate. The subcontractors Alenia used to service G222 propellers had to evaluate 356 blades in order to find the 144 blades required by the program. The U.S. government found unused G222 blades in Japan and shipped them for inspection at U.S. government expense to assist in this effort.

Obsolete parts were another problem. By July 2012, Alenia identified 191 G222 parts that were obsolete, including more than 60 that could not be sourced. One pilot told SAF-IG investigators that on December 10, 2011, the U.S. and Afghan Air Forces stopped flying the G222 aircrafts to fix maintenance issues and flew minimal sorties between then and March 2, 2012, at which point they stopped flying for 3.5 months until mid-June 2012.

Alenia replaced L3 Vertex with DynCorp International as the logistics subcontractor in March 2012. While this seemed to be an improvement, it was only marginal; commonly 6 of 16 aircraft were cannibalized for spare parts to keep the others flying. Alenia simply could not provide the spare parts as required by the contract and continued to refuse to show supporting documentation for spare parts prices.

As the maintenance staff struggled to keep the G222s flying in Afghanistan, there were problems getting the last of the G222s refurbished in Italy. These last aircraft were in need of the most refurbishing, and problems were often immediately apparent. One pilot in Afghanistan described his frustration when he had to fly a crew to repair a newly refurbished G222 that broke down en route from Italy to Afghanistan. In yet another indication that the contractor had overpromised, the “very important person configuration” intended for the last two aircraft was too heavy to maintain airworthiness in Afghanistan.<sup>38</sup> “How could they [Alenia] not know this?” one contracting official said.

With G222 maintenance issues worsening in Afghanistan, CSTC-A decided to keep the last four refurbished G222s in Italy, where Alenia charged the U.S. government a storage fee. Eventually, USAF pilots flew them to Ramstein Air Base.

One program management office official said that despite the downward trend and problems in the G222 program, there was a “push” from the general officer level within the USAF to keep the program funded and running. One senior leader involved admitted that there was pressure from high levels of the Air Force to make the program work, quoting one general officer level official within the USAF who stated, “This program will not fail.” This senior leader, and the broader G222 Contract and Program team, were instructed to “hold the contractors [Alenia’s] hand,” but even that didn’t work. Because the G222 was a sole-source contract, “We really did not have any way to hold the contractor’s feet to the fire other than to withhold payments when

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<sup>38</sup> As described in the Statement of Work, section 1.1.1.2, “Additional Critical Requirements for VIP [very important person] Aircraft,” Alenia was to provide two G222 aircraft with “Light weight armor protection under/around VIP modules.”

something wasn't working." As one contract official summed it up, "If we had known the parts were not available, we would not have gone with the G222."

In their response to SIGAR's December 2014 inquiry letter, DOD claimed that since September 2008, "the U.S. Government issued 125 corrective action requests (CARs) [to Alenia].<sup>39</sup> Eight of the CARs were Level III, indicating serious noncompliance, a significant deficiency, a failure to respond to a lower level CAR, or to remedy recurring noncompliance." On August 15, 2012, the program office issued a cure notice to Alenia to fix five major areas of concern with the G222 program by October 1, 2012.<sup>40</sup> On October 15, 2012, the USAF sent a show cause notice to Alenia because it did not meet all the critical conditions as outlined in the cure notice.<sup>41</sup> On December 18, 2012, the PEO sent a letter to Alenia notifying it of the USAF's intent not to continue with the support contract after it expired in March 2013. G222 flying operations ceased in Afghanistan after February 25, 2013.

## Additional Evidence of Poor Refurbishment by the Contractor

The joint AFOSI/SIGAR investigation included examining contract documents at the Alenia refurbishment facility in Naples, Italy, in April 2015, and an on-site inspection in June 2015 of the four G222 aircraft at Ramstein Air Base. The inspection team at Ramstein was supported by structural materials evaluation and electronic materials evaluation teams from the Air Force Research Laboratory at Wright-Patterson Air Force Base, as well as inspectors from the U.S. Coast Guard Aviation Logistics Center and investigators from AFOSI and SIGAR. The team sent several G222 parts to the USAF Research Laboratory for further examination.

The inspection team at Ramstein found multiple examples of improper refurbishment, including the use of unauthorized materials, poor workmanship, and design issues. Specific examples included uncorrected corrosion of the structure, leaks in the fuel system and hydraulic fittings, and damage to wiring harnesses. Many findings were considered "significant hazardous conditions" that "have been known to result in loss of aircraft in [Air Force] service," such as inadequate separation between electrical wiring and the aircraft structure that can result in arcing and fire.<sup>42</sup> The team concluded, "The four aircraft examined exhibited hazardous conditions which compromise their airworthiness. There is clear and compelling evidence the subject aircraft were not refurbished in accordance with the requirements levied in the Statement of Work or in accordance with commonly accepted standards."<sup>43</sup>

In October 2016, AFOSI and SIGAR presented the final results of the G222 inspections and laboratory tests to representatives from DOJ and the U.S. Attorney's Office in the Southern District of Ohio for potential prosecution.

## Air Force Discontinued the G222 Program in December 2012

The USAF decided to discontinue the G222 and the maintenance contract in December 2012, deciding instead to fulfill the original Afghan Air Force requirement for medium airlift with 26 C-208 Cessna light transport aircraft that had already been procured, and 4 additional C-130Hs.<sup>44</sup> The four C-130Hs cost at least \$116.7 million to acquire, not including all sustainment costs.

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<sup>39</sup> A corrective action request (CAR) is a request for root cause remedy of a contractual noncompliance. CARs have four levels depending on the severity of the noncompliance (with Level IV being the most severe), and specify actions a contractor is expected to take to eliminate the conditions that resulted in a contractual noncompliance.

<sup>40</sup> A cure notice is a written notice provided to the contractor specifying contract failures that are endangering the performance of a contract. DOD provides the notice when considering terminating a contract for default and will specify the number of days the contractor has to "cure" the contract failures.

<sup>41</sup> Contracting officers issue a show cause notice when insufficient time remains in the delivery schedule to cure the problem or the contractor failed to act on the cure notice. This show cause notice informs the contractor of a potential contract termination.

<sup>42</sup> Air Force Research Laboratory, "Trip Report Memorandum," dated July 28, 2015, p. 2.

<sup>43</sup> Air Force Research Laboratory, "Trip Report Memorandum," pp. 3-4.

