

# National Black Church Initiative

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January 4, 2011

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Dear Mr. Feinberg:

## **Re: World Wide Network Services, LLC (WWNS) VS. DynCorp/Cerberus**

The National Black Church Initiative (NBCI), a faith-based coalition of 34,000 churches comprised of 15 denominations and 15.7 million African Americans, is dedicated to the eradication of racial disparities. We are working with our black church leadership partners and their 66,000 churches nationwide to use the full force of our combined 100,000 churches to advocate on behalf of our

membership and to bring attention to causes which disrupt the fabric of equality in the United States.

Through recent press coverage we have been made aware of the atrocities committed by one of your companies, DynCorp International, against an African American owned business, Worldwide Network Services, LLC (WWNS). NBCI member and WWNS co-founder Reginald Bailey along with WWNS employees - many of whom were single mothers - and WWNS shareholders were the tragic victims of racial discrimination. The repercussions of that discrimination continue to damage, if not ruin, those affected by these egregious acts.

Upon our review of the court documents, it is clear why DynCorp was found guilty by an all white jury of racial discrimination - representing the most significant conviction of racial discrimination by a government contractor to an African American business in US history. While the WWNS story and subsequent court rulings are undoubtedly known to you, it is through the delineation of DynCorp's racial discrimination that the shocking actions of DynCorp leadership and staff are accurately highlighted.

Amongst other charges DynCorp was found guilty of violating US Code 42 U.S.C. 1981, which prohibits discrimination in contracting. DynCorp was also found guilty of racially motivated violations which include the malicious and wrongful termination of the WWNS subcontract with DynCorp; the subsequent illegal recruitment of WWNS employees; the unilateral refusal to pay WWNS invoices without cause; the interference with WWNS' ability to operate within the scope of the contract; and the tortious interference of WWNS' ability to secure pending contracts outside of DynCorp.

These appalling actions were not followed by an apology or any other form of acceptable remuneration. On the contrary, this racial discrimination was celebrated. At a company dinner party DynCorp executives rejoiced in the destruction of WWNS with t-shirts that read "I took down WWNS and all I got was this lousy t-shirt" and read - in Ebonics - a fake letter purporting to be from WWNS co-founder Gray. A guest at this party later testified that during the reading of this letter DynCorp leadership were "laughing their asses off".

Luckily for WWNS, the federal court did not find DynCorp's actions so hilarious.

However, despite the fact that the justice system has adjudicated this case - no court system could ever make WWNS whole. The business that WWNS co-owners Bailey and Gray spent 13 years building was destroyed due to egregious racial discrimination and a prolonged court battle, while DynCorp - the perpetrator - continues to win government contracts and prosper. The irreparable injustice present in this case claws at our conscience.

It is equally disturbing to know that even after a clear conviction, Bob Rosenkranz, identified in trial as a key executor of the racial discrimination against WWNS, was recently promoted within DynCorp. In addition, in July 2010 privately held Cerberus Capital acquired DynCorp in an estimated \$1.6 billion dollar deal - compensating DynCorp leadership, employees, and shareholders

with a profit windfall of hundreds of millions of dollars. NBCI is truly dismayed that the guilty parties are prospering while the victims – Bailey, Gray and WWNS employees and shareholders - suffer in the aftermath of the destruction of their company.

It seems that the repercussions of DynCorp's racial discrimination are truly never ending. One particular ongoing matter of supreme import to the American public is that Cerberus, whose chairmen include former Vice President Dan Quayle and former Secretary of the Treasury John W. Snow, utilized state pension funds for a significant portion of the capital utilized to acquire WWNS. State pension funds, which represent at least 30% African American participation, *many of whom are NBCI members*, have a clear charter against investing in entities that have been found guilty of racial discrimination. The investment of state pension funds in Cerberus – especially when this parent organization has done nothing to right the wrongs committed against WWNS by DynCorp - represents an egregious management of public funds.

Additionally, four major banks participated in the debt financing of DynCorp. These banks – Bank of America, Citi Bank, Deutsche Bank, and Barclays – can ill afford to simultaneously solicit African American business while investing in an organization convicted of racial discrimination. NBCI will follow up with pension funds and banks for answers as we are committed to breaking this cycle.

