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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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June 18, 2020

VIA ELECTRONIC TRANSMISSION

Mr. James Baker
Director
Office of Net Assessment
Department of Defense

Dear Mr. Baker:

I write today about your February 5, 2020, response to my January 22, 2020, letter regarding Stefan Halper's work for the Office of Net Assessment (ONA).¹ Since the beginning of my investigation, I have repeatedly requested all records related to Professor Halper's work for ONA, including travel records, pursuant to the contracts that he had with your office. However, despite these repeated requests, ONA has continually failed to furnish all requested records. It appears that either ONA has refused to comply with my requests, or that ONA simply does not maintain full records of Halper's work.

Moreover, your February 5, 2020, response appears to show that you have not performed the legally required annual "Net Assessments"—the purpose for which ONA exists. Further, your response failed to fully answer Questions 2, 3, 4(c), 4(d), 4(e), 6(a), 8, and 13 of my letter. Your response also couched unclassified work product relating to the costs to the taxpayer associated with your decisions to contract with entities for research work in a classified document. Accordingly, I formally request that you declassify, to the fullest extent possible under Executive Order 13526, the classified work product that you provided to me. Declassification is appropriate at this time because, among other factors, the taxpayers paid for those research projects and the public interest in knowing how much was spent, for what purpose it was spent, and the identity of the contract recipient far outweighs any perceived national security interest. In addition, some projects mentioned within the document have already been made public, classification cannot be used to prevent embarrassment to an agency, and classification cannot be used to hide government inefficiency from public and congressional review.

It is also perplexing that ONA continues to assert that Halper fulfilled the obligations set forth in his contracts. It has been reported by *The Washington Times* that many of the individuals in which Halper cited as sources in his research papers have outright denied having contributed to his work.² This begs the question as to how ONA can continue to assert that Halper's deliverables were of "high quality" and "conformed to the requirements set forth in the

¹ Letter from James Baker, Director, Office of Net Assessment, to Sen. Charles E. Grassley, Chairman, S. Comm. On Finance, dated February 5, 2020.

² See Rowan Scarborough, *Loose Contracting Practices at Pentagon office Waste Millions; Whistleblower Punished*, THE WASHINGTON TIMES (August 18, 2019), <https://www.washingtontimes.com/news/2019/aug/18/stefan-halpers-pentagon-contracts-investigation-sh/>; <https://www.washingtontimes.com/news/2019/aug/18/stefan-halpers-pentagon-contracts-investigation-sh/>; see also Rowan Scarborough, *FBI spy Stefan Halper's \$240,000 Pentagon study disavowed by high-profile experts*, THE WASHINGTON TIMES (October 1, 2018), <https://www.washingtontimes.com/news/2018/oct/1/stefan-halpers-russia-china-pentagon-study-lists-c/>.

contract” when citations in his work appear to give contribution to individuals who had no involvement in the work. In your February 5, 2020, response to me, you noted that ONA checks the validity of citations and supporting documentation on each project. Clearly, that did not happen with Halper’s work product.

On a related topic with your work at ONA, and related to my ongoing oversight work on the now-debunked Russian collusion narrative, according to an April 29, 2020, press release by *Judicial Watch* you exchanged many emails and phone calls with *The Washington Post* reporter, David Ignatius.³ As you are aware, he first reported on the call between Lieutenant General Michael Flynn and the Russian Ambassador to the U.S., Sergey Kislyak, in *The Washington Post*.⁴ Based on a court filing by Sidney Powell, one of Flynn’s attorneys, it has been alleged that you were the source of the leak of the transcripts of Flynn’s calls with Kislyak.⁵

Included in these 143 pages of email communications are several heavily redacted communications between you and Deputy Secretary of Defense Robert Work and Deputy Director of ONA, David Epstein, which would presumably be about Ignatius given the subject matter of the *Judicial Watch* Freedom of Information Act request.⁶ Given the overlap in time between the majority of the emails and the leak of the call, your apparent close relationship with Mr. Ignatius, and your communications with Mr. Work and Mr. Epstein, please provide all 143 pages of email communications in unredacted form and all email communications among and between you, Mr. Work, Mr. Epstein, and Mr. Ignatius from July 1, 2016, to March 1, 2017, no later than July 2, 2020.