<sup>44</sup> The C-208 would be the primary fixed-wing platform for evacuating casualties and recovering human remains, while the C-130 would be used for both larger contingencies and occasions where the weather was not suitable for the light lift C-208 (see SIGAR, *Response to Alert*

The 16 G222s in Afghanistan remained on the tarmac at Kabul International Airport. With no sustainment contract in place, few spare parts available, and limited maintenance ability, they deteriorated further. The USAF made multiple attempts in 2013 and 2014 to find a buyer for the aircraft, including other agencies within the U.S. government and international buyers. It also attempted to have Alenia buy them back. The question of aircraft ownership complicated efforts to find a buyer; the G222s were purchased for the Afghan government under the pseudo-FMS process, yet the Afghan government didn't want them. So the USAF asked Congress for the ability to sell the aircraft as U.S. government property, which Congress granted in the National Defense Authorization Act for Fiscal Year 2014.<sup>45</sup>

In 2014, more than a year after the decision to end the G222 program, with U.S. forces poised to draw down significantly from Afghanistan and with no feasible prospects of selling the aircraft, the USAF decided to sell the aircraft in Afghanistan for scrap. The Defense Logistics Agency, which handles the disposition of excess defense articles, sold the 16 G222s to an Afghan scrap company for \$40,257, or approximately \$0.06 per pound.<sup>46</sup> They were destroyed at Kabul International Airport in August and September 2014. The four G222s originally flown to Ramstein Air Base remain there, parked and effectively abandoned in an out-of-the-way area with ongoing plans to cannibalize the aircraft for their parts by other U.S. government agencies. Photos 5 and 6 show the destruction of a G222 aircraft on the tarmac of Kabul International Airport, and two of the four stored aircraft at Ramstein Air Base, respectively.

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**Photo 5 - G222 Destroyed for Scrap on Tarmac of Kabul International Airport**



Source: Defense Logistics Agency, August 2014.

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*Letter on Afghan Air Force C-130 Aircraft*, SIGAR 14-80a, October 7, 2014). As of July 2020, the AAF fixed-wing airlift inventory consists of 4 C-130Hs and 23 C-208s.

<sup>45</sup> Section 1531 of the National Defense Authorization Act for Fiscal year 2014 authorized DOD to treat equipment procured through ASFF as DOD stock, allowing DOD to dispose of the 16 G222s at Kabul International Airport.

<sup>46</sup> In the October 2014 SIGAR Quarterly Report to Congress, we noted that DOD received \$32,000 for the scrapped G222s at Kabul International Airport. In January 2015 DOD sent SIGAR an answer to our inquiry letter that updated the scrap revenue to \$40,257. However, DOD also noted in their response that "DLA's analysis determined an average cost estimate of demilitarization in Afghanistan to be approximately \$0.28 per pound...In this case, the total weight of the demilitarized aircraft and associated equipment was 670,950 lbs. This equates to an approximate cost of \$187,866 for the receipt, demilitarization, and removal of scrap using the above methodology. If the scrap revenue of \$40,257 is considered, the net cost equates to approximately \$147,609."

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## Photo 6 - Two of the Four Remaining G222s at Ramstein Air Base



Source: SIGAR Investigations, December 2013.

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## DOJ DECLINES TO PROSECUTE

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AFOSI and SIGAR personnel briefed prosecutors from the DOJ regarding the civil and criminal allegations shortly after SIGAR joined the ongoing AFOSI investigation in January 2014.<sup>47</sup> From that point on, SIGAR, DCIS, and AFOSI investigators met with DOJ officials and prosecutors in several venues where the cases would have been prosecuted, periodically updating them on the progress of the investigations.

In May 2020, officials with DOJ's Public Integrity Section, Criminal Division, notified SIGAR of their decision not to pursue criminal charges against the retired Air Force general. The Chief of the Public Integrity Section stated that the felony prosecution for 18 U.S.C. § 207 violations (conflict of interest) was "completely unheard of" and that in most cases these matters are handled as a misdemeanor or administrative settlement. He went on to say that he researched 17 years of court cases and could not find any instances of a felony conviction for an 18 U.S.C. §§ 207-208 violation. The Chief further added that the retired general had already received a verbal reprimand. Additionally, the Chief said the case had grown stale, with the most recent facts 7 years old and the oldest facts 12 years old, and that this was not a heinous crime and would lack jury appeal.

Also in May 2020, DOJ's Civil Division notified SIGAR of their decision not to pursue civil charges against Alenia for contract fraud and other civil violations. In the opinion of officials from DOJ, successful prosecution would be difficult, particularly the ability to recoup contract costs, because the DCMA accepted the aircraft in spite of evidence of several contract violations, including poor refurbishment quality.

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<sup>47</sup> Before SIGAR joined the AFOSI investigation, AFOSI had briefed the DOJ Civil Division and the U.S. Attorney's Office in the Middle District of Georgia.

## CONCLUSION

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DOD wasted a total of at least \$549 million on the G222 contract with Alenia. Sixteen of the 20 planes purchased by DOD arrived in Afghanistan and immediately had major issues with performance limitations, reliability, and sustainability. In the end, all 16 were grounded after flying a small fraction of their intended service life and were finally sold for scrap for \$40,257. The other four aircraft are still sitting in Germany, having never flown in Afghanistan as intended.

The failure of the G222 program in Afghanistan can be traced back to the original contract. Inadequate justification for not following standard FAR procedures resulted in insufficient oversight. Exceptions should not be granted only to secure funding before funds run out at the end of the fiscal year. As stated in FAR Section 6.302-2, an unusual or compelling urgency only applies in situations when a “Delay in award of a contract would result in serious injury, financial or other, to the Government.” Expiring funds does not meet this criterion. In fact, because the contract was awarded prematurely and noncompetitively, the opposite happened, and the U.S. government suffered serious financial harm.

The urgency to get a contract in place quickly limited the opportunities for contract officials to discover flaws in the program and enforce the contract’s requirements. For example, as discussed in the DODIG report, the G222 project management office did not complete a sustainment plan for the G222 over its expected life cycle, which was meant as a 10-year medium airlift bridge to 2022. The pressure by senior USAF officials to “move the program along” resulted in other missed opportunities to address significant problems that were obvious and immediate to pilots and crews once the aircraft arrived in Afghanistan.

Decisions to approve exceptions to the FAR involved a number of senior Air Force officials who ignored warnings from their own technical experts about the potential refurbishment, performance, and sustainment issues that ultimately occurred and resulted in the U.S. government wasting \$549 million on aircraft that did not achieve their mission. This included senior officials at the Air Force Security Assistance Center at Wright-Patterson Air Force Base who helped CSTC-A develop the medium airlift requirement that pushed the program to the G222 aircraft, senior officers at the Air Logistics Center at Robins Air Force Base who directed the award of the sole-source contract, and the senior acquisition official in the Air Force who approved the justification and authorization for the sole-source contract.

