

Federal Election Commission
Washington, D.C. 20463

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OFFICE OF GENERAL
COUNSEL

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6 July 2006

Mr. Michael E. Toner, Chairman

This letter is in response to your letter of 19 June 2006 RE: MUR 5666.

Regarding the matter of your letter, my statement is simple. I was witness to Mr. Rich Berglund receiving \$16,000 in cash from Mr. Mitch Wade during March of 2005. I witnessed Mr. Berglund call selected individuals in to his office to distribute monies for contribution to Virgil Goode.

The situation was coercive in nature and I too became subject to that coercion. Mr. Berglund used his physical office and his position in the company during the offer to "reimburse" individuals for their contributions to the Goode campaign. Knowing that Mr. Berglund worked directly for Mitch Wade and that Mitch had provided the cash for reimbursement placed the employee in an untenable position. Mr. Wade was known for firing or threatening to fire people for little reason. It was clear throughout the organization that one did not want to go against Mr. Wade.

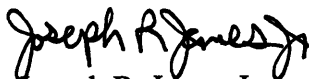
I reported the situation of Mr. Berglund providing cash to individuals to the President/CEO, Chief of Staff, and Legal Counsel of MZM, Inc. (now Athena Innovative Solutions, Inc.) I was assured that I had done nothing wrong, that I was right to report the information, that the FBI was already working the issue, and that my information would be provided to them. I was informed that I had acted appropriately in this matter.

One of my colleagues also reported this information to the FBI and the US Attorney General. He too was assured that he had done nothing wrong.

It is clear to me that Mitch Wade collaborated with Rich Berglund to victimize MZM employees in the Martinsville facility during the course of this matter.

I retain the position that I acted in the best interest of the victims and did what I could to correct this situation.

In service to my country,



Joseph R. James Jr.
Major, USMC (Retired)

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These are my notes that I used to talk to the MZM CEO, Chief of staff and legal counsel during Aug 05. Note the Preface highlighted section. Jff

You don't know me and I expect that if you know anything about me then it would most likely be unfavorable information provided by Rich. My wife and I were recruited by Rich in May 04. I was recruited to be Rich's Deputy. I came on board 15 Oct 04 as Rich's Deputy. I am an honest Christian focused on executing God's plan. I will not tell you anything that cannot be supported with facts or corroborated by another honest MZM employee. I have no personal vendetta against anyone; however, there are some organizational woes that are creditable to Rich.

I am convinced the long-term health of the organization will suffer unless corrective measures are taken soon.

Organizational Issues

- Poor communications with the customer.
 - 7 MFRs – negative in nature.
 - I tried to get Rich to address this for months (face-to-face with Client, increased communications, etc.). Rich chose to do nothing to improve relationship (now claims it is Joe the Client is unhappy with).
 - Problem has gotten progressively worse (teleconference confrontation).
 - Dave going up to D.C. "Barking Orders" at Client.
- Poor communications with the staff.
 - Numerous attempts to improve communications by IT Director have been ignored.
 - Lack of leadership; vision and strategic planning are non existent.
- Confusion over Deputy position
 - Told Rob Harrell that he is the DPM; did not tell me
 - 3 weeks later (Fri 19 Aug05) told me I was Dir QA; this is a demotion and breach of my hiring contract.
 - Claimed he removed me from the FSAC contract because the GPMO was not happy with me; the GPMO had previously complained about Rich to Matt Shaffer and denied the claim of dissatisfaction with me.

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- **Allowing internal bickering to persist at Martinsville facility (possible legal ramifications).**
 - **Clear divide between FSAC and non-FSAC employees.**
 - **Individuals subject to influence and intimidation based on their chain-of-command (feel threatened).**
 - **Individuals being singled out and harassed (particularly female employees).**
 - **Rich's way of dealing with issue is telling people they can no longer have contact with each other and punishing them with reception duty.**
 - **Gossip/Rumors/False Accusations rampant.**
 - **Rich either ignores or acts on one-sided information. Does not work to uncover facts or resolve problem. Takes negative actions without determining who is responsible/if information is true.**
 - **There is a perception that Rich has chosen favorites within the organization. Because of this, and because Rich has failed to take appropriate actions against those responsible, those responsible for the bad information, etc. feel invincible and employees are afraid to go against them or go to Rich with problems (especially as they pertain to individuals involved in perpetuating the problem).**
- **Rich perceived a threat to the contract and failed to bring this to Jim King's attention.**
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- Rich has failed to act on personal situation

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Personal Integrity Issues

- Collaborated with Mitch Wade to funnel cash to Virgil Goode.
 - Rich recommended names of Martinsville employees who he thought would contribute cash to Virgil Goode's political campaign.
 - Rich accepted \$16,000 in small bills from Mitch to distribute to those employees to contribute to Virgil.
 - Rich called people in to his office one at a time to distribute the cash.
- Lied to the government in front of several junior analysts.
- Speaks outside of his authority.
 - He said he was the authority for MZM Martinsville.
- Failed to support the people he recruited.
- Currently has two people on hiring hold after he indicated they can quit their current positions because of his certainty they will be hired by a specific date.
 - Overzealousness to please the corporate leadership and admit no faults causes him to put people in bad situations.
 - Lures people with promises of large salaries then leaves them to die on the vine.

Solution – create an organizational win-win to capitalize on strengths and mitigate weaknesses.

- Bring in a new site manager with broader civilian business knowledge and experience. Good timing with the new company taking over.
- Move Rich to the FSAC Senior Analyst position.
- Increase corporate oversight of the Martinsville facility.
- Create more than one point of entry/exit of all facility information.
- Provide ethics training to all Martinsville employees.
- Provide civilian supervisor training to everyone in a supervisory role.
- Emphasize that this is a professional organization.
- Require employee performance evaluations be submitted on each employee.

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