This mismanagement is more insidious than mere oversight – in public documents it is evident that DynCorp failed to properly disclose the severity of their case with WWNS to the public. DynCorp is required by law to reveal any pending, current, or prior litigation and it fails to do this. In their forms from 2007 and early 2008 they neglect to mention WWNS litigation – in fact, they list all litigation *except* WWNS litigation. Then, after the verdict was entered in 2008, DynCorp describes the jury verdict as a discrimination finding and omits the word racial – failing to refer to their violation of the 1981 Federal racial discrimination statute and omitting the penalties of suspension or debarment. Additionally, after the verdict was entered against DynCorp and a matter of public record, they failed to properly identify the ruling in their investor paperwork. They manipulated the language using the words “alleged racial discrimination” which misleads the reader into believing that the verdict had been reversed.

With DynCorp's racial discrimination history a matter of public record, Cerberus is not freed of its responsibility to WWNS and the timing of the racial discrimination finding in no way relieves Cerberus from its liability to correct the actions of one of its operating units. It is important for Cerberus to be held responsible for its share in perpetuating its subsidiary's illegal and immoral acts. DynCorp and Cerberus are liable on the following levels:

1. DynCorp, and its parent company Cerberus, are in violation of a law by not telling their shareholders and the SEC the truth about DynCorp's' litigation and subsequent finding of racial discrimination.

2. Cerberus didn't do due diligence in purchasing DynCorp – or if it was aware of DynCorp's racial discrimination practices it has a liability to repair the damage done. Either way inaction comes at the expense of Cerberus' good standing.
3. Pension funds, which are investors in Cerberus, aren't doing due diligence when investing in Cerberus. Do you want your pension invested in a company that employs racists?

NBCI, in collaboration with the black religious leadership nationwide, has independently reviewed the facts of this case and we have decided to join WWNS' cause. We are advocating on behalf of WWNS not only because of the egregious acts of racism they suffered at the hand of DynCorp, now represented by its parent company Cerberus, nor because DynCorp and Cerberus hid vital information from the public. We are called to support WWNS because this case is reminiscent of the inception of the black Church – we were born of protest. *The Church remains a staunch supporter of equality as we believe equality defines the American spirit and embodies the very best of what our nation represents.* NBCI and national black religious leadership have no recourse but to advocate on behalf of WWNS - Reginald Bailey, Walter Gray and WWNS employees whose lives have been forever changed - they deserve our attention. When we allow racial discrimination to benefit the perpetrators and harm the victims, as it was in this case, our justice system is perverted and the values we hold so dear as Americans are forever tarnished. As Martin Luther King so aptly put it, "I refuse to accept the view that mankind is so tragically bound to the starless midnight of racism and war that the bright daybreak of peace and brotherhood can never become a reality.... I believe that unarmed truth and unconditional love will have the final word."

Rev. Jesse Jackson has also been a staunch supporter – writing several letters on behalf of WWNS to Cerberus Chairmen John Snow and Dan Quayle in an effort to better align Cerberus' good reputation with their current business dealings and right this wrong with WWNS. To date, neither chairman has chosen to facilitate a meeting with Reverend Jackson. We hope that their silence will be broken and that they will chose to engage the religious community in an effort to begin the necessary dialogue between WWNS and Cerberus – we will be heard.

Reverend Jackson had more success with Secretary of State Hillary Clinton. While she was unable at the time to comment on continued legislation she did release a forceful promise to maintain the integrity of the Department of State and protect its contractors.

Secretary Clinton firmly stated, "You know where I stand on discrimination: I will not tolerate it. After reviewing the court record I want to assure you that I have set a very high bar for professional conduct by the Department's employees and those working under contract to the Department, and we will enforce that standard. ... Finally, this Department under my authority will continue to operate at the highest standard of public service, which the American people expect and our commitment to the public interest demands."

It is our sincerest hope that upon further review Secretary Clinton will take whatever action is within her office's power in an effort to prevent future government contractors from following

DynCorp's hateful footsteps and to begin the path towards healing that WWNS so richly deserves. NBCI will follow-up with Secretary Clinton on WWNS' behalf in an effort to reopen this line of communication.

While WWNS is the unfortunate and unwitting recipient of this professionally and personally debilitating act of racial discrimination, they are fortunate to have strong allies in its continued fight. NBCI, in collaboration with the black religious leadership nationwide, will use the full force of the African American church and the power of our combined 100,000 churches to do whatever is necessary to right this wrong. We are prepared to launch a thunderous public protest with no limits against the responsible parties utilizing the moral authority of the Church and the power of the national faith-based community. These protests will extend themselves to the many consumer products owned by Cerberus and currently purchased by the millions of parishioners within the NBCI coalition and the black faith-based communities nationwide. These include, but are not limited to Spyglass Entertainment, Albertsons Grocery Stores, North American Bus Industries, and other popular consumer products owned by Cerberus.