Unfortunately, no one involved in the program was held accountable for the failure of the G222 program. In particular, the retired Air Force general who was substantially involved in the program while on active duty and then as the Alenia G222 program manager within 2 years of his retirement was in violation of 18 U.S.C. § 207’s two-year post-employment ban. This was in spite of the general requesting and obtaining legal advice from his local USAF command that accurately identified the prohibition of such conduct.

One USAF official involved in the G222 program summarized it best: “[The Air Force] should never have tried to do a high visibility acquisition in 8 months, and they should have waited and fully staffed an acquisition office to adequately review the acquisition plans.” It should be noted that the multiple investigations into the G222 program did not begin until a concerned USAF pilot flying the G222 in Afghanistan contacted GAO. Fortunately, the Afghanistan G222 program was terminated before any lives were lost.

There are a number of lessons that DOD can learn from this failed acquisition. Specifically:

- Acquisition officials should adequately consider all risks before approving major acquisitions involving refurbishment of equipment manufactured outside the U.S. USAF personnel who reviewed the contractor’s proposal and visually inspected the aircraft raised a number of warning signs, which should have caused USAF acquisition officials to further investigate the contractor’s claims and the condition of the aircraft before approving a sole source acquisition.
- Acquisition officials should require contractors to provide a comprehensive sustainment plan demonstrating the capability to provide all spare parts needed to sustain the equipment for the life cycle of the contract. A life cycle sustainment plan would have revealed that many G222 spare parts

were no longer manufactured, and would have uncovered the fact that the contractor did not have the spare parts available as it had claimed.

- Acquisition officials should not accept the expiration of funds as justification for an urgency of need sole source acquisition.
- Acquisition officials should hold contractors accountable for meeting all contract requirements. For example, Alenia was required to provide inspection reports in English and to provide 2 full years of spare parts before delivering the first planes. They did not meet these requirements, but acquisition officials still accepted the aircraft.
- DCMA inspectors must have sufficient resources and full access to production processes to ensure inspectors can properly inspect the equipment before accepting the final product. For example, in this case inspectors could not physically verify that refurbishment discrepancies had been corrected and did not have access to the subcontractor that was rebuilding the engines; despite this, inspectors certified that the contractor fulfilled the terms of the contract.
- Conflict of interest allegations against senior officials should be thoroughly investigated by the appropriate authority. The SAF-IG investigated the allegation and concluded that the “evidence indicated that the [retired Air Force general] unwittingly violated the 18 U.S.C. § 207’s two-year ban when he became Alenia’s G222 Program Manager for the G222 contract.” However, further investigation by AFOSI and SIGAR revealed that the general appeared far more involved with the program while in uniform than he claimed during his interviews with the SAF-IG.

## AGENCY COMMENTS AND SIGAR’S EVALUATION

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We received a response to our draft report from DOD on February 1, 2021. In its response, DOD noted several additional oversight requirements that now occur as a result of problems with the G222 program. These requirements include the establishment of the Office of the Secretary of Defense-led Afghanistan Resources Oversight Council (AROC) and “validations of all procurement, training, and sustainment activities for all platforms in the Afghan Air Force and [Special Mission Wing] fleets” by Afghanistan stakeholders such as the Office of the Secretary of Defense, the Army, the Air Force, and US Forces–Afghanistan. We support and encourage these additional program reviews and any efforts by DOD to provide more oversight of taxpayer-funded programs in Afghanistan.

DOD claimed that “the only information not previously reported is additional evidence of misconduct by a retired Air Force general officer...” We disagree. We ensured that this report gave proper credit to previous DOD investigations of the G222, especially the AFCENT Commander-Directed Inquiry in March 2012 and the DODIG’s January 2013 report; however, the combined AFOSI/SIGAR investigation, supported by other U.G. government agencies, revealed many more details about the failed G222 program. In addition to demonstrating that the retired Air Force general’s involvement with the program was more significant than previously understood, this report uncovers the following additional and/or previously unreported evidence:

- USAF officials identified problems with G222 sustainment early in the procurement process.
- The significant shortcomings with Alenia’s ability to sustain the aircraft were overlooked in the rush to get a contract before ASFF funding expired at the end of September 2008.
- The DCMA inspections of the G222s in Italy were inadequate.
- Initial success with the G222 program was quickly overcome by sustainment issues.
- Significant problems with G222 sustainment continued despite multiple efforts to make it work.
- An inspection of the four remaining G222s found additional evidence of poor refurbishment that fell below the standards required in the contract’s statement of work.

DOD stated that the report “concludes incorrectly that the Department of the Air Force pursued a sole-source contract for the G222 because ‘[t]he pressure to obligate the money quickly before ASFF funds expired on September 30, 2008, drove the decision to waive the FAR requirement for a full and open competition, and then to pursue a letter contract when Alenia could not generate a substantiated cost proposal in time to complete a standard contract.’” DOD claimed that the key reason the Department of the Air Force issued a sole source contract was “an urgent operational requirement driven by pressure to accelerate development of Afghan security force capabilities, specifically the Afghan Air Force; concern about expiration of funds was a factor only for the Air Force’s waiver of the requirement for a cost justification.”

While we agree with DOD that there was an urgent operational requirement for medium-lift aircraft for the AAF, we disagree with the claim that this urgent need was the primary reason for waiving the requirement for a full and open competition and pursuing a letter contract, and not just for a cost justification waiver. In multiple emails, memorandums, and interviews, officials involved in the G222 acquisition from Warner Robins Air Logistics Center, AFSAC, CSTC-A, and the Office of the Deputy Under Secretary of the Air Force for International Affairs specifically cited the expiration of funds at the end of FY 2008 as the reason for waiving standard FAR procedures. For example, an October 2007 memorandum from an AFSAC official to the Commanding General, Combined Air Power Transition Force [Afghanistan] with the subject line “Sole Source Recommendation for Medium Airlift Aircraft” stated, “AFSAC is working hard to ensure that the purchase of Medium Airlift Aircraft for the Afghan National Army Air Corps (ANAAC) is finalized before the expiration of the B6 [AISFF] funds on 30 Sep 08...Given the estimated minimum 249 day timeline for competitive aircraft acquisition and internal LOA processing time, we may be unable to meet this aggressive suspense if we were to hold a full and open competition.”

