

STATEMENT BY:

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President and Chief Executive Officer
AEGIS DEFENSE SERVICES LLC

PROVIDED TO:

**The House Committee on Oversight and
Government Reform**

**Hearing on Construction Costs and
Delays at the U.S. Embassy in Kabul**

July 9, 2015

Introduction

Chairman Chaffetz, Ranking Member Cummings and Members of the Committee: thank you for the invitation and the opportunity to present testimony before this Committee. I am pleased to represent Aegis and all of our employees worldwide on this matter.

As a brief introduction, Aegis Defense Services LLC is a U.S. company headquartered in McLean, Virginia, and is a subsidiary of the worldwide Aegis Group. We are a security and risk management company whose focus is to provide the necessary support to enable our clients to undertake their work activities in complex and high-threat operational environments. We handle everything from protective security to the facilities that house, feed, and train our employees and canines. We employ some 1,400 people, most of whom are performing critical roles in Afghanistan. Our team of dedicated professionals includes employees from 47 of the 50 United States as well as foreign national employees from Nepal and Afghanistan.

Aegis is committed to providing premier security and risk management services in support of U.S. Department of State and U.S. Department of Defense missions, protecting people, facilities and mission critical resources in Kabul and Kandahar Afghanistan. Beginning in 2012, under Task Order 10 to our Worldwide Protective Services (“WPS”) Contract, Aegis has worked in close coordination with our customer, the U.S. Department of State, to meet all operational and contractual requirements and ensure the success of the Kabul Embassy Security Force (“KESF”) Program.

2014 OIG Report

As the Committee knows, under the authority of the Inspector General Act of 1978, as amended, the Department of State’s Office of the Inspector General (“OIG”) initiated an audit of the WPS Task Order 10 in Kabul. The audit covered the start-up period of the contract. We acknowledge that there were some administrative and logistical issues in the early part of the contract.

Since that time, and well before the issuance of the OIG Report, Aegis has worked in concert with the U.S. Department of State to address and correct administrative and logistical issues that arose during that early period in the Program, including ensuring complete and reliable processes and documentation for record-keeping, employee vetting and time card and billing administration. Notably, when Aegis commenced operations under Task Order 10, it took over an existing program that was not under the same stringent standards as required by the WPS program. This required additional training and integration efforts.

The OIG Report also noted that Aegis retained Third Country Nationals passports during visa processing and did not post Trafficking in Persons (“TIPs”) notices in native languages. Aegis maintains a vigilant human rights and TIPs compliance program. Aegis has refined its work permit, visa and passport tracking to record when passports are submitted and released for the acquisition of mandatory visas required to work as well as enter and exit the country. Aegis publishes the status of all passports being processed in the Project Weekly Update to ensure that employees are aware of their passport status. Aegis has ensured that TIPs posters in English and Nepali are displayed in the appropriate common areas.

As part of its management model, Aegis leverages continuous improvement and operates pursuant to reliable processes and controls that have addressed and overcome the early program issues noted by the OIG.

PSC-1 Standard

Given the critical role that contractors have assumed in support of the U.S. government's missions in Afghanistan, Aegis strongly supports the efforts of the Committee and other government and non-government organizations that are working to improve the accountability and performance of contracting operations abroad.

In accordance with this view, Aegis maintains a strong corporate culture focus on setting and adhering to the highest possible professional and ethical standards: **Integrity**—maintaining absolute commitment to transparency and compliance; **Reputation**—ensuring respect, professionalism, and promoting the client's best interest; **Compliance**—as an industry leader, complying with and enhancing industry regulations and standards. These tenets are the foundation of our industry leadership in the development of private security firm universal standards and regulations, including the International Code of Conduct for Private Security Providers and the PSC-1 management standard.

Aegis worked closely with the DoD, DoS and the international community to establish the PSC-1 standard for the compliance and professional management of private security providers. Through our PSC-1 Quality Management System ("QMS"), Aegis ensures the utilization of industry-leading compliance standards and best practices, including legal and regulatory compliance; leadership development and training; risk management; recruiting, vetting, and screening; rules for the use/escalation of force; and the vigilant protection of human rights. Aegis was the first U.S. private security firm to earn its PSC-1 certification through a vigorous external and independent audit process.

