

# United States Senate

WASHINGTON, DC 20510

July 26, 2018

Mr. Kim Jo-won  
Chief Executive Officer and President  
Korea Aerospace Industries  
Sacheon, South Korea

Korea Aerospace Industries  
8245 Boone Blvd., Suite 560  
Vienna, VA 22182

Dear Mr. Kim,

We are writing about recent reports that Korea Aerospace Industries (KAI) hired and maintained a business relationship with President Trump's former personal attorney Michael Cohen. Press reports indicate that, in November 2017, while "embroiled in a major corruption scandal and seeking to land a lucrative defense contract from the U.S. government,"<sup>1</sup> KAI reportedly paid \$150,000 to Essential Consultants, a "shell company" created by Mr. Cohen and "used to pay hush money" to at least one woman alleged to have had a personal relationship with President Trump.<sup>2</sup>

KAI confirmed these payments at the time of the initial reports:

KAI received legal counseling service from Essential Consultants LLC to inform reorganization of our (KAI's) internal accounting system, which also involved several other accounting & professional service providers," said Oh Sung-keun, deputy senior manager in the company's public relations department. "EC provided insights into Cost Accounting Standards (CAS) and other accounting standards in the U.S. KAI's contract with EC ended in November last year, and there hasn't been any exchange since then."<sup>3</sup>

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<sup>1</sup> Washington Post, South Korean firm paid Michael Cohen \$150,000 as it sought contract from U.S. government, May 9, 2018 [https://www.washingtonpost.com/investigations/south-korean-firm-paid-michael-cohen-150000-as-it-sought-contract-from-us-government/2018/05/09/0ae31788-53b7-11e8-abd8-265bd07a9859\\_story.html](https://www.washingtonpost.com/investigations/south-korean-firm-paid-michael-cohen-150000-as-it-sought-contract-from-us-government/2018/05/09/0ae31788-53b7-11e8-abd8-265bd07a9859_story.html)

<sup>2</sup> New York Times, Firm Tied to Russian Oligarch Made Payments to Michael Cohen (May 9, 2018) (<https://www.nytimes.com/2018/05/08/us/politics/michael-cohen-shell-company-payments.html>).

<sup>3</sup> Washington Post, South Korean firm paid Michael Cohen \$150,000 as it sought contract from U.S. government, May 9, 2018 [https://www.washingtonpost.com/investigations/south-korean-firm-paid-michael-cohen-150000-as-it-sought-contract-from-us-government/2018/05/09/0ae31788-53b7-11e8-abd8-265bd07a9859\\_story.html](https://www.washingtonpost.com/investigations/south-korean-firm-paid-michael-cohen-150000-as-it-sought-contract-from-us-government/2018/05/09/0ae31788-53b7-11e8-abd8-265bd07a9859_story.html)

The same spokesman indicated that KAI was unaware of Mr. Cohen's (the sole proprietor of Essential Consultants) connections to President Trump, stating that, "In fact, we are somewhat perplexed by these alleged connections that surfaced recently."<sup>4</sup>

But a new report last month that KAI "failed last year to disclose that it was the subject of a corruption investigation as it won work from the U.S. military" raises additional questions about the payments to Mr. Cohen.<sup>5</sup> According to this report, KAI won a contract worth up to \$48 million with the U.S. Air Force, while Mr. Cohen was being paid by the company. During that time period, "nine current and former executives ... were indicted in Seoul on charges that included bribery, embezzlement and defrauding the South Korean government."<sup>6</sup> Under Federal acquisition regulations these charges should have been reported to the U.S. government by KAI<sup>7</sup> – and would have triggered additional scrutiny. But KAI failed to report them, and weeks later was awarded the contract. The company is a leading contender to receive an even bigger, \$16 billion contract, for more than 300 jets.<sup>8</sup>

The \$48 million contract awarded to KAI, the questions about whether the company failed to report its fraudulent behavior, and the unusual payment to the President's personal attorney raise obvious questions about corruption and whether KAI may have been engaged in a pay-for-play operation.

To address these concerns, we ask that you provide responses to the following questions no later than August 9, 2018:

1. Which individuals at KAI discussed, arranged, and approved the contract with Essential Consultants?
2. What was the timeframe of all discussions related to execution of the contract with Essential Consultants? Please indicate when and how the initial contacts and all other contacts were made, and which individuals at KAI and Mr. Cohen, Essential Consultants, or any other entities or individuals related to Mr. Cohen were involved.

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<sup>4</sup> Washington Post, South Korean firm paid Michael Cohen \$150,000 as it sought contract from U.S. government, May 9, 2018 [https://www.washingtonpost.com/investigations/south-korean-firm-paid-michael-cohen-150000-as-it-sought-contract-from-us-government/2018/05/09/0ae31788-53b7-11e8-abd8-265bd07a9859\\_story.html](https://www.washingtonpost.com/investigations/south-korean-firm-paid-michael-cohen-150000-as-it-sought-contract-from-us-government/2018/05/09/0ae31788-53b7-11e8-abd8-265bd07a9859_story.html)

<sup>5</sup> Washington Post, Korean firm tied to Trump lawyer got U.S. contract despite corruption probe, June 18, 2018, [https://www.washingtonpost.com/investigations/korean-firm-tied-to-trump-lawyer-got-us-contract-despite-corruption-probe/2018/06/18/62b9bdee-6065-11e8-9ee3-49d6d4814c4c\\_story.html?utm\\_term=.133c7f55eb97](https://www.washingtonpost.com/investigations/korean-firm-tied-to-trump-lawyer-got-us-contract-despite-corruption-probe/2018/06/18/62b9bdee-6065-11e8-9ee3-49d6d4814c4c_story.html?utm_term=.133c7f55eb97)

