



United States
General Accounting Office
Washington, D.C. 20548

Health, Education, and
Human Services Division

January 5, 1998

Hamilton Securities Group, Inc.
Washington, D.C.
Attention: Susan Winn

(FAX: 202-496-6777)

Dear Ms. Winn:

As I explained to you this morning during our brief telephone conversation, your company's cooperation is necessary to obtain certain information relative to a Department of Labor contract that Hamilton Securities Group, Inc. was awarded in 1994 to develop and administer an Economically-Targeted Investments (ETI) Clearinghouse. The facts we develop will be provided to a congressional committee.

We are eager to work with you in whatever manner is necessary to expeditiously obtain complete responses to the following questions or points of inquiry. Any questions concerning these matters can be directed to me or Evaluator-in-Charge Dennis Gehley on (202) 512-7208 or (202) 512-7038, respectively.

1. From January 1992 to the present, what contracts has Hamilton Securities Group, Inc. had with the Department of Labor? (If any other contract besides the ETI Clearinghouse contract, please identify the contract, its purpose, and amount)
2. Please explain (or provide any documentation explaining) why the total costs of the supplies and services under the Hamilton Securities Group, Inc. contract with the Department of Labor for the ETI Clearinghouse were to be shared between the Department of Labor and Hamilton Securities Group, Inc.. What future benefit did Hamilton Securities Group, Inc. expect to get from this contract? How much, if any, did Hamilton Securities Group, Inc. spend of its own funds in each of the 2 years covered by the contract and for what purposes?
3. During the 2 year base period covered under the ETI Clearinghouse contract, there were 8 specific tasks that Hamilton Securities Group, Inc. was to perform. Certain of these tasks were to be completed and delivered in accordance with timeframes contained in "Section F.2.a of The Schedule."

Please provide a summary schedule for each of the 8 statement of work tasks which identifies when each task was supposed to be completed, when it was actually completed, the estimated amount of time identified in the contract proposal to be spent on each task, the actual number of hours spent during each of the 24 months (base period) covered by the contract by each Hamilton Securities Group, Inc. employee, advisor, or subcontractor, and the amount of contract funds received from the Department of Labor for each month of the base period for each individual task. (Additional comments would also be appreciated to explain any differences between desired and actual completion dates for each task.)

4. Identify all members of the Clearinghouse Administrative Board (required under task 4 of the contract) named by September 1996, when they were appointed, and the company or organization with whom they were affiliated at the time they were appointed. Were Board meetings held? (If so, please provide minutes of Board meetings.)

5. According to the Hamilton Securities Group, Inc. contract provisions, the monthly progress reports were to contain an "itemized list of costs incurred during the reporting period", but only total costs incurred and balance of funds available appear in the copies of monthly and quarterly reports provided by the Department of Labor to GAO. Why? (Please explain.)

6. The last monthly progress report provided by the Department of Labor to GAO was for the month of August 1996. Is this the last monthly progress report submitted by Hamilton Securities Group, Inc.? (If later monthly progress reports exist, please provide copies.)

7. Task 5 of the contract required Hamilton Securities Group, Inc. to operate and maintain the clearinghouse and its data base, including monitoring data quality and alerting the Contracting Officer of any problems in collection of data. In the last monthly progress report (August 1996) provided to GAO, Hamilton Securities Group, Inc. stated that "the contract team has made progress with the development of the DataBank database" and that "data is continuing to be entered into the database." Further, Hamilton Securities stated in the same progress report that this database was supposed to be available to the public at no charge on the Internet on the DataBank home page.

Please elaborate on the apparent lack of progress over nearly 2 years after signing the contract and provide any documentation between Department officials and the contractor on the issue. Also, quantify the number of times on a monthly basis since its inception that the home page has been used and by whom. Is the home page still in operation? (If not, explain why it no longer exists and when it ended.)

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8. Task 7 required Hamilton Securities Group, Inc. to distribute Clearinghouse information to the pension community and other potentially interested parties as well as those who request such information. The contract permitted the contractor to distribute nonconfidential clearinghouse information to the pension community and other parties after the first five months of the contract. The August 1996 monthly progress report states that the "DataBank currently makes available hard copy informational material about the activities of DataBank to the public at no charge."

Please quantify the number of hard copies distributed on a monthly basis since the ETI Clearinghouse was established through the present time. Can specific recipients of this material be identified?

9. Task 8 required Hamilton Securities Group, Inc. to provide basic technical assistance to those parties interested in structuring and making ETIs. This technical assistance was to be provided only to the parties requesting it and it could include the use of prototype documents and provision of contact lists. This assistance was to be provided in the second year of the contract's base period. The August 1996 monthly report from Hamilton Securities Group, Inc. discussing progress on this task stated that "DataBank has commenced planning for technical assistance."

Please elaborate on the apparent lack of progress over nearly 2 years after signing the contract. Provide any documentation between Department of Labor officials and Hamilton Securities Group, Inc. on this particular issue.

10. What is the precise current status of the ETI Clearinghouse? Is it still operational? If so, who administers the Clearinghouse? What Department of Labor funds, if any, are currently used to operate or monitor the ETI Clearinghouse? What specific use has the Department of Labor made of ETI Clearinghouse data since September 1996?

11. Please identify, to the extent possible, all the Department of Labor officials and staff with whom Hamilton Securities Group, Inc. worked directly and indirectly on the ETI Clearinghouse contract. For each individual identified, please provide their title and Department of Labor office.

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If possible, written responses to the above questions or points of inquiry would be greatly appreciated no later than January 13, 1998. Thanks in advance for your cooperation.

Sincerely yours,



Fred E. Yohey, Jr.
Assistant Director, HEHS

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