

Testimony of Samuel Brinkley
Before the
Commission on Wartime Contracting
September 14, 2009

At the request of the Commission, I appear before you today to discuss: (i) performance by ArmorGroup North America, Inc. (“AGNA”) of the contract to provide the protective force for the U.S. Embassy in Kabul, Afghanistan (“Contract”); (ii) recent incidents of misbehavior by certain personnel detailed to the Embassy; (iii) the standards of conduct that we establish for our employees, and the training they receive; and (iv) our “zero tolerance” response to the misbehavior, including personnel actions and other remedial measures.

At the outset, let me say that I am not here to defend the indefensible. I have served as a Marine in harm’s way in many sensitive and intense operations. I know the pressures of duty in-theater under imminent threat. Those pressures in no way justify or excuse the types of behavior that are evidenced in the photos and reports that recently have come to light. Certain of our personnel behaved very badly. I am personally embarrassed by their misbehavior – and am embarrassed to be here speaking about their poor judgment and inappropriate actions. There are no excuses. We do not tolerate – will never tolerate – such misbehaviors.

Certain misconduct is obvious on the face of the photos and reports. We have dealt with these incidents firmly and swiftly – terminating those directly involved in the incidents, and also removing senior management on the Embassy project for their failures of oversight and supervision. We have a new management team taking over on the project – and are coordinating with the State Department to provide for an orderly transition.

We also investigated and continue to investigate what happened. Currently, we are deferring to the State Department investigators who are in-country questioning our people. We are working with the State Department to ensure a full investigation and complete understanding of the extent of the situation and to identify any additional matters of concern. Based on what is found, we will take whatever additional actions that are appropriate to rectify fully any wrongful conduct.

Our people know better. They are well-trained regarding their obligations to do the job effectively – which include behaving in a manner that reflects well upon themselves, the company and the U.S. Government. We emphasize to them repeatedly the high standards of conduct expected of them during their service at the Kabul Embassy. They each commit to maintain these high standards – not only while on-duty but at all times.

As a result of the recent revelations, we are re-examining our training and our processes. We will take advantage of lessons learned from these incidents – and do all that can be done to avoid anything like this in the future.

Today, I will address what we knew, when we knew it, what we have done about it, and what the implications are more broadly for our processes and policies. In doing so, it is important to distinguish between AGNA's ongoing contract performance and these recent instances of employee personal misbehavior. We take the incidents of personal misbehavior seriously – and will address them here without any attempt to minimize them. Personal misbehavior can give rise to contract compliance issues – and we have some of those issues here as we transition the wrongdoers and replace them with a new team.

However, at the same time, there is a positive, success story that must not be overlooked regarding our purchase of AGNA during a period when it was having serious contract performance problems on the Kabul Embassy contract – and our extraordinary commitment of time and resources, working with the State Department, to turn that around and bring AGNA into contract compliance.

It is also important to address security of the Embassy. It must not be lost in this discussion that at all times the Embassy has been secure. None of the recent personal misbehavior incidents nor contract compliance issues has meant that at any time there was a failure to have qualified, competent guards at their posts doing their job of keeping the Embassy secure. At all times, the Embassy has been secure.

A. *Contract Performance*

WSI inherited AGNA and the Kabul Embassy Contract – and we have done an extraordinary job of bringing AGNA into Contract compliance.

In May 2008, WSI's parent company, G4S plc, acquired ArmorGroup International plc, the parent company of AGNA. AGNA was a troubled part of the larger ArmorGroup enterprise. Shortly before the completion of the acquisition, by letter dated April 30, 2008, the Department of State issued AGNA a notice to cure certain deficiencies and weaknesses relating to the Kabul Embassy Contract. This followed other deficiencies dating back to 2007.

After the purchase, our parent asked us to assess AGNA's problems on the Contract – and to ensure that AGNA did whatever needed be done to come into full compliance with Contract requirements.

WSI began this task by performing an independent assessment of AGNA's performance of the Contract. In May 2008, we sent a senior management team – comprised entirely of non-AGNA employees – to Kabul to make an on-the-ground assessment of the Kabul Contract performance. In CONUS, we reviewed AGNA's export control compliance, financial status and Contract administration. Finally, we met with the Department of State customer in an effort to better understand their concerns.

