Chairmen Thibault and Shays, distinguished members of the Commission on Wartime Contracting, thank you for this opportunity to speak to you. My name is Pratap Chatterjee and I am a Visiting Fellow at the Center for American Progress where I focus on federal procurement reform. I work on the Doing What Works project where we believe an efficient allocation of scarce resources in government will achieve greater results for all. I work focuses on improving transparency and auditing as a basis for smarter decision making to make sure waste, fraud, and abuse do not take place.

I believe the contracting process—whether in the war zone or here in the United States—will benefit if we have a much more robust data system to evaluate the contractors we plan to hire and to track their work. We need accurate data on everything from the workers we use to the goods and services we purchase. We need good databases that allow us to evaluate one contractor over the other, and qualified and experienced contracting officers to pick the best bidder. The absence of data—or worse yet, the wrong data—can cost not just money but lives. We also need to do a much better job of tracking the goods we buy and the people we hire. We need to evaluate their performance in the field and audit the money we give them to make sure we are getting the best value for taxpayer dollars.

First, I’ll give you a sense of my background. I have traveled to the Middle East and Central Asia more than a dozen times since September 11, 2001, spending more than 16 months on the ground in the region. I have visited Afghanistan and Iraq four times each, starting in January 2002. I traveled to both those countries as a journalist and spent almost all my time in the so-called red zones accompanied generally only by a fixer or translator. In addition, I have also embedded with the U.S. military and visited bases in Afghanistan and Iraq as well as in Kosovo and Kuwait to research military logistics and police training contracts with KBR and DynCorp, respectively. I have written two books on this subject—*Halliburton’s Army* and *Iraq, Inc.*—as well as numerous articles and reports such as “Outsourcing Intelligence in Iraq,” which was produced in collaboration with Amnesty International. In my role as managing editor of CorpWatch, a website tracking corporate malfeasance, I also commissioned and edited a number of other investigative reports such as “Afghanistan, Inc.” on reconstruction in that country. I would be happy to make copies of any of these materials available to commissioners should you be interested.

In my remarks I will touch on the lack of inventory tracking of weapons and ammunition that were supplied by contractors, and the theft and misuse of the weapons by security forces. I will describe the weapons and security startups like AEY and USPI that
defrauded us. And I will tell you about the unqualified translators we hired through L-3/Titan, the inexperienced police officers through DynCorp, and the payments that Third Country Nationals have to make to labor brokers to get jobs on bases.

**Security Contractors & Weapons Supplies**

Let me start with the issue of security. The United States has supplied tens of thousands of weapons and millions of rounds of ammunition to both Afghanistan and Iraq for the use of the local security forces. We did so by paying a number of companies like AEY in Florida, Taos in Alabama, and Wolf in California. These companies bought large quantities of materiel from Eastern Europe and even from China to send to both countries. In February 2009 a GAO report suggested that neither the government nor the contractors recorded the serial numbers for a large quantity of these weapons shipped to Afghanistan. Spot checks also indicated that many could no longer be found. On two subsequent trips in 2009, I visited police training centers and stations in Afghanistan and looked into the tracking system for these weapons and ammunition. In one meeting my translator overheard the Afghan police officials discussing in Dari how to answer my question because they did not have proper systems to track the guns, let alone the ammunition. The biggest problem they faced was the fact that most police officers are illiterate—at least 70 percent by the most optimistic estimate I heard and as much as 95 percent—and are unable to fill out forms to track the weapons. The second problem was that some company officials shortchanged the Afghans—such as Efraim Diveroli of AEY, who was sentenced to jail in March for supplying 50-year-old ammunition.7

I have been given anecdotal information about some of those weapons being sold off by unscrupulous police officers. I was even offered the opportunity to purchase a police gun. I recommend the work of Chris Chivers at *The New York Times* who has documented a number of cases of these weapons falling into the hands of the Taliban in the At War blog and in his new book, *The Gun*. Nor are guns the only items that are traded; it was common knowledge that one could buy Afghan police officer uniforms and boots at the Kohan Froshi market in downtown Kabul.

