



Project On Government Oversight



POGO

2007 Annual Report

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“POGO is the best. They not only uncover a problem, they work with us up on Capitol Hill to fix it.” – Representative Carolyn Maloney (D-NY)



“No program in all of Washington is more important than the Project On Government Oversight. With the Congress increasingly either too busy or uninterested in pursuing its oversight responsibilities, POGO’s work is absolutely indispensable.” – Former Representative Mickey Edwards (R-OK)

Letter from the Director



Dear Friends,

Government Oversight. In December 2006, the staff at POGO decided to designate 2007 as the “Year of Oversight.” It was our goal to elevate the meaning of *oversight* to be “to oversee”—rather than “to overlook.” In recent years Washington had kicked the “overseeing” definition to the curb. We were thrilled, then, to see that there has been a rebirth of government oversight, and a real change for the better.

One recent sign of this change is the increase of healthy, and often bi-partisan, oversight. There is no more important step towards good government and a strong democracy than Congress reasserting its role as an *equal* branch of government—rather than the weakling cheerleader it has become in recent years. Members of Congress need to be representatives of the people, and we hope our bi-partisan monthly Congressional Oversight Training Series has played a part in the positive change we have seen. In addition to conducting more effective oversight themselves, both chambers of Congress passed significant whistleblower protection legislation that will help protect federal employees who try to hold the government to its duty to conduct its business honestly, efficiently, and effectively.

Another big factor in the improved oversight is the growth of the internet, which has given wings to new media. POGO’s blog, for example, has become a lively forum where POGO often breaks news, as well as where many people in the government oversight community chime in with their thoughts. We regularly witness POGO blog entries become stories in the mainstream media, greatly expanding our ability to communicate our findings to wider and wider audiences.

We’re not limiting our efforts to improve oversight functions to the federal government, however. We’re also taking a look at our own programs. Three years ago, POGO’s Board and staff reviewed where POGO was, and where it should be in the future. One issue area we added to our investigations roster was the public health agencies because of the corrupting influence pharmaceutical and other health industries can have on agencies such as the FDA, NIH, and CDC. 2007 marked POGO’s foray into that field.

All in all, our expectations for oversight in 2007 were exceeded. There is still a clear need for further improvements to the government’s oversight system, but it’s on the right track, and I can’t wait to see what 2008 will bring!

Sincerely,

A handwritten signature in cursive script that reads "Danielle Brian".

Danielle Brian, Executive Director

About POGO



The Project On Government Oversight (POGO) is an independent nonprofit that, for twenty-six years, has investigated and exposed corruption and other misconduct in order to achieve a more accountable federal government

POGO has earned a solid reputation for uncovering deep-rooted systemic problems that threaten the integrity of the federal government. By working effectively with whistleblowers and expert insiders, and compiling in-depth research, POGO is able to provide accurate and reliable information, findings, and recommendations that are trusted by policymakers, the media, and the public. In fact, policymakers frequently implement our recommendations to fix the systemic problems originally investigated by POGO.

We are further able to advance public policy improvements because we have built solid relationships with bi-partisan congressional allies, and have engaged in an aggressive public education program.



“It’s an honor to work for a group that’s so effective, that has such a hardworking staff, and that a lot of insiders trust and come to first when they want to fix the government.” – Lauren Robinson, POGO Development Associate



POGO's investigations continue to:

- Pierce the veil of government secrecy, which has grown exponentially in the last few years. To justify the excessive secrecy, the government frequently cites heightened security rationalizations growing out of 9/11. However, more often than not, the secrecy is a cover for incompetence, corruption, or subservience to powerful special interests.
- Expose examples of government agencies that are failing to fulfill their missions.
- Provide nonpartisan and objective findings that bridge the partisan divide in Congress and that encourage policymakers to provide good governance in the public interest.
- Challenge government decisions where the influence of special interests has overridden the public's interest.

POGO frequently testifies at congressional hearings about our investigative findings and often provides background information and questions to Congress and executive branch officials. POGO is also in regular dialogue with the government's primary oversight offices, including the Government Accountability Office and various Inspectors General. In addition to conducting investigations, POGO has begun working to strengthen the government's own oversight structures through such efforts as monthly oversight training seminars for congressional staff.