From our meetings, we learned that the Department of State made a distinction between operational security of the Embassy and compliance with the Contract requirements. Specifically, the DOS told us that the guard force operations were “well executed” and that AGNA was in “good standing” from the perspective of guard force operations. Furthermore, the

Department of State did not believe that AGNA's contractual non-compliance threatened the security at the Embassy. We did learn, however, that DOS was very dissatisfied with AGNA's compliance with the Contract requirements.

Our independent assessment led us to the same conclusions as the Department of State – that is, that the security of the Embassy was never at risk but AGNA suffered from many contractual compliance issues.

We directed AGNA to withdraw its proposed corrective action plan – which we did not deem to be adequate. Then, on June 12, 2008, we submitted to the State Department a much improved, comprehensive corrective action plan. The plan addressed each deficiency and weakness set forth in the April 30, 2008 notice to cure.

We have worked conscientiously to execute on this plan, and we are proud to say that we now have addressed each weakness and deficiency in the performance on the Kabul Embassy Contract.¹ Throughout this process, we have met weekly with the Department of State. The Kabul Contract has been fully-staffed since January 2009 – except for the vacancies created by the recent terminations due to the misbehaviors in question. We are working with the State Department to transition new personnel into these positions.

Our efforts to bring performance of the Kabul Embassy contract into compliance with the major requirements have been costly. Originally, WSI submitted a proposal for the Kabul Embassy Contract. Our price was substantially higher than the price offered by AGNA. We were not selected for award. Now, we own AGNA and the costs of providing the services required under the Contract are exceeding the Contract price.

B. Employee Misbehavior

I want to discuss the three incidents of misbehavior that, as I understand it, led to this hearing – including what we knew when.

1. The June 15, 2009 Party at Camp Sullivan

As we understand it, one of the Emergency Response Teams (“ERTs”) – referred to as the Charlie Shift ERT – hosted a theme barbecue at Camp Sullivan for personnel who were not on duty at the Embassy.

- ERTs are special operations units that are on-site to respond to any incidents that may require a SWAT-type response. There are four ERTs – one for each shift.
- We maintain four shifts – referred to as Alpha, Bravo, Charlie, and Delta. Each shift consists of more than 100 personnel – less than 20 of whom are on the ERT.

¹ One item remains “open” – i.e., the procurement of weapons for use in training so that we can stop using the Government-furnished weapons for training purposes. Demand for weapons caused delays in obtaining weapons from the manufacturer – and we are still awaiting completion of that procurement.

- Camp Sullivan is the secure compound in which our personnel live – which is about three miles from the Embassy itself. The camp is occupied solely by AGNA personnel – and those who provide AGNA traditional personnel food and lodging services.

Those of us at AGNA and WSI outside of Kabul first learned of the June 15 party and related misbehaviors through the September 1 letter and photos released publicly by the Project on Government Oversight (“POGO”). We were shocked and upset by what we saw.

I immediately contacted our Acting Project Manager on-site in Kabul, demanded an explanation, and began collecting the facts. Shortly after the public revelations, State Department Diplomatic Security (“DS”) initiated an investigation. As part of that investigation, DS closed Camp Sullivan – requiring all AGNA personnel to remain at the camp, with the exception of duty, and to be available for interviews. Our internal investigation necessarily has been put on hold so as to not interfere in any way with the DS investigation. We are cooperating fully with the State Department.

Based on the information available to us, it is our understanding that most, if not all, personnel who were not on duty (including managers and supervisors) participated in at least some part of the party. We are told that many left early. As best we understand, it was toward the end of the evening that the inappropriate behavior occurred. Two of our supervisors – the Deputy Project Manager and the Chief Administrative Officer – have indicated that they attended part of the party and during the period they were present witnessed no untoward behavior. The ongoing investigation no doubt will clarify what happened when. For current purposes, what we know for sure is that the photos certainly evidence inappropriate behavior.

Beyond this, we currently have little or no information regarding the party that has not been made available publicly.

2. *The August 1, 2009 Dining Hall Incident*

On August 1, 2009, five individuals from the Charlie Shift ERT arrived at the dining facility not wearing appropriate attire (which violates the rule requiring appropriate attire at the facility) – each carrying a can of beer. A man working at the dining facility confronted them about their inappropriate attire. As we understand it, one of the individuals pinched the individual on the cheek and uttered something that was sexually explicit and demeaning.

