

DECLARATION OF ZAN NORTHRIP

I, Zan Northrip, declare as follows:

1. I am the Executive Vice President for Development Consulting at DAI Global, LLC (DAI). I submit this declaration in support of a Motion to Enforce the Court's TRO. The statements made in this declaration are based on my personal knowledge and my understanding of information made available to me pursuant to my duties at DAI.
2. Since the Court's Temporary Restraining Order was first issued on February 13, 2025, DAI has not received any payments on its \$115 million in outstanding invoices to USAID. Over \$70 million of that amount is more than 30 days past due, and all the invoices for the remaining \$45 million are well past the 7-day review period in which a USAID staff member should have asked for clarification for any payments that did not seem proper, according to ADS 630.2.2.2. All of these invoices (details of which were provided to DOJ on February 24, 2025) are now due to DAI for work that preceded Secretary Rubio's ALDAC of January 24, 2025. Since January 24, DAI has also continued to incur costs necessary to ensure operational readiness for its portfolio of projects that USAID has placed on temporary stop-work orders (SWOs). In total, DAI is now providing up-front financing to the U.S. government of more than \$150 million.
3. Since February 13, the court has twice re-stated and re-emphasized its original TRO. Each time, DAI has been hopeful that USAID would begin to comply. While we have received a few liftings of previously issued SWOs, none of the 28 terminations that USAID previously put into effect on DAI projects has been rescinded, and in no case has any payment been made. USAID's communications have been sporadic and inconsistent, but no USAID official has been able to specify when or if payments would resume. To uphold our side of our contracts, we are required to continue spending money that USAID seems to be making no effort to reimburse.
4. As described in my Declaration of February 21, we have also been unable to obtain advance funding through the Letter of Credit drawdown system that USAID operates through HHS. While our payment requests are still statused as "payment processed" and "in transit," the expected

payment dates remain mysteriously set to January 24, 2026 – i.e., 11 months from today. We reached out to HHS to see how this could have happened. They initially replied that they had no information to share and said that DAI should “contact your grants manager or Management at USAID,” something that we have done repeatedly to no effect over the past month. In response to our follow-up questions, HHS stated at 3:21 pm today, February 24, 2025 that “USAID payments are still on Hold that is why the future date is there until we receive further guidance.” (see Attachment A)

5. Because USAID is still not paying its invoices or processing advance funding on cooperative agreements, DAI has had to take further actions since my original Declaration in this case. On Friday, February 14, we furloughed an additional 124 U.S.-based staff members. On the same day, nearly all of our remaining U.S. staff members were put on reduced hours, dropping them to between 1 and 4 working days per week. It should be noted that their pay for each of those working days had already been reduced by 20 percent two weeks earlier. What remains in the U.S. is a skeleton staff, focused on only the most essential corporate and project support functions. Other priorities, such as DAI’s ongoing implementation of a new ERP, have had to be set aside, despite the high additional cost of pausing that effort. More importantly, DAI’s staff and their families are suffering ongoing financial hardship that worsens with each passing day of reduced or no compensation.
6. This morning, approximately 36 hours after Judge Ali’s order of February 22nd, we received a new (29th) termination notice, for a project in Madagascar (see Attachment B), which uses language identical to the terminations that we received prior to the court’s original TRO. DAI also received notification today (see Attachment C) from the USAID mission in the Democratic Republic of Congo that “the TRO does not apply to the DRC Good Governance Activity (GGA). At this time, the award remains terminated and we are not in a position to open discussions to revert that.” The project USAID DRC referenced is one of the terminated awards that the court’s TRO specifically said must be reinstated to its operating status on January 19, 2025.

7. Besides being extremely disappointing from a rule-of-law perspective, termination notices actually exacerbate the cash shortage already caused by USAID's actions to implement the President's Executive Order by freezing disbursements. This might sound counterintuitive, but terminations trigger severance payments that are mandatory under local labor law, as well as numerous other costs associated with shutting down a project, such as the premature termination of leases, paying subcontractors for the completed portion of unfinished deliverables, and safeguarding and disposing of Government vehicles and equipment.
8. I have worked at DAI for nearly thirty years. Until the actions of the current administration, it has never been difficult to obtain financing for U.S. government receivables. The faith that the financial community has historically maintained in the actions and creditworthiness of the U.S. Government has allowed DAI to secure good commercial terms from the banks that fund its working capital requirements. This is no longer the case. Despite DAI's growing mountain of submitted invoices, DAI's existing consortium of four of the largest financial institutions in the U.S. and Europe is unwilling to extend DAI any further working capital, because they have lost confidence that the U.S. government can be counted upon to pay its legitimate bills under DAI's valid contracts and cooperative agreements.
9. With no payment forthcoming from USAID, and having tapped out our existing \$75 million working capital facility, DAI is in imminent danger of being forced to take actions that might be contrary to local labor laws in countries where we are implementing projects on USAID's behalf. In this context, it must be noted that because the projects are active, DAI is contractually required to keep staff even though we are not being paid to fund their salaries. If disbursements are not resumed before this Friday, 28 February, DAI may be forced to suspend thousands of its project staff members without pay, an action that puts DAI at risk of facing numerous employment legal claims and could expose us to significant fines and tax penalties, further exacerbating the harm that USAID's actions have already caused. DAI is also being threatened with legal action by several vendors, whom we are already late paying.

