

## Perle Article Didn't Disclose Boeing Tie

Pentagon Adviser Lauded Plan to Lease Air Tankers

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Pentagon adviser Richard N. Perle coauthored an opinion piece this summer praising a Pentagon plan to lease tanker aircraft -- which had the potential to steer billions of dollars to Boeing Co. -- 16 months after Boeing committed to invest \$20 million with a venture capital firm where Perle was a principal.

"It takes a special government green-eyeshade mentality to miss the urgency of the tanker requirement," Perle and a coauthor wrote in the Aug. 14 article in the Wall Street Journal. The piece did not mention Boeing by name or Perle's firm -- Trireme Partners -- and its business relationship with the giant defense contractor.

Perle's business interests and his position in the defense policy world have repeatedly placed him at the center of controversy this year. Perle, an outspoken advocate of the war in Iraq, was a Pentagon official in the Reagan administration and has been a corporate consultant.

The Wall Street Journal editor who handled the article was not available for comment, "but normally we would rely on the contributor to tell us if they have any financial conflicts of interest because we do like to disclose these things," said Brigitte Trafford, a spokesman for Dow Jones & Co., which publishes the newspaper.

Boeing yesterday said the company briefed Perle on the tanker issue on July 14. Boeing said it "had no hand in writing the document nor did we assist in placing it."

In March, Perle resigned as chairman of the Defense Policy Board after press accounts raised questions about his actions on behalf of Global Crossing and Loral. He remains a member of the policy board, a group of former government officials and others that advises the Pentagon.

Perle also serves on the board of directors of Hollinger International Inc., the media company whose chief executive, Conrad Black, resigned last month after disclosures that he and other executives collected millions of dollars payments the company's audit committee determined were unauthorized.

Hollinger disclosed last month that it has invested \$2.5 million in Trireme Associates. A special committee of Hollinger's board is examining that investment and others involving company insiders, a source close to Hollinger said yesterday.

Perle has not responded to requests this week for an interview on his business activities. Messages left at his office late yesterday were not returned. His coauthor, Tom Donnelly, was traveling and could not be reached for comment.

The Financial Times last night on its Web site quoted Perle as saying "I never

discussed the tanker issue or my views on the tanker issue with anyone at Boeing that had anything to do with Trireme."

The Pentagon put the \$17 billion Boeing tanker deal on hold this week while its inspector general investigates whether the procurement process was handled properly. The company last week fired two executives, including a former Air Force procurement official, for allegedly violating company policies. Amid the controversy, Boeing chief executive Philip M. Condit resigned Monday.

Defense Secretary Donald H. Rumsfeld named Perle to the policy board in 2001. Later that year, Trireme Partners, a venture fund, was set up in Delaware.

Trireme Partners first sought an investment from Boeing in February 2002, and the company decided to invest \$20 million two months later, Boeing said in a written statement this week. To date, it has advanced \$2 million to the fund, the statement said.

Gerald Hillman, another principal, represented Trireme, and Perle was not involved in the discussions to obtain the Boeing investment, Boeing said. Perle holds an equity stake in Trireme Associates LLC, which is the general partner of Trireme Partners and receives a share of its profits, according to documents Hollinger filed last month with the Securities and Exchange Commission.

"There's no connection between these two matters," Hillman said last night of Boeing's investment with Trireme and Perle's op-ed piece.

A memorandum Trireme gave Boeing describing the fund included brief biographies of the principals, including Perle and Hillman, Boeing said. It noted that Perle is "Chairman of the Defense Policy Board and a consultant to the Department of Defense," Boeing said.

Boeing "also received a letter early in the process with Trireme that also mentioned that Richard Perle is (was) chairman of the DPB," Boeing said.

Trireme's fund is one of 29 venture capital funds to which Boeing has committed a total of about \$250 million, the aerospace company said.

The Defense Department's inspector general investigated several of Perle's business activities for alleged conflict of interest or misuse of public office and reported last month that the inquiry did not find violations of applicable standards. The investigation found "insufficient basis to conclude that Mr. Perle created the appearance of impropriety from the perspective of a reasonable person," the report said.

For example, the inspector general confirmed that Perle contacted a State Department official on behalf of Loral, but found that Perle "did so in his private capacity and did not mention or invoke" his position on the advisory board and therefore did not misuse his position.

Perle inquired about Loral's requests for licenses to deliver satellites to a Chinese buyer, the report said.

Certain restrictions did not apply to Perle because as chairman of the policy board he

served the government only about eight days a year instead of the threshold of 60 days, the report said.

*Researcher Richard Drezin contributed to this report.*

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