

**Opening Statement**  
**Senator Byron L. Dorgan**  
**Chairman, Democratic Policy Committee**

**An Oversight Hearing on Waste, Fraud, and Abuse**  
**in U.S. Government Contracting in Iraq**  
**Monday, June 27, 2005**

Today, the Democratic Policy Committee is holding the fifth in a series of hearings on serious problems with Iraq contracting practices.

In past hearings, we have heard numerous stories of waste, fraud, and abuse involving Halliburton, the major U.S. contractor in Iraq.

We heard, for instance, about the billing of 42,000 meals a day for the troops, where only 14,000 meals were served. We heard about Halliburton overcharging for fuel deliveries, at twice the price that other suppliers were offering – overcharges adding up to hundreds of millions of dollars. We heard about brand new \$85,000 trucks abandoned or “torched” if they got a flat tire or experienced minor mechanical problems, just because the company couldn’t be bothered to fix the problems.

And we have learned about abuses by other contractors as well. We’ve heard testimony about a company called Custer Battles, which the Bush Administration awarded over \$100 million in contracts to provide security in Iraq. We have seen a photograph of \$2 million in cash being placed in plastic bags, as the Government’s down payment to the company. And we have heard how Custer Battles went on to defraud the Pentagon, massively overbilling it through sham companies in the Cayman Islands.

This afternoon we will hear new whistleblower testimony about the genesis of much of the fraud, waste and abuse involving Iraq contracts.

This testimony doesn’t just call for Congressional oversight – it screams for it. And yet the majority party in the Senate is not willing to call hearings to consider it.

This should not be. There is excellent historical precedent for a bipartisan effort to look into these problems. In 1941, as the United States was about to enter World War II, Senator Harry S. Truman launched an investigation into reports of widespread waste, corruption and mismanagement in the war effort.

Truman's actions surely displeased some in the Roosevelt Administration. This was a Democratic Senator, investigating fraud, waste and abuse during a Democratic Administration. There was the potential that the Roosevelt Administration would be embarrassed.

But for Truman, this was not about partisanship. His work led to the creation of a bipartisan committee to look into such problems, wherever they might lead.

The committee had an initial budget of \$15,000, and this turned out to be one of the most cost-efficient investigations in history. By some accounts, the Truman Committee saved the taxpayers over \$15 billion. And that's in 1940s dollars.

From its creation in 1941 until its expiration in 1948, the committee held hundreds of public hearings. It discovered and exposed corruption and mismanagement in the wartime production program.

We desperately need something like the Truman Committee today. And so I, along with some of my colleagues, intend to reintroduce legislation calling for the establishment of a special bipartisan committee, modeled after the Truman Committee.

I should note that in August of 1966, a young Republican Congressman from Illinois named Donald Rumsfeld gave a lengthy speech about the need for Congressional oversight over Vietnam war related contracts. Congressman Rumsfeld insisted that only "an investigating committee to be controlled by the minority, can assure vigorous investigation . . ." By the way, the company that had obtained the contracts that Rep. Rumsfeld railed against was Brown and Root – which later became Kellogg, Brown and Root, the subsidiary of Halliburton that is now the largest contractor in Iraq.

I am not proposing, as then Congressman Rumsfeld did, that we have an investigating committee controlled by the minority. I would like a truly bipartisan effort in the U.S. Senate. This is not about playing "gotcha" politics. A special committee like the one I have described would only make our country stronger.

I honestly hope that my colleagues in the majority party, after learning of today's testimony, will embrace this proposal.

One way or the other, however, I am committed to continuing this exercise in oversight over Iraq contracting practices.

Today we will hear from four witnesses, and I thank them for their courage and their service to their country in stepping forward.

The first witness, Bunny Greenhouse, is the top civilian contracting official at the U.S. Army Corps of Engineers. In that position, she is responsible for reviewing all contracts worth more than \$10 million. After objecting to special treatment for Halliburton on several occasions, Greenhouse was bypassed, ignored, and ultimately forced to resign or face demotion. Ms. Greenhouse will describe how Halliburton came to be awarded multi-billion-dollar contracts without competitive bidding.

The second witness, Rory Mayberry, is a former Halliburton employee who saw firsthand the company's practice of overcharging for dining hall services, as well as efforts by company managers to avoid the scrutiny of government auditors. Mr. Mayberry will be testifying by videotape because he's now on assignment in Iraq and is not available to attend the hearing.

The final witnesses, Allan Waller and Gary Butters, are executives with a security firm that has contracts to monitor and secure the delivery of Kuwaiti fuels into Iraq. They will describe how Halliburton has overcharged for fuel deliveries, misrepresented the level of oil infrastructure work it has completed, and abused its relationship with the Army to harm its competitors.

As with past hearings, we have invited Halliburton to testify, and the company has declined.

I should note that we are releasing at today's hearing a new report. We have obtained evidence that the Pentagon's own auditors concluded that Halliburton has overcharged by more than \$1 billion, and can't provide substantiating receipts for another \$440 million.

This report is being released jointly by the Senate Democratic Policy Committee and the minority office of House Committee on Government Reform. Much of the work in preparation of this report has been done by Rep. Henry Waxman's office, and we are pleased that Rep. Waxman is joining us at this hearing. I would invite him to describe this report in greater detail.