How POGO Works

- **IDENTIFY** systemic corruption or other misconduct in the federal government
- Launch independent **INVESTIGATIONS**
- Work with whistleblowers, insiders, and other knowledgeable individuals to research and confirm **FINDINGS**
- Recommend common-sense solutions for **POSITIVE CHANGE**
- **INFORM PUBLIC** of findings
- Work with government officials to initiate systemic policy **IMPROVEMENTS**
- Continue to demand a more **ACCOUNTABLE** federal government

“Your organization serves a very important function in making government decision-making more transparent. Your grasp of the issues makes your input even more important that we consider it carefully.” – Federal Agency Suspension and Debarment Officer

POGO's Accomplishments and Progress in 2007

CONTRACTOR OVERSIGHT

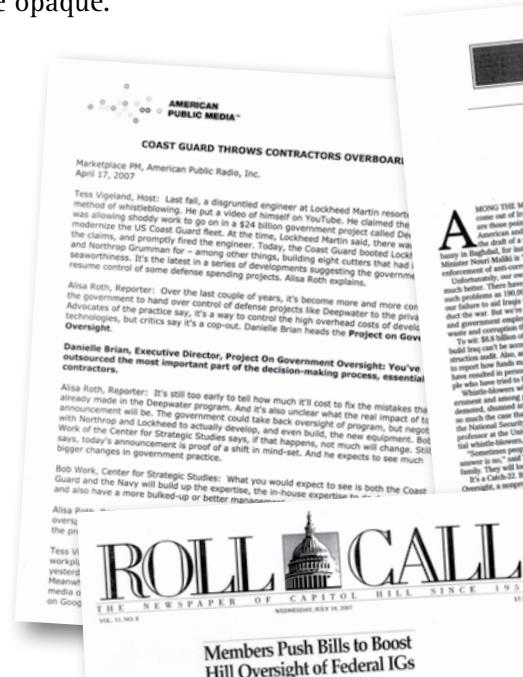
- **Updated Federal Contractor Misconduct Database Launched.** POGO unveiled its new and improved Federal Contractor Misconduct Database (FCMD), and worked with Representative Carolyn Maloney on legislation that would require the government to create and maintain a similar contractor database. POGO's new database includes updated misconduct information for the government's top 50 contractors, and is now more user-friendly. It has been well received by many government officials, small businesses, and journalists. Even the contracting industry has gone on record to sheepishly acknowledge the need for a government-wide database that includes objective information. The launch of POGO's database was announced in *The New York Times*, and has been cited or used in numerous news articles and popular blogs.
- **Contracting Reforms Incorporated into Legislation.** Multiple bills were introduced in the House and Senate to enact contracting reforms similar to POGO's recommendations to increase transparency and competitiveness, and reduce the use of risky contract vehicles.
- **New Wartime Contracting Commission Established.** Congress passed legislation, co-sponsored by Senators Claire McCaskill and Jim Webb, to establish an independent and bi-partisan commission to investigate U.S. wartime contracting in Iraq and Afghanistan. The commission is modeled after a committee created by Harry Truman when he was a Senate freshman. Senator McCaskill praised POGO's work, as well as that of other watchdog groups, in supporting the legislation.



"Working at POGO is great because the staff has the ability to make positive changes, free from political interference. Coming to work isn't about collecting a paycheck; there is an integrity in protecting the public which keeps me excited about coming in." – Scott Amey, POGO General Counsel

OPEN GOVERNMENT INVESTIGATIONS

- **Whistleblower Protections Gained for Department of Defense Contractors.** POGO and a coalition of other organizations worked to include in the final defense authorization legislation an amendment introduced by Senators McCaskill and Susan Collins, which provides whistleblower protections for employees of Defense Department contractors and grantees. The amendment gives contractor employees the right to a jury trial in federal district court. It also increases protected channels for communicating concerns, including to the Special Inspector General for Iraq Reconstruction; and broadens protected speech categories to include threats to public safety, gross mismanagement, and gross waste of DOD funds.
- **Tackling Abuse of Secrecy.** POGO successfully worked with families of 9/11 victims to curtail the abuse of the Department of Homeland Security's use of a secrecy marking called Sensitive Security Information. In addition, POGO—along with Senator Tom Coburn, the House Transportation and Infrastructure Committee, and our nonprofit allies—succeeded in preventing excessive secrecy concerning the Department of Transportation's and other agencies' budget justifications. Such secrecy would have undermined attempts to challenge earmarks, and made the congressional budget process even more opaque.



DEFENSE AND NATIONAL SECURITY INVESTIGATIONS

- Missile Defense Failures Revealed.** Inside sources and leaked documents allowed POGO to publicly reveal that the Missile Defense Agency's (MDA) \$1 billion Sea-Based X-Band Radar, the lynchpin of the MDA's missile tracking system, is at significant risk in the harsh environment of the northern Pacific where the radar system is supposed to be stationed. POGO also revealed that numerous missile defense silos in Alaska had flooded due to incompetence by the MDA and the Boeing Company.
- Exposing Weakened Helicopter Requirements.** A POGO investigation uncovered an improper requirement change in one of the Air Force's largest acquisition programs, the combat search and rescue helicopter replacement program (CSAR-X).