10. Additionally, just to remain operating, DAI is being forced to negotiate a supplemental debt facility with a non-bank lender that specializes in distressed situations, and which we would never be considering absent the Government's continuing actions to implement the President's Executive Order – despite those actions having already been enjoined three times by the court. In the absence of relief, we will need to sign a commitment letter by Wednesday, February 26, which will include a costly break fee. None of this would be necessary if the Government were actually complying with the TRO.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 24, 2025, in Bethesda, Maryland



Zan Northrip
Executive Vice President
DAI Global, LLC

ATTACHMENT A

From: Hughes, Vivian (OS/ASA/PSC/FMP) <Vivian.Hughes@psc.hhs.gov>
Date: Monday, February 24, 2025 at 3:21 PM
To: Tony Bichelmeyer <Tony_Bichelmeyer@dai.com>
Cc: Kent Piper <Kent_Piper@dai.com>, Mirna Tercero <Mirna_Tercero@dai.com>, Jarrid Dekovitch <Jarrid_Dekovitch@dai.com>, Mitchell, Regenia (OS/ASA/PSC/FMP) <Regenia.Mitchell@psc.hhs.gov>, Bulluck, Keishay (OS/ASA/PSC/FMP) <Keishay.Bulluck@psc.hhs.gov>
Subject: RE: [EXTERNAL] RE: Status of drawdowns (17D8P)?

USAID payments are still on Hold that is why that future date is there until we receive further guidance. Thanks.

From: Tony Bichelmeyer <Tony_Bichelmeyer@dai.com>
Sent: Monday, February 24, 2025 3:14 PM
To: Hughes, Vivian (OS/ASA/PSC/FMP) <Vivian.Hughes@psc.hhs.gov>
Cc: Kent Piper <Kent_Piper@dai.com>; Mirna Tercero <Mirna_Tercero@dai.com>; Jarrid Dekovitch <Jarrid_Dekovitch@dai.com>; Mitchell, Regenia (OS/ASA/PSC/FMP) <Regenia.Mitchell@psc.hhs.gov>; Bulluck, Keishay (OS/ASA/PSC/FMP) <Keishay.Bulluck@psc.hhs.gov>; Lanham, Mary (OS/ASA/PSC/FMP) <Mary.Lanham@psc.hhs.gov>; Chen, Jenny (OS/ASA/PSC/FMP) <Jenny.Chen@psc.hhs.gov>
Subject: RE: [EXTERNAL] RE: Status of drawdowns (17D8P)?

Hi Vivian,

As you are aware, USAID does not have the ability to approve and release drawdowns in DHHS/PMS. We have made a drawdown request in accordance with ADS 636, and the AO usually does not approve these standard drawdown requests. We will follow up with our AO on each COAG. In the meantime, can you please clarify why the "Payment due date" was changed on/after 01/23/25 to have payment date of one year? USAID would not have the system access to change the Payment due date.

Thank you,
Tony

RE: [EXTERNAL] RE: Status of drawdowns (17D8P)?



Hughes, Vivian (OS/ASA/PSC/FMP) <Vivian.Hughes@psc.hhs.gov>

To: Tony Bichelmeyer; Cc: Kent Piper; Mirna Tercero; Jarrid Dekovitch; Mitchell, Regenia (OS/ASA/PSC/FMP); Bulluck, Keishay (OS/ASA/PSC/FMP)

Good morning,

Currently, we do not have any information to share regarding the payments. Please Contact your grants officer or Management at USAID.

ATTACHMENT B



Recipient: Jon Anderson, COP
Catherine Clarke
Development Alternative International Global, LLC (DAI)
Villa Tsinjohary, Lot VU 282 DR Manakambahiny, Antananarivo 101,
Jon.Anderson@dai.com copy to Catherine.Clarke@dai.com

Subject: Notice of Full Termination

Agreement: Cooperative Agreement 72068724CA00003, USAID Harena activity

Date: February 24, 2025

Dear Mr. Anderson,

In accordance with the guidance provided by USAID in its January 28, 2025 communication to implementing partners, and the formal suspension of work notice issued to DAI on the same day, your award has been reviewed for programmatic efficiency and consistency with United States foreign policy.

Based on this review, it was determined that Award # 72068724CA00003 is inconsistent with the national interest and Agency priorities, and is fully terminated, in accordance with 2 CFR 700.14, effective as of the date of this notice. Immediately cease all activities, terminate all subawards and contracts, and avoid incurring any additional obligations chargeable to the award beyond those unavoidable costs associated with this Termination Notice. Immediately provide similar instructions to all subrecipients and contractors.

Detailed further instructions on documentation required to negotiate a termination settlement (e.g., unavoidable costs associated with the funding pause and costs associated with this termination) will be provided shortly.

Please confirm your receipt and agreement with this Termination Notice by completing and returning the acknowledgement below. Should you have questions concerning this letter, please contact me at abakbar@usaid.gov with a copy to Johanesa Rakotoniaina at irakotoniaina@usaid.gov. We will follow up with further guidance as soon as possible.

Sincerely,

Abdullah Akbar
Digitally signed by Abdullah Akbar
Date: 2025.02.24 11:27:53 +03'00'

Abdullah Akbar
Agreement Officer USAID/Madagascar

cc: Salohy Soloharivelo, AOR

Attachment C

From: Gregory S. Wang <gwang@usaid.gov>
Sent: Monday, February 24, 2025 10:15 AM
To: John McGuire <John_McGuire@dai.com>
Subject: Re: FW: Cancellation of Stop Work Order/Suspension of USAID/DRC Awards

Hi John,

Thanks for your email. The cancellation of the stop work order/suspension under the TRO does not apply to the DRC Good Governance Activity (GGA).

At this time, the award remains terminated and we are not in a position to open discussions to revert that.

Thanks,

Gregory Wang
Director/Supervisory Contracting Officer
Office of Acquisition and Assistance
USAID/Democratic Republic of the Congo (DRC)
Phone: +243 817 074 701 | gwang@usaid.gov
<https://www.workwithusaid.gov/>