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Joan Claybrook, President

July 26, 2004

Honorable Emily J. Reynolds
Secretary of U.S. Senate
S-312, U.S. Capitol
Washington, DC 20510

Honorable Jeff Trandahl
Clerk of the U.S. House of Representatives
H-154, U.S. Capitol
Washington, DC 20515

Dear Secretary Reynolds and Clerk Trandahl:

On behalf of Public Citizen, I am writing to bring to your attention possible reporting violations under The Lobbying Disclosure Act (the Act), P.L. 104-65, as amended involving the Titan Corporation (Senate Identification Number 58374-12; House Identification Number 3527900). Specifically, the Titan Corporation has underreported its lobbying expenses for the years 2000, 2001, 2002 and 2003 – in violation of Section 5 (B) (4) of the Act. We ask that you take immediate action to investigate this matter.

The Titan Corporation

The Titan Corporation is headquartered in San Diego, California, but maintains multiple offices around the country. It is primarily a defense contractor, but has been involved in other business interests, such as wireless telecommunications, information technology services, food irradiation, and medical equipment sterilization. In its 2003 Annual Report, the Titan Corporation stated that until the third quarter of 2002, it grouped its operations into five business segments – Titan Systems, Titan Wireless, Software Systems, Titan Technologies, and SureBeam.¹ Titan Scan – its medical equipment sterilization division – has also been a subsidiary of the Titan Corporation (although Titan recently announced that it was selling this subsidiary).²

In the third quarter of 2002, Titan merged its Titan Systems business into the Titan Corporation. During that same quarter, Titan Wireless, Software Systems and Titan Technologies were discontinued as entities of the Titan Corporation. SureBeam was spun-off as a stand-alone corporation in August 2002.³

¹ <http://www.titan.com/investor/annual-reports/titancorp10ka-2003.pdf>, p. 17.

² Bigelow, Bruce. "Titan Losses Could Reach \$78 million," San Diego Union-Tribune, July 9, 2004.

³ Titan 2003 Annual Report, p. 25.

Titan Corporation Lobbying Registration

In its initial registration filed in 2000, the Titan Corporation listed on line 12 of its registration form the following issues on which it was lobbying: “Defense, Civil Aviation, and Veterans Administration Technology Procurements; Issues Relating to Food Safety; Government Contract Services.”⁴ In 2001, it amended its registration to include issues involving the United States Postal Service.⁵

Basis for Our Allegations

The “Lobbying Disclosure Act Guidance” manual published by the Secretary of the U.S. Senate and the Clerk of the U.S. House of Representatives states the following under the heading “Organization Expenses Using LDA Expense Reporting Method”:

“Organizations using the LDA expense reporting method mark the ‘Method A’ box on Line 14.

To ensure complete reporting, the Secretary and Clerk have consistently interpreted section 5(B)(4) to require such organizations to report all of their expenses incurred in connection with lobbying activities, including all payments to outside entities, without considering whether any particular payee has a separate obligation to register and report under the LDA. Logically, if an organization employing in-house lobbyists also retains a lobbying firm, the expense reported by the organization should be greater than the fees reported by the lobbying firm of which the organization is a client.”⁶

As you will see below, the Titan Corporation has repeatedly violated section 5 (B) (4) of the Act because it has failed to report the payments it made to outside entities as part of its organizational lobbying reports.

2000 Lobbying Reports

In its only lobbying report that it filed for the year 2000, the Titan Corporation filed a year-end report stating in item 13 that it had incurred less than \$10,000 in lobbying expenses.⁷ It listed two in-house lobbyists working on aviation issues.

However, the following lobbying firms filed year-end reports stating that they received income from the Titan Corporation for lobbying services:

- Paul Magliocchetti Associates, Inc. (on behalf of the Titan Corporation) -- \$100,000.⁸ The firm reported that it lobbied on food safety and defense-related issues for the Titan Corporation.
- Olsson, Frank and Weeda (on behalf of Titan Scan) – less than \$10,000.⁹ The firm reported that it lobbied on the issue of food irradiation on behalf of Titan Scan.