It highlighted the potential of a serious systemic blind spot in the Pentagon's oversight of requirements for its weapons systems, where the interests of contracting officials may trump those of war fighters. Congress and the Air Force have met in response to POGO's report, and the Air Force has already admitted that there was a lack of transparency in that phase of the acquisition process.

- F-22 Corrosion Revealed.** POGO worked with the *Salt Lake Tribune* to expose that current major F-22 corrosion problems were actually discovered by the Air Force and Lockheed Martin (the F-22's manufacturer) a decade ago. Yet neither the Air Force nor the manufacturer corrected the problem. The F-22, estimated to cost more than \$130 million per plane, has been plagued by cost overruns and delays since its beginning.



"For the thirty years before coming to POGO, I worked for several congressional committees and two administrations. However, I have been able to impact government policy more effectively at POGO than I did during all those years inside the government." – Peter Stockton, POGO Senior Investigator



POGO's Accomplishments and Progress in 2007

■ **Rapid Procurement System Failures Exposed.** POGO assisted a Marine Corps whistleblower in his efforts to alert Congress and the public to egregious delays in the Marine Corps rapid procurement system, which prevented troops from getting the equipment they needed in a timely manner. As a result of POGO's and the Government Accountability Project's work with the media on this issue, the House Armed Services Committee held a vital hearing on Mine Resistant Ambush Protected vehicles (MRAPs), one of the systems that had been delayed; there were significant increases in appropriations for MRAPs; and the Pentagon increased the vehicle's acquisition priority.

NUCLEAR SECURITY INVESTIGATIONS

■ **Nuclear Weapons Complex Begins to Shrink.** In December 2007, the Department of Energy (DOE) announced a deadline of 2012 for removing special nuclear materials from Lawrence Livermore National Laboratory, and even removed a shipment of weapons grade plutonium as 2008 arrived. The government cited significant security concerns and costs, which POGO had long been raising, as reason for the move. Having determined that a more aggressive timeline is cost-effective and feasible, POGO is pressing DOE to de-inventory the site by early 2009.

■ **POGO Draws Attention to Lax Security at Peach Bottom Nuclear Power Plant.** POGO worked with a CBS news affiliate to draw national media and congressional attention to its series highlighting a whistleblower at the Peach Bottom plant in Pennsylvania. The young contract security guard, employed by The Wackenhut Corporation, gave video of sleeping guards to the news outlet after his efforts to alert management and the government about the safety issues had been stymied. In pursuit of systemic change, POGO encouraged an Inspector General inquiry, and pressed the NRC to dramatically accelerate plans to improve nuclear security regulations, as well as to improve the handling of future whistleblower concerns. Exelon, the company

in charge of a number of nuclear power plants, recently fired Wackenhut from all of its plants across the country, and will replace the contractor with an in-house security staff.

TESTIFYING BEFORE CONGRESS

- Testimony of POGO's Danielle Brian before the House Energy and Commerce Subcommittee on Oversight and Investigations, on "Continuing Security Concerns at the Los Alamos National Laboratory," January 30, 2007
- Testimony of POGO's Nick Schwellenbach before the House Oversight and Government Reform Committee, on "Examining the Executive Branch Reform Act of 2007 and the Whistleblower Protection Enhancement Act of 2007," February 13, 2007
- Testimony of POGO's Scott Amey before the House Committee on Homeland Security, on "Responsibility in Federal Homeland Security Contracting," April 20, 2007
- Testimony of POGO's Danielle Brian before a joint Senate hearing regarding "Oversight Review of the Investigation of the National Aeronautics and Space Administration (NASA) Inspector General," June 7, 2007
- Testimony of POGO's Danielle Brian before the Senate Homeland Security and Governmental Affairs Committee, on "Strengthening the Unique Role of the Nation's Inspectors General," July 11, 2007
- Testimony of POGO's Beth Daley before the House Subcommittee of Federal Workforce, Postal Service and the District of Columbia, on "Ensuring a Merit-Based Employment System: An Examination of the Merit Systems Protection Board and the Office of Special Counsel," July 12, 2007
- Testimony of POGO's Scott Amey before the House Subcommittee on Government Management, Organization, and Procurement, on "Federal Contracting: Why Do Risky Contractors Keep Getting Rewarded With Taxpayer Dollars?" July 18, 2007

Improving Congressional Oversight



In June 2007, the first class graduated from POGO's Congressional Oversight Training Series (COTS). POGO launched the series to teach a new generation of congressional staff the art and science of government oversight. Bitter partisanship and the flight of experienced staffers to retirement and the private sector have resulted in a decline of vigorous congressional oversight in the last decade. By the end of the first series, more than 200 Hill staffers from Democratic and Republican committee and personal offices had signed up to learn about the true powers of Congress.