Our employees and representatives also abide by our Aegis Code of Business Conduct, which further ensures a workforce culture and commitment to respect, responsibility, diversity and inclusion. We maintain stringent anti-corruption and whistle-blowing policies, as well as a policy of zero tolerance of retaliation against employees who report violations and/or concerns regarding company policies, laws or regulations. Finally, Aegis maintains robust business systems and controls to ensure compliance with all regulatory and contract requirements.

Conclusion

I would like to thank the Committee for the opportunity to participate in this discussion and to thank the U.S. Department of State for the opportunity to support its critical operations in Afghanistan. I would also like to take this opportunity to extend my appreciation, on behalf of the Aegis management team, to all Aegis men and women for their continued bravery, professionalism, high standards, and exceptional work ethic and dedication in support of the U.S. government's mission.

Aegis is proud to support the critical mission of ensuring the safety of our personnel, facilities and resources abroad and look forward to participating in a continuing dialogue with the Committee today.

Thank you. I will be pleased to answer any questions that any members of this Committee may have at the appropriate time.

Michael Gulino
President & Chief Executive Officer

Michael L. Gulino is the President & CEO of Aegis Defense Services, LLC. Mr. Gulino brings with him over 40 years of experience in the defense and national security sectors. Mr. Gulino assumed the role of President & CEO after serving as LLC's non-executive Chairman for the previous twelve months. Prior to joining Aegis LLC, Mr. Gulino served as Chief Development Officer at ITT Defense, a leading U.S. provider of defense, security, and support services.

From June 2008 through May 2011, Mr. Gulino was President and General Manager of ITT Mission Systems. Mr. Gulino initially joined ITT at the beginning of 2006 as Vice President and Director of Business Development for ITT Mission Systems.

Prior to joining ITT, Mr. Gulino was President and Chief Operating Officer of VT Griffin Services. Prior to joining VT Griffin, Mr. Gulino was President of Complete Building Services, a division of The Donohoe Companies, where he successfully forged the company's entry into the Federal Government market. Mr. Gulino's initial career began after graduate school with PAE Government Services in the Far East where he served in a number of management capacities on a 28,000 employee Department of Defense contract before being transferred to Washington, D.C.

Mr. Gulino holds a BA degree in Psychology and an MBA in Management, both from Western Michigan University. He is a member of numerous defense industry organizations and associations and has served as Chairman of the Contract Services Association, which was merged into the Professional Services Council in 2008. Mr. Gulino was presented with the Contract Services Association Member of the Year award for his efforts connected with obtaining a legislative change related to severance pay for Foreign Nationals.

**Committee on Oversight and Government Reform
Witness Disclosure Requirement – “Truth in Testimony”
Required by House Rule XI, Clause 2(g)(5)**

Name: Michael L. Gulino, President and Chief Executive Officer, Aegis Defense Services, LLC

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2012. Include the source and amount of each grant or contract.

None.

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

Aegis Defense Services, LLC. Michael Gulino is the President and Chief Executive Officer.

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2012, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

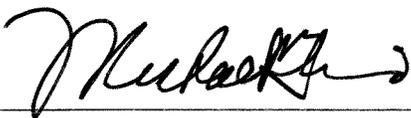
Grants awarded after October 2012: None

Contracts awarded after October 2012:

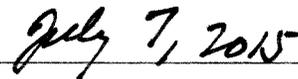
(1) Worldwide Protective Services (WPS) Contract, Kabul Embassy Security Force (KESF) Task Order 10—U.S. Department of State; Contract No. SAQMMA10D0094, TO 2011-010; \$1,017,106,107 total value; 15 Jun 2012 – 17 Jun 2014 period of performance (Base and 4 Option Years).

Note: Aegis was awarded Option Year 3 on 15 June 2015.

(2) Kandahar Airfield Private Security Services Contract—U.S. Department of Defense; Contract No. W91B4L-15-C-0001; \$8,368,236 total value; 22 Nov 2014 – 22 Aug 2015 period of performance



I certify that the above information is true and correct.
Signature:



Date:
