



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION
AND SUSTAINMENT

JUN 14 2019

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
INSPECTOR GENERAL OF THE DEPARTMENT OF
DEFENSE
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION AND PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Review of Prices Proposed by TransDigm and Affiliated Companies

The Department of Defense Inspector General (IG), in report number DODIG-2019-060, found that TransDigm Group Inc. and its subsidiaries are engaging in a pervasive strategy of negotiating excessive profits on contracts with the Department for spare parts. A listing of TransDigm subsidiaries (as reported by TransDigm) is attached.

The IG report found that TransDigm is the only manufacturer of the majority of the spare parts the IG included in its review, putting TransDigm either in a sole source position or in a situation where it had the opportunity to set the market prices even for competitively awarded parts.

FAR 15.403-1(c)(1) provides that adequate price competition exists if two or more responsible offerors, competing independently, submit priced offers that satisfy the Government's expressed requirement. Even where there is only one manufacturer of an item, an acquisition complies with this definition as long as offerors each establish their proposed price independently. However, the definition of adequate price competition does not address the fact that a sole manufacturer (such as TransDigm) participating in a competition can effectively control the competition by its ability to establish the material pricing for all other offerors. In these situations, the Department does not consider such rigged competitions to be adequate price competition, based on independently submitted offers.

Therefore, for all procurement actions not yet awarded as of the date of this memorandum, unless the prices agreed upon are based on adequate price competition or are set by law or regulation, contracting officers are directed to require the submission of uncertified cost or pricing data to support prices proposed by TransDigm and its subsidiaries.

This policy remains in effect until this memorandum is rescinded. My point of contact is Mr. Mark Gomersall, who is available at 703-697-3619, or at mark.r.gomersall.civ@mail.mil.



Kim Herrington
Acting Principal Director,
Defense Pricing and Contracting

Attachment:
As stated

TransDigm Companies

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Abbott Electronics Ltd. England
Acme Aerospace, Inc. Delaware
Adams Rite Aerospace, Inc. California
Adams Rite Aerospace GmbH Germany
Advanced Inflatable Products Limited England
AeroControlex Group, Inc. Delaware
Aerosonic LLC Delaware
Air-Sea Survival Equipment Trustee Limited England
Airborne Acquisition, Inc. Delaware
Airborne Global, Inc. Delaware
Airborne Holdings, Inc. Delaware
Airborne Systems Canada Ltd. Ontario, Canada
Airborne Systems Group Limited England
Airborne Systems Holdings Limited England
Airborne Systems Limited England
Airborne Systems NA, Inc. Delaware
Airborne Systems North America Inc. Delaware
Airborne Systems North America of CA Inc. Delaware
Airborne Systems North America of NJ Inc. New Jersey
Airborne Systems Pension Trust Limited England
Airborne UK Acquisition Limited England
Airborne UK Parent Limited England
Aircraft Materials Limited England
AmSafe, Inc. Delaware
AmSafe Aviation (Chongqing), Ltd. China
AmSafe Bridport Ltd. England
AmSafe Bridport (Kunshan) Co., Ltd. China
AmSafe Bridport (Private) Ltd. Sri Lanka
AmSafe Global Holdings, Inc. Delaware
AmSafe Global Services (Private) Limited Sri Lanka
ARA Deutschland GmbH Germany
ARA Holding GmbH Germany
Arkwin Industries, Inc. New York
Aviation Technologies, Inc. Delaware
Avionic Instruments LLC Delaware
Avionics Specialties, Inc. Virginia
AvtechTyee, Inc. Washington
Beta Transformer Mexico, S. de R.L. de C.V. Mexico
Beta Transformer Technology Corporation New York
Beta Transformer Technology LLC Delaware
Breeze-Eastern LLC Delaware
Bridport-Air Carrier, Inc. Washington
Bridport Erie Aviation, Inc. Delaware
Bridport Holdings, Inc. Delaware
Bridport Ltd. England
Bruce Aerospace, Inc. Delaware
CDA InterCorp LLC Florida

