

## Manufacturing Company Accused of Gouging Defense Department, CEO Targeted Budget Influencers

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Silicon Valley congressman has asked the *Pentagon* to investigate allegations of predatory pricing by a company whose CEO, Nicholas Howley, and wife, Lauralee Howley, have given more than \$126,000 to political candidates since 2008. Half of that amount, \$63,000, was given to seven current members of Congress who have been involved with crafting the defense budget. All but one member currently sit on appropriations, budget, or armed services committees.

Rep. Ro Khanna, D-Calif., [sent a letter](#) to the Defense Department late last month, asking agency watchdogs to investigate reports that the Cleveland-based TransDigm Group is acquiring companies that exclusively make specialty machine parts needed by the Defense Department and then drastically inflating their cost. Not including its subsidiaries, the company has been paid [\\$132 million](#) by the Defense Department since fiscal year 2008.

In its [2016 annual report](#), the company estimated that 80 percent of its sales came from products exclusively provided by TransDigm. Khanna argued that the company is a monopoly distributor, and that twelve companies that either make or resell specialty parts initially failed to disclose to the Pentagon that they were TransDigm subsidiaries.

The cost of a motor rotor made by Whippany Actuation Systems grew by over 735 percent after the company was [acquired](#) by TransDigm in 2013, skyrocketing from \$654 to \$5,474. The significant increases occur as other federal agencies are looking at major budget reductions, in part to help provide the Defense Department with a [\\$54 billion](#) windfall.

Saul Loeb / Getty Images

“Given that the Trump administration is proposing budget increases for the military, it is incumbent upon Congress to ensure that these increases provide for the common defense,” the California Democrat wrote, “rather than enrich a few individual financiers who stand to benefit at the expense of our troops and weapons systems.”

A senior official within the Defense Department suggested to U.S. News that a lack of oversight has allowed predatory pricing to go [unchecked](#) in the past, and estimated that the Pentagon wasted at

least \$23 billion in taxpayer funds in 2013.

Sen. Rob Portman, R-Ohio, is the biggest recipient of the Howleys' money. He has received \$18,000 from the couple, and until this year consistently held positions on Budget or Armed Services committees since he was elected to the Senate in 2010. Rep. David Joyce, R-Ohio; Sen. Marco Rubio, R-Fla.; and Sen. Roy Blunt, R-Mo.; received \$29,300 in total and are all currently appropriations committee members.

You can view this press release in its original on the MapLight website [here](#).

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