Chief Executive Officer Finberg, Chairmen Snow and Quayle, and Cerberus leadership have the power to make this right. We are optimistic that you are interested in assessing your responsibility and responding accordingly. If our optimism is misplaced, we are certain that you will be influenced to take decisive action when faced with public opposition and continued legal action.

We are optimistic that by rallying our congregations - evoking the spirit of the Civil Rights Movement - the public support we garner will tip the scales to achieve the justice that WWNS so richly deserves. It is our sincerest hope that WWNS co-founders Bailey and Gray and WWNS employees and shareholders can be righted to their former glory and that this injustice will no longer blemish the American values of equality and justice.

My organization humbly requests a meeting with Cerberus to discuss an amicable solution. This meeting would be the first step to right the wrongs committed against WWNS and its co-owners Bailey and Gray. We are committed to results and unfortunately, after so much time has passed with little progress, we cannot take no for an answer. WWNS can no longer be denied.

As February is National Black History Month - we will stage a news conference to publicize WWNS' story as these dark incidents of racism can no longer remain in the shadows. NBCI, along with 100 African American ministers, will highlight the injustices committed against WWNS on the steps of Cerberus' headquarters. This protest will be sustained until we believe that acceptable change has been accomplished. We will be heard.

Please contact me personally to schedule a meeting - I look forward to meeting with you to avoid the public embarrassment you and your organization would surely suffer upon the release of the WWNS's story and at the hands of our protest. Additionally, we have attached information which will be a part of our national campaign for your perusal.

Sincerely,

Reverend Anthony Evans, President  
The National Black Church Initiative

**Worldwide Network Services, LLC.**

**Benjamin Todd Jealous**  
President and Chief Executive Officer  
NAACP National Headquarters

**Rev. Bernice King**  
President and Chief Executive Officer  
S C L C

**Marc H. Morial**  
President and Chief Executive Officer  
National Urban League

**Congressman Emanuel Cleaver II**  
Chairman  
Congressional Black Caucus

**Congressman John Boehner**  
Speaker of the House

**Senator Harry Reid**  
Senate Majority Leader

**Rev. Al Sharpton**  
National Action Network

**Rev. Jesse Jackson, Sr.**  
President and Founder  
Rainbow PUSH Coalition

**Honorable Willie Brown**  
Former Mayor of San Francisco

**Wade Henderson**  
President and CEO  
The Leadership Conference  
on Civil and Human Rights

Church of God in Christ

African Methodist Episcopal Church

African Methodist Episcopal Zion Church

Christian Methodist Episcopal Church

Full Gospel Baptist Church Fellowship  
International

National Baptist Convention, USA, Inc

National Baptist Convention of America, Inc

Progressive National Baptist Convention, Inc

Pentecostal Assemblies of the World, Inc.

The Union of Black Episcopalians

National Council of Churches

International Council of Community  
Churches

Unity Fellowship Church Movement

Mount Calvary Holy Churches of America

Greater Mount Calvary Holy Church

American Baptist Churches, USA

Berean Missionary Baptist Church

The Potter's House

## **APPENDIX A**

### **A STORY OF INJUSTICE – DYNCORP VS. WORLDWIDE NETWORK SERVICES**

WWNS was established in 1993 as a small African American disadvantaged business specializing in engineering, design, installation and maintenance of private networks within hazardous, remote or geographically challenged environments worldwide. In early 2003 they were introduced to DynCorp International through Steve Cannon who was DynCorp's President and CEO at the time. WWNS was qualified and selected by DynCorp as a strategic partner and through their combined efforts WWNS and DynCorp were awarded two State Department contracts which employed staff in Iraq, Afghanistan, Jordan, Dubai and the US. These contracts generated revenues for WWNS of about \$30 million in 2004, \$46 million in 2005, and \$30 million in 2006 (trending toward \$60 million but cut short from DynCorp's interference) – representing WWNS's most successful projects to date.

It is important to note the nature of the acquisition of these State Department contracts as the influence that each company wielded is complex. DynCorp was a \$2 billion dollar company - a larger, and therefore more powerful, organization. However, DynCorp required the expertise WWNS offered as a small disadvantaged business in order to fulfill government requirements and to substantiate DynCorp's legitimacy in the government contracting world.