DOD further stated that “Even if funds expiration was an issue, FY2008 ASFF potentially could have been realigned to address this concern.” This statement is contradicted by the evidence. For example, in an email chain with the subject line “Afghan G222 Status as of 31 Jul 08,” whose recipients included the Deputy Under Secretary of the Air Force for International Affairs and key leaders involved in the G222 acquisition, the commander of the Warner-Robins Air Logistics Center noted, “Funding for this effort is Afghanistan Iraq Security Forces Funds (AISFF) that expire 30 Sep 08. From everything we’ve been able to learn, the money is not available for reprogramming and there are no other known uses for these funds if an award cannot be made by 30 Sep 08.”

## APPENDIX I - DOD COMMENTS ON DRAFT REPORT

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INDO-PACIFIC  
SECURITY AFFAIRS

OFFICE OF ASSISTANT SECRETARY OF DEFENSE  
2700 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-2700

The Honorable John Sopko  
Special Inspector General for Afghanistan Reconstruction  
1550 Crystal Drive, 9<sup>th</sup> Floor  
Arlington, VA 22202

Dear Mr. Sopko:

This is the Department of Defense (DoD) response to Special Inspector General for Afghanistan Reconstruction's (SIGAR) draft special project report, "G222 Aircraft Program In Afghanistan: More Than \$500 Million Spent On Faulty Aircraft And No One Held Accountable." We appreciate the opportunity to comment.

The draft report focuses on a program that was concluded in 2013 to procure and sustain used former Italian Air Force fixed-wing medium lift transport aircraft for the Afghan forces funded by the Afghanistan Security Forces Fund (ASFF) and to contract with the Italian company Alenia to refurbish and sustain them. The program began in 2006 and was officially terminated in February 2013 after multiple challenges documented previously by a January 2013 DODIG report, DoD policy reviews, and numerous press reports.

SIGAR's initial inquiry about the G-222 program was in December 2013, six years after the program was initiated and nearly a year after the program was terminated. During this period DoD worked with the congressional defense committees to identify appropriate authorities necessary to resolve the program. These efforts culminated in a formal request for authority to dispose of the aircraft, since ASFF plenary authorities do not allow for use of ASFF-funded equipment for any purpose other than to benefit the Afghan forces. Congress first included G-222 disposition authority in Section 1531 of the Fiscal Year 2014 National Defense Authorization Act (Public Law 113-66, December 26, 2013) at DoD's request. DoD then sought potential buyers, including the Italian Government without success; the 16 aircraft were disposed of in Afghanistan in accordance with the 1531 disposition authority.

The G-222 program was intended to address a bona fide requirement, but failed broadly in execution (as has been documented previously). In the 2007-2008 timeframe, while the G-222 program was in development, a resurgent Taliban led to pressure from the highest levels of the U.S. Government to accelerate Afghan aviation capability. The urgency contributed to some of the management weaknesses documented previously. One of these weaknesses was limited oversight by the Office of the Secretary of Defense (OSD); key decisions regarding the G-222 program were made either by CSTC-A and Combined Air Power Transition Force (CAPTF) commanders or Air Force acquisition officials without adequate DoD-level review. Congress



deemed this weakness systemic, and responded in 2010 by establishing the OSD-led Afghanistan Resources Oversight Council (AROC). Congress noted that “the requirements and contracting for ASFF are equal to or exceed that of most major Defense acquisition programs but without the personnel stability and embedded program structure of such major programs.”

Applying these lessons and taking into account Congressional expectations for more rigorous oversight of large ASFF-funded programs, the Office of the Undersecretary of Defense (Policy), working through the AROC, has been the lead for managing efforts to build up Afghan Air Force (AAF) and Special Mission Wing (SMW) combat power since 2014.<sup>1</sup> This has included commissioning Federally Funded Research and Development Corporations to assess requirements. The resulting programs and sustainment plans have been elevated to the Secretary’s level for review before seeking funding for them. Moreover, OSD, Army, Air Force, and US Forces-Afghanistan stakeholders conduct regular reviews and validations of all procurement, training and sustainment activities for all platforms in the AAF and SMW fleets. SIGAR has conducted recent evaluations of the AAF that have helped inform these efforts.

Our analysis of the draft SIGAR report reveals that the only information not previously reported is additional evidence of misconduct by a retired Air Force general officer who was involved in the program while on active duty and then worked for Alenia upon retirement. We note that after reviewing the case the Department of Justice declined to pursue criminal or civil action against either the retired officer or Alenia in a May 2020 announcement.

The draft SIGAR report concludes incorrectly that the Department of the Air Force pursued a sole-source contract for the G-222 because “[t]he pressure to obligate the money quickly before ASFF funds expired on September 30, 2008, drove the decision to waive the FAR requirement for full and open competition, and then to pursue a letter contract when Alenia could not generate a substantiated cost proposal in time to complete a standard contract.”

In fact, an urgent operational requirement driven by pressure to accelerate development of Afghan security force capabilities, specifically the Afghan Air Force, was the key reason the Department of the Air Force issued a sole source contract; concern about expiration of funds was a factor only for the Air Force’s waiver of the requirement for a cost justification.

Memorandums of request (MORs) from CSTC-A in 2007 indicate there was, initially, an attempt to pursue a competitive contracting process; the decision to take a sole source approach was made on January 15, 2008, eight months prior to funds expiration, and the letter of offer and acceptance from the Air Force to CSTC-A was issued on March 12, 2008. Even if funds expiration was an issue, FY2008 ASFF potentially could have been realigned to address this concern. The timeline is as follows:

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<sup>1</sup> Per Department of Defense Directive 5111.1, dated December 8, 1999, paragraph 3.1.7, in effect at the time, “Under Secretary of Defense for Policy (USD(P)),” the USDP shall “Develop, coordinate, and oversee the implementation of DoD policy and plans for defense security assistance.” See <https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodd/511101p.pdf>. DODD 5111.01, dated June 23, 2020 has since replaced the previous version. See <https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodd/511101e.pdf?ver=2020-06-23-124431-853>.

