

July 13, 2023

James De Sotle

ICEO

PLC Group, LLC d/b/a/ "LoneStar Pipeline Contractors"

2600 N. Birdwell Lane

Big Spring, TX 79720

Dear Recipient:

Please find my written statement regarding the interaction between my company PLC Group and the Army Corps of Engineers, (ACoE).

Overview:

In or around July of 2019, Posillico contractors of Long Island NY contacted PLC Group ("LoneStar") regarding potential work pertaining to the border wall being constructed along the U.S. / Mexico border. LoneStar immediately engaged in discussions with Posillico and ultimately signed a sub-contract with Southern Border Constructors, (SBC) to provide loose concrete and aggregate for sections 08 and 09 in McAllen TX. SBC is a joint venture that Posillico has ownership in.

LoneStar was responsible for providing the loose concrete for the footings of the border wall as well as the grout and necessary aggregate for temporary roads, drainage, and other applications. LoneStar purchased two mobile cement plants, 7 cement trucks and various other equipment necessary for fulfillment of our contract.

**July 2020:** LoneStar commences work on border wall sections 08 / 09 in McAllen TX for SBC.



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**January 2021:** Biden Administration issues a suspension order for work pertaining to the border wall construction. Contractors are required to “Stand By”. This required our company to continue to maintain a presence onsite and incur daily labor and equipment costs without the ability to invoice. We had NO indication of when or how this suspension would be resolved.

**May 2021:** LoneStar sends a letter to the ACoE requesting guidance. To date we have received NO communication from the ACoE.

**May 2021:** LoneStar retains William and Mullen law firm and Dixon, Hughes and Goodman accountants.

**September 2021:** LoneStar send a second letter to ACoE requesting guidance on payments of monies owed.

**October 2021:** The ACoE officially cancels the border wall contracts.

**October 2021:** SBC is notified that its contract is reinstated for the purposes of addressing “Safety” issues as a result of construction being halted. Because our prime had its contract reinstated, we were not able to file our termination settlement proposal (TSP) which further delayed our ability to recoup our losses. Our attorney noted that he had never seen a federal contract canceled and subsequently reinstated. This put us in an untenable situation.

**November 2021 – July 2022:** LoneStar works with SBC’s attorneys / accounting firm as well as its own attorneys and accounting firm to complete our TSP. During this time we are being advised that the TSP cannot be submitted because SBC is still under contract.

**July 2022:** On the advice of our attorneys, LoneStar submits our TSP to the ACoE for \$3.6M.

**October 2022:** LoneStar begins the audit process with the ACoE on its TSP.

**November 2022 – June 2023:** ACoE is in contact with LoneStar throughout the audit process.



**June 2023:** ACoE completes its audit and proposes paying LoneStar 50% of the submitted costs.

**July 2023:** LoneStar is awaiting a date for the "Exit" interview from the ACoE.


Two Years and Seven months after the suspension of the border wall project, LoneStar has not received a single payment for services rendered.

Impact on PLC Group:

The border wall cancellation has had a significant impact on PLC Group. Covid 19 caused a severe downturn in our industry. This downturn was exacerbated by the current administration's policy toward domestic oil and gas production. The combination led to almost 30 months of limited work in the industry. During this downturn our company was subjected to \$100K in attorney and accounting fees, and over \$1.5M in capital outlays for the border wall project including start-up costs and carrying costs during the suspension, (January – September 2021).

The overall cost to our company is \$3.6M. Construction companies require a significant amount of capital to start and complete a project. Having our capital tied up within this project for 3 years has reduced the number of opportunities our company could pursue. Most recently, in March 2023, we lost a \$24M opportunity with a large producer due to a lack of funding. We were forced to sell our assets in order to keep operations going and as a result, were not able to pursue further civil work. This effectively shut down the civil division.

Sincerely,

  
James De Sotle

