

# More revelations of US profiteering and corruption in Iraq

Jeff Lincoln  
21 April 2006

New reports of bribery and corruption involving US military officers, businessmen and occupation officials have underscored the criminal character of the American intervention in Iraq.

This week court documents were unsealed revealing that businessman Philip Bloom pled guilty in February to conspiracy, bribery, and money laundering charges. Bloom admitted to giving more than \$2 million in cash and gifts to US officials in order to obtain Iraq reconstruction contracts for companies he owns.

The *Washington Post* reported April 19 that Bloom's firms received a total of \$8.6 million in reconstruction contracts, which were structured to give the firms an average profit margin of more than 25 percent. He could face up to 40 years in prison as part of a plea bargain.

The court documents detail how Bloom was able to exploit what the *Post* calls a "chaotic, freewheeling and cash-rich environment" in Iraq following the US invasion. Bloom gave cash, cars, jewelry and plane tickets to numerous military and civilian officials, who then steered the contracts in his direction. Some beneficiaries of Bloom's largesse stipulated in great detail what they wanted from the American entrepreneur. One official requested a GMC Yukon SUV with all-wheel drive, a summit white exterior with a sandstone leather interior.

Another official, the chief of staff for the Coalition Provisional Authority (CPA) in Al-Hillah, who was in charge of supervising the reconstruction of the entire south-central region of Iraq, requested an electric blue Nissan 350Z hardtop convertible.

The court filings included emails between Bloom and his bribe-takers. In one, an Army Reserve officer wrote: "The truck is Great!!! I needed a new truck... People I work with cannot stop commenting on how much they love it."

The documents also noted that Bloom provided women who gave sexual favors in return for assistance to Bloom's firms.

Another individual, Robert Stein, a former senior US contracting official in Iraq, has also pled guilty to conspiring

with Bloom and others to pocket reconstruction funds. Stein was employed as a comptroller for the CPA, in which position he colluded with Bloom to take money earmarked for the building of a library in Hilla and other infrastructure improvements and use it to purchase jewelry, cars and arms, and to smuggle hundreds of thousands of dollars into the US.

Stein was a convicted felon when he was appointed to his office in post-invasion Iraq. He was convicted on federal fraud charges in the mid-1990s and was in the process of being sued by a former employer for suspected embezzlement when the Pentagon put him in control of \$82 million allotted for distribution in Hilla.

Stuart W. Bowen Jr., special inspector general for Iraq reconstruction, whose office uncovered Bloom's crimes, said he was investigating 70 further cases that involve criminal allegations.

Another case, reported in the April 19 *Los Angeles Times*, involves Kimberly Olson, one of the first American female fighter pilots and a highly decorated air force colonel. She was brought before a military tribunal on charges of using her position as Jay Garner's executive officer to win more than \$3 million in contracts for a private security firm with which she was associated. Garner, a retired Army general turned defense contractor, was the first US administrator of post-invasion Iraq. He was relieved in May of 2003 and replaced by L. Paul Bremer.

Olson's firm was awarded contracts to provide protection for senior US and British military officials as well as for KBR, a subsidiary of Vice President Dick Cheney's former firm, Halliburton.

Olson denied the most serious allegations, but pled guilty to lesser charges last year. She was reprimanded and allowed to resign from the Air Force with an honorable discharge and no reduction in rank. She was also banned from receiving further government contracts for three years, but is appealing the ban.

According to the *Los Angeles Times* report, Olson, then a senior officer in the Pentagon comptroller's office, was selected by Garner to serve as his "right arm" when he was

preparing at the beginning of 2003 to head up the US occupation of Iraq. This was, it should be noted, nearly three months before the onset of the war, when President Bush was insisting that no decision had yet been made to invade the country.

Garner hired a security detail made up of former members of the South African special forces. Around the same time, Olson helped set up American offices for Meteoric, a South African security company in which she later took up a post as director.

After Garner was replaced by Bremer, the members of Garner's security detail began to work for Meteoric. The *Times* reported: "Olson stayed on to work for the Coalition Provisional Authority's Program Review Board, which was responsible for approving contracts using Iraqi funds. Olson began helping Meteoric win contracts and did other work for the company, the Pentagon investigation said."

Among the contracts handed out to Meteoric was one to provide security for Bernard Kerik, who was then in charge of building up an Iraqi police force loyal to the US. Kerik, a former New York police chief, was later President Bush's first choice to succeed Tom Ridge as secretary of the Homeland Security Department. Kerik withdrew his nomination when revelations emerged in the press of dubious actions and business associations into which he entered while he was on the New York payroll, and later, when he went into private business.

Former US officials involved in the Iraq occupation have rallied to Olson's defense. Garner called her "one of the most honest people that I've ever known." The *Times* wrote: "Olson's legal file is packed with endorsements and letters of recommendation from Garner and his successor as US administration in Iraq, L. Paul Bremer III, as well as from top military and civilian officials in Iraq and Washington. Some worry the action against her is an overzealous prosecution that might impinge on reconstruction efforts."

The *Boston Globe* on April 17 published an article that gave some sense of the extent of the corruption in US-occupied Iraq. Citing Congressional investigators, the newspaper reported, "American contractors swindled hundreds of millions of dollars in Iraqi funds."

The article described how immediately after the invasion, US officials seized Iraq's oil revenues and money found in bank accounts and placed the funds, totaling some \$20.7 billion, in an account called the Development Fund for Iraq (DFI). This money was then doled out to contractors, mainly US firms, without the benefit of elementary controls or accounting procedures.

The *Globe* cited a congressional audit revealing that out of 198 separate contracts issued, there was no evidence for 154 that any of the goods or services promised were actually

delivered. "In some cases, contractors were paid twice for the same job," the *Globe* reported. "In other cases, they were paid for work that was never done."

The newspaper continued: "Among the contracts paid for out of the Iraqi fund was Halliburton's controversial no-bid contract to restore Iraq's oil infrastructure, worth \$2.4 billion. The Pentagon's auditors found \$263 million in excessive or unsubstantiated costs for importing gasoline into Iraq, but the Pentagon said in February that it had agreed to pay a Halliburton subsidiary all but \$10 million of the contested charges."

These contractors have legal protection against criminal prosecution because, just days before handing over formal sovereignty to the US-backed Iraqi government, in June of 2004, the Coalition Provisional Authority imposed a law providing American contractors with immunity from prosecution.

Alan Grayson, a Virginia attorney involved in filing lawsuits against contractors, told the *Globe* that this law "in effect... makes Iraq into a 'free-fraud zone.'" Commenting on the effect of the massive theft of Iraqi wealth, Grayson stated, "Like a colonial power, the Bush administration took Iraq's oil money, and wasted it. The Iraqis well know that. That's one reason why they're shooting at US soldiers."

These corruption scandals are not mere aberrations or incidental products of the Iraq invasion. Rather, they reflect the criminal essence of an unprovoked imperialist war prepared by means of provocations and lies, and launched for the purpose of seizing oil resources and gaining strategic advantage over rival powers.

Not a few of those who have personally profited the most from the devastation unleashed on Iraq—including the death and maiming of thousands of Americans and hundreds of thousands of Iraqis—are corporate cronies of Cheney and Bush and the rest of the militarist clique that runs the US government.



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**