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Halliburton Contracts Illegal - But Bush Busts The Whistleblower

by Evelyn Pringle

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In October, 2004, Bunnatine Greenhouse, a top military official responsible for making sure the Army Corps of Engineers complies with contracting rules, came forward and revealed that top Pentagon officials showed improper favoritism to Halliburton when awarding military contracts.

The allegations made by this official were first reported by Time Magazine.

Greenhouse said that when the Pentagon awarded Halliburton a five-year \$7 billion contract, it pressured her to withdraw her objections, actions which she claimed were unprecedented in her experience.

In a letter from her attorney's office, Greenhouse told members of Congress that the Army gave the no-bid contracts to Halliburton's subsidiary KBR for political reasons.

Greenhouse charged that contracts were approved over her reservations, some of which were handwritten on the original contracts, and extensions of contracts were awarded because underlings signed them in collusion with senior officials without her knowledge.

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A five-year Iraq contract was awarded less than a month before the invasion, under a clause which allowed for no-bid contracts in the case of a "compelling emergency." Greenhouse contends that she objected to the 5-year terms of the contract, questioning the probability of an emergency lasting for five years.

When her superiors signed off on the contract and sent it back for her approval, she wrote the following message next to her signature: "I caution that extending this sole-source effort beyond a one year period could convey an invalid perception that there is not strong intent for a limited competition."

Federal contracting rules say contracts must be awarded by career civil servants, not political appointees. Greenhouse claimed the Army ignored this requirement when giving contracts to Halliburton and violated "the integrity of the federal contracting program as it relates to a major defense contractor."

"Employees of the U.S. government have taken improper action that favored KBR's interests," Greenhouse wrote. "This conduct has violated specific regulations and calls into question the independence" of the contracting process, she said.

She also said the Army altered documents in order to justify the Halliburton's contract work in the Balkans. In a letter from Michael Kohn, Greenhouse's attorney, to then acting Army Secretary Les Brownlee, Greenhouse charged that on a Balkan's contract, a deputy assistant secretary of the Army had ordered changes in documents to legitimize the contract "for political reasons."

According to Kohn's letter, in January 2002, Greenhouse sent an investigative team to review the Halliburton operation in the Balkans. After which she reported: "The general feeling in the theater is that the contractor (KBR) is 'out of control'" and was able to manipulate Corps of Engineer officials.

The Balkan's contract was scheduled to expire no later than May 27, 2004. However, it was extended without Greenhouse's knowledge, after a search for other contractors was stopped. Although the contract was originally awarded a "compelling emergency" exception, the extended contract was awarded under another exception, that KBR was the "one and only source."

Nothing was ever done about the illegal contracts awarded to Halliburton. Instead, less than a year after she reported these blatant violations of procurement law, Bush decided to bust the Whistleblower, Ms Greenhouse.

The August 29, 2005 New York Times reports: "A top Army contracting official who criticized a large, noncompetitive contract with the Halliburton Company for work in Iraq was demoted Saturday for what the Army called poor job performance.

"The official, Bunnatine H. Greenhouse," the Times wrote, "has worked in military procurement for 20 years and for the past several years had been the chief overseer of contracts at the Army Corps of Engineers, the agency that has managed much of the reconstruction work in Iraq."

Ms Greenhouse's lawyer, Michael Kohn, "called the action an "obvious reprisal" for the strong objections she raised in 2003 to a series of corps decisions involving the Halliburton subsidiary Kellogg Brown & Root, which has garnered more than \$10 billion for work in Iraq," according to the Times.

Whistleblower Told The Truth

When Cheney appeared on NBC's Meet the Press on Sept 14, 2003, he arrogantly stated: "And as vice president, I have absolutely no influence of, involvement of, knowledge of in any way, shape or form of contracts led by the Corps of Engineers or anybody else in the federal government."

And when Cheney was specifically asked whether he had known about Halliburton's no-bid contract, he said, "I don't know any of the details of the contract because I deliberately stayed away from any information on that."