Initially, this incident was reported to the project management team – but only that the individuals had entered the dining facility without appropriate attire. The project management team admonished the guard force to ensure that, in the future, they were dressed appropriately.

The dining facility is run by a subcontractor, RAI. The RAI site manager was away on R&R at the time of the incident. When he returned (on or about August 14, 2009), he reported full scope of the incident to the project management team who interviewed all RAI personnel who witnessed the incident. Management interviewed the employee who made the inappropriate

comment on August 21– and he resigned immediately. As discussed more fully below, the others were disciplined.

3. *The August 10, 2009 Camp KAIA Incident*

On August 10, 2009, nine members of Charlie Shift ERT went to the bar on Camp KAIA, which is directly across the way from Camp Sullivan. Upon return, one of the group had a gash in his leg. There were a number of rumors that suggested that the injury resulted from an incident on Camp KAIA.

The Project Manager conducted an inquiry. During the inquiry, he found no evidence of an incident on Camp KAIA, but he did find that members of Charlie Shift ERT had consumed too much alcohol, violating company and State Department policy.

On August 11, the Project Manager informed me that there had been an inappropriate alcohol-related incident. He indicated that he had determined that the nine members of Charlie Shift ERT had consumed too much alcohol – and that he had banned alcohol consumption at Camp Sullivan for the time being. The next day, on August 12, the Project Manager formally counseled the nine members of Charlie Shift ERT and also spoke to all the Guard Force supervisors regarding enforcement of the alcohol policy. The Project Manager’s alcohol consumption ban remained in place. I agreed to undertake a review of the alcohol policy.

Based on the facts available at the time, the Project Manager’s response seemed appropriate to address the situation. We did not understand this to rise to a level that warranted notice to the State Department. In retrospect, we were wrong in not notifying the State Department.

On August 25, 2009, an individual present at the August 10 party submitted an EEO complaint – and provided therewith photographs of the party. Those photos showed inappropriate behavior beyond anything we previously understood to have occurred at the party. We immediately informed the State Department and opened an EEO investigation. (Note: These photographs should not be confused with the photographs provided by POGO that showed activities that were more lewd.)

Earlier in the day, on August 10, 2009, the Charlie Shift ERT had a “pool party” using “kiddie” pools, on day one of their three days off. Members of the Charlie Shift ERT drank alcohol (apparently in excess) and engaged in inappropriate behavior that is shown in the photographs. Prior to August 25, photos of the incident had not come to light and, as I understand it, the Project Manager did not know of the type of conduct that later was revealed by the photographs.

C. *Standards of Conduct – and Training*

There can be no doubt in the minds of AGNA personnel in Kabul as to the appropriate standards of conduct – or that the behavior in question violated those standards. The standards

are clearly set forth in the relevant documents – and our training is explicit with regard to the expectations as to behavior.

Relevant provisions of the Contract include the following:

H.2.4 CONTRACTOR COMPLIANCE. . . . Contractor personnel shall be expected to perform and conduct themselves with proper decorum, subject to the U.S. Chief of Mission.

H.4 STANDARDS OF CONDUCT

H.4.1 GENERAL. The Contractor shall maintain satisfactory standards of employee and subcontractor competency, conduct, cleanliness, appearance and integrity. The Contractor shall take any necessary disciplinary action for its employee and subcontractors. Each Contractor employee is expected to adhere to standards of conduct that reflect credit on themselves, their employer, and the United States Government.

H.4.6 DISORDERLY CONDUCT. The use of abusive or offensive language, quarreling, intimidation by words, actions, or fighting is considered unacceptable performance under this contract. Participation in disruptive activities that interfere with normal and efficient Government operations is also considered unacceptable performance.

H.4.7.1 CONSUMPTION OF ALCOHOL. Contractor employees or subcontractor employees shall not drink alcoholic beverages while on duty or eight hours before a period of duty. The Contractor shall not post any guard who has consumed alcohol during this period.

As added guidance, on September 6, 2008 the State Department’s Regional Security Office (“RSO”) for the Embassy promulgated the following Alcohol Consumption Policy: “Effective immediately, **ALL** American staff in the RSO chain of command (EPD, KESF, MSG, etc.) are limited to two (2) alcoholic drinks per day.”

