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Democrats Demand Probe of Demotion

By T. Christian Miller

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Congressional Democrats demanded an investigation Monday into the demotion of a senior U.S. military contracting official who publicly criticized a controversial no-bid contract awarded to Halliburton Corp. for work in Iraq.

With more than 20 years' experience in government procurement, Bunnatine Greenhouse had been the Army Corps of Engineers' top contracting officer until she was demoted Saturday to a lower-level position. A military report indicated that she was demoted for poor job performance.

Greenhouse had repeatedly challenged the corps' commanding officers on their decision in 2003 to give a contract worth up to \$7 billion to repair oil infrastructure to Halliburton, the Houston-based oil services company once run by Vice President Dick Cheney.

"They went after her to destroy her," said Michael Kohn, her attorney, who added that the demotion was "absolutely" in retaliation for her complaints about the Halliburton contract.

Democrats, who had invited Greenhouse to testify about her concerns at a June hearing, asked Defense Secretary Donald H. Rumsfeld in a letter Monday to investigate and to reinstate her in the meantime.

At that June hearing, Greenhouse called the Halliburton case "the most blatant and improper contract abuse I have witnessed during the course of my professional career." Three weeks later, the secretary of the Army approved the Corps of Engineers' decision to demote her. It took effect over the weekend.

"Retaliation against employees for providing information to Congress is illegal and entirely unacceptable," said the letter, which was signed by Rep. Henry A. Waxman (D-Los Angeles) and Sens. Byron L. Dorgan (D-N.D.) and Frank R. Lautenberg (D-N.J.). "Ms. Greenhouse has given Congress important information essential to our oversight of waste, fraud, and abuse."

Greenhouse also angered insurance companies with a proposal intended to save hundreds of millions of dollars by offering cheaper workers' compensation-style insurance to federal contractors. Her initiative drew sharp resistance from some of the country's most powerful insurance companies, which could lose business under the proposal.

The corps was scheduled to make an announcement on the cost-savings program as early as September. It was unclear Monday whether Greenhouse's demotion would affect the program, which would have awarded the insurance to a single carrier through competitive bidding. "This was her baby. She's the one who fought for this thing. And she

made some people upset," said one insurance industry official who has monitored the program.

The Army general who hired Greenhouse, who is black, said her race and sex also played a role in her demotion. Known for her insistence on following rules, she clashed repeatedly with a mostly white "old boy" network at the Corps of Engineers, according to Lt. Gen. Joe Ballard.

"Greenhouse's race and gender ruffled a lot of feathers in the Corps command and also contributed to the disparate and highly critical treatment she has received," Ballard wrote as part of a deposition given during an internal process to appeal her demotion. Ballard, who is also black, said he had received "similar treatment" even as a commander.

Both the corps and the Department of the Army declined comment, citing privacy restrictions surrounding personnel issues. But a Corps of Engineers report provided by Kohn showed that top officials criticized Greenhouse for not being a team player.

The report said Greenhouse's poor performance ratings were due to "Ms. Greenhouse's insistence on restricting her role as the Corps senior contracting official to merely passing judgment on matters presented to her, instead of personally engaging in a collaborative process with other Corps leaders."

Greenhouse had also been criticized for writing notes by hand on official corps contracting documents, according to the report.

Greenhouse's demotion is the latest twist in a drama that began more than two years ago, when she raised concerns about giving Halliburton's subsidiary, KBR, the oil contract in Iraq for five years. She thought that the contract should have been for a shorter period to allow competitive bidding to take place sooner.

In December 2003, she accused the corps of deliberately bypassing her to excuse Halliburton from having to provide auditors with cost data to justify the price it had paid to import fuel into Iraq. In the summer of 2004, she opposed the Corps of Engineers' efforts to extend a Halliburton contract to feed and house U.S. troops in the Balkans, arguing that it should have been competitively awarded.

In October 2004, Lt. Gen. Carl Strock, the corps commander, attempted to demote Greenhouse, citing a history of negative performance reviews. Instead, she went public, and her complaints became an election-year controversy because of Cheney's ties to Halliburton.

In response, the Army promised to have the Pentagon's inspector general investigate Greenhouse's complaints of abuse and directed Strock to "suspend any adverse personnel action so that Ms. Greenhouse remains in her current position until a sufficient record is available to address the specific matter" raised by her case.

In June, Strock sent a memo, with an unsigned, nine-page report rebutting Greenhouse's accusations, to the Army's inspector general. Strock said the report showed that Greenhouse's demotion "is based on her performance and not in retaliation for any disclosures of alleged improprieties she may have made."

Among other defenses, the report noted that the Government Accountability Office had concluded that the oil contract had been properly awarded. The report found problems elsewhere in the decision-making.

The Pentagon inspector general's investigation into Greenhouse's accusations is continuing, and investigators are working with the Department of Justice on "potential prosecutions," according to the letter from the congressional Democrats. Kohn said the inspector general also had promised to investigate whether Greenhouse's demotion was an illegal retaliatory action.

The Pentagon's inspector general did not return repeated calls for comment.

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