

Senate Democratic Policy Committee Hearing

“Is the Bush Administration Being Vigilant in Safeguarding American Taxpayer Dollars in Iraq?”

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I would like to thank the Committee for this opportunity to discuss the business practices I observed while working for KBR.

My name is Barrington T. Godfrey. I'm a naturalized U.S. citizen born in Wales. I served in the US Army 1964-1967. I obtained a BSEE degree from the University of Miami, FL in 1971. Since then, I've acquired over 22-years experience dealing in the Middle East project environment. I spent over 18 years with Saudi ARAMCO in Dhahran, Saudi Arabia. I retired from ARAMCO in 1994. My last position was that of a Senior Project Manager. I've continued working in the Middle East, including my KBR employment. Most recently, I was the Sr. Project Manager on an \$800 million dollar oil facility for ARAMCO. I completed that contract in June of this year.

KBR hired me as a Subcontracts Administrator in July, 2004. I chose KBR because their main task was to support the troops. I was initially assigned to the KBR Dining Facilities (DFAC) “Tiger Team” in Kuwait. I split my time between Kuwait and the Mosul area of Iraq. I had full responsibility for the Northern Area DFAC's. That responsibility included full contract administration and any associated construction activities. I did my job to the best of my ability while attempting to maintain the high ethical standards that I have observed my entire professional life.

I joined the DFAC Contracting Team in Kuwait, Aug.1, 2004. This team was responsible for in excess of \$1 billion dollars in government contracts. A majority of the ten man team had little if any contracting background. One, in fact, was an ex-professional golfer who just happened to know a previous manager of the group. The group had an extremely weak manager who relied heavily on his most senior Subcontract Administrator (SCA). This individual was a U.S. citizen born in Iraq fluent in Arabic. He was a proponent of restricted bid lists developed by himself -- awarding to other than lowest qualified bidder, massaging bidder qualifications to suit his agenda, approving questionable invoices, cleansing contract files prior to audit, etc.

What truly amazed me when I joined the team was that nobody had been in Iraq in support of their assigned DFAC's. All business was carried out primarily through e-mail with telephone support. I was also surprised that the team did not have a dedicated ACO to monitor the group activity. I went to Mosul in late September 2004 and was

greeted with the comment that they didn't know DFAC SCA's traveled to Iraq. I told the operating personnel in Iraq, that this would change and my visit was just the first of many SCA visits.

I was requested by my management to execute a change order for in excess of \$4 million dollars for the Mosul H3 DFAC. The alleged change involved the provision of refrigeration (reefer) trucks at the H3 site by the subcontractor, Gulf Catering Company (GCC). The first thing I discovered was that this had not been approved by anyone with required authority. I then reviewed the costs. I gathered competitive pricing locally (Mosul) and compared it against subcontractor invoice. There was no comparison; the subcontractor price was totally unsupportable. I then went to H3 and photographed the reefers on-site which were a fraction of the quantity claimed. The reefers were all empty. I had been told by my management that the equipment had come from Kuwait. He had no reply when I showed him pictures of the Turkish license plates. I refused to execute the change order. Upon my return from Mosul, I was called in by my management and my job was threatened because "I was out of my lane." I explained that I was not going to do any contract activity without fully investigating it.

The reefer incident raised my concerns over the GCC contracts. I proceeded to do a full analysis of their contracts specifically Mosul H3. I reviewed the financial history from Feb 2004 to Oct 2004. The analysis revealed that GCC had been paid as if it were serving 5,500 troops versus an average of a little over a 1,000. Depending on how one ran the figures, this represented overcharging from \$3.5 million to \$5.3 million dollars over the period March 2004 to Sept 2004.

The GCC case raised my overall suspicions that these were not isolated cases. I proceeded to review all of my Mosul subcontracts. A Kuwaiti firm, ABC Group (ABC), had the contracts for Mosul H2 and H4 DFAC's.

The H2 DFAC was not well run or did not serve particularly good food. The invoicing was deemed acceptable. I actually called an impromptu contractor staff meeting so that Operations and I could count noses. I was pleasantly surprised when they passed the test. The ABC CEO complained to my management claiming harassment over the headcount incident, for which I in turn was again harassed by my management.

The H4 site was a different story. They were doing what GCC was doing at H3. ABC was being paid for double the troops being served. I decremented their payments for the months of Aug 2004 to Nov 2004 over the objections of my management. I reduced their labor payment by approximately \$300,000/month. I also recommended adjustment to the consumable payment. My management eventually overruled and canceled my actions.

ABC also attempted to charge \$2 million dollars for a new staff camp which was clearly previously contracted for. They also attempted to charge for new equipment which also was previously covered under contract. This all took place in Dec 2004 while I was back in Houston on leave. My management and ABC took advantage of the

situation to create and get approved a totally fraudulent change order worth an additional \$2 million dollars over and above the requested camp costs of \$2 million. This change order was rushed through the system the day before my arrival back in Kuwait. My management even approved payment concurrent with award, which is totally illegal. I found out about the action by talking to Operations personnel in Mosul. I immediately confronted my management and I again was overruled.

I returned to Mosul early Jan 2005 to complete the construction of the new H4 DFAC. I returned to Kuwait to be told by my management that the ABC CEO had complained to the Theater Manager and that the manager had directed I be taken off the ABC contracts. I was again counseled on my perceived bad performance including another attempt on my part to decrement ABC labor payments. The strange thing is that I'd received a promotion to Sr. SCA Jan.1, 2005 for outstanding performance. I decided that I had enough harassment and that I could not change the system myself. I resigned and left Kuwait Feb. 19, 2005.

I had repeatedly raised my concerns to my management through the VP level within KBR. I was continually harassed in return. My situation involved basically two subcontractors at two DFAC's. There were at least ten DFAC subcontractors and 80 plus DFAC's in operation in Iraq at peak. Some were being administered correctly but unfortunately we'll probably never know how many were cash cows for numerous unscrupulous parties.

I provided all of this information, including documentation, to the Bush Administration. To my dismay, the Administration has taken no action whatsoever to recover this wasted money. I have been shocked by the millions of dollars of waste and fraud that I witnessed in contracting in Iraq, but the fact that nothing has been done to correct the problem.