Weeks after my last trip to Afghanistan, news emerged of the case of Paravant, a subsidiary of Blackwater, whose employees were hired to train the Afghan security forces in the use of weapons. You are undoubtedly aware of the incidents in which Paravant employees allegedly raided Bunker 22, the Afghan police armory, and took a number of AK-47s for their personal use, as described in the Senate Armed Services Committee hearing last February. In addition, diplomatic and intelligence personnel I met with in Kabul told me it was not just the weapons that have gone missing but also large quantities of 7.62 ammunition that can be used in the ubiquitous AK-47.

One does not even have to look into the actions of the Taliban to understand the implications of a failure to track ammunition and weapons transfers to Afghanistan. Justin Cannon and Christopher Drotleff, two Paravant employees, left their military base in May 2009 without authorization and opened fire into the back of a civilian car after a traffic accident. The driver of the car and a civilian bystander were killed. Drotleff and
Cannon were convicted of manslaughter by a jury in Virginia in March.\textsuperscript{12} The two Paravant employees were found to have records of misconduct and violent behavior as well as terminations for alcohol and drug use.\textsuperscript{13} At least one Paravant employee, Sebastian Kucharski, a Paravant assistant team leader, had even been blacklisted from being hired by the company itself for his work in Iraq, yet he was given a job in Afghanistan.\textsuperscript{14}

Anywhere one goes in Kabul, one can see armed private security guards in front of businesses and major buildings, most of whom are Afghan. Occasionally, I have stopped to chat with them to ask them about where they come from. At least one group I met was comprised entirely of young men from the same village Vice President Fahim is from. They worked for his brother who has multimillion-dollar contracts supplying fuel to the Kabul Power Plant, which this committee has examined.\textsuperscript{15} Everybody I talked to referred to the vice president’s brother’s security company as a militia.

This company is not unusual. Back in 2006 I commissioned and edited a report that revealed that a company called United States Protection and Investigations, or USPI, was hiring local thugs to protect U.S. construction contractors in Afghanistan working for USAID, thereby supplying money and weapons to some of the worst elements of society.\textsuperscript{16} Since then, Del and Barbara Spier, co-owners of USPI, pleaded guilty to defrauding the government, billing for nonexistent expenses from fictitious companies, and inflating the number of Afghan guards on their payroll.\textsuperscript{17}

You are also no doubt aware of the findings of the staff of the Senate Subcommittee on National Security and Foreign Affairs, which released a report entitled “Warlord, Inc.” about the actions of several trucking firms that made payments to private security firms controlled by local warlords to ensure safe passage of goods destined for U.S. bases.\textsuperscript{18}

These examples suggest that if we plan to finance private security companies and provide large quantities of ammunition and weapons to local security forces, it behooves us to make sure we know the records of the companies we award work to, whom they hire, and what happens to the lethal products we provide them. Otherwise, we are likely to be funding our own enemies and people who commit human rights abuses.

I do not want to suggest that the majority of the individuals we have hired are bad people. To the contrary. In the course of my work over the last 10 years, I have met several hundred contract workers in the war zone. Some of them were U.S. truck drivers from places like El Paso, TX; others were cooks from Pampanga in the Philippines; yet others were Arabic-speaking immigrants from Yemen. Almost all of them were honest people trying to pay their bills and support families; very few fit the media image of crooked gunslingers.

**Hiring workers**

That brings me to a different but related issue: how these contract workers are hired in the war zone. I am of South Asian descent and I have a working knowledge of a couple of
languages of the region so I am able to converse with some of the security guards, as well as with many of the kitchen and janitorial workers who come from Bangladesh, India, Sri Lanka, and Nepal.

