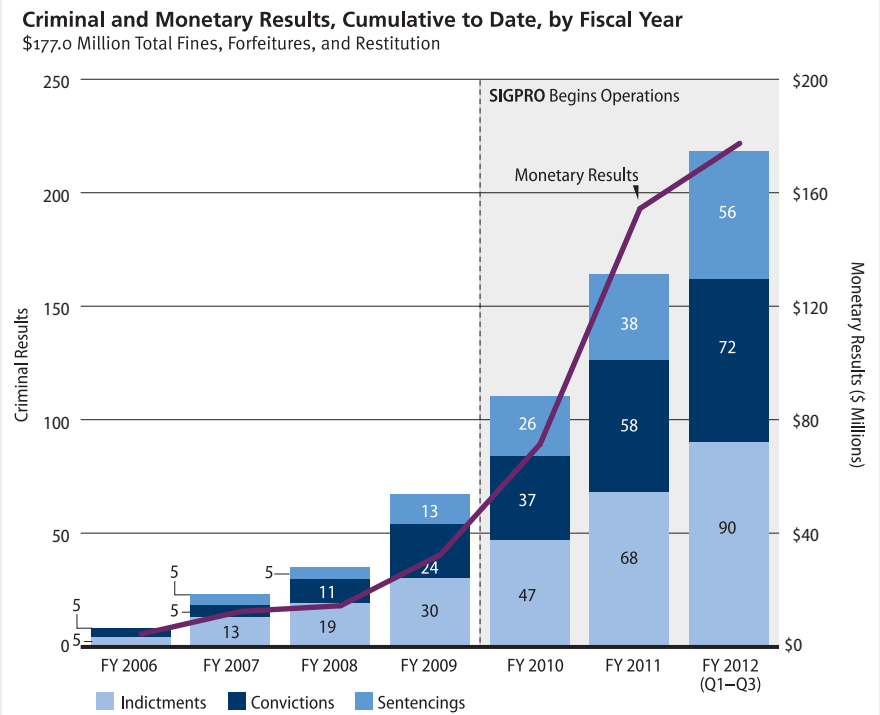


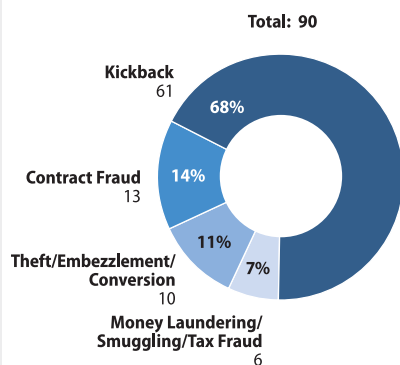
# SIGIR INVESTIGATIONS

## SIGIR Prosecutorial Initiative (SIGPRO)

In late 2009, as part of an innovative effort to handle its expanding caseload, SIGIR hired three former Department of Justice (DoJ) prosecutors, detailing them back to DoJ's Criminal Division to prosecute fraud cases developed by SIGIR investigators. In addition to managing cases, SIGPRO prosecutors have also presented arguments that set significant legal precedents. In a case prosecuted in 2011, SIGPRO attorneys successfully argued that violations of the federal conflict-of-interest statute are subject to the extraterritorial jurisdiction of the United States. Consequently, there is now broader judicial authority to prosecute such offenses when they occur in places like Iraq and Afghanistan. In a second case, the U.S. Court of Appeals for the Fifth Circuit agreed with a SIGPRO attorney's argument that the Wartime Suspension of Limitations Act operated to suspend the statute of limitations on a reconstruction-related crime because the war in Iraq had not yet ended for the purposes of that act.



## Individuals Indicted, by Type of Criminal Activity, as of 6/30/2012



## Suspensions and Debarments

Since December 2005, SIGIR has worked closely with the Department of Justice, U.S. Army Criminal Investigation Command-Major Procurement Fraud Unit, Defense Criminal Investigative Service, and Army Legal Service Agency's Procurement Fraud Branch, which suspend and debar individuals and companies involved in contracts supporting the Army in Iraq and Kuwait since 2003.

**135** individuals or companies suspended

**138** individuals or companies debarred

## Top Ten Lessons Learned

**These are the ten most important lessons that SIGIR derived from its eight years of experience investigating crimes arising from the Iraq reconstruction program:**

1. Ensure that law-enforcement agencies have appropriate investigative plans and procedures in place before a stabilization and reconstruction operation (SRO) begins, with trained personnel who are well prepared to carry them out.
2. Use non-law-enforcement forensic assets, such as auditors and inspectors, to generate leads for investigations.
3. Pursue a holistic approach to case management that integrates the efforts of in-theater investigators with U.S.-based investigators and prosecutors.
4. Maintain strong relations with host-country law-enforcement officials to bolster case development, evidence gathering, and the pursuit of potential suspects in country.
5. Deploy a robust in-country presence of investigative personnel, widely publicize the Hotline, and regularly engage with U.S. government organizations.
6. Avoid bureaucratic turf battles among law-enforcement agencies by building a task-force approach that brings all agencies together around the law-enforcement mission.
7. Ensure flexibility in personnel requirements, staffing numbers, and deployment procedures.
8. Prioritize using advanced criminal-intelligence techniques and developing informants in theater.
9. Engage with partner-nation law-enforcement agencies to prosecute non-U.S. criminals.
10. Develop innovative investigative programs targeted to the specific needs of the SRO.

