



GSA Office of the Chief Acquisition Officer

AUG 16 2004

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Ronald P. Philemonoff
Chairman and CEO
Tanadgusix Corporation
4300 B. Street, Suite 402
Anchorage, Alaska 99503

Re: Proposed Debarment of Tanadgusix Corporation (TDX)

Dear Mr. Philemonoff:

I have carefully reviewed the information you and your counsel, Mr. Wayne Keup, have submitted in opposition to the proposed debarment of TDX as well as information submitted by the GSA Office of Inspector General during this proceeding, copies of which have been provided to you. Your counsel has repeatedly stated that the matter is clear and that there is no reason to question the present responsibility of TDX. The matter, however, is far from clear to me, as the conflicting evidence in the administrative record shows.

Contrary to your counsel's position, I believe that the issues involved here are complex. Further, I am aware of a decision by the U. S. District Court for the District of Alaska that makes findings your counsel continues to dispute. I am also aware of the pending appeal of the lower court's decision before the U.S. Court of Appeals for the Ninth Circuit and other litigation involving TDX. Consequently, I remain concerned about the nature and propriety of the relationship between TDX and Marisco, particularly as it relates to both companies' actions and intentions in acquiring the drydock, Ex-Competent.

Nonetheless, I have decided, at this time, to terminate the proposed debarment of TDX, but with certain conditions. Failure to meet these conditions will result in my initiation of new proceedings against the company. The termination is effective immediately but TDX must comply with the following:

- 1) TDX will inform GSA, within five (5) days, of becoming aware of any new state or federal investigation or legal proceeding involving TDX and of any significant developments, such as, by way of example, a decision, stay, or remand, in any present litigation involving TDX ;

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- 2) TDX will adopt, within 30 days of receipt of this letter, a code of conduct and ethics program and corporate compliance program appropriately tailored to the size and business activity of TDX;
- 3) TDX supervisors, managers, and executives will receive training in the ethics, code of conduct, and compliance program within 60 days of receipt of this letter and all other employees within 90 days of receipt of this letter; GSA must be notified of compliance within five days of completion of each segment of the training;
- 4) TDX shall appoint, within 30 days of receipt of this letter, an ethics officer, subject to approval by GSA, who will report to the Chief Executive Officer or Board of Directors;
- 5) The existing agreement between GSA and TDX regarding its subsidiary Bering Sea Eccotech, Inc., will remain in full force and effect according to its terms.

Failure to meet the provisions listed above is an independent cause for debarment. Further, I will continue to monitor TDX's business relationship with the Federal government as well as the litigation referred to above and, if new information or developments warrant, I am prepared to take the appropriate action necessary to protect the Government's interest based on such new information.

Questions or comments may be addressed to Donald J. Suda of my staff at (202) 501-4770 or at Donald.suda@gsa.gov.

Sincerely,



Joseph A. Neurauter
Suspension and Debarment Official

Cc: Wayne A. Keup, Esq.
Blank Rome LLP
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600 New Hampshire Ave., NW
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