

**Statement of Senator Frank Lautenberg
Democratic Policy Committee Hearing on Iraq Contracting Practices**

February 13, 2004

Mr. Chairman,

Thank you for convening today's hearing on Halliburton.

I am a member of the Senate Committee on Governmental Affairs and have been requesting that it hold a similar hearing for the past nine months. I regret that our Republican colleagues on the Governmental Affairs Committee have shied away from dealing with this critical subject.

While the Kuwaiti Parliament saw fit to open investigations of Halliburton's business practices in Iraq, this Congress has so far refused to investigate what, I think, is becoming more and more obvious: the company's record of cronyism, fraud, and price gouging.

Several months ago, I discovered that Vice President Dick Cheney, who was the Chief Executive Officer at Halliburton before his election, continues to receive a salary from the company that actually exceeds his pay as Vice President.

It is deferred compensation, but the non-partisan Congressional Research Service determined that the payment constitutes an "ongoing financial relationship" despite the Vice President's protestations to the contrary.

Today, as we discuss the critical topic of how American taxpayers' dollars are being used to reconstruct Iraq, we have a chance to say, "Enough is Enough."

Enough cronyism and sweetheart no-bid deals.

Enough accounting misdeeds and overcharging of the U.S. taxpayer.

And enough bending of the law to suit the needs of Halliburton.

Halliburton's record of overcharging, bribery, and accounting fraud recites like a textbook example of corporate irresponsibility. Yet Halliburton has virtually monopolized contracts in Iraq and has collected over 9 billion dollars through its subsidiaries.

Vice President Cheney gave a speech a few weeks ago in Rome, in which he strongly chastised those who – and I quote – "tolerate and profit from corruption and maintain ties to terrorist groups."

This line struck me as ironic, because as we have recently discovered, when Vice President Cheney was the head of Halliburton, he seems to have conducted his business in a manner that embraces all that he now criticizes.

This week, my staff uncovered documents from the Department of Commerce revealing a “flurry of business activities” between Halliburton and the Iranian government when Vice President Cheney ran the company.

The documents indicate contacts between an Iranian oil company called Kala Limited and a subsidiary of Halliburton, Halliburton Products and Services, which has “offices” in Dubai but is registered in the Cayman Islands. (*REFER to POSTER*)

These stacks of documents, which I would be happy to provide to my colleagues, seem to be part of the reason that Department of Treasury investigators recently reopened an investigation of Halliburton for evading and possibly breaking U.S. sanctions prohibiting trade with Iran.

Although the Treasury Department had investigated this allegation in the past, a new investigation was begun this month, subsequent to new revelations of Halliburton’s shell games to avoid the sanctions preventing U.S. corporations from doing business with terrorist states.

In late January, the news program *60 Minutes* reported that while Vice President Cheney headed Halliburton in the late 1990s, the company set up a foreign subsidiary in the Cayman Islands called Halliburton Products and Services.

Although the subsidiary was wholly owned by the U.S.-based Halliburton, it was deliberately located there so that Halliburton could do business with Iran and avoid U.S. sanctions for doing so.

When investigators visited the Halliburton Products and Services Company in the Cayman Islands, they found no employees, no actual office, and no real business. All they found was a “mail drop” that forwarded mail received there to Halliburton’s headquarters in Houston.

President Bush has characterized Iran as one of the two remaining members of the “Axis of the Evil.”

It is on this short list because it is directly responsible for terrorist attacks that have taken hundreds of U.S. lives since the early 1980s. Two young women from New Jersey, Sarah Duker and Alyssa Flatow, are among the hundreds of American victims of Iranian’s proxy terrorism.

Iran funds Hamas, Hezbollah and Islamic Jihad, all terrorist organizations, according to this administration’s own designation. The sanctions against Iran, which I helped put in place, were instituted by Congress to punish Iran for its sponsorship of terrorism.

Now, despite the possibility that Halliburton – under Vice President Cheney’s watch – was deliberately bypassing U.S. sanction law to conduct business with the terrorist regime in

Tehran, this administration, which purports to be waging a “global war on terrorism,” has given Halliburton contracts exceeding 9 billion dollars to rebuild Iraq.

I look forward to discussing how we can protect American tax dollars from Halliburton’s abuses. I have focused on the evasion of U.S. sanctions law because this is the newest, and I believe most shocking, revelation regarding Halliburton.

Again, Senator Dorgan, I applaud you for convening this hearing and I look forward to our witnesses testimony.