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CEF Industries, LLC Delaware
Champion Aerospace LLC Delaware
Data Device Corporation Delaware
DDC Electronics K.K. Japan
DDC Electronics Ltd. England
DDC Electronics Private Limited India
DDC Elektronik, GmbH Germany
DDC Electronique, S.A.R.L. France
DDC Holdings (UK) Limited England
DDC (United Kingdom) Ltd. England
DDL195 Limited England
Dukes Aerospace, Inc. Delaware
Edlaw Limited England
Electromech Technologies LLC Delaware
Elektro-Metall Export GmbH Germany
Elektro-Metall Paks KFT Hungary
Extant Components Group Holdings, Inc. Delaware
Extant Components Group Intermediate, Inc. Delaware
GQ Parachutes Limited England
HARCO LLC Connecticut
Hartwell Corporation California
ILC Holdings, Inc. Delaware
Irvin Aerospace Limited England
IrvinGQ France SAA France
Irvin-GQ Limited England
Johnson Liverpool LLC Delaware
Kirkhill Inc. Delaware
Kunshan Shield Restraint Systems, Ltd. China
MarathonNorco Aerospace, Inc. Delaware
McKechnie Aerospace DE, Inc. Delaware
McKechnie Aerospace DE, LP England
McKechnie Aerospace (Europe) Ltd. England
McKechnie Aerospace Holdings, Inc. Delaware
McKechnie Aerospace US LLC Delaware
Mecanismos de Matamoros S.A. de C.V. Mexico
Militair Aviation, Ltd. England
Nordisk Asia Pacific Limited Hong Kong
Nordisk Asia Pacific Pte Ltd Singapore
Nordisk Aviation Products AS Norway
Nordisk Aviation Products (Kunshan) Ltd. China
North Hills Signal Processing Corp. Delaware
North Hills Signal Processing Overseas Corp. Delaware
Pascall Electronics Limited England
Pemberton 123 Ltd. England
Pexco Aerospace, Inc. Delaware
PneuDrualics, Inc. California
Rancho TransTechnology Corporation California

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Retainers, Inc. New Jersey
Schneller Asia Pte. Ltd. Singapore
Schneller LLC Delaware
Schneller S.A.R.L. France
Semco Instruments, Inc. Delaware
Shield Restraint Systems, Inc. Delaware
Shield Restraint Systems Ltd. England
Signal Processing Matamoros S.A. de C.V. Mexico
Skandia, Inc. Illinois
Skurka Aerospace, Inc. Delaware
SSP Industries California
Symetrics Industries, LLC Florida
Symetrics Technology Group, LLC Florida
Tactair Fluid Controls, Inc. New York
TDG Germany GmbH Germany
TDG Netherlands BV Netherlands
TEAC Aerospace Holdings, Inc. Delaware
TEAC Aerospace Technologies, Inc. Delaware
Technical Airborne Components Industries SPRL Belgium
Telair US LLC Delaware
Telair International AB Sweden
Telair International GmbH Germany
Telair International LLC Delaware
Telair International Services PTE Ltd (JV 70.5%) Singapore
Texas Rotronics, Inc. Texas
TransDigm (Barbados) SRL Barbados
TransDigm European Holdings Limited England
TransDigm Ireland Ltd. Ireland
TransDigm Receivables LLC Delaware
TransDigm UK Holdings plc UK
Transicoil (Malaysia) Sendirian Berhad Malaysia
Transicoil LLC Delaware
TTERUSA, Inc. New Jersey
Whippany Actuation Systems, LLC Delaware
XCEL Power Systems Ltd. England
Young & Franklin Inc. New York

ESTERLINE GROUP:

Advanced Input Systems
ArmTec Defense Technologies
Auxitrol Weston
AVISTA Engineering Services
CMC Electronics
Darchem Engineering
Gamesman
Hytek Finishes
Korry Electronics

TransDigm Companies

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Leach International Corporation
Leach International Europe
LRE Medical
Mason Reliable Precision Controls
NMC Aerospace
Palomar Products
RACAL Acoustics
ScioTeq
Souriau Sunbank Connection Technologies
TA Aerospace
TREALITY SVS