June 6, 2008

Akal Security, Inc.
7 Infinity Loop
Espanola, NM 87532

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (http://www.contractormisconduct.org/), a compilation of information from public resources regarding government contractors, including Akal Security. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to Akal Security, please be assured that any response received by POGO will be posted on the website along with the data.

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure
Instances

1. Keidel v. Akal Security (Gender Discrimination)
   Date: 10/27/2006 (Date of Filing)
   Misconduct Type: Labor
   Enforcement Agency: Non-Governmental
   Contracting Party: Defense - Army
   Court Type: Civil
   Amount: Unknown
   Disposition: Settlement
   Synopsis: Rebecca Keidel worked for Akal Security as a guard at Fort Riley, a U.S. Army base in Kansas. She sued Akal, claiming the company unfairly denied her a promotion and retaliated against her because of her gender. She asked for damages in excess of $75,000. The parties settled in July 2007.

2. Fort Campbell Back Wages
   Date: 10/17/2006 (Date of Press Release)
   Misconduct Type: Labor
   Enforcement Agency: Labor
   Contracting Party: Defense - Army
   Court Type: Administrative
   Amount: $269,954
   Disposition: Restitution
   Synopsis: Akal Security agreed to pay $269,954 in back wages to 469 employees working at Fort Campbell, Kentucky, following an investigation by the U.S. Department of Labor’s Wage and Hour Division. The investigation, covering the period July 2004 to July 2006, revealed that Akal failed to compensate guards for the time required to pick up their weapons and report to assigned duty posts and that overtime hours were not calculated correctly.

3. Army Guard Contracts
   Date: 07/13/2007 (Date of Announcement)
   Misconduct Type: Poor Contract Performance
   Enforcement Agency: Defense – Army
   Contracting Party: Defense - Army
   Court Type: Civil
   Amount: $18,000,000
   Disposition: Settlement
   Synopsis: Akal Security settled a civil investigation regarding Akal’s noncompliance with provisions of U.S. Army armed guard contracts in 2003 and early 2004. The company agreed to pay the government $18 million to resolve its potential liability under the False Claims Act. During the last three months of 2003, Akal recruited, screened, hired and trained 1,800 guards for eight U.S. Army posts. The company was unable to meet all of the training requirements under the contracts, and in some cases failed to maintain proper training records. A number guards who were assigned to work did not receive some of the contractually mandated training.