<sup>6</sup> Washington Post, Korean firm tied to Trump lawyer got U.S. contract despite corruption probe, June 18, 2018, [https://www.washingtonpost.com/investigations/korean-firm-tied-to-trump-lawyer-got-us-contract-despite-corruption-probe/2018/06/18/62b9bdee-6065-11e8-9ee3-49d6d4814c4c\\_story.html?utm\\_term=.133c7f55eb97](https://www.washingtonpost.com/investigations/korean-firm-tied-to-trump-lawyer-got-us-contract-despite-corruption-probe/2018/06/18/62b9bdee-6065-11e8-9ee3-49d6d4814c4c_story.html?utm_term=.133c7f55eb97)

<sup>7</sup> Federal Acquisition Regulation, Subpart 9.104-5, Responsible Prospective Contractors, Representation and certification regarding responsibility matters.

<sup>8</sup> Washington Post, Korean firm tied to Trump lawyer got U.S. contract despite corruption probe, June 18, 2018, [https://www.washingtonpost.com/investigations/korean-firm-tied-to-trump-lawyer-got-us-contract-despite-corruption-probe/2018/06/18/62b9bdee-6065-11e8-9ee3-49d6d4814c4c\\_story.html?utm\\_term=.133c7f55eb97](https://www.washingtonpost.com/investigations/korean-firm-tied-to-trump-lawyer-got-us-contract-despite-corruption-probe/2018/06/18/62b9bdee-6065-11e8-9ee3-49d6d4814c4c_story.html?utm_term=.133c7f55eb97)

3. Explain KAI's decision to consider hiring Essential Consultants and the determination that Mr. Cohen was qualified to advise on "reorganization of ...KAI's internal accounting system, ... Cost Accounting Standards (CAS) and other accounting standards?"
4. Please provide a complete, un-redacted copy of the contract and any amendments, statements of work, attachments, fee schedules or other related documents.
5. Did Mr. Cohen provide any advice or information, or make any contacts related to the \$48 million Air Force contract that KAI received in late 2017? If so, please provide additional details on advice, information, or contacts provided by Mr. Cohen.
6. Why did KAI end the contract with Mr. Cohen in November 2017? Which individuals at KAI made the determination to do so?
7. Detail the amounts and dates of all payments by KAI to Essential Consultants. How was the amount of KAI's contractual payments set? Was the amount and payment structure based on a proposal by Mr. Cohen or by KAI officials?
8. Did you or any other KAI official request or direct any contacts between Mr. Cohen and President Trump (either before or after the Presidential inauguration) or any other official working for the Administration or on the Presidential Transition? If so, please list and describe them.
9. When KAI signed the contract, or during the term of the contract, did KAI at any time make a determination of whether the relationship with and payments to Mr. Cohen were required to be reported to the FEC, any other campaign finance officials, or any other federal or state authorities, including the Department of Justice pursuant to the Foreign Agents Registration Act? If so, please provide copies of all documents and communications related to this discussion.
10. Do you or do any other current or former KAI officials have any knowledge of the disposition of the \$150,000 that KAI reportedly paid to Essential Consultants? Were any of these funds ultimately received by Mr. Trump, or any member of the Trump family, or the Trump Organization, or were they used to pay debts or liabilities of President Trump, his family, or the Trump Organization? Did any KAI official believe, or have reason to believe, that any payments made to Mr. Cohen would be provided, in full or in part, to Mr. Trump or to any legal entity in which Mr. Trump or his immediate family had an ownership interest?
11. Please provide copies of all communications between KAI and Mr. Cohen, including to Essential Consultants or any other entity or individual related to Mr. Cohen.
12. Please provide copies of any other KAI communications related to this contract, including any internal KAI discussion of the contract with Essential Consultants.

13. Please provide any KAI guidance document outlining the internal approval process for entering into agreements like the one KAI entered with Essential Consultants. Please provide any documents memorializing the completion of this approval process with regard to the Essential Consulting contract.

14. In addition to Essential Consultants, did KAI, or any of its affiliates, have any contractual relationship or pay any funds to Mr. Cohen or to any other entity or individual affiliated with, associated with, or represented by Mr. Cohen? If so, please list all such relationships or payments.

15. Did or does KAI have any other contractual relationship with or pay any funds to any other entity or individual affiliated with, associated with, the Trump Campaign, the Trump Organization, or any member of the Trump family? If so, please list all such relationships or payments, including relevant dates.

16. Is KAI fully cooperating with any and all federal or state law enforcement inquiries related to Essential Consulting or Mr. Cohen?

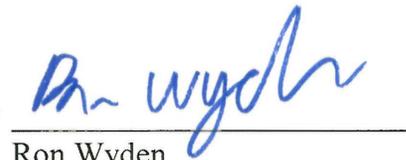
Thank you for your attention to this matter.

Sincerely,



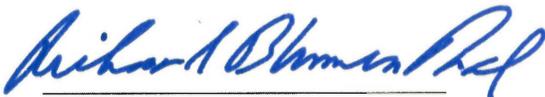
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Elizabeth Warren  
United States Senator



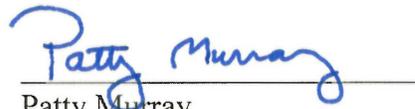
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Ron Wyden  
United States Senator



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Richard Blumenthal  
United States Senator



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Patty Murray  
United States Senator