- MOR #07-E1A-204 (May 5, 2007) requested a FY07 funded case for eight light lift and six medium lift aircraft. The MOR specifically asks for “limited competition, to include non-US platforms and services” to help accelerate the delivery.
- MOR #07-E1A-204A (July 26, 2007) amended the request for ten medium lift aircraft. States, “...ensure consideration is given to a wide-range of potential solutions.”
- MOR #07-E1A-204B (September 30, 2007) amended the above to 18 medium lift aircraft with option for two presidential airlift. States, “...ensure consideration is given to a wide-range of potential solutions.”
- CAPTF Commanding General update letter to MOR #07-E1A-204B (October 30, 2007) requested LOA for 18 Alenia G-222s.
- Amendment C to MOR 07-E1A-204B established to consolidate earlier MORs. (July 27, 2007).

The Department of Defense welcomes the opportunity to remain engaged with SIGAR to perform effective oversight and ensure U.S. taxpayers’ money is spent wisely. Our common goal is to sustain the Afghan National Defense and Security Forces as they partner with the United States in ensuring Afghanistan does not again become a safe haven for terrorists that threaten the United States, our Allies or our interests.

Sincerely,



Kenneth Handelman  
Acting Deputy Assistant Secretary of Defense for  
Afghanistan, Pakistan, and Central Asia

## APPENDIX II - SCOPE & METHODOLOGY

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This report examined the United States Air Force's procurement of G222 aircraft for the Afghan Air Force. The objective of this review was to summarize SIGAR's work reviewing the G222 program, including the work by SIGAR's Investigations Directorate, and Special Projects office. Specifically, SIGAR investigations and reviews sought to determine:

- Why did the G222 fleet fail to fulfill the mission for which they were procured?
- What, if anything, could have prevented the procurement of an aircraft fleet that did not fulfill the needs of the Afghan Air Force?
- What oversight actions were taken by the Department of Defense (DOD), including oversight entities of the U.S. Air Force, regarding the G222 program?
- What investigations occurred regarding the G222 program and what were their results?
- Was anyone held responsible for the failed program?
- What recommendations or lessons learned can be drawn from the G222 program?

To accomplish these objectives, we interviewed personnel; reviewed relevant documents, including contracts, communications, and legislation; and analyzed relevant reports from entities across the DOD and SIGAR. This report extensively analyzed regulatory documents including the Federal Acquisition Regulation, the Defense Federal Acquisition Regulation Supplement, and DOD Ethics Guidance. In preparing this summary, SIGAR's Special Projects office worked closely with SIGAR's Investigations Directorate, which had conducted extensive investigatory work into the G222 program as part of an interagency effort. SIGAR primarily conducted its work in Arlington, Virginia, with additional fieldwork in various parts of the United States, as well as Afghanistan, Italy, and at Ramstein Air Base, Germany.

We reviewed relevant documents and communications from the DOD, SIGAR's Investigations Directorate, and prior inquiries from SIGAR Special Projects.

To provide a whole-of-government assessment of the oversight efforts that have been conducted on various aspects of the G222 program, SIGAR worked with numerous agencies to collect relevant documents, records of interviews, conduct interviews, and document evidence of potential criminal wrongdoing, waste, fraud, and abuse. The Special Projects team received extensive information gathered by SIGAR's Investigations Directorate, and obtained in coordination with other U.S. government entities, including the Air Force Office of Special Investigations, the U.S. Government Accountability Office, the Defense Criminal Investigative Service, the Federal Bureau of Investigation, the Department of Justice, United States Air Force Central Command, the Secretary of the Air Force Inspector General, and the DOD Inspector General.

## APPENDIX III - G222 ACQUISITION TIMELINE

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November 2006: U.S. Central Command Air Forces begins developing requirements for a medium lift aircraft for the Afghan National Army Air Corps (now the Afghan Air Force).<sup>48</sup>

February 2008: Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics approves justification and approval for the sole-source (other than full and open competition) acquisition of 20 refurbished G222s from Alenia North America Inc. (Alenia).

March–April 2008: A team of engineers from the Defense Contract Management Agency survey the available G222s in Italy and make recommendations as to which 20 aircraft were the best candidates for refurbishment.

September 2008: The Air Logistics Center issues an undefinitized letter contract to Alenia for the refurbishment of 18 G222s (with an option for 2 more) and contractor logistics support services (to provide total maintenance, spares, material modification, and maintenance training support) for the G222 aircraft, with a value not to exceed \$287 million. The contract was signed on September 29, 2008.<sup>49</sup>

October 2009: Alenia completes the refurbishment of the first G222. USAF personnel ferry the aircraft to Afghanistan after each is officially accepted by the on-site Defense Contract Management Agency representative in Italy.

November 2009: First two G222 aircraft arrive at Kabul International Airport in Afghanistan.

April 2010: The G222 Contracting Office at Robins Air Force Base withholds a \$23 million payment to Alenia due to aircraft not being delivered as required in the contract. (The funds were later released when performance improved.)

September 2010: G222 program management office officials exercised the option for 2 additional aircraft, resulting in a total of 20 aircraft.

December 2011: The NATO Air Training Command–Afghanistan and 438th Air Wing Commander grounded the G222s because of contractor logistics support deficiencies and poor maintenance procedures.

February 2012: A U.S. Air Force (USAF) officer flying a G222 in Afghanistan submits a complaint to the Government Accountability Office about contractor malfeasance, potential conflicts of interest, and multiple safety issues, including several near-fatal mishaps.

February–May 2012: The Department of Defense Inspector General (DODIG), the USAF Inspector General, and the USAF Office of Special Investigations open separate investigations into the G222 program.

March 2012: G222 program management office officials award a follow-on contractor logistics support contract to Alenia.<sup>50</sup> The contract's anticipated total value ranges between \$372 million and \$429 million for 2 years.

March–April 2012: Lieutenant General David Goldfein, Commander, USAF Central Command orders a Commander-Directed Investigation into allegations and concerns about G222 safe operations.

June 2012: The 16th G222 aircraft is delivered to Afghanistan.

August 2012: DODIG issues a memorandum suggesting that the Commanding General of NATO Training Mission–Afghanistan/Combined Security Transition Command–Afghanistan (NTM-A/CSTC-A), in coordination

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<sup>48</sup> U.S. Central Command Air Forces re-designated its name to U.S. Air Forces (USAF) Central Command on March 1, 2008.

<sup>49</sup> The contract number was FA8504-08-C-0007. An undefinitized contract, is “a written preliminary contractual instrument that authorizes the contractor to begin immediately manufacturing supplies or performing services” (Federal Acquisition Regulation (FAR) 16.603-1). “A letter contract may be used when (1) the government’s interests demand that the contractor be given a binding commitment so that work can start immediately and, (2) negotiating a definitive contract is not possible in sufficient time to meet the requirement. However, a letter contract should be as complete and definite as feasible under the circumstances” (FAR 16.603-2).