In furtherance of my continued oversight into ONA contract practices, and my investigation into mishandling of the Russia investigation, please answer the following no later than July 2, 2020:

1. In my February 5, 2020 letter, I asked that ONA provide the number of contracts awarded to the top five entities over the last five years. You provided this list in alphabetical order. I request that this list be provided in accordance to the dollar amount each entity has received over the last five (5) years. In your response, please provide the dollar figures for each entity for each year.
2. In response to question 4(b) of my letter, you responded that ONA reviews the validity of citations and supporting research “as a matter of course.”⁷ However, in your response to the DoD Inspector General you stated that ONA does not

³ Press Release, Judicial Watch, *Judicial Watch: Emails Show Extensive Communications Between Senior Defense Official and Columnist Who Published Leaked Info on Flynn Calls with Russian Ambassador* (April 29, 2020), <https://www.judicialwatch.org/press-releases/flynn-dodofficial-columnist/>; see David Ignatius, *Why did Obama Dawdle on Russia’s Hacking?*, THE WASHINGTON POST (Jan. 12, 2017), https://www.washingtonpost.com/opinions/why-did-obama-dawdle-on-russias-hacking/2017/01/12/75f878a0-d90c-11e6-9a36-1d296534b31e_story.html.

⁴ See David Ignatius, *Why did Obama dawdle on Russia’s hacking?*, THE WASHINGTON POST, (January 12, 2017), https://www.washingtonpost.com/opinions/why-did-obama-dawdle-on-russias-hacking/2017/01/12/75f878a0-d90c-11e6-9a36-1d296534b31e_story.html.

⁵ Press Release, Judicial Watch, *Judicial Watch: Emails Show Extensive Communications Between Senior Defense Official and Columnist Who Published Leaked Info on Flynn Calls with Russian Ambassador* (April 29, 2020), <https://www.judicialwatch.org/press-releases/flynn-dodofficial-columnist/>.

⁶ *Id.*

⁷ Letter from James Baker, Director, Office of Net Assessment, to Sen. Charles E. Grassley, Chairman, S. Comm. On Finance, dated February 5, 2020.

agree that every contract requires exhaustive or significant verification of the methods used to derive analytic content.⁸

- a. Were Halper's citations and supporting research checked for validity? If not, why not?
 - b. Are all deliverables reviewed to ensure the accuracy and validity of citations and supporting research? If not, why not?
3. In response to question 4(c), you state that "ONA does not require peer review as part of our acceptance process for commissioned work." Were Halper's contracts peer reviewed? If not, why not?
4. In the August 2019 article, published by *The Washington Times*, several sources that Halper claimed to have interviewed and consulted for his work have stated that they would not consider themselves to be contributors to his research papers, and some had no memory of being asked to participate in any project at all.⁹
- a. Has ONA reached out to each individual listed in Halper's statement of work to verify that each individual was in fact interviewed or contributed to Halper's research? If not, how can you state with certainty that Halper fulfilled the terms of his contracts?
 - b. Can you state with certainty that Halper interviewed the individuals that he claimed to interview for his research papers? If not, how can you claim that Halper's work was of high quality?
5. In question 4(e), I asked if ONA currently requires contractors to provide the name and dollar amount contributed by third parties to ensure a contractor's work is in no way influenced by foreign individuals or entities. In response to this question, you spoke only of ONA's employees and conflict of interest forms that they are required to sign. This was not my question, and therefore your answer is unresponsive. In documents provided to my office Halper's travel to Japan is listed as being paid for by a third party. ONA does not appear to know the name or identity of the individual or entity that paid for Halper's travel to Japan.
- a. Did ONA attempt to elicit an answer at any point from Halper as to who paid for this travel? If not, why not?
 - b. Does ONA believe that travel paid for by a third-party could, on its face, be a conflict of interest to a DoD-sponsored study? If not, why not?
6. In response to question five of my letter, you state that approval to exercise an option of a contract is given by an independently appointed contracting officer, who is not under your direction or authority. However, you also state that ONA

⁸ Department of Defense Office of Net Assessment, Response to DoD IG Research Project on DoD Office of Net Assessment Contract Management (Project No. D2019-D000AX-0104.000), dated June 27, 2019.

