

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

**“An Oversight Hearing on Whether the Army Corps of Engineers
Retaliated Against Whistleblowers Who Objected
to Iraq Contracting Abuses”**

Friday, September 16, 2005

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

This is a particularly timely hearing, given that the Congress has just approved over \$60 billion in funding for the response to Hurricane Katrina. By now, even some members of the majority party are warning that we should not repeat the errors of Iraq reconstruction, as we seek to reconstruct the damaged areas of our Gulf Coast.

It is troubling, then, to read the following headline in the Wall Street Journal on September 12: *“No-Bid Contracts Win Katrina Work: White House Uses Practices Criticized in Iraq Rebuilding For Hurricane-Related Jobs.”* And equally troubling to read in Time magazine on September 11 that Administration aides were describing the first prong of their post-Katrina plan as *“Spend freely, and worry about the tab and the consequences later.”*

We must devote the necessary resources to help those who were affected by Hurricane Katrina. But for their sake, and for the sake of the American taxpayer, we simply must ensure accountability for these massive expenditures – so that these dollars don’t just wind up lining the pockets of unscrupulous contractors, as we’ve seen all too often in Iraq.

One of the keys to ensuring accountability is to have civil servants who witness waste, fraud, and abuse to blow the whistle.

Bunnatine Greenhouse was until very recently the top civilian contracting official at the U.S. Army Corps of Engineers. In that position, she was responsible for reviewing all contracts worth more than \$10 million. But after objecting to special treatment for Halliburton on several occasions, Ms.

Greenhouse was bypassed, ignored, and ultimately forced to resign or face demotion.

In our previous hearing on the subject of Iraq contracting, which took place on June 27, Ms. Greenhouse described how Halliburton came to be awarded multi-billion-dollar contracts without competitive bidding. For that, she has now been demoted by the Army Corps of Engineers.

I want to register my outrage – and there is no other word for what I feel – at the apparent reprisal that the Administration has taken against someone who had the courage to blow the whistle.

These newspaper headlines say it all:

- The Associated Press reported on October 30, 2004: “*Top Officer Objected to Halliburton Deal.*” The article states that “*The Army extended a Halliburton Co. troop support contract over the objections of a top contracting officer.*”
- The Houston Chronicle reported on October 29, 2004: “*Corps official to help FBI in Halliburton deal probe; Whistle-blower says commanders kept her 'in dark' on fuel contract*” The article stated that “*The Justice Department is conducting a criminal probe into the potential fuel overcharges, which Pentagon auditors calculate may have amounted to about \$ 61 million.*”
- When Bunnatine Greenhouse testified before our committee, the LA Times reported on June 28, 2005, “*Pentagon Aided Halliburton, Official Charges.*” The article quoted Ms. Greenhouse as saying that the multiple interventions by the Pentagon on Halliburton’s behalf were “*the most blatant and improper contract abuse I have witnessed during the course of my professional career.*”
- And then, on August 29, 2005, the New York Times reported this: “*Army Contract Official Critical of Halliburton Pact Is Demoted.*”

Since I am quoting from newspapers, let me cite just a couple of the statements of outrage that editorial boards around the country have expressed about Ms. Greenhouse’s demotion:

- Miami Herald Editorial Page on September 2: “*Whistleblowers Need More Protection: Too Many Punished for Calling as They See It.*”
- Columbus Dispatch Editorial Page on September 12: “*Fair Hearing in Order: Congress Should Investigate Contract Official’s Demotion, Truth of Her Accusations.*”

So for this sixth hearing on the subject of Iraq contracting abuses, we have invited back Bunnatine Greenhouse. We are going to discuss the circumstances of Ms. Greenhouse’s demotion.

I should note that, but for her demotion, Bunny would today be reviewing all of the Army Corps’s hurricane Katrina-related contracts worth more than \$10 million. Instead, it’s unclear whether the Army Corps presently has a competition advocate at all.

We will hear today from another whistleblower witness. Christy Watts is the former Chief Contracting Officer at the Army Corps of Engineers in the Louisville, Kentucky district office. During her employment with the Army Corps, Ms. Watts was ordered not to communicate with Ms. Greenhouse, who was her superior at the time, about questions Ms. Watts was raising about possible contracting abuses. She was ultimately terminated by the Army Corps after she attempted to expose contracting irregularities in the Louisville district.

I applaud Ms. Watts for her courage in coming forward today.

Our third witness, Christopher Yukins, is Associate Professor of Law at George Washington University, where he teaches courses on government contracts and public procurement. He will help us to put today’s testimony into a broader understanding of contracting problems, specifically as they relate to the reconstruction of America’s Gulf Coast in the wake of Hurricane Katrina.

I thank all the witnesses for appearing today.