

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

**“Abuses in Private Security and Reconstruction Contracting in Iraq:
Ensuring Accountability, Protecting Whistleblowers”**

**Friday, September 21, 2007
10:30 a.m. – 12:30 p.m.
226 Dirksen Senate Office Building**

Today the Democratic Policy Committee is holding a hearing to examine the continuing lack of accountability in private security and reconstruction contracting in Iraq.

There are now nearly as many private contractors in Iraq as there are American soldiers. And when contractors operate without accountability, and come to believe that there will not be any consequence for wrongdoing, our mission in Iraq is compromised and our troops are undermined.

One of the largest sectors in which private contractors are active in Iraq is the area of security. Last year the GAO estimated that there are as many as 48,000 private security contractors in Iraq, though no one knows the precise number. And these security contractors have operated in a climate of impunity.

On Sunday, there was a firefight in Iraq involving private security contractor Blackwater that left at least 11 Iraqis dead. The incident is being investigated, and I certainly do not want to prejudge the results of the investigation. But we cannot ignore the fact that the Iraqi government has said that it believes that Blackwater overreacted and caused the loss of innocent life. Prime Minister Maliki said that this was the seventh such incident involving Blackwater, and he urged that Blackwater be replaced.

Nearly a year ago, the Congress passed a law requiring that private security contractors be bound by the same code of conduct as U.S. military personnel – but the Bush Administration has yet to provide any guidance on how military lawyers should enforce those rules. And just yesterday, the Director of Logistics at the Army Corps of Engineers was quoted as saying that “there is no oversight or coordination of Blackwater by the U.S. military.”



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**Jack Holly
Director of Logistics for U.S. Army Corps of Engineers
September 20, 2007**

What's more, under a provision established by the Coalition Provisional Authority, military contractors are exempt from prosecution by the Iraqi government for crimes committed in their country. This, combined with a lack of supervision or accountability, has bred tremendous resentment in Iraq, and is making it that much harder to win over the hearts and minds of the Iraqi people. The Washington Post quoted an Interior Ministry official, who spoke on the condition of anonymity because he feared for his safety, as saying that "They are part of the reason for all the hatred that is directed at Americans, because people don't know them as Blackwater, they know them only as Americans."

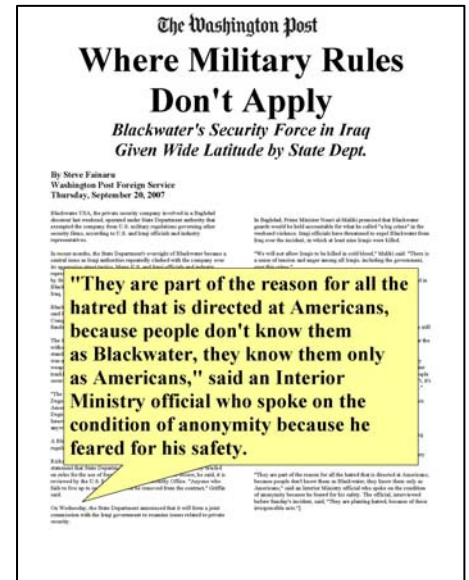
I hasten to add that Blackwater is by no means the only security contractor that has been involved in controversy. For instance, in 2005, sixteen private security contractors employed by a firm called Zapata Engineering were arrested and jailed by U.S. Marines after they allegedly fired on a Marine observation post, a combat patrol and civilians, about 40 miles west of Baghdad. They were held for three days, but then released. No one has been prosecuted.

In a separate incident, a supervisor for a company called Triple Canopy was overheard by employees announcing that he was "going to kill somebody today". The employees say they witnessed the supervisor shoot at Iraqi civilians for amusement, possibly killing one. What came of this? The company fired the supervisor, but no one was ever prosecuted. And the two employees who blew the whistle were fired as well.

The lack of accountability has pervaded not only the area of security, but also of reconstruction-related contracting in Iraq. The Democratic Policy Committee held ten hearings on this issue in the 109th Congress, and obtained testimony from a wide range of whistleblowers – ranging from the highest-ranking contracting officer in the Army Corps of Engineers, to contract employees who had worked in Iraq.

One of the common threads that ran through these whistleblowers' testimony was the climate of impunity that these contracts operated under. Whistleblowers were fired, demoted, detained, and otherwise vilified. Just last month, the Associated Press had an article describing widespread retaliation against whistleblowers who spoke up about Iraq contracting abuses.

"Corruption has long plagued Iraq reconstruction. Hundreds of projects may never be finished, including repairs to the country's oil pipelines and electricity system. Congress gave more than \$30 billion to rebuild Iraq, and at least \$8.8 billion of it has disappeared, according to a government reconstruction audit . . . Despite this staggering mess, there are no noble outcomes for those who have blown the whistle, according to a review of such cases by The Associated Press . . . They have been fired or demoted, shunned by colleagues, and denied government support in whistleblower lawsuits filed against contracting firms."



This Committee has a special duty to demand that whistleblowers' rights be protected, in view of the invaluable contribution they have made in coming forward at the ten oversight hearings on contracting abuses that we've conducted since the start of the war in Iraq in 2003.

Today, we will hear from witness who will speak to the lack of accountability in private security and reconstruction contracts in Iraq. Witnesses on the first panel will examine the role private security contractors are playing in Iraq, with a particular focus on Blackwater, the security company that was suspended from working in Iraq earlier this week by the Iraqi Ministry of Interior. Panel two will consist of witnesses who have been demoted, fired, threatened, and even detained for speaking the truth about Iraq contracting practices. This panel will also include expert witnesses who will recommend reforms to address whistleblower mistreatment and strengthen protections in current law.

Panel One

Kathryn Helvenston-Wettengel is the mother of Scott Helvenston, a former Blackwater employee and Special Operations soldier who was killed in Fallujah, Iraq in 2004 while escorting a convoy of three empty trucks to pick up kitchen equipment for a food service company. She has filed a lawsuit against Blackwater alleging that the company sent Mr. Helvenston on a job with inadequate equipment and protection.

Jeremy Scahil is an investigative journalist and the author of the *New York Times* best-selling book, "Blackwater: The Rise of the World's Most Powerful Mercenary Army."

Nick Bicanic co-wrote and co-directed the award-winning *Shadow Company*, a documentary film about private security companies operating in Iraq.

Donald Vance is a Navy veteran and former employee of Shield Group Security Company, who blew the whistle about illegal gun sales in Iraq, including sales of weapons to Iraqi insurgents.

Panel Two

Bunnatine Greenhouse is the former highest-ranking civilian contracting official at the Army Corps of Engineers, and spoke up about contracting abuses involving Halliburton subsidiary Kellogg, Brown, and Root.

Robert Isakson was a co-plaintiff in a lawsuit against contractor Custer Battles, and won the first civil verdict for Iraq reconstruction fraud. The verdict was later overturned by the trial court judge on a technicality.

Stephen Kohn is the Executive Director of the National Whistleblower Center, and is an expert on whistleblower protection law.

Alan Grayson represents whistleblowers in a number of lawsuits involving contracting fraud.