Despite the chaotic reality of providing telecommunication services in the middle of a war zone, WWNS received positive performance evaluations from DynCorp throughout the term of the contracts. In fact, throughout the tenure of their contracts they received glowing performance reviews including a grade of exceptional in the areas of customer services and responsiveness in both Iraq and Afghanistan. WWNS performed admirably, and in at least one instance, heroically. Gray's team in Iraq was headquartered in the Baghdad Hotel, which was attacked by two suicide car bombers in 2005. Before fleeing the scene, the WWNS team helped pull the injured out of burning vehicles to safety while firing on insurgents who continued the assault.

Despite these glowing reviews from DynCorp, the relationship became strained in 2005. DynCorp was reorganized through its acquisition by Veritas Capital Management and Bob Rosenkranz was appointed as President of International Technical Services which oversaw the contracts WWNS performed. Very soon after in the winter of 2005 WWNS employees began to observe displays of racial hostility and the relationship between WWNS and DynCorp quickly devolved.

Despite the fact that WWNS was very diverse team it was referred to as the place where "white guys never stay" and comments were made that two WWNS onsite managers in Iraq had only been hired because they were African American and worked for a "black company". Gray was referred to as a "bush native", "a stupid black motherfucker" and a "no good goddamn (n-word)".

In July 17, 2006 Steve Cannon, the man who introduced Bailey and Gray to DynCorp, was ousted as DynCorp President and CEO by Veritas – the company that acquired DynCorp in 2005. On that

same day, a letter from DynCorp Management went to all WWNS field employees stating that they no longer work for WWNS and they now work for DynCorp. This letter illegally violated the terms of the contract signed by both WWNS and DynCorp and signified the beginning of the end for WWNS.

DynCorp and others began soliciting WWNS employees to switch to DynCorp. DynCorp also interfered with WWNS's core vendor base by ruining long term vendor relationships successfully maintained by WWNS prior to this hostile takeover. Ultimately, DynCorp and others hired about half of WWNS's employees and vendors ceased providing resources. Additionally, WWNS employee Charles Jones testified that DynCorp security personnel forcibly removed him from Iraq at gunpoint, forcing him to abandon his personal and professional property under severe physical duress.

Nine days later on July 26, 2006, DynCorp terminated both WWNS contracts, by breach, without cause and in absolute violation of the contract agreement between parties.

Almost simultaneously, Richard Walsh and Bob Rosenkranz instructed DynCorp's accounting department to stop paying WWNS invoices, which at that time exceeded \$6 million dollars. As a small minority owned business, the forfeiture of payment ultimately ruined WWNS credit with its creditors and effectively ruined the business that Gray and Bailey spent 13 years building.

WWNS sought the assistance of the State Department to mediate this problem and a State Department Contracting Officer requested a meeting with DynCorp. Rosenkranz denied this officer, later stating that the matter "was none of her business". The ethnicity of the Contracting Officer was African American.

In October 2006 WWNS sued DynCorp. While the case made its way through the lengthy pre-trial process DynCorp continued to engage in racist behavior. At a DynCorp dinner party, Richard Walsh was celebrated by the company's senior leadership, including Rosenkranz, as the person who "took down" WWNS. That night Walsh received a t-shirt that read, "I Took Down WWNS and All I Got Was This Lousy T-Shirt." At the party a DynCorp employee read – in Ebonics – a fake letter to Walsh purporting to be from Gray. A guest at this party later testified that during the reading of this letter that Rosenkranz was "laughing his ass off".

Luckily for WWNS, the federal court did not find DynCorp's actions so hilarious.

In May 2008, after years of litigation, an all white jury in a federal court ordered DynCorp International to pay more than \$15 million dollars to WWNS. The court's finding was that DynCorp racially discriminated against WWNS and breached its subcontracts – this ruling represents the most significant conviction of racial discrimination by a government contractor to an African American business in US history.

The evidence in court of DynCorp's outrageous conduct toward WWNS employees and owners revealed a clear and pervasive racial bias at DynCorp and therefore the jury awarded both



compensatory and punitive damages. The court awarded about \$5.2 million to WWNS for DynCorp's violation of discrimination law, breach of subcontracts, and the tortuous interference with WWNS' employment contracts. The punitive damages made up the balance of the settlement – about \$10 million dollars.