⁴ http://sopr.senate.gov/cgi-win/opr_viewer.exe?2000458374REG~0

⁵ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2001/01/000/431/000431084|5

⁶ http://www.senate.gov/legislative/common/briefing/lobby_disc_briefing.htm

⁷ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2000/01/000/407/000407482|3

⁸ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2000/01/000/403/000403290|4

⁹ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2000/01/000/364/000364751|3

Discrepancy: In excess of \$100,000

2001 Lobbying Reports

In its mid-year lobbying report, the Titan Corporation stated that it incurred \$40,000 in lobbying expenses.¹⁰ Titan listed ten individuals working as in-house lobbyists in the following issue areas: defense, aviation, and food safety.

However, the following lobbying firms filed mid-year reports stating that they received income from the Titan Corporation for lobbying services:

- The PMA Group (on behalf of the Titan Corporation) -- \$60,000.¹¹ This firm reported that it represented Titan on various defense-related issues.
- The Carmen Group (on behalf of the Titan Systems Corporation) -- \$60,000.¹² This firm reported that it represented Titan Systems on e-government initiatives.
- American Defense International, Inc. (on behalf of the Titan Systems Corporation) -- \$20,000.¹³ This firm reported that it represented Titan Systems on various defense-related issues.
- Olsson, Frank and Weeda (on behalf of Titan Scan) -- \$40,000.¹⁴ This firm reported that it represented Titan Scan on food irradiation.

Discrepancy: \$180,000

In its year-end report, the Titan Corporation reported that it had incurred \$20,000 in lobbying expenses. Titan listed twelve individuals working as in-house lobbyists in the following issue areas: defense, mail safety, food safety, and aviation.

However, the following lobbying firms reported year-end income for lobbying services on behalf of the Titan Corporation:

- The PMA Group (on behalf of the Titan Corporation) -- \$60,000.¹⁵ This firm reported representing the Titan Corporation on various defense-related issues.
- The Carmen Group (on behalf of Titan Systems) -- \$100,000.¹⁶ This firm reported representing Titan Systems on e-government issues.

¹⁰ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2001/01/000/414/000414055|6

¹¹ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2001/01/000/420/000420312|3

¹² http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2001/01/000/493/000493203|2

¹³ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2001/01/000/482/000482912|2

¹⁴ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2001/01/000/484/000484064|5

¹⁵ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2001/01/000/490/000490913|3

- American Defense International, Inc. (on behalf of Titan Systems) -- \$40,000.¹⁷ This firm reported representing Titan Systems on defense-related issues.
- Olsson, Frank and Weeda (on behalf of Titan Scan) -- \$20,000.¹⁸ This firm reported representing Titan Scan on food irradiation.

Discrepancy: \$220,000

2002 Lobbying Reports

In its mid-year filing, the Titan Corporation reported that it had incurred \$30,000 in lobbying expenses.¹⁹ Titan listed thirteen individuals working as in-house lobbyists in the following issue areas: defense, mail safety, aviation, foreign markets, and food safety.

However, the following lobbying firms reported mid-year income for lobbying services on behalf of the Titan Corporation:

- The PMA Group (on behalf of the Titan Corporation) -- \$60,000.²⁰ This firm reported representing Titan on various defense-related issues.
- American Defense International (on behalf of Titan Systems) -- \$60,000.²¹ This firm reported representing Titan Systems on various defense-related issues.
- Jefferson Consulting Group (on behalf of Titan Scan/SureBeam) – less than \$10,000.²² This firm reported representing Titan Scan/SureBeam on mail safety.
- Olsson, Frank and Weeda (on behalf of Titan Scan) -- \$60,000.²³ This firm reported representing Titan Scan on food irradiation.

Discrepancy: In excess of \$180,000

In its year-end filing, the Titan Corporation reported lobbying expenses of less than \$10,000.²⁴ Titan listed three individuals working as in-house lobbyists in the following issue areas: aviation and defense.

