

Cheney Dodges a Bullet

Just as the U.S. Securities & Exchange Commission was letting Vice President Dick Cheney off the hook on one investigation, other investigations, involving the SEC, the Justice Department, and foreign law-enforcement agencies, are expanding, and the Valerie Plame investigation is nearing a conclusion—all of which increases the likelihood that Bush's puppetmaster could be indicted in the period running up to the November elections.

On Aug. 3, the SEC announced that Halliburton—headed by Cheney from 1995 through 2000—had agreed to pay a \$7.5 million fine for a federal securities law violation, for not disclosing a major change in its accounting practices to investors. Although Cheney—Chief Executive Officer at the time—was not charged, two of his immediate subordinates, the company's Chief Financial Officer, and the Controller were accused of wrong-doing, and the Controller agreed also to pay a personal fine.

What many find inconceivable, is that Halliburton could have made a major accounting change which boosted profits by 46% in 1998, without the company's CEO knowing about it. The accounting change, although dubious, was not illegal, but the failure to disclose the change to investors *was* illegal. Cheney personally participated in conference calls with investors—yet, according to the SEC—he somehow overlooked the fact that his investors were being kept ignorant of a major change in accounting, which had boosted profits by almost 50%.

One defense offered on Cheney's behalf, from “a source close to the case” who was quoted in BusinessWeek Online, was that Cheney was not a “hands-on” type of manager, but that he was “more of a chairman than a CEO, flying around the world making nice to governments so that he could land these big contracts.”

This may not be such a smart defense. For at the same time the SEC was settling that action, it was revealed that the SEC and the Justice Department have both stepped up their investigations of a foreign bribery scandal, involving a \$180 million slush fund which was allegedly used for payoffs to Nigerian officials, and from which illegal payments to the head of Halliburton's subsidiary KBR were also taken.

A French magistrate is investigating the charges, which also involved a French partner (See *EIR* July 16). *EIR* has been informed that Cheney is personally a target of this investigation.

In its quarterly SEC filing on Aug. 4, Halliburton disclosed to investors that the SEC and DOJ investigations of the Nigeria deal have expanded, that it had been subpoenaed to provide documents to the SEC, and that former KBR executive Jack Stanley had also received a subpoena.

Moreover, Halliburton stated, “the Department of Justice has expanded its investigation to include whether Mr. Stanley may have received payments in connection with bidding practices on certain foreign projects.” If Dick Cheney was indeed flying around the world “making nice to governments” in order to land contracts, then the Nigeria investigation is getting pretty close to home.

—Edward Spannaus