Shockingly, the Defense Department's Commission on Wartime Contracting has conducted oversight on the management of subcontractor performance and fees. The Defense Contract Audit Agency (DCAA) has, along with other federal contractors, suspended payment for DynCorp's billing in Iraq and Afghanistan for lack of transparency.

Another example of DynCorp's abuse of its subcontractors is the story of Red Sea Engineers and Constructors. Red Sea's chief executive, Roy Carver, alleges that DynCorp made late payments to his organization, making it impossible for them to maintain their payroll deadlines. While Red Sea's outcome has yet to be decided – one clear cost of dealing with DynCorp for Carver is that he is currently jailed in Afghanistan for non-payment.

It is clear that DynCorp continues to conduct their business in a way that is at odds with ethical American business practices and continues to engage in unethical dealings.

## **APPENDIX B**

### **WWNS CASE SHOWS RACIAL DISCRIMINATION IS ALIVE AND WELL**

Racial discrimination, and more broadly, racism, is alive and well. Unfortunately, Bailey, Gray and their employees know this all too well. Their story serves as a cautionary tale and underscores the importance of sustained action to combat the damage caused by racial discrimination. The justice system, who has already adjudicated this case, is not the final say – the court of public opinion is a potent tool to resolving an injustice that cannot be ignored.

The U.S. Department of Justice's Federal Bureau of Investigation's Criminal Justice Information Services Division has released statistics that show that discrimination has many facets. While racial discrimination in the workplace is a costly endeavor, racial violence remains a frightening reminder that we have a long way to go. People of African origin are among the principal victims of racist and xenophobic violence and are subjected to some of the most persistent and serious violent attacks worldwide. A series of incidents involving hangman's nooses and burning crosses serves as a reminder that racist intimidation and other hate crimes against African Americans remain a serious problem—and that African Americans continue to be the largest group targeted for hate crime violence in the United States. The most recent FBI Hate Crimes report reveals that in 2006, there were 5,020 victims of racially motivated hate crimes. Of that, more than half (3,332) were African Americans.

Thankfully, this case does not involve racial violence but instead is an example of racial discrimination in the workplace. According to the U.S. Equal Employment Opportunity Commission (EEOC), race is still the most-alleged basis of employment discrimination under federal law and several private studies conducted in the early 2000s provide telling evidence that race discrimination in employment persists – WWNS being a conspicuous example. According to the EEOC – an estimated 450,000 charges of race discrimination have been filed over the past 15 years and these figures translate to losses in the tens of billions of dollars. In fact, historic numbers of racial discrimination cases have been filed in both 2008 and 2009 which cost offending employers \$82.1 million in 2009 alone.

Financially, African Americans are experiencing the high cost of racism whether it occurs in the workplace or on a more institutional level. Drawing on economic data from 2,000 American families who were interviewed every few years between 1984 and 2007, researchers have found that the wealth disparity between white and black households has more than quadrupled, regardless of income bracket. In 1984, the average white family in the sample group held around \$20,000 more in assets than the average black family. By 2007, the "racial wealth gap" had increased by \$75,000. This study also found that many black families hold more debt than assets and at least 25% of black families had no assets to turn to in times of economic hardship.

While the financial costs weigh heavy on our citizens and on our economy, its price is far more than anything you can record in numbers. For WWNS, it cost them everything.

## APPENDIX C

### NBCI MEMBERSHIP – WE URGE YOU TO ACT

Contact Secretary of State Hillary Clinton and voice your support for WWNS and inform your state and local officials to spread the word in Washington that the public will not abide racism – especially when our tax dollars are funding their paychecks. *In a time where our servicemen are bravely fighting and dying in war to preserve the freedoms we so value as Americans we can ill afford not to fiercely protect our rights.*

Hillary Clinton, Secretary of State  
U.S. Department of State  
2201 C Street NW  
Washington, DC 20520

Contact your elected official to report this incident of blatant racism and compounding the damage WWNS is currently suffering. Find your elected official at <http://www.usa.gov/Contact/Elected.shtml> or call 1-800-FED INFO (1-800-333-4636).

We encourage you to contact Cerberus to voice your support for WWNS and to persuade them to take action to staunch the injustice that continues to affect WWNS. Cerberus says that their mission is to “*hold ourselves and all of our portfolio companies and management teams to the highest ethical standards and business practices*” and we encourage them to prove it.

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