<sup>50</sup> The contract number was FA8553-12-D-0001.

with G222 program management office officials, delay the procurement of spare parts until NTM-A/CSTC-A determines whether to replace or use the G222 in a limited capacity.

August 2012: The Program Executive Office (PEO) issues a cure notice to Alenia to fix five major areas of concern with the G222 program by October 1, 2012.

October 2012: The PEO sends a show cause notice to Alenia for failing to meet all the critical conditions outlined in the cure notice.

December 2012: The PEO for Air Mobility Programs at the Air Force Life Cycle Management Center notifies Alenia that it would not issue a follow-on sustainment contract, effectively ending the G222 program when the contract ended in March 2013.

February 2013: The last day of G222 flying operations is February 25, 2013.

March 2013: The four G222s still in Italy are flown to Ramstein Air Base in Germany.

September 2013: The retired Air Force general who was involved in the G222 program receives verbal counseling for inadvertent ethical lapses from Vice Chief of Staff for the Air Force General Larry O. Spencer

December 2013: SIGAR notifies DOD that it is starting a Special Projects review of the terminated G222 aircraft program. SIGAR receives a whistleblower complaint about possible fraud and other criminal activity involving the G222 contract and joins Air Force Office of Special Investigations (AFOSI) G222 investigation already in progress.<sup>51</sup>

January 2014–October 2019: SIGAR investigates whistleblower claims of criminal activity and contractor fraud, joined by the Defense Criminal Investigative Service (DCIS), AFOSI, and Federal Bureau of Investigation.<sup>52</sup>

February 2014: SIGAR serves a subpoena on Alenia North America.

August–September 2014: The 16 G222s at Kabul International Airport are sold for scrap to an Afghan company, which destroys them on the tarmac.

October 2014: SIGAR sends letters to the Secretary of Defense and the Secretary of the Air Force inquiring about the decision to scrap the 16 G222s and the status of the four remaining G222s at Ramstein Air Base. SIGAR also highlights concerns over the G222 program in its quarterly report to Congress.

June 2015: AFOSI lead an inspection of four G222 aircraft at Ramstein Air Base, accompanied by officials from SIGAR and the U.S. Coast Guard.

July 2015: SIGAR puts its G222 special project review on hold, and opens an investigation into potential criminal activity and contractor fraud relating to the G222 contract.

February 2016: Department of Justice's (DOJ) Public Integrity Division accepts for potential prosecution the matter of a USAF senior official violation of 18 U.S.C. § 207.

May 2020: DOJ's Civil Division declines to prosecute Alenia for civil (contract) violations. The DOJ Public Integrity Division declines to prosecute the USAF senior official, citing the difficulty of achieving a successful prosecution of 18 U.S.C. §§ 207-208.

As of June 2020: the last four G222s remain on the ground at Ramstein Air Base in a non-mission capable status; other U.S. government agencies that fly similar aircraft have ongoing plans to cannibalize them for parts.

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<sup>51</sup> SIGAR, DCIS, and AFOSI agree to work jointly; SIGAR concentrates on the criminal issues (allegations related to post-government employment by the general officer); and AFOSI, with support from DCIS, concentrates on civil issues (allegations related to false claims violations related to refurbishment of the G222 aircraft).

<sup>52</sup> The case number was 0152-14-WFO-1-0045.

## APPENDIX IV - SIGAR NOTIFICATION LETTER

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**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

December 5, 2013

The Honorable Charles T. Hagel  
Secretary of Defense

General Lloyd J. Austin III  
Commander, U.S. Central Command

General Joseph F. Dunford, Jr.  
Commander, U.S. Forces-Afghanistan and  
Commander, International Security Assistance Force

This letter is to inform you that the Special Inspector General for Afghanistan Reconstruction (SIGAR) Office of Special Projects is starting a review of the terminated G222 (C-27A) aircraft program.<sup>1</sup>

In 2008, the Department of Defense (DOD) initiated a program to provide 20 G222s to the Afghan Air Force (AAF). The G222s are twin propeller military transport aircraft built in Italy. In January 2013, the DOD Inspector General (DODIG) reported that the G222 Project Management Office (PMO) and the North Atlantic Treaty Organization (NATO) Training Mission-Afghanistan/Combined Security Transition Command - Afghanistan (NTM-A/CSTC-A) did not properly manage the effort to obtain the spare parts needed to keep the aircraft flightworthy.<sup>2</sup>

Despite spending at least \$486.1 million in acquisition and sustainment costs on the program, DODIG reported that the aircraft flew only 234 of the 4,500 required hours from January through September 2012. The DODIG also concluded that an additional \$200 million in Afghanistan Security Forces Funds might have to be spent on spare parts for the aircraft to meet operational requirements, noting that several critical spare parts for the aircraft were unavailable.

In December 2012, the Program Executive Office (PEO) for Air Force Mobility Programs at the Air Force Life Cycle Management Center notified the contractor that it would not issue a follow-on sustainment contract. As a result, the mission capability rates and flying hours of the aircraft were negatively impacted. In March 2013, the PEO also indicated that the AAF would use an alternate aircraft to meet its long-term medium airlift requirement, effectively ending the G222 program.

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<sup>1</sup> The C-27A is a modified G222 airframe manufactured by Alenia Aermacchi in Italy. However, the DOD refers to the modified airframe provided to the AAF as the G222.

<sup>2</sup> DODIG-2013-040, "Critical Information Needed to Determine the Cost and Availability of G222 Spare Parts," January 31, 2013. The Council of Inspectors General for Integrity and Efficiency (CIGIE) recognized this DODIG audit for an Audit Award for Excellence on October 15, 2013.

1550 Crystal Drive, 9th Floor  
Arlington, Virginia 22202

Mail: 2530 Crystal Drive  
Arlington, Virginia 22202-3940

Tel: 703 545 6000

[www.sigar.mil](http://www.sigar.mil)

In November 2013, I visited Afghanistan and met with Brigadier General John Michel, Commanding General for the NATO Air Training Command-Afghanistan, who explained what went wrong with the G222 program and shared the results of a "lessons learned" review designed to help prevent similar mistakes in the future.

Despite the actions taken by the NATO Air Training Command-Afghanistan, Congress remains interested in, why DOD purchased aircraft that apparently could not be sustained and what will happen to the G222s currently sitting unused at the Kabul International Airport and in Ramstein Air Force Base Germany. Therefore, SIGAR is launching a review of the terminated G222 aircraft program in response to these congressional concerns and the need to ensure that the U.S. government does not repeat the mistakes made throughout this nearly half billion dollar program.

