

Probes Pile Up Around Dick Cheney, Halliburton

by Edward Spannaus

Dick Cheney's protection racket for Halliburton's lucrative, no-bid contracts for Iraq, was the theme of a contentious hearing held on July 22 by the House Government Reform Committee. This hearing, focussing on Halliburton subsidiary Kellogg, Brown and Root (KBR), was the fourth in a series that Committee Chairman Tom Davis (R-Va.) has been compelled to hold, under pressure from Democratic members, prompting Davis to complain that "if it weren't for the fact that the Vice President was the former—and I emphasize former—CEO of the parent company, we wouldn't even be here today."

At one point, reacting to what he called allegations that the Vice President is "corrupt," Rep. Mark Souder (R-Ind.), called the session a "show hearing" and a "witch hunt" against the Vice President.

For the first time, officials of Halliburton/KBR were forced to appear before Congress to defend their company against the multiple accusations against it.

Two devastating new reports on Halliburton's contracts were released by Rep. Henry Waxman (Calif.), the ranking Democrat on the Government Reform Committee, and Rep. John Dingell (Mich.), the ranking Democrat on the House Energy and Commerce Committee. The first was a Government Accountability Office (GAO) report on Halliburton's logistics contract to supply housing, food, and other support to troops in Iraq, which shows, according to Waxman and Dingell, "ineffective planning, inadequate cost control, insufficient training, and a pattern of recurring problems with controlling costs, meeting schedules," and so on.

The second report presented the results of a nine-month investigation into Halliburton's contract to import gasoline into Iraq from Kuwait. It found that Halliburton's overcharges amounted to more than \$167 million, and that when the Army took the contract back, and had its own energy

supply agency import the fuel, the costs dropped dramatically.

Multiple Investigations

Meanwhile, both Halliburton, and Cheney personally, are under increasing legal pressure on many other fronts:

- A Federal grand jury in Houston has issued a subpoena to Halliburton, as part of a criminal investigation into the company's using a sham offshore subsidiary to conduct business deals with Iran in violation of U.S. law. The matter has been under investigation by the U.S. Treasury Department since 2001, and it was recently referred to the Justice Department for possible criminal prosecution.

Sen. Frank Lautenberg (D-N.J.), held a press conference on July 20 to demand that the investigation look into Cheney's role, since some of the violations appear to have taken place during his tenure as Halliburton's CEO.

- A second Federal grand jury, this one in Chicago, is investigating kickbacks and overbilling on Halliburton's Iraq contracts, involving a Kuwaiti subcontractor. Under questioning at the July 22 hearing, KBR officials refused to provide any information about the kickback investigation, said to involve over \$6 million; the officials said their stonewalling was "on the advice of counsel," who were busy passing notes to them.

- Cheney is personally the focus of a criminal investigation in France, into a bribery and \$180 million slush-fund scheme involving a KBR venture in Nigeria. A parallel investigation is being conducted by the U.S. Justice Department. (See *EIR*, July 16.)

- The Justice Department's investigation of the illegal disclosure of the identity of covert CIA operator Valerie Plame is said to be near completion, with Cheney being widely considered to be the primary target (see article, p. 26).

‘No Spending Limits’

At the July 22 hearing, Representative Waxman charged that the Bush Administration’s approach to Iraq reconstruction “is fundamentally flawed,” calling it “a boondoggle that’s enriching a lot of contractors, but not accomplishing enough on the ground.”

“Halliburton is an \$8 billion microcosm that illustrates the Administration’s misplaced priorities,” Waxman declared, noting that U.S. troops lack body armor, but yet the GAO found that, when it comes to Halliburton’s contracts, there are “no spending limits.”

Waxman and others cited as another example of the Administration’s priorities, that detailed planning for taking control of Iraq’s oil fields began in the Summer of 2002, many months before the war began. “Yet,” Waxman said, “GAO’s report reveals that there was no contingency planning for feeding and housing our troops until May 2003, after the fall of Saddam.”

“These aren’t the priorities of most Americans,” Waxman declared.