SIGIR investigators have served in Iraq since 2004, frequently under fire. The lessons summarized here are drawn from that experience. For a full description of each lesson, illustrative examples of major cases that SIGIR investigated, and suggested best practices for conducting criminal investigations in future SROs, see *Iraq Reconstruction: Lessons Learned from Investigations, 2004–2012* at [www.sigir.mil/publications/lessonsLearnedInInvestigations.html](http://www.sigir.mil/publications/lessonsLearnedInInvestigations.html).

ISFF funds had been committed and obligated for the purchase of equipment and training for the Iraqi Security Forces. DoD intends to use the remaining FY 2011 ISFF to purchase, among other things, logistics-support materials for the Iraqi Air Force and armored vehicles for the Iraqi Army. If the planned purchases materialize, the \$1.0 billion congressionally imposed ceiling would be exceeded, requiring DoD to certify that the GOI is taking the necessary steps to ensure that ISFF-funded purchases will be maintained and the funds will not be wasted.

- **U.S. Agencies' Reviews of Contractor Business Systems.** In its review of the U.S. government's monitoring of the business system used by DoD contractors that operated in Iraq from 2004 to 2011 (and whose work amounted to less than \$100 million annually), SIGIR found multiple oversight gaps. For example, U.S. agencies reviewed one or more of the four key business systems used by 21 of the 35 contractors included in SIGIR's sample. Of these, however, the government reviewed all 4 key systems for only 5 of the contractors.
- **SIGIR Forensic Audit Findings.** Pursuant to the congressional mandate of P.L. 108-106, as amended, this report summarized how SIGIR's oversight work has found serious weaknesses in the U.S. government's controls over Iraq reconstruction funds, thereby placing billions of taxpayer dollars at risk of being wasted, misused, or stolen. Although the precise amount lost to waste and fraud can never be known because of gaps in the financial and management data, SIGIR believes it is significant.

## SIGIR Special Report: The Human Toll of Reconstruction

SIGIR issued its second Special Report this quarter: *The Human Toll of Reconstruction and Stabilization during Operation Iraqi Freedom*. This study represents the first comprehensive effort to determine how many U.S. service-members, U.S. civilians, Iraqis, and third-country nationals died while performing stabilization and reconstruction operations (SROs) (as opposed to in combat, in accidents, from natural causes, or by suicide). Based on the best available data from DoD, DoS, the U.S. Agency for International

Development, the Department of Labor, and the U.S. Army Corps of Engineers, SIGIR determined that at least 719 individuals were killed while working on missions specifically relating to SROs between May 1, 2003, and August 31, 2010. This includes 318 U.S. citizens (264 military and 54 civilians), 271 Iraqis, 111 third-country nationals, and 19 others. The total number of persons killed while performing such missions is almost certainly higher, as there were no systems in place in Iraq to account for deaths occurring in a reconstruction and stabilization context.

## SIGIR Investigations

Since 2004, work performed by SIGIR's Investigations Directorate in cooperation with its U.S. and international partners has led to 90 indictments, 72 convictions, and more than \$177.0 million in court-ordered fines, forfeitures, and restitution payments. Significant investigative accomplishments this quarter included:

- the convictions of a U.S. Army sergeant first class and his associate on all counts of an 11-count indictment for their roles in steering nearly \$24 million in contracts to companies in exchange for \$170,000 in bribes
- the guilty plea of a British citizen on charges of paying almost \$1 million in unlawful kickbacks to individuals employed by a prime contractor of the U.S. government in exchange for receiving more than \$23 million in subcontracts
- the sentencing of a retired U.S. Army lieutenant colonel to 3 years and 5 months in prison and \$250,000 in monetary penalties for accepting bribes in return for improperly assisting government contractors
- the sentencing of a former U.S. government contractor to 2 years in prison, 3 years of supervised release, and \$160,000 in monetary penalties for conspiring to steal 38 generators belonging to the U.S. government and resell them on the Iraqi black market

As of early July, SIGIR was working on 97 active investigations. Upon SIGIR's closure in early 2013, all of SIGIR's active case files will be transferred to the appropriate law-enforcement agencies.