Per our agency procedures, we coordinated this notification with other oversight bodies, and obtained information on completed and ongoing audits related to our proposed objectives. We appreciate that supporting this oversight project will require the time and attention of agency staff, and we will try to avoid duplicative requests for information and meetings.

The enclosure provides information on the objectives and planned work for this review. Please notify the appropriate individuals of this review. We would appreciate if arrangements could be made to conduct an entrance conference during the week of December 22, 2013. Please contact my Director (Acting) of Special Projects, [REDACTED] or at [REDACTED] if you have any additional questions and to make these arrangements.

Sincerely,



John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

Enclosure

cc:

Lieutenant General Mark A Milley  
Commander, International Security Assistance Force Joint Command

Major General Kevin R. Wendel  
Commanding General, Combined Security Transition Command-Afghanistan

Brigadier General John Michel  
Commanding General for the NATO Air Training Command-Afghanistan

The Honorable Jamie E. Morin  
Assistant Secretary of the Air Force (Financial Management and Comptroller)

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Page 2

**OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION (SIGAR)  
NOTIFICATION OF SPECIAL PROJECT**

**SUBJECT**

Lessons Learned Review of the G222 (C-27A) Aircraft Program

**SPECIAL PROJECT CODE**

SIGAR-SP-19

**BACKGROUND**

The drawdown of United States and coalition military forces from Afghanistan by December 2014 requires the successful transition of military responsibilities to the Afghan National Security Forces. Senior U.S. leaders have noted that providing close air support, evacuating the wounded, and resupplying military units are only possible in Afghanistan with aircraft, but the Afghan Air Force (AAF) has encountered many challenges establishing air capabilities to assume the duties previously provided by coalition forces.

In September 2008, the U.S. Air Force contracted with Alenia North America<sup>3</sup> to provide 20 G222 (C-27A) aircraft to the AAF. On January 31, 2013, the Department of Defense Inspector General (DODIG) reported that the G222 Project Management Office (PMO) and the North Atlantic Treaty Organization (NATO) Training Mission-Afghanistan/Combined Security Transition Command - Afghanistan (NTM-A/CSTC-A) did not properly manage the effort to obtain the spare parts needed to keep the aircraft flightworthy. Despite spending \$486.1 million on the program, DODIG reported that the aircraft flew only 234 of the 4,500 required hours from January through September 2012. The DODIG also concluded that an additional \$200 million in Afghanistan Security Forces Funds might have to be spent on spare parts for the aircraft to meet operational requirements, noting that several critical spare parts for the aircraft were unavailable. In December 2012, the Program Executive Office for Air Force Mobility Programs at the Air Force Life Cycle Management Center notified the contractor that it would not issue a follow-on sustainment contract. The Program Executive Office also indicated that the AAF would use an alternate aircraft to meet its long-term medium airlift requirement, effectively ending the G222 program in March 2013.

Since then, the NATO Air Training Command - Afghanistan (NATC-A) conducted a "lessons learned" exercise that outlines many of the problems experienced by the G222 program. This exercise, along with the other reviews completed by DODIG and NATC-A, can provide a basis for analyzing the challenges that led to the termination of the program and help prevent similar mistakes from reoccurring in other major AAF purchases.

**OBJECTIVES**

SIGAR will:

1. Review the decision to provide 20 G222s to the AAF.
2. Determine the total amount spent to procure, operate, sustain, and dispose of the G222s.
3. Review future plans (disposal or otherwise) for the G222s.
4. Evaluate what processes and controls have been put in place to prevent similar challenges from affecting future AAF purchases.

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<sup>3</sup> A subsidiary of Alenia Aermacchi.

#### ANTICIPATED LOCATIONS TO BE VISITED

We plan to conduct fieldwork in Washington, DC, and possible locations in Afghanistan.

#### SIGAR CONTACTS

- [REDACTED]
- [REDACTED]

## APPENDIX V - SIGAR INQUIRY LETTERS

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### SIGAR-15-02-IL: Scrapping of 16 G222 Aircraft at Kabul International Airport



**SIGAR** | Office of the Special Inspector General  
for Afghanistan Reconstruction

October 3, 2014

The Honorable Deborah L. James  
Secretary of the Air Force  
1670 Air Force Pentagon  
Washington, DC 20330-1670

Dear Madam Secretary:

In December 2013, my office initiated a review of the Defense Department's expenditure of \$486 million for 20 G222 aircraft for the Afghan Air Force which could not meet operational requirements in Afghanistan.<sup>1</sup> The G222 program apparently ended in March 2013 after experiencing continuous and severe operational difficulties, including a lack of spare parts.

During a trip to Afghanistan, I observed sixteen of the twenty planes in the G222 fleet parked unused on a tarmac at Kabul International Airport (see Figure 1 and 2). I was informed that the other four planes are at Ramstein Air Base in Germany. It has come to my attention that the sixteen G222s at Kabul were recently towed to the far side of the airport and scrapped by the Defense Logistics Agency (see Figure 3). I was also informed that an Afghan construction company paid approximately 6 cents a pound for the scrapped planes, which came to a total of \$32,000.<sup>2</sup> I am concerned that the officials responsible for planning and executing the scrapping of the planes may not have considered other possible alternatives in order to salvage taxpayer dollars.

To assist our inquiry, please provide the following information:

- All documentation, to include electronic communications, related to the decision-making process that led to the approval for scrapping the sixteen G222s.
- Explain whether alternatives to scrapping the planes were considered and, if alternatives were considered, why they were not pursued, such as flying the planes out of Afghanistan to the United States, Europe or other country for sale?
- Provide all contractual documentation related to the scrapping of the aircraft and identify any costs to the government related to scrapping the planes.
- Provide all information concerning surveys or assessments conducted to determine the value of the planes before the sixteen planes were scrapped. Were any or all the aircraft airworthy?
- Identify and explain any actions taken to pursue administrative remedies against the aircraft manufacturer or maintenance contractor and whether warranty claims were pursued. What efforts were made to return the aircraft to the manufacturer or to obtain a refund?
- Identify the end use of the scrap metal sold to the Afghan company. Were any of the aircraft parts not scrapped (i.e. engines, tires, brass components)? If so, identify those parts and their disposition.
- What plans does DOD have for the disposition of the four remaining planes located in Germany?

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<sup>1</sup> SIGAR Report Notification, *SIGAR initiating a review of the \$486.1 million in acquisition and sustainment costs of the terminated G222 (C27-A) aircraft program*, December 5, 2013.

