

Will Stolen Iraq Oil Funds and Deals For Cronies Force Cheney Impeachment?

by Michele Steinberg

On June 27, a scandal large enough to lead to the impeachment of Vice President Richard Cheney, emerged when it was revealed at a hearing called by the Senate Democratic Policy Committee, that the latest figures in questionable and unsupported charges to the Department of Defense by the Halliburton Corporation, had reached over \$1.4 billion. There are already two criminal investigations by the Justice Department into Halliburton for fraudulent billings related to Iraq war contracts—each of them potentially as explosive as the case of the Valerie Plame CIA leak.

However, another element was added on June 27: The amount of funds that Halliburton has looted from the DoD is nearly equivalent to the \$1.5 billion in funds that the Bush Administration had denied the Veterans Administration for vitally needed medical services to the sick and wounded veterans and troops. The public anger over the White House short-changing the VA was so huge, that the Republicans subsequently signed on to a Democratic amendment to pass legislation giving an additional \$1.5 billion to the VA.

The \$1.4 billion in “questioned and unsupported” monies to Halliburton, was the second bombshell about Iraq-war-related fraud in less than one week. On June 21, the Subcommittee on National Security of the House Committee on Government Reform, released a Minority Staff report, prepared at the request of ranking Democrat Rep. Henry Waxman of California, which showed that *billions* of dollars of money from the “Development Fund for Iraq,” was unaccounted for, or stolen, after the frenzy of cash delivery to the U.S. occupation authority, run by Amb. Jerry Bremer in June 2004. (See report excerpts in *Documentation*). Bremer did not appear at the June 21 hearing to answer questions about the lack of control over \$19.6 billion in Iraqi funds, noted Rep. Waxman. But the missing money has already had devastating consequences.

On July 6, an article in the London *Financial Times* gave the first major hint that the U.S. occupation’s looting of reconstruction funds belonging to the Iraqi people is being called “corruption.” “Iraq’s financial difficulties, and U.S. concerns over corruption and uncontrolled spending on reconstruction, are adding to tensions between the two governments,” wrote the *Financial Times*. Although the economy is seen as a “vital pillar of the . . . strategy to stabilize Iraq,” the Iraqi government is already in big trouble. Under U.S. auspices, the gov-

ernment of Iraq had signed a “pre-agreed deficit” agreement with the International Monetary Fund, to limit its budget deficit to \$6.7 billion, or 28% of its gross domestic product, but Iraq cannot come near that goal, and is seeking to go far beyond that deficit limit.

The news of Iraq’s financial crisis could not come at a worse time for the Bush Administration—because the responsibility for the “corruption” in misuse of the funds, leads right to Cheney’s office through the Halliburton corporation.

According to evidence presented on June 21 at the House Subcommittee on National Security hearing, and on June 27, by the Senate Democratic Policy Committee, the following has been established:

- There is more than \$1.4 billion in “questioned” and “unsupported” charges paid to Halliburton, according to Defense Department audit reports.
- There are *billions* of dollars unaccounted for, taken in cash from the \$19.6 billion Development Fund for Iraq account, created by UN Security Council resolution 1483 in May 2003, and administered solely by the U.S. occupation authority. According to the 25-page official report by the Minority Staff of the Committee on Government Reform, these funds are unaccounted for, have disappeared, or have been misappropriated.
- Halliburton is documented to be the largest recipient of the Development Fund for Iraq funds (about \$1.2 billion) and of all Defense Department contracts in Iraq (more than \$15 billion).
- Halliburton’s contracts were handled *outside* of the professional, competitive bidding process that is standard procedure in the Defense Department. Instead, according to Bunatine Greenhouse, the top civilian contracting official at the U.S. Army Corps of Engineers, the Halliburton contracts were given special handling directly from “the OSD,” the Office of the Secretary of Defense. Greenhouse was forced to step down or face demotion after objecting, in writing, to the special treatment granted to Halliburton; instead, she chose to file a whistleblower lawsuit.
- Two executives from Lloyd-Owen International (LOI), a security and management firm with contracts from the Iraqi government, which began after the U.S. occupation handed over power to Iraqis, gave evidence that Halliburton’s overcharges for fuel transportation from Kuwait to Iraq are even

greater than previously believed, and that KBR, a Halliburton subsidiary, has not completed crucial fuel distribution work, despite its claim to have done so. In addition, Halliburton “has abused its relationship with the U.S. Army,” by attempting to close the Iraq-Kuwait border so that LOI (a competitor of KBR) could not efficiently deliver fuel to the Iraq government.

