



FOR IMMEDIATE RELEASE:

February 3, 2012

Katmai Responds to Article in Willamette Week / Portland:

“Oregon Lawmaker Accused of Diverting Money from A Defense Contractor to Bankroll GOP Candidates”

(http://www.wweek.com/portland/blog-28192-oregon_lawmaker_accused_of_diverting_money_from_a_defense_contractor_to_bankroll_gop_candidates.html)

Katmai Government Services and its subsidiary ILSC Holdings, LC (DBA “Defense Training Systems”) are in full compliance with both the Federal Election Campaign Act (2 U.S.C. §441c) and FAR Section 31.205-22, both of which prohibit defense contractors from making financial contributions to a politician, a political campaign, or a political party.

ICI of Wyoming is a subcontractor to ILSC Holdings, LC, and nothing more. KGS and its affiliates have no ownership interest in ICI of Wyoming or any of the firms owned or partially owned by Mr. Boquist or Mr. O’Brien.

DTS’s contract with the USMC is to provide support services to training exercises conducted by the US Marine Corps. The subject subcontract to ICI provides certain specialized services such as the detonation of simulated explosives.

DTS is compliant with all SBA self-performance requirements for this contract. The contract is nearing the end of the fourth year with no operational failures by our company. All subcontractors on this effort have performed in accordance with the requirements of the prime contract.

KGS and its affiliates have no knowledge of the alleged use of ICI funds by Mr. Boquist. ICI’s use of its funds is completely outside Katmai’s visibility or control.

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