¹⁶ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2001/01/000/486/000486606|2

¹⁷ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2001/01/000/486/000486887|2

¹⁸ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2001/01/000/456/000456422|3

¹⁹ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2002/01/000/526/000526459|7

²⁰ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2002/01/000/588/000588560|2

²¹ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2002/01/000/512/000512200|2

²² http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2002/01/000/551/000551609|2

²³ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2002/01/000/527/000527017|4

²⁴ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2002/01/000/601/000601965|4

However, the following lobbying firms reported receiving year-end income from the Titan Corporation for lobbying services:

- The PMA Group (on behalf of the Titan Corporation): \$60,000.²⁵ This firm reported representing Titan on defense-related issues.
- R. Thompson & Company (on behalf of the Titan Corporation): less than \$10,000.²⁶ This firm reported representing Titan on appropriations issues.
- R. Thompson & Company (on behalf of Titan Systems): less than \$10,000.²⁷ This firm reported representing Titan Systems on mail safety.
- American Defense International (on behalf of Titan Systems): \$60,000.²⁸ This firm reported representing Titan Systems on various defense-related issues.
- Jefferson Consulting Group (on behalf of Titan Systems/SureBeam): less than \$10,000.²⁹ This firm reported representing Titan Systems/SureBeam on mail safety.

Discrepancy: In excess of \$120,000

2003 Lobbying Reports

In its mid-year report, the Titan Corporation stated it had incurred \$20,000 in lobbying expenses.³⁰ Titan listed fourteen individuals working as in-house lobbyists in the following issue areas: defense, homeland security, and transportation.

However, the following firms reported receiving mid-year income from the Titan Corporation for lobbying services:

- Copeland, Lowery, Jacquez, Denton & Shockey (on behalf of Titan Corporation): \$60,000.³¹ This firm reported working on defense-related appropriations issues for Titan.
- The PMA Group (on behalf of the Titan Corporation): \$20,000.³² This firm reported representing Titan on various defense-related issues.
- NorthPoint Strategies (on behalf of the Titan Corporation): \$120,000.³³ This firm reported representing Titan on various defense-related issues.

²⁵ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2002/01/000/536/000536292|2

²⁶ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2002/01/000/599/000599838|2

²⁷ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2002/01/000/599/000599832|2

²⁸ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2002/01/000/506/000506570|2

²⁹ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2002/01/000/513/000513116|3

³⁰ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2003/01/000/270/000270146|6

³¹ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2003/01/000/311/000311069|3

³² http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2003/01/000/352/000352773|2

³³ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2003/01/000/282/000282683|3

- American Defense International, Inc. (on behalf of Titan Systems) \$40,000.³⁴ This firm reported representing Titan on various defense-related issues.

Discrepancy: \$240,000

In its year-end report, the Titan Corporation stated it had incurred less than \$10,000 in lobbying expenses.³⁵ Titan listed five individuals working as in-house lobbyists on defense issues.

However, the following firms reported receiving year-end income from the Titan Corporation for lobbying services:

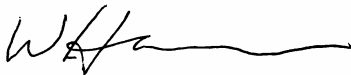
- Copeland, Lowery, Jacquez, Denton & Shockey (on behalf of the Titan Corporation): \$40,000.³⁶ This firm reported representing Titan on defense-related issues and defense appropriations issues.
- NorthPoint Strategies (on behalf of the Titan Corporation): \$120,000.³⁷ This firm reported representing Titan on defense-related issues.
- American Defense International (on behalf of Titan Systems): \$40,000.³⁸ This firm reported representing Titan Systems on various defense-related issues.

Discrepancy: In excess of \$200,000

Consequently, in the four years reviewed above, we believe that the Titan Corporation has underreported its lobbying expenses in excess of \$1,240,000. We urge you to take immediate action to investigate this matter.

Should you have any questions regarding this letter, please feel free to contact me at (202) 454-5150.

Sincerely,



Wenonah Hauter
 Director
 Critical Mass Energy and Environment Program

³⁴ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2003/01/000/300/000300696|2

³⁵ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2004/01/000/461/000461183|1

³⁶ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2004/01/000/642/000642547|3

³⁷ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2004/01/000/451/000451421|2

³⁸ http://sopr.senate.gov/cgi-win/opr_gifviewer.exe?/2004/01/000/520/000520704|2