Without partisan constraints, staffers brainstorm with each other and with mentors about how to overcome the obstacles they face in their investigations. And after only one graduating class, COTS is beginning to pay off. Several participants shared with us their success stories, from investigating a shady contract to getting an agency to release a concealed document.

In addition to conducting the seminars, POGO has posted to its website tip sheets and mp3s from the seminars, and is publishing a COTS manual complete with colorful anecdotes and oversight lessons from long-time congressional staffers.

Quality oversight is a non-partisan concern. In that vein, the series' Honorary Co-Chairs are Senator Charles Grassley (R-IA), Senator Carl Levin (D-MI), Representative Rush Holt (D-NJ), and Representative Christopher Shays (R-CT).

"I'm definitely pumped up and ready to oversee. I learned about a lot of resources, and I will definitely follow up." – COTS Participant



Good Government Hall of Fame



Stewart Mott 1937–2008

POGO is proud to induct Stewart R. Mott into the Good Government Hall of Fame for his lifetime of visionary and risk-taking philanthropy.

Happily, Stewart knew before he passed away that he was being inducted into POGO's Good Government Hall of Fame.

As has been said many a time in an attempt to describe this ebullient soul, **“In the grey-flannel world of philanthropy, Stewart Mott is a red sombrero.”** While he had a quick business mind that could catch even the smallest errors in a spreadsheet, he was also likely to giggle gleefully at a successful effort to expose government malfeasance. His famous organic garden atop his Fifth Avenue penthouse, the fresh flower he regularly wore in his lapel, and his love of VW bugs—despite being an heir to the General Motors fortune—were all clues to the joy with which this true Renaissance man embraced life.

Stewart focused much of his life's work on fostering a civil society devoted to protecting constitutional democracy. The list of institutions that can trace their roots to him include The Fund for Constitutional Government, The Almanac of American Politics, Center for Defense Information, Center for International Policy, The Fund for Peace, Government Accountability Project, and of course POGO. He even bought a house in Washington, D.C.—122 Maryland Avenue—so that his projects could have offices that were sandwiched between the Senate and Supreme Court. Over the years, the Mott House has become the meeting place for thousands of activists, journalists, and policymakers all working to strengthen constitutional checks and balances, and hold corrupt officials accountable.

Stewart's effectiveness as a political philanthropist earned him a spot on Richard Nixon's original “enemies list” in 1971. A few years later, Stewart provided the original financial backing for a lawsuit that forced former Vice President Spiro Agnew to repay the bribes and kickbacks he allegedly received when he was governor of Maryland.

Stewart's family's motto is *Spectemur Agendo*, “Let Us Be Known by Our Deeds,” and without question he fulfilled that motto. But to define Stewart only through his deeds is inadequate. **There was simply no-one else like him.**

POGO is honored to be a part of this extraordinary man's legacy, and to induct such a well-deserving individual into our Good Government Hall of Fame.

Statement of Activities

A commitment we will always keep to our supporters—large and small—is that we practice what we preach. We diligently search for ways to both stretch our dollars and expand our impact.

Statement of Activities for the Year Ended December 31, 2007*		
REVENUE & SUPPORT	Grants	\$1,627,343
	Contributions	99,178
	Investment Income	12,433
	Publications and Other Income	6,117
	TOTAL REVENUE & SUPPORT	1,745,071
EXPENSES	PROGRAM SERVICES	
	Contract Oversight Investigations	301,345
	Nuclear Weapons Security Investigations	280,663
	Congressional Oversight	189,318
	Defense and National Security Investigations	144,744
	Energy and Natural Resources Investigations	82,724
	Whistleblower Investigations	82,531
	Inspector General Investigations	57,105
	Nuclear Power Security Investigations	31,871
	Direct Lobbying	20,328
	General Programs	9,672
	TOTAL PROGRAM SERVICES	1,200,301
	SUPPORTING SERVICES	
	Development	123,406
	General & Administrative	77,893
TOTAL SUPPORTING SERVICES	201,299	
OTHER EXPENSES		
Contingent Oil Litigation Judgment	120,000	
TOTAL EXPENSES	1,521,600	
	Change in Net Assets	223,471
	Net Assets, Beginning of Year	1,445,230
	Net Assets, End of Year	\$1,668,701

*Audited

“Way to go guys. Many kudos from us old vets that never had a group like yours to look out for the best interests of the soldiers and taxpayers.” – Scott Atkinson, Veteran and Father of Soldier in Iraq

Supporters in 2007

In order to preserve our independence, POGO does not accept contributions from the government, unions, corporations, or anyone with a financial stake in the outcomes of our investigations.