⁹ Rowan Scarborough, *Loose Contracting Practices at Pentagon Office Waste Millions; Whistleblower Punished*, THE WASHINGTON TIMES (August 18, 2019), <https://www.washingtontimes.com/news/2019/aug/18/stefan-halpers-pentagon-contracts-investigation-sh/>.

will determine the strategic value of exercising an option in a contract and ONA will provide its recommendation to the independent contracting authority.

- a. How often does a contracting officer disagree with ONA's recommendation and opt to not exercise an option in a contract? Who then has final determination on exercising a contract option?
 - b. How many times over the last five years has this occurred?
7. In response to question eight of my letter, I asked if Halper's relationship with Russian intelligence officer Vyacheslav Trubnikov suggested that there may be biased and unreliable information contained within Professor Halper's deliverable. Your response was that ONA's security agency found no derogatory information on Professor Halper. Your answer is unresponsive to my question.
 - a. Could a relationship between a contractor and a source suggest that a deliverable may be tainted with inaccurate or misleading information, especially a source that is a known intelligence officer for a foreign, hostile government? If not, why not?
 - b. Do you believe that research papers containing inaccurate or misleading information could cause a conflict in ONA's mission of providing assessments of future military threats? If not, why not?
8. In response to question 13 of my letter, I asked for a list of individuals, contracted, nongovernment, or detailed, and their associated entity that would have shared workspace with ONA. Your answer indicated that in the past, there have been individuals that shared ONA's workspace.
 - a. Please provide a list of those individuals, and their associated entity, that shared a workspace with ONA in the last five years.
 - b. Would these individuals have been privy to ONA's assessment of its future needs, in terms of future research projects?
 - c. Has a contracted, nongovernment, or detailed individual ever, either intentionally or inadvertently, received information regarding ONA's future needs?
 - d. Please provide ONA's policy on separating non-ONA employees from ONA's workspace.
9. Did you provide any information relating to any Flynn-Kislyak call to the media? If so, what information?
10. Did you provide any information relating to any Flynn-Kislyak call to an individual with the knowledge that it would be shared by that individual to the media? If so, what information?

11. In your communications with Mr. Ignatius, did you ever provide Mr. Ignatius any information related to Lt. Gen. Flynn? If so, what information?
12. In your communications with Deputy Secretary of Defense Robert Work did you ever discuss any information relating to Lt. Gen. Flynn? If so, what information?
13. In your communications with Deputy Director of ONA, David Epstein, did you ever discuss any information relating to Lt. Gen. Flynn? If so, what information?
14. On what date did you become aware of Halper's role in Crossfire Hurricane?
How did you become aware?

I anticipate that your written reply and most responsive documents will be unclassified. Please send all unclassified material directly to the Committee. In keeping with the requirements of Executive Order 13526, if any of the responsive documents do contain classified information, please segregate all unclassified material within the classified documents, provide all unclassified information directly to the Committee, and provide a classified addendum to the Office of Senate Security. Although the Committee complies with all laws and regulations governing the handling of classified information, it is not bound, absent its prior agreement, by any handling restrictions.

Should you have questions, please contact Joshua Flynn-Brown or Quinton Brady of my Committee staff at (202) 224-4515. Thank you for your continued attention to this important matter.

Sincerely,



Charles E. Grassley
Chairman
Committee on Finance

cc:

The Honorable Mark Esper, Secretary of Defense
Mr. Sean O'Donnell, Acting Inspector General, Department of Defense