Those statements were proven false on June, 2004, by an article in Time Magazine entitled, "The Paper Trail: Did Cheney Okay a Deal?"

The truth is, Bush and Cheney both were informed that Halliburton would get the contract before it was ever awarded. Time Magazine quoted an email sent by the Army Corps of Engineers, that said the contract for construction of oil pipelines was approved by Under Secretary of Defense Douglas Feith "contingent on informing WH tomorrow. We anticipate no issues since action has been coordinated w VP's [Vice President's] office."

The author of the email, Stephen Browning, said in an interview that he wrote the memo after he and retired Lt Gen Jay Garner met with Douglas Feith about plans to declassify the earlier \$1.8 million contract with the Halliburton.

According to Browning, Feith told him that he had already informed Cheney's office.

The email was dated March 5, 2003, and Halliburton was awarded the contract three days later without allowing for any bids from other companies.

The email totally contradicts Cheney's televised claims that he had no involvement in Halliburton's contracts whatsoever and proves that Cheney and the White House played a key role in boosting Halliburton into the number one war profiteering position in Iraq.

When confronted with the email, Bush dismissed it by saying the Corp of Engineers was just trying to give the Vice President's office a heads-up on the process. Now I suppose people's opinions could vary as to what the email actually meant, depending on what the definition of co-or-di-na-ted is.

No Political Appointees Were Involved - None

In the heat of the debate over Halliburton contracts, some readers may recall a news conference, where Richard Boucher, spokesman for State Department at the time, explained how decisions are made on military contracts. "The decisions are made by career procurement officials. There's a separation, a wall, between them and political-level questions when they're doing the contracts," he said.

Then the chief counsel of the Army Corp of Engineers appeared on "60 Minutes" where he denied that there was any involvement by political appointees in the Halliburton contract. He specifically said: "The procurement of this particular contract was done by career civil servants."

We also heard from a spokesman from the Department of Defense, Major Joseph Yoswa, who claimed safeguards existed to insure that the process was free of favoritism. "Most important," he said, "career civil servants, not political appointees, make final decisions on contracts," according to The New Yorker.

Next Halliburton spokeswoman, Wendy Hall, stepped up to the mike in August, 2003, and said Halliburton's military contracts were awarded "not by politicians but by government civil servants, under strict guidelines."

Finally, during a hearing on March 11, 2004, before the Government Reform Committee, six senior government officials from the CPA and DOD testified under oath, and were each asked the following question by Republican Committee Chairman, Tom Davis:

"I want to get this on the record, and everybody is under oath. Have you or anyone in your office ever discussed with the Vice President or with his office the award of a contract for Iraqi reconstruction prior to any contract being awarded?"

Every single one of those six officials said "no sir," which means every single one of them lied under oath. I may not know how Cheney got this number of people to lie under oath, but the fact is he did it and nothing was ever done about it.

Three months after the hearing, the June 14, 2004, LA Times reported: "The Pentagon admitted that a \$7 billion no-bid contract to extinguish oil fires in Iraq was awarded to Halliburton after a political appointee from the Bush administration recommended the company for the job."

The political appointee referred to was Michael Mobbs, a special assistant to Undersecretary of Defense Douglas Feith.

During the Summer of 2002, the Times wrote, "Mobbs was in charge of the Pentagon's Energy Infrastructure Planning Group (EIPG) to develop a plan for reconstructing Iraq's oil industry."

This is how the Halliburton contract got set up. In November 2002, a Pentagon group led by Mobbs (under Cheney's instruction), came up with the idea to pay Halliburton \$1.9 million to develop a secret contingency plan for handling the Iraqi oil industry. Its important to understand that it was this order to develop a contingency plan, that ultimately led to the firm being awarded the \$7 billion oil infrastructure contract.

To ensure that Halliburton would get the contract, Cheney used the exact same strategy that he developed back when he was secretary of defense during the first Bush Presidency. The way it works is actually quite simple. Halliburton gets funding to create a market for its services and then it becomes the logical company to carry out the plan when the time for awarding contracts rolls around.