And as to the Vice President, Waxman noted that last September, Cheney had appeared on television and stated: “I have absolutely no . . . knowledge of, in any way, shape or form, of contract let by the Corps of Engineers or anybody else in government.” Plus, Waxman added, senior Administration officials had assured the public that the decisions on Halliburton’s no-bid contract were made by “career civil servants. . . . But now we know that those assurances were false,” Waxman said. “The decision to give Halliburton that sole-source Iraq oil work was made by a political appointee, not career procurement officials. And the Vice President’s chief of staff received an extensive briefing.”

Waxman and other Democratic members repeatedly cited the briefing given to the committee by Michael Mobbs, a special advisor to Undersecretary of Defense for Policy Doug Feith and a political appointee, who had said that *he* was the one who had made the decision to award the contract for restoring Iraq’s oil infrastructure to Halliburton in the Fall of 2002. Mobbs also said he had given an extensive briefing to Cheney’s Chief of Staff, Lewis Libby, on the contract. (Mobbs, a protégé of Feith and the Defense Policy Board’s Richard Perle, was one busy fellow. At the same time he was heading the “Energy Infrastructure Planning Group” in Feith’s office, in the Summer-Fall of 2002, he was also being put forward as the Pentagon’s top expert on detentions of “enemy combatants.” It was on his say-so, that at least two U.S. citizens, Jose Padilla and Yaser Hamdi, were held incommunicado in a military brig for over two years.)

Waxman also renewed his motion for the committee to issue a subpoena to the Administration for all documents reflecting contacts between the Vice President’s office and the Defense Department regarding the Halliburton contracts. His motion was voted down by Republicans, on a straight party-line 23-19 vote.

Halliburton Defense Committee

For their part, the Republicans on the Government Reform Committee turned the hearing into a love-fest with Halliburton, defending Cheney’s old company at every turn, and desperately trying to undermine the testimony of the former Halliburton employees who had come forward at their own risk, to testify about waste, fraud, and abuse by Halliburton’s KBR subsidiary.

Even before they had the opportunity to testify, Committee Chairman Davis launched an assault on the “so-called whistleblowers,” attacking each one by name, and saying that their accusations “are either flat-out wrong, or at worst minor, or represent a naive or myopic view of contracting in a war-time environment.” He accused the witnesses of bearing “ulterior motives,” and of having “some personal bias” against KBR.

The former employees who testified were two former truck drivers contracted by KBR, and a former logistics specialist for the company. For unexplained reasons, two other of the scheduled witnesses did not appear—which might not be surprising, if they had some inkling of the abuse that would be hurled at them by committee Republicans determined to defend Halliburton.

The two truck drivers described an utter lack of maintenance of \$85,000 trucks, including even elementary measures such as replacing gasoline filters in an environment where dust storms were common. Trucks were lost for lack of parts or even spare tires. They also described running convoys of empty trucks, which presented additional security problems and a maintenance burden.

The logistics specialist, Marie deYoung, who had previously attained the rank of captain in the military, described over-billing, double-billing, and how she was ridiculed (“as I experienced here this morning”) and chastized for identifying and trying to correct problems with the administration of contracts. She told the committee that “the Halliburton corporate culture is one of intimidation and fear.”

DeYoung also stressed the contrast between the austere living conditions of U.S. troops, and the luxurious living and working conditions of Halliburton/KBR employees. “The contrast between how soldiers live and how Halliburton lives, would shock you,” she told committee members.

The next panel, consisting of four mid-level KBR officials in seemingly-identical dark suits, backed up by lawyers in the same dark suits, presented a striking contrast to the previous panel of former Halliburton employees, two of whom were the shirt-sleeved truck drivers. They were lobbed softball after softball questions by Davis and a fellow Virginia Republican, Rep. Ed Schrock.

Another GOP Congressman, John Duncan of Tennessee, noted ironically that it is usually Republicans who are concerned about government waste and abuse—but it was clear here, that when Dick Cheney’s interests are at stake, all the normal rules go out the window.