

Senate Democratic Policy Committee Hearing “An Oversight Hearing on Contracting Abuses in Iraq”

Statement of Senator Frank R. Lautenberg

September 10, 2004

Thank you for holding this hearing, Mr. Chairman. In this Senate, the only way to hold a hearing on contracting abuses in Iraq is through the DPC, because the Governmental Affairs Committee – or any oversight committee for that matter – refuses to hold one.

Halliburton’s multi-billion dollar contracts with the Federal government for work in Iraq may go down in history as the most scandal-plagued in U.S. history.

Yet we are seeing silence – a cover-up frankly – from this Congress.

There have been so many scandals that I have produced a report, called “Ten Halliburton Scandals, Ten Billion Dollars, Zero Senate Hearings.” My report is available at this hearing.

Today, we are going to hear about some outrageous abuses by Halliburton. Many involve what is known as the “LOGCAP” contract.

LOGCAP is a “cost-plus” contract, so Halliburton gets reimbursed for their spending, “plus” a calculated percentage of profit. In my view, it’s a sweetheart arrangement by the Bush-Cheney Administration for Halliburton, and it’s ripping off taxpayers.

Here is one example of these abuses:

In my hand is a can of soda available for sale in Kuwait. This happens to be a Kuwaiti can of Coca-Cola.

Cases of soda are available for seven dollars in markets in Kuwait. But KBR, the Halliburton subsidiary, was paying 45 dollars per case. That’s \$1.50 per can.

As the list of scandals go on and on, the waste and abuse of taxpayer dollars goes on and on:

Overcharging taxpayers by \$27.4 million dollars for meals that were never even served to our troops.

Overcharging the Army by \$61 million dollars for gasoline delivered to Iraq.

The no-bid contract issued to Halliburton that ballooned to \$2.5 billion dollars.

Kickbacks to Halliburton employees for subcontracts in Kuwait.

Bribes to officials in Nigeria totaling \$180 million dollars.

Allegations of human trafficking by Indian workers who say they were tricked by KBR into going to Iraq to work in unsanitary conditions.

Misleading accounting practices under CEO Dick Cheney in 1998 that caused the SEC to recently fine Halliburton \$7.5 million dollars.

And in my view, worst of all is that, with all of this going on, Vice President Cheney maintains a continuing financial relationship with Halliburton.

On September 14th, 2003, Dick Cheney was asked about his relationship with Halliburton and the no-bid contract on *Meet the Press*. Cheney told Tim Russert – QUOTE – “I’ve severed all my ties with the company, gotten rid of all my financial interest. I have no financial interest in Halliburton of any kind and haven’t had, now, for over three years.”

The problem with that statement is that Dick Cheney still holds 433,333 unexercised Halliburton stock options. And even though most of the exercise prices are above the current market price, the majority of the options extend to 2009.

In addition to the stock options, Vice President Cheney continues to receive deferred salary from Halliburton – including over \$170,000 in 2003.

The Vice President’s actions are unethical, inappropriate and morally wrong. And this Senate’s approach of “hear no evil, see no evil, speak no evil” of Halliburton is, in my view, a dereliction of duty.

Thank you Mr. Chairman.