

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

An Oversight Hearing on Accountability
for Contracting Abuses in Iraq

Monday, September 18, 2006

This is the tenth hearing that our committee has held to conduct oversight of contracting practices in Iraq.

The specific abuses that we will examine today involve the Halliburton company. At the outset, let me make it clear that this committee has not singled out Halliburton in its oversight efforts. Indeed, we have investigated contracting abuses by a number of other contractors, including Custer Battles, Parsons, and Bechtel.

But in our attempt to provide oversight over contracting in Iraq -- which the majority party has shown no interest in pursuing -- we have followed evidence of abuse wherever it has taken us. And in many cases, the evidence has led us to Halliburton, which is by far the largest U.S. contractor in Iraq.

Let me describe some of the findings of previous hearings by this committee involving Halliburton. Some of these involve huge sums of taxpayer dollars, while some are comparatively small. But they all speak to a pervasive pattern of abuse, which compromised our troops' mission in Iraq -- and even their very safety.

- ✓ In a hearing on June 27 of last year, we released a report showing that Halliburton had not been able to substantiate \$1.4 billion in charges to the government.
- ✓ Bunnatine Greenhouse, the top civilian contracting official at the U.S. Army Corps of Engineers, testified that: "I can unequivocally state that the abuse related to contracts awarded to KBR represents the most blatant and improper contract abuse I have witnessed during the course of my professional career."
- ✓ The former director of the Defense Energy Support Center testified that Halliburton delivered fuel in Iraq for \$2.65 a gallon, when they could have supplied it for less than half that price -- with overcharges adding up to \$61 million.

- ✓ Halliburton had new \$85,000 trucks abandoned or “torched” if they experienced minor problems, despite the fact that there was no danger involved in repairing them – and Halliburton profited from the purchase of each replacement truck.
- ✓ Halliburton charged taxpayers \$45 per case for cases of soda.
- ✓ A Halliburton logistics manager described how Halliburton insisted on supplying the troops with deluxe towels embroidered with the logo of Halliburton’s subsidiary, at three times the cost of regular towels.
- ✓ Halliburton ordered that food be served to our troops even though it had been contaminated with shrapnel, or was well past its expiration date.
- ✓ Company employees and army officials documented how Halliburton provided our troops in Iraq with contaminated water, which our troops used to shower, wash their hands and their faces, brush their teeth, wash their clothes, and sometime even make coffee, with serious health consequences.

And these are just some of the findings of our previous hearings with regard to this particular contractor.

Today, we will hear from whistleblowers who allege additional abuses involving Halliburton. Some of the events in these accounts are truly appalling, and involve the loss of life for both our troops and company employees.

Edward Sanchez is a rancher from Silver City, New Mexico. An unarmed, civilian truck driver, Mr. Sanchez was a member of the Halliburton fuel convoy attacked by insurgents in April 2004. He was shot twice during the attack.

Sean Larvenz, a former police officer, was also a Halliburton truck driver in Iraq who came under attack.

Scott Allen represents survivors of the April 2004 convoy attack in a wrongful death suit against Halliburton.

Julie McBride was hired by Halliburton in 2004 as a morale, welfare and recreation coordinator at Camp Fallujah in Iraq. Halliburton terminated her employment a year later, after Ms. McBride complained that Halliburton supervisors had hoarded supplies intended for the troops and overbilled for services provided.

Alan Grayson is an attorney who represents Ms. McBride in a False Claims Act suit against Halliburton, seeking to recover on behalf of the U.S. Government.

I thank the witnesses for their participation, and look forward to their testimony.

Before we turn to the witnesses, let me say this. We've been looking at these kinds of abuses for years now. Halliburton continues to deny responsibility for them. It is the duty of the government to protect American lives and American tax dollars, and to hold contractors accountable in these cases. And that simply hasn't been done by the Administration or the majority party in Congress.

We hold these hearings because the majority party will not. We have invited members of the majority party to attend our hearings, and have also invited the CEO of Halliburton to appear.