AGNA has maintained a written policy that provides specific guidance applying the Contract standards of conduct in the context of off-duty morale, welfare and recreation (“MWR”) activities. The MWR Policy states in relevant part:

As a foreigner in another country, you must be sensitive to the host nation’s culture. Your behavior and interaction with others must be respectful of their religious beliefs and customs. Behavior which is disrespectful reflects unfavorably on the company, the US Embassy and the United States. Such behavior may also subject you to disciplinary action in accordance with AGNA-WSI policy. Additionally, unlawful acts subject you to both host nation and your country’s laws. In ordinary interaction with the public, treat everyone with dignity, courtesy and respect. When in public venues, know that your actions are

viewed and evaluated by those around you. Act in a manner that will bring credit to yourself and those around you.

* * *

The Company respects individuality and makes allowances for the fact that you may work long hours and work under pressure from time to time, however, you are still required to conform to a code likely to meet common standards.

* * *

This project operates in a country with an Islamic culture, every effort must be made to respect the customs and regulations of that culture, and to that end any location frequented by prostitutes is out of bounds to all USE project members.

* * *

You are expected to maintain the highest professional standards of behavior whether on or off duty. Abuse of alcohol is a particularly serious offense.

In hiring guards, we use rigorous, time-tested recruiting and vetting procedures. We hire only guards with appropriate experience and solid reputations. Initially, we conduct a rigorous screening process to ensure that candidates have the experience and capabilities required under the contract. As part of this, we conduct a background investigation. The government then reviews and approves each candidate's resume – and the government conducts its own background investigation to determine if the individual qualifies for a Moderate Risk Public Trust ("MRPT") and/or classified position. Candidates who survive these reviews then enter into our training program where, among other things, trainers evaluate each candidate's suitability for the job.

Before being posted in Afghanistan, each guard is given a minimum of two weeks training. ERT members receive four weeks. The training of each employee includes detailed discussion of the Code of Conduct for the Kabul Embassy Contract. This Code incorporates and elaborates on all requirements from the Contract that pertain to conduct of personnel. Two particularly pertinent provisions of the Code are as follows:

15. ESF personnel will maintain a very high standard of professionalism while on and off duty. ESF Members will be polite and courteous in the performance of their duties. They will not be late for work, or be inattentive. ESF personnel will not act in any manner detrimental to the reputation of Armor Group North America, the United States of America, or the Islamic Republic of Afghanistan.

27. The drinking of alcoholic beverages on duty, or 8 hours prior to assuming duty, by ESF personnel is prohibited. Any ESF member who is incapacitated, or who has consumed alcoholic beverages during this period, will not be posted on duty. ESF Members will not drink alcoholic beverages off duty while still in uniform. Additionally, relief by an intoxicated person is prohibited. If an ESF Member has reason to believe that their relief is intoxicated, they will not allow themselves to be relieved and will immediately notify their supervisor.

As part of this training, I or one of my senior staff speaks to every new class. We are very explicit as to their obligation to behave in a manner that reflects well on themselves, the company and the U.S. Government. We also talk about the particular need to take into account the traditions and culture of their host country – and to be respectful to them. We underscore that they are representing their country in a duty that involves public trust, that it is vital that they behave at all times with professionalism and integrity – and that, especially in a highly-visible Embassy post that is subject to in-theater hostilities, the adverse effect of any misstep can be greatly magnified.

All personnel detailed to the Embassy were required to execute an Employment Agreement. Therein, employees committed to be subject to standards of conduct – and to be subject to discipline or discharge for violations thereof, including for the following:

Misconduct

Fighting, threatening or inflicting bodily harm on another person; gambling; committing immoral acts or using abusive language; displaying or distributing lewd or obscene pictures or other materials, unauthorized possession or movement of Employer or Client property; engaging in any activity which conflicts with the interest of Employer or Client or in a manner which brings discredit or embarrassment on the Employer or Client.

Violations Involving Alcohol or Controlled Substances

Unauthorized possession or use, or being under the influence of a controlled substance (including narcotics and marijuana) at any time; consumption, being under the influence or unauthorized possession of alcohol while on duty, on base housing or on the work site; refusing to submit to a drug or alcohol test if requested to do so; being in a physical condition which creates a risk of impairment to your professional judgment or to the safety and well being of yourself or others, to the Client, or to Employer or Client property; and behaving in such a manner off the job where Employer's reputation could be damaged.