Foundations

Anonymous (2)

The Arca Foundation

Francis Beidler Foundation

Harold and Stephanie Bronson Fund
of the Liberty Hill Foundation

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Connect US Fund of Tides Foundation

Educational Foundation of America

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Open Society Institute

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Ploughshares Fund

Rockefeller Family Fund

The Scherman Foundation, Inc.

POGO accepts limited contributions from law firms, capping each at less than 1% of POGO's operating budget. POGO also accepts contributions from individuals who donate through their companies' employee-directed programs. We truly appreciate both our long-time supporters and our newly found friends.



“POGO is one of the few organizations in the nation that digs in and pushes for arcane but vitally important reforms that make our government function more effectively long after the news media and others have lost interest.” – Beth Daley, POGO Director of Investigations



Major Donors

\$25,000 +

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Barbara Schecter
Marjorie Sims
Dr. Dennis Rowe and
Dr. Susan Stewart
Cyrus Mehri and Robin Anne Floyd

POGO also extends thanks to the many contributors who gave between \$1 and \$249 in 2007. You are truly the foundation of our organization. We deeply appreciate all of our generous supporters. If we somehow neglected to acknowledge you here, please let us know and accept our regrets.

“For years, I’ve been a big fan of POGO’s work. Both as a journalist and as a citizen, I’m glad they’re there.” – Bonnie Goldstein, Investigative Reporter

POGO People

POGO Board of Directors

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Lisa Baumgartner Bonds, Ph.D.,
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Ryan Alexander
Henry Banta
David Burnham
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Charles Hamel
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Vice Admiral Jack Shanahan (Ret.)
Professor Charles Tiefer

POGO Staff

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Scott Amey, General Counsel
Marthena Cowart,
Director of Communications
Beth Daley, Director of Investigations
Danielle Downing, Editor
Ingrid Drake, Fellow
Ned Feder, M.D., Staff Scientist
Neil Gordon, Investigator
Beverley Lumpkin, Investigator
John Pruett, Fellow
Lauren Robinson,
Development Associate
Keith Rutter, Director of Operations
Pam Rutter, Web Manager
Nick Schwellenbach,
Defense Investigator
Michael Smallberg,
Web Outreach Associate
Peter Stockton, Senior Investigator
Jake Wiens, Fellow

Thank you

Former Board member Jack Mitchell; and former 2007 staff members Todd Bowers, Jennifer Porter Gore, Caleb Rowe, and Barbara Schecter



Good Employer Award

In September 2007, POGO received the “Above and Beyond” award from Employer Support of the Guard and Reserve (ESGR), a Department of Defense organization that promotes cooperation between members of the National Guard and Reserve and their civilian employers. The award recognized POGO for going “above and beyond the legal requirements for granting leave and providing support for military duty.” POGO was one of only eight employers in all of Washington, D.C., and the only nonprofit organization, to receive the “Above and Beyond” award this year. We were nominated for this honor by former Defense Investigator Todd Bowers, who served in the Marine Corps Reserve during his time at POGO. Prior to joining the organization, Todd had completed two tours of duty in Iraq.

To Do List



- Share** with POGO what you think should be on our list of priority issues for the transition team of the new President as well as the incoming Congress
- Attend** a candidate event and let your Members of Congress and their challengers know you care about good government and want them to vote for a more transparent and accountable government
- Write** a letter to your local paper about the importance of whistleblower protections, or government oversight, or government contractor accountability (or all three!)
- Read** POGO's blog and write a comment
- Support** POGO so that we can maintain our independence by continuing to refuse contributions from corporations, the government, labor unions, or anyone with a financial interest in the outcome of our investigations
- Talk** to your family, friends, and co-workers about why they should be engaged in the fight to protect constitutional checks and balances in our federal government. (Don't know why? Ask us!)
- Sign up** to receive POGO's newsletters, email updates, and action alerts
- Stay tuned** for breaking news on POGO's website, www.pogo.org

POGO



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