Here is a statistic I was confronted with almost every single day that I traveled with the military: By my own unscientific reckoning, the average Third Country National pays $2,000 to a labor broker to get a job. This is true for the Bangladeshi janitors I met in Kuwait and the Philippino cooks I met in Kabul. Some of the workers were paid as little as $90 a month; others made as much as $300 to $500. From this meager salary, they were expected to pay back the debt they incurred when they were hired and support families back home. Some of them went years before they saved up enough money to visit their families—one woman who worked as a checkout clerk at an Army and Air Force Exchange Service, or AAFES, store in Kuwait told me she saw her children once every five years. I spent days with a group of Fijian truck drivers who had been fired or allegedly cheated out of their wages by Agility of Kuwait who did not have enough money to get back home to the South Pacific.19

The tens of thousands of truck drivers, janitors, and cooks we have hired via Agility and KBR have paid out what I estimate at $100 million in labor broker fees in the course of the Global War on Terror alone. I should note that the system of paying a labor broker to get a job in the Middle East is an old one and is not confined to U.S. military bases but to most menial jobs in the oil-rich Gulf states.

But what this tells us is that when we, as taxpayers, demand that our money is spent well on hiring the best security, the best cook, or even the best janitor, the contract officers we pay to pick the best contractor have almost no role in determining who we get. The actual decision is made by a third party—a labor broker collecting the fees—who almost certainly does not show up on any government contract.

Let me give you yet another example of how little we know about the people we hire. I spent several nights in a tent in a base in Iraq some years ago with a group of Arabic translators working for L-3/Titan. One night we heard the usual loudspeaker announcing an attack with the words “incoming mortar.” I asked one of the translators, who was an American, how to say “incoming mortar” in Arabic. The American who had just finished undergraduate Arabic in Southern California had no idea so he asked a nearby Yemeni translator. Unfortunately, since the Yemeni translator spoke almost no English, he had no way to understand the American. Eventually a third translator, who was Lebanese, helped interpret between the first two translators.

I use that example to demonstrate how unqualified the translators were. Any soldier who spent time in Afghanistan will surely testify to the bravery of these translators but many will tell you their interpretation skills left much to be desired. The contract stipulated that the translators meet Interagency Language Roundtable, or ILR, Translation and Interpretation Skill Level Standards.20 The Defense Contract Audit Agency, or DCAA—which is charged with making sure taxpayer money is spent properly in the military—checked to see if the company had met the contract requirements of hiring qualified
translators. Yet an initial survey showed there was little documentation to support this. Unfortunately, the audit on this subject was shelved.  

Another example: I met with DynCorp police trainers in Kabul—good men who were perfectly qualified back in America. Yet one man from Texas told me that the first time he saw a mortar attack, he thought it was a fireworks display.

What connects these disparate incidents—the security guards in Kabul, the Bangladeshi janitors in Kuwait, the Fijian truck drivers in Iraq, and the Arabic translators who cannot translate—is the fact that we do not know who we are hiring. We don’t know if they are qualified, we don’t know if they paid bribes to get their jobs, we don’t know what they do with their weapons, and we have no way to find out. If we did, maybe we could have prevented AEY and USPI from defrauding the government. We should have audited L-3. We should not be tolerating bribery by labor brokers.

I want to close with one example of an agency that did something right. You are probably familiar with the name Robert Stein, a former felon from North Carolina, who was paid to oversee reconstruction in northern Iraq after the invasion. Stein awarded millions of dollars’ worth of contracts to his friends in Romania but was caught, pleaded guilty to fraud in November 2005, and was sentenced to nine years in prison and ordered to pay $3.6 million in fines.

Most of the corruption Stein was involved in was stealing from the Development Fund for Iraq, which had no checks and balances. He used the money to buy weapons, a plane, jewelry, and even prostitutes. But what is most astonishing is not any of his sins. It’s that when he got a contract from the U.S. Agency for International Development to repair a police station in Al Hillah, which required him to turn in proof of work to get paid, this former felon actually did a reasonable job, according to a Special Inspector General Report for Iraq.

How does the U.S. government make sure contractors do a good job? The answer is simply good recordkeeping to make sure contractors are evaluated before they get paid in full. Just as Stein did a good job when he had to prove he had completed repairs to get paid, we need to make sure that the translators we pay are qualified and doing a good job, that the guns that we pay for are good quality, properly tracked, and kept safe.