<sup>2</sup> Defense Logistics Agency, Disposition Services Contract no. 46666812, awarded December 24, 2013.

Please provide your response no later than October 17, 2014. I am submitting this request pursuant to my authority under Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended. Provide the requested information to Jack Mitchell, Director of the Office of Special Projects, at [REDACTED], if you have any questions.

Sincerely,



John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

cc:

The Honorable Charles T. Hagel  
Secretary of Defense

General Lloyd J. Austin III  
Commander, U.S. Central Command

General John F. Campbell  
Commander, U.S. Forces-Afghanistan and  
Commander, International Security Assistance Force

# SIGAR-15-04-IL: Status of Four G222 Aircraft at Ramstein Air Base, Germany



**SIGAR** | Office of the Special Inspector General  
for Afghanistan Reconstruction

October 3, 2014

The Honorable Charles T. Hagel  
Secretary of Defense

Dear Secretary Hagel:

In a letter to you dated December 5, 2013, my office announced its review of the procurement of a fleet of twenty G222 (C-27A) aircraft for use in Afghanistan, at a cost of \$486 million.<sup>1</sup> This program was terminated in March 2013, after sustained, serious performance, maintenance, and spare parts problems and the planes were grounded.

It has recently come to my attention that the sixteen G222s accepted and delivered to Afghanistan—which were for some time sitting idle on a tarmac at the Kabul International Airport—were turned over to the Defense Logistics Agency (DLA) and have since been scrapped. A letter concerning this development was sent to the Secretary of the Air Force and is attached.<sup>2</sup> I have been informed that the remaining four G222 aircraft at Ramstein Air Force Base, Germany were not turned over to DLA for scrapping, and that a final decision on the fate of those planes has not yet been made.

Our review of the procurement of the G222 fleet is on-going. In my recent letter to the Secretary of the Air Force, I asked about plans for the disposition of the four remaining planes located in Germany. The SIGAR review team anticipated having an on-site inspection of the G222s as part of that overall procurement and lessons learned review. I request, therefore, that your office provide me with sufficient advance notice of any change in the status of the four remaining G222s.

I am submitting this request pursuant to my authority under Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended. Provide the requested information to Jack Mitchell, Director of the Office of Special Projects, at [REDACTED], if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John F. Sopko".

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

<sup>1</sup> SIGAR-15-02-SP, *Scrapping of the G222 Fleet at Kabul Airport*, October 3, 2014, see Attachment I.

<sup>2</sup> SIGAR-SP-19, *Lessons Learned Review of the G222 (C-27A) Aircraft Program*, see Attachment II.

QUARTERLY HIGHLIGHT

SIGAR'S ONGOING CONCERNS ABOUT \$486 MILLION G222 PROGRAM

On a November 2013 visit to Afghanistan, Special Inspector General Sopko became aware of G222 aircraft abandoned at Kabul International Airport by the Department of Defense (DOD). Afterward, SIGAR's Office of Special Projects initiated a review of the \$486 million G222 program, which was terminated in March 2013 after sustained, serious performance, maintenance, and spare parts problems.

The program to provide 20 G222s to the Afghan Air Force began in 2008. The G222s are twin-propeller military transport aircraft built in Italy. In January 2013, a DOD OIG report indicated that the program office did not properly manage the effort to obtain the spare parts needed to keep the aircraft flight-worthy. The DOD OIG also pointed out that an additional \$200 million of ASFF might have to be spent on spare parts for the aircraft to be operational, and that the G222s only flew 234 of the 4,500 required hours



Abandoned G222s at the Kabul Airport. (SIGAR photo)

from January through September 2012. In March 2013, the G222 program was effectively ended when the announcement was made that the AAF would use an alternative aircraft to meet its long-term medium airlift requirement. Sixteen of the planes were grounded at the Kabul airport, while another four were transported to Ramstein Airbase in Germany.

SIGAR was recently alerted that the Defense Logistics Agency (DLA) had scrapped the 16 aircraft that had been sitting idle at the Kabul International Airport. An Afghan construction company paid approximately six cents per pound for the scrapped planes for a total of

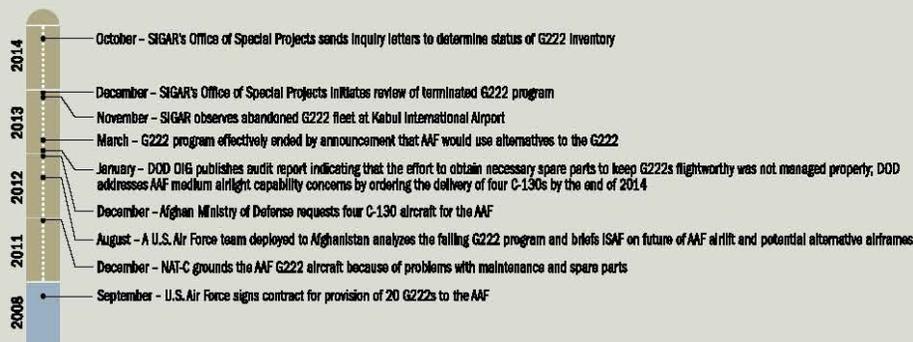


The 16 G222s at Kabul Airport were recently scrapped. (DLA photo)

\$32,000. This is a fraction of the funds expended on the program, and in an inquiry letter sent to the U.S. Air Force this quarter, SIGAR expressed concerns that the officials responsible for planning and executing the scrapping of the planes may not have considered other possible alternatives in order to salvage taxpayer dollars.

DLA has yet to make a final decision regarding the fate of the remaining four G222s in Germany. In another inquiry letter this quarter, SIGAR requested that DOD provide sufficient advance notice of any change in the status of the four remaining G222s to supplement SIGAR's ongoing review of the fleet.

Timeline of Significant Events in the G222 Program



Source: SIGAR SP-19, SIGAR 15-02-SP, and SIGAR 15-04-SP.

Source: SIGAR, *Quarterly Report to the United States Congress*, October 30, 2014, p. 47.

This project was conducted  
under project code SP-239.

## SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

## Obtaining Copies of SIGAR Reports and Testimonies

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## To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR's hotline:

- Web: [www.sigar.mil/fraud](http://www.sigar.mil/fraud)
- Email: [sigar.pentagon.inv.mbx.hotline@mail.mil](mailto:sigar.pentagon.inv.mbx.hotline@mail.mil)
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
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## Public Affairs

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