

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

**“An Inside View of the ‘Second Insurgency’:
How Corruption and Waste Are Undermining the
U.S. Mission in Iraq”**

**Monday, September 22, 2008
628 Dirksen Senate Office Building**

Today the Democratic Policy Committee is holding the eighteenth in a series of oversight hearings to examine corruption and waste in Iraq.

This hearing will deal with corruption and waste involving both the Iraqi Government and U.S. contractors. And I want to begin my remarks by showing a few photographs which will help to put this hearing in context.

This is a photograph of a \$2 million payment to a U.S. contractor in Iraq. A witness at one of our previous hearings described how contractors were told “bring a bag, because we pay cash.” By the way, the contractor which received this payment was eventually convicted in a U.S. court of stealing millions of U.S. taxpayer dollars.



This was not an isolated problem. This was how the Bush Administration decided to do business, in a climate that a former Administration official described as “the Wild West.” We airlifted billions of dollars in cash to Iraq. This picture shows pallets of cash arriving in Iraq. Each pallet contains 640 bundles of 1,000 bills and weighs 1,500 pounds. In all, this Administration sent 484 of these pallets from New York to Iraq. That’s more than 363 tons of U.S. currency, or about \$12 billion. And most of that money simply vanished.



In March, the Senate Appropriations Committee held a hearing at my request, in which we heard from a very courageous Iraqi judge who headed Iraq’s Commission of Public Integrity. This agency was established by the Coalition Provisional Authority after the U.S. invasion of Iraq, and charged with rooting out corruption in the new government.

Judge al-Radhi estimated that corruption in Iraq’s government had resulted in the loss of \$18 billion in government funds, and most of those funds had been U.S. taxpayer dollars. Judge Radhi said that instead of supporting his efforts to fight corruption, the top levels of the Iraqi government had ultimately suppressed his investigations.



Some have described Judge Radhi as an Iraqi version of Elliott Ness, who became legendary for fighting organized crime in Chicago. Many will recall the movie “The Untouchables”, which dramatized that story. Sadly, it turned out that Judge Radhi was not untouchable. This is a picture of Judge Radhi’s house after it was hit by rockets, fired in apparent retaliation for his investigations.



Judge Radhi also testified that since the establishment of the Commission of Public Integrity, more than 31 employees have been assassinated as well as at least an additional 12 family members.

One would have expected that our own government would have been doing everything it could to support Judge Radhi’s anti-corruption efforts. But in a hearing of this committee back in May, we heard from two State Department officials who said that our own government was not interested in ensuring accountability of U.S. funds in Iraq or in rooting out corruption.

In fact, one of the officials, retired judge Arthur Brennan, said that some of the stolen funds were steered to the Iraqi insurgency – yet the Administration was generally indifferent to the problem. This indifference has had deadly consequences. We will hear from witnesses today – one of whom was Judge Radhi’s chief investigator in Iraq – about how stolen U.S. funds have gone to Al Qaeda in Iraq. Our earlier hearing with Judge Brennan showed us that the State Department turns a blind eye when it comes to corruption. Today’s hearing will show us what the State Department turned a blind eye to – and what the consequences have been.

The fact is that this Administration has been generally uninterested in oversight, whether it’s oversight of financial markets in the United States, or oversight of U.S. taxpayer funds sent to Iraq. And the Administration does not seem to have learned from its mistakes.

The Parsons Corporation is a case in point. One of the biggest U.S. contractors, the Parsons Corporation, was paid \$31 million to build an Iraqi prison in Diyala, Iraq. Iraqi contractors got paid an additional \$9 million. And here are a series of pictures that show what U.S. taxpayers got for all that money.



Site Photo 2. Status of construction at the time of Parsons' termination (Courtesy of the USACE)



This is formally known as the Kahn Bani Sa’ad prison, but the locals took to calling it “The Whale.” The prison was supposed to house 3,600 inmates, but it was never finished, and today it sits abandoned. At one of the buildings, the second floor is without a roof. There is no plumbing or electricity. Windows have not been put in, and the walls are unpainted. And roads in the complex remain unpaved. One of our witnesses today

Abbas Mehdi served as the Chairman of the Board of the Government of Iraq's National Investment Commission (NIC), a Cabinet-level position in the al-Maliki government

Our third witness, who has requested anonymity out of concern that revealing his name would prevent him from returning to Iraq to address these problems, served as a senior advisor to the U.S. government in Iraq. So he will be testifying from a television studio, with his face concealed and his voice altered to protect his identity.

I thank these courageous witnesses for appearing today and look forward to their testimony.