I'm sure no one needs reminding of how well this plan paid off for Cheney when he left office in 1992 and soon thereafter became very gainfully employed with Halliburton. Ten years later, his method of contract manipulation worked like a charm again.

According to testimony at a House oversight hearing, by GAO investigator, William Woods, it was discovered that

Michael Mobbs even acknowledged in a memo that the \$1.9 million task order would uniquely position Halliburton to win the far larger sole-source contract to actually do the restoration work to Iraqi oil fields.

In fact, Mobbs himself later admitted that he had described the contingency plan in a meeting of the Deputies' Committee to an audience that including Cheney's chief of staff, Scooter Libby, Rice's deputy national security adviser, Steven Hadley (guy who took the fall for the 16 words about uranium in Africa in Bush's state of the union address), the deputy secretaries of state and defense, and the deputy director of the CIA.

On March 8, 2003, Halliburton was awarded the \$7 billion contract and the war began on March 20, 2003.

When the topic of the no-bid contract came up in the media, Bush claimed that it was merely a deal to put out oil well fires. However, Pentagon officials were soon forced to admit that it was a very big deal and would in fact amount to billions of dollars for Halliburton. But even then, the story of the day was that the contract was only temporary and would be replaced by competitive bidding shortly.

After months of senseless delays, new contracts were finally awarded on January 16, 2004 but once again, Halliburton netted the top prize. The Parsons Corporation was awarded an \$800 million contract, but the \$1.2 billion contract went to Halliburton.

During a June 8, 2004, briefing to staff members of the House Committee on Government Reform, Mobbs and Pentagon officials were asked about the specific details of the contracting procedure that was employed with Halliburton.

Before making a final decision, Mobbs admitted that he briefed top officials from several executive agencies, in the Deputies Committee, to make sure they had no objections. According to Mobbs, White House Staff members were also at the meeting. After that meeting, Mobb's said that a White House official told Douglas Feith that the group did not object.

These disclosures prove that Cheney and Bush were informed about the Halliburton contracts on at least two key occasions during the procurement process.

So we've got all these high level officials plotting together for 6 months to set up a plan to hand Halliburton billions of dollars, and Bush and Cheney expect us to believe that not one of these guys uttered a word about contracts to

either one of them.

And the media is no help.

During the Clinton administration, it chased after a stupid story about a 20-year-old land deal involving \$100,000 (hardly the crime of the century) for 8 years and to this day, I still have never figured out what they were expecting to find exactly. I do know one thing, it wasn't that the Clintons and their cronies were accused of funneling billions of tax dollars through the bodies of our slain and injured young soldiers like what is going on right now in the Bush administration.

The media in fact spends very little effort and time investigating and reporting on the real crimes within the current administration, even when they involve fraud and corruption by officials at every level of government who are openly handing our tax dollars to war profiteers to the tune of a billion dollars a month.

I often find myself wondering whether the mainstream media has been bought off entirely.

Who's Next In Line For Retaliation?

The question is, who's next? Greenhouse wasn't the only official to report on the illegal procurement practices of the Bush administration. According to a report on an investigation of Halliburton by the Government Accounting Office titled, *Rebuilding Iraq: Fiscal Year 2003 Contract Award Procedures and Management Challenges*, contracts worth billions of dollars were awarded to Halliburton without full and open competition, including Iraq's oil infrastructure contract.

The GAO determined that the administration had violated procurement law when it issued various task orders under already existing contracts and that out of 11 task orders examined, more than half were awarded outside the scope of their contracts.

As an example of the inept procurement process, the GAO report described how "a military review board approved a six-month renewal contract with Halliburton worth \$587 million in just ten minutes and based on only six pages of documentation."

After wasting millions of tax dollars conducting the investigation, the GAO concluded that the contracts should have never been awarded to the company in the first place and yet Halliburton remains the number one contractor in Iraq. Go figure.

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