

Exposing Corruption *Exploring Solutions*
Project On Government Oversight

Testimony of
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Project On Government Oversight (POGO)
before the
Commission on Wartime Contracting in Iraq and Afghanistan
on
Oversight of Department of State Security Contracts

September 14, 2009

I want to thank the Commission for so quickly taking up the important matter of security at the U.S. Embassy in Kabul, and for asking the Project On Government Oversight (POGO) to testify. The issue here is not about obscene pictures and drunken men. It is about a contractor that has been entrusted with a profoundly important mission—protecting our diplomats and Embassy in an increasingly violent war zone, and a federal agency that has utterly failed to oversee that contractor. What is truly obscene is that, practically from Day One, ArmorGroup North America (AGNA) knowingly underperformed in its mission in order to maximize its profits, endangering the diplomats and its own employees in the process—and the Department of State knew about it.

We now know that as far back as 2007, the first year of the contract, an earlier generation of AGNA whistleblowers vigorously pressed management to add an additional shift of guards to prevent sleep deprivation; reported that AGNA was cutting costs by downgrading the quality of the vehicles to be purchased; and raised concerns about the deviant hazing practices that began at their training facility in Texas—in some cases by the very people who were in the photographs two years later—and continued once they were in Kabul. When these concerns were dismissed by AGNA, two whistleblowers, the most senior managers running the Kabul Embassy contract at the time, reported the misconduct to a State Department Regional Security Officer. The whistleblowers were fired the next day.

Fast forward to August 2009, when POGO started hearing from AGNA guards. Repeated contract violations by AGNA had created a crisis, and we discovered a demoralized work force that feared they were simply incapable of properly carrying out their mission. Because AGNA failed to hire an adequate number of guards, leave was often revoked and the guards were working 14-hour-day work cycles for as many as eight weeks in a row. The Guard Force Commander himself described the entire guard force as “sleep deprived.” In another contract violation, most of the Gurkhas, who make up two-thirds of the guard force and who by all accounts are otherwise conducting their work professionally, require translators when communicating with their English-speaking colleagues. That fact alone makes this a dysfunctional guard force, especially in light of the constant threat of attack. Then we have the deviant actions and behavior by some supervisors and guards, who not only preyed on the young new recruits—many straight out of our military—but who also drew Afghan national employees into behavior forbidden to Muslims. All this in a conservative Muslim country, creating exactly the kind of Sodom and Gomorrah the Taliban depicts America to be.

An analysis by Senator McCaskill’s Subcommittee on Contracting Oversight, and our own subsequent investigation of whistleblower allegations conclude that responsibility for this serious misconduct by AGNA ultimately lies with the State Department. Time and again, the State Department was made aware of misconduct and contract violations by AGNA. In the first year of the contract alone, the State Department was notified of problems on numerous occasions. For example, according to a complaint recently filed in federal court:

- The State Department’s Assistant Regional Security Officer was informed both verbally and in writing on June 12, 2007, about how the contractor was prioritizing profit over safety concerns.
- The State Department was told that AGNA had falsified language qualifications.
- The State Department received reports in writing on October 26, 2007, that AGNA had violated International Traffic in Arms Regulations.
- The State Department received an e-mail on September 6, 2007, from an AGNA official reporting that “For now we are OK but if one person gets sick or slips on a banana peel

the whole thing falls apart like a cheap suit.” The State Department official told the official to “lock up the banana supply.”

A CBS story last Thursday, “When Did U.S. Know about Embassy Problems?” also indicated that the State Department had been informed of problems at the U.S. Embassy Kabul. Senator Joe Lieberman’s office provided a statement to CBS about a meeting between the Senator and yet another whistleblower: “Senator Lieberman’s staff met with Mr. Gorman on November 7, 2007, regarding problems with a guard contract for the Kabul embassy. Concerns about this contract have long existed and involved more mundane issues than the sexcapades that are currently making the news. **The concerns, for example, focused on not having enough guards, too high of a guard turnover, not enough guards with the ability to speak English, etc. etc. The Senator's staff turned over the information it received from Mr. Gorman to the State Department Inspector General.**” [Emphasis added]

In addition to the numerous occasions the State Department had been informed of problems, the Department itself issued a number of cure notices and show cause letters citing grave concerns about the performance of the contract.

The Department of State can no longer suggest that it has not in fact known for years about the problems with this contractor.

For the two years of this contract, State’s response to whistleblowers’ substantiated complaints and to its own findings of severe non-compliance consisted mainly of written reprimands. State’s only *substantive* response to the repeated contract violations was to renew AGNA’s contract. Throughout POGO’s work conducting oversight of federal contractors, we have always believed the onus is on the overseeing governmental body to ensure that a contractor is properly performing. Weak government oversight creates festering sores that breed misconduct. In this case, there is now abundant evidence that the State Department has been incapable of properly handling a contract—or correcting performance—that it has known for two years to be grossly deficient.

So where do we go with that conclusion?

Even if the State Department is planning to transition security of the U.S. Embassy Kabul from AGNA to trained Afghan nationals over the next three years, as POGO has learned that it is, that doesn't solve the problem. Nor does simply canceling the AGNA/Wackenhut contract (which should be done) or even debarring these companies from future government contracts (which should also be done). One immediate solution to the inadequate State Department oversight is to bring the military in to oversee the performance of the current security contractor.