Finally, WSI has promulgated to its business units – including AGNA – its Standards of Business Ethics and Conduct Policy, which is important in establishing a culture of professionalism and integrity. This Policy sets forth principles of ethical conduct as well as requirements of laws and regulations – and requires adherence to the highest standards of business ethics and conduct. Pursuant to the Policy, employees have an obligation conduct themselves in a manner that is above reproach and devoid of even the appearance of wrongdoing – and to report to management any questionable activities. We maintain an “open line” that enables confidential, anonymous reporting. AGNA personnel, including those posted to the Embassy, were required to execute a Certificate as to their receipt and understanding of this Policy.

D. Our “Zero Tolerance” Response

We have no tolerance for the types of misbehaviors that have come to light in Kabul. We take all allegations seriously. We investigate them. We take firm, swift action to remedy the situation. We are committed to always doing the right thing.

Here, the photos and public reports themselves provided adequate evidence on which to act. We immediately relieved from duty the eight individuals whose misbehavior was documented in the photos and reports. On September 3, 2009, we wrote to the Department of State informing them of this action – and stating that the employment of these individuals would be terminated upon their release by the DOS investigators.

Also on September 3, 2009, we sent a second letter to the Department of State – in which we set forth what we knew about each of the incidents and actions of individuals involved in the incidents.

The next day, on September 4, 2009, we sent to the Department of State a third letter. In this letter, we described additional personnel actions – including our decision to also relieve from duty the Project Manager, the Deputy Project Manager, the Emergency Response Team Commander, and the Guard Force Commander.

In the September 4 letter, we also informed the State Department that we were sending a new management team – which included: Mr. Phil Rudder, who is number two in the company reporting directly to me and a very qualified senior manager; and Mr. Cornelius Medley, a manager with AGNA who has extensive experience in managing embassy contracts. We are working with the State Department with regard to the transition of these individuals into the top leadership positions.

As we speak, Mr. Rudder is taking control of operations in Kabul. He has full executive authority to manage the work under the Contract. He will also assist me in further examining the situation in Kabul – and determining whether additional personnel actions are appropriate. Mr. Rudder will meet with personnel individually and in groups to ensure they have an appropriate commitment to the highest standards of conduct.

In one of the September 3 letters, we discussed with the State Department various measures to avoid any recurrence of these types of problems. Key among these is revision of the alcohol policy. As stated previously, after the August 10 incident the Project Manager implemented a ban on alcohol consumption at Camp Sullivan. We have determined that, with State Department concurrence, we would like to make that ban permanent – and would like to implement a policy to do so. We may need to make some limited exceptions – for example, for certain official functions where alcohol is a cultural tradition. But casual or recreational use of alcohol would be prohibited. Camp Sullivan would be a dry camp. The alcohol ban also would apply to off-duty activities away from Camp Sullivan. We would include a “No Alcohol” clause in new employment agreements under the Contract.

Let me summarize briefly the remedial measures we have taken and continue to implement as part of our corrective action plan:

1. We have investigated and continue to investigate, working closely with the Department of State, all allegations.
2. We have taken firm, swift personnel action where the evidence warrants, and will take such additional actions as may be appropriate as the investigation continues
3. We are putting a new management team in place – and they are meeting with employees in-country to ensure their commitment to the highest standards of conduct.
4. We are making clear our zero tolerance approach to any misbehavior.
5. With State Department concurrence, we are revising the alcohol policy – and are reviewing all other policies and training to see if changes are appropriate in view of lessons learned from these incidents.
6. With State Department concurrence, the discipline policy will be revised to provide for immediate termination for violation of the alcohol policy.
7. We are providing full visibility to the State Department – including immediate reporting of any incidents or concerns no matter how minor they may seem.
8. As part of our screening process for new applicants, we are implementing the following:
 - a. All applicants will undergo a standardized personality test (MMPI) to determine suitability of personality characteristics for the job.
 - b. Formal attitude and character evaluations will be completed for each candidate as part of the training process.
 - c. The training segment regarding standards of conduct will be enhanced to take into account lessons learned from the recent incidents and emphasize the importance of adhering to the standards.
9. Ongoing in-country refresher training regarding standards of conduct will be conducted quarterly.

We are committed to the security of the embassy, to exemplary performance, and to the highest standards of conduct. These personal misbehaviors by individual employees are a stain – a stain that you can trust us to cleanse.

I would be pleased to respond to questions.