

**Senate Democratic Policy Committee Hearing**  
**“An Inside View of the ‘Second Insurgency’:**  
**How Corruption and Waste Are Undermining the U.S. Mission in Iraq”**

**Salam Adhoob**  
**Former Chief Investigator (Baghdad), Commission on Public Integrity**  
**Government of Iraq**

My name is Salam Adhoob, and before obtaining asylum in the United States, I served as the chief investigator in Baghdad at Iraq’s top anti-corruption agency, the Commission on Public Integrity (CPI), which Stuart Bowen, the Special Inspector General for Iraq Reconstruction (SIGIR), described as being “analogous to the FBI” in the United States. I worked at the CPI from October 2004 to August 2007. As chief investigator, I supervised a team of 100 investigators and 100 support staff who conducted more than 4,000 investigations. Many of us would work from 8:00 a.m. to 2:00 a.m. every day, often sleeping in our offices.

My experience at the CPI provided me with a first-hand, up-close look at corruption and waste in Iraq. Based on the cases that I have personally investigated, I believe that at least \$18 billion have been lost in Iraq through corruption and waste -- more than half of which was American taxpayer money. Of this \$18 billion, I believe at least \$4 billion have been lost due to corruption and criminal acts in the Ministry of Defense alone. Corruption in Iraq does not only waste American taxpayer dollars, however, corrupt Iraqi government officials have used American funds to support the Al-Qaeda terrorists, militias, and insurgents who are killing U.S. soldiers in Iraq.

Allow me to state this as plainly as possible: there are powerful people in Iraq who do not want this story to be told. I investigated corruption in Iraq for three years, but eventually had to flee the country because of numerous death threats against me and my

family. There is every reason to believe that those threats would have been acted upon had I stayed in Iraq. Thirty-one of my co-workers were murdered in retaliation against our efforts to investigate, arrest and convict corrupt officials in Iraq.

During my time at the agency, the CPI worked closely with the Bureau of Supreme Audit (BSA), which is Iraq's version of the Government Accountability Office (GAO). In 2007, the BSA conducted an extensive audit of American reconstruction projects in Iraq. The BSA attempted to track every American-funded project in the country, visited project sites, interviewed Iraqi government officials about the status of the projects, and reviewed contracting documents that were available for inspection. In a report that has never been made public, the BSA revealed that it could not properly account for more than \$13 billion in American reconstruction funds.

During their audit of American reconstruction contracts, BSA officials uncovered "ghost projects" that never existed, projects that the Iraqi government deemed unnecessary, and work that was either not performed at all or done in a shoddy manner by both American and Iraqi contractors. To cite just one example from the BSA audit, approximately \$24.4 million was spent on an electricity project in Ninawa Province that the BSA concluded existed only on paper. While the BSA found that many of these projects were not needed -- and many were never built -- this very real fact remains: the billions of American dollars that paid for these projects are now gone.

Our investigations at the CPI revealed that corruption and waste were widespread at the Iraqi Ministry of Defense, where cronyism, party favoritism, nepotism and the lack of even minimal financial controls resulted in the embezzlement, theft and waste of billions of American taxpayer dollars. My investigators uncovered an elaborate scheme

at the Ministry of Defense that was used by senior Ministry officials to enrich themselves, their friends and relatives, and party cronies. I want to describe the results of the CPI investigation into the Ministry of Defense, which I will in a moment, but you should know that this is just one example of how corruption has wasted billions of dollars, most of it American taxpayer money and, even more importantly, undermined the U.S. mission in Iraq. There are many more examples.

The scheme at the Ministry of Defense involved the establishment of two front companies, Al-Aian Al-Jareya and Safin. Al-Aian Al-Jareya was jointly owned by Nair Mohammed Ahmed Jummaily, the brother-in-law of the current Minister of Defense; Abdul Hamid Aziz Merza, an advisor for the then-Deputy of the President of Iraq; and Rosh Nouri Shawees, who was the brother of the Defense Secretary General. The company was formed and registered with the government at the end of August 2004, with the backing of only \$2,000 in capital to cover the billions of dollars in contracts the company would receive. At the same time, these individuals helped form and register a second company, Safin, which was owned by Aza Kafaf, who was the Chief of Staff for the then-Deputy President of Iraq.

In the summer of 2004, the Minister of Defense, Hazim Al-Shalan; the Defense Secretary General, Bruskah Nouri Shawees; and the Deputy Secretary of Contracts, Ziad Al-Qattan, requested \$1.7 billion from the then-Iraqi Prime Minister, Ayad Allawi, to form two divisions of Iraqi Special Forces. Once the \$1.7 billion in American funds were received by the Ministry, a significant amount of the money was given to the two front companies to acquire airplanes, helicopters, armored vehicles, new weapons and bullet-proof vests. The two companies received this money without the benefit of any of the

bonds or guarantors usually required for government contractors.

The first front company, Al-Ain Al-Jarrea, was given several contracts totaling \$850 million dollars. Three of these contracts were for M-18 military helicopters. The front company charged \$4.5 million for helicopters that cost only \$1.5 million dollars during Saddam Hussein's regime. Not only did Al-Ain Al-Jarrea overcharge the Iraqi government, the company never delivered the M-18 helicopters. A team of Iraqi army officers traveled to Poland and Russia to inspect helicopters that were scheduled for delivery to Iraq. When the team arrived to inspect the equipment, they did not find the 64 M-18 helicopters, instead they found four re-painted, defective helicopters that were more than 25 years old. The team rejected the helicopters and the Iraqi Army refused to accept them, but instead of demanding repayment from Al-Aian Al-Jareya for the useless helicopters, the Ministry of Defense renegotiated with the companies for a series of mobile toilets and kitchens -- which have never been delivered.