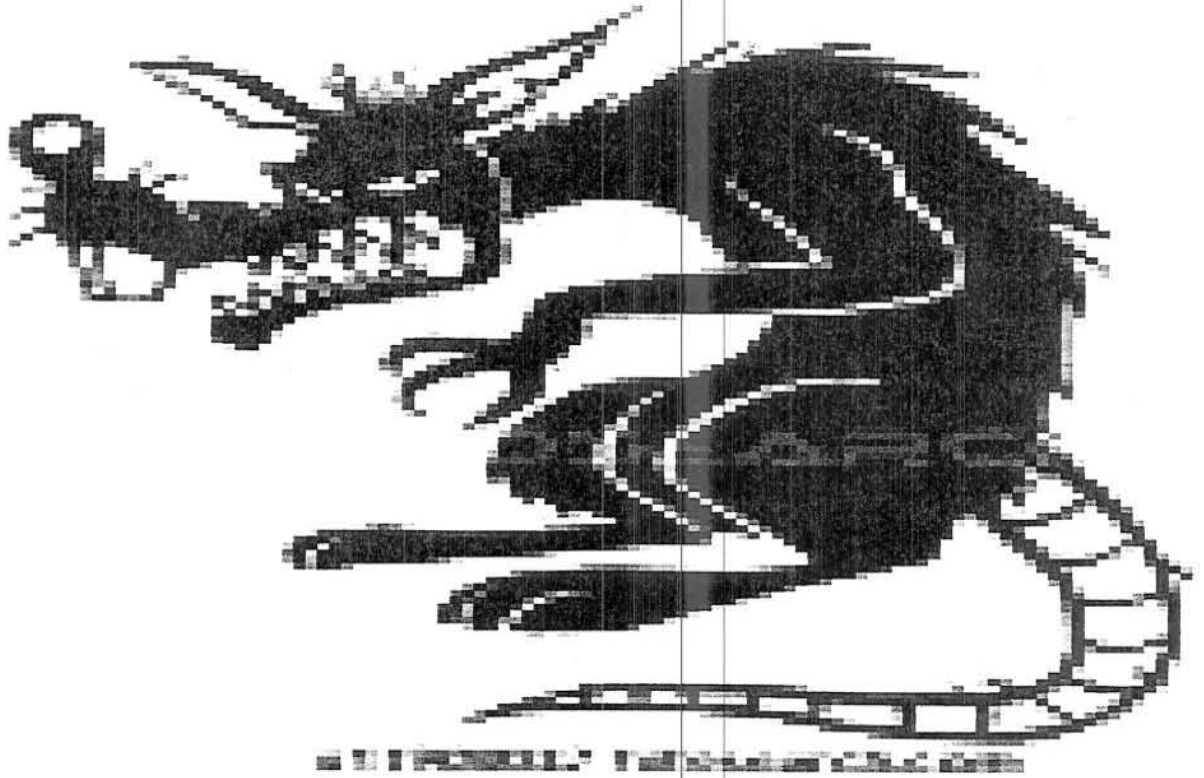
The larger question is whether or not the security of a U.S. embassy in a combat zone should be identified as an inherently governmental function, and thereby ineligible to be contracted out. Frankly, we don't know. My initial reaction when I began working on this investigation was that maybe the security should be declared inherently governmental; but as I have learned more, as is often the case, the answer has become less clear. On the one hand, the use of private contractors for security in a combat zone poses several dilemmas: the inherent tension between the effective performance of a mission and the financial interests of the contractor; the threat of work-stoppages, which has occurred at the U.S. Embassy Kabul at least twice; and the laws in place do not adequately hold accountable contractors who violate rules and endanger security in combat zones. On the other hand, the U.S. military is tied up fighting two wars, and let us not forget that we only know about this crisis because of private security contract employees who took their mission so seriously that they reached out to us. This question of inherently governmental functions is clearly one that requires careful consideration.

Regardless of whether the security is determined to be inherently governmental, oversight of that security will remain a State Department responsibility. Therefore, at least two problems have to be fixed. First, the State Department Regional Security Officers (RSO) must rotate less frequently and have a presence at Camp Sullivan. This will make it more likely that the RSO will have the institutional knowledge, and the proximity, to properly oversee the contract and the contractor's performance. Second, the culture at the State Department must change to one that prioritizes accountability. This cultural shift will be aided by canceling contracts when the contractor consistently underperforms—which will have the added benefit of acting as a

deterrent to future contractors—and by disciplining the State Department officials who are responsible for the failed oversight of the AGNA contract.

On a final note, I'd like to thank the more than 20 whistleblowers who came forward at great personal risk. The risk they took is breathtaking, and I can assure you it was quite a leap for the many private security contract employees to reach out to POGO. In return for their bravery, they have been called "Rats" by their colleagues and woken up to posters on their doors with threats to their jobs and families, all while working 14-hour shifts and, literally, having bombs explode outside the gates of their compound. In response to the facts made public in our letter to Secretary Clinton the State Department did order AGNA to remove all the supervisors on this contract. However, incredibly those supervisors—after being fired—had for days afterward not actually been removed and continued to act in their official capacity, creating an untenable work environment for the many whistleblowers still on the guard force. It's our understanding State is now on site and is asking questions, as well as issuing warnings that retaliation won't be tolerated. We'll see how effective State will be. One step toward making things right for those who risked so much to bring this crisis to light would be to re-hire the whistleblowers who were forced to resign or were fired in retaliation for their actions.

Thank you again for looking into this matter. I look forward to answering any questions you may have, and continuing to work with the Commission on your investigation.



Warning!!

This project is infested with RATS!! Be cautious of what you say and do around those suspected of being rats... Rats can cost you your job and your family.

“Never rat on your friends and always keep your mouth shut”.