Recommendations from the Center for American Progress

The Center for American Progress recommends the commission support the following actions:

First, we need a much better system of evaluating the companies we award contracts to. Notably, we will need to screen for criminal records and police new startups to make sure their billing systems are adequate. Second, we need experienced government contracting officers who can make sure there is sufficient competition to make sure the taxpayer gets a good deal, as recommended in the Gansler Commission report. Some jobs may not be
able to be done by contractors. Finally, the government has to do a good job of oversight in the field and prosecute those who break the law.

The federal government has launched a new database called the Federal Awardee Performance and Integrity Information System, which would allow contracting officers to examine a bidder’s prior record. The public version of this database is not great so far but the idea is a good one. Had we also checked to see if individual contractors had any prior convictions, Robert Stein’s criminal record would have come to light. So, too, might have the record of the Paravant employees.

Should the contracting officers deny work to those with prior convictions? Not at all, but when we hire former felons like Robert Stein or startup companies like AEY and USPI, we need to pay close attention. We owe it to taxpayers—and to those contractors who do an competent and honest job—not to reward fraud or failure.

This will mean more oversight, which needs to be done by government employees, and that’s not a bad thing. John Isgrigg, deputy director of contracting from the U.S. Army Intelligence and Security Command, testified before this very commission that none of his contracting officer representatives overseeing a multibillion-dollar contract that employed more than 9,000 translators in Iraq and a similar number in Afghanistan spoke Arabic or Pashto. So how could they possibly even know whether or not L-3/Titan was doing a good job? Those of us who have spent even a couple of days in the field know that even if the workers are willing and brave, they are not always the right people for the job.

While oversight is clearly inherently governmental, other jobs come very close. Robert Perito of the United States Institute of Peace, and a police training expert, has concluded that the United States needs to develop a cadre of qualified people to work in police training in postconflict countries. This approach may not be needed for simple tasks like cooking and cleaning military bases. But in specialized fields like police training, I believe that will go a long way to improving the security sector. There’s no way even a 20-year veteran can do a good job in a war zone and a culture he or she does not even begin to understand.

Next, the government can and should manage the playing field for contractors and police it. The Army Materiel Command learned that awarding the Logistics Civilian Augmentation Program, or LOGCAP, contract over to KBR did not work because that single company effectively had a 10-year monopoly, stifling competition. The new LOGCAP contract is set up to ensure three companies compete on every task order in order to make sure the government gets the best price and the best services. As Jim Loehrl, director of the Acquisition Center at the Army Sustainment Command in Rock Island, IL, told The Washington Post: "Awarding it to three allows us to mitigate our risk by not having to rely on only one source, and at the same time allows us further competition."
Similarly, the Coalition Provisional Authority’s attempt to rebuild Iraq was an unmitigated disaster when it hired big U.S. companies like Bechtel and Parsons that it assumed were qualified. The Gulf Regional Division of the Army Corps of Engineers realized it needed to hire smaller local Iraqi companies who knew the terrain and the community. Perhaps the main difference was that the Army Corps of Engineers conducted much closer oversight in the field than the Coalition Provisional Authority.

Finally, when we do discover that the individuals have broken the law, we need to prosecute them and send a message to make sure it does not occur again. In your report “At What Risk,” your recommendation #27 calls for Congress to “clarify U.S. criminal jurisdiction over civilian-agency contractors operating overseas.” In that regard, I strongly support the Civilian Extraterritorial Jurisdiction Act of 2010, which will provide for criminal jurisdiction over U.S. contractors working overseas for other federal agencies, such as the Department of State.30

Thank you again for your invitation to speak at this forum and for your leadership in this matter. I welcome your questions.

May Be the Worst Government Website We've Ever Seen
http://pogoblog.typepad.com/pogo/2011/04/fapiis

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November 18, 2005

http://www.tomdispatch.com/post/175036/pratap_chatterjee_inheriting_halliburton_s_army


Chatterjee, “Outsourcing Intelligence in Iraq.”


The Civilian Extraterritorial Jurisdiction Act was introduced as S. 2979 and H.R. 4567 in the 111th Congress and is expected to be reintroduced this year.