Helicopters were not the only military equipment that was not delivered by these front companies. Despite having been paid in full, the two companies delivered only a small percentage of the other weapons and military equipment that had been ordered by the Ministry of Defense. Major items like airplanes and vehicles either never arrived in Iraq or were unusable. Rusted, decades-old weapons were painted over to look new, but many of them did not work. Bullet-proof vests were defective and could not be used.

All of this left the Iraqi army without the helicopters, airplanes, armored vehicles, functioning weapons and bullet-proof vests that the army needed to stand up and shoulder the burden of this war. Even as the Iraqi army could not fight for lack of equipment, corrupt Ministry of Defense officials used these front companies to enrich themselves by

diverting hundreds of millions of dollars, which should have gone to military equipment and weapons. Iraqi and U.S. soldiers have died as a result of these criminal acts, yet not one of these criminals has been held accountable by the Iraqi or U.S. governments.

American financial assistance meant to strengthen the Iraqi military and stabilize Iraq not only made it into the pockets of corrupt officials. These same funds actually helped finance Al-Qaeda terrorists who have been killing American soldiers and Iraqi citizens. CPI investigators uncovered the transfer of funds from these front companies, Al-Aian Al-Jareya and Safin, to terrorists. The CPI discovered that one of the owners of Al-Aian Al-Jareya, Nair Mohammed Ahmed Jummaily, the brother-in-law of the current Minister of Defense, diverted a portion of these funds to Al-Qaeda in Iraq. Informers have told me that Mr. Jummaily traveled to Amman, Jordan to deposit money into the accounts of Al-Qaeda operatives. On his way back from Jordan, he was given safe passage through the city of Ramadi, Iraq, which was controlled by Al-Qaeda at the time. Mr. Jummaily was a well-known Al-Qaeda supporter and he and his attorney also worked with the Minister of Defense to release imprisoned Al-Qaeda terrorists.

Mr. Jummaily also enriched himself -- and through kick-backs, Ministry of Defense officials -- as a middleman for contracts between the Iraqi government and American companies. As a middleman for the American company AM General, Mr. Jummaily's front company received \$59.7 million on a contract to deliver Humvees to the Iraqi Army. In a letter dated June 8, 2005, AM General authorized Mr. Jummaily's company to "conduct all financial transactions" relating to its contract with the Ministry of Defense. Under this contract, AM General submitted \$18.4 million worth of invoices to the Iraqi government for work that was not performed. In its contract, AM General

was to deliver 520 humvees; it delivered no more than 167. I have copies of these invoices and documentation from Iraq's independent auditing agency, the Bureau of Supreme Audit, that support this finding.

Another middleman, Raymond Rahma Zayna, served as a go-between for contracts between the Ministry of Defense and the American company Wye Oak Technology. Like Mr. Jummailly, Mr. Zayna illegally skimmed money off the top of contracts and paid kick-backs to Ministry of Defense officials. Bruskah Nuri Shawees, the Ministry of Defense's Secretary General, gave Wye Oak Technology a contract to "inventory, assess, recover, and sell all of the Iraqi Ministry of Defense material described as scrap military equipment in the territory of Iraq." Mr. Shawees also gave Wye Oak Technology a \$24 million contract to repair tanks. Although Wye Oak Technology submitted millions of dollars worth of invoices to the Ministry of Defense, the work was never performed. I have copies of these invoices and documentation from the Bureau of Supreme Audit that the contracts were not properly executed. Mr. Zayna's front company, the General Investment Group, received \$24.7 million from the Iraqi government for this contract, despite the fact that the work was never completed.

During my three years as an investigator at CPI, I investigated hundreds of cases of fraud and corruption. I am convinced -- beyond a shred of doubt -- that American soldiers died because of this corruption. Because of corruption, the Iraqi Army's tanks were not repaired by Wye Oak Technology. Because of corruption, Iraq never received the armored vehicles it ordered from AM General. Al-Qaeda had better weapons than the Iraqi Army because of this corruption. The Iraqi Army had to ask the United States for help because it did not have sufficient weapons, which resulted in even more American

deaths.

This corruption existed not only at the Ministry of Defense, but across the government of Iraq. Many of the American- and Iraqi-funded projects registered at Iraq's Ministry of Planning never existed, but this did not prevent Iraqi ministries from fraudulently paying contractors for "ghost projects." The Iraqi companies that registered these contracts with the Ministry of Planning would receive payment for the bogus projects and then launder the money back to Iraq through a non-Iraqi bank, usually in Syria, the United Arab Emirates, or Jordan. Having enriched themselves by keeping the money and not performing the work -- and enriching Iraqi government officials by paying bribes and kickbacks -- these companies would then routinely re-incorporate themselves under different names for the purpose of receiving new contracts.

You might think that the Iraqi government would support our efforts to uncover this corruption. That is not so. Many in the Iraqi government profit from the corruption I have described. So, sadly, our efforts did not have the support of many in the Iraqi government -- most notably, the Prime Minister, who actively interfered with the anti-corruption efforts of CPI. Prime Minister Al-Maliki routinely blocked corruption investigations and directed government officials not to cooperate with our efforts. Ministers and other top government officials routinely blocked investigative efforts and threatened CPI employees. Mr. Al-Maliki and top Iraqi government officials eventually ordered CPI to close its investigations into government officials. The government also interfered with judicial orders to comply with our investigations and, as a result, CPI employees would be intimidated and prevented from doing their work.

When the United States government ignores corruption and waste at the highest

levels in Iraq, the government does a grave disservice to the American people.

American taxpayers are cheated. American soldiers are killed. And the American mission in Iraq is undermined. All of this sends a terrible message to Iraqis and millions of people in the Middle East, who look to the United States to show us how democracy should work.