The two LOI executives, Alan Waller and Gary Butters, gave dramatic testimony to the Senate that KBR managers had ordered their staff to *deny assistance* to LOI personnel, who had been attacked by insurgents en route to a base managed by KBR, near Fallujah. Four contract employees of LOI had been killed in the attack, and several others were wounded, but a KBR e-mail message presented to the Senators, showed that LOI was not to be helped. Fortunately, the U.S. Marines at the base came to the assistance of LOI.

- KBR threatened personnel in Iraq, who were working under its food service contract, if they talked to U.S. government auditors who had been sent to look into KBR’s practice of overcharging for dining hall services. Rory Mayberry, Food Production Manager at Camp Anaconda in Iraq, testified that he was warned, and then transferred to a much more dangerous base near Fallujah in order to keep him from talking further to auditors.

Obstruction of Justice?

There is no question that Cheney’s office was *directly* involved in the special treatment given to Halliburton. A further question is whether Cheney’s pressure to prevent the Senate and House committees from investigating constitutes obstruction of justice.

More than a year ago, on June 8, 2004, a DoD political appointee, neo-conservative insider Michael Mobbs, who worked directly at the Office of the Secretary of Defense, briefed the House Government Reform Committee that Cheney’s Chief of Staff and National Security advisor, I. Lewis “Scooter” Libby, had been consulted and informed by Mobbs about a secret Iraq war contract being awarded to Halliburton, on March 8, 2002, *before* the contract had been awarded, and before the Iraq war had begun.

Mobbs acknowledged that the decision to award the contract to Halliburton, by extending a previous contract, was not made by career civil servants, but by political appointees, in particular by himself and an “Energy Infrastructure Planning Group,” in the DoD which he headed. Mobbs determined that other longstanding DoD contractors—Bechtel and Fluor—were not qualified for the job, and were not even allowed to submit bids for the oil infrastructure contract. Mobbs, who was also acting as a special assistant to Assistant Secretary of Defense for Policy, Doug Feith, had been a member of Feith’s law firm. Other special operations set up by Feith in 2002, such as the Office of Special Policy, functioned as a secret, parallel intelligence service, reporting to Cheney’s office. Like the Iran-Contra operation of the 1980s, the Cheney-OSD-Feith network was a “government

within a government.”

A year later, the evidence presented at the June 27, 2005 hearing shows that the Halliburton disease has just grown larger and larger through the special relationship with the Vice President. The reason is simple: The appropriate Senate and House committees—under Republican control—have refused to fulfill the Senate’s Constitutional responsibility to look into the evidence of massive fraud and “bilking” of the American taxpayers, in the Iraq war. By this, Congress has also jeopardized the well-being of the troops in Iraq.

The four Democratic Senators at the podium June 27 were Byron Dorgan of North Dakota (who chaired the hearing), Harry Reid of Nevada, Frank Lautenberg of New Jersey, and Mark Dayton of Minnesota; they were joined by Rep. Henry Waxman of California, who has led a relentless battle to unearth Pentagon documents about Halliburton’s activities since Spring 2003. They made clear they want official, *bipartisan* hearings.

Dorgan, the head of the Senate Democratic Policy Committee investigative committee, used strong language about the American taxpayers being “bilked,” “cheated,” and “defrauded” in order “to let a few special big companies wallow like hogs in a trough.” Dorgan pointed to the Senate hearings in 1941, when the U.S. was about to enter World War II, and Harry Truman began investigations into reports of waste, and he also referenced the manner in which Donald Rumsfeld, as a Congressman in 1966, demanded a “vigorous investigation” into a Vietnam War contractor—Brown & Root! (The same Rumsfeld today who won’t allow hearings.)

Lautenberg put the emphasis on Cheney: “[T]he bottom line is that the Republican leadership in the Congress is giving Halliburton a free pass. And I don’t know whether that’s because Vice President Cheney still receives a paycheck from Halliburton. That goes on through 2007. On that payroll was stock options.”

But the Cheney/Halliburton relationship is much deeper. In 1991, when Cheney was Secretary of Defense, he rescued the faltering Halliburton from disaster, by putting it on the gravy train of the Defense Department, at the very outset of the process of replacing in-house logistics capabilities with outsourcing.

The DoD contracts breathed new life into Halliburton, which then took on Cheney as its Chief Executive Officer in 1995. In 2000, after he had selected himself to be George W. Bush’s Vice Presidential candidate (the Bush family had put Cheney in charge of the search committee), Cheney resigned from Halliburton, with a \$20 million retirement package, including six-figure salaries through 2007, and 433,333 shares of unexercised stock options.

Nobody knows the full extent of the Cheney relationship to Halliburton after 2001, since the records of the discussions that Cheney held with Halliburton while heading the “Energy Task Force,” are still top secret. Only a series of Congressional investigations, backed by mass public support can answer those questions.