## TO OBTAIN A FULL REPORT

VISIT THE SIGIR WEBSITE [www.sigir.mil](http://www.sigir.mil) • EMAIL [PublicAffairs@sigir.mil](mailto:PublicAffairs@sigir.mil) • CALL 703.428.1100



# SIGIR QUARTERLY REPORT

SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

JUL  
2012

## VIOLENCE RISING AMID POLITICAL TURMOIL

On July 23, in what was reportedly the deadliest day in Iraq in more than two years, a series of coordinated attacks killed more than 100 people and injured another 250. These attacks followed a quarter marked by political tumult and record-setting oil production and exports.

As these events unfolded, the United States continued its ongoing efforts to “right-size” the operations of the U.S. Mission in Iraq. On June 1, Ambassador Robert Stephen Beecroft became the Chargé d'affaires in Baghdad upon the departure of Ambassador James Jeffrey. The new Chargé oversees a downsizing mission. At the end of June, the Department of State (DoS) reported that 1,235 U.S. government civilian employees were working in Iraq, a 10% drop from last quarter. Over roughly the same period, the number of people in Iraq employed by U.S. government contractors or grantees declined by 26%, from 16,973 to 12,477. As part of its “glide path” toward a smaller footprint in Iraq, DoS reported that it will continue to reduce the number of personnel, sites, and programs under Chief of Mission authority in Iraq.

## Developments in Iraq

Prime Minister Nuri al-Maliki staved off efforts by his rivals to remove him from office this quarter when the opposition—led by Kurdistan Regional Government President Massoud Barzani and the head of the al-Iraqiya bloc, Ayad Allawi—proved unable to convince President Jalal Talabani that they could win a no-confidence vote in the Council of Representatives. This political intrigue unfolded against the backdrop of a spate of mass-casualty attacks in June and July, several of which targeted Shia communities or pilgrims. Other significant events in Iraq this quarter included:

- oil production and oil exports both setting post-2003 records
- the supply of electricity on the central government's grid reaching new highs, averaging about 6,200 megawatts
- the opening stages of Vice President Tariq al-Hashimi's trial in absentia on charges of orchestrating a series of assassinations

## Police Development Program

Some reductions in the size of the U.S. Mission will result from further cutbacks in the long-troubled Police Development Program (PDP), administered by the DoS Bureau of



Prime Minister al-Maliki and President Talabani pray alongside other leading political figures in May 2012. (GOI photo)

International Narcotics and Law Enforcement Affairs (INL). In late July, SIGIR issued its third audit of the PDP, which found that the program's downsizing was in accord with the Government of Iraq (GOI) preference for a much smaller program. Of the \$745 million already appropriated and allocated for the program in FY 2010 and FY 2011, at least \$118.2 million remained unobligated and available to INL for the remainder of this fiscal year.

This quarter, INL stated that it had withdrawn all PDP advisors from its largest training site in Baghdad—the Baghdad Police College Annex. INL had dedicated an estimated \$108 million to upgrade its facilities there. INL also ceased PDP activities in Basrah, where it had spent \$98 million building facilities. INL's most recent draft plan calls for 18 PDP advisors in both Baghdad and Erbil, down by half from the 72 stationed in Iraq at the end of June.

## Office of Security Cooperation-Iraq

Responsible for the U.S. security-assistance relationship with the GOI, the Office of Security Cooperation-Iraq (OSC-I), which is staffed by 178 U.S. military personnel and 11 Department of Defense (DoD) civilians, oversees more than 70% of the contractor staff supporting the U.S. Mission. As of June 30, OSC-I operated out of six locations (Baghdad, Besmaya, Kirkuk, Tikrit, Umm Qasr, and Taji), all of which OSC-I plans to transfer to the GOI by the end of 2013.

## SIGIR Audits

SIGIR has published 214 audits since 2004. In addition to its assessment of the PDP, SIGIR issued three other audits this quarter:

- **Status of FY 2011 Funds Allocated to the Iraq Security Forces Fund (ISFF).** SIGIR found that, as of late June, approximately \$765.33 million of the \$1.15 billion in FY 2011



# SIGIR



JULY 2012

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PROFESSIONALISM

PRODUCTIVITY

PERSEVERANCE

As of June 30, 2012,  
investigations of the  
Cockerham conspiracy  
had yielded:

