

US government unable to account for \$1.2 billion paid to Iraq contractor

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In another manifestation of the gross corruption, incompetence and profiteering that characterize the colonial-style war against Iraq, the US State Department has issued a report acknowledging that it is unable to account for some \$1.2 billion paid to its largest contractor in the occupied country.

The money was paid to DynCorp International for the training of Iraqi police. The company also received a \$1.1 billion contract to train police in US-occupied Afghanistan. Assessments by government agencies and independent panels have found that these programs have been failures, with police forces in both countries remaining largely dysfunctional and tens of millions of dollars in money and equipment having gone missing.

In a second State Department report cited by the *New York Times* Tuesday, a department panel that reviewed security procedures in Iraq found, according to the paper, “poor coordination, communication, oversight and accountability involving armed security companies like Blackwater USA.”

Among the recommendations in the report is that the department craft a uniform policy for dealing with the families of Iraqis killed or wounded by contractor gunmen.

Blackwater, whose contract mercenaries were involved in a September 16 incident that saw the unprovoked and indiscriminate shooting of Iraqi civilians, leaving at least 17 dead and scores wounded, is reportedly to be replaced as the company providing security for State Department officials in Iraq when its contract expires in May. Among the most likely candidates to succeed it is DynCorp.

According to the *Washington Post*’s account of the DynCorp report, the State Department agency that oversees the Iraq contract, the Bureau of International Narcotics and Law Enforcement Affairs, has admitted

that it had only one contracting officer overseeing this massive contract and now warns that it will take three to five years to sort out how the money was spent.

Stuart Bowen, the Special Inspector General for Iraq Reconstruction, said that the documents relating to the contract were “in such a disarray that it prevented us from reaching any meaningful conclusions.”

The report issued by Bowen, whose office is investigating fraud and abuse in the \$44.5 billion US reconstruction program in Iraq, declared that the State Department agency “does not know specifically what it received for most of the \$1.2 billion expenditures under the DynCorp contract.”

The lack of any effective oversight by the State Department, the inspector general’s report said, created “an environment vulnerable to waste and fraud.”

In return for the \$1.2 billion, DynCorp was supposed to recruit US police trainers, construct facilities and provide housing, security and food for Iraqi police recruits. There have already been indications, however, that a significant share of that money has simply gone up in smoke or, more accurately, straight to the contractor’s profit margin.

In one example uncovered by Bowen’s office, the State Department paid \$43.8 million for building and then storing a residential camp for American police trainers that was never used. Shortly after issuing the contract for the camp in 2004, the State Department ordered it halted because of security concerns.

DynCorp initially claimed that the camp had already been constructed—with the inclusion of an Olympic-sized pool that had never been ordered—but a year later acknowledged that it wasn’t. It billed the government for 500 “VIP” trailers that investigators now suspect were never built. In 2005, a State Department official raised concerns about “potential fraud” in the project,

and an investigation is supposedly continuing.

The department also acknowledged that it cannot account for some \$36.4 million in weapons, ammunition and equipment, including armored vehicles and body armor that were paid for under the contract. Whether these weapons and equipment were ever purchased or whether they have gone missing is not clear. One investigation has been launched into charges that employees sold ammunition intended for the Iraqi police.

Similar findings were made in a joint report prepared last year by the Pentagon and the State Department on the DynCorp police training program in Afghanistan. It determined that most police units had less than half the equipment that had been authorized under the contract and that no effective field training program had been initiated.

Indicative of the pervasive negligence that characterized these contracts, the State Department initially told auditors that DynCorp's questionable expenditures in Iraq included the purchase of a \$1.8 million x-ray scanner that was never used and the spending of \$387,000 on hotel rooms for company officials, who could have been housed in available facilities. Department officials then corrected themselves, saying that these dubious outlays had actually been made in Afghanistan.

DynCorp is perhaps best known in Afghanistan for a highly publicized incident in which one of the company's contractor bodyguards slapped a government minister in the face when he tried to approach President Hamid Karzai during an election rally in 2004.

Responding to charges over the Afghanistan program, a DynCorp vice president, Richard Cashon, told the media, "We are not judged on the success or failure of the program as they established it. We are judged on our ability to provide qualified personnel."

DynCorp is one of a number of politically connected contractors that, despite a long and troubled history, continue to be awarded billions of dollars in government money to carry out what are ostensibly critical programs that have been contracted out to profit-making companies.

DynCorp has some 14,000 employees operating in countries all over the world. In 2005, the company booked military contracts totaling \$2.8 billion. In

addition to its contracts in Afghanistan and Iraq, it has also been hired to fly defoliation missions as part of the "war on drugs" in Colombia. In connection with that contract, it has faced a lawsuit filed on behalf of Ecuadorian peasants, who charge that the chemicals have drifted across the border, killing their crops and livestock and even poisoning their children.

In both Bosnia and Kosovo, DynCorp employees were implicated in sex-trafficking rings that were buying and selling women for prostitution, including underage minors. As in Iraq, the rules of engagement in the Balkans made the contractors immune to any legal prosecution, and they were sent home unpunished.

Between 1999 and 2002, DynCorp paid out \$226,865 in political contributions, 72 percent of it to Republicans. The company's then CEO, Van Honeycutt, recorded a total compensation of close to \$12 million in 2002.

Since then, DynCorp has been bought out by a private Wall Street equity firm, Veritas Capital, with the profits generated by the slaughter in Iraq and paid for out of the federal budget going straight into the portfolios of wealthy investors.

The company's new CEO is Herbert Lanese, who formerly headed the McDonnell Douglas aerospace unit. When 6,000 machinists struck against the company in 1996, Lanese was quoted in the press as saying of the strikers: "You have to look at them like I do, as your mortal enemy. I wish they were dead. I wish their children would starve to death. I wish they would lose their homes."

Also recruited to the company this year, as executive vice president, was Gen. Anthony Zinni, the former head of the US Central Command.



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