22  
convictions

\$61.5M  
restitutions/recoveries/  
fines/forfeitures

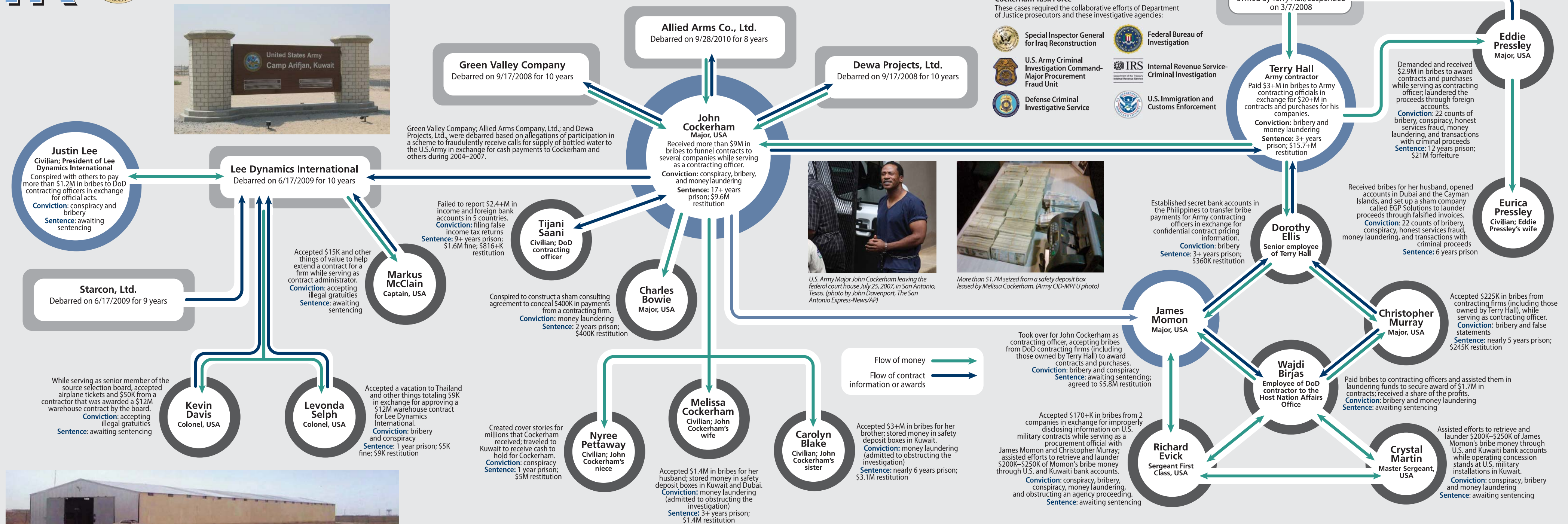
72+  
years prison sentences  
(14 of 22 convictions)

31  
individuals

26  
companies  
suspended or debarred from  
U.S. government contracting

## The Cockerham Conspiracy

### AN INSIDIOUS WEB OF U.S. CONTRACTING OFFICIALS, CONTRACTORS, AND THIRD-COUNTRY NATIONALS



#### Cockerham Task Force

These cases required the collaborative efforts of Department of Justice prosecutors and these investigative agencies:



Special Inspector General for Iraq Reconstruction



U.S. Army Criminal Investigation Command-Major Procurement Fraud Unit



Defense Criminal Investigative Service



Federal Bureau of Investigation



Internal Revenue Service-Criminal Investigation



U.S. Immigration and Customs Enforcement

#### Following Money: Deposit Locations for Illicit Gains



The case of former U.S. Army Major John Cockerham was perhaps the most significant criminal conspiracy uncovered during the Iraq reconstruction effort. Contractors, U.S. contracting officials, and third-country nationals participated in various acts of fraud, including the exchange of millions of dollars in bribes for tens of millions of dollars in contracts in Iraq and Kuwait. The case was fraught with intrigue: one military officer who received bribes committed suicide after being caught; another key player was murdered. To date, a total

of 22 individuals have been convicted, with additional suspects still facing charges. Prison sentences have ranged up to 17.5 years. The scope of criminal activity discovered by the Cockerham Task Force was significant, revealing a pattern of widespread contract fraud at Camp Arifjan, Kuwait, a principal supply hub for the Iraq reconstruction program. The gargantuan investigation involved the analysis of more than 2 million documents, the issuance of about 50 search warrants, and the conduct of more than 400 interviews.

#### Associated Conspirators

**Derrick Shoemaker**  
(Lieutenant Colonel, USA)

Accepted \$250K to assist contractors with deliveries while serving as a contracting officer's representative.  
**Conviction:** bribery  
**Sentence:** 3+ years prison, \$181.9K restitution; \$68.1K forfeiture

**Nicole Luvera**  
(Captain, USA)

Stole \$48K from a disbursing safe in Iraq and created false records to cover the theft.  
**Conviction:** theft  
**Sentence:** awaiting sentencing

**Amasha King**  
(Sergeant, USA)

Accepted \$20.5K for preferentially processing a contractor's invoices while serving as a finance clerk.  
**Conviction:** conspiracy to defraud the United States  
**Sentence:** 3 months prison; 5 years probation; \$20.5K restitution



Tikrit warehouse that was part of the \$12